

**EXECU-
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ORDER
NO. 115**

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115</SUBJECT><COMM>HMLV27</COMM></TARGET>

COMMITTEE REPORT

Date: 2-8-2011

Mr. Speaker:

The House Special Committee on Military and Veterans' Affairs considered:

EXECUTIVE ORDER NO. 115

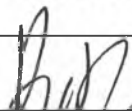
Realigning the oversight authority of the Alaska Aerospace Corporation from the Department of Commerce, Community, and Economic Development to the Department of Military and Veterans' Affairs.

and recommends

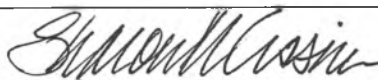
- Approval
- Disapproval
- Attach a House Special Concurrent Resolution



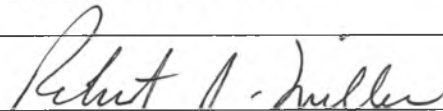
Representative Austerman



Representative Lynn



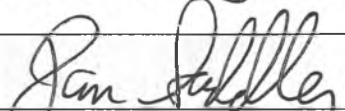
Representative Cissna



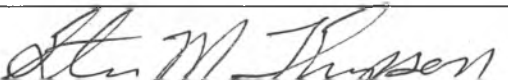
Representative Miller



Representative Gatto, Vice-Chair



Representative Saddler, Co-Chair



Representative Thompson, Co-Chair

Received in the House: 1/18/11; Introduced: 1/21/11
 Referred: House Special Committee on Military and Veterans' Affairs, Community and
 Regional Affairs

Received in the Senate: 1/18/11; Introduced: 1/19/11
 Referred: State Affairs, Labor and Commerce

EXECUTIVE ORDER NO. 115

1 Under the authority of art. III, sec. 23, of the Alaska Constitution, and in accordance
 2 with AS 24.08.210, I order the following:

3 * **Section 1. FINDINGS.** As governor, I find that it would be in the best interests of
 4 efficient administration to move the Alaska Aerospace Corporation from the Department of
 5 Commerce, Community, and Economic Development to the Department of Military and
 6 Veterans' Affairs to integrate the state's military missions and capabilities within the state
 7 agency responsible for the military affairs of the State of Alaska.

8 * **Sec. 2.** AS 26 is amended by adding a new chapter to read:

9 **Chapter 27. Alaska Aerospace Corporation.**

10 **Sec. 26.27.010. Creation and termination of corporation.** (a) The Alaska
 11 Aerospace Corporation is created as a public corporation of the state. The corporation
 12 is a body corporate and politic located for administrative purposes within the
 13 Department of Military and Veterans' Affairs and affiliated with the University of
 14 Alaska but with a separate and independent legal existence.

15 (b) The corporation may not be terminated as long as it has bonds, notes, or
 16 other obligations outstanding. If the corporation is terminated, it shall be terminated in
 17 a manner that permits the University of Alaska and Poker Flat Research Range to
 18 continue their research and educational missions uninterrupted.

19 **Sec. 26.27.020. Board of directors.** (a) The powers and responsibilities of the
 20 corporation are vested in the board of directors. The board of directors of the
 21 corporation consists of nine members appointed by the governor as follows:

22 (1) three state residents who have a significant high level of experience
 23 in the private business sector, specializing in financing or economic development or
 24 marketing; two of the state residents appointed under this paragraph shall be residents

1 of the borough where the launch activities of the corporation occur if qualified
2 candidates residing in the borough are available;

3 (2) the president or the designee of the president of the University of
4 Alaska;

5 (3) the director or designee of the Geophysical Institute of the
6 University of Alaska;

7 (4) the adjutant general of the Department of Military and Veterans'
8 Affairs or the adjutant general's designee;

9 (5) two members who have held or currently hold positions in the
10 aerospace or commercial space industry, have special experience regarding federal
11 regulatory procedures and policies involving space, or have operational experience;
12 members with aerospace experience may not exceed one; and

13 (6) a public school educator or a public member.

14 (b) The members of the board of directors of the corporation described in
15 (a)(5) of this section may be nonresidents of the state. The term of the members
16 described in (a)(1), (5) and (6) of this section is four years and those terms shall be
17 staggered.

18 (c) Members of the board of directors of the corporation described in (a)(1),
19 (5) and (6) of this section receive \$100 compensation for each day spent on official
20 business of the corporation.

21 (d) In addition to the members of the board of directors described in (a) of this
22 section, two members of the legislature shall serve as ex officio nonvoting members of
23 the board of directors. The two ex officio nonvoting members shall include one
24 member of the senate appointed by the president of the senate and one member of the
25 house appointed by the speaker of the house.

26 (e) The voting and nonvoting members of the board of directors of the
27 corporation are entitled to per diem and travel expenses authorized under
28 AS 39.20.180.

29 **Sec. 26.27.030. Chair and vice-chair.** The board of directors of the
30 corporation shall select a chair and vice-chair from among the members of the board
31 of directors of the corporation who are state residents. The vice-chair presides over all

1 meetings in the absence of the chair and has other duties the board of directors of the
2 corporation may direct.

3 **Sec. 26.27.040. Meetings; staff.** (a) A majority of the members of the
4 corporation constitutes a quorum for the transaction of business or the exercise of a
5 power or function at a meeting of the corporation. The corporation shall meet at least
6 every three months. The corporation may meet and transact business by electronic
7 media if (1) public notice of the time and locations where the meeting will be held by
8 electronic media has been given in the same manner as if the meeting were held in a
9 single location; (2) participants and members of the public in attendance can hear and
10 have the same right to participate in the meeting as if the meeting were conducted in
11 person; and (3) copies of pertinent reference materials, statutes, regulations, and
12 audio-visual materials are reasonably available to participants and the public. A
13 meeting by electronic media as provided in this subsection has the same legal effect as
14 a meeting in person.

