

SENATE FINANCE COMMITTEE

May 3, 2023

9:02 a.m.

[9:02:51 AM](#)

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 9:02 a.m.

MEMBERS PRESENT

Senator Bert Stedman, Co-Chair
Senator Lyman Hoffman, Co-Chair
Senator Donny Olson, Co-Chair
Senator Click Bishop
Senator Jesse Kiehl
Senator Kelly Merrick
Senator David Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Frank Richards, President, Alaska Gasline Development Corporation; Nick Szymoniak, Business Ventures Manager, Alaska Gasline Development Corporation; Ken Alper, Staff, Senator Donny Olson; Senator Matt Claman, Sponsor; Dr. Kristy Becker, Chief Clinical Officer, Alaska Psychiatric Institute, Department of Family and Community Services; John Skidmore, Deputy Attorney General, Criminal Division, Department of Law; Nancy Meade, General Counsel, Alaska Court System.

SUMMARY

SB 53 FIVE-YEAR INVOLUNTARY COMMITMENTS

SB 53 was HEARD and HELD in committee for further consideration.

PRESENTATION: ALASKA GASLINE DEVELOPMENT CORPORATION

Co-Chair Stedman discussed the agenda. He relayed that after a presentation from the Alaska Gasline Development Corporation (AGDC), the committee would have a brief at-ease before Co-Chair Olson would chair the committee as it considered legislation.

^PRESENTATION: ALASKA GASLINE DEVELOPMENT CORPORATION

9:04:23 AM

FRANK RICHARDS, PRESIDENT, ALASKA GASLINE DEVELOPMENT CORPORATION, was grateful to present an update on the activities of the Alaska Gasline Development Corporation (AGDC) and the current status of the Alaska Liquified Natural Gas (AK LNG) Project. He was mindful that the public might not be familiar with all the terms and acronyms and noted that there was a glossary at the end of the presentation. He discussed a PowerPoint presentation entitled "Alaska LNG Project Update" (copy on file).

Mr. Richards looked at slide 2, "AGDC":

The Alaska Gasline Development Corporation (AGDC)

- Independent, public corporation owned by the State of Alaska (SOA)
- Created by the Alaska State Legislature

Mission

- Maximize the benefit of Alaska's vast North Slope natural gas resources through the development of infrastructure necessary to move the gas to local and international markets

Current Owner and Developer of the Alaska LNG Project

- Transitioning project to private ownership under qualified developers

Mr. Richards noted that AGDC was the 100 percent owner of the AK LNG Project.

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Mr. Richards spoke to slide 3, "Alaska LNG Project":

The Alaska LNG Project is not the project you heard or read about over the last 20 years.

Today's Project:

Cost competitive
Benefits the state
Transitions to the private sector
Environmentally friendly
Has all major permits and authorizations

Mr. Richards highlighted that AGDC would be looking to monetize the asset of carbon dioxide with the utilization of tax credits. He noted that the goal was to move the project back into private sector leadership.

Mr. Richards referenced slide 4, "Alaska LNG: Gas for Alaskans & Export":

North Slope Gas Supply

- 40 Tcf of natural gas stranded in Prudhoe Bay and Point Thomson
- Equal to over 10 years' worth of Japan's total consumption*

Arctic Carbon Capture (ACC) Plant

- Located in Prudhoe Bay adjacent to existing gas plants
- Removes CO₂ from raw gas stream for permanent sequestration

Natural Gas Pipeline

- 807 miles from Prudhoe Bay to Nikiski, following TAPS and highway system
- Provides gas to Alaskans and LNG facility

Alaska LNG Facility

- 20-MTPA LNG Facility
- Converts natural gas to LNG for export to Asia

Mr. Richards expanded that there was a goal to unleash gas assets at Point Thomson, increase gas condensate, and have major gas sales from both Point Thomson and Prudhoe Bay. The gas coming from the basins had to be conditioned, which would be done via the Arctic Carbon Capture Project (ACCP), where the value of the tax credits for sequestration would be about \$600 million per year. He noted that there were offtake opportunities for communities, and an opportunity to lower the cost of energy for Alaskans. He discussed the terminus of the pipeline in Nikiski, and the liquification before export.

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Senator Bishop asked if Mr. Richards could restate the numbers regarding carbon sequestration credits.

Mr. Richards relayed that 45Q tax credits were \$85 per ton of CO2 captured and sequestered, which would equate to about 7-plus million tons per year or about \$600 million annual revenue to the operator of the ACCP. He noted that a recently passed bipartisan federal law extended the credits to the 2030's. He noted that the revenue could be up to \$7.2 billion over a 12-year time frame.

Senator Bishop was curious as to how the plan would work with the governor's bill pertaining to carbon sequestration. He wondered where the funds would be directed.

Mr. Richards was happy to address the topic and thought forthcoming slides would provide more information.

Co-Chair Olson considered that the \$600 million in revenue for carbon sequestration cited by Mr. Richards was more of a tax credit than cash.

Mr. Richards explained that the way the tax code provisions were written, the revenue came in for the first five years as cash to the operator of the plant and tax credits in subsequent years.

Mr. Richards turned to slide 5, "Alaska LNG Project":

"We are seeing key stakeholder alignment in ways we have never seen before"

-Senator Dan Sullivan
Joint session of Alaska Legislature Feb. 6, 2023

Mr. Richards summarized that slide 5 represented a reflection of United States Senator Dan Sullivan's appreciation of the AK LNG Project. He noted that Senator Sullivan had been actively engaged in conversations with the project's Asian allies. He had been in meetings with governments of Japan and Korea. He noted that Senator Lisa Murkowski and Representative Mary Peltola had also shown support of the project.

[9:13:44 AM](#)

NICK SZYMONIAK, BUSINESS VENTURES MANAGER, ALASKA GASLINE DEVELOPMENT CORPORATION, addressed slide 6, "Strong Economics":

Alaska LNG's Cost of Supply is Well Below Market Prices

- \$6.55 cost of supply delivered to Asia is lower than competing market prices*:
 - o Brent Linked: \$9.00 (\$75 Brent x 12%)
 - o U.S. Gulf Coast: \$7.30 2.30 Henry Hub + \$5.00)
 - o JKM: \$11.50 (spot price)
- LNG will be sold at market prices, providing for significant financial upside to Alaska LNG investors and the State of Alaska
- 2023 update to account for recent construction inflation, 45Q tax credits, and financial return expectation

Mr. Szymoniak thought there was a common misperception that the AK LNG Project was uneconomic or marginally economic. He thought the project was the most economic LNG project in North America, because of the low cost of supply (driven by the low cost of gas on the North Slope) and the short shipping distance to Asia. He noted that the market price of the LNG would include a 12 percent return to investors and a \$1.25 price of natural gas on the North Slope. He addressed Co-Chair Olson's question and explained that the \$600 million per year in 45Q tax credits would go to the carbon capture plant operators, which would also reduce the costs of supply. He noted that the model included a reduced property tax for AK LNG, which he understood was not in statute but had been discussed since the inception of the project.

