

CS FOR HOUSE BILL NO. 2003(JUD)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - SECOND SPECIAL SESSION

BY THE HOUSE JUDICIARY COMMITTEE

Offered: 6/4/06

Referred: Finance

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 **"An Act establishing the Alaska Natural Gas Pipeline Corporation to finance, own, and**
2 **manage the state's interest in the Alaska North Slope natural gas pipeline project and**
3 **relating to that corporation and to subsidiary entities of that corporation; relating to**
4 **owner entities of the Alaska North Slope natural gas pipeline project, including**
5 **provisions concerning Alaska North Slope natural gas pipeline project indemnities;**
6 **establishing the gas pipeline project cash reserves fund in the corporation and**
7 **establishing the Alaska natural gas pipeline construction loan fund in the Department of**
8 **Revenue; making conforming amendments; and providing for an effective date."**

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

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

12 FINDINGS. The legislature finds that

1 (1) art. VIII, sec. 1, Constitution of the State of Alaska, provides that it is the
2 policy of the state to encourage the development of its resources by making them available for
3 maximum use consistent with the public interest;

4 (2) art. VIII, sec. 2, Constitution of the State of Alaska, requires the legislature
5 to provide for the utilization, development, and conservation of all natural resources
6 belonging to the state for the maximum benefit of its people;

7 (3) the production, transportation, and sale of oil and gas are important sources
8 of tax revenue for the state and for its municipalities;

9 (4) the production, transportation, and sale of oil and gas are significant
10 sources of job opportunities for the benefit of the people of the state;

11 (5) the production and sale of oil and gas from state leases are important
12 sources of state royalty revenue;

13 (6) substantial quantities of known reserves of natural gas are located on the
14 Alaska North Slope on state leases in which the state holds a significant royalty interest;

15 (7) those known reserves of natural gas on state leases have not been
16 commercialized due to uncertainties relating to the market price of natural gas and the cost of
17 constructing a pipeline system from the Alaska North Slope to markets in Canada and the
18 lower 48 states;

19 (8) the current and foreseeable market for natural gas and the economic
20 incentives and loan guarantees authorized by the United States Congress are expected to
21 improve the economics of a natural gas pipeline at this time, and the economics will be further
22 enhanced if the state agrees to acquire and maintain an ownership interest in the Alaska North
23 Slope natural gas pipeline project, as defined in AS 41.42.900, enacted by sec. 2 of this Act;

24 (9) it is in the best interest of the state to

25 (A) acquire an ownership interest in the Alaska North Slope natural
26 gas pipeline project in order to expedite development of the state's gas resources
27 located on state leases on the Alaska North Slope;

28 (B) participate in the financing of the Alaska North Slope natural gas
29 pipeline project in order to maximize the net benefits to the people of the state from
30 the sale of its royalty in-kind gas as well as from the value of any additional natural
31 gas that the state may take in-kind as payment of the gas production tax due under

1 AS 43.55 in accordance with applicable law;

2 (C) participate in the construction of the Alaska North Slope natural
3 gas pipeline project since revenue from the project as well as revenue earned from
4 marketing the natural gas taken in-kind by the state will be required to offset at least
5 partially the decline of state tax and royalty revenue from oil production in the state
6 that is projected to occur over the coming decades;

7 (10) the construction of the Alaska North Slope natural gas pipeline project
8 will promote the general welfare of the state by creating jobs and stimulating the local
9 economy;

10 (11) the Alaska North Slope natural gas pipeline project will provide an
11 opportunity for consumers and businesses in the state to access supplies of natural gas;

12 (12) the establishment of the Alaska Natural Gas Pipeline Corporation, a
13 public corporation, is essential to provide the state with an entity that can finance, acquire an
14 ownership interest in, and operate, or cause to be operated, the Alaska North Slope natural gas
15 pipeline project on behalf of the state and thus enable the state to fulfill its constitutional
16 obligation to develop the state's vast natural gas resources for the maximum benefit of its
17 people;

18 (13) the construction of the Alaska North Slope natural gas pipeline project
19 will spur exploration for new fields and development of known satellite fields;

20 (14) the state's participation as an owner of the Alaska North Slope natural gas
21 pipeline project will further the construction of the project and thereby assist gas producers in
22 the future in obtaining reasonable access to the project for transportation of natural gas as new
23 gas fields or units come into production, whether or not those producers own any part of the
24 project;

25 (15) the timely development of the state's natural gas resources is consistent
26 with the national interest in that it will enhance the supply of natural gas to the people of the
27 United States and lessen the nation's dependence on imported energy supplies;

28 (16) development of the state's natural gas resources through state
29 participation in the Alaska North Slope natural gas pipeline project will

30 (A) provide the people of the state the maximum public benefit
31 possible from development of the state's natural gas resources, as required by the

1 Constitution of the State of Alaska; and

2 (B) will foster and promote the long-term economic growth and
3 development of the state as well as facilitate the cost-effective transportation of natural
4 gas supplies for the people of the state.

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

6 **Chapter 42. Alaska Natural Gas Pipeline Corporation.**

7 **Article 1. Establishment and Administration.**

8 **Sec. 41.42.010. Establishment of the Alaska Natural Gas Pipeline**
9 **Corporation.** The Alaska Natural Gas Pipeline Corporation is established as a public
10 corporation and instrumentality of the state within the Department of Revenue, but has
11 a legal existence independent of and separate and apart from the state. The exercise by
12 the corporation of the powers conferred by this chapter is considered to be performed
13 on behalf of the state, and to be in furtherance of an essential governmental function of
14 the state. The net earnings of the corporation, in whole or in part, may not inure to the
15 benefit of, or be distributable to, a member of the board or officer of the corporation,
16 or a private person, except that the corporation is authorized to pay reasonable
17 compensation for services rendered for the corporation and to make payments and
18 distributions in furtherance of the purposes set out in AS 41.42.200.

19 **Sec. 41.42.015. Dissolution.** (a) The corporation may not be dissolved as long
20 as it has bonds, notes, or other financing or contractual obligations outstanding. The
21 board may dissolve the corporation by a majority vote of its members. Dissolution is
22 not effective until the legislature acts by law to confirm the dissolution.

23 (b) A member of the board or officer of the corporation is not entitled to share
24 in the distribution of any of the corporate assets on dissolution of the corporation or
25 the winding up of its affairs.

26 (c) Before the winding up and dissolution of the corporation, the assets of the
27 corporation remaining after payment of, or provision for payment of, all debts and
28 liabilities of the corporation, shall be distributed to the state.

29 **Sec. 41.42.020. Corporation governing body.** (a) The corporation is
30 governed by a board of directors, at least a majority of whom must be state residents.
31 The board consists of

1 (1) the commissioner of revenue;

2 (2) the commissioner of transportation and public facilities;

3 (3) five public members appointed by the governor who

4 (A) do not hold any other state or federal office, position, or
5 employment, either elective or appointive; and

6 (B) have extensive experience in one or more of the following:

7 (i) finance, investments, or other business management
8 related fields;

9 (ii) the oil or gas industries.

