



Alaska Industrial Development and Export Authority
BOARD MEETING MINUTES
Tuesday, October 30, 2012
Anchorage and Fairbanks, Alaska

1. CALL TO ORDER

Chair Hugh Short called the meeting of the Alaska Industrial Development and Export Authority to order on October 30, 2012 at 1:00 p.m. A quorum was established.

2. ROLL CALL: BOARD

Members present in Anchorage: Chair Hugh Short (Public Member); Vice Chair Susan Bell (Commissioner Department of Commerce, Community, and Economic Development); Wilson Hughes (Public Member); Robert Sheldon (Public Member).

Members participating via teleconference: Gary Wilken (Public Member), Fairbanks.

Joined the meeting in progress: Bruce Tangeman (Deputy Commissioner, Department of Revenue).

3. AGENDA APPROVAL

Mr. Leonard requested an amendment to the agenda to add a Buccaneer Update as Item 7B, change Ambler Road Overview to Item 7C, and add Item 7D, an Executive Session regarding the Healy Clean Coal Plant.

Motion: A motion was made by Commissioner Bell to adopt the amended agenda Motion seconded by Mr. Wilson. The motion was approved with Board members Short, Bell, Hughes, Sheldon and Wilken voting yea.

The agenda was approved as amended.

4. ROLL CALL: STAFF, PUBLIC

Staff present in Anchorage: Ted Leonard (Executive Director); Chris Anderson (Deputy Director-Commercial Finance); Mark Davis (Deputy Director-Infrastructure Development); Jim Hemsath (Deputy Director-Project Development & Asset Management); Valorie Walker (Deputy Director-Finance); Gene Therriault (AEA Deputy Director-Energy Policy Development); Jay Drewry (Procurement Officer); Aaron Rhodes (Human Resources Manager); Karsten Rodvik (Project Manager-External Affairs); Jim Strandberg (Energy Development Finance Officer); Sherrie Siverson (Executive Assistant); Teri Webster (AEA Executive Assistant) and Krin Kempainen (Administrative Assistant).

Others present in Anchorage: Tim Bradner and Elwood Brehmer (Alaska Journal of Commerce); Mark Gardiner (Western Financial Group); Tom Haberman and Jack Laasch (Brooks Range Petroleum Corporation ("BRPC")); Jerry Juday (Department of Law); Mark Landt (Buccaneer Alaska); Rick Van Nieuwenhuysse (NovaCopper) and Donovan Walker (Accu-Type Depositions).

Others participating via teleconference: Bart Armsfield (BRPC) and Cory Borgeson (Golden Valley Electric Association).

5. PUBLIC COMMENTS

There were no public comments.

6. PRIOR MINUTES

The September 25, 2012 and October 1, 2012 AIDEA Board meetings minutes were adopted as presented.

7. NEW BUSINESS

7A. Loan Resolution No. G12-06 – Execute a Reimbursement Agreement to complete a Due Diligence Analysis on a potential Mustang Road, LLC Project

Mr. Leonard said Resolution No. G12-06 authorizes AIDEA to enter into agreement with BRPC to complete a due diligence study on a potential industrial road project for the Mustang development field on the North Slope. A suitability assessment and preliminary feasibility analysis have been completed. The Investment Committee forwarded a recommendation to perform due diligence, true modeling and complete an economic analysis to determine benefits to the state. Mr. Leonard requested Mr. Jim Hemsath, Mr. Mark Gardiner and BRPC representatives to answer any questions.

Mr. Gardiner said the project is a 4.5-mile road. This road would be notionally owned by Mustang Road, LLC, with BRPC transferring a working interest to the corporation which would allow capital construction credits to be utilized. He said the road would serve the BRPC development at the Mustang Field and other production fields, including the Arctic Slope Regional Corporation (ASRC). This is a potential future launching point for additional road development through the region, which could enhance oil and gas production on the North Slope. The total estimated project costs are at \$24 million dollars, with AIDEA's contribution capped at \$20 million dollars.

Mr. Hughes asked when the study would be complete and brought back to the Board. Mr. Gardiner said the plan is bring it back to the board at the December 6, 2012 meeting. Mr. Hughes asked if it is anticipated that AIDEA would get into the road building business or is it going to be somebody else's risk. Mr. Gardiner said AIDEA would own the industrial toll road in the similar fashion as the road at Delong Mountain (DMTS). What needs to be determined is if AIDEA would carry a long-term commitment, post the finance plan, or turn the road over to BRPC or another partner at the end of the 15-year period.

Mr. Hughes said his recollection of DMTS was the risk on the cost of construction was with the construction company. Mr. Gardiner said yes and with the cap, BRPC is obligated to make up any costs above that cap. Mr. Hughes asked if BRPC would be involved in the management of the construction. Mr. Gardiner said BRPC would be the project manager for the construction of the road.

Mr. Sheldon said he is very interested in the opportunity for AIDEA to continue to own and provide additional access to other fields in the area. In the materials provided there is no clear

plan regarding the ability to engage companies to accelerate further exploration and additional wells; more specific information regarding this would be helpful. He appreciated the proposed plan includes a vast majority of construction activities conducted by Alaskan entities.

Chair Short noted for the record Deputy Commissioner Tangeman arrived at 1:21 p.m.

MOTION: A motion was made by Mr. Hughes to approve Loan Resolution No. G12-06. Motion seconded by Mr. Sheldon. Chair Short declared a potential conflict of interest for this project as an employee of ASRC through Alaska Growth Capital. The motion was approved with Board members Bell, Hughes, Sheldon, Tangeman and Wilken voting yea. Chair Short abstained.

7B. Buccaneer Alaska Update

Mr. Leonard said Mr. Landt from Buccaneer Alaska is here to give an update and answer questions regarding the Endeavor project. Chair Short commented the project is behind schedule and requested to hear how the timeline looks now and how Buccaneer is working with the community of Homer to address their concerns, while moving forward on the project.

Mr. Landt said since the Endeavor jack-up rig arrived August 24 it has been undergoing final work and regulatory inspections to allow the vessel to operate in the Cook Inlet. There are a number of critical path items that need to be completed prior to Endeavor receiving the final permits. The first is the fast rescue craft, was recalled by the manufacturer and the new craft has yet to be delivered. The second is the general alarm system which passed testing in Singapore but failed once it arrived. Since this system is old and parts are difficult to find; it was decided to install a new system. The new system has been delivered and replacement is underway. The next is the fire-fighting system, which developed a leak in a valve during transit to Alaska. A valve has been ordered, but delivery has been delayed.

Mr. Landt said Buccaneer's priority is to have a fully operational and efficient jack-up rig that ensures the safest possible working conditions for crews in this sensitive environment. The company plans to move Endeavor into the cosmopolitan well location in the first two weeks of November. This is contingent on final inspections from ABS and Coast Guard certifications.

Commissioner Bell appreciated the update. Mr. Leonard asked if Buccaneer is in contact with the City Manager and the city of Homer on questions they had regarding the current timeline. Mr. Landt said there is very active communications with the City Manager, Harbor Master and public in the Homer area, to include public outreach meetings.

Mr. Leonard asked for an explanation on the discrepancies between inspections in Singapore and the United States. Mr. Landt said there is disagreement between the inspection offices, but they are getting the work accomplished so that the inspections can be completed.

Chair Short asked what the drill plan for the next year is. Mr. Landt said the actual drill plan is contingent on approval of the permits. The C-Plan is being amended now and has to go through a full Department of Environmental Conservation process, which could be 90-days. A gas-only determination from Alaska Oil and Gas Conservation Commission is being sought; if this gets approved, then drilling could start prior to the approval of the amended C-Plan. Once the amended C-Plan is approved, the well can then be deepened to reach the oil.

7C. Ambler Road - Overview by Rick Van Nieuwenhuyse, NovaCopper

Mr. Van Nieuwenhuyse gave a PowerPoint presentation and answered questions on the Ambler Mining District, to include the proposed Ambler Road.

Chair Short asked what is the elevation of the Bornite deposit. Mr. Van Nieuwenhuyse said the top of the ridge is not quite 2,000 feet and is the first set of mountains in the Brooks Range.

Mr. Sheldon asked if all the deposits were VMS (Vulcanogenic Massive Sulfide). Mr. Van Nieuwenhuyse said yes, the String of Pearls deposit to the north is called the Ambler schist belt.

Chair Short asked what other solutions are being considered for power. Mr. Van Nieuwenhuyse said right now the mine would be powered by diesel. There have been discussions with GVEA and possibly using liquid natural gas (LNG). Chair Short asked what the load expectation is. Mr. Nieuwenhuyse said all the mines would total 60 to 75 megawatts of power.

Mr. Sheldon asked how important the cost of the road is in relation to the total project. Mr. Van Nieuwenhuyse said next to the road power is the next biggest single cost. The road has to be built to build the mine. Mr. Sheldon asked if it was reasonable to assume if the copper was further processed onsite, there would be 2/3 less trucks running on the haul road and the total long-term cost of the road might be less with less traffic on it or could be built at a different scale. Mr. Van Nieuwenhuyse said the company doesn't have the expertise to reduce the concentrate to copper metal and that requires a lot of power. Cheap power would make mining less expensive.

Mr. Sheldon asked if lower-cost power was available would they think about a basic road, rather than a very robust road, and shift the dollars from the road to onsite processing. Mr. Van Nieuwenhuyse said he knows these numbers pretty well because of Donlin Gold power issues. LNG gas is half as expensive as diesel, and gas from Beluga that could be tapped into would be half as expensive as importing LNG. Power is about 25% of the cost for a mine. Alaska is an expensive place to build a plant and there are cheaper places to build. Mr. Sheldon thanked Mr. Van Nieuwenhuyse's willingness to consider other processes. Chair Short asked what the potential load is for Donlin. Mr. Van Nieuwenhuyse responded 185 megawatts.

Mr. Wilken requested the Board be kept apprised on the controlled access of the road and whether it is taxable property on behalf of the Northwest Arctic Borough. Commissioner Bell thanked Mr. Van Nieuwenhuyse for helping share what Alaska has to offer in this area with the commitment from a developer.

Chair Short asked Mr. Van Nieuwenhuyse what he thought the biggest risk was for this project to fail. Mr. Van Nieuwenhuyse said the road is the risk for the project; if there was a road, Arctic and Bornite would be producing mines. The best way to combat that risk is to have local support for the road.

Chair Short encouraged Mr. Van Nieuwenhuyse to talk about how mining, energy and electricity can all work together and to come up with some sort of strategy for rural Alaska beyond the road construction. Mr. Van Nieuwenhuyse said they would be very interested to get involved with that.

MOTION: Mr. Sheldon made a motion to go into Executive Session to discuss proprietary and confidential information regarding the Healy Clean Coal Plant. Motion seconded by Deputy Commissioner Tangeman. Motion passed unanimously.

7D. Executive Session: Healy Clean Coal Project

The Board entered into Executive Session at 2:12 p.m.

The Board convened its regular meeting at 2:30 p.m. Everything covered in Executive Session was appropriate to the motion.

8. DIRECTOR COMMENTS

8A. Director's Status Report of AIDEA Programs and Projects

Mr. Leonard referred Board members to the Loan reports and Project Fact Sheets in their packets and said he is able to answer any questions.

Chair Short asked if \$50 million dollars was the goal this year for loan participation. Mr. Leonard said yes, that is the amount allocated. He projected AIDEA should be at about \$35 to \$37 million dollars this year. Chair Short asked what the barriers are to lending more. Mr. Leonard said it is because of a slow market and the banks are keeping the deals and not sending them on. They have assured AIDEA that our loan rates are appropriate. Chair Short asked if refinancing is still an option under the loan participation program. Mr. Leonard said AIDEA considers refinancing just as any other types of loan.

8B. Next regularly scheduled meeting is Thursday, December 6, 2012, at 10:00 am.

Chair Short requested Board members review and comment on the proposed 2013 schedule.

9. BOARD COMMENTS

Mr. Wilken appreciated being able to call in by teleconference. Commissioner Bell suggested at a future meeting, Staff give insights on Fairbanks Natural Gas.

Commissioner Bell recommended renewing the evaluation process and making it more focused than last year. Mr. Rhodes will contact Board member to run through the series of questions and compile the results for the next meeting so the Board could make recommendations and finalize the evaluation process.

10. ADJOURNMENT

There being no further business of the Board, the AIDEA meeting adjourned at 2:40 p.m.



Ted Leonard, Executive Director/Secretary
Alaska Industrial Development and Export Authority



Alaska Industrial Development and Export Authority

BOARD MEETING MINUTES

Thursday, December 6, 2012

Anchorage, Alaska; Boca Grande, Florida; Seattle, Washington; Taipei, Taiwan

1. CALL TO ORDER

Chair Hugh Short called the meeting of the Alaska Industrial Development and Export Authority to order on December 6, 2012 at 10:20 a.m. A quorum was established.

2. ROLL CALL: BOARD

Members present in Anchorage: Chair Hugh Short (Public Member); Robbie Graham (Assistant Commissioner Department Commerce, Community, and Economic Development); Bruce Tangeman (Deputy Commissioner Department of Revenue); Gary Wilken (Public Member).

Members participating via teleconference: Ron Arvin from Taipei, Taiwan (Public Member); Wilson Hughes from Boca Grande, Florida (Public Member); Robert Sheldon from Seattle, Washington (Public Member)

3. AGENDA APPROVAL

MOTION: A motion was made by Assistant Commissioner Graham to amend the agenda by moving Item 7D to Item 7B and Item 7F to Item 7C. Motion seconded by Deputy Commissioner Tangeman. The motion was approved unanimously.

The agenda was approved as amended.

4. ROLL CALL: STAFF, PUBLIC

Staff present in Anchorage: Ted Leonard (Executive Director); Chris Anderson (Deputy Director-Commercial Finance); Mark Davis (Deputy Director-Infrastructure Development); Jim Hemsath (Deputy Director-Project Development & Asset Management); Valorie Walker (Deputy Director-Finance); Sandra Moller (AEA Deputy Director-Rural Energy); Sean Skaling (AEA Deputy Director-Alternative Energy & Energy Efficiency); Amy Adler (AEA Controller); Brenda Applegate (AIDEA Controller); Aaron Rhoades (Human Resources); Karsten Rodvik (AIDEA Project Manager-External Affairs); Kelli Veech (Accountant); Sherrie Siverson (AIDEA Executive Assistant); Teri Webster (AEA Executive Assistant) Sandie Hayes (AEA Administrative Assistant) Krin Kemppainen (AIDEA Administrative Assistant)

Others present in Anchorage: Bart Armfield, Tom Haberman, and Jack Laasch (Brooks Range Petroleum Corporation ("BRPC")); Brian Bjorkquist and Jerry Juday (Department of Law); Cory Borgeson, Bill Nordmark and John Sloan (Golden Valley Electric Association); Mark Gardiner (Western Financial Group); Beth Stuart (KPMG); Donovan Walker (Accu-Type Depositions)

Others participating via teleconference: Eric Lidji (Petroleum News); Mike O'Leary (Callan Associates)

5. PUBLIC COMMENTS

There were no public comments.

6. PRIOR MINUTES

The October 30, 2012 AIDEA Board meeting minutes were adopted as presented.

7. NEW BUSINESS

7A. FY 2012 Audited Financial Statement

Mr. Leonard said staff worked very diligently with Ms. Stuart and KPMG and appreciates their assistance. He noted Ms. Walker's team has done a good job on the financials and the audit.

Ms. Stuart said there are three reports contained in the packet: basic financial statements, the audit, and the letter to the Board which communicates the major findings of the audit. She said the AIDEA audit was completed successfully with an unqualified opinion issued. The major area of focus during the audit was the valuation of loans, and for federal grant purposes there was one program tested and no findings were reported. No significant internal control deficiencies were noted.

Assistant Commissioner Graham asked what program was tested. Ms. Stuart said the Department of Transportation program. Mr. Leonard said that program deals with the Ketchikan Shipyard and the grants that flow through that project.

