

Introduced: 3/2/72
Referred: Commerce,
Finance

1 IN THE SENATE

BY THE COMMERCE COMMITTEE

2 SENATE BILL NO. 362

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
13 legislature 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
18 unemployment, 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 is essential
24 to the development of the natural resources and the long term economic
25 growth of the state, and will directly or indirectly alleviate unemploy-
26 ment in the state;

27 (5) the state lacks the facilities necessary to permit
28 adequate development of its oil and natural gas resources and the
29 balanced growth of its economy;

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

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

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

1 of the state and the purpose of this chapter to grant necessary powers
2 to a single state instrumentality to provide the means for abatement
3 of pollution and to provide for the resulting protection of all lands
4 and waters of the state, public and private. To the end that these
5 vital purposes may be accomplished, this chapter and all rules,
6 regulations and orders promulgated under it shall be liberally
7 construed in favor of the policy objectives set forth in it. In order
8 to achieve the policy objectives of this chapter, it is the express
9 policy of the state to mobilize governmental effort and resources at
10 all levels, state, federal and local and allocate the efforts and
11 resources to accomplish the greatest result for the people of the
12 state.

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

17 Sec. 44.58.030. MEMBERSHIP OF THE AUTHORITY. The members of
18 the authority are the commissioner of commerce, the commissioner of
19 revenue and the commissioner of natural resources, serving ex officio.
20 If a member is unable to attend a meeting of the authority, he may by
21 an instrument in writing filed with the authority, designate his
22 deputy or assistant commissioner to act in his place as a member at
23 the meeting. For all purposes of this chapter the designee constitutes
24 a member of the authority at the meeting.

25 Sec. 44.58.040. CHAIRMAN AND VICE-CHAIRMAN. The commissioner
26 of revenue is chairman of the authority. A vice-chairman may be
27 elected by the authority from among its other members for one or more
28 terms of one year each. The vice-chairman shall preside over all
29 meetings in the absence of the commissioner of revenue and has other

1 duties which the authority may direct.

2 Sec. 44.58.050. MEETINGS, COMPENSATION, OFFICERS AND EMPLOYEES.

3 (a) A majority of the members of the authority constitutes a quorum
4 for the transaction of business or the exercise of a power or function
5 at a meeting of the authority.

6 (b) The members of the authority serve without compensation,
7 but the authority shall reimburse them for their actual expenses
8 necessarily incurred in the discharge of their duties. Notwithstanding
9 any other law, an officer or employee of the state shall not forfeit
10 his office or employment or any benefits of it by reason of his
11 acceptance of the office of member of the authority.

12 (c) The authority may employ and discharge at its pleasure the
13 officers, agents and employees it may require and may determine their
14 qualifications, terms of office, duties and compensation.

15 Sec. 44.58.055. SOLE AND EXCLUSIVE JURISDICTION. The authority
16 has sole and exclusive jurisdiction, control and supervision of all
17 pipelines and other transportation facilities for the transportation of
18 oil and natural gas produced in the state, and may do whatever
19 necessary or convenient to carry out its purposes, including without
20 limitation the specific powers enumerated in this chapter.

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

23 (1) sue and be sued;

24 (2) adopt an official seal and alter it at pleasure;

25 (3) adopt and amend bylaws for the management and regulation
26 of its affairs and make, alter and enforce rules and regulations for
27 the conduct of its business and for use of its services and facilities;

28 (4) maintain an office or offices at any place or places
29 within the state;

1 (5) acquire, hold, use and dispose of its income, revenues,
2 funds and moneys;

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

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

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

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

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

1 or facilities;

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

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

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

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

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

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

28 Sec. 44.58.100. BONDS OR NOTES. The authority may provide by
29 resolution, at one time or from time to time, for the issuance of its

1 bonds or notes for the purpose of paying the cost of a project or for
2 any of its other corporate purposes, including the refunding of bonds
3 or notes. Except as otherwise provided by this chapter or by the
4 authority, every issue of bonds or notes shall be general obligations
5 of the authority payable out of revenues or funds of the authority,
6 subject only to agreements with the holders of particular bonds or
7 notes pledging particular revenues or funds. Bonds or notes may
8 be additionally secured by a pledge of a grant or contributions from
9 the United States or the state or a governmental unit or a person, firm
10 or corporation or a pledge of income or revenues, funds or moneys of
11 the authority from any source.

