

Article 1. Organization, Administration, and Powers.

Chapter 25. Alaska Gasline Development Corporation.

Sec. 31.25.005. Purpose.

The corporation shall, for the benefit of the state, to the fullest extent possible,

(1) develop and have primary responsibility for developing natural gas pipelines, an Alaska liquefied natural gas project, and other transportation mechanisms to deliver natural gas in-state for the maximum benefit of the people of the state;

(2) when developing natural gas pipelines, an Alaska liquefied natural gas project, and other transportation mechanisms to deliver natural gas in-state, provide economic benefits in the state and revenue to the state;

(3) assist the Department of Natural Resources and the Department of Revenue to maximize the value of the state's royalty natural gas, natural gas delivered to the state as payment of tax, and other natural gas received by the state;

(4) advance an in-state natural gas pipeline as described in the July 1, 2011, project plan prepared under former [AS 38.34.040](#) by the corporation while a subsidiary of the Alaska Housing Finance Corporation, with modifications determined by the corporation to be appropriate to develop, finance, construct, and operate an in-state natural gas pipeline in a safe, prudent, economical, and efficient manner, for the purpose of making natural gas, including propane and other hydrocarbons associated with natural gas other than oil, available to Fairbanks, the Southcentral region of the state, and other communities in the state at the lowest rates possible;

(5) advance an Alaska liquefied natural gas project by developing infrastructure and providing related services, including services related to transportation, liquefaction, a marine terminal, marketing, and commercial support; if the corporation provides a service under this paragraph to the state, a public corporation or instrumentality of the state, a political subdivision of the state, or another entity of the state, the corporation may not charge a fee for the service in an amount greater than the amount necessary to reimburse the corporation for the cost of the service;

(6) endeavor to develop natural gas pipelines and other transportation mechanisms to deliver natural gas, including propane and other hydrocarbons associated with natural gas other than oil, to public utility and industrial customers in areas of the state to which the natural gas, including propane and other hydrocarbons associated with natural gas other than oil, may be delivered at commercially reasonable rates; and

(7) endeavor to develop natural gas pipelines and other transportation mechanisms that offer commercially reasonable rates for shippers and access for shippers who produce natural gas,

including propane and other hydrocarbons associated with natural gas other than oil, in the state.

Sec. 31.25.007. Expedited review and action by state agencies or entities.

A state agency or entity conducting a review or taking action relating to a project under this chapter shall expedite the review or action in a manner consistent with the timely completion of the project.

Sec. 31.25.010. Structure.

The Alaska Gasline Development Corporation is a public corporation and government instrumentality acting in the best interest of the state for the purposes required by [AS 31.25.005](#), located for administrative purposes in the Department of Commerce, Community, and Economic Development, but having a legal existence independent of and separate from the state. The corporation may not be terminated as long as it has bonds, notes, or other obligations outstanding. The corporation may dissolve when no bonds, notes, or other obligations of the corporation or a subsidiary of the corporation are outstanding and the corporation or a subsidiary of the corporation is no longer engaged in the development, financing, construction, or operation of an in-state natural gas pipeline or an Alaska liquefied natural gas project. Upon termination of the corporation, its rights and property pass to the state.

Sec. 31.25.020. Governing body.

(a) The corporation shall be governed by a board of directors consisting of

(1) five public members; and

(2) two individuals designated by the governor that are each the head of a principal department of the state, except that the commissioner of natural resources and the commissioner of revenue may not be designated to serve on the board.

(b) Public members of the board shall be appointed by the governor and are subject to confirmation by the legislature. When appointing a public member to the board, the governor shall consider an individual's expertise and experience in natural gas pipeline construction, operation, and marketing; finance; large project management; and other expertise and experience that is relevant to the purpose, powers, and duties of the corporation. Public members of the board serve staggered five-year terms. A public member serves at the pleasure of the governor. A vacancy shall be filled in the same manner as the original appointment. Notwithstanding [AS 39.05.100](#), a public member appointed under (a)(1) of this section is not required to be a registered voter or a resident of the state. If the governor appoints a public member to the board who is not a registered voter in the state or a resident of the state, the governor shall send a written statement to the legislature with the notice of appointment explaining the governor's reasons for making the appointment.

(c) Notwithstanding [AS 39.05.055](#), the terms of the initially appointed public members of the board shall be set by the governor to be two years for two members, three years for two members, and five years for one member.

(d) The public members of the board receive \$400 compensation for each day spent on official business of the corporation and may be reimbursed by the corporation for actual and necessary expenses at the same rate paid to members of state boards under [AS 39.20.180](#).

Sec. 31.25.030. Meetings of board.

(a) The board shall elect a chair, secretary, and treasurer from among its membership at each annual meeting. A majority of the members constitutes a quorum for organizing the board, conducting its business, and exercising the powers of the corporation. The board shall meet at the call of the chair. The board shall meet at least once every three months.

