

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILE 8672

1300 SCOMM 50: HOUSE SPECIAL COMMITTEE ON STATE LOANS 1985-86

between the Department of Commerce and Cominco. A RFP for the finance plan has been distributed (deadline 2/15/85,) as well as a RFP for civil engineering services.

Number 150 Representative Thompson asked Mr. Wagon if the cost estimates for the port and road were AIDA's or Cominco's.

Number 154 Mr. Wagon responded that they are Cominco's figures, stated in 1985 dollars.

Number 156 Chairman Sund asked if the finance plan will have to be submitted to the legislature.

Number 158 Mr. Wagon answered that it must be submitted to the legislature, governor and State Bond Committee, but does not require legislative approval.

Number 208 Representative Frank asked if the debt to AIDA would be retired by fees from the initial user (Cominco).

Number 216 Mr. Wagon responded that fees from future users would be required, and that about a \$10 million tariff is expected from the first significant user of the project.

Number 240 There was discussion regarding the use of tax exempt bonds to finance the project beyond the \$18 million in direct loan from the state.

Number 258 Representative Uehling asked what the projected costs of the project for the next several years would be.

Number 262 Mr. Wagon answered that AIDA anticipates bonding for at least a portion of the remainder of the project beyond the \$18 million loan for FY 86, but that if general funds were to be used for the entire project, the requirement would be \$18 million in FY 86, \$50 million for the second year, \$50 million for the third year, and \$10 or \$20 million for the fourth year. He said that AIDA feels that that would be an unacceptable burden for the general fund to bear. Therefore, AIDA is working on alternative finance plans.

Number 313 John Schaeffer, president of Nana Regional Corporation, owner of the Red Dog deposit, testified in favor of the project. The reasons he cited are that the project would provide about 400 jobs, more than half of which would be filled locally. Nana Regional Corporation would also get 4% of the net smelter return until Cominco recovers its investment, then 25% of net profits after that, increasing by 5% every 5 years to a maximum of 50%. Of this money, Nana would get one third and the remaining two thirds would be distributed among eleven other regional corporations state-wide.

Number 465 Mr. Bill Wilson, president of Cominco, Ltd., summarized Cominco's activities world wide, discussed shifts in markets for zinc in recent years, and said that Cominco wants to bring Red Dog into production by the end of the decade. He said that Cominco was prepared to make guarantees covering repayment of the state financing and start-up of the

mine, backed by \$2 billion in Cominco assets (Canadian dollars). He said that the current price of zinc is \$.43 per pound.

Number 585 Mr. Giegerich gave a slide presentation to emphasize what Cominco believes the Red Dog development would mean to Alaska. He emphasized that 300 people would be employed during the construction phase, and about 400 when the mine is in operation and about 230 in the service industries. Cominco anticipates expenditures in Alaska of about \$100 million yearly: \$20 million in wages, \$5 million in Alaskan purchases (services and materials,) \$20 million in transportation payments, and \$30 million in royalty payments. He emphasized that timing is critical because the world zinc industry is competitive and that a commitment is needed from the legislature in 1985 so that Red Dog can be brought into production by the end of the decade. He said that the capital cost of Red Dog is estimated at \$400 million in 1985 dollars, \$250 million of which is for the mine facilities and \$150 million for transportation. He said that Cominco's proposal provides for a 30 year payback of the state's investment: \$260 million in toll fees and taxes of \$360 million (shared by Cominco and the Regional Corporations.) He said that Cominco has invested \$25 million in the project to date, and will reach \$40 million by the end of 1985.

Side 2

Recording

Number 106 Chairman Sund asked how Cominco feels about the risk involved in going ahead with the project before getting a commitment from the state.

Number 110 Mr. Wilson answered that Cominco's willingness to go ahead with the project depends on obtaining the AIDA loan, settling on an appropriate route to the sea, and location of the mine in terms of management. Currently, the proposed mine site is in the North Slope Borough, and there is talk of moving boundaries and organizing a borough in the Nana Region.

Number 167 Representative Pearce asked Mr. Giegerich about the length of the shipping season.

Number 170 Mr. Giegerich responded that the shipping season is about 100 days, but the mine would operate year-round. He added that working capital (what it takes until the mine is operational and product is sold) is 35-50% of the capital cost. This compares with about 10% for a non-arctic project.

Number 180 There was some discussion regarding the marketing of ore when the shipping season is short.

Number 205 Representative Frank asked how the \$10 million tariff was determined.

Number 208 Mr. Giegerich said that \$10 million is based on the \$150 million estimated capital cost, plus the payment schedule Cominco felt they could afford.

Number 215 There was some discussion regarding the price of zinc and what it would take for Cominco to recover its investment, and also about the

quality of ore, the stripping ratio and cost of transportation as those variables affect the cost of operation.

Number 306 There was some discussion regarding the average mining rate of return on investments and Cominco's expectation of a 20% return.

Number 350 Chairman Sund expressed doubts about the state becoming a risk taker in a private enterprise, unless the risk factors are identified, and concern about the cost of the state being a facilitator in financing the project. He said he would want to see the financial plan.

Number 357 Representative Frank asked when the financial plan would be ready.

Number 368 Mr. Wagnum answered that it should be ready by April 15th.

Number 372 The meeting was adjourned at 9:45 a.m.

HOUSE SPECIAL COMMITTEE
ON STATE LOANS

AND

HOUSE RESOURCES
STANDING COMMITTEE
February 8, 1985
8:30 a.m.

Members Present: Representative John Sund, Chair
Representative Rick Uehling
Representative Jack Fuller

Members Present: Representative Dick Shultz, co-chair
Representative Kay Wallis
Representative Dave Thompson
Representative Mike W. Miller
Representative Bette Cato
Representative Drue Pearce
Representative Roger Jenkins

Members Absent: Representative Sam Cotten
Representative Jim Duncan
Representative Adelheid Herrmann

COMMITTEE CALENDAR

Red Dog Mine: Cominco and Alaska Industrial Development
Authority presentations.

WITNESS REGISTER

Bert Wagon, Executive Director
Alaska Industrial Development Authority
1577 "C" Street, Suite 304
Anchorage, AK 99501
274-1651

Position Statement: Testified in favor of DeLong Mountains
Transportation Project.

Hank Giegerich, President and General Manager
Cominco Alaska, Inc.
5660 "B" Street
Anchorage, AK 99502
563-3686

Position Statement: Testified in favor of Red Dog mine.

Bill Wilson, President
Cominco, Ltd.
Suite 2300

200 Granville St.
Vancouver, B.C. V6C2R2
Position Statement: Testified in favor of Red Dog.

John Schaeffer, President
Nana Regional Corporation
4706 Harding Drive
Anchorage, AK
248-3030
Position Statement: Testified in favor of Red Dog

David S. Kennedy, Senior Geologist
GCO Minerals Co.
1031 W. 4th Ave.
Anchorage, AK
274-9541
Position Statement: Observer

Geoffrey Snow, President
Noranda Exploration, Inc.
139 E. 51st Ave.
Anchorage, AK
561-1036
Position Statement: Observer

Representative Steve Rieger
Pouch V
Juneau, AK 99811
465-3464
Position Statement: Observer

Representative Randy Phillips
Pouch V
Juneau, AK 99811
465-4949
Position Statement: Observer

Representative Steve Frank
Pouch V
Juneau, AK 99811
465-3709
Position Statement: Observer

ACTION NARRATIVE

TAPE #5, SIDE ONE
Recording
Number 001

Chairman Sund called the meeting to order at 8:35 a.m. Members present were Representatives Thompson, Jenkins, M.W. Miller, Caco, Shultz, Sund and Pearce. Representative Wallis arrived at 8:35 a.m. Representatives Uehling and Fuller arrived

at 8:47 a.m. Chairman Sund introduced Bert Wagnon, Executive Director of AIDA.

Number 020

Mr. Wagnon testified on behalf of AIDA in favor of the DeLong Mountains Transportation Project, including a port and a 55 mile long road in Western DeLong Mountains area near Kevzalina. Estimated costs are \$65 million for the port and \$85 million for the road. Proposed mineral development in the region includes Red Dog Mine. He added that the entire region is heavily mineralized with good potential for future development.

AIDA is proposing to construct the transportation project and then charge user fees to all users. Initially, Cominco would be the only significant user. Mr. Wagnon said that the \$150 million to build the project can come from tax exempt revenue bonds, loans to AIDA and possibly state grants. So far the \$3.4 million appropriation to AIDA by the legislature in 1984 has been used to pay for financial plan costs, engineering services, and miscellaneous AIDA expenses. An additional \$18 million state loan is in the governor's FY 86 budget request. Mr. Wagnon justified the project on the grounds that it would bring jobs, tax revenues and increase economic stability to Alaska.

He added that there has been a resolution of intent between the Department of Commerce and Cominco. A RFP for the finance plan has been distributed (deadline 2/15/85,) as well as a RFP for civil engineering services.

Number 150

Representative Thompson asked Mr. Wagnon if the cost estimates for the port and road were AIDA's or Cominco's.

Number 154

Mr. Wagnon responded that they are Cominco's figures, stated in 1985 dollars.

Number 156

Chairman Sund asked if the finance plan will have to be submitted to the legislature.

Number 158

Mr. Wagnon answered that it must be submitted to the legislature, governor and State Bond Committee, but does not require legislative approval.

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Representative Frank asked if the debt to

AIDA would be retired by fees from the initial user (Cominco).

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Mr. Wagnon responded that fees from future users would be required, and that about a \$10 million tariff is expected from the first significant user of the project.

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There was discussion regarding the use of tax exempt bonds to finance the project beyond the \$18 million in direct loan from the state.

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Representative Uehling asked what the projected costs of the project for the next several years would be.

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Mr. Wagnon answered that AIDA anticipates bonding for at least a portion of the remainder of the project beyond the \$18 million loan for FY 86, but that if general funds were to be used for the entire project, the requirement would be \$18 million in FY 86, \$50 million for the second year, \$50 million for the third year, and \$10 or \$20 million for the fourth year. He said that AIDA feels that that would be an unacceptable burden for the general fund to bear. Therefore, AIDA is working on alternative finance plans.

Number 313

John Schaeffer, president of Nana Regional Corporation, owner of the Red Dog deposit, testified in favor of the project. The reasons he cited are that the project would provide about 400 jobs, more than half of which would be filled locally. Nana Regional Corporation would also get 4% of the net smelter return until Cominco recovers its investment, then 25% of net profits after that, increasing by 5% every 5 years to a maximum of 50%. Of this money, Nana would get one third and the remaining two thirds would be distributed among eleven other regional corporations state-wide.

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up of the mine, backed by \$2 billion in Cominco assets (Canadian dollars). He said that the current price of zinc is \$.43 per pound.

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CHANGE TAPE #5 TO SIDE TWO

Number 106

Chairman Sund asked how Cominco feels about the risk involved in going ahead with the project before getting a commitment from the state.

Number 110

Mr. Wilson answered that Cominco's willingness to go ahead with the project depends on obtaining the AIDA loan, settling on an appropriate route to the sea, and location of the mine in terms of management. Currently, the proposed mine site is in the North Slope Borough, and there is talk of moving boundaries and organizing a borough in the Nana Region.

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about the length of the shipping season.

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Number 357

Representative Frank asked when the financial plan would be ready.

Number 368

Mr. Wagnon answered that it should be ready by April 15th.

Number 372

The meeting was adjourned at 9:45 a.m.

HOUSE SPECIAL COMMITTEE
ON STATE LOANS
March 26, 1985
3:00 p.m.

Members Present: Representative John Sund, Chair
Representative Rick Uehling
Representative Sam Cotton
Representative Jim Duncan

Members Absent: Representative Jack Fuller

COMMITTEE CALENDAR

SB 186 "An Act authorizing the governor to lend up to \$3,400,000 from the disaster relief fund for a breakwater failure on St. Paul Island; and providing for an effective date."

Red Dog Mine Hearing

WITNESS REGISTER

Bert Wagnon, Executive Director
Alaska Industrial Development Authority
1577 "C" Street, Suite 304
Anchorage, AK 99501
274-1651

Position Statement: Testified in favor of appropriations for Red Dog.

John Sims, Office of Mineral Development
DCED
675 7th Ave. Stn. A
Fairbanks, AK
462-7464

Position Statement: Observer

Anselm Staack
Dept. of Administration
Pouch C
Juneau, AK 99811
465-2200

Position Statement: Testified re. SB 186

Terry Elder
Dept. of Commerce and Economic Development
Pouch D
Juneau, AK 99811
465-2502

Position Statement: Testified in favor of Red Dog.

Loren Lounsbury
Dept. of Commerce and Economic Development
Pouch D
Juneau, AK 99811
465-2500
Position Statement: Observer

Clark Gruening,
representing City of St. Paul
217 Second St., Suite 204
Juneau, AK 99811
586-8110
Position Statement: Testified in favor of SB 186

Hank Giegerich, President and General Manager
Cominco Alaska, Inc.
6562 Cabeway
Anchorage, AK 99502
243-0908
Position Statement: Observer

Don Argetsinger
Nana Regional Corporation
4706 Harding Drive
Anchorage, AK
248-3030
Position Statement: Observer

Randy Phillips, Representative
Pouch V
Juneau, AK 99811
465-4949
Position Statement: Questions and Statements

Steve Frank, Representative
Pouch V
Juneau, AK 99811
465-3709
Position Statement: Questions and Statements

Fred Zharoff, Senator
Pouch V
Juneau, AK 99811
465-3844
Position Statement: in favor of SB 186

PREVIOUS ACTION

SB 186: Read the first time 02/22/85 and
referred to State Affairs Rpt 4DP. Passed
by the Senate on 03/15/85.

Red Dog Mine: Please refer to House Special

Committee on State Loans dated 02/08/85.

ACTION NARRATIVE

TAPE #17, Side 1
Recording
Number 001

Chairman Sund Called the meeting to order at 3:46 p.m. Members present were Representatives Sund, Cotten, and Uehling. Representative Phillips and Representative Frank also attended. Representative Duncan arrived at 4:05 p.m.

Number 015

Senator Zharoff said that the St. Paul Breakwater has received damage from two storms. SB 186 would authorize a loan for \$3.4 million from the Disaster Relief Fund to the Division of Risk Management to repair damage. Zharoff continued to say that the project is covered by insurance and the loan will be repaid from proceeds. A \$2.5 million Federal EDA grant is conditional upon completion of Phase 1 by June 30.

Number 119

Mr. Anselm Stack, Deputy Commissioner for the Department of Administration, with responsibility for the Division of Risk Management. He said that the St. Paul Breakwater falls under an "all risk" policy held by the Division. He added that the deductible under the "all-risk" program coverage amounted to \$600,000, \$300,000 per storm. The deductible would be paid out of the annual cash flow appropriation to the Division. \$3.4 million would eventually be covered by the insurance, which added to the \$600,000 deductible equals \$4 million total to repair the damage.

Number 170

Chairman Sund asked if there were any design defects.

