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request of the Governor

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Finance

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 569

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the TransAlaska Authority as a
7 public corporation of the state; and providing for an
8 effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. AS 44 is amended by adding a new chapter to read:

11 CHAPTER 58. TRANSALASKA AUTHORITY.

12 Sec. 44.58.010. LEGISLATIVE FINDING AND POLICY. (a) The legis-
13 lature finds and declares that

14 (1) there exist areas in the state in which seasonal and
15 nonseasonal unemployment exist;

16 (2) this unemployment is a serious menace to the health,
17 safety and general welfare, not only to the people in areas of unemploy-
18 ment, but also to the people of the entire state;

19 (3) the oil and natural gas resources of the state are
20 natural resources which, with proper conservation and transmission
21 techniques, afford an abundant source of supply;

22 (4) the establishment of oil and natural gas transmission
23 facilities for the transmission of oil and natural gas and facilities
24 for the generation and transmission of electric energy utilized in the
25 oil and natural gas transmission facilities is essential to the develop-
26 ment of the natural resources and the long-term economic growth of the
27 state, and will directly or indirectly alleviate unemployment in the
28 state;

29 (5) the state lacks the facilities necessary to permit

1 adequate development of its oil and natural gas resources and the
2 balanced growth of its economy;

3 (6) the goals of full employment, and of establishment and
4 continuing operation and development of oil and natural gas production
5 in the state, will be accelerated and facilitated by the creation of
6 an instrumentality of the state with powers to incur debt for the
7 purpose of acquiring and constructing facilities for the transmission
8 of oil and natural gas, and the transmission of electric energy, and
9 with power to lease transmission facilities to the state and the goals
10 will also be served by the guaranty by the state of the principal and
11 interest on the bonds issued to finance the transmission facilities for
12 operation in the public interest;

13 (7) pollution of the lands and waters of the state resulting
14 from the discharge into the waters and on the lands of oil, natural gas
15 and other waste material would endanger public health and threaten the
16 general welfare; oil and natural gas and other discharges in the
17 volumes to be present in the state are of such a nature as to preclude
18 their treatment by facilities planned by private industry or presently
19 available in the state.

20 (b) It is declared to be the policy of the state, and a public
21 purpose, in the interests of promoting the health, security and general
22 welfare of all the people of the state, to increase job opportunities
23 and otherwise encourage the economic growth of the state, through the
24 establishment of facilities for the transmission of oil, natural gas
25 and other related facilities, by the establishment of a public corpora-
26 tion with power, duties and functions as provided in this chapter.
27 This policy will also be served by provisions allowing for leasing by
28 the state of the transmission facilities from the public corporation
29 for operation in the public interest. It is also declared to be in the

1 public interest for the state to guarantee the principal and interest
2 on bonds issued to finance the facility. It is further declared to be
3 in the public interest and to be the policy of the state and the purpose
4 of this chapter to assure the power to a state instrumentality in
5 coordination with existing regulatory authority to provide the means
6 for abatement of pollution and to provide for the resulting protection
7 of all lands and waters of the state, public and private. To the end
8 that these vital purposes may be accomplished, this chapter and all
9 rules, regulations and orders promulgated under it shall be liberally
10 construed in favor of the policy objectives set out in it. In order
11 to achieve the policy objectives of this chapter, it is the express
12 policy of the state to mobilize governmental effort and resources at
13 all levels, state, federal and local and allocate the efforts and
14 resources to accomplish the greatest result for the people of the
15 state.

16 Sec. 44.58.020. AUTHORITY ESTABLISHED. There is established
17 the TransAlaska Authority. The authority is a public corporation of
18 the state and a body corporate and politic within the Department of
19 Revenue with separate and independent legal existence from the state.

20 Sec. 44.58.025. MEMBERSHIP OF THE AUTHORITY. (a) The TransAlaska
21 Authority consists of three members, appointed by the governor and
22 confirmed by the legislature in joint session.

23 (b) The governor shall designate one member of the authority as
24 chairman of the authority. This member shall serve as chairman for a
25 term of four years, and may be appointed for successive terms.

26 Sec. 44.58.030. TERM OF OFFICE; VACANCY. (a) The term of office
27 of each member is four years. The governor shall designate who among
28 his initial appointees shall serve, respectively, for terms of 16
29 months, 32 months and 48 months. A member, upon the expiration of his

1 term, shall continue to hold office until his successor is appointed
2 and qualifies.

3 (b) A vacancy arising in the authority shall be filled by appoint-
4 ment by the governor and confirmed by the legislature in joint session
5 and an appointee selected to fill a vacancy holds office for the balance
6 of the full term for which his predecessor on the authority was
7 appointed.

8 (c) A vacancy in the authority does not impair the ability of
9 a quorum of members to exercise all the powers and perform all the
10 duties of the authority.

11 Sec. 44.58.035. REMOVAL OF MEMBERS. The governor may remove a
12 member from the authority with the consent of the majority of the
13 legislature.

14 Sec. 44.58.040. QUORUM. Two members of the authority constitute
15 a quorum for the transaction of business, for the performance of a
16 duty, or for the exercise of a power of the authority.

17 Sec. 44.58.045. OATH OF OFFICE. Each member of the authority,
18 before entering upon the duties of his office, shall take and subscribe
19 to the oath prescribed for principal officers of the state.