10 (b) If a member described in (a)(1) or (2) of this section is unable to attend a
11 meeting of the board, the member may, by an instrument in writing filed with the
12 board, designate a deputy commissioner or assistant commissioner to act in the
13 member's place at the meeting.

14 (c) A public member of the board is appointed for a six-year term, except that
15 the terms of the public members who are initially appointed shall be determined in
16 accordance with AS 39.05.055(3). The governor may reappoint a public member to
17 the board.

18 **Sec. 41.42.030. Quorum of board; chair; meetings.** (a) A majority of the
19 members constitute a quorum for organizing the board, conducting its business, and
20 exercising the powers of the corporation. The board shall elect a chair from among its
21 members at its annual meeting each year. The board shall meet not less than once
22 every three months.

23 (b) The board shall meet at the call of its chair.

24 (c) The board may meet and conduct business by teleconference. A meeting
25 conducted by the board by teleconference has the same legal effect as a meeting in
26 person.

27 (d) AS 44.62.310 and 44.62.312 do not apply to meetings of the corporation.
28 The board shall adopt a policy and procedures for conducting one or more of its
29 meetings in public each year.

30 **Sec. 41.42.035. Minutes of meetings.** The board shall keep minutes of each
31 meeting and send a copy of the minutes to the governor and the Legislative Budget

1 and Audit Committee after the minutes have been approved by the board. The minutes
2 shall be made available to the public, except that any information that is confidential
3 under AS 41.42.520 shall be redacted from the minutes.

4 **Sec. 41.42.040. Compensation of board members; transportation and per**
5 **diem.** A public member of the board is entitled to receive an honorarium of \$400 for
6 each day or portion of a day spent at a meeting of the board, a meeting of a
7 subcommittee of the board, and a public meeting or hearing before the legislature or
8 other governmental body when serving as a representative of the board. Members of
9 the board are entitled to a transportation and per diem allowance as provided for
10 members of state boards and commissions under AS 39.20.180. The board shall, in its
11 bylaws or other governing document, adopt policies and procedures to ensure that
12 compensation or other economic benefit is not paid to a member of the board or other
13 person if the value of the compensation or other economic benefit paid by the board
14 would exceed the value of the consideration provided to the corporation. The board's
15 policies and procedures must be sufficiently detailed to ensure that proposed
16 compensation or other economic benefit arrangements are reasonable, and must
17 provide that the board may not approve compensation or other economic benefit
18 arrangements if a board member who has an economic interest in the matter
19 participates in making the determination.

20 **Sec. 41.42.045. Removal and vacancies.** (a) A public member of the board
21 may only be removed by the governor for cause. The governor shall provide written
22 notice of the removal to the member. After receiving written notice of removal, a
23 member may not

- 24 (1) participate in board business;
25 (2) be counted toward establishment of a quorum; or
26 (3) receive payments otherwise authorized under AS 41.42.040.

27 (b) The governor shall promptly make an appointment to fill a vacancy on the
28 board. An appointee under this subsection holds the office for the balance of the term
29 for which the appointee's predecessor on the board was appointed.

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

1 **Sec. 41.42.050. Administration; delegation.** The board shall manage the
2 assets and business of the corporation and may adopt, amend, and repeal bylaws, other
3 governing documents, policies, or procedures governing the manner in which the
4 business of the corporation is conducted and the manner in which its powers are
5 exercised. The board shall delegate supervision of the administration of the
6 corporation to the executive director. The board may delegate to its executive director,
7 officers, and agents of the corporation those powers and duties as it considers
8 necessary or desirable.

9 **Sec. 41.42.060. Corporation executive director and staff; compensation.** (a)
10 The board shall employ an executive director. The executive director serves at the
11 pleasure of the board and may be removed by the board without notice and without
12 cause at any time. The executive director may, with the approval of the board, select
13 and employ additional staff as necessary. The staff serve at the pleasure of the
14 executive director and may be removed by the executive director without notice and
15 without cause at any time. The executive director and the staff of the corporation, may
16 not be members of the board. The executive director and other staff of the corporation
17 are in the exempt service under AS 39.25.110.

18 (b) The board shall determine the compensation of the executive director. The
19 board shall, in its bylaws or other governing document, adopt policies and procedures
20 to ensure that compensation or other economic benefit is not paid to the executive
21 director or other employee if the value of the compensation or other economic benefit
22 paid by the board would exceed the value of the consideration provided to the
23 corporation. The board's policies and procedures must be sufficiently detailed to
24 ensure that the proposed compensation is reasonable.

25 **Sec. 41.42.070. Legal advisor.** The attorney general is the legal counsel for the
26 corporation. The attorney general shall advise the corporation in legal matters and
27 represent it in legal actions.

28 **Sec. 41.42.080. Conflicts of interest.** (a) Members of the board and the
29 executive director of the corporation are subject to the provisions of AS 39.50,
30 governing financial disclosure for public officials.

31 (b) If a member of the board or the executive director or staff of the

1 corporation acquires, owns, or controls an interest, direct or indirect, in an entity with
 2 an interest in or doing business with the Alaska North Slope natural gas pipeline
 3 project or an owner entity of the project, that individual must disclose the interest in
 4 writing to the board as soon as the individual knows or learns of the interest. A
 5 disclosure made under this subsection is a matter of public record and must be
 6 included in the minutes of the first meeting of the board following the disclosure. This
 7 subsection does not apply to an interest in a mutual fund.

8 (c) The board shall, in its bylaws or other governing document, adopt conflict
 9 of interest policy and procedures.

10 **Article 2. Purposes and Powers.**

11 **Sec. 41.42.200. Purposes of the corporation.** The purposes of the corporation
 12 are to provide an instrumentality to finance and obtain an ownership interest in the
 13 Alaska North Slope natural gas pipeline project, to facilitate the timely development of
 14 the state's natural gas reserves located on the Alaska North Slope on behalf of the
 15 state, and thereby to promote and advance the general prosperity and economic
 16 welfare of the people of the state.