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

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

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

27 (d) Before the issuance of bonds, the authority shall make
28 provision, by lease or other agreement or by establishing rents, fees
29 and charges in accordance with sec. 200 of this chapter regarding

1 the project being financed by the issue of the bonds, for rentals or
2 other considerations at least sufficient, in the judgment of the
3 authority, to pay the principal of and interest on the bonds as they
4 become due and to establish and maintain the reserves for payment, if
5 any, as the authority considers necessary or desirable and to meet all
6 obligations in connection with the lease or other agreement and all
7 costs necessary to service the bonds, unless the lease or agreement
8 provides that the obligations are to be met or costs are to be paid
9 by a party other than the authority.

10 Sec. 44.58.120. PAYMENT OR REFUNDING OF NOTES. The authority
11 may issue its notes under this chapter and pay and retire or fund or
12 refund the notes from proceeds of bonds or of other notes, or from any
13 other funds or moneys of the authority available for that purpose, in
14 accordance with any contract between the authority and the holders of
15 the notes. Unless provided otherwise in a contract between the
16 authority and the holders of notes, and unless the notes are otherwise
17 paid, funded or refunded, the proceeds of bonds of the authority
18 issued, among other things, to fund outstanding notes, shall be held,
19 used and applied by the authority to the payment and retirement of the
20 principal of the notes and the interest due and payable on the notes.

21 Sec. 44.58.130. BONDS OR NOTES AS LEGAL INVESTMENT. Notwith-
22 standing any other law, the state and public officers, governmental
23 units and agencies of the state, banks, trust companies, savings
24 banks and institutions, building and loan associations, savings and
25 loan associations, investment companies, and other persons carrying
26 on a banking business, insurance companies, insurance associations
27 and other persons carrying on an insurance business, credit unions,
28 and executors, administrators, guardians, trustees and other
29 fiduciaries, may legally invest sinking funds, moneys or other funds

1 belonging to them or within their control in bonds or notes issued
2 under this chapter, and the bonds or notes are authorized security for
3 public deposits.

4 Sec. 44.58.140. TAX EXEMPTION. (a) Property of the authority
5 is public property devoted to an essential public and governmental
6 function and purpose and is exempt from all taxes, franchise fees and
7 special assessments of the state or a political subdivision of the
8 state. Bonds or notes issued under this chapter are issued by a body
9 corporate and politic of the state for an essential public and
10 governmental purpose and the bonds and notes, and the interest on them
11 and the income from them, and all activities of the authority and fees,
12 charges, funds, revenues, incomes and other moneys of the authority
13 whether or not pledged or available to pay or secure the payment of
14 the bonds or notes, or interest on them, are exempt from all taxes,
15 franchise fees or special assessments except for transfer, inheritance
16 and estate taxes.

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

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

21 (a) In the discretion of the authority bonds or notes issued under
22 this chapter may be secured by a trust agreement by and between the
23 authority and a corporate trustee, which may be a trust company or
24 bank having the powers of a trust company within or outside the state.
25 The authority in a trust agreement or in a resolution of the authority
26 authorizing or relating to the issuance of any bonds or notes, in
27 order to secure the payment of the bonds or notes and in addition
28 to its other powers, may covenant and contract with the holders of the
29 bonds or notes to:

1 (1) pledge to any payment or purpose all or part of its
2 revenues to which its right then exists or may exist, and the moneys
3 derived from them and the proceeds of any bonds or notes;

4 (2) covenant against pledging all or part of its revenues
5 or against permitting or suffering a lien on its revenues;

6 (3) covenant as to the establishment and provision of funds
7 and accounts considered appropriate including reserves and sinking
8 funds, and the regulation and disposition of them;

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

11 (5) covenant as to bonds and notes to be issued, their
12 limitations and their terms and conditions, and as to the custody,
13 application and disposition of their proceeds;

14 (6) covenant as to the issuance of additional bonds or
15 notes or as to limitations on the issuance of additional bonds or
16 notes and as to the incurring of other debts;