Ms. Stuart said because of AIDEA's structure under the state of Alaska, both the revolving fund information that is managed in Anchorage, as well as loan funds that are managed out of Juneau, are included in the financial statements.

MOTION: A motion was made by Assistant Commissioner Graham to recess the AIDEA meeting. Motion seconded by Deputy Commissioner Tangeman. The motion was approved unanimously.

RECESS: 10:27 a.m.

The Board reconvened its regular meeting at 1:02 p.m.

MOTION: A motion was made by Assistant Commissioner Graham to amend the agenda by moving Item 7F to Item 7B and Item 7D to Item 7C. Motion seconded by Mr. Wilken. The motion was approved unanimously.

7B. Resolution No. G12-08 Authorizing BRPC Mustang Road and Pad Project

Mr. Leonard said this resolution is for funding of an investment in the Mustang Oilfield Access Road and Production Pad Project. The project was presented at the last meeting for approval of due diligence. The packet contains the final finance plan allowing AIDEA to go forward with negotiations and invest in the project. Mr. Hemsath, Mr. Gardiner and representatives from BPRC were present to answer questions.

Mr. Hemsath said this project consists of a 4.5-mile road, production pad, gravel quarry and ice road, all things necessary to put in a production pad to the field that would later be used for a production facility and development of the field. The incentives and tax credits available through the project have been examined by a tax accountant and 46% of the qualified capital expenditures would be available for purposes of assisting with the financing.

Mr. Hemsath said the Mustang Road, LLC would be an 80/20 ownership agreement with AIDEA as a preferred owner. AIDEA's financing is capped at \$20 million dollars. The project is estimated to cost \$25 million dollars. BRPC will pay \$5 million dollars and any cost overruns. Repsol and Arctic Slope Regional Corporation ("ASRC") provided letters of interest for using the road and pad for their own development and eventual use of the projected production facility. The advantage of the pad is it is less than 1000 ft. from the Alpine transit line. Also, the North Slope Borough passed a resolution in support of AIDEA's involvement of this project, meeting AIDEA's public hearing requirement.

Mr. Hemsath said the capital credits would be payable to the LLC and would be used to pay down AIDEA's capital. This will reduce AIDEA's capital exposure from \$20 million to \$8.5 million dollars by the time the field goes into production. The payment table is included in the packet. The payments are guaranteed by BPRC, their parent organization, AVCG, and Rams Horn Investment, a division of Nabors. Staff recommends approval of the resolution.

Mr. Sheldon complimented staff on the way this project was crafted and recommends following the same process in the future.

Chair Short asked what the working interest represents, how effectively will it work, and how collection will be made if there is a default. Mr. Hemsath said the 1% carried working interest provides a 1% ownership of the field resources after taxes and royalties. The details are still being worked out. As it relates to the field, in the event that BRPC can't develop the field, the LLC has a 1% working interest in the field no matter what company develops the field, This is similar to the overriding royalty interest concept used with Buccaneer.

Mr. Leonard asked if the carried working interest was needed in order to pass the ACES credits. Mr. Hemsath said yes, we need the carried working interest to be able to receive the ACES credits for qualified capital expenditures.

Mr. Wilken asked what the downside protection is because the collateral is a hard asset that could potentially have zero value. Mr. Hemsath said we have a 15-year term on the lease but what if it doesn't produce for 15 years? The idea is to take the working interest on the production in the early years that are in excess and put those in a reserve account. We envision as we move down the period, the funds that are no longer needed to make the debt payment will be released. This will continue until the road is paid off. By year 10, there should be enough in the reserve account to make the final payments on the investment structure.

Mr. Leonard noted we have the secondary collateral, the parent guarantees. Mr. Hemsath said the parent company guarantees the payments will be executed to make up any deficiencies in the payment stream that doesn't come from the working interest. Those guarantees are there throughout the agreement.

Chair Short asked what the guarantee is behind AGVC and Rams Horn. Mr. Hemsath said that is one of the details to be identified, but Rams Horn is a division of Nabors and we feel there is a relatively strong guarantee there. AGVC is a long-term investment fund that's been working in Alaska on solid resources and believes they would provide a strong guarantee in terms of repayment of revenue stream.

Assistant Commissioner Graham asked about the number of jobs that will be created as a result of the project. Mr. Hemsath said the job numbers are in two areas. The first area is road construction, which will be 20 jobs. The second area is the operation of the production facility, estimated at 50 jobs.

Mr. Hughes asked if there is a requirement of clean up or removal of the pad and road after completion. Mr. Hemsath said the state license on the ground does require an aspect of remediation and all the responsibility of remediation of the road and pad will be with BRPC. At the end of the 15-year period or the completion of the term of the contract, all ownership in the LLC will be transferred to BRPC.

Mr. Hughes asked what steps are available to ensure we don't reach the \$20-million dollar limit specified in the contract. Mr. Hemsath said the estimates completed by an engineering firm show the road cost in the \$22.3 million-dollar capital range. There is not much opportunity for value engineering at this stage. Mr. Hughes asked if this will be competitively bid. Mr. Hemsath said yes, it will be competitively bid.

Mr. Armfield CEO of BRPC was invited to introduce himself and asked if he had any input. He said he feels confident in the cost estimates they received from two separate entities. The design of the road is very typical and the pad's design follows traditional mining capabilities.

Assistant Commissioner Graham asked what other utilities will be established in a utility corridor that might service the operation. Mr. Armfield said no utilities will be placed as the road is being constructed. Mr. Hemsath said the field itself will be self-sufficient with all of its utilities, including power generation and water, all of which will be produced locally.

Chair Short asked Mr. Armfield why they chose AIDEA for the partnership. Mr. Armfield said they came to AIDEA two-and-a-half years ago while this was in its infancy stage. They have also attempted to secure outside funding through other avenues, but elected to stay in state and capitalize on Alaskan programs. The interest rate is very competitive and they feel the trend AIDEA is setting in the state of Alaska is opening a lot of opportunities for relationships to grow with independent players to capitalize on the smaller 25- to 50-million barrel projects.

Chair Short said he will be voting on this resolution because it has been determined he does not have a conflict of interest as previously thought.

MOTION: A motion was made by Mr. Wilken to approve Loan Resolution No. G12-08. Motion seconded by Mr. Hughes. The motion was approved with Board members Wilken, Hughes, Graham, and Short voting yea.

7C. Resolution No. G01-14C Amended and Restated Resolution Relating to Fixed-Income Investment Policies (amendment to G01-14B)

Mr. Leonard said this amendment will make this resolution more secure and reduce interest rate fluctuation risk. A redline version of the changes are in the packet. Mr. Leonard asked Mr. O'Leary to explain the amendment. Mr. O'Leary said the change pertains only to the non-U.S. dollar denominated portion of the portfolio, which does not exist at the moment, but was contemplated when the Board recently revised the overall policy. The change provides the manager the flexibility to shift from a longer-term bond index to a very short-term oriented portfolio if and when the manager feels that is a prudent course of action. The vast majority of AIDEA's investment assets will not be affected by this proposed change in guidelines.

MOTION: A motion was made by Assistant Commissioner Graham to approve Resolution No. G01-14C. Motion seconded by Mr. Wilken. The motion was approved with Board members Wilken, Hughes, Graham, and Short voting yea.

7D. Resolution No. G12-04 AIDEA and AEA Lending Agreement

MOTION: A motion was made by Assistant Commissioner Graham to approve Resolution No. G12-04. Motion seconded by Mr. Hughes.

Mr. Leonard said this resolution is the mirror image of the lending agreement that the AEA Board approved between AIDEA and AEA in order for AEA to have working capital.

The motion was approved with Board members Wilken, Hughes, Graham, and Short voting yea.

7E. Resolution No. G12-07 FY 2014 Dividend Recommendation

Mr. Leonard said this resolution addresses the yearly dividend declaration the Board makes to the state of Alaska. The dividend recommendation this year is 50% of the net income, which is the equivalent of approximately \$20,745,000 based on cash coverages and net income.

Mr. Wilken asked if the net income is approximately the same this year as it was for last year. Mr. Leonard said yes, it was approximately the same as last year.

MOTION: A motion was made by Assistant Commissioner Graham to approve Resolution No. G12-07. Motion seconded by Mr. Wilken. The motion was approved with Wilken, Hughes, Graham, and Short voting yea.

7F. Resolution No. G12-06 AIDEA Procedures for Inspection of Public Records

MOTION: A motion was made by Mr. Wilken to approve Resolution No. G12-06. Motion seconded by Assistant Commissioner Graham. The motion was approved with Wilken, Hughes, Graham, and Short voting yea.

MOTION: Mr. Wilken made a motion to go into Executive Session to discuss proprietary and confidential information regarding Healy Clean Coal Plant and the Executive Director annual review. Motion seconded by Deputy Commissioner Tangeman. The motion was approved unanimously.

7G. Executive Session: Healy Clean Coal Project

7H. Executive Session: Executive Director Annual Review

The Board entered into Executive Session at 1:43 p.m.

The Board reconvened its regular meeting at 2:51 p.m. Everything covered in executive session was appropriate to the motion.

8. DIRECTOR COMMENTS

8A. Director's Status Report of AIDEA Programs and Projects

Mr. Leonard referred Board members to the Loan reports and Project Fact Sheets in their packets and said he is able to answer questions.

Mr. Wilken asked what the magnitude is of the pending Buccaneer permits. Mr. Leonard said the permits for the rig are very small. The Coast Guard will be coming in to make their final approval so the rig can be moved out of Homer. Buccaneer is also working with DNR to obtain a land permit and another permit that would allow them to drill down to the gas level.

Mr. Wilken asked if the pending permits are cause for concern in moving forward. Mr. Leonard said there is no overall concern, but the permits are needed before they can move out of Homer to Cosmopolitan and start drilling for gas. Mr. Wilken asked if any of the pending permits require public comment. Mr. Leonard said he would get Mr. Wilken a list of which pending permits require public comment.

Mr. Wilken asked if any of the pending permits would be "show stoppers." Mr. Leonard said he doesn't believe any of the permits are "show stoppers," but they want to acquire them as quickly as possible to get out of Homer.

8B. Next regularly scheduled meeting is Thursday, January 10, 2013.

Mr. Leonard said if the next meeting is in Fairbanks, he may request the Board have a second meeting in January. A public hearing is necessary to complete SETS regulations and there may be a new request for due diligence for the production facility in order for BRPC to move forward. Chair Short said it could be a teleconference meeting and he strongly suggested we hold a meeting in Fairbanks. It would be a good opportunity to get to know the community and be accessible.

Mr. Leonard asked Mr. Wilken if he could estimate the number of attendees to determine which facility would be large enough to hold the meeting. Mr. Wilken said it depends on what the Board wants out of the meeting, whether they are there as a fact-finder, for input, or for basic business. Attendees should include assemblies, councils, Fairbanks Economic Development and the utility group. He and Ms. Webster will be working together on securing a location.

Assistant Commissioner Graham suggested there may be a community event that Fairbanks wants to put together from within the investment community, either a reception or a post-meeting gathering for those that are not attending the meeting, but would like to have more networking opportunities or interface with the Board. Mr. Leonard said the banks may also appreciate something like that too.

9. BOARD COMMENTS

Assistant Commissioner Graham said it was enjoyable to attend the meeting and wished everyone happy holidays. Mr. Arvin said he is pleased with AIDEA's direction and the fabulous work, and wished everyone happy holidays. Mr. Wilken wished everyone a Merry Christmas and noted Alaska is sitting in a pretty great spot and is thankful.

Chair Short said the funding of loans in FY 2013 was \$2.5 million dollars which fell short of the goal of \$50 million dollars. He asked if the interest rate needs to be adjusted because he doesn't think we are hitting a target market with the funding. If interest rates are going to stay this low, then perhaps funds should be reallocated toward more uses that will create jobs and further the economic development, but is not sure how to handle the issue.

Mr. Leonard said the variable interest rates are the only ones that could be changed and agreed it needs to be discussed. There are routes staff can look at to lower the cost of funds that assist in this area. There is one large loan that will be coming to the Board in the \$30-million-dollar range.

10. ADJOURNMENT

There being no further business of the Board, the AIDEA meeting adjourned at 3:05 p.m.



Ted Leonard, Executive Director/Secretary
Alaska Industrial Development and Export Authority



Alaska Industrial Development and Export Authority
BOARD MEETING MINUTES
Friday, February 15, 2013
Anchorage and Juneau Alaska,
Tucson, Arizona, St. Helena, California,
and NeiHu, Taiwan

1. CALL TO ORDER

Chair Hugh Short called the meeting of the Alaska Industrial Development and Export Authority to order on February 15, 2013, at 10:04 a.m. A quorum was established.

2. ROLL CALL: BOARD MEMBERS

Members present in Anchorage: Chair Hugh Short (Public Member); Bryan Butcher (Commissioner, Department of Revenue); and Robert Sheldon (Public Member).

Members participating via teleconference: Vice Chair Susan Bell from Juneau, AK (Commissioner Department of Commerce, Community, and Economic Development); Wilson Hughes from St. Helena, CA (Public Member); and Gary Wilken from Tucson, AZ (Public Member).

Joined the meeting in progress at 10:10 a.m., Ron Arvin from NeiHu, Taiwan (Public Member)

3. AGENDA APPROVAL

The agenda was approved as presented.

4. ROLL CALL: STAFF, PUBLIC

Staff present in Anchorage: Ted Leonard (Executive Director); Chris Anderson (Deputy Director-Commercial Finance); Mark Davis (Deputy Director-Infrastructure Development); Jim Hemsath (Deputy Director-Project Development & Asset Management); Karsten Rodvik (Project Manager-External Affairs); and Sherrie Siverson (Executive Assistant).

Public: Bart Armfield and Tom Haberman (Brooks Range Petroleum Corporation (BRPC)); Tim Bradner (Alaska Journal of Commerce); Pat Clancy and Mark Gardiner (Western Financial Group); Tim Gallagher (HDR Inc. Alaska); Jerry Juday (Department of Law); and Donovan Walker (Accu-Type Depositions).

Other participating via teleconference: Eric Lidji (Petroleum News)

5. PUBLIC COMMENTS

There were no public comments.

6. NEW BUSINESS

6A. Resolution No. G13-01 – Authorizing execution of a Reimbursement Agreement to complete Due Diligence and Deal Structuring on a potential Mustang Development Production Facility

Mr. Leonard said Resolution No. G13-01 would allow AIDEA to enter into and execute a reimbursement agreement with BRPC to complete due diligence and analysis on the potential development of a Mustang production plant. This resolution allows AIDEA to go forward with Phase III of the project analysis. Mr. Leonard introduced Mr. Jim Hemsath and Mr. Mark Gardiner to review the feasibility analysis with the Board. BRPC representatives are also present to answer any questions. Mr. Hemsath updated the board on what has been accomplished so far and what Resolution No. G13-01 entails.

Mr. Sheldon asked if the potential for accelerated distribution of cash is the only stream available or is this something being independently explored in the due diligence phase? Mr. Hemsath said it will be explored further in the due diligence phase. The maximum production of the field is within the first three-to-five years when the production begins to drop relatively rapidly and the opportunity to do an accelerated payment would make sense. Mr. Sheldon requested to see the decline curves and accelerated repayment schedule in a graph to better visualize those numbers. Mr. Hemsath agreed to fulfill the request.

Mr. Sheldon asked if Ezion would be willing to provide a higher capital contribution and cap AIDEA's exposure. Mr. Hemsath said AIDEA will cap its exposure and believes Ezion would be willing to contribute up to \$120M.

Mr. Sheldon asked if anything was required from the Legislature before being able to participate. Mr. Leonard said because of the structure of this project, no legislative approval is needed. Even though there is a current legislative bill giving bonding authority to AIDEA for up to \$200M, he does not believe AIDEA needs legislative authority to move forward.

Mr. Hughes asked for the schedule of the road construction. Mr. Hemsath said the plans are in place, surveying has been done, and the contractor is ready to place an ice road from the existing Alpine Road to the gravel resource. The expectation is for gravel mining to begin in March and then construction of the gravel road will occur throughout the summer. Mr. Hughes asked if they will replace the ice road with the gravel road to get to the source. Mr. Hemsath said yes.

