

ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT, INTERNATIONAL
TRADE AND TOURISM
February 22, 2011
10:19 a.m.

MEMBERS PRESENT

Representative Bob Herron, Chair
Representative Kurt Olson, Vice Chair
Representative Neal Foster
Representative Wes Keller
Representative Steve Thompson
Representative Berta Gardner
Representative Chris Tuck

MEMBERS ABSENT

Representative Cathy Engstrom Munoz
Representative Peggy Wilson

OTHER LEGISLATORS PRESENT

Representative Bob Miller
Representative Scott Kawasaki
Senator Joe Paskvan

COMMITTEE CALENDAR

HOUSE JOINT RESOLUTION NO. 15
Relating to collaboration with the Yukon and the Northwest Territories through the Pacific NorthWest Economic Region and its Arctic Caucus to address common issues.

- HEARD & HELD

PRESENTATION(S): "GETTING ALASKANS' GAS TO ALASKANS IN THE SHORTEST AMOUNT OF TIME WHILE MAXIMIZING AN EXPORT OPPORTUNITY~" BY DAVID GOTTSTEIN

- HEARD

PREVIOUS COMMITTEE ACTION

BILL: HJR 15
SHORT TITLE: SUPPORT ARCTIC CAUCUS
SPONSOR(S): REPRESENTATIVE(S) HERRON

02/02/11 (H) READ THE FIRST TIME - REFERRALS
02/02/11 (H) EDT
02/22/11 (H) EDT AT 10:15 AM BARNES 124

WITNESS REGISTER

ROB EARL, Staff
Representative Bob Herron
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced HJR 15 on behalf of Representative Herron, prime sponsor.

MATT MORRISON, Executive Director
Pacific NorthWest Economic Region (PNWER)
Seattle, Washington

POSITION STATEMENT: Provided a PowerPoint presentation titled, "PNWER's Arctic Caucus, February 22, 2011."

NILS ANDREASSEN, Managing Director
Institute of the North (Institute)
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HJR 15.

MICHAEL O'HARE, Deputy Director
Division of Homeland Security /Emergency Management
Department of Military & Veterans' Affairs (DMVA)
Ft. Richardson, Alaska

POSITION STATEMENT: Answered questions on emergency management and preparedness during the hearing on HJR 15.

PAUL FUHS, Board President
Marine Exchange of Alaska
Juneau, Alaska

POSITION STATEMENT: Testified during the hearing on HJR 15.

DAVID GOTTSTEIN, Chief Investment Officer/President
Dynamic Capital Management Inc.
Anchorage, Alaska

POSITION STATEMENT: Provided a PowerPoint presentation titled, "Getting Alaskans' Gas to Alaskans in the Shortest Amount of Time While Maximizing an Export Opportunity".

ACTION NARRATIVE

[10:19:36 AM](#)

CHAIR BOB HERRON called the House Special Committee on Economic Development, International Trade and Tourism meeting to order at 10:19 a.m. Representatives Herron, Tuck, Olson, Keller, Foster, and Thompson were present at the call to order. Representative Gardner arrived as the meeting was in progress. Representatives Miller and Kawasaki, and Senator Paskvan were also present.

HJR 15-SUPPORT ARCTIC CAUCUS

[10:22:49 AM](#)

CHAIR HERRON announced that the first order of business would be HOUSE JOINT RESOLUTION NO. 15, Relating to collaboration with the Yukon and the Northwest Territories through the Pacific NorthWest Economic Region and its Arctic Caucus to address common issues.

CO-CHAIR HERRON called a brief at-ease due to technical difficulties.

[10:23:08 AM](#)

CO-CHAIR HERRON called an at-ease from 10:24 a.m. to 10:28 a.m. due to technical difficulties.

[10:28:53 AM](#)

CO-CHAIR HERRON introduced Mr. Earl.

