

DISC of  
Transfer  
of AK.  
Railroad

PLEASE NOTE: THE FOLLOWING PAGES WERE TREATED  
AS A UNIT IN THE ORIGINAL DOCUMENT

# Suneel Alaska Corporation

3340 ARCTIC BOULEVARD  
SUITE 101  
ANCHORAGE, ALASKA 99503

P.O. BOX 3577  
ANCHORAGE, ALASKA 99510  
TELEX: 25-379 ADVES

PHONE: (907) 277-2658

February 2, 1982

Mr. Frank H. Jones  
General Manager and CEO  
The Alaska Railroad  
Pouch 7-2111  
Anchorage, Alaska 99510

Dear Mr. Jones:

Thank you very much for your recent official visit to the Republic of Korea. Your participation, along with that of Senator Murkowski, in our sincere discussions with President Chun and many other officials of our government and KEPCO is most productive in strengthening the growing trade relationship between Alaska and Korea. The understanding and commitment which comes as a result of these meetings will have long-term benefit for all participants.

For the further use of you and your staff in planning, Sun Eel Shipping Co., Ltd., is committed to the purchase of two bulk carriers which will be dedicated to the transportation of coal from Alaska to Korea, fulfilling the contracts which exist between Usibelli Coal Mine, Inc. and Suneel and between The Alaska Railroad and Suneel. These bulk carriers will be of the 50,000 DWT class.

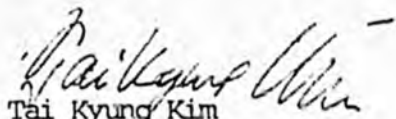
As you are aware, our current contract with Usibelli Coal Mine, Inc. calls for exports of coal which reach a level of 800,000 metric tons in 1984 for the duration of the ten year agreement. As you are also aware, demand for the use of Alaskan coal by KEPCO will be substantially in excess of this amount, reaching over 2.1 million metric tons per year as early as 1986. Suneel, therefore, views it as imperative that the berth at our facility in Seward be capable of handling at least a 50,000 DWT bulk carrier, in order to meet the overall economics in ocean freight in this transaction. Vessels of this class could be expected to call, even for the 800,000 metric ton contract, approximately every two weeks. As details become clearer, we will, of course, coordinate the operation very closely so that exact arrival dates will be known well in advance.

page two  
Mr. Frank H. Jones  
February 2, 1982

Again, please accept our sincere appreciation for your coming to Korea and for your continued interest in these beginnings of trade between Alaska and Korea. Please also accept our best regards and the personal greetings of Minister Sun Ki Lee.

As always, we will be at your disposal for any questions or further information.

Sincerely,

  
Tai Kyung Kim  
Executive Vice President

January 28, 1982

Mr. Clem Tillion  
Director of the International Fishery  
and External Affairs Office  
338 Denali Street  
McKay Building, 7th Floor  
Anchorage, Alaska 99501

Dear Mr. Tillion:

On my recent visit to Korea with Senator Frank Murkowski, I attended several meetings with the Korean Government officials including the President and Prime Minister. The Korean government has made the decision to convert four utility plants to use sub-bituminous coal (Alaska type). Two of these plants will be converted in 1983 and the other two in 1985. This will mean the potential exportation of two and one-half million tons of coal annually.

SunEel Alaska Corporation has signed contracts with Usibelli Coal Mine Company. The contracts provide for a minimum of 220,000 tons in 1982, a minimum of 550,000 tons in 1983, and a minimum of 880,000 tons in 1984 and each year thereafter for a period of ten years with option renewal. In addition, SunEel has contracted with The Alaska Railroad for the movement of coal from Usibelli's new loading tipple near Healy to the port of Seward.

In October 1981, SunEel leased 14.08 acres of land at Seward from the ARR. This land will be used for unloading the rail cars and stockpiling the coal and loading it onto their ships. The SunEel vessels will berth at the west berth of the ARR dock which will be dedicated to coal loading. SunEel has completed the conceptual designs of this facility and has issued contracts to complete the detail and structural design. Construction will begin at spring breakup with a completion date of October 1982. The estimated cost of the current design of the coal facility at Seward is in excess of approximately 20 million.

Mr. Clem Tillion  
Dir of the International Fishery  
and External Affairs Office

To place Alaska coal in an economically viable position with other world trade coal, it must be transported in vessels of at least 50,000 Dead Weight Tons (DWT). Both berths at the ARR Seward Dock are currently dredged to depth of approximately -35' Mean Lower Low Water (MLLW). The west berth has been dedicated for the export of grain and coal. For the 50,000 DWT vessels to utilize this berth, it is necessary to dredge to -45' MLLW. It is estimated that 200,000 cubic yards of materials will have to be dredged from the west berth to reach the required depth.

Enclosed are two copies of the 1979 aerial photo of Seward. Enclosure 1 is a 1" to 400' scale and shows the ARR reserve and the proposed dredging and disposal areas. Enclosure 2 is a 1" to 100' scale showing the ARR dock and soundings taken in 1980. Enclosure 3 is a copy of the Corps of Engineers Public Notice for the dredging. We anticipate that the permit for this dredging can be issued by mid-March of this year.

The City of Seward currently has contracted for dredging at their 4th of July Creek facility. With this contractor operating at Seward, the economics are favorable for dredging a project of this size this year. The ability to use a contractor already in the area greatly reduces mobilization costs, estimated savings of \$1 million. Based upon our knowledge of the city project, it appears that our dredging could be done during the month of April (prior to beginning the city's project) or in October (after its completion). This would meet SunEel's schedule which calls for the first load of coal to leave Healy in September with the first vessel due to dock at Seward in October or November.

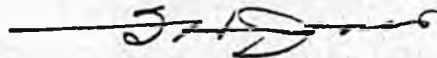
To obtain the required -45' MLLW depth at the west berth without undercutting the dock piling, it is necessary to continue the 3:1 subsea soil slope as shown in Enclosure 4. Bulk carriers such as SunEel plans to use are essentially rectangular in shape. To prevent bottoming at the dock face, a fendering system to keep the vessel back from the dock face approximately 15 feet will be required. We have reviewed various types of fendering systems and believe that the Yokohama pneumatic rubber fenders or similar type would be the most effective method of pushing the ships out the required distance. An alternate method would be rebuilding the fender system on our dock to allow deeper dredging at the face of the dock. Enclosure 5 is a copy of a portion of the Yokohama catalog showing this type of fendering system.

Enclosure 6 is a cost estimate for dredging completion during the 1982 construction season. Also shown on the cost estimate is the cost of equipping the Seward Dock with the required rubber fenders to handle 50,000 DWT vessels. This work needs to be accomplished this year to further the exportation of Alaskan coal to the far eastern markets. This project will not only benefit the City of Seward but the entire railbelt as the export of coal will make the ARR a more viable operation.

Mr. Clem Tillion  
Director of the International Fishery  
and External Affairs Office

Your recommendations for funding sources and assistance in this project  
will be greatly appreciated.

Sincerely,



F. H. Jones  
General Manager

Enclosures: 6

1. 1979 Aerial Photo of Seward
2. 1"-100' Scale ARR Dock/Soundings
3. Corps of Engineers Public Notice
4. 3:1 Subsea Soil Slope
5. Portion of Yokohama Catalog
6. Cost Estimate - Dredging Completion

cc: City of Seward  
Chuck Webber

MAPS AND DRAWING OF SEWARD TERMINAL RESERVE

DREDGING OPERATION AVAILABLE IN COMMITTEE OFFICE

ROOM 108 Capitol.

