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Referred: State Affairs and
Finance

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE

2 SENATE BILL NO. 705

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Gas Transportation Authority
7 as a public corporation of the state; and providing for
8 an 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 54. GAS TRANSPORTATION AUTHORITY.

12 Sec. 44.54.010. LEGISLATIVE FINDING AND POLICY. (a) The legis-
13 lature finds and declares that

14 (1) no plan exists or is presently being proposed to trans-
15 port Alaska natural gas, now or in the future, to processing, manu-
16 facturing and service facilities, or to provide raw materials for
17 petrochemical synthesis in the state;

18 (2) the use of Alaska natural gas to produce or manufacture
19 valuable industrial, commercial, agricultural or other products in the
20 state is the best and most desirable way to manage and dispose of this
21 valuable natural resource, now or in the future;

22 (3) the state lacks the facilities necessary to permit
23 adequate development of its natural resources and the balanced growth of
24 its economy;

25 (4) the construction of a natural gas pipeline to transport
26 Alaska natural gas to processing, manufacturing and service facilities
27 or to serve petrochemical synthesis facilities in the state is essential
28 to the development of the natural resources and the long-term economic
29 growth of the state and will directly or indirectly alleviate seasonal

1 and unseasonable unemployment in the state, a serious menace to the
2 health, safety and general welfare, not only to the people in the areas
3 of unemployment, but also to the people of the entire state;

4 (5) the goals of full employment, and the establishment and
5 continuing operation and development of natural gas production, proces-
6 sing and using facility in the state, will be accelerated and facili-
7 tated by the creation of an instrumentality of the state with powers to
8 incur debt for the purpose of acquiring and constructing facilities for
9 the transmission of natural gas, and with power to lease transmission
10 facilities to the state, and the goals will also be served at the lowest
11 possible interest cost to the people by the guaranty by the state of the
12 principal and interest on the bonds issued to finance the transmission
13 facilities for operating in the public interest;

14 (6) a facility for the intrastate transportation of natural
15 gas is necessary to catalyze the synergistic development of the state's
16 other natural resources, including but not limited to its coal resources,
17 and to enable the state to make its maximum contribution to national
18 energy self-sufficiency.

19 (b) It is declared to be the policy of the state, and a public
20 purpose, in the interests of promoting the health, security and general
21 welfare of all the people of the state, to increase job opportunities
22 and otherwise encourage the economic growth of the state, and to protect
23 against the degradation of the environment due to the unnecessary
24 proliferation of natural gas transmission facilities, through the con-
25 struction of facilities for the transmission of natural gas within
26 existing transportation corridors whenever possible, by the establish-
27 ment of a public corporation with powers, duties and functions as
28 provided in this chapter. This policy will also be served by provisions
29 allowing for leasing by the state of the transmission facilities from

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

17 Sec. 44.54.020. CREATION OF AUTHORITY. There is established the
18 Gas Transportation Authority. The authority is a public corporation of
19 the state and a body corporate and politic within the Department of
20 Revenue with separate and independent legal existence from the state.

21 Sec. 44.54.030. MEMBERSHIP OF THE AUTHORITY. The Gas Transporta-
22 tion Authority consists of the commissioners of revenue and natural
23 resources and three residents of the state with extensive knowledge in
24 pipeline transportation systems. Membership of the authority is on a
25 nonpartisan basis with due regard to representation from all areas of
26 the state. Members of the authority are appointed by the governor and
27 confirmed by the legislature in joint session.

28 Sec. 44.54.040. CHAIRMAN AND VICE-CHAIRMAN. The commissioner of
29 revenue is chairman of the authority. A vice-chairman may be elected by

1 the authority from among its other members for one or more terms of one
2 year each. The vice-chairman shall preside over all meetings in the
3 absence of the commissioner of revenue.

4 Sec. 44.54.050. TERM OF OFFICE; VACANCY. (a) The term of office
5 of each member is four years. The governor shall designate who among
6 his initial appointees shall serve, respectively, for terms of 16
7 months, 32 months, and 48 months. A member, upon the expiration of his
8 term, shall continue to hold office until his successor is appointed and
9 qualifies.