17 (7) covenant as to the payment of the principal of or
18 interest on the bonds or notes, the sources and methods of payment, the
19 rank or priority of the bonds or notes with respect to a lien or
20 security or the acceleration of the maturity of any bonds or notes;

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

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

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

28 (11) covenant as to rates, rents or charges to be
29 established and charged and collected, the amount to be raised each

1 year or other period of time by rates, rents or charges or other
2 revenues and as to the use and disposition to be made of them;

3 (12) covenant to establish or authorize the establishment of
4 special funds or moneys to be held in pledge or otherwise for operating
5 expenses, payment or redemption of bonds or notes, reserves or other
6 purposes, and as to the use and disposition of the moneys held in the
7 funds;

8 (13) establish the procedure, if any, by which the terms
9 of a contract or covenant with or for the benefit of the holders of
10 bonds or notes may be amended or abrogated, the amount of bonds or
11 notes the holders of which must consent to amendment or abrogation,
12 and the manner in which the consent may be given;

13 (14) covenant as to the custody of any of its properties
14 or investments, their safekeeping, the insurance to be carried on
15 them, and the use and disposition of insurance moneys;

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

19 (16) provide for the rights and liabilities, powers and
20 duties arising upon the breach of a covenant, condition or obligation
21 and prescribe the event of default and the terms and conditions upon
22 which any or all of the bonds, notes or other obligations of the
23 authority shall become or may be declared due and payable before
24 maturity and the terms and conditions upon which the declaration and
25 its consequences may be waived;

26 (17) vest in a trustee or trustees within or outside the
27 state that property, rights, powers and duties in trust as the
28 authority may determine, which may include rights, powers and duties
29 of a trustee appointed by the holders of bonds or notes, and limit or

1 abrogate the right of the holders of bonds or notes of the authority
2 to appoint a trustee under this chapter or limit the rights, powers
3 and duties of the trustee;

4 (18) pay the costs or expenses incident to the enforcement
5 of the bonds or notes or of the resolution or of a covenant or
6 agreement of the authority with the holders of its bonds or notes;

7 (19) agree as to the pledging or assigning of revenues
8 or funds to which the authority may have rights or an interest;
9 the agreement may further provide for other rights and remedies
10 exercisable by the trustee as may be proper for the protection
11 of the holders of bonds or notes of the authority and not otherwise
12 in violation of law, and may provide for the restriction of the
13 rights of an individual holder of bonds or notes of the authority;

14 (20) appoint and provide for the duties and obligations
15 of a paying agent, or other fiduciaries as the resolution may
16 provide within or outside the state;

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

20 (22) make covenants other than and in addition to the
21 covenants expressly authorized in this section, of like or different
22 character, and make covenants to do or refrain from doing those things
23 as may be necessary, or convenient and desirable, in order to
24 better secure bonds or notes or which, in the absolute discretion
25 of the authority, will tend to make bonds or notes more marketable,
26 notwithstanding that the covenants or things may not be enumerated
27 in this section.

28 (b) If the bonds or notes of the authority are secured
29 by a trust agreement or by the appointment of a trustee under

1 a resolution authorizing the bonds or notes, the bond or noteholders
2 have no authority to appoint a separate trustee to represent them.

3 Sec. 44.58.160. PURCHASE AND DISPOSITION OF OWN OBLIGATIONS. The
4 authority may purchase bonds or notes of the authority out of any of
5 its funds or money available for the bonds. The authority may hold,
6 cancel or resell the bonds or notes subject to and in accordance with
7 agreements with holders of its bonds or notes.

8 Sec. 44.58.200. REVENUES. (a) The authority is authorized to
9 fix, revise, charge, and collect rents, fees and charges for the use of
10 the project or any portion or facility of the project and for the
11 services furnished or to be furnished in connection with the project
12 and to contract with the state or an agency or instrumentality of the
13 state or with any person, partnership, association or corporation, or
14 other body, public or private, in respect to the project. The rents,
15 fees and charges shall be fixed and adjusted in respect of the
16 aggregate of rents, fees and charges from the project so as to provide
17 funds sufficient with other revenues, if any:

18 (1) pay the cost of maintaining, insuring, repairing, and
19 operating the project and each portion of it, to the extent that the
20 authority has not otherwise adequately provided for the maintenance,
21 insurance, repair and operation of the project or for the payment of
22 the costs;

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

26 (3) create and maintain reserves required or provided for
27 in any resolution authorizing, or trust agreement securing, the bonds,
28 or notes of the authority. The rents, fees and charges may not be
29 subject to supervision or regulation by any department, commission,

1 board, body, bureau or agency of the state other than the authority.