20 Sec. 44.58.050. COMPENSATION OF MEMBERS OF THE AUTHORITY AND
21 EMPLOYEES. (a) Members of the authority are in the exempt service
22 described in AS 39.25 and receive an annual salary equivalent to the
23 salary of commissioners of principal departments of state government.

24 (b) The authority may employ an executive director who shall
25 have had at least five years of experience in oil or gas transportation
26 management or accounting or a combination of both. The authority may
27 employ engineers, hearing officers, experts, clerks, accountants and
28 other agents and assistants it considers necessary or which are required
29 by the bond covenants.

1 (c) In addition to its staff of regular employees, the authority
2 may contract for and engage the services of consultants and experts
3 which the authority considers necessary.

4 Sec. 44.58.055. SOLE AND EXCLUSIVE JURISDICTION. The authority
5 has sole and exclusive managerial control over any pipeline or portion
6 of a pipeline or other transportation facility for the transportation
7 of oil and natural gas produced in the state serving a specific source
8 of oil production, as defined by the authority, over a route, defined
9 by the authority, once the authority has expressed the intent to build
10 or actually has built a pipeline or portion of a pipeline or trans-
11 portation facility to serve that production area or route. The author-
12 ity may do whatever is necessary or convenient to carry out its purposes
13 including without limitation the specific powers enumerated in this
14 chapter. This section does not overrule existing state policing of
15 lands, labor, environmental quality or other specific areas where the
16 legislature has granted policing power except where that power con-
17 flicts with the necessities of carrying out the purposes and powers
18 enumerated in this chapter.

19 Sec. 44.58.060. GENERAL POWERS. The authority may for the pur-
20 poses of this chapter

- 21 (1) sue and be sued;
22 (2) adopt an official seal and alter it at pleasure;
23 (3) adopt and amend bylaws for the management and regulation
24 of its affairs and make, alter and enforce rules and regulations for
25 the conduct of its business and for use of its services and facilities;
26 (4) maintain an office or offices at any place or places
27 within the state;
28 (5) acquire, hold, use and dispose of its income, revenue,
29 funds and money;

1 (6) acquire, construct, reconstruct, purchase, hold, main-
2 tain, repair, operate, lease as lessor or lessee, dispose of and use real
3 or personal property or an interest in the property necessary, con-
4 venient or desirable to carry out the purposes of this chapter, includ-
5 ing, without limiting the generality of the foregoing, leasing a
6 project or portion of a project acquired by it to the state, and
7 selling, transferring, donating, conveying or encumbering by mortgage
8 or by creation of other security interests property or an interest in
9 property required by it in the exercise of its powers; entering into
10 contracts for those purposes; entering into contracts for the manage-
11 ment and operation of the project and designating an agent to acquire,
12 construct, reconstruct, purchase, hold, maintain, repair, operate,
13 lease as lessor or lessee, and regulate the same; designating an agent
14 to enter into contracts for any of those purposes, including contracts
15 for the management and operation of the project;

16 (7) make plans, surveys, and studies necessary, convenient
17 or desirable to the effectuation of the purposes and powers of the
18 authority and to prepare recommendations in that respect;

19 (8) enter upon lands, waters, or premises as in the judgment
20 of the authority may be necessary, convenient or desirable for the
21 purpose of making surveys, soundings, borings and examinations to
22 accomplish a purpose authorized by this chapter;

23 (9) borrow money and issue its negotiable bonds or notes and
24 provide for their payment and the rights of their holders and to
25 purchase, hold and dispose of any of its bonds or notes;

26 (10) fix and revise from time to time and charge and collect
27 rents, fees and charges for the use of the project or of its services
28 or facilities;

29 (11) apply for and accept gifts or grants of property, funds,

1 money, materials, labor, supplies or services from the United States
2 or from a governmental unit or a person, firm or corporation, and
3 carry out the terms or provisions of or make agreements with respect
4 to any gifts or grants, and to do whatever is necessary, useful,
5 desirable or convenient in connection with procuring, acceptance or
6 disposition of gifts or grants;

7 (12) do anything authorized by this chapter, through its
8 officers, agents or employees or by contract with a person, firm,
9 corporation or the state;

10 (13) enter into and enforce contracts, agreements or leases
11 necessary, convenient or desirable for the purposes of the authority
12 or to the performance of its duties and the execution or carrying out
13 of powers under this chapter;

14 (14) employ consulting engineers, architects, superintendents,
15 managers, and other employees and agents as are necessary or desirable
16 in its judgment to carry out its powers or purposes or do anything
17 authorized by this chapter, and designate their responsibilities and
18 fix their compensation;

19 (15) invest funds or money of the authority in the same
20 manner as permitted for investment of funds belonging to the state or
21 held in the treasury, except as otherwise provided in this chapter and
22 subject to agreements with bondholders;

23 (16) do all things necessary, convenient or desirable to
24 carry out the purposes of this chapter or the powers expressly granted
25 or necessarily implied in this chapter.

26 Sec. 44.58.100. BONDS OR NOTES. The authority may provide by
27 resolution, at one time or from time to time, for the issuance of its
28 bonds or notes for the purpose of paying the cost of a project or for
29 any of its other corporate purposes, including the refunding of bonds

1 or notes. Except as otherwise provided by this chapter or by the
2 authority, every issue of bonds or notes shall be general obligations
3 of the authority payable out of revenue or funds of the authority,
4 subject only to agreements with the holders of particular bonds or
5 notes pledging particular revenue or funds. Bonds or notes may be
6 additionally secured by a pledge of a grant or contributions from the
7 United States or the state or a governmental unit or a person, firm
8 or corporation or a pledge of income or revenue, funds or money of
9 the authority from any source.

