

**ALASKA STATE LEGISLATURE
HOUSE RULES STANDING COMMITTEE**

April 3, 2014

5:00 p.m.

MEMBERS PRESENT

Representative Kurt Olson, Vice Chair
Representative Mike Chenault
Representative Mike Hawker
Representative Bob Herron
Representative Wes Keller
Representative Max Gruenberg

MEMBERS ABSENT

Representative Craig Johnson, Chair

COMMITTEE CALENDAR

SENATE BILL NO. 124

"An Act extending the termination date of the Council on Domestic Violence and Sexual Assault; and providing for an effective date."

- MOVED SB 124 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 124

SHORT TITLE: EXTENDING COUNCIL ON DOMESTIC VIOLENCE

SPONSOR(S): SENATOR(S) MEYER

01/22/14	(S)	READ THE FIRST TIME - REFERRALS
01/22/14	(S)	STA, FIN
02/13/14	(S)	STA AT 9:00 AM BUTROVICH 205
02/13/14	(S)	Moved SB 124 Out of Committee
02/13/14	(S)	MINUTE(STA)
02/14/14	(S)	STA RPT 4DP
02/14/14	(S)	DP: DYSON, WIELECHOWSKI, COGHILL, GIESSEL
02/24/14	(S)	FIN RPT 5DP
02/24/14	(S)	DP: FAIRCLOUGH, DUNLEAVY, BISHOP, HOFFMAN, OLSON
02/24/14	(S)	FIN AT 8:00 AM SENATE FINANCE 532
02/24/14	(S)	Moved SB 124 Out of Committee
02/24/14	(S)	MINUTE(FIN)

02/26/14	(S)	TRANSMITTED TO (H)
02/26/14	(S)	VERSION: SB 124
02/28/14	(H)	READ THE FIRST TIME - REFERRALS
02/28/14	(H)	FIN
03/06/14	(H)	FIN RPT 8DP
03/06/14	(H)	DP: GARA, GUTTENBERG, HOLMES, MUNOZ, NEUMAN, T.WILSON, STOLTZE, AUSTERMAN
03/06/14	(H)	FIN AT 8:30 AM HOUSE FINANCE 519
03/06/14	(H)	Moved Out of Committee
03/06/14	(H)	MINUTE(FIN)
04/03/14	(H)	RLS AT 5:00 PM CAPITOL 120

WITNESS REGISTER

JOHN BURNS, Chairman

Alaska Gasline Development Corporation (AGDC)
Fairbanks, Alaska

POSITION STATEMENT: During hearing of SB 124, urged passage of Amendment 1.

DAN FAUSKE, President

Alaska Gasline Development Corporation (AGDC)
Department of Commerce, Community & Economic Development
Anchorage, Alaska

POSITION STATEMENT: During hearing of SB 124, spoke in favor of Mr. Rabinow.

ACTION NARRATIVE

[5:00:18 PM](#)

VICE CHAIR OLSON called the House Rules Standing Committee meeting to order at 5:00 p.m. Representatives Chenault, Hawker, Herron, and Olson were present at the call to order. Representatives Keller and Gruenberg arrived as the meeting was in progress.

SB 124-EXTENDING COUNCIL ON DOMESTIC VIOLENCE

[5:00:37 PM](#)

VICE CHAIR OLSON announced that the only order of business would be SENATE BILL NO. 124, "An Act extending the termination date of the Council on Domestic Violence and Sexual Assault; and providing for an effective date."

[5:01:22 PM](#)

REPRESENTATIVE CHENAULT moved that the committee adopt Amendment 1, labeled 28-LS1235\A.2, Martin, 3/24/14, which read:

Page 1, line 2, following "**Assault**":

Insert "**; relating to the membership of the board of the Alaska Gasline Development Corporation**"

Page 1, following line 3:

Insert a new bill section to read:

"* **Section 1.** AS 31.25.020(b) is amended to read:

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

Page 1, line 4:

Delete "**Section 1**"

Insert "**Sec. 2**"

Renumber the following bill section accordingly.

VICE CHAIR OLSON and REPRESENTATIVE GRUENBERG objected for purposes of discussion.

[5:01:46 PM](#)

REPRESENTATIVE CHENAULT indicated that he was mistaken in his understanding that the sponsor of SB 124 had no objection to amending the legislation per Amendment 1. He then clarified that he did not intend to place the Council on Domestic Violence and Sexual Assault at risk. Therefore, he said he would not force the issue. He explained that he would like to discuss Amendment 1, withdraw it, and then introduce legislation

