

1 IN THE SENATE

BY HUBER

2 SENATE BILL NO. 251

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

14 (1) the economic viability of the State of Alaska is dependent
15 upon the development of its natural resources;

16 (2) the development, production of and the transportation
17 route for North Slope natural gas reserves is vital to the economy of
18 the state and the nation, as well as to the well-being of their citizens;

19 (3) the best interests of the state and nation are served if
20 a natural gas pipeline transmission system and related facilities to
21 process, treat or otherwise convert the natural gas for shipment to
22 markets in the contiguous United States is constructed totally within
23 the State of Alaska;

24 (4) the all-Alaska natural gas pipeline and related facilities
25 at tidewater, proposed to be built by El Paso Natural Gas Company appears
26 to provide the greatest energy and net economic benefits to the state
27 and the nation by

28 (A) providing for the highest employment opportunities
29 to Americans;

1 (B) generating the greatest revenues to the nation and
2 the state;

3 (C) furthering the opportunity for development of a
4 petrochemical industry and other economic growth in the state;

5 (D) allowing for some use and consumption of North Slope
6 natural gas in-state;

7 (E) minimizing the national balance of trade deficit by
8 eliminating taxes paid to a foreign government.

9 (5) the state can facilitate and assure the construction of
10 the all-Alaska natural gas pipeline and related facilities by creating
11 an instrumentality of the state with powers to incur debt for the pur-
12 pose of owning the trans-Alaska pipeline transmission system and related
13 liquefaction facilities.

14 (b) It is declared to be the policy of the state, and a public
15 purpose, in the interests of promoting the health, security and general
16 welfare of all the citizens of the state, to increase job opportunities
17 and otherwise encourage the economic growth of the state, and to protect
18 against the degradation of the environment due to the unnecessary pro-
19 liferation of natural gas transmission facilities through the construction
20 of facilities for the transmission of natural gas within existing trans-
21 portation corridors whenever possible, by the establishment of a public
22 corporation with powers, duties and functions as provided in this chapter.
23 It is further declared to be in the public interest and to be the policy
24 of the state and the purpose of this chapter to assure the power to a
25 state instrumentality in coordination with existing regulatory authority
26 to provide the means for abatement of pollution and to provide for the
27 resulting protection of all land and waters of the state, public and
28 private. To the end that these vital purposes may be accomplished, this
29 chapter and all regulations and orders promulgated under it shall be

1 liberally construed in favor of the policy objectives set out in it. In
2 order to achieve the policy objectives of this chapter, it is the express
3 policy of the state to mobilize governmental effort and resources at all
4 levels, state, federal and local, and allocate the efforts and resources
5 to accomplish the greatest result for the people of both the state and
6 the nation.

7 Sec. 44.54.020. CREATION OF AUTHORITY. There is established the
8 Trans-Alaska Gas Transportation Authority. The authority is a public
9 corporation of the state and a body corporate and politic within the
10 Department of Commerce and Economic Development with separate and
11 independent legal existence from the state.

12 Sec. 44.54.030. MEMBERSHIP OF THE AUTHORITY. The Trans-Alaska
13 Gas Transportation Authority consists of the commissioners of commerce
14 and economic development, revenue and natural resources and four resi-
15 dents of the state with extensive knowledge in pipeline transportation
16 systems or natural gas processing technology. Membership of the auth-
17 ority is on a nonpartisan basis with due regard to representation from
18 all areas of the state. Members of the authority are appointed by the
19 governor and subject to confirmation by a majority of the members of the
20 legislature in joint session.

21 Sec. 44.54.040. CHAIRMAN AND VICE-CHAIRMAN. The commissioner of
22 commerce and economic development is chairman of the authority. A vice-
23 chairman may be elected by the authority from among its other members
24 for one or more terms of one year each. The vice-chairman shall preside
25 over all meetings in the absence of the commissioner of commerce and
26 economic development.

27 Sec. 44.54.050. TERM OF OFFICE; VACANCY. (a) The term of office
28 of each member is four years. The governor shall designate who among
29 his initial appointees shall serve, respectively, for terms of one year,

1 two years, three years and four years. A member, upon the expiration of
2 his term, shall continue to hold office until his successor is appointed
3 and qualifies.

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

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

11 Sec. 44.54.060. REMOVAL OF MEMBERS. The governor may remove a
12 member from the authority with the consent of the majority of the
13 legislature.

14 Sec. 44.54.070. QUORUM. Four members of the authority constitute
15 a quorum for the transaction of business, for the performance of a duty,
16 or for the exercise of a power at a meeting of the authority.