10 Sec. 44.58.110. FORM OF ISSUANCE. (a) Authority bonds or notes
11 shall be authorized by resolution of the authority and shall be dated
12 and shall mature as the resolution may provide, except that a bond
13 shall not mature more than 40 years from the date of its issue. Bonds
14 or notes shall bear interest at the rate or rates, be in the denomina-
15 tions, be in the form, either coupon or registered, carry the registra-
16 tion privileges, be executed in the manner, be payable in the medium
17 of payment, at the place or places, and be subject to the terms of
18 redemption which the resolution or a subsequent resolution may provide.

19 (b) Bonds or notes, regardless of form or character, shall be
20 negotiable instruments for all the purposes of the Uniform Commercial
21 Code (AS 45.05).

22 (c) Bonds or notes may be sold at public or private sale in the
23 manner, for the prices and at the time the authority may determine.

24 Sec. 44.58.120. PAYMENT OR REFUNDING OF NOTES. The authority
25 may issue its notes under this chapter and pay and retire or fund or
26 refund the notes from proceeds of bonds or of other notes, or from any
27 other funds or money of the authority available for that purpose, in
28 accordance with any contract between the authority and the holders of
29 the notes. Unless provided otherwise in a contract between the

1 authority and the holders of notes, and unless the notes are otherwise
2 paid, funded or refunded, the proceeds of bonds of the authority
3 issued, among other things, to fund outstanding notes, shall be held,
4 used and applied by the authority to the payment and retirement of the
5 principal of the notes and the interest due and payable on the notes.

6 Sec. 44.58.130. BONDS OR NOTES AS LEGAL INVESTMENT. Notwith-
7 standing any other law, the state and public officers, governmental
8 units and agencies of the state, banks, trust companies, savings banks
9 and institutions, building and loan associations, savings and loan
10 associations, investment companies, and other persons carrying on a
11 banking business, insurance companies, insurance associations and other
12 persons carrying on an insurance business, credit unions, and executors,
13 administrators, guardians, trustees and other fiduciaries, may legally
14 invest sinking funds, money or other funds belonging to them or within
15 their control in bonds or notes issued under this chapter, and the
16 bonds or notes are authorized security for public deposits.

17 Sec. 44.58.140. TAX EXEMPTION. (a) Property of the authority
18 is public property devoted to an essential public and governmental
19 function and purpose and is exempt from all taxes, franchise fees and
20 special assessments of the state or a political subdivision of the
21 state. Bonds or notes issued under this chapter are issued by a body
22 corporate and politic of the state for an essential public and govern-
23 mental purpose and the bonds and notes, and the interest on them and
24 the income from them, and all activities of the authority and fees,
25 charges, funds, revenue, income and other money of the authority
26 whether or not pledged or available to pay or secure the payment of
27 the bonds or notes, or interest on them, are exempt from all taxes,
28 franchise fees or special assessments except for transfer, inheritance
29 and estate taxes.

1 (b) The authority may not be required to make or file reports,
2 statements or information returns required of other bodies corporate
3 except as provided in this chapter.

4 Sec. 44.58.150. TERMS OF AGREEMENT WITH BOND OR NOTEHOLDER.

5 (a) In the discretion of the authority bonds or notes issued under
6 this chapter may be secured by a trust agreement by and between the
7 authority and a corporate trustee, which may be a trust company or
8 bank having the powers of a trust company inside or outside the state.
9 The authority in a trust agreement or in a resolution of the authority
10 authorizing or relating to the issuance of any bonds or notes, in order
11 to secure the payment of the bonds or notes and in addition to its
12 other powers, may covenant and contract with the holders of the bonds
13 or notes to:

14 (1) pledge to any payment or purpose all or part of its
15 revenue to which its right then exists or may exist, and the money
16 derived from it and the proceeds of any bonds or notes or mortgage all
17 or any part of the property of the authority and the rents, issues,
18 and profits from them;

19 (2) covenant against pledging all or part of its revenue
20 or against permitting or suffering a lien on its revenue;

21 (3) covenant as to the establishment and provision of funds
22 and accounts considered appropriate including reserves and sinking
23 funds, and the regulation and disposition of them;

24 (4) covenant with respect to or against limitations on a
25 right to sell or otherwise dispose of property of any kind;

26 (5) covenant as to bonds and notes to be issued, their
27 limitations and their terms and conditions, and as to the custody,
28 application and disposition of their proceeds;

29 (6) covenant as to the issuance of additional bonds or notes

1 or as to limitations on the issuance of additional bonds or notes and
2 as to the incurring of other debts;

3 (7) covenant as to the payment of the principal of or
4 interest on the bonds or notes, the sources and methods of payment, the
5 rank or priority of the bonds or notes with respect to a lien or
6 security or the acceleration of the maturity of any bonds or notes;

7 (8) provide for the replacement of lost, stolen, destroyed
8 or mutilated bonds or notes;

9 (9) covenant against extending the time for the payment of
10 bonds or notes or interest on them;

11 (10) covenant as to the redemption of bonds or notes and
12 privileges of their exchange for other bonds or notes of the authority;

