

Introduced: 4/3/80
Referred: Finance

BY THE RULES COMMITTEE BY REQUEST
(for the Joint Gas Pipeline
Financing Committee)

1 IN THE SENATE

2 SENATE BILL NO. 545

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska Gas Liquids Authority
7 and repealing the Alaska Gas Pipeline Financing Author-
8 ity; and providing for an effective date."

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

10 * Section 1. FINDINGS. The legislature finds that

11 (1) Prudhoe Bay natural gas is a natural resource which will
12 promote the long-term economic growth of the state, and which can be used to
13 alleviate unemployment in the state;

14 (2) seasonal and nonseasonal unemployment occurring in areas of
15 the state constitutes a threat to the health, safety and general welfare of
16 the people of these areas and of the entire state;

17 (3) the state has a royalty interest in Prudhoe Bay natural gas;

18 (4) it is in the interests of the state to condition the Prudhoe
19 Bay natural gas to provide the state with natural gas liquids for eventual
20 sale or other disposition to petrochemical industries which the state seeks
21 to develop to promote expanded employment opportunities; and

22 (5) full employment and the development of the state's natural
23 resources will be assisted by the establishment of an instrumentality of the
24 state with powers to incur debt secured solely by the resources and credit of
25 a public corporation for acquiring and constructing conditioning and frac-
26 tionation facilities and pipelines for the transmission of natural gas
27 liquids.

28 * Sec. 2. AS 44.55 is amended by adding new sections to read:

29 CHAPTER 55. ALASKA GAS LIQUIDS [PIPELINE FINANCING] AUTHORITY.

1 Sec. 44.55.210. ESTABLISHMENT OF AUTHORITY. There is established
2 the Alaska Gas Liquids Authority. The authority is a public corporation
3 of the state. It is an instrumentality of the state within the Depart-
4 ment of Revenue, but has a legal existence independent of and separate
5 from the state. Exercise by the authority of the powers conferred by
6 this chapter is an essential governmental function of the state.

7 Sec. 44.55.220. MEMBERSHIP. (a) The membership of the authority
8 consists of

- 9 (1) the lieutenant governor;
10 (2) the speaker of the house of representatives;
11 (3) the president of the senate;
12 (4) the commissioner of revenue;
13 (5) the commissioner of commerce and economic development;
14 (6) the commissioner of natural resources; and
15 (7) the commissioner of transportation and public facilities.

16 (b) If a member appointed under (a)(4) - (7) of this section is
17 unable to attend a meeting of the authority, the member may, by a
18 written instrument filed with the authority, designate a person within
19 his department to act in his place at the meeting. For all purposes of
20 this chapter, the designee is a member of the authority at the meeting.

21 Sec. 44.55.230. OFFICERS AND QUORUM. (a) The lieutenant governor
22 is chairman of the authority.

23 (b) The members of the authority may elect other officers. Three
24 members of the authority constitute a quorum. Action may be taken and
25 motions and resolutions may be adopted by the authority at a meeting by
26 the affirmative vote of at least three members.

27 Sec. 44.55.240. COMPENSATION. The members of the authority serve
28 without compensation but are entitled to the same travel pay and per
29 diem as provided by law for board members who are state employees.

1 Sec. 44.55.250. STAFF. (a) The authority may employ an executive
2 director who may, with the approval of the authority, select and employ
3 additional staff as necessary. Employees of the authority are in the
4 exempt service under AS 39.25.110.

5 (b) In addition to its staff of regular employees, the authority
6 may contract for and engage the services of bond counsel, consultants,
7 experts, and financial advisors the authority considers necessary for
8 the purpose of developing information, furnishing advice, or conducting
9 studies, investigations, hearings, or other proceedings.

10 Sec. 44.55.260. LEGAL COUNSEL. The attorney general is the legal
11 counsel for the corporation. He shall advise the corporation in legal
12 matters and represent it in legal actions.