SEWARD DREDGING PROJECT

Dredging

Mobilization	\$ 50,000
Dredging 200,000 yards @ 3.15	630,000
Engineering, construction, inspection	<u>40,000</u>

\$720,000

Fendering System

270,000

\$990,000

Prepared by: Office of Chief Engineer  
January 28, 1982

Encl 6



DEPARTMENT OF THE ARMY  
ALASKA DISTRICT, CORPS OF ENGINEERS

P.O. BOX 7002

ANCHORAGE, ALASKA 99510  
REGULATORY FUNCTIONS BRANCH  
(907) 279-4123

REPLY TO  
ATTENTION OF:

NPACO-RF-P

RECEIVED

JAN 20 1982

The Alaska Railroad  
Office of Chief Engineer

## PUBLIC NOTICE

PUBLIC NOTICE DATE: January 19, 1982

EXPIRATION DATE: February 19, 1982

REFERENCE NUMBER: 071-OYD-2-810521  
Resurrection Bay 59

Interested parties are hereby notified that application has been received for a Department of the Army permit for certain work in waters of the United States, as described below and shown on the attached plan.

APPLICANT: The Alaska Railroad, Pouch 7-211, Anchorage, Alaska 99510.

LOCATION: Section 3, T. S., R. 1 W., S.M., Seward, Alaska.

WORK: To dredge approximately 200,000 cubic yards of mixed gravel, sand and silt from the west berth of the Alaska Railroad's Seward Dock and dispose of the dredged material at a nearby upland site using a dike/wier structure to attempt to separate the solids from the water. The run off water will be disposed of in the intertidal resource. A -45' mean lower low water berthing area would result from the action.

PURPOSE: To provide a -45' mean lower low water berthing area for coal container ships.

AUTHORITY: This permit will be issued or denied under the following authorities:

- (X) Perform work in or affecting navigable waters of the United States - Section 10, River and Harbor Act 1899 (33 U.S.C. 403).
- (X) Discharge dredged or fill material into waters of the United States - Section 404, Clean Water Act (33 U.S.C. 1344).

WATER QUALITY CERTIFICATION: A permit for the described work will not be issued until a certification or waiver of certification as required under Section 401 of the Clean Water Act (Public Law 95-217), has been received from the Alaska Department of Environmental Conservation.

Encl 3

19 January 1982

COASTAL ZONE MANAGEMENT ACT CERTIFICATION: Section 307(c)(3) of the Coastal Zone Management Act of 1972, as amended by 16 U.S.C. 1456(c)(3), requires the applicant to certify that the described activity affecting land or water uses in the Coastal Zone complies with the Alaska Coastal Management Program. A permit will not be issued until the Division of Policy Development and Planning has concurred with the applicant's certification.

EIS DETERMINATION: A preliminary determination has been made that an environmental impact statement is not currently required for the described work.

PUBLIC HEARING: Any person may request, in writing, within the comment period specified in this notice, that a public hearing be held to consider this application. Requests for public hearings shall state, with particularity, the reasons for holding a public hearing.

CULTURAL RESOURCES: The property described is not a registered or eligible property in the latest published version of the National Register of Historic Places.

ENDANGERED SPECIES: Preliminarily, this described activity will not affect endangered species, or their critical habitat designated as endangered or threatened, under the Endangered Species Act of 1973 (87 Stat. 844). Formal consultation under Section 7 of the Act is not required for the described activity.

FLOOD PLAIN MANAGEMENT: Evaluation of the described activity will include conformance with appropriate State or local flood plain standards; consideration of alternative sites and methods of accomplishment; and weighing of the positive, concentrated and dispersed, and short and long-term impacts on the flood plain.

EVALUATION: The decision whether to issue a permit will be based on an evaluation of the probable impact of the proposed activity on the public interest. That decision will reflect the national concern for both protection and utilization of important resources. The benefit which reasonably may be expected to accrue from the proposal must be balanced against its reasonably foreseeable detriments. All factors which may be relevant to the proposal will be considered; among those are conservation, economics, aesthetics, general environmental concerns, historic values, fish and wildlife values, flood damage prevention, land use, navigation, recreation, water supply, water quality, energy needs, safety, food production, and, in general, the needs and welfare of the people.

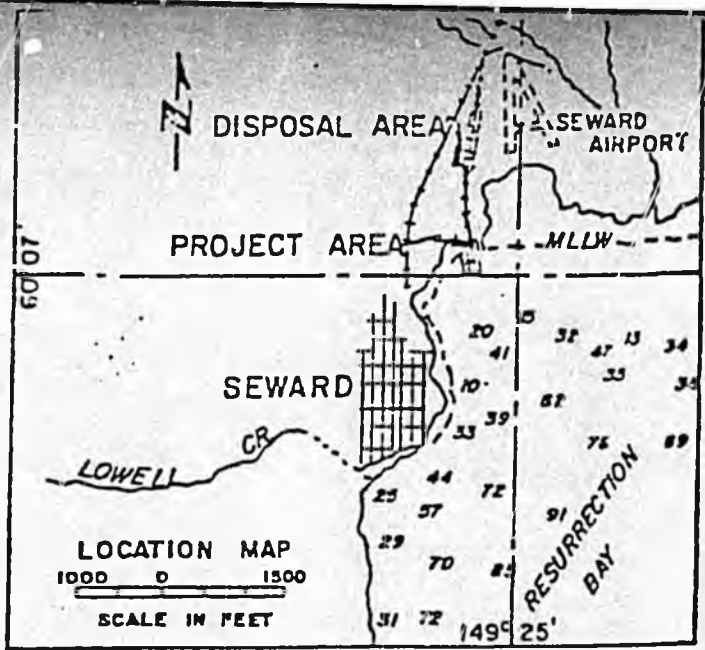
19 January 1982

Comments on the described work, with the reference number, should reach this office no later than the expiration date of this Public Notice to become part of the record and be considered in the decision. If further information is desired concerning this notice, contact Mr. Richard Borsetti at (907) 552-4942 or 279-4123.