[10:29:15 AM](#)

ROB EARL, staff, Representative Bob Herron, Alaska State Legislature, introduced HJR 15 on behalf of Representative Herron, prime sponsor. Mr. Earl informed the committee that HJR 15 encourages the legislature to support the Arctic Caucus within the Pacific NorthWest Economic Region (PNWER). The Pacific NorthWest Economic Region was founded in 1991 and is the only statutory, non-partisan, bi-national, public-private partnership in North America. The organization includes five U.S. states, two Canadian territories, and three Canadian provinces; its mission is to increase the economic well-being and quality of life for all citizens of the region, to coordinate provincial and state policies, to identify and promote models of success, and to serve as a conduit for the exchange of information. Mr. Earl noted that PNWER addresses issues through eighteen working groups, one of which is the

Arctic Caucus that includes legislators, governmental officials, and business and non-profit leaders working to responsibly develop North America's Arctic. The caucus began meeting in July 2010, for the purpose of providing a forum for Alaska, Northwest Territories (NWT), and Yukon Territory (YT) to discuss issues of mutual concern, share information, and identify areas of possible collaboration; for example, to promote a pan-northern approach to federal government. The resolution addresses this approach and states "the Arctic Caucus will also strive to promote a synchronized message detailing the common needs of the Arctic Caucus member regions to their respective federal governments and emphasizing that coordinated U.S./Canadian federal policies are vital for the well-being of the region's citizens." He advised the resolution's final resolve calls on the governments of YT and NWT to join Alaska in an enduring alliance to pursue common goals.

[10:32:22 AM](#)

MR. EARL provided a PowerPoint presentation titled, "HJR 15 - Support Arctic Caucus." Slide 2 indicated that the combined land area of NWT and YT is larger than Alaska, but Alaska's population is almost ten times that of the two territories. Slide 3 was a map of the Arctic Caucus and he pointed out the expense of traveling to Whitehorse, Inuvik, and Yellowknife from Anchorage. Slide 5 provided economic information about the region. Slide 6 indicated that Arctic populations across the Arctic Ocean vastly outnumber the population on Alaska's side. In fact, almost one-half of Arctic residents live in Russia. Mr. Earl pointed out that United Nations (UN) mapping includes all of Alaska's population in its Arctic totals. Slide 7 indicated that Alaska has the third largest indigenous population behind Canada and Greenland. Slide 8 was a map of the two major sea routes through the Arctic Ocean; the Northern Sea Route follows the northern coastline of Russia and the Northwest Passage follows the coastline of Canada. Slides 9 and 10 indicated that there is increasing vessel traffic in the Arctic Ocean and Bering Strait, up from an estimated 325 transits per year. Slide 11 displayed extended continental shelf claims under the United Nations Convention on the Law of the Sea (UNCLOS). Under the provisions of UNCLOS, coastal countries have resource control over an Exclusive Economic Zone (EEZ) from shoreline out to the edge of the continental shelf or 200 miles, whichever is farther. He pointed out that the continental shelf around Alaska is "narrow" except for an area near the maritime border with Russia, where the U.S. can make an extended Continental Shelf Claim north of the U.S. EEZ after

UNCLOS is ratified by the U.S. Senate. Slide 13 was a map of extended claims by country.

[10:37:56 AM](#)

REPRESENTATIVE TUCK asked how claims are made.

MR. EARL advised that claims are made to the UN for judgment.

[10:38:19 AM](#)

CHAIR HERRON clarified that the basis of Russia's claim is that the territory is an extension of the Continental Shelf, and that would pertain to the U.S. as well.

MR. EARL explained that Slide 14 indicates an area about the size of New Jersey that is under a maritime border dispute between the U.S. and Canada. Canada has delineated its maritime border as an extension of the land boundary, whereas the U.S. has drawn the boundary perpendicular to the coastline.

[10:39:33 AM](#)

MATT MORRISON, Executive Director, Pacific NorthWest Economic Region (PNWER), noted that during PNWER's twenty-year history two Alaskans have served as its president. Mr. Morrison opined the point of the Arctic Caucus is the importance of relationships in accomplishing goals for a large geographic area; in fact, provincial and state efforts can be combined for a greater voice in the federal capitals of Ottawa and Washington, D.C., and throughout the region. Members of PNWER are: Alaska, Alberta, British Columbia, Idaho, Oregon, Montana, Saskatchewan, Washington, Yukon Territory, and Northwest Territories. He relayed that an example of PNWER'S expanding spheres of cooperation between its members is the facilitation of enhanced driver's licenses that will serve as passports within the region. Another example is PNWER's Legislative Energy Horizon Institute. Graduates of the institute are state and provincial legislators who participated in a bi-national effort with the U.S. Department of Energy and Canadian provinces to study energy policy. Prior to the XXI Olympic Winter Games, PNWER formed a border council to address border concerns, which led to further progress toward the Beyond the Border Declaration regarding regulatory compliance and perimeter security issues. In addition, PNWER has hosted legislative visits to the Alberta Oil Sands to discuss royalty issues. The Arctic Caucus was developed in 2009 with strong support from NWT and YT, because

of the common concern with states in the U.S. that the federal government in Ottawa "doesn't listen to them," and linking with Alaska creates a different opportunity for attention from Ottawa. Mr. Morrison also pointed out that PNWER contributed to a proposed international rail connection along the British Columbia, Washington, and Oregon corridor which led to \$726 million for rail infrastructure improvements.