15 (b) The corporation may employ persons as staff it considers advisable,
16 including an executive director, and may employ professional advisors, technical
17 experts, agents, and other employees it considers advisable. The executive director and
18 employees of the corporation are in the exempt service under AS 39.25.

19 (c) The corporation may hire legal counsel to represent the corporation.

20 (d) The corporation shall keep minutes of each meeting and send a certified
21 copy of the minutes to the governor and to the Legislative Budget and Audit
22 Committee.

23 **Sec. 26.27.050. Alaska Aerospace Corporation fund.** (a) The Alaska
24 Aerospace Corporation fund is established in the corporation. The fund consists of
25 appropriations made to the fund by the legislature, and rents, fees, or other money or
26 assets transferred to the fund by the corporation. Amounts deposited in the fund may
27 be pledged to the payment of bonds of the corporation or expended for the purposes of
28 the corporation under this chapter.

29 (b) The corporation shall have custody of the fund and shall be responsible for
30 its management. The corporation is the fiduciary of the fund under AS 37.10.071 and
31 may invest amounts in the fund in accordance with an investment policy adopted by

1 the corporation. Notwithstanding AS 37.10.010 - 37.10.050, the corporation may
 2 make disbursements from the fund in accordance with AS 37.25.050. Notwithstanding
 3 AS 37.05.130 and 37.05.140, the corporation shall report disbursements from the fund
 4 annually in accordance with AS 26.27.100(b)(1). An appropriation made to the fund
 5 by the legislature shall be transferred from the state treasury to the corporation for
 6 deposit in the fund.

7 **Sec. 26.27.060. Insurance coverage; safety program.** (a) The corporation
 8 may engage actuarial experts and shall develop probability models to indicate the
 9 degree of potential harm to the public and private enterprise from the corporation's
 10 activities.

11 (b) The corporation shall, to the extent available and consistent with federal
 12 requirements, secure insurance coverage within reasonable limits for liability that may
 13 arise as a consequence of its activities and the activities of its officers and employees
 14 and to insure its buildings, structures, and other facilities against loss.

15 (c) The corporation shall establish a safety program that includes

16 (1) the development and implementation of a loss prevention program
 17 consisting of a comprehensive corporation wide safety program, including a statement
 18 by the board, of safety policy and responsibility and regulations implementing it;

19 (2) provision for regular and periodic facility and equipment
 20 inspections;

21 (3) investigation of job-related accidents and other accidents occurring
 22 on the premises of the corporation or within areas of its jurisdiction;

23 (4) the establishment of a program to promote increased safety
 24 awareness among employees, agents, and subcontractors of the corporation;

25 (5) the study of safety operations at other space-related facilities in the
 26 United States;

27 (6) all federal and state safety and emergency facility requirements for
 28 commercial space facilities.

29 **Sec. 26.27.070. Space activities location.** To the extent that the University of
 30 Alaska agrees to lease the Poker Flat Research Range to the corporation, the Poker
 31 Flat Research Range constitutes the location and launch site for the corporation. The

1 corporation may not pledge or encumber the Poker Flat Research Range, nor is it an
2 asset of the corporation. Other sites may be developed and utilized if determined by
3 the board to be necessary.

4 **Sec. 26.27.080. Licenses and permits.** The corporation shall obtain all federal
5 and state licenses and permits necessary to fulfill the purposes, to perform the duties,
6 and exercise the powers of the corporation.

7 **Sec. 26.27.090. Purpose of the corporation.** The purpose of the corporation is
8 to allow the state to take a lead role in the exploration and development of space, to
9 enhance human and economic development, and to provide a unified direction

10 (1) for space-related economic growth thereby ensuring a stable and
11 dynamic research and business climate by attracting space-related businesses to locate
12 within and utilize the opportunities provided in the state;

13 (2) for space-related educational and research development by
14 encouraging and assisting the University of Alaska in developing space-related
15 programs, research, and courses of instruction and to assist the University of Alaska as
16 a member of the Space Grant State Consortia under 42 U.S.C. 2486 (National Space
17 Grant College and Fellowship Program);

18 (3) to promote the continued utilization of the Poker Flat Research
19 Range as a launch site for launch vehicles and for scientific research both from ground
20 based and rocket or balloon based instrumentation;

21 (4) to recognize the importance and benefits of and to promote and
22 encourage the continued utilization of Poker Flat Research Range for the University of
23 Alaska's polar research efforts;

24 (5) for promotion of space-related tourism activities at Poker Flat
25 Research Range and other space-related facilities or centers that may be utilized or
26 established by the corporation; and

27 (6) for development of a state strategy for and to implement the
28 acceleration of space-related economic growth and educational and research
29 development in the state by the use of innovative development methods designed to
30 stimulate space-related business and educational and research development and
31 improve the entrepreneurial atmosphere in the state.