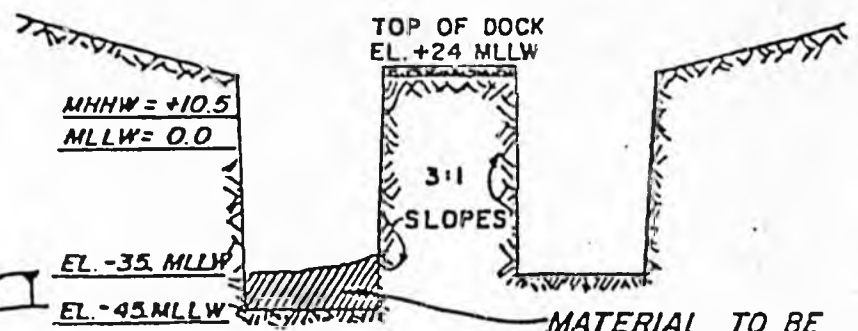
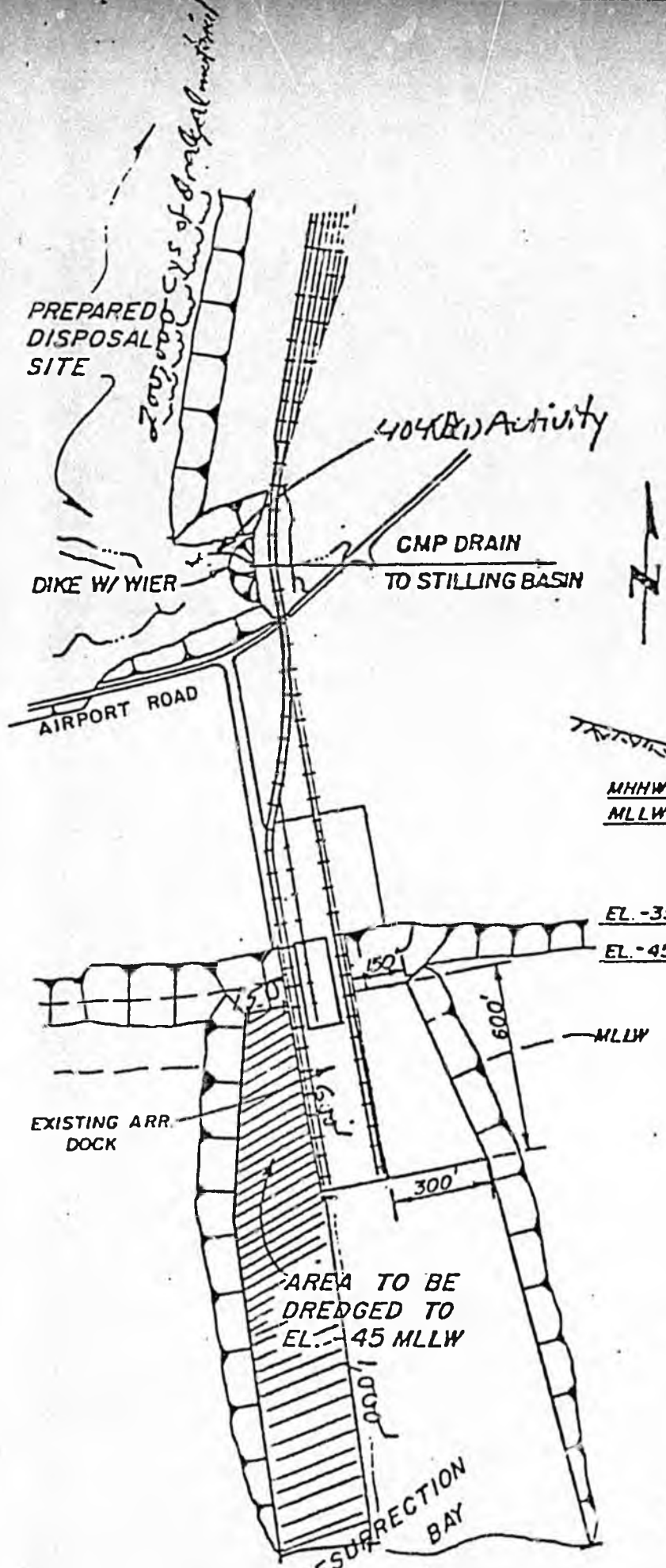
FOR THE DISTRICT ENGINEER:

- 3 Incl
- 1. Plan
- 2. ACMP Notice
- 3. 401 Notice

*M. James Wolfe*  
M. JAMES WOLFE  
Chief, Permit Processing Section  
Regulatory Functions Branch



From U.S.C. & G.S. Chart No. 8529



TYPICAL CROSS SECTION  
 SCALE: HORIZ. 1" = 300'  
 VERT. 1" = 60'

*~10 acres of area to be dredged.*

RESURRECTION BAY 59  
 APPLICATION TO DREDGE  
 WEST BERTH

in RESURRECTION BAY  
 at SEWARD  
 State ALASKA  
 By THE ALASKA RAILROAD  
 Dated 21 Dec 81

PLAN  
 SCALE IN FEET  
 200 0 800

# STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION

465-2601

PJUC110 - BUREAU 85311

## NOTICE OF APPLICATION FOR STATE WATER QUALITY CERTIFICATION

Any applicant for a Federal license or permit to conduct any activity which may result in any discharge into the navigable waters must first apply for and obtain certification from the Alaska Department of Environmental Conservation that any such discharge will comply with the Clean Water Act of 1977 (PL 95-217), the Alaska Water Quality Standards and other applicable State laws. By Agreement between the U.S. Army Corps of Engineers and the Alaska Department of Environmental Conservation application for a Department of the Army Permit may also serve as application for State Water Quality Certification when such certification is necessary.

Notice is hereby given that the application for a Department of the Army Permit described in the Corps of Engineers Public Notice No. 071-0YD-1-810521 also serves as application for State Water Quality Certification from the Alaska Department of Environmental Conservation, as provided in Section 401 of the Clean Water Act of 1977 (PL 95-217).

The Department will review the proposed activity to insure that any discharge to waters of the United States resulting from the referenced project will comply with the Clean Water Act of 1977 (PL 95-217) the Alaska Water Quality Standards and other applicable State laws.

Any person desiring to comment on the water quality impacts of the proposed project may do so by writing to:

Alaska Department of Environmental Conservation  
Southcentral Regional Office  
437 "E" Street, Second Floor  
Anchorage, Alaska 99501  
Telephone: 274-2533

within 30 days of publication of this notice.

Incl 3

# STATE OF ALASKA

**OFFICE OF THE GOVERNOR**  
DIVISION OF POLICY DEVELOPMENT AND PLANNING

JAY S. HAMMOND, Governor

Phone 465-3512  
Pouch AD - Juneau 99811

STATE OF ALASKA

DIVISION OF POLICY DEVELOPMENT AND PLANNING

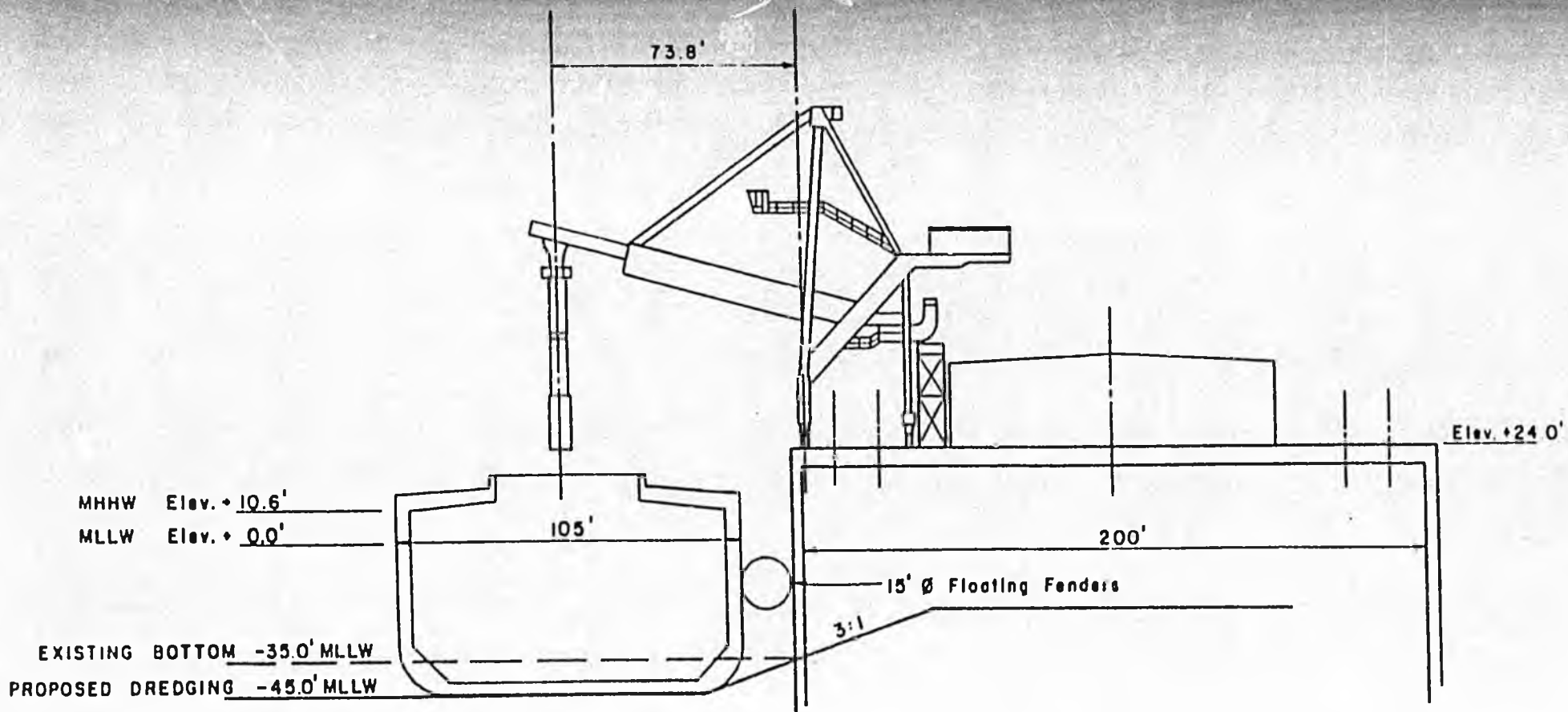
Notice of Application for  
Certification of Consistency with the  
Alaska Coastal Management Program

Notice is hereby given that a request is being filed with the Division of Policy Development and Planning for concurrence, as provided in Section 307 (c)(3) of the Coastal Zone Management Act of 1972, as amended [P.L. 94-370; 90 Stat. 1013; 16 U.S.C. 1456 (c)(3)], that the project described in the Corps of Engineers Public Notice No. 071-OYD-1-810521 will comply with the Alaska Coastal Management Program and that the project will be conducted in a manner consistent with that program.