Number 175

Mr. Staack answered that he was not aware of any.

Number 179

Representative Frank asked if all capital projects are covered by all risk insurance.

Number 183

Mr. Staack answered that most projects are covered, but not all.

Number 203

Representative Frank then asked if the builders were responsible to provide risk

insurance.

- Number 206 Mr. Staack answered that, in this case, St. Paul contracted out the Phase I construction through a transfer of responsibility agreement. He said that often builders carry insurance.
- Number 226 Representative Frank said he thought it was the builder's responsibility while under construction to provide this insurance.
- Number 230 Mr. Staack answered that, in this case, there will be claims against the builder, but that the Division of Risk Management believes they have the first responsibility to go in and get their claims reimbursed.
- Number 240 Representative Uehling asked what kind of insurance they carry.
- Number 245 Mr. Staack said that there were several and that it is good coverage.
- Number 250 Representative Uehling then continued by asking when they expected payment from the insurance company.
- Number 280 Mr. Stack said that partial payment will be in 120 days, but will not receive full reimbursement until late in the year.
- Number 285 Chairman Sund asked if the 4 million dollars was an estimated cost and who would make up the \$600,000 deductible.
- Number 290 Mr. Staack said that it was an estimated cost and appropriations from loss reserves in the Division of Risk Management would make up the \$600,000 difference.
- Number 314 Representative Frank asked what the state policy was regarding insurance, because he thought the state wasn't at risk until the project was completed.
- Number 319 Mr. Staack said the department has accepted that the project was substantially completed at the time of the damage.
- Number 354 Mr. Clark Gruening, representing the City of St. Paul, made himself available to answer questions.

- Number 356 There was some discussion regarding insurance coverage, and assurances given that the state would be repaid the full \$3.4 million before St. Paul received any money.
- Number 450 Chairman Sund suggested that the committee draft a letter of intent saying that St. Paul agrees to relinquish all claims to the insurance settlement and any other claims they may have, including the amount of the deductible.
- Number 470 Mr. Staack said that if the insurance payment was low, the Division of Risk Management would pay extra and request an appropriation from the legislature.
- Number 515 Representative Cotten made a motion to move SB 186 with a letter of intent and individual recommendations. There were no objections, so the motion passed.
- Number 525 Chairman Sund opened the meeting for Red Dog testimony.
- Number 536 Mr. Terry Elder, Deputy Commissioner of DCED, testified that the Administration supports Red Dog, and urged legislative approval of the \$18 million loan. He added that the Board of AIDA supports the project, and expressed his belief that the project makes sound social and economic sense for Alaska.
- Number 590 Chairman Sund commented that it is appropriate for the state to function as a facilitator in financing projects, but that the state should not be put at risk in this project. He also expressed concern for the opportunity cost to the state.
- Number 610 Mr. Elder addressed the question of risk by saying that Cominco is agreeing to pay toll fees that would repay the state investment, the operation and maintenance, minimum toll payments and other payments necessary to repay the state's investment if the mine is delayed or if production is suspended after operation commences. Also, if the price of zinc goes higher than expected, then the state should recover its investment at an accelerated rate. He added that Nana Regional Corporation has agreed to provide necessary land to accomodate reasonable

expansion for future users.

Number 624

Chairman Sund asked if these guarantees are being made by Cominco Ltd. in Canada or C.P. Railroad.

Number 626

Mr. Bert Wagon, Executive Director of AIDA, answered that the guarantees are made by Cominco Ltd., which has most of the financial strength. He emphasized that the road and port would be owned and operated by the State of Alaska but that all the operations and maintenance expense would be paid by the users, 100% by Cominco as long as they are the only user. The \$18 million requested would be appropriated to the Economic Development Fund. Additional security will be required to satisfy the bond market. He said that the finance plan, being prepared by Stanford Research institute, will be available in late April or early May of 1985. He said that they also want to appropriate loans through the Department of Revenue and deposit them in the Economic Development Fund. He said that this would keep them from coming back to ask for more money next year. He said that Cominco is willing to pay about \$260 million over a 25 year period in the form of toll fees alone. Interest rate on the loans is still hypothetical.

CHANGE TAPE #17, SIDE TWO

Number 119

Chairman Sund asked how the loan funds would be obtained from where they are now into the Economic Development Fund.

Number 125

Mr. Wagon said that an appropriation bill for about \$130 million would be needed.

Number 140

Chairman Sund noted that the total being requested is then \$148 million (\$130 million plus \$18 million.)

Number 147

Mr. Elder said that any finance plan by SRI will include some bonding for the project, which would require bonding authorization and assets in the Economic Development Fund. The cash itself would not be used for the project, he said, but rather the bonds. He also said that he and Paul Engleman have estimated that the present value of the direct corporate taxes and the avoided

transfer costs alone is \$210 million, not including user fees or anything else.

Number 200 Chairman Sund asked for a detailed account of Mr. Elder's statement about the \$210 million. He also asked Mr. Elder to explain what an avoided transfer payment is.

Number 210 Mr. Elder answered that an avoided transfer payment is like a welfare payment that the state is currently making that it won't have to make after the person is employed.

Number 220 Representative Cotten asked who calculated that this would amount to \$40 million. Someone answered that the \$40 million is based on estimates of the total transfer payments going into the region.

Number 222 Representative Phillips asked about the alleged conflict of interest rising from the fact that the SRI representative preparing the finance plan was a former Cominco employee.

Number 230 Mr. Wagnon explained the process by which SRI was selected, and that it was later discovered that Olaf Wolf had been employed by Cominco and was drawing a pension. Mr. Wagnon said that he then became concerned about the appearance of a conflict of interest and requested that Mr. Wolf be removed from the study. SRI then substituted Eugene Thayers for the study, and since he had good qualifications, the Board of AIDA decided to go ahead with contract with SRI. There was an appeal, which was dismissed by the Commissioner of Administration, so the Commissioner's decision to go with SRI is final.

Number 265 Representative Duncan asked which is being suggested in the March 19th letter to Chairman Sund.

Number 273 Mr. Wagnon answered that they are advocating Case 4, which asks for all the money this year. By contrast, Case 3 requires AIDA to come back to the Legislature each year for more money.

Number 316 Mr. Elder explained that the timing and amount of the bond sale is different in the different cases.

- Number 366 Chairman Sund asked about the statement in the same letter which says that no provision has been made to repay the state contribution.
- Number 372 Mr. Wagnon said that the statement results from the assuming a bond interest rate of 10.5% and that \$155 million in bonds would be issued. In this case, the state would not be repaid until the \$155 million in bonds had been liquidated, after 25 years.
- Number 387 Representative Duncan asked if SRI shares the concern that there should not be a large or repeated appropriation.
- Number 395 Mr. Elder answered that since SRI is working for AIDA, they would share AIDA's concern.
- Number 410 Chairman Sund expressed concern that, since AIDA (as represented by the commissioners) and the Governor are in favor of this project, there are varying reports as to what the cost to the state will be, depending on who you talk to. By the time the SRI report is ready, the \$148 million will already have been appropriated.
- Number 420 Mr. Elder said that if you look at the returns, the cost to the state is in fact a profit.
- Number 457 Chairman Sund requested a draft of the appropriation bill. The meeting was adjourned at 5:00 p.m., to be reconvened at 3:30 p.m. on March 27, 1985.

HOUSE SPECIAL COMMITTEE
ON STATE LOANS
March 27, 1985
3:30 p.m.

Members Present: Representative John Sund, Chair
Representative Rick Uehling
Representative Jack Fuller
Representative Sam Cotten
Representative Jim Duncan

COMMITTEE CALENDAR

Red Dog Mine Hearing

WITNESS REGISTER

John Sims, Office of Mineral Development
DCED
675 7th Ave. Stn. A
Fairbanks, AK
462-7464
Position Statement: Observer

Terry Elder, Deputy Commissioner
Dept. of Commerce and Economic Development
Pouch D
Juneau, AK 99811
465-2502
Position Statement: Testified in favor of Red Dog Development

Hank Giegerich, President and General Manager
Cominco Alaska, Inc.
6562 Cabeway
Anchorage, AK 99502
243-0908
Position Statement: Testified in favor of Red Dog

R.R. Stone
Cominco, Ltd.
385 Moyne Dr.
West Vancouver, B.C.
926-2595
Position Statement: Testified on behalf of Cominco, Ltd.

Don Argetsinger
Nana Regional Corporation
4706 Harding Drive
Anchorage, AK
248-3030
Position Statement: Testified re. acquisition of monument land.

Representative Steve Frank
Pouch V
Juneau, AK 99811
465-3709
Position Statement: Questions and Statements

Steve Kettel
Dept. of Revenue
Pouch SA
Juneau, AK 99811
465-2343
Position Statement: Observer

Philip S. Barnett
Sierra Club Legal Defense Fund
419 6th St., Suite 321
Juneau, AK 99811
586-2751
Position Statement: Observer

Michael Cushing
Dept. of Community & Regional Affairs
Pouch BH
Juneau, AK 99811
465-4750
Position Statement: Observer

Mary Nordale, Commissioner
Department of Revenue
Pouch S
Juneau, AK 99811
465-2300
Position Statement: Testified in favor of appropriation for road
and port.

PREVIOUS ACTION

Red Dog Mine: Refer to House Special
Committee on State Loans Minutes dated
02/08/85 and 03/26/85.

ACTION NARRATIVE

TAPE #18, SIDE ONE
Recording
Number 001

The meeting was called to order by Chairman
Sund at 3:36 p.m. Members present were
Representative Sund, Representative Cotten,
Representative Fuller, and Representative
Uehling. Representative Duncan arrived at
3:45 p.m. Representative Frank was also
present. Representative Uehling and

Representative Frank left at 4:05 p.m.
Representative Uehling returned at 4:30 p.m.
Chairman Sund asked Mr. Terry Elder, Deputy
Commissioner of DCED, to explain Case #4 in
terms of the loan appropriation.

- Number 012 Mr. Elder explained that the fourth scenario was put together by AIDA, and that what they hope to do is create a bonding mechanism for construction of the port and the road. Both the \$18 million appropriation and the loan appropriation from the Department of Revenue would be deposited in AIDA's Economic Development Fund.
- Number 035 Chairman Sund asked what type of loans are in that portfolio, what the maturities are.
- Number 040 Mr. Elder answered that there was \$141 million worth of outstanding principal amount as of January 31, 1985. The average interest rate is about 7.9%. The average maturity is about 10 years or less, though he said he wasn't sure.
- Number 076 Representative Uehling asked if money that is lapsing from the loan programs would now be made available to AIDA.
- Number 085 Mr. Elder answered no, these loans are owned by the Department of Revenue and serviced by DCED, as distinguished from cash that could be reappropriated because it had not been loaned out yet.
- Number 125 Representative Frank asked if the bonds would also be collateralized by a financial arrangement with Cominco.
- Number 130 Mr. Elder answered that, as part of the finance plan, there would be a contract with Cominco for user fees.
- Number 140 Representative Frank asked how the \$100 million estimated par value of the loans relates to the \$141 million figure.
- Number 145 Mr. Elder answered that there is \$100 million in "good loans", but that there is a high delinquency rate.
- Number 167 Representative Frank asked how bonds could be collateralized by bad loans.

Number 170 Mr. Elder answered that they were not all bad loans, just that there is a high delinquency rate.

Number 180 Representative Frank noted a sentence that says no provision has been made to repay the state's contribution but that it might be paid out of excess revenues. He asked how this fits with Cominco's pledge to repay the state.

Number 200 Mr. Elder answered that perhaps it does not fit, and said that he anticipates that the finance plan will reflect all the income that the state will receive.

Number 230 Chairman Sund asked what is the cash flow of the existing loans.

Number 235 Mr. Elder estimated that it is the neighborhood of \$15 to \$20 million annually. He added that the assets and the cash flow will collateralize the bonds, as well as the user fees. However, cash from user fees will not happen until the mine is in production. The cash flow would be used to meet annual obligations on the debt service in the meantime.

Number 257 Chairman Sund asked Mr. Elder what the legislature has to do in order to implement the plan that he is discussing.

Number 265 Mr. Elder answered that the legislature would have to appropriate \$18 million to AIDA, to appropriate the outstanding principal amounts of the loans held by the Department of Revenue to AIDA, and to give AIDA the authority to issue bonds in an amount not to exceed \$175 million.

Number 280 Chairman Sund asked if these bonds would go against the state's bonding capacity.

Number 283 Mr. Elder answered no, they would be the obligation of AIDA.

Number 292 Representative Frank asked Mr. Elder why \$18 million appropriation plus \$141 million in loans is needed in order to proceed on schedule.

Number 298 Mr. Elder answered that they want to proceed with construction in calendar year 1986.

The \$18 million plus some of the proceeds from the bond sales would be required to do the final engineering and design, to bring them up to the point of construction. Some of the \$18 million might also be used to pay the debt service on the bonds. The project would be delayed another year if the money is not appropriated for FY 86.

- Number 310 Chairman Sund asked if the bonds will be tax exempt.
- Number 314 Mr. Elder answered that they would be, if possible, but that the IRS would have to rule on it. He added that they are fairly sure that the bonds for the port will be tax exempt, but less sure about the road.
- Number 330 Representative Cotten asked if it is unusual for AIDA to take an active role in promoting this kind of project.
- Number 335 Mr. Elder answered that is not unusual, but this is the first owner-operator project for AIDA.
- Number 340 Representative Cotten asked how the possibility of cost overruns is being considered.
- Number 344 Mr. Elder answered that the estimates have been reviewed by experts, and they feels comfortable that the estimates are accurate.
- Number 355 Representative Cotten said that there is always a good chance of cost overruns and asked how they would deal with a 25% overrun.
- Number 380 Mr. Elder answered that some contingency had been worked into the plan, and that a change in the estimate of cost could be handled by the bond financing.
- Number 390 Chairman Sund asked if there is a guarantee of completion with Cominco.
- Number 395 Mr. Elder answered that, as a part of the finance plan, there will be a contract that would obligate the users to meet the debt obligations of the authority.
- Number 402 Representative Frank asked why AIDA was chosen instead of DOTPF to build the

project.

- Number 410 Mr. Elder answered that AIDA was chosen because of their expertise in putting financing packages together. Number
- Number 420 Mr. Hank Giegerich, President of Cominco Alaska, introduced himself and Mr. Bob Stone, Vice President of Finance for Cominco, Ltd.
- Number 430 Representative Cotten noted that the finance plan may not be ready until May 1, even though originally they thought it would be available April 15.
- Number 435 Mr. Elder answered that there had been delays and that the first draft would be available on May 6, but that SRI would be available in mid to late April to discuss the plan.
- Number 460 Representative Cotten expressed concern that the legislature would only have one week to review the finance plan and make a decision.
- Number 465 Mr. Elder answered that what is being requested of the legislature is the tools for the finance plan, and that there has been a verbal promise of safeguards by Cominco. The committee might want to draft a letter of intent which addresses these safeguards and making the use of the \$18 conditional upon meeting the conditions of the letter.
- Number 480 Chairman Sund said that the committee will work on language for such a letter. He asked Mr. Giegerich when Cominco will start spending money.
- Number 485 Mr. Giegerich answered that Cominco would start spending money about the same time the state does, in order to get modules constructed.
- Number 495 Chairman Sund asked how much of Cominco's money would be spent in Alaska.
- Number 500 Mr. Giegerich answered that the modules would be built outside, but that all the on-site work would of course be in Alaska, and offered to provide the committee with a breakdown of where the money would be spent.