Mr. Hughes asked if by the time AIDEA contributes any funding to this project how many dollars will BRPC have contributed to the production facility. Mr. Hemsath said to date, BRPC has contributed between \$46-\$47M in exploration and pre-engineering for the facility. Mr. Hughes asked how much money will BRPC have invested in the road before AIDEA contributes any capital. Mr. Hemsath said less than \$1.5M. We will follow a 4:1 ratio, AIDEA to BRPC, up to our \$20M cap.

Commissioner Butcher asked what the expected completion date is for the due diligence and when the project would come back to the Board. Mr. Hemsath said he hopes to be ready for the March 28 board meeting, but most likely it will be April.

Chair Short asked if staff expects similar projects to be brought to AIDEA. Mr. Leonard said he sees AIDEA being involved on the macro level by being a catalyst for more investment to come in and assist the independent companies with additional projects going forward. Mr. Hemsath said Mr. Armfield from BRPC made a presentation recently and they feel there are at least 10 other similar projects in this area.

Chair Short invited Mr. Bart Armfield to elaborate on their position. Mr. Armfield, Chief Operating Officer, Brooks Range Petroleum Corporation, said AIDEA's role in Alaska is key in the industry. In their experience, companies coming to Alaska need three key elements in order to work in the industry in Alaska. The first element is for companies to have an aggressive desire to be in Alaska. The second is for companies to have a high knowledge base and understanding of how to operate in Alaska, including a geological sense, operational sense, political sense and what it takes to go into production. The third is for companies to have the financial capability to be able to compete with the stiff competition that is available in Alaska. AIDEA has all three of these key elements and provides surety and a level of understanding about the industry.

Mr. Sheldon requested a copy of Mr. Armfield's PowerPoint presentation. Mr. Armfield said it will become public on Monday. Mr. Leonard said he will provide it to the Chair and forward it to the Board members.

Chair Short asked Mr. Armfield what committee he will be presenting to in Juneau and about what issue. Mr. Armfield said SB 21 to both House and Senate Resource Committees.

MOTION: A motion was made by Mr. Sheldon to adopt Resolution No. G13-01. Motion seconded by Commissioner Butcher. Motion passed unanimously.

6B. Regulations Update

Mr. Leonard said the SETS regulations will likely be ready to be brought before the Board at the March meeting. AIDEA has received some very constructive comments from the banking industry and independent power producers and will be bringing the committee back together to discuss the comments before moving forward. Also, the New Markets Tax Credit regulations and the Procurement regulations are moving forward with public hearings scheduled in mid-February. Mr. Leonard asked Mr. Mark Davis to provide an update.

Mr. Davis said he is speaking about ASSETS regulations, not SETS regulations. Mr. Davis said the ASSETS regulations are broken down to regulations that modify AIDEA's current loan participation regulations, allowing the agency to participate in energy loans. The SETS regulations is a program that will either issue direct loans for energy projects or issue bond or loan guarantees. Most of the comments received were regarding expansion of loan participation to energy conservation and efficiency projects. After reviewing the comments, staff determined it was necessary to make changes to the draft regulations. The changes are significant enough that extending the public comment period may be necessary.

7. DIRECTOR COMMENTS

Mr. Leonard said the Fairbanks Gas Project is moving forward in the feasibility and analysis phase. A team will be meeting next week with interested parties who submitted proposals to the

letter of solicitation The plan is to have a Fairbanks Gas Project presentation for the Board on February 28, 2013.

Mr. Leonard said SB 23 and HB 74 are currently in the Senate and House Labor & Commerce Committees. He and Mr. Davis will be testifying on the bills next week in Juneau. The Legislature has given very positive opinions on the projects. He believes this will help Interior Alaska with energy costs.

Mr. Wilken asked for a status of the jack-up rig. Mr. Leonard said the jack-up rig is still moving forward with the modifications that were needed. The goal is to have the rig moved out of Homer and onto the Cosmopolitan site by the end of March. The litigation is going forward. He will send the Board an update tomorrow regarding a contingent from the shipyard in Ketchikan moving onto the rig to assist in completing the final modifications.

Mr. Wilken asked if the lawsuit has any operational bearing on moving the rig to Cosmopolitan. Mr. Leonard asked Mr. Hemsath to answer the question. Mr. Hemsath said the lawsuit is slowing down the paperwork for moving the rig to Cosmopolitan due mainly to documentation issues regarding certificates that can't be found, as well as work that was certified as being complete that was simply not complete. Work is ongoing now and anticipated to be finished by early March. The land use permit and water permit are in place.

Mr. Wilken asked if the lawsuit has any impact on anticipated drilling. Mr. Hemsath said no.

Mr. Arvin asked how AIDEA overlooked the paperwork issues with such a huge asset and investment. Mr. Hemsath said they were told by the contractor the paperwork was completed. He believes the contractor is "simply playing a game with the paperwork."

Mr. Leonard said AIDEA's role in this asset is as an investor. AIDEA is not the operational manager and is not on the rig on a daily basis. Mr. Hemsath said he is meeting with the litigation attorneys biweekly in order to stay informed. The owners have formally been requested to hold an owners' meeting in Alaska on February 27, 2013, and have been invited to meet the Board at the February 28 meeting.

Mr. Sheldon suggested placing milestones, which are backed up by documentation, into future agreements to avoid similar situations. He wants to find out why the past provisional operator has not made the documentation available and is eager to get the answer if they attend the next meeting. Mr. Hemsath said Archer was the previous operator and their services have been terminated. They are no longer on the rig. It was discovered that some certificates were not backed up by fact. Spartan has currently been approved to operate the rig.

Chair Short cautioned that any further discussion may require an executive session.

Mr. Leonard said AIDEA is an investor and has the right to review documents during the due diligence and after action review. There will be a more in depth review for the Board on February 28, 2013.

Next regularly scheduled board meeting is Thursday, February 28, 2013.

8. BOARD COMMENTS

Mr. Wilken apologized in advance for not being able to attend the February 28, 2013 meeting. He commented how nicely the AIDEA development project analysis and decision making flowchart is progressing. It is really well done and he appreciates the work.

Mr. Sheldon echoed Mr. Wilken's comments on the development project analysis and decision making process and looks forward to seeing it online and available to the private sector. He believes AIDEA's authority to act as a facilitator is important.

Commissioner Butcher echoed the praises of the development project analysis and decision making flowchart and is very pleased and impressed with the job staff is doing. He will not be able to attend the February 28, 2013 meeting. He will be attending the Permanent Fund Corporation Board meeting. Angela Rodell will likely attend the next meeting.

9. ADJOURNMENT

There being no further business of the Board, the AIDEA meeting adjourned at 11:00 am.



Ted Leonard, Executive Director/Secretary
Alaska Industrial Development and Export Authority





Alaska Industrial Development and Export Authority
BOARD MEETING MINUTES
Thursday, April 24, 2014
Anchorage, Alaska

1. CALL TO ORDER

Chair Pruhs called the meeting of the Alaska Industrial Development and Export Authority to order on April 24, 2014 at 1:56 pm. A quorum was established.

2. ROLL CALL: BOARD MEMBERS

Members present: Chair Dana Pruhs (Public Member); Vice-Chair Russel Dick (Public Member); Susan Bell (Commissioner, Department of Commerce, Community and Economic Development); Wilson Hughes (Public Member); Crystal Nygard (Public Member); Michael Pawlowski (Deputy Commissioner, Department of Revenue); and Gary Wilken (Public Member).

3. ROLL CALL: STAFF, PUBLIC

AIDEA Staff present: Ted Leonard (Executive Director); Mark Davis (Deputy Director - Infrastructure Development); Jim Hemsath (Deputy Director - Project Development & Asset Management); Michael Lamb (Deputy Director-Finance and Operations); Tom Erickson (Chief Procurement Officer); Matt Narus (Project Development & Asset Management); John Springsteen (Infrastructure Development Officer); Sherrie Siverson (Executive Assistant); and Krin Kemppainen (Administrative Assistant).

Public present: Rick Adcock and Chris Brown; (MWH); Bart Armfield and Tom Haberman (Brooks Range Petroleum (BRPC)); Ron Arvin, Mayor Larry DeVilbiss and George Hayes (Matanuska-Susitna Borough); Kathy Black and Lisa Ross (Birch Horton Bittner & Cherot); Cory Borgeson (Golden Valley Electric Association (GVEA)); Tim Bradner and Elwood Brehmer (Alaska Journal of Commerce); Dan Britton and Mark Figura (Fairbanks Natural Gas (FNG)); Pat Clancy and Mark Gardiner (Western Financial Group); Chris Clark, Tim Gallagher, and Katriina Timm (HDR Alaska); Dave Domansky (Bracewell & Giuliani LLP); Don Dyer; Keith Hand (Spectrum LNG); Jerry Juday (Department of Law); Steven Klein (First Infrastructure); Mary Ann Pease (Resource Energy Inc.); Miranda Studstill (Accu-Type Depositions).

Public participating via teleconference: Jillian Ashley, Amy Broomfield, Jamie Louks, and Allen Overy, (MWH); Bob Shefchek (IGU).

4. AGENDA APPROVAL

The agenda was approved as amended.

5. PRIOR MINUTES - February 20 and March 6, 2014

The Minutes of February 20 and March, 2014 Board meetings were adopted as presented.

6. PUBLIC COMMENTS

Mayor Larry DeVilbiss, Mat-Su Borough, stated he wants to go on record supporting the resolution with REI and informed the Board Mat-Su is positioned with 14 square miles of industrial land ready to cooperate and work with this great project.

7. NEW BUSINESS

7A. Resolution No. G14-02 Related to Permits, an Environmental Impact Statement, and other work on the proposed Ambler Mining District Industrial Access Road (AMDIAR)

MOTION: Vice-Chair Dick to adopt Resolution No. G14-02. Motion seconded by Commissioner Bell.

Mr. Leonard explained Resolution No. G14-02 is to discuss moving forward with permits and an Environmental Impact Statement and other work for the proposed AMDIAR. Mr. Leonard stated Mr. Davis and Mr. Springsteen are present to answer any questions.

Mr. Wilken asked if AIDEA has had an Environmental Impact Statement (EIS) performed before. Mr. Davis stated AIDEA has not been a proponent of an EIS. This is AIDEA's first request for an EIS. Mr. Wilken asked if AIDEA is the manager of the EIS process. Mr. Springsteen said yes. Mr. Wilken asked if AIDEA is funded by the Legislature with the capital appropriations. Mr. Davis and Mr. Springsteen said yes.

Mr. Wilken requested a layout map of the proposed route/routes. Mr. Springsteen said a preliminary route has been established, as well as an alternate route. Other routes may be established through the EIS process. Mr. Davis said he will send the route information to the members and the information will also be available on the soon to be created website. Mr. Leonard suggested a presentation on the update of AMDIAR be added as an agenda item for the next meeting.

Mr. Pawlowski stated the appropriation was made in 2013, he asked why it has taken almost 10 months for the resolution. Mr. Davis stated AIDEA took over for Department of Transportation (DOT) in June 2013. DOT was engaged in baseline data work, which was continued through the fall. The data was then compiled and a defensible route was established in February 2014. Procurement occurred in March 2014; the process has actually been moving pretty quickly.

Discussions addressing issues with Alaska National Interest Lands Conservation Act (ANILCA), National Environmental Protection Agency (NEPA), and about eight other federal agencies regarding the portion of the road that will cross a federal preserve or preserves.

Mr. Pawlowski asked if collaborative work is continuing with DOT. Mr. Davis said yes and noted DOT is still performing the geo-technical work on the road. Mr. Leonard said the Department of Natural Resources (DNR) is under contract for coordination of permits.

Chair Pruhs welcomed Mr. Springsteen to AIDEA. He asked if a budget has been created for the total of the \$17 million. Mr. Leonard stated there is a budget, which includes an estimation of forecasted expenses through the EIS and will provide that to the Board at the next meeting or will email it to the Board. He believes it is approximately \$42 million. Chair Pruhs requested a running total be provided to the Board. Mr. Leonard stated a copy of the fiscal note that goes with the capital appropriation can also be provided to the Board.

Mr. Pawlowski commented the Board oversees the staff and wants to see real proactive outreach and engagement with the local communities regarding this project and the development of the EIS process. Mr. Pawlowski stated for the record that the Board and staff takes the proactive community outreach very seriously.

A vote was called and the motion passed with board members Wilken, Pawlowski, Nygard, Hughes, Bell, Dick, and Pruhs voting yea.

7B. Resolution No. G14-09 Approving a Processing Facility for the Mustang Oil Field under the Development Finance Program

MOTION: Vice-Chair Dick moved to adopt Resolution No. G14-09. Motion seconded by Ms. Nygard.

Mr. Leonard stated Resolution No. G14-09 approves an investment in a processing facility for the development of the Mustang Oil Field. AIDEA's investment is approximately \$50 million and investment by other entities totalling over \$150 million. Mr. Hemsath is available for questions with the caveat that the Board may have to go into executive session to discuss any questions regarding confidential proprietary information. Mr. Hemsath provided the Board with a briefing package and gave a presentation regarding this resolution.

Chair Pruhs requested further information about the daily production rates, yearly production totals and the forecasted estimates. Mr. Hemsath stated each of the provided reports has a production plan and estimated production going forward. The rates used in the models are based on the 24 million barrels reserves. As the project progresses, the rates move up from 5,000 barrels a day to a peak on average of approximately 12,000 barrels a day, with a possibility of production of 16,000 barrels a day, which is the maximum of the facility size.

Chair Pruhs asked for the minimum production rate in order to meet the charter payment. Mr. Hemsath stated the minimum production rates are Phase 1 and Phase 2 drilling. Those numbers were supplied in a confidential memo and is proprietary information on the rates. That answer

would have to be discussed in executive session. Chair Pruhs asked if the Board would have to go into executive session to discuss the minimum rates to pay the charter payment. Mr. Hemsath explained, because the project proponent requested discussions about proprietary field development and rates take place in executive session.

Commissioner Bell suggested the last graphic in the summary graphic showing the production scenarios for Phases 1 and 2 help answer Chair Pruhs' question. Mr. Hemsath state Phase 1 and 2 would develop approximately 4,000 barrels a day.

Chair Pruhs asked if it would be prudent to get an update of the reserve analysis estimate reports that are not over two years old. Mr. Hemsath stated an update could easily be performed and would not be problematic. He noted there is no new information over the last two years that would change the numbers. He understands the Board's perspective to request one last final review of the numbers.

Chair Pruhs asked who the other working interest owners besides Mustang Operation Center One (MOC1), LLC. Mr. Hemsath stated the other working interest owner is Thyssen Petroleum, with a condition to purchase 90% of the working interest of the field. Chair Pruhs commented this is a very complex ownership scheme and asked who is going to physically operate the production facility. Mr. Hemsath stated BRPC will physically operate the production facility, who is the operating arm of what has been Alaska Venture Capital Group (AVCG) and Ramshorn, which will now be the operating arm of Thyssen North Slope.

Chair Pruhs asked if Thyssen North Slope has any experience operating on the North Slope. Mr. Hemsath reported Thyssen North Slope, as an investment company, does not have operating experience on the North Slope. BRPC does have operating experience on the North Slope. Chair Pruhs asked what is BRPC currently operating on the North Slope. Mr. Hemsath state the majority of BRPC employees are former major oil company executives and operators of facilities. BRPC has also performed exploratory drilling on the North Slope and has managed the construction of the road and pad last year ahead of time and on budget.

Chair Pruhs clarified that BRPC is the operator, but as a company, they have not operated on the North Slope, but they have staff that has operated on the North Slope. Mr. Hemsath concurred. Mr. Pawlowski commented there was one year where BRPC was the only explorer who drilled on the North Slope. He ensured BRPC has experience operating exploration programs on the North Slope.