17 Sec. 44.54.080. COMPENSATION OF MEMBERS OF THE AUTHORITY AND
18 EMPLOYEES. (a) The public members of the authority receive \$150 a day
19 for each day actually spent on authority business, including necessary
20 travel time, and are entitled to per diem and travel expenses authorized
21 by law for boards and commissions. Notwithstanding any other law, an
22 officer or employee of the state does not forfeit his office or employment
23 or any benefits of it by reason of his acceptance of the office of
24 member of the authority.

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

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

4 Sec. 44.54.090. PURPOSE OF THE AUTHORITY. The purpose of the
5 authority is to provide for the construction, operation, and maintenance
6 of an Alaska natural gas pipeline from Prudhoe Bay and adjacent areas to
7 tidewater in southern Alaska, by an all-Alaska route which will be in
8 the best interests of the people of this state and of the nation, taking
9 into consideration but not limited to natural resource and economic
10 values. The authority may do whatever is necessary or convenient to
11 carry out its purpose, including without limitation the specific powers
12 enumerated in this chapter.

13 Sec. 44.54.100. POWERS OF THE AUTHORITY. (a) The authority may
14 for the purposes of this chapter

- 15 (1) sue and be sued;
- 16 (2) adopt an official seal and alter it at pleasure;
- 17 (3) adopt and amend bylaws for the management and regulation
18 of its affairs and make, alter and enforce regulations for the conduct
19 of its business and for use of its services and facilities;
- 20 (4) maintain an office at any place or places in the state;
- 21 (5) acquire, hold, use and dispose of its income, revenue,
22 funds and money;
- 23 (6) apply for and acquire all necessary government certifi-
24 cates, permits and approvals;
- 25 (7) acquire, construct, reconstruct, purchase, hold, main-
26 tain, repair, operate, lease as lessor or lessee, dispose of and use
27 real or personal property or an interest in the property necessary,
28 convenient or desirable to carry out the purposes of this chapter,
29 including, without limiting the generality of the foregoing, leasing the

1 project or portion of the project acquired by it, and selling, trans-
2 ferring, donating, conveying or encumbering by mortgage or by creation
3 of other security interests property or an interest in property required
4 by it in the exercise of its powers; entering into contracts for those
5 purposes; entering into contracts for the management and operation of
6 the project and designating an agent to acquire, construct, reconstruct,
7 purchase, hold, maintain, repair, operate, lease as lessor or lessee,
8 and regulate the same; designating an agent to enter into contracts for
9 any of those purposes, including contracts for the management and
10 operation of the project;

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

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

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

20 (11) borrow money and issue its negotiable bonds or notes and
21 provide for their payment and the rights of their holders and purchase,
22 hold and dispose of any of its bonds or notes;

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

26 (13) apply for and accept gifts or grants of property, funds,
27 money, materials, labor, supplies or services from the United States or
28 from a governmental unit or a person, firm or corporation, and carry out
29 the terms or provisions of or make agreements with respect to any gifts

1 or grants, and do whatever is necessary, useful, desirable or convenient
2 in connection with procuring, accepting or disposing of gifts or grants;

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

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

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

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

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

22 (b) The authority shall provide at cost facilities to allow gas
23 to be taken for intrastate use at such points as it determines feasible
24 and shall provide gas for intrastate use on terms, conditions and prices
25 not less favorable to the buyer than the terms, conditions and prices
26 allowed any interstate purchaser.

27 Sec. 44.54.110. BONDS OR NOTES. The authority may provide by
28 resolution, at one time or from time to time, for the issuance of its
29 bonds or notes for the purpose of paying the cost of the project or for

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

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

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

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

25 Sec. 44.54.130. PAYMENT OR REFUNDING OF NOTES. The authority may
26 issue its notes under this chapter and pay and retire or fund or refund
27 the notes from proceeds of bonds or of other notes, or from any other
28 funds or money of the authority available for that purpose, in accor-
29 dance with any contract between the authority and the holders of the

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

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

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

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

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

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

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

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

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

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

28 (6) covenant as to the issuance of additional bonds or notes
29 or as to limitations on the issuance of additional bonds or notes and as

1 to the incurring of other debts;

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

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

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

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

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

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

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

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

29 (15) covenant as to the time or manner of enforcement or

1 restraint from enforcement of rights of the authority arising because of
2 or with respect to nonpayment of any rates, rents or charges;

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

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

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

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

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

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

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

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

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

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

27 Sec. 44.54.180. REVENUE. (a) The authority is authorized to fix,
28 revise, charge, and collect rents, fees and charges for the use of the
29 project or any portion or facility of the project and for the services

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

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

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

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

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

22 (c) A sufficient amount of the revenue derived in respect of the
23 project, except that part of the revenue necessary to pay the cost of
24 maintenance, repair, and operation and to provide reserves and for the
25 renewals, replacements, extensions, enlargements, and improvements as
26 may be provided for in the resolution authorizing the issuance of any
27 bonds or notes of the authority or in the trust agreement securing them,
28 shall be set aside at the regular intervals provided in the resolution
29 or trust agreement in a sinking or other similar fund which is pledged

