

ALASKA LEGISLATURE COMMITTEES 1900 1904 000/2

3120 HT AK RAILROAD/ BILL DRAFTS (FILE 1)

1 immediately subject to the lien of the pledge without physical
2 delivery or further act. The lien of a pledge is valid and binding
3 against all parties having claims of any kind in tort contract or
4 otherwise against the corporation, irrespective of whether those
5 parties have notice of the lien of the pledge.

6 (b) Nothing in this section prohibits the corporation from
7 selling assets subject to a pledge, except that a sale may be re-
8 stricted by the trust agreement or resolution providing for the issu-
9 ance of the bonds or notes.

10 Sec. 42.40.620. REMEDIES. A holder of bonds or notes issued
11 under this chapter or of coupons attached to them, and a trustee under
12 a trust agreement or resolution authorizing the issuance of the bonds
13 or notes, except as restricted by a trust agreement or resolution,
14 either at law or in equity, may

15 (1) enforce all rights granted under this chapter, the
16 trust agreement or resolution, or any other contract executed by the
17 corporation under this chapter; and

18 (2) compel the performance of all duties of the corporation
19 required by this chapter or by the trust agreement or resolution.

20 Sec. 42.40.630. NEGOTIABLE INSTRUMENTS. Bonds and notes issued
21 under this chapter and interest coupons attached to them are nego-
22 tiable instruments under the laws of this state, subject only to
23 applicable provisions for registration.

24 Sec. 42.40.640. BONDS AND NOTES ELIGIBLE FOR INVESTMENT. Bonds
25 and notes issued under this chapter are securities in which all public
26 officers and public bodies of the state and its political subdivi-
27 sions, all insurance companies, trust companies, banking associations,
28 investment companies, executors, administrators, trustees and other
29 fiduciaries may properly and legally invest funds, including capital.

1 in their control or belonging to them. These bonds and notes may be
2 deposited with a state or municipal officer of an agency or political
3 subdivision of the state for any purpose for which the deposit of
4 bonds or notes of the state is authorized by law.

5 Sec. 42.40.650. REFUNDING BONDS. (a) The corporation may
6 provide for the issuance of refunding bonds for the purpose of refund-
7 ing bonds then outstanding that have been issued under this chapter,
8 including the payment of a redemption premium on them and interest
9 that accrues to the date of redemption of the bonds. Refunding bonds
10 shall be issued in accordance with provisions of this chapter that
11 relate to the issuance of bonds to the extent those provisions are
12 appropriate.

13 (b) Refunding bonds may be sold or exchanged for outstanding
14 bonds issued under this chapter and the proceeds may be applied to the
15 purchase, redemption or payment of the outstanding bonds in addition
16 to other authorized purposes. Pending the application of the proceeds
17 of refunding bonds to the payment of the principal, accrued interest
18 and redemption premium on the bonds being refunded, and, if permitted
19 in the resolution authorizing the issuance of the refunding bonds or
20 in the trust agreement securing them, to the payment of interest on
21 the refunding bonds and expenses in connection with the refunding, the
22 proceeds may be invested in direct obligations of the United States or
23 obligations the principal of and the interest on which are uncondi-
24 tionally guaranteed by the United States that mature or may be re-
25 deemed not later than the date the proceeds of the refunding bonds,
26 together with the interest accruing on them, will be required for the
27 purposes intended.

28 Sec. 42.40.660. CREDIT OF STATE NOT PLEDGED. (a) The state and
29 its political subdivisions are not liable for the debts of the

1 corporation. Bonds and notes issued under this chapter are payable
2 solely from the revenue or assets of the corporation and do not
3 constitute a

4 (1) debt, liability, or obligation of the state or of a
5 political subdivision of the state; or

6 (2) pledge of the faith and credit of the state or of a
7 political subdivision of the state.

8 (b) The corporation may not pledge the credit or the taxing
9 power of the state or its political subdivisions. Each bond and note
10 issued under this chapter shall contain on its face a statement that

11 (1) the corporation is not obligated to pay it or the
12 interest on it except from the revenue or assets pledged for it; and

13 (2) neither the faith and credit nor the taxing power of
14 the state or of a political subdivision of the state is pledged to the
15 payment of it.

16 Sec. 42.40.670. OFFICERS NOT LIABLE. An officer or employee of
17 the corporation is not subject to personal liability or accountability
18 because of the execution or issuance of bonds or notes.

19 Sec. 42.40.680. EXEMPTION FROM TAXATION. (a) The real and
20 personal property of the corporation and its assets, income, and
21 receipts are exempt from all taxes and special assessments of the
22 state or a political subdivision of the state.

23 (b) This section does not affect or limit an exemption from
24 license fees, property taxes, or excise, income or other taxes,
25 provided under any other law, nor does it create a tax exemption with
26 respect to the interest of any business enterprise or other person,
27 other than the corporation.

28 (c) The exercise of the powers granted by this chapter shall be
29 in all respects for the benefit of the people of the state, for their

1 well-being and prosperity, and for the improvement of their social and
2 economic conditions. Therefore, the corporation is not required to
3 pay a tax or assessment on property owned by the corporation under the
4 provisions of this chapter or on the income from the property.

5 (d) Bonds and notes issued under this chapter are issued by a
6 body corporate and public of the state and for an essential public and
7 governmental purpose. Therefore, the bonds and notes, the interest
8 and income from them, and all fees, charges, funds, revenue, income
9 and other money pledged or available to pay or secure the payment of
10 the bonds and notes or interest on them, are exempt from taxation
11 except for inheritance, transfer, and estate taxes.

12 Sec. 42.40.690. REVERSION OF ASSETS. If the corporation ceases
13 to exist, for whatever reason, its assets revert to the state.

14 ARTICLE 7. PERSONNEL AND LABOR RELATIONS.

15 Sec. 42.40.700 PERSONNEL. (a) Employees of the Alaska Railroad
16 are employees of the corporation and not of the state. The provisions
17 of AS 39 do not apply to employees of the corporation.

18 (b) The collective bargaining agreements between the corporation
19 and its employees shall remain in effect until they expire by their
20 terms or, as required under 45 U.S.C. 1206 (Alaska Railroad Transfer
21 Act of 1982), they are renegotiated, subject to the approval of the
22 board.

23 (c) The corporation may not enter into a collective bargaining
24 agreement concerning wages, hours, working conditions or other
25 employment terms, conditions and benefits with an organization
26 representing the corporation's chief executive official or executive
27 officials appointed by the chief executive official.

28 Sec. 42.40.710. POLITICAL ACTIVITIES. (a) Money, assets, or
29 property of the corporation may not be used for political activity.

1 However, board members and employees of the corporation may
 2 communicate with and appear before committees of Congress, the state
 3 legislature, and municipal governing bodies in connection with matters
 4 directly affecting the corporation.

5 (b) A board member or employee who violates the provisions of
 6 this section is personally subject to a civil penalty assessed by a
 7 judge of the superior court in an amount not to exceed \$5,000. An
 8 action to enforce this section may be brought by any person.

9 ARTICLE 8. STATE OVERSIGHT AND REVIEW

10 Sec. 42.40.300. STATE OVERSIGHT (a). The board shall notify
 11 the governor and the leadership of the legislature before undertaking

12 (1) expansion, reduction, or diversification of services
 13 provided by the railroad upon the date of transfer to the authority or
 14 as provided under this chapter that the board determines would
 15 represent a significant and permanent change in the level and nature
 16 of services provided;

17 (2) extension of the main or branch lines by more than 25
 18 miles or 5 percent of the railroads total track mileage, whichever is
 19 greater; or

20 (3) the issuance of securities, notes, bonds or contracts
 21 with a term in excess of one year and in an amount exceeding
 22 \$5,000,000.

23
 24
 25
 26 ARTICLE 8. GENERAL PROVISIONS.

27 Sec. 42.40.900. APPLICATION OF EXISTING STANDARDS. The Alaska
 28 Railroad Corporation is not subject to the jurisdiction of the Alaska
 29

1 Transportation Commission. The following laws do not apply to the
2 operations of the Alaska Railroad Corporation:

- 3 (1) AS 19;
4 (2) AS 30.15;
5 (3) AS 35;
6 (4) AS 37.05;
7 (5) AS 37.07;
8 (6) AS 37.10.010 - 37.10.060;
9 (7) AS 37.10.085;
10 (8) AS 37.20;
11 (9) AS 37.25;
12 (10) AS 44.62.040 - 44.62.320.

13 Sec. 42.40.950. DEFINITIONS. In this chapter,

14 (1) "board" means the board of directors of the Alaska
15 Railroad Corporation;

16 (2) "corporation" means the Alaska Railroad Corporation;

17 (3) "date of transfer" means the date on which the United
18 States Secretary of Transportation delivers the deed of conveyance for
19 the properties of the Alaska Railroad under 45 U.S.C. 1201-1214
20 (Alaska Railroad Transfer Act of 1982);

21 (4) "employees" means all persons employed by the
22 corporation including executive officials;

23 (5) "railroad utility corridor" means a right-of-way for
24 railroad and related purposes as defined in 45 U.S.C. 1202(11) (Alaska
25 Railroad Transfer Act of 1982).

26 (6) "land" means all real property, including tide and
27 submerged land;

28 (7) "rail properties" means all real and personal property,
29 tangible and intangible, of the corporation:

1 (8) "executive officials" means the employees occupying the
2 following positions at the Alaska Railroad as of the day before the
3 date of transfer: General Manager, Assistant General Manager,
4 Assistant to the General Manager, Chief of Administration and General
5 Counsel.

6 Sec. 42.40.990. SHORT TITLE. This chapter may be referred to as
7 the Alaska Railroad Corporation Act.

8 * Sec. 3. CONFLICTING LAWS INAPPLICABLE. If provisions of this Act are
9 in conflict with the provisions of other law, the provisions of this Act
10 prevail. Where possible, provisions of this Act shall be construed so that
11 they do not conflict with 45 U.S.C. 1201-1214 (Alaska Railroad Transfer Act
12 of 1982).

13 * Sec. 4. APPOINTMENT OF FIRST BOARD OF DIRECTORS OF ALASKA RAILROAD
14 CORPORATION. Notwithstanding AS 42.40.020 enacted in sec. 1 of this Act,
15 the governor shall designate the terms of the appointed members of the
16 first board of directors of the Alaska Railroad Corporation as follows:

- 17 (1) one shall serve a term of two years;
18 (2) one shall serve a term of three years;
19 (3) one shall serve a term of four years; and
20 (4) two shall serve a term of five years.

21 * Sec. 5. EFFECTIVE DATE. This Act takes effect immediately in
22 accordance with AS 01.10.070(c).

Cook
4/28/84 ✓

Original sponsors: Hayes, Ringstad,
Shultz, et al

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 512 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska Railroad Corporation
7 to operate the Alaska Railroad with a board of nine
8 directors responsible for management of the corpora-
9 tion; requiring the board to appoint a chief execu-
10 tive officer to manage the daily affairs and opera-
11 tions of the corporation; authorizing the board to
12 adopt rules to carry out its functions; authorizing
13 the corporation to issue bonds and notes; authorizing
14 the corporation to own and manage all property ac-
15 quired by the corporation or transferred to the state
16 under 45 U.S.C. 1201 - 1214 (Alaska Railroad Transfer
17 Act of 1982); authorizing the corporation to exercise
18 eminent domain; exempting the corporation from AS 19,
19 AS 23.40.070 - 23.40.260, AS 30.15, AS 35, AS 37.05,
20 AS 37.07, AS 37.10.010 - 37.10.060, 37.10.085,
21 AS 37.20, AS 37.25, AS 38, AS 39, and AS 44.62.040 -
22 44.62.320; and providing for an effective date."

23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

24 * Section 1. LEGISLATIVE FINDINGS AND PURPOSE. (a) The legislature
25 finds that

26 (1) it is the policy of the state to

27 (A) provide safe, economical, and efficient transportation
28 to residents, businesses, visitors, and military installations in the
29 state;

1 (B) foster and promote the long-term economic growth and
2 development of the state;

3 (C) develop and implement plans for a transportation net-
4 work;

5 (D) foster and promote the development of the state's land
6 and natural resources;

7 (2) the Alaska Railroad is an essential part of the state trans-
8 portation network that may, unless preserved by state action, cease to be a
9 transportation option in Alaska;

10 (3) the federal government has offered to the state the option
11 of taking over the Alaska Railroad to ensure its continued existence;

12 (4) it is in the state's best interest to accept the railroad
13 under the terms and conditions offered by the United States government; and

14 (5) there is vast potential in Alaska's natural resource areas
15 and extension of the Alaska Railroad into natural resource areas is neces-
16 sary for long-term economic growth.

17 (b) It is the purpose of this Act to

18 (1) create a viable economic entity with the powers and duties
19 necessary to operate and manage the Alaska Railroad pending eventual trans-
20 fer of the railroad to the private sector for its ownership or operation or
21 both consistent with 45 U.S.C. 1201 - 1214 (Alaska Railroad Transfer Act of
22 1982);

23 (2) provide for the level of railroad service that best satis-
24 fies the needs of the people of the state;

25 (3) create a public corporation with the powers, duties, and
26 functions needed to operate the Alaska Railroad and manage its rail, indus-
27 trial, port and other properties in the best interest of the people of the
28 state by ensuring that the corporation will

29 (A) be exclusively responsible for the management of the

1 financial and legal obligations of the Alaska Railroad;

2 (B) operate the railroad as a common carrier subject to the
3 jurisdiction of the United States Interstate Commerce Commission
4 consistent with 45 U.S.C. 1207;

5 (C) have the ability to raise capital by issuing bonds
6 exempt from federal and state taxation;

7 (D) generally carry out its responsibilities on a self-
8 sustaining basis;

9 (E) provide the best possible combination of types and
10 levels of safe, efficient, and economical railroad transportation to
11 meet the overall needs of the state, supported when necessary by state
12 investment;

13 (F) provide for the prudent operation of the railroad
14 according to sound business management practices;

15 (G) preserve the integrity of the railroad utility
16 corridor for transportation, communication, and transmission
17 purposes;

18 (4) ensure that borrowing by the corporation does not directly
19 or indirectly endanger the state's own borrowing capacity.

20 * Sec. 2. AS 42 is amended by adding a new chapter to read:

21 CHAPTER 40. ALASKA RAILROAD CORPORATION.

22 ARTICLE 1. ESTABLISHMENT AND ORGANIZATION.

23 Sec. 42.40.010. ESTABLISHMENT OF THE CORPORATION. There is
24 established the Alaska Railroad Corporation. The corporation is a
25 public corporation and is an instrumentality of the state. The corpo-
26 ration has a legal existence independent of and separate from the
27 state. The exercise by the corporation of the powers provided in this
28 chapter is considered an essential government function of the state.

29 Sec. 42.40.020. BOARD OF DIRECTORS. (a) The powers of the

1 corporation are vested in the board of directors. The board consists
2 of the chief executive officer of the corporation, and eight members
3 appointed by the governor. The eight appointed members must be regis-
4 tered voters in the state except as provided in (1) and (2) of this
5 subsection. Except for the member appointed under (3) of this sub-
6 section, no more than two appointed members may be from any one of the
7 four judicial districts in the state. Except for the chief executive
8 officer and the member appointed under (3) of this subsection, a
9 member may not be a state officer or employee. Appointed members
10 shall have the following qualifications:

11 (1) one member of the board shall be a person who has at
12 least 10 years of experience in railroad management; a person who is
13 not a resident of the state may be appointed under this paragraph;

14 (2) one member of the board shall be or have been an execu-
15 tive official of a United States railroad and shall be selected in
16 accordance with 49 U.S.C. (Interstate Commerce Act); a person who is
17 not a resident of the state may be appointed under this paragraph;

18 (3) one member shall be an employee who is a member of a
19 bargaining unit representing employees of the corporation;

20 (4) two members shall have at least five years of experi-
21 ence as owners or managers of a business in the state;

22 (5) one member shall be a public member with no direct or
23 indirect financial interest in a transportation industry, except as a
24 consumer of transportation services.