Chair Pruhs asked if there is any requirement for timing on the production schedule. Mr. Hemsath stated there is not a specific timing requirement and added AIDEA will not release funds for the construction of the facility until such a point as the development plan and agreement is put in place with the funds for a minimum of Phase 1.

Mr. Wilken commented he is going to vote in favor of this resolution because he believes it is an excellent example of AIDEA successfully completing the responsibility to hire the best people, give them the best tools, and expect them to do the best work that they can do. He expressed that while he is in favor of this project, he hopes the next project like this takes a while to develop

because he wants to see the results of this project first. This is big business, with big risks and big rewards. He applauds all of the work that has been completed.

Mr. Hughes commented this high risk project has reasonably high returns associated and he looks forward to those high returns.

Commissioner Bell commented it gave her great comfort to see the array of expertise who has contributed to the MOC1 Due Diligence and Finance Plan, which supports in making the decision today. She noted the rate of return after construction is on page three of five. Mr. Hemsath stated that is confidential information and AIDEA's rate of return is 10%.

Ms. Nygard pledged her full support for this resolution and stated this exemplifies the talent and investments that has come into the state. She expressed her assurance and confidence in the project.

MOTION: Chair Pruhs moved to amend Resolution No. G14-09 Section 10 on page three, to include the statement that a qualified consultant selected by the Executive Director must review the production and field reserve information to assure the information AIDEA used as a basis for revenue projections is still reasonable to ensure there is adequate cash flow to pay back AIDEA's investment and the cost of the report shall not exceed \$10,000. Motion seconded by Mr. Wilken.

Mr. Wilken asked if there is an estimate of the cost of the aforementioned review. Mr. Hemsath noted it will be a minimal cost, not to exceed \$5,000 (sic).

The amendment motion passed.

A vote was called and the motion passed as amended with board members Wilken, Pawlowski, Nygard, Hughes, Bell, Dick, and Pruhs voting yea.

Mr. Leonard requested the Board communicate any suggestions and recommendations to staff on how to better communicate to the Board any of these types of complex documents in a different format. Mr. Pawlowski recommended spreadsheets.

Mr. Pawlowski expressed his comfort and appreciation in seeing the specificity and detail of all of the conditions within Resolution No. G14-09. He noted there is much work that needs to happen and requested the Board be kept up to date as the conditions get satisfied in the process. Mr. Pawlowski requested one of the wells be named Janak. He explained he was the legislative consultant during the debate on SB 21 and promised to keep an eye out for an appropriate well for all of the work he did on behalf of the state of Alaska.

7C. Resolution No. G14-10 Authorizing a Cost Reimbursement Agreement for Development Activities related to the proposed LNG Facility of Resources Energy Inc. (REI)

MOTION: Vice-Chair Dick moved to adopt Resolution No. G14-10. Motion seconded by Mr. Wilken.

Mr. Leonard explained this resolution is asking the Board to authorize AIDEA to enter a Cost Reimbursement Agreement for development activities relating to a proposed liquefied natural gas (LNG) facility of REI. He noted in the Reimbursement Agreement and in the resolution where it says "Kenai," the last word of the first paragraph on page one, should be broadened to say, "in the vicinity of the Cook Inlet Basin." Mr. Leonard requested the change be made.

MOTION: Mr. Wilken moved to amend Resolution No. G14-10 on the last word of the first paragraph on page one, instead of "Kenai," should read, "in the vicinity of the Cook Inlet Basin." Motion seconded by Mr. Pawlowski. The motion passed.

Mr. Leonard advised the wording in the Cost Reimbursement Agreement to reflect the resolution amendment. Mr. Leonard invited Mr. Davis give an overview and answer any questions from the Board.

Mr. Pawlowski asked if the export permit is part of the preliminary work. Mr. Davis said yes. Mr. Pawlowski commented he hopes there is cross-work between AEA and AIDEA around containerization for LNG for coastal communities. Mr. Davis reported AEA and REI have agreed to look at REI's export ability and make use of some of the LNG locally.

Mr. Wilken asked why the Alaska Gasline Development Corporation (AGDC) is not participating in this project and AIDEA participate as a financing group. Mr. Pawlowski noted AGDC does not have the authority to do liquefaction direct. He stated SB 138 expands their power to liquefaction specifically related to the North Slope project. AIDEA has broader authority to do liquefaction. Mr. Davis stated AIDEA would proceed forward with this project and would not use North Slope gas. It would use excess Cook Inlet gas.

Mr. Leonard noted the value of a small LNG plant is to spur investment to develop more gas in the Cook Inlet.

Mr. Wilken asked if the 1.5 million ton per annum facility was a big facility or a little facility. Mr. Davis stated it is a medium, mainstream facility.

Mr. Pawlowski asked if this is consistent with the other agreements AIDEA has similar to this, which also look to expand the Cook Inlet market. Mr. Davis said yes and noted page 33 lists the target industries. This represents a continuation of a six-year targeted oil and gas program.

A vote was called and the motion passed as amended with board members Wilken, Pawlowski, Nygard, Hughes, Bell, Dick, and Pruhs voting yea.

7D. (Moved to after Executive Session)

7E. IEP Update

Mr. Leonard requested the MWH team provide the IEP update. Mr. Adcock, Managing Director MWH Infrastructure and Development, introduced his team, provided a handout to the Board and gave his presentation.

Mr. Wilken commented Northern Lights Energy is new and asked for additional information about them. Mr. Adcock said Northern Lights Energy is what was previously known as the special purpose entity (SPE). This Delaware Corporation was set up about two weeks ago. It will be the project company and will be capitalized.

Chair Pruhs requested information on the selection of Kiewit. Mr. Adcock stated MWH was working with WorleyParsons early on. WorleyParsons is still engaged as a technical advisor. It is critical to the investor that there be an Engineering & Procurement Contract (EPC) contractor willing to put in a firm, fixed price on this project and NANA WorleyParsons was not able to provide a firm, fixed price. Mr. Adcock noted MWH has experience with Kiewit and approached them and Kiewit was able to put in a firm, fixed price.

Chair Pruhs asked if any other contractors were approached. Mr. Adcock stated MWH had discussions with Black & Veatch and CBI. Chair Pruhs asked if this went out by a formal request for proposal. Mr. Adcock stated this was done informally, driven by the need to maintain the schedule of the project. Mr. Brown stated there is an MOU in place with Kiewit, which outlines the framework, process and definitions of their role. AIDEA has a copy of the MOU and it is aligned with the IEP objectives.

Chair Pruhs asked if there was a formal agreement, besides the MOU. Mr. Adcock stated there is an MOU currently and an EPC contract will be negotiated over time.

Mr. Wilken asked if MWH is in communications with FNG. Mr. Adcock said yes. Mr. Borgeson expressed if the GVEA Board makes a final decision on off-take from this project, they will need to know information than what the cost of gas is up on the North Slope. The cost of getting the gas to Fairbanks, storage, and re-gasification will need to be provided in order to make a decision. Mr. Borgeson stated communication has begun and he is optimistic the three potential off-takers will come together to make this project work. There is movement and effort on this project, but there is also need for more work on this area.

Chair Pruhs invited Mr. Britton to the table. Chair Pruhs commented a recent loan was approved for an associated .5 Bcf and asked when that is expected to come online. Mr. Britton stated the work FNG will conduct in 2014 will make the pipe available to customers and the gas access by the end of 2014. At that point, FNG will be ready for the LNG for those customers.

Chair Pruhs asked if he is correct is calculating .5 Bcf for FNG and 2 Bcf for GVEA which equals 2.5 Bcf right away. Mr. Britton and Mr. Borgeson concurred. Chair Pruhs requested explanation on how that total affects the economics of the plant or the sizing of the plant. Mr. Adcock noted the investor is going to require an amount of cash flow from those off-take agreements that can meet their returns in order to make the investment. The model needs to be run to see if a hypothetical 6 Bcf plant can be supported by the 2.5 Bcf of demand. Mr. Adcock informed there does not have to be 6 Bcf of demand for a 6 Bcf plant because of the subordinated AIDEA funds. Mr. Borgeson stated their modeling indicated a minimum of 3Bcf demand.

Chair Pruhs asked what IGU expects to increase its demand to at the end of the construction season. Mr. Britton stated if IGU is able to construct their full build-out system, they anticipate a total load up to about 4.5 Bcf.

Chair Pruhs requested the status of the gas supply agreement. Mr. Davis stated AIDEA has been in contact with the producer and progress with negotiations are underway. Counsel has been retained on both sides and agreements have been reached on the term and amount of gas to be supplied. A tentative agreement has been reached on a way to tap into the supply line. The next steps are discussions regarding the price terminology that might be used in the contract. The June timeframe is a goal for AIDEA, but cannot speak for the producer's timeframe.

Chair Pruhs requested an explanation of how the concept of the concession agreement was established and how this changed from a project development agreement (PDA). Mr. Brown stated when the award was made on January 14, 2014, negotiations of a letter of intent (LOI) took about three weeks. The LOI included a set of activities AIDEA would deliver and a set of activities MWH would deliver as the developer. In undertaking those activities, MWH recovers those costs at the time of a successful financial closing. Mr. Brown noted in a meeting between MWH and AIDEA on February 25, 2014, AIDEA asked if MWH could take on and help deliver AIDEA's activities. MWH agreed to help. This included pad construction, early engineering design and early works moved to MWH. This required transfers of monies, and if not managed properly, there could be consequences such as tax liabilities incurred or violations of loan covenants from the credit facility. There were also procurement issues that needed to be respected. Mr. Brown stated the concession agreement was created as a way to handle the early works within the context of the project development agreement negotiations and not incur those liabilities or violate the loan covenants.

Mr. Leonard informed as the Board reviews the agreements, there were issues on both sides of how to move the project forward to completion and how to finance it in the most efficient and effective manner. Mr. Leonard stated more detail can be revealed during executive session.

Mr. Pawlowski stated his concern is understanding the commitment in terms of the expenditures of funds that may or may not be appropriate after the optimization with the off-takers. He expressed his concern about getting too deep in the commitment for long-lead time items that are not going to be relevant if the design actually changes to be the most optimal with the commitments from the buyers.

Mr. Leonard stated the original resolution was based on information that was only looking at a schedule of having to make gas at 2015. As more information has been received regarding potential timelines, the resolution has been changed and staff is going to ask for a substitute of the resolution to initially just cover the two phases, including the completion of the pad by September 30, 2014, and completing the Phase One engineering, which allows the project to get to the design point where long-lead items can be pursued. Mr. Leonard stated monies are not being requested at this time for early procurement. He believes the risk is in completing these two first phases to allow the Board to have the information for their decision on early procurement.

Ms. Nygard asked for examples of other times early works contracts have been used by AIDEA. Mr. Leonard stated during project development, AIDEA have had early work agreements before a project has been declared. P3 agreements have been utilized, but this type of P3 agreement is unique and new to AIDEA because of the criticalness of the timing periods.

Mr. Wilken requested clarification on what costs are known under the critical path in the presentation. Mr. Adcock noted that line item is the gas supply agreement that would come from the North Slope. The off-take agreements run until September 2014.

Chair Pruhs asked if MWH would prepare an RFP for the trucking component and requested clarification on that process. Mr. Brown stated MWH will go to the market with an RFP for an operator. Interest has already been solicited in the market. Chair Pruhs asked if the users have to sign and agree to the RFP going out to bid or are there already agreements with the users. Mr. Brown stated the approach that will be taken on trucking will be the result of the integration effort with the users, the primary off-takers, to understand the best path forward.

Chair Pruhs asked when does MWH foresee that integration culminate in order to go out for an RFP. Mr. Borgeson stated GVEA has two staff working with the MWH assembled integration team, who have been retained by AIDEA to complete this work on trucking, storage, and re-gas. He noted IGU is working with this team, as well; discussions have begun with FNG.

Chair Pruhs asked when does the RFP process need to be in place to keep with the schedule. Mr. Borgeson believes the trucking decision needs to be in place about two weeks before the off-take decisions have to be in place. This is a very tight timeframe and June 1, 2014 would be a late deadline date. Mr. Borgeson stated there may not be agreement or alignment among everyone and it could be that everyone will be independent.

Mr. Wilken noted the schedule shows the trucking operator will be chosen on September 1, 2014. The schedule shows the off-take agreements will be completed by September 1, 2014. Mr. Wilken stated that is an obviously tight schedule that MWH may want to revisit.

Mr. Borgeson believes AIDEA was given a monumental task in putting this together. It is very easy to become frustrated and second guess what could have been done. He commented there is a lot of uncharted water in this process. Mr. Borgeson feels the tools given in the IEP were deficient and not enough. He gives the team at AIDEA credit for doing everything they can to make this work.

MOTION: Mr. Wilken to go into Executive Session to discuss confidential status of negotiations regarding of the Interior Energy Project. Motion seconded by Mr. Pawlowski. The motion was approved.

7F. Executive Session - Interior Energy Project:

The Board entered Executive Session at 3:57 p.m. The Board reconvened its regular meeting at 5:23 pm. Chair Pruhs stated no formal action was taken during executive session.

7D. Resolution No. G14-12 Authorizing the Purchase of Spectrum Alaska, LLC, and Resolution No. G14-11 Authorizing Early Works Contract with Northern Lights Energy, LLC for the Interior Energy Project (IEP)

MOTION: Mr. Pawlowski moved to adopt the distributed revised Resolution No. G14-11 with an amendment on page two, under Section One, to insert the number 4.5 million. Motion seconded by Vice-Chair Dick.

Mr. Pawlowski expressed his appreciation for the work being done to bring the diverse groups together, particularly on the pad, which is AIDEA's responsibility. He encouraged AIDEA staff to recognize the language, "or with another contractor that the Executive Director selects," that the process the Board wants to see from staff in relationship with the preferred partner is improved for how to manage through the work around the contract selections and ultimately, the expenditure of the dollars. Mr. Pawlowski encouraged the Board to support the amended resolution.

Commissioner Bell expressed her support for the amendment and recognizes in this very early stage, each action flows into the cost and the cost will affect demand and conversion. She requests being as sharp as possible even in these early decisions.

A vote was called the motion passed as amended with board members Wilken, Pawlowski, Nygard, Hughes, Bell, Dick, and Pruhs voting yea.

MOTION: Mr. Pawlowski moved to adopt Resolution No. G14-12. Motion seconded by Commissioner Bell.

Mr. Leonard noted Resolution No. G14-12 would authorize AIDEA to purchase the Spectrum Alaska, LLC, which owns the lease on a pad that is believed to be more cost effective in efficient in moving forward with the project. Mr. Davis and Ms. Black are available to answer questions about the resolution and the Member Purchase Agreement provided to the Board.

Chair Pruhs expressed his appreciation to Mr. Davis and Ms. Black on their challenging efforts comparing pads. He believes the comparison is well done and is a worthwhile economic benefit to the project.

A vote was called and the motion passed with board members Wilken, Pawlowski, Nygard, Hughes, Bell, Dick, and Pruhs voting yea.

8. DIRECTORS COMMENTS

8A. Director's Status Report of AIDEA Programs and Projects

Mr. Leonard advised the reports have been provided to the Board and will happy to answer any questions.

8B. The next regularly scheduled Board meeting will be Wednesday, June 4, 2014

Mr. Wilken requested the next regularly scheduled Board meeting be moved from June 2, 2014 to June 4, 2014. There was no objection. The meeting was moved.

9. BOARD COMMENTS

Mr. Pawlowski stated he brought up notice in the delinquency rate in the loan portfolios in a previous meeting and reminded the Board, for the record, the delinquency rate has come back to a more normal number in the last two months.

Chair Pruhs thanked the Board members for their hard efforts and patience during the morning and afternoon session. He looks forward to continuing progressing Interior Energy Project and working with MWH. He appreciated their update today and looks forward to the update in June. Chair Pruhs noted he also looks forward to the status updates every two weeks from Mr. Leonard.

Mr. Leonard informed the next two-week status update is tomorrow, April 25, 2014. He noted the staff and communications team is dedicated to ensuring the two-week reports are maintained.