(b) The board may meet and transact business by electronic media if

(1) public notice of the time and locations where the meeting will be held by electronic media has been given in the same manner as if the meeting were held in a single location;

(2) participants and members of the public in attendance can hear and have the same right to participate in the meeting as if the meeting were conducted in person; and

(3) copies of pertinent reference materials, statutes, regulations, and audio-visual materials are reasonably available to participants and to the public.

(c) A meeting by electronic media as provided in this section has the same legal effect as a meeting in person.

(d) For the purposes of this chapter, public notice of 24 hours or more is adequate notice of a meeting of the board at which the issuance of corporation bonds is authorized.

(e) An affirmative vote of at least four members of the board is required to approve

(1) the sale and issuance of bonds;

(2) the sale or other disposition of a substantial asset or substantial amount of the assets of the corporation; the corporation shall adopt a regulation that defines a substantial asset and a substantial amount of assets for the purposes of this paragraph;

(3) the ownership structure for a pipeline project of which the corporation is a participant;

(4) an action committing the corporation to an additional natural gas pipeline project; and

(5) action on other matters identified in a regulation adopted by the corporation as being subject to this subsection.

Sec. 31.25.035. Minutes of meetings.

The board shall keep minutes of each meeting and send certified copies to the governor and to the Legislative Budget and Audit Committee.

Sec. 31.25.040. Administration of affairs; program directors.

(a) The board shall manage the assets and business of the corporation and may adopt, amend, and repeal bylaws and regulations governing the manner in which the business of the corporation is conducted and the manner in which its powers are exercised. The board shall delegate supervision of the administration of the corporation to the executive director, appointed in accordance with [AS 31.25.045](#).

(b) The board shall adopt and publish procedures to govern the procurement by the corporation of supplies, services, professional services, and construction. The procurement procedures must provide for an Alaska veterans' preference that is consistent with the Alaska veterans' preference in [AS 36.30.175](#).

(c) To the maximum extent practicable, the board shall

(1) maximize the efficient use of state resources; and

(2) establish appropriate separation within the corporation by separating personnel and functions and by other means to the extent that separation may be required by contract or applicable law for the purpose of screening and preventing the exchange of commercially sensitive information when developing an in-state natural gas pipeline, an Alaska liquefied natural gas project, and other transportation mechanisms to deliver natural gas in the state.

(d) The board may appoint a program director for an Alaska liquefied natural gas project. The board may appoint a separate program director for an in-state natural gas pipeline as described in the July 1, 2011, project plan prepared under former [AS 38.34.040](#) and defined in [AS 31.25.390](#). A program director appointed under this section shall

(1) serve at the pleasure of the board; and

(2) report to the executive director of the corporation.

Sec. 31.25.045. Executive director.

The corporation shall employ an executive director who may not be a member of the board. The executive director shall be appointed by the board and serves at the pleasure of the board.

Sec. 31.25.050. Legal counsel.

(a) Except as provided in (b) of this section, the corporation shall retain legal counsel to advise the corporation in legal matters and represent it in litigation.

(b) The attorney general shall

(1) be the legal counsel for the corporation for legal services related to the development of contracts and agreements by the corporation that relate to an Alaska liquefied natural gas project; and

(2) consult with the corporation when procuring outside counsel for legal services for the corporation related to an Alaska liquefied natural gas project.

Sec. 31.25.060. Employment of personnel.

The board may appoint other officers and engage professional and technical advisors as independent contractors. The executive director may hire employees of the corporation and engage professional and technical advisors under contract with the corporation. The board shall prescribe the duties and compensation of corporation personnel, including the executive director.

Sec. 31.25.065. Personnel exempt from State Personnel Act.

The personnel of the corporation are exempt from [AS 39.25](#).

Sec. 31.25.080. Powers and duties.

(a) In addition to other powers granted in this chapter, the corporation may

(1) determine the form of ownership and the operating structure of an in-state natural gas pipeline developed by the corporation and may enter into agreements with other persons for joint ownership, joint operation, or both of an in-state natural gas pipeline or an Alaska liquefied natural gas project;

(2) plan, finance, construct, develop, acquire, maintain, and operate a pipeline system and other transportation mechanism, including pipelines, compressors, storage facilities, and other related facilities, equipment, and works of public improvement, in the state to facilitate production, transportation, and delivery of natural gas or other related natural resources to the point of consumption or to the point of distribution for consumption;

(3) lease or rent facilities, structures, and properties;

(4) exercise the power of eminent domain and file a declaration of taking under [AS 09.55.240](#) — 09.55.460 to acquire land or an interest in land that is necessary for an in-state natural gas pipeline or an Alaska liquefied natural gas project; the exercise of powers by the corporation under this paragraph may not exceed the permissible exercise of the powers by the state;