[10:45:26 AM](#)

MR. MORRISON advised that the Arctic Caucus is a forum for the northern jurisdictions, although other states and provinces are central to many Arctic issues such as seaports in Washington, and oil sands development in Alberta. The first leadership forum was held in Barrow, Alaska in 2010, and action items that were addressed included advocacy from Canada and PNWER encouraging U.S. participation in the Arctic Council, and promotion of a northern approach on common issues to both federal governments. Other issues addressed included the expansion of the Marine Exchange of Alaska Automatic Identification System (AIS) to support better capacity for search and rescue, including joint training exercises, and the promotion of federal support for the Alaska Highway and Shakwak funding. Other issues identified included: gas pipeline development; UNCLOS; energy development and transmission; joint tourism and marketing; training and workforce development; support of youth exchange programs; completion of an infrastructure gap analysis to provide justification for investment in future cross-border infrastructure. The next two meetings of the Arctic Caucus are scheduled for Portland, Oregon, in July 2011, and in Yellowknife, NWT, in August 2011. Mr. Morrison said at these meetings and others, the Arctic Caucus will push for its action items to Ottawa and the U.S. federal government. He concluded by saying that there will be further developments to implement and support Arctic Caucus initiatives, and he urged support of HJR 15.

[10:49:12 AM](#)

CHAIR HERRON asked if there has been a reaction to the resolution from PNWER's Canadian members.

[10:49:19 AM](#)

MR. MORRISON observed there is keen interest in the Alaska legislation by YT and NWT. In further response to Chair Herron,

he opined similar action is forthcoming in YT, but both territories are involved in upcoming elections.

[10:50:17 AM](#)

REPRESENTATIVE KELLER spoke of his personal experiences with Mr. Morrison and expressed his strong support for PNWER.

[10:51:51 AM](#)

NILS ANDREASSEN, Managing Director, Institute of the North (Institute), noted the hearing was being filmed by a group of young Alaskans who were brought to the State Capitol by the Institute to film a series of tutorials of the state legislature for young Alaskans. He then advised that the Institute was founded to educate Alaskans about the reality, the richness, and the responsibility of the northern regions, thus it provides opportunities for stakeholders from across the Arctic to engage in circumpolar transportation, energy, and infrastructure issues. In addition, the Institute serves the state by connecting local, state, federal, and international parties, often through Arctic Council initiatives which it believes to be the proper international forum for addressing technical, scientific and human challenges. A valuable corollary to the Arctic Council would be a sub-regional forum such as the PNWER Arctic Caucus. The caucus would provide opportunities for Alaska to engage with its neighbors to articulate a pan-northern approach to infrastructure and policy development. Mr. Andreassen turned to several important Arctic issues, such as the responsible management and development of energy and resources that will sustain the economies of northern regions. Furthermore, Alaska's geographic location reinforces its role to respond to increases in Arctic tourism and transportation through the Bering Strait, thus must be in a position to respond to the needs of search and rescue in its waters and beyond. Infrastructure to support transportation activity is needed immediately due to the aging icebreaker fleet and the distance of the region from responders. In fact, the 940 miles from the Coast Guard base at Kodiak to Point Barrow is nearly equal to the distance from Seattle to Los Angeles. He pointed out the state must advocate for investment in critical transportation infrastructure by its participation in sub-regional and international forums. The Institute has strong relationships with Alaska's neighbors, and he stressed that these relationships are crucial in today's world of "mixed media messages and hyper-sensationalism." The Arctic Caucus provides a needed opportunity to produce sound and relevant information

to address critical issues. Alaska must play a strong role in decisions affecting northern waters such as Arctic marine shipping, increased activity along Alaska's coast, search and rescue, and Arctic aviation. All of these issues should align with national policies in a spirit of cooperation similar to Canada's commitment to the Arctic in 2010 that included a foreign policy statement to work with international partners for the advancement of the region. The Institute will be hosting the Arctic Policy Forum with presentations from many Arctic neighbors discussing complex regional issues. He closed, advising that further interaction to strengthen relationships can be provided by PNWER's Arctic Caucus.