Chair Pruhs expressed his appreciation to staff, consultants, utility companies, and everyone who has attended this meeting regarding this very important project.

10. ADJOURNMENT

There being no further business of the Board, the AIDEA meeting adjourned at 5:32 pm.



Ted Leonard, Executive Director/Secretary
Alaska Industrial Development and Export Authority



**Alaska Industrial Development and Export Authority
BOARD MEETING MINUTES**

Monday, June 19, 2017

Anchorage, Fairbanks, and Juneau, Alaska

1. CALL TO ORDER

Chair Pruhs called the meeting of the Alaska Industrial Development and Export Authority to order on June 19, 2017, at 10:00 a.m. A quorum was established.

2. ROLL CALL: BOARD MEMBERS

Members present: Chair Dana Pruhs (Public Member); Elaine Brown (Public Member); and Dan Kennedy (Public Member).

Members present via teleconference: Vice-Chair Russell Dick (Public Member); Jerry Burnett (Deputy Commissioner, Department of Revenue [DOR]); and Gary Wilken (Public Member).

3. ROLL CALL: STAFF, PUBLIC

AIDEA Staff present: John Springsteen (CEO/Executive Director); Brenda Applegate (Chief Financial Officer); Mark Davis (Chief Infrastructure Development Officer); Jim Hemsath (Project Development & Asset Management Director); Karsten Rodvik (External Affairs Officer); Linda Senn (Human Resources Manager); Sherrie Siverson (Executive Assistant); and Krin Kempainen (Admin Assistant).

Public present: Mark Gardiner (PFM Group Consulting); and Jerry Juday (Department of Law).

4. PUBLIC COMMENTS

There were no public comments.

5. NEW BUSINESS

5A. Executive Session – Mustang Operations Center (MOC1)

MOTION: Mr. Kennedy moved to go into Executive Session to discuss confidential and financial information related to the Mustang Operations Center (MOC1). Motion seconded by Mr. Wilken.

Members joined the meeting during Executive Session: Fred Parady (Deputy Commissioner, Department of Commerce, Community, and Economic Development [DCCED])

The Board entered Executive session at 10:03 a.m. Participants included board members Dana Pruhs, Russell Dick (via teleconference), Elaine Brown, Jerry Burnett (via teleconference), Dan Kennedy, Fred Parady (via teleconference), and Gary Wilken (via teleconference). AIDEA staff and guests invited to join the session: John Springsteen, Brenda Applegate, Mark Davis, and guests, Mark Gardiner, and Jerry Juday.

The Board reconvened its regular meeting at 12:02 p.m. Chair Pruhs stated no formal action was taken on the matters discussed in executive session.

Mr. Springsteen proposed a new resolution, Resolution No. G17-06, relating to the Mustang Development Project and Mustang Road LLC. Mr. Springsteen read the draft resolution into the record.

Resolution No. G17-06, Resolution of the Alaska Industrial Development and Export Authority
Relating to the Mustang Development Project and Mustang Road LLC

WHEREAS, the Board of the Alaska Industrial Development and Export Authority (the "Authority") previously approved participating in the Mustang Oil Field development with Brooks Range Petroleum Corporation ("BRPC") through two development finance projects under AS 44.88.172, with one project being the construction of the Mustang road and pad and the other project being the development of an oil processing facility;

WHEREAS, the Authority's participation in the Mustang road and pad is through partial ownership of Mustang Road LLC, an Alaska limited liability company, with the owners of BRPC being the other owners of the limited liability company;

WHEREAS, the Authority has the opportunity to acquire all of the membership interests in Mustang Road LLC and doing so will give the Authority control over the Mustang road and pad, which can serve as critical infrastructure for the State of Alaska;

WHEREAS, having the Authority acquire 100% of Mustang Road LLC will improve the economics of the Mustang projects and may free up capital that can be deployed in the overall development of the Mustang Oil Field; and

WHEREAS, the Staff of the Authority and its financial advisor, PFM Group Consulting LLC, have recommended that the Authority acquire 100% of the membership interests in Mustang Road LLC.

NOW, THEREFORE, BE IT RESOLVED BY THE ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY AS FOLLOWS:

Section 1. The Authority is authorized to acquire 100% of the membership interests in Mustang Road LLC, and the Authority is authorized to accept the selling members' interests in Mustang Road LLC in satisfaction of the selling members' obligations to pay the Authority for its investment in the limited liability company.

Section 2. The Executive Director is authorized to apply to the State of Alaska Department of Natural Resources, and to take all actions necessary, including soliciting advice from the local governments affected by the project, for Mustang Road LLC, under the Authority's 100% ownership, to gain, have and maintain control over the Mustang road and pad.

Section 3. The Executive Director is authorized to sign all contracts and other documents, and to take all other actions, necessary or expedient in fulfilling the purposes of this Resolution.

Dated at Anchorage, Alaska, this 19th day of June 2017.

MOTION: Mr. Wilken moved to approve Resolution No. G17-06, Relating to the Mustang Development Project and Mustang Road LLC. Motion seconded by Deputy Commissioner Parady.

Deputy Commissioner Parady stated he feels this Resolution is the best action AIDEA can take at this point in time. He wants everyone to note that given the complexity and fluidity of this situation a further session may be required ahead of the regularly scheduled June 29, 2017, meeting. He encouraged the Chair to take that into consideration. Assuming the issues being worked on continue to gestate in the interim. Deputy Commissioner Parady looks forward to further steps to be mapped out by the team.

Mr. Wilken asked for the section relating to consulting the North Slope Borough be re-read. Chair Pruhs read section 2. of the resolution. Mr. Wilken thanked Chair Pruhs.

The motion was approved with members Pruhs, Dick, Brown, Burnett, Kennedy, Parady, and Wilken voting yea.

6. DIRECTOR COMMENTS

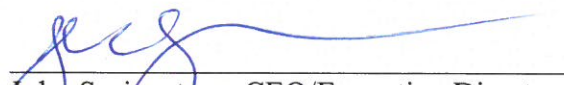
Mr. Springsteen said the next regularly scheduled board meeting is Thursday, June 29, 2017.

7. BOARD COMMENTS

Mr. Pruhs said he would like to thank Mr. Springsteen, Mr. Gardiner, Mr. Davis, and Mr. Juday who have worked on this, we appreciate all the hard work. Obviously, there are some deliverables before now and the June 29, 2017 board meeting. As things go, we look forward to what will happen next. We may or may not need to meet before the meeting and if we do, it may be as informal as a work session.

8. ADJOURNMENT

There being no further business of the Board, the meeting adjourned at 12:09 p.m.



John Springsteen, CEO/Executive Director
Secretary-Treasurer



Alaska Industrial Development and Export Authority
BOARD MEETING MINUTES
Thursday, June 29, 2017
Juneau and Anchorage, Alaska

1. CALL TO ORDER

Chair Pruhs called the meeting of the Alaska Industrial Development and Export Authority to order on June 29, 2017, at 12:30 p.m. A quorum was established.

2. ROLL CALL: BOARD MEMBERS

Members present: Chair Dana Pruhs (Public Member); Vice-Chair Russell Dick (Public Member); Fred Parady (Deputy Commissioner, Department of Commerce, Community, and Economic Development [DCCED]); Elaine Brown (Public Member); Dan Kennedy (Public Member); and Gary Wilken (Public Member).

Members present via teleconference: Jerry Burnett (Deputy Commissioner, Department of Revenue [DOR]).

3. ROLL CALL: STAFF, PUBLIC

AIDEA Staff present: John Springsteen (CEO / Executive Director); Michael Lamb (AEA Executive Director); Chris Anderson (Commercial Finance Director); Brenda Applegate (Chief Financial Officer); Mike Catsi (Business Development & Communications Director); Linda Senn (Human Resources Manager); Jim Hemsath (Project Development & Asset Management [PDAM] Director); Yulia Ellsworth (Controller); Tom Erickson (Chief Procurement Officer); Bill Phelan (Loan Officer); Karsten Rodvik (External Affairs Officer); Gene Therriault (Interior Energy Project [IEP] Team Lead); Sherrie Siverson (Executive Assistant); and Krin Kemppainen (Administrative Assistant).

Public present: Bart Armfield (Brooks Range Petroleum Corporation [BRPC]); Dan Britton (Pentex Alaska); Bruce Chambers (Seven C Investments); John Damjanovich and Sue Wolfe (Northrim Bank); Mark Gardiner (PFM Group Consulting); Sydney Hamilton (Accu-Type Depositions); John Hendrix (Governor's Office); Jerry Juday (Department of Law); Bill Lawson (Fairbanks Hospitality); and Gordon Weightman (Callan Associates).

Public present via teleconference: Merrick Pierce (Fairbanks); and Jomo Stewart (Interior Gas Utility [IGU]).

4. AGENDA APPROVAL

John Springsteen requested to table Item 7D. AIDEA Dividend Policy discussion until the August 10, 2017 Board meeting. The agenda was approved as amended.

5. PUBLIC COMMENTS

Merrick Pierce from Fairbanks commented on the two agenda items relating to the Interior Energy Project. He stated the people of Fairbanks are paying close attention to the effort. Mr. Pierce requested AIDEA deal with IGU in good faith. Mr. Pierce recommended Board members review Governor's Administrative Order (AO) 272 as they go into executive session and ask themselves if the two objectives are being accomplished: 1) lowering energy cost for consumers and 2) improving air quality for Interior residents.

Mr. Pierce noted the current cost of fuel sources in Fairbanks and stated the estimated IGU cost for gas plus the amortized cost of conversion will push it over \$20/MMBTU for consumers. This price will not work for consumers. Mr. Pierce requested members consider the real value of Fairbanks Natural Gas (FNG) a Pentex asset. Mr. Pierce does not believe the project should go forward until there is a credible plan whereby the project fixes the PM2.5 air quality problem in Fairbanks by getting homeowners to utilize non-particulate emitting heating sources.

6. PRIOR MINUTES - May 18, 2017

The minutes were approved as presented

7. NEW BUSINESS

7A. Loan Resolution No. L17-02 Seven C Investments, Inc.

Mr. Springsteen stated Resolution No. L17-02 regards a Northrim participation in a refinance loan of \$3,037,500 to Seven C Investments, Inc., for the Liberty Center, a 19,750 square-foot, multi-tenanted retail building in Anchorage. Chris Anderson was invited forward to present. Ms. Anderson noted the guarantors are Bruce and Lisa Chambers. They have an existing AIDEA loan with a balance of \$4,131,750, and a history of two paid-off loans. All loans have paid as agreed. The borrower will benefit by a lower interest rate of 3.98%, reducing annual debt service by \$13,012. The repayment term is 22.5 years. There is no construction or new permanent jobs supported by the refinance.

Ms. Anderson explained Mr. Chambers manages the retail building, and is an experienced real estate broker specializing in the Anchorage commercial real estate market. AIDEA would take a first deed of trust on the collateral and include an assignment of rents and UCC filings on the fixtures. The property is 100% leased with 10 units. The appraisal value is \$4,950,000. The loan-to-value is 68%, which is under the maximum. There are no current existing environmental issues. However, the location is classified as an Alaska Department of Environmental Conservation (ADEC) cleanup complete site with no further action, because part of the site was previously occupied by Tesoro, who remains liable for any future environmental remediation.

Ms. Anderson noted the strengths in this credit include the 100% long-term leased tenants, a high debt service credit of 1.69, strong outside financial support ability and positive lending history with guarantors. The perceived weakness include the substantial real estate equity concentration in the guarantors' net worth. This is mitigated by income-producing properties with good rental histories, and ample liquid reserves to support the debt service.

As of March 30, 2017, 21% of AIDEA's total portfolio was secured by retail type properties and would increase to 21.6%. Participated loans within the Anchorage region would increase from 25% to 26.1%. Staff recommends approval of this credit.

Deputy Commissioner Parady requested additional information regarding AIDEA's strategic mission and the recommendation of this loan, since there are no construction or permanent jobs supported. Mr. Springsteen stated the Board previously ratified the program to include refinancing loans because of its valid purpose and benefits Alaska businesses.

Chair Pruhs invited Mr. Chambers and John Damjanovich to the table and asked them to give an overview of the current private market environment. Mr. Chambers described the market as soft, and he sees a 15% decline over the next couple of years. He noted the Liberty Center property is in an ideal location and has excellent long-term tenants. Mr. Chambers opined the liquidity from low-interest funds is allowing small businesses to survive.

Deputy Commissioner Parady asked Mr. Chambers his thoughts on the declining employment and its implications to Alaska. Mr. Chambers stated there are two major problems that need to be addressed by the state to create jobs. 1) The first is extreme environmentalism in Alaska. There being an environmentalist vs. the extreme environmentalist. He noted Alaska standards far exceed the standards in the Lower 48 and needs to be moderated. An example: In Alaska we need an air permit to drill whereas in the Lower 48 you do not. 2) The state oil leases and other natural resources leases should be regular income. The leases should be restructured as competitive to create the basis of state income and put back out to bid if the leasee does not think production is economical at that time, he is sure another company would find them economical.

Mr. Damjanovich stated the AIDEA program allows customers like Mr. Chambers to decrease their interest rate risk in a softening market during a rising interest rate environment. He added AIDEA's refinancing provides a comfort level to banks while stabilizing the cash flow factor for the borrower.

MOTION: Vice-Chair Dick moved to approve Resolution No. L17-02 Seven C Investments, Inc. Motion seconded by Ms. Brown.

The motion was approved with members Pruhs, Dick, Brown, Burnett, Kennedy, Parady, and Wilken voting yea.

7B. Loan Resolution No. L17-03 Fairbanks Hospitality, LLC

Mr. Springsteen stated Loan Resolution No. L17-03 regards the Northrim participation in a refinance loan of \$6,075,000 to Fairbanks Hospitality, LLC, for a 114-room Holiday Inn Express hotel in Fairbanks. Ms. Anderson noted the guarantors are Bill Lawson, Christopher Ashenbrener, Adrian Lawson, Andrew Lawson, and Christine Ashenbrener. The borrower will benefit by a lower interest rate from 6.25% to 3.95%. The repayment term is 25 years. There are 26 existing jobs supported.

Ms. Anderson explained the property is managed by the Hotel Group, which manages all of Mr. Lawson's hotels. AIDEA would take a first deed of trust on improvements, and require a UCC filing on furniture, fixtures, and equipment (FFE). The appraisal value is \$9,000,000. The loan-to-value is 75%. The debt service credit is 1.55. The borrower has no current loans with AIDEA, but has had four previous loans that were paid as agreed. There are no current existing environmental issues.

Ms. Anderson noted the strengths in this credit include professional management, seasoned borrower, financial strength of guarantors, and flagged hotel with a good operating history. There are no weaknesses beyond the typical market risk. As of March 30, 2017, 14.22% of AIDEA's total portfolio was in the tourism industry and would increase to 15.51%. Currently there are no tourism loans within the Interior region. This loan would increase that penetration to 44.64%. Staff recommends approval of this credit.

MOTION: Mr. Wilken moved to approve Resolution No. L17-03 Fairbanks Hospitality, LLC. Motion seconded by Vice-Chair Dick.

Deputy Commissioner Parady noted the 26 jobs supported and requested to know the initial variable rate Northrim is charging for the 10-year term. Sue Wolfe stated the initial rate is 4.75%. The rate is tied to the Federal Home Loan Bank three-year amortizing rate plus a margin of 280 basis points.

Mr. Wilken asked Mr. Lawson to give his views on the Holiday Inn Express hotel on Fort Wainwright. Mr. Lawson expressed disapproval and reported the practice is ongoing across the country with different owners.

Chair Pruhs requested additional information regarding debt liability for multiple owners. Ms. Anderson noted there is a 100% guarantee on all parties. The collateral is project-based.

The motion was approved with members Pruhs, Dick, Brown, Burnett, Kennedy, Parady, and Wilken voting yea.

7C. Overview of AIDEA Investments - presentation by Callan Associates, Inc.