1 **Sec. 26.27.100. Powers and duties of the corporation.** (a) In furtherance of
2 its corporate purposes, in addition to its other powers the corporation may

3 (1) sue and be sued;

4 (2) adopt a seal;

5 (3) have perpetual succession;

6 (4) adopt, amend, and repeal bylaws and regulations;

7 (5) make and execute contracts and other instruments;

8 (6) in its own name acquire property, lease, rent, convey, or acquire
9 real and personal property, except that a project site or part of a project site may not be
10 acquired by eminent domain;

11 (7) issue bonds and otherwise incur indebtedness, in accordance with
12 AS 26.27.150, in order to pay the cost of a project or projects to construct or improve
13 launch facilities or other space and aerospace projects or in order to provide money for
14 the corporation's purposes under this chapter; the corporation may also secure
15 payment of the bonds or other indebtedness as provided in this chapter;

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

19 (9) enter into contracts or agreements with a federal agency, agency or
20 instrumentality of the state, municipality, or public or private individual or entity, with
21 respect to the exercise of its powers, and do all things necessary or convenient to carry
22 out its corporate purposes and exercise the powers granted in this chapter;

23 (10) own, acquire, construct, develop, create, reconstruct, equip,
24 operate, maintain, extend, and improve launch sites, launch pads, landing areas,
25 ranges, payload facilities, laboratories, space business incubators, facilities for the
26 construction of rockets and other launch vehicles, and other space facilities and space-
27 related systems, including educational, cultural, tourism, and parking facilities, and
28 space-related initiatives;

29 (11) undertake a program of advertising to the public and space-related
30 businesses promoting the space-related projects of the corporation and space-related
31 businesses;

1 (12) construct, improve, and operate by itself or in cooperation with
2 the University of Alaska or the Department of Transportation and Public Facilities
3 transportation facilities appropriate to meet the transportation requirements of a
4 facility operated by the corporation;

5 (13) construct, improve, and operate water, sewage, and utility service
6 to a facility operated by the corporation;

7 (14) construct, provide, or improve public safety facilities for a facility
8 operated by the corporation;

9 (15) charge fees, rents, or other charges for the use of a facility,
10 structure, or service developed, operated, or provided by the corporation including
11 fees, rents, and other charges in excess of the actual operating cost of the use of the
12 facility, structure, or service;

13 (16) pledge rents, fees, charges, or other revenue from the use of its
14 services or facilities as security for bonds of the corporation;

15 (17) undertake to finance or develop a space-related project with any
16 agency or authority of the state, its political subdivisions, agencies or authorities of
17 other states, the federal government, foreign governments, or private entities;

18 (18) apply to the federal government for a grant allowing the
19 designation of corporation territory as a foreign trade zone under AS 45.77.010;

20 (19) negotiate agreements for the overflight or recovery of a space
21 vehicle, rocket, missile, payload, booster, scientific experiments or other space-related
22 material, debris, or parts with any person or entity, including but not limited to
23 adjacent landowners;

24 (20) lease the Poker Flat Research Range or portions of it from the
25 University of Alaska and to lease to the University space-related facilities that the
26 corporation may construct or acquire;

27 (21) apply for and hold in the name of the corporation patents,
28 copyrights, and other intellectual property.

29 (b) The corporation shall

30 (1) prepare an annual report of its operations to include a balance
31 sheet, an income statement, a statement of changes in financial position, a

1 reconciliation of changes in equity accounts, a summary of significant accounting
2 principles, an auditor's report, comments regarding the year's business, and prospects
3 from the next year; the report shall be completed by the third day of each regular
4 session of the legislature, and the corporation shall notify the governor, the presiding
5 officers of each house of the legislature, the University of Alaska, and the Legislative
6 Budget and Audit Committee that the report is available;

7 (2) submit its annual budget to the legislature through the governor as
8 provided for state agencies by AS 37.07;

9 (3) establish a personnel management system for hiring employees and
10 setting employee-benefit packages;

11 (4) establish procedures, rules, and rates governing per diem and travel
12 expenses of the employees of the corporation in substantial conformity to statutes,
13 procedures, rules, and rates governing state employees;

14 (5) fulfill its purposes, perform its duties, and exercise its power in a
15 manner that does not interfere or restrict the educational and research functions of
16 Poker Flat Research Range and the University of Alaska.

17 **Sec. 26.27.110. Regulations.** (a) The corporation shall adopt regulations to
18 carry out the purposes of this chapter.

19 (b) Except for AS 44.62.310 - 44.62.319 (Open Meetings Act), the provisions
20 of AS 44.62 (Administrative Procedure Act) regarding the adoption of regulations do
21 not apply to the corporation. The corporation shall make available to members of the
22 public copies of the regulations adopted under this section. Within 45 days after
23 adoption of a regulation under this section, the chair of the corporation shall submit
24 the regulation adopted to the chair of the Administrative Regulation Review
25 Committee under AS 24.20.400 - 24.20.460.

26 (c) The corporation may adopt regulations by motion or by resolution or in
27 another manner permitted by its bylaws.

28 (d) Except as provided in (e) of this section, at least 15 days before the
29 adoption of a regulation, the corporation shall give public notice of the proposed
30 action by publishing the notice in at least three newspapers of general circulation in
31 the state and by mailing a copy of the notice to every person who has filed a request

1 for notice of proposed regulations with the corporation. The public notice must include
2 a statement of the time, place, and nature of the proceedings for the adoption of the
3 regulation and must include an informative summary of the subject of the proposed
4 action. On the date and at the time and place designated in the notice, the corporation
5 shall give each interested person or an authorized representative of the person, or both,
6 the opportunity to present statements, arguments, or contentions orally or in writing
7 and shall give members of the public an opportunity to present oral statements,
8 arguments, or contentions for a total period of at least one hour. The corporation shall
9 consider all relevant matter presented to it before taking the proposed action on the
10 regulation. At a hearing under this subsection, the corporation may continue or
11 postpone the hearing to a time and place determined by the corporation and announced
12 at the hearing before taking the action to continue or postpone the hearing. A
13 regulation adopted by the corporation may vary from the informative summary
14 specified in this subsection if the subject matter of the action taken on the regulation
15 remains the same and if the original notice of the proposed action was written so as to
16 assure that members of the public are reasonably notified of the subject matter of the
17 proposed action in order for them to determine whether their interests could be
18 affected by the corporation's proposed action on that subject.