17 **Sec. 41.42.210. Powers of the corporation.** (a) In furtherance of its corporate
 18 purposes, the corporation has the following powers in addition to its other powers
 19 granted in this chapter:

- 20 (1) to sue and be sued;
- 21 (2) to have a seal and alter it;
- 22 (3) to make, alter, and repeal bylaws and other governing documents
 23 for its organization and internal management;
- 24 (4) to adopt policies and procedures governing the exercise of its
 25 corporate powers;
- 26 (5) to finance, acquire, and manage an ownership interest in the project
 27 or any portion of the project;
- 28 (6) to operate the project or any portion of the project;
- 29 (7) to issue bonds or incur other financing obligations to carry out any
 30 of its corporate purposes and powers, including the establishment or increase of
 31 reserves to secure or pay the bonds or other financing obligations or interest on them

1 and the payment of all other costs or expenses of the corporation incident to and
2 necessary or convenient to carry out its corporate purposes and powers;

3 (8) to sell, lease as lessor or lessee, exchange, donate, convey, or
4 encumber in any manner by mortgage, by creation of any other security interest or
5 otherwise, real or personal property owned by it, or in which it has an interest,
6 including any ownership interest in the project or in a subsidiary entity, when, in the
7 judgment of the corporation, the action is in furtherance of its corporate purposes;

8 (9) subject to the laws of the United States or a foreign country, to
9 enter into contracts with the United States or any foreign country, or an agency,
10 political subdivision, or instrumentality of the United States or a foreign country, or
11 any person, for the construction, financing, operation, and maintenance of all or any
12 part of the project;

13 (10) to apply for a permit, license, or approval that may be necessary
14 to construct, maintain, own, or operate the project, including, without limitation, a
15 right-of-way permit anywhere in the United States or Canada;

16 (11) to enter into and perform its obligations under contracts or
17 agreements, including contracts or agreements to own, construct, manage, or operate
18 the project, and do all things necessary or convenient to carry out its corporate
19 purposes and exercise its powers;

20 (12) to establish and maintain a line of credit with any lender and to
21 pledge the assets and revenue of the corporation in support of that obligation, subject
22 to covenants securing financing obligations of the corporation;

23 (13) to borrow money from the Alaska natural gas pipeline
24 construction loan fund (AS 37.10.500) or from any other source;

25 (14) to maintain an office at any place in the United States or Canada
26 necessary to conduct the business and affairs of the corporation;

27 (15) to acquire, hold, use, mortgage, encumber, or otherwise dispose of
28 income, revenue, money, memberships, contracts, bonds, or other real or personal
29 property of or interests in a corporation or other legal entity;

30 (16) to enter into and perform its obligations under and in connection
31 with contracts or other transactions with any national, state, foreign, or municipal

1 government, or an agency or instrumentality of a national, state, foreign, or municipal
2 government, or with any private organization or other entity or person, including
3 agreements with

4 (A) the United States Department of Energy or any other
5 agency of the United States to provide for a federal guarantee of any bonds
6 issued, or debt otherwise incurred, by the corporation, or by any owner entity
7 of the project;

8 (B) any person that loans or contributes money, or provides
9 other financial support, by means of guaranties or otherwise, with respect to
10 the project;

11 (C) an owner entity of the project, or with the members,
12 shareholders, or partners of an owner entity of the project; or

13 (D) any person or entity to establish a corporation, limited
14 liability company, partnership or other entity that will be an owner entity of the
15 project or to facilitate the financing of the project on behalf of either the
16 corporation or an owner entity of the project;

17 (17) to deposit or invest its money subject to covenants securing bonds
18 or other financing obligations of the corporation or other agreements with lenders and
19 other parties;

20 (18) to purchase insurance to protect

21 (A) its assets, services, directors, executive director, and
22 employees from liabilities that may arise from operations and activities of the
23 corporation; and

24 (B) the assets, services, directors, officers, and employees of an
25 owner entity of the project from liabilities that may arise from operations and
26 activities of the project;

27 (19) to enter into indemnification agreements necessary for or related
28 to acquisition of an ownership interest in the project;

29 (20) to enter into confidentiality agreements necessary for or related to
30 acquisition of an ownership interest in the project;

31 (21) to accept gifts, grants, or loans from any private organization,

1 national, state, foreign, or municipal government, or agency or instrumentality of a
2 national, state, foreign, or municipal government, or any other entity or person;

3 (22) except for a statutory change made by initiative or in response to a
4 final nonappealable court order, to agree that, as part of an agreement to form an
5 owner entity of the project, its voting rights and its access to confidential information
6 otherwise provided for under the terms of the agreement may be restricted if this
7 chapter is amended or another statute is enacted and that law has a material adverse
8 effect on the corporation's ability to perform its obligations under that agreement;
9 however, the corporation may not agree to any terms that attempt to limit the
10 legislature's authority to exercise police powers of the state;

11 (23) in furtherance of the satisfaction of its obligations, including,
12 without limitation, its project costs and financing obligations, to instruct any person
13 making a payment or distribution to the corporation to make or deposit the payment or
14 distribution directly to any person specified by the corporation;

15 (24) to act in any manner or perform any function, whether necessary
16 or incidental, to carry out other powers enumerated in or necessarily implied by this
17 chapter.

18 (b) Notwithstanding (a) of this section and other provisions of law, the
19 corporation or any subsidiary entity of the corporation may not sell, transfer, or
20 otherwise dispose of an interest in the Alaska North Slope natural gas pipeline without
21 the approval of the governor.

22 **Sec. 41.42.220. Creation of subsidiary entities.** (a) The board may establish
23 wholly owned subsidiary entities of the corporation for the purpose of owning,
24 financing, or operating any portion of the project if the board finds that the
25 establishment of a subsidiary entity is necessary to carry out the purposes of the
26 corporation. A subsidiary entity may be established and organized in accordance with
27 the laws of any state of the United States or Canada or any province or territory of
28 Canada in a manner that is consistent with the purposes of this chapter.

29 (b) The board may transfer assets of the corporation to a subsidiary entity
30 organized under this section and may grant to a subsidiary entity some or all of the
31 powers enumerated in AS 41.42.210. A wholly owned subsidiary entity has all of the

1 powers that the board grants to it, including the power to borrow money and issue
 2 bonds or incur other financial obligations as evidence of that borrowing. Unless
 3 otherwise provided by the board, the debts, liabilities, and obligations of a subsidiary
 4 entity organized under this section are not the debts, liabilities, or obligations of the
 5 corporation or the state, notwithstanding that the financial affairs of a subsidiary entity
 6 established under this section are controlled by the board.

7 (c) Except to the extent required by the law of another jurisdiction, the board
 8 members serve as the governing body of a subsidiary entity organized under this
 9 section. If, under the law of another jurisdiction, the governing body of the subsidiary
 10 must include or consist of other individuals, those individuals are selected by the
 11 board with the consent of the governor. Those members of the governing body of a
 12 subsidiary entity serve at the pleasure of the board.

13 (d) The provisions of AS 41.42.400 - 41.42.530 apply to a subsidiary entity
 14 established under this section as if the subsidiary entity were a corporation established
 15 under this chapter.

16 **Article 3. Financial Provisions.**

17 **Sec. 41.42.300. Bonds and financing obligations of the corporation.** (a) The
 18 corporation may borrow money and may issue bonds or incur other financing
 19 obligations payable from one or more special funds the corporation establishes,
 20 including bonds or other financing obligations on which the principal and interest are
 21 payable (1) exclusively from the income and receipts, or other money, derived from
 22 the project financed or in which investments are made with the proceeds of the bonds
 23 or other financing obligations; (2) exclusively from the income and receipts, or other
 24 money, derived from designated portions of the project, whether or not the portions of
 25 the project are financed in whole or in part with the proceeds of the bonds or other
 26 financing obligations; (3) from the corporation's income and receipts, or other assets
 27 generally, or a designated part or parts of them; or (4) from one or more revenue-
 28 producing contracts, including a contract providing for the security of the bonds made
 29 by the corporation with any person. The corporation may issue bonds or incur other
 30 financing obligations to pay, finance, or refund the principal of or interest or
 31 redemption premiums on bonds or financing obligations issued by it, whether or not

1 the bonds or other financing obligations or interest to be financed or refunded have
2 become due.

