

ALASKA LEGISLATURE COMMITTEE FILES 1983-1984 8672

2804 SRES SB 14 - SB 40

200

ESTABLISHING STATE FORESTS.

SB 14

ZIEGLER

State forests are to be managed for multiple use and sustained yield under a management plan prepared by DNR and reviewed by the Board of Forestry after public hearings.

Following uses are allowed: commercial timber harvest, mining and mineral leasing, recreation, greenbelts, trapping, hunting, fishing, grazing and agriculture.

Though State forest lands will be closed to sale under state land disposal laws, a municipality may select land within the forest. Private land, University of Alaska grant land, existing transportation corridors, and municipal selections within a state forest are excluded from the forest, as are lands selected by Native villages or regional corporations. Land may not be acquired by eminent domain. Native allotments within the state forest will not be adversely affected, nor will existing permits or contracts involving use of the land, water, or other resources of the state forest.

No specific forestry lands designated.

Alaska State Legislature

BETTYE FAHRENKAMP
CHAIRMAN
ROBERT H. ZIEGLER, SR.
VICE-CHAIRMAN
DICK ELIASON - PAUL FISCHER
VIC FISCHER - BOB MULCAHY
ARLISS STURGULEWSKI



POUCH V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3834
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Senate Committee on Resources

March 18, 1983

Memo

To: Senate Resources Committee Members
From: Senate Resources Committee Staff
Subject: Summary of Hearing on SB 14, 108, 79, Fairbanks, March 11, 1983

A hearing by the Resources Committee was held in the Fairbanks North Star Borough Assembly Chambers between 4:30 pm and 7:30 pm, March 11, 1983. The hearing was attended and chaired by Senator Fahrenkamp.

41 persons testified at the hearing. Approximately 13 persons spoke on the state forest legislation, SB 14 and 108, as well as the proposed committee substitute. All but one expressed support for the legislation.

32 persons spoke on SB 79, the "Right to Know" legislation concerning hazardous and toxic substances in the workplace. 20 persons were in general support of the legislation while 12 spoke in opposition to the bills.

Specific Comments on SB 14, 108

Most who testified had seen the proposed committee substitute and were in support of the combined provisions of the two bills. Recommended changes or additions include:

- 1) Change the name of the Fairbanks State Forest to the Tanana Valley State Forest to more accurately reflect the location.
- 2) Change the timing of completion of the forest inventory and management plan.
- 3) Include in the purpose of the legislation the ensuring of a stable supply of timber resources.
- 4) Include revenue from mining of forest lands in the reforestation fund.
- 5) Include funding for the Board of Forestry.
- 6) Strengthen permitted uses of recreation, greenbelts, wildlife habitat
- 7) Limit Borough's selection of industrial sites to one site only.

8) Delete the Martin site from the industrial "back-out" sites.

Specific Comments of SB 79

Those speaking in favor of the bill generally acknowledged that the bill was too broad as presently written and could be easily modified to limit coverage of the bill to genuinely "hazardous or toxic" substances. Support for the bill came largely from members of unions and environmental groups. Specific suggestions were to incorporate some of the provisions of HB 197 in the Senate bill to narrow the scope and make the bill more readily workable and enforceable. It was also pointed out that the prospects of federal OSHA regulations in the future were not known, that such regulations as proposed would only cover manufacturers, and that current OSHA regs only applied to workplace exposure levels of a very few well-known toxic substances.

Those speaking in opposition of the bill generally supported the basic concept and intent of the legislation but argued that the bill was unnecessary because of existing federal and state law and regulations and the prospects of similar OSHA regulations in the near future. Those speaking against the bill generally felt the bill was far too broad and would result in costly and needless paperwork on the part of both the State and employers. In particular, it was pointed out that labeling requirements for truck and air carriers would be especially onerous and difficult to comply with.

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Jim Hall will testify

to Sandra
Date 2/16 Time 9:00am

WHILE YOU WERE OUT
M BRUCE KRUBER
of Lincoln Park & Rec.
Phone 586-5226
Area Code Number Extension

TELEPHONED		PLEASE CALL	
CALLED TO SEE YOU		WILL CALL AGAIN	
WANTS TO SEE YOU		URGENT	
RETURNED YOUR CALL			

Message Please call
about SS SB23
(the bill V. Fischer
reintroduced last
year). 9 per

Operator

SENATE RESOURCES COMMITTEE
LEGISLATION CHECKLIST

IDENTIFICATION:

BILL NUMBER: *SS SB 23*

BILL NAME: *OUTDOOR RECREATION & HISTORIC PROJECTS*

SPONSOR(S): *FISHER, V; STURM; JOSEPHSON*

RELATED BILLS PENDING:

DATE INTRODUCED: *2-7-84*

REFERRALS: *REMARKS
FINALL*

INITIAL RESEARCH:

BILL SUMMARY COMPLETED:

SUMMARY BY LEGAL DIVISION:

SPONSOR CONTACTED FOR
BACKUP MATERIALS:

DEPT. OF LAW SUMMARY:

FISCAL NOTE:

AGENCY RESPONSE:

OTHER INTERESTED SENATORS OR
REPS. NOTIFIED:

BACKGROUND RESEARCH:

SIMILAR BILLS INTRODUCED IN PREVIOUS LEGISLATURES:

RESPONSES FROM INTERESTED PERSONS/GROUPS:

OTHER STATE OR FEDERAL PRECEDENTS, REGULATIONS, LAWS:

HEARING PREPARATION:

CHAIRMAN BRIEFED:

DATE AND PLACE SET:

STAFF MEMO TO COMMITTEE:

TELECONFERENCE:

BACKGROUND MATERIAL DISTRIBUTED:

PSA/PRESS RELEASE:

LIST OF WITNESSES:

SUGGESTED AMENDMENTS/COMMITTEE
SUBSTITUTES DRAFTED:

THE LEGISLATURE OF THE STATE OF ALASKA
THIRTEENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. S.B. 23

Title An Act relating to outdoor recreation and historic projects

Requested by Fischer Date 1/24/83

II. FISCAL DETAIL

Agency Affected Natural Resources - Parks

Program Category Affected Parks & Recreation

BRU, Program, Or Subprogram(s) Affected Park Operations

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	-0-	-0-			

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						
	-0-	-0-	-0-			

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

The act establishes an outdoor recreation and historic properties grant fund to be administered by the Division of Parks but does not make an appropriation to the fund nor establish any formula for determining the level of appropriations, consequently there is no fiscal impact from this bill.

HW
1/24/83

IV. DATE

PREPARED BY

AGENCY Natural Resources

Original: Legislative Finance

PHONE 465-2400

cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/82)

RELATING TO OUTDOOR RECREATION AND HISTORIC PROJECTS.

SB 23

• FISCHER

SB 23 repeals the existing statute and creates an Outdoor Recreation and Historic Properties Grant Program (within DNR, Division of Parks). This bill does not appropriate money, but creates the fund for the money to go into.

Under this program, projects could be initiated by a municipality, property owner, or corporation. Specific criteria for projects will be established by DNR, who will also adopt regulations concerning granting of funds. At least 25% of the money in the fund must be used for historical properties projects. Allows Division of Parks to assist applicants in planning and administering projects.

In 1978 an Outdoor Recreational Project Fund was created, but was only funded for 1 year. In 1981 Division of Parks approached Senator V. Fischer for funding, and because the original language was poorly written and interfered with the Division's ability to use other funds for the program.

(A similar bill passed out of Senate Resources Committee in 1982 (as SB 795), but died in Senate Finance.)

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SENATE RESOURCES COMMITTEE
LEGISLATION CHECKLIST

IDENTIFICATION:

BILL NUMBER: SB 31

BILL NAME: Appropriate to DNR, division of Parks,
acquire/develop House of Wickersham, Junco

SPONSOR(S): J. Fischer

RELATED BILLS PENDING:

DATE INTRODUCED: 1-18-83

HB 151

REFERRALS: Resources
Finance

INITIAL RESEARCH:

BILL SUMMARY COMPLETED:

SUMMARY BY LEGAL DIVISION:

SPONSOR CONTACTED FOR
BACKUP MATERIALS:

DEPT. OF LAW SUMMARY:

AGENCY RESPONSE:

FISCAL NOTE:

OTHER INTERESTED SENATORS OR
REPS. NOTIFIED:

BACKGROUND RESEARCH:

SIMILAR BILLS INTRODUCED IN PREVIOUS LEGISLATURES:

RESPONSES FROM INTERESTED PERSONS/GROUPS:

OTHER STATE OR FEDERAL PRECEDENTS, REGULATIONS, LAWS:

HEARING PREPARATION:

CHAIRMAN BRIEFED:

DATE AND PLACE SET:

STAFF MEMO TO COMMITTEE:

TELECONFERENCE:

BACKGROUND MATERIAL DISTRIBUTED:

PSA/PRESS RELEASE:

LIST OF WITNESSES:

SUGGESTED AMENDMENTS/COMMITTEE
SUBSTITUTES DRAFTED:

Passed
HB 151

THE LEGISLATURE OF THE STATE OF ALASKA
THIRTIETH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. S.B. 31
 Title Special Appropriation: House of Wickersham
 Requested by Fischer Date 1/20/83

II. FISCAL DETAIL

Agency Affected Natural Resources - Parks
 Program Category Affected Parks & Recreation
 ERU, Program, Or Subprogram(s) Affected Park Operations
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES		19.2	40.8			
200 TRAVEL						
300 CONTRACTUAL		10.9	11.8			
400 COMMODITIES		2.7	2.9			
500 EQUIPMENT						
600 LAND & STRUCTURES		750.0	250.0			
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	782.8	305.5			

FUNDING (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
GENERAL FUND		782.8	305.5			
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
FULL TIME		0.5	1.0			
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

This fiscal note is based upon the Fiscal Information section (pp. 7-8) of the Wickersham House Report (copy attached), completed in March 1982 by the Wickersham House Task Force, appointed by the Governor at the request of and with funding from the Legislature.

The total cost of acquiring the House of Wickersham and its collections and developing the house and contents as a public historic site is estimated at \$1,000.0. Acquisition could occur in the first half of FY84, with development beginning in the second half and extending into FY85. Line 100 through 400 costs would be for an on-site manager/curator position, with this position becoming active after acquisition.

HW
1/24/83

IV. DATE _____ PREPARED BY _____
 AGENCY Natural Resources

Original: Legislative Finance PHONE 465-2400

cc: Budget and Management
 Prime Sponsor (First Legislator Named)

State eyes historic household

By BRUCE SCANDLING
Empire Staff Reporter

Proposals for state purchase of Juneau's historical House of Wickersham are gaining speed in the Alaska Legislature.

Preservation of state history is the goal, lawmakers say.

A bill earmarking \$1 million for purchase and development of the historical site passed easily through the House State Affairs Committee Monday. It is co-sponsored by 21 representatives, including Juneau Reps. Mike Miller and Jim Duncan.

An identical bill has been introduced in the Senate by Sen. Vic Fischer, D-Anchorage.

"I think the Legislature is starting to look back and see where it failed before" in trying to preserve state history, Duncan said.

A state bid to save the Pollen collection in Skagway two years ago failed, and artifacts were auctioned to historians around the country, he said.

Although Miller introduced a bill to purchase that collection, the legislation faltered and the collection was lost to Outside buyers.

"We don't want that to happen again," Duncan said.

The House of Wickersham, on Seventh Street, was occupied by Judge James Wickersham and his wife from 1928 to 1939 and still contains extensive collections of Alaska memorabilia detailing the Judge's travel and work around the state.

It is owned by Seattle travel entrepreneur Bob Giersdorf of Alaska Tour and Marketing Service and managed by

Continued on Page 2



Wickersham's niece, Ruth Allman, at Seventh Street house.

Fill 'er up

Lower 48 gas prices drop but local prices staying near peak

By CHRIS JARVIS

costing \$1.20 a gallon, unless they have wash tanks and roll tires and things like

CHEV
GASOL
SELF S
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Samm and Phil Godfrey Redi-Mix Sand and Gravel were ordered to pay the state \$7,500 each for violation of state construction laws after winning a state contract to upgrade the Seward Highway in March, 1981. The state last October charged the firms with forcing a subcontractor on the highway project to buy all of its concrete from Phil Godfrey Redi-Mix. The state said. Samm and Phil Godfrey were also ordered to pay \$1,500 to the contractor on the highway project.

The judgment also prohibits the defendants from requiring any subcontractor they hire to purchase construction supplies from Samm or Phil Godfrey.

Despite rate hike, Chugach in 'crisis'

ANCHORAGE (AP) — Despite a 51 percent rate increase last year, Chugach Electric Association lost \$3.5 million last year, industry figures show. "Murphy, a member of the utility's board of directors, termed it the worst financial crisis in its history. "We don't have reasonable rate relief over time, our equity has dropped to zero and we will be in total default," said Walter Truitt, general manager of CEA. The ratio of equity to debt for Chugach dropped from 1.67 to 0.67 last year, Truitt said. The Rural Electrification Administration requires member cooperatives to have a minimum ratio of 3.0. Chugach reported losses of \$800,000 and \$600,000 in 1980 and 1981, respectively. "Despite the large rate increase, Truitt said part of the deficit is attributable to the Alaska Public Utilities Commission's decision to phase in the boost in stages. "Due to an interim increase granted in 1981, the utility had not raised its rate since March of 1978, he said. "We are also playing catchup," Truitt said. "We spent a lot of money on maintenance and implementing the management audit ordered in 1982." The audit was ordered by the APUC as a condition of the rate increase. Consumer groups charged the utility was being misled, citing large numbers of employees, both hourly and salaried, making more than \$50,000 a year.