Mr. Richards added that the slide numbers were reflective of 2023 dollars, and included construction costs and supply chain with cost impacts from the inflationary market.

Co-Chair Stedman asked if the project was all equity-financed, or if there would be debt.

Mr. Szymoniak explained that the project assumed a 70/30 debt-equity structure, with 70 percent of the capital costs

assumed by debt and 30 percent with equity for all three project components.

Co-Chair Stedman asked about the project's price assumption for gas. He commented on numerous prices for gas over the years.

Mr. Szymoniak clarified that the numbers assumed a \$1.25 gas purchase price. He mentioned fuel use combined for the purposes of the presentation. He furthered that AGDC was in discussions with producers and with LNG investors and buyers to zero in on the price. He relayed that in the past the price was indicative of what the producers had been able to agree to in the past.

Mr. Szymoniak shared that there had been two prior gas supply pricing agreements with BP and Exxon.

[9:17:20 AM](#)

Co-Chair Stedman thought the only producer left from past agreements was Exxon and mentioned new producer Hilcorp. He asked if Conoco was included in the group.

Mr. Richards explained that what Mr. Szymoniak was describing was a gas sales agreement, which would be addressed later in the presentation. He noted that AGDC was in discussion with all three producers and coming to terms with the agreement. He acknowledged that it was a current topic of discussion with producers.

Co-Chair Stedman asked if AGDC had an opinion on the loss of oil production due to loss of field pressure over time.

Mr. Richards understood that producers were looking at potential loss of liquids. He highlighted that information had been offered to the Alaska Oil and Gas Conservation Commission in 2014 when producers had requested the ability to offtake gas from Prudhoe Bay. There was approximately 270 million barrels of oil as a potential loss of liquids from the major gas sale. He understood that the producers were looking at the full field model and what the potential loss would be at the current time.

Co-Chair Stedman asked if the testifiers would address the payment in lieu of taxes (PILT) issue and property tax.

Mr. Richards explained that AGDC was engaging with the Department of Revenue (DOR) on the topic of property tax and referenced SB 138 [legislation passed in 2014 enabling the state to take an equity share in the Alaska LNG project]. He noted that the legislation had a provision for a municipal advisory group to look at the issue around PILT. The legislature had given the responsibility to DOR and the Department of Natural Resources (DNR) along with the boroughs where there would be impacts from project construction. He noted that it was an ongoing discussion that would need to be expanded to include the boroughs.

Co-Chair Stedman asked Mr. Richards when he felt the legislature should be looking at royalties-in-kind (RIK) or royalties-in-value (RIV).

Mr. Richards relayed that the work that was necessary by DNR was underway, and the agency had brought in consultants to make a best interest finding. He hoped the matter would be brought to the legislature for discussion. He continued that AGDC's goal in terms of bringing in investors was to initiate the next phase of work - front end engineering and design (FEED) - which he thought would be in the latter part of the year. After the process was started, AGDC would like to come back to the legislature with communications from DNR as well as DOR to discuss the issues.

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Co-Chair Olson thought the North Slope Borough received much of its revenue from property tax. He asked how the project would affect the borough.

Mr. Richards relayed that currently the property tax for oil and gas facilities was 20 mills. He understood 18 mills went to the boroughs as revenue. The matter would be part of the discussion with boroughs in order to determine the proper rate for a payment in lieu of property tax values. He considered mill rates for Texas, Louisiana, and foreign jurisdictions. He thought the 20 mills was beyond what was done in other areas. He mentioned rates of one to two mills. He thought part of the discussion would be what was equitable and fair for the state.

Co-Chair Olson thought there would be a reduction in anticipated taxes for the North Slope Borough.

Mr. Richards clarified that he did not know what the outcome of the conversations would be, but relayed that from AGDC's perspective, the high rate of property tax would be paid by Alaskans to ourselves. He mentioned an "appropriate amount" to keep the project economic, to be competitive, and to get lower cost energy for the state.

Co-Chair Olson assumed that Mr. Richards' reference to the discussions included the North Slope Borough.

Mr. Richards affirmed that he had several conversations with the borough administration.

Co-Chair Stedman assumed discussions would include the City and Borough of Sitka and the City and Borough of Ketchikan.

Senator Bishop asked for Mr. Richards to discuss costs for mitigation for wetlands disturbance.

Mr. Richards did not have the information to hand. He relayed that AGDC had been given an Army Corps of Engineers wetlands permit, along with mitigation aspects and associated costs. He continued that AGDC had worked to keep things at a modest level and to be able to utilize mitigation outside the area of disturbance. He thought certain parts of the state did not have mitigation opportunities, and shared that the corps had been very helpful. He agreed to provide further information at a later time.

Senator Bishop asked if AGDC had all rights-of-way secured. He wondered if AGDC was working well with Ahtna Native Corporation, or if the rights-of-way were still in negotiation.

Mr. Richards relayed that 93 percent of the pipeline and facility rights-of-way granted through the federal government (via the Bureau of Land Management, the National Park Service, and Denali National Park) and through the state DNR. The remaining 7 percent was made up of municipal lands, including private lands such as AHTNA. He explained that the project was going forward to negotiate and reach an agreement with private landowners.

[9:25:07 AM](#)

Senator Wilson considered previous reports and presentations regarding the AK LNG project, which had produced very similar discussion regarding "ongoing conversations." He asked about the progress of negotiations. He commented that it seemed as though the state's Congressional delegation was disappointed with the level of progress. He considered permitting and thought he was seeing the same review of progress as he had seen in the past.

Mr. Richards referenced slide 11, which would address Senator Wilson's question.

Co-Chair Stedman asked for Mr. Richards to continue with the slide deck in order.

Co-Chair Stedman commented that when previously discussing the cost of remediation, the figures were in billions rather than hundreds of millions. He asked if the costs were factored into the delivery supply.

Mr. Richards asked if Co-Chair Stedman was referring to the cost at the end of the life of the project.