Any person desiring to present views on considerations pertaining to the project's compliance or consistency with the Alaska Coastal Management Program may do so by providing his views in writing to the State Clearinghouse, Division of Policy Development and Planning, Office of the Governor, Pouch AD, Juneau, Alaska 99811, within 20 days of publication of this notice.

Incl 2

Encl 4



SCALE 1" = 50'

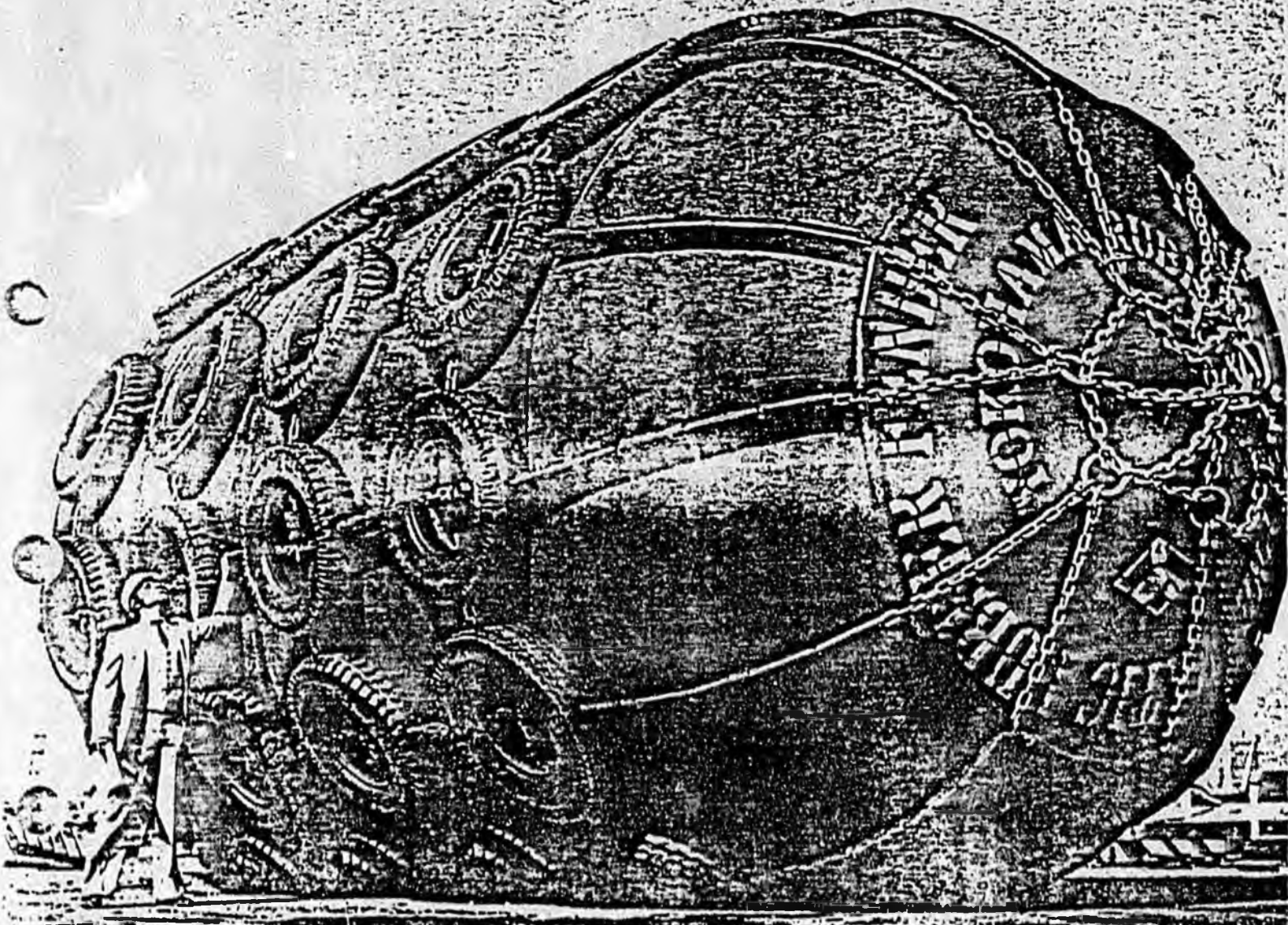
### CROSS SECTION - ALASKA RAILROAD SEWARD DOCK

3:1 SUBSEA SOIL SLOPE  
50,000 DWT CLASS BULK CARRIER

1/29/02

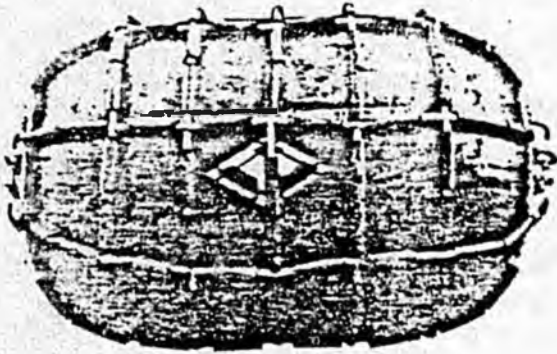
# YOKOHAMA PNEUMATIC RUBBER FENDERS

for ship transfer and ship to pier & quay service

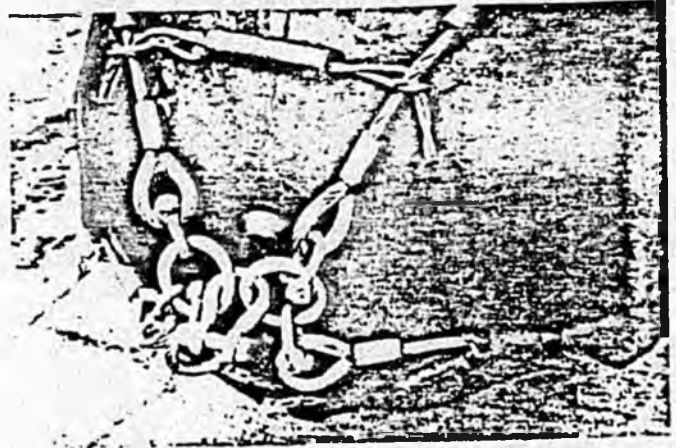


Wm. S.