19 (e) The adoption of a regulation may be made as an emergency regulation if,
20 in the order of adoption, the corporation states the facts constituting the emergency
21 and makes a finding that the adoption of the regulation is necessary for the immediate
22 preservation of the orderly operation of the corporation's programs. The requirements
23 of (d) of this section do not apply to the initial adoption of an emergency regulation;
24 however, upon adoption of an emergency regulation under this subsection, the
25 corporation shall, within 10 days after that adoption, publish notice of the adoption in
26 accordance with the notice procedures specified in (d) of this section. An emergency
27 regulation adopted under this subsection may not remain in effect for more than 120
28 days unless, before the expiration of that period, the corporation adopts that regulation
29 as a permanent regulation in accordance with the procedures specified in (d) of this
30 section.

31 (f) A regulation adopted under this section takes effect immediately upon its

1 adoption by the corporation or at another time specified by the corporation in its order
2 of adoption.

3 **Sec. 26.27.120. Exercise by corporation of powers within municipalities.**

4 The corporation may exercise any of its powers in all portions of a space-related
5 facility or territory lying within the boundaries of a municipality to the same extent
6 and in the same manner as in areas of the space-related facility or territory not within
7 the boundaries of a municipality.

8 **Sec. 26.27.130. Trade secrets confidential.** The corporation shall maintain the
9 confidentiality of a trade secret, or other proprietary technical information, supplied
10 for purposes related to this chapter unless the owner of the trade secret authorizes its
11 release or a court orders its release. Information covered by this section is not a public
12 record for purposes of AS 40.25.110 - 40.25.140. The corporation shall adopt
13 regulations implementing this section.

14 **Sec. 26.27.140. Approval of projects by legislature.** Notwithstanding any
15 other provision of this chapter, a proposed construction project of \$1,000,000 or more
16 shall be submitted by the corporation to the legislature for approval at a regular
17 session of the legislature.

18 **Sec. 26.27.150. Issuance of bonds, notes, and refunding bonds.** (a) Except
19 as provided in (b) of this section, the corporation may issue bonds in its discretion for
20 any of its corporate purposes and may issue refunding bonds for the purpose of paying
21 or retiring bonds previously issued by it.

22 (b) The corporation may not, without prior legislative approval, issue bonds,
23 other than refunding bonds,

24 (1) in a total amount in excess of \$1,000,000 each calendar year; or

25 (2) if the annual debt service on all outstanding bonds issued and
26 proposed to be issued exceeds \$1,000,000 in a fiscal year.

27 **Sec. 26.27.160. Security for bonds.** The corporation may issue bonds
28 including but not limited to bonds on which the principal and interest are payable (1)
29 exclusively from the income and revenue of the space-related project financed with
30 the proceeds of the bonds, (2) exclusively from the income and revenue of designated
31 space-related projects whether or not they are financed in whole or in part with the

1 proceeds of the bonds, (3) from its revenue or other assets generally, or (4) exclusively
2 from rents, fees, charges, or other revenue collected or received by the corporation.
3 Bonds may be additionally secured by a pledge of a grant or contribution from the
4 federal government or from another source, or by a pledge of income or revenue of the
5 corporation, or by a mortgage of a space-related project or other property of the
6 corporation.

7 **Sec. 26.27.170. Limitation of liability on bonds.** The members of the
8 corporation and a person executing the bonds are not liable personally on the bonds by
9 reason of their issuance. The bonds of the corporation are not a debt of the state or a
10 political or municipal corporation or other subdivision of the state, including the
11 University of Alaska, and each bond must so state on its face. Neither the state nor a
12 political or municipal corporation or other subdivision of the state, including the
13 University of Alaska, other than the corporation is liable on the bonds, nor are the
14 bonds payable out of funds or properties other than those of the corporation. The
15 corporation may not pledge the faith of the people of the state for a loan or obligation.
16 Bonds of the corporation are not a debt, indebtedness, or the borrowing of money
17 within the meaning of a limitation or restriction on the issuance of bonds contained in
18 the constitution or laws of the state.

19 **Sec. 26.27.180. Issuance and sale of bonds and notes.** Bonds and notes of the
20 corporation are authorized by adoption of a resolution prescribing the date of issuance
21 and maturity, interest rate, denomination, form, conversion privilege, rank or priority,
22 execution, terms of redemption, medium, and place of payment. Bonds and notes may
23 be sold in the manner, on the terms, and at the price the corporation determines. Each
24 bond and note is negotiable. The signature of a member or an officer upon a bond or
25 note or coupon is not invalidated by that person's ceasing to hold office before the
26 delivery of the bond or note. The recitation of a bond or note that it has been issued in
27 the financing of a space-related project or purpose under this chapter is conclusive as
28 to the issuance of the bond or note and the character of the project in a challenge of the
29 validity of the bond or note or the security for it.

30 **Sec. 26.27.190. Bonds exempt from taxes.** Bonds and other obligations of the
31 corporation are issued for an essential public and governmental purpose and are public

1 instrumentality and, together with interest on them and income from them, are
2 exempt from taxes.