(5) acquire, by purchase, lease, or gift, land, structures, real or personal property, an interest in property, a right-of-way, a franchise, an easement, or other interest in land, or an interest in or right to capacity in a pipeline system determined to be necessary or convenient for the development, financing, construction, or operation of an in-state natural gas pipeline project or an Alaska liquefied natural gas project or part of an in-state natural gas pipeline project or an Alaska liquefied natural gas project;

- (6) transfer or otherwise dispose of all or part of an in-state natural gas pipeline project, an Alaska liquefied natural gas project, or an interest in an asset of the corporation;
- (7) elect to provide transportation of natural gas as a contract carrier, common carrier, or otherwise;
- (8) provide light, water, security, and other services for property of the corporation;
- (9) conduct hearings to gather and develop data consistent with the purpose and powers of the corporation;
- (10) advocate for new pipeline capacity before the Federal Energy Regulatory Commission;
- (11) make and execute agreements, contracts, and other instruments necessary or convenient in the exercise of the powers and functions of the corporation under this chapter, including a contract with a person, firm, corporation, governmental agency, or other entity;
- (12) sue and be sued in its own name;
- (13) adopt an official seal;
- (14) adopt bylaws for the regulation of its affairs and the conduct of its business and adopt regulations and policies in connection with the performance of its functions and duties;
- (15) employ fiscal consultants, engineers, attorneys, appraisers, and other consultants and employees that may, in the judgment of the corporation, be required and fix and pay their compensation from funds available to the corporation;
- (16) procure insurance against a loss in connection with its operation;
- (17) borrow money as provided in this chapter to carry out its corporate purposes and issue its obligations as evidence of borrowing;
- (18) include in a borrowing the amounts necessary to pay financing charges, to pay interest on the obligations, and to pay the interest, consultant, advisory, and legal fees, and other expenses that are necessary or incident to the borrowing;
- (19) receive, administer, and comply with the conditions and requirements of an appropriation, gift, grant, or donation of property or money;
- (20) do all acts and things necessary, convenient, or desirable to carry out the powers expressly granted or necessarily implied in this chapter;

(21) invest or reinvest, subject to its contracts with noteholders and bondholders, money or funds held by the corporation, including funds in the in-state natural gas pipeline fund ([AS 31.25.100](#)) and the Alaska liquefied natural gas project fund ([AS 31.25.110](#)), in obligations or other securities or investments in which banks or trust companies in the state may legally invest funds held in reserves or sinking funds or funds not required for immediate disbursement, and in certificates of deposit or time deposits secured by obligations of, or guaranteed by, the state or the United States;

(22) enter into, as it determines to be necessary or appropriate, any swap or hedge, cap, or other contract providing for payments based on levels of or changes in interest rates or indices or in the cost or price of any commodity, supply, or expense expected to be used or incurred in connection with the acquisition, construction, or operation of any facility or property owned, leased, or operated by the corporation, or an option with respect to any of the foregoing;

(23) except as provided in (g) of this section, acquire an ownership or participation interest in an Alaska liquefied natural gas project, natural gas treatment facilities, natural gas pipeline facilities, liquefaction facilities, marine terminal facilities related to the infrastructure of an Alaska liquefied natural gas project, or an entity or joint venture that has an ownership interest in or is engaged in the planning, financing, acquisition, maintenance, construction, and operation of an Alaska liquefied natural gas project;

(24) after consultation with the commissioner of revenue and the commissioner of natural resources, enter into contracts relating to an Alaska liquefied natural gas project, including contracts for services related to operation, marketing, transportation, gas treatment, marine terminal operation, or liquefaction.

(b) Upon commencement of construction of an in-state natural gas pipeline, the corporation shall analyze potential natural gas pipelines and other transportation mechanisms connecting to industrial, residential, or utility customers in other regions of the state. If the corporation finds that a natural gas pipeline or other transportation mechanism analyzed under this subsection is in the best interest of the state and can meet the needs of industrial, residential, or utility customers at commercially reasonable rates, the corporation may finance, construct, or operate the natural gas pipeline or other transportation mechanism as necessary. When developing or constructing a connecting line or other transportation mechanism, the corporation shall, to the maximum extent feasible, use existing land, structures, real or personal property, rights-of-way, easements, or other interests in land acquired by the corporation.

(c) The corporation may not develop or construct a natural gas pipeline that is a competing natural gas pipeline project for purposes of [AS 43.90.440](#).

(d) The corporation shall establish a schedule of reasonable fees, rental rates, and other charges, and

collect fees, rentals, and other charges for use of the facilities of the corporation.

(e) If commitments to acquire firm transportation capacity for the in-state natural gas pipeline are received in an open season conducted by the corporation, the corporation shall, within 10 days after accepting and executing the written commitments received during the open season, report the results of the open season to the president of the senate and the speaker of the house of representatives and inform the public of the results of the open season through publication on the Internet website of the corporation and in a press release or other announcement to the media. The results made public must include the name of each prospective shipper, the amount of capacity allocated, and the period of the commitment. If the corporation determines that the commitments received during the open season are not sufficient to permit the corporation to continue the development or construction of the natural gas pipeline, the corporation shall report that to the legislature within 30 days.