Number 520 Chairman Sund asked how the congressional action to provide access across the monument is coming.

Number 540 Mr. Don Argetsinger of the Nana Corporation answered that a land exchange agreement with the Department of Interior has been signed, requiring confirming legislation which was introduced early in February. He said that he expects passage by the time Congress recesses in early August. He added that if the bill does not pass by then, it will delay construction, but that there has been no significant objection to the bill so far.

Number 556 Representative Duncan asked what Cominco would do if the legislature does not act this session on the requests for appropriations.

Number 565 Mr. Giegerich answered that Cominco would not trash the whole project, but that Cominco is concerned that the mine be operational by the end of the decade because of the anticipated market opportunity at that time.

Number 620 Representative Duncan expressed concern that the first draft of the finance plan would not be ready until May 6, hinting that the money should not be appropriated until 1986 when the plan has been completed. He asked if Cominco would use their own resources until that time.

Number 630 Mr. Giegerich answered that Cominco must make a commitment to the construction of the modules early in 1986 and must have a contractor ready to go to work in July. He said that Cominco's board probably would not give the authority to proceed with the project if the state did not appropriate the money.

Number 618 Mr. Stone added that Cominco had already spent about \$25 million by the end of 1984 and that the 1985 expenditures will be about \$12 million. He guessed that, if an agreement with the state is reached this session, it would be presented to the Board in the August meeting, after which the board would give the authority to proceed.

CHANGE TAPE #18, SIDE TWO

Number 056 Mr. Elder said that, since this is being developed as a publicly owned and operated regional transportation system, the state would not want a private corporation to develop the road and port. He added that all the details would be worked out before the sale of any bonds.

Number 108 Chairman Sund asked if the bond people would put a requirement of completion of the entire project on the bonds, since they will be paid off by toll fees after the mine is operational.

Number 120 Mr. Elder answered that the bond people would probably require some sort of take or pay contract.

Number 150 Ms. Mary Nordale, Commissioner of the Department of Revenue, said that the finance plan may not be complete in every detail when it comes out, and that they want a commitment from the legislature with the needed guarantees, so that AIDA can "fine tune" the finance plan.

Number 155 Mr. Giegerich said that Cominco is prepared to make a guarantee that the mine will be operational within a definite time period after completion of the transportation system, providing they can work out an agreement with AIDA. He added that Cominco understands that AIDA is committed to working out the details of a financial arrangement with Cominco during the next month.

Number 180 Representative Duncan asked Mr. Elder if they have talked to some bond people about the acceptability of the plan for bonding.

Number 190 Mr. Elder answered that AIDA has run it by its own financial advisor.

Number 200 Representative Duncan asked what would happen if the fund were capitalized but there was no appropriation this year.

Number 212 Mr. Elder answered that there would be expenditures early in 1986, and that without the \$18 million appropriation, the project would probably be delayed.

Number 237 Mr. Giegerich added that the \$18 million is

necessary to both AIDA and Cominco.

Number 250

Ms. Nordale said that the finance package must be put together by AIDA. The \$18 million would fund the preliminary work necessary to determine construction costs and the amount needed for the total financing of the project. Since AIDA, as an agency of the state, will own the transportation system, then they must borrow the money.

Number 290

Chairman Sund said that there is a \$100 million cap on loan programs this year, requiring \$30 million to be cut from existing loan programs. If \$18 million is appropriated to AIDA, then other programs will have to be chopped. He said that it is an important decision to be made with insufficient data.

Number 300

Mr. Giegerich said that it is his understanding that AIDA needs the \$18 million in order to put together the total financial plan, and Cominco must see the financial plan in order to make a commitment.

Number 310

Representative Duncan asked Mr. Elder how much money would be needed between January and May of 1986.

Number 312

Mr. Elder answered that he did not know, but that funds will be needed up front for construction of the project so that they can make commitments.

Number 338

Ms. Nordale said that the \$18 million will go for engineering for designing the project, and costs will not be determined until that is done.

Number 345

Representative Duncan asked why the cash flow from the loans could not be used instead of an \$18 million appropriation.

Number 350

Ms. Nordale offered to meet with Representative Duncan to explain it. She said that starting July 1 there will be no money, and if they wait until January 1 when there will be money, they will have lost a year on the project.

Number 375

Chairman Sund asked how much of the \$18

million and the \$141 million would ever come back to the General Fund.

Number 380

Mr. Elder answered that, if the mine is developed, taxes and avoided transfer payments would be worth \$210 million (present value), which goes to the General Fund.

Number 408

Representative Duncan asked if it would be possible to outline what the \$18 million will be used for. He also asked that they investigate how the \$18 million could be reduced.

Number 420

Mr. Elder answered that they would do as Representative Duncan requests and that they will not ask for more than is needed.

Number 437

Representative Uehling agreed with Representative Duncan that the legislature should know what the \$18 million will be spent for, and asked what is the time line for cost estimates, engineering the road, etc.

Number 450

Mr. Elder said that he did not know.

Number 465

Chairman Sund said that a meeting needs to be set to draft a letter of intent. The meeting was adjourned at 4:50 p.m.

4/25/85

MEMORANDUM

TO: Rep. John Sund

FROM: John Hartle, 

RE. CSHB 105 (Finance)

House Bill 105 is scheduled for Finance Committee consideration today and Rep. Adams has asked you to present the Loans CS. The Finance Committee Substitute is very close to the Loans CS, with just a couple changes which were taken from the proposed Senate Resources CS.

The House Special Committee on Loans held five hearings on the Delong Mountains Transportation project. I feel that we gave the proposal a health dose of skepticism, especially the state financing. The problems we had were never with the mine itself, never with Cominco or NANA, only with the state agencies working on the project.

The situation is that we have no finance plan to work with. The AIDA statutes mandate that a plan of finance be in place before any debt is issued for a project that they intend to own and operate. Due to administrative procedures the finance plan is delayed; SRI, the contractor, will make an oral presentation on April 30 and may have a

draft plan ready by May 6. I assume that this plan will be subject to change many times before all is said and done.

The bill has been looked at by AIDA's bond attorney and found not to cause any problems for the bond issue.

The Loans CS does three things:

1. Authorizes and increase of the Anchorage Airport bonds by \$23.7 million. We didn't really hear this issue in Loans; House Transportation Committee heard this bill as originally introduced.

2. Authorizes AIDA to issue up to \$175 million in bonds for the DeLong Mountains Transportation Project. These are "moral obligation" bonds, though are CS takes out those specific words. The bond authorization was taken from a draft by the AG's office and rewritten by legislative legal services. Moral obligation is a term of art which, as I understand it, mainly means that the Authority will have a pledged fund for the issue. As I understand it these binds will be a general obligation of AIDA.

3. Attaches some conditions of the bond authorization. The Committee did not want to authorize any state agency to issue such a large amount of bonds (without a plan of finance) without some basic conditions being attached. This is a generic concern having nothing to do with Red Dog; it would apply to any state agency and any project of this size. This is particularly true as AIDA has never constructed anything.

Sectional Analysis:

Section 1. This is the Anchorage Airport bonds authorization.

(Someone else would be better to answer any questions on this).

Section 2. AIDA authorization to issue up to \$175 million in bonds. The latest plan from the Administration I believe calls for issuance of \$135 million.

Section 3. Reminds AIDA to follow AS 44.88.173 which requires the plan of finance. Then says that AIDA will incorporate into the final finance plan the following terms and conditions:

(best to just read the bill here for the conditions...)

Cominco will agree to pay for operation and maintenance on the road proportional to its use of the facility.

If Cominco ceases to develop the mine it will pay AIDA back for all costs and debts incurred.

Toll fees may be adjusted if the price of zinc goes up enough.

The land is made available for the route through the monument (if that is the route they actually use).

Page 2, line 33 (item (3)): NANA agrees to make available land for future expansion of the road and port. This section attracts a lot of

attention for the phrase "at no more than market value." The purpose of the section is to see that land is available to other users (i.e. that NANA and Cominco do not try to keep others out)

AIDA maximizes the use of tax-exempt financing.

A toll schedule is established that (A) ensures a reasonable rate of return on the state's investment and (B) guarantees equitable access to the facility by all users.

The road construction is subject to AS 36 - local hire and prevailing wage.

A new provision (from the Senate Bill): reasonable access to the road and port is guaranteed to all users.

AIDA is required to notify Legislative Budget and Audit that the above conditions have been met.

AIDA agrees that all funds from the project not needed for bond covenants will be returned to the General Fund. (This section has been amended in the Finance CS to meet the concerns of AIDA's bond attorney)

Cook
4/25/85 ✓

KEY:-
— additions to Loans CS
[] deletions from
Loans CS

Original sponsor: Rules/Governor

IN THE HOUSE

BY THE FINANCE COMMITTEE

CS FOR HOUSE BILL NO. 105 (Finance)
IN THE LEGISLATURE OF THE STATE OF ALASKA
FOURTEENTH LEGISLATURE - FIRST SESSION

A BILL

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

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

* Section 1. AS 37.15.410 is amended to read:

Sec. 37.15.410. BOND AUTHORIZATION. For the purpose of providing part or all of the money to be used, with or without any grants or other money that [WHICH] may become available, the issuance and sale of revenue bonds of the state in the total principal sum of not to exceed \$86,525,000 [\$62,825,000] is authorized to acquire, equip, construct, and install the additions, improvements, extensions, and facilities authorized in AS 37.15.510. The principal of and interest on these bonds shall be paid out of and secured by the gross revenues derived by the state from the ownership, lease, use, and operation of the airports, and of all the facilities of them and out of any other revenues or money that [WHICH] the state legislature may provide exclusive of any state tax or license.

* Sec. 2. The Alaska Industrial Development Authority is authorized to issue bonds or notes in a principal amount not to exceed \$175,000,000 to provide financing for the DeLong Mountain transportation project.

* Sec. 3. Before bonds or notes authorized under sec. 2 of this Act may be issued the Alaska Industrial Development Authority shall comply with

1 AS 44.88.173 and shall incorporate into the final finance plan for the
2 DeLong Mountain transportation project the following terms and conditions:
3

4 (1) Cominco, Ltd. is required to agree in writing that

5 (A) Cominco, Ltd. will pay for all or a portion of the
6 operation and maintenance of facilities constructed as part of the
7 project based on the use Cominco Alaska makes of the facilities com-
8 pared to the use made by others;

9 (B) if Cominco Alaska ceases to develop the Red Dog Mine
10 after costs or debts have been incurred by the Alaska Industrial
11 Development Authority for the project, Cominco, Ltd. will repay the
12 authority for those costs and debts;

13 [Alaska Ind. Development]

14 (C) toll fees paid by Cominco Alaska for the use of facil-
15 ities constructed as part of the project to the Alaska Industrial
16 Development Authority may be periodically adjusted if the price of
17 zinc rises above a level that yields a return on investment commen-
18 surate with risk;

19 (2) the United States government makes available land in the
20 Cape Krusenstern National Monument that is included in the proposed land
21 exchange with NANA Regional Corporation to the corporation for construction
22 of a transportation system; [by the U.S. Department of the Interior]

23 (3) NANA Regional Corporation is required to agree in writing to
24 make available to the Alaska Industrial Development Authority, at no more
25 than fair market value, land needed for the port and road constructed as
26 part of the project and land needed for future expansion of the road and
27 port;

28 (4) tax exempt financing for the project is used to the maximum
29 extent possible;

(5) a toll schedule, that may be periodically adjusted, is
established for use of facilities constructed as part of the project that

(A) ensures a reasonable return on the state's investment in the project; and

(B) guarantees equitable access to the facilities by all users;

(6) contracts for the construction, operation, and maintenance of the port and road are subject to AS 36;

(7) reasonable access to the port and road is guaranteed to all users.

* Sec. 4. Before bonds or notes authorized under sec. 2 of this Act may be issued the Alaska Industrial Development Authority shall

(1) report in writing to the legislative budget and audit committee that the conditions under sec. 3 of this Act have been met; and

(2) agree with the Department of Revenue in writing to deliver all money generated by the DeLong Mountain transportation project to the Department of Revenue for deposit in the general fund, other than money necessary for payment of the principal and interest on bonds or notes issued under sec. 2 of this Act and except as may otherwise be provided in the bond or note covenants. *[to the Dept. of Rev. for deposit in the general fund]*

* Sec. 5. This Act takes effect immediately in accordance with AS 01.-10.070(c).

Original sponsor: Rules/Governor

1
2 IN THE HOUSE

BY THE HOUSE SPECIAL
COMMITTEE ON STATE LOANS

3 CS FOR HOUSE BILL NO. 105 (Loans)

4 IN THE LEGISLATURE OF THE STATE OF ALASKA

5 FOURTEENTH LEGISLATURE - FIRST SESSION

6 A BILL

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

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

13 * Section 1. AS 37.15.410 is amended to read:

14 Sec. 37.15.410. BOND AUTHORIZATION. For the purpose of provid-
15 ing part or all of the money to be used, with or without any grants or
16 other money that [WHICH] may become available, the issuance and sale
17 of revenue bonds of the state in the total principal sum of not to
18 exceed \$86,525,000 [\$62,825,000] is authorized to acquire, equip,
19 construct, and install the additions, improvements, extensions, and
20 facilities authorized in AS 37.15.510. The principal of and interest
21 on these bonds shall be paid out of and secured by the gross revenues
22 derived by the state from the ownership, lease, use, and operation of
23 the airports, and of all the facilities of them and out of any other
24 revenues or money that [WHICH] the state legislature may provide
25 exclusive of any state tax or license.

26 * Sec. 2. The Alaska Industrial Development Authority is authorized to
27 issue bonds or notes in a principal amount not to exceed \$175,000,000 to
28 provide financing for the DeLong Mountain transportation project.

