

SENATE BILL NO. 221

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY SENATOR TAYLOR

Introduced: 5/2/01

Referred: Resources, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act establishing the Alaska Liquefied Natural Gas Development Authority, a public**
2 **corporation, and providing for its structure, management, responsibilities, and**
3 **operation."**

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

5 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
6 to read:

7 FINDINGS AND INTENT. (a) The legislature finds that

8 (1) Alaska's North Slope contains vast proven reserves of natural gas that have
9 been known for at least 25 years but have never been developed;

10 (2) these gas resources have never been offered for sale to Asian, West Coast,
11 Mexican, or Hawaiian markets as liquefied natural gas (LNG);

12 (3) these markets have recently expressed an interest in receiving a proposal
13 from Alaska for the purchase of Alaska gas as LNG;

14 (4) if developed, these natural gas resources represent substantial economic

1 benefits to Alaskans in jobs, state revenue, and domestic use and associated industrial use
2 within the state;

3 (5) the producers that have leased Alaska gas all have competing projects
4 vying for the same markets, creating a conflict of interest for them in advancing the sales of
5 Alaska gas as LNG;

6 (6) Yukon Pacific Corporation has obtained the permits and export
7 authorizations necessary for an LNG project and have pledged them to the Municipal Gas
8 Pipeline Authority, operating as a port authority, to facilitate the development of the project;

9 (7) there is sufficient gas for both an LNG project and an overland pipeline
10 route to the contiguous states of the United States;

11 (8) the Municipal Gas Pipeline Authority offers substantial tax benefits that
12 improve the economics of an LNG export project; and

13 (9) ownership of the pipeline and associated facilities has the potential to
14 provide substantial revenues to the state and the Alaska permanent fund.

15 (b) It is the intent of this Act to create the Alaska Liquefied Natural Gas Development
16 Authority for the purpose of developing, constructing, and managing and operating a gas
17 pipeline from the North Slope of Alaska to Valdez, including liquefaction and marine port
18 terminal facilities.

19 * **Sec. 2.** AS 41 is amended by adding a new chapter to read:

20 **Chapter 41. Alaska Liquefied Natural Gas Development Authority.**

21 **Article 1. Establishment of the Authority.**

22 **Sec. 41.41.010. Establishment of the authority.** (a) There is established the
23 Alaska Liquefied Natural Gas Development Authority, the purpose of which is to
24 provide one or more of the following services and functions in order to bring natural
25 gas from the North Slope to market as liquefied natural gas, including

26 (1) the acquisition and conditioning of North Slope natural gas;

27 (2) the design and construction of the pipeline system;

28 (3) the operation and maintenance of the pipeline system;

29 (4) the design, construction, operation, and maintenance of a tidewater
30 liquefaction facility for natural gas; and

31 (5) the acquisition of natural gas market share sufficient to ensure the

1 long-term feasibility of the pipeline system project.

2 (b) The authority is a public corporation and an instrumentality of the state
3 within the Department of Revenue.

4 (c) The authority has a legal existence independent of and separate from the
5 state.

6 (d) The acquisition of natural gas from the North Slope and its delivery to
7 tidewater for shipment to market by the authority is an essential government function
8 of the state.

9 (e) The authority may not be terminated as long as it has bonds, notes, or other
10 obligations outstanding.

11 **Sec. 41.41.020. Authority governing body.** (a) The authority shall be
12 governed by a board of directors consisting of the following of seven members:

13 (1) three state senate appointees, of whom

14 (A) two shall be appointed by the senate president; and

15 (B) one shall be appointed by the senate minority leader;

16 (2) three state house of representatives appointees, of whom

17 (A) two shall be appointed by the speaker of the house of
18 representatives; and

19 (B) one shall be appointed by the house minority leader; and

20 (3) one member appointed by the governor from the public.

21 (b) The board shall annually elect a chair, and may elect other officers, from
22 among its members.

23 **Sec. 41.41.030. Term of office.** (a) The members of the board shall be
24 appointed for terms of three years, and they may be reappointed.