b) DETAILS OF FENDER NETS



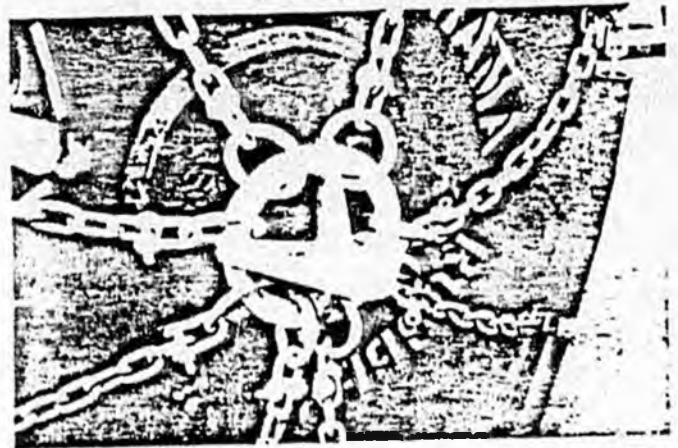
Fibre net type



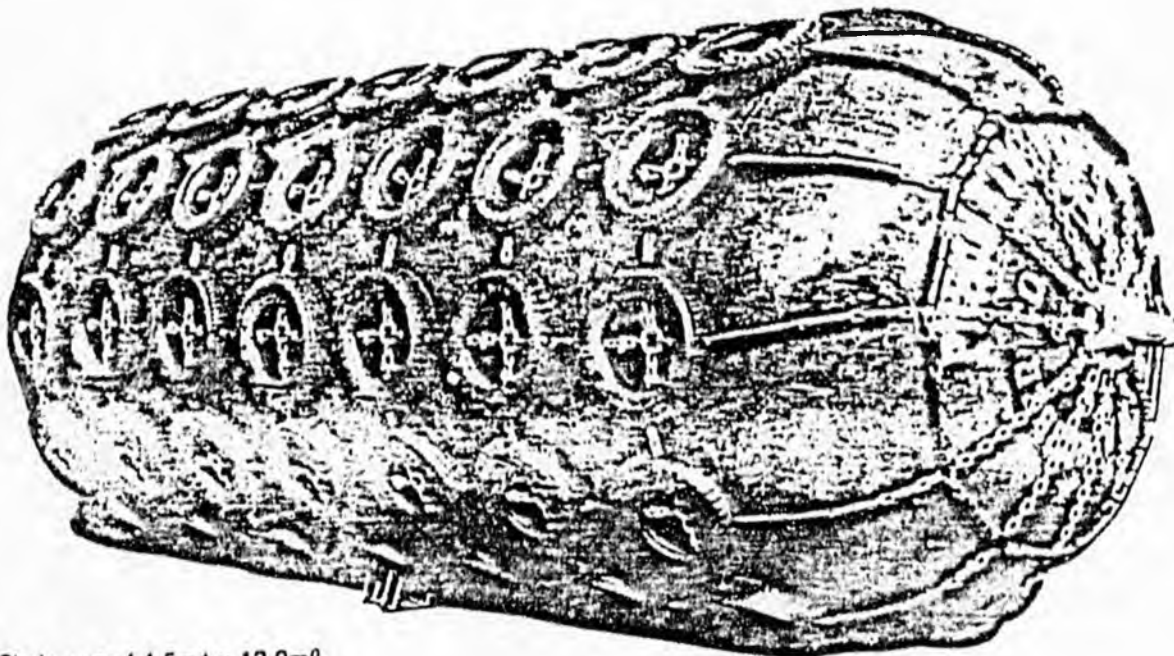
Ring shackle type



Special towing ring type

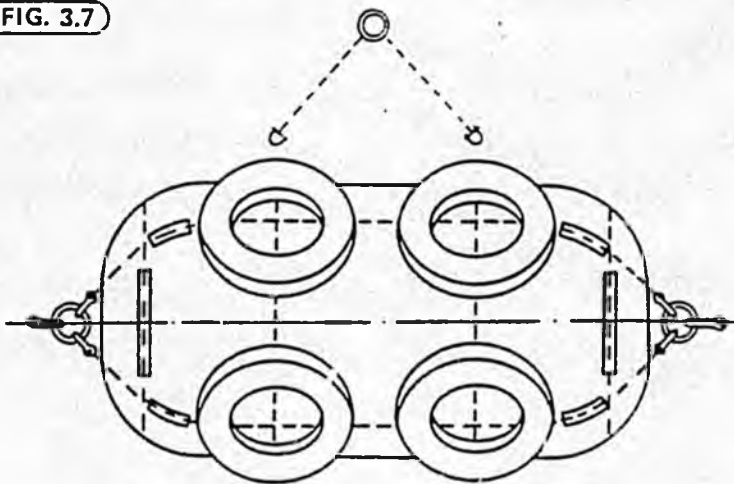


Towing ring type



Chain net of 4.5mφ x 12.0mℓ

FIG. 3.7



### Ring Shackie Type

(1.05m x 2.5ml & smaller size)

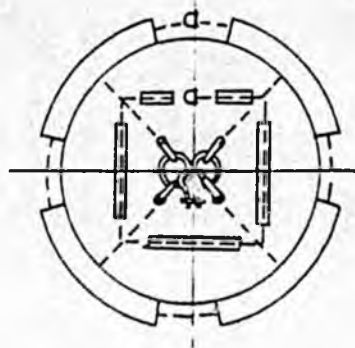
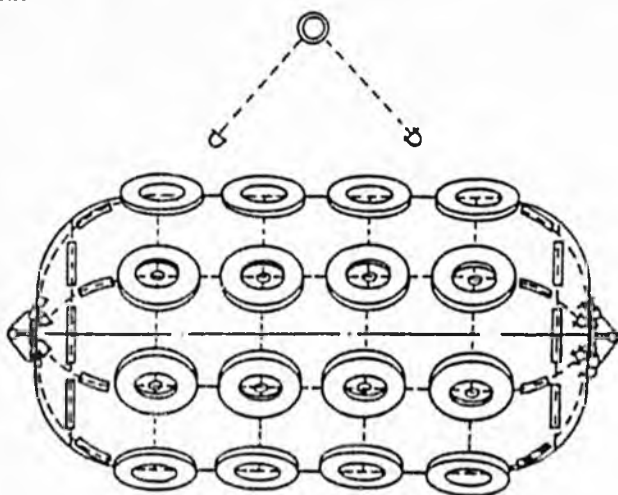


FIG. 3.8



### Towing Ring Type

(From 1.5m x 3.0ml to 3.3m x 6.5ml)

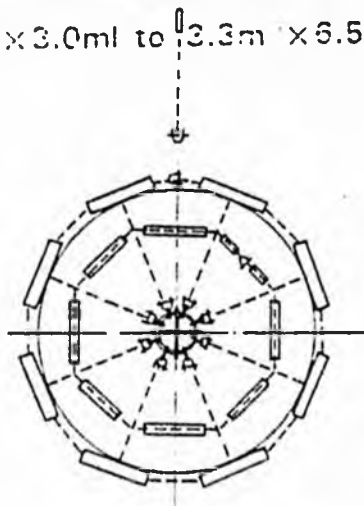
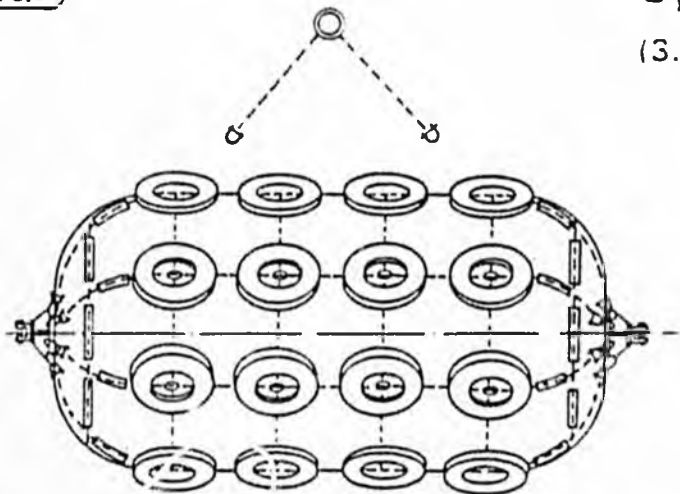
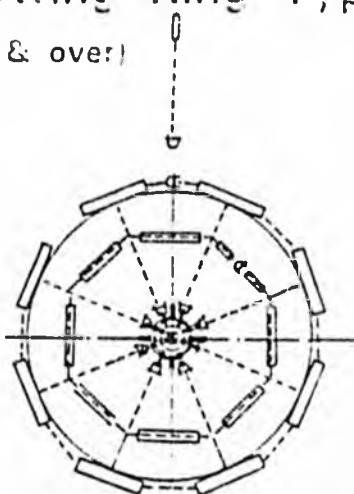


FIG. 3.9



### Special Towing Ring Type

(3.3m x 6.5ml & over)



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*From Bettisworth*

DRAFT 12/31/81

Introduced:  
Referred: **Transportation and Finance**

**IN THE SENATE BY DANKWORTH AND KERTTULA**  
**SENATE BILL NO. \_\_\_\_\_**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWELFTH LEGISLATURE - SECOND SESSION**  
**A BILL**

For an Act entitled: "An Act relating to the Alaska Railroad."