[10:58:53 AM](#)

CHAIR HERRON asked for the highlight of the Arctic Policy Forum agenda.

MR. ANDREASSEN explained the clear priority of the conference will be the infrastructure deficit revealed by the Arctic marine shipping assessment, and the gaps in Alaska's ability to respond to issues along its coast.

[11:00:03 AM](#)

REPRESENTATIVE GARDNER observed that Canada has other Arctic provinces and asked why they are not participating in the caucus.

MR. ANDREASSEN advised that other territories and states are stakeholders and can participate in Arctic issues through PNWER.

CHAIR HERRON observed that the provinces and territories have a different relationship to Ottawa, thus the Arctic is the common denominator in this PNWER sub-caucus.

REPRESENTATIVE FOSTER asked for the first step that Alaska can take to solve the gaps in search and rescue response.

[11:02:36 AM](#)

MR. ANDRESASSEN recalled a recommendation by the leadership forum that called for two processes: to assess and identify benchmarks for infrastructure that is needed at airports such as lighting and modifications at ports, and a baseline assessment of existing infrastructure.

CHAIR HERRON paraphrased a letter from Lieutenant Governor Mead Treadwell, indicating Alaska is an important part of our national security, and the governor and lieutenant governor appreciate the resolution.

[11:03:59 AM](#)

MICHAEL O'HARE, Deputy Director, Division of Homeland Security /Emergency Management, Department of Military & Veterans' Affairs (DMVA), stated there are existing agreements and advisory committees between Alaska and Canada regarding coordination on emergency preparedness, response, and recovery issues. Alaska has the responsibility to ensure that communities are best prepared for any disaster.

REPRESENTATIVE FOSTER complimented the division on its response to problems in Savoonga.

[11:06:36 AM](#)

PAUL FUHS, Board President, Marine Exchange of Alaska, informed the committee that vessels in international trade are required to carry transponders on board to transmit their location. The Marine Exchange, with the support of the U.S. Coast Guard, state funds, and private sector funds, installed an array of antennas in the Arctic and in Alaska to track the vessels. Mr. Fuhs said the amount of current vessel activity in this area is incredible. The tracking system allows analysis of "Arctic domain awareness" and from this data policy can be set on whether there should be established fairways and buffer zones. Tracking also indicates which vessels are following regulations, and if there is a marine casualty, can show the command and control of the assets, response vessel location, equipment location, and the drift zone of an oil spill. Mr. Fuhs offered to display the system to the committee at a later date. He expressed his support of HJR 15 with its focus on Arctic issues such as the U.S. Arctic policy, oceans policy, the law of the sea treaty, the Endangered Species Act, and risk assessment activities of the Bering Strait and Unimak Pass. He opined these are national and international overarching issues that will affect the state. Mr. Fuhs also spoke in support of the capital request by the Institute of the North for an assessment task. He stressed that the state should be "on the front end" of the issues in the Arctic because they are directly tied to economic development.

[11:09:53 AM](#)

CHAIR HERRON spoke of the importance of the Marine Exchange during the successful rescue of the crew from a freighter in the Aleutian Chain.

[HJR 15 was heard and held.]

[11:10:17 AM](#)

The committee took a brief at-ease.

[11:10:40 AM](#)

**PRESENTATION(S): "GETTING ALASKANS' GAS TO ALASKANS IN THE
SHORTEST AMOUNT OF TIME WHILE MAXIMIZING AN EXPORT OPPORTUNITY,"
BY DAVID GOTTSTEIN**

[11:12:17 AM](#)

CHAIR HERRON announced the final order of business would be a presentation, "Getting Alaskans' Gas to Alaskans in the Shortest Amount of Time While Maximizing an Export Opportunity," by David Gottstein.