(f) [Repealed, § 71 ch 14 SLA 2014.]

(g) The power in (a)(23) of this section may not be exercised by an entity or subsidiary of the corporation that is advancing the development of an in-state natural gas pipeline.

Sec. 31.25.090. Confidentiality; interagency cooperation.

(a) The corporation shall have access to information of departments, agencies, and public corporations of the state that is directly related to the planning, financing, development, acquisition, maintenance, construction, or operation of an in-state natural gas pipeline. The corporation shall avoid duplicating studies, plans, and designs that have already been provided or obtained by other state entities. All departments, agencies, and public corporations of the state shall cooperate with and shall provide information, services, and facilities to the corporation upon its request and, except for requests from the Alaska Gasline Inducement Act coordinator appointed under [AS 43.90.250](#), give priority to processing authorization applications and other requests of the corporation.

(b) Upon request by the corporation, a state entity shall provide water, sand and gravel, other nonhydrocarbon natural resources, and a permit or a lease to the corporation at the usual and customary rates, except as provided in (d) of this section. Review of and action on a request shall be conducted and taken as provided in [AS 38.34.020](#). In this subsection, “state entity” means a state department, authority, or other administrative unit of the executive branch of state government, a public university, or a public corporation of the state.

(c) That part of the cost of providing, under (b) of this section, water, sand and gravel, or other nonhydrocarbon natural resources, or of entering into a lease or issuing a permit, that is borne by the corporation for an in-state natural gas pipeline project that is owned in whole or in part by the corporation may not be included in the rate base in a proceeding under [AS 42](#) or before the Federal Energy Regulatory Commission.

(d) Notwithstanding any contrary provision of law, the Department of Natural Resources shall grant

the corporation a right-of-way lease under [AS 38.35](#) for the gas pipeline transportation corridor at no appraisal or rental cost if

(1) a complete right-of-way lease application under [AS 38.35.050](#) is submitted;

(2) the lease application is made the subject of notice and other reasonable and appropriate publication requirements under [AS 38.35.070](#); and

(3) the corporation submits the application for the right-of-way lease and agrees to be bound by those right-of-way lease covenants set out in

(A) [AS 38.35.120](#) for an in-state natural gas pipeline that the corporation intends to be a common carrier; or

(B) [AS 38.35.121](#) for an in-state natural gas pipeline that the corporation intends to be a contract carrier.

(e) After approval by the commissioner of natural resources, a right-of-way lease received by the corporation under (d) of this section may be transferred to a successor in interest under the same terms and conditions applicable to the right-of-way lease granted to the corporation.

(f) The corporation may enter into confidentiality agreements necessary to acquire or provide information to carry out its functions. If a state agency determines that a law or provision of a contract to which the state agency is a party requires the state agency to preserve the confidentiality of the information and that delivering the information to the corporation would violate the confidentiality provision of that law or contract, the state agency shall

(1) identify the applicable law or contract provision to the corporation; and

(2) obtain the consent of the person who has the right to waive the confidentiality of the information under the applicable law or contract provision before the state agency transfers the information to the corporation.

(g) The portions of records containing information acquired or provided by the corporation under a confidentiality agreement are not subject to [AS 40.25.100](#) — 40.25.295. The corporation may enter into confidentiality agreements with a public agency, as defined in [AS 40.25.220](#), to allow release of confidential information. The portions of the records and files of a public agency bound by a confidentiality agreement that reflect, incorporate, or analyze information subject to a confidentiality agreement under this subsection are not public records. Confidentiality agreements entered into under this subsection are valid and binding against all parties in accordance with the terms of the confidentiality agreement.

(h) Information and trade secrets of the corporation are confidential and not subject to [AS 40.25.100](#) — 40.25.295 if the corporation determines that disclosure would cause commercial or competitive

harm or damage to the corporation. Information that discloses the particulars of a business or the affairs of a private enterprise, investor, advisor, consultant, counsel, or manager that is developed or obtained by the corporation and related to the development, financing, construction, or operation of an in-state natural gas pipeline project by the corporation is confidential and not subject to [AS 40.25.100](#) — 40.25.295. The corporation may waive the confidentiality described in this subsection, except for information that is confidential under another provision of state law or under a federal law or regulation and except for information acquired from another person that is subject to a confidentiality agreement, if the waiver is consistent with the interests of the state and will facilitate the development, financing, or construction of an in-state natural gas pipeline. On the date that the in-state natural gas pipeline project becomes operational, the corporation shall make available, upon request under [AS 40.25.100](#) — 40.25.295, records that were exempt from [AS 40.25.100](#) — 40.25.295 under this subsection or (g) of this section, unless the corporation determines that

(1) maintaining the confidentiality of the information is necessary to protect the economic interests of the corporation or the state; or

(2) disclosure of the information will violate another provision of state law, a federal law or regulation, or the terms of a confidentiality agreement or other agreement to which the corporation is a party or that is binding on the corporation.