25 (b) The terms of the members shall be staggered.

26 **Sec. 41.41.040. Removal and vacancies.** (a) The appointing authority
27 described in AS 41.41.020(a) may remove a member of the board from office. A
28 removal must be in writing and must state the reason for the removal. A member who
29 is removed may not participate in board business and may not be counted for purposes
30 of establishing a quorum after the member receives written notice of removal. A
31 member who is removed by the governor is not entitled to honoraria, per diem, or

1 travel expenses authorized under AS 41.41.060 for work performed after the member
2 receives the written notice of removal.

3 (b) The appointing authority described in AS 41.41.020(a) shall promptly fill a
4 vacancy on the board by appointment. An appointee to a vacancy shall hold office for
5 the balance of the term for which the appointee's predecessor on the board was
6 appointed.

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

9 **Sec. 41.41.050. Quorum and voting.** Four members of the board constitute a
10 quorum for the transaction of business and the exercise of the powers and duties of the
11 board. Action may be taken only upon the affirmative vote of a majority of the full
12 membership of the board.

13 **Sec. 41.41.060. Compensation of board members; per diem and travel**
14 **expenses.** Members of the board are entitled to per diem and travel expenses
15 authorized for boards and commissions under AS 39.20.180.

16 **Sec. 41.41.070. Authority staff.** (a) The board may employ and determine
17 the salary of a chief executive officer.

18 (b) The chief executive officer may, with the approval of the board, select and
19 employ additional staff as necessary.

20 (c) An employee of the authority, including the chief executive officer, may
21 not be a member of the board. The chief executive officer and the other employees of
22 the board are in the exempt service under AS 39.25.110.

23 (d) In addition to its employees, the authority may contract for and engage the
24 services of bond counsel, consultants, experts, and financial advisors the corporation
25 considers necessary for the purpose of developing information, furnishing advice, or
26 conducting studies, investigations, hearings, or other proceedings.

27 **Sec. 41.41.080. Legal counsel.** The attorney general

28 (1) is the legal counsel for the authority;

29 (2) shall advise the authority in legal matters; and

30 (3) shall represent the authority in legal actions.

31 **Sec. 41.41.090. Conflicts of interest.** (a) Members of the board and the chief

1 executive officer of the authority are subject to the provisions of AS 39.50.

2 (b) If a member of the board or an employee of the authority acquires, owns,
3 or controls an interest, direct or indirect, in an entity or project in which assets of the
4 authority are invested, the member shall immediately disclose the interest to the board.
5 The disclosure is a matter of public record and shall be included in the minutes of the
6 board meeting next following the disclosure.

7 **Sec. 41.41.100. Budget.** The revenue earned by operations of the authority
8 must be identified as the source of the operating budget of the authority in the state's
9 operating budget under AS 37.07 (Executive Budget Act).

10 **Sec. 41.41.110. Audits.** The Legislative Budget and Audit Committee may
11 provide for an annual post audit and annual operational and performance evaluations
12 of the authority's operations and budget.

13 **Sec. 41.41.120. Reports and publications.** (a) By September 30 of each
14 year, the board shall publish a report of the authority for distribution to the governor
15 and the public. The board shall notify the legislature that the report is available.

16 (b) The report must include financial statements audited by independent
17 outside auditors and a statement of the amount of money received by the authority
18 from its operations during the period covered.

19 **Sec. 41.41.130. Tax exemption.** The security instruments issued by the
20 authority, the transfer of the security instruments, and the income on the security
21 instruments are exempt from all taxes and assessments in the state.

22 **Sec. 41.41.140. Political activities.** The resources of the authority may not be
23 used to finance or influence political activities.

24 **Sec. 41.41.150. Public access to information.** (a) Information in the
25 possession of the authority is a public record, except that information that discloses the
26 particulars of the business or affairs of a private enterprise or investor is confidential
27 and is not a public record for purposes of AS 40.25.110 - 40.25.140. Confidential
28 information may be disclosed only for the purposes of an official law enforcement
29 investigation or when its production is required in a court proceeding.