13 (11) covenant as to rates, rents or charges to be established
14 and charged and collected, the amount to be raised each year or other
15 period of time by rates, rents or charges or other revenue and as to
16 the use and disposition to be made of them;

17 (12) covenant to establish or authorize the establishment of
18 special funds or money to be held in pledge or otherwise for operating
19 expenses, payment or redemption of bonds or notes, reserves or other
20 purposes, and as to the use and disposition of the money held in the
21 funds;

22 (13) establish the procedure, if any, by which the terms
23 of a contract or covenant with or for the benefit of the holders of
24 bonds or notes may be amended or abrogated, the amount of bonds or
25 notes the holders of which must consent to amendment or abrogation,
26 and the manner in which the consent may be given;

27 (14) covenant as to the custody of any of its properties
28 or investments, their safekeeping, the insurance to be carried on them,
29 and the use and disposition of insurance money;

1 (15) covenant as to the time or manner of enforcement or
2 restraint from enforcement of rights of the authority arising because
3 of or with respect to nonpayment of any rates, rents or charges;

4 (16) provide for the rights and liabilities, powers and
5 duties arising upon the breach of a covenant, condition or obligation
6 and prescribe the event of default and the terms and conditions upon
7 which any or all of the bonds, notes or other obligations of the
8 authority shall become or may be declared due and payable before
9 maturity and the terms and conditions upon which the declaration and
10 its consequences may be waived;

11 (17) vest in a trustee or trustees inside or outside the
12 state that property, rights, powers and duties in trust as the author-
13 ity may determine, which may include rights, powers and duties of a
14 trustee appointed by the holders of bonds or notes, and limit or abro-
15 gate the right of the holders of bonds or notes of the authority to
16 appoint a trustee under this chapter or limit the rights, powers and
17 duties of the trustee;

18 (18) pay the costs or expenses incident to the enforcement
19 of the bonds or notes or of the resolution or of a covenant or agree-
20 ment of the authority with the holders of its bonds or notes;

21 (19) agree as to the pledging or assigning of revenue or
22 funds to which the authority may have rights or an interest; the agree-
23 ment may further provide for other rights and remedies exercisable by
24 the trustee as may be proper for the protection of the holders of bonds
25 or notes of the authority and not otherwise in violation of law, and
26 may provide for the restriction of the rights of an individual holder
27 of bonds or notes of the authority;

28 (20) appoint and provide for the duties and obligations of
29 a paying agent, or other fiduciaries as the resolution may provide

1 inside or outside the state;

2 (21) limit the rights of the holders of any bonds or notes
3 to enforce a pledge or covenant securing the bonds or notes; and

4 (22) make covenants other than and in addition to the
5 covenants expressly authorized in this section, of like or different
6 character, and make covenants to do or refrain from doing those things
7 as may be necessary, or convenient and desirable, in order to better
8 secure bonds or notes or which, in the absolute discretion of the
9 authority, will tend to make bonds or notes more marketable, notwith-
10 standing that the covenants or things may not be enumerated in this
11 section.

12 (b) If the bonds or notes of the authority are secured by a
13 trust agreement or by the appointment of a trustee under a resolution
14 authorizing the bonds or notes, the bond or noteholders have no
15 authority to appoint a separate trustee to represent them.

16 (c) Subject to the covenants or contracts with the holders of the
17 bonds or notes, the authority may withdraw from its funds or accounts
18 in its discretion or in accordance with any agreement with the state,
19 as the case may be, and may pay to, or apply to the benefit of, the
20 state, any funds or money of the authority not required by statute,
21 covenant or contract to be held by the authority for operating expenses,
22 payment or redemption of bonds or notes or interest thereon, reserves
23 or other purposes.

24 Sec. 44.58.160. PURCHASE AND DISPOSITION OF OWN OBLIGATIONS. The
25 authority may purchase bonds or notes of the authority out of any of
26 its funds or money available for the bonds. The authority may hold,
27 cancel or resell the bonds or notes subject to and in accordance with
28 agreements with holders of its bonds or notes.

29 Sec. 44.58.200. REVENUES. (a) The authority is authorized to

1 fix, revise, charge, and collect rents, fees and charges for the use of
2 the project or any portion or facility of the project and for the
3 services furnished or to be furnished in connection with the project
4 and to contract with the state or an agency or instrumentality of the
5 state or with any person, partnership, association or corporation, or
6 other body, public or private, in respect to the project. The rents,
7 fees and charges shall be fixed and adjusted so that the aggregate of
8 rents, fees and charges from the project provide sufficient funds,
9 with other revenue, if any, to

10 (1) pay the cost of maintaining, insuring, repairing, and
11 operating the project and each portion of it, to the extent that the
12 authority has not otherwise adequately provided for the maintenance,
13 insurance, repair and operation of the project or for the payment of
14 the costs;

15 (2) pay the principal of and the interest and redemption
16 premium, if any, on outstanding bonds or notes of the authority issued
17 in respect of the project as the payments become due and payable; and

18 (3) create and maintain reserves required or provided for
19 in any resolution authorizing, or trust agreement securing, the bonds,
20 or notes of the authority.

21 (b) The rents, fees and charges shall not be subject to super-
22 vision or regulation by any department, commission, board, body, bureau
23 or agency of the state other than the authority.