Co-Chair Stedman answered "no," and clarified he was asking about the Army Corps of Engineers process and wetlands issues.

Mr. Richards relayed that for wetlands mitigation the costs were in tens of millions, which were factored into the project cost.

Co-Chair Stedman asked if the amount was closer to a billion.

Mr. Richards stated that the cost was not that high.

Co-Chair Stedman asked how PILT was factored into the numerics of property tax.

Mr. Szymoniak relayed that the cost-supply assumed a reduced property tax (or PILT), and AGDC ran its economic model at the full property tax level as well. He noted that the full property tax level added about 10 percent to the cost to supply LNG to Asia. He referenced the chart on the right-hand side of slide 6, which showed the high capital costs of the project. He thought the statutory property tax

had a disproportionate impact on the economics of the project compared to other oil projects.

[9:28:40 AM](#)

Mr. Szymoniak displayed slide 7, "Lower Cost Energy for Alaskans":

Low Cost Gas for Alaskans

- The Alaska LNG in state price is estimated to be between \$4 --\$5 per MMBtu
- Significant reduction from current prices, saving Alaskans hundreds of dollars per year*

Significant Energy Savings

- Southcentral households can save up to \$1,000 in energy costs (more in the
- Communities without access to natural gas will benefit from Rural Energy Fund

Mr. Szymoniak referenced the chart on the right-hand side of the slide. He pointed out Cook Inlet natural gas prices at \$8, while he expected delivering natural gas in areas of the state for close to \$4 to \$5 per million BTU. He noted that not all Alaskans had access to natural gas, and the table converted to dollars per kilowatt or dollars per gallon of heating fuel for comparison purposes.

Co-Chair Stedman asked to be reminded of the delivery of LNG price in Anchorage or Fairbanks.

Mr. Szymoniak estimated between \$4 and \$5 per million BTU.

Co-Chair Stedman estimated the cost would be about \$.02 per kilowatt.

Mr. Szymoniak agreed.

Co-Chair Stedman discussed take-off points and past discussions with TransCanada. He thought there had been a challenge with infrastructure needed to gasify areas at take-off points. He asked for thoughts on how AKLNG would gasify Fairbanks or Anchorage. He asked about the cost of the tariff between Fairbanks versus Anchorage, which was close to the end of the pipe.

Mr. Richards relayed that the offtake points had been the topic of "heavy discussion" with TransCanada and Exxon. At the time there had been a limit of 4 or 5 offtake points. From AGDC's perspective, offtake points from small or large communities were not a significant number. He estimated that an offtake point for a small community would cost approximately \$1 million, which had been estimated by Enstar. He emphasized that it was AGDC's mission to provide gas to Alaskans. He noted that Fairbanks was one of the project's primary offtakes that had been granted in the enabling legislation, however the spur line into Fairbanks was part of the Alaska Stand Alone Project rather than the AK LNG Project. He noted that the right-of-way had been granted to AGDC, and AGDC had been in commercial discussion with entities that would like to take on the project of bringing gas to Fairbanks.

Co-Chair Stedman asked if residents of the Railbelt could expect a cost \$.03 per kilowatt.

[9:33:02 AM](#)

Mr. Szymoniak explained that a \$5 per million BTU natural gas price would not necessarily result in \$.02 cent kilowatt hour power generation. He explained that if a home was heated with \$.10 cent per kilowatt hour electricity, it would be equivalent to \$30 per million BTU natural gas. He noted that there were additional costs to create electricity from natural gas, including the power plant and fuel losses. He clarified that the chart on the right-hand side of the slide was a dollar per energy unit equivalency.

Co-Chair Stedman thought there would be quite a savings.

Mr. Szymoniak agreed that there would be significant savings if one heated with low-cost natural gas as opposed to electricity.

Senator Bishop mused that it had been quite a while since the legislature had passed SB 138. He asked if the rate structure on the tolling for the gas was distance-sensitive or if Fairbanks pay for the full distance to Nikiski.

Co-Chair Stedman relayed that he had the same question.

Mr. Richards relayed that the rate structure being discussed was a "postage stamp rate."

Co-Chair Stedman asked if the rate included Southeast Alaska.

Mr. Richards relayed that Southeast did not have access to the pipeline but would benefit from the Rural Energy Fund.

Co-Chair Stedman agreed that a community needed to be along the backbone of the pipeline to have access.

Co-Chair Hoffman asked for a reminder on an amendment that had pertained to rural energy. He mentioned the figure of 20 percent of royalties.

Mr. Richards reminded that committee members had the insight to insert into SB 138 the opportunity for an energy relief fund for communities that did not have access to natural gas. The provision took 20 percent of royalties paid to the state and designated for the Energy Relief Fund. Communities could request appropriations to help with energy costs. He thought the measure was a very forward-looking aspect to ensure that communities not directly on the pipeline could benefit from the project.

Co-Chair Hoffman commented that the fund had been a brilliant concept.

[9:36:01 AM](#)

Senator Wilson asked about federal policy listed on slide 7 and referenced changes in the Lower 48 such as natural gas policies and the ban of propane appliances. He asked if the policies could have any impact on the project's ability to deliver low-cost gas to Alaskans.

Mr. Richards referenced an article that indicated that the state of New York had been the first to ban the use of natural gas in appliances in homes. He was not aware of any communities in the state that were looking to ban the consumption of natural gas in home heating, appliances, or power generation. He commented that the continental United States had an abundance of natural gas, and actions coming from the shale fracking meant there was more than enough gas to meet the country's needs as well as to export. He did not think there would necessarily be an impact on the market.

Senator Wilson clarified that his question was more related to the shift in federal policy and oil and gas. He referenced banks and negative effects on environmental, social, and governance (ESG) ratings.

Mr. Richards relayed that he had recently seen the Biden Administration reaffirm the authorization given by the Department of Energy to export natural gas in LNG form to non-trade countries. He did not think the administration was trying to reduce export capacity. He discussed ESG considerations and thought that the state and the project had a great story to tell. He mentioned the regulatory process, capturing and sequestering CO2, and mitigation to wetlands. He thought that the Permanent Fund Dividend program showed that Alaska was responsive to its people in addition to being thoughtful and considerate of the environment. He mentioned support from government and investors from other countries (such as Japan and Korea) that were working towards net-zero target goals. He thought LNG would be a key commodity to replace coal production that had increased since the Russian invasion of the Ukraine.