30 (b) The restrictions of (a) of this section do not prohibit the publication of
31 statistics presented in a manner that prevents the identification of particular reports,

1 items, persons, or enterprises.

2 **Article 2. Powers of the Authority.**

3 **Sec. 4141.200. Powers of the authority.** In furtherance of its corporate
4 purposes, in addition to its other powers, the authority may

5 (1) sue and be sued;

6 (2) adopt a seal;

7 (3) adopt, amend, and repeal bylaws and regulations;

8 (4) make and execute contracts and other instruments;

9 (5) in its own name acquire property, lease, rent, convey, or acquire
10 real and personal property; a project site or part of a project site may be acquired by
11 eminent domain;

12 (6) issue bonds and otherwise incur indebtedness in accordance with
13 AS 41.41.300 - 41.41.410 in order to pay the cost of a project;

14 (7) accept gifts, grants, or loans from and enter into contracts or other
15 transactions regarding gifts, grants, or loans with a federal agency or an agency or
16 instrumentality of the state, a municipality, private organization, or other source;

17 (8) enter into contracts or agreements with a federal agency, agency or
18 instrumentality of the state, municipality, or public or private individual or entity, with
19 respect to the exercise of its powers;

20 (9) charge fees or other forms of remuneration for the use of authority
21 properties and facilities;

22 (10) defend and indemnify a current or former member of the board or
23 an employee or agent of the authority against the costs, expenses, judgments, and
24 liabilities as a result of actions taken in good faith on behalf of the authority; and

25 (11) purchase insurance to protect its assets, services, and employees
26 against liabilities that may arise from authority operations and activities.

27 **Article 3. Revenue Bonds and Notes.**

28 **Sec. 41.41.300. Bonds and notes of the authority.** (a) The authority, by
29 resolution, may issue revenue bonds and bond anticipation notes in order to provide
30 funds to carry out the purposes set out in AS 41.41.010(a).

31 (b) The principal and interest on the revenue bonds or notes authorized and

1 issued under (a) of this section are payable from authority funds. Bond anticipation
 2 notes may be payable from the proceeds of the sale of bonds or from the proceeds of
 3 the sale of other bond anticipation notes or, in the event bond or bond anticipation note
 4 proceeds are not available, the notes may be paid from other funds or assets of the
 5 authority.

6 (c) Bonds or notes may be additionally secured by a pledge of a grant or
 7 contribution from the federal government, or a corporation, association, institution, or
 8 person, or a pledge of money, income, or revenues of the authority from any source.

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

24 (e) Bonds or bond anticipation notes may be sold in the manner and on the
 25 terms the authority determines.

26 (f) If an officer whose signature or a facsimile of whose signature appears on a
 27 bond, note, or coupon attached to them ceases to be an officer before the delivery of
 28 the bond, note, or coupon, the signature or facsimile is valid to the same extent as if
 29 the officer had remained in office until delivery.

30 **Sec. 41.41.310. Covenants.** In a resolution of the authority authorizing or
 31 relating to the issuance of bonds or bond anticipation notes, the authority has power by

1 provisions in the resolution that will constitute covenants of the authority and
2 contracts with the holders of the bonds or bond anticipation notes to

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

6 (2) covenant as to the use and disposition of payments of principal or
7 interest received by the authority on loans or other investments held by the authority;

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

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

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

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

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

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

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

27 (10) covenant to create or authorize the creation of special funds of
28 money to be held in pledge or otherwise for operating expenses, payment or
29 redemption of bonds or notes, reserves, or other purposes;

30 (11) establish the procedure, if any, by which the terms of a contract or
31 covenant with or for the benefit of the holders of bonds or notes may be amended or

1 abrogated, the amount of bonds or notes the holders of which must consent to
2 amendment or abrogation, and the manner in which the consent may be given;

3 (12) covenant as to the custody of property or investments, their
4 safekeeping and insurance, and the use and disposition of insurance money;