24 (c) A sufficient amount of the revenue derived in respect of the
25 project, except that part of the revenue necessary to pay the cost of
26 maintenance, repair, and operation and to provide reserves and for the
27 renewals, replacements, extensions, enlargements, and improvements as
28 may be provided for in the resolution authorizing the issuance of any
29 bonds or notes of the authority or in the trust agreement securing them,

1 shall be set aside at the regular intervals provided in the resolution
2 or trust agreement in a sinking or other similar fund which is hereby
3 pledged to, and charged with, the payment of the principal of and the
4 interest on the bonds or notes as they become due, and the redemption
5 price or the purchase price of bonds or notes retired by call or pur-
6 chase as provided in the resolution or trust agreement. The pledge
7 is valid and binding from the time when the pledge is made; the rents,
8 fees and charges, and other revenues or other money so pledged and
9 thereafter received by the authority are immediately subject to the
10 lien of the pledge without any physical delivery of it or further act,
11 and the lien of a pledge is valid and binding as against all parties
12 having claims of any kind in tort, contract, or otherwise against the
13 authority, irrespective of whether the parties have notice of the lien.
14 Neither the resolution nor any trust agreement by which a pledge is
15 created need be filed or recorded except in the records of the author-
16 ity. The use and disposition of money to the credit of the sinking or
17 other similar fund shall be subject to the provisions of the resolution
18 authorizing the issuance of the bonds or notes or of the trust agree-
19 ment. Except as otherwise provided in the resolution or trust agreement,
20 the sinking or other similar fund shall be a fund for all the bonds or
21 notes issued to finance the project without distinction or priority of
22 one over another. However, the authority in the resolution or trust
23 agreement may permit and provide for the issuance of bonds or notes
24 having a subordinate lien in respect of the security authorized in this
25 section to other bonds or notes of the authority and, in that case, the
26 authority may create separate sinking or other similar funds in respect
27 of the subordinate lien bonds or notes.

28 Sec. 44.58.210. FUNDS AND ACCOUNTS. The authority may establish
29 those reserves or other funds or accounts as may be, in its discretion,

1 necessary, desirable or convenient to further the accomplishment of its
2 purposes or to comply with the provisions of any of its agreements or
3 resolutions. All money received by the authority under this chapter,
4 whether as proceeds from the sale of bonds or notes or as revenue,
5 rates, rents, fees or charges, are trust funds to be held and applied
6 solely as provided in this chapter. Any officer with whom, or any bank
7 or trust company with which, the money is deposited shall act as
8 trustee of the money and shall hold and apply it for the purposes of
9 this chapter, subject to such regulations as this chapter and the reso-
10 lution authorizing any bonds or notes of the authority or the trust
11 agreement securing the bonds or notes may provide.

12 Sec. 44.58.220. DEFAULT IN PAYMENT. If the authority defaults in
13 the payment of principal or interest on any of its bonds or notes of
14 any series after they become due, whether at maturity or upon call for
15 redemption, and the default continues for 30 days, or if the authority
16 fails or refuses to comply with this chapter or defaults in any agree-
17 ment made with the holders of the bonds or notes of the series, the
18 holders of 25 per cent in aggregate principal amount of the outstanding
19 notes or bonds of the series as to which any default is claimed, upon
20 30 days notice in writing to the authority, by an instrument in writing
21 filed in the office of the Department of Revenue, may, subject to the
22 limitation in sec. 150(b) of this chapter, appoint a trustee to
23 represent the holders of those notes or bonds.

24 Sec. 44.58.230. ACTION ON DEFAULT. (a) A trustee appointed
25 under sec. 220 of this chapter may, and shall in his name, upon written
26 request of the holders of 25 per cent in principal amount of the out-
27 standing notes or bonds of the series as to which a default has
28 occurred:

29 (1) by mandamus or other suit, action or proceeding at law

1 or in equity, enforce all rights of the noteholders or bondholders of
2 the series in default, including the right to require the authority to
3 collect rates, charges and other fees adequate to carry out any agree-
4 ment as to, or pledge of, the rate, charges and other fees and of the
5 interest and amortization payments, and to require the authority to
6 carry out any other agreements with the holders of the notes or bonds
7 of the series in default and to perform its duties under this chapter;

8 (2) bring suit upon the notes or bonds of the series in
9 default;

10 (3) by action or suit, require the authority to account as
11 if it were the trustee of an express trust for the holders of the notes
12 or bonds of the series in default;

13 (4) by action or suit in equity enjoin anything which may
14 be unlawful or in violation of the rights of the holders of the notes
15 or bonds of the series in default;

16 (5) declare, upon 30 days notice in writing to the author-
17 ity, all the notes or bonds of the series in default due and payable,
18 and if all defaults are made good, then with the consent of the holders
19 of 25 per cent of the principal amount of the outstanding notes or
20 bonds of the series in default, annul the declaration and its conse-
21 quences;

22 (6) have all the additional powers necessary for the exer-
23 cise of functions specifically set out in this subsection or incident
24 to the general representation of the bondholders or noteholders of the
25 series in default in the enforcement and protection of their rights.

26 (b) The bondholders or noteholders of a series of outstanding
27 bonds or notes of the authority which are in default may exercise in
28 their own right without the appointment of a trustee any of the powers
29 or rights described in (a) of this section, subject to the limitation

1 of sec. 150(b) of this chapter.