Mr. Richards addressed the impact to the energy markets from war in Ukraine. The prices of LNG had skyrocketed, as well as the price of oil. He thought the situation had brought keen interest in the AK LNG Project from Asian markets and Asian governments.

[9:40:15 AM](#)

Mr. Szymoniak highlighted slide 8, "Alaska LNG: New State Revenue," which showed DOR's analysis of the project's fiscal impacts on the state. He addressed the graph and summarized that at a high level the project would produce a net of about \$700 million to \$800 million per year in non-inflation adjusted dollars for the first ten years. Once the project was depreciated for tax purposes, the state could expect over \$1 billion per year in net fiscal impact.

Mr. Szymoniak considered the graph of annual state revenues and highlighted the property taxes. In the analysis, DOR had assumed the full 20 mill rate on oil and gas assets, and the graph showed the share that went to the state. The corporate income tax included both the tax on midstream investors as well as the upstream tax. He pointed out a

dramatic increase around year 10, when the assets were depreciated for tax purposes.

Mr. Szymoniak noted that the royalties and production tax included both the royalties and production tax on natural gas production as well as the increased condensate production from Point Thomson. He cited that Point Thomson was expected to go from 8,000 to 10,000 barrels of condensate production per day to over 50,000 to 70,000 barrels of condensate per day. At Point Thomson the revenues from condensate far outweighed the revenues from gas production. The analysis assumed no liquid losses in Prudhoe Bay associated with natural gas production. The producers were working on the figures and as the numbers were refined the fiscal analysis and price of natural gas would be updated.

Co-Chair Stedman asked what the project was using for costs.

Mr. Szymoniak wondered what costs Co-Chair Stedman referred to.

Co-Chair Stedman asked about the project's aggregate costs of two plants and a pipeline.

Mr. Richards cited that the updated 2023 cost was approximately \$44 billion.

Co-Chair Stedman asked how the model would respond if the costs escalated to \$54 million or to \$64 million.

Mr. Szymoniak relayed that the fiscal impact to the state would likely not be dramatically impacted, however the corporate income tax could be impacted in a couple of different ways depending on how the cost overruns were treated in the tolls. He continued that a possible higher toll could result in higher corporate income taxes in the future. The revenues to the state were not highly sensitive to capital cost overruns.

Co-Chair Stedman considered the broader picture and the overall cash flow, including the upstream north of Wellhead 1. He thought it was highly unlikely that a \$10 billion cost increase would not affect the project in multiple ways. He thought it was important to understand the possibility thoroughly and understand the state's exposure.

Mr. Richards emphasized that the analysis on slide 8 was done by DOR, rather than AGDC's model. He discussed the goal of having the best understanding of the risks and impacts.

[9:44:38 AM](#)

Co-Chair Stedman was interested in the net cash flow to the state and breaking it down into units and looking at different leverage positions and cost overruns. He thought cost overruns were normally significant.

Senator Bishop commented that when the project was closer to completion, he thought it would be prudent to have the Department of Transportation and Public Facilities present on the cost and impacts to the state highway system.

Mr. Richards looked at slide 9, "Positive Climate Impact":

Alaska LNG can reduce GHG emissions by more than 77 million tonnes of CO₂ per year.

Alaska LNG can have one of the greatest GHG benefits of any project in the world.

Mr. Richards addressed slide 10, "Major Permits and Authorizations":

Completed

- Federal Energy Regulatory Commission (FERC) Environmental Impact Statement (EIS) and Order
- Department of Energy (DOE) Supplemental EIS and Export Orders
- Land rights of way (ROW): about 93% of Project area
- Approved Cultural Resources Management Plan
- Arctic Carbon Capture Facility Air Permit
- Liquefaction Facility Air Permit

Mr. Richards highlighted that the items listed as completed on the slide were the major permits to significantly de-risk the project.

Co-Chair Stedman considered slide 10 and asked when the right-of-way permits would be complete. He asked about potential costs for the remaining 7 percent of the permits, and about the potential sensitivity of negotiations.

Mr. Richards relayed that standard project development would include the right-of-way process and to the final decision and beyond. He explained that AGDC had identified landowners that needed to be talked to. The goal was to have the land for the pipeline in place prior to construction, within the next two years.

Co-Chair Stedman asked if the project would have to have the rights-of-way in place before the project reached the property.

Mr. Richards agreed.

Co-Chair Stedman thought the process could get expensive.

[9:48:13 AM](#)

Co-Chair Hoffman observed that there were permits across Cook Inlet listed on slide 10. He wondered if Nikiski was the most feasible point for a plant, or rather on the other side of the inlet.

Mr. Richards affirmed that the permitted site for the LNG facility was Nikiski, Alaska. He recalled that when ExxonMobile was leaving the project, it had done an extensive review of opportunities for the LNG plant siting. The siting had looked at 80 different cases, including Prince William Sound, the Kenai Peninsula, Anchorage, the Matanuska-Susitna Borough, and in and around Cook Inlet. The LNG site in Nikiski was deemed the preferred alternative and was the site selection, and the site had gone through the environmental process. If there was a desire to move to another location, it would reopen the environmental process again to restart a federal environmental impact statement.

Co-Chair Hoffman asked if Nikiski was the most viable economic location.

Mr. Richards answered "yes," and reasoned that the site had delivered LNG for 45 years uninterrupted. He continued that there was access for tankers that would not be disturbed by ice. He cited that the site itself had ground that could handle the equipment without ground movement. The impacts for endangered species in Cook Inlet had been factored in

and mitigated through the environmental process. He thought Nikiski was the best site.

Mr. Szymoniak advanced to slide 11, "Alaska LNG Investment":

- AGDC is seeking private investors to take Alaska LNG through Front End Engineering and Design (FEED) and to a Final Investment Decision (FID)
- Goldman Sachs is under agreement to raise investment capital for Alaska LNG
- AGDC is targeting approximately \$150M development capital to get to FID
 - o 3rd Party FEED costs, project management, legal/commercial, 8 Star Alaska overhead
 - o Investors will receive majority interest in 8 Star Alaska and Alaska LNG
- Capital Raise Process:
 - o Goldman Sachs has set out a structured capital raise process and leading financial investment engagement
 - o Goldman Sachs is only engaging with investors with the financial strength and expertise to advance the project

Alaska LNG CIM (Confidential Information Memorandum)

- Developed by Goldman Sachs
- Distributed to potential investors under confidentiality agreements
- Contains 60+ pages of detailed financial projections, commercial status, and investment terms

Mr. Szymoniak thought the slide addressed Senator Wilson's earlier question. He explained that all AK LNG Project assets had been transitioned under an entity called Eight Star Alaska, LLC, for which AGDC was looking for strategic and financial investors. He added that AGDC was targeting the 3rd quarter of 2023 for closing the investment.