tomorrow to address this issue such that AGDC [Alaska Gasline Development Corporation] statute would be amended in order to allow for out-of-state board appointments. He expressed hope that the forthcoming legislation can make it through the process before the legislature considers the appointments in joint session. He expressed further hope to be able to vote on the appointment of Mr. Rabinow of Texas on his merits, and thus Mr. Rabinow's appointment has to be allowed by statute. However, regardless of Mr. Rabinow's appointment, Representative Chenault opined that AGDC statute needs to be amended to fix the technical oversight and reflect the intent of the legislature. He recalled that last year testimony was clear that the governor has the ultimate discretion in appointing the most qualified individuals to lead AGDC in carrying out its mission to develop projects that get gas to Alaskans. Currently, the AGDC Board includes two commissioners and per statute the governor appoints five public members; the governor is encouraged to appoint individuals who bring specific qualifications and expertise in pipeline construction, large project management, and etcetera. By statute, AGDC's mission requires the board and the corporation to act in Alaska's best interest. The AGDC Board is comprised of all Alaskans, save one member. Representative Chenault opined, "Bear in mind that no matter how hard the board works to develop a project with Alaskans' interests in mind, if the board lacks the global expertise to bring a project to fruition, we risk failing Alaskans. Alaskans loose if the project is not developed, constructed on time and on budget and under the terms with the major oil and gas producers." He questioned who would better understand the way the major [oil producers] operate than someone with Mr. Rabinow's knowledge and resume.

REPRESENTATIVE CHENAULT characterized HB 4 as complex legislation that laid out the structure of AGDC as a corporation and defined what the legislature wanted as far as board appointments, which is generally addressed in AS 39.05 - the existing statute related to public officers and employees. He highlighted that AS 39.05.100 requires board appointees to be Alaskans unless otherwise provided for. House Bill 4 laid out board requirements without specifically stating whether members had to be an Alaskan or not. Furthermore, legal guidance and testimony at the time was that HB 4 language allowed for out-of-state individuals and Alaskans to serve. However, the legislation neglected to specifically exempt AGDC from AS 39.05.100. Amendment 1 would, therefore, [exempt AGDC from AS 39.05.100 such that an out-of-state individual could serve on the AGDC Board].

5:08:00 PM

JOHN BURNS, Chairman, Alaska Gasline Development Corporation (AGDC), began by stating support for proposed Amendment 1 or any amendment that would achieve the objective Representative Chenault articulated earlier. Mr. Burns clarified that his testimony is focused on the substance of Amendment 1, which if passed would provide legal clarity as well as ensure that the composition of AGDC's Board is best suited to achieve the mission and responsibility that this legislature conferred upon AGDC with the passage of HB 4. The AGDC, he emphasized, is Alaska's gas pipeline company and is the product of what could be argued to be the most comprehensive enabling legislation passed in recent decades. House Bill 4 embodies the hopes of Alaskans and the commitment of this legislature and administration to ensure that Alaska's gas is developed and available to Alaskans. As the chairman of AGDC, Mr. Burns ensured the committee that AGDC's Board of Directors and staff is mission oriented and focused on delivering its responsibility. The passage of SB 138 would likely add to AGDC's responsibilities as a board, which is to be expected because it's imperative that any gas project in which this state participates in an equity basis must be thoroughly evaluated and analyzed. The passage of SB 138 would likely result in AGDC - in conjunction with other state agencies - evaluating and ultimately recommending to the legislature and administration which of the two projects, the Alaska Stand-alone Pipeline (ASAP) or the Alaska LNG Project, to sanction and in which to invest. The legislature conferred tremendous responsibility on AGDC and imbued AGDC with tremendous authority to achieve its mission. However, the ability to ensure that AGDC succeeds is critically dependent upon the composition of a board that has a passion for the mission as well as the complimentary skill set to achieve that mission. An effective board of directors, he opined, must have a strategic perspective as well as the experience and expertise to formulate and implement that strategy. To a certain extent, it's unfortunate that Amendment 1 is essentially about one individual, Dick Rabinow. On the other hand, Mr. Rabinow exemplifies why Amendment 1 makes sense and why passage of such an amendment is in the state's best interest, as the owner of AGDC. Mr. Burns said he shares the comments and observations by Representative Chenault and others who recognize Mr. Rabinow's four decades of pipeline experience and his expertise in large project development, implementation, and management. From a personal perspective, Mr. Burns attested to Mr. Rabinow's integrity as a board member, his commitment to

AGDC's mission and objectives, and his active participation during board and subcommittee meetings. Mr. Rabinow, he opined, provides an owner's perspective and insight about pipeline construction, operations, management, and financing that is invaluable in assisting AGDC as it negotiates with potential pipeline builders and operators as well as gas producers and purchasers. Similar to the Alaska Aerospace Development Corporation, AGDC's focus is on a specialized, highly technical, financially sensitive industry and as such it's critically important for the AGDC Board to be comprised of individuals with the expertise and skill set to complement one another as well as the mission of the corporation. Mr. Burns highlighted that this nation and the state are founded on the basic principle that what matters most is the individual and his/her personal abilities and accomplishments not one's ethnicity, gender, political affiliation, or residency. The best example of Mr. Rabinow's commitment to AGDC and the state is found in the March 18, 2014, letter to Governor Parnell as it reflects a pragmatic, practical, and business-oriented individual who is focused on the best interest of AGDC and the state and carries an attitude of service above self. Furthermore, Mr. Rabinow hasn't been engaged in self-aggrandizement or taken sides in the legal debate. In order to preserve his volunteer membership board status, Mr. Rabinow thanked the governor for the opportunity to have worked toward commercializing Alaska's natural gas resources and graciously offered to resign his appointment to the extent this legislature desires he do so. When Mr. Rabinow volunteered as a board member of AGDC, he like every other AGDC Board member took an oath of office and signed a confidentiality agreement; the board's loyalty is to the state and the fiduciary responsibility is to AGDC. Mr. Burns, speaking as the chairman of the AGDC Board and an Alaskan, urged the committee to pass Amendment 1 whether it is to SB 124 or any other [legislation] that would enable the composition of the AGDC Board to achieve the objectives of the State of Alaska.