5 (13) agree with a corporate trustee that may be a trust company or
6 bank having the powers of a trust company within or outside the state as to the
7 pledging or assigning of revenue or funds to which or in which the authority has rights
8 or an interest; the agreement may further provide for other rights and remedies
9 exercisable by the trustee as may be proper for the protection of the holders of a bond
10 or note of the authority and not otherwise in violation of law and may provide for the
11 restriction of the rights of an individual holder of bonds or notes of the authority;

12 (14) appoint and provide for the duties and obligations of a paying
13 agent or paying agents or other fiduciaries as the resolution may provide within or
14 outside the state;

15 (15) limit the rights of the holders of a bond or note to enforce a pledge
16 or covenant securing the bonds or notes;

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

24 **Sec. 41.41.320. Limitations of issuance of bonds.** (a) The authority may not
25 issue bonds in an amount that exceeds the amount of bonds authorized to be issued by
26 the legislature.

27 (b) This section does not apply to the issuance by the authority of refunding
28 bonds or to the issuance by the authority of bonds the proceeds of which are intended
29 to be used to refinance the loans held by the authority.

30 **Sec. 41.41.330. Independent financial advisor.** In negotiating the private
31 sale of bonds or bond anticipation notes to an underwriter, the authority may retain a

1 financial advisor. A financial advisor retained under this section must be independent
2 from the underwriter.

3 **Sec. 41.41.340. Validity of pledge.** (a) The pledge of assets or revenue of the
4 authority to the payment of the principal or interest on an obligation of the authority is
5 valid and binding from the time the pledge is made, and the assets or revenue become
6 immediately subject to the lien of the pledge without physical delivery or further act.
7 The lien of a pledge is valid and binding against all parties having claims in tort,
8 contract, or otherwise against the authority, irrespective of whether those parties have
9 notice of the lien of the pledge.

10 (b) This section does not prohibit the authority from selling assets subject to a
11 pledge, except that a sale may be restricted by the trust agreement or resolution
12 providing for the issuance of the obligations.

13 **Sec. 41.41.350. Capital reserve funds.** (a) For the purpose of securing one
14 or more issues of its obligations, the authority may establish one or more special
15 funds, called "capital reserve funds," and shall pay into those capital reserve funds (1)
16 money appropriated and made available by the state for the purpose of those funds, (2)
17 proceeds of the sale of its obligations, to the extent provided in the resolution or
18 resolutions of the authority authorizing their issuance, and (3) other money that may
19 be made available to the authority for the purposes of those funds from another source.
20 All money held in a capital reserve fund, except as provided in this section, shall,
21 subject to appropriation, be used as required solely for the payment of the principal of
22 obligations or of the sinking fund payments with respect to those obligations; the
23 purchase or redemption of obligations; the payment of interest on obligations; or the
24 payment of a redemption premium required to be paid when those obligations are
25 redeemed before maturity. However, money in a fund may not be withdrawn from
26 that fund at any time in an amount that would reduce the amount of that fund to less
27 than the capital reserve requirement set out in (b) of this section, except for the
28 purpose of making, with respect to those obligations, payment, when due, of principal,
29 interest, redemption premiums, and the sinking fund payments for the payment of
30 which other money of the authority is not available. Income or interest earned by, or
31 increment to, a capital reserve fund due to the investment of the fund or other amounts

1 in it may be transferred by the authority to other funds or accounts of the authority to
 2 the extent that the transfer does not reduce the amount of the capital reserve fund
 3 below the capital reserve fund requirement.

4 (b) If the authority decides to issue obligations secured by a capital reserve
 5 fund, the obligations may not be issued if the amount in the capital reserve fund is less
 6 than a percent, not exceeding 10 percent, of the principal amount of all of those
 7 obligations secured by that capital reserve fund then to be issued and then outstanding
 8 in accordance with their terms, as may be established by resolution of the authority,
 9 called the "capital reserve fund requirement," unless the authority, at the time of
 10 issuance of the obligations, deposits in the capital reserve fund from the proceeds of
 11 the obligations to be issued or from other sources an amount that, together with the
 12 amount then in the fund, will not be less than the capital reserve fund requirement.