(i) Subject to limitations on the disclosure of confidential information in (g) and (h) of this section, the corporation shall provide to the commissioner of natural resources and the commissioner of revenue access to information that is related to the development of contracts under [AS 38.05.020\(b\)\(10\)](#) and (11).

Sec. 31.25.100. In-state natural gas pipeline fund.

The in-state natural gas pipeline fund is established in the corporation and consists of money appropriated to it. The corporation shall determine fund management and may contract with the Department of Revenue for fund management. Unless otherwise provided by law, money appropriated to the fund lapses into the general fund on the day this section is repealed. Interest and other income received on money in the fund shall be separately accounted for and may be appropriated to the fund. The corporation may use money appropriated to the fund without further appropriation for the cost of managing the fund and for the planning, financing, development, acquisition, maintenance, construction, and operation of the in-state natural gas pipeline described in [AS 31.25.005\(4\)](#) and for the purposes in [AS 31.25.005\(4\)](#), (6), and (7).

Sec. 31.25.110. Alaska liquefied natural gas project fund.

The Alaska liquefied natural gas project fund is established in the corporation and consists of money appropriated to it. The corporation shall determine fund management and may contract with the Department of Revenue for fund management. If money is appropriated to the fund to finance the cost of an Alaska liquefied natural gas project, the corporation shall create an account in the fund for that purpose and hold the money appropriated for that purpose in that account. Interest and other income

received on money in the fund shall be separately accounted for and may be appropriated to the fund. The corporation may use money appropriated to the fund without further appropriation for the purpose of managing the fund, for purposes related to an Alaska liquefied natural gas project, and for the purpose of transferring net revenue received by the corporation related to equity interests, contracts, and other activities to the appropriate fund of the state as determined by the commissioner of revenue in consultation with the commissioner of natural resources.

Sec. 31.25.120. Creation of subsidiaries.

The corporation may create subsidiary corporations for the purpose of developing, constructing, operating, and financing in-state natural gas pipeline projects or other transportation mechanisms; for the purpose of aiding in the development, construction, operation, and financing of in-state natural gas pipeline projects; or for the purpose of acquiring natural gas from the North Slope, and natural gas from other regions of the state, including the state's outer continental shelf, and making that natural gas available to markets in the state, including the delivery of natural gas, including propane and other hydrocarbons associated with natural gas other than oil, to coastal communities in the state, or for export. Subject to the limitations for the use of money appropriated to the in-state natural gas pipeline fund ([AS 31.25.100](#)) and the Alaska liquefied natural gas project fund ([AS 31.25.110](#)), the corporation may transfer assets of the corporation to a subsidiary created under this section. A subsidiary created under this section may borrow money and issue bonds as evidence of that borrowing and has all the powers of the corporation that the corporation grants to it. Unless otherwise provided by the corporation, the debts, liabilities, and obligations of a subsidiary corporation created under this section are not the debts, liabilities, or obligations of the corporation.

Sec. 31.25.130. Administrative procedure; regulations.

(a) Except for [AS 44.62.310](#) — 44.62.319 (Open Meetings Act), [AS 44.62](#) (Administrative Procedure Act) does not apply to this chapter. The corporation shall make available to members of the public copies of the regulations adopted under (b) — (e) of this section.

(b) The board may adopt regulations by motion or by resolution or in another manner permitted by its bylaws.

(c) The board may adopt regulations to carry out the purposes of this chapter.

(d) Except as provided in (e) of this section, at least 15 days before the adoption, amendment, or repeal of a regulation, the board shall give public notice of the proposed action by posting notice on the corporation's Internet website and on the Alaska Online Public Notice System and by mailing a copy of the notice to every person who has filed a request for notice of proposed regulations with the board or the corporation. The public notice must include a statement of the time, place, and nature of the proceedings for the adoption, amendment, or repeal of the regulation and must include an informative summary of the proposed subject of the regulation. On the date and at the time and place

designated in the notice, the board shall give each interested person or an authorized representative, or both, the opportunity to present statements, arguments, or contentions in writing and shall give members of the public an opportunity to present oral statements, arguments, or contentions for a total period of at least one hour. The board shall consider all relevant matter presented to it before adopting, amending, or repealing a regulation. At a hearing under this subsection, the board may continue or postpone the hearing to a time and place that it determines. A regulation that is adopted, or its amendment or repeal, may vary in content from the informative summary specified in this subsection if the subject matter of the regulation, or its amendment or repeal, remains the same and the original notice was written to ensure that members of the public are reasonably notified of the proposed subject of the board's action in order for them to determine whether their interests could be affected by the board's action on that subject.