[9:52:03 AM](#)

Senator Merrick was curious about specific requirements to be considered for the project and asked if Alaskan investors given priority over others.

Mr. Richards explained that Goldman Sachs' process included looking for entities that had developed LNG facilities in the past that were under operation and had the financial wherewithal to take on a major investment through the whole process. He thought it would likely require a consortium of entities to be able to accomplish the project. He acknowledged the large capital output that would be challenging for any individual company. He noted that AGDC's conversation had largely been with large financial institutions, U.S. Gulf Coast LNG developers, and conglomerates from the countries of Japan, Korea, and others.

Senator Merrick qualified that she wanted to make sure all interested parties were included.

Co-Chair Stedman mentioned action by Mr. Richards predecessor that included issuing stock to Alaskans outside of Securities and Exchange Commission (SEC) regulations.

Mr. Richards relayed that the legislature had given AGDC the responsibility of giving Alaskans the opportunity to invest in the project, which he thought needed work with the administration and legislature to accomplish.

Mr. Szymoniak looked at slide 12, "Equity Offer for Investors":

AGDC is raising development capital to take Alaska LNG to Final Investment Decision (FID)

Alaska LNG is an attractive investment:

- Best economics of any North America project
- Have major federal and state permits and authorizations
- Beneficial equity terms
- Local support

AGDC Equity Offer Highlights

Majority ownership and control of Alaska LNG in exchange for:

- Funding development costs to FID
- Commitment to move Alaska LNG forward on fast timeline
- Preferential in state gas supply
- Opportunity for Alaska to invest

Mr. Szymoniak summarized that AGDC was selling a majority 75 percent interest in Eight Star Alaska, LLC, the entity that owned the AK LNG Project, in exchange for \$150 million committed to moving the project to FID. He relayed that it was an investment process that was typical for LNG developers, in which a developer started a project and brought in outside capital in exchange for equity as the project developed. He cited that one difference with the AK LNG Project was the prioritizing of investors that would invest capital with commitment to move the project forward and hit milestones for the benefit of Alaskans.

[9:55:34 AM](#)

Senator Wilson asked if AGDC could disclose where the project was on the timeline of meeting the identified goals.

Mr. Richards reiterated that the Goldman Sachs process of engaging with entities was multi-stepped. He emphasized that there were several entities that were doing extremely high due diligence in the project.

Senator Wilson asked for Mr. Richards to quantify a percentage of progress as a best guess.

Co-Chair Stedman thought Senator Wilson wanted to know if any entities had written a check.

Mr. Richards relayed that he had not received a check.

Senator Bishop referenced the second bullet pertaining to major federal permits and authorizations. He asked if the project had received all the permits and authorizations.

Mr. Richards affirmed that the project had all the major federal permits, and two of the main state permits. The remainder of the state permits were "tactical," and had a short duration with a timeline. He explained that AGDC would engage with the administration and the regulatory agencies within the state when the project was in FEED.

Mr. Szymoniak showed slide 13, "Alaska LNG Execution Strategy":

AGDC's Role: Transition to Private Investors

- AGDC is seeking qualified partners and investors to advance Alaska LNG to FID
- AGDC created the project company 8 Star Alaska, LLC (8 Star) to function as the parent company of the project
- AGDC is transitioning Alaska LNG assets under 8 Star and is selling 75% equity ownership of the company to investors in exchange for taking the project to FID
- AGDC will retain a 25% carried interest in 8 Star

8 Star's Role: Manage Alaska LNG through FID

- 8 Star will be managed by private investors with AGDC being a minority owner
- 8 Star will be the project manager and retain oversight of all 3 aspects of the project through to FID
- 8 Star ownership is likely to consist of one "lead party" with other strategic partners owning minority stakes
- At FID, 8 Star will raise the construction capital for each of the three project subcomponents

Mr. Szymoniak summarized that AGDC would be handing the AK LNG project to private ownership while maintaining a minority interest, with no obligation for the state to fund the project further while having an opportunity for the state to invest in up to 25 percent of the project.

Co-Chair Stedman asked about cost overruns and if it would be the responsibility of the 75 percent ownership.

Mr. Szymoniak answered affirmatively.

Co-Chair Stedman asked what kind of exposure the state would be subject to if it owned 25 percent of the project and things went "awry."

Mr. Richards relayed that the opportunity for the state to decide on continued ownership rights would be at the point when the end of the FEED stage occurred. At that point there would be more definition in cost, execution strategy, and long lead-time items. The terms offered to investors would carry the full cost of the FEED level of effort going forward, with no further requirement for the state to put in money.

Co-Chair Stedman asserted that FEED would not bankrupt people.

10:00:02 AM

Senator Bishop wanted to ensure that the state would not make it's RIK and RIV decision until after investment.

Mr. Richards relayed that the RIK and RIV discussion could go on during FEED, ultimately coming to a conclusion so the state would know the best value for the natural gas.

Mr. Szymoniak informed that the next two slides were taken from the AK LNG Confidential Information Memorandum (CIM), which was over 60 pages of detailed technical and financial information. The document was used to share with investors as part of the investment offering. He referenced slide 14, "Simplified Alaska LNG Structure," which showed a flow chart of 8 Star Alaska, LLC until FID, at which time constructional capital would be raised for three sub-projects. The state would maintain a 25 percent carried interest in 8 Star Alaska, LLC and the right to invest in up to 20% of the ACC, Pipeline, and LNG facility.

Co-Chair Stedman asked if the document was confidential.

Mr. Szymoniak answered affirmatively.

Co-Chair Stedman asked if the legislature's consultants had access to the documents under a confidentiality agreement.

Mr. Richards answered affirmatively. He explained that the bottom three LLC's on the slide were entities that would want to invest and would have the opportunity and 8 Star Alaska was carrying up to 25 percent for the state should it elect to have ownership rights or not.

Co-Chair Stedman thought the committee might consider requesting the Legislative Budget and Audit (LBA) Committee to have consultants Gaffney Cline review some of the forthcoming documents. He suggested that each member consider the idea.

Mr. Richards relayed that AGDC had ongoing discussions with Gaffney Cline and would welcome "a look" if the LBA Committee desired.

