

Introduced: 4/12/85  
Referred: Transportation, House  
Special Committee on State Loans  
and Finance

1 IN THE HOUSE

BY PIGNALBERI

2 HOUSE BILL NO. 370

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the authorization of bonds or  
7 notes for the DeLong Mountain transportation project,  
8 establishing conditions under which the bonds or  
9 notes may be issued; and providing for an effective  
10 date."

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

12 \* Section 1. The Alaska Industrial Development Authority is authorized  
13 to issue bonds or notes in a principal amount not to exceed \$175,000,000 to  
14 provide financing for the DeLong Mountain transportation project. Bonds or  
15 notes may not be issued under this section until

16 (1) Cominco, Ltd. agrees in writing to terms and conditions  
17 under which

18 (A) adequate access to the road and port constructed as  
19 part of the DeLong Mountain project is guaranteed to other users;

20 (B) Cominco, Ltd. will pay for all or a portion of the  
21 operation and maintenance of facilities constructed as part of the  
22 project based on the use Cominco, Ltd. makes of the facilities com-  
23 pared to the use made by others;

24 (C) Cominco, Ltd. will repay all expenditures by the state  
25 for the project through toll fees for the use of facilities construct-  
26 ed as part of the project and other payments;

27 (D) payments by Cominco, Ltd. to the state will be accel-  
28 erated if the price of zinc rises above a level determined by the  
29 Alaska Industrial Development Authority to yield a reasonable profit;

1           (2) the United States Congress approves the Cape Krusenstern  
2 National Monument land exchange between NANA Regional Corporation and the  
3 United States Department of the Interior;

4           (3) NANA Regional Corporation agrees in writing to convey to the  
5 Alaska Industrial Development Authority, at no more than fair market value,  
6 land needed for the port and road constructed as part of the DeLong Moun-  
7 tain transportation project and land needed for future expansion of the  
8 road and port;

9           (4) NANA Regional Corporation agrees in writing to lease land  
10 for the Red Dog Mine to Cominco, Ltd. and to provide easements and right-  
11 of-ways needed to operate the mine to Cominco, Ltd.;

12           (5) the Alaska Industrial Development Authority obtains a ruling  
13 from the Internal Revenue Service that bonds or notes issued under this  
14 section will qualify for tax exempt status; and

15           (6) the Alaska Industrial Development Authority establishes a  
16 toll schedule for use of facilities constructed as part of the DeLong  
17 Mountain transportation project that ensures the greatest return on the  
18 state's investment in the project and guarantees equitable access to the  
19 facilities by all users; the toll schedule may be periodically adjusted.

20       \* Sec. 2. Notwithstanding limitations on the establishment of a capital  
21 reserve fund under AS 44.88.105, the authority may covenant and agree with  
22 the trustee or holders of the bonds or notes authorized under sec. 1 of  
23 this Act that the authority will establish a capital reserve fund for the  
24 purpose of securing the bonds or notes, that the chairman of the authority  
25 will, by January 2 of each year, certify in writing to the governor and the  
26 legislature the amount required to restore the capital reserve fund to the  
27 capital reserve fund requirement, and that the legislature may appropriate  
28 to the authority the amount certified by the chairman. Nothing in this  
29 section creates a debt or liability of the state.

1 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.-  
2 10.070(c).