3 **Sec. 26.27.200. Independent financial advisor.** In negotiating the private sale
4 of bonds or bond anticipation notes to an underwriter, the corporation shall retain a
5 financial advisor who is independent from the underwriter. The financial advisor may
6 not bid on the bonds or notes if offered at public sale or negotiate for their purchase if
7 sold at private sale.

8 **Sec. 26.27.210. Additional powers to secure bonds or obligations under**
9 **leases.** In connection with the issuance of bonds or the incurring of obligations under
10 leases and in order to secure the payment of bonds or lease obligations, the
11 corporation, in addition to its other powers, may

12 (1) pledge all or a part of its gross or net rents, fees, or revenues to
13 which its right exists or may exist;

14 (2) mortgage or encumber all or a part of its real or personal property,
15 owned or later acquired;

16 (3) covenant against pledging all or a part of its rents, fees, and
17 revenue, or against mortgaging all or a part of its real or personal property, to which
18 its right or title exists or may come into existence or against permitting or suffering
19 any lien on the revenues or property;

20 (4) covenant with respect to limitations on its right to sell, lease, or
21 otherwise dispose of a space-related project or a part of a space-related project;

22 (5) covenant as to what other, or additional debts or obligations may be
23 incurred by it;

24 (6) covenant as to the bonds to be issued and as to the issuance of the
25 bonds in escrow or otherwise, and as to the use and disposition of the proceeds of
26 bonds;

27 (7) provide for the replacement of lost, destroyed, or mutilated bonds;

28 (8) covenant against extending the time for the payment of its bonds or
29 interest on the bonds;

30 (9) redeem the bonds, and covenant for their redemption and to
31 provide the terms and conditions of redemption;

1 (10) covenant as to the rents and fees to be charged in the operation of
2 a space-related project, the amount to be raised each year or other period of time by
3 rents, fees, and other revenue, and as to the use and disposition of this revenue;

4 (11) create or authorize the creation of special funds for money held
5 for construction or operating costs, debt service, reserves, or other purposes, and
6 covenant as to the use and disposition of this money;

7 (12) prescribe the procedure by which the terms of a contract with
8 bondholders may be amended or abrogated, the amount of bonds the holders of which
9 must consent thereto and the manner in which the consent may be given;

10 (13) covenant as to the rights, liabilities, powers, and duties arising
11 upon the breach by it of a covenant, condition, or obligation, and covenant and
12 prescribe as to events of default and terms and conditions upon which any or all of its
13 bonds or obligations shall become or may be declared due before maturity, and
14 covenant as to the terms and conditions upon which this declaration and its
15 consequences may be waived;

16 (14) vest in a trustee or trustees or the holders of bonds or a specified
17 proportion of them, the right to enforce the payment of the bonds or covenants
18 securing or relating to the bonds;

19 (15) vest in one or more trustees the right, in the event of a default by
20 the corporation, to take possession of a space-related project or a part of the project,
21 and so long as the corporation continues in default to retain possession and to use,
22 operate, and manage the project, and to collect the rent and revenue from the project,
23 and to dispose of the money according to the agreement between the corporation and
24 the trustees;

25 (16) provide for the powers and duties of the trustees, and limit the
26 liability of the trustees; and

27 (17) provide the terms and conditions upon which the trustee or
28 trustees or the holders of bonds, or portions of bonds, may enforce a covenant or right
29 securing or relating to the bonds.

30 **Sec. 26.27.220. Right of obligee of corporation to bring injunction.** An
31 obligee of the corporation may, in addition to all other rights that may be conferred

1 and subject only to contractual restriction binding upon the obligee, seek an injunction
2 or an action in nature of an action for mandamus against the members, the corporation,
3 its officers, agents, or employees.

4 **Sec. 26.27.230. Power of corporation to confer upon obligee right to bring**
5 **action or proceeding.** The corporation may by resolution, trust indenture, mortgage,
6 lease, or other contract confer upon an obligee holding or representing a specified
7 amount in bonds, or holding a lease, the right upon a default as defined in the
8 resolution or instrument by suit, action, or proceeding

9 (1) to have possession of a space-related project or part of one
10 surrendered to the obligee, with possession retained by the obligee as long as the
11 corporation continues in default;

12 (2) to obtain the appointment of a receiver of a space-related project or
13 part of one and its rents and profits, who may enter, take possession, and for the
14 duration of the default operate and maintain it, collect and receive all fees, rents,
15 revenues, or other charges thereafter arising, and keep the money in a separate account
16 or accounts to be applied in accordance with the obligations of the corporation as the
17 court directs;

18 (3) to require the corporation and its members to account as if they
19 were the trustees of an express trust.

20 **Sec. 26.27.240. Exemption of real property of corporation from execution**
21 **or other process.** All real property of the corporation is exempt from levy and sale by
22 execution, and an execution or other judicial process may not issue against it. A
23 judgment against the corporation may not be a charge or lien upon its real property.
24 However, this section does not limit the right of an obligee to foreclose or otherwise
25 enforce a mortgage of the corporation or to pursue any remedy for the enforcement of
26 a pledge or lien given by the corporation on its rents, fees, or revenues.

27 **Sec. 26.27.250. Power of corporation to obtain federal aid and**
28 **cooperation.** The corporation may borrow, accept contributions, grants, or other
29 financial assistance from the federal government in aid of a space-related project and
30 for this purpose may comply with conditions and enter into the mortgages, trust
31 indentures, leases, or agreements that are necessary, convenient, or desirable in order

1 to obtain financial aid or cooperation from the federal government in the undertaking,
2 construction, maintenance, or operation of a space-related project.