Mr. Springsteen invited Brenda Applegate and Gordon Weightman to provide the overview of AIDEA investments. Mr. Weightman expressed appreciation for Callan's 17-year relationship with AIDEA. Ms. Applegate provided members with a copy of the financial statements and a copy of the Callan review of external investment managers. Ms. Applegate reported unrealized gains and losses in the investment portfolio historically have had the largest impact on the annual net income. She noted the impacted line items on the financial statements. AIDEA abides by Governmental Accounting Standards Board (GASB) 31.

As of March 31, 2017, AIDEA's cash and investments totaled approximately \$447 million. Mr. Weightman believes the external investment portfolio of \$379.5 million is sound and is built to meet AIDEA's objectives. He expressed confidence in and provided an overview of both the external bond managers, Alaska Permanent Capital Management and Barrow, Hanley, Mewhinney & Strauss. The manager fees are 13 basis points and 23 basis points, respectively. Both managers are consistent with AIDEA's investment policy statement.

The biggest risk in the bond portfolio is interest rate risk or duration. The bond managers are trying to mitigate the duration risk during the rising interest rate environment by utilizing sector rotation and security selection. The portfolio is high quality with a minimum of rating -AA. The constraints around duration are plus or minus 25% of duration of the Bloomberg Barclays Aggregate Index. No levered securities can be held in the portfolio.

Mr. Weightman stated the current environment remains low yielding and is close to the bottom of the interest rate cycle. The yield curve is flattening, with the 10-year treasury at 2.22% and the 30-year treasury at 2.9%. Mr. Weightman showed examples of how timing of rising interest rates affects portfolios. He noted bond spreads are tight. The AIDEA portfolio has exceeded its 3.56% benchmark, returning 3.83% over 10 years. The returns over the one, three, and five years have been closer to the benchmark because of the difficulty in the low interest rate environment.

Mr. Weightman indicated the recent increase in interest rates caused the portfolio to return a negative 1.7% through March 31, 2017, with unrealized losses at \$13 million. However, as of June 28, 2017, the index is up 1.8%, which could assist in the portfolio breaking even at the fiscal year-end for the mark-to-market.

Chair Pruhs requested additional information regarding AIDEA's investment policy and believes it should be revisited every two to four years. Ms. Applegate reported the investment policy was revised in October 2013. Mr. Weightman stated he assisted in those revisions and the policy remains sound for the time horizon of five to 10 years. He would have to conduct further research to determine if the Board believes the investment policy is too risk adverse or if there are additional funds beyond the cash reserves needed to efficiently operate that could be utilized. AIDEA has a fiduciary responsibility to follow the prudent investor rule while managing the assets.

Deputy Commissioner Parady inquired if the risk adverse nature of the investment policy statement should be reconsidered. Mr. Springsteen believes the prudent investor rule allows for diversification and a broader portfolio of assets. He noted staff will revisit the investment policy and report back to the Board.

Mr. Kennedy expressed appreciation for the presentation.

Mr. Wilken expressed appreciation to Callan for attending the meeting and requested their attendance once a year. He extended his well-wishes to retired Callan representative Michael O'Leary.

7D. AIDEA Dividend Policy – discussion

Tabled until the August 10, 2017 Board meeting.

7E. IEP Update

Mr. Springsteen requested Gene Therriault and team members come to the table to present the IEP update. Mr. Therriault stated the House Bill (HB) 105 required quarterly report will be submitted to the Legislature next week and will follow the same format as the update. At the direction of the Board, Dan Britton was tasked to look for a gas supply; Mr. Britton is actively engaged with Cook Inlet producers to secure a gas supply. Additionally, long-term gas supply prospects are being evaluated by the two utilities that will serve the combined enterprise.

The pre-front end engineering and design (pre-FEED) documents for the potential expansion of the liquefied natural gas (LNG) plant have been purchased. The transportation status remains the same. Mr. Therriault noted that agenda item 7I will be a request to access capital dollars for the time-sensitive construction work and FEED documents of the large storage facility in south Fairbanks. The statutory storage credit legislation is proposed to be back on the docket during session.

Mr. Therriault stated utility consolidation negotiations continue to make progress in finalizing the financial agreement, and the purchase and sales agreement. No appreciable expansion of distribution has occurred. However, Mr. Britton is working with Fairbanks' city crews and Department of Transportation (DOT) to look for opportunities to expand limited lengths of pipe when street work is being completed. Mr. Therriault noted the Property Assessed Clean Energy (PACE) legislation passed this year and can potentially be used by the local governments for natural gas conversions.

7F. Executive Session: Interior Energy Project, MOC1

MOTION: Vice-Chair Dick moved to go into Executive Session to discuss confidential and financial information related to the Interior Energy Project and MOC1. Motion seconded by Deputy Commissioner Parady.

The Board entered Executive session at 1:51 p.m. Participants included board members Dana Pruhs, Russell Dick, Elaine Brown, Jerry Burnett (via teleconference), Dan Kennedy, Fred Parady, and Gary Wilken. AIDEA staff invited to join the session, at different times, for related topics: John Springsteen, Brenda Applegate, Gene Therriault, and guests, Dan Britton, Mark Gardiner, John Hendrix, and Jerry Juday.

Deputy Commissioner Parady departed the meeting at 4:00 p.m.

The Board reconvened its regular meeting at 4:14 p.m. Chair Pruhs stated no formal action was taken on the matters discussed in executive session.

7G. Resolution No. G17-08 Mustang Operations Center (MOC1)

Chair Pruhs invited Mark Gardiner to the table. Mr. Gardiner noted Board members have been provided a memo containing the revised finance plan and recommendations of approval to authorize the Executive Director to enter into an additional \$2.5 million investment in MOC1, LLC, to work with the other relevant state agencies and industry to further the Mustang project, and to seek long-term financing for the project.

Mr. Springsteen stated Resolution No. G17-08 Mustang Operations Center authorizes AIDEA to acquire 100% of the membership interest in MOC1, providing an additional \$2.5 million for financing, and authorizes AIDEA to consult with Department of Natural Resources (DNR), ADEC, and other state and local government officials with respect to the acquisition.

MOTION: Mr. Kennedy moved to approve Resolution No. G17-08 Mustang Operations Center (MOC1). Motion seconded by Deputy Commissioner Burnett.

The motion was approved with members Pruhs, Dick, Brown, Burnett, Kennedy, and Wilken voting yea.

7H. Resolution No. G17-07, FY 2018 Budget for Pentex Alaska Natural Gas Company, LLC, and Interim Rates for Fairbanks Natural Gas, LLC

Mr. Springsteen stated Resolution No. G17-07, FY 2018 Budget for Pentex Alaska Natural Gas Company, LLC, and Interim Rates for Fairbanks Natural Gas, LLC authorizes FNG to establish the FY 2018 Pentex budget and rates. Mr. Springsteen invited Mr. Britton to the table to present an overview and answer questions.

Mr. Britton discussed the highlights of the FY 18 proposed budget. The current cost of fuel oil has a potential negative impact on the volume of sales from FNG to its consumers. The same historical heating degree-days as budgeted in FY 17 were used in the proposed FY 18 budget. The EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) is roughly \$2 million, with a net loss of \$420,000 primarily contributed to depreciation of a Pentex value adjustment.

Mr. Britton reviewed the recommended increase to customer fixed monthly charges for the firm residential rate classes from \$9.20 to \$12.00, adding approximately \$33 annually to the bill. FNG has not changed the fixed charges for over 10 years. Enstar's fixed residential charges is \$17.00 per month. Mr. Britton reviewed the recommended 3% volumetric increase to firm customers and noted it will add approximately \$82 annually to the average residential customer's bill. The total impact of the rate changes for an average residential consumer is approximately \$116 annually. Customers will be provided an approximate 30-day notice of the rate increases, effective August 1, 2017.

Mr. Britton reminded members of the immediate 13% reduction to residential rates when AIDEA purchased Pentex. The recommended rate increases change the 13% reduction to a 10% reduction to previous rates. However, the savings to customers is greater than the 10% because the raw cost of gas has increased each fiscal year by 4%, as well as increases in labor and electricity costs. Mr. Britton reported the proposed budget does not compromise maintenance activities in any way and continues a high level of reliability that follows manufacturers' suggested rebuild timeframes.

MOTION: Mr. Wilken moved to approve Resolution No. G17-07, FY 2018 Budget for Pentex Alaska Natural Gas Company, LLC, and Interim Rates for Fairbanks Natural Gas, LLC. Motion seconded by Ms. Brown.

Chair Pruhs said Enstar increased rates 8% this year in Southcentral Alaska.

The motion was approved with members Pruhs, Dick, Brown, Burnett, Kennedy, and Wilken voting yea.

7I. Resolution No. G17-09 Authorizing Front End Engineering and Design Work for LNG Storage Facility in Fairbanks

MOTION: Mr. Wilken moved to approve Resolution No. G17-09 Authorizing Front End Engineering and Design Work for LNG Storage Facility in Fairbanks. Motion seconded by Vice-Chair Dick.

Mr. Springsteen stated Resolution No. G17-09 authorizes FNG and Cassini to proceed with FEED work for a proposed Fairbanks LNG storage facility. Mr. Springsteen invited Mr. Britton to continue the discussion. Mr. Britton noted a large storage project in Fairbanks is critically important to the IEP, providing security of supply and increased utilization of the liquefaction facility. The storage facility would allow for approximately 400,000 Mcf additional firm sales annually.

Mr. Springsteen stated the expenditure of \$1.5 million needs to be added to the resolution on page two under Section 2. FNG and Cassini are authorized to expend up to \$1.5 million for the FEED work on the Fairbanks LNG storage facility. Mr. Wilken and Vice-Chair Dick acknowledged the amount to be included is \$1.5 million expenditure without objection.

Mr. Britton stated the \$1.5 million FEED work budget was emailed to members today in the afternoon. He apologized for the late delivery. Mr. Britton answered questions regarding specific line items in the budget.

Deputy Commissioner Burnett noted the resolution does not include the size and capacity of the storage facility. He requested a friendly amendment for this information be included for the record. Mr. Britton stated the storage capacity is 5,250,000 useable gallons of LNG storage. The maker of the motion and second accepted to include the storage capacity as a friendly amendment without objection.

The motion was approved with members Pruhs, Dick, Brown, Burnett, Kennedy, and Wilken voting yea.

Chair Pruhs requested adding Item 7J. Resolution No. G17-10 relating to gas supply costs incurred by the Interior Gas Utility. There was no objection to the agenda addition.

7J. Resolution No. G17-10 Related Gas Supply Costs Incurred by the Interior Gas Utility

MOTION: Mr. Wilken moved to approve Resolution No. G17-10 Relating to gas supply cost incurred by the Interior Gas Utility. Motion seconded by Vice-Chair Dick.

Mr. Springsteen read Resolution No. G17-10 Relating to gas supply cost incurred by the Interior Gas Utility into the record.

Mr. Wilken suggested the friendly amendment of a deadline date, selected by the Executive Director, for the submittal of reimbursement requests be included under Section 1. There was no objection to the friendly amendment.

The motion was approved with members Pruhs, Dick, Brown, Burnett, Kennedy, and Wilken voting yea.

8. DIRECTOR COMMENTS

Mr. Springsteen stated the dashboard, loan, delinquencies-to-outstanding reports, IFD, PDAM project matrices were included in the board packet. Please contact Ms. Siverson regarding the continuing education calendar.

The next regularly scheduled board meeting will be Thursday, August 10, 2017.

9. BOARD COMMENTS

Mr. Kennedy noted the Audit Committee is scheduled to meet in November. The specific date is forthcoming to accommodate Deputy Commissioner Parady's schedule. He is pleased with the federal government and current Administration's efforts to reduce unreasonable regulations. He believes this will help AIDEA's mission in decades to come.

Mr. Kennedy expressed appreciation to Mr. Springsteen, Ms. Anderson, and staff for attending the Greater Wasilla Chamber of Commerce AIDEA presentation.

Chair Pruhs expressed appreciation to all participants for today's efforts. He welcomed Ms. Linda Senn AIDEA's new Human Resources Manager.

10. ADJOURNMENT

There being no further business of the Board, the AIDEA meeting adjourned at 4:47 p.m.

A handwritten signature in blue ink, appearing to read 'John Springsteen', is written over a horizontal line.

John Springsteen, CEO / Executive Director
Secretary-Treasurer



Alaska Industrial Development and Export Authority
BOARD MEETING MINUTES
Thursday, March 1, 2018
Anchorage, Alaska

1. CALL TO ORDER

Chair Pruhs called the meeting of the Alaska Industrial Development and Export Authority to order on March 1, 2018, at 10:06 a.m. A quorum was established.

2. ROLL CALL: BOARD MEMBERS

Members present: Chair Dana Pruhs (Public Member); Mike Barnhill (Deputy Commissioner, Department of Revenue [DOR]); Fred Parady (Deputy Commissioner, Department of Commerce, Community, and Economic Development [DCCED]); Elaine Brown (Public Member); Bernie Karl (Public Member); and Gary Wilken (Public Member).

3. ROLL CALL: STAFF, PUBLIC

Staff present: John Springsteen (CEO/Executive Director); Chris Anderson (Commercial Finance Director); Brenda Applegate (Chief Financial Officer [CFO]); Mark Davis (Chief Infrastructure Development Officer); Jim Hemsath (Project Development & Asset Management [PDAM] Director); Yulia Ellsworth (Assistant CFO/Controller); Tom Erickson (Chief Procurement Officer); Elizabeth Greer (PDAM Project Manager); Karsten Rodvik (External Affairs Officer); Jeff San Juan (Infrastructure Development Finance Officer); Linda Senn (Human Resources Manager); Gene Therriault (Interior Energy Project [IEP] Team Lead); Sherrie Siverson (Executive Assistant); and Krin Kemppainen (Administrative Assistant).

Public present: Alan Bailey (Petroleum News); Elwood Brehmer (AK Journal of Commerce); Dan Britton (Pentex); Mark Gardiner (PFM Group Consulting); Jerry Juday (Department of Law); Sunny Morrison (Accu-Type Depositions); Mark Wiggin (Deputy Commissioner, Department of Natural Resources [DNR]); and J.R. Wilcox (Prudhoe Bay Chemicals).

4. AGENDA APPROVAL

John Springsteen requested Item 7A be moved to after Item 7C. Chair Pruhs noted the agenda would be amended to read: 7A. IEP Update; 7B. Executive Session: Interior Energy Project, MOC1; 7C. Resolution No. G18-02 Relating to the Operating Agreement, Budget, and Revolving Line of Credit for Mustang Road, LLC. The agenda was approved as amended.

5. PUBLIC COMMENTS

There were no public comments.

6. PRIOR MINUTES - January 11, 2018

The January 11, 2018 minutes were approved as presented.

7. NEW BUSINESS

7A. IEP Update

Mr. Springsteen requested Gene Therriault and members of his team present the IEP Update. Mr. Therriault noted the determination on sourcing expanded Liquefied Natural Gas (LNG) would be held off until a later date. The hope is a request for proposal (RFP) will be brought forth under the combined utility agreement.

Mr. Therriault stated construction of the storage project in Fairbanks was initiated. Mr. Wilken toured the construction site and wrote an op-ed article for the local newspaper. Dan Britton reviewed the Large LNG Storage Tank Construction Update PowerPoint. The engineering, procurement, and construction (EPC) contractor of the 5.25 million-gallon capacity full containment tank was competitively bid and Preload Cryogenics out of Boston was selected. The contract includes 100% performance and payment bonds. The double-walled full containment design was obtained at a comparable cost to the single-walled design. The tank will contain a 10-inch concrete outer wall, which is viewed to have the greatest level of integrity and ability to withstand impacts from ballistics.

Mr. Britton noted the scheduled completion for the project is the fall of 2019, which is in advance of the January 1, 2020 deadline for the State of Alaska Storage Tax Credit. He listed the current Pentex Team contractors; funded by the total project budget, and the Preload Cryogenics sub-contractors; funded by the construction budget. Many of the sub-contractors are Alaska-owned businesses.