29 * Sec. 3. Before bonds or notes authorized under sec. 2 of this Act may
be issued the Alaska Industrial Development Authority shall comply with

1 AS 44.88.173 and, to the extent feasible, shall incorporate into the final
2 finance plan for the DeLong Mountain transportation project the following
3 terms and conditions:
4

5 (1) Cominco, Ltd. is required to agree in writing that

6 (A) Cominco, Ltd. will pay for all or a portion of the
7 operation and maintenance of facilities constructed as part of the
8 project based on the use Cominco Alaska makes of the facilities com-
9 pared to the use made by others;

10 (B) if Cominco Alaska ceases to develop the Red Dog Mine
11 after costs or debts have been incurred for the project, Cominco, Ltd.
12 will repay the Alaska Industrial Development Authority for those costs
13 and debts;

14 (C) toll fees paid by Cominco Alaska for the use of facil-
15 ities constructed as part of the project to the Alaska Industrial
16 Development Authority may be periodically adjusted if the price of
17 zinc rises above a level that yields a return on investment commen-
18 surate with risk;

19 (2) land in the Cape Krusenstern National Monument is conveyed
20 to NANA Regional Corporation by the United States Department of the In-
21 terior;

22 (3) NANA Regional Corporation is required to agree in writing to
23 make available to the Alaska Industrial Development Authority, at no more
24 than fair market value, land needed for the port and road constructed as
25 part of the project and land needed for future expansion of the road and
26 port;

27 (4) tax exempt financing for the project is used to the maximum
28 extent possible;

29 (5) a toll schedule, that may be periodically adjusted, is
established for use of facilities constructed as part of the project that
CSHB 105(Loans)

1
2 (A) ensures a reasonable return on the state's investment
3 in the project; and

4 (B) guarantees equitable access to the facilities by all
5 users.

6 * Sec. 4. Before bonds or notes authorized under sec. 2 of this Act may
7 be issued the Alaska Industrial Development Authority shall

8 (1) report in writing to the legislative budget and audit
9 committee that the conditions under sec. 3 of this Act have been met; and

10 (2) agree with the Department of Revenue in writing to deliver
11 all money generated by the DeLong Mountain transportation project, other
12 than money necessary for payment of the principal and interest on bonds or
13 notes issued under sec. 2 of this Act, ^{and except as may otherwise be provided in} to the Department of Revenue for
14 deposit in the general fund. ^{bonds or note}
^{corresponding}

15 * Sec. 5. This Act takes effect immediately in accordance with AS 01.-
16 10.070(c).
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Cook
4/17/85

Original sponsor: Rules/Governor

1
2 IN THE HOUSE

BY THE HOUSE SPECIAL
COMMITTEE ON STATE LOANS

3 CS FOR HOUSE BILL NO. 105 (Loans)

4 IN THE LEGISLATURE OF THE STATE OF ALASKA

5 FOURTEENTH LEGISLATURE - FIRST SESSION

6 A BILL

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

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

13 * Section 1. AS 37.15.410 is amended to read:

14 Sec. 37.15.410. BOND AUTHORIZATION. For the purpose of provid-
15 ing part or all of the money to be used, with or without any grants or
16 other money that [WHICH] may become available, the issuance and sale
17 of revenue bonds of the state in the total principal sum of not to
18 exceed \$86,525,000 [\$62,825,000] is authorized to acquire, equip,
19 construct, and install the additions, improvements, extensions, and
20 facilities authorized in AS 37.15.510. The principal of and interest
21 on these bonds shall be paid out of and secured by the gross revenues
22 derived by the state from the ownership, lease, use, and operation of
23 the airports, and of all the facilities of them and out of any other
24 revenues or money that [WHICH] the state legislature may provide
25 exclusive of any state tax or license.

26 * Sec. 2. Subject to sec. 3 of this Act, the Alaska Industrial
27 Development Authority is authorized to issue bonds or notes in a principal
28 amount not to exceed \$175,000,000 to provide financing for the DeLong
29 Mountain transportation project.

* Sec. 3. Bonds or notes may not be issued for the DeLong Mountain

1 transportation project until

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

4 (A) Cominco, Ltd. will pay for all or a portion of the
5 operation and maintenance of facilities constructed as part of the
6 project based on the use Cominco, Ltd. makes of the facilities com-
7 pared to the use made by others;

8 (B) Cominco, Ltd. will repay all expenditures by the state
9 for the project through toll fees for the use of facilities construct-
10 ed as part of the project;

11 (C) payments by Cominco, Ltd. to the Alaska Industrial
12 Development Authority will be accelerated if the price of zinc rises
13 above a level determined by the Alaska Industrial Development
14 Authority to yield a reasonable return on investment;

15 (2) land in the Cape Krusenstern National Monument is conveyed
16 to NANA Regional Corporation by the United States Department of the In-
17 terior;

18 (3) NANA Regional Corporation agrees in writing to make avail-
19 able to the Alaska Industrial Development Authority, at no more than fair
20 market value, land needed for the port and road constructed as part of the
21 DeLong Mountain transportation project and land needed for future expansion
22 of the road and port;

23 (4) the Alaska Industrial Development Authority adopts a
24 financial plan for the DeLong Mountain transportation project that uses tax
25 exempt financing to the maximum extent possible;

26 (5) the Alaska Industrial Development Authority establishes a
27 toll schedule for use of facilities constructed as part of the DeLong
28 Mountain transportation project that ensures a reasonable return on the
29 state's investment in the project and guarantees equitable access to the

1 facilities by all users; the toll schedule may be periodically adjusted;
2 and
3

4 (6) the Alaska Industrial Development Authority reports in
5 writing to the legislative budget and audit committee that the conditions
6 under (1) - (5) of this section have been met.

7 * Sec. 4. Notwithstanding limitations on the establishment of a capital
8 reserve fund under AS 44.88.105, the Alaska Industrial Development
9 Authority may covenant and agree with the trustee or holders of the bonds
10 or notes authorized under sec. 2 of this Act that the authority will
11 establish a capital reserve fund for the purpose of securing the bonds or
12 notes, that the chairman of the authority will, by January 2 of each year,
13 certify in writing to the governor and the legislature the amount required
14 to restore the capital reserve fund to the capital reserve fund
15 requirement, and that the legislature may appropriate to the authority the
16 amount certified by the chairman. Nothing in this section creates a debt
17 or liability of the state.

18 * Sec. 5. This Act takes effect immediately in accordance with AS 01.-
19 10.070(c).
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A M E N D M E N T

Offered in the HOUSE

TO: HB 105

BY THE HOUSE SPECIAL

COMMITTEE ON STATE LOANS

Page 1, lines 6 and 7, delete:

"international airport revenue bonds authorization" and insert "authorization of bonds or notes, establishing conditions under which the bonds or notes for the DeLong Mountain transportation project may be issued"

Page 1, after line 22, insert the following new bill sections:

"* Sec. 2. The Alaska Industrial Development Authority is authorized to issue bonds or notes in a principal amount not to exceed \$175,000,000 to provide financing for the DeLong Mountain transportation project. ~~Bonds or notes may not be issued under this section until~~

Sec. 3. The Board of AIDA shall, prior to issuance and sale of the
 (1) Cominco, Ltd. agrees in writing to terms and conditions under which

(A) Cominco, Ltd. will pay for all or a portion of the operation and maintenance of facilities constructed as part of the project based on the use Cominco, Ltd. makes of the facilities compared to the use made by others;

(B) Cominco, Ltd. will repay all expenditures by the state for the project through toll fees for the use of facilities constructed as part of the project;

(C) payments by Cominco, Ltd. to the state will be

bonds, incorporate in its financing plan to the extent necessary and appropriate the following terms and conditions:

accelerated if the price of zinc rises above a level determined by the Alaska Industrial Development Authority to yield a reasonable profit;

(2) land in the Cape Krusenstern National Monument is conveyed to NANA Regional Corporation by the United States Department of the Interior;

(3) NANA Regional Corporation agrees in writing to make available to the Alaska Industrial Development Authority, at no more than fair market value, land needed for the port and road constructed as part of the DeLong Mountain transportation project and land needed for future expansion of the road and port;

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

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

see 4 (6) the Alaska Industrial Development Authority reports in writing to the legislative budget and audit committee that the conditions under (1) - (5) of this section have been met.

* Sec. 3. Notwithstanding limitations on the establishment of a capital reserve fund under AS 44.88.105, the authority may covenant and agree with the trustee or holders of the bonds or notes authorized under sec. 2 of this Act that the authority will establish a capital reserve fund for the

purpose of securing the bonds or notes, that the chairman of the authority will, by January 2 of each year, certify in writing to the governor and the legislature the amount required to restore the capital reserve fund to the capital reserve fund requirement, and that the legislature may appropriate to the authority the amount certified by the chairman. Nothing in this section creates a debt or liability of the state."

Renumber the following bill section.

Introduced: 1/23/85
Referred: Transportation and
Finance

IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

HOUSE BILL NO. 105

IN THE LEGISLATURE OF THE STATE OF ALASKA

FOURTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to the international air-ports revenue bonds authorization and to the authorization of bonds or notes for the DeLong Mountain transportation project and the establishment of conditions under which the bonds or notes for the DeLong Mountain transportation project may be issued; and providing for an effective date."

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

* Section 1. AS 37.15.410 is amended to read:

Sec. 37.15.410. BOND AUTHORIZATION. For the purpose of providing part or all of the money to be used, with or without any grants or other money which may become available, the issuance and sale of revenue bonds of the state in the total principal sum of not to exceed \$86,525,000 [\$62,825,000] is authorized to acquire, equip, construct, and install the additions, improvements, extensions, and facilities authorized in AS 37.15.510. The principal of and interest on these bonds

shall be paid out of and secured by the gross revenues derived by the state from the ownership, lease, use, and operation of the airports, and of all the facilities of them and out of any other revenues or money which the state legislature may provide exclusive of any state tax or license.

what kind?
* Sec. 2. The Alaska Industrial Development Authority is authorized to issue bonds or notes in a principal amount not to exceed \$175,000,000 to provide financing for the DeLong Mountain transportation project.

* Sec. 3. Prior to the issuance and sale of any bonds or notes authorized in Sec. 2 the board of directors of the Alaska Industrial Development Authority ~~to the extent feasible~~ shall incorporate into the final finance plan substantially the following terms and conditions:

comply with AS 44.88.173 and shall

(1) Cominco, Ltd. agrees in writing that

(A) Cominco, Ltd. will pay for all or a portion of the operation and maintenance of facilities constructed as part of the project, based on the use Cominco, Ltd. makes of the facilities compared to the use made by others;

(B) if Cominco Alaska ceases to develop the Red Dog mine after expenditures on the road or port have commenced, Cominco, Ltd. will repay all expenditures by the Alaska Industrial Development Authority on the DeLong Mountain transportation project;

(C) toll fees ^{paid} by Cominco, Ltd. to the Alaska Industrial Development Authority may be ^{periodically} adjusted if the price of zinc rises above a level agreed upon with the authority, which yields a return or investment commensurate with the risk;

for the use of the road and port facilities

(2) land in the Cape Krusenstern National Monument is conveyed to NANA Regional Corporation by the United States Department of the Interior;

(3) NANA Regional Corporation agrees in writing to make available to the Alaska Industrial Development Authority, at no more than fair market value, land needed for the port and road constructed as part of the DeLong Mountain transportation project, and land needed for future expansion of the road and port;

(4) The Alaska Industrial Development Authority shall maximize the use of tax exempt financing;

(5) The Alaska Industrial Development Authority establishes a toll schedule for use of facilities constructed as part of the DeLong Mountain transportation project that ensures ^{that (a)} a reasonable return on the state's investment, commensurate with project viability and future usage, ^(b) and guarantees equitable access to the facilities by all users; ^(c) the toll schedule ^(d) ~~may~~ ^{shall} be periodically adjusted.

* Sec. 4. The Alaska Industrial Development Authority reports in writing to the legislative budget and audit committee that the conditions under (1) - (5) of Section 3 of this act have been met.

 * Sec. 5. Notwithstanding limitations on the establishment of a capital reserve fund under AS 44.88.105, the authority may covenant and agree with the trustee or holders of the bonds or notes authorized under Sec. 2 of this act that the authority will establish a capital reserve fund for the purpose of securing the bonds or notes, that the chairman of the authority will, by January 2 of each year, certify in writing to the governor and the legislature the amount

required to restore the capital reserve fund to the capital reserve fund requirement, and that the legislature may appropriate to the authority the amount certified by the chairman. Nothing in this section creates a debt or liability of the state.

* Sec. 6. This act takes effect immediately in accordance with AS 01.10.070(c).

(Dept. of Commerce + Economic Development)

SUGGESTED DRAFT [^]OF LETTER OF INTENT ATTACHED TO THE APPROPRIATION BILL WHICH INCLUDES THE APPROPRIATION OF \$18.0 MILLION AND REVENUE'S LOANS TO AIDA:

It is the intent of the Legislature that, before the appropriation of \$18.0 million and loans to the Economic Development Fund may be expended, obligated, or encumbered, the Alaska Industrial Development Authority must enter into a binding contractual agreement(s) with Cominco, Ltd. and with Nana Regional Corporation to execute substantially the assurances and guarantees represented by the parties to the Legislature.

Specifically, those assurances and guarantees are as follows:

1. Cominco, Ltd. will guarantee to pay toll fees that will repay State expenditures.
2. Cominco, Ltd. will guarantee to pay the operation and maintenance costs of the road and port facilities.
3. Cominco, Ltd. will guarantee minimum toll payments and other payments necessary to repay the State's investment if the mine is delayed or if production is suspended after operation commences.

4. Cominco, Ltd. will agree that, to the extent that the price of zinc should rise above a level presently contemplated to yield a reasonable profit, the State's investment will be repaid at an accelerated rate.
5. Nana Regional Corporation will guarantee to provide necessary land to accomodate reasonable expansion requirements for future users at the port site.

DRAFT
Law

DeLong²
Lr 52 3/28/85
#3

1 IN THE _____

BY THE _____ COMMITTEE
±

2 _____ BILL NO.

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 and providing for an effective date."

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

10 * Section 1. The Alaska Industrial Development Authority is authorized
11 to issue bonds or notes in a principal amount not to exceed \$175 million to
12 provide financing for the development of the DeLong Mountain transportation
13 project.

14 * Sec. 2. The authority may pledge the moral obligation of the state in
15 support of the issuance of bonds or notes authorized under sec. 1. If the
16 moral obligation of the state is pledged, the authority shall establish
17 appropriate capital reserve funds, and the chairman of the authority shall,
18 no later than January 2 of each year, certify in writing to the governor
19 and the legislature the amount, if any, required to restore a capital
20 reserve fund to the capital reserve fund requirements. The legislature may
21 appropriate to the authority the amount certified by the chairman of the
22 authority. Nothing in this section creates a debt or liability of the
23 state.

24 * Sec. 3. The authority may not issue bonds or notes authorized under
25 this Act unless any limitations imposed by law with respect to the expendi-
26 ture of money appropriated for the fiscal year ending June 30, 1986 to the
27 authority as loans or grants for the purpose of the DeLong Mountain trans-
28 portation project have been satisfied.

29 * Sec. 4. This Act takes effect immediately in accordance with AS 01.-
10.070(c).

DRAFT
Law

Agree
LPJ #4
3/28/85

"PROPOSED SECTION TO BUDGET BILL"

* Sec. __. (a) All right, title, and interest in loans of the type described in (b) of this section, in an amount not to exceed \$142,000,000 in unpaid principal as of July 1, 1985, and all right, title, and interest in all mortgages, notes, and other instruments of security made in connection with those loans, purchased or acquired by the Department of Revenue and held in the general fund on July 1, 1985, are transferred and appropriated to the Alaska Industrial Development Authority for the purposes of its economic development fund (AS 44.88.172).