25 (b) The appointed members of the board shall be confirmed by a
26 majority of the members of each house of the legislature in joint
27 session. A member appointed by the governor has the full powers and
28 responsibilities of a confirmed board member until the member is
29 rejected by the legislature.

1 Sec. 42.40.030. TERM OF OFFICE; REMOVAL. (a) The appointed
2 members of the board serve for staggered terms of five years each.

3 (b) The governor may, by written notice to a member, remove the
4 member from the board for

5 (1) incapacitation caused by injury or sickness that leaves
6 the member unable to perform duties under this chapter;

7 (2) continued refusal or inability to attend meetings of
8 the board;

9 (3) conviction of a felony; or

10 (4) any conduct intended to harm the corporation, even if
11 it does not constitute a crime.

12 Sec. 42.40.040. VACANCIES. (a) Except for the chief executive
13 officer of the corporation, a vacancy on the board is filled by ap-
14 pointment by the governor, and the appointment must be confirmed by
15 the members of each house of the legislature in joint session. A
16 member appointed to fill a vacancy holds office for the balance of the
17 term for which the member's predecessor was appointed.

18 (b) A vacancy on the board does not impair the authority of a
19 quorum of members to exercise the powers and perform the duties of the
20 board.

21 (c) An appointed member of the board whose term has expired
22 shall serve until a successor has been appointed.

23 Sec. 42.40.050. COMPENSATION AND EXPENSES. (a) An appointed
24 member of the board is entitled to compensation at a rate of \$400 for
25 each day the member is engaged in the actual performance of duties as
26 a member of the board. The board may provide by rule for compensation
27 for partial days during which an appointed member is engaged in actual
28 performance of duties as a member of the board.

29 (b) In addition to compensation under (a) of this section, an

1 appointed member of the board is entitled to per diem and travel
2 expenses authorized by law for state boards and commissions.

3 Sec. 42.40.060. BOARD OFFICERS. (a) The board shall elect from
4 its membership a chairman and vice-chairman and prescribe their duties
5 by rule.

6 (b) The board shall appoint a secretary and prescribe the duties
7 of the secretary.

8 ARTICLE 2. MANAGEMENT.

9 Sec. 42.40.100. MANAGEMENT BY THE BOARD. The board is responsi-
10 ble for the management of the corporation but shall delegate certain
11 powers and duties to the chief executive officer in accordance with
12 AS 42.40.120. In managing the corporation the board shall

13 (1) be responsible for the management of the financial and
14 legal obligations of the Alaska Railroad;

15 (2) operate the Alaska Railroad as a common carrier subject
16 to the jurisdiction of the United States Interstate Commerce Commis-
17 sion consistent with 45 U.S.C. 1207;

18 (3) generally manage the corporation on a self-sustaining
19 basis;

20 (4) provide for safe, efficient, and economical railroad
21 transportation to meet the overall needs of the state;

22 (5) raise needed capital by issuing bonds of the corpo-
23 ration while ensuring that borrowing by the corporation does not
24 directly or indirectly endanger the state's own borrowing capacity;

25 (6) review state and other land disposal proposals to aid
26 in planning for future development or expansion of railroad transpor-
27 tation services;

28 (7) ensure that the accounting procedures of the corpora-
29 tion meet generally accepted accounting principals consistent with

1 railroad industry standards;

2 (8) ensure that the procurement procedures of the corpora-
3 tion comply with the procurement standards and procedures established
4 for state agencies to the extent practicable consistent with efficient
5 railroad operations;

6 (9) apply to the legislature for an appropriation to be
7 used to provide a service that is not otherwise self-sustaining if a
8 subsidy is required to maintain that service.

9 Sec. 42.40.110. EXECUTIVE OFFICERS. (a) The board shall ap-
10 point the chief executive officer of the corporation who serves at the
11 pleasure of the board. The board shall fix the compensation for the
12 chief executive officer.

13 (b) The chief executive officer of the corporation shall appoint
14 and fix the compensation for other executive officers. The compensa-
15 tion for an executive officer appointed under this subsection is
16 subject to board approval.

17 Sec. 42.40.120. DELEGATION. (a) The board may by rule delegate
18 to the chief executive officer powers and duties necessary or appro-
19 priate for the management of the daily affairs and operations of the
20 corporation.

21 (b) The board shall by rule establish procedures for carrying
22 out the following powers and duties of the corporation and may dele-
23 gate the exercise of the following powers and duties in accordance
24 with the procedures to the chief executive officer or other executive
25 officers designated by the board:

26 (1) leasing, granting easements in, issuing permits for the
27 use of, or conveying other interests in property, except the corpo-
28 ration's entire interest in land;

29 (2) establishing specific rates, tariffs, divisions, and

1 contract rate agreements;

2 (3) making routine changes in service levels;

3 (4) establishing procurement and accounting procedures for
4 the corporation; and

5 (5) performing procurement activities.

6 (c) The board may by rule require the exercise of a power or
7 duty delegated under (a) or (b) of this section to be subject to board
8 approval. Specific board approval is required for the following:

9 (1) issuing bonds;

10 (2) mortgaging or pledging corporation assets;

11 (3) donating property or other assets belonging to the
12 corporation;

13 (4) acting as a surety or guarantor;

14 (5) adopting a long-range program or capital improvement
15 plan;

16 (6) adopting annual reports;

17 (7) effecting general, comprehensive increases and de-
18 creases in rates;

19 (8) diversifying, expanding, or reducing services in a
20 major way;

21 (9) expanding the main or branch rail lines, other than
22 performing routine track alignment as necessary to maintain service
23 levels in effect on the date of transfer;

24 (10) selecting independent auditors and accountants;

25 (11) exercising the power of eminent domain;

26 (12) entering into collective bargaining agreements;

27 (13) adopting annual budgets; and

28 (14) beginning capital projects with an estimated completion
29 cost of more than \$500,000 or an estimated completion time of more

1 than one year.

2 ARTICLE 3. ADMINISTRATIVE PROVISIONS.

3 Sec. 42.40.150. MEETINGS OF THE BOARD. (a) The chairman of the
4 board shall call meetings of the board at least once every three
5 months and may call other meetings of the board as necessary. The
6 chairman shall preside at meetings.

7 (b) Except for executive sessions, the meetings of the board are
8 public. The board shall provide by rule for a method of providing
9 notice to the public of its meetings.

10 (c) The board shall keep minutes of each meeting.

11 Sec. 42.40.160. QUORUM AND VOTING. (a) Five members of the
12 board constitutes a quorum for the transaction of business.

13 (b) Five affirmative votes are required for board action. The
14 board shall provide by rule for the manner of voting, except that the
15 board may not provide for voting by proxy. The rules may provide for
16 voting and conferring by telecommunication devices.

17 Sec. 42.40.170. EXECUTIVE SESSIONS. (a) The question of hold-
18 ing an executive session shall be determined in accordance with
19 AS 42.40.160. A subject may not be considered at an executive session
20 unless it is mentioned in the motion calling for the executive session
21 or is auxiliary to a subject mentioned. An action may not be taken at
22 an executive session.

23 (b) Only the following subjects may be discussed in an executive
24 session:

25 (1) matters, the immediate knowledge of which would clearly
26 have an adverse effect upon the finances of the corporation;

27 (2) unless one person has requested to have the subjects
28 discussed in public, subjects that tend to prejudice the reputation
29 and character of a person;

1 (3) matters that, by law or municipal charter or ordinance,
2 are permitted to be kept confidential from public disclosure;

3 (4) matters pertaining to personnel;

4 (5) matters pertaining to the corporation's legal position;

5 (6) land acquisition or disposal; and

6 (7) proprietary or other information of a type treated as
7 confidential under the standards and practices of the United States
8 Interstate Commerce Commission, including practices that protect
9 information associated with specific shippers, divisions, and contract
10 rate agreements.

11 Sec. 42.40.175. RULES. (a) The board shall adopt rules to
12 carry out its functions and the purposes of this chapter, including
13 rules to safeguard property owned, managed, or transported by the
14 corporation and to protect employees and persons using the corpora-
15 tion's property or services. At least 15 days before the adoption of
16 a rule, the board shall give public notice of the proposed action by
17 publishing a notice in at least three newspapers of general
18 circulation in the state and by mailing a copy of the notice to each
19 person who has requested notice of proposed rules. The notice must
20 state the time, place, and nature of the proceedings and must contain
21 a summary of the subject of the proposed change.

22 (b) On the date and at the time and place designated in the
23 notice required under (a) of this section the board shall provide each
24 interested person an opportunity to present statements in writing
25 concerning the proposed rule and shall give members of the public an
26 opportunity to present oral statements for a total period of at least
27 one hour.

28 (c) The board shall consider all relevant matters presented to
29 it before adopting a rule. The board may take action on a rule that

1 varies in content from the summary provided with the notice of the
2 proposed rule if the subject of the rule was reflected in the summary
3 and it provided reasonable notice to the public as to whether their
4 interests could be affected by the board's action on that subject.

5 (d) The board shall establish in the bylaws of the corporation
6 additional procedures for adopting rules if necessary.

7 Sec. 42.40.180. EMERGENCY RULES. (a) The board shall establish
8 in the bylaws of the corporation a procedure for the adoption of a
9 rule on an emergency basis. An emergency rule may be adopted only
10 when necessary for the orderly operation of the corporation's
11 facilities or programs. The requirements of AS 42.40.175 do not apply
12 to actions taken under this section. However, within 10 days after
13 the adoption of a rule on an emergency basis the board shall give
14 notice of its action that substantially complies with the notice
15 requirements of AS 42.40.175(a).

16 (b) An action taken under this section remains in effect for not
17 more than 120 days. To prevent an emergency rule from lapsing the
18 board may adopt the same rule under AS 42.40.180 before the end of the
19 120-day period.

20 Sec. 42.40.185. VALIDITY OF RULES. (a) Failure to mail notice
21 to a person under AS 42.40.175(a) or 42.40.180(a) does not invalidate
22 an action taken by the board.

23 (b) An interested person may challenge a rule adopted by the
24 board by bringing an action in the superior court. In addition to
25 other grounds, a court may declare a rule invalid

26 (1) for substantial failure by the board to comply with
27 AS 42.40.175 or 42.40.180; or

28 (2) if the rule was adopted under AS 42.40.180, upon the
29 grounds that the emergency rule was not necessary for the orderly

1 operation of the corporation's facilities or programs.

2 Sec. 42.40.190. PREVIOUSLY ADOPTED RULES AND ORDERS. (a) The
3 board may provide by resolution that rules and orders in effect on the
4 date of transfer that are not inconsistent with this chapter or other
5 state law remain in effect until amended or repealed by the board.
6 The board may adopt the substance of former federal rules or orders
7 relating to the Alaska Railroad and this may not be considered a
8 continuation of the federal rules or orders if adopted by the board in
9 accordance with procedural requirements of this chapter or other law.

10 (b) AS 42.40.175 does not apply to actions taken under this
11 section.

12 Sec. 42.40.200. PUBLIC DISCLOSURE OF INFORMATION. (a) Except
13 as provided under (b) of this section, information in the possession
14 of the corporation is public and is open to public inspection at
15 reasonable times.

16 (b) The corporation may by rule designate as confidential and
17 withhold public disclosure of matters of a nonpublic, privileged, or
18 proprietary nature. Those matters include personnel records, communi-
19 cations with and work product of legal counsel, and, consistent with
20 the standards and practices of the United States Interstate Commerce
21 Commission for the protection of these matters, other information
22 including proprietary information associated with specific shippers,
23 divisions and contract rate agreements.

24 Sec. 42.40.210. CONFLICTS OF INTEREST. (a) Except as provided
25 in this section, a board member or executive officer of the corpora-
26 tion may not participate in a decision of the corporation in which
27 that person or a member of that person's immediate family has a direct
28 or indirect financial interest unless the financial interest is a
29 remote financial interest and participation is approved under (b) of

1 this section.

2 (b) A board member or executive officer may participate in a
3 decision if that person or a member of that person's immediate family
4 has only a remote interest, the fact and extent of the interest is
5 disclosed to the board in a public meeting and is noted in the minutes
6 of the board before any participation by the member or in the deci-
7 sion, and thereafter in a public meeting the board by vote authorizes
8 or approves the participation. If the person whose participation is
9 under consideration is a board member, that person may not vote under
10 this subsection. For purposes of this subsection, "remote interest"
11 means an interest that in good faith is defined as remote by rules
12 adopted by the corporation.

13 (c) A board member or executive officer is not considered to be
14 financially interested in a decision when the decision could not
15 affect that person in a manner different from its effect on the public
16 or community.

17 (d) Within 120 days of the first meeting of the board, the board
18 shall adopt and may subsequently amend rules implementing this sec-
19 tion, providing additional conflict of interest and ethical rules it
20 considers appropriate, and providing for the removal by the board of a
21 board member or executive officer who intentionally violates a prohi-
22 bition contained in this section.

23 (e) For purposes of this section

24 (1) "participate in a decision" includes all discussions,
25 deliberations, preliminary negotiations, and votes;

26 (2) "immediate family" means

27 (A) spouse;

28 (B) dependent parent, parent-in-law, child, son-in-
29 law, daughter-in-law, sibling, uncle, aunt, niece, or nephew.

1 Sec. 42.40.220. COMPLAINT PROCEDURE. The board shall provide by
2 rule for a formal procedure for the receipt and consideration of
3 complaints or suggestions regarding activities of the corporation.