13 Sec. 44.55.270. GENERAL POWERS. The authority has the following
14 powers for carrying out the purposes of this chapter:

15 (1) to sue and be sued, and to litigate, adjust, compromise
16 or settle all claims and litigation in which it may be involved;

17 (2) to have a seal and alter it at pleasure;

18 (3) to make and alter bylaws for its organization and
19 internal management, and to make and amend rules for the conduct of its
20 business and for the use of its services and facilities;

21 (4) to maintain an office at any place in the state;

22 (5) to acquire, hold, use, and dispose of its income,
23 revenues, funds, and money;

24 (6) to acquire, construct, reconstruct, purchase, hold,
25 maintain, repair, operate, lease as lessor or lessee, dispose of and use
26 any real or personal property or any interest in property which is
27 necessary or convenient to carry out a corporate purpose;

28 (7) to make plans, surveys, and studies necessary or con-
29 venient to exercise the powers of the authority, and to prepare recommen-

1 dations with respect to a plan, survey or study;

2 (8) to make investigations with respect to the conditioning,
3 transmission and pricing of Prudhoe Bay natural gas and to have subpoena
4 powers, when authorized by the superior court, in connection with an
5 investigation;

6 (9) to enter upon land, waters, or premises which in the
7 judgment of the authority may be necessary or convenient for the purpose
8 of making surveys, soundings, borings and examinations to accomplish a
9 corporate purpose;

10 (10) to borrow money, to issue negotiable bonds or notes of
11 the authority, to provide for the payment of the bonds and notes, to
12 provide for the rights of bond and note holders, and to purchase, hold
13 and dispose of its bonds or notes;

14 (11) to fix, revise, charge, and collect rents, fees and
15 charges for the use of the project or of its services or facilities;

16 (12) to assist the commissioner of natural resources in the
17 disposition of natural gas liquids, and to receive on behalf of the
18 state revenues derived from the sale or other disposition of natural gas
19 liquids transmitted through the project, to assist the commissioner of
20 revenue through the receipt of revenues for other natural gas liquids
21 and for royalty oil revenues as the commissioner of revenue may consider
22 necessary and appropriate;

23 (13) to apply for and accept gifts or grants of property,
24 money, materials, labor, supplies or services from the United States
25 government or other governmental unit, or a person, firm or corporation,
26 and to carry out the terms or provisions of or make agreements with
27 respect to gifts or grants, and to do all things necessary, useful,
28 desirable or convenient in connection with procurement, acceptance or
29 disposition of gifts or grants;

1 (14) to do anything authorized by this chapter, through its
2 officers, agents or employees or by contract with a person, firm, cor-
3 poration or the state;

4 (15) to enter into and enforce contracts, agreements or leases
5 necessary or convenient for the purposes of the authority or to the
6 performance of its duties and the execution of its powers under this
7 chapter, including the operation and management of any portion of the
8 project;

9 (16) to employ consulting engineers, architects, superinten-
10 dents, managers, and employees and agents as are necessary or desirable
11 in its judgment to do anything authorized by this chapter, and to desig-
12 nate their responsibilities and fix their compensation;

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

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

20 Sec. 44.55.280. LAND. The authority may acquire land and rights-
21 of-way necessary for the project, including but not limited to acquisi-
22 tion by eminent domain as provided by AS 09.55.240 - 09.55.460.

23 Sec. 44.55.290. BONDS AND NOTES OF THE AUTHORITY. (a) The autho-
24 rity may borrow money and issue bonds and notes, in one or more series.
25 Bonds and notes of the authority may be issued for the purpose of pur-
26 chasing or otherwise acquiring an obligation issued with respect to the
27 project in any form which is fixed and certain as to terms of repayment
28 and for the establishment of reserves to secure or to pay bonds or notes
29 or interest on bonds or notes and all other costs of the authority

1 incident to and necessary for issuance of bonds or notes. The principal
2 and interest on the bonds or notes are payable from the income or other
3 money derived by the authority with respect to the project, except that
4 the proceeds of the sale of the bonds or notes and the income from the
5 temporary investment of the proceeds of the sale of the bonds or notes
6 may not be used to pay the principal and interest on the bonds or notes.

7 (b) The bonds and notes issued by the authority do not constitute
8 an indebtedness or other liability of the state or of a political sub-
9 division of the state, but are payable solely from the income or other
10 money of the authority. The authority may not pledge the faith or
11 credit of the state or of a political subdivision of the state to the
12 payment of a bond or note, and the issuance of a bond or note by the
13 authority may not directly or indirectly or contingently obligate the
14 state or a political subdivision of the state in any manner, except as
15 specifically provided in this chapter.