2 Sec. 44.58.240. SERVICES OF GOVERNMENT AGENCIES AND COST OF
3 SERVICES. All officers, departments, boards, agencies, divisions and
4 commissions of the state may render those services to the authority
5 that are within the area of their respective governmental functions and
6 that are requested by the authority. The cost and expense of services
7 requested by the authority shall, at the request of the officer, depart-
8 ment, board, agency, division or commission rendering the service, be
9 paid by the authority.

10 Sec. 44.58.250. AGREEMENTS AND LEASES. (a) The authority and
11 the state, with the approval of the governor, may enter into either
12 agreements or leases or both providing for the lease of the project by
13 the authority to the state and the operation and maintenance of it by
14 the state. The agreement and the lease shall be executed on behalf of
15 the state by the governor. The seal of office of the lieutenant
16 governor shall be affixed to the agreement and lease, and the lieutenant
17 governor shall attest to them. The agreement and lease shall be
18 executed on behalf of the authority by its chairman. The seal of the
19 authority shall be affixed to the agreement and lease, and the
20 secretary of the authority shall attest to the agreement and lease.
21 The agreement or lease may provide for the payment to the authority by
22 the state annually or otherwise of such amount of money computed at
23 fixed amounts or in any other manner as the agreement and lease may
24 provide, and the amount payable may include provision for all or any
25 part or share of the amounts necessary

26 (1) to pay the principal of, interest and redemption premium,
27 if any, on the bonds issued to finance the cost of the project;

28 (2) to pay or provide for the payment of the expenses of
29 operation and maintenance of the project; and

1 (3) to maintain those reserves or sinking funds for the
2 purposes of (1) and (2) of this subsection as may be required by the
3 terms of an agreement with the authority's bondholders or noteholders
4 or as may be considered necessary or desirable by the authority and
5 the governor.

6 (b) An agreement or lease entered into under this section may
7 also contain provisions as to the financing and payment of the cost of
8 the project and may provide for the payment by the state to the author-
9 ity for application to the cost such sum of money, not in the aggregate
10 exceeding an amount stated or otherwise limited in the agreement or
11 lease plus interest on the amount, as the agreement or lease may pro-
12 vide. The agreement or lease may be made for a specified or unlimited
13 time and on terms and conditions which may be approved by the governor.

14 (c) The officers and employees of the state are hereby authorized
15 and directed to do whatever is necessary, convenient or desirable to
16 carry out and perform every agreement or lease and to provide for the
17 payment or discharge of any obligation under the agreement or lease in
18 the same manner as other obligations of the state.

19 (d) The state may enter into an agreement or sublease or both
20 with any person, firm or corporation for the sublease, management and
21 operation of the project or any part of it and shall apply any money
22 received from the agreement or sublease to any payment required to be
23 made under this section. An agreement or sublease shall be executed
24 on behalf of the state by the governor and shall have the seal of
25 office of the lieutenant governor affixed to it and he shall attest to
26 it. An agreement or sublease may be made for a specified or unlimited
27 time and on any terms and conditions which may be approved by the
28 governor. The officers and employees of the state are authorized and
29 directed to do whatever may be necessary, convenient or desirable to

1 carry out and perform an agreement or sublease.

2 Sec. 44.58.260. GUARANTY BY THE STATE. (a) To the extent
3 authorized by the constitution of the state if a bond resolution or
4 trust agreement provides for state guaranty at the time of the issuance
5 of notes or bonds, the punctual payment of the notes or bonds shall be,
6 and hereby is, fully and unconditionally guaranteed by the state, both
7 as to principal and interest, according to their terms, and the guaranty
8 shall be expressed upon its face by the signature or facsimile signa-
9 ture of the governor. If the authority fails to pay when due the
10 principal of or interest on the notes or bonds, the state shall pay the
11 holder of the notes or bonds and then be subrogated to the rights of
12 the noteholders or bondholders paid.

13 (b) The authority has power to issue notes and bonds without the
14 guaranty of the state and may issue such notes or bonds before and
15 after the issuance of guaranteed notes or bonds.

16 (c) When guaranteed notes or guaranteed bonds are outstanding,
17 notes or bonds secured by a mortgage on lands or properties or by a
18 pledge of receipts or revenues having priority over the outstanding
19 guaranteed notes or guaranteed bonds may not be issued, except with the
20 consent of the governor, and unless the authority shall by resolution
21 first find and determine that, notwithstanding the mortgage or the
22 pledge, the authority will have adequate means to meet its obligations
23 to the holders of the outstanding guaranteed notes or bonds.

24 (d) When notes or bonds are outstanding, secured by a mortgage of
25 lands or properties or by a pledge of receipts or revenue, guaranteed
26 notes or bonds either unsecured, or secured by a mortgage of land or
27 properties or by a pledge of receipts or revenue subordinate to the
28 mortgage or the pledge securing such outstanding notes or bonds, shall
29 not be issued, except with the consent of the governor, and unless the

1 authority shall first find and determine by resolution that, notwith-
2 standing the mortgage or pledge securing the outstanding notes or bonds,
3 the authority will have adequate means to meet its obligations on the
4 guaranteed notes or bonds about to be issued.

5 (e) The state is liable on notes or bonds guaranteed under this
6 section but is not liable on notes or bonds not guaranteed by the state,
7 which may not be a debt of the state.