City	High	Low	Wind	Dir	City	High	Low	Wind	Dir	Fronts: Cold	Warm	Occluded	Stationary
Birmingham	50	34	rn		Lubbock	54	34	clr					
Bismarck	71	18	edy		Memphis	48	45	rn					
Boise	43	40	01 rn		Miami	70	55	edy					
Boston	29	23	02 clr		Milwaukee	29	26	edy					
Brownsville	79	66	edy		Mpls St Paul	21	19	edy					
Buffalo	28	12	.02 edy		Nashville	48	41	rn					
Burlington	23	14	.03 clr		New Orleans	81	46	01 rn					
Casper	11	31	edy		New York	35	25	clr					
Charleston S.C.	54	36	rn		Norfolk	44	30	edy					
Charleston W.V.	31	18	edy		North Platte	45	28	edy					
Charlotte N.C.	48	25	rn		Oklahoma City	44	34	edy					
Cheyenne	36	28	edy		Omaha	32	18	edy					
Chicago	33	27	edy		Orlando	66	36	edy					
Cincinnati	36	28	edy		Philadelphia	36	20	edy					
Cleveland	25	17	edy		Phoenix	66	50	edy					
Columbia S.C.	51	22	rn		Pittsburgh	28	18	edy					
Portland, Me.	31	19	.16 clr		Portland, Ore.	46	39	.57 rn					
Providence	30	22	clr		Shreveport	81	53	.07 rn					
Raleigh	45	19	rn		Sioux Falls	20	15	edy					
Rapid City	44	19	edy		St. Louis	39	33	edy					
Reno	51	36	edy		St. Pete-Tampa	50	34	edy					
Richmond	44	22	edy		St. Paul	24	04	edy					
Salt Lake	44	35	.18 edy		Spokane	35	33	.18 edy					
San Antonio	66	56	edy		Syracuse	25	10	.01 edy					
San Diego	66	54	.13 clr		Topeka	38	23	edy					
San Francisco	54	52	.03 edy		Tucson	66	40	.01 edy					
Seattle	45	40	.25 rn		Tulsa	45	40	edy					
					Washington	41	24	edy					
					Wichita	72	27	edy					

Historic...

Continued from Page 1
Wickersham's niece, Ruth Allman. A state-appointed task force, formed when Miller introduced a bill two years ago, has studied options for the Wickersham house and recommended state purchase. It is the only way to ensure Wickersham's collection stays in the state,

Mill...

Continued from Page 1
before being sold, he said. Schnabel said despite the fact the company owes \$6 million he's optimistic a buyer will be found for the mill. "If the market improves, it will sell," he said. Schnabel has listed the property with a Seattle broker. He doesn't expect an Alaskan firm will be interested or able to buy the mill, he said. ARC has already approached some Native corporations, in-

Gas...

Continued from Page 1
petition affects gas prices in the Lower 48 but not in Juneau. "Let's say 105 million gallons were sold there (in Seattle) last year and only 95 million gallons are sold this year," the "competition for the available market" is greater, driving prices down, Howard said. In Juneau, however, there has been little decline in gas use, he said. "There are ample supplies of gasoline but people (in the Lower 48) aren't buying as much," he said. About the only way for Juneau to benefit from lower gas prices, Howard said, would be a recession, which he

according to the task force. In testimony before the State Affairs Committee Monday, Giersdorf said the state could buy the house for just under \$500,000. Nearly that much will also be spent on restoration and maintenance of the house and cataloging the collection. Giersdorf purchased the Wickersham house in the mid-'70s from Alaska Airlines, which had bought the site from Wickersham's wife. A year ago, the structure was appraised at \$200,000. The collection inside has been valued at about \$250,000 by state historians. If the bill is passed, the state Division of Parks would take over ownership of the house in July. Under the proposal, tours currently led by Allman would continue, and Giersdorf recommended she continue to live in the house as curator and caretaker.

cluding the Sealaska Corp., but found little interest in buying the company, he said. The mill employed about 35 people when it operated last year, he said, but cut back to 20 employees in the fall. The staff was further reduced to eight in December, and all that's left on the payroll is a small office staff, he said. For several years the fickle timber market has meant the Schnabel mill has operated only sporadically. In 1977 the company closed its doors, but was compelled by the state of Alaska and the Haines City-Borough to give the Haines economy a boost by reopening. The state offered a favorable timber contract for up to 25 years and ARC invested in the plant to keep it operating. The municipality created a 1 percent sales tax to raise nearly \$100,000 to help SLC pay legal costs of fighting court challenges of its state timber contract. That contract can be included in any sale of the mill, Schnabel said, and should enhance the mill's value and chances of being sold. The contract can't be separated from operation of the mill, he said.

Gas prices outside are declining because of poor economic conditions there, he said. "You'd almost have to declare a recession to have the demands drop," and therefore prices, he said. Although Howard said wholesale prices have been dropping rapidly, dealers in Juneau say they have not a great decline in prices in more than a year. In fact, Hall said Ray's Chevron had to raise prices by about 4 cents during July because of increased wholesale prices. Because Juneau residents don't have the luxury of driving to communities where gasoline might be less expensive, the prices will stay at whatever, "the market can bear," Howard said. "You can't drive to Ketchikan or Seattle to take advantage of lower prices," he said, noting that people will often drive some distance just to take advantage of lower pump prices while increasing competition. "What it (gas prices) says is that they (dealers in Juneau) don't have that terrible competition" of the Lower 48. "If people want to know why things are as they are, they should call Chevron in Concord, Calif.," Emig said. The Empire was unable to contact any Standard Oil officials in California who were familiar enough with the Alaska market to comment. Attempts to contact the Alaska marketing manager for Union Oil were

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SENATE RESOURCES COMMITTEE
LEGISLATION CHECKLIST

IDENTIFICATION:

BILL NUMBER: SB 32

BILL NAME: Rural electrification loans.

SPONSOR(S): MOSS

RELATED BILLS PENDING:

DATE INTRODUCED: 1-18-83

REFERRALS: Resources
Finance

INITIAL RESEARCH:

BILL SUMMARY COMPLETED:

SUMMARY BY LEGAL DIVISION:

SPONSOR CONTACTED FOR
BACKUP MATERIALS:

DEPT. OF LAW SUMMARY:

FISCAL NOTE:

AGENCY RESPONSE:

OTHER INTERESTED SENATORS OR
REPS. NOTIFIED:

BACKGROUND RESEARCH:

SIMILAR BILLS INTRODUCED IN PREVIOUS LEGISLATURES:

RESPONSES FROM INTERESTED PERSONS/GROUPS:

OTHER STATE OR FEDERAL PRECEDENTS, REGULATIONS, LAWS:

HEARING PREPARATION:

CHAIRMAN BRIEFED:

DATE AND PLACE SET:

STAFF MEMO TO COMMITTEE:

TELECONFERENCE:

BACKGROUND MATERIAL DISTRIBUTED:

PSA/PRESS RELEASE:

LIST OF WITNESSES:

SUGGESTED AMENDMENTS/COMMITTEE
SUBSTITUTES DRAFTED:

Moss

	EXISTING STATUTE	Rural Electrification Revolving Loan Fund SB 32	Electric Cooperatives Revolving Loan Fund SB 140
Administering Agency	Alaska Power Authority (APA)	APA	Department of Commerce
Loan Purpose	Extending new electric service into an area of the state	same as existing statute	<ul style="list-style-type: none"> - finance capital improvement, plant, or facility - improve and expand services - meet short-term or interim capital need while utility is processing a long-term loan
Interest Rate	2%	2%	5%
Maximum Term of Loan	10 years	30 years	35 years
			<p>[To match terms of federal Rural Electrification Administration loans.</p> <p>SB 41 Initial appropriation of \$20,000,000 to the loan fund. Repayment of principal and interest to the loan fund.</p>

NOTE: The Rural Electrification Revolving Loan Fund has had little use by utilities since its inception in 1981. The regulations adopted by the APA regarding term and security are not favorable to the utilities. At its recent Board meeting, it was decided that a series of public hearings would be held for suggestions on how the program could be improved.

Alaska State Legislature

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CHAIRMAN
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VICE-CHAIRMAN
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VIC FISCHER - BOB MULCAHY
ARLISS STURGULEWSKI



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STATE CAPITOL
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Senate

Committee on Resources

TO: Senate Resources Committee Members
FROM: Senate Resources Committee Staff
RE: March 28th Hearing
DATE: March 25, 1983

On Monday, March 28 at 3:00 pm in the Beltz Room, the following bills will be heard:

SB 32 AN ACT RELATING TO RURAL ELECTRIFICATION LOANS.

SB 32 extends the repayment period for rural electrification loans from 10 to 30 years.

SB 140 AN ACT ESTABLISHING THE ELECTRIC COOPERATIVE REVOLVING LOAN FUND.

SB 140 establishes the electric Cooperative Revolving Loan Fund within the Department of Commerce and Economic Development, and authorizes the Department to make loans to electric utilities to finance a capital improvement, plant, or facility; to improve and expand services; or to meet short-term needs while awaiting long-term financing. It outlines limitations on, qualifications for, and terms of loans to be compatible with current federal Rural Electrification Administration (REA) loans.

SB 141 AN ACT MAKING A SPECIAL APPROPRIATION TO THE ELECTRIC COOPERATIVE REVOLVING LOAN FUND.

SB 141 appropriates \$20,000,000 from the general fund to the electrical cooperative revolving loan fund.

Copies of the above bills are attached; background information will be distributed as soon as it is received.

Also attached is a copy of CSSB 128, the marine parks bill, which was adopted by the Committee on 3/23/83. It is hoped that final Committee action could be taken on this bill.



Alaska State Legislature

Senate

Resources Committee

Official Business

Pouch V
State Capitol
Juneau, Alaska 99811

RESOURCES COMMITTEE

Bettye Fahrenkamp
Chairman

March 28, 1983
3:10 p.m.

Beltz Room
Room 211, Capitol

MEMBERS PRESENT

Senator Fahrenkamp, Chair
Senator Ziegler, Vice Chair
Senator Paul Fischer

Senator Vic Fischer
Senator Mulcahy
Senator Sturgulewski

CALENDAR

- SB 32 Relating to rural electrification loans
- SB 128 Establishing certain areas as marine park units of the Alaska state park system
- SB 136 Relating to the operation of stationary fishing gear
- SB 140 Establishing the electric cooperative revolving loan fund
- SB 141 Making a special appropriation to the electric cooperative revolving loan fund

SB 32, SB 140, SB 141

Don Hostak, Department of Commerce & Economic Development, said the department opposes SB 140, because they don't know where the \$20-million needed to fund the bill will come from in light of declining revenues. They would also prefer an interest rate tied to the municipal bond rate or some other market, rather than setting it at 5% by statute. The committee expressed concern that the department had not prepared a more in-depth analysis of the legislation.

Ed Eboch, Director, Division of Energy and Power Development, opposed SB 32 because Alaska Power Authority can now develop regulations to accomplish what the bill would do, so they feel it is unnecessary.

Regarding SB 140 and SB 141, Eboch said the department had discussed the possibility of whether utilities would qualify for other funding, such as RDA, but had not considered this in depth. Eboch said they had not discussed the bill with the administration for the purpose of taking a position on the bills. Senator Fahrenkamp asked that this be given more priority. Eboch said the department is also concerned about the impact on federal funds available and the possible effect on other programs. Senator Fahrenkamp asked that sewer and water problems be looked at when utility issues were being considered.

Dave Hutchens, Alaska Rural Electrical Cooperative Association (ARECA), said there are two financing programs available to REAA cooperatives: 1) insured loan program, in which each cooperative qualifies for a percentage of its distribution loans from the federal Rural Electrification Association. The percentage varies depending on the financial condition of the cooperative. 2) guaranteed loan program, in which REA guarantees loans for cooperatives if they determine the loan is feasible; the cooperative then goes wherever it can to get the funds, but generally obtains the funds from the Federal Financing Bank, which raises money on the bond market to loan to cooperatives. Hutchens said that the current federal administration is cutting back both loan programs. There was discussion. Hutchens suggested that the interest rate be tied to that of the REA insured loans.

No action was taken on these bills this date.

SB 128

Senator Fahrenkamp referred the committee to a memo dated 3/28/83 from Senate Resources staff to the committee, recommending additional amendments to the Resources committee substitute for SB 128. Senator Vic Fischer offered amendments on page 2, lines 16-19, and on page 9, lines 8-10, to clarify the intent of the legislation that lawful hunting, trapping, fishing, and recreation in marine park units in the state, and reasonable access to these areas, shall not be restricted by the state. These amendments were adopted without objection. Bill was reported out of committee.

SB 136

Senator Mulcahy offered a committee substitute for SB 136. He said the bill addresses a problem in areas of the state where

a unit of fishing gear can be broken into more than one piece, and explained how the bill would correct the problem. He requested a further amendment to line 20 of his proposed committee substitute, adding the word "shelter", which had been recommended by the Department of Public Safety. There being no objection, the amendment was adopted. Senator Mulcahy moved that the committee substitute be reported out of committee with individual recommendations. There was no objection.

The meeting was adjourned at 3:50 p.m.

(7) "reconnaissance study" means a study conducted for the purpose of assessing the present and future electrical and thermal energy needs of an area under AS 44.83.177;

(8) "feasibility study"

(A) means a study conducted for the purpose of establishing the economic and environmental practicality of completing a proposed power project under AS 44.83.181;

(B) includes engineering and design work to meet the requirements for submission of a license application for a proposed new project to the Federal Energy Regulatory Commission;

(9) "small-scale power production facility" means a facility which, by design, is to produce less than 25 megawatts of power. (§ 1 ch 278 SLA 1976; am §§ 21, 22, ch 156 SLA 1978; am §§ 26, 27 ch 83 SLA 1980; am §§ 10, 11 ch 133 SLA 1982)

Effect of amendments. — The 1982 amendment, effective June 25, 1982, substituted the present definition for "power project" or "project" in paragraph (4) for

the definition set out in the main pamphlet and substituted "electrical and thermal energy needs" for "power needs" in paragraph (7).

Article 7. Susitna River Hydroelectric Project.

Sec. 44.83.325. Restrictions on contracting.

Editor's note. — Section 21, ch. 133, SLA 1982, provides: "Notwithstanding the provisions of AS 44.83.325, the Alaska Power Authority may enter into contracts under AS 44.83.300 — 44.83.360 for preliminary work without the approval required by AS 44.83.325. In this section, 'preliminary work' means the preparation of plans and studies and the preparation and submission of license applications, as well as other types of work, that must be

completed before actual construction of the Susitna River hydroelectric project, described in AS 44.83.300, may begin. This section does not authorize the Alaska Power authority to enter into contracts for the actual construction of the Susitna River hydroelectric project or for the preparation of the site of the Susitna River hydroelectric project without the approval required by AS 44.83.325."

Article 8. Rural Electrification Revolving Loan Fund.

Section

- 361. Rural electrification revolving loan fund
- 363. Loan advisory committee

Sec. 44.83.361. Rural electrification revolving loan fund. (a) The rural electrification revolving loan fund is established in the Alaska Power Authority. The fund consists of

- (1) appropriations made to the fund; and
- (2) principal and interest payments on loans made under this section.

(b) The authority may make loans from the rural electrification revolving loan fund to electric utilities certified by the Alaska Public

Utilities Commission for the purpose of extending an electric utility and necessity is may be made from the money needed for a transformer, an adequate service would ever, a loan may

(1) the loan is under AS 44.83

(2) the extension to at least three

(c) A loan from bear an annual the loan.