3 **Sec. 26.27.260. Exemption from taxes and assessments.** The property of the
4 corporation is public property used for essential public and governmental purposes and
5 this property and the corporation are exempt from all taxes and special assessments of
6 a municipality, the state, or a political subdivision of the state. However, instead of
7 taxes, the corporation may make payments to the municipality or political subdivision
8 for improvements, services, and facilities furnished by it for the benefit of a space-
9 related project.

10 **Sec. 26.27.270. Disposal of surplus property.** (a) The corporation may
11 convey real or personal property that it determines is in excess of its needs. Except as
12 provided in (b) of this section, the sale shall be by public auction or by sealed bids.
13 Public notice shall be given by publishing notice of the sale at least once a week for
14 two consecutive weeks in a newspaper of general circulation within the area in which
15 the property to be sold is located and by posting notice of sale in at least two public
16 places in the area. In no event may the auction be held less than 30 days after the last
17 day of publication. If an acceptable bid is not received, the corporation may sell the
18 property at negotiated sale within six months after the date of the auction. A
19 negotiated sale may not be made on an appraisal made more than nine months before
20 the date of sale. The price at a negotiated sale may not be less than the appraised
21 value.

22 (b) Real or personal property of the corporation may be conveyed to a state or
23 federal agency or political subdivision or the University of Alaska for less than the
24 appraised value without competitive bidding, upon a determination by the board that
25 the terms are fair and proper and in the best interests of the state. The board shall
26 consider both the nature of the agency's or political subdivision's public services or
27 functions and the terms under which the property was acquired by the corporation.

28 **Sec. 26.27.280. Public loans or donations to or cooperation with**
29 **corporation.** (a) A public body or agency of the state may

30 (1) lend or donate money or property to the corporation;

31 (2) cooperate with it in the planning, construction, or operation of a

1 project;

2 (3) transfer to it an interest in property, grant an easement, undertake
3 otherwise authorized construction of facilities adjacent to a project;

4 (4) furnish or improve otherwise authorized roads, streets, alleys, and
5 sidewalks;

6 (5) purchase bonds of the corporation;

7 (6) incur the entire expense of improvements made under this chapter;

8 (7) agree with the corporation that a certain sum or that no sum shall
9 be paid by the corporation to it instead of taxes;

10 (8) enter into agreements respecting exercise of the powers granted in
11 this chapter that shall be approved and executed by the public body or municipality in
12 or adjacent to the project before the project may be constructed; and

13 (9) in general do all things necessary or convenient to cooperate in the
14 planning, construction, or operation of a project.

15 (b) Except as required under AS 44.62.310 - 44.62.319 (Open Meetings Act),
16 a sale, conveyance, lease, or agreement under this section may be made without
17 appraisal, public notice or advertisement, or bidding. A public body may exercise the
18 powers granted in this section by resolution or ordinance by a majority of the members
19 of the governing body present at the meeting at which it is introduced, and the
20 resolution or ordinance takes effect immediately without publishing or posting.

21 **Sec. 26.27.290. Reserve fund.** (a) The corporation shall establish and maintain
22 a special fund called the Alaska Aerospace Corporation reserve fund in which there
23 shall be deposited or transferred

24 (1) all money appropriated by the legislature for the purpose of the
25 fund in accordance with the provisions of (g) of this section;

26 (2) all proceeds of bonds required to be deposited in the fund by terms
27 of a contract between the corporation and its bondholders or a resolution of the
28 corporation with respect to the proceeds of bonds;

29 (3) all other money appropriated by the legislature to the reserve fund;
30 and

31 (4) any other money or funds of the corporation that it decides to

1 deposit in the fund.

2 (b) Subject to the provisions of (h) of this section, money in the reserve fund
3 shall be held and applied solely to the payment of the interest on and principal of
4 bonds of the corporation as the interest and principal become due and payable and for
5 the retirement of bonds; and the money may not be withdrawn if a withdrawal would
6 reduce the amount in the reserve fund to an amount less than the required debt service
7 reserve except for payment of interest then due and payable on bonds and the principal
8 of bonds then maturing and payable and for the retirement of bonds in accordance
9 with the terms of a contract between the corporation and its bondholders and for which
10 payments of other money of the corporation is not then available. In this subsection,
11 "required debt service reserve" means, as of the date of computation, the amount
12 required to be on deposit in the reserve fund as provided by resolution of the
13 corporation.

14 (c) Money in the reserve fund in excess of the required debt service reserve as
15 defined in (b) of this section, whether by reason of investment or otherwise, may be
16 withdrawn at any time by the corporation and transferred to another fund or account of
17 the corporation subject to the provision of (h) of this section.

18 (d) Money in the reserve fund may be invested in the same manner and on the
19 same conditions as permitted for investment of funds belonging to the state or held in
20 the treasury under AS 37.10.070; however, the corporation may agree with the
21 bondholders to further limit these investments.

22 (e) For purposes of valuation, investments in the reserve fund shall be valued
23 at par or if purchased at less than par, at cost unless otherwise provided by resolution
24 of the corporation. Valuation on a particular date shall include the amount of interest
25 then earned or accrued to that date on the money or investments in the reserve fund.

26 (f) Notwithstanding any other provision of this chapter, bonds may not be
27 issued by the corporation unless there is in the reserve fund the required debt service
28 reserve for all bonds then issued and outstanding and for the bonds to be issued;
29 however, the corporation may satisfy this requirement by depositing as much of the
30 proceeds of the bonds to be issued, upon their issuance, as is needed to meet the
31 required debt service reserve. The corporation may at any time issue its bonds or notes

1 for the purpose of increasing the amount in the reserve fund to the required debt
2 service reserve, or to meet whatever higher or additional reserve that may be fixed by
3 the corporation with respect to the fund.