3 (b) Bonds or other financing obligations must be authorized by resolution of
4 the corporation, and shall be dated and shall mature as the resolution may provide.
5 Bonds and, to the extent applicable, other financing obligations of the corporation may
6 be issued in one or more series and must be dated, bear interest at one or more rates a
7 year or be in the denomination, either coupon or registered, carry the conversion or
8 registration provisions, have the rank or priority, be executed in the manner and form,
9 be payable at the times, from the sources, and in the medium of payment, and at one or
10 more places inside or outside the state, be subject to authentication by a trustee or
11 fiscal agent, and be subject to the terms of redemption with or without premium, as the
12 resolution of the corporation provides. Before the preparation of definitive bonds, the
13 corporation may issue interim receipts or temporary bonds or bond anticipation notes,
14 with or without coupons, exchangeable for bonds when executed and available for
15 delivery.

16 (c) Bonds, regardless of form or character, are negotiable instruments for all
17 the purposes of AS 45.01 - AS 45.08, AS 45.12, AS 45.14, and AS 45.29.

18 (d) Bonds and, to the extent applicable, other financing obligations may be
19 sold at public or private sale in the manner, for one or more prices, and at the times the
20 corporation determines.

21 (e) If the executive director or member of the board whose signature or a
22 facsimile of whose signature appears on a financing obligation ceases to be the
23 executive director or a member of the board before the delivery of the financing
24 obligation, the signature or facsimile is valid to the same extent as if the executive
25 director or member of the board had remained in office until delivery.

26 (f) In addition to other security provided in this chapter or otherwise by law,
27 bonds issued by or other financing obligations incurred by the corporation may be
28 secured, in whole or in part, by financial guaranties, by insurance, or by letters of
29 credit issued to the corporation or a trustee or any other person, by any bank, trust
30 company, insurance or surety company, or other financial institution, inside or outside
31 the state. The corporation may pledge or assign, in whole or in part, the revenue,

1 money, and assets held or to be received by the corporation, any present or future
 2 contract or other rights to receive the same, and the proceeds from them, as security
 3 for the guaranties or insurance or for the reimbursement by the corporation to an issuer
 4 of a letter of credit of any payments made under the letter of credit.

5 **Sec. 41.42.310. Trust indentures and trust agreements.** In the discretion of
 6 the corporation, an issue of bonds or incurrence of other financing obligations may be
 7 secured by a trust indenture or trust agreement between the corporation and a
 8 corporate trustee, which may be a trust company, bank, or national banking
 9 association, with corporate trust powers, located inside or outside the state, or by a
 10 secured loan agreement or other instrument or under a resolution giving powers to a
 11 corporate trustee by means of which the corporation may

12 (1) make and enter into any and all of the covenants and agreements
 13 with the trustee or the holders of the bonds or other financing obligations that the
 14 corporation determines to be necessary or desirable, including, without limitation,
 15 covenants, provisions, limitations, and agreements as to the

16 (A) application, investment, deposit, use, and disposition of the
 17 proceeds of bonds of the corporation, or of money or other property of the
 18 corporation or in which it has an interest;

19 (B) fixing and collection of rentals, charges, fees, or other
 20 consideration for, and the other terms to be incorporated in, contracts with
 21 respect to the project;

22 (C) assignment by the corporation of its rights in contracts with
 23 respect to the project or in a mortgage or other security interest created with
 24 respect to the project to a trustee for the benefit of bond owners or holders of
 25 financing obligations;

26 (D) terms and conditions on which additional financing
 27 obligations of the corporation may be issued or incurred;

28 (E) vesting in a trustee of rights, powers, duties, money, or
 29 property in trust for the benefit of holders of financing obligations, including,
 30 without limitation, the right to enforce payment, performance, and all other
 31 rights of the corporation or of the holders of financing obligations, under a

1 lease, power of contract, sale, mortgage, security agreement, or trust agreement
2 with respect to the project by injunction or other proceeding or by taking
3 possession of, by agent or otherwise, and operating the project, collecting rents
4 or other consideration, and applying the same in accordance with the trust
5 agreement;

6 (2) pledge, mortgage, or assign money, leases, agreements, property,
7 or other rights or assets of the corporation, either presently in hand or to be received in
8 the future, or both; and

9 (3) provide for any other matters of like or different character that in
10 any way affect the security or protection of the financing obligations.

11 **Sec. 41.42.320. Capital reserves and discretionary replenishment.** (a) For
12 the purpose of securing any one or more issues of its bonds or for the purpose of
13 securing other financing obligations, the corporation may establish one or more capital
14 reserve funds and shall pay into those funds the proceeds of the sale of its bonds or
15 proceeds of other financing obligations and any other money that may be made
16 available to the corporation for the purposes of those funds from any other source.
17 Capital reserve funds may be established only if the corporation determines that the
18 establishment would enhance the marketability of the bonds or other financing
19 obligations. All money held in a capital reserve fund, except as provided in this
20 section, shall be used as required, solely for (1) the payment of the principal of and
21 interest on bonds or other financing obligations or of the sinking fund payments with
22 respect to those bonds or other financing obligations; (2) the purchase or redemption
23 of bonds or other financing obligations; or (3) the payment of a redemption premium
24 required to be paid when those bonds or other financing obligations are redeemed
25 before maturity. However, money in a capital reserve fund may not be withdrawn
26 from the capital reserve fund at any time in an amount that would reduce the amount
27 of that fund to less than the capital reserve fund requirement under (b) of this section,
28 except for the purpose of making, with respect to those bonds or other financing
29 obligations, payment, when due, of principal, interest, redemption premiums, and the
30 sinking fund payments for the payment of which other money of the corporation is not
31 available. The corporation may transfer income or interest earned by or incremental to

1 a capital reserve fund, because of the investment of the fund or any other amounts in
 2 it, to other funds or accounts of the corporation to the extent that the transfer does not
 3 reduce the amount of the capital reserve fund below the capital reserve fund
 4 requirement.

5 (b) If the corporation decides to issue bonds or incur other financing
 6 obligations secured by a capital reserve fund, the bonds may not be issued and the
 7 financing obligations may not be incurred if the amount in the capital reserve fund is
 8 less than the amount established by resolution of the corporation, unless the
 9 corporation, at the time of issuance of the bonds or incurrence of other financing
 10 obligations, deposits in the capital reserve fund from the proceeds of the bonds to be
 11 issued or the financing obligations to be incurred or from other sources an amount
 12 that, together with the amount then in the capital reserve fund, is not less than the
 13 capital reserve fund requirement of this subsection.