(b) This section transfers and appropriates

- (1) veterans loans acquired or made under AS 26.15;
- (2) commercial fishing loans acquired or made under AS 16.10.-300 -- 16.10.360;
- (3) small business loans acquired or made under AS 45.95;
- (4) tourism loans acquired or made under AS 45.90;
- (5) fisheries enhancement loans acquired or made under AS 16.10;
- (6) child care loans acquired or made under AS 44.33; and
- (7) historical district loans acquired or made under AS 45.98.

(c) In an amount not to exceed \$30 million in unpaid principal as of July 1, 1985, all right, title, and interest in commercial fishing loans acquired or made under AS 16.10.300 -- 16.10.360 and secured by a limited entry permit, and all right, title, and interest in all mortgages, notes and other instruments of security made in connection with those loans, purchased or acquired by the Department of Revenue and held in the general fund on July 1, 1985, are transferred and appropriated from the general fund to the commercial fishing revolving loan fund (AS 16.10.340) for the purposes of AS 16.10.300 -- 16.10.370.

(d) In an amount equal to the principal balance of loans appropriated under (c) of this section, all right, title, and interest in commercial

1 fishing loans, and all right, title, and interest in all mortgages, notes
2 and other instruments of security made in connection with those loans, are
3 transferred from the commercial fishing revolving loan fund to the Alaska
4 Industrial Development Authority for the purposes of its economic develop-
5 ment fund (AS 44.88.172). However, only loans which are not secured by a
6 limited entry permit may be transferred or appropriated under this subsec-
7 tion.

SENATE JOURNAL

ALASKA STATE LEGISLATURE

FOURTEENTH LEGISLATURE - FIRST SESSION

JUNEAU, ALASKA

MONDAY

May 6, 1985

One Hundred Thirteenth Day

Pursuant to adjournment, the Senate was called to order by President Bennett at 11:09 a.m.

The roll showed nineteen members present. Senator Kerttula was excused from a call of the Senate but was present. Senator Sackett was absent.

The prayer was offered by the Chaplain, Pastor Hunt of the Resurrection Lutheran Church.

Senator Sackett requested that his presence be noted.

Senator Halford moved and asked unanimous consent that the journals for the one hundred eleventh and one hundred twelfth legislative days and Supplement No. 36 be approved as certified by the Secretary. Without objection, it was so ordered.

Senator Ziegler introduced former Senator Pete Meland and President Bennett granted him the privilege of the floor.

MESSAGES FROM THE GOVERNOR

Governor Sheffield signed the list of appointments, to be considered at Joint Session today, as correct. The list will be distributed to all Legislators.

MESSAGES FROM THE HOUSE

SB 172

Message of May 5 was read, stating the House passed and returned:

SENATE BILL NO. 172

(extending the termination date of the Council on Domestic Violence and Sexual Assault; efd)

SENATE BILL NO. 172 was referred to the Secretary for enrollment.

SB 218

Message of May 5 was read, stating the House passed and returned:

CS FOR SENATE BILL NO. 218 (L&C)

(extending the termination date of the Board of Barbers and Hairdressers; efd)

CS FOR SENATE BILL NO. 218 (L&C) was referred to the Secretary for enrollment.

SB 247

Message of May 5 was read, stating the House passed and returned:

CS FOR SENATE BILL NO. 247 (L&C)

(extending the termination date of the Alaska Public Utilities Commission; efd)

CS FOR SENATE BILL NO. 247 (L&C) was referred to the Secretary for enrollment.

HJR 35

Message of May 5 was read, stating the House concurred in the Senate amendment to HOUSE JOINT RESOLUTION NO. 35 (Urging the United States Olympic Committee to select Anchorage as the United States nominee for the site of the 1992 Winter Olympic Games), thus passing:

May 6, 1985

RULES - BELTZ ROOM 211 - 12:30 PM

May 06 MONDAY *4:00 PM SENATE FINANCE
HB 124 OLDER ALASKANS COMMISSION
TELE WITH ANCHORAGE
May 06 MONDAY *12:50 PM
CALENDAR BILLS

STATE AFFAIRS - BUTROVICH ROOM 205 - 8:30 AM

May 07 TUESDAY
HB 147 DIVISION OF EQUAL EMPLOYMENT OPPORTUNITY
SB 92 DEFERRED COMPENSATION BENEFIT UNDER SBS
SB 305 SALARY FREEZE FOR STATE EMPLOYEES
May 09 THURSDAY
SB 231 SUBSISTENCE & PERSONAL USE OF FISH & GAME
TELECONFERENCE IN SOUTHEAST

TRANSPORTATION - BUTROVICH ROOM 205 - 3:30 PM

May 06 MONDAY
HB 111 LOCAL SERVICE ROADS & TRAILS
May 08 WEDNESDAY
NO MEETING
May 10 FRIDAY
NO MEETING

CONFERENCE COMMITTEE -

May 06 MONDAY 1:30 PM SENATE FINANCE
HB 60 OPERATING BUDGET & LOAN PROGRAM EXPENSES

JOINT SESSION -

May 06 MONDAY 2:00 PM HOUSE CHAMBERS
GOVERNOR'S CONFIRMATION

MAJORITY CAUCUS -

May 06 MONDAY 1:00 PM BUTROVICH ROOM

May 6, 1985

Committee meetings in the Capital * Change in time or place*

COMMUNITY & REGIONAL AFFAIRS - BELTZ ROOM 211 - 3:30 PMMay 07 TUESDAY
NO MEETINGFINANCE - FINANCE ROOM 518 - 8:30 AMMay 07 TUESDAY
SB 27 APPROP CAPITAL PROJECTS - JOINT WITH HOUSE FINANCE
SB 128 LONGEVITY BONUS
HB 140 TELECONFERENCES ADMIN PROCEDURE ACT
HB 335 PRACTICE OF MIDWIFERY
HB 72 MUNICIPAL GOVERNMENT
HB 74 BIA SCHOOL ADMINISTRATORS IN TRS
HB 81 MOTOR VEHICLE INSPECTIONS
HB 103 CONTRACT PROCEDURES FOR ROYALTY OIL
HB 280 ANCHOR RV & FRITZ CK CRITICAL HABITAT AREA

May 08 WEDNESDAY

TBA

May 09 THURSDAY

TBA

HEALTH, EDUCATION & SOCIAL SERVICES - BELTZ ROOM 211 - 1:30 PMMay 07 TUESDAY
HB 215 COMMUNITY HEALTH AIDE GRANTS CONT'DJUDICIARY - BUTROVICH ROOM 205 - 1:30 PMMay 07 TUESDAY
HB 267 FEES FOR USE OF STATE PARK CAMPSITES
SB 188 EVICTION FROM A MOBILE HOME
SB 95 SAFETY OF DAMS & RESERVOIRS
SB 193 POWER OF EMINENT DOMAIN
SB 226 VIOLATION OF COMPULSORY EDUCATION LAWS
HB 88 PROTECTION OF CHILDREN
May 09 THURSDAY
HB 126 EXTENDING COVERAGE OF SECURITIES ACT
SB 80 OPTION OF ONE PSYCH EXAM FOR DEFENDANT
HB 172 RIGHTS OF BLIND AND DISABLED PERSONSLABOR AND COMMERCE - BELTZ ROOM 211 - 3:30 PMMay 06 MONDAY
HB 148 MOBILE HOME WARRANTIES
HB 102 ALASKA RESOURCE CORPRESOURCES - BUTROVICH ROOM 205 - 1:30 PMMay 06 MONDAY
*HB 323, HB 165, HB 166 CANCELED - RESCHEDULED 5/7
May 07 TUESDAY *3:30 PM BELTZ ROOM 211
HB 323 GRANT STATE LAND IN PELICAN
HB 165 TRANSPLANTING OF ELK
HB 166 APPROP TO DEPT. OF FISH AND GAME
HB 316 NAVIGABLE & PUBLIC WATERS; OBSTRUCTIONS
May 08 WEDNESDAY
SB 271 ALASKA HIRE OIL/GAS PROJECTS ON STATE LAND
HJR 24 FED REVENUE SHARING OUTER CONTINENTAL SHELF
HB 248 LEASES ON FORMER UNIVERSITY LAND
May 10 FRIDAY
TBA

May 6, 1985

HJR 35 cont'dHOUSE JOINT RESOLUTION NO. 35 am 5

(Urging the United States Olympic Committee to select Anchorage as the United States nominee for the site of the 1992 Olympic Winter Games)

SCR 19

Message dated May 3 on CS FOR SENATE CONCURRENT RESOLUTION NO. 19 (FIN) and CS FOR SENATE CONCURRENT RESOLUTION NO. 19 (FIN) am H (Establishing a Joint Special Committee on Legislative Salaries) which was held from May 4 was read.

Senator Halford moved that the Senate concur in the House amendment and recommended the members vote no.

The question being: "Shall the Senate concur in the House amendment to CS FOR SENATE CONCURRENT RESOLUTION NO. 19 (FIN)?" The roll was taken with the following result:

CSSCR 19 FIN AM H CONCUR

Yeas: 0

Nays: 19 Abood, Bennett, Coghill, DeVries, Fahrenkamp, Faiks, Ferguson, Fischer Paul, Fischer Vic, Halford, Josephson, Kelly, Kerttula, Ray, Rodey, Sackett, Sturgulewski, Zharoff, Ziegler

Absent: 1 Eliason

and so, the Senate failed to concur.

President Bennett instructed the Secretary to notify the House of the Senate's action and request the House to recede from its amendment. In the event that the House fails to recede, the President appointed the following members to a CONFERENCE COMMITTEE to meet with a like committee from the House to consider the resolutions:

Senator Abood, Chairman
Senator Ferguson
Senator Ray

HB 78

Message of May 5 was read, stating the House failed to concur in the Senate amendment to CS FOR HOUSE BILL NO. 78 (L&C) and respectfully requests the Senate to recede from its amendment, namely:

SENATE CS FOR CS FOR HOUSE BILL NO. 78 (L&C)

(occupational licensing fees; efd)

Messages of May 4 and 5 were read, stating the House passed:

FIRST READING AND REFERENCE OF HOUSE BILLS

HB 44

CS FOR HOUSE BILL NO. 44 (JUD) by the Judiciary Committee, entitled:

"An Act relating to marine park units of the state park system; and providing for an effective date."

with a House Letter of Intent was read the first time and referred to the Resources Committee, the Judiciary Committee and the Finance Committee.

HB 88

CS FOR HOUSE BILL NO. 88 (FIN) by the Finance Committee, entitled:

"An Act relating to the protection of children, family members, and dependent adults; and providing for an effective date."

was read the first time and referred to the Judiciary Committee and the Finance Committee.

HB 122

HOUSE BILL NO. 122 by the Rules Committee by request of the Governor, entitled:

"An Act abolishing inactive boards, councils, and commissions."

was read the first time and referred to the State Affairs Committee and the Finance Committee.

SB 247

CS FOR SENATE BILL NO. 247 (L&C) was enrolled, signed by the President and Secretary, Speaker and Chief Clerk and the engrossed and enrolled copies transmitted to the Office of the Governor at 1:55 p.m., May 6, 1985.

ADJOURNMENT

Senator Ziegler moved and asked unanimous consent that the Senate adjourn until 11:00 a.m., May 7, 1985. Without objection, the Senate adjourned at 3:03 p.m.

Peggy Mulligan
Secretary of the Senate

May 1985

AFTER RECESS

The Senate reconvened at 3:01 p.m.

ENGROSSMENT

SB 303

SENATE BILL NO. 303 was engrossed, signed by the President and Secretary and transmitted to the House for consideration.

SB 279

CS FOR SENATE BILL NO. 279 (FIN) was engrossed, signed by the President and Secretary and transmitted to the House for consideration.

SB 280

CS FOR SENATE BILL NO. 280 (FIN) am was engrossed, signed by the President and Secretary and transmitted to the House for consideration.

ENROLLMENT

SB 172

SENATE BILL NO. 172 was enrolled, signed by the President and Secretary, Speaker and Chief Clerk and the engrossed and enrolled copies transmitted to the Office of the Governor at 1:55 p.m. May 6, 1985.

SB 218

CS FOR SENATE BILL NO. 218 (L&C) was enrolled, signed by the President and Secretary, Speaker and Chief Clerk and the engrossed and enrolled copies transmitted to the Office of the Governor at 1:55 p.m., May 6, 1985.

HB 130

CS FOR HOUSE BILL NO. 130 (HESS) am by the Health, Education and Social Services Committee, entitled:

"An Act relating to educational employees' collective bargaining agreements; and providing for an effective date."

was read the first time and referred to the Health, Education and Social Services Committee and the Finance Committee.

HB 174

CS FOR HOUSE BILL NO. 174 (FIN) by the Finance Committee, entitled:

"An Act requiring training in emergency care for teachers certified in the state."

was read the first time and referred to the Health, Education and Social Services Committee and the Finance Committee.

HB 218

CS FOR HOUSE BILL NO. 218 (JUD) by the Judiciary Committee, entitled:

"An Act relating to standards of conduct of legislators and legislative employees and to the Select Committee on Legislative Ethics; and providing for an effective date."

was read the first time and referred to the State Affairs Committee, the Judiciary Committee and the Finance Committee.

HB 236

CS FOR HOUSE BILL NO. 236 (FIN) am by the Finance Committee, entitled:

"An Act creating a Quadrennial Olympic reserve account; and providing for an effective date."

was read the first time and referred to the Community and Regional Affairs Committee and the Finance Committee.

HB 288

CS FOR HOUSE BILL NO. 288 (JUD) am by the Judiciary Committee, entitled:

"An Act relating to the taking of fish and game for subsistence and personal use; and providing for an effective date."

with a House Letter of Intent was read the first time and referred to the State Affairs Committee, the Resources Committee and the Judiciary Committee.

HB 392

HOUSE BILL NO. 392 am by the Rules Committee by request of the Governor, entitled:

"An Act relating to the acquisition and development of state office and prison facilities; and providing for an effective date."

with a House Letter of Intent was read the first time and referred to the Labor and Commerce Committee, the Judiciary Committee and the Finance Committee.

COMMUNICATIONS

The Secretary announced receipt of the following short digests to audit reports which are on file in the Office of the Secretary of the Senate:

A SPECIAL REPORT ON THE DEPARTMENT OF EDUCATION, LOWER YUKON SCHOOL DISTRICT CONTRACTING PRACTICES, JANUARY 15, 1985

A REPORT ON THE DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT, DIVISION OF ACCOUNTING AND COLLECTIONS, LOAN PROGRAMS, FOR THE FISCAL YEAR ENDED JUNE 30, 1984

A SPECIAL REPORT ON THE DEPARTMENT OF REVENUE, POLITICAL CONTRIBUTION CREDIT PROGRAM, CLAIM YEARS 1981-1983, FEBRUARY 15, 1985

The short digests are on file in the Office of the Secretary of the Senate.