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

26 Sec. 44.54.190. FUNDS AND ACCOUNTS. The authority may establish
27 those reserves or other funds or accounts as may be, in its discretion,
28 necessary, desirable or convenient to further the accomplishment of its
29 purposes or to comply with the provisions of any of its agreements or

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

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

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

26 (1) by mandamus or other suit, action or proceeding at law or
27 in equity, enforce all rights of the noteholders or bondholders of the
28 series in default, including the right to require the authority to
29 collect rates, charges and other fees adequate to carry out any agreement

1 as to, or pledge of, the rates, charges and other fees and of the
2 interest and amortization payments, and to require the authority to
3 carry out any other agreements with the holders of the notes or bonds of
4 the series in default and to perform its duties under this chapter;

5 (2) bring suit upon the notes or bonds of the series in
6 default;

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

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

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

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

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

27 Sec. 44.54.220. SERVICES OF GOVERNMENT AGENCIES AND COST OF
28 SERVICES. All officers, departments, boards, agencies, divisions and
29 commissions of the state may render those services to the authority that

1 are within the area of their respective governmental functions and that
2 are requested by the authority. The cost and expense of services
3 requested by the authority shall, at the request of the officer, depart-
4 ment, board, agency, division or commission rendering the service, be
5 paid by the authority.

6 Sec. 44.54.230. AGREEMENTS AND LEASES. (a) The authority may
7 enter into either agreements or leases or both providing for the lease
8 of the project by the authority to a private corporation and the opera-
9 tion and maintenance of it by the corporation. The agreement and lease
10 shall be executed on behalf of the authority by its chairman. The seal
11 of the authority shall be affixed to the agreement and lease, and the
12 secretary of the authority shall attest to the agreement and lease. The
13 agreement or lease may provide for the payment to the authority by the
14 corporation annually or otherwise of such amount of money computed at
15 fixed amounts or in any other manner as the agreement and lease may
16 provide, and the amount payable shall include provision for all of the
17 amounts necessary

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

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

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

26 (b) An agreement or lease entered into under this section may also
27 contain provisions as to the financing and payment of the cost of the
28 project and may provide for the payment by the corporation to the
29 authority for application to the cost such sum of money, not in the

1 aggregate exceeding an amount stated or otherwise limited in the agree-
2 ment or lease plus interest on the amount, as the agreement or lease may
3 provide. The agreement or lease may be made for a specified or un-
4 limited time and on terms and conditions which may be approved by the
5 authority.

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

11 Sec. 44.54.240. OPERATOR'S RIGHT TO REQUIRE REDEMPTION OF BONDS.
12 Notwithstanding and in addition to provisions for the redemption of
13 bonds which may be contained in a contract with the holders of the
14 bonds, the corporation operating the project under contract with the
15 authority may, upon furnishing sufficient funds for the purpose, require
16 the authority to redeem, before maturity, as a whole, any issue of bonds
17 or any interest payment date not less than 10 years after the date of
18 the bonds of such issue at 105 per cent of their face value and accrued
19 interest or at a lower redemption price which may be provided in the
20 bonds in case of their redemption as a whole on the redemption date.
21 Notice of a redemption shall be published in at least two newspapers
22 published and circulating respectively in the cities of Juneau and New
23 York at least twice, the first publication to be at least 30 days before
24 the date of redemption.

25 Sec. 44.54.250. CONDEMNATION. The authority may acquire by pur-
26 chase or by condemnation, by any mode of procedure the state may itself
27 use to acquire real property including the declaration of taking under
28 AS 19.05.090, title in the name of the authority to real or personal
29 property which it may require in the exercise of the powers granted

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

6 Sec. 44.54.260. ACQUISITION OF PROPERTY AND RIGHTS OF PIPELINE
7 CORPORATIONS. (a) The authority may acquire ownership or control,
8 either directly or by acquiring the stock of another corporation, of all
9 or part of the property and rights of another corporation owning or
10 operating or empowered to own or operate a natural gas pipeline in the
11 state, and without limiting the generality of the foregoing, to acquire
12 the same by

13 (1) purchasing property of the other corporation owning or
14 operating or empowered to own or operate a natural gas pipeline in the
15 state, and by taking all other necessary steps for acquisition of the
16 property including, and without limiting the generality of the fore-
17 going, by acquiring stock, evidences of indebtedness or certificates of
18 interest;

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

21 (3) foreclosing liens arising out of indebtedness;

22 (4) condemnation; and

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

28 (b) Title to real and personal property acquired by the authority
29 shall be acquired and held in the name of the authority. The authority

1 may possess and use property acquired by it for its use so long as its
2 corporate existence continues.