14 (c) In computing the amount in a capital reserve fund for the purpose of this
 15 section, securities in which all or a portion of the fund is invested are valued by some
 16 reasonable method established by the corporation by resolution. Valuation on a
 17 particular date includes the amount of any interest earned or accrued to that date.

18 (d) The chair of the board shall annually, not later than January 2, make and
 19 deliver to the governor and the legislature a certificate stating the sum, if any, required
 20 to restore any capital reserve fund to the capital reserve fund requirement under (b) of
 21 this section. The legislature may appropriate that sum for deposit by the corporation in
 22 the applicable capital reserve fund.

23 **Sec. 41.42.330. Validity of pledge.** (a) The pledge of assets or revenue of the
 24 corporation made with respect to financing obligations is considered perfected and is
 25 valid and binding from the time the pledge is made, and the assets or revenue so
 26 pledged and received after that by the corporation are immediately subject to the lien
 27 of the pledge without physical delivery or further act. The lien of the pledge is valid
 28 and binding as against all parties having claims of any kind in tort, contract, or
 29 otherwise against the corporation irrespective of whether the parties have notice. The
 30 resolution, trust agreement, or any other instrument by which a pledge is created does
 31 not need to be recorded or filed under the provisions of AS 45.01 - AS 45.08,

1 AS 45.12, AS 45.14, and AS 45.29 to be perfected or to be valid, binding, or effective
2 against the parties.

3 (b) This section does not prohibit the corporation from selling assets or
4 revenue, subject to a pledge, except that a sale may be restricted by the trust agreement
5 or a resolution providing for the issuance of the obligation.

6 (c) The resolution, trust agreement, or any other instrument under which the
7 corporation creates a pledge or lien may establish the priorities of claims and liens on
8 the assets or revenue of the corporation, may provide for the issuance of additional
9 obligations having a lien before, on a parity with, or subordinate to the lien, and may
10 provide the conditions under which the lien priorities may be modified in the future.

11 **Sec. 41.42.340. Nonliability on financing obligations.** (a) Neither the
12 members of the board nor the corporation's executive director or designee executing
13 the bonds or other financing obligations is liable personally on the bonds or other
14 financing obligations or is subject to personal liability or accountability by reason of
15 the issuance of the bonds or other financing obligations.

16 (b) The financing obligations of the corporation do not constitute an
17 indebtedness or other liability of the state or of a political subdivision of the state, but
18 are payable solely from the revenue and receipts or other money or property of the
19 corporation. The corporation may not pledge the faith or credit of the state to the
20 payment of a financing obligation, and the issuance of a bond or incurrence of a
21 financial obligation by the corporation does not directly, indirectly, or contingently
22 obligate the state or a political subdivision of the state to apply money from, or levy or
23 pledge, any form of taxation whatever to the payment of any financing obligations.

24 **Sec. 41.42.350. Pledge of the state.** The state pledges to and agrees with the
25 owners of bonds issued or holders of other financing obligations incurred under this
26 chapter that the state will not limit or alter the rights and powers vested in the
27 corporation by this chapter to fulfill the terms of a contract made by the corporation
28 with the bond owners or holders of other financing obligations or in any way impair
29 the rights and remedies of the bond owners or holders of other financing obligations
30 until the bonds or other financial obligations, together with the interest on them with
31 interest or unpaid installments of interest, and all costs and expenses in connection

1 with an action or proceeding by or on behalf of the bond owners or holders of other
2 financing obligations, are fully met and discharged. The corporation is authorized to
3 include this pledge and agreement of the state in a contract with owners of bonds or
4 holders of other financing obligations of the corporation.

5 **Sec. 41.42.360. Tax exemption.** All property of the corporation is public
6 property devoted to an essential public and governmental function and purpose.
7 Notwithstanding any contrary provision of law, the property of the corporation is
8 exempt from all taxes of the state or a political subdivision of the state. All bonds
9 issued or other financing obligations incurred under this chapter are issued by a
10 corporate and public entity of the state and for an essential public and governmental
11 function and purpose. Financing obligations, the interest and income on and from
12 financing obligations, and all income of the corporation are exempt from taxation by
13 the state or a political subdivision of the state, except for transfer, inheritance, and
14 estate taxes.

15 **Sec. 41.42.370. Bonds and other financing obligations legal investments for**
16 **fiduciaries.** (a) The bonds and other financing obligations of the corporation are
17 securities in which the following may properly and legally invest money, including
18 capital in their control or belonging to them:

19 (1) public officers and bodies of the state and all municipalities and
20 political subdivisions;

21 (2) insurance companies and associations and other persons carrying
22 on any insurance business;

23 (3) banks, bankers, trust companies, savings banks, savings
24 associations, investment companies, and other persons carrying on a banking business;
25 in this paragraph, "savings associations" include savings and loan associations and
26 building and loan associations;

27 (4) administrators, guardians, executors, trustees, and other fiduciaries;

28 (5) other persons who are now or may in the future be authorized to
29 invest in bonds or other financing obligations of the state.

30 (b) Notwithstanding any other provision of law, the bonds of the corporation
31 are also securities that may be deposited with and received by public officers and

1 bodies of this state and municipalities and other political subdivisions for any purpose
 2 for which the deposit of bonds or other obligations of the state is now or may in the
 3 future be authorized.

4 **Sec. 41.42.380. Investment of special funds.** Money in a special fund
 5 established under AS 41.42.300 - 41.42.380 may be invested in the same manner and
 6 on the same conditions as permitted for investment of money belonging to the state or
 7 held in the state treasury under AS 37.10.070; however, the corporation may agree
 8 with bond owners or holders of other financial obligations to further limit those
 9 investments.

10 **Article 4. Operations.**

11 **Sec. 41.42.400. Gas pipeline project cash reserves fund.** (a) The gas pipeline
 12 project cash reserves fund is established in the corporation. The fund consists of
 13 appropriations made to it by the legislature and money or other assets transferred to it
 14 by the corporation. Appropriations made to the fund by the legislature shall be
 15 transferred from the state treasury to the corporation for deposit in the fund. Amounts
 16 deposited in the fund may be pledged to the payment of bonds, to secure a line of
 17 credit, or to otherwise meet capital call or other financial requirements of the
 18 corporation. Money in the fund shall be invested in the manner provided for in
 19 AS 41.42.380.

20 (b) The corporation shall report any payments made from the fund described
 21 in (a) of this section to the governor and the legislature within 20 days after the
 22 withdrawal and state the reason for the payment.

23 **Sec. 41.42.410. Budget.** The corporation is subject to the provisions of
 24 AS 37.07 for its operating budget.

25 **Sec. 41.42.420. Political activities.** The resources of the corporation may not
 26 be used to finance or influence political activities.

27 **Sec. 41.42.430. Application of State Procurement Code.** AS 36.30 (State
 28 Procurement Code) does not apply to the corporation or to an owner entity of the
 29 project.