[5:15:35 PM](#)

DAN FAUSKE, President, Alaska Gasline Development Corporation (AGDC), Department of Commerce, Community & Economic Development (DCCED), drawing from his experience working with Mr. Rabinow, characterized his depth of experience as a major asset to AGDC's management team. For example, shortly after his appointment Mr. Rabinow made it a point to personally interview all of AGDC's functional managers in order to understand their level of experience, scope of duties, and project objectives. Mr. Rabinow, he related, has maintained that level of involvement to

date. He opined that [the state] is fortunate to be able to tap into his knowledge of regulatory matters, safety compliance, engineering design, operations, as well as commercial applicants of the [state's] projects. In conclusion, Mr. Fauske acknowledged some of the issues at play and expressed the desire to determine how to maintain someone of Mr. Rabinow's caliber on the AGDC Board, as AGDC takes on this project. Mr. Fauske stressed the need to consider that individuals such as Mr. Rabinow are hard to replace in terms of their talent level and loyalty. Mr. Fauske closed by thanking the committee for allowing him to speak in favor of Mr. Rabinow, who has an impressive resume.

[5:17:37 PM](#)

REPRESENTATIVE HAWKER commented that the issue before the committee is not about Mr. Rabinow; rather the issue is about clarifying and fixing the legislature's intent in crafting HB 4. As a joint prime sponsor of HB 4, Representative Hawker said that he absolutely wants to confirm and endorse Representative Chenault's statements regarding the intent with HB 4. He specified that his intent was to empower the governor to select a board of directors who were the best and brightest people with the most appropriate and comprehensive experience available for this type of project. This project, he opined, is so significant to the state that he expressed the need to be sure that the best people are brought to the table to guide the project. As mentioned earlier, the legislature maintains a strong position in evaluating people appointed by the governor through the confirmation process. Again, the issue before the committee is not the confirmation process or Mr. Rabinow, but the desire for AGDC to be made up of the best and the brightest. Therefore, he emphasized the need for an amendment or legislation to that effect to achieve the aforementioned.

[5:20:57 PM](#)

VICE CHAIR OLSON mentioned that he and Representative Hawker just left a House Resources Standing Committee meeting in which the consultants representing the administration and the consultants representing the legislature were from outside of the state. He acknowledged that these consultants are making a lot of money, but pointed out that Mr. Rabinow will be paid about \$400 per day, which he characterized as a bargain.

[5:21:58 PM](#)

REPRESENTATIVE GRUENBERG noted his appreciation for Representative Chenault's statement. He also noted that although he doesn't know Mr. Rabinow, he sounds like a very qualified person. Representative Gruenberg clarified that his interests are legal because there are potential issues that have nothing to do with Mr. Rabinow or AGDC, but have to do with other legal issues that this is presenting. He opined that it's important to try to work together in order to do what's right for the state, and therefore he said he looked forward to moving forward in a positive manner.

[5:24:16 PM](#)

REPRESENTATIVE GRUENBERG withdrew his objection to Amendment 1.

VICE CHAIR OLSON [maintained] his objection to Amendment 1.

[5:24:45 PM](#)

REPRESENTATIVE HERRON noted his appreciation for the comments by Representative Chenault and the forthcoming legislation [to address the subject embodied in Amendment 1].

[5:25:00 PM](#)

REPRESENTATIVE KELLER thanked Representative Chenault for bringing the issue forward as clarification on it is necessary. He then expressed the desire to have the best [qualified] individual serve on the AGDC Board. Representative Keller said that although he doesn't know Mr. Rabinow, his resume seems to indicate that he'll be hard to match.

[5:25:33 PM](#)

REPRESENTATIVE CHENAULT thanked committee members for their comments. He emphasized that if the best individual for the position is an Alaskan, then that's who he wants to have. However, sometimes it doesn't work out that way, he opined. Representative Chenault echoed earlier remarks that he wants the best, brightest, and most knowledgeable individuals for the AGDC Board.

[5:27:11 PM](#)

REPRESENTATIVE CHENAULT withdrew Amendment 1.

[5:27:32 PM](#)

VICE CHAIR OLSON, upon determining there was no one else who wished to testify, closed public testimony on SB 124.

The committee took a brief at-ease.

[5:28:09 PM](#)

REPRESENTATIVE CHENAULT moved to report SB 124 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, SB 124 was reported from the House Rules Standing Committee and was available for calendaring.

[5:28:24 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Rules Standing Committee meeting was adjourned at 5:28 p.m.