2 (b) A sufficient amount of the revenues derived in respect of
3 the project, except that part of the revenues necessary to pay the
4 cost of maintenance, repair, and operation and to provide reserves and
5 for the renewals, replacements, extensions, enlargements, and
6 improvements as may be provided for in the resolution authorizing the
7 issuance of any bonds or notes of the authority or in the trust
8 agreement securing them, shall be set aside at the regular intervals
9 provided in the resolution or trust agreement in a sinking or other
10 similar fund which is hereby pledged to, and charged with, the payment
11 of the principal of and the interest on the bonds or notes as they
12 become due, and the redemption price or the purchase price of bonds
13 or notes retired by call or purchase as provided in the resolution or
14 trust agreement. The pledge is valid and binding from the time when
15 the pledge is made; the rents, fees and charges, and other revenues or
16 other moneys so pledged and thereafter received by the authority are
17 immediately subject to the lien of the pledge without any physical
18 delivery of it or further act, and the lien of a pledge is valid and
19 binding as against all parties having claims of any kind in tort,
20 contract, or otherwise against the authority, irrespective of whether
21 the parties have notice of the lien. Neither the resolution nor any
22 trust agreement by which a pledge is created need be filed or recorded
23 except in the records of the authority. The use and disposition of
24 moneys to the credit of the sinking or other similar fund shall be
25 subject to the provisions of the resolution authorizing the issuance of
26 the bonds or notes or of the trust agreement. Except as otherwise
27 provided in the resolution or trust agreement, the sinking or other
28 similar fund shall be a fund for all the bonds or notes issued to
29 finance the project without distinction or priority of one over another.

1 However, the authority in the resolution or trust agreement may permit
2 and provide for the issuance of bonds or notes having a subordinate
3 lien in respect of the security authorized in this section to other
4 bonds or notes of the authority and, in that case, the authority may
5 create separate sinking or other similar funds in respect of the sub-
6 ordinate lien bonds or notes.

7 Sec. 44.58.210. FUNDS AND ACCOUNTS. The authority may establish
8 those reserves or other funds or accounts as may be, in its discretion,
9 necessary, desirable or convenient to further the accomplishment of its
10 purposes or to comply with the provisions of any of its agreements or
11 resolutions. All moneys received by the authority pursuant to this
12 chapter whether as proceeds from the sale of bonds or notes or as
13 revenues, rates, rents, fees or charges are trust funds to be held and
14 applied solely as provided in this chapter. Any officer with whom, or
15 any bank or trust company with which, the moneys are deposited shall
16 act as trustee of the moneys and shall hold and apply them for the
17 purposes of this chapter, subject to such regulations as this chapter
18 and the resolution authorizing any bonds or notes of the authority or
19 the trust agreement securing the bonds or notes of the authority or the
20 trust agreement securing the bonds or notes may provide.

21 Sec. 44.58.220. DEFAULT IN PAYMENT. If the authority defaults in
22 the payment of principal or interest on any of its bonds or notes of
23 any series after they become due, whether at maturity or upon call for
24 redemption, and the default continues for 30 days, or if the authority
25 fails or refuses to comply with this chapter or defaults in any
26 agreement made with the holders of the bonds or notes of the series,
27 the holders of 25 per cent in aggregate principal amount of the out-
28 standing notes or bonds of the series as to which any default is
29 claimed, upon 30 days notice in writing to the authority, by an

1 instrument in writing filed in the office of the Department of Revenue,
2 may, subject to the limitation in sec. 150(b) of this chapter, appoint
3 a trustee to represent the holders of those notes or bonds.