10 (b) A vacancy arising in the authority shall be filled by appoint-
11 ment by the governor and confirmed by the legislature in joint session,
12 and an appointee selected to fill a vacancy holds office for the balance
13 of the full term for which his predecessor on the authority was ap-
14 pointed.

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

18 Sec. 44.54.060. REMOVAL OF MEMBERS. The governor may remove a
19 member from the authority with the consent of the majority of the
20 legislature.

21 Sec. 44.54.070. QUORUM. Three members of the authority constitute
22 a quorum for the transaction of business, for the performance of a duty,
23 or for the exercise of a power at a meeting of the authority.

24 Sec. 44.54.080. COMPENSATION OF MEMBERS OF THE AUTHORITY AND
25 EMPLOYEES. (a) The members of the authority serve without compensa-
26 tion, but the authority shall reimburse them for their actual expenses
27 necessarily incurred in the discharge of their duties. Notwithstanding
28 any other law, an officer or employee of the state does not forfeit his
29 office or employment or any benefits of it by reason of his acceptance

1 of the office of member of the authority.

2 (b) The authority may employ an executive director who shall have
3 had at least five years of experience in gas transportation management
4 or accounting or a combination of both. The authority may employ
5 engineers, hearing officers, experts, clerks, accountants, and other
6 agents and assistants it considers necessary or which are required by
7 the bond covenants.

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

11 Sec. 44.54.090. PURPOSE OF THE AUTHORITY. The purpose of the
12 authority is to provide for the construction, operation, and maintenance
13 of an Alaska natural gas pipeline from Prudhoe Bay and adjacent areas to
14 the Healy River-Suntrana coal fields in the Alaska railbelt or the
15 Beluga coal fields in the Cook Inlet area, or such other area as the
16 authority determines to be desirable to assure the in-state consumption
17 of the maximum quantity of natural gas produced in the state. The
18 authority may do whatever is necessary or convenient to carry out its
19 purpose, including without limitation the specific powers enumerated in
20 this chapter.

21 Sec. 44.54.100. POWERS OF THE AUTHORITY. The authority may for
22 the purposes 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 regulations for the conduct
27 of its business and for use of its services and facilities;
- 28 (4) maintain an office at any place or places in the state;
- 29 (5) acquire, hold, use and dispose of its income, revenue,

1 funds and money;

2 (6) apply for and acquire all necessary government certifi-
3 cates, permits and approvals;

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

19 (8) make plans, surveys, and studies necessary, convenient or
20 desirable to the effectuation of the purposes and powers of the author-
21 ity and to prepare recommendations in that respect;

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

26 (10) utilize state highways and other rights-of-way on state
27 public land;

28 (11) borrow money and issue its negotiable bonds or notes and
29 provide for their payment and the rights of their holders and purchase,

1 hold and dispose of any of its bonds or notes;

2 (12) fix and revise from time to time and charge and collect
3 rents, fees and charges for the use of the project or of its services or
4 facilities;

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

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

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

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

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

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

1 Sec. 44.54.110. BONDS OR NOTES. The authority may provide by
2 resolution, at one time or from time to time, for the issuance of its
3 bonds or notes for the purpose of paying the cost of the project or for
4 any of its other corporate purposes, including the refunding of bonds or
5 notes. Except as otherwise provided by this chapter or by the authority,
6 every issue of bonds or notes shall be general obligations of the
7 authority payable out of revenue or funds of the authority, subject only
8 to agreements with the holders of particular bonds or notes pledging
9 particular revenue or funds. Bonds or notes may be additionally secured
10 by a pledge of a grant or contributions from the United States or the
11 state or a governmental unit or a person, firm, or corporation or a
12 pledge of income or revenue, funds or money of the authority from any
13 source.