8 (f) To the extent permitted by the constitution of the state the
9 authority may dedicate or pledge severance taxes or oil royalties or
10 both as additional security for the payment of notes or bonds and inter-
11 est on them, irrespective of whether such notes or bonds are guaranteed
12 notes or bonds.

13 Sec. 44.58.270. STATE'S RIGHT TO REQUIRE REDEMPTION OF BONDS.
14 Notwithstanding and in addition to provisions for the redemption of
15 bonds which may be contained in a contract with the holders of the
16 bonds, the state may, upon furnishing sufficient funds for the purpose,
17 require the authority to redeem, before maturity, as a whole, any issue
18 of bonds or any interest payment date not less than 10 years after the
19 date of the bonds of such issue at 105 per cent of their face value and
20 accrued interest or at a lower redemption price which may be provided
21 in the bonds in case of their redemption as a whole on the redemption
22 date. Notice of a redemption shall be published in at least two news-
23 papers published and circulating respectively in the cities of Juneau
24 and New York at least twice, the first publication to be at least 30
25 days before the date of redemption.

26 Sec. 44.58.300. CONDEMNATION. The authority may acquire by
27 purchase or by condemnation, by any mode of procedure the state may
28 itself use to acquire real property including the declaration of taking
29 referred to in AS 19.05.090, title in the name of the authority to real

1 or personal property which it may require in the exercise of the powers
2 granted under this chapter. Property acquired under this section may
3 include real property which may be held for public use, and the author-
4 ity may devote the property to the same public use for which it was
5 previously held or another public use within the purpose and powers of
6 the authority. Payment for property acquired must be made by the
7 authority.

8 Sec. 44.58.310. ACQUISITION OF PROPERTY AND RIGHTS OF PIPELINE
9 CORPORATIONS. (a) The authority may acquire ownership or control,
10 either directly or by acquiring the stock of another corporation, of
11 all or part of the property and rights of another corporation owning or
12 operating or empowered to own or operate an oil or natural gas pipeline
13 in the state, and without limiting the generality of the foregoing, to
14 acquire the same:

15 (1) by purchasing property of the other corporation owning
16 or operating or empowered to own or operate an oil or natural gas pipe-
17 line in the state, and by taking all other necessary steps for acquisi-
18 tion of the property including, and without limiting the generality of
19 the foregoing, by acquiring stock, evidences of indebtedness or
20 certificates of interest;

21 (2) by acquiring debts of claims due on or after the
22 effective date of this chapter to creditors of the other corporation;

23 (3) by foreclosing liens arising out of indebtedness;

24 (4) by condemnation; and

25 (5) by deed or other instrument of transfer or lease under
26 an agreement made with the owner of the property and others having an
27 interest in it on those terms and conditions, for cash or on credit,
28 or in consideration of the issuance and delivery of notes or bonds of
29 the authority, as the authority may determine.

1 (b) Title to real and personal property acquired by the authority
2 shall be acquired and held in the name of the authority. The authority
3 may possess and use property acquired by it for its use so long as its
4 corporate existence continues.

5 (c) The authority may acquire from another corporation all
6 leases and agreements made by the corporation relating to the use of
7 oil or natural gas pipeline facilities and related facilities, and all
8 other contracts relating to or affecting the operation of the oil or
9 natural gas pipeline facilities acquired by the authority. The author-
10 ity shall pay for those contracts an amount it considers fair and
11 reasonable on those terms and conditions, for cash or on credit, as
12 the authority may determine.

13 Sec. 44.58.320. CONSTRUCTION CONTRACTS. Construction contracts
14 shall be let to the lowest responsible bidder submitting a sealed bid
15 after advertisement for the receipt of bids published by the authority
16 at least once not less than 30 days before the date fixed for the
17 receipt of bids in no fewer than two newspapers published in each
18 borough (or in one newspaper if there is only one in a borough), in
19 which any part of the work is to be performed. However, by unanimous
20 vote of the members of the authority the requirements of this section
21 may be dispensed with.

22 Sec. 44.58.340. COVENANTS OF THE STATE. (a) The state pledges
23 to and agrees with the holders of notes, bonds, or other obligations
24 of the authority that the state will not limit or alter the rights by
25 this chapter vested in the authority to possess and use property
26 acquired by it or for its use so long as its corporate existence con-
27 tinues and to establish and collect tariffs, tolls, rates, and charges
28 as may be convenient or necessary to produce sufficient revenue to
29 meet the expense of maintenance and operation and to fulfill the terms

1 of any agreements made with the holders of notes, bonds, or other
2 obligations of the authority, and further pledges that it will not in
3 any way impair the rights and remedies of the holders until the notes,
4 bonds, and other obligations, together with the interest on them, with
5 interest on unpaid installments of interest, and all costs and expenses
6 in connection with an action or proceedings by or on behalf of the
7 holders, are fully met and discharged.

8 (b) The state covenants that the authority and its corporate
9 existence shall continue so long as it has notes, bonds or other obli-
10 gations outstanding. Upon the termination of the existence of the
11 authority, all its rights and properties shall pass to and be vested
12 in the state.

13 Sec. 44.58.400. ANNUAL REPORT; AUDIT. (a) By the last day of
14 January in each year the authority shall make a report of its activities
15 for the preceding calendar year to the governor and to the legislature.
16 Each report shall set out a complete operating and financial statement
17 covering authority operations during the year and shall contain a full
18 and complete statement of the authority's anticipated budget and
19 operations for the ensuing year. The authority shall have an audit
20 of its books and accounts to be made at least once in each year by
21 certified public accountants, and the cost of the audit shall be con-
22 sidered an expense of the authority. A copy of the audit shall be
23 filed with the commissioner of revenue.