4 ARTICLE 4. POWERS AND DUTIES.

5 Sec. 42.40.250. GENERAL POWERS. In addition to the exercise of
6 other powers authorized by law, the corporation may

- 7 (1) adopt a seal;
- 8 (2) adopt bylaws governing the business of the corporation;
- 9 (3) sue and be sued;
- 10 (4) appoint trustees and agents of the corporation and
11 prescribe their powers and duties;
- 12 (5) hire legal counsel to represent the corporation;
- 13 (6) make contracts and execute instruments necessary or
14 convenient in the exercise of its powers and duties;
- 15 (7) acquire by purchase, lease, bequest, devise, gift,
16 exchange, the satisfaction of debts, the foreclosure of mortgages, or
17 otherwise, personal property, rights, rights-of-way, franchises,
18 easements, and other interest in land, and acquire by appropriation
19 water rights that are located in the state, taking title to the prop-
20 erty in the name of the corporation;
- 21 (8) hold, maintain, use, operate, improve, lease, encumber
22 and otherwise grant security interests in land or personal property
23 and exchange, donate, convey, alienate, or otherwise dispose of per-
24 sonal property, subject to other provisions of this chapter;
- 25 (9) contract with and accept transfers, gifts, grants or
26 loans of funds or property from the United States and the state or its
27 political subdivisions, subject to other provisions of federal or
28 state law or municipal ordinances;
- 29 (10) undertake and provide for the management, operation,

1 maintenance, use, and control of all of the property of the corpo-
 2 ration, including tracks, equipment and other property transferred to
 3 the corporation by the federal government or any person;

4 (11) recommend to the legislature and the governor any tax,
 5 financing, or financial arrangement the corporation considers appro-
 6 priate to carry out the duties under this chapter;

7 (12) maintain offices and facilities at places it desig-
 8 nates;

9 (13) apply to the state, the United States, and foreign
 10 countries or other proper agencies for the permits, licenses, rights-
 11 of-way, or approvals necessary to construct, maintain, and operate
 12 railroad transportation services, and obtain, hold, and reuse the
 13 licenses and permits in the same manner as other railroad operators;

14 (14) prescribe rates to be charged for services provided by
 15 the Alaska Railroad consistent with 45 U.S.C. 1201 - 1214 (Alaska
 16 Railroad Transfer Act of 1982);

17 (15) determine the routes, schedules, and types of service
 18 to be provided by the Alaska Railroad;

19 (16) enter into contracts, leases, and other agreements
 20 with connecting carriers, shippers, and other persons concerning the
 21 services, activities, operations, property, and facilities of the
 22 corporation, including agreements that contain provisions to preserve
 23 and expand the railroad's traffic base;

24 (17) plan for and undertake expansion of the railroad and
 25 railroad activities, including extension of the rail system, and
 26 contract with other modes of transportation service connecting to the
 27 rail system;

28 (18) hire and discharge railroad personnel and determine
 29 benefits and other terms and conditions of employment;

1 maintenance, use, and control of all of the property of the corpo-
2 ration, including tracks, equipment and other property transferred to
3 the corporation by the federal government or any person;

4 (11) recommend to the legislature and the governor any tax,
5 financing, or financial arrangement the corporation considers appro-
6 priate to carry out the duties under this chapter;

7 (12) maintain offices and facilities at places it desig-
8 nates;

9 (13) apply to the state, the United States, and foreign
10 countries or other proper agencies for the permits, licenses, rights-
11 of-way, or approvals necessary to construct, maintain, and operate
12 railroad transportation services, and obtain, hold, and reuse the
13 licenses and permits in the same manner as other railroad operators;

14 (14) prescribe rates to be charged for services provided by
15 the Alaska Railroad consistent with 45 U.S.C. 1201 - 1214 (Alaska
16 Railroad Transfer Act of 1982);

17 (15) determine the routes, schedules, and types of service
18 to be provided by the Alaska Railroad;

19 (16) enter into contracts, leases, and other agreements
20 with connecting carriers, shippers, and other persons concerning the
21 services, activities, operations, property, and facilities of the
22 corporation, including agreements that contain provisions to preserve
23 and expand the railroad's traffic base;

24 (17) plan for and undertake expansion of the railroad and
25 railroad activities, including extension of the rail system, and
26 contract with other modes of transportation service connecting to the
27 rail system;

28 (18) hire and discharge railroad personnel and determine
29 benefits and other terms and conditions of employment;

1 (19) assume all rights, liabilities, and obligations of the
2 Alaska Railroad consistent with 45 U.S.C. 1201 - 1214 (Alaska Railroad
3 Transfer Act of 1982);

4 (20) maintain or provide for a security force to protect
5 property owned, managed or transported by the corporation and persons
6 using railroad transportation services provided by the corporation;

7 (21) issue its bonds and provide for and secure their pay-
8 ment, provide for the rights of their holders and hold or dispose of
9 them;

10 (22) purchase the corporation's bonds at a price not more
11 than the principal amount of them plus interest;

12 (23) cancel bonds of the corporation purchased by the corpo-
13 ration;

14 (24) secure the payment of its bonds by pledge, mortgage, or
15 other lien on its contracts, revenue, income, or property;

16 (25) consent to the modification of the rate of interest,
17 time of payment of an installment of principal or interest, or other
18 term of a loan, contract, or agreement to which the corporation is a
19 party;

20 (26) borrow money, including the amounts necessary to estab-
21 lish reasonable reserves, and pay financing charges and interest on
22 the obligations for a reasonable period after which the corporation
23 estimates other money will be available to pay the interest, consul-
24 tant, advisory, and legal fees, and other expenses necessary or inci-
25 dent to borrowing;

26 (27) acquire, hold, and dispose of stocks, memberships,
27 contracts, bonds, general or limited partnership interests or other
28 interes. in another corporation, association, partnership, joint
29 venture, or other legal entity, and exercise the powers or rights in

1 connection with these interests that are provided in contracts or
2 agreements and that are allowed by law concerning the satisfaction of
3 debts;

4 (28) undertake and provide for the acquisition, construc-
5 tion, maintenance, equipping, and operation of connecting, switching,
6 terminal, or other railroads and railroad facilities in the state;

7 (29) do all things necessary or desirable to carry out the
8 powers and duties of the corporation granted or necessarily implied in
9 this chapter or other laws of the state or the laws or regulations of
10 the federal government.

11 Sec. 42.40.260. ANNUAL REPORT. Within 90 days following the end
12 of the fiscal year of the Alaska Railroad the board shall distribute
13 to the governor and to the legislature a report describing the opera-
14 tions and financial condition of the corporation during the preceding
15 fiscal year. The report may include suggestions for legislation
16 relating to the structure, powers or duties of the corporation or to
17 operation facilities of the corporation. Subject to AS 42.40.200, the
18 report shall itemize the cost of providing each category of service
19 offered by the railroad and the income generated by each category.
20 The report shall list all complaints and suggestions received by the
21 corporation during the previous fiscal year and describe the action
22 taken on the complaint or suggestion.

23 Sec. 42.40.270. AUDITS. (a) The board shall have the financial
24 records of the corporation audited annually by an independent cer-
25 tified public accountant experienced in railroad accounting. The
26 board shall have an annual performance audit conducted by a qualified
27 professional performance auditing firm to assure that the railroad is
28 being managed and operated effectively and efficiently in accordance
29 with the requirements of this chapter.

1 (b) The corporation shall make all of its financial records
2 available to an auditor appointed by the governor and to the legisla-
3 tive audit division for examination. Disclosure to the public by the
4 auditor or legislative audit division of this information is subject
5 to AS 42.40.200 and rules implementing that section.

6 Sec. 42.40.280. STATE OVERSIGHT REPORTS. (a) The board shall
7 provide a state oversight report to the governor and the legislature
8 before undertaking

9 (1) expansion, reduction, or diversification of services
10 provided by the railroad upon the date of transfer or as provided
11 under this chapter that the board determines would represent a signif-
12 icant and permanent change in the level and nature of services pro-
13 vided;

14 (2) extension of the main or branch lines by more than 25
15 miles or five percent of the railroad's total track mileage, whichever
16 is greater; or

17 (3) the issuance of securities, bonds or contracts with a
18 term in excess of one year and in an amount exceeding \$5,000,000;

19 (4) an application for an appropriation to be used for
20 providing any service that is not self-sustaining.

21 (b) The report under (a) of this section shall be in writing,
22 describe the proposed undertaking in detail, and specify

23 (1) its financial impact on the corporation;

24 (2) its impact on the level and nature of services provided
25 by the corporation;

26 (3) the reasons the action is necessary or desirable to
27 achieve the purposes of this chapter; and

28 (4) whether and when the undertaking is expected to be
29 self-sustaining financially.

1 Sec. 42.40.290. LONG RANGE PROGRAM AND CAPITAL IMPROVEMENT
2 PLANS. (a) The corporation shall prepare and the board shall adopt a
3 long range program plan and a capital improvement plan. The board
4 shall consult with affected state agencies and municipalities in
5 preparing the plans. The long range program plan shall explain the
6 manner in which the corporation intends to accomplish the purposes of
7 this chapter during each of the five years after the plan is adopted.
8 The capital improvement plan shall present and explain the corpora-
9 tion's anticipated capital improvements for each of the five years
10 after the plan is adopted and shall reflect efforts to upgrade the
11 railroad and develop safer, more cost-effective rail operations.

12 (b) The board shall annually review and update the long range
13 program and capital improvement plans. The board shall provide copies
14 of the updated plans to the governor and the legislature by December 1
15 of each year.

16 Sec. 42.40.300. USE OF CORPORATION ASSETS. The corporation
17 shall apply all money, property, other assets, and credit of the
18 corporation toward activities authorized by this chapter. The corpo-
19 ration may not issue shares of stock, pay dividends, make private
20 distributions of assets, make loans to board members or employees, or
21 engage in business for private benefit. The use of money, property,
22 other assets, or credit of the corporation for a purpose not author-
23 ized by law by a person having the possession or control of it is
24 prohibited.

25 Sec. 42.40.310. INDEMNIFICATION. (a) The corporation may
26 defend and indemnify a current or former member of the board, em-
27 ployee, or agent of the corporation against all costs, expenses, judg-
28 ments, and liabilities, including attorney's fees, incurred by or
29 imposed upon that person in connection with a civil or criminal action

1 which the person is involved by affiliation with the corporation,
2 the person acted in good faith on behalf of the corporation and
3 within the scope of official duties or powers.

4 (b) The corporation may purchase insurance to protect and hold
5 personally harmless its employees, agents, and board members from an
6 action, claim, or proceeding arising out of the performance, purported
7 performance, or failure of performance, in good faith, of duties for,
8 or employment with, the corporation and to hold them harmless from
9 expenses connected with the defense, settlement, or monetary judgments
10 from that action, claim, or proceeding. The purchase of insurance is
11 discretionary with the board and insurance is not considered to be
12 compensation to the insured person.

13 ARTICLE 5. CORPORATION PROPERTY.

14 Sec. 42.40.350. LAND. (a) The corporation shall take title in
15 its own name to all land transferred under 45 U.S.C. 1201 - 1214
16 (Alaska Railroad Transfer Act of 1982). All land that is transferred
17 or acquired by the corporation is designated as follows:

- 18 (1) railroad rights-of-way are railroad utility corridors;
19 (2) land outside the railroad utility corridors is rail
20 land.

21 (b) A railroad utility corridor shall be of a width at least 100
22 feet on both sides of the centerline of the extended main or branch
23 line, unless the corporation does not own or control sufficient land
24 for a corridor of that width. A railroad utility corridor may be
25 surveyed by the metes and bounds method. The corporation may not
26 convey its entire interest in land within a railroad utility corridor
27 except as provided in AS 42.40.400 and 42.40.370(d). The corporation
28 may lease, grant easements or permits, or otherwise authorize use of
29 portions of a utility corridor for transportation, communication, and

1 transmission purposes and support functions associated with those
2 purposes and for commercial and other uses if the use does not re-
3 strict other parallel uses of the utility corridor.

4 (c) The corporation may lease, grant easements or permits, or
5 otherwise authorize use of portions of rail land. However, the corpo-
6 ration may not convey its entire interest in rail land except as
7 provided in AS 42.40.³⁷⁰~~360~~(d) and 42.40.400~~(d)~~.

8 (d) A lease by the corporation to a party other than the state
9 shall be made at fair market value as determine^d by appraisal by a
10 qualified appraiser or by competitive bid.

11 Sec. 42.40.360. REQUEST FOR LAND. (a) The board may nominate
12 federal land it determines may be useful for railroad purposes and
13 request the commissioner of natural resources to select the land for
14 the state through the federal land selection process.

15 (b) The board may identify and request the commissioner of
16 natural resources to convey land necessary or useful for present or
17 future railroad purposes owned by or tentatively approved for transfer
18 to the state, including land not contiguous to land already held by
19 the corporation. The request must include a statement of and justi-
20 fication for the present or future railroad use. Upon receipt of a
21 request, the commissioner shall temporarily reserve the land iden-
22 tified in the request for railroad purposes and defer disposal or
23 lease of that land under other laws to a party other than the corpo-
24 ration. The temporary reservation of land is subject to valid exist-
25 ing rights and remains in effect for 180 days.

26 Sec. 42.40.370. CONVEYANCE OF STATE LAND. (a) Within 90 days
27 after receiving a request under AS 42.40.360(b) the commissioner of
28 natural resources shall by written decision

29 (1) designate the identified land for railroad purposes

1 and, subject to valid existing rights, convey the state's interests in
2 the land to the corporation;

3 (2) notify the corporation of reasons for refusal to desig-
4 nate the identified land for railroad purposes; or

5 (3) approve in part and deny in part the request for desig-
6 nation of the identified land and convey as appropriate.

7 (b) A conveyance of land under this section may be for less than
8 fair market value as determined by the commissioner of natural re-
9 sources.

10 (c) In the absence of a reservation to the contrary, a convey-
11 ance of land under this section vests in the corporation ownership,
12 control of the surface, material, and mineral estate, including the
13 right to extract or use timber and other construction materials, sand,
14 gravel, rock, and the right to tunnel, ditch, recontour, excavate, or
15 otherwise use the land for railroad, transportation, transmission, or
16 communication services.

17 (d) The corporation may reconvey to the state land received
18 under this section, under 45 U.S.C. 1201 - 1214 (Alaska Railroad
19 Transfer Act of 1982), by eminent domain, or otherwise that the corpo-
20 ration and the commissioner of natural resources jointly identify as
21 unnecessary or unsuitable for the corporation's purposes.

22 Sec. 42.40.380. USE OF STATE LAND. When emergency conditions
23 require that track or other right-of-way fixtures of the corporation
24 be moved from the existing location and relocated on state land adja-
25 cent to or in the vicinity of the existing right-of-way and the chief
26 executive officer determines that relocation is necessary to maintain
27 safe and adequate rail operations, the corporation may effect the
28 relocation with the concurrence of the Department of Natural Re-
29 sources. The relocation must affect only the amount of state land

1 necessary to adequately restore or continue safe rail operations at a
2 normal level.

3 Sec. 42.40.390. EMINENT DOMAIN. (a) The corporation may exer-
4 cise the power of eminent domain under AS 09.55.240 - 09.55.460 to
5 acquire land for railroad purposes consistent with this chapter.
6 Notwithstanding AS 09.55.250, the corporation may acquire a fee simple
7 title whenever, in the judgment of the board, ownership of a fee
8 simple title is necessary to carry out the purposes of this chapter.

9 (b) The corporation may file a declaration of taking in the
10 manner provided for the state under AS 09.55.470.

11 (c) The power of eminent domain conferred under this section
12 includes the power to obtain clay, gravel, sand, timber, rock, or
13 other material for the operation of the railroad, the land necessary
14 to obtain the material, and access to the land and material.

15 Sec. 42.40.400. VACATION OF EASEMENTS. The corporation may
16 vacate an easement acquired under 45 U.S.C. 1201 - 1214 (Alaska Rail-
17 road Transfer Act of 1982) by executing and filing a deed in the
18 appropriate recording district. Upon filing the deed the state shall
19 acquire the easement for use in conformity with 45 U.S.C. 1201 - 1214.

20 Sec. 42.40.410. FEDERAL LAND. The corporation may submit appli-
21 cations on its own behalf as an instrumentality of the state for
22 acquisition of federal land that will enhance the operations of the
23 corporation if it is available under a federal law other than the
24 Alaska Statehood Act of 1958 (P.L. 85-508, 72 Stat. 339). The corpo-
25 ration may receive in its own name conveyances of all interests in
26 federal land.

27 Sec. 42.40.420. MUNICIPAL USE OF LAND. Upon request of a
28 municipality the corporation may authorize use of the railroad utility
29 corridor or rail land for a pedestrian walkway or trail. Before

1 authorizing a use under this section the board shall require the
2 municipality to execute an agreement in a form approved by the board
3 to

4 (1) hold the corporation harmless from and indemnify the
5 corporation for liability and claims arising from any use authorized
6 under this section including

7 (A) defending the corporation in a cause of action
8 brought against the corporation as a result of the use; and

9 (B) indemnifying the corporation for the amount of a
10 judgment, including prejudgment and postjudgment interest, ren-
11 dered against the corporation or for the amount of a settlement
12 entered into by the corporation, and for all costs and attorney's
13 fees incurred by the corporation in settling or defending the
14 claim; and

15 (2) stop the use upon request of the corporation if the use
16 interferes with expansion or replacement of railroad facilities,
17 creates a safety hazard, or interferes with railroad operations.

18 Sec. 42.40.430. ACQUISITION OF GOVERNMENT PROPERTY. (a) The
19 corporation, as an instrumentality of the state, may acquire in its
20 own name from the United States under 50 App U.S.C. 1622 - 1622c
21 (Surplus Property Act of 1944), 40 U.S.C. 471 et seq. (Federal
22 Property and Administrative Services Act of 1949), or other law,
23 property under the control of a federal department or agency that is
24 useful for the corporation's purposes. The corporation may acquire
25 from the Department of Administration property of the state made
26 available under AS 44.71.010 - 44.71.040.