14 Sec. 44.54.120. FORM OF ISSUANCE. (a) Authority bonds or notes
15 shall be authorized by resolution of the authority and shall be dated
16 and shall mature as the resolution may provide, except that a bond shall
17 not mature more than 40 years from the date of its issue. Bonds or
18 notes shall bear interest at the rate or rates, be in the denominations,
19 be in the form, either coupon or registered, carry the registration
20 privileges, be executed in the manner, be payable in the medium of pay-
21 ment, at the place or places, and be subject to the terms of redemption
22 which the resolution or a subsequent resolution may provide.

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

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

28 Sec. 44.54.130. PAYMENT OR REFUNDING OF NOTES. The authority may
29 issue its notes under this chapter and pay and retire or fund or refund

1 the notes from proceeds of bonds or of other notes, or from any other
2 funds or money of the authority available for that purpose, in accor-
3 dance with any contract between the authority and the holders of the
4 notes. Unless provided otherwise in a contract between the authority
5 and the holders of notes, and unless the notes are otherwise paid,
6 funded or refunded, the proceeds of bonds of the authority issued, among
7 other things, to fund outstanding notes, shall be held, used and applied
8 by the authority to the payment and retirement of the principal of the
9 notes and the interest due and payable on the notes.

10 Sec. 44.54.140. BONDS OR NOTES AS LEGAL INVESTMENT. Notwith-
11 standing any other law, the state and public officers, governmental
12 units and agencies of the state, banks, trust companies, savings banks
13 and institutions, building and loan associations, savings and loan
14 associations, investment companies, and other persons carrying on a
15 banking business, insurance companies, insurance associations and other
16 persons carrying on an insurance business, credit unions, and executors,
17 administrators, guardians, trustees and other fiduciaries, may legally
18 invest sinking funds, money or other funds belonging to them or within
19 their control in bonds or notes issued under this chapter, and the bonds
20 or notes are authorized security for public deposits.

21 Sec. 44.54.150. TAX EXEMPTION. (a) Property of the authority is
22 public property devoted to an essential public and governmental function
23 and purpose and is exempt from all taxes, franchise fees and special
24 assessments of the state or a political subdivision of the state. Bonds
25 or notes issued under this chapter are issued by a body corporate and
26 politic of the state for an essential public and governmental purpose,
27 and the bonds and notes, and the interest on them and the income from
28 them, and all activities of the authority and fees, charges, funds,
29 revenue, income and other money of the authority whether or not pledged

1 or available to pay or secure the payment of the bonds or notes, or
2 interest on them, are exempt from all taxes, franchise fees or special
3 assessments except for transfer, inheritance and estate taxes.

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

7 Sec. 44.54.160. TERMS OF AGREEMENT WITH BOND OR NOTEHOLDERS. (a)
8 At the discretion of the authority bonds or notes issued under this
9 chapter may be secured by a trust agreement by and between the authority
10 and a corporate trustee which may be a trust company or bank having the
11 powers of a trust company inside or outside the state. The authority in
12 a trust agreement or in a resolution of the authority authorizing or
13 relating to the issuance of any bonds or notes, in order to secure the
14 payment of the bonds or notes, and in addition to its other powers may
15 covenant and contract with the holders of the bonds or notes to

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

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

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

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

28 (5) covenant as to bonds and notes to be issued, their
29 limitations and their terms and conditions, and as to the custody,

1 application and disposition of their proceeds;

2 (6) covenant as to the issuance of additional bonds or notes
3 or as to limitations on the issuance of additional bonds or notes and as
4 to the incurring of other debts;

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

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

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

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

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

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

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

29 (14) covenant as to the custody of any of its properties or

1 investments, their safekeeping, the insurance to be carried on them, and
2 the use and disposition of insurance money;

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

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

13 (17) vest in a trustee or trustees inside or outside the state
14 those properties, rights, powers and duties in trust as the authority
15 may determine, which may include rights, powers and duties of a trustee
16 appointed by the holders of bonds or notes, and limit or abrogate the
17 right of the holders of bonds or notes of the authority to appoint a
18 trustee under this chapter or limit the rights, powers and duties of the
19 trustee;