(e) A regulation or order of repeal may be adopted as an emergency regulation or order of repeal if the board makes a finding in its order of adoption or repeal, including a statement of the facts that constitute the emergency, that the adoption of the regulation or order of repeal is necessary for the immediate preservation of the orderly operation of the corporation's bonding programs. Upon adoption of an emergency regulation, the board shall, within 10 days after adoption, give notice of the adoption in accordance with (d) of this section. An emergency regulation adopted under this subsection does not remain in effect more than 120 days unless the board complies with (d) of this section during the 120-day period.

(f) A regulation adopted under (b) — (e) of this section becomes effective immediately upon its adoption by the board, unless otherwise specifically provided by the order of adoption.

Sec. 31.25.140. Exemption from the State Procurement Code; application of the Executive Budget Act; corporation finances.

(a) The corporation and its subsidiaries are exempt from the provisions of [AS 36.30](#) (State Procurement Code).

(b) The operating budget of the corporation and a subsidiary of the corporation are subject to [AS 37.07](#) (Executive Budget Act).

(c) To further ensure effective budgetary decision making by the legislature, the board shall

(1) annually review the corporation's assets, including the assets of the in-state natural gas pipeline fund under [AS 31.25.100](#) and the Alaska liquefied natural gas project fund under [AS 31.25.110](#), to determine whether assets of the corporation exceed an amount required to fulfill the purposes of the corporation as defined in this chapter; in making its review, the board shall determine whether, and to what extent, assets in excess of the amount required to fulfill the purposes of the corporation during the next fiscal year are available without

(A) breaching an agreement entered into by the corporation;

(B) materially impairing the operations or financial integrity of the corporation; or

(C) materially affecting the ability of the corporation to fulfill the purposes of the corporation as defined in this chapter;

(2) specifically identify in the corporation's assets the amounts that the board believes are necessary to meet the requirements of (1)(C) of this subsection; and

(3) present to the legislature by January 10 of each year a complete accounting of all assets of the corporation, including assets of the in-state natural gas pipeline fund under [AS 31.25.100](#) and the Alaska liquefied natural gas project fund under [AS 31.25.110](#), and a report of the review and determination made under (1) and (2) of this subsection; the accounting shall be audited by an independent outside auditor.

Article 2. Bonds and Notes.

Sec. 31.25.160. Bonds and notes.

(a) The corporation may, by resolution, issue bonds and bond anticipation notes to provide funds to carry out its purposes.

(b) The principal of and interest on the bonds or notes are payable from corporation funds. Bond anticipation notes may be payable from the proceeds of the sale of bonds or from the proceeds of sale of other bond anticipation notes or, in the event bond or bond anticipation note proceeds are not available, from other funds or assets of the corporation. Bonds or notes may be additionally secured by a pledge of a grant or contribution from the federal government, or a corporation, association, institution, or person, or a pledge of money, income, or revenue of the corporation from any source.

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

(d) Bonds or bond anticipation notes may be sold in the manner and on the terms the corporation determines.

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

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

(1) to pledge to a payment or purpose all or a part of its revenue to which its right then exists or may thereafter come into existence the money derived from the revenue and the proceeds of the bonds or notes;

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

(3) to covenant as to the use and disposition of payments of principal or interest received by the corporation on investments held by the corporation;

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

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

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

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

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

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

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

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

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

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

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

(15) to covenant as to the time or manner of enforcement or restraint from enforcement of any rights of the corporation arising by reason of or with respect to nonpayment or violation of the terms of an agreement to which the corporation is a party or with respect to which the corporation has enforcement rights;

(16) to provide for the rights, liabilities, powers, and duties arising upon the breach of a covenant, condition, or obligation, and to prescribe the events of default and the terms and conditions on which any or all of the bonds, notes, or other obligations of the corporation become or may be declared due and payable before maturity and the terms and conditions on which a declaration and its consequences may be waived;

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

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

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

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

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

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

Sec. 31.25.170. Independent financial advisor.

In negotiating the sale of bonds or bond anticipation notes to an underwriter, the corporation may retain a financial advisor. A financial advisor retained under this section must be independent from the underwriter.

Sec. 31.25.180. Validity of pledge.

The pledge of assets or revenue of the corporation to the payment of the principal of or interest on an obligation of the corporation is valid and binding from the time the pledge is made, and the assets or revenue are immediately subject to the lien of the pledge without physical delivery or further act. The lien of the pledge is valid and binding against all parties having claims of any kind in tort, contract, or otherwise against the corporation, regardless of whether those parties have notice of the lien of the pledge. This section does not prohibit the corporation from selling assets subject to a pledge, except that the sale may be restricted by the trust agreement or resolution providing for the issuance of the obligations.

Sec. 31.25.190. Capital reserve funds.