Mr. Britton stated a camera is active and recording all construction activities. The link has been provided to Karsten Rodvik. He noted the site has poor internet connection and uploads are slow. The mobile application has better performance and the app information will be given to Mr. Rodvik to provide to members. Mr. Britton will research the availability of posting pictures to the website.

Mr. Britton described the site layout, tank, and vaporizer design. The design philosophy provides a significant amount of redundancy. The tank has three 100% pump wells with an LNG half-megawatt GenSet back-up power generator. The tank is roughly 100 feet high and 100 feet in diameter. There are three 50% capacity vaporizers. Chair Pruhs noted the importance of robust security during and after construction, including fencing and security monitoring cameras. Mr. Britton stated camera security monitoring would occur when the tank is in operation. Once the tank is complete, it will serve as a new communications tower. Homeland Security requires communications with existing facilities. Notifications of the modifications and new tank installation have been provided and Homeland Security will respond with additional security recommendations. Two FAA notices of no hazard to aviation have been filed.

Mr. Britton discussed an example of a daily report regarding the strict quality control and quality assurance of the project. The contractor's safety plan has been submitted and no additional

requirements have been requested thus far. It is possible the use of additional responsible safety personnel will be utilized as plant contractor work increases. Chair Pruhs suggested an internal safety team be implemented and a professional consultant review all submitted safety plans. Mr. Britton stated Stantec reviewed and responded to the current safety plan.

Mr. Britton gave a detailed description of the weld inspections. The tubes will remain under test during the entire construction. He is pleased with the materials and 95% to 98% compaction of the maximum 12-inch gravel lifts on top of the insulation. There will be 10 to 14 lifts. The moisture content is within 2% of optimum. Compaction is currently halted because of the cold weather and will resume once the weather warms up about 10 degrees. The geotechnical engineer is onsite and approving each step.

Mr. Britton stated the engineering for the outer wall of the tank is in final design and preparation for the fabrication of the precast panels is underway. The 85-foot panels will be trucked and the lay out is expected to begin the third week of March.

Chair Pruhs noted the provided schedule shows the outer wall complete and dome in place in August. He suggested Board members tour the facility while in Fairbanks for the August board meeting. Mr. Britton agreed and extended the invitation for members to tour at any point.

Mr. Karl inquired as to the disposal of the excavated materials. Mr. Britton stated part of the excavated material is onsite, west of the pad, and will be graded to become a buffer around the facility. Some of the materials went to Great Northwest.

Mr. Wilken requested more information regarding Pipeline and Hazardous Materials Safety Administration (PHMSA). Mr. Britton stated PHMSA regulates all LNG facilities, distribution systems, and transmission pipelines. A federal PHMSA inspector has been assigned to the new construction and completed his first inspection last week. All requested information was provided. Monthly inspections are expected. The project does not have to pay for the PHMSA inspections. The project does have to pay for each fire marshal permit submittal. Mr. Britton showed a one-minute time-lapse video of work at the site to-date.

Chair Pruhs asked for the update on the conversion specialist position. Mr. Therriault stated the position description has been transmitted and revised by IGU. An official approval is expected and is needed before the Fairbanks position can be hired.

Mr. Wilken suggested the term “conversion” be replaced with the term “customer crusade.” He believes there are three verticals to customers; oil to gas conversions, new construction boilers, and replacement boilers. Mr. Wilken requested members receive the current communication information being provided to interested customers.

Chair Pruhs asked for an update on service-line installation prior to gas availability. Mr. Britton stated new construction service is available. Discussion is ongoing regarding implementation of a six-month conversion agreement, whereby the installation cost will be subsidized at \$50 for customers who use the gas within six-months. If customers do not begin to use the gas within six months, the customers will pay for the actual cost of the service installation. The service

costs for installation is approximately \$800 to \$1,300 for residential, and approximately \$2,500 to \$4,500 for commercial buildings, but could be higher depending on the meter.

Chair Pruhs requested members be provided IGU's business plan and pro forma regarding the combined utility at closing, as AIDEA transitions from an owner to a lender.

Mr. Therriault stated AEA continues to work with the large municipalities about the implementation of Property Assessed Clean Energy (PACE). He is working with Representative Adam Wool, who introduced a zero fiscal note House Bill (HB) 374 relating to on-bill financing. Mr. Therriault believes the legislation could pass this year. He continues to receive updates from Senator Murkowski's staff about ongoing funding to the EPA Non-Attainment Grant. The expectation is the Borough will competitively be awarded \$4 million. Senator Pete Kelly's legislation, Senate Bill 125, extending the authorized bonds for the IEP project passed the Senate unanimously. Mr. Therriault attended the Monday House hearing of the identical bill by Representative Steve Thompson, HB 261, and responded to questions. He believes the combined legislation is on track to pass this year.

Mr. Therriault stated he is in communications with the Air Quality Modeling Consultant, with the DEC under EPA review regarding updates on the tank completion and customer service. He described the status of the ongoing North Slope pad sublease negotiations, including communications with DNR. Mr. Therriault reported the deadline was met for the RCA application to allow transfer of the service territory to IGU. The response to public comments was coordinated with IGU and submitted with clarifying information. The decision has not been revealed by the RCA regarding an expedited review and determination on Docket U-18-001. The full list of closing documents has been compiled, prepared, and shared with IGU.

Mr. Wilken expressed appreciation to Mr. Therriault and Mr. Britton for their responses to the 17 public comments. He believes it will support the request for an expedited hearing. Mr. Karl echoed the comments. Chair Pruhs expressed appreciation to Mr. Therriault and Mr. Britton for the project accomplishments to-date.

7B. Executive Session: Interior Energy Project, MOC1

MOTION: Deputy Commissioner Parady moved to go into Executive Session to discuss confidential and financial information related to the Interior Energy Project and MOC1. Deputy Commissioner Barnhill seconded the motion.

The Board entered Executive session at 11:21 a.m. Participants included board members Dana Pruhs, Mike Barnhill, Elaine Brown, Bernie Karl, Fred Parady, and Gary Wilken. AIDEA staff invited to join the session, at different times, for related topics: John Springsteen, Brenda Applegate, Gene Therriault, and guests, Dan Britton, Mark Gardiner, and Jerry Juday.

The Board reconvened its regular meeting at 2:14 p.m. Chair Pruhs stated no formal action was taken on the matters discussed in executive session.

7C. Resolution No. G18-02 Relating to the Operating Agreement, Budget, and Revolving Line of Credit for Mustang Road, LLC

Mr. Springsteen stated Resolution No. G18-02 regards revising the operating agreement between AIDEA and Mustang Road LLC (MRLLC) to reflect AIDEA's 100% ownership, approving the MRLLC budget for the remainder of FY 2018, and approving a \$300,000 line of credit to MRLLC to meet its FY 2018 obligations. Mr. Springsteen stated Mark Gardiner and Brenda Applegate are available for questions.

MOTION: Mr. Wilken moved to approve Resolution No. G18-02 Relating to the Operating Agreement, Budget, and Revolving Line of Credit for Mustang Road, LLC. Ms. Brown seconded the motion.

The motion was approved with members Pruhs, Barnhill, Brown, Karl, Parady, and Wilken voting yea.

8. DIRECTOR COMMENTS

Mr. Springsteen expressed appreciation to the Board for their guidance during the work session. AIDEA's core business will be focused on financing the development of commercial and industrial assets and infrastructure for Alaska's earning industries, such as oil and gas, mining, commercial real estate, timber, seafood, and tourism. Staff will prepare and present a plan describing the risks and returns AIDEA should expect, which will include financial expectations, job creation and retention expectations, and expectations of revenue generation for the State.

The loan and dashboard reports, IFD, and PDAM project matrices were included in your packet, along with a copy of the Callan Quarterly Report. Please contact Ms. Siverson regarding the continuing education calendar. The next AIDEA Board meeting is Thursday, April 26, 2018.

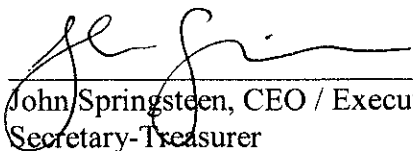
9. BOARD COMMENTS

Mr. Wilken said he resigned from the Budget and Audit Sub-Committee. He expressed appreciation to Ms. Applegate for her excellent leadership. He believes another member with a higher level of understanding would provide better participation.

Chair Pruhs expressed his appreciation to members, staff, and participants.

10. ADJOURNMENT

There being no further business of the Board, the AIDEA meeting adjourned at 2:20 p.m.



John Springsteen, CEO / Executive Director
Secretary-Treasurer



Alaska Industrial Development and Export Authority
BOARD MEETING MINUTES
Thursday, May 31, 2018
Anchorage and Juneau, Alaska

1. CALL TO ORDER

Chair Pruhs called the meeting of the Alaska Industrial Development and Export Authority to order on May 31, 2018, at 10:00 a.m. A quorum was established.

2. ROLL CALL: BOARD MEMBERS

Members present: Chair Dana Pruhs (Public Member); Fred Parady (Deputy Commissioner, Department of Commerce, Community, and Economic Development [DCCED]); Elaine Brown (Public Member); Bernie Karl (Public Member); and Gary Wilken (Public Member).

Members present via teleconference: Mike Barnhill (Deputy Commissioner, Department of Revenue [DOR]).

Member absent, approved: Vice-Chair Russell Dick (Public Member).

3. ROLL CALL: STAFF, PUBLIC

AIDEA staff present: John Springsteen (CEO/Executive Director); Chris Anderson (Commercial Finance Director); Brenda Applegate (Chief Financial Officer); Mike Catsi (Business Dev & Communications Director); Mark Davis (Chief Infrastructure Development Officer); Jim Hemsath (Project Development & Asset Management [PDAM] Director); Yulia Ellsworth (Assistant CFO/Controller); Tom Erickson (Chief Procurement Officer); Elizabeth Greer (PDAM Project Manager); Bill Phelan (Loan Officer); Karsten Rodvik (External Affairs Officer); Jeff San Juan (Infrastructure Development Finance Officer); Linda Senn (Human Resources Manager); Sherrie Siverson (Executive Assistant); and Krin Kempainen (Administrative Assistant).

AIDEA staff present via teleconference: Gene Therriault (Interior Energy Project [IEP] Team Lead).

Public present: Alan Bailey (Petroleum News); David Bennett (Alaska USA Federal Credit Union [FCU]); Kathryn Black (Birch, Horton, Bittner & Cherot); Elwood Brehmer (Alaska Journal of Commerce); Dan Britton (Pentex); Joel Fuller (Arcticorp); Jerry Juday (Department of Law [LAW]); Connie Karl (public); Ladonna Lindley (Accu-Type Depositions); Jomo Stewart, (Interior Gas Utility [IGU]); and Nancy Wainwright (Public).

Public present via teleconference: Wade Ellis (HDR); Mark Gardiner (PFM Group Consulting); Lanien Livingston (Fairbanks North Star Borough [FNSB]); Pamela Throop (IGU); and Bryce Ward (Mayor, North Pole).

4. AGENDA APPROVAL

The Agenda was approved as presented.

5. PUBLIC COMMENTS

Jomo Stewart, IGU General Manager, stated the IGU Board authorized him to execute the final closing documents on the Pentex purchase and on the acceptance of the IEP financing. Mr. Stewart expressed appreciation to AIDEA Board members, AIDEA staff, and IGU Board members for their diligence in this long and fruitful process. He described the timeline regarding the letter of agreement, which includes scope revisions and a waiver to AIDEA regarding not being able to satisfy one of the conditions precedent on the North Slope pad. The Chair-to-Chair communication began in April and ended with the letter of agreement, which was last revised by Gene Therriault, IEP Team Lead, on May 29, 2018. The final revised letter of agreement between AIDEA and IGU was appended to IGU's authorizing resolution and has been provided to Board members.

Mr. Stewart stated he has all the hard copy documents which require signature today and requested AIDEA accept the final revised letter of agreement as part of the closing process. The cities of Fairbanks, North Pole and the Fairbanks North Star Borough (FNSB) have united to form the IGU. A team of highly competent professionals with significant experience in utility management and oversight has been developed and is ready to become the local control entity (LCE) for the IEP.

Chair Pruhs requested the Board receive a copy of the revised final letter of agreement. Mr. Springsteen stated the letter of agreement was distributed digitally. He will provide members with an additional copy.

Mr. Wilken sought clarification regarding the letter of agreement and the request by AIDEA to be involved in the issues and processes. Mr. Wilken asked Mr. Stewart if the agreement includes AIDEA's input as welcomed and accepted in the spirit of moving the project forward. Mr. Stewart agreed to that expectation. Mr. Wilken noted the Financing Agreement and the Purchase and Sales Agreement were signed in December after 18 months of negotiation. He asked for an explanation, on the record, why the unilateral alterations were provided to AIDEA Board members on May 26, 2018, which is two days before closing and almost 7 months after the negotiations were signed.

Mr. Stewart stated there are no significant economic changes to the underpinning provisions within the agreement. The primary area of revisions is within Article Three regarding review of proposals. Mr. Stewart discussed the finalized revisions highlighted in red and noted Mr. Therriault was involved in revising the language. Mr. Stewart reiterated the timeline of the revisions began with the Chair-to-Chair communication in April and continued until the final

revisions by the IEP team presented at the May 29, 2018 IGU Board meeting. Mr. Stewart recounted the October 26, 2017, AIDEA Board meeting where he was expected to speak on a unilaterally created final draft action document he had received 12 hours prior to the meeting.

Chair Pruhs requested additional information regarding the process that would occur in the event collaborative effort fails. Mr. Stewart stated arbitration would be utilized if all communication efforts have been exhausted and an agreement cannot be reached.

Nancy Wainwright asked the Board for a transparent process of the Ambler Road funding and Environmental Impact Statement (EIS) funding. She reminded the Board she previously made this request in 2014, and staff agreed to provide the costs for the EIS. Ms. Wainwright stated she has reviewed Board minutes and has not found indication that staff has provided EIS cost information. She is aware of the information from the 2015 AIDEA response to the Governor's Administrative Order stating \$9.25 million had been spent on the Ambler Road by Alaska Department of Transportation and Public Facilities (DOT&PF) before AIDEA assumed the project. In fiscal years 2011 through 2013, AIDEA received \$17 million for the EIS process. In January of 2015, AIDEA requested an additional \$6.8 million, totaling \$33.5 million for the EIS process. Ms. Wainwright noted AIDEA presented a document recently to the Legislature, which stated \$17 million had been expended for the EIS during the 2013 to 2015 timeframe.

Ms. Wainwright stated the remaining work on the EIS is extensive. She noted AIDEA's application contains more than 56,000 pages and includes approximately 1,000 detailed maps for review. Ms. Wainwright stated the Bureau of Land Management (BLM) received over 70,000 comments during the scoping period that covers over 1,000 different topics. She believes it is important to know what studies remain to be completed and it is important for the AIDEA Board to approve expenditures.

Ms. Wainwright stated the costs of Ambler Road have been equally varied in different documents over time produced by AIDEA and DOT&PF. She requested AIDEA facilitate an independent economic cost analysis of the Ambler Road Project to determine viability.

Mr. Wilken asked Ms. Wainwright to provide Mr. Springsteen a document containing specific questions for AIDEA to answer.

Bryce Ward, North Pole Mayor, provided testimony regarding the IGU/IEP contract and encouraged Board members to accept the changes that were recently made. Mayor Ward noted the city of North Pole has taken many actions and resolutions in support of the IEP. The project is needed in North Pole because of expansion and air quality issues. He expressed appreciation for the efforts of all who have been involved in the process.

Lanien Livingston, FNSB Office of Mayor Karl Kassel, expressed approval of the purchase of Pentex as IGU is presenting. She noted Mayor Kassel is out of state and asked Ms. Livingston to communicate the Administration's support for moving forward with the IEP. The

Administration is confident the project will benefit the Interior for many years. Ms. Livingston expressed appreciation to AIDEA and IGU for their diligent work.