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

\* Section 1. AS 42 is amended by adding a new chapter to read:

**"CHAPTER 41. TRANSFER OF ALASKA RAILROAD**

**Sec. 42.41.010. RAILROAD TRANSFER TEAM**

(a) There is hereby established the "State Of Alaska Railroad Transfer Team", to be comprised of three members: one member to be appointed by the senate, one member to be appointed by the house of representatives, and one member to be appointed by the governor.

(b) The team shall have the following duties:

(1) to serve as the liaison of the State of Alaska to the United States Congress and federal agencies with

respect to any federal legislation or administrative actions to transfer, sell, or lease the Alaska Railroad or any of its properties to the state of Alaska, or with respect to any federal legislation or administrative actions affecting the nature or extent of the present or future properties of the Railroad, including matters with respect to future rights-of-way for the Railroad;

(2) to conduct investigations and gather facts and, on the basis of such information, recommend to the senate, house of representatives, and governor whether or not acceptance of any proposed transfer, sale, or lease of the Alaska Railroad or any of its properties from the federal government to the state of Alaska is in the best interest of the state; and

(3) to report periodically, and not less than semi-annually, to the legislature and the governor regarding its activities.

(c) The team shall have the following powers:

(1) to hire staff, legal counsel, or consultants as required to carry out its duties described in this section; and

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LEGIBLY BECAUSE OF POOR QUALITY OF THE  
ORIGINAL.

(2) to take such other administrative actions as are necessary to carry out its duties under this section.

(d) The team shall be the sole body authorized to present the views of the state of Alaska to the federal government, and to negotiate with the federal government with respect to any proposal to transfer, lease, or sell the Alaska Railroad or any of its properties to the state.

(e) The team is not authorized to enter into any agreement binding on the State with respect to the transfer, sale, or lease of the Alaska Railroad or any of its properties to the state from the federal government except in accordance with the provisions of this section. Any recommendations made by the team with regard to the Alaska Railroad shall be binding upon the State of Alaska only upon enactment of appropriate enabling legislation.

(f) The authority of the team shall become effective as soon after enactment of this section as two members of the team are appointed.

(g) The team shall be disbanded and its authority shall expire upon the signing of a agreement effectuating the transfer or sale of the Alaska Railroad to the state.

(h) Members of the team shall receive no salary, but are entitled to per diem and travel expenses authorized by law for state boards and commissions under AS 39-20-180.

Members of the team serve at the pleasure of the organizations which appointed them.

(i) The sum of \$ \_\_\_\_\_ is appropriated from the general fund to the team for operating expenses for the fiscal year ending June 30, 1982; the sum of \$ \_\_\_\_\_ is appropriated from the general fund to the team for operating expenses for the fiscal year ending June 30, 1983.

\* Section 2. AS 42 is amended by adding a new chapter to read:

**"CHAPTER 40. ALASKA RAILROAD AUTHORITY**

**ARTICLE 1. CREATION AND ORGANIZATION.**

**Sec. 42.40.010. ESTABLISHMENT OF AUTHORITY.** The Alaska Railroad Authority is established as a public corporation of the state.

**Sec. 42.40.020. GOVERNING BODY.** The powers of the authority are vested in the board of directors. However, the board may not exercise its powers until either: (1) the state enters into an agreement for the transfer, sale, or lease of the

Alaska Railroad to the State; or (2) an earlier time specified by the Governor with the approval of the legislature in joint session.

**Sec. 42.40.030. APPOINTMENT AND COMPOSITION OF BOARD.** (a) The board of directors of the authority consists of the commissioner of transportation and public facilities and six public members appointed by the governor. The public members may not be public officers or employees.

(b) The public members of the board must be confirmed by a majority of the membership of the legislature in joint session.

(c) The governor shall, in transmitting the names of appointees to the legislature for confirmation, state, in writing, why the nominee is expected to contribute to the effective resolution of the financial, transportation, and legal problems facing the authority, and why, in light of the identity of other appointees, the nominee will help effect a balance in the skills and experience of the board membership.

(d) The board shall elect one of its members to serve as chairman. The chairman is empowered to call meetings of the board and shall preside at the meetings.

**Sec. 42.40.040. TERM OF OFFICE; VACANCIES.** (a) The public members of the board shall serve for a term of four

years, except that with respect to the six members first appointed, the governor shall designate two to serve a term of two years, two to serve a term of three years, and two to serve a term of four years.

(b) A vacancy on the board shall be filled by appointment by the governor and the appointment must be confirmed by the legislature in joint session. A member selected to fill a vacancy holds office for the balance of the full term for which his predecessor on the board was appointed.

(c) A vacancy on the board does not impair the authority of a quorum of members to exercise all the powers and perform all the duties of the board.

Sec. 42.40.050. CONFLICT OF INTERESTS. Upon appointment, annually during his term of office, and upon a change in financial or business interests which generates a conflict such as described in this section, a board member shall declare privately in writing to the governor, the attorney general of the state, and the board, any financial or business interest he has which might conflict with the public nature of his membership on the board. The attorney general shall review such declarations and determine whether there is or would be a conflict. On the basis of the attorney general's determination, the governor shall direct

the member to abstain from voting with respect to decisions which would result in a conflict, and the governor shall advise the board of such directive. Further, if the governor believes the conflict is extensive or would seriously impair the ability of the member to serve impartially on the board, the governor may remove the member from the board.

Sec. 42.40.060. COMPENSATION AND EXPENSES. Members of the board shall receive no salary, but are entitled to per diem and travel expenses authorized by law for state boards and commissions under AS 39.20.180.

Sec. 42.40.070. QUORUM AND NOTICE OF MEETINGS. Four members are a quorum for the transaction of business unless the bylaws require a larger number. Notice of a meeting of the board, including an agenda for the meeting, must be given to each member and to the public.

Sec. 42.40.080. PUBLIC BOARD MEETINGS. The meetings of the board are public, with the exception of executive sessions as permitted by AS 44.62.310.

Sec. 42.40.090. MINUTES OF MEETINGS. The board shall keep minutes of each meeting and send a certified copy to the governor.

**Sec. 42.40.100. PRESIDENT.** The board may employ a president to manage the authority. His selection is subject to the approval of the governor. The president may not have any financial or business interest that might conflict with the management of the authority in the public interest. The board may delegate all powers and duties to the president except the power to:

- (a) issue bonds or notes; and
- (b) to commit the authority to individual capital projects with an estimated completion cost greater than \$1,000,000.