Senator Halford moved that Robert F. Williams be confirmed to the University of Alaska Board of Regents. Representative Thompson objected.

The question being: "Shall Robert F. Williams be confirmed to the University of Alaska Board of Regents?" The roll of the Senate was called with the following result:

SENATEWILLIAMS

Yeas: 20 Fischer Paul, Fischer Vic, Halford, Josephson, Kelly, Kerttula, Ray, Rodey, Sackett, Sturgulewski, Zharoff, Ziegler, Abood, Coghill, DeVries, Eliason, Fahrenkamp, Faiks, Ferguson, Bennett

Nays: 0

The roll of the House was taken with the following result:

HOUSEWILLIAMS

Yeas: 34 Adams, Binkley, Boucher, Cato, Clocksin, Collins, Cotten, Duncan, Frank, Fuller, Furnace, Goll, Gruenberg, Grussendorf, Hanley, Herrmann, Hurley, Koponen, Larson, Marrou, Martin, Miller, M.M., Miller, M.W., Navarre, Pearce, Phillips, Pourchot, Rieger, Ringstad, Shultz, Sund, Szymanski, Taylor, Uehling

Nays: 6 Davis, Jenkins, Pettyjohn, Pignalberi, Thompson, Wallis

Herrmann changed from "nay" to "yea".

TOTALS: YEAS: 54 NAYS: 6

and so, Robert F. Williams was confirmed to the University of Alaska Board of Regents.

Senator Halford moved and asked unanimous consent that the Joint Session adjourn. Without objection, the Joint Session adjourned at 2:58 p.m.

Senator Halford moved and asked unanimous consent that Robert M. Piazza be confirmed to the Railroad Labor Relations Agency. Without objection, Robert M. Piazza was confirmed.

Senator Halford moved and asked unanimous consent that Grace Berg Schaible be confirmed to the University of Alaska Board of Regents. Representative Thompson objected.

The question being: "Shall Grace Berg Schaible be confirmed to the University of Alaska Board of Regents?" The roll of the House was taken with the following result:

HOUSESCHAIBLE

Yeas: 39 Adams, Binkley, Boucher, Cato, Clocksin, Collins, Cotten, Davis, Duncan, Frank, Fuller, Furnace, Goll, Gruenberg, Grussendorf, Hanley, Herrmann, Hurley, Jenkins, Koponen, Larson, Marrou, Martin, Miller, M.M., Miller, M.W., Navarre, Pearce, Pettyjohn, Phillips, Pignalberi, Pourchot, Rieger, Ringstad, Shultz, Sund, Szymanski, Taylor, Uehling, Wallis

Nays: 1 Thompson

The roll of the Senate was called with the following result:

SENATESCHAIBLE

Yeas: 20 Ferguson, Fischer Paul, Fischer Vic, Halford, Josephson, Kelly, Kerttula, Ray, Rodey, Sackett, Sturgulewski, Zharoff, Ziegler, Abood, Coghill, DeVries, Eliason, Fahrenkamp, Faiks, Bennett

Nays: 0

TOTALS: YEAS: 59 NAYS: 1

and so, Grace Berg Schaible was confirmed to the University of Alaska Board of Regents.

Continuation notice posted May 6:

PUBLIC NOTICE, DEPARTMENT OF ENVIRONMENTAL CONSERVATION (solicit public comments on specific plans for selected projects: 1) Continuing placer mining monitoring; 2) Continuing the Placer Mining Advisory Group; 3) Preparing a Delta-Clearwater Creek Water Quality Management Plan; and 4) State position on amendments to the Clean Water Act)

Senator Sturgulewski, Chairman, moved and asked unanimous consent that the notice be referred to the Resources Committee. President Bennett stated that without objection, the notice would be referred to Resources.

STANDING COMMITTEE REPORTSSB 279

The Rules Committee considered SENATE BILL NO. 279 (special appropriation to the economic development fund of the Alaska Industrial Development Authority, transferring and appropriating certain loans to the economic development fund and the commercial fishing revolving loan fund; efd) and a majority of the committee recommended calendar May 6. The report was signed by Senator Kelly, Chairman and concurred in by Senators Coghill, Bennett and Faiks.

SENATE BILL NO. 279 appears on the calendar.

SB 280

The Rules Committee considered SENATE BILL NO. 280 (authorization of bonds or notes for the DeLong Mountain transportation project, establishing conditions under which the bonds or notes may be issued; efd) and a majority of the committee recommended calendar May 6. The report was signed by Senator Kelly, Chairman and concurred in by Senators Coghill, Bennett and Faiks.

SENATE BILL NO. 280 appears on the calendar.

HB 80

The Rules Committee considered CS FOR HOUSE BILL NO. 80 (L&C) (insurance fees and licenses; efd) and a majority of the committee recommended calendar May 6. The report was signed by Senator Kelly, Chairman and concurred in by Senators Coghill, Bennett and Faiks.

CS FOR HOUSE BILL NO. 80 (L&C) appears on the calendar.

INTRODUCTION AND REFERENCE OF SENATE BILLS

SB 310

SENATE BILL NO. 310 by Senators Sturgulewski, Vic Fischer, Rodey and Zharoff, entitled:

"An Act establishing the Alaska Natural Hazards Safety Commission."

was read the first time and referred to the State Affairs Committee and the Finance Committee.

SB 311

SENATE BILL NO. 311 by the Finance Committee, entitled:

"An Act increasing the bond authorization for airport revenue bonds; and providing for an effective date."

was read the first time and referred to the Finance Committee.

Senator Halford moved and asked unanimous consent that the Senate recess to a call of the Chair and announced a majority caucus. Without objection, the Senate recessed at 11:26 a.m.

AFTER RECESS

The Senate reconvened at 12:07 p.m.

CONSIDERATION OF THE CALENDAR

SECOND READING OF SENATE BILLS

SB 279

SENATE BILL NO. 279 (special appropriation to the economic development fund of the Alaska Industrial Development Authority, transferring and appropriating certain loans to the economic development fund and the commercial fishing revolving loan fund; efd) was read the second time.

Senator Halford moved and asked unanimous consent that Charles Bovee be confirmed to the Board of Psychologist and Psychological Associate Examiners. Without objection, Charles Bovee was confirmed.

Senator Halford moved and asked unanimous consent that Linda Webber be confirmed to the Board of Psychologist and Psychological Associate Examiners. Without objection, Linda Webber was confirmed.

Senator Halford moved that C.R. "Steve" Halfing be confirmed to the Railroad Labor Relations Agency. Representative Marrou objected.

The question being: "Shall C.R. Steve Halfing be confirmed to the Railroad Labor Relations Agency?" The roll of the Senate was called with the following result:

SENATE

Yeas: 20 Faiks, Ferguson, Fischer Paul, Fischer Vic, Halford, Josephson, Kelly, Kerttula, Ray, Rodey, Sackett, Sturgulewski, Zharoff, Ziegler, Abood, Coghill, DeVries, Eliason, Fahrenkamp, Bennett

Nays: 0

The roll of the House was taken with the following result:

HOUSE

HALFING

Yeas: 39 Adams, Binkley, Boucher, Cato, Clocksin, Collins, Cotten, Davis, Duncan, Frank, Fuller, Furnace, Goll, Gruenberg, Grussendorf, Hanley, Herrmann, Hurley, Jenkins, Koponen, Larson, Martin, Miller, M.M., Miller, M.W., Navarre, Pearce, Pettyjohn, Phillips, Pignalberi, Pourchot, Rieger, Ringstad, Shultz, Sund, Szymanski, Taylor, Thompson, Uehling, Wallis

Nays: 1 Marrou

TOTALS: YEAS: 59 NAYS: 1

and so, C.R. "Steve" Halfing was confirmed to the Railroad Labor Relations Agency.

TOTALS: YEAS: 53 NAYS: 6 ABSENT: 1

and so, Ernest Carter was confirmed to the Board of Fisheries.

Senator Halford moved that Victor Van Ballenberghe be confirmed to the Board of Game. Representative Shultz objected.

The question being: "Shall Victor Van Ballenberghe be confirmed to the Board of Game?" The roll of the House was taken with the following result:

HOUSE

BALLENBERGHE

Yeas: 31 Adams, Binkley, Boucher, Cato, Clocksin, Collins, Cotten, Davis, Duncan, Frank, Fuller, Goll, Gruenberg, Grussendorf, Herrmann, Hurley, Koponen, Larson, Martin, Miller, M.M., Navarre, Pearce, Phillips, Pignalberi, Pourchot, Rieger, Ringstad, Sund, Szymanski, Uehling, Wallis

Nays: 9 Furnace, Hanley, Jenkins, Marrou, Miller, M.W., Pettyjohn, Shultz, Taylor, Thompson

The roll of the Senate was called with the following result:

SENATE

BALLENBERGHE

Yeas: 10 Fahrenkamp, Faiks, Ferguson, Fischer, Vic, Halford, Josephson, Rodey, Sturgulewski, Zharoff, Ziegler

Nays: 9 Eliason, Fischer Paul, Kelly, Kerttula, Ray, Abood, Coghill, DeVries, Bennett

Absent: 1 Sackett

TOTALS: YEAS: 41 NAYS: 18 ABSENT: 1

and so, Victor Van Ballenberghe was confirmed to the Board of Game.

SB 279 cont'd

Senator Faiks moved and asked unanimous consent for the adoption of the Finance Committee Substitute and new title offered on page 893. Without objection, CS FOR SENATE BILL NO. 279 (FIN) (transferring and appropriating certain loans to the economic development fund and the commercial fishing revolving loan fund, transferring and appropriating money to the economic development fund; efd) was adopted.

CS FOR SENATE BILL NO. 279 (FIN) was read the second time.

SB 303

Senator Ferguson requested that the reconsideration on SENATE BILL NO. 303 am (removing a limitation on the power of the Alaska Railroad to apply for a right-of-way or exercise eminent domain) be taken up.

UNFINISHED BUSINESS

SENATE BILLS IN THIRD READING

SENATE BILL NO. 303 am was before the Senate on reconsideration.

Senator Ferguson moved and asked unanimous consent that SENATE BILL NO. 303 am be returned to second reading for the purpose of a rescinding motion. Without objection, it was so ordered.

Senator Ferguson moved and asked unanimous consent that the Senate rescind its action in adopting Amendment No. 1. Without objection, it was so ordered.

Senator Ferguson moved and asked unanimous consent that Amendment No. 1 be withdrawn. Without objection, Amendment No. 1 was withdrawn.

SENATE BILL NO. 303 was automatically in third reading.

SB 303 cont'd

The question to be reconsidered is: "Shall SENATE BILL NO. 303 (removing a limitation on the power of the Alaska Railroad to apply for a right-of-way or exercise eminent domain) pass the Senate?" The roll was taken with the following result:

SB 303 3RD

Yeas: 19 Abood, Bennett, Coghill, DeVries, Eliason, Fahrenkamp, Faiks, Ferguson, Fischer Paul, Fischer Vic, Halford, Josephson, Kelly, Kerttula, Ray, Sackett, Sturgulewski, Zharoff, Ziegler

Nays: 1 Rodey

and so, SENATE BILL NO. 303 passed the Senate on reconsideration and was referred to the Secretary for engrossment.

CALENDAR (continued)

SB 279

Senator Halford moved and asked unanimous consent that CS FOR SENATE BILL NO. 279 (FIN) be considered engrossed, advanced to third reading and placed on final passage. Without objection, it was so ordered.

CS FOR SENATE BILL NO. 279 (FIN) was read the third time.

Senator Ferguson moved and asked unanimous consent that he be allowed to abstain from voting because of a conflict of interest. Senators Abood and Fahrenkamp objected.

The question being: "Shall CS FOR SENATE BILL NO. 279 (FIN) (transferring and appropriating certain loans to the economic development fund and the commercial fishing revolving loan fund, transferring and appropriating money to the economic development fund; efd) pass the Senate?" The roll was taken with the following result:

CS SB 279 FIN 3RD

Yeas: 20 Abood, Bennett, Coghill, DeVries, Eliason, Fahrenkamp, Faiks, Ferguson, Fischer Paul, Fischer Vic, Halford, Josephson, Kelly, Kerttula, Ray, Rodey, Sackett, Sturgulewski, Zharoff, Ziegler

Nays: 0

and so, CS FOR SENATE BILL NO. 279 (FIN) passed the Senate.

The roll of the Senate was called with the following result:

SENATEROSS

Yeas: 12 Eliason, Fahrenkamp, Ferguson, Fischer Vic, Halford, Josephson, Kerttula, Ray, Sackett, Sturgulewski, Zharoff, Ziegler

Nays: 8 Abood, Coghill, DeVries, Faiks, Fischer Paul, Kelly, Rodey, Bennett

TOTALS: YEAS: 37 Nays: 23

and so, William R. Ross was confirmed as the Commissioner of the Department of Environmental Conservation.

Senator Halford moved that Ernest Carter be confirmed to the Board of Fisheries. Senator Paul Fischer objected.

The question being: "Shall Ernest Carter be confirmed to the Board of Fisheries?" The roll of the Senate was called with the following result:

SENATECARTER

Yeas: 17 Eliason, Fahrenkamp, Faiks, Ferguson, Fischer Vic, Halford, Josephson, Kelly, Kerttula, Ray, Rodey, Sturgulewski, Zharoff, Ziegler, Abood, Coghill, Bennett

Nays: 2 DeVries, Fischer Paul

Absent: 1 Sackett

The roll of the House was taken with the following result:

HOUSECARTER

Yeas: 36 Adams, Binkley, Boucher, Cato, Clocksin, Collins, Cotten, Davis, Duncan, Frank, Fuller, Goll, Gruenberg, Grussendorf, Hanley, Herrmann, Hurley, Koponen, Larson, Martin, Miller MM, Miller MW, Navarre, Pearce, Phillips, Pignalberi, Pourchot, Rieger, Ringstad, Shultz, Sund, Szymanski, Taylor, Thompson, Uehling, Wallace

Nays: 4 Furnace, Jenkins, Marrou, Pettyjohn

May 6, 1985

University of Alaska Board of Regents

Representative Thompson objected.

Alaska Public Utilities Commission

Alaska Public Offices Commission

Violent Crimes Compensation Board

Alaska Worker's Compensation Board

Without objection, the appointees, with the exception of the Board of Psychologist & Psychological Associate Examiners, Railroad Labor Relations Agency and University of Alaska Board of Regents, to boards or commissions were confirmed.

Senator Halford moved that William R. Ross be confirmed as the Commissioner of the Department of Environmental Conservation. Representative Pettyjohn objected.