(d) When a electric utility

(1) shall, in charge the construction loan proceeds and

(2) shall pay (A) interest on

(B) payments each new consumer

year for which the principal of

between the actual consumers and the utility before a

(e) The authority

(1) adopt regulations;

(2) administer

(3) submit to legislative session

section and an fund. (§ 1 ch 11

Sec. 44.83.363 for a rural elect

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disapproved. A mittee shall be

Utilities Commission. A loan from the fund may be made only for the purpose of extending new electric service into an area of the state that an electric utility may serve under a certificate of public convenience and necessity issued by the Alaska Public Utilities Commission. A loan may be made from the fund to an electric utility if the utility invests the money necessary to provide one pole, one span of line, one transformer, and one service drop for each consumer for whom immediate service would be provided by the extension of electric service. However, a loan may not be made from the fund unless

(1) the loan is recommended by a loan advisory committee appointed under AS 44.83.363; and

(2) the extension of electric service would provide immediate service to at least three consumers.

(c) A loan from the rural electrification revolving loan fund shall bear an annual rate of interest of two percent of the unpaid balance of the loan.

(d) When a loan is made by the authority under this section, the electric utility receiving the loan

(1) shall, in addition to the rates that it is authorized to charge, charge the consumers served by the electric service extended with the loan proceeds an amount sufficient to pay the interest costs of the loan;

(2) shall pay to the authority annually an amount equal to

(A) interest of two percent on the unpaid balance of the loan; and

(B) payments on the unpaid balance of the principal of the loan for each new consumer served by the electric service during the preceding year for which the loan was made; payments on the unpaid balance of the principal of the loan shall be made at a rate equal to the difference between the actual cost of making the service connection to the consumers and the minimum investment per consumer required of the utility before a loan is made under (b) of this section.

(e) The authority shall

(1) adopt regulations necessary to carry out the provisions of this section;

(2) administer the rural electrification revolving loan fund; and

(3) submit to the legislature within the first 10 days of each regular legislative session a report of actions taken by the authority under this section and an accounting of the rural electrification revolving loan fund. (§ 1 ch 118 SLA 1981)

Sec. 44.83.363. Loan advisory committee. When an application for a rural electrification loan is submitted to the authority under AS 44.83.361, the authority shall appoint a local advisory committee from persons residing in the area that the applicant utility is certified to serve. The loan advisory committee shall consider the loan application, and shall recommend whether the loan application is to be approved or disapproved. A favorable recommendation from the loan advisory committee shall be based on a determination that development in the area

of the proposed extension of electric service is likely to provide for full repayment of the loan under AS 44.83.361(d) within 10 years. In making that determination the committee shall consider

- (1) permanence of the premises to be served by the extension;
- (2) land use patterns in the area;
- (3) access for the line that would be installed with loan proceeds;
- (4) availability of other utility service in the area; and
- (5) the economic feasibility of the extension of electric service with the proceeds of the loan. (§ 1 ch 118 SLA 1981)

Article 9. Energy Program for Alaska.

Section	Section
380. Program established	392. Lapse of excess appropriations
382. Power development fund established	394. Revenue requirements
384. Use of fund balance	396. Operation of power project
386. Investment of fund	398. Sale of power from power project
388. Allotment to projects	400. Energy conservation
390. Reappropriation of fund balance	425. Definitions

Sec. 44.83.380. Program established. (a) The energy program for Alaska is established. The program shall be administered by the Alaska Power Authority.

(b) The energy program for Alaska is a program by which the authority may acquire or construct power projects with money appropriated by the legislature to the power development fund established in AS 44.83.382. A power project may be acquired or constructed as part of the energy program for Alaska only if the project is submitted to and approved by the legislature in accordance with procedures set out in AS 44.83.177 — 44.83.187.

(c) The provisions of AS 36.10.010 — 36.10.125 apply to power projects constructed by the authority under AS 44.83.380 — 44.83.425. (AS 44.83.400; § 1 ch 118 SLA 1981)

Revisor's notes. — A reference to AS 44.83.400 — 44.83.510 was changed to AS 44.83.380 — 44.83.425 by the revisor of statutes pursuant to AS 01.05.031 to conform to the renumbering of this article.

Editor's notes. — As enacted, this section was designated AS 44.83.400 and was renumbered by the revisor of statutes under AS 01.05.031.

Sec. 44.83.382. Power development fund established. (a) A power development fund is established in the Alaska Power Authority to carry out the purposes of the energy program for Alaska (AS 44.83.380 — 44.83.425).

- (b) The fund includes
- (1) money appropriated to it by the legislature; and
 - (2) revenues collected from the sale of power that are not required by law to be deposited into the general fund. (AS 44.83.410; § 1 ch 118 SLA 1981)

Revisor's notes. — 44.83.400 — 44.83.510 was changed to AS 44 by the revisor of statutes pursuant to AS 01.05.031 to conform to this article.

Sec. 44.83.384. the authority to p

- (1) reconnaiss plans prepared u
 - (2) the cost of a acquiring necessa land, and constru
 - (3) the defeasa for or on an issue
 - (4) the cost of
 - (5) debt servic
 - (b) Money in t a power project t
 - (1) meets the
 - (2) provides th the market area operated by itself market area, and following:
 - (A) renewable hydroelectric pov or a method th properties of the
 - (B) coal or pe
 - (C) energy de
 - (D) fossil fuel
- SLA 1981)

(c) Notwithst 44.83.398, the fu the cost of a pow States governm provisions of AS financed under fund for the cos

- (1) the legis
- (2) the divis

ernor reviews a and determines ments for a feas the plan of finan submitted unde

RELATING TO RURAL ELECTRIFICATION LOANS.

SB 32

MOSS

Extends the repayment period for rural electrification loans from 10 to 30 years.

Intent is to make it easier for rural electrification co-ops to borrow money so they will do necessary upgrading of equipment and extension of lines to outlying areas.

contact: Dave Futchens, Alaska Rural Electrical Cooperative Association

STATE OF ALASKA
FISCAL NOTE

Revision Date _____, 1983

I. REQUEST

Bill/Resolution No.: SB 32
 Title: Relating to rural electrification loan
 Sponsor: Moss
 Requestor: Resources

II. FISCAL DETAIL

Agency Affected: Commerce & Econ. Development
 Program Category Affected: Development
 Bill, Program of Subprogram(s) Affected: Alaska Power Authority

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 93	FY 94	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE						

FUNDING: (Thousands of Dollars)


GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Eric Yould, Executive Director Phone: 277-7641
 Division: Alaska Power Authority Date: _____
 Approved by Commissioner: Richard A. Lyon  Date: 3/28/83
 Department: Commerce and Economic Development

Distribution:

Original to Legislative Finance
 Copy to Office of Management and Budget (for Legislature introduced bills)
 Copy to Department (for Governor introduced bills)
 Copy to Sponsor
 Copy to Requestor (if different from Sponsor)

3/8/83

(7) "reconnaissance study" means a study conducted for the purpose of assessing the present and future electrical and thermal energy needs of an area under AS 44.83.177;

(S) "feasibility study"

(A) means a study conducted for the purpose of establishing the economic and environmental practicality of completing a proposed power project under AS 44.83.181;

(B) includes engineering and design work to meet the requirements for submission of a license application for a proposed new project to the Federal Energy Regulatory Commission;

(9) "small-scale power production facility" means a facility which, by design, is to produce less than 25 megawatts of power. (§ 1 ch 278 SLA 1976; am §§ 21, 22, ch 156 SLA 1978; am §§ 26, 27 ch 83 SLA 1980; am §§ 10, 11 ch 133 SLA 1982)

Effect of amendments. — The 1982 amendment, effective June 25, 1982, substituted the present definition for "power project" or "project" in paragraph (4) for the definition set out in the main pamphlet and substituted "electrical and thermal energy needs" for "power needs" in paragraph (7).

Article 7. Susitna River Hydroelectric Project

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(1) shall, in charge the cost of loan proceeds

(2) shall pay (A) interest

(B) payment for each new construction year for which the principal of the loan is between the assumers and the utility before a

(e) The authority (1) adopt regulations

(2) administer

(3) submit to legislative session section and annual fund. (§ 1 ch 1

Sec. 44.83.363 for a rural electric utility under AS 44.83.361, the persons residing in the area shall receive. The board and shall receive disapproval. A committee shall be

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(c) The provisions of AS 36.10.010 — 36.10.125 apply to power projects constructed by the authority under AS 44.83.380 — 44.83.425. (AS 44.83.400; § 1 ch 118 SLA 1981)

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Revisor's notes. — 44.83.400 — 44.83.510 was changed to AS 44.83.380 — 44.83.425 by the revisor of statutes pursuant to AS 01.05.031 to conform to the renumbering of this article.

Sec. 44.83.384. Authority to acquire land.

(1) reconnaissance plans prepared by the authority

(2) the cost of acquiring necessary land, and construction

(3) the defeasance of bonds issued for or on an issue

(4) the cost of debt service

(5) debt service on a power project

(b) Money in the fund

(1) meets the needs of the market area

(2) provides for the operation of the market area, and

following:

(A) renewable hydroelectric power or a method that takes advantage of the properties of the

(B) coal or petroleum

(C) energy derived from fossil fuels

(D) fossil fuels (AS 44.83.382; § 1 ch 118 SLA 1981)

(c) Notwithstanding AS 44.83.398, the cost of a power project

financed under the provisions of AS 44.83.380 — 44.83.425

shall be paid for the cost of the project

(1) the legislature

(2) the division of energy

and the governor reviews and determines the plan of financing for a project submitted under

S

B

3

9

SENATE RESOURCES COMMITTEE
LEGISLATION CHECKLIST

IDENTIFICATION:

BILL NUMBER: SB 39

BILL NAME: Authorizing Board of Fisheries to establish a
personal use fishery

SPONSOR(S): J. Fischer

RELATED BILLS PENDING:

DATE INTRODUCED: 1/18/83

REFERRALS: Resources
Judiciary

INITIAL RESEARCH:

BILL SUMMARY COMPLETED:

SUMMARY BY LEGAL DIVISION:

SPONSOR CONTACTED FOR
BACKUP MATERIALS:

DEPT. OF LAW SUMMARY:

FISCAL NOTE:

AGENCY RESPONSE:

OTHER INTERESTED SENATORS OR
REPS. NOTIFIED:

BACKGROUND RESEARCH:

SIMILAR BILLS INTRODUCED IN PREVIOUS LEGISLATURES:

RESPONSES FROM INTERESTED PERSONS/GROUPS:

OTHER STATE OR FEDERAL PRECEDENTS, REGULATIONS, LAWS:

HEARING PREPARATION:

CHAIRMAN BRIEFED:

DATE AND PLACE SET:

STAFF MEMO TO COMMITTEE:

TELECONFERENCE:

BACKGROUND MATERIAL DISTRIBUTED:

PSA/PRESS RELEASE:

LIST OF WITNESSES:

SUGGESTED AMENDMENTS/COMMITTEE
SUBSTITUTES DRAFTED:

interested: Bob Royce 586-6264 (friend of Bettys)

Instructs the Board of Fisheries to adopt regulations permitting personal use fishing unless the Board determines such a fishery will jeopardize the maintenance of fish stocks on a sustained-yield basis. If it becomes necessary to restrict the taking of fish, personal use fishing will be the second priority after subsistence use.

Personal use fishing is for personal use, not sale - may use gill net, seine, fish wheel, long line, and allows Board to define other means as well. Would allow people who do not qualify for subsistence use to catch more fish than would be allowed with a sport fishing license.

S

B

40

SENATE RESOURCES COMMITTEE
LEGISLATION CHECKLIST

IDENTIFICATION:

BILL NUMBER: SB 40
BILL NAME: Appropriations / appropriation transfers to carry
out Settlement Agreement between State & UA
SPONSOR(S): Fahrenkamp, Bennett, Moss, RELATED BILLS PENDING: SB 41
DATE INTRODUCED: 1-18-83 Sturgulewski HB 46
REFERRALS: Resources
HESS
Finance

INITIAL RESEARCH:

BILL SUMMARY COMPLETED:

SUMMARY BY LEGAL DIVISION:

SPONSOR CONTACTED FOR
BACKUP MATERIALS:

DEPT. OF LAW SUMMARY:

FISCAL NOTE:

AGENCY RESPONSE:

OTHER INTERESTED SENATORS OR
REPS. NOTIFIED:

BACKGROUND RESEARCH:

SIMILAR BILLS INTRODUCED IN PREVIOUS LEGISLATURES:

RESPONSES FROM INTERESTED PERSONS/GROUPS:

OTHER STATE OR FEDERAL PRECEDENTS, REGULATIONS, LAWS:

HEARING PREPARATION:

CHAIRMAN BRIEFED:

DATE AND PLACE SET:

STAFF MEMO TO COMMITTEE:

TELECONFERENCE:

BACKGROUND MATERIAL DISTRIBUTED:

PSA/PRESS RELEASE:

LIST OF WITNESSES:

SUGGESTED AMENDMENTS/COMMITTEE
SUBSTITUTES DRAFTED:

SETTLEMENT AGREEMENT BETWEEN THE
DEPARTMENT OF NATURAL RESOURCES, THE
DEPARTMENT OF REVENUE, AND THE
DEPARTMENT OF ADMINISTRATION AND
THE UNIVERSITY OF ALASKA AND THE BOARD
OF REGENTS, AS TRUSTEES FOR THE
UNIVERSITY OF ALASKA


This Agreement entered into this ____ day of _____, 1982,
between the Department of Natural Resources (hereinafter referred to
as "Department"), the Department of Revenue, and the Department of
Administration, and the University of Alaska (hereinafter referred to
as "University"), acting on its own behalf and through its Board of
Regents, sets forth the understanding of the parties as follows:

WHEREAS, the University commenced litigation against the
Department, the Department of Revenue, and the Department of
Administration on April 23, 1979, Case No. 3AN-79-2801 Civ., Third
Judicial District, seeking compensation for disposals and transactions
alleged to be in breach of trust obligations imposed by federal law;
and

WHEREAS, the Act of 1915 (38 Stat. 1214, as amended) reserved
land in certain Sections 33 located within the Tanana Valley for the
University and the Act of 1929 (45 Stat. 1091, as amended) permitted
the Territory of Alaska to select 100,000 acres of vacant non-mineral
unreserved land from the federal public domain for the exclusive use
and benefit of the University (hereinafter collectively referred to as
"University-grant lands"); and

WHEREAS, Congress transferred the University-grant lands to
the State by Section 6(k) of the Alaska Statehood Act and the State
statutorily accepted the benefits and provisions of the Act of 1915
and the Act of 1929 by enacting respectively AS 14.40.380 and 14.40.390;
and

obligation
WHEREAS, the decisions of the Alaska Supreme Court have
interpreted the Acts of 1915 and 1929 and the acceptance by the State
as having created a trust for the benefit of the University, and any
income produced from the lands is reserved for the exclusive use and



sole benefit of the University (State of Alaska v. University of Alaska, 624 P.2d 807 (Alaska 1981); Wessells v. State of Alaska, 362 P.2d 1042 (Alaska 1977)); and

obligation
WHEREAS, the Department of Revenue and the Department of Administration have the duty to account and reserve for the exclusive use and benefit of the University the proceeds produced from University-grant lands; and

WHEREAS, the parties to this agreement believe that it is in the best interest of the State to convey certain University-grant lands and certain state lands which are not University-grant lands in fee to the University; and

← WHEREAS, the parties believe that it is desirable to compromise the pending litigation to the extent provided by this Agreement and to complete all actions required or contemplated under it, upon execution of the Agreement and where necessary by enactment of legislation; and *→*

WHEREAS, the parties to this Agreement believe that it is in the best interests of the parties that the University receive title to and management of certain University-grant lands, to be administered, controlled and managed through the Board of Regents, as trustee for the University; and

what will it do?
WHEREAS, the parties acknowledge that it is their intent by this Agreement and such legislation to accomplish the following:

1. Differentiate between state public domain lands and University-grant lands by providing separate and distinct land management to insure the future management of University-grant lands in accordance with recognized trust principles;

2. Resolve conflicts resulting from past management of all lands granted to the State for the benefit of the University by the United States pursuant to the Acts of 1915 and 1929;

3. Fulfill the purpose for which the University-grant lands were originally granted;

4. Convey title in fee to certain University-grant lands and certain other state lands to the University upon authorization by the legislature and transfer money to the University of Alaska Permanent Fund (hereinafter referred to as "fund") upon appropriation by the Legislature;

not in contest!