Mr. Szymoniak turned to slide 15, "Investment Highlights," which was another excerpt from the CIM and showed a key investment highlights.

[10:03:24 AM](#)

Mr. Richards considered slide 16, "Utility Supply Agreement," and noted that the slide showed how AGDC was working with utilities in Alaska to make sure that the needs of Alaska and Alaskan utilities were met first. The supply agreement was offered to the utilities that offered preferential terms and a priority basis. He reminded that AGDC was granted the responsibility to provide energy for Alaskans, so it had reserved 500 million standing cubic feet a day within the pipeline capacity of natural gas for offtake in the state, which was 2.5 times of what was currently consumed. He continued that AGDC wanted to ensure that some of the offtake was available at preferential terms to the utilities at the \$4 to \$5 level that would provide cost savings to Alaskans.

Mr. Richards displayed slide 17, "Alaska Affordable Energy for Rural Alaska":

- Required by Alaska Statute 37.05.610
- The purpose is to provide a source of funds for appropriation to develop infrastructure to deliver energy to areas of the state that do not have direct access to the Alaska LNG pipeline
- The Alaska Affordable Energy Fund is to receive an annual deposit of 20% of state royalty revenue after paying into the Permanent Fund

Mr. Richards referenced comments from Co-Chair Hoffman, Co-Chair Olson, and Senator Bishop about the Affordable Energy Fund. He mentioned Senator Wilson's comments about ESG concerns.

Mr. Szymoniak highlighted slide 18, "Gas Sales Agreement Producers," and noted that AGDC was currently negotiating gas supply precedent agreements and had offered terms to producers. The gas supply agreements were preliminary but binding, and included key terms such as price, volume, term, and a commitment to buy and sell. He continued that in AGDC's work with Goldman Sachs and talking to dozens of investors over the previous year, almost every investor had identified that prior to investing they would require the

preliminary gas supply precedent agreements with each of the three producers. The requirement had been communicated to the producers by Goldman Sachs directly, as well as through meetings with the DNR commissioner and the DOA commissioner. He relayed that there was a mixed level of engagement with producers. He emphasized that it was critical that the project get to full engagement from all three producers in order to be successful in raising the \$150 million in development capital.

Co-Chair Stedman asked if any of the major producers were involved for equity ownership.

Mr. Richards reminded that the conversations were confidential, but shared that there was no hesitation for investors of that caliber to come into the project.

Co-Chair Stedman thought it was a good sign if ExxonMobile came to the table rather than just agreeing to sell the project's gas. He mentioned the member's caution.

Mr. Richards thought ExxonMobile was working on the project through its own internal processes.

Co-Chair Stedman assured that ExxonMobile had much more expertise than the state.

[10:07:27 AM](#)

Senator Merrick referenced slide 20, and wondered how the state was paying Goldman Sachs, or if payment was contingent upon successful contract negotiations.

Mr. Richards looked at slide 19, "LNG Sales Agreements," and mentioned the sales agreements through which AGDC was marketing the gas. He noted that AGDC had not stopped discussions with countries and entities that wanted to buy AK LNG. He mentioned the Russian invasion of Ukraine, the pull-back and nationalization of projects by Russian, and some increased risk of supply. In addition to discussion about as purchase, AGDC was talking to entities about equity in the project. He discussed underlying agreements that would underpin project financing.

Co-Chair Stedman reminded that several years ago, consultants had broken down the major players in the state's oil and gas fields and how the state fit into the

producers' global portfolios. He thought it had been very clear that the state fit into ExxonMobile's global portfolio through gas. He noted that Conoco had been in the state for oil, and BP had been in production/harvest mode. He mentioned ExxonMobile's holdings at Point Thomson, and was interested in its movements with regard to the project.

[10:09:55 AM](#)

Mr. Richards addressed slide 20, "FY24 Operating Budget Submittal":

FY24 Operating Budget Request
Personal Services \$1,801.1
Travel \$ 47.6
Services (contracts) \$1,197.4
Commodities \$ 40.0
Total \$3,086.1

Additional Requests

1. Authorization to receive \$4M federal receipts
2. \$2.5M General Funds match

AGDC Submitted 2 Change Records

1. Moving \$86.0 from services to personal services to align with anticipated costs
2. Changing the Fund Source from AK LNG Fund to General Funds

Mr. Richards discussed AGDC's operating budget request for FY 24, and highlighted a reduction of about 70 percent from FY 21 to FY 24. He mentioned a reduction in staff, streamlined processes, and a reduction in overall expenditures. He cited that it was the first year that AGDC was asking for a GF appropriation. The AK LNG Fund, which had been originally capitalized by the legislature, would be bringing other funds.

Co-Chair Stedman asked if AGDC was funded in the current budget or if it was short.

Mr. Richards thought that under the CS the fund source was still the AK LNG Project without GF appropriation. He noted that the additional request for the receipt authority for \$4 million of appropriation from Senator Lisa Murkowski was in the budget, as was the \$2.5 GF match for the federal appropriation.

Co-Chair Stedman affirmed that Senator Murkowski and the Alaska delegation had worked very hard on the issue and had been informed that the state had the matching funds available. He noted that the project had a multi-year appropriation under Governor Sean Parnell and had not yet requested funds. He relayed that the legislature would do what it could to ensure that AGDC could operating on a year-by-year basis.

Senator Merrick was curious about the state's contract with Goldman Sachs and how the institution was being paid.

Mr. Richards explained that Goldman Sachs had been providing the project with support and assistance in bringing in private equity. He noted that AGDC was not paying Goldman Sachs, but rather it was funded as part of the capital raise from private developers.

Co-Chair Stedman did not think Goldman Sachs worked for charity.

Mr. Richards affirmed that Goldman Sachs only wanted to work on projects where there was opportunity going forward.

Mr. Richard advanced to slide 21, which showed contact information for AGDC as well as information about the corporation's upcoming meeting and access to information from previous board meetings.

Mr. Richards informed that the next board of directors meeting would be held June 9, 2023, in Nikiski. He had heard confirmation from the Senate President that Senator Bishop and Senator Cathy Giessel would be liaisons between the Senate and board of directors.

Co-Chair Stedman thanked the testifiers.

Co-Chair Stedman handed the gavel to Co-Chair Olson.

[10:13:49 AM](#)

AT EASE

[10:21:18 AM](#)

RECONVENED

#sb53

SENATE BILL NO. 53

"An Act relating to involuntary civil commitments."