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

9 (1) by mandamus or other suit, action or proceeding at law
10 or in equity, enforce all rights of the noteholders or bondholders of
11 the series in default, including the right to require the authority to
12 collect rates, charges and other fees adequate to carry out any agree-
13 ment as to, or pledge of, the rate, charges and other fees and of the
14 interest and amortization payments, and to require the authority to
15 carry out any other agreements with the holders of the notes or bonds
16 of the series in default and to perform its duties under this chapter;

17 (2) bring suit upon the notes or bonds of the series in
18 default;

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

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

25 (5) declare, upon 30 days notice in writing to the authority,
26 all the notes or bonds of the series in default due and payable, and if
27 all defaults are made good, then with the consent of the holders of 25
28 per cent of the principal amount of the outstanding notes or bonds of
29 the series in default, annul the declaration and its consequences;

1 (6) have all the additional powers necessary for the
2 exercise of functions specifically set forth in this subsection or
3 incident to the general representation of the bondholders or note-
4 holders of the series in default in the enforcement and protection of
5 their rights.

6 (b) The bondholders or noteholders of a series of outstanding
7 bonds or notes of the authority which are in default may exercise in
8 their own right without the appointment of a trustee any of the powers
9 or rights described in (a) of this section, subject to the limitation
10 of sec. 150(b) of this chapter.

11 Sec. 44.58.240. SERVICES OF GOVERNMENT AGENCIES AND COST OF
12 SERVICES. All officers, departments, boards, agencies, divisions and
13 commissions of the state may render those services to the authority as
14 are within the area of their respective governmental functions and as
15 are requested by the authority. The cost and expense of services
16 requested by the authority shall, at the request of the officer,
17 department, board, agency, division or commission rendering the
18 service, be paid by the authority.

19 Sec. 44.58.250. AGREEMENTS AND LEASES. (a) The authority and
20 the state, with the approval of the governor, may enter into either
21 agreements or leases or both providing for the lease of the project by
22 the authority to the state and the operation and maintenance of it by
23 the state. The agreement and the lease shall be executed on behalf of
24 the state by the governor. The seal of office of the lieutenant
25 governor shall be affixed to the agreement and lease, and the
26 lieutenant governor shall attest to them. The agreement and lease
27 shall be executed on behalf of the authority by its chairman. The
28 seal of the authority shall be affixed to the agreement and lease, and
29 the secretary of the authority shall attest to the agreement and lease.

1 The agreement or lease may provide for the payment to the authority by
2 the state annually or otherwise of such amount of money computed at
3 fixed amounts or in any other manner as the agreement and lease may
4 provide, and the amount payable may include provision for all or any
5 part or share of the amounts necessary:

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

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

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

15 (b) An agreement or lease entered into under this section may
16 also contain provisions as to the financing and payment of the cost of
17 the project and may provide for the payment by the state to the
18 authority for application to the cost such sum of money, not in the
19 aggregate exceeding an amount stated or otherwise limited in the
20 agreement or lease plus interest on the amount, as the agreement or
21 lease may provide. The agreement or lease may be made for a specified
22 or unlimited time and on terms and conditions which may be approved by
23 the governor.

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

29 (d) The state may enter into an agreement or sublease or both

1 with any person, firm or corporation for the sublease, management and
2 operation of the project or any part of it and shall apply any moneys
3 received from the agreement or sublease to any payment required to be
4 made under this section. An agreement or sublease shall be executed on
5 behalf of the state by the governor and shall have the seal of office
6 of the lieutenant governor affixed to it and he shall attest to it.
7 An agreement or sublease may be made for a specified or unlimited time
8 and on any terms and conditions which may be approved by the governor.
9 The officers and employees of the state are authorized and directed to
10 do whatever may be necessary, convenient or desirable to carry out and
11 perform an agreement or sublease.

12 Sec. 44.58.260. GUARANTY BY THE STATE. (a) To the extent
13 authorized by the constitution of the state if a bond agreement
14 provides for state guaranty at the time of the issuance of notes or
15 bonds, the punctual payment of the notes or bonds shall be, and hereby
16 is, fully and unconditionally guaranteed by the state, both as to
17 principal and interest, according to their terms, and the guaranty
18 shall be expressed upon its face by the signature or facsimile
19 signature of the governor. If the authority fails to pay when due the
20 principal of or interest on the notes or bonds, the state shall pay the
21 holder of the notes or bonds and then be subrogated to the rights of
22 the noteholders or bondholders paid.