5. Establish methods of calculation of the dollar amount due, with interest, not collected and allocated to the fund, by the Department, the Department of Revenue or the Department of Administration with regard to the management and disposal of University-grant land, and the dollar amount due, with interest, to the fund for University-grant lands and resources therefrom which have been disposed of at less than then-current fair market value by the State; and

WHEREAS, upon enactment of legislation the Commissioners of the Departments of Natural Resources, Revenue, and Administration, will have the authority to implement this Agreement, and the Board of Regents is empowered to act on behalf of the University pursuant to Article VII, Section 3 of the Alaska Constitution and AS 14.40.170, 14.40.250, 14.40.280, 14.40.350, 14.40.360, and 14.40.400;

NOW THEREFORE, for and in consideration of the terms; covenants and conditions contained herein, the parties agree as follows:

1. Applicable Time Periods. Because of the difficulty in providing an accurate accounting and analysis of long past disposals and transactions, and considering the possible application of the doctrine of laches and statutes of limitation, the parties acknowledge that the calculation of compensation due the University shall be limited to the period from January 1, 1960 forward for certain disposals and transactions as specified in paragraphs 2 and 3 and from January 1, 1968 forward for certain other disposals and transactions as specified in paragraphs 2 and 3.

2. Determination of Dollar Amount for Prior Disposals and Transactions at Less Than Fair Market Value. The dollar amount due for prior disposals and transactions shall be calculated as follows:

a) To determine the dollar amount due for rights-of-way, permits, easements, materials, and fees conveyed other than at appraised value, and legislative and administrative withdrawals and reservations made or executed on or after January 1, 1968, the parties shall mutually select and instruct an independent fee appraiser to determine the fair market value of the land and resources involved in each transaction identified in Appendices A, B and D on the date the disposal or transaction was made or executed. The value determined by the appraiser shall be

binding upon the parties, and shall be brought forward with interest from the date of transaction to the date the grand total in Appendix M is determined at nine percent (9%) per year, compounded annually. The total amount due for each transaction shall be entered in Appendix M. No compensation is due for such disposals and transactions made or executed before January 1, 1968.

b) To determine the dollar amount owed to the University for unduly encumbered lands which the University shall convey to the State by quitclaim deed under this Agreement, the parties shall mutually select and instruct an independent fee appraiser to determine the current fair market value of the lands identified in Appendix E. These lands may be removed by the University from Appendix E within 120 days after the date of this Agreement. Additional University-grant lands not listed in any Appendix and which are found to be subject to past disposals may be added to the applicable Appendix by agreement of the University and the Department, not later than February 1, 1983.

c) To determine the dollar amount owed for incomplete land exchanges and leases, excluding mineral leases and oil and gas leases, made or executed after January 1, 1960, on University-grant lands, the parties shall mutually select and instruct an independent fee appraiser to determine the current fair market value of the land which is identified in Appendices C and F. The value determined by the appraiser shall be binding upon the parties. The current fair market value of the leased lands shall be used in conjunction with the provisions set forth in Appendix G to determine the value of each lease. The value of each lease shall be set forth in Appendix H. The total value of all leases shall be entered in Appendix M. No compensation is due for mining locations, mineral leases or oil and gas leases except as provided in paragraphs 3 and 4.

Land exchanges presently incompleated which are completed within one year of the signing of this Agreement shall not be included in the total dollar amount due as identified in Appendix M.

3. Determination of Compensation for All Uncollected or Unallocated Revenues. The Department, the Department of Revenue, and

Department of Administration shall provide the University access to all data, files, accounting and all other information, in whatever form, concerning disposals and transactions on University-grant lands made or executed after January 1, 1960, or January 1, 1968, as appropriate under paragraph 1. All revenues, including revenue from oil and gas leases executed after January 1, 1960, if any, which could have been collected according to the terms of the instrument making the disposal or governing the transaction and which should have been collected for or allocated to the fund but were not, shall be entered into Appendix I and added to the total dollar amount and entered in Appendix M. The amount of uncollected or unallocated revenues shall bear interest at nine per cent (9%) per year, compounded annually from the date of the initial billing period in which each amount was not collected or allocated.

4. Liquidated Damages. In recognition of the difficulty of precisely determining the dollar amount owed the University with regard to the State's management, reservation and disposal of University-grant lands and interests therein at less than their then-current fair market value, including without limitation mineral locations, claims and prospecting, leasing activity including mineral and oil and gas, and preference rights not otherwise addressed in this Agreement, the parties agree that the University should receive, upon proper appropriation by the Legislature, liquidated damages. Liquidated damages shall also include all claims for trespass, non-aggressive and non-productive management, all demands for indemnity against claims made by third parties, and any claim against the state or agent thereof for punitive damages. The parties agree that the University shall have the right without interference from the Department to seek liquidated damages through a legislative appropriation in an amount not more than five million dollars (\$5,000,000.00). The parties acknowledge that the liquidated damages should not constitute a penalty but reflect a reasoned compromise of damages sustained.

5. Supplement to Appendices. Except as otherwise specifically provided herein, the parties shall have one hundred fifty (150) days from the signing of this Agreement to supplement, correct and modify the Appendices to insure their accuracy.

6. Conveyance by Quitclaim Deed. The Department shall transfer to the Board of Regents, as trustee for the University, all University-grant lands identified in Appendix N and all state lands identified for transfer to the University pursuant to paragraph 12 by quitclaim deed. The University shall convey to the State all lands identified in Appendix E by quitclaim deed.

7. Termination of Interests Which the State Granted To Itself. The Department shall terminate within ninety (90) days after the effective date of this Agreement those interests in University-grant lands identified in Appendix K which it has granted to itself or other state agencies, departments, or entities and which are, by the terms of the transfer document, terminable at will by the Department. The interests to be terminated under this paragraph may include, but are not limited to, special land use permits (SLUPs), miscellaneous land use permits (MLUPs), free use permits (FUPs), personal use permits (FUPs), temporary use permits (TUPs), land use permits (LUPs), Interagency Land Management Assignments (ILMAs), and Interagency Land Management Transfers (ILMTs).

8. Acknowledgement and Disposition of Third Party Lease Interests. All lease interests granted to third parties listed in Appendix L are acknowledged by the University as binding contracts with the State of Alaska through the Department. The Department shall administer these leases according to the applicable state statutes until the University requests that administrative responsibilities for the leases be transferred to the Board of Regents or the lease term expires, whichever occurs first. In the event of the lessee's default the State shall succeed to the lessee's term of years and may transfer the lease hold interest in the lands to the University or use the lands or re-lease them until the expiration of the original lease term.

The State shall purchase any leased lands identified in Appendix F which the University elects not to retain by February 1, 1983, at their current fair market value as determined by appraisal. The University shall receive the proper amount of rental value from the date of the execution of the lease until February 1, 1983, according to the lease valuation provisions set forth in Appendix G.

9. Other Third Party Interests. The University acknowledges all valid existing third party interests of which it has knowledge or which are a matter of public record in addition to those referred to in paragraph 8 but excluding selections made by municipalities pursuant to AS 29.18.201-213 or any predecessor statute thereto. The University shall not contest the validity of any mining claim on University grant lands or state lands/^{conveyed}to the University pursuant to this Agreement except for failure to record a location certificate or perform annual labor as required by law.

The University shall not impose any royalty or other charge in excess of that currently charged, or to be charged in the future, by the state on state lands, on the right to extract locatable minerals from any mining claims for which a location certificate had been recorded and any required annual labor had been performed at the date this Agreement is signed.

10. Method of Compensation to the University.

a) Cash Settlement. The University may elect to receive a full or partial cash settlement for the total dollar amount owed in the form of a deposit into the fund, dependent only upon appropriations made for such purpose by the Legislature. The University shall have free access to any amount appropriated as monetary compensation for a period of two years from the date of deposit, during which time such money may be used only to purchase real property if statutory authority to purchase real property is enacted. After two years, the balance of the fund not used to purchase real property shall be available for all lawful purposes for which the fund may be used. The parties shall seek, during the 1983 legislative session, an appropriation for the dollar amount the University elects to receive as a cash settlement.

b) Land Settlement. The University may elect no later than October 30, 1983, to receive full or partial settlement of the total dollar amount due through the conveyance of state lands of equal fair market value identified in the pools established pursuant to paragraph 12. Nothing in this agreement requires the value of lands in the pools established pursuant to paragraph 12 to equal or exceed the total dollar amount due. The University shall obtain the surface and subsurface estate of such lands encumbered by the restrictions imposed by Section 6(i) of the Alaska Statehood Act.

11. Interest. The total dollar amount due the University under this Agreement shall bear interest at the rate of 10.5% from the time the grand total in Appendix M is determined until the University has received full compensation as provided in paragraph 10 of this Agreement.

12. Pool of Lands. If the University elects to receive all or part of the total dollar amount due in land pursuant to paragraph 10 it shall be entitled to receive lands from three (3) pools established by the Commissioner of the Department as follows:

a) The first pool shall contain all land owned by the State upon which the University has located improvements and which are identified in Appendix O. The parties shall have thirty (30) days after the signing of this Agreement to correct Appendix O to insure its accuracy. The parties shall mutually select and instruct, by August 1, 1982, an independent fee appraiser to determine the current fair market value of the lands identified in the first pool. The appraiser shall determine the value by February 1, 1983, and such value shall be binding upon the parties. The University shall be required to accept the lands identified in the first pool and shall offset their appraised value against the total dollar amount due.

b) The second pool shall contain the lands identified in Appendix O which the University may select. The parties shall have thirty (30) days after the signing of this Agreement to supplement, correct and modify Appendix O. The parties shall mutually select and instruct, by August 1, 1982, an independent fee appraiser to determine the current fair market value of the lands which the University selects from the second pool. The appraiser shall determine the value by February 1, 1983, and such value shall be binding upon the parties. The University shall identify, by May 30, 1983, any lands which it selects from the second pool. The University reserves the right to independently determine if any of the lands contained in the second pool are a financially prudent or commercially reasonable acquisition for the trust established by the Act of 1915 and the Act of 1929. The Department does not represent that any of the lands in the second pool are suitable for acquisition for the trust. The University shall offset the appraised value of the lands it selects from the second pool against the total dollar amount due.

c) The University shall accept the lands identified in the first pool and shall make its selections from the second pool by May 30, 1983. Lands not selected by the University by May 30, 1983, shall cease to be reserved for selection by the University.

d) By June 30, 1983, the Department will review all lands for which the State receives tentative approval between March 1, 1982, and March 31, 1983. The Department may include any such lands which it, in its sole discretion, chooses in a third pool. The Department may also include in the third pool any of the lands previously within the second pool and not selected by the University. The Department may choose not to include any land in the third pool. The parties shall mutually select and instruct, by July 15, 1983, an independent fee appraiser to determine the current fair market value of the lands, if any, in the third pool. The value shall be determined by September 30, 1983, and shall be binding upon the parties. The University shall identify, by October 30, 1983, those lands which it selects from the third pool. The University reserves the right to independently determine if any of the lands contained in the third pool are a financially prudent or commercially reasonable acquisition for the trust established by the Act of 1915 and the Act of 1929. The Department does not represent that any of the lands in the third pool are suitable for acquisition for the trust. The University shall offset the appraised value of any lands it may select from the third pool against the total dollar amount due. Lands not selected by the University by October 30, 1983, shall cease to be reserved for selection by the University.

e) The Department shall not make any conveyances of land to the University under this Agreement unless statutory authority to make such conveyances is first enacted. The Department shall not be obligated to pay for the appraisals required pursuant to this Agreement.

13. Mutual Assistance. The parties agree to cooperate in the following ways in order to effectuate the purposes of this Agreement, and to accomplish the goals set forth in the statement of intent:

a) The parties agree to use their best efforts in a spirit of cooperation to seek introduction in the 1982 session of the Alaska Legislature suitable legislation seeking approval of this

Agreement and authorizing the conveyance of University grant lands as contemplated by this Agreement and appropriating those amounts required for the costs of obtaining appraisals and the expenses necessary to implement this Agreement. The parties agree to work diligently for final passage and enactment of such legislation. A proposed draft of legislation which the parties presently believe will fulfill these objectives is attached to this Agreement as Appendix P.

b) The University plans to seek introduction of suitable legislation in the 1983 Legislative session to authorize conveyance of lands selected by the University from the pools created pursuant to paragraph 12 and/or an appropriation to fund any dollar amount due. After examining Grand Total as finally determined and set forth in Appendix M, the other parties to this Agreement will decide whether they can support such legislation. If the State determines it can not support the Grand Total as finally determined and set forth in Appendix M, then the University shall also not be bound by the Grand Total, except that the parties agree to use the procedures described in this Agreement. The parties to this Agreement will also seek introduction of suitable legislation in the 1983 legislative session to make statutory references to University-grant lands consistent with this Agreement. The University shall seek appropriate legislation clarifying the duties and responsibilities of the Board of Regents as trustee of University-grant lands and state lands transferred to the University pursuant to this Agreement. If pursuant to Paragraph 10 a cash settlement is elected, the parties shall seek to introduce legislation during the 1983 session appropriating the money required. The University shall seek legislation during the 1983 session permitting the University to invest any money appropriated in real property.

c) In the event that the University successfully petitions the United States Congress for additional federal lands to compensate the University with in-lieu lands for lands reserved under the Acts of 1915 and 1929 but which were not conveyed to the State pursuant to Section 6(k) of the Alaska Statehood Act, the Department shall submit, on behalf of the University, all necessary selection applications, forms and related documentation required by applicable law to perfect the selection and patent for said in-lieu lands to the State and convey those lands to the Board of Regents pursuant to this Agreement.

d) The Department shall assist the University for two years after the University receives title to University-grant lands and other state lands as a result of this Agreement by providing available resource and planning information.