[11:12:27 AM](#)

DAVID GOTTSTEIN, Chief Investment Officer/President, Dynamic Capital Management Inc., shared with the committee the complexity of the economic challenge faced by Alaska, and the accomplishments needed to overcome this challenge. He disclosed that he is representing himself. Mr. Gottstein said he is concerned and skeptical about the conclusions reached by Scott Goldsmith in a recent report on the fiscal challenges and opportunities for the state. As a registered investment analyst, Mr. Gottstein said his study of the economic future is similar to the analyses he performs for his business clients. He called attention to a spreadsheet he provided in the committee packet titled, "Gottstein Permanent Fund Value Forecast 02-21-11," and pointed out several assumptions upon which the conclusions of the spreadsheet are based, although he suggested that "the numbers in this chart are optimistic." The spreadsheet also indicated specifics of the Alaska Permanent Fund assets and that current state savings, or Year 1 of the forecast, are about \$49 billion. After the effect of the assumed forecasts on the permanent fund, he concluded that all of the state's savings accounts "go negative" in 25 years.

[11:17:56 AM](#)

MR. GOTTSTEIN cautioned that the state is not in an economically sustainable position unless something is done "to change course," and this situation amounts to a crisis for all but the most senior Alaskans. Although he agreed with a recent report by Roger Marks for the Office of the Federal Coordinator for Alaska Natural Gas Transportation Projects about his assessment of a large capacity pipe, he disagreed with Mr. Marks's use of the term "subsidy." From a market perspective, a return that is less than a normal market return might be a subsidy, but in the case of a opportunity for the state's involvement in a gas pipeline, the returns are robust and "the return potential, versus what we have to lose, are enormous."

[11:20:20 AM](#)

REPRESENTATIVE TUCK asked whether the Department of Revenue (DOR) forecast of a 5 percent rise in annual oil price was forecast over 25 years.

[11:20:38 AM](#)

MR. GOTTSTEIN stated "What it's really saying is that even in a very optimistic sense, we're in trouble in 25 years." He clarified that he was presenting "from a ballpark point of view." He explained that the Alaska Gasline Inducement Act (AGIA) is not a problem, but the problem is the price of gas. In terms of the tax structure of Alaska's Clear and Equitable Share (ACES), the solution to the aggressive nature of the program is to reduce the level of growth of the progressivity by way of a "decaying level of progressivity." He emphasized that oil companies strive to have the state act in their interest, and noted his upcoming contacts with corporate management of a pipeline company and a mining company. Regarding his proposal, he advised that the Federal Energy Regulatory Commission (FERC) will have a lesser role than is customary for pipelines, because this is an interstate pipeline with an alternative plan of finance. Mr. Gottstein began his PowerPoint presentation, saying that Alaska is headed towards long-term fiscal decay because a non oil- and gas-based economy is insufficient to sustain state government.

[11:23:55 AM](#)

MR. GOTTSTEIN continued to explain that his goal is to describe a method which will get gas to Alaskans in six to eight years,

will maximize the potential for exports, will deliver lower cost economies-of-scale, and will provide resources to sustain government and the permanent fund. This is the only way to provide long-term lower costs and remain competitive. Success on Wall Street is driven by three components: 1. Maximize executives' wealth through salaries, bonuses, and compensation; 2. Create wealth for stockholders by describing cash flow, determining price, and getting a return; 3. Get others to take the risk. On the other hand, Big Oil does not make money by the production, transportation, refining, and marketing of hydrocarbons, because these tasks are outsourced. In order to make profits, oil and gas companies accumulate the rights to resources, cultivate the resources at the lowest possible cost, and set the right price for their product. Ultimately, the state shares - through tax and royalty mechanisms - in the profits from an appropriate price; however, in today's situation, the state needs some of the gas. Mr. Gottstein encouraged the committee to recognize that there are four venues in which a corporate industry has a duty to tell the truth: under oath in a court of law; under oath in front of Congress or legislators; in federal and state tax filings; in U.S. Securities and Exchange Commission filings. Therefore, the challenge to build a pipeline under the traditional "build it and fill it business model," is that the following issues must be in alignment: sufficient proven reserves; bona fide demand from high-stature credit-worthy purchasers; high volume of gas; low tariff; adequate rate-of-return.

[11:30:49 AM](#)

MR. GOTTSTEIN continued, saying there are numerous estimates from a variety of sources that the price of gas needs to be between six and seven dollars per one thousand cubic feet (Mcf) for the abovementioned alignment to take place. He restated that the price of gas is too low for the oil and gas industry to deploy capital for new projects at this time. In fact, everything the oil and gas companies are doing today is posturing to maintain their second objective which is to cultivate the resource options at the lowest cost. Thus, the industry will not proceed with capital investment in the gas pipeline until the state gives enough tax relief, builds the pipe for them to own, and raises their gross margin equal to that from gas priced at six or seven dollars per Mcf. Mr. Gottstein acknowledged Alaska's serious need for affordable gas in the Interior and Southcentral, but pointed out that the state's income is from selling the resource, and it does not need tariffs. He opined that this situation puts the state in a

powerful position - it can offer tariff discounts to reduce the price and induce demand.