16 Sec. 44.55.300. FORM OF ISSUANCE OF BONDS AND NOTES. (a) Bonds
17 and notes shall be authorized by resolution of the authority and shall
18 be dated and mature as the resolution provides, except that a bond may
19 not mature more than 40 years from its date of issue. They shall bear
20 interest at the rate or rates, be in the denominations, be in the form,
21 either coupon or registered, carry the registration privileges, be
22 executed in the manner, be payable in the medium of payment, at the
23 place or places, and be subject to the terms of redemption which the
24 resolution provides.

25 (b) Bonds and notes, regardless of form or character, are ne-
26 gotiable instruments for all the purposes of the Uniform Commercial
27 Code.

28 (c) Bonds and notes of the authority may be sold at public or
29 private sale in the manner, for the price, and at the time or times

1 which the authority determines.

2 (d) The authority may enter into financing agreements necessary or
3 desirable to secure the bonds and notes. Before the issuance of bonds
4 or notes, the authority shall provide by agreement with the owner or
5 user of the project for payment by the owner or user of amounts at least
6 sufficient in the judgment of the authority to pay the principal of and
7 interest on the bonds or notes as they become due, and to establish or
8 maintain the reserves for payment, if any, as the authority considers
9 necessary or desirable.

10 Sec. 44.55.310. REFUNDING OF BONDS AND NOTES. Refunding obliga-
11 tions may be sold or exchanged for outstanding obligations issued under
12 this chapter. If sold, the proceeds of refunding obligations may be
13 applied, in addition to other authorized purposes, to the purchase,
14 redemption or payment of outstanding bonds or notes. Pending the
15 application of the proceeds of refunding obligations, with other avail-
16 able money, to the payment of the principal (accrued interest and any
17 redemption premium on the bonds or notes being refunded, and if so
18 provided or permitted in the authorization for issuance of the refunding
19 obligations, to the payment of interest on the refunding obligations and
20 expenses in connection with the refunding), the proceeds may be invested
21 in direct obligations of, or obligations the principal of and the
22 interest on which are unconditionally guaranteed by, the United States
23 of America which mature or which will be subject to redemption, at the
24 option of the holders of them, not later than the respective dates when
25 the proceeds, together with the interest accruing on them, will be
26 required for the refunding purposes intended.

27 Sec. 44.55.320. LEGAL INVESTMENTS FOR FIDUCIARIES. The bonds and
28 notes of the authority are securities in which all public officers and
29 bodies of the state and all municipalities, all insurance companies and

1 associations and other persons carrying on an insurance business, all
2 banks, bankers, trust companies, savings banks, savings associations,
3 including savings and loan associations and building and loan associa-
4 tions, investment companies, and other persons carrying on a banking
5 business, all administrators, guardians, executors, trustees and other
6 fiduciaries, and all other persons or entities who are authorized to
7 invest in bonds and notes or other obligations of the state, may
8 properly and legally invest money, including capital in their control or
9 belonging to them. Notwithstanding other provisions of law, the bonds
10 and notes of the authority are also securities which may be deposited
11 with and may be received by all public officers and bodies of the state
12 and all municipalities for any purpose for which the deposit of bonds
13 and notes or other obligations of the state is authorized.

14 Sec. 44.55.330. EXEMPTION FROM TAXATION. (a) Property of the
15 authority is public property devoted to an essential public and govern-
16 mental function and is exempt from all taxes, fees and special assess-
17 ments of the state or a political subdivision of the state, including
18 without limitation all boroughs, cities, and unified municipalities.

19 (b) Bonds and notes of the authority are issued by a public cor-
20 poration and instrumentality of the state and for an essential public
21 and governmental purpose, and the bonds and notes, the interest on them,
22 and the income and receipts pledged to pay or secure the payment of the
23 bonds and notes, or interest on them, are at all times exempt from
24 taxation by or under the authority of the state, except for inheritance
25 and estate taxes on transfers by or in contemplation of death.

26 (c) Nothing in this section creates a tax exemption for the
27 interest of a business enterprise or other person, other than the
28 authority, in property, assets, income, receipts, project, or lease,
29 whether or not financed under this chapter.