20 (18) pay the costs or expenses incident to the enforcement of
21 the bonds or notes or of the resolution or of a covenant or agreement of
22 the authority with the holders of its bonds or notes;

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

1 (20) appoint and provide for the duties and obligations of a
2 paying agent, or other fiduciaries as the resolution may provide inside
3 or outside the state;

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

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

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

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

25 Sec. 44.54.170. PURCHASE AND DISPOSITION OF OWN OBLIGATIONS. The
26 authority may purchase bonds or notes of the authority out of any of its
27 funds or money available for the bonds. The authority may hold, cancel
28 or resell the bonds or notes subject to and in accordance with agree-
29 ments with holders of its bonds or notes.

1 Sec. 44.54.180. REVENUE. (a) The authority is authorized to fix,
2 revise, charge, and collect rents, fees and charges for the use of the
3 project or any portion or facility of the project and for the services
4 furnished or to be furnished in connection with the project, and to
5 contract with the state or an agency or instrumentality of the state or
6 with any person, partnership, association or corporation, or other body,
7 public or private, in respect to the project. The rents, fees and
8 charges shall be fixed and adjusted so that the aggregate of rents, fees
9 and charges from the project provide sufficient funds, with other
10 revenue, if any, to

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

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

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

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

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

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

29 Sec. 44.54.190. FUNDS AND ACCOUNTS. The authority may establish

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

13 Sec. 44.54.200. DEFAULT IN PAYMENT. If the authority defaults in
14 the payment of principal or interest on any of its bonds or notes of any
15 series after they become due, whether at maturity or upon call for
16 redemption, and the default continues for 30 days, or if the authority
17 fails or refuses to comply with this chapter or defaults in any agree-
18 ment made with the holders of the bonds or notes of the series, the
19 holders of 25 per cent in aggregate principal amount of the outstanding
20 notes or bonds of the series as to which any default is claimed, upon 30
21 days notice in writing to the authority, by an instrument in writing
22 filed in the office of the Department of Revenue, may, subject to the
23 limitation in sec. 160(b) of this chapter, appoint a trustee to repre-
24 sent the holders of those notes or bonds.

25 Sec. 44.54.210. ACTION ON DEFAULT. (a) A trustee appointed under
26 sec. 200 of this chapter may, and shall in his name, upon written re-
27 quest of the holders of 25 per cent in principal amount of the outstand-
28 ing notes or bonds of the series as to which a default has occurred,

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

1 in equity, enforce all rights of the noteholders or bondholders of the
2 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 rates, 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 of
7 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 if
11 it were the trustee of an express trust for the holders of the notes or
12 bonds of the series in default;

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

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

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

25 (b) The bondholders or noteholders of a series of outstanding
26 bonds or notes of the authority which are in default may exercise in
27 their own right without the appointment of a trustee any of the powers
28 or rights described in (a) of this section, subject to the limitation of
29 sec. 160(b) of this chapter.

1 Sec. 44.54.220. SERVICES OF GOVERNMENT AGENCIES AND COST OF
2 SERVICES. All officers, departments, boards, agencies, divisions and
3 commissions of the state may render those services to the authority that
4 are within the area of their respective governmental functions and that
5 are requested by the authority. The cost and expense of services
6 requested by the authority shall, at the request of the officer, depart-
7 ment, board, agency, division or commission rendering the service, be
8 paid by the authority.

9 Sec. 44.54.230. AGREEMENTS AND LEASES. (a) The authority and the
10 state, with the approval of the governor, may enter into either agree-
11 ments or leases or both providing for the lease of the project by the
12 authority to the state and the operation and maintenance of it by the
13 state. The agreement and the lease shall be executed on behalf of the
14 state by the governor. The seal of office of the lieutenant governor
15 shall be affixed to the agreement and lease, and the lieutenant governor
16 shall attest to them. The agreement and lease shall be executed on
17 behalf of the authority by its chairman. The seal of the authority
18 shall be affixed to the agreement and lease, and the secretary of the
19 authority shall attest to the agreement and lease. The agreement or
20 lease may provide for the payment to the authority by the state annually
21 or otherwise of such amount of money computed at fixed amounts or in any
22 other manner as the agreement and lease may provide, and the amount
23 payable may include provision for all or any part or share of the
24 amounts necessary