11:34:42 AM

MR. GOTTSTEIN warned that the risks of not acting are huge, but the risks of proceeding with the proposed project are relatively small. At this time, the state has four options: do nothing and import LNG; build a bullet line, which he explained is a very inefficient pipeline fraught with high transportation costs and long-term high prices; wait until gas prices rise; build a gas pipeline with state participation. Although the state should limit its participation, it should ensure that a large export-capacity pipeline from the North Slope to the Interior is built in a short period of time. He compared this to the construction of the Transcontinental Railroad, with communities and the private sector completing pipelines to connect with the main pipeline hub. The state's role will be to "incubate" the largely empty portion of the pipe "for as long as it needs to be empty, so that we get Alaskan's gas to Alaskans" In order to accomplish this, the administration must renegotiate the AGIA license to TransCanada Pipeline Limited pertaining to this portion of the pipeline. Afterward, when the state announces it is co-sponsoring a pre-build of the segment to Fairbanks, investors will show interest in the project. He said, "The rights to capacity equals rights to tariff, that's the economic value that the state is garnering." Mr. Gottstein acknowledged that complex problems cannot be solved in a simple manner, but he assured the committee this project is "vastly economic and eminently financeable," and only challenged by politics. He displayed a chart titled, "Plan of Finance (Condominium-Like Financial Engineering)," which showed steps of a financing plan.

11:42:03 AM

MR. GOTTSTEIN displayed a slide titled, "Possible Project Ownership Carve-Outs," which depicted possible project ownership as a series of circles. He compared this plan to a developer who borrows to build a shopping center and uses rental income to pay off the loan. Also, he pointed out that the state could auction off capacity rights to industry in different stages so that further out in capacity, the tariffs are less valuable. Therefore, the center circle on the slide represents about 5 percent of the initial capacity that the state would sell to utilities, pipeline companies, and oil companies at start-up. Later on, the second circle represents different owners, and he described a method to lower tariffs to induce demand. Mr.

Gottstein relayed that the industries needed to generate economies of scale are in Alaska waiting for a source of natural gas, and he gave the example of a mining operation that is currently using diesel fuel.

[11:46:57 AM](#)

MR. GOTTSTEIN continued, saying oil companies will have a limited capacity, and when that is exhausted, hedge funds, private equity, and sovereign wealth funds will step in and the state will keep what it cannot sell for a minimum bid. Because the state retains only the last stage of ownership, it will have built a pipeline with less risk and provided gas to Alaskans, without competing with the private sector. The benefits to the state are: avoid high energy costs; avoid great risk; get gas to Alaskans in six to eight years; put the future on the state's timeframe; force the energy community to act; add volumes to gas and oil pipelines; remove risk to explorers; empower the Alaska Oil & Gas Conservation Commission; provide reliable energy to rural Alaska; sell gas to Hawaii; strengthen the economy; avoid long-term fiscal decay; ensure a supply of gas. Regarding the complex issue of pricing tariffs, Mr. Gottstein advised that an economist may look at charging ratepayers higher rates than would public policymakers; however, reducing the costs to the utilities makes economic sense.

[11:51:02 AM](#)

CHAIR HERRON asked Mr. Gottstein why Tony Palmer, Vice-President of TransCanada Alaska, would meet with him.

MR. GOTTSTEIN explained Mr. Palmer recognizes that he supported the AGIA process, and he gave several reasons for his support. Also, Mr. Palmer is aware that Mr. Gottstein is a long-time activist in Alaska politics.

[11:52:01 AM](#)

CHAIR HERRON asked for the reaction to his presentation in Fairbanks.

[11:52:53 AM](#)

MR. GOTTSTEIN said the reaction from those who take the time to listen is positive, and he asked that his suggestion be vetted and considered. In conclusion, he said the state has a huge

challenge, but there is also an opportunity for prosperity if it takes this portion of the risk.

[11:53:50 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Special Committee on Economic Development, International Trade and Tourism meeting was adjourned at 11:53 a.m.