

Introduced by: Mayor
Date: Dec. 6, 1983
Vote: Unanimous
Action: Adopted

KENAI PENINSULA BOROUGH

RESOLUTION 83-225

CONSENTING TO THE LOCATION OF POLLUTION CONTROL FACILITIES TO BE FINANCED BY ALASKA INDUSTRIAL DEVELOPMENT AUTHORITY AND TO BE LOCATED WITHIN THE KENAI PENINSULA BOROUGH; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, Tesoro Alaska Petroleum Company (the "Company") has been and is required under Alaska environmental laws and the Federal Water Pollution Control Act and Federal Clean Air act to install extensive pollution control facilities to reduce air emissions and waste discharges from the Company's refinery and facilities; and

WHEREAS, the installation of such additional pollution controls will improve the environment, and is, therefore, in the public interest; and

WHEREAS, the capital costs of such facilities are very great, and the Company must borrow funds to finance such costs; and

WHEREAS, Federal tax laws make provision for exemption from Federal income tax of interest on certain industrial revenue bonds issued to finance the costs of such facilities; and

WHEREAS, under the Alaska Industrial Development Authority Act (AS 44.88), the Alaska Industrial Development Authority (the "Authority") can proceed with issuance of such bonds to assist the Company in financing the cost of such facilities if the Borough consents to the location of the facilities which will be situated within the Borough; and

WHEREAS, it is the intention of the Company that any financing requested by the Company pursuant to the provisions of the Act for the project shall not provide any manner of exemption to the Company from any state or local taxation and fees and that no such financing shall effect, operate or be construed to alter in any way the method of assessments, amounts, or manner in which the Company is taxed or may be taxed pursuant to any other provision of Alaska state or local law. In furtherance of this intention, it is understood and agreed that any agreement between the Authority and the Company respecting the financing of the project shall contain terms providing that all the business operations, activities, income, receipts, production, and the properties of the Company shall continue to be subject to assessment and taxation under the laws of the State of Alaska and any political subdivision of the State, as though any issuance

and sale of revenue bonds pursuant to the Authority for the Company had not taken place, even though legal title to some or all of its properties and items constituting said costs may be held by the Authority.

Nothing herein shall be deemed to affect the fact that the revenue bonds and the interest on them, the income from them, and the transfer of the bonds, and all intangible assets constituting money and securities, income and receipts pledged to pay or secure the payment of bonds of the Authority shall at all times be exempt from taxation; and

WHEREAS, the Company has requested the Borough Assembly to adopt a resolution consenting to the location of the pollution control facilities which are situated in the Borough and which comprise the major portion of the facilities described in the Company's request to the Assembly; and

WHEREAS, it is appropriate and desirable to adopt a resolution consenting to the location of said pollution abatement facilities;

NOW THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

Section 1. That the Borough Assembly hereby consents to the location of the project within the Kenai Peninsula Borough, which project is more fully described in the attached Exhibit A, as such consent is contemplated by and specified in the Act.

Section 2. That the Clerk of the Borough Assembly is hereby authorized and directed to file a certified copy of this resolution with the Authority pursuant to the Act and to provide to the Company a certified copy of this resolution.

Section 3. That this resolution takes effect immediately upon its adoption.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH ON THIS 6 DAY OF December, 1983.



Joseph C. Arness, Assembly President

ATTEST:



Borough Clerk

EXHIBIT A

TESORO ALASKA PETROLEUM COMPANY
SULFUR RECOVERY PROJECT

PROJECT DESCRIPTION

The Tesoro Alaska Petroleum Company project consists of engineering, procurement and construction of an amine unit, sulfur recovery unit, sulfur handling facilities, modification of an existing sour water stripper, expansion of an existing flare and expansion of associated offsite facilities. These facilities are required in order to meet state and federal standards of air and water quality.

PROJECT USES

Amine Unit: The amine unit removes hydrogen sulfide from the refinery off-gases and liquified petroleum gas (butane, propane) stream. The refinery off-gases and liquified petroleum gas (butane, propane) are used as fuel for the process heaters. By removing the hydrogen sulfide from the fuel, the emissions from the heaters are almost free of sulfur compounds.

Sour Water Stripper: The sour water stripper removes the hydrogen sulfide and ammonia from refinery process water.

Sulfur Recovery Unit: The hydrogen sulfide and ammonia from the above units are fed to the sulfur recovery unit and most of the sulfur is recovered in this unit and elemental sulfur is produced. Resulting ammonia is oxidized.

Flare: The flare is used primarily during emergency upset conditions and allows for the smokeless burning of the hydrocarbons.

PROJECT LOCATION

Tesoro Refinery located at Mile 22, Spur Highway

APPROXIMATE AMOUNT OF BOND ISSUE

\$13,000,000

Attachment to Res. 83-225
as Exhibit A