## **ARTICLE 2. POWERS AND DUTIES.**

**Sec. 42.40.110. GENERAL POWERS.** The authority may

- (1) exist continuously as an authority;
- (2) adopt a seal;
- (3) adopt bylaws and regulations governing the business of the authority;
- (4) sue and be sued;
- (5) appoint officers, employees, trustees, and agents, and prescribe their powers and duties;
- (6) hire legal counsel to represent the authority;
- (7) make contracts and execute instruments necessary or convenient in the exercise of its powers and duties;

(8) acquire by purchase, lease, bequest, devise, gift, the satisfaction of debts, the foreclosure of mortgages, or eminent domain under AS 09.55.240 - 09.55.480, and hold, maintain, use, operate, lease, alienate, dispose of, and convey real or personal property;

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

(10) secure the payment of its obligations by pledge or mortgage or other lien on its contracts, revenues, income, or property, except that it may not incur secondary liability by guaranty or endorsement of the obligations of another corporation or legal entity, except endorsement of checks, bank drafts, or other commercial paper in the ordinary course of business;

(11) accept grants or loans from and contract with the federal government, the state, or its political subdivisions, and to that end comply with the provisions of federal, state, or local programs when necessary;

(12) acquire, hold and dispose of stocks, memberships, contracts, bonds, or other interests in another corporation or legal entity, and exercise the powers or rights in connection

with these interests which are provided in contracts or agreements and which are allowed by law concerning the satisfaction of debts;

(13) provide for the operation, maintenance, and control of the tracks and equipment transferred to it by the federal government or by any person;

(14) acquire, construct, maintain, equip, and operate connecting, switching, terminal, or other railroads and railroad facilities in the state;

(15) do what is necessary to carry out its powers and duties under this chapter or other laws of the state, or the laws and regulations of the federal government.

Sec. 42.40.120. OPERATION OF ALASKA RAILROAD. The authority shall provide for the operation of the Alaska Railroad after it is transferred to the authority by the federal government, and may extend the operations of the Alaska Railroad to the extent that the authority considers desirable in order to promote economic growth and development in the state.

Sec. 42.40.130. REGULATIONS. The board shall adopt regulations in accordance with the Administrative Procedure Act (AS 44.62) to implement this chapter.

**Sec. 42.40.140. ANNUAL REPORT.** The board shall prepare and distribute to the governor and to each legislator by December 30 of each year a report describing the operations, financial condition, and short- and long-term plans of the authority. The board may include in the report suggestions for legislation relating to the structure, powers, or duties of the authority or relating to the operation of railroad facilities of the authority.

**Sec. 42.40.150. ANNUAL AUDITS.** The board shall have the financial records of the authority audited annually by the legislative auditor. If an audit is conducted by a private certified public accountant, the legislative auditor may accept that audit in satisfaction of the requirements of this section. The legislative auditor may prescribe the form and content of the financial records of the authority and may have access to those records at any time.

### ARTICLE 3. FINANCIAL PROVISIONS.

**Sec. 42.40.160. BONDS AND NOTES.** (a) The authority, by resolution of the board, may issue bonds and bond anticipation notes to provide money to carry out its purposes.

(b) The principal and interest on the bonds or notes of the authority is payable from money or assets of the authority.

Bond anticipation notes may be payable from the proceeds of the

sale of bonds or from the proceeds of sale of other bond anticipation notes or, if bond or bond anticipation note proceeds are not available, the notes may be paid from other money or assets of the authority. Bonds or notes may be additionally secured by a pledge of a grant or contribution from the federal government, or a corporation, association, institution or person, or a pledge of money, income, or revenues of the authority from any source.

(c) Bonds or bond anticipation notes may be issued in one or more series and shall be dated, bear interest at the rate or rates per year or within the maximum rate, be in the denomination, be in the form, either coupon or registered, carry the conversion or registration provisions, have the rank of priority, be executed in the manner and form, be payable from the sources in the medium of payment and place or places inside or outside the state, be subject to authentication by a trustee or fiscal agent, and be subject to the terms of redemption with or without premium, as the resolution of the board may provide. Bond anticipation notes shall mature at the time or times as may be determined by the board. Bonds shall mature at the time, not exceeding 50 years from their date, as may be determined by the board. Before the preparation of definitive bonds or bond

anticipation notes, the authority may issue interim receipts or temporary bonds or bond anticipation notes, with or without coupons, exchangeable for bonds or bond anticipation notes when these definitive bonds or bond anticipation notes have been executed and are available for delivery.

(d) Bonds or bond anticipation notes may be sold in the manner, on the terms, and at the price the board determines.

(e) If an officer whose signature or a facsimile of whose signature appears on bonds or notes or coupons attached to them ceases to be an officer before the delivery of the bond, note or coupon, his signature or facsimile is valid the same as if he had remained in office until delivery.

(f) In a resolution of the board authorizing or relating to the issuance of bonds or bond anticipation notes, the board has power by provisions in the resolution which will constitute covenants of the authority, and contracts with the holders of the bonds or bond anticipation notes:

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

(2) to covenant against pledging all or any part of its revenues, or against permitting or suffering a lien on the revenues or its property;

(3) to covenant as to establishment of reserves or sinking funds and the provision for and the regulation and disposition of the reserves or sinking funds;

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

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

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

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

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

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

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

(11) to covenant to create or authorize the creation of special funds of money to be held in pledge or otherwise for operating expenses, payment or redemption of bonds or notes, reserves or other purposes, and as to the use and disposition of the money held in the funds;

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

(13) to covenant as to the custody of any of its properties or investments, their safekeeping and insurance, and the use and disposition of insurance money;

(14) to vest in a trustee or trustees inside or outside the state property, rights, powers, and duties in trust as the authority may determine, which may include any or all of the rights, powers and duties of any trustee appointed by the holders of bonds or notes of the authority, and to limit or abrogate the rights of the holders of the bonds or notes of the authority to appoint a trustee under this chapter or limit the rights, powers and duties of the trustee;

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

(16) to agree with an authority trustee which may be a trust company or bank having the powers of a trust company inside or outside the state as to the pledging or assigning of revenues or funds which or in which the authority has any rights or interest; the agreement may further provide for other rights and remedies exercisable by the trustee as may be proper for the protection of the holders of bonds or notes of the authority and not otherwise in violation of law and may provide for the restriction of the rights of an individual holder of bonds or notes of the authority;

(17) to appoint and provide for the duties and obligations of a paying agent or paying agents, or other fiduciaries as the resolution may provide inside or outside the state;

(18) to limit the rights of the holders of bonds or notes of the authority to enforce a pledge or covenant securing the bonds or notes; and

(19) to make covenants other than and in addition to the covenants expressly authorized in this section, of like or different character, and to make the covenants to do or refrain from doing the acts and things as may be necessary, or convenient and desirable, in order to better secure bonds or notes or which, in the absolute discretion of the board will tend to make bonds or notes more marketable, notwithstanding that the covenants, acts or things may not be enumerated in this section.

Sec. 42.40.170. INDEPENDENT FINANCIAL ADVISOR. In negotiating the private sale of bonds or bond anticipation notes to an underwriter, the board shall retain a financial advisor who is independent from the underwriter.

Sec. 42.40.180. VALIDITY OF PLEDGE. The pledge of assets or revenues of the authority to the payment of the principal or interest on bonds or notes of the authority is valid and binding from the time the pledge is made and the assets or

revenues are immediately subject to the lien of the pledge without physical delivery or further act. The lien of a pledge is valid and binding against all parties having claims of any kind in tort, contract, or otherwise against the authority, irrespective of whether those parties have notice of the lien of the pledge. Nothing in this section prohibits the authority from selling assets subject to a pledge, except that a sale may be restricted by the trust agreement or resolution providing for the issuance of the bonds or notes.

Sec. 42.40.190. REMEDIES. A holder of bonds or notes or of coupons attached to them issued under this chapter, and a trustee under a trust agreement or resolution authorizing the issuance of the bonds or notes, except as restricted by a trust agreement or resolution, either at law or in equity, may enforce all rights granted under this chapter or under the trust agreement or resolution, or under any other contract executed by the authority under this chapter, and may enforce and compel the performance of all duties required by this chapter or by the trust agreement or resolution to be performed by the authority or by an officer of it.