27 (b) The corporation is an instrumentality and agency of the
28 state for purposes of exchanging land with the United States, munic-
29 ipalities, corporations including corporations formed under 43 U.S.C.

1 1601 - 1628 (Alaska Native Claims Settlement Act), and individuals.

2 Sec. 42.40.440. USE OF PESTICIDES AND HERBICIDES. Vegetation
3 control involving the use of pesticides or herbicides on land owned or
4 managed by the corporation may be conducted only in compliance with
5 state requirements applicable to other state pesticide or herbicide
6 use.

7 Sec. 42.40.450. ADVERSE POSSESSION. No prescription or statute
8 of limitations runs against the title or interest of the corporation
9 to or in land owned by the corporation or under its jurisdiction.
10 Title to or interest in land owned by the corporation or under its
11 jurisdiction may not be acquired by adverse possession or prescrip-
12 tion, or in any other manner except by conveyance from or formal
13 vacation by the corporation.

14 ARTICLE 6. FINANCIAL PROVISIONS.

15 Sec. 42.40.500. LIMITATION OF LIABILITY. A liability incurred
16 by the corporation shall be satisfied exclusively from the assets or
17 revenue of the corporation and no creditor or other person has a right
18 of action against the state because of a debt, obligation, or liabil-
19 ity of the corporation.

20 Sec. 42.40.510. FIDELITY BOND. The corporation shall obtain a
21 fidelity bond in an amount determined by the board for board members
22 and each officer of the corporation responsible for accounts and
23 finances. A bond must be in effect during the entire tenure in office
24 of the bonded person.

25 Sec. 42.40.520. INSURANCE. Except as provided in AS 42.40.-
26 310(b), the corporation shall protect its assets, services, and em-
27 ployees by purchasing insurance or providing for certain self-
28 insurance retentions. The corporation shall also maintain casualty,
29 property, business interruption, marine, boiler and machinery,

1 pollution liability, and other insurance in amounts reasonably
2 calculated to cover potential claims against the corporation or state
3 for bodily injury, death or disability, and property damage that may
4 arise from or be related to corporation operations and activities.

5 Sec. 42.40.530. REVENUE. Revenue generated by or appropriated
6 to the corporation shall be retained and managed by the corporation
7 for railroad and related purposes in accordance with 45 U.S.C. 1207-
8 (a)(5) (Alaska Railroad Transfer Act of 1982).

9 Sec. 42.40.540. APPROPRIATIONS. The corporation may request,
10 with the concurrence of the governor, a direct appropriation or grant
11 from the legislature to assist in carrying out the provisions of this
12 chapter.

13 ARTICLE 7. BONDS.

14 Sec. 42.40.600. GENERAL PROVISIONS. (a) The corporation by
15 resolution may issue bonds to provide money to carry out its purposes.

16 (b) Bonds may be issued in one or more series and shall, as
17 provided by the resolution of the board,

- 18 (1) be dated;
- 19 (2) bear fixed or variable interest at a required rate or
20 rates per year or within a maximum rate;
- 21 (3) be in a required denomination or denominations;
- 22 (4) be in a coupon or registered form;
- 23 (5) carry conversion or registration provisions;
- 24 (6) have a required rank or priority;
- 25 (7) be executed in the required manner and form;
- 26 (8) be payable as required from the sources, in the medium
27 of payment, and place or places inside or outside the state;
- 28 (9) be subject to authentication by a trustee or fiscal
29 agent; and

1 (10) be subject to terms of redemption with or without
2 premium.

3 (c) Bonds may be sold in the manner, on the terms, and at the
4 price the board determines. Bonds shall mature at the time, not
5 exceeding 50 years from their date, determined by the board, but notes
6 shall mature at the time or times determined by the board.

7 Sec. 42.40.610. NEGOTIABLE INSTRUMENTS. Bonds issued under this
8 chapter and interest coupons attached to them are negotiable instru-
9 ments under the laws of this state, subject only to applicable pro-
10 visions for registration.

11 Sec. 42.40.620. BONDS ELIGIBLE FOR INVESTMENT. Bonds issued
12 under this chapter are securities in which all public officers and
13 public bodies of the state and its political subdivisions, all insur-
14 ance companies, trust companies, banking associations, investment
15 companies, executors, administrators, trustees and other fiduciaries
16 may properly and legally invest funds, including capital in their
17 control or belonging to them. These bonds may be deposited with a
18 state or municipal officer of an agency or political subdivision of
19 the state for any purpose for which the deposit of bonds of the state
20 is authorized by law.

21 Sec. 42.40.630. PAYMENT OF BONDS. The principal and interest on
22 bonds of the corporation is payable from corporation money or assets.
23 Bonds may be additionally secured by a pledge of a grant or contribu-
24 tion from the federal, state, or municipal government or a corpora-
25 tion, association, institution or person, or a pledge of money, in-
26 come, or revenue of the corporation from any source.

27 Sec. 42.40.640. SECURITY FOR BONDS. In the discretion of the
28 board, an issue of bonds may be secured by a trust indenture, which
29 may be a trust company, bank or national banking association, with

1 corporate trust powers, located inside or outside the state, or by a
2 secured loan agreement or other instrument or under resolution giving
3 powers to a corporate trustee by means of which the corporation may

4 (1) make, and enter into any and all the covenants and
5 agreements with the trustees or the holders of the bonds that the
6 corporation may determine to be necessary or desirable, including
7 covenants, provisions, limitations and agreements as to

8 (A) the application, investment, deposit, use and
9 disposition of the proceeds of bonds of the corporation or of
10 money or other property of the corporation or in which it has an
11 interest;

12 (B) the fixing and collection of rentals, charges,
13 fees or other consideration for, and the other terms to be incor-
14 porated in, contracts with respect to the use of any of the
15 corporation's property;

16 (C) the fixing and collection of tariffs, fees,
17 charges or other consideration for the use or service of the
18 Alaska Railroad by passengers, and other users and freight;

19 (D) the terms and conditions upon which additional
20 bonds of the corporation may be issued;

21 (E) the vesting in the trustee of rights and remedies
22 exercisable by the trustee for the protection of the holders of
23 bonds of the corporation and not otherwise in violation of law
24 and the restriction of the rights of an individual holder of
25 bonds of the corporation;

26 (2) pledge, mortgage, or assign money, leases, agreements,
27 assets, or property of the corporation either presently in hand or to
28 be received in the future, or both; and

29 (3) provide for any other matters of like or different

1 character that in any way affect the security or protection of the
2 bonds.

3 Sec. 42.40.650. INDEPENDENT FINANCIAL ADVISOR. In negotiating
4 the private or public sale of bonds to an underwriter, the board shall
5 retain a financial advisor who is independent from the underwriter.

6 Sec. 42.40.660. VALIDITY OF SIGNATURES. If an officer of the
7 corporation whose signature or a facsimile of whose signature appears
8 on bonds or coupons attached to them ceases to be an officer before
9 the delivery of the bond or coupon, the signature or facsimile is
10 valid the same as if the person had remained in office until delivery.

11 Sec. 42.40.670. VALIDITY OF PLEDGE. (a) The pledge of assets
12 or revenue of the corporation to the payment of the principal or
13 interest on bonds of the corporation is valid and binding from the
14 time the pledge is made and the assets or revenue are immediately
15 subject to the lien of the pledge without physical delivery or further
16 act. The lien of a pledge is valid and binding against all parties
17 having claims of any kind against the corporation, irrespective of
18 whether those parties have notice of the lien of the pledge.

19 (b) Nothing in this section prohibits the corporation from
20 selling assets subject to a pledge, except that a sale may be re-
21 stricted by the trust agreement or resolution providing for the issu-
22 ance of the bonds.

23 Sec. 42.40.675. PLEDGE OF THE STATE. The state pledges to and
24 agrees with the holders of bonds issued under this chapter and with
25 the federal agency that loans or contributes funds in respect to a
26 project, that the state will not limit or alter the rights and powers
27 vested in the corporation by this chapter to fulfill the terms of a
28 contract made by the corporation with the holders or federal agency,
29 or in any way impair the rights and remedies of the holders until the

1 bonds together with the interest on them with interest on unpaid
2 installments of interest, and all costs and expenses in connection
3 with an action or proceeding by or on behalf of the holders, are fully
4 met and discharged. The corporation is authorized to include this
5 pledge and agreement of the state, insofar as it refers to holders of
6 bonds of the corporation, in a contract with the holders and insofar
7 as it relates to a federal agency, in a contract with the federal
8 agency.

9 Sec. 42.40.680. REMEDIES. A holder of bonds issued under this
10 chapter or of coupons attached to them, and a trustee under a trust
11 agreement or resolution authorizing the issuance of the bonds, except
12 as restricted by a trust agreement or resolution, either at law or in
13 equity, may

14 (1) enforce all rights granted under this chapter, the
15 trust agreement or resolution, or any other contract executed by the
16 corporation under this chapter; and

17 (2) compel the performance of all duties of the corporation
18 required by this chapter or by the trust agreement or resolution.

19 Sec. 42.40.690. CREDIT OF STATE NOT PLEDGED. (a) The state and
20 its political subdivisions are not liable for the debts of the corpo-
21 ration. Bonds issued under this chapter are payable solely from the
22 revenue or assets of the corporation and do not constitute a

23 (1) debt, liability, or obligation of the state or of a
24 political subdivision of the state; or

25 (2) pledge of the faith and credit of the state or of a
26 political subdivision of the state.

27 (b) The corporation may not pledge the credit or the taxing
28 power of the state or its political subdivisions. Each bond issued
29 under this chapter shall contain on its face a statement that

1 (1) the corporation is not obligated to pay it or the
2 interest on it except from the revenue or assets pledged for it; and

3 (2) neither the faith and credit nor the taxing power of
4 the state or of a political subdivision of the state is pledged to the
5 payment of it.

6 Sec. 42.40.700. LIMITATION ON PERSONAL LIABILITY. A board
7 member or employee of the corporation is not subject to personal
8 liability or accountability because of the execution or issuance of
9 bonds.

10 ARTICLE 8. PERSONNEL AND LABOR RELATIONS.

11 Sec. 42.40.705. POLITICAL ACTIVITIES. (a) Money, assets, or
12 property of the corporation may not be used for political activity.
13 However, board members and employees may communicate with and appear
14 before committees of Congress, the state legislature, and municipal
15 governing bodies in connection with matters directly affecting the
16 corporation.

17 (b) A board member or employee who violates the provisions of
18 this section is personally subject to a civil penalty assessed by a
19 judge of the superior court in an amount not to exceed \$5,000. An
20 action to enforce this section may be brought by any person.

21 Sec. 42.40.710. CORPORATION EMPLOYEES. Employees of the Alaska
22 Railroad are employees of the corporation and not of the state. The
23 provisions of AS 39 do not apply to employees of the corporation.

24 Sec. 42.40.720. COLLECTIVE BARGAINING RIGHTS. The provisions of
25 AS 23.40.070 - 23.40.260 do not apply to the corporation or to its
26 employees. However, employees who are not executive officers may
27 organize and form, join, or assist an organization to engage in col-
28 lective bargaining through representatives of their own choosing and
29 engage in concerted activities for the purpose of collective

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27 organize and form, join, or assist an organization to engage in col-
28 lective bargaining through representatives of their own choosing and
29 engage in concerted activities for the purpose of collective

1 bargaining or other mutual aid or protection.

2 Sec. 42.40.730. RAILROAD LABOR RELATIONS AGENCY. (a) There is
3 established a railroad labor relations agency that consists of three
4 members appointed by the governor. One member shall be a member of
5 the state personnel board. Members serve at the pleasure of the
6 governor.

7 (b) The railroad labor relations agency shall carry out the
8 provisions of AS 42.40.710 - 42.40.890.

9 (c) Members of the railroad labor relations agency receive no
10 compensation for their services, but are entitled to per diem and
11 travel expenses authorized for boards and commissions.

12 Sec. 42.40.740. COLLECTIVE BARGAINING UNIT. The railroad labor
13 relations agency shall decide in each case, in order to ensure employ-
14 ees the fullest freedom in exercising the rights guaranteed by AS 42.-
15 40.710 - 42.40.890 the unit appropriate for the purposes of collective
16 bargaining, based on such factors as community of interest, wages,
17 hours and other working conditions of the employees involved, the
18 history of collective bargaining, and the desires of the employees.
19 Bargaining units shall be as large as is reasonable, and unnecessary
20 fragmenting shall be avoided.

21 Sec. 42.40.750. REPRESENTATIVES AND ELECTIONS. (a) The rail-
22 road labor relations agency shall investigate a petition if it is
23 submitted in a manner prescribed by the railroad labor relations
24 agency by

25 (1) an employee or group of employees or an organization
26 acting in their behalf alleging that 30 percent of the employees of a
27 proposed bargaining unit

28 (A) want to be represented for collective bargaining
29 by a labor or employee organization as exclusive representative;

1 or

2 (B) assert that the organization that has been certi-
3 fied or is currently being recognized by the corporation as
4 bargaining representative is no longer the representative of the
5 majority of employees in an appropriate unit; or

6 (2) the corporation alleging that one or more organizations
7 have presented to it a claim to be recognized as a representative of a
8 majority of employees in an appropriate unit.

9 (b) If the railroad labor relations agency has reasonable cause
10 to believe that a question of representation exists, it shall provide
11 for a hearing upon due notice. If the railroad labor relations agency
12 finds that there is a question of representation, it shall direct an
13 election by secret ballot to determine whether or by which organiza-
14 tion the employees desire to be represented and shall certify the
15 results of the election. Nothing in this subsection prohibits the
16 waiving of hearings by stipulation for the purpose of a consent elec-
17 tion in conformity with the regulations of the railroad labor rela-
18 tions agency or an election in a bargaining unit agreed upon by the
19 parties.

20 (c) The railroad labor relations agency shall determine who is
21 eligible to vote in an election held under this section and shall
22 establish rules governing the election. In an election in which none
23 of the choices on the ballot receives a majority of the votes cast, a
24 runoff election shall be conducted, the ballot providing for selection
25 between the two choices receiving the largest number of valid votes
26 cast in the election. If an organization receives the majority of the
27 votes cast in the election it shall be certified by the railroad labor
28 relations agency as exclusive representative of all the employees in
29 the bargaining unit. An election may not be held in a bargaining unit

1 or in a subdivision of a bargaining unit if a valid election has been
2 held within the preceding 12 months.

3 (d) Nothing in this chapter prohibits recognition of an orga-
4 nization as the exclusive representative by the corporation by mutual
5 consent.

6 (e) An election may not be directed by the railroad labor rela-
7 tions agency in a bargaining unit in which there is in force a valid
8 collective bargaining agreement, except during a 90-day period preced-
9 ing the expiration date. However, no collective bargaining agreement
10 may bar an election upon petition of employees in the bargaining unit
11 but not parties to the agreement if more than three years have elapsed
12 since the execution of the agreement or the last timely renewal,
13 whichever was later.

14 Sec. 42.40.760. UNFAIR LABOR PRACTICES. (a) The corporation or
15 its agent may not

16 (1) interfere, restrain, or coerce an employee in the
17 exercise of the rights guaranteed in AS 42.40.720;

18 (2) dominate or interfere with the formation, existence, or
19 administration of an organization;

20 (3) discriminate in regard to hire or tenure of employment
21 or a term or condition of employment to encourage or discourage mem-
22 bership in an organization;

23 (4) discharge or discriminate against an employee because
24 the employee has signed or filed an affidavit, petition or complaint
25 or given testimony under AS 42.40.710 - 42.40.890;

26 (5) refuse to bargain collectively in good faith with an
27 organization that is the exclusive representative of employees in an
28 appropriate unit, including the discussing of grievances with the
29 exclusive representative.