30 **Sec. 41.42.440. Application of certain laws.** Unless specifically provided
 31 otherwise in this chapter, the following laws do not apply to the operations of the

1 corporation:

2 (1) AS 35, regarding public works;

3 (2) AS 37.05, regarding fiscal procedures, except as provided in
4 AS 37.05.146 and AS 37.05.210;

5 (3) AS 37.10, regarding public funds, except as provided in
6 AS 37.10.500;

7 (4) AS 37.20, regarding acceptance of federal funds;

8 (5) AS 37.25, regarding appropriations and methods of disbursement
9 of money;

10 (6) AS 44.62.010 - 44.62.320, regarding certain provisions of the
11 Administrative Procedure Act.

12 **Article 5. Financial Information and Control; Reporting Requirements; Public**
13 **Information; Confidential Information.**

14 **Sec. 41.42.500. Financial statements; audits; financial control of certain**
15 **subsidiaries.** (a) The corporation shall provide quarterly financial statements to the
16 governor and the Legislative Budget and Audit Committee on or before the 60th day
17 after the end of each fiscal quarter. The corporation shall provide annual audited
18 financial statements to the governor and the Legislative Budget and Audit Committee
19 on or before the 150th day after the end of each fiscal year. The Legislative Budget
20 and Audit Committee may provide for an internal audit of the corporation's books,
21 records, and accounts, and for annual operational and performance evaluations of the
22 corporation's operations and budget. Notwithstanding any contrary provision of law,
23 the Legislative Budget and Audit Committee may not audit or evaluate the
24 expenditures, operations, or performance of an entity that is not wholly owned by the
25 corporation.

26 (b) The board shall control the financial affairs of any wholly owned
27 subsidiary of the corporation.

28 **Sec. 41.42.510. Reports and publications.** (a) By September 30 of each year,
29 the board shall prepare a report of the corporation for distribution to the governor, the
30 legislature, and the public. The board shall notify the governor and the legislature that
31 the report is available. The report must be written in easily understandable language.

1 The report must include financial statements audited by independent outside auditors
2 and a statement of the amount of money received by the corporation from its
3 operations during the period covered. A short and concise summary of the report must
4 be published once in at least one newspaper in each judicial district; the summary
5 must also be written in easily understandable language.

6 (b) The corporation shall establish an Internet website to inform the public
7 about its activities or otherwise make that information available to the public on the
8 Internet.

9 **Sec. 41.42.520. Public access to information.** (a) The corporation is subject to
10 the provisions of AS 40.25.100 - 40.25.220 except that, in addition to any information
11 that is in the possession of the corporation or any other state entity that is confidential
12 and exempt from public disclosure under AS 40.25.110 and 40.25.120, the following
13 information in the possession of the corporation or another state entity concerning the
14 project is confidential and exempt from public disclosure under AS 40.25.110 and
15 40.25.120:

16 (1) information pertaining to the particulars of the business or affairs
17 of an owner entity of the project, including, without limitation, tax returns, financial
18 statements, and business plans;

19 (2) information containing a trade secret or other proprietary
20 information of the corporation or of an owner entity of the project;

21 (3) information that is confidential or privileged under the laws of the
22 state, whether at common law or by statute or court rule;

23 (4) information that is required to be kept confidential under an
24 agreement with an owner entity of the project, or with other participants in an owner
25 entity of the project;

26 (5) information that would affect the competitive position of the
27 corporation or an owner entity of the project;

28 (6) information of the corporation or an owner entity of the project that
29 has commercial value that might be significantly diminished by public disclosure.

30 (b) Information in the possession of an owner entity of the project is
31 confidential and does not constitute a public record for purposes of AS 40.25.100 -

1 40.25.220, except that, if the corporation wholly owns the owner entity of the project,
2 the provisions of (a), (c), and (d) of this section apply.

3 (c) Information that is considered confidential under this section may be
4 disclosed only (1) for the purpose of an official law enforcement investigation; (2)
5 when its production is required by an administrative or court order; (3) when its
6 production is required for a confidential briefing of the governor, the legislature, or a
7 legislative committee; (4) when its production is required to lenders or potential
8 lenders to the corporation or an affiliated entity of the corporation, underwriters,
9 guarantors, or insurers; or (5) in the case of a public offering of bonds, if the
10 disclosure is required by law or market practice and all other owner entities of the
11 project receive prior notice of the disclosure. Information disclosed in accordance with
12 this subsection remains an exception to the right of inspection of public records under
13 AS 40.25.110 and 40.25.120. Except for information used in the case of a public
14 offering for bonds, a person receiving information shall maintain the confidentiality of
15 the information.

16 (d) The confidentiality provisions of this section do not prohibit the
17 publication of statistics or other information presented in a manner that prevents the
18 identification of a particular report, item, person, or enterprise, or that does not
19 otherwise reveal trade secrets or any other proprietary information of an owner entity
20 of a project.

21 **Sec. 41.42.530. Application of the open meetings law.** AS 44.62.310 and
22 44.62.312 do not apply to the corporation or to an owner entity of the project.

23 **Article 6. General Provisions.**

24 **Sec. 41.42.900. Definitions.** In this chapter, unless the context otherwise
25 requires,

26 (1) "Alaska North Slope natural gas pipeline project" means a natural
27 gas pipeline transportation system, including a pipeline capable of transmitting natural
28 gas from the Alaska North Slope either to the mid-continental pipeline hub located in
29 Canada, or to the contiguous states of the United States, a gas treatment plant located
30 on the Alaska North Slope, and other related facilities, and includes, without
31 limitation, a gas liquids extraction plant in the United States or Canada, and gas

1 transmission pipelines necessary to transport gas from the field to a gas treatment plant
2 or the pipeline;

3 (2) "board" means the board of directors of the Alaska Natural Gas
4 Pipeline Corporation;

5 (3) "corporation" means the Alaska Natural Gas Pipeline Corporation;

6 (4) "financing obligations" means bonds, conditional sales or lease
7 financing agreements, lines of credit, forward-purchase agreements, investment
8 agreements, and other banking or financial arrangements, guaranties, or other
9 obligations issued by, incurred by, or entered into by the corporation; in this
10 paragraph, "bonds" includes notes, debentures, interim certificates, and revenue or
11 grant anticipation notes;

12 (5) "owner entity of the project" means an entity or unincorporated
13 business association through which the corporation or a subsidiary entity has an
14 ownership interest in the project;

15 (6) "ownership interest in the project" means an interest in the project
16 acquired by either the corporation or a subsidiary entity as a result of its

17 (A) holding title to all or a portion of the project, including a
18 joint undivided interest; or

19 (B) becoming a shareholder of another corporation, a member
20 of a limited liability company, or a partner or joint venturer in any
21 unincorporated business association that owns all or a portion of the project
22 and is established under the laws of a state of the United States, or under the
23 laws of Canada or a province or territory of Canada;

24 (7) "political activities" means intervening in any political campaign
25 on behalf of or in opposition to any candidate for public office, a political party or
26 group, or an activity conducted for partisan political purposes; "political activities"
27 includes an activity that is undertaken with the intent to differentially benefit or harm a
28 candidate or potential candidate for elective public office; in this paragraph, "activity"
29 includes compensation accepted, received, or solicited for a public official, other than
30 compensation paid by the state for the performance of official duties or responsibilities
31 as described in AS 39.52.120(b)(2);

1 (8) "project" means the Alaska North Slope natural gas pipeline
2 project;

3 (9) "subsidiary entity" means a subsidiary entity established under
4 AS 41.42.220, and includes a corporation, either nonprofit or for-profit, a limited
5 liability company, or any other legal entity that can be organized under the laws of a
6 state of the United States, or under the laws of Canada or a province or territory of
7 Canada;

8 (10) "unincorporated business association" means any unincorporated
9 joint venture, partnership, limited liability partnership, or other unincorporated form of
10 business association through which the corporation or a subsidiary entity owns all or a
11 portion of the project.