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

26 (c) When guaranteed notes or guaranteed bonds are outstanding,
27 notes or bonds secured by a mortgage on lands or properties or by a
28 pledge of receipts or revenues having priority over the outstanding
29 guaranteed notes or guaranteed bonds may not be issued, except with the

1 consent of the governor, and unless the authority shall by resolution
2 first find and determine that, notwithstanding the mortgage or the
3 pledge, the authority will have adequate means to meet its obligations
4 to the holders of the outstanding guaranteed notes or bonds.

5 (d) When notes or bonds are outstanding, secured by a mortgage of
6 lands or properties or by a pledge of receipts or revenues, guaranteed
7 notes or bonds either unsecured, or secured by a mortgage of lands or
8 properties or by a pledge of receipts or revenues subordinate to the
9 mortgage or the pledge securing such outstanding notes or bonds, shall
10 not be issued, except with the consent of the governor, and unless the
11 authority shall first find and determine by resolution that, notwith-
12 standing the mortgage or pledge securing the outstanding notes or
13 bonds, the authority will have adequate means to meet its obligations
14 on the guaranteed notes or bonds about to be issued.

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

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

1 be at least 30 days before the date of redemption.

2 Sec. 44.58.300. CONDEMNATION. The authority may acquire by
3 purchase or by condemnation, by any mode of procedure the state may
4 itself use to acquire real property including the declaration of
5 taking referred to in AS 19.05.090, title in the name of the authority
6 to real or personal property which it may require in the exercise of
7 the powers granted under this chapter. Property acquired under this
8 section may include real property which may be held for public use,
9 and the authority may devote the property to the same public use for
10 which it was previously held or another public use within the purpose
11 and powers of the authority. Payment for property acquired must be
12 made by the authority.

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

20 (1) by purchasing property of the other corporation owning
21 or operating or empowered to own or operate an oil or natural gas
22 pipeline in the state, and by taking all other necessary steps for
23 acquisition of the property including, and without limiting the
24 generality of the foregoing, by acquiring stock, evidences of indebted-
25 ness or certificates of interest;

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

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

29 (4) by condemnation; and

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

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

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

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

27 Sec. 44.58.330. SOLE AND EXCLUSIVE JURISDICTION. The authority
28 has sole and exclusive jurisdiction, control and supervision of all
29 pipelines and other transportation facilities for the transportation of

1 oil and natural gas produced in the state and may do whatever necessary
2 or convenient to carry out its purposes, including without limitation
3 the specific powers enumerated in this chapter.

4 Sec. 44.58.340. COVENANTS OF THE STATE. (a) The state pledges
5 to and agrees with the holders of notes, bonds, or other obligations
6 of the authority that the state will not limit or alter the rights by
7 this chapter vested in the authority to possess and use property
8 acquired by it or for its use so long as its corporate existence
9 continues and to establish and collect tariffs, tolls, rates, and
10 charges as may be convenient or necessary to produce sufficient revenue
11 to meet the expense of maintenance and operation and to fulfill the
12 terms of any agreements made with the holders of notes, bonds, or other
13 obligations of the authority, and further pledges that it will not in
14 any way impair the rights and remedies of the holders until the notes,
15 bonds, and other obligations, together with the interest on them, with
16 interest on unpaid installments of interest, and all costs and
17 expenses in connection with an action or proceedings by or on behalf
18 of the holders, are fully met and discharged.

19 (b) The state covenants that the authority and its corporate
20 existence shall continue so long as it shall have notes, bonds or other
21 obligations outstanding. Upon the termination of the existence of the
22 authority, all its rights and properties shall pass to and be vested
23 in the state.

24 Sec. 44.58.400. ANNUAL REPORT; AUDIT. (a) By the last day of
25 January in each year the authority shall make a report of its
26 activities for the preceding calendar year to the governor and to the
27 legislature. Each report shall set forth a complete operating and
28 financial statement covering authority operations during the year and
29 shall contain a full and complete statement of the authority's

1 anticipated budget and operations for the ensuing year. The authority
2 shall have an audit of its books and accounts to be made at least once
3 in each year by certified public accountants, and the cost of the audit
4 shall be considered an expense of the authority. A copy of the audit
5 shall be filed with the commissioner of revenue.