1 (b) Nothing in AS 42.40.710 - 42.40.890 prohibits the corpo-
2 ration from making an agreement with an organization to require as a
3 condition of employment

4 (1) membership in the organization that represents the unit
5 on or after the 30th day following the beginning of employment or on
6 the effective date of the agreement, whichever is later; or

7 (2) payment by the employee to the exclusive bargaining
8 agent of a service fee to reimburse the exclusive bargaining agency
9 for the expense of representing the members of the bargaining unit.

10 (c) An organization or its agents may not

11 (1) restrain or coerce

12 (A) an employee in the exercise of the rights guaran-
13 teed in AS 42.40.720; or

14 (B) the corporation in the selection of a representa-
15 tive for the purposes of collective bargaining or the adjustment
16 of grievances;

17 (2) refuse to bargain collectively in good faith with the
18 corporation, if it has been designated in accordance with AS 42.40.-
19 710 - 42.40.890 as the exclusive representative of employees in an
20 appropriate unit.

21 Sec. 42.40.770. INVESTIGATION AND CONCILIATION OF COMPLAINTS.
22 If a verified written complaint by or for a person claiming to be
23 aggrieved by a practice prohibited by AS 42.40.760 or a written accu-
24 sation that a person subject to AS 42.40.710 - 42.40.890 has engaged
25 in a prohibited practice, is filed with the railroad labor relations
26 agency, it shall investigate the complaint or accusation. If it
27 determines after a preliminary investigation that probable cause
28 exists in support of the complaint or accusation, it shall try to
29 eliminate the prohibited practice by informal methods of conference.

1 conciliation, and persuasion. Nothing said or done during this en-
2 deavor may be used as evidence in a subsequent proceeding.

3 Sec. 42.40.780. COMPLAINT AND ACCUSATION. If the railroad labor
4 relations agency fails to eliminate the prohibited practice by concil-
5 iation and to obtain voluntary compliance with AS 42.40.710 - 42.40.-
6 890 or before it attempts conciliation, it may serve a copy of the
7 complaint or accusation upon the respondent. The complaint or accusa-
8 tion and the subsequent procedures shall be handled in accordance with
9 the administrative adjudication portion of the Administrative Proce-
10 dure Act (AS 44.62).

11 Sec. 42.40.790. ORDERS AND DECISIONS. If the railroad labor
12 relations agency finds that a person named in the written complaint or
13 accusation has engaged in a prohibited practice, the railroad labor
14 relations agency shall issue and serve on the person an order or
15 decision requiring the person to cease and desist from the prohibited
16 practice and to take affirmative action that will carry out the pro-
17 visions of AS 42.40.710 - 42.40.890. If the railroad labor relations
18 agency finds that a person named in the complaint or accusation has
19 not engaged or is not engaging in a prohibited practice, the railroad
20 labor relations agency shall state its findings of fact and issue an
21 order dismissing the complaint or accusation.

22 Sec. 42.40.800. ENFORCEMENT BY INJUNCTION. The railroad labor
23 relations agency may apply to the superior court in the judicial
24 district in which the prohibited practice occurred for an order en-
25 joining the prohibited acts specified in the order or decision of the
26 railroad labor relations agency. Upon showing by the railroad labor
27 relations agency that the person has engaged or is about to engage in
28 the practice, an injunction, restraining order, or other order that is
29 appropriate may be granted by the court and shall be without bond.

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Sec. 42.40.810. POWER TO INVESTIGATE AND COMPEL TESTIMONY. (a) For the purpose of the investigations, proceedings, or hearings that the railroad labor relations agency considers necessary to carry out AS 42.40.710 - 42.40.890, the railroad labor relations agency may issue subpoenas requiring the attendance and testimony of witnesses and the production of relevant evidence.

(b) The railroad labor relations agency may administer oaths, examine witnesses, and receive evidence.

(c) The attendance of witnesses and the production of evidence may be required from any place in the state at any designated place of hearing.

(d) If a person refuses to obey a subpoena issued under AS 42.-40.710 - 42.40.890, the superior court in the district in which the person resides or is found may, upon application by the railroad labor relations agency, issue an order requiring the person to comply with the subpoena.

Sec. 42.40.820. REGULATIONS. The railroad labor relations agency shall adopt regulations under the Administrative Procedure Act (AS 44.62) to carry out AS 42.40.710 - 42.40.890.

Sec. 42.40.830. PENALTY FOR VIOLATION OF ORDER OR DECISION. A person who violates a provision of an order or decision of the railroad labor relations agency is guilty of a misdemeanor and is punishable by a fine of not more than \$500.

Sec. 42.40.840. MEDIATION. (a) If, after a reasonable period of negotiation over the terms of a collective bargaining agreement, an impasse as determined by the railroad labor relations agency exists between the corporation and an organization, the railroad labor relations agency shall appoint a person mutually agreeable to the parties from a list of seven qualified mediators/arbitrators

1 knowledgeable in railway labor agreements to act as mediator in the
2 dispute.

3 (b) Before the determination of an impasse under this section,
4 the parties may also select a mediator by mutual consent.

5 (c) It shall be the function of the mediator to bring the
6 parties together to effectuate a settlement of the dispute, but nei-
7 ther the mediator nor the railroad labor relations agency has any
8 power of compulsion in mediation proceedings.

9 Sec. 42.40.850. STRIKES. (a) Following a decision by the
10 mediator to end the mediation proceedings, employees of a collective
11 bargaining unit may engage in a strike for a limited time if a major-
12 ity of the employees in that collective bargaining unit vote by secret
13 ballot to do so. The limit of the strike is determined by the interest
14 of the health, safety, or welfare of the public.

15 (b) The corporation may apply to the superior court in the
16 judicial district in which the strike is occurring for an order en-
17 joining the strike. A strike may not be enjoined unless it can be
18 shown that it has begun to threaten, or is about to threaten, the
19 health, safety, or welfare of the public. A court, in deciding
20 whether to enjoin the strike, shall consider the total equities in the
21 particular case, including the impact of a strike on the public and
22 the extent to which an employee organization and the corporation have
23 met their statutory obligations.

24 (c) If an impasse or deadlock still exists after the issuance of
25 an injunction, the parties shall submit the dispute to binding arbi-
26 tration. The arbitrator shall be the same person selected under
27 AS 42.40.840 and shall fashion the award the arbitrator considers
28 equitable.

29 Sec. 42.40.860. AGREEMENTS. (a) The Department of

1 Administration may participate in labor negotiations between the
2 corporation and an organization. The corporation shall seek advice of
3 the Department of Administration before entering into a collective
4 bargaining agreement concerning wages, hours, and other terms and
5 conditions of employment. However, the final decision regarding
6 collective bargaining agreements, shall be made by the board.

7 (b) Upon the completion of negotiations between an organization
8 and the corporation, if a settlement is reached, the corporation shall
9 reduce it to writing in the form of an agreement. The agreement shall
10 include a grievance procedure that shall have binding arbitration as
11 its final step. Either party to the agreement has a right of action
12 to enforce the agreement by petition to the railroad labor relations
13 agency.

14 (c) The parties to an agreement under this section may agree to
15 terms that specify an expiration date for the agreement.

16 (d) Notwithstanding (a) - (c) of this section, an organization
17 and the corporation may mutually agree to submit a dispute to binding
18 arbitration at any time.

19 Sec. 42.40.870. ORGANIZATION DUES AND EMPLOYEE BENEFITS, DEDUC-
20 TION AND AUTHORIZATION. Upon written authorization of an employee
21 within a bargaining unit, the corporation shall deduct from the pay-
22 roll of the employee the monthly amount of dues, fees, and other
23 employee benefits as certified by the secretary of the exclusive
24 bargaining representative and shall deliver it to the chief fiscal
25 officer of the exclusive bargaining representative.

26 Sec. 42.40.880. EXEMPTION. Notwithstanding the provisions of
27 AS 42.40.870, a collective bargaining settlement reached, or agreement
28 entered into, under AS 42.40.860 that incorporates union security
29 provisions, including a union shop or agency shop provision or

1 agreement, shall safeguard the rights of nonassociation of employees
2 having bona fide religious convictions based on tenets or teachings of
3 a church or religious body of which an employee is a member. Upon
4 submission of proper proof of religious conviction to the railroad
5 labor relations agency, the agency shall declare the employee exempt
6 from becoming a member of an organization. The employee shall pay an
7 amount of money equivalent to regular organization dues, initiation
8 fees, and assessments to the organization. Nonpayment of this money
9 subjects the employee to the same penalty as if it were nonpayment of
10 dues. The receiving organization shall contribute an equivalent
11 amount of money to a charity of its choice not affiliated with a
12 religious, labor, or employee organization. The organization shall
13 submit to the railroad labor relations agency proof of contribution.

14 Sec. 42.40.885. PROHIBITED ACTS. (a) The corporation or an
15 employee may not directly or indirectly

16 (1) require or coerce an employee to participate in any way
17 in any activity or undertaking unless the activity or undertaking is
18 related to the performance of official duties;

19 (2) require or coerce an employee to make any report concern-
20 ing an activity or undertaking of the employee's activities or
21 undertakings unless the activity or undertaking is related to the
22 performance of official duties;

23 (3) except as directly related to the performance of offi-
24 cial duties, require or coerce an employee to submit to an interro-
25 gation, examination, or psychological test that is designed to elicit
26 information concerning

27 (A) a personal relationship with a person connected
28 with the employee by blood or marriage,

29 (B) the employee's religious beliefs or practices,

(C) sexual matters,

(D) the employee's political affiliation or philosophy;

(4) coerce an employee to invest or contribute earnings in any manner or for any purpose;

(5) restrict or attempt to restrict after-working-hour statements, pronouncements or other activities, not otherwise prohibited by law or personnel rule, of an employee, if the employee does not purport to speak or act in an official capacity.

(b) The provisions of (a) of this section do not diminish the authority of an authorized law enforcement agency to conduct criminal investigations of employees suspected of being involved in criminal activity or to investigate other activity directly related to official railroad business.

Sec. 42.40.890. DEFINITIONS. In AS 42.40.710 - 42.40.890

(1) "collective bargaining" means the performance of the mutual obligation of the corporation or its designated representatives and the representatives of the employees to meet at reasonable times, including meetings in advance of the budget making process, and negotiating in good faith with respect to wages, hours, and other terms and conditions of employment, or the negotiation of an agreement, or negotiation of a question arising under an agreement and the execution of a written contract incorporating an agreement reached if requested by either party, but these obligations do not compel either party to agree to a proposal or require the making of a concession;

(2) "election" means a proceeding conducted by the labor relations agency in which the employees in a collective bargaining unit cast a secret ballot for collective bargaining representatives, or for any other purpose specified in AS 42.40.710 - 42.40.890;

1 (3) "organization" means a labor or employee organization
2 of any kind in which employees participate and that exists for the
3 primary purpose of dealing with the corporation concerning grievances,
4 labor disputes, wages, rates of pay, hours of employment and condi-
5 tions of employment;

6 (4) "terms and conditions of employment" means the hours of
7 employment, the compensation and fringe benefits, and the employer's
8 personnel policies affecting the working conditions of the employees,
9 but does not mean the general policies describing the function and
10 purposes of an employer.

11 ARTICLE 9. GENERAL PROVISIONS.

12 Sec. 42.40.900. CLAIMS. (a) All claims and lawsuits involving
13 activities of the railroad, including suits in contract, quasi-con-
14 tract, or tort, shall be brought against the corporation and not
15 against the state.

16 (b) For the purposes of actionable claims, undertakings, pay-
17 ments of judgments, execution, interest, punitive damages, statutes of
18 limitations, bonds, costs, and similar matters related to the pres-
19 entation and prosecution of claims by and against the corporation, the
20 corporation and its board members and employees enjoy the same rights,
21 privileges, and immunities as the state and state officers under
22 AS 09.10.120, AS 09.50.250 - 09.50.290, and AS 09.65.040.

23 (c) Claims against the corporation are not subject to the pro-
24 visions of AS 44.77 regarding claims against the state.

25 (d) The corporation is not subject to the provisions of AS 44.-
26 80.010, regarding the state as a party to an action.

27 Sec. 42.40.905. NOTICE OF LEGAL ACTIONS. (a) The corporation
28 shall notify the Department of Law within 30 days before initiating
29 legal action unless special circumstances exist that require immediate

1 legal action to protect the corporation assets or to continue existing
2 service.

3 (b) If notice of legal action is not given under (a) of this
4 section, within 15 days of taking action the board shall notify the
5 Department of Law of the action taken and of the special circumstances
6 that exempted the action from the requirements of (a) of this section.

7 Sec. 42.40.910. EXEMPTION FROM TAXATION. (a) The exercise of
8 the powers granted by this chapter shall be in all respects for the
9 benefit of the people of the state, for their well-being and prosper-
10 ity, and for the improvement of their social and economic conditions.
11 Subject to (b) of this section, the real and personal property of the
12 corporation and its assets, income, and receipts are exempt from all
13 taxes and special assessments of the state or a political subdivision
14 of the state.

15 (b) Bonds and notes issued under this chapter are issued by a
16 body corporate and public of the state and for an essential public and
17 governmental purpose. Therefore, the bonds and notes, the interest
18 and income from them, and all fees, charges, funds, revenue, income
19 and other money pledged or available to pay or secure the payment of
20 the bonds and notes or interest on them, are exempt from taxation
21 except for inheritance, transfer, and estate taxes.

22 (c) This section does not affect or limit an exemption from
23 license fees, property taxes, excise taxes, income taxes, or other
24 taxes, provided under any other law, nor does it create a tax exemp-
25 tion with respect to the interest of any business enterprise or other
26 person, other than the corporation.

27 Sec. 42.40.920. APPLICATION OF EXISTING LAWS. (a) The corpo-
28 ration is not subject to the jurisdiction of the Alaska Transportation
29 Commission.

1 (b) Unless specifically provided otherwise in this chapter, the
2 following laws do not apply to the operations of the corporation:

- 3 (1) AS 19;
4 (2) AS 30.15;
5 (3) AS 35;
6 (4) AS 37.05;
7 (5) AS 37.07;
8 (6) AS 37.10.010 - 37.10.060;
9 (7) AS 37.10.085;
10 (8) AS 37.20;
11 (9) AS 37.25;
12 (10) AS 38;
13 (11) AS 44.62.040 - 44.62.320.

14 (c) The corporation is subject to AS 45.50.562 - 45.50.596.

15 Sec. 42.40.930. CONFLICTING LAWS INAPPLICABLE. If provisions of
16 this chapter conflict with the provisions of other state law, the pro-
17 visions of this chapter prevail. Provisions of this chapter shall be
18 construed so that they do not conflict with 45 U.S.C. 1201 - 1214
19 (Alaska Railroad Transfer Act of 1982).

20 Sec. 42.40.940. RAILROAD FACILITIES CODE COMPLIANCE. (a) Not
21 later than two years after the date of transfer, the Department of
22 Labor in consultation with the corporation shall develop and the
23 corporation, shall adopt a plan to achieve compliance with AS 18.60.
24 The plan shall be implemented and compliance achieved within five
25 years after it is adopted.

26 (b) No later than two years after the date of transfer, the
27 corporation in consultation with the Department of Public Safety and
28 appropriate municipal officials, shall develop and adopt a plan to
29 achieve compliance with building and related safety codes applicable

1 to facilities of the corporation. The plan shall be implemented and
2 compliance achieved within five years after it is adopted. In the
3 sole determination of the commissioner of public safety, any existing
4 building owned or controlled by the corporation that does not present
5 a serious safety hazard and for which compliance would be uneconomical
6 in consideration of its remaining useful life shall be exempted from
7 compliance with state or municipal safety codes.