4 (g) In order to assure the maintenance of the required debt service reserve in
5 the reserve fund, the legislature may appropriate annually to the corporation for
6 deposit in the fund the sum, certified by the chair of the corporation to the governor
7 and to the legislature, that is necessary to restore the fund to an amount equal to the
8 required debt service reserve. The chair annually, before January 30, shall make and
9 deliver to the governor and to the legislature a certificate stating the sum required to
10 restore the fund to that amount, and the certified sum may be appropriated and paid to
11 the corporation during the then current state fiscal year. Nothing in this subsection
12 creates a debt or liability of the state.

13 (h) All amounts received on account of money appropriated to the reserve
14 fund referred to in (a)(3) of this section shall be held and applied in accordance with
15 (b) of this section; however, at the end of each fiscal year, if the amount in the reserve
16 fund is in excess of the required debt service reserve, any amount representing
17 earnings or income received on account of money appropriated to the reserve fund that
18 exceeds the operating expenses of the corporation for that fiscal year shall be
19 transferred to the general fund of the state.

20 (i) All references to the reserve fund in this section include special accounts
21 within the reserve fund that may be created by the corporation to secure the payment
22 of particular bonds. The commissioner of revenue may lend surplus money in the
23 general fund to the corporation for deposit to any account in the reserve fund in an
24 amount equal to the required debt service reserve. The loans shall be made on the
25 terms and conditions that may be agreed upon by the commissioner of revenue and the
26 corporation, including, without limitation, terms and conditions providing that the
27 loans need not be repaid until the obligations of the corporation secured and to be
28 secured by the account in the reserve fund are no longer outstanding.

29 **Sec. 26.27.300. Cooperation with other authorities.** In issuing a bond, the
30 corporation may request the assistance of and work with the Alaska Industrial
31 Development and Export Authority and the Alaska Municipal Bond Bank Authority.

1 The Alaska Industrial Development and Export Authority may invest in and issue
 2 bonds for space-related projects of the Alaska Aerospace Corporation. The Alaska
 3 Industrial Development and Export Authority and the Alaska Municipal Bond Bank
 4 Authority may purchase and market bonds of the Alaska Aerospace Corporation.

5 **Sec. 26.27.310. Investment of revenue.** The revenue and receipts of the
 6 corporation, to the extent they are not needed to pay bonds or other obligations of the
 7 corporation, shall be invested by the commissioner of revenue in cooperation with the
 8 corporation.

9 **Sec. 26.27.320. Legality of corporation bonds as investments.** Bonds of the
 10 corporation are legal and proper investments and security for public and private
 11 banking, insurance, and trust funds.

12 **Sec. 26.27.900. Definitions.** In this chapter,

13 (1) "board" means the board of directors of the Alaska Aerospace
 14 Corporation;

15 (2) "corporation" means the Alaska Aerospace Corporation;

16 (3) "landing site" means a site or facility designed, intended, or used
 17 for the landing or recovery of space vehicles, aircraft, or balloons;

18 (4) "launch site" means a site or facility designed, intended, or used for
 19 the launching of space vehicles, sounding rockets, aircraft, or balloons;

20 (5) "payload" means property or cargo, including people or animals, to
 21 be transported aboard a vehicle launched by the corporation;

22 (6) "recovery" means the retrieval and recovery of space vehicles,
 23 payloads, and parts that have been launched from the corporation's facilities;

24 (7) "space vehicle" means a rocket, missile, booster, or other vehicle
 25 designed, intended, or used to reach high altitude.

26 * **Sec. 3.** AS 39.50.200(a)(53) is amended to read:

27 (53) the board of directors and the executive director of the Alaska
 28 Aerospace Corporation (AS 26.27.010) [(AS 14.40.821)];

29 * **Sec. 4.** AS 14.40.821, 14.40.826, 14.40.831, 14.40.836, 14.40.841, 14.40.846, 14.40.851,
 30 14.40.856, 14.40.861, 14.40.866, 14.40.871, 14.40.876, 14.40.881, 14.40.886, 14.40.891,
 31 14.40.896, 14.40.899, 14.40.902, 14.40.906, 14.40.908, 14.40.912, 14.40.916, 14.40.921,

1 14.40.926, 14.40.931, 14.40.936, 14.40.941, 14.40.946, 14.40.951, 14.40.956, 14.40.961,
2 14.40.966, and 14.40.990 are repealed.

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

5 REVISOR'S INSTRUCTIONS. The revisor of statutes shall change the heading of
6 AS 14.40 from "The University of Alaska, the Community Colleges, and the Alaska
7 Aerospace Corporation" to "The University of Alaska and the Community Colleges."

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

10 TRANSITION. (a) Litigation, hearings, investigations, and other proceedings pending
11 under a law repealed by this Order, or in connection with functions transferred by this Order,
12 continue in effect and may be continued and completed notwithstanding a transfer or repeal
13 provided in this Order.

14 (b) Regulations adopted to implement former AS 14.40.821 - 14.40.900 and in effect
15 on July 1, 2011, remain in effect and may continue to be implemented and enforced,
16 consistent with the changes made by this Order, until amended or repealed.

17 (c) Contracts, rights, liabilities, and obligations created by or under a law repealed by
18 this Order, and in effect on June 30, 2011, remain in effect notwithstanding this Order's taking
19 effect. Records, equipment, appropriations, and other property of an agency of the state whose
20 functions are transferred under this Order shall be transferred to implement the provisions of
21 this Order.