1 Sec. 44.55.340. TRUST INDENTURES AND TRUST AGREEMENTS. In the
2 discretion of the authority, an issue of bonds and notes may be secured
3 by a trust indenture or trust agreement between the authority and a
4 corporate trustee, which may be a trust company, bank, or national
5 banking association, with corporate trust powers, located inside or
6 outside the state, by means of which the authority may

7 (1) pledge or assign revenues of the authority, either pre-
8 sently held or to be received in the future, or both, including revenues
9 derived from the sale of natural gas liquids, free of any royalty encum-
10 brance to which the state is entitled;

11 (2) covenant and agree not to pledge any part of its revenues
12 or to permit a lien on those revenues;

13 (3) covenant and agree as to the establishment of funds and
14 accounts which may be appropriate;

15 (4) covenant and agree with respect to the right to sell or
16 otherwise dispose of property of the authority of any kind;

17 (5) covenant and agree as to bonds and notes which may be
18 issued, the limitations, terms and conditions, and custody of those
19 bonds and notes, and the application and disposition of the proceeds of
20 those bonds and notes;

21 (6) covenant and agree to the issuance of additional bonds
22 and notes or to limitations on the issuance of additional bonds and
23 notes, and on the incurring of other debts;

24 (7) covenant and agree as to the payment of principal and
25 interest on bonds or notes, the sources and methods of that payment, and
26 the rank or priority of bonds or notes with respect to a lien or securi-
27 ty or acceleration of the maturity of the bonds or notes;

28 (8) covenant and agree to provide for the replacement of
29 lost, stolen, destroyed or mutilated bonds or notes;

1 (9) covenant and agree not to extend the time for payment of
2 bonds or notes or interest on them;

3 (10) covenant and agree as to the redemption of bonds or notes
4 and as to privileges of exchange of bonds or notes for other instruments
5 of the authority;

6 (11) covenant and agree as to rates, rents, or charges to be
7 established and as to the use and disposition of amounts collected from
8 those rates, rents and charges;

9 (12) covenant and agree to the establishment of special funds
10 to be held as a pledge for operating expenses, or for the payment of
11 redemption of bonds or notes, reserves, or other purposes, and as to the
12 use and disposition of the balance of those funds;

13 (13) establish a procedure by which the terms of a contract or
14 covenant may be amended or abrogated and the manner in which consent to
15 the amendment or abrogation may be given by holders of bonds and notes
16 or by those who hold bonds and notes for the benefit of others;

17 (14) covenant and agree to the custody of property and invest-
18 ments of the authority;

19 (15) covenant and agree as to the time and manner of enforce-
20 ment of any right of the authority;

21 (16) provide for the rights and liabilities, powers and duties
22 which arise on the breach of a covenant, condition or obligation, and to
23 prescribe the event of default and the terms and conditions upon which
24 bonds, notes, or other obligations of the authority may be declared due
25 and payable before maturity;

26 (17) vest in a trustee property, rights, powers, and duties in
27 trust, as the authority may determine;

28 (18) pay the costs or expenses incident to the enforcement of
29 the bonds or notes or of the resolution or of a covenant or agreement of

1 the authority with the holders of its bonds or notes;

2 (19) agree to the pledge or assignment of revenues or other
3 money to which the authority has a right or interest;

4 (20) appoint and provide for the duties and obligations of a
5 paying agent and any other fiduciary which the authority may require;

6 (21) limit the rights of the holders of bonds or notes to
7 enforce a pledge or covenant securing bonds or notes; and

8 (22) provide for other matters of like or different character
9 which may in any way affect the security or protection of the bonds.

10 Sec. 44.55.350. PURCHASE AND DISPOSITION OF OWN OBLIGATIONS. The
11 authority may purchase its bonds and notes out of any of its funds. The
12 authority may hold, cancel or resell the bonds or notes which it pur-
13 chases under this section subject to agreements with holders of its
14 bonds or notes.

15 Sec. 44.55.360. REVENUES. (a) The authority is authorized to
16 fix, revise, charge, and collect fees and charges for the use of the
17 project or a portion of it, and for the services furnished by the pro-
18 ject, and to contract with the state or any of its agencies or instru-
19 mentalities or with a person, partnership, association or corporation.
20 Fees and charges collected under this section shall be fixed and ad-
21 justed so that the aggregate of fees and charges from the project will
22 provide funds sufficient with other revenues, if any,

23 (1) to pay the cost of maintaining, insuring, repairing, and
24 operating the project to the extent that the authority has not otherwise
25 adequately provided for the maintenance, insurance, repair and operation
26 of the project or for the payment of these costs;

27 (2) to pay the principal of and the interest and redemption
28 premium, if any, on outstanding bonds or notes of the authority issued
29 with respect to the project as the bonds and notes become due and pay-

1 able; and

2 (3) to create and maintain reserves required or provided for
3 in a resolution authorizing, or trust agreement securing, bonds or notes
4 of the authority.