8 Sec. 42.40.950. REVERSION OF ASSETS. If the corporation ceases
9 to exist, for whatever reason, its assets revert to the state.

10 Sec. 42.40.980. DEFINITIONS. In this chapter, unless the con-
11 text otherwise requires,

12 (1) "board" means the board of directors of the Alaska
13 Railroad Corporation;

14 (2) "bonds" means bonds, bond anticipation notes, notes,
15 refunding bonds, or other obligations;

16 (3) "corporation" means the Alaska Railroad Corporation;

17 (4) "date of transfer" means the date on which the United
18 States Secretary of Transportation delivers the transfer documents
19 under 45 U.S.C. 1201 - 1214 (Alaska Railroad Transfer Act of 1982);

20 (5) "employees" means all persons employed by the corpo-
21 ration including executive officers;

22 (6) "executive officer" means the corporation's chief
23 executive officer, an employee who fulfills management functions and
24 is so designated by the board, and employees occupying the following
25 positions on the date of transfer: general manager, assistant general
26 manager, assistant to the general manager, chief of administration,
27 and general counsel;

28 (7) "land" means any interest in real property, including
29 tide and submerged land and any right appurtenant to the interest;

1 (8) "rule" means a standard of general application or the
 2 amendment, supplement, revision, or repeal of a standard adopted by
 3 the corporation to implement, interpret, or make specific the law
 4 enforced or administered by it to govern its procedure except one that

5 (A) relates only to the internal management of the
 6 corporation;

7 (B) relates to specific rates, tariffs, divisions, and
 8 contract rate agreements;

9 (C) relates to service schedules of the railroad;

10 (D) is directed to a specifically named person or to a
 11 group of persons and does not apply to the general public; or

12 (E) relates to the use of public works under the
 13 jurisdiction of the corporation if the effect of the order is
 14 indicated to the public by means of signs or signals.

15 Sec. 42.40.990. SHORT TITLE. This chapter may be referred to as
 16 the Alaska Railroad Corporation Act.

17 * Sec. 3. APPOINTMENT OF FIRST BOARD OF DIRECTORS OF ALASKA RAILROAD
 18 CORPORATION. Notwithstanding AS 42.40.020 enacted in sec. 1 of this Act,
 19 the terms of the appointed members of the first board of directors of the
 20 Alaska Railroad Corporation are as follows:

- 21 (1) one shall serve a term of two years;
- 22 (2) two shall serve a term of three years;
- 23 (3) two shall serve a term of four years; and
- 24 (4) two shall serve a term of five years.

25 * Sec. 4. COLLECTIVE BARGAINING AGREEMENTS. (a) As soon as practi-
 26 cable after establishment of the Alaska Railroad Corporation and before
 27 transfer of the Alaska Railroad to the state, the Alaska Railroad Corpora-
 28 tion and its employees shall adopt collective bargaining agreements that
 29 continue the provisions of the agreements in effect between the Alaska

1 Railroad and its employees on the date of transfer of the railroad. The
2 collective bargaining agreements adopted under this section between the
3 corporation and its employees shall remain in effect to the extent required
4 under 45 U.S.C. 1201 - 1214 (Alaska Railroad Transfer Act of 1982).

5 (b) The board of directors of the Alaska Railroad Corporation shall
6 on or before the date of transfer of the Alaska Railroad to the state adopt
7 personnel rules necessary to prevent an interruption of services of the
8 railroad.

9 (c) Subject to 45 U.S.C. 1201-1214 (Alaska Railroad Transfer Act of
10 1982), within 180 days after the first meeting of the board of directors of
11 the Alaska Railroad Corporation, the board and representatives of employee
12 bargaining units shall establish procedures for the renegotiation of col-
13 lective bargaining agreements adopted under (a) of this section. The board
14 shall renegotiate all agreements adopted under (a) of this section within
15 two years after the date of transfer of the Alaska Railroad to the state
16 unless the parties agree to the contrary.

17 * Sec. 5. SALE OF RAILROAD. (a) Not later than two years following
18 the date of the transfer of the Alaska Railroad to the state, the Board of
19 Directors of the Alaska Railroad Corporation, in consultation with the
20 state, shall request proposals from the private sector for the acquisition
21 or operation of the Alaska Railroad. The board may engage the services of
22 an investment banking firm or other professional expertise to assist in the
23 development of the request and evaluation of proposals received. The board
24 shall consider every proposal from the private sector for the acquisition
25 or operation of the Alaska Railroad, even if it is not made in response to
26 a request for proposals under this subsection.

27 (b) In order to be considered responsive, a proposal must

28 (1) ensure continued or improved rail service;

29 (2) return to the state its investment in the Alaska Railroad to

1 the extent possible;

2 (3) be consistent with the terms and conditions of 45 U.S.C.
3 1201 - 1214 (Alaska Railroad Transfer Act of 1982), and not activate the
4 reversion provisions of 45 U.S.C. 1209 (Alaska Railroad Transfer Act of
5 1982);

6 (4) demonstrate with reasonable certainty that the railroad
7 after acquisition by the private sector will be operated as a profitable
8 carrier; as used in this paragraph, "profitable carrier" means a carrier
9 that will be able to

10 (A) generate sufficient revenue to meet its expenses,
11 including reasonable maintenance of necessary equipment and facil-
12 ities; and

13 (B) finance its capital needs in the private market; and

14 (5) demonstrate how the railroad can continue operation of
15 services, including current levels of passenger service.

16 (c) The board may negotiate the details of any proposal found to be
17 responsive, including the execution of a letter of intent to conclude a
18 transfer upon approval of the governor and the legislature.

19 (d) Within one year after requesting proposals under (a) of this
20 section, the board shall submit a report on the results of the process to
21 the governor, including its specific findings on the responsiveness of any
22 proposal received and its recommendations for conclusion of a transfer of
23 the railroad or its management to the private sector.

24 (e) Within 120 days after receipt of the board's report, if the board
25 has recommended transfer of the Alaska Railroad or its management to the
26 private sector, the governor shall

27 (1) disapprove the proposed transfer; or

28 (2) submit the report and recommendations to the legislature.

29 (f) Failure by the governor to act within 120 days after receipt of

1 the board's report shall be considered disapproval.

2 (g) The legislature shall approve or disapprove a proposed transfer
3 without modification. The approval of the legislature is required before
4 the board is authorized to complete the transfer.

5 (h) Unless a proposal under (a) of this section is approved, the
6 process provided in this section shall be repeated every two years.

7 (i) The board shall, within five years after the date of transfer of
8 the Alaska Railroad to the state, prepare a report for the governor and the
9 legislature on the feasibility of other operational alternatives for trans-
10 fer consistent with the criteria under (b) of this section of all or part
11 of the railroad to the private sector, including allowing recipients of
12 permanent fund dividends to direct their dividends to a railroad purchase
13 fund.

14 * Sec. 6. SPECIAL REPORT. The corporation shall study any problems
15 created by vibrations due to operating the railroad from Ship Creek through
16 Inlet View to the Turnagain Area and extending to Potter's Marsh. The
17 study shall include consideration of any potential for problems that may be
18 created by hauling coal and larger quantities of gravel along that portion
19 of the rail line. By February 1, 1986, the corporation shall present a
20 report to the legislature on the study containing recommendations for
21 correcting any problems identified.

22 * Sec. 7. This Act takes effect on the effective date of an amendment
23 to the constitution of the State of Alaska relating to the Alaska Railroad.
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Original sponsors: Hayes, Ringstad,
Shultz, et al

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 512 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska Railroad Corporation
7 to manage and operate the Alaska Railroad; and pro-
8 viding for an effective date."

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

10 * Section 1. LEGISLATIVE FINDINGS AND PURPOSE. (a) The legislature
11 finds that

12 (1) it is the policy of the state to

13 (A) provide safe, economical, and efficient transportation
14 to residents, businesses, visitors, and military installations in the
15 state;

16 (B) foster and promote the long-term economic growth and
17 development of the state;

18 (C) develop and implement plans for a transportation net-
19 work;

20 (D) foster and promote the development of the state's land
21 and natural resources;

22 (2) the Alaska Railroad is an essential part of the state trans-
23 portation network that may, unless preserved by state action, cease to be a
24 transportation option in Alaska;

25 (3) the federal government has offered to the state the option
26 of taking over the Alaska Railroad to ensure its continued existence;

27 (4) it is in the state's best interest to accept the railroad
28 under the terms and conditions offered by the United States government; and

29 (5) there is vast potential in Alaska's natural resource areas

1 and extension of the Alaska Railroad into natural resource areas is neces-
2 sary for long-term economic growth.

3 (b) It is the purpose of this Act to

4 (1) create a viable economic entity with the powers and duties
5 necessary to operate and manage the Alaska Railroad pending eventual trans-
6 fer of the railroad to the private sector for its ownership or operation or
7 both consistent with 45 U.S.C. 1201 - 1214 (Alaska Railroad Transfer Act of
8 1982);

9 (2) provide for the level of railroad service that best satis-
10 fies the needs of the people of the state consistent with the other find-
11 ings and policies of this section;

12 (3) create a public corporation with the powers, duties, and
13 functions needed to operate the Alaska Railroad and manage its rail, indus-
14 trial, port and other properties in the best interest of the people of the
15 state by ensuring that the corporation will

16 (A) be exclusively responsible for the management of the
17 financial and legal obligations of the Alaska Railroad;

18 (B) operate the railroad as a common carrier subject to the
19 jurisdiction of the United States Interstate Commerce Commission
20 consistent with 45 U.S.C. 1207;

21 (C) have the ability to raise capital by issuing bonds
22 exempt from federal and state taxation;

23 (D) generally carry out its responsibilities on a self-
24 sustaining basis;

25 (E) provide the best possible combination of types and
26 levels of safe, efficient, and economical railroad transportation to
27 meet the overall needs of the state, supported when necessary by state
28 investment;

29 (F) provide for the prudent operation of the railroad

1 according to sound business management practices;

2 (G) preserve the integrity of the railroad utility corrido
3 for transportation, communication, and transmission purposes;

4 (4) ensure that borrowing by the corporation does not directl
5 or indirectly endanger the state's own borrowing capacity.

6 * Sec. 2. AS 42 is amended by adding a new chapter to read:

7 CHAPTER 40. ALASKA RAILROAD CORPORATION.

8 ARTICLE 1. ESTABLISHMENT AND ORGANIZATION.

9 Sec. 42.40.010. ESTABLISHMENT OF THE CORPORATION. There is
10 established the Alaska Railroad Corporation. The corporation is a
11 public corporation and is an instrumentality of the state within the
12 Department of Commerce and Economic Development. The corporation has
13 a legal existence independent of and separate from the state. The
14 exercise by the corporation of the powers provided in this chapter is
15 considered an essential government function of the state.

16 Sec. 42.40.020. BOARD OF DIRECTORS. (a) The powers of the
17 corporation are vested in the board of directors. The board con-
18 sists of the commissioner of commerce and economic development
19 the commissioner of transportation and public facilities, and seven
20 members appointed by the governor. The seven appointed members
21 must be registered voters in the state except as provided in (1)
22 and (2) of this subsection. At least two appointed members shall be
23 from each judicial district directly served by the Alaska Railroad.
24 Except for the commissioners, a member may not be a state officer
25 or employee. Appointed members shall have the following qualifica-
26 tions:

27 (1) one member of the board shall be a person who has at
28 least 10 years of experience in railroad management; a person who is
29 not a resident of the state may be appointed under this paragraph;

1 (2) one member of the board shall be or have been an execu-
2 tive official of a United States railroad and shall be selected in
3 accordance with 49 U.S.C. (Interstate Commerce Act); a person who is
4 not a resident of the state may be appointed under this paragraph;

5 (3) two members shall have at least five years of experi-
6 ence as owners or managers of a business in the state.

7 (b) Except for the commissioners, the members of the board shall
8 be confirmed by a majority of the members of each house of the legis-
9 lature in joint session. A member appointed by the governor has the
10 full powers and responsibilities of a confirmed board member until the
11 member is rejected by the legislature or the legislature adjourns
12 without confirming the member.

13 Sec. 42.40.030. TERM OF OFFICE; REMOVAL. (a) Except for the
14 commissioner of commerce and economic development, and the commission-
15 er of transportation and public facilities, the members of the board
16 serve for staggered terms of five years each.

17 (b) The governor may, by written notice to a member, remove the
18 member from the board for

19 (1) incapacitation caused by injury or sickness that leaves
20 the member unable to perform duties under this chapter

21 (2) continued refusal or inability to attend meetings of
22 the board;

23 (3) conviction of a felony;

24 (4) any conduct intended to harm the corporation, even if
25 it does not constitute a crime; or

26 (5) malfeasance and misfeasance.

27 Sec. 42.40.040. VACANCIES. (a) Except for the commissioner of
28 commerce and the commissioner of transportation and public facilities,
29 a vacancy on the board is filled by appointment by the governor, and

1 the appointment must be confirmed by the members of each house of the
2 legislature in joint session. A member appointed to fill a vacancy
3 holds office for the balance of the term for which the member's prede-
4 cessor was appointed.

5 (b) A vacancy on the board does not impair the authority of a
6 quorum of members to exercise the powers and perform the duties of the
7 board.

8 (c) An appointed member of the board whose term has expired
9 shall serve until a successor has been appointed.

10 Sec. 42.40.050. COMPENSATION AND EXPENSES. (a) An appointed
11 member of the board is entitled to compensation at a rate of \$400 for
12 each day the member is engaged in the actual performance of duties as
13 a member of the board. The board may provide by rule for compensation
14 for partial days during which an appointed member is engaged in actual
15 performance of duties as a member of the board.

16 (b) In addition to compensation under (a) of this section, an
17 appointed member of the board is entitled to per diem and travel
18 expenses authorized by law for state boards and commissions.

19 Sec. 42.40.060. BOARD OFFICERS. (a) The board shall elect from
20 its membership a chairman and vice-chairman and prescribe their duties
21 by rule.

22 (b) The board shall appoint a secretary and prescribe the duties
23 of the secretary.

24 ARTICLE 2. MANAGEMENT.

25 Sec. 42.40.100. MANAGEMENT BY THE BOARD. The board is responsi-
26 ble for the management of the corporation but may delegate certain
27 powers and duties to the chief executive officer in accordance with
28 AS 42.40.120. In managing the corporation the board shall

29 (1) be responsible for the management of the financial and

1 legal obligations of the Alaska Railroad;

2 (2) operate the Alaska Railroad as a common carrier subject
3 to the jurisdiction of the United States Interstate Commerce Commis-
4 sion consistent with 45 U.S.C. 1207;

5 (3) generally manage the corporation on a self-sustaining
6 basis;

7 (4) provide for safe, efficient, and economical railroad
8 transportation to meet the overall needs of the state;

9 (5) raise needed capital by issuing bonds of the corpo-
10 ration while ensuring that borrowing by the corporation does not
11 directly or indirectly endanger the state's own borrowing capacity;

12 (6) review state and other land disposal proposals to aid
13 in planning for future development or expansion of railroad transpor-
14 tation services;

15 (7) ensure that standards of the United States Interstate
16 Commerce Commission for class I railroads are used for accounting
17 purposes by the corporation;

18 (8) ensure that the procurement procedures of the corpora-
19 tion comply with the procurement standards and procedures established
20 for state agencies to the extent practicable consistent with efficient
21 railroad operations;

22 (9) apply to the legislature for an appropriation to be
23 used to provide a service that is not otherwise self-sustaining if a
24 subsidy is required to maintain that service.

25 Sec. 42.40.110. EXECUTIVE OFFICERS. (a) The board shall ap-
26 point the chief executive officer of the corporation who serves at the
27 pleasure of the board. The board shall fix the compensation for the
28 chief executive officer.

29 (b) The chief executive officer of the corporation shall appoint

1 and fix the compensation for other executive officers. The compensa-
2 tion for an executive officer appointed under this subsection is
3 subject to board approval.