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

19 (d) To assure the continued operation and solvency of the authority for the
 20 carrying out of its corporate purposes, provision is made in (a) of this section for the
 21 accumulation in capital reserve funds of an amount equal to their capital reserve fund
 22 requirement.

23 (e) The chair of the authority shall annually, not later than January 2, make
 24 and deliver to the governor and chairs of the house and senate finance committees a
 25 certificate stating the sum, if any, required to restore a capital reserve fund to the
 26 capital reserve fund requirement. The legislature may appropriate that sum, and all
 27 sums appropriated during the current fiscal year by the legislature for the restoration
 28 shall be deposited by the authority in the appropriate capital reserve fund.

29 (f) This section does not create a debt or liability of the state.

30 **Sec. 41.41.360. Remedies.** A holder of obligations or coupons attached to
 31 them issued under the provisions of this chapter, and a trustee under a trust agreement

1 or resolution authorizing the issuance of the obligations, except as restricted by a trust
2 agreement or resolution, either at law or in equity, may enforce all rights granted
3 hereunder or under the trust agreement or resolution, or under another contract
4 executed by the authority under this chapter, and may enforce and compel the
5 performance of all duties required by this chapter or by the trust agreement or
6 resolution to be performed by the authority or by an officer of it.

7 **Sec. 41.41.370. Negotiable instruments.** All obligations and interest
8 coupons attached to them are negotiable instruments under the laws of this state,
9 subject only to applicable provisions for registration.

10 **Sec. 41.41.380. Obligations eligible for investment.** Obligations issued
11 under the provisions of this chapter are securities in which all public officers and
12 public bodies of the state and its political subdivisions, all insurance companies, trust
13 companies, banking associations, investment companies, executors, administrators,
14 trustees, and other fiduciaries may properly and legally invest funds, including capital
15 in their control or belonging to them. These obligations may be deposited with a state
16 or municipal officer of an agency or political subdivision of the state for a purpose for
17 which the deposit of bonds, notes, or obligations of the state is authorized by law.

18 **Sec. 41.41.390. Refunding bonds.** (a) The authority may provide for the
19 issuance of refunding bonds for the purpose of refunding an obligation then
20 outstanding that has been issued under the provisions of this chapter, including the
21 payment of redemption premium on them and interest accrued or to accrue to the date
22 of redemption of the obligations. The issuance of the bonds, the maturities and other
23 details of them, the rights of the holders of them, and the rights, duties, and obligations
24 of the authority in respect of them are governed by the provisions of this chapter that
25 relate to the issuance of obligations insofar as those provisions may be appropriate.

26 (b) Refunding bonds may be sold or exchanged for outstanding bonds issued
27 under this chapter, and, if sold, the proceeds may be applied, subject to appropriation
28 and in addition to another authorized purpose, to the purchase, redemption, or payment
29 of the outstanding obligations. Pending the application of the proceeds of refunding
30 bonds, with any other available funds, to the payment of the principal, accrued
31 interest, and redemption premium on the obligations being refunded, and, if so

1 provided or permitted in the resolution authorizing the issuance of the refunding bonds
 2 or in the trust agreement securing them, to the payment of any interest on the
 3 refunding bonds and expenses in connection with the refunding, the proceeds may be
 4 invested in direct obligations of, or obligations the principal of and the interest on
 5 which are unconditionally guaranteed by, the United States that mature or that will be
 6 subject to redemption, at the option of the holders of them, not later than the respective
 7 dates when the proceeds, together with the interest accruing on them, will be required
 8 for the purposes intended.

9 **Sec. 41.41.400. Credit of state not pledged.** (a) Obligations issued under
 10 the provisions of this chapter do not constitute a debt, liability, or obligation of the
 11 state or of a political subdivision of the state or a pledge of the faith and credit of the
 12 state or of a political subdivision of the state but are payable solely from the revenue
 13 or assets of the authority. Each obligation issued under this chapter must contain on
 14 its face a statement that the authority is not obligated to pay it or the interest on it
 15 except from the revenue or assets of the authority and that neither the faith and credit
 16 nor the taxing power of the state or of a political subdivision of the state is pledged to
 17 the payment of the principal of or the interest on the obligation.