24 (b) The legislative auditor and his duly authorized representa-
25 tives may at any time examine the accounts and books of the authority
26 including its receipts, disbursements, contracts, sinking funds,
27 investments and other matters relating to its financial standing.

28 Sec. 44.58.410. PERSONAL LIABILITY. Neither the members of the
29 authority nor a person executing bonds or notes issued under this

1 chapter is liable personally on the bonds or notes.

2 Sec. 44.58.415. JURISDICTION. The superior court shall have
3 jurisdiction to hear and determine suits, actions or proceedings
4 relating to the authority, including suits, actions or proceedings
5 brought to foreclose or otherwise enforce a mortgage, pledge, assign-
6 ment or security interest or brought by or for the benefit or security
7 of a holder of its bonds or notes or by a trustee for or other repre-
8 sentative of the holders.

9 Sec. 44.58.420. LAW GOVERNING. In the event of a conflict or
10 inconsistency in the provisions of this chapter and other laws pertain-
11 ing to matters provided for in this chapter or in any regulations or
12 rules adopted under this chapter or other laws, to the extent of that
13 conflict or inconsistency the provisions of this chapter shall be
14 enforced and the provisions of the other laws, regulations or rules
15 shall be of no effect.

16 Sec. 44.58.440. PRESUMPTION OF VALIDITY. After issuance, all
17 bonds or notes of the authority are conclusively presumed to be fully
18 authorized and issued in conformity with all the laws of the state,
19 and all persons are estopped from questioning their authorization,
20 sale, issuance, execution or delivery by the authority.

21 Sec. 44.58.500. DEFINITIONS. In this chapter, unless the context
22 clearly requires otherwise,

23 (1) "authority" means the TransAlaska Authority established
24 in sec. 20 of this chapter;

25 (2) "bonds" means bonds of the authority issued under this
26 chapter;

27 (3) "cost" as applied to the project or a portion of it
28 financed under this chapter includes the cost of construction and acqui-
29 sition of all land, structures, real or personal property or rights or

1 interests in them, rights-of-way, franchises, and interests acquired
2 by the authority for the project; the cost of demolishing or removing
3 any buildings or structures on land acquired, including the costs of
4 acquiring any land to which the buildings or structures may be moved;
5 the cost of vehicles, furnishings, fixtures, machinery and equipment;
6 financing charges; charges or premiums for insurance or bonds; interest
7 before and during construction and, if judged advisable by the authority,
8 for a period not exceeding one year after completion of the construc-
9 tion; provisions for working capital; reserves for principal and inter-
10 est and for extensions, enlargements, additions and improvements; the
11 cost of architectural, engineering, financial and legal services; plans,
12 specifications, landscaping, site preparation, studies, surveys;
13 estimates of cost and of revenue; administrative expenses; and any
14 other expenses necessary or incident to the construction and acquisi-
15 tion of the project, the financing of the construction and acquisition
16 and the placing of the project in operation;

17 (4) "notes" means any notes of the authority issued under
18 this chapter;

19 (5) "project" means a structure or facility designed for use
20 as a pipeline to provide transportation for oil and natural gas from
21 Prudhoe Bay and adjacent areas to the port of Valdez and other ports
22 and related facilities, including but not limited to roads, port
23 facilities, airports, docks, wharves, storage facilities and other
24 marine equipment, sewage or waste disposal facilities, facilities for
25 furnishing electric energy, gas, or water, air or water pollution con-
26 trol facilities, parks, playgrounds and other recreational and sports
27 facilities, and other systems, properties or instrumentalities, used or
28 useful in connection with the transportation by the authority of oil
29 and natural gas, and any other laboratory, maintenance, storage or

1 utility facilities or other building or structure necessary or useful
2 for the transportation of oil and natural gas, or any multipurpose
3 structure designed to combine two or more of the functions served by
4 the types of structures or facilities included in this paragraph;
5 the term also includes all real and personal property and rights or
6 interest in property, improvements, driveways, roads, approaches,
7 pedestrian access roads, rights-of-way, railroad sidings, utilities,
8 easements, vehicles, furniture, fixtures, machinery and equipment,
9 and similar items necessary or convenient for the operation of any
10 of the structures or facilities listed in this paragraph either on,
11 above or under the ground which are used or usable in connection with
12 the structures or facilities listed in this paragraph.

13 * Sec. 2. (a) The authority may present a program for ownership of all
14 or a part of the trans-Alaska pipeline to the legislature during the first
15 10 days of the 1973 regular session. This program shall include a financing
16 plan demonstrating to a reasonable certainty financial feasibility including
17 evidence that (1) the interest in the bonds of the authority issued under
18 the plan is tax exempt, (2) the income to the authority is not subject to
19 income taxation, and (3) sufficient market for bonds of the authority exists.
20 The governor shall certify to the legislature that the plan is in the best
21 interest of the people of Alaska.

22 (b) The program presented under (a) of this section shall become
23 effective 45 days after presentation unless disapproved by a resolution con-
24 curred in by a majority of the members of each house.

25 * Sec. 3. This Act takes effect on the day after its passage and approv-
26 al or on the day it becomes law without approval.
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