5 (b) Fees and charges fixed under this section are not subject to
6 supervision or regulation by a department, commission, board, or agency
7 of the state other than the authority.

8 (c) Revenues collected by the authority which are not needed for a
9 purpose of the authority, including the payment of bonds and notes and
10 the maintenance of reserves for bonds and notes, and for the operation
11 of the authority, shall be deposited in the general fund of the state.

12 Sec. 44.55.370. FUNDS AND ACCOUNTS. (a) The authority may estab-
13 lish reserves or other funds or accounts which may be, in its discre-
14 tion, necessary or desirable to carry out its purposes or to comply with
15 the provisions of its agreements or resolutions. All money received by
16 the authority under this chapter are trust funds to be held and applied
17 solely as provided in this chapter.

18 (b) An officer with whom, or a bank or trust company with which,
19 the money of the authority is deposited shall act as trustee of the
20 money and shall hold and apply the money for the purposes of this
21 chapter, subject to the provisions of this chapter and the resolution
22 authorizing bonds or notes of the authority or the trust agreement
23 securing the bonds or notes.

24 Sec. 44.55.380. REDEMPTION FUND. (a) There is a special fund of
25 the authority, known as the "redemption fund" which is a trust fund for
26 paying and securing the payment of the principal of and interest and
27 redemption premium, if any, on the bonds and notes of the authority and
28 which shall be at all times completely segregated and set apart from all
29 other funds of the authority. The authority shall set aside and pay

1 into the redemption fund a part or parts of, or all of, or a fixed
2 proportion of, or a fixed amount of the money in the revenue fund suf-
3 ficient to pay the principal of and interest and redemption premium, if
4 any, on the bonds and notes as the payments become due and, if it con-
5 siders it necessary, to set aside and maintain reserves for this pur-
6 pose. The redemption fund shall be drawn upon for the purpose of paying
7 the principal of and interest and redemption premium, if any, on the
8 bonds and notes and the bonds and notes do not constitute a general
9 obligation of the state.

10 (b) The use and disposition of money to the credit of the redemp-
11 tion fund is subject to the provisions of the resolution authorizing the
12 issuance of the bonds or notes or of the trust agreement. Except as
13 otherwise provided in the resolution or trust agreement, the redemption
14 fund shall be a fund for all the bonds or notes issued to finance the
15 project without distinction or priority of one over another. However,
16 in the resolution or trust agreement the authority may permit and pro-
17 vide for the issuance of bonds or notes having a lien subordinate to the
18 other bonds or notes of the authority and, in that case, the authority
19 may create separate redemption funds for the subordinate lien bonds or
20 notes.

21 Sec. 44.55.390. DEFAULT IN PAYMENT. (a) If the authority de-
22 faults in the payment of principal or interest on its bonds or notes of
23 any series after they become due, whether at maturity or upon call for
24 redemption, and the default continues for 30 days, or if the authority
25 fails or refuses to comply with this chapter or defaults in an agreement
26 made with the holders of the bonds or notes of the series, the holders
27 of 25 percent in aggregate principal amount of the outstanding notes or
28 bonds of the series as to which a default is claimed, upon 30 days
29 notice in writing to the authority, by an instrument in writing filed in

1 the office of the recorder and executed and acknowledged in the same
2 manner as a deed of real estate to be recorded, may appoint a trustee to
3 represent the holders of the notes or bonds under this section.

4 (b) A trustee appointed under this chapter may, and shall in his
5 or its name upon written request of the holders of 25 percent in prin-
6 cipal amount of the outstanding notes or bonds of the series as to which
7 a default has occurred,

8 (1) by a civil action, enforce all rights of the noteholders
9 or bondholders of the series in default, including the right to require
10 the authority to collect rates, charges and other fees adequate to carry
11 out any agreement as to, or pledge of, the rate, charges and other fees
12 and of the interest and amortization payments, and to require the autho-
13 rity to carry out any other agreements with the holders of the notes or
14 bonds of the series in default and to perform its duties under this
15 chapter;

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

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

21 (4) by a civil action, enjoin anything which may be unlawful
22 or in violation of the rights of the holders of the notes or bonds of
23 the series in default; or

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

29 (c) The trustee shall, in addition to the powers granted in (b) of

1 this section, have all powers necessary for the exercise of any func-
2 tions specifically set out in this section or incident to the general
3 representation of the bondholders or noteholders of the series in de-
4 fault in the enforcement and protection of their rights.