14. Future Management of University-Grant Lands. The Board of Regents, as trustee for the University of Alaska, shall have the responsibility and duty to control, administer, and manage all lands which are transferred to the University pursuant to this Agreement, for the exclusive use and benefit of the University and for its financial enhancement and security. The Board of Regents shall manage such lands for educational purposes and to produce the maximum amount of income for the University. The Board of Regents shall not have responsibility for, or control over, the fish and game on, or the appropriation of water from, University-grant lands, both of which shall be subject to applicable state laws and regulations. The University shall provide legal access to all navigable and public waters on or adjacent to the lands which are the subject of this Agreement. The University recognizes that lands underlying navigable waters are owned in fee by the State, and are not subject to the provisions of this Agreement. The management of such lands shall be coordinated by the State with the Board of Regents' management of adjacent lands which have been conveyed by this Agreement. Nothing in this Agreement shall prevent the University from applying for a permit to appropriate water pursuant to the Alaska Water Use Act, A.S. 46.15.

15. Interim Management. After signing of this Agreement creation of any third party interests in the University grant land or lands reserved for selection by the University pursuant to paragraph 12 shall require approval by the University with the exception of lease conversions pursuant to Section 12, ch 138, SLA 1977 as amended. University-grant lands which are the subject of municipal selections will not be conveyed to the applicant until the University has approved replacement lands as contemplated by AS 29.18.206(d).

16. Resumption of Litigation. In the event that the University does not receive the total dollar amount owed in cash or land as provided in this Agreement by October 30, 1983, the parties shall be deemed not to have waived any right they may have otherwise had to

maintain or resume the pending litigation in Case No. 3AN-79-2801 Civ., Third Judicial District, State of Alaska. In the event the Court requires that this action be dismissed in the interim, such dismissal shall be stipulated by the parties to be without prejudice, and the parties shall further stipulate that it may be re-filed by any of them at a future date.

17. No Waiver of Claims or Defenses. The parties agree that by their voluntary participation in the negotiation, execution and implementation of this Agreement, they shall not have thereby waived any claim, defense, counterclaim, set-off or legal or equitable remedy which each may pursue against the other in the event that full compensation due the University, in money or land, is not transferred to it pursuant to the obligations contained in this Agreement and litigation is thereafter resumed pursuant to paragraph 16. Nothing in this Agreement or any Appendix hereto shall be admissible in pending or future litigation or presented to a court for any purpose except enforcing this Agreement. This prohibition does not extend to proof of actions taken by the Legislature on legislation required by or related to the subject of this Agreement.

18. Extinguishment of All Claims. The parties agree that upon discharge of the obligations of the State under this Agreement, all claims which are the subject of Case No. 3AN-79-2801 Civ., Third Judicial District, State of Alaska, and all other claims which the University has or had against the State or any agent which are based upon a breach of trust obligations under the Acts of 1915 or 1929, shall be merged in the settlement and finally extinguished, (excluding only those claims against the State and the Municipality of Anchorage or any other entity claiming University-grant lands under AS 29.18.201-213, or any predecessor statute thereto.

19. No Waiver of Breach or Defense. No failure by either party to insist upon the strict performance by the other of any term or condition of this Agreement, or to exercise any right or remedy upon a breach thereof, shall constitute a waiver of any such breach or of such term or condition. No waiver of any breach shall affect or alter this Agreement, but each and every term and condition of this Agreement shall continue in full force and effect with respect to any other then-existing or subsequent breach.

20. Litigation with the Municipality of Anchorage. This Agreement does not affect the pending litigation by the University against the Municipality of Anchorage in Case No. 3AN-79-2801 Civ., Third Judicial District, State of Alaska. The University retains all causes of action, claims, demands and right to damages, expenses and compensation which it now has or may hereafter have against the State or the Municipality of Anchorage as a result of the Municipality's selection of University-grant lands pursuant to AS 29.18.201-213, or any predecessor statute thereto.

21. Notice. If it becomes necessary as a result of the execution and performance of this Agreement to provide public notice pursuant to Article VIII, Sec. 10 of the Alaska Constitution or to AS 38.50.110, the Department and the University shall cooperate in complying with such notice requirements.

22. Resolution by Board of Regents. The Board of Regents shall, if it approves this Agreement, pass a resolution signed by all members of the Board, approving and adopting this Agreement, and specifically and irrevocably assuming responsibility as trustee to the University regarding the management and disposition of all lands which are contemplated to be transferred in fee to the University pursuant to this Agreement. The State shall have the right to review the form and adequacy of the assumption of the obligations of trustee by the Board, prior to making any land conveyances under this Agreement.

23. Advice of Counsel. Each of the parties acknowledges that it was represented by counsel during the negotiation, drafting and execution of this Agreement.

24. Good Faith. The parties agree that the performance of all obligations set forth in the terms and conditions herein shall be conducted in good faith.

25. Successors in Interest. Each and all of the terms, covenants and conditions in this Agreement shall inure to the benefit of, and shall be binding upon, the successors in interest of each of the parties to this Agreement.

26. Enforcement. Enforcement of the public trust responsibilities required to be assumed by the Board of Regents as a result of its approval of this Agreement shall be vested in the Office of the Attorney General, State of Alaska.

THIS IS TO CERTIFY that on this 12th day of March, 1982, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn as such, personally appeared EDWARD RASMUSON, known to me and to me known to be the individual described in and who executed the foregoing instrument, and he acknowledged to me that he signed the same freely and voluntarily for the uses and purposes therein described.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first hereinabove written.

Anne M. Snodgrass
Notary Public in and for Alaska
My Commission Expires: 3/14/84

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

THIS IT TO CERTIFY that on this 12th day of March, 1982, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn as such, personally appeared JAY BARTON known to me and to me known to be the individual described in and who executed the foregoing instrument, and he acknowledged to me that he signed the same freely and voluntarily for the uses and purposes therein described.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first hereinabove written.

Anne M. Snodgrass
Notary Public in and for Alaska
My Commission Expires: 3/14/84

STATE OF ALASKA)

) ss.

THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this 11th day of March, 1982, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn as such, personally appeared JOHN W. KATZ known to me and to me known to be the individual described in and who executed the foregoing instrument, and he acknowledged to me that he signed the same freely and voluntarily for the uses and purposes therein described.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first hereinabove written.



Notary Public in and for Alaska

My Commission Expires: Nov. 2, 1983

STATE OF ALASKA)

) ss.

THIRD JUDICIAL DISTRICT)

THIS IT TO CERTIFY that on this 11th day of March, 1982, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn as such, personally appeared WILLIAM HUDSON, known to me and to me known to be the individual described in and who executed the foregoing instrument, and he acknowledged to me that he signed the same freely and voluntarily for the uses and purposes therein described.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first hereinabove written.

Jennie Boston

Notary Public in and for Alaska

My Commission Expires: Nov. 2, 1983

STATE OF ALASKA)

) ss.

THIRD JUDICIAL DISTRICT)

THIS IT TO CERTIFY that on this 11th day of March, 1982, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn as such, personally appeared THOMAS WILLIAMS, known to me and to me known to be the individual described in and who executed the foregoing instrument, and he acknowledged to me that he signed the same freely and voluntarily for the uses and purposes therein described.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first hereinabove written.

Jennie Boston

Notary Public in and for Alaska

My Commission Expires: Nov. 2, 1983



APR 12 1982
Jay Barton
President

UNIVERSITY OF ALASKA

FAIRBANKS, ALASKA 99701

April 7, 1982

Dear Jay:

I want to thank you for your willingness to spend so much time with us on the University land issue. In many ways it is a culmination of the progress we have been making in the last three years. It represents a major step in negotiation and compromise rather than confrontation. I believe John Katz's support of the agreement speaks to its fairness as well as to its merits.

Merry Tuten, John Shively and I agree with you and Senator Ray that there have indeed been many difficulties and problems with the University in the past. The support that you and Bill gave to the University during those hard years is one of the chief reasons the University is here today. As you know from our many conversations, both cool and collected, and heated, we need your continued support today.

I understand your concern about the issue of compensation. It was critically necessary to address this issue in the agreement inasmuch as it was an essential element in the court decisions that have led to the settlement. I know, however, as Merritt Shively and I indicated to you the other day, that the Regents and the University administration are much more interested in land as a future source of income than they are in cash deposited in the permanent fund. The issue of compensation as to both kind and amount is ultimately the responsibility of the Legislature, as you quite rightly pointed out in our conversation. I want to assure you that we do understand your position with respect to the past support of the University regardless


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of income from trust lands. The major virtue of the compensation analysis portion of the negotiated agreement is that it would pin down the number of acres involved so that a final disposition could be made by the Legislature and the Department of Natural Resources.

There is no question but that we must return to the Legislature with any plan for utilization of permanent fund income. I would be more than willing to see language to that effect made an integral part of SB 875. I have no illusions about the degree of independence of the University of Alaska. I believe, as you and I have discussed on many occasions, that a university needs to be insulated a little from the push and pull of the political process but that it is ultimately fully and completely accountable to its legislature and its state for its stewardship of public funds and for its achievement of the state's educational objectives.

I have reviewed the statements above with the officers of the Board of Regents and with as many members as I could reach. I can assure you that we are all in agreement. May we have your support for this most important issue?

Respectfully,


Jay Barton
President

JB:dm

The Honorable Jay Kerttula
Alaska State Senate
Pouch V
Juneau, Alaska 99811

Statewide Office of Land Management
3354 College Road
474-7421



University of Alaska
Fairbanks, Alaska 99701
April 28, 1982

*cc: Anator
Fabrenkamp
Representative
Bettisworth*

Representative Michael F. Beirne
Alaska State Legislature
Pouch V State Capitol
Juneau, Alaska 99811

Re: University lands
SB 875, 876, 744; HB 2

Dear Representative Beirne:

Mr. Russ Meekins, Sr., asked me to relay to you a conversation we had regarding leases of University lands which are the subject of the State University Settlement Agreement currently before the legislature for ratification. I discussed our conversation with Mr. J. Sutherland of your staff on the telephone today.

Mr. Meekins expressed concern that too much time will elapse before the Board of Regents must make a decision to retain or relinquish University lands which are under lease. He suggested that the deadline be moved from February 1, 1983 to 120 days after passage of the bill this session which would ratify the Settlement Agreement. Although the deadline in the Agreement reads February 1, 1983, the time-frame for making the decision is intended to be much quicker and I believe our plans accommodate Mr. Meekin's concerns. To make informed decisions about the leased lands, the lands must first be appraised. We are requesting \$500,000 this legislative session to conduct appraisals of lands involved in the settlement, including all leased lands. We intend to appraise the leased lands early this summer and request that the Board of Regents make a decision about the leased lands well before the beginning of the next legislative session. We intend to approach the 1983 legislature to seek compensation for the entire settlement, including any leased lands. Although the Board of Regents will make a decision about the leased lands prior to the 1983 legislative session, the final resolution of the issue will not occur until the 1983 legislature acts on the issue of compensation.

Ratification of the Settlement Agreement and the appropriation of \$500,000 to implement the Agreement are essential to the resolution of this longstanding matter. We appreciate the help that you have provided and hope that you will continue to support the bills in the final days of the session. If you need any additional information about the settlement please do not hesitate to call. Thanks again for your help.

Sincerely,

Merry Tuten
Director

cc: Jay Barton
Russ Meekins Sr.

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 23, 1982

SUBJECT: Trusts land of the University
(Work Order No. 12-2743)

TO: Senator Bettye Fahrenkamp
Chairman, Senate Resources
Committee

FROM: Richard A. Bradley *R*
Legislative Counsel

You have requested the attached bill and we have prepared it for you notwithstanding substantial reservations regarding the language and contents of the bill.

I understand that a bill was originally sought because there was doubt that the commissioner of natural resources possessed the authority to transfer state land, even if it was university trust land, to the University. If that is the goal of the committee, a short temporary law section can authorize that without difficulty. That solution also has the merit of recognizing that further review and adjustment of the list of lands subject to the agreement may be useful and may in fact be anticipated.

There is no legal need for the legislature to "ratify" the agreement. As I understand it, no one argues that there is a need for ratification.

If the legislature is going to ratify the agreement, it is useful to have the agreement in some way published, either as a part of the bill or at least in the Journal. Why not publish the agreement as part of this special act?

I consider the requested language "ratifying" the agreement subject to unspecified and open-ended conditions poor drafting resulting in poor legislation. The suggestion that the ambiguities inherent in that situation can be resolved

Senator Bettye Fahrenkamp
Page 2
March 23, 1982

by reference to the agreement (if the agreement is available) is not a reasonable answer.

There is no need to give the Board of Regents new authority to manage this land. It presently possesses the authority to "have the care, control, and management of all the real . . . property of the university:" [AS 14.40.-170(a)(4)]. The provision proposed to be added in the bill does not add to the power.

The requirement that the university provide "adequate public notice" of sales and so forth may be useful but it is required by the constitution on disposals of state land. Article VII, sec. 10. If university land is not state land insofar as the provisions of Article VIII of the constitution are concerned, the bill needs many other provisions added to it.

The bill as originally requested stated that the purpose of the bill was "to transfer legal title and management" of the land. The bill, of course, does not transfer legal title; the bill directs the commissioner of natural resources to do that. The bill has been amended to make this point more clear. And as suggested, the regents already had the authority to manage its land.

If I may assist further, please advise.

RAB:ljb

Enclosure

MAY 9 - 1982

HOUSE RESEARCH AGENCY
Pouch Y - State Capitol
Juneau, Alaska 99811
465-3991

MEMORANDUM

April 8, 1980

TO: Representative Mike Beirne
FROM: Christine Johnson, Research Analyst
THROUGH: Duncan L. Read, Director
RE: The University of Alaska's Lands
Research Request No. 118

Johnson

You recently requested information from us regarding the University of Alaska's land holdings. At present, the University has approximately 123,000 acres. These include 100,000 acres of trust lands, i.e., lands granted by the federal government for the support of the University, approximately 1,800 acres in endowment lands, i.e., lands conveyed to the University by private gifts and endowments, and 20,800 acres of land used for educational purposes, i.e., campus sites, research projects, etc. We have enclosed a map of the school's property for your reference.