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

10 Sec. 44.58.410. PERSONAL LIABILITY. Neither the members of the
11 authority nor a person executing bonds or notes issued under this
12 chapter is liable personally on the bonds or notes.

13 Sec. 44.58.415. JURISDICTION. The superior court shall have
14 jurisdiction to hear and determine suits, actions or proceedings
15 relating to the authority, including suits, actions or proceedings
16 brought to foreclose or otherwise enforce a mortgage, pledge, assign-
17 ment or security interest or brought by or for the benefit or security
18 of a holder of its bonds or notes or by a trustee for or other
19 representative of the holders.

20 Sec. 44.58.420. LAW GOVERNING. In the event of a conflict or
21 inconsistency in the provisions of this chapter and other laws
22 pertaining to matters provided for in this chapter or in any
23 regulations or rules adopted under this chapter or other laws, to the
24 extent of that conflict or inconsistency the provisions of this
25 chapter shall be enforced and the provisions of the other laws,
26 regulations or rules shall be of no effect.

27 Sec. 44.58.440. PRESUMPTION OF VALIDITY. After issuance, all
28 bonds or notes of the authority are conclusively presumed to be fully
29 authorized and issued in conformity with all the laws of the state,

1 and all persons are estopped from questioning their authorization,
2 sale, issuance, execution or delivery by the authority.

3 Sec. 44.58.500. DEFINITIONS. In this chapter, unless the context
4 clearly requires otherwise:

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

7 (2) "bonds" means bonds of the authority issued under this
8 chapter;

9 (3) "cost" as applied to the project or a portion of it
10 financed under this chapter includes the cost of construction and
11 acquisition of all lands, structures, real or personal property or
12 rights or interests in them, rights of way, franchises, and interests
13 acquired by the authority for the project; the cost of demolishing or
14 removing any buildings or structures on land acquired, including the
15 costs of acquiring any lands to which the buildings or structures may
16 be moved; the cost of vehicles, furnishings, fixtures, machinery and
17 equipment; financing charges; charges or premiums for insurance or
18 bonds; interest prior to and during construction and, if judged
19 advisable by the authority, for a period not exceeding one year after
20 completion of the construction; provisions for working capital;
21 reserves for principal and interest and for extensions, enlargements,
22 additions and improvements; the cost of architectural, engineering,
23 financial and legal services; plans, specifications, landscaping, site
24 preparation, studies, surveys; estimates of cost and of revenues;
25 administrative expenses; and any other expenses necessary or incident
26 to the construction and acquisition of the project, the financing of
27 the construction and acquisition and the placing of the project in
28 operation;

29 (4) "notes" means any notes of the authority issued under

1 this chapter;

2 (5) "project" means a structure or facility designed for use
3 as a pipeline to provide transportation for oil and natural gas from
4 Prudhoe Bay and adjacent areas to the port of Valdez and other ports
5 and related facilities, including but not limited to roads, port
6 facilities, airports, docks, wharves, storage facilities and other
7 marine equipment, sewage or waste disposal facilities, facilities for
8 furnishing electric energy, gas, or water, air or water pollution
9 control facilities, parks, playgrounds and other recreational and
10 sports facilities, and other systems, properties or instrumentalities,
11 used or useful in connection with the transportation by the authority
12 of oil and natural gas, and any other laboratory, maintenance, storage
13 or utility facilities or other building or structure necessary or
14 useful for the transportation of oil and natural gas, or any multi-
15 purpose structure designed to combine two or more of the functions
16 served by the types of structures or facilities included in this
17 paragraph; the term also includes all real and personal property and
18 rights or interest in property, improvements, driveways, roads,
19 approaches, pedestrian access roads, rights of way, railroad sidings,
20 utilities, easements, vehicles, furniture, fixtures, machinery and
21 equipment, and similar items necessary or convenient for the operation
22 of any of the structures or facilities listed in this paragraph either
23 on, above or under the ground which are used or usable in connection
24 with the structures or facilities listed in this paragraph.

25 * Sec. 2. This Act takes effect on the day after its passage and
26 approval or on the day it becomes law without approval.
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