5 (d) The bondholders or noteholders of a series of outstanding
6 bonds or notes of the authority which are in default may exercise in
7 their own right without the appointment of a trustee any of the powers
8 or rights described in (a) of this section.

9 Sec. 44.55.400. COOPERATION BY GOVERNMENT AGENCIES. Officers,
10 departments, boards, agencies, divisions and commissions of the state
11 shall render services to the authority which may be requested by the
12 authority. The cost and expense of services requested by the authority
13 shall, at the request of the officer, department, board, agency, divi-
14 sion or commission rendering the service, be paid for by the authority.

15 Sec. 44.55.410. ANNUAL REPORT. (a) Before January 31 of each
16 year, the authority shall submit to the governor and the legislature a
17 comprehensive report describing operations, income, and expenditures for
18 the preceding calendar year.

19 (b) The annual report shall contain a complete operating and
20 financial statement covering the operations of the authority during the
21 year and shall contain a complete statement of the authority's antici-
22 pated budget and operations for the next calendar year.

23 Sec. 44.55.420. ANNUAL AUDIT. The authority shall have its finan-
24 cial records audited annually by the legislative auditor or by a certi-
25 fied public accountant approved by the legislative auditor. The legis-
26 lative auditor may prescribe the form and content of the financial
27 records of the authority and is entitled to access to these records at
28 any time.

29 Sec. 44.55.430. NONLIABILITY ON BONDS AND NOTES. The members of

1 the authority and a person executing the bonds or notes are not liable
2 personally on the bonds or notes or subject to personal liability or
3 accountability by reason of the issuance of the bonds or notes.

4 Sec. 44.55.440. DEFINITIONS. In this chapter

5 (1) "authority" means the Alaska Gas Liquids Authority estab-
6 lished under this chapter;

7 (2) "bonds" means bonds of the authority;

8 (3) "cost" means the cost of

9 (A) construction and acquisition of land, structures,
10 real or personal property or rights or interests in real and per-
11 sonal property, rights-of-way, franchises, and interests acquired
12 by the authority for the project;

13 (B) vehicles, furnishings, fixtures, machinery and
14 equipment;

15 (C) financing charges, charges or premiums for insurance
16 or bonds, interest before and during construction and, working
17 capital;

18 (D) reserves for principal and interest and for exten-
19 sions, enlargements, additions and improvements;

20 (E) the cost of architectural, engineering, financial
21 and legal services;

22 (F) plans, specifications, landscaping, site prepara-
23 tion, studies, surveys;

24 (G) estimates of cost and of revenues;

25 (H) administrative expenses; and

26 (I) other expenses necessary or incident to the con-
27 struction and acquisition of the project, the financing of the
28 construction, and acquisition and the placing of the project in
29 operation;

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(4) "notes" means notes of the authority;

(5) "project" means a facility for the conditioning of gas associated with the Prudhoe Bay oil reservoir to provide marketable gas for delivery to the Alaska natural gas transportation system and natural gas liquids for disposition by the authority; the term includes

(A) facilities for the delivery of pentanes and heavier gas liquids to crude oil producers for shipment in the trans-Alaska pipeline system;

(B) transmission lines;

(C) facilities determined by the authority as necessary or desirable for the fractionating of natural gas liquids; and

(D) real and personal property and rights or interest in property, improvements, pipelines, driveways, roads, approaches, pedestrian access roads, rights-of-way, railroad sidings, utilities, easements, vehicles, furniture, fixtures, machinery and equipment, and other similar items necessary or convenient for the operation of a facility in the manner for which its use is intended;

(6) "Prudhoe Bay natural gas" means gas and related natural gas liquids derived from the Prudhoe Bay reservoir.

* Sec. 3. AS 39.25.110(21) is amended to read:

(21) employees of the Alaska Gas Liquids [PIPELINE FINANCING] Authority.

* Sec. 4. AS 44.55.010 - 44.55.200 are repealed.

* Sec. 5. This Act takes effect July 1, 1980.