4 Sec. 42.40.120. DELEGATION. (a) The board may by rule delegate
5 to the chief executive officer powers and duties necessary or appro-
6 priate for the management of the daily affairs and operations of the
7 corporation.

8 (b) The board shall by rule establish procedures for carrying
9 out the following powers and duties of the corporation and may dele-
10 gate the exercise of the following powers and duties in accordance
11 with the procedures to the chief executive officer or other executive
12 officers designated by the board:

13 (1) leasing, granting easements in, issuing permits for the
14 use of, or conveying other interests in property, except the corpo-
15 ration's entire interest in land;

16 (2) establishing specific rates, tariffs, divisions, and
17 contract rate agreements;

18 (3) making routine changes in service levels;

19 (4) establishing procurement and accounting procedures for
20 the corporation; and

21 (5) performing procurement activities.

22 (c) The board may by rule require the exercise of a power or
23 duty delegated under (a) or (b) of this section to be subject to board
24 approval. Specific board approval is required for the following:

25 (1) issuing bonds;

26 (2) mortgaging or pledging corporation assets;

27 (3) donating property or other assets belonging to the
28 corporation;

29 (4) acting as a surety or guarantor;

1 (5) adopting a long-range program or capital improvement
2 plan;

3 (6) adopting annual reports;

4 (7) effecting general, comprehensive increases and de-
5 creases in rates;

6 (8) diversifying, expanding, or reducing services in a
7 major way;

8 (9) expanding the main or branch rail lines, other than
9 performing routine track alignment as necessary to maintain service
10 levels in effect on the date of transfer;

11 (10) selecting independent auditors and accountants;

12 (11) exercising the power of eminent domain;

13 (12) entering into collective bargaining agreements;

14 (13) adopting annual budgets; and

15 (14) beginning capital projects with an estimated completion
16 cost of more than \$500,000 or an estimated completion time of more
17 than one year.

18 ARTICLE 3. ADMINISTRATIVE PROVISIONS.

19 Sec. 42.40.150. MEETINGS OF THE BOARD. (a) The chairman of the
20 board shall call meetings of the board at least once every three
21 months and may call other meetings of the board as necessary. The
22 chairman shall preside at meetings.

23 (b) Except for executive sessions, the meetings of the board are
24 public. The board shall provide by rule for a method of providing
25 notice to the public of its meetings.

26 (c) The board shall keep minutes of each meeting.

27 Sec. 42.40.160. QUORUM AND VOTING. (a) Five members of the
28 board constitutes a quorum for the transaction of business.

29 (b) Five affirmative votes are required for board action. The

1 board shall provide by rule for the manner of voting, except that the
2 board may not provide for voting by proxy. The rules may provide for
3 voting and conferring by telecommunication devices.

4 Sec. 42.40.170. EXECUTIVE SESSIONS. (a) The question of hold-
5 ing an executive session shall be determined in accordance with
6 AS 42.40.160. A subject may not be considered at an executive session
7 unless it is mentioned in the motion calling for the executive session
8 or is auxiliary to a subject mentioned. An action may not be taken at
9 an executive session.

10 (b) Only the following subjects may be discussed in an executive
11 session:

12 (1) matters, the immediate knowledge of which would clearly
13 have an adverse effect upon the finances of the corporation;

14 (2) unless the person has requested to have the subjects
15 discussed in public, subjects that tend to prejudice the reputation
16 and character of a person;

17 (3) matters that, by law or municipal charter or ordinance,
18 are permitted to be kept confidential from public disclosure;

19 (4) matters pertaining to personnel;

20 (5) matters pertaining to the corporation's legal position;

21 (6) land acquisition or disposal; and

22 (7) proprietary or other information of a type treated as
23 confidential under the standards and practices of the United States
24 Interstate Commerce Commission, including practices that protect
25 information associated with specific shippers, divisions, and contract
26 rate agreements.

27 Sec. 42.40.180. RULES. (a) The board shall adopt rules to
28 carry out its functions and the purposes of this chapter, including
29 rules to safeguard property owned, managed, or transported by the

1 corporation and to protect employees and persons using the corpora-
2 tion's property or services. At least 15 days before the adoption of
3 a rule, the board shall give public notice of the proposed action by
4 publishing a notice in at least three newspapers of general circula-
5 tion in the state and by mailing a copy of the notice to each person
6 who has requested notice of proposed rules. The notice must state the
7 time, place, and nature of the proceedings and must contain a summary
8 of the subject of the proposed change.

9 (b) On the date and at the time and place designated in the
10 notice required under (a) of this section the board shall provide each
11 interested person an opportunity to present statements in writing
12 concerning the proposed rule and shall give members of the public an
13 opportunity to present oral statements for a total period of at least
14 one hour.

15 (c) The board shall consider all relevant matters presented to
16 it before adopting a rule. The board may take action on a rule that
17 varies in content from the summary provided with the notice of the
18 proposed rule if the subject of the rule was reflected in the summary
19 and it provided reasonable notice to the public as to whether their
20 interests could be affected by the board's action on that subject.

21 (d) The board shall establish in the bylaws of the corporation
22 additional procedures for adopting rules if necessary.

23 Sec. 42.40.190. EMERGENCY RULES. (a) The board shall establish
24 in the bylaws of the corporation a procedure for the adoption of a
25 rule on an emergency basis. An emergency rule may be adopted only
26 when necessary for the orderly operation of the corporation's facil-
27 ities or programs. The requirements of AS 42.40.180 do not apply to
28 actions taken under this section. However, within 10 days after the
29 adoption of a rule on an emergency basis the board shall give notice

1 of its action that substantially complies with the notice requirements
2 of AS 42.40.180(a).

3 (b) An action taken under this section remains in effect for not
4 more than 120 days. To prevent an emergency rule from lapsing the
5 board may adopt the same rule under AS 42.40.190 before the end of the
6 120-day period.

7 Sec. 42.40.200. VALIDITY OF RULES. (a) Failure to mail notice
8 to a person under AS 42.40.180(a) or 42.40.190(a) does not invalidate
9 an action taken by the board.

10 (b) An interested person may challenge a rule adopted by the
11 board by bringing an action in the superior court. In addition to
12 other grounds, a court may declare a rule invalid

13 (1) for substantial failure by the board to comply with
14 AS 42.40.180 or 42.40.190; or

15 (2) if the rule was adopted under AS 42.40.190, upon the
16 grounds that the emergency rule was not necessary for the orderly
17 operation of the corporation's facilities or programs.

18 Sec. 42.40.205. APPLICATION. Adoption of a rule is not subject
19 to AS 42.40.180 or 42.40.190 if it

20 (1) relates only to the internal management of the corpo-
21 ration;

22 (2) relates to specific rates, tariffs, divisions, and
23 contract rate agreements;

24 (3) relates to service schedules of the railroad;

25 (4) is directed to a specifically named person or to a
26 group of persons and does not apply to the general public; or

27 (5) relates to the use of public works under the jurisdic-
28 tion of the corporation if the effect of the order is indicated to the
29 public by means of signs or signals.

1 Sec. 42.40.210. PREVIOUSLY ADOPTED RULES AND ORDERS. (a) The
2 board may provide by resolution that rules and orders in effect on the
3 date of transfer remain in effect until amended or repealed by the
4 board. The board may adopt the substance of former federal rules or
5 orders relating to the Alaska Railroad and this may not be considered
6 a continuation of the federal rules or orders if adopted by the board
7 in accordance with procedural requirements of this chapter or other
8 law.

9 (b) AS 42.40.180 does not apply to actions taken under this
10 section.

11 Sec. 42.40.220. PUBLIC DISCLOSURE OF INFORMATION. (a) Except
12 as provided under (b) of this section, information in the possession
13 of the corporation is public and is open to public inspection at
14 reasonable times.

15 (b) The corporation may by rule designate as confidential and
16 withhold public disclosure of matters of a nonpublic, privileged, or
17 proprietary nature. Those matters include personnel records, communi-
18 cations with and work product of legal counsel, and, consistent with
19 the standards and practices of the United States Interstate Commerce
20 Commission for the protection of these matters, other information
21 including proprietary information associated with specific shippers,
22 divisions and contract rate agreements.

23 Sec. 42.40.230. CONFLICTS OF INTEREST. (a) Except as provided
24 in this section, a board member or executive officer of the corpora-
25 tion may not participate in a decision of the corporation in which
26 that person or a member of that person's immediate family has a direct
27 or indirect financial interest unless the financial interest is a
28 remote financial interest and participation is approved under (b) of
29 this section.

1 (b) A board member or executive officer may participate in
2 decision if that person or a member of that person's immediate famil
3 has only a remote interest, the fact and extent of the interest is
4 disclosed to the board in a public meeting and is noted in the minute
5 of the board before any participation by the member or in the deci
6 sion, and thereafter in a public meeting the board by vote authorize
7 or approves the participation. If the person whose participation is
8 under consideration is a board member, that person may not vote unde
9 this subsection. For purposes of this subsection, "remote interest"
10 means an interest that in good faith is defined as remote by rules
11 adopted by the corporation.

12 (c) A board member or executive officer is not considered to be
13 financially interested in a decision when the decision could not
14 affect that person in a manner different from its effect on the public
15 or community.

16 (d) Within 120 days of the first meeting of the board, the board
17 shall adopt and may subsequently amend rules implementing this sec-
18 tion, providing additional conflict of interest and ethical rules it
19 considers appropriate, and providing for the removal by the board of a
20 board member or executive officer who intentionally violates a prohi-
21 bition contained in this section.

22 (e) For purposes of this section

23 (1) "participate in a decision" includes all discussions,
24 deliberations, preliminary negotiations, and votes;

25 (2) "immediate family" means

26 (A) spouse;

27 (B) dependent parent, parent-in-law, child, son-in-
28 law, daughter-in-law, sibling, uncle, aunt, niece, or nephew.

29 Sec. 42.40.240. COMPLAINT PROCEDURE. The board shall provide by

1 rule for a formal procedure for the receipt and consideration of
2 complaints or suggestions regarding activities of the corporation.

3 ARTICLE 4. POWERS AND DUTIES.

4 Sec. 42.40.250. GENERAL POWERS. In addition to the exercise of
5 other powers authorized by law, the corporation may

6 (1) adopt a seal;

7 (2) adopt bylaws governing the business of the corporation;

8 (3) sue and be sued;

9 (4) appoint trustees and agents of the corporation and
10 prescribe their powers and duties;

11 (5) hire legal counsel to represent the corporation;

12 (6) make contracts and execute instruments necessary or
13 convenient in the exercise of its powers and duties;

14 (7) acquire by purchase, lease, bequest, devise, gift,
15 exchange, the satisfaction of debts, the foreclosure of mortgages, or
16 otherwise, personal property, rights, rights-of-way, franchises,
17 easements, and other interest in land, and acquire by appropriation
18 water rights that are located in the state, taking title to the prop-
19 erty in the name of the corporation;

20 (8) hold, maintain, use, operate, improve, lease, encumber
21 and otherwise grant security interests in land or personal property
22 and exchange, donate, convey, alienate, or otherwise dispose of per-
23 sonal property, subject to other provisions of this chapter;

24 (9) contract with and accept transfers, gifts, grants or
25 loans of funds or property from the United States and the state or its
26 political subdivisions, subject to other provisions of federal or
27 state law or municipal ordinances;

28 (10) undertake and provide for the management, operation,
29 maintenance, use, and control of all of the property of the

1 corporation, including tracks, equipment and other property trans-
2 ferred to the corporation by the federal government or any person;

3 (11) recommend to the legislature and the governor any tax,
4 financing, or financial arrangement the corporation considers appro-
5 priate to carry out the duties under this chapter;

6 (12) maintain offices and facilities at places it desig-
7 nates;

8 (13) apply to the state, the United States, and foreign
9 countries or other proper agencies for the permits, licenses, rights-
10 of-way, or approvals necessary to construct, maintain, and operate
11 transportation and related services, and obtain, hold, and reuse the
12 licenses and permits in the same manner as other railroad operators;

13 (14) prescribe rates to be charged for services provided by
14 the Alaska Railroad consistent with 45 U.S.C. 1201 - 1214 (Alaska
15 Railroad Transfer Act of 1982);

16 (15) determine the routes, schedules, and types of service
17 to be provided by the Alaska Railroad;

18 (16) enter into contracts, leases, and other agreements
19 with connecting carriers, shippers, and other persons concerning the
20 services, activities, operations, property, and facilities of the
21 corporation, including agreements that contain provisions to preserve
22 and expand the railroad's traffic base;

23 (17) plan for and undertake expansion of the railroad and
24 railroad activities, including extension of the rail system, and
25 contract with other modes of transportation service connecting to the
26 rail system;

27 (18) hire and discharge railroad personnel and determine
28 benefits and other terms and conditions of employment;

29 (19) assume all rights, liabilities, and obligations of the

1 Alaska Railroad consistent with 45 U.S.C. 1201 - 1214 (Alaska Railroad
2 Transfer Act of 1982);

3 (20) maintain or provide for a security force to protect
4 property owned, managed or transported by the corporation and persons
5 using railroad transportation services provided by the corporation;

6 (21) issue its bonds and provide for and secure their pay-
7 ment, provide for the rights of their holders and hold or dispose of
8 them;

9 (22) purchase the corporation's bonds at a price not more
10 than the principal amount of them plus interest;

11 (23) cancel bonds of the corporation purchased by the corpo-
12 ration;

13 (24) secure the payment of its bonds by pledge, mortgage, or
14 other lien on its contracts, revenue, income, or property;

15 (25) consent to the modification of the rate of interest,
16 time of payment of an installment of principal or interest, or other
17 term of a loan, contract, or agreement to which the corporation is a
18 party;

19 (26) borrow money, including the amounts necessary to estab-
20 lish reasonable reserves, and pay financing charges and interest on
21 the obligations for a reasonable period after which the corporation
22 estimates other money will be available to pay the interest, consul-
23 tant, advisory, and legal fees, and other expenses necessary or inci-
24 dent to borrowing;

25 (27) acquire, hold, and dispose of stocks, memberships,
26 contracts, bonds, general or limited partnership interests or other
27 interests in another corporation, association, partnership, joint
28 venture, or other legal entity, and exercise the powers or rights in
29 connection with these interests that are provided in contracts or

1 agreements and that are allowed by law concerning the satisfaction of
2 debts;

3 (28) undertake and provide for the acquisition, construc-
4 tion, maintenance, equipping, and operation of connecting, switching,
5 terminal, or other railroads and railroad facilities in the state;

6 (29) do all things necessary or desirable to carry out the
7 powers and duties of the corporation granted or necessarily implied in
8 this chapter or other laws of the state or the laws or regulations of
9 the federal government.

10 Sec. 42.40.260. ANNUAL REPORT. Within 90 days following the end
11 of the fiscal year of the Alaska Railroad the board shall distribute
12 to the governor and to the legislature a report describing the opera-
13 tions and financial condition of the corporation during the preceding
14 fiscal year. The report may include suggestions for legislation
15 relating to the structure, powers or duties of the corporation or to
16 operation facilities of the corporation. Subject to AS 42.40.200, the
17 report shall itemize the cost of providing each category of service
18 offered by the railroad and the income generated by each category.

19 Sec. 42.40.270. AUDITS. (a) The board shall have the financial
20 records of the corporation audited annually by an independent cer-
21 tified public accountant experienced in railroad accounting. The
22 board shall have an annual performance audit conducted by a recognized
23 railroad management expert to assure that the railroad is being man-
24 aged and operated effectively and efficiently in accordance with the
25 requirements of this chapter. Auditors shall use the standards of the
26 United States Interstate Commerce Commission for Class I railroads.