22 * **Sec. 7.** This Order takes effect July 1, 2011.

DATED: _____

Sean Parnell
Governor

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number 1
Bill Version EO 115
(H) Publish Date 1/21/11

Identifier (file name) 00013-MVA-CO-1-1-11 Dept. Affected Military & Veterans' Affairs
Title Transfer of Alaska Aerospace Corporation Appropriation Office of the Commissioner
Allocation _____
Sponsor Rules Committee
Requester By request of the Governor OMB Component Number 9

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
		FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES							
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES							
-----------------------------	--	--	--	--	--	--	--

CHANGE IN REVENUES							
---------------------------	--	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2011) cost _____

POSITIONS

Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version

Prepared by Susan Colligan, Director
Division Division of Administrative Services, DMVA
Approved by McHugh Pierre, Deputy Commissioner

Phone (907)428-6881
Date/Time 1/11/11 12:00 PM
Date 1/11/2011

FISCAL NOTE #1

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. EO 115

Analysis

There is no fiscal impact.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number 2
Bill Version EO 115
(H) Publish Date 1/21/11

Identifier (file name) 0013-CCED-EXO-1-11-11 Dept. Affected DCCED
Title Executive order transferring the AK Aerospace Corp. to DMVA Appropriation Alaska Aerospace Corporation
Allocation Alaska Aerospace Corporation
Sponsor Rule Committee
Requester Governor OMB Component Number 1424

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
		FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES							
Personal Services	0.0						
Travel	0.0						
Contractual	0.0						
Supplies	0.0						
Equipment	0.0						
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES							
-----------------------------	--	--	--	--	--	--	--

CHANGE IN REVENUES							
---------------------------	--	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
1061 Capital (CIP) Receipts							
1101 AERO Receipts							
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2011) cost _____

POSITIONS

Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version

Prepared by Crystal Koeneman
Division DCCED
Approved by Susan K. Bell, Commissioner
Commerce, Community & Economic Development

Phone 465-2503
Date/Time 1/17/11 11:17 AM
Date 1/17/2011

FISCAL NOTE #2

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. EO 115

Analysis

This Executive Order moves the Alaska Aerospace Corporation from DCCED to DMVA.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number 3
 Bill Version EO 115
 (H) Publish Date 1/21/11

Identifier (file name) 0013-CCED-EXO-1-11-11 Dept. Affected DCCED
 Title Executive order transferring the AK Aerospace Corp. to DMVA Appropriation Alaska Aerospace Corporation
 Allocation Facilities Maintenance
 Sponsor Rule Committee
 Requester Governor OMB Component Number 2362

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	Appropriation Required	Information					
	FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Personal Services	0.0						
Travel	0.0						
Contractual	0.0						
Supplies	0.0						
Equipment	0.0						
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES							
CHANGE IN REVENUES							

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1037 GF/Mental Health							
1061 Capital (CIP) Receipts							
1101 AERO Receipts							
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2011) cost _____

POSITIONS

Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version

Prepared by Crystal Koeneman
 Division DCCED
 Approved by Susan K. Bell, Commissioner
Commerce, Community & Economic Development

Phone 465-2503
 Date/Time 1/17/11 11:18 AM
 Date 1/17/2011

Analysis

This Executive Order moves the Alaska Aerospace Corporation from DCCED to DMVA.

STATE CAPITOL
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Juneau, Alaska 99811-0001
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Governor Sean Parnell
STATE OF ALASKA

January 18, 2011

The Honorable Mike Chenault
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Chenault,

Under the authority of Article III, Section 23, of the Alaska Constitution, and in accordance with AS 24.08.020, I am transmitting Executive Order 115 to realign the oversight authority of the Alaska Aerospace Corporation from the Department of Commerce, Community, and Economic Development to the Department of Military and Veterans Affairs.

The Alaska Aerospace Corporation is an entity that works closely with federal military programs and commercial aerospace companies to build capacity to launch test rockets and satellites into space. By changing oversight authority to the Department of Military and Veterans Affairs (DMVA) from the Department of Commerce, Community, and Economic Development (DCCED), the Alaska Aerospace Corporation (AAC) would have better access to federal military command structure and better opportunity to attract military contracts. The focus for AAC has expanded and is no longer primarily commercial business development, but rather development of a unique niche market driven by government and military customers. As AAC expands into other aerospace associated operations, such as missile defense, alignment under DMVA provides increased security assurances to the Department of Defense. By strengthening military ties, this move will ultimately help grow related private sector opportunities.

This Executive Order is designed to better build a strong and dependable aerospace industry in Alaska.

Sincerely,

A handwritten signature in cursive script that reads "Sean Parnell".

Sean Parnell
Governor

Enclosure

Executive Order No. 115



Official Business

Alaska State Legislature

House of Representatives

Office of the Chief Clerk

Thomas B. Stewart Legislative
Office Building, Room 202
Juneau, AK 99801-1182
Phone: (907) 465-3725
Fax: (907) 465-5334

January 21, 2011

MEMORANDUM

TO: House Special Committee on Military and Veterans' Affairs Committee

FROM: Suzi Lowell, Chief Clerk *SL*

SUBJECT: Executive Order No. 115

The Speaker referred Executive Order No. 115 to the House Special Committee on Military and Veterans' Affairs Committee. Executive Orders are pursuant to Art III, Section 23, of the Alaska Constitution and AS 24.08.210.