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

10 Sec. 44.54.270. CONSTRUCTION CONTRACTS. Construction contracts
11 shall be let to the lowest responsible bidder submitting a sealed bid
12 after advertisement for the receipt of bids published by the authority
13 at least once not less than 30 days before the date fixed for the re-
14 ceipt of bids in no fewer than two newspapers published in each borough
15 (or in one newspaper if there is only one in a borough) in which any
16 part of the work is to be performed. However, by unanimous vote of the
17 members of the authority the requirements of this section may be dis-
18 pensed with.

19 Sec. 44.54.280. COVENANTS OF THE STATE. (a) The state pledges to
20 and agrees with the holders of notes, bonds, or other obligations of the
21 authority that the state will not limit or alter the rights by this
22 chapter vested in the authority to possess and use property acquired by
23 it or for its use so long as its corporate existence continues and to
24 establish and collect tariffs, tolls, rates, and charges as may be
25 convenient or necessary to produce sufficient revenue to meet the
26 expense of maintenance and operation and to fulfill the terms of any
27 agreements made with the holders of notes, bonds, or other obligations
28 of the authority, and further pledges that it will not in any way impair
29 the rights and remedies of the holders until the notes, bonds, and other

1 obligations, together with the interest on them, with interest on unpaid
2 installments of interest, and all costs and expenses in connection with
3 an action or proceedings by or on behalf of the holders, are fully met
4 and discharged.

5 (b) The state covenants that the authority and its corporate
6 existence shall continue so long as it has notes, bonds or other obliga-
7 tions outstanding. The legal existence of the authority terminates
8 when the notes, bonds or other obligations issued to finance cost of
9 construction or reconstruction of the project are no longer outstanding.
10 Upon the termination of the existence of the authority, all its rights
11 and properties shall pass to and be vested in the state.

12 Sec. 44.54.290. ANNUAL REPORT; AUDIT. (a) By the last day of
13 January in each year the authority shall make a report of its activities
14 for the preceding calendar year to the governor and to the legislature.
15 Each report shall set out a complete operating and financial statement
16 covering authority operations during the year and shall contain a full
17 and complete statement of the authority's anticipated budget and opera-
18 tions for the ensuing year. The authority shall have an audit of its
19 books and accounts to be made at least once in each year by certified
20 public accountants, and the cost of the audit shall be considered an
21 expense of the authority. A copy of the audit shall be filed with the
22 commissioner of revenue.

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

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

1 Sec. 44.54.310. JURISDICTION. The superior court shall have
2 jurisdiction to hear and determine suits, actions or proceedings relat-
3 ing to the authority, including suits, actions or proceedings brought to
4 foreclose or otherwise enforce a mortgage, pledge, assignment or securi-
5 ty interest or brought by or for the benefit or security of a holder of
6 its bonds or notes or by a trustee for or other representative of the
7 holders.

8 Sec. 44.54.320. LAW GOVERNING. In the event of a conflict or
9 inconsistency in the provisions of this chapter and other laws pertain-
10 ing to matters provided for in this chapter or in any regulations
11 adopted under this chapter or other laws, to the extent of that conflict
12 or inconsistency the provisions of this chapter shall be enforced and
13 the provisions of the other laws or regulations shall be of no effect.

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

19 Sec. 44.54.340. DEFINITIONS. In this chapter, unless the context
20 clearly requires otherwise,

21 (1) "authority" means the Trans-Alaska Gas Transportation
22 Authority established in sec. 20 of this chapter;

23 (2) "bonds" means bonds of the authority issued under this
24 chapter;

25 (3) "cost" as applied to the project or a portion of it
26 financed under this chapter includes the cost of construction and
27 acquisition of all land, structures, real or personal property or rights
28 or interests in them, rights-of-way, franchises, and interests acquired
29 by the authority for the project; the cost of demolishing or removing

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

15 (4) "notes" means any notes of the authority issued under
16 this chapter;

17 (5) "project" means a structure or facility designed for use
18 as a pipeline to provide transportation for natural gas or its products
19 from Prudhoe Bay and adjacent areas to tidewater in southern Alaska by
20 way of all-Alaska established corridors and rights-of-way as the autho-
21 rity determines to be desirable to assure the greatest resource and
22 economic values to the state and the nation; the term also includes all
23 real and personal property and rights or interest in property, improve-
24 ments, driveways, roads, approaches, pedestrian access roads, rights-of-
25 way, railroad sidings, utilities, easements, vehicles, furniture,
26 fixtures, machinery and equipment, and similar items necessary or
27 convenient for the operation of any of the structures or facilities
28 listed in this paragraph either on, above, or under the ground which are
29 used or usable in connection with the structures or facilities listed in

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this paragraph.

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