12 **Sec. 41.42.990. Short title.** This chapter may be referred to as the Alaska
13 Natural Gas Pipeline Corporation Act.

14 * **Sec. 3.** AS 36.30.850(b) is amended by adding a new paragraph to read:

15 (45) contracts of the Alaska Natural Gas Pipeline Corporation, a
16 subsidiary entity of the Alaska Natural Gas Pipeline Corporation, or an owner entity of
17 the project; in this paragraph, "owner entity of the project" has the meaning given in
18 AS 41.42.900.

19 * **Sec. 4.** AS 37.10.085(a) is amended to read:

20 (a) Except as provided in (c) - (e) [(c) OR (d)] of this section, neither the state
21 nor a political subdivision of the state may

22 (1) make a subscription to the capital stock of a corporation;

23 (2) lend its credit for the use of a corporation; or

24 (3) borrow money for the use of a corporation.

25 * **Sec. 5.** AS 37.10.085 is amended by adding new subsections to read:

26 (e) This section does not apply to the Alaska Natural Gas Pipeline Corporation
27 established in AS 41.42.010 or to any subsidiary entity established under
28 AS 41.42.220 with respect to any action authorized by AS 41.42 or otherwise
29 necessary or appropriate to acquire, maintain, or dispose of an ownership interest in
30 the Alaska North Slope natural gas pipeline project.

31 (f) In this section,

1 (1) "Alaska North Slope natural gas pipeline project" has the meaning
2 given in AS 41.42.900;

3 (2) "ownership interest in the Alaska North Slope natural gas pipeline
4 project" has the meaning given to "ownership interest in the project" in AS 41.42.900.

5 * **Sec. 6.** AS 37.10 is amended by adding a new section to read:

6 **Article 7. Alaska Natural Gas Pipeline Construction Loan Fund.**

7 **Sec. 37.10.500. Establishment of the Alaska natural gas pipeline**
8 **construction loan fund.** (a) The Alaska natural gas pipeline construction loan fund is
9 established in the Department of Revenue to assist in the acquisition and financing of
10 an ownership interest in, and construction of, the Alaska North Slope natural gas
11 pipeline project. The fund consists of money appropriated to it by the legislature for
12 those purposes and any appropriation of interest earned on money in the fund.

13 (b) The commissioner shall manage the fund and may lend all or any portion
14 of the amounts in the fund to the Alaska Natural Gas Pipeline Corporation established
15 in AS 41.42.010 or to subsidiary entities of the Alaska Natural Gas Pipeline
16 Corporation established under AS 41.42.220 to assist in the acquisition and the
17 financing of an ownership interest in and construction of the project.

18 (c) The commissioner may establish terms and conditions for the loans from
19 the fund, including, without limitation, the rate of interest that is reasonable and
20 necessary to accomplish the purposes of AS 41.42. The loans may be secured or
21 unsecured and may be subject to repayment commencing with completion of the
22 construction of the project.

23 (d) The commissioner shall dispose of property acquired through default or
24 foreclosure of a loan made under this section in a manner that serves the best interests
25 of the state.

26 (e) In this section, unless the context otherwise requires,

27 (1) "Alaska North Slope natural gas pipeline project" has the meaning
28 given in AS 41.42.900;

29 (2) "commissioner" means the commissioner of revenue;

30 (3) "fund" means the Alaska natural gas pipeline construction loan
31 fund;

1 (4) "ownership interest" has the meaning given the term "ownership
2 interest in the project" in AS 41.42.900;

3 (5) "project" means the Alaska North Slope natural gas pipeline
4 project.

5 * **Sec. 7.** AS 39.25.110(11) is amended to read:

6 (11) the officers and employees of the following boards, commissions,
7 and authorities:

8 (A) [REPEALED

9 (B)] Alaska Permanent Fund Corporation;

10 **(B)** [(C)] Alaska Industrial Development and Export Authority;

11 **(C)** [(D)] Alaska Commercial Fisheries Entry Commission;

12 **(D)** [(E)] Alaska Commission on Postsecondary Education;

13 **(E)** [(F)] Alaska Aerospace Development Corporation;

14 **(F)** [(G)] Alaska Natural Gas Development Authority;

15 **(G) Alaska Natural Gas Pipeline Corporation;**

16 * **Sec. 8.** AS 39.50.200(a)(9) is amended to read:

17 (9) "public official" means

18 (A) a judicial officer;

19 (B) the governor or the lieutenant governor;

20 (C) a person hired or appointed in a department in the
21 executive branch as

22 (i) the head or deputy head of the department;

23 (ii) the director or deputy director of a division;

24 (iii) a special assistant to the head of the department;

25 (iv) a person serving as the legislative liaison for the

26 department;

27 (D) an assistant to the governor or the lieutenant governor;

28 (E) the chair or a member of a state commission or board;

29 (F) state investment officers and the state comptroller in the
30 Department of Revenue;

31 (G) the chief procurement officer appointed under

1 AS 36.30.010;

2 (H) the executive director of the Alaska Workforce Investment
3 Board; [AND]

4 (I) each appointed or elected municipal officer; **and**

5 **(J) the executive director and other employees of the Alaska**
6 **Natural Gas Pipeline Corporation;**

7 * **Sec. 9.** AS 39.50.200(b) is amended by adding a new paragraph to read:

8 (59) Alaska Natural Gas Pipeline Corporation.