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

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

29 (3) to maintain those reserves or sinking funds for the

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

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

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

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

1 Sec. 44.54.240. STATE'S RIGHT TO REQUIRE REDEMPTION OF BONDS.

2 Notwithstanding and in addition to provisions for the redemption of
3 bonds which may be contained in a contract with the holders of the
4 bonds, the state may, upon furnishing sufficient funds for the purpose,
5 require the authority to redeem, before maturity, as a whole, any issue
6 of bonds or any interest payment date not less than 10 years after the
7 date of the bonds of such issue at 105 per cent of their face value and
8 accrued interest or at a lower redemption price which may be provided in
9 the bonds in case of their redemption as a whole on the redemption date.
10 Notice of a redemption shall be published in at least two newspapers
11 published and circulating respectively in the cities of Juneau and New
12 York at least twice, the first publication to be at least 30 days before
13 the date of redemption.

14 Sec. 44.54.250. CONDEMNATION. The authority may acquire by pur-
15 chase or by condemnation, by any mode of procedure the state may itself
16 use to acquire real property including the declaration of taking under
17 AS 19.05.090, title in the name of the authority to real or personal
18 property which it may require in the exercise of the powers granted
19 under this chapter. Property acquired under this section may include
20 real property held for public use, and the authority may devote the
21 property to the same public use for which it was previously held or
22 another public use within the purpose and powers of the authority.
23 Payment for property acquired must be made by the authority.

24 Sec. 44.54.260. ACQUISITION OF PROPERTY AND RIGHTS OF PIPELINE
25 CORPORATIONS. (a) The authority may acquire ownership or control,
26 either directly or by acquiring the stock of another corporation, of all
27 or part of the property and rights of another corporation owning or
28 operating or empowered to own or operate a natural gas pipeline in the
29 state, and without limiting the generality of the foregoing, to acquire

1 the same by

2 (1) purchasing property of the other corporation owning or
3 operating or empowered to own or operate a natural gas pipeline in the
4 state, and by taking all other necessary steps for acquisition of the
5 property including, and without limiting the generality of the fore-
6 going, by acquiring stock, evidences of indebtedness or certificates of
7 interest;

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

10 (3) foreclosing liens arising out of indebtedness;

11 (4) condemnation; and

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

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

21 (c) The authority may acquire from another corporation all leases
22 and agreements made by the corporation relating to the use of natural
23 gas pipeline facilities and related facilities, and all other contracts
24 relating to or affecting the operation of natural gas pipeline facili-
25 ties acquired by the authority. The authority shall pay for those
26 contracts an amount it considers fair and reasonable on those terms and
27 conditions, for cash or on credit, as the authority may determine.

28 Sec. 44.54.270. CONSTRUCTION CONTRACTS. Construction contracts
29 shall be let to the lowest responsible bidder submitting a sealed bid

1 after advertisement for the receipt of bids published by the authority
2 at least once not less than 30 days before the date fixed for the re-
3 ceipt of bids in no fewer than two newspapers published in each borough
4 (or in one newspaper if there is only one in a borough) in which any
5 part of the work is to be performed. However, by unanimous vote of the
6 members of the authority the requirements of this section may be dis-
7 pensed with.

8 Sec. 44.54.280. COVENANTS OF THE STATE. (a) The state pledges to
9 and agrees with the holders of notes, bonds, or other obligations of the
10 authority that the state will not limit or alter the rights by this
11 chapter vested in the authority to possess and use property acquired by
12 it or for its use so long as its corporate existence continues and to
13 establish and collect tariffs, tolls, rates, and charges as may be
14 convenient or necessary to produce sufficient revenue to meet the
15 expense of maintenance and operation and to fulfill the terms of any
16 agreements made with the holders of notes, bonds, or other obligations
17 of the authority, and further pledges that it will not in any way impair
18 the rights and remedies of the holders until the notes, bonds, and other
19 obligations, together with the interest on them, with interest on unpaid
20 installments of interest, and all costs and expenses in connection with
21 an action or proceedings by or on behalf of the holders, are fully met
22 and discharged.