The question being: "Shall William R. Ross be confirmed as Commissioner of the Department of Environmental Conservation?" The roll of the House was taken with the following result:

HOUSE

ROSS

Yeas: 25 Adams, Binkley, Boucher, Cato, Clocksin, Cotten, Davis, Duncan, Fuller, Goll, Gruenberg, Grussendorf, Herrmann, Hurley, Koponen, Larson, Miller, M.M., Navarre, Phillips, Pignalberi, Pourchot, Sund, Taylor, Thompson, Wallis

Nays: 15 Collins, Frank, Furnace, Hanley, Jenkins, Marrou, Martin, Miller, M.W., Pearce, Pettyjohn, Rieger, Ringstad, Shultz, Szymanski, Uehling

May 6, 1985

SB 279 cont'd

Senator Halford moved and asked unanimous consent that the vote on the passage of the bill be considered the vote on the effective date clauses, Secs. 8 and 9. Without objection, it was so ordered.

SB 280

SENATE BILL NO. 280 (authorization of bonds or notes for the DeLong Mountain transportation project, establishing conditions under which the bonds or notes may be issued; efd) was read the second time.

Senator Faiks moved and asked unanimous consent for the adoption of the Finance Committee Substitute offered on page 993. Without objection, CS FOR SENATE BILL NO. 280 (FIN) was adopted.

CS FOR SENATE BILL NO. 280 (FIN) was read the second time.

Senators Halford and Ferguson offered Amendment No. 1:

Page 1, line 17: After "plan" insert "and agreement"

Page 2, lines 9-10: After "to" delete "make available" insert "sell, lease for a prepaid term of at least 99 years or grant a perpetual easement"

Page 2, line 13: After "port" insert ", subject to no terms or conditions inconsistent with use as a public road and port"

Senator Halford moved and asked unanimous consent for the adoption of Amendment No. 1. Without objection, Amendment No. 1 was adopted.

Senators Vic Fischer and Ferguson offered Amendment No. 2:

Page 2, line 18: After "ensures" insert "full repayment of and"

Senator Vic Fischer moved and asked unanimous consent for the adoption of Amendment No. 2. Without objection, Amendment No. 2 was adopted.

SB 280 cont'd

Senators Coghill and Ferguson offered corrected Amendment No. 3:

Page 2, line 28: After "users"
insert "and potential users"

Senator Coghill moved and asked unanimous consent for the adoption of Amendment No. 3. Without objection, Amendment No. 3 was adopted.

Senator Halford moved and asked unanimous consent that CS FOR SENATE BILL NO. 280 (FIN) am be considered engrossed, advanced to third reading and placed on final passage. Without objection, it was so ordered.

CS FOR SENATE BILL NO. 280 (FIN) am was read the third time.

The question being: "Shall CS FOR SENATE BILL NO. 280 (FIN) am (authorization of bonds or notes for the DeLong Mountain transportation project, establishing conditions under which the bonds or notes may be issued; efd) pass the Senate?" The roll was taken with the following result:

CS5B 280 FIN AM 3RD

Yeas: 19 Abood, Bennett, Coghill, DeVries,
Eliason, Fahrenkamp, Faiks,
Ferguson, Fischer Paul,
Fischer Vic, Halford, Josephson,
Kelly, Kerttula, Ray, Sackett,
Sturgulewski, Zharoff, Ziegler

Nays: 1 Rodey

and so, CS FOR SENATE BILL NO. 280 (FIN) am passed the Senate.

Senator Halford moved and asked unanimous consent that the vote on the passage of the bill be considered the vote on the effective date clause. Without objection, it was so ordered.

SB 279

Senator Ferguson gave notice of reconsideration on CS FOR SENATE BILL NO. 279 (FIN) (transferring and appropriating certain loans to the economic development fund and the commercial fishing revolving loan fund, transferring and appropriating money to the economic development fund; efd) and moved and asked unanimous consent that it be taken up at this time. Without objection, it was so ordered.

Senator Halford moved and asked unanimous consent that with the exception of the Board of Fisheries and the Board of Game, all other appointees above be confirmed. Without objection, those appointees to boards or commissions were confirmed.

Senator Halford moved and asked unanimous consent that the following appointees to boards or commissions be confirmed:

Board of Marine Pilots

State Medical Board

Board of Nursing

Board of Nursing Home Administrators

Alaska Oil and Gas Conservation Commission

Board of Examiners in Optometry

Personnel Board

Board of Pharmacy

State Physical Therapy Board

Without objection, the appointees to boards or commissions were confirmed.

Senator Halford moved and asked unanimous consent that the following appointees to boards or commissions be confirmed:

Professional Teaching Practices Commission

Board of Psychologist & Psychological Associate
Examiners

Representative Marrou objected.

Railroad Labor Relations Agency

Representative Marrou objected.

Real Estate Commission

Alcoholic Beverage Control Board
 State Board of Architects, Engineers, & Land Surveyors
 State Assessment Review Board
 Athletic Commission
 Board of Governors of the Alaska Bar
 Board of Barbers and Hairdressers
 Board of Chiropractic Examiners
 Alaska Commercial Fisheries Entry Commission

Without objection, the appointees were confirmed to the boards or commissions named.

Senator Halford moved that appointees to the following boards or commissions be confirmed:

Board of Dental Examiners
 Board of Dispensing Opticians
 Board of Education
 Board of Electrical Examiners
 Board of Fisheries

Senator Paul Fischer objected.

Board of Game

Representative Shultz objected.

Guide Licensing and Control Board
 State Commission for Human Rights
 Commission on Judicial Conduct

Representative Pourchot objected and moved and asked unanimous consent that he be allowed to abstain from voting on the Commission on Judicial Conduct because of a conflict of interest. There were objections.

SB 279 cont'd

UNFINISHED BUSINESS

SENATE BILLS IN THIRD READING

CS FOR SENATE BILL NO. 279 (FIN) was before the Senate on reconsideration.

The question to be reconsidered is: "Shall CS FOR SENATE BILL NO. 279 (FIN) (transferring and appropriating certain loans to the economic development fund and the commercial fishing revolving loan fund, transferring and appropriating money to the economic development fund; efd) pass the Senate?" The roll was taken with the following result:

CS SB 279 FIN RECON

Yeas: 19 Abood, Bennett, Coghill, DeVries,
 Eliason, Fahrenkamp, Faiks,
 Ferguson, Fischer Paul,
 Fischer Vic, Halford, Josephson,
 Kelly, Kerttula, Ray, Sackett,
 Sturgulewski, Zharoff, Ziegler

Nays: 1 Rodey

and so, CS FOR SENATE BILL NO. 279 (FIN) passed the Senate on reconsideration.

Senator Halford moved and asked unanimous consent that the vote on the passage of the bill be considered the vote on the effective date clauses, Secs. 8 and 9. Without objection, it was so ordered.

CS FOR SENATE BILL NO. 279 (FIN) was referred to the Secretary for engrossment.

SB 280

Senator Ferguson gave notice of reconsideration on CS FOR SENATE BILL NO. 280 (FIN) am (authorization of bonds or notes for the DeLong Mountain transportation project, establishing conditions under which the bonds or notes may be issued; efd) and moved and asked unanimous consent that it be taken up at this time. Without objection, it was so ordered.

SENATE BILLS IN THIRD READING

CS FOR SENATE BILL NO. 280 (FIN) am was before the Senate on reconsideration.

SB 280 cont'd

The question to be reconsidered is: "Shall CS FOR SENATE BILL NO. 280 (FIN) am (authorization of bonds or notes for the De-Long Mountain transportation project, establishing conditions under which the bonds or notes may be issued; efd) pass the Senate?" The roll was taken with the following result:

CS SB 280 FIN AM RECON

Yeas: 19 Abood, Bennett, Coghill, DeVries,
Eliason, Fahrenkamp, Faiks,
Ferguson, Fischer Paul,
Fischer Vic, Halford, Josephson,
Kelly, Kerttula, Ray, Sackett,
Sturgulewski, Zharoff, Ziegler

Nays: 1 Rodey

and so, CS FOR SENATE BILL NO. 280 (FIN) am passed the Senate on reconsideration.

Senator Halford moved and asked unanimous consent that the vote on the passage of the bill be considered the vote on the effective date clause. Without objection, it was so ordered.

CS FOR SENATE BILL NO. 280 (FIN) am was referred to the Secretary for engrossment.

CALENDAR (continued)

SECOND READING OF HOUSE BILLS

HB 80

CS FOR HOUSE BILL NO. 80 (L&C) (insurance fees and licenses; efd) was read the second time.

Senator Halford moved and asked unanimous consent that CS FOR HOUSE BILL NO. 80 (L&C) be advanced to third reading and placed on final passage. Without objection, it was so ordered.

CS FOR HOUSE BILL NO. 80 (L&C) was read the third time.

The roll of the House was taken with the following result:

HOUSE

LOUNSBURY

Yeas: 40 Adams, Binkley, Boucher, Cato,
Clocksin, Collins, Curtin, Davis,
Duncan, Frank, Fuller, Furnace,
Goll, Gruenberg, Grussendorf,
Hanley, Herrmann, Hurley, Jenkins,
Koponen, Larson, Marrou, Martin,
Miller, M.M., Miller, M.W., Navarre,
Pearce, Pettyjohn, Phillips,
Pignalberi, Pourchot, Rieger,
Ringstad, Shultz, Sund, Szymanski,
Taylor, Thompson, Uehling, Wallis

Nays: 0

TOTALS: YEAS: 60 NAYS: 0

and so, Loren Lounsbury was confirmed as the Commissioner of the Department of Commerce and Economic Development.

Senator Halford moved that William R. Ross be confirmed as Commissioner of the Department of Environmental Conservation.

Representative Pettyjohn objected and moved that the Ross confirmation be moved to the bottom. Without objection, it was so ordered.

Senator Halford moved that those named on page two of Boards and Commissions confirmation list be confirmed. Without objection, it was so ordered.

Senator Halford moved and asked unanimous consent that the members of boards and commissions listed on page three of the confirmation list dated May 6 be confirmed. Representative Pourchot objected.

President Bennett stated the motions on pages two and three would be void and appointments to boards or commissions would be named in the motion.

Senator Halford moved that appointees to the following boards or commissions be confirmed:

Alaska State Board of Public Accountancy

The question being: "Shall Mary Nordale be confirmed as Commissioner of the Department of Revenue?" The roll of the House was taken with the following result:

HOUSE

NORDALE

Yeas: 39 Binkley, Boucher, Cato, Clocksin, Collins, Cotten, Davis, Duncan, Frank, Fuller, Furnace, Goll, Gruenberg, Grussendorf, Hanley, Herrmann, Hurley, Jenkins, Koponen, Larson, Marrou, Martin, Miller, M.M., Miller, M.W., Navarre, Pearce, Pettyjohn, Phillips, Pignalberi, Pourchot, Rieger, Ringstad, Shultz, Sund, Szymanski, Taylor, Thompson, Uehling, Wallis

Nays: 1 Adams

The roll of the Senate was called with the following result:

SENATE

NORDALE

Yeas: 16 Coghill, Eliason, Fahrenkamp, Fischer Paul, Fischer Vic, Halford, Josephson, Kelly, Kerttula, Ray, Rodey, Sackett, Sturgulewski, Zharoff, Ziegler, Bennett

Nays: 4 Abood, DeVries, Faiks, Ferguson

TOTAL YEAS: 55 NAYS: 5

and so, Mary Nordale was confirmed as Commissioner of the Department of Revenue.

Senator Halford moved that Loren Lounsbury be confirmed as the Commissioner of the Department of Commerce and Economic Development.

The question being: "Shall Loren Lounsbury be confirmed as Commissioner of the Department of Commerce and Economic Development?" The roll of the Senate was called with the following result:

SENATE

LOUNSBURY

Yeas: 20 Coghill, DeVries, Eliason, Fahrenkamp, Faiks, Ferguson, Fischer Paul, Fischer Vic, Halford, Josephson, Kelly, Kerttula, Ray, Rodey, Sackett, Sturgulewski, Zharoff, Ziegler, Abood, Bennett

Nays: 0

HB 80 cont'd

The question being: "Shall CS FOR HOUSE BILL NO. 80 (L&C) (insurance fees and licenses; efd) pass the Senate?" The roll was taken with the following result:

CS HB 80 LC 3RD

Yeas: 20 Abood, Bennett, Coghill, DeVries, Eliason, Fahrenkamp, Faiks, Ferguson, Fischer Paul, Fischer Vic, Halford, Josephson, Kelly, Kerttula, Ray, Rodey, Sackett, Sturgulewski, Zharoff, Ziegler

Nays: 0

and so, CS FOR HOUSE BILL NO. 80 (L&C) passed the Senate.

Senator Halford moved and asked unanimous consent that the vote on the passage of the bill be considered the vote on the effective date clauses, Secs. 31 and 32. Without objection, it was so ordered.

CS FOR HOUSE BILL NO. 80 (L&C) was signed by the President and Secretary and returned to the House.

CITATIONS

Honoring Jennifer Colonell
by Senators Bennett and Fahrenkamp

Honoring USS Alaska and crew
by All Members of the Senate

In Memoriam Loretta Rafson
by Senators Bennett, Fahrenkamp and Rodey

Senator Halford moved and asked unanimous consent that the citation calendar be adopted. Without objection, the citations were adopted and referred to the Secretary for transmittal.

UNFINISHED BUSINESSSCR 24

Senator Sturgulewski moved and asked unanimous consent that she be added as a co-sponsor on SENATE CONCURRENT RESOLUTION NO. 24 (appointment of representatives to the Pacific Fisheries Legislative Task Force). Without objection, it was so ordered.

SJR 27

Senator Sturgulewski moved and asked unanimous consent that she be added as a co-sponsor on SENATE JOINT RESOLUTION NO. 27 (interception of Alaska Salmon on the high seas). Without objection, it was so ordered.

HB 130

Senator Abood, Chairman, moved and asked unanimous consent that CS FOR HOUSE BILL NO. 130 (HESS) am (educational employees' collective bargaining agreements; efd) have an added referral to the State Affairs Committee. Without objection, President Bennett stated the bill would be referred to the State Affairs Committee.

CS FOR HOUSE BILL NO. 130 (HESS) am was referred to the Health, Education and Social Services Committee, the State Affairs Committee and the Finance Committee.

ANNOUNCEMENTS

Senator Rodey, Chairman, moved and asked unanimous consent that the five-day notice rule be waived on CS FOR HOUSE BILL NO. 88 (FIN) (protection of children, family members, and dependent adults; efd) for the Judiciary Committee meeting on May 7. Without objection, it was so ordered.

Announcements appear at the end of the journal.

Senator Halford announced a majority caucus upon recess.

Senator Halford moved and asked unanimous consent that the Senate stand in recess until 2:00 p.m. for the Joint Session to consider the Governor's appointments for confirmation. Without objection, the Senate recessed at 12:41 p.m.

AFTER RECESS

JOINT SESSION IN THE HOUSE

Speaker Grussendorf called the House to order and in accordance with the Uniform Rules turned the gavel over to President Bennett who called the Joint Session to order at 2:05 p.m.

The purpose of the Joint Session was to consider the confirmation of the Governor's appointments.

Senator Halford moved that John R. Pugh be confirmed as Commissioner of the Department of Health and Social Services.