All of the University's trust lands (approximately 100,000 acres) are presently managed by the Department of Natural Resources' Division of Lands. The University continues to exercise some control over these lands as the Board of Regents must consent before the Division may dispose of them by lease, sale, trade, etc. (The University is not satisfied with the Division's performance as a land manager, and has filed suit.) The University has its own Office of Land Management which is responsible for endowment and educational lands (approximately 22,600 acres in total). This office also advises the Board of Regents regarding proposals for land disposal submitted by the Division of Lands.

You asked for information regarding the annual legislative appropriation for University land management. According to Ted Smith, the Director of the Division of Lands, the Division receives one sum of money with which to manage all the lands under its jurisdiction: the legislature does not make specific appropriation to the Division to cover the costs of managing the University's holdings. The University's Office of Land Management, which has only been in existence for six months, does not receive a legislative appropriation, but is funded out of revenues from

Representative Mike Beirne

April 8, 1980

Page 2

the University's permanent fund. The Office is presently operating on an \$85,000 budget, but according to the director, Mary Tuten Shutt, the University plans to allocate between \$150,000 and \$200,000 for their operations next year. The increase will cover additional staff and contractual services. At this time, the Office consists of the director, one assistant and clerical staff.

In your request to us, you asked for the names and addresses of members of the trust or commission which manages the University's lands. The Board of Regents and the Office of Land Management are responsible for virtually all of the University's property. However, a very small amount of land is controlled by the University of Alaska Foundation. The Foundation, which is a private, non-profit corporation, was established in 1974, primarily to raise money for the University. The Foundation has received one or two pieces of property as endowments, which it manages directly for the benefit of the school. Enclosed, please find the names and addresses of the corporation's Board of Directors.

We have also included an attachment indicating the income from University lands over the last five years, as you requested. Only about 10% to 15% of the University's property is revenue-producing at this time, according to both Ted Smith of the Division of Lands and Mary Tuten Shutt of the University's Office of Land Management.

In the process of performing this research for you, a number of facts pertaining to the management of the University's land holdings have come to our attention. For example, hundreds of acres of the University's trust lands, which were granted to the University by the federal government so that it would have a steady source of income, have been tied up in State parks, highways, and easements by the Division of Lands, and consequently, produce no revenue for the school. This increases the University's need for public funding and the amount of money it must request from the legislature. If we can provide any further information on this or any other matter pertaining to the University's land, please don't hesitate to contact us.

CJ/dp

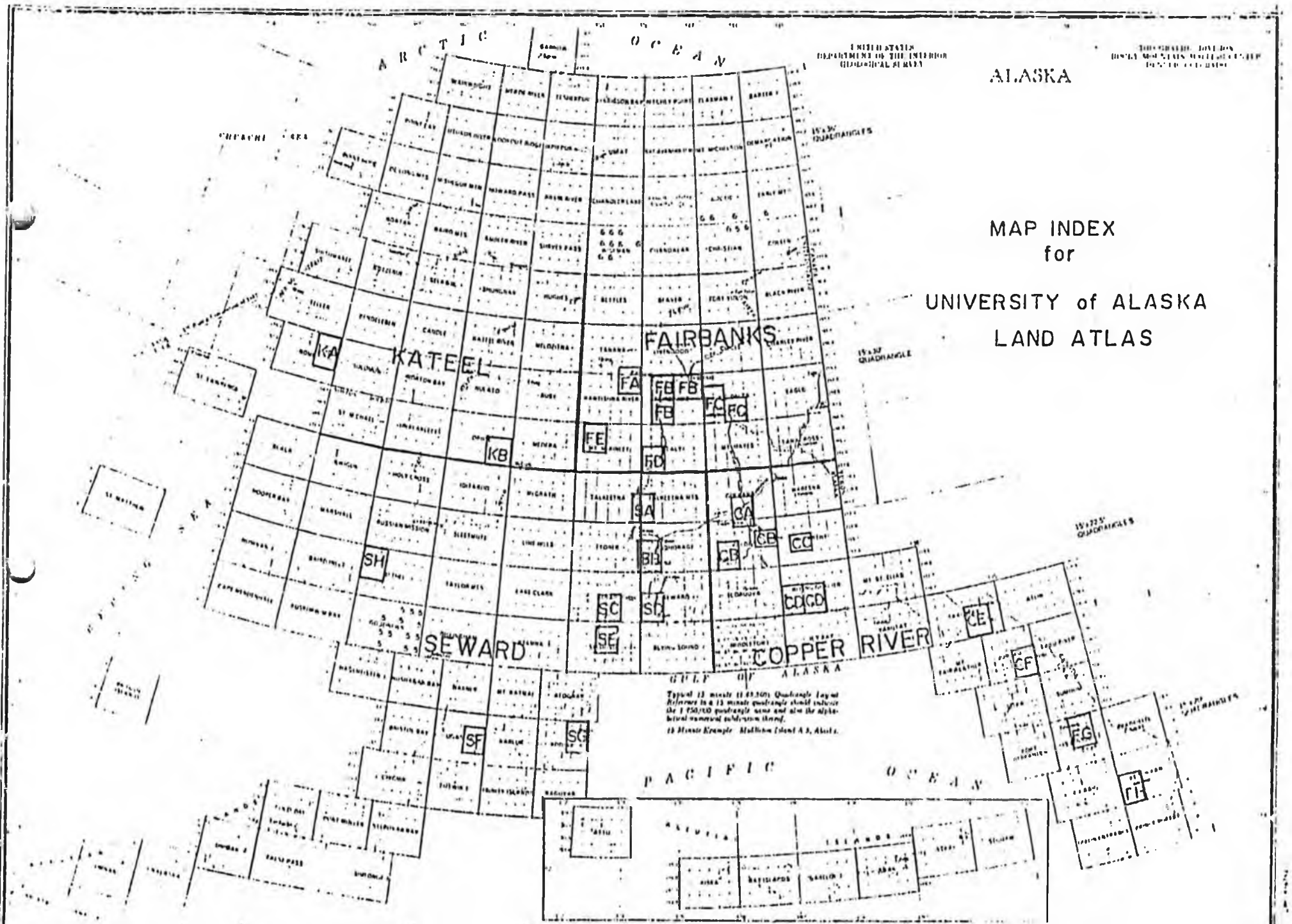
Attachments

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

THEODORE DOUGLAS
DIRECTOR

ALASKA

MAP INDEX
for
UNIVERSITY of ALASKA
LAND ATLAS



Typical 15 minute (15' x 15') Quadrangle layout
References to a 15 minute quadrangle should indicate
the 15' x 15' quadrangle name and also the Alpha-
betical numerical subdivision thereof.
15 Minute Example: Matanuska (Mat A 3, Alaska).

. INCOME COLLECTED BY THE DIVISION OF LANDS
FROM THE UNIVERSITY OF ALASKA'S LAND HOLDINGS

FY 1975	\$402,368
FY 1976	\$127,908.66
FY 1977	\$286,246.32
FY 1978	\$142,320.99
FY 1979	\$181,755.29
FY 1980 to date	\$ 48,461.32

ADDRESSES

Ms. Mary Tuten Shutte, Director
Office of Land Management
Room 3
Bunell Building
University of Alaska
Fairbanks, Alaska 99701
479-7132

University of Alaska Foundation

Mr. Elmer E. Rasmuson, President
P. O. Box 600
Anchorage, Alaska 99501

Dr. William R. Wood, Treasurer
665 10th Avenue
Fairbanks, Alaska 99701

Mr. Fred O. Estaugh
P. O. Box 1211
Juneau, Alaska 99802

Mr. Brian J. Brundin, Vice President
509 3rd Avenue, 3rd Floor
Anchorage, Alaska 99501

Mr. Thomas J. Miklautsch
P. O. Box 1
Fairbanks, Alaska 99701

Dr. Sherman Carter
University of Alaska
Fairbanks, Alaska 99701

Alaska State Legislature



Official Business

BETTYE FAHRENKAMP, Chairman
 VIC FISCHER, Vice-Chairman
 BRAD BRADLEY
 DICK ELIASON
 DON GILMAN
 BOB MULCAHY
 ARLISS STURGULEWSKI

SENATE Resources Committee

MEMBERS PRESENT

Senator Fahrenkamp
 Senator Fischer
 Senator Bradley
 Senator Eliason
 Senator Gilman
 Senator Mulcahy
 Senator Sturgulewski

POUCH V
 STATE CAPITOL
 JUNEAU, ALASKA 99811
 (907) 465-3834
 (907) 465-3835

MAY - 1982

May 3, 1982
 1:35 p.m.

Beltz Room
 Capitol - Room 211

Hearing:

CSHB 2 An Act relating to land; and providing for an effective date.

John Katz, Commissioner, Department of Natural Resources, presented a proposed amendment that would allow the Department to obtain seismic data from the oil companies. He stated that the data is needed to assess which bidding method to use and to evaluate the bids received, and that because of a low capital budget this year, the Department is unable to purchase the data from the companies. The Department could best utilize raw data run once through the computer. In urging adoption of the amendment, he also urged an effective date of January 1, 1982, which would enable DNR to obtain data from this past winter's exploration.

Jim Dale, Exxon, Alaska Pacific Division Attorney, opposes the amendment, stating that Exxon's geologic and geophysical data forms the basis of its competitive nature, and thus is confidential and proprietary. Exxon proposed an amendment which would allow the State to obtain only raw data and materials necessary to process the data, and would require that the reproduction, analysis, processing, and interpretation of the data must be kept confidential. Dale explained that data run even once through the computer can reveal a company's proprietary stand. He urged stronger penalties for disclosure of the information, and expressed Exxon's opposition to allowing DNR to obtain data gathered prior to the actual effective date of the bill.

Larry Vavra, Union Oil Company of California, expressed opposition to a requirement that the oil companies provide DNR with data run once through the computer, but urged a speedy resolution of the issue, so as to avoid any delay of lease sales.

Gene Wiles, Chevron, stated that Chevron opposes DNR's proposed amendment in its entirety, and does not think the data will benefit the state. In response to questions raised by Senator Fischer, Wiles stated that he is not opposed to DNR having the raw data, but the processing procedures must be kept confidential and the interpreted data must not be misused.

Beverly Ward, ARCO, stated that ARCO has not taken a strong position on the amendment, but is philosophically opposed to giving its "secrets" away. Ward urged stiff penalties for a breach of confidence, and expressed opposition to a January 1, 1982 effective date. She concluded by emphasizing the complex definitions of "processed data" and "interpreted data".

Merry Tuten, Director of Land Management, University of Alaska, expressed support for the portions of the bill relating to University lands, and also expressed support for Senator Bennett's proposed amendment.

Senator Fahrenkamp stated that HB 2 would be held in Committee until Wednesday to allow further work to be done.

The meeting was adjourned at 3:00 p.m.

§ 38.05.180

PUBLIC LANDS

§ 38.05.180

(3) a fixed cash bonus with a royalty share reserved to the state as the bid variable but no less than 12½ per cent in amount or value of the production removed or sold from the lease;

(4) a fixed cash bonus with the share of the net profit derived from the lease reserved to the state as the bid variable;

(5) a fixed cash bonus with a fixed royalty share reserved to the state of not less than 12½ per cent in amount or value of the production removed or sold from the lease with the share of the net profit derived from the lease reserved to the state as the bid variable;

(6) a cash bonus bid with a fixed royalty share reserved to the state based on a sliding scale according to the volume of production or other factor but in no event less than 12½ per cent in amount or value of the production removed or sold from the lease;

(7) a fixed cash bonus with a royalty share reserved to the state based on a sliding scale according to the volume of production or other factor as the bid variable but not less than 12½ per cent in amount or value of the production removed or sold from the lease.

(g) The share of the net profit derived from a lease reserved to the state under (f) of this section is royalty sale proceeds for the purposes of the Alaska permanent fund under AS 37.13.010 and the Alaska renewable resources development fund under AS 37.11.020.

(h) The commissioner may include terms in any oil and gas lease imposing a minimum work commitment on the lessee. These terms shall be made public before the sale, and may include appropriate penalty provisions to take effect in the event the lessee does not fulfill the minimum work commitment. Should it be demonstrated that a lease has been proven unproductive by actions of adjacent lease holders, the commissioner may set aside a work commitment.

(i) The commissioner may provide for the establishment of an exploration incentive credit system under which a lessee of state land drilling an exploratory well on that land may earn credits based upon the footage drilled and the region in which the well is situated. The commissioner may also provide for credits to be earned by persons performing geophysical work on state land, if that work is performed during the two seasons immediately preceding an announced lease sale and on land included within the sale area and the geophysical information is made public following the sale. Credits may not exceed 50 per cent of the cost of the drilling or geophysical work. Credits may be used during a limited period established by the commissioner and may be assigned during that period. Credits may be applied against (1) oil and gas royalty and rental payments payable to the state or (2) taxes payable under AS 43.55.011 — 43.55.150. No credit may exceed 50 per cent of the payment toward which it is being applied. Amounts due the Alaska permanent fund (AS 37.10.065) and the Alaska renewable resources development fund (AS 37.11.020) shall be calculated before the application of credits under this subsection.

(HB 2)

The attached language specifically relates to the University of Alaska grant lands section of HB 2.

This language should be substituted for the language currently contained in HB 2. It is the language passed from this committee with the exception of clarifying verbage in Section 14 specifying that the settlement is contingent upon additional legislation and appropriation by the 1983 Legislature.

The language substitute is supported by the Department and the University Board of Regents.

* Section 12. The purpose of secs. 12-16 of this Act is to provide for the settlement of certain claims and litigation and to transfer legal title and management of university-grant lands from the Department of Natural Resources to the Board of Regents of the University of Alaska.

* Sec. 13. Nothing in secs. 12-16 of this Act precludes or prejudices negotiations between the Municipality of Anchorage and the University of Alaska to settle Case Number 3AN-79-2801 Civil, Third Judicial District, State of Alaska or prejudices or otherwise affects the pursuit or outcome of that litigation or diminishes or affects the rights or interests of the University of Alaska or the Municipality of Anchorage in that pending litigation.

* Sec. 14. The commissioner of the Department of Natural Resources is authorized and directed to convey to the Board of Regents of the University of Alaska all right, title, and interest of the State of Alaska in and to those university-grant lands identified in Appendices B and N in the document entitled "Settlement Agreement Between the Department of Natural Resources, the Department of Revenue, and the Department of Administration and the University of Alaska," which was submitted to the Alaska State Legislature on March 26, 1982, the date of the introduction of this bill, the terms of which are hereby ratified as to the duties and obligations of the State of Alaska and the Board of Regents of the University of Alaska. However, the compensation due the University in land or money shall be subject to further appropriation by the 1983 Legislature.