Sec. 42.40.200. NEGOTIABLE INSTRUMENTS. Bonds and notes and interest coupons attached to them issued under this

chapter are negotiable instruments under the laws of this state, subject only to applicable provisions for registration.

**Sec. 42.90.210. BONDS AND NOTES ELIGIBLE FOR INVESTMENT.** Bonds and notes issued under this chapter are securities in which all public officers and public bodies of the state and its political subdivisions, all insurance companies, trust companies, banking associations, investment companies, executors, administrators, trustees and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them. These bonds and notes may be deposited with a state or municipal officer of any agency or political subdivision of the state for any purpose for which the deposit of bonds or notes of the state is authorized by law.

**Sec. 42.90.220. REFUNDING BONDS.** (a) The authority may provide for the issuance of refunding bonds for the purpose of refunding any bonds then outstanding which have been issued under this chapter, including the payment of any redemption premium on them and any interest accrued or to accrue to the date of redemption of the bonds. The issuance of the refunding bonds, the maturities and other details of them, the rights of the holders of them, and the rights, duties and obligations of

the authority in respect of them are governed by the provisions of this chapter which relate to the issuance of bonds, insofar as those provisions may be appropriate.

(b) Refunding bonds may be sold or exchanged for outstanding bonds issued under this chapter and, if sold, the proceeds may be applied, in addition to any other authorized purposes, to the purchase, redemption or payment of the outstanding bonds. Pending the application of the proceeds of refunding bonds, with any other available money, to the payment of the principal, accrued interest and any redemption premium on the bonds being refunded, and; if so provided or permitted in the resolution authorizing the issuance of the refunding bonds or in the trust agreement securing them, to the payment of any interest on the refunding bonds and any expenses in connection with the refunding, the proceeds may be invested in direct obligations of, or obligations the principal of and the interest on which are unconditionally guaranteed by, the United States of America which mature or which will be subject to redemption, at the option of the holders of them, not later than the respective dates when the proceeds, together with the interest accruing on them, will be required for the purposes intended.

**Sec. 42.40.230. CREDIT OF STATE NOT PLEDGED. (a)**

The authority may not pledge the credit or the taxing power of the state or its political subdivisions. The state and its political subdivisions are not liable for the debts of the authority.

(b) Bonds and notes issued under this chapter do not constitute a debt, liability, or obligation of the state or of a political subdivision of the state or a pledge of the faith and credit of the state or of a political subdivision but are payable solely from the revenues or assets of the authority. Each bond and note issued under this chapter shall contain on its face a statement that the authority is not obligated to pay it nor the interest on it except from the revenues or assets pledged for it and that neither the faith and credit nor the taxing power of the state or of a political subdivision of the state is pledged to the payment of the principal of or the interest on the bond or note.

**Sec. 42.40.240. OFFICERS NOT LIABLE.** An officer or employee of the authority is not subject to personal liability or accountability because of his execution of bonds or notes or the issuance of them.

**Sec. 42.40.250. TAX EXEMPTION. (a)** The exercise of the powers granted by this chapter will be in all respects for the benefit of the people of the state, for their well-being and

prosperity, and for the improvement of their social and economic conditions, and the authority is not required to pay a tax or assessment on any property owned by the authority under the provisions of this chapter or on the income from the property.

(b) Bonds and notes issued under this chapter are declared to be issued by a body corporate and public of the state and for an essential public and governmental purpose, and the bonds and notes, and the interest and income on and from the bonds and notes, and all fees, charges, funds, revenues, income and other money pledged or available to pay or secure the payment of the bonds and notes, or interest on the bonds and notes, are exempt from taxation except for inheritance, transfer and estate taxes.

Sec. 42.40.260. REVENUES. Revenues generated by the Alaska Railroad Authority do not become part of the general fund of the state but shall be held in an independent fund available to the authority for railroad expenditures.

#### ARTICLE 4. GENERAL PROVISIONS

Sec. 42.40.280. PERSONNEL EXEMPT FROM STATE PERSONNEL ACT. The personnel of the authority are in the exempt state service under AS 29.25.110.

Sec. 42, 40, 990. DEFINITIONS. In this chapter, unless the context clearly indicates otherwise,

(1) "authority" means the Alaska Railroad Authority;

(2) "board" means the board of directors of the Alaska Railroad Authority;

(3) "railroad and railroad facilities" includes, but is not limited to, tracks, spurs, switches, terminals, terminal facilities, road beds, rights-of-way, bridges, stations, railroad cars, locomotives or other vehicles constructed for operation over railroad tracks, crossing signs, lights, signals, storage buildings, administration buildings, repair buildings, and all structures, materials and equipment which are deemed by the Board to be necessary for the operation of a railroad."

\* Section 3. Except as may be specifically provided otherwise, the provisions of this Act take effect upon enactment.

DRAFT BILL DATED 12/31/81

BRIEF SECTION-BY-SECTION ANALYSIS

INTRODUCTION

The Bill would add two new chapters to the Alaska Statutes to provide for: (1) establishment of a "State of Alaska Railroad Transfer Team" to negotiate, consider, and make recommendations with respect to the terms of any transfer, sale, or lease of the Alaska Railroad to the State and; (2) establishment of an "Alaska Railroad Authority" which would administer the Alaska Railroad and its properties subsequent to any transfer.

TRANSFER TEAM

Section 1 of the bill would add a new chapter to the Alaska Statutes which would establish the State of Alaska Railroad Transfer Team. The Team would be comprised of three members: one appointed by the Senate; one appointed by the House of Representatives; and one appointed by the Governor.

Establishment of the Team would accomplish two important objectives. It would be independent of the organization that would ultimately have responsibility for operating the Railroad. Thus, the team would be able to provide the legislature and the governor with advice as to the desirability of any proposed transfer, sale, or lease

of the Railroad to the State that would not be influenced by any interest in operating the Railroad subsequent to any transfer.

Second, this joint legislative-executive organization will provide the federal government with a focal point for its dealings with the State with respect to the Alaska Railroad. Thus, the establishment of the Team should facilitate effective presentation of a uniform position on behalf of the state.

The Team would serve as liaison with respect to federal legislative and administrative actions affecting the Alaska Railroad or the transfer of the Railroad, but could not bind the State to accept the Railroad. Binding acceptance of the Railroad would be subject to the state legislative process. Members of the team would serve at the pleasure of the organizations which appoint them and the team would be authorized to commence its activities as soon as two of its members are appointed.

To enable the Team to carry out its duties, the bill would also provide appropriations for the Team's operating expenses for the fiscal year ending June 30, 1983 and for the balance of the current fiscal year.

ALASKA RAILROAD AUTHORITY

Section 2 of the bill would add a new chapter to the Alaska Statutes which would establish the Alaska Railroad Authority, to operate and administer the Alaska Railroad subsequent to any transfer

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to the State. The powers of the Authority would be vested in a Board of Directors which would have the authority to hire a President to manage day-to-day operations.

The Board of Directors would consist of the Commissioner of Transportation and Public Facilities and six public members to be appointed by the Governor, subject to confirmation by the legislature in joint session. Members of the Board shall receive no salary but would be compensated for expenses.

The Board would have full authority to undertake all of the actions necessary for the operation, maintenance, and expansion of the Railroad. It may hire staff, enter into contracts, issue bonds, and accept grants from the federal government and the state. The Board may delegate its powers to the President except for the powers to issue bonds and to undertake capital projects with an estimated completion cost greater than \$1 million.

The revenues generated by the Railroad would be placed in a revolving fund available for maintenance, operation, and expansion of the Railroad. Thus, the proposed bill would establish, in essence, a corporate organization, able to make day-to-day operating decisions without resort to the appropriations process.

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