The question being: "Shall John R. Pugh be confirmed as Commissioner of the Department of Health and Social Services?" The roll of the Senate was called with the following result:

SENATE

PUGH

Yeas: 20 Abood, Coghill, DeVries, Eliason, Fahrenkamp, Faiks, Ferguson, Fischer, Paul, Fischer Vic, Halford, Josephson, Kelly, Kerttula, Ray, Rodey, Sackett, Sturgulewski, Zharoff, Ziegler, Bennett

Nays: 0

The roll of the House was taken with the following result:

HOUSE

PUGH

Yeas: 39 Adams, Binkley, Boucher, Cato, Clocksin, Collins, Cotten, Davis, Duncan, Frank, Fuller, Goll, Gruenberg, Grussendorf, Hanley, Herrmann, Hurley, Jenkins, Koponen, Larson, Marrou, Martin, Miller, M.M., Miller, M.W., Navarre, Pearce, Pettyjohn, Phillips, Pignalberi, Pourchot, Rieger, Ringstad, Shultz, Sund, Szymanski, Taylor, Thompson, Uehling, Wallis

Nays: 1 Furnace

TOTALS: YEAS: 59 NAYS: 1

and so, John R. Pugh was confirmed as the Commissioner of the Department of Health and Social Services.

Senator Halford moved that Mary Nordale be confirmed as Commissioner of the Department of Revenue.

State Physical Therapy Board

*Dr. Morris Horning, Anchorage, 9/1/88

*E. "Budd" Simpson, Juneau, 9/1/88

Merle Young, Jr., Fairbanks, 9/1/88

Professional Teaching Practices Commission

Charles Rider, Fairbanks, 7/1/87

*Darleen Trent, Anchorage, 7/1/87

*Margaret Van Flein, Fairbanks, 7/1/87

Board of Psychologist & Psychological Associate Examiners

*Charles Bovee, Sitka, 7/1/88

Linda Webber, Anchorage, 7/1/88

**Railroad Labor Relations Agency

C.R. "Steve" Halfing, Anchorage, 2/6/85

Robert M. Piazza, Anchorage, 2/6/85

Real Estate Commission

*John Benson, Ketchikan, 1/31/89

Barry Brown, Fairbanks, 1/31/89

Iola Robinson, Palmer, 1/31/87

University of Alaska Board of Regents

Grace Berg Schaible, Fairbanks, 2/1/93

Robert F. Williams, Kenai, 2/1/93

Alaska Public Utilities Commission

*Marvin Weatherly, Anchorage, 10/31/90

Kathleen Whiteaker, Anchorage, 10/31/86

Alaska Public Offices Commission

Burke Riley, Juneau, 2/1/90

Violent Crimes Compensation Board

Millard Ingraham, Anchorage, 12/15/87

Alaska Worker's Compensation Board

Elmer Eller, Anchorage, 7/1/85

Mary Pierce, Anchorage, 7/1/87

*Joe Thomas II, Fairbanks, 7/1/87

*Reappointment

**Appt date only, serves @ pleasure of Governor

Senator Halford moved and asked unanimous consent that roll call of the Senate be waived and all members be shown as present. Without objection, it was so ordered.

Representative Clocksin moved and asked unanimous consent that the roll of the House be waived and all members be shown as present. Without objection, it was so ordered.

Commissioners and boards and commissions appointments are as follows:

1985 CONFIRMATION OF GOVERNOR'S APPOINTMENTS

COMMISSIONERS

John R. Pugh, Department of Health and Social Services

Mary Nordale, Department of Revenue

Loren Lounsbury, Department of Commerce and Economic Development

William R. Ross, Department of Environmental Conservation

BOARDS AND COMMISSIONS
(with dates of expiration)

Alaska State Board of Public Accountancy

*Kay May, Juneau, 4/25/87

Alcoholic Beverage Control Board

Jack Griffin, Anchorage, 1/31/88

*James McNamee, Fairbanks, 1/31/88

State Board of Architects, Engineers, & Land Surveyors

Rajeev Bhargava, Anchorage, 7/1/88

*Wayne Jensen, Juneau, 7/1/88

Patricia Partnow, Anchorage, 7/1/86

Robert Perkins, Fairbanks, 7/1/88

State Assessment Review Board

Michael Salazar, Ketchikan, 1/9/85

Steven Van Sant, Palmer, 10/23/84

Athletic Commission

Tom Behan, Anchorage, 5/14/85
 Edwin Lawrence, Fairbanks, 5/14/86
 Dan McClinton, Douglas, 5/14/86

Board of Governors of the Alaska Bar

Andonia Harrison, Anchorage, 6/30/85
 *Lew Williams, Jr., Ketchikan, 6/30/87

Board of Barbers and Hairdressers

S. "Berni" Hein, Juneau, 7/1/86
 *Carolyn Janzen, Anchorage, 7/1/87

Board of Chiropractic Examiners

Leland Olkjer, Jr., Valdez, 7/15/88

Alaska Commercial Fisheries Entry Commission

*Bruce Twomley, Juneau, 7/1/88

Board of Dental Examiners

Dr. Timothy Woller, Fairbanks, 2/1/86
 Dr. Robert Warren, Anchorage, 2/1/88
 Hugh Gellert, Anchorage, 2/1/89
 Patrick J. Gullufsen, Juneau, 2/1/89
 *Leslieann Luboff, Anchorage, 2/1/89
 *Jerry Zemlicka, Juneau, 2/1/89

Board of Dispensing Opticians

Richard Hansen, Juneau, 6/14/86
 Dr. William Reedy, Jr., Eagle River, 6/14/86
 Sharla Thomas, Anchorage, 6/14/88

Board of Education

*Barney Gottstein, Anchorage, 1/31/90
 *Don Gray, Fairbanks, 1/31/90
 P. Janie Leask, Anchorage, 1/31/89

Board of Electrical Examiners

*Terence Duszynski, Fairbanks, 7/10/86

Board of Fisheries

*Ernest Carter, Fairbanks, 1/31/88

Board of Game

Victor Van Ballenberghe, Fairbanks, 1/31/88

Guide Licensing and Control Board

Ralph Fenner, Sitka, 6/15/87
 *Edward Shavings, Sr., Mekoryuk, 6/15/87
 Jim Harrower, Anchorage, 6/15/85

State Commission for Human Rights

Doris M. Volzke, Ketchikan, 1/31/90
 Sandra A. Henricks, Fairbanks, 1/31/90

Commission on Judicial Conduct

Charlie Dargan, Jr., Anchorage, 12/31/88

Board of Marine Pilots

*William Barrington, Anchorage, 6/1/88
 William Ruddy, Juneau, 6/1/88

State Medical Board

*Dr. George Brenneman, Anchorage, 7/8/88
 Bonnie Coghlan, Fairbanks, 8/13/88
 *Dr. Jeffrey Partnow, Fairbanks, 11/6/88

Board of Nursing

Connie Bertholf, Anchorage, 3/31/88
 Dr. Effie Graham, Anchorage, 3/31/89
 *Sammye Rink, Juneau, 3/31/85
 Barbara Carberry, Kodiak, 3/31/90

Board of Nursing Home Administrators

Thomas Boling, Anchorage, 10/1/86
 Raymond Davidson, Juneau, 10/1/88
 *Ruth Roth, Sitka, 10/1/88
 Jane Sabes, Nome, 10/1/88

Alaska Oil and Gas Conservation Commission

*Lonnie Smith, Anchorage, 12/31/90

Board of Examiners in Optometry

Jeanette Hopson, Barrow, 6/15/86
 Dr. John Lounsbury, Fairbanks, 6/15/86

Personnel Board

*C. "Steve" Hafling, Anchorage, 6/20/90

Board of Pharmacy

*Sue Roberts, Anchor Point, 3/31/89
 *Margaret Soden, Fairbanks, 3/31/89

Offered: 5/1/85
Referred: Rules

Original sponsor: Resources Committee

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 280 (Finance) am

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.

15 * Sec. 2. Before bonds or notes authorized under sec. 1 of this Act may
16 be issued, the Alaska Industrial Development Authority shall comply with
17 AS 44.88.173 and shall incorporate into the final finance plan and agree-
18 ment for the DeLong Mountain transportation project the following terms and
19 conditions:

20 (1) Cominco, Ltd. is required to agree in writing that

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

25 (B) if Cominco Alaska ceases to develop the Red Dog Mine
26 after costs have been incurred by the Alaska Industrial Development
27 Authority for the project, Cominco, Ltd. will pay the authority for
28 those costs together with interest from the date the costs were in-
29 curred;

1 (C) toll fees paid by Cominco Alaska for the use of facil-
2 ities constructed as part of the project to the Alaska Industrial
3 Development Authority may be periodically adjusted if the price of
4 zinc rises above a level that yields a return on investment commen-
5 surate with risk;

6 (2) the United States government makes available land in the
7 Cape Krusenstern National Monument that is included in the proposed land
8 exchange with NANA Regional Corporation to the corporation for construction
9 of a transportation system;

10 (3) NANA Regional Corporation is required to agree in writing to
11 sell, lease for a prepaid term of at least 99 years or grant a perpetual
12 easement to the Alaska Industrial Development Authority, at no more than
13 fair market value, land needed for the port and road constructed as part of
14 the project and land needed for future expansion of the road and port,
15 subject to no terms or conditions inconsistent with use as a public road
16 and port;

17 (4) tax exempt financing for the project is used to the maximum
18 extent possible;

19 (5) a toll schedule, that may be periodically adjusted, is
20 established for use of facilities constructed as part of the project that

21 (A) ensures full repayment of and a reasonable return on
22 the state's investment in the project; and

23 (B) guarantees equitable access to the facilities by all
24 users and potential users, including access to private property and
25 access for travel necessary and related to resource exploration and
26 development for which valid permits have been obtained and travel in
27 support of resource exploration and development;

28 (6) contracts for the construction of the port and road are
29 subject to AS 36;

1 (7) reasonable access to the port and road is guaranteed to all
2 users and potential users;

3 (8) the Alaska Industrial Development Authority will own and
4 operate the facilities collectively referred to as the DeLong Mountain
5 transportation project.

6 * Sec. 3. Before bonds or notes authorized under sec. 1 of this Act may
7 be issued, the Alaska Industrial Development Authority shall

8 (1) report in writing to the legislative budget and audit com-
9 mittee that the conditions under sec. 2 of this Act have been met; and

10 (2) agree with the Department of Revenue in writing to deliver
11 all money generated by the DeLong Mountain transportation project to the
12 Department of Revenue for deposit in the general fund, other than money
13 necessary for payment of the principal and interest on bonds or notes
14 issued under sec. 1 of this Act and except as may otherwise be provided in
15 the bond or note covenants.

16 * Sec. 4. As used in this Act, "reasonable return" means a rate of
17 return on the total investment of the state of at least five percent.

18 * Sec. 5. This Act takes effect July 1, 1985.

Adopted
Senate
5/6/85

AMENDMENT #1

Offered in the SENATE

TO: CSSB 280(Fin)

by Halford and Ferguson

Page 1, line 17

After "plan" insert "and agreement"

Page 2, line 9-10

After "to" delete "make available" and insert "sell,
lease for a prepaid term of at least 99 years or grant
a perpetual easement"

Page 2, line 13

After "port" delete "," and insert ",subject to
no terms or conditions inconsistent with use as
a public road and port."

Adopted
Senate
5/6/85

SENATE AMENDMENT #2

By SENATOR VIC FISCHER

To: CS SB 280 (Fin) SENATE BILL No. 280

To: HOUSE BILL No.

Page 2, line 18

PAGE: 2 LINE: 18

after "ensures" add:
"full repayment of and"

SENATE AMENDMENT

Adopted
Senate
5/6/85

Replace
#3

By Coghill Ferguson

To: ~~CSB 255~~ SENATE BILL No. CSB 200

To: _____ HOUSE BILL No. _____

PAGE:

LINE:

2

28

after users, ^{Delete";} ADD "and Potential users;"

SENATE AMENDMENT

By SENATORS COGHILL AND FERGUSON

To: AMEND SENATE BILL No. SB 280
To: HOUSE BILL No.

PAGE: 2 LINE: 20

Following the word "users"

Delete [;]

Insert: AND POTENTIAL USERS INCLUDING COMMERCIAL AND INDUSTRIAL USERS

PAGE 2 LINE 25

Insert new section 3 to read:

FOR PURPOSES OF THE ACT COMMERCIAL AND INDUSTRIAL USERS INCLUDES:

(1) TRAVEL NECESSARY FOR AND RELATED TO RESOURCE EXPLORATION AND DEVELOPMENT FOR WHICH VALID PERMITS HAVE BEEN OBTAINED, OR TO SUPPORT THOSE ACTIVITIES:

(2) TRAVEL NECESSARY AND RELATED TO ACCESS BY LOCAL RESIDENTS TO PRIVATE PROPERTY.

and renumber remaining sections accordingly

C O R R E C T I O N

Discard CSSB 280 (FIN)
and retain this corrected version.

Offered: 5/1/85
Referred: Rules

Original sponsor: Resources Committee

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2

CS FOR SENATE BILL NO. 280 (Finance)

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.

15 * Sec. 2. Before bonds or notes authorized under sec. 1 of this Act may
16 be issued, the Alaska Industrial Development Authority shall comply with
17 AS 44.88.173 and shall incorporate into the final finance plan for the
18 DeLong Mountain transportation project the following terms and conditions:

19 (1) Cominco, Ltd. is required to agree in writing that

20 (A) 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 Alaska makes of the facilities com-
23 pared to the use made by others;

24 (B) if Cominco Alaska ceases to develop the Red Dog Mine
25 after costs have been incurred by the Alaska Industrial Development
26 Authority for the project, Cominco, Ltd. will pay the authority for
27 those costs together with interest from the date the costs were in-
28 curred;

29 (C) toll fees paid by Cominco Alaska for the use of

1 facilities constructed as part of the project to the Alaska Industrial
2 Development Authority may be periodically adjusted if the price of
3 zinc rises above a level that yields a return on investment commen-
4 surate with risk;

5 (2) the United States government makes available land in the
6 Cape Krusenstern National Monument that is included in the proposed land
7 exchange with NANA Regional Corporation to the corporation for construction
8 of a transportation system;

9 (3) NANA Regional Corporation is required to agree in writing to
10 make available to the Alaska Industrial Development Authority, at no more
11 than fair market value, land needed for the port and road constructed as
12 part of the project and land needed for future expansion of the road and
13 port;

14 (4) tax exempt financing for the project is used to the maximum
15 extent possible;

16 (5) a toll schedule, that may be periodically adjusted, is
17 established for use of facilities constructed as part of the project that

18 (A) ensures a reasonable return on the state's investment
19 in the project; and

20 (B) guarantees equitable access to the facilities by all
21 users and potential users, including access to private property and
22 access for travel necessary and related to resource exploration and
23 development for which valid permits have been obtained and travel in
24 support of resource exploration and development;

25 (6) contracts for the construction of the port and road are
26 subject to AS 36;

27 (7) reasonable access to the port and road is guaranteed to all
28 users;

29 (8) the Alaska Industrial Development Authority will own and