10:21:22 AM

Co-Chair Olson relayed that the committee had first heard SB 53 on April 19, 2023, and had taken public testimony at the time. The committee had worked with the bill sponsor and the affected agencies and had reached an agreement on sections of the bill, especially to reduce the fiscal notes. The committee would consider a Committee Substitute (CS).

Senator Kiehl MOVED to ADOPT proposed committee substitute for SB 53, Work Draft 33-LS0172\0 (Dunmire, 5/2/23).

Co-Chair Olson OBJECTED for discussion.

10:22:13 AM

KEN ALPER, STAFF, SENATOR DONNY OLSON, explained that the sponsor had worked with agencies on the CS. He discussed a Summary of Changes document (copy on file):

1) Section 4 from version P is deleted in its entirety. This section extended the competency restoration period for a person found incompetent to stand trial from one year to two years. This change was to prevent extending the restoration waitlist at Alaska Psychiatric Institute and will reduce the fiscal note from the Department of Family and Community Services.

Mr. Alper explained that removing the change was important because it would have created more of a backlog at the Alaska Psychiatric Institute (API), which he thought had constituted a large portion of a fiscal note. He noted that there were four fiscal notes for the bill that had added up to a little less than \$2.4 million. The largest note had been from API at \$1.2 million, and it was hoped that the change would reduce or eliminate the note. He continued to address the document:

2) Section 5 in version O, which was section 6 in version P, is amended to add the words "before the charges are dismissed."

This is to ensure that all individuals who meet the bill's standard of dangerousness are seamlessly transitioned to involuntary civil commitment proceedings.

3) Section 7 in version O, which was Section 8 in version P, is amended to clarify that victims of dismissed criminal charges who receive notice under this section are not entitled to attend the civil commitment hearings if the respondent has elected to have the hearing closed.

4) Adds a new Section 8, which was previously subsection 6(e). Separating and clarifying this language, which describes the procedure for providing civil commitment records to the original criminal prosecutor, was at the request of the Civil Division of the Department of Law.

5) Adds a new subsection (b)(5) to Section 9, to ensure that a longer period of commitment is necessary to protect the public. This was added by request from the Disability Law Center.

6) Rewrites Section 11 to clarify the procedures for discharge from involuntary commitment. The professional person in charge may discharge the respondent after a court order terminating the commitment, and after the prosecutor receives notice.

Also, the respondent may petition the court for early discharge with evidence demonstrating that they are no longer likely to cause serious harm. An early discharge petition may only be filed once every 180 days, a change from once per year in the previous version.

7) Adds a conforming new Section 13 to establish that records releases to the Criminal Division, described in Section 8 of the bill, are confidential.

[10:26:42 AM](#)

SENATOR MATT CLAMAN, SPONSOR, relayed that he was supportive of all the changes presented in the CS, which he

had discussed with the co-chair's office and other stakeholders.

Co-Chair Olson WITHDREW his OBJECTION. There being NO OBJECTION, it was so ordered. The CS for SB 53 was ADOPTED.

10:27:32 AM

DR. KRISTY BECKER, CHIEF CLINICAL OFFICER, ALASKA PSYCHIATRIC INSTITUTE, DEPARTMENT OF FAMILY AND COMMUNITY SERVICES, relayed that she was available to answer questions about API and specifically about competency restoration. She reminded that API was an 80-bed facility, and there were 60 beds available for adult civil commitments, as well as 10 available beds for competency restoration. She shared that at present, API was piloting two projects. Fiscal notes would include an outpatient competency restoration program that would be designed for approximately 10 defendants that were low-level misdemeanants without crimes against people.

Ms. Becker explained that the hospital was also attempting to open a jail-based restoration program in partnership with the Department of Corrections (DOC), which would likely start with 10 defendants before growing in the future. For the program, clinicians would go into DOC and provide restoration services to individuals that were incarcerated and awaiting a bed in API. The individuals would receive treatment as usual from DOC in terms of mental health and medical needs.

Dr. Becker explained that API was hoping that the two projects would reduce some of the pressure. She cited that the waitlist for competency restoration was 40, and the waitlist for admissions to the civil side of the hospital was 14 with 2 in the community for a total of 16. She encouraged members to consider the pressure that API was facing as it had grown out of regulatory difficulties it had experienced in 2018 and 2019. She noted that the hospital was almost at full capacity. She thought there was potential that some things in the bill could put pressure on capacity but noted that the removal of the two-year commitment period was significant in terms of zeroing the fiscal notes and benefitting API.

10:30:20 AM

Senator Wilson asked if Dr. Becker felt that the current version of the legislation would continue to lengthen the time of people at API, thus creating the need for more beds in outgoing years.

Dr. Becker relayed that the five-year commitment period did have the potential (in a few cases) to lengthen the period of stay for individuals by a lot. She relayed that there were between 9 and 10 individuals that she referred to as "not competent, not restorable, and not safe to return to the community." The individuals were currently committed on rotating 180-day commitments. The longest-standing individual to fit the criteria had been in the facility for 9 years. She affirmed that individuals that fit the criteria were already committed for fairly lengthy periods of time if needed.

Senator Wilson referenced the continual 180-day opportunities to be re-committed. He asked if the practice was improved by the legislation or if the process worked.

Dr. Becker relayed that at present she believed, along with API's attorney, that the process worked. If individuals became stabilized and could be released by the facility, it was possible to do so. She had an appreciation for the ongoing oversight and the process of checking in on the cases while continuing to evaluate the need for ongoing commitment. She thought the bill, with the five-year period, would reduce some procedural issues because of the lack of need for recurring legal processes, but she saw value in the recurring oversight.

Senator Wilson commented that there had not been a clinical perspective offered earlier. He apologized for the oversight. He thought the CS would create a two-tier system by which people could enter into a 6-month or 5-year involuntary commitment. He wondered if Dr. Becker found any inequity in the structure.

[10:33:55 AM](#)

Dr. Becker relayed that API initially committed individuals for 72 hours without any criminal offense, after which a determination was made if the commitment should be longer. She acknowledged that there would be a two-tier system. She relayed that clinically speaking, API would follow the law however it was written. She qualified that committing

people for five-year or 180-day periods did create a clinical complexity for the hospital because there was not great programming for long-term stays. She mentioned long-term effects of people committed to the hospital without a two-tiered clinical program. She relayed that the hospital was working on such a program and would continue to do so in preparation for any individuals committed for a five-year period.

Co-Chair Olson asked if Dr. Becker needed legislative oversight to move to a two-tiered system, or if the hospital could do it on its own.