9 * **Sec. 10.** AS 39.52.960(4) is amended to read:

10 (4) "board or commission" means a board, commission, authority, or
11 board of directors of a public or quasi-public corporation, established by statute in the
12 executive branch, including the Alaska Railroad, but excluding members of

13 **(A)** a negotiated regulation making committee under
14 AS 44.62.710 - 44.62.800; **and**

15 **(B) the governing body of a subsidiary entity established**
16 **under AS 41.42.220 who are not also members of the board of directors of**
17 **the Alaska Natural Gas Pipeline Corporation;**

18 * **Sec. 11.** AS 40.25.120(a) is amended to read:

19 (a) Every person has a right to inspect a public record in the state, including
20 public records in recorders' offices, except

21 (1) records of vital statistics and adoption proceedings, which shall be
22 treated in the manner required by AS 18.50;

23 (2) records pertaining to juveniles unless disclosure is authorized by
24 law;

25 (3) medical and related public health records;

26 (4) records required to be kept confidential by a federal law or
27 regulation or by state law;

28 (5) to the extent the records are required to be kept confidential under
29 20 U.S.C. 1232g and the regulations adopted under 20 U.S.C. 1232g in order to secure
30 or retain federal assistance;

31 (6) records or information compiled for law enforcement purposes, but

1 only to the extent that the production of the law enforcement records or information

2 (A) could reasonably be expected to interfere with enforcement
3 proceedings;

4 (B) would deprive a person of a right to a fair trial or an
5 impartial adjudication;

6 (C) could reasonably be expected to constitute an unwarranted
7 invasion of the personal privacy of a suspect, defendant, victim, or witness;

8 (D) could reasonably be expected to disclose the identity of a
9 confidential source;

10 (E) would disclose confidential techniques and procedures for
11 law enforcement investigations or prosecutions;

12 (F) would disclose guidelines for law enforcement
13 investigations or prosecutions if the disclosure could reasonably be expected to
14 risk circumvention of the law; or

15 (G) could reasonably be expected to endanger the life or
16 physical safety of an individual;

17 (7) names, addresses, and other information identifying a person as a
18 participant in the Alaska Higher Education Savings Trust under AS 14.40.802 or the
19 advance college tuition savings program under AS 14.40.803 - 14.40.817;

20 (8) public records containing information that would disclose or might
21 lead to the disclosure of a component in the process used to execute or adopt an
22 electronic signature if the disclosure would or might cause the electronic signature to
23 cease being under the sole control of the person using it;

24 (9) reports submitted under AS 05.25.030 concerning certain
25 collisions, accidents, or other casualties involving boats;

26 (10) records or information pertaining to a plan, program, or
27 procedures for establishing, maintaining, or restoring security in the state, or to a
28 detailed description or evaluation of systems, facilities, or infrastructure in the state,
29 but only to the extent that the production of the records or information

30 (A) could reasonably be expected to interfere with the
31 implementation or enforcement of the security plan, program, or procedures;

1 (B) would disclose confidential guidelines for investigations or
2 enforcement and the disclosure could reasonably be expected to risk
3 circumvention of the law; or

4 (C) could reasonably be expected to endanger the life or
5 physical safety of an individual or to present a real and substantial risk to the
6 public health and welfare;

7 (11) the written notification regarding a proposed regulation provided
8 under AS 24.20.105 to the Department of Law and the affected state agency and
9 communications between the Legislative Affairs Agency, the Department of Law, and
10 the affected state agency under AS 24.20.105;

11 **(12) records and other information described in AS 41.42.520.**

12 * **Sec. 12.** AS 45.45.900 is amended to read:

13 **Sec. 45.45.900. Indemnification agreements against public policy. Except**
14 **as provided in AS 45.45.905, a** [A] provision, clause, covenant, or agreement
15 contained in, collateral to, or affecting a construction contract that purports to
16 indemnify the promisee against liability for damages for (1) death or bodily injury to
17 persons, (2) injury to property, (3) design defects, or (4) other loss, damage, or
18 expense arising under (1), (2), or (3) of this section from the sole negligence or wilful
19 misconduct of the promisee or the promisee's agents, servants, or independent
20 contractors who are directly responsible to the promisee, is against public policy and is
21 void and unenforceable; however, this provision does not affect the validity of an
22 insurance contract workers' compensation, or agreement issued by an insurer subject
23 to the provisions of AS 21, or a provision, clause, covenant, or agreement of
24 indemnification respecting the handling, containment, or cleanup of oil or hazardous
25 substances as defined in AS 46.

26 * **Sec. 13.** AS 45.45 is amended by adding a new section to read:

27 **Sec. 45.45.905. Alaska North Slope natural gas pipeline project**
28 **indemnities.** (a) An owner entity that constructs, owns, or operates the Alaska North
29 Slope natural gas pipeline project, or any portion of the project, or disposes of gas
30 from the field to a gas treatment plant or that pipeline, or any person or entity that
31 holds an ownership interest in that owner entity, may agree, in whole or in part, to

1 indemnify, defend, release, and hold harmless from any and all liability or damages of
2 any kind or character, including any degree of negligence or other misconduct,
3 whether sole or partial, direct or imputed from any other person, arising from or
4 relating to construction, establishment, ownership, operation, or any other use or
5 activity relating to constructing or operating the project, the following:

6 (1) any entity, public or private, including the Alaska Natural Gas
7 Pipeline Corporation established in AS 41.42.010, that

8 (A) holds an ownership interest in an owner entity; or

9 (B) is an operator of the project or of any part of the project;

10 and

11 (2) any director, officer, employee, or agent of any entity described in
12 (1) of this subsection.

13 (b) An operator who enters into an agreement with an owner entity that
14 constructs, owns, or operates the project or any portion of the project may agree, in
15 whole or in part, to indemnify, defend, release, and hold harmless from any and all
16 liability or damages of any kind or character, including any degree of negligence or
17 other misconduct, whether sole or partial, direct or imputed from any other person,
18 arising from or relating to construction, establishment, ownership, operation, or any
19 other use or activity relating to constructing or operating the project, the following:

20 (1) any person or entity with an ownership interest in the project, and
21 any person or entity that holds an ownership interest in that owner entity, the operator
22 of the project or any affiliates of the operator, but only to the extent that those persons
23 or entities provide employees to the operator on a temporary basis to work on the
24 project or provide contractual services to the operator to facilitate the project; and

25 (2) any director, officer, employee, or agent of a person or entity
26 described in (1) of this subsection.

27 (c) An indemnity agreement authorized by this section is not, and may not be
28 construed, in whole or part, as contrary to a public policy or a public duty of the state,
29 including any common law or equitable doctrine restricting the scope of
30 indemnification between and among parties.

31 (d) In this section, unless the context otherwise requires,

1 (1) "Alaska North Slope natural gas pipeline project" has the meaning
2 given in AS 41.42.900;

3 (2) "operator" means an entity that has entered into an agreement with
4 an owner entity to construct or operate all or any portion of the project;

5 (3) "owner entity" has the meaning given the term "owner entity of the
6 project" in AS 41.42.900;

7 (4) "ownership interest" means an interest acquired as a result of an
8 entity's becoming a shareholder of another corporation, a member of a limited liability
9 company, or a partner or joint venturer in any unincorporated business association;

10 (5) "project" means the Alaska North Slope natural gas pipeline project
11 and the disposal of gas from the field to a gas treatment plant or the Alaska North
12 Slope natural gas pipeline;

13 (6) "unincorporated business association" means any unincorporated
14 joint venture, partnership, limited liability partnership, or other unincorporated form of
15 business association permissible under the laws of a state of the United States, or
16 under the laws of Canada or a province or territory of Canada.

17 * **Sec. 14.** This Act takes effect immediately under AS 01.10.070(c).