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

21 **Sec. 41.41.410. Officers not liable.** A member or other officer of the
 22 authority is not subject to personal liability or accountability by reason of having
 23 executed or issued an obligation.

24 **Article 4. Property of the Authority.**

25 **Sec. 41.41.450. Property of the authority.** The authority may acquire, by
 26 purchase, lease, or gift, upon terms that it considers proper, land, structures, real or
 27 personal property rights, rights-of-way, franchises, easements, and other interests in
 28 land it considers necessary or convenient for the financing of the project or a part of
 29 the project.

30 **Article 5. Project Construction.**

31 **Sec. 41.41.500. Contract terms relating to use of Alaska resources.** (a)

1 The authority shall enter into one or more prehire project term agreements with labor
2 organizations that

3 (1) contain no-strike clauses; and

4 (2) secure timely completion of the project and maximum employment
5 opportunities for state residents.

6 (b) To maximize the economic benefits of the project to Alaskan businesses,
7 the authority shall use Alaska contractors and suppliers to the maximum extent
8 possible to take advantage of the Alaska experience in Arctic engineering and
9 construction.

10 **Article 6. General Provisions.**

11 **Sec. 41.41.900. Tax exemption.** All obligations issued under this chapter are
12 declared to be issued by a body corporate and public of the state and for an essential
13 public and governmental purpose, and the obligations, and the interest and income on
14 and from the obligations, and all fees, charges, funds, revenues, income, and other
15 money pledged or available to pay or secure the payment of the obligations, or interest
16 on the obligations, are exempt from state taxation except for transfer, inheritance, and
17 estate taxes.

18 **Sec. 41.41.990. Definitions.** In this chapter,

19 (1) "authority" means the Alaska Liquefied Natural Gas Development
20 Authority;

21 (2) "board" means the board of directors of the Alaska Liquefied
22 Natural Gas Development Authority;

23 (3) "project" means the gas transmission pipeline, together with all
24 related property and facilities, to extend from the Prudhoe Bay area on the North Slope
25 of Alaska to tidewater at a point on Prince William Sound and includes planning,
26 design, and construction of the pipeline and facilities as described in
27 AS 41.41.010(a)(1) - (5).

28 * **Sec. 3.** AS 39.25.110(11) is amended by adding a new subparagraph to read:

29 (G) Alaska Liquefied Natural Gas Development Authority;

30 * **Sec. 4.** AS 39.50.200(b) is amended by adding a new paragraph to read:

31 (57) the board of directors and chief executive officer of the Alaska

1 Liquefied Natural Gas Development Authority (AS 41.41.020).

2 * **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to
3 read:

4 DEVELOPMENT OF PROJECT PLAN. Not later than one year after the first
5 meeting of the board of directors of the Alaska Liquefied Natural Gas Development
6 Authority, the board shall produce a development plan. The development plan must include

7 (1) estimates of construction costs and timelines;

8 (2) gas procurement prices;

9 (3) use of the state's royalty gas;

10 (4) estimates of revenue to the general fund and the Alaska permanent fund;

11 (5) a revenue sharing plan with municipal governments;

12 (6) a plan for delivery and pricing of natural gas to communities along the
13 pipeline route and to Southcentral Alaska through a spur line;

14 (7) a payment schedule to companies providing permits or other valuable
15 assets; and

16 (8) a marketing plan to approach potential buyers of liquefied natural gas.

17 * **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to
18 read:

19 INITIAL APPOINTMENTS OF MEMBERS OF ALASKA LIQUEFIED NATURAL
20 GAS DEVELOPMENT AUTHORITY BOARD OF DIRECTORS. Of the members first
21 appointed under AS 41.41.020(a), enacted by sec. 2 of this Act,

22 (1) three members shall be appointed to three-year terms;

23 (2) two members shall be appointed to two-year terms; and

24 (3) two members shall be appointed to one-year terms.