*Sec. 15. AS 14.40.170(a)(4) is amended to read:

(4) have the care, control and management of all the real and personal property of the university, including the management of those university-grant lands conveyed to the Board of Regents of the University of Alaska pursuant to sec. 14 of Committee Substitute for House Bill No. 2 (Finance) (Twelfth Legislature) in accordance with the purposes provided for by the Act of March 4, 1915 (38 Stat. 1214), as amended, and the Act of January 21, 1929 (45 Stat. 1091), as amended;

* Sec. 16 AS 14.40.170(a) is amended by adding a new paragraph to read:

(7) adopt reasonable rules providing for prudent trust management, and providing for adequate public notice of all sales, leases, exchanges or other dispositions of university-grant lands, or interests therein.



The Board of Regents

UNIVERSITY OF ALASKA

FAIRBANKS, ALASKA 99701

BOARD OF REGENTS
RESOLUTION

WHEREAS, The United States Congress reserved land in certain sections 33 located within the Tanana Valley for the University of Alaska by the Act of 1915 (38 Stat. 1214, as amended), and permitted the Territory of Alaska to select 100,000 acres of vacant, non-mineral, unreserved land from the federal public domain for the exclusive use and benefit of the University of Alaska by the Act of 1929 (45 Stat. 1091, as amended) (hereinafter collectively referred to as "University-grant lands"); and

WHEREAS, Congress transferred the University-grant lands to the State of Alaska by Section 6(k) of the Alaska Statehood Act and the State statutorily accepted the benefits and provisions of the federal land grant Acts of 1915 and 1929 by enacting, respectively, AS 14.40.380 and 14.40.390; and

WHEREAS, the University commenced litigation against the State of Alaska on April 23, 1979 (Case No. 3AN-79-2801 Civ., Third Judicial District), seeking compensation for disposals and transactions alleged to be in breach of trust obligations imposed by federal law; and

WHEREAS, representatives of the Alaska Department of Natural Resources and the University of Alaska, after lengthy negotiations, have developed a proposed settlement agreement which would resolve or compromise certain claims and defenses in the pending litigation, to the extent provided by the Agreement; and

WHEREAS, the Board of Regents of the University of Alaska held a special meeting on February 13, 1982, in Fairbanks, Alaska, for the purpose of voting on a motion to approve the proposed settlement agreement; and

WHEREAS, the February 13, 1982, special meeting of the Board of Regents was attended by a quorum consisting of Regents Edward B. Rasmuson (President), Jeffrey J. Cook (Vice President), Donald B. Abel, Jr. (Secretary), Herbert C. Lang (Treasurer), Hugh B. Fate, Jr., Margaret J. Hall, Sara Hannan, and John T. Shively; and

WHEREAS, Regent Cook moved, seconded by Regent Lang, that the Board of Regents adopt the following motion:

"The Board of Regents approves the attached settlement agreement dated February 13, 1982. Any subsequent language changes will be reviewed by the Board at the scheduled March 12, 1982, meeting. The Board directs the President to cooperate with the efforts of the Commissioner for Natural Resources to gain legislative endorsement of the Agreement. Inasmuch as the Governor has not yet had an opportunity to review the agreement, no public release of the document will be made until he has had such opportunity. This motion is effective February 13, 1982."

WHEREAS, upon due deliberation and with the advice of counsel, the Board of Regents unanimously passed the aforesaid motion: and

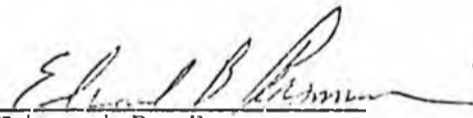
WHEREAS, paragraph twenty-two (22) of the Agreement requires the Board of Regents to pass a resolution signed by all members of the Board approving and adopting the proposed settlement agreement and specifically and irrevocably assuming responsibility as trustees to the University regarding the management and disposition of all lands which are contemplated to be transferred in fee to the University pursuant to the Agreement;

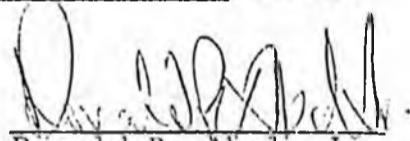
NOW, THEREFORE, BE IT RESOLVED that the Board of Regents approves and adopts the Agreement dated February 13, 1982 and entitled "Settlement Agreement between the Department of Natural Resources, the Department of Revenue, and the Department of Administration, and the University of Alaska, and the Board of Regents as trustees for the University of Alaska," as amended, and

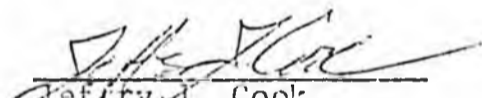
BE IT FURTHER RESOLVED, that the Board of Regents collectively, and each member of the Board of Regents in his or her official capacity individually, specifically and irrevocably assumes responsibility as trustee to the University of Alaska for the management and disposition of all lands which are transferred in fee to the University pursuant to the Agreement, and for the proceeds derived from such lands; and

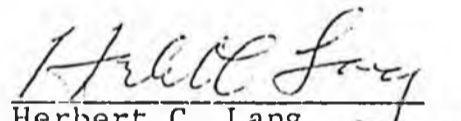
BE IT FURTHER RESOLVED that, this assumption of trusteeship responsibility shall be binding individually upon the successors in the office of regent of the undersigned regents, and collectively upon the Board of Regents, as it may be composed in the future.

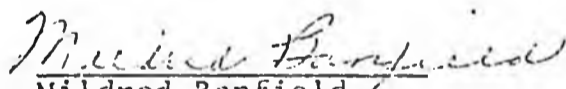
DATED this 12th day of March, 1982.

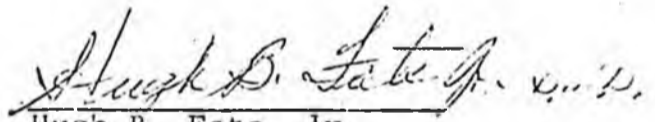

Edward B. Rasmuson
President

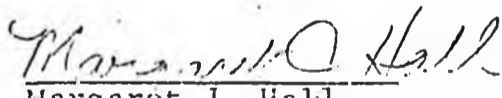

Donald B. Abel, Jr.
Secretary


Jeffrey J. Cook
Vice President


Herbert C. Lang
Treasurer

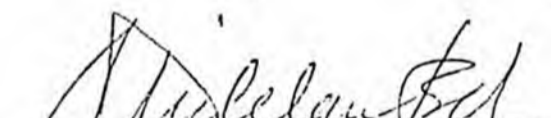

Mildred Banfield

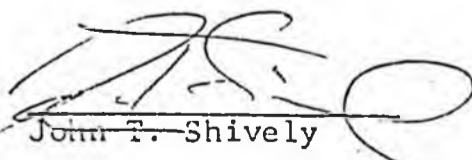

Hugh B. Fate, Jr.


Margaret J. Hall


Sara Hannan


Sam Kito, Jr.


Thomas J. Miklautsch


John F. Shively

SETTLEMENT AGREEMENT BETWEEN THE
DEPARTMENT OF NATURAL RESOURCES, THE
DEPARTMENT OF REVENUE, AND THE
DEPARTMENT OF ADMINISTRATION AND
THE UNIVERSITY OF ALASKA AND THE BOARD
OF REGENTS, AS TRUSTEES FOR THE
UNIVERSITY OF ALASKA

This Agreement entered into this ____ day of _____, 1982, between the Department of Natural Resources (hereinafter referred to as "Department"), the Department of Revenue, and the Department of Administration, and the University of Alaska (hereinafter referred to as "University"), acting on its own behalf and through its Board of Regents, sets forth the understanding of the parties as follows:

WHEREAS, the University commenced litigation against the Department, the Department of Revenue, and the Department of Administration on April 23, 1979, Case No. 3AN-79-2801 Civ., Third Judicial District, seeking compensation for disposals and transactions alleged to be in breach of trust obligations imposed by federal law; and

WHEREAS, the Act of 1915 (38 Stat. 1214, as amended) reserved land in certain Sections 33 located within the Tanana Valley for the University and the Act of 1929 (45 Stat. 1091, as amended) permitted the Territory of Alaska to select 100,000 acres of vacant non-mineral unreserved land from the federal public domain for the exclusive use and benefit of the University (hereinafter collectively referred to as "University-grant lands"); and

WHEREAS, Congress transferred the University-grant lands to the State by Section 6(k) of the Alaska Statehood Act and the State statutorily accepted the benefits and provisions of the Act of 1915 and the Act of 1929 by enacting respectively AS 14.40.380 and 14.40.390; and

WHEREAS, the decisions of the Alaska Supreme Court have interpreted the Acts of 1915 and 1929 and the acceptance by the State as having created a trust for the benefit of the University, and any income produced from the lands is reserved for the exclusive use and

sole benefit of the University (State of Alaska v. University of Alaska, 624 P.2d 807 (Alaska 1981); Wessells v. State of Alaska, 362 P.2d 1042 (Alaska 1977)); and

WHEREAS, the Department of Revenue and the Department of Administration have the duty to account and reserve for the exclusive use and benefit of the University the proceeds produced from University-grant lands; and

WHEREAS, the parties to this agreement believe that it is in the best interest of the State to convey certain University-grant lands and certain state lands which are not University-grant lands in fee to the University; and

WHEREAS, the parties believe that it is desirable to compromise the pending litigation to the extent provided by this Agreement and to complete all actions required or contemplated under it, upon execution of the Agreement and where necessary by enactment of legislation; and

WHEREAS, the parties to this Agreement believe that it is in the best interests of the parties that the University receive title to and management of certain University-grant lands, to be administered, controlled and managed through the Board of Regents, as trustee for the University; and

WHEREAS, the parties acknowledge that it is their intent by this Agreement and such legislation to accomplish the following:

1. Differentiate between state public domain lands and University-grant lands by providing separate and distinct land management to insure the future management of University-grant lands in accordance with recognized trust principles;
2. Resolve conflicts resulting from past management of all lands granted to the State for the benefit of the University by the United States pursuant to the Acts of 1915 and 1929;
3. Fulfill the purpose for which the University-grant lands were originally granted;
4. Convey title in fee to certain University-grant lands and certain other state lands to the University upon authorization by the legislature and transfer money to the University of Alaska Permanent Fund (hereinafter referred to as "fund") upon appropriation by the Legislature;

5. Establish methods of calculation of the dollar amount due, with interest, not collected and allocated to the fund, by the Department, the Department of Revenue or the Department of Administration with regard to the management and disposal of University-grant land, and the dollar amount due, with interest, to the fund for University-grant lands and resources therefrom which have been disposed of at less than then-current fair market value by the State; and

WHEREAS, upon enactment of legislation the Commissioners of the Departments of Natural Resources, Revenue, and Administration, will have the authority to implement this Agreement, and the Board of Regents is empowered to act on behalf of the University pursuant to Article VII, Section 3 of the Alaska Constitution and AS 14.40.170, 14.40.250, 14.40.280, 14.40.350, 14.40.360, and 14.40.400;

NOW THEREFORE, for and in consideration of the terms; covenants and conditions contained herein, the parties agree as follows:

1. Applicable Time Periods. Because of the difficulty in providing an accurate accounting and analysis of long past disposals and transactions, and considering the possible application of the doctrine of laches and statutes of limitation, the parties acknowledge that the calculation of compensation due the University shall be limited to the period from January 1, 1960 forward for certain disposals and transactions as specified in paragraphs 2 and 3 and from January 1, 1968 forward for certain other disposals and transactions as specified in paragraphs 2 and 3.

2. Determination of Dollar Amount for Prior Disposals and Transactions at Less Than Fair Market Value. The dollar amount due for prior disposals and transactions shall be calculated as follows:

a) To determine the dollar amount due for rights-of-way, permits, easements, materials, and fees conveyed other than at appraised value, and legislative and administrative withdrawals and reservations made or executed on or after January 1, 1968, the parties shall mutually select and instruct an independent fee appraiser to determine the fair market value of the land and resources involved in each transaction identified in Appendices A, B and D on the date the disposal or transaction was made or executed. The value determined by the appraiser shall be

binding upon the parties, and shall be brought forward with interest from the date of transaction to the date the grand total in Appendix M is determined at nine percent (9%) per year, compounded annually. The total amount due for each transaction shall be entered in Appendix M. No compensation is due for such disposals and transactions made or executed before January 1, 1968.

b) To determine the dollar amount owed to the University for unduly encumbered lands which the University shall convey to the State by quitclaim deed under this Agreement, the parties shall mutually select and instruct an independent fee appraiser to determine the current fair market value of the lands identified in Appendix E. These lands may be removed by the University from Appendix E within 120 days after the date of this Agreement. Additional University-grant lands not listed in any Appendix and which are found to be subject to past disposals may be added to the applicable Appendix by agreement of the University and the Department, not later than February 1, 1983.

c) To determine the dollar amount owed for incomplete land exchanges and leases, excluding mineral leases and oil and gas leases, made or executed after January 1, 1960, on University-grant lands, the parties shall mutually select and instruct an independent fee appraiser to determine the current fair market value of the land which is identified in Appendices C and F. The value determined by the appraiser shall be binding upon the parties. The current fair market value of the leased lands shall be used in conjunction with the provisions set forth in Appendix G to determine the value of each lease. The value of each lease shall be set forth in Appendix H. The total value of all leases shall be entered in Appendix M. No compensation is due for mining locations, mineral leases or oil and gas leases except as provided in paragraphs 3 and 4.

Land exchanges presently incompleated which are completed within one year of the signing of this Agreement shall not be included in the total dollar amount due as identified in Appendix M.

3. Determination of Compensation for All Uncollected or Unallocated Revenues. The Department, the Department of Revenue, and

Department of Administration shall provide the University access to all data, files, accounting and all other information, in whatever form, concerning disposals and transactions on University-grant lands made or executed after January 1, 1960, or January 1, 1968, as appropriate under paragraph 1. All revenues, including revenue from oil and gas leases executed after January 1, 1960, if any, which could have been collected according to the terms of the instrument making the disposal or governing the transaction and which should have been collected for or allocated to the fund but were not, shall be entered into Appendix I and added to the total dollar amount and entered in Appendix M. The amount of uncollected or unallocated revenues shall bear interest at nine per cent (9%) per year, compounded annually from the date of the initial billing period in which each amount was not collected or allocated.