23 (b) The state covenants that the authority and its corporate
24 existence shall continue so long as it has notes, bonds or other obliga-
25 tions outstanding. Upon the termination of the existence of the
26 authority, all its rights and properties shall pass to and be vested in
27 the state.

28 Sec. 44.54.290. ANNUAL REPORT; AUDIT. (a) By the last day of
29 January in each year the authority shall make a report of its activities

1 for the preceding calendar year to the governor and to the legislature.
2 Each report shall set out a complete operating and financial statement
3 covering authority operations during the year and shall contain a full
4 and complete statement of the authority's anticipated budget and opera-
5 tions for the ensuing year. The authority shall have an audit of its
6 books and accounts to be made at least once in each year by certified
7 public accountants, and the cost of the audit shall be considered an
8 expense of the authority. A copy of the audit shall be filed with the
9 commissioner of revenue.

10 (b) The legislative auditor and his legally authorized representa-
11 tives may at any time examine the accounts and books of the authority
12 including its receipts, disbursements, contracts, sinking funds, invest-
13 ments and other matters relating to its financial standing.

14 Sec. 44.54.300. PERSONAL LIABILITY. Neither the members of the
15 authority nor a person executing bonds or notes issued under this
16 chapter is liable personally on the bonds or notes.

17 Sec. 44.54.310. JURISDICTION. The superior court shall have
18 jurisdiction to hear and determine suits, actions or proceedings relat-
19 ing to the authority, including suits, actions or proceedings brought to
20 foreclose or otherwise enforce a mortgage, pledge, assignment or securi-
21 ty interest or brought by or for the benefit or security of a holder of
22 its bonds or notes or by a trustee for or other representative of the
23 holders.

24 Sec. 44.54.320. LAW GOVERNING. In the event of a conflict or
25 inconsistency in the provisions of this chapter and other laws pertain-
26 ing to matters provided for in this chapter or in any regulations
27 adopted under this chapter or other laws, to the extent of that conflict
28 or inconsistency the provisions of this chapter shall be enforced and
29 the provisions of the other laws or regulations shall be of no effect.

1 Sec. 44.54.330. PRESUMPTION OF VALIDITY. After issuance, all
2 bonds or notes of the authority are conclusively presumed to be fully
3 authorized and issued in conformity with all the laws of the state, and
4 all persons are estopped from questioning their authorization, sale,
5 issuance, execution or delivery by the authority.

6 Sec. 44.54.340. DEFINITIONS. In this chapter, unless the context
7 clearly requires otherwise,

8 (1) "authority" means the Gas Transportation Authority
9 established in sec. 20 of this chapter;

10 (2) "bonds" means bonds of the authority issued under this
11 chapter;

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

1 placing of the project in operation;

2 (4) "notes" means any notes of the authority issued under
3 this chapter;

4 (5) "project" means a structure or facility designed for use
5 as a pipeline to provide transportation for natural gas from Prudhoe Bay
6 and adjacent areas to the Healy River-Suntrana coal fields in the Alaska
7 railbelt or the Beluga coal fields in the Cook Inlet area, or such other
8 area as the authority determines to be desirable to assure the in-state
9 consumption of the maximum quantity of natural gas produced in the
10 state; the term also includes all real and personal property and rights
11 or interest in property, improvements, driveways, roads, approaches,
12 pedestrian access roads, rights-of-way, railroad sidings, utilities,
13 easements, vehicles, furniture, fixtures, machinery and equipment, and
14 similar items necessary or convenient for the operation of any of the
15 structures or facilities listed in this paragraph either on, above, or
16 under the ground which are used or usable in connection with the struc-
17 tures or facilities listed in this paragraph.

18 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
19 070(c).