27 (b) The corporation shall make all of its financial records
28 available to an auditor appointed by the governor and to the legisla-
29 tive audit division for examination. Disclosure to the public by the

1 auditor or legislative audit division of this information is subject
2 to AS 42.40.200 and rules implementing that section.

3 Sec. 42.40.280. STATE OVERSIGHT REPORTS. (a) The board shall
4 provide a state oversight report to the governor and the legislature
5 before undertaking

6 (1) expansion, reduction, or diversification of services
7 provided by the railroad upon the date of transfer or as provided
8 under this chapter that the board determines would represent a signif-
9 icant and permanent change in the level and nature of services pro-
10 vided;

11 (2) extension of the main or branch lines by more than 25
12 miles or five percent of the railroad's total track mileage, whichever
13 is greater;

14 (3) the issuance of securities, bonds or contracts in an
15 amount exceeding \$5,000,000; or

16 (4) an application for an appropriation to be used for
17 providing any service that is not self-sustaining.

18 (b) The report under (a) of this section shall be in writing,
19 describe the proposed undertaking in detail, and specify

20 (1) its financial impact on the corporation;

21 (2) its impact on the level and nature of services provided
22 by the corporation;

23 (3) the reasons the action is necessary or desirable to
24 achieve the purposes of this chapter; and

25 (4) whether and when the undertaking is expected to be
26 self-sustaining financially.

27 Sec. 42.40.285. LEGISLATIVE APPROVAL REQUIRED. Unless the
28 legislature approves the action by law, the corporation may not

29 (1) exchange, donate, sell, or otherwise convey its entire

1 interest in land;

2 (2) issue securities, bonds, or contracts in an amount
3 exceeding \$5,000,000;

4 (3) extend main or branch lines by more than 25 miles or
5 five percent of the railroad's total track mileage, whichever is
6 greater.

7 Sec. 42.40.290. LONG RANGE PROGRAM AND CAPITAL IMPROVEMENT
8 PLANS. (a) The corporation shall prepare and the board shall adopt a
9 long range program plan and a capital improvement plan. The board
10 shall consult with affected state agencies and municipalities in
11 preparing the plans. The long range program plan shall explain the
12 manner in which the corporation intends to accomplish the purposes of
13 this chapter during each of the five years after the plan is adopted.
14 The capital improvement plan shall present and explain the corpora-
15 tion's anticipated capital improvements for each of the five years
16 after the plan is adopted and shall reflect efforts to upgrade the
17 railroad and develop safer, more cost-effective rail operations.

18 (b) The board shall annually review and update the long range
19 program and capital improvement plans. The board shall provide copies
20 of the updated plans to the governor and the legislature by December 1
21 of each year.

22 Sec. 42.40.300. USE OF CORPORATION ASSETS. The corporation
23 shall apply all money, property, other assets, and credit of the
24 corporation toward activities authorized by this chapter. The corpo-
25 ration may not issue shares of stock, pay dividends, make private
26 distributions of assets, make loans to board members or employees, or
27 engage in business for private benefit. The use of money, property,
28 other assets, or credit of the corporation for a purpose not author-
29 ized by law by a person having the possession or control of it is

1 prohibited.

2 Sec. 42.40.310. INDEMNIFICATION. (a) The corporation may
3 defend and indemnify a current or former member of the board, em-
4 ployee, or agent of the corporation against all costs, expenses, judg-
5 ments, and liabilities, including attorney's fees, incurred by or
6 imposed upon that person in connection with a civil or criminal action
7 in which the person is involved by affiliation with the corporation,
8 if the person acted in good faith on behalf of the corporation and
9 within the scope of official duties or powers.

10 (b) The corporation may purchase insurance to protect and hold
11 personally harmless its employees, agents, and board members from an
12 action, claim, or proceeding arising out of the performance, purported
13 performance, or failure of performance, in good faith, of duties for,
14 or employment with, the corporation and to hold them harmless from
15 expenses connected with the defense, settlement, or monetary judgments
16 from that action, claim, or proceeding. The purchase of insurance is
17 discretionary with the board and insurance is not considered to be
18 compensation to the insured person.

19 ARTICLE 5. CORPORATION PROPERTY.

20 Sec. 42.40.350. LAND. (a) The corporation shall take title in
21 its own name to all land transferred under 45 U.S.C. 1201 - 1214
22 (Alaska Railroad Transfer Act of 1982). All land that is transferred
23 or acquired by the corporation is designated as follows:

- 24 (1) railroad rights-of-way are railroad utility corridors;
25 (2) land outside the railroad utility corridors is rail
26 land.

27 (b) A railroad utility corridor shall be of a width at least 100
28 feet on both sides of the centerline of the extended main or branch
29 line, unless the corporation does not own or control sufficient land

1 for a corridor of that width. A railroad utility corridor may be
2 surveyed by the metes and bounds method. The corporation may not
3 convey its entire interest in land within a railroad utility corridor
4 except as provided in AS 42.40.285, 42.40.370(d), and 42.40.400. The
5 corporation may lease, grant easements or permits, or otherwise autho-
6 rize use of portions of a utility corridor for transportation, commu-
7 nication, and transmission purposes, including pipelines and support
8 functions associated with those purposes and for commercial and other
9 uses if the use does not restrict other parallel uses of the utility
10 corridor.

11 (c) The corporation may lease, grant easements or permits, or
12 otherwise authorize use of portions of rail land. However, the corpo-
13 ration may not convey its entire interest in rail land except as
14 provided in AS 42.40.285, 42.40.370(d), and 42.40.400.

15 (d) A lease by the corporation to a party other than the state
16 shall be made at fair market value as determined by appraisal by a
17 qualified appraiser or by competitive bid.

18 Sec. 42.40.360. REQUEST FOR LAND. (a) The board may nominate
19 federal land it determines may be useful for railroad purposes and
20 request the commissioner of natural resources to select the land for
21 the state through the federal land selection process.

22 (b) The board may identify and request the commissioner of
23 natural resources to convey land necessary or useful for present or
24 future railroad purposes owned by or tentatively approved for transfer
25 to the state, including land not contiguous to land already held by
26 the corporation. The request must include a statement of and justi-
27 fication for the present or future railroad use. Upon receipt of a
28 request, the commissioner shall temporarily reserve the land iden-
29 tified in the request for railroad purposes and defer disposal or

1 lease of that land under other laws to a party other than the corpo-
2 ration. The temporary reservation of land is subject to valid exist-
3 ing rights and remains in effect for 180 days.

4 Sec. 42.40.370. CONVEYANCE OF STATE LAND. (a) Within 90 days
5 after receiving a request under AS 42.40.360(b) the commissioner of
6 natural resources shall by written decision

7 (1) designate the identified land for railroad purposes
8 and, subject to valid existing rights, convey the state's interests in
9 the land to the corporation;

10 (2) notify the corporation of reasons for refusal to desig-
11 nate the identified land for railroad purposes; or

12 (3) approve in part and deny in part the request for desig-
13 nation of the identified land and convey as appropriate.

14 (b) A conveyance of land under this section may be for less than
15 fair market value as determined by the commissioner of natural re-
16 sources.

17 (c) In the absence of a reservation to the contrary, a convey-
18 ance of land under this section vests in the corporation ownership,
19 control of the surface, material, and mineral estate, including the
20 right to extract or use timber and other construction materials, sand,
21 gravel, rock, and the right to tunnel, ditch, recontour, excavate, or
22 otherwise use the land for railroad, transportation, transmission, or
23 communication services.

24 (d) The corporation may reconvey to the state land received
25 under this section, under 45 U.S.C. 1201 - 1214 (Alaska Railroad
26 Transfer Act of 1982), by eminent domain, or otherwise that the corpo-
27 ration and the commissioner of natural resources jointly identify as
28 unnecessary or unsuitable for the corporation's purposes.

29 Sec. 42.40.380. USE OF STATE LAND. When emergency conditions

1 require that track or other right-of-way fixtures of the corporation
2 be moved from the existing location and relocated on state land adja-
3 cent to or in the vicinity of the existing right-of-way and the chief
4 executive officer determines that relocation is necessary to maintain
5 safe and adequate rail operations, the corporation may effect the
6 relocation with the concurrence of the Department of Natural Re-
7 sources. The relocation must affect only the amount of state land
8 necessary to adequately restore or continue safe rail operations at a
9 normal level.

10 Sec. 42.40.390. EMINENT DOMAIN. (a) The corporation may exer-
11 cise the power of eminent domain under AS 09.55.240 - 09.55.460 to
12 acquire land for railroad purposes consistent with this chapter.
13 Notwithstanding AS 09.55.250, the corporation may acquire a fee simple
14 title whenever, in the judgment of the board, ownership of a fee
15 simple title is necessary to carry out the purposes of this chapter.

16 (b) The corporation may file a declaration of taking in the
17 manner provided for the state under AS 09.55.420.

18 (c) The power of eminent domain conferred under this section
19 includes the power to obtain clay, gravel, sand, timber, rock, or
20 other material for the operation of the railroad, the land necessary
21 to obtain the material, and access to the land and material.

22 Sec. 42.40.400. VACATION OF EASEMENTS. The corporation may
23 vacate an easement acquired under 45 U.S.C. 1201 - 1214 (Alaska Rail-
24 road Transfer Act of 1982) by executing and filing a deed in the
25 appropriate recording district. Upon filing the deed the state shall
26 acquire the easement for use in conformity with 45 U.S.C. 1201 - 1214.

27 Sec. 42.40.410. FEDERAL LAND. The corporation may submit appli-
28 cations on its own behalf as an instrumentality of the state for
29 acquisition of federal land that will enhance the operations of the

1 corporation if it is available under a federal law other than the
2 Alaska Statehood Act of 1958 (P.L. 85-508, 72 Stat. 339). The corpo-
3 ration may receive in its own name conveyances of all interests in
4 federal land.

5 Sec. 42.40.420. MUNICIPAL USE OF LAND. Upon request of a munic-
6 ipality the corporation may authorize use of the railroad utility
7 corridor or rail land for a pedestrian walkway or trail. Before
8 authorizing a use under this section the board shall require the
9 municipality to execute an agreement in a form approved by the board
10 to

11 (1) hold the corporation harmless from and indemnify the
12 corporation for liability and claims arising from any use authorized
13 under this section including

14 (A) defending the corporation in a cause of action
15 brought against the corporation as a result of the use; and

16 (B) indemnifying the corporation for the amount of a
17 judgment, including prejudgment and postjudgment interest, ren-
18 dered against the corporation or for the amount of a settlement
19 entered into by the corporation, and for all costs and attorney's
20 fees incurred by the corporation in settling or defending the
21 claim; and

22 (2) stop the use upon request of the corporation if the use
23 interferes with expansion or replacement of railroad facilities,
24 creates a safety hazard, or interferes with railroad operations.

25 Sec. 42.40.430. ACQUISITION OF GOVERNMENT PROPERTY. The corpor-
26 ation, as an instrumentality of the state, may acquire in its own name
27 from the United States under 50 App U.S.C. 1622 - 1622c (Surplus
28 Property Act of 1944), 40 U.S.C. 471 et seq. (Federal Property and
29 Administrative Services Act of 1949), or other law, property under the

1 control of a federal department or agency that is useful for the
2 corporation's purposes. The corporation may acquire from the Depart-
3 ment of Administration property of the state made available under
4 AS 44.71.010 - 44.71.040.

5 Sec. 42.40.435. EXCHANGE OF LAND. The corporation may exchange
6 land subject to AS 42.40.285. The corporation is an instrumentality
7 and agency of the state for purposes of exchanging land with the
8 United States, municipalities, corporations including corporations
9 formed under 43 U.S.C. 1601 - 1628 (Alaska Native Claims Settlement
10 Act), and individuals.

11 Sec. 42.40.440. USE OF PESTICIDES AND HERBICIDES. Vegetation
12 control involving the use of pesticides or herbicides on land owned or
13 managed by the corporation may be conducted only in compliance with
14 state requirements applicable to other state pesticide or herbicide
15 use.

16 Sec. 42.40.450. ADVERSE POSSESSION. No prescription or statute
17 of limitations runs against the title or interest of the corporation
18 to or in land owned by the corporation or under its jurisdiction.
19 Title to or interest in land owned by the corporation or under its
20 jurisdiction may not be acquired by adverse possession or prescrip-
21 tion, or in any other manner except by conveyance from or formal
22 vacation by the corporation.

23 ARTICLE 6. FINANCIAL PROVISIONS.

24 Sec. 42.40.500. LIMITATION OF LIABILITY. A liability incurred
25 by the corporation shall be satisfied exclusively from the assets or
26 revenue of the corporation and no creditor or other person has a right
27 of action against the state because of a debt, obligation, or liabil-
28 ity of the corporation.

29 Sec. 42.40.510. FIDELITY BOND. The corporation shall obtain a

1 fidelity bond in an amount determined by the board for board members
2 and each officer of the corporation responsible for accounts and
3 finances. A bond must be in effect during the entire tenure in office
4 of the bonded person.

5 Sec. 42.40.520. INSURANCE. Except as provided in AS 42.40.-
6 310(b), the corporation shall protect its assets, services, and em-
7 ployees by purchasing insurance or providing for certain self-insur-
8 ance retentions. The corporation shall also maintain casualty, prop-
9 erty, business interruption, marine, boiler and machinery, pollution
10 liability, and other insurance in amounts reasonably calculated to
11 cover potential claims against the corporation or state for bodily
12 injury, death or disability, and property damage that may arise from
13 or be related to corporation operations and activities.

14 Sec. 42.40.530. REVENUE. Revenue generated by or appropriated
15 to the corporation shall be retained and managed by the corporation
16 for railroad and related purposes in accordance with 45 U.S.C. 1207-
17 (a)(5) (Alaska Railroad Transfer Act of 1982).

18 Sec. 42.40.540. APPROPRIATIONS. The corporation may request a
19 direct appropriation or grant from the legislature to assist in carry-
20 ing out the provisions of this chapter.

21 ARTICLE 7. BONDS.

22 Sec. 42.40.600. GENERAL PROVISIONS. (a) The corporation by
23 resolution may issue bonds to provide money to carry out its purposes.

24 (b) Bonds may be issued in one or more series and shall, as
25 provided by the resolution of the board,

26 (1) be dated;

27 (2) bear fixed or variable interest at a required rate or
28 rates per year or within a maximum rate;

29 (3) be in a required denomination or denominations;

- 1 (4) be in a coupon or registered form;
- 2 (5) carry conversion or registration provisions;
- 3 (6) have a required rank or priority;
- 4 (7) be executed in the required manner and form;
- 5 (8) be payable as required from the sources, in the medium
- 6 of payment, and place or places inside or outside the state;
- 7 (9) be subject to authentication by a trustee or fiscal
- 8 agent; and
- 9 (10) be subject to terms of redemption with or without
- 10 premium.

11 (c) Bonds may be sold in the manner, on the terms, and at the
12 price the board determines. Bonds shall mature at the time, not
13 exceeding 50 years from their date, determined by the board, but notes
14 shall mature at the time or times determined by the board.

15 Sec. 42.40.610. NEGOTIABLE INSTRUMENTS. Bonds issued under this
16 chapter and interest coupons attached to them are negotiable instru-
17 ments under the laws of this state, subject only to applicable pro-
18 visions for registration.

19 Sec. 42.40.620. BONDS ELIGIBLE FOR INVESTMENT. Bonds issued
20 under this chapter are securities in which all public officers and
21 public bodies of the state and its political subdivisions, all insur-
22 ance companies, trust companies, banking associations, investment
23 companies, executors, administrators, trustees and other fiduciaries
24 may properly and legally invest funds, including capital in their
25 control or belonging to them. These bonds may be deposited with a
26 state or municipal officer of an agency or political subdivision of
27 the state for any purpose for which the deposit of bonds of the state
28 is authorized by law.

29 Sec. 42.40.630. PAYMENT OF BONDS. The principal and interest on