4. Liquidated Damages. In recognition of the difficulty of precisely determining the dollar amount owed the University with regard to the State's management, reservation and disposal of University-grant lands and interests therein at less than their then-current fair market value, including without limitation mineral locations, claims and prospecting, leasing activity including mineral and oil and gas, and preference rights not otherwise addressed in this Agreement, the parties agree that the University should receive, upon proper appropriation by the Legislature, liquidated damages. Liquidated damages shall also include all claims for trespass, non-aggressive and non-productive management, all demands for indemnity against claims made by third parties, and any claim against the state or agent thereof for punitive damages. The parties agree that the University shall have the right without interference from the Department to seek liquidated damages through a legislative appropriation in an amount not more than five million dollars (\$5,000,000.00). The parties acknowledge that the liquidated damages should not constitute a penalty but reflect a reasoned compromise of damages sustained.

5. Supplement to Appendices. Except as otherwise specifically provided herein, the parties shall have one hundred fifty (150) days from the signing of this Agreement to supplement, correct and modify the Appendices to insure their accuracy.

6. Conveyance by Quitclaim Deed. The Department shall transfer to the Board of Regents, as trustee for the University, all University-grant lands identified in Appendix N and all state lands identified for transfer to the University pursuant to paragraph 12 by quitclaim deed. The University shall convey to the State all lands identified in Appendix E by quitclaim deed.

7. Termination of Interests Which the State Granted To Itself. The Department shall terminate within ninety (90) days after the effective date of this Agreement those interests in University-grant lands identified in Appendix K which it has granted to itself or other state agencies, departments, or entities and which are, by the terms of the transfer document, terminable at will by the Department. The interests to be terminated under this paragraph may include, but are not limited to, special land use permits (SLUPs), miscellaneous land use permits (MLUPs), free use permits (FUPs), personal use permits (PUPs), temporary use permits (TUPs), land use permits (LUPs), Interagency Land Management Assignments (ILMAs), and Interagency Land Management Transfers (ILMTs).

8. Acknowledgement and Disposition of Third Party Lease Interests. All lease interests granted to third parties listed in Appendix L are acknowledged by the University as binding contracts with the State of Alaska through the Department. The Department shall administer these leases according to the applicable state statutes until the University requests that administrative responsibilities for the leases be transferred to the Board of Regents or the lease term expires, whichever occurs first. In the event of the lessee's default the State shall succeed to the lessee's term of years and may transfer the lease hold interest in the lands to the University or use the lands or re-lease them until the expiration of the original lease term.

The State shall purchase any leased lands identified in Appendix F which the University elects not to retain by February 1, 1983, at their current fair market value as determined by appraisal. The University shall receive the proper amount of rental value from the date of the execution of the lease until February 1, 1983, according to the lease valuation provisions set forth in Appendix G.

9. Other Third Party Interests. The University acknowledges all valid existing third party interests of which it has knowledge or which are a matter of public record in addition to those referred to in paragraph 8 but excluding selections made by municipalities pursuant to AS 29.18.201-213 or any predecessor statute thereto. The University shall not contest the validity of any mining claim on University grant lands or state lands/^{conveyed} to the University pursuant to this Agreement except for failure to record a location certificate or perform annual labor as required by law.

The University shall not impose any royalty or other charge in excess of that currently charged, or to be charged in the future, by the state on state lands, on the right to extract locatable minerals from any mining claims for which a location certificate had been recorded and any required annual labor had been performed at the date this Agreement is signed.

10. Method of Compensation to the University.

a) Cash Settlement. The University may elect to receive a full or partial cash settlement for the total dollar amount owed in the form of a deposit into the fund, dependent only upon appropriations made for such purpose by the Legislature. The University shall have free access to any amount appropriated as monetary compensation for a period of two years from the date of deposit, during which time such money may be used only to purchase real property if statutory authority to purchase real property is enacted. After two years, the balance of the fund not used to purchase real property shall be available for all lawful purposes for which the fund may be used. The parties shall seek, during the 1983 legislative session, an appropriation for the dollar amount the University elects to receive as a cash settlement.

b) Land Settlement. The University may elect no later than October 30, 1983, to receive full or partial settlement of the total dollar amount due through the conveyance of state lands of equal fair market value identified in the pools established pursuant to paragraph 12. Nothing in this agreement requires the value of lands in the pools established pursuant to paragraph 12 to equal or exceed the total dollar amount due. The University shall obtain the surface and subsurface estate of such lands encumbered by the restrictions imposed by Section 6(i) of the Alaska Statehood Act.

11. Interest. The total dollar amount due the University under this Agreement shall bear interest at the rate of 10.5% from the time the grand total in Appendix M is determined until the University has received full compensation as provided in paragraph 10 of this Agreement.

12. Pool of Lands. If the University elects to receive all or part of the total dollar amount due in land pursuant to paragraph 10 it shall be entitled to receive lands from three (3) pools established by the Commissioner of the Department as follows:

a) The first pool shall contain all land owned by the State upon which the University has located improvements and which are identified in Appendix O. The parties shall have thirty (30) days after the signing of this Agreement to correct Appendix O to insure its accuracy. The parties shall mutually select and instruct, by August 1, 1982, an independent fee appraiser to determine the current fair market value of the lands identified in the first pool. The appraiser shall determine the value by February 1, 1983, and such value shall be binding upon the parties. The University shall be required to accept the lands identified in the first pool and shall offset their appraised value against the total dollar amount due.

b) The second pool shall contain the lands identified in Appendix O which the University may select. The parties shall have thirty (30) days after the signing of this Agreement to supplement, correct and modify Appendix O. The parties shall mutually select and instruct, by August 1, 1982, an independent fee appraiser to determine the current fair market value of the lands which the University selects from the second pool. The appraiser shall determine the value by February 1, 1983, and such value shall be binding upon the parties. The University shall identify, by May 30, 1983, any lands which it selects from the second pool. The University reserves the right to independently determine if any of the lands contained in the second pool are a financially prudent or commercially reasonable acquisition for the trust established by the Act of 1915 and the Act of 1929. The Department does not represent that any of the lands in the second pool are suitable for acquisition for the trust. The University shall offset the appraised value of the lands it selects from the second pool against the total dollar amount due.

c) The University shall accept the lands identified in the first pool and shall make its selections from the second pool by May 30, 1983. Lands not selected by the University by May 30, 1983, shall cease to be reserved for selection by the University.

d) By June 30, 1983, the Department will review all lands for which the State receives tentative approval between March 1, 1982, and March 31, 1983. The Department may include any such lands which it, in its sole discretion, chooses in a third pool. The Department may also include in the third pool any of the lands previously within the second pool and not selected by the University. The Department may choose not to include any land in the third pool. The parties shall mutually select and instruct, by July 15, 1983, an independent fee appraiser to determine the current fair market value of the lands, if any, in the third pool. The value shall be determined by September 30, 1983, and shall be binding upon the parties. The University shall identify, by October 30, 1983, those lands which it selects from the third pool. The University reserves the right to independently determine if any of the lands contained in the third pool are a financially prudent or commercially reasonable acquisition for the trust established by the Act of 1915 and the Act of 1929. The Department does not represent that any of the lands in the third pool are suitable for acquisition for the trust. The University shall offset the appraised value of any lands it may select from the third pool against the total dollar amount due. Lands not selected by the University by October 30, 1983, shall cease to be reserved for selection by the University.

e) The Department shall not make any conveyances of land to the University under this Agreement unless statutory authority to make such conveyances is first enacted. The Department shall not be obligated to pay for the appraisals required pursuant to this Agreement.

13. Mutual Assistance. The parties agree to cooperate in the following ways in order to effectuate the purposes of this Agreement, and to accomplish the goals set forth in the statement of intent:

a) The parties agree to use their best efforts in a spirit of cooperation to seek introduction in the 1982 session of the Alaska Legislature suitable legislation seeking approval of this

Agreement and authorizing the conveyance of University grant lands as contemplated by this Agreement and appropriating those amounts required for the costs of obtaining appraisals and the expenses necessary to implement this Agreement. The parties agree to work diligently for final passage and enactment of such legislation. A proposed draft of legislation which the parties presently believe will fulfill these objectives is attached to this Agreement as Appendix P.

b) The University plans to seek introduction of suitable legislation in the 1983 Legislative session to authorize conveyance of lands selected by the University from the pools created pursuant to paragraph 12 and/or an appropriation to fund any dollar amount due. After examining the Grand Total as finally determined and set forth in Appendix M, the other parties to this Agreement will decide whether they can support such legislation. If the State determines it can not support the Grand Total as finally determined and set forth in Appendix M, then the University shall also not be bound by the Grand Total, except that the parties agree to use the procedures described in this Agreement. The parties to this Agreement will also seek introduction of suitable legislation in the 1983 legislative session to make statutory references to University-grant lands consistent with this Agreement. The University shall seek appropriate legislation clarifying the duties and responsibilities of the Board of Regents as trustee of University-grant lands and state lands transferred to the University pursuant to this Agreement. If pursuant to Paragraph 10 a cash settlement is elected, the parties shall seek to introduce legislation during the 1983 session appropriating the money required. The University shall seek legislation during the 1983 session permitting the University to invest any money appropriated in real property.

c) In the event that the University successfully petitions the United States Congress for additional federal lands to compensate the University with in-lieu lands for lands reserved under the Acts of 1915 and 1929 but which were not conveyed to the State pursuant to Section 6(k) of the Alaska Statehood Act, the Department shall submit, on behalf of the University, all necessary selection applications, forms and related documentation required by applicable law to perfect the selection and patent for said in-lieu lands to the State and convey those lands to the Board of Regents pursuant to this Agreement.

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d) The Department shall assist the University for two years after the University receives title to University-grant lands and other state lands as a result of this Agreement by providing available resource and planning information.

14. Future Management of University-Grant Lands. The Board of Regents, as trustee for the University of Alaska, shall have the responsibility and duty to control, administer, and manage all lands which are transferred to the University pursuant to this Agreement, for the exclusive use and benefit of the University and for its financial enhancement and security. The Board of Regents shall manage such lands for educational purposes and to produce the maximum amount of income for the University. The Board of Regents shall not have responsibility for, or control over, the fish and game on, or the appropriation of water from, University-grant lands, both of which shall be subject to applicable state laws and regulations. The University shall provide

legal access to all navigable and public waters or adjacent to the lands which are the subject of this Agreement. The University recognizes that lands underlying navigable waters are owned in fee by the State, and are not subject to the provisions of this Agreement. The management of such lands shall be coordinated by the State with the Board of Regents' management of adjacent lands which have been conveyed by this Agreement. Nothing in this Agreement shall prevent the University from applying for a permit to appropriate water pursuant to the Alaska Water Use Act, A.S. 46.15.

15. Interim Management. After signing of this Agreement creation of any third party interests in the University grant land or lands reserved for selection by the University pursuant to paragraph 12 shall require approval by the University with the exception of lease conversions pursuant to Section 12, ch 138, SLA 1977 as amended. University-grant lands which are the subject of municipal selections will not be conveyed to the applicant until the University has approved replacement lands as contemplated by AS 29.18.206(1).

16. Resumption of Litigation. In the event that the University does not receive the total dollar amount owed in cash or land as provided in this Agreement by October 30, 1983, the parties shall be deemed not to have waived any right they may have otherwise had to maintain or resume the pending litigation in Case No. 3AN-79-2801 Civ., Third Judicial District, State of Alaska. In the event the Court requires that this action be dismissed in the interim, such dismissal shall be stipulated by the parties to be without prejudice, and the parties shall further stipulate that it may be re-filed by any of them at a future date.

17. No Waiver of Claims or Defenses. The parties agree that by their voluntary participation in the negotiation, execution and implementation of this Agreement, they shall not have thereby waived any claim, defense, counterclaim, set-off or legal or equitable remedy which each may pursue against the other in the event that full compensation due the University, in money or land, is not transferred to it pursuant to the obligations contained in this Agreement and

litigation is thereafter resumed pursuant to paragraph 16. Nothing in this Agreement or any Appendix hereto shall be admissible in pending or future litigation or presented to a court for any purpose except enforcing this Agreement. This prohibition does not extend to proof of actions taken by the Legislature on legislation required by or related to the subject of this Agreement.

18. Extinguishment of All Claims. The parties agree that upon discharge of the obligations of the State under this Agreement, all claims which are the subject of Case No. 3AN-79-2801 Civ., Third Judicial District, State of Alaska, and all other claims which the University has or had against the State or any agent which are based upon a breach of trust obligations under the Acts of 1915 or 1929, shall be merged in the settlement and finally extinguished, excluding only those claims against the State and the Municipality of Anchorage or any other entity claiming University-grant lands under AS 29.18.201-213, or any predecessor statute thereto.

19. No Waiver of Breach or Defense. No failure by either party to insist upon the strict performance by the other of any term or condition of this Agreement, or to exercise any right or remedy upon a breach thereof, shall constitute a waiver of any such breach or of such term or condition. No waiver of any breach shall affect or alter this Agreement, but each and every term and condition of this Agreement shall continue in full force and effect with respect to any other then-existing or subsequent breach.

20. Litigation with the Municipality of Anchorage. This Agreement does not affect the pending litigation by the University against the Municipality of Anchorage in Case No. 3AN-79-2801 Civ., Third Judicial District, State of Alaska. The University retains all causes of action, claims, demands and right to damages, expenses and compensation which it now has or may hereafter have against the State or the Municipality of Anchorage as a result of the Municipality's selection of University-grant lands pursuant to AS 29.18.201-213, or any predecessor statute thereto.

21. Notice. If it becomes necessary as a result of the execution and performance of this Agreement to provide public notice

pursuant to Article VIII, Sec. 10 of the Alaska Constitution or to AS 38.50.110, the Department and the University shall cooperate in complying with such notice requirements.

22. Resolution by Board of Regents. The Board of Regents shall, if it approves this Agreement, pass a resolution signed by all members of the Board, approving and adopting this Agreement, and specifically and irrevocably assuming responsibility as trustee to the University regarding the management and disposition of all lands which are contemplated to be transferred in fee to the University pursuant to this Agreement. The State shall have the right to review the form and adequacy of the assumption of the obligations of trustee by the Board, prior to making any land conveyances under this Agreement.

23. Advice of Counsel. Each of the parties acknowledges that it was represented by counsel during the negotiation, drafting and execution of this Agreement.

24. Good Faith. The parties agree that the performance of all obligations set forth in the terms and conditions herein shall be conducted in good faith.

25. Successors in Interest. Each and all of the terms, covenants and conditions in this Agreement shall inure to the benefit of, and shall be binding upon, the successors in interest of each of the parties to this Agreement.

26. Enforcement. Enforcement of the public trust responsibilities required to be assumed by the Board of Regents as a result of its approval of this Agreement shall be vested in the Office of the Attorney General, State of Alaska.