Dr. Becker thought that API could eventually move to a two-tier system on its own. She cited the difficulty of housing at the physical plant, where short-term and long-term commitments were residing in the same unit. She mentioned regulatory guidelines, which were not consistent with long-term stays. She pondered that the pertinent question was how to marry the regulatory guidelines with the longer-term stay patients.

Senator Wilson shared a fear that the bill as changed would change the fiscal note as stated, considering the complexities listed by Dr. Becker. He thought a person that was under a five-year civil commitment would have less rights than a person serving five years in a DOC facility. He pondered potential civil lawsuits by having a two-tier system. He shared concerns about lack of due process.

[10:38:28 AM](#)

JOHN SKIDMORE, DEPUTY ATTORNEY GENERAL, CRIMINAL DIVISION, DEPARTMENT OF LAW, relayed that he would highlight three items in the proposed CS. He cited that the bill created an obligation for prosecutors to file the initial petition for a civil evaluation for an individual that had been charged with a certain crime and found incompetent. He highlighted that the new version of the bill expressly stated that the petition must be filed and ruled on before charges were dismissed. The determination of incompetence was a legal determination by the court supported by the evaluation of professionals. He continued that whether or not the courts would ultimately say that a person was incompetent was not known until the ruling.

Mr. Skidmore thought he would be remiss not to point out that the vast majority (or 95 percent) of cases, the courts would agree with API's assessment of incompetence. He thought the remaining 5 percent highlighted the point that it was incumbent upon prosecutors to anticipate, when someone may be found incompetent, to file the petitions in advance and have rulings on them. He highlighted the responsibility that would fall on those in the criminal division. He thought the requirement for the prosecutors to engage in the conduct prior to the dismissal supported the concept in the fiscal note.

[10:42:00 AM](#)

Co-Chair Olson asked how many of the five percent of cases would be a detriment to society.

Mr. Skidmore clarified that the five percent of cases was in reference to people that had received an evaluation from API that had deemed them incompetent, and despite the opinion the court had found the person competent and continued with prosecution.

Co-Chair Olson asked if there was a difference between the medical evaluation and the court's evaluation.

Mr. Skidmore answered "yes."

Co-Chair Olson asked if Mr. Skidmore was saying there was no detriment to society if the two competency findings were different.

Mr. Skidmore did not believe there was a detriment to society because in the instances in which a doctor had found a person incompetent and the court did not concur, the criminal conduct for which the person was charged was being addressed by prosecution. He reminded that the bill was contemplating whether or not the 90 to 95 percent of people which the court found incompetent were automatically released or whether there was a petition for them to be evaluated should they be committed civilly.

[10:43:45 AM](#)

Co-Chair Stedman wanted to hear whether Mr. Skidmore supported the CS or recommended changes.

Mr. Skidmore addressed a third provision of the proposed CS pertaining to required victim notifications. He explained that in the instances of a victim injured by a person, the person that was harmed did not currently have any rights or authority to know what happened to the perpetrator if the criminal case was dismissed. The bill required provision of notice to the victim as to the date and time of the hearing, the outcome of the hearing, and whether or not the person was committed or discharged. The bill did not provide the ability to attend the hearings nor the ability to find out more information about the perpetrator.

Mr. Skidmore felt that for a victim to have the ability to attend the hearings of a perpetrator was a policy call for the legislature. He explained that the CS it was made clear that the bill was not meant to give the victim the right to attend the hearing unless the person that caused the harm agreed.

Mr. Skidmore relayed that the administration had not taken an overall position on the bill nor the CS. He explained that trying to close the gap between individuals having a criminal case dismissed for incompetency and trying to initiate a civil commitment was a concept supported by the administration.

[10:47:44 AM](#)

Co-Chair Stedman pondered that the committee might hear from the sponsor as to why the bill did not give more rights to victims and victims' families.

Co-Chair Olson referenced people in bush Alaska, many of whom did not have public safety readily available. He referenced incidents in Golovin in which people were wounded. He asked what to tell the residents of his district in terms of whether the bill would make people safer.

Mr. Skidmore restated that he believed SB 53 took steps to close the gap between criminal incompetence and civil commitment. He thought it was an open question as to whether all the gaps were filled.

Senator Bishop asked for Co-Chair Olson's intention with regard to bill action.

Co-Chair Olson relayed that the committee would also address the bill in the afternoon.

[10:50:17 AM](#)

NANCY MEADE, GENERAL COUNSEL, ALASKA COURT SYSTEM, shared that the Court System did not have a view on the bill. She agreed with the criminal division that the bill made the effort to address the gap that occurred when a criminal defendant was found incompetent to stand trial and the case was dismissed if the defendant was unable to be restored to competency. She thought the bill would segue the defendant directly into getting an evaluation for a mental commitment to determine if the person should be held for an evaluation and further mental commitments. She understood what the sponsor was trying to accomplish in the bill by addressing the gap. She considered that there were provisions, as Mr. Skidmore had mentioned, about whether the victim in a criminal case should have a right to attend the hearing when the mental issues were being discussed. She noted that there was a current statute that indicated a respondent could choose whether to have a hearing open or closed. She thought the matter needed to be clarified in the bill.

Co-Chair Olson thought SB 53 was significant and that it was important to take whatever time was necessary to discuss the bill.

[10:53:06 AM](#)

Ms. Meade discussed a provision in Section 4 and Section 5 that provided for moving a case (with a person accused of a crime and thereafter found incompetent) that was about to be dismissed into the mental commitment arena, and thought it would be helpful and would fill a gap. She thought the provision would probably be helpful to Alaskans. She thought there were a few provisions that would take some work on the part of the Court System. She estimated that API would have about 100 more individuals to evaluate with 3-day short-term evaluations in order to see if they needed to be held for a full mental commitment. She referenced Dr. Becker's testimony about limited numbers of beds and thought there could be logistical issues. She did not think evaluation would create a significant issue but would increase case load.

Ms. Meade thought the five-year commitment would take up more beds at API, which judges would be aware of. She did not anticipate very many people receiving a five-year commitment and did not think it would be a significant pull on the court's resources.

Co-Chair Olson relayed that the committee would consider amendments to the bill at the afternoon meeting.

SB 53 was HEARD and HELD in committee for further consideration.

Co-Chair Olson discussed the agenda for the afternoon meeting.

#

ADJOURNMENT

10:56:06 AM

The meeting was adjourned at 10:56 a.m.