(a) The corporation may not establish a capital reserve fund as described in this section except as expressly authorized by law. The enactment of this section does not express that authorization. Upon enactment of a law expressly authorizing the establishment of a capital reserve fund described in this section and for the purpose of securing one or more issues of its obligations, the corporation may establish one or more special funds, called "capital reserve funds," and shall pay into those capital reserve funds

(1) money appropriated and made available by the state for the purpose of any of those funds;

(2) proceeds of the sale of its obligations, to the extent provided in the resolution or resolutions of the corporation authorizing their issuance; and

(3) other money that may be made available to the corporation for the purposes of those funds from another source.

(b) All money held in a capital reserve fund, except as provided in this section, shall be used as required, solely for the payment of the principal of obligations or of the sinking fund payments with respect to those obligations; the purchase or redemption of obligations; the payment of interest on obligations; or the payment of a redemption premium required to be paid when those obligations are redeemed before maturity. However, money in a fund may not, at any time, be withdrawn from the fund in an amount that would reduce the amount of that fund to less than the capital reserve requirement set out in (c) of this section, except for the purpose of making, with respect to those obligations, payment, when due, of principal, interest, redemption premiums, and the sinking fund payments for the payment of which other money of the corporation is not available. Income or interest earned by, or increment to, a capital reserve fund, because of the investment of the fund or other amounts in it, may be transferred by the corporation to other funds or accounts of the corporation to the extent that the transfer does not reduce the amount of the capital reserve fund below the capital reserve fund requirement.

(c) If the corporation decides to issue obligations secured by a capital reserve fund, the obligations may not be issued if the amount in the capital reserve fund is less than a percentage, not exceeding 10 percent of the principal amount of all of those obligations secured by that capital reserve fund then to be issued and then outstanding in accordance with their terms, as may be established by resolution of the corporation (called the “capital reserve fund requirement”), unless the corporation, at the time of issuance of the obligations, deposits in the capital reserve fund from the proceeds of the obligations to be issued or from other sources an amount that, together with the amount then in the fund, would not be less than the capital reserve fund requirement.

(d) In computing the amount of a capital reserve fund for the purpose of this section, securities in which all or a portion of the funds are invested shall be valued at par or, if purchased at less than par, at amortized costs as the term is defined by resolution of the corporation authorizing the issue of the obligations, or by some other reasonable method established by the corporation by resolution. Valuation on a particular date shall include the amount of interest earned or accrued to that date.

(e) The chair of the corporation shall annually, not later than January 2, make and deliver to the governor and chairs of the house and senate finance committees a certificate stating the sum, if any, required to restore a capital reserve fund to the capital reserve fund requirement. The legislature may appropriate that sum, and the corporation shall deposit all sums appropriated by the legislature during the then current fiscal year for the restoration in the proper capital reserve fund. Nothing in this section creates a debt or liability of the state.

Sec. 31.25.200. Remedies.

A holder of obligations or coupons attached to them issued under this chapter, and a trustee under a

trust agreement or resolution authorizing the issuance of the obligations, except as restricted by a trust agreement or resolution, either at law or in equity,

(1) may enforce all rights granted under this chapter, under the trust agreement or resolution, or under another contract executed by the corporation under this chapter; and

(2) may enforce and compel the performance of all duties required by this chapter or by the trust agreement or resolution to be performed by the corporation or by an officer of the corporation.

Sec. 31.25.210. Negotiable instruments.

All obligations and interest coupons attached to them are negotiable instruments under the laws of this state, subject only to applicable provisions for registration.

Sec. 31.25.220. Obligations eligible for investment.

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

Sec. 31.25.230. Refunding obligations.

(a) The corporation may provide for the issuance of refunding obligations for the purpose of refunding obligations then outstanding that have been issued under this chapter, including the payment of the redemption premium on them and interest accrued or to accrue to the date of redemption of the obligations. The issuance of the obligations, the maturities and other details of them, the rights of the holders of them, and the rights, duties, and obligations of the corporation with respect to them are governed by the provisions of this chapter that relate to the issuance of obligations, insofar as those provisions may be appropriate.

(b) Refunding obligations may be sold or exchanged for outstanding obligations issued under this chapter, and, if sold, the proceeds may be applied, in addition to other authorized purposes, to the purchase, redemption, or payment of the outstanding obligations.

Sec. 31.25.240. Credit of state not pledged.

(a) Obligations issued under this chapter do not constitute a debt, liability, or obligation of the state or of a political subdivision of the state or a pledge of the faith and credit of the state or of a political subdivision of the state but are payable solely from the revenue or assets of the corporation. Each obligation issued under this chapter shall contain on its face a statement that the corporation is not obligated to pay the obligation or the interest on the obligation except from the revenue or assets of the corporation and that neither the faith and credit nor the taxing power of the state or of any political

subdivision of the state is pledged to the payment of the principal of or the interest on the obligation. This subsection applies to all debt, obligations, and liabilities of the corporation regardless of how the debt, obligations, or liabilities are created, including by contract, tort, or bond or note issuance. Except as provided in this subsection, a person may not bring suit against the state or a political subdivision of the state other than the corporation in the courts of the state to enforce or seek a remedy with respect to a debt, obligation, or liability of the corporation.

(b) Expenses incurred by the corporation in carrying out the provisions of this chapter are payable from funds provided under this chapter, and liability may not be incurred by the corporation in excess of those funds.

Article 3. General Provisions.

Sec. 31.25.250. Limitation on personal liability.

A member of the board or other officer of the corporation or a subsidiary of the corporation is not subject to personal liability or accountability because the member or officer executed or issued an obligation.

Sec. 31.25.260. Tax exemption.

(a) The exercise of the powers granted by this chapter is, in all respects, for the benefit of the people of the state, for their well-being and prosperity, and for the improvement of their social and economic conditions, and the corporation is not required to pay a tax or assessment on any property owned by the corporation under the provisions of this chapter or on the income from it, including state taxes levied or authorized under [AS 43.56.010](#)(a) and municipal taxes under [AS 43.56.010](#)(b) as provided in [AS 43.56.020](#).

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

Sec. 31.25.270. Annual report; final report.

(a) The corporation shall prepare and transmit annually a report to the governor accounting for the efficient discharge of all responsibility assigned by law or by directive to the corporation. The corporation shall notify the legislature that the report is available.

(b) By January 10 of each year, the board shall prepare a report of the corporation. The board shall notify the governor and the legislature that the report is available, and publish notice to the public on the Alaska Online Public Notice System under [AS 44.62.175](#) that the report is available on the corporation's Internet website. The report shall be written in easily understandable language. The report must include a financial statement audited by an independent outside auditor and any other

information the board believes would be of interest to the governor, the legislature, and the public. The annual income statement and balance sheet of the corporation shall be published on the Internet. The board may also publish electronically or in print, at the corporation's discretion, other reports it considers desirable to carry out its purpose.

(c) After a decision of the corporation to dissolve under [AS 31.25.010](#), the corporation shall provide a final report to the governor, the legislature, and the public that summarizes the reasons for the dissolution of the corporation and a statement by an independent outside auditor that the corporation and the subsidiaries of the corporation, if any, have no bonds, notes, or other obligations outstanding.

Sec. 31.25.390. Definitions.

In this chapter, unless the context clearly indicates a different meaning,

(1) “Alaska liquefied natural gas project” means a natural gas project as described in [AS 31.25.005](#)(5) that includes collectively, the Prudhoe Bay unit gas transmission line, the Point Thomson unit gas transmission line, a gas pipeline, the gas treatment plant, a liquefied natural gas plant, and a marine terminal; in this paragraph,

(A) “gas pipeline”

(i) means the main natural gas pipeline from the outlet flange of the gas treatment plant on the North Slope to the inlet flange of the liquefied natural gas plant located in the Southcentral region of the state, which shall have offtake points along the pipeline for deliveries of gas in the state;

(ii) does not include any gas lines downstream of any offtake point between the gas treatment plant and the liquefied natural gas plant;

(B) “gas treatment plant” means those facilities and related activities required to receive natural gas from the Prudhoe Bay unit gas transmission line, the Point Thomson unit gas transmission line, and other facilities, treat the natural gas to pipeline specifications, dispose of or deliver by-products, deliver liquid products for further transportation, and deliver treated natural gas for transportation through the gas pipeline;

(C) “liquefied natural gas plant” means the facility for liquefying natural gas and includes structures, equipment, underlying land rights, other associated systems, storage, and facilities for off-loading liquefied natural gas;

(D) “marine terminal” means the terminal and those facilities required to receive liquefied natural gas from the boundary of the liquefied natural gas plant for marine transportation, including auxiliary vessels used in the operation of the terminal;

(E) “Point Thomson unit gas transmission line” means a natural gas transmission line from the outlet flange of the Point Thomson unit production facility to the inlet flange of the gas treatment plant; and

(F) “Prudhoe Bay unit gas transmission line” means a natural gas transmission line from the outlet flange of the Prudhoe Bay unit central gas facility to the inlet flange of the gas treatment plant;

(2) “board” means the board of directors of the corporation;

(3) “bond” or “obligation” means a bond, bond anticipation note, or other note of the corporation authorized to be issued by the corporation under this chapter;

(4) “corporation” means the Alaska Gasline Development Corporation;

(5) “governmental agency” means a department, division, public agency, political subdivision, or other public instrumentality of the state or the federal government;

(6) “in-state natural gas pipeline” means a natural gas pipeline for transporting natural gas in the state;

(7) “natural gas pipeline” means a total system of pipe and connected facilities for the transportation, treatment or conditioning, delivery, storage, or further transportation of natural gas, including all pipe, compressor stations, station equipment, and all other facilities used or necessary for an integral line of pipe to carry out the transportation of the natural gas.