Pamela Throop, IGU Board, Chair, expressed appreciation to AIDEA for their efforts during this long process. She stated IGU is ready to move the project forward as soon as possible. Ms. Throop noted she and Chair Pruhs agreed there could be an ability to look at another proposal that might benefit the ratepayers. Ms. Throop requested the opportunity for that review within the next couple of months. IGU is ready to move forward with the North Slope pad. She believes AIDEA and IGU will be able to resolve any conflict that may arise and will do so in a manner that is best for the ratepayers.

Mr. Wilken expressed appreciation for Ms. Throop's comments today and requested clarification regarding specific comments she made at the IGU Board meeting on Tuesday. Mr. Wilken recounted Ms. Throop commenting AIDEA has not done any favors for IGU, and Anchorage has been treated better than Fairbanks regarding gas supply. Ms. Throop stated she understands the credits that have been given to the gas producers in Cook Inlet have directly benefited the ratepayers of the utilities in Anchorage. IGU has not gotten that, they are getting a loan with great terms. She believes the resources of the state of Alaska belong to everybody, not just a few, and there should be equal access to the money or the resources.

Mr. Wilken recounted Ms. Throop commenting the loans and terms supplied by AIDEA are no big deal. Mr. Wilken noted AIDEA terms are ¼ % with 15 to 20 years' holiday. He requested explanation of her comments. Ms. Throop explained the money came through the Legislature and either could have been provided or loaned at zero interest. She is comparing this transaction to the benefit that has been given to the Southcentral area, experiencing low-cost fuel for many years.

Mr. Wilken recounted Ms. Throop commenting the Cardno Study was too optimistic with a 35% conversion. He requested explanation of what she believes is realistic for conversion. Ms. Throop stated on a case-by-case basis the cost of converting residential families is going to be very difficult and a financial burden for the people in Fairbanks at this time. She believes conversion is a more concerning challenge than what the Cardno Study reflects. Ms. Throop feels the increasing price of diesel will contribute to the amount of conversions. She is hopeful Fairbanks will be able to provide additional assistance for conversions. The possible assistance could be in the form of grants, loans, or on-bill payments.

Mr. Wilken recounted Ms. Throop expressing her reservations of the plan because there is no gas contract after three years. Mr. Wilken requested additional explanation on how the lack of a gas contract affected Ms. Throop's considerations for this project. Ms. Throop stated if they end up paying \$7 to \$8 Mcf for gas she believes it will cause challenges in reaching the 35% conversion. She understands there might have been gas at better prices at several points during the gas negotiations over the last many years. Now, there is a company in Cook Inlet that controls much of the pricing. Unless there are other developers, the \$8 Mcf gas may be the only option. Ms. Throop communicated her desire to have a better contract and wants to continue looking. Mr.

Wilken agreed. He expressed appreciation for Ms. Throop's replies. Mr. Wilken stated the gas contract issue will be further discussed later in the meeting.

6. PRIOR MINUTES - April 26, 2018

Deputy Commissioner Barnhill requested the Minutes of April 26, 2018 be amended on the bottom of page three to reflect that Deputy Commissioner Barnhill did not participate in the executive session with respect to MOC1 because of a conflict of interest.

The minutes from April 26, 2018 were approved as amended.

7. NEW BUSINESS

7A. Loan Resolution No. L18-02 MSH Enterprises, LLC

Mr. Springsteen stated Loan Resolution No. L18-02 regards a 90/10 participation by the Authority in a loan to MSH Enterprises, LLC. The loan is for a newly constructed 21,620 square-foot medical office building located in the U-Med District of Anchorage. The financing supports 105 construction jobs and 25 new permanent jobs. The dollar amount of AIDEA's participation is \$6,581,250. Mr. Springsteen invited Chris Anderson to present.

Ms. Anderson reviewed the details of Loan Resolution No. L18-02. AIDEA's term is fixed for 25 years. Alaska USA FCU's term is 14 years. The guarantors are Dr. Matt Heilala, Stacey Heilala, Matt and Stacey Heilala Living Trust, and Matt Heilala, DPM, dba Alaska Foot & Ankle Specialists. The Heilala doctor's office will fill the second floor and the first floor will be leased. The use of AIDEA's proceeds would pay off the Alaska USA FCU construction loan.

Chair Pruhs requested Ms. Anderson review the process of converting from a construction loan to long-term financing. Ms. Anderson stated a detailed list of documents have to be completed before the long-term loan is funded, as well as the requirement of a tenant on the first floor. The rate is locked-in up front and does not change. The commitment is for one year because of the construction. If construction is not completed in one year, an extension period may be entered at 1/8 of 1% for every 30 days. Chair Pruhs requested additional information regarding AIDEA's process of locking the rate, with no option for market evaluation. He asked Mr. Springsteen and Ms. Anderson to review the process.

Ms. Anderson noted the strengths include the debt service coverage ratio of 1.51:1, the owner/tenant is a well-established medical practice, the medical-office space in the U-Med District is in demand, and the owner/guarantors provide strong outside financial support. There are no extraordinary weaknesses beyond the typical market risk. Dr. and Mrs. Heilala have a related debt with AIDEA on a medical office building in Wasilla with a balance of \$6,875,597.

AIDEA has 22.9% of its total statewide portfolio secured by office type properties and would increase to 24.2% with this credit. AIDEA has 33.1% of participated loans within the Anchorage region and would increase to 35.3% with this credit. Staff recommends approval of Loan Resolution No. L18-02 as presented.

Chair Pruhs noted AIDEA has approximately \$13 million exposure for this single borrowing entity. He asked for a ranking compared with AIDEA portfolio. Ms. Anderson believes it would rank among the top 10 of the portfolio. Chair Pruhs inquired as to the critical man component regarding the projected cash flow and requested additional information what analysis is conducted as a matter of process. Ms. Anderson stated this is an organizational situation and she does not believe key man insurance is required. She noted the critical man component would be an issue if a sole practitioner had no succession planning. AIDEA communicates with the lender and borrower if any credit issues arise. AK USA FCU did not recommend key man insurance. Chair Pruhs noted AK USA FCU represents \$700,000 out of \$13 million. Mr. Karl commented on the great expense of key man insurance and the additional burden it places on the business.

MOTION: Deputy Commissioner Parady moved to approve Loan Resolution No. L18-02 MHS Enterprises, LLC. Motion seconded by Mr. Wilken.

The motion was approved with members Pruhs, Barnhill, Brown, Karl, Parady, and Wilken voting yea.

7B. Executive Session: IEP, MOC1, LNG Loan

MOTION: Deputy Commissioner Parady moved to go into Executive Session to discuss confidential and financial information related to IEP, MOC1, and an LNG Loan. Motion seconded by Mr. Karl.

The Board entered Executive session at 10:59 a.m. Participants included board members Dana Pruhs, Mike Barnhill, Elaine Brown, Bernie Karl, Fred Parady, and Gary Wilken. Deputy Commissioner Barnhill did not participate in the Executive Session regarding MOC1 due to a conflict of interest. AIDEA staff invited to join the session, at different times, for related topics: John Springsteen, Brenda Applegate, Jim Hemsath, Gene Therriault, and guests, Kathryn Black, Dan Britton, Mark Gardiner, Jerry Juday, and Jomo Stewart.

The Board reconvened its regular meeting at 2:28 p.m. Chair Pruhs advised no formal action was taken on the matters discussed in executive session.

7C. Resolution No. G18-05 Approving the Sale of Membership Interests in Mustang Operations Center 1 LLC and Mustang Road LLC to Caracol Petroleum LLC and Providing Financing for the Same

Mr. Springsteen stated the AIDEA Board approved the initial investment April 2014 in the Mustang Operations Center 1 LLC (MOC1). Subsequent to the original investment, global oil market conditions deteriorated. The originally committed debt financing did not come through and long-term financing for new independent oil and gas projects became more difficult to obtain. February 2016, AIDEA approved a warm standby plan and worked to secure additional financing. June 2017, the AIDEA Board approved an additional \$2.5 million investment in

MOC1 to support completion of a certified well and a successful well flow test of the Mustang Field.

With a successful well flow test completed, Brooks Range Petroleum Corporation (BRPC) created a modified development program for the Mustang Field utilizing an early production facility (EPF) and a drilling program to generate production revenues in Q1 of 2019. This will bring the Mustang Field to proven, developed, producing (PDP) status. The modified development program reduces capital investment needs and promotes a shift in AIDEA's Mustang Field role from an owner to a lender for MOC1. The parties agreed it is also desirable to shift AIDEA's role in Mustang Road LLC (MRLLC) from an owner to a lender.

Mr. Springsteen reviewed the key elements of the Revised Mustang Field Finance Plan. AIDEA would sell to Caracol its current MOC1 membership interests for \$52.5 million, plus an amount to recover AIDEA investment costs, and its current MRLLC membership interests for \$8.5 million, plus an amount to recover AIDEA investment costs. AIDEA would provide financing to Caracol for their purchase. The combined AIDEA loans totaling \$64 million and interim costs plus interest would be amortized over the production period. In addition to repayment of interest and principal, AIDEA would receive options in Caracol's parent company, Alpha Energy Holdings Limited.

As collateral for the loans, AIDEA maintains its security interest in all North Slope assets and in the MOC1 assets. Alpha Energy Holdings Limited secures the capital required for Mustang Field drilling. The project is consistent with AIDEA's mission and supports the state's interest in independent oil development in Alaska North Slope. Staff recommends the approval of Resolution No. G18-05.

MOTION: Deputy Commissioner Parady moved to approve Resolution No. G18-05 Approving the Sale of Membership Interest in MOC1 and MRLLC to Caracol Petroleum LLC and Providing Financing for the same. Motion seconded by Mr. Wilken.

MOTION: Deputy Commissioner Parady moved to amend page three in Section Two, deleting the word "nonmaterial." It would read, "With any modifications to those terms the Executive Director," and continues as written. Motion to amend seconded by Mr. Wilken. The motion to amend passed without objection.

Deputy Commissioner Barnhill noted, for the record, the DOR consulted with LAW and a conflict of interest was determined because of being a creditor of MOC1. Deputy Commissioner Barnhill stated, for the record, he will not participate in the deliberation nor in voting on Resolution No. G18-05 or Resolution No. G18-04.

Deputy Commissioner Parady expressed appreciation to the staff and the team for their valuable work in achieving the cash flow objectives to meet these obligations.

Mr. Karl echoed appreciation to the staff and the team for their efforts. He does not, however, believe this is the best deal for the State. Mr. Karl expressed his belief the State should have held a 33% interest in this field. He understands that is not the case and feels AIDEA has gone to extensive lengths to assist in moving this forward. Mr. Karl will vote in favor of the resolution to move the process forward.

The motion was approved with members Pruhs, Brown, Karl, Parady, and Wilken voting yea. Deputy Commissioner Barnhill abstained.

7D. Resolution No. G18-04 relating to a Line of Credit to Mustang Operations Center 1 LLC

Mr. Springsteen stated Resolution No. G18-04 authorizes a line of credit loan to MOC1, not to exceed \$1 million, as bridge financing while AIDEA completes the restructuring of the MOC1 and MRLLC ownership interest into the loan structure as discussed previously.

MOTION: Mr. Wilken moved to approve Resolution No. G18-04 Relating to a Line of Credit to MOC1. Motion seconded by Ms. Brown.

Deputy Commissioner Parady noted provisions of the adopted Resolution G18-05 provide for the recovery of these funds. He expressed support for Resolution No. G18-04.

The motion was approved with members Pruhs, Brown, Karl, Parady, and Wilken voting yea. Deputy Commissioner Barnhill abstained.

7E. Ambler Update

Mr. Springsteen reviewed the PowerPoint presentation he delivered to the House Resources Committee on April 6, 2018. The Ambler Mining District Industrial Access Project (AMDIAP) is one of two special projects assigned to AIDEA creating infrastructure enabling another economic interest for Alaska. From 2013 to 2015, AIDEA received appropriations totaling \$17 million and roughly, \$13 million has been expended. Mr. Springsteen noted federal permitting is expensive and challenging. Over 30 critically important community meetings have been held for the project.

Mr. Springsteen described the resource-rich Ambler mining region, containing at least five key deposits of gold, copper, nickel, jade, and molybdenum. The importance of access to the Ambler Mining District was recognized by the Federal Government in the Alaska National Interest Lands Conservation Act (ANILCA), Section 201(4)(b); "Congress finds that there is a need for access for surface transportation purposes across the Western (Kobuk River) unit of the Gates of the Arctic Natural Preserve from the Ambler Mining District to the Alaska Pipeline Haul Road."

Mr. Springsteen continued explaining Alaska is a connected economy and primary economic engines are its resources: oil and gas, seafood, timber, tourism destinations, and minerals. He reviewed photos of the DeLong Mountain Transportation System (DMTS) road servicing the Red Dog Mine. This is a model for Alaska industry infrastructure. DMTS is critical to the Red

Dog Mine, which has provided job opportunities to all Alaskans, and revenue to the state, to the Northwest Arctic Borough (NWAB), to NANA Regional Corp., and to other Native Corporations. Mr. Springsteen displayed specific Red Dog Mine economic benefits.

Mr. Springsteen described the potential benefits to local communities of the Ambler Access project which include broadband access, local jobs, better access to transportation, goods, and services, and a tax base to help fund community sustainability, including energy, water/wastewater, transportation infrastructure, and public facilities. He recognized there are some communities that are not interested in these types of benefits from this type of economic engine.

Mr. Springsteen noted the Project was initiated by DOT&PF in 2010, and transferred to AIDEA in 2013. Eight routes were evaluated by DOT&PF, and included considerations as wetlands, endangered species, historic sites, wildlife, and migration patterns. The results indicated a route across the Gates of the Arctic National Park & Preserve would have the lowest impact. This led to the creation of the proposed AMDIAP Corridor submitted in the permit application. He stated Evansville Incorporated requested the route not cross their land. AIDEA adjusted the route north prior to submitting the permit application.

Mr. Springsteen conveyed the permitting process includes National Environmental Policy Act (NEPA), ANILCA, wetland, and bridge permits. AIDEA is the applicant. The National Park Service (NPS) is preparing the Environmental & Economic Analysis under Section 201(4)(b) of ANILCA and the Bureau of Land Management (BLM) is preparing the EIS under Title X1 of ANILCA. The NEPA scoping report was completed January 2018 and provided at the end of April 2018. The draft EIS is anticipated to be completed at the end of March 2019, with the final EIS completion the end of December 2019.

Mr. Springsteen showed a graphic of the many steps within the project process. The next steps are to address concerns raised during the federal scoping meetings; schedule community meetings to occur during the summer and early fall, and bring a recommendation before the Board regarding how to proceed with the project. Mr. Springsteen discussed the required approvals post EIS. The estimated cost for building the road is approximately \$1 million per mile, for a total of about \$200 million dollars.

Mr. Wilken inquired if the proposed road goes through any organized government in Alaska. Mr. Springsteen stated the western part of the corridor goes through the NWAB. Mr. Wilken asked if the proposed road is a public or private road. Mr. Springsteen stated it is a private industrial road. Mr. Wilken asked, for the record, if the proposed road will be part of Teck's full and true assessed value or part of NWAB's full and true assessed value. Mr. Springsteen stated he was not prepared to answer the question today.

Mr. Karl asked if the NWAB will have the authority to tax the road. Mr. Springsteen explained the NWAB negotiated with Teck to receive a payment in lieu of tax (AMENDMENT) for the Red Dog road and port (DMTS). I believe the NWAB will negotiate in a similar manner with the

mining companies operating in the Borough and not with AIDEA or the State, which are both tax exempt.

Ms. Brown requested to know who facilitated the Ambler scoping meetings. Mr. Springsteen stated the scoping meetings were run by the federal government; BLM and NPS. AIDEA will conduct the follow-up meetings with the communities based on the results of those federal scoping meetings.

Mr. Springsteen invited Mark Davis to provide comments related to the issue of whether the road could be opened at a later date or could be bought by the State of Alaska or somehow changed from the current proposed model of restricted access. Mr. Davis reviewed some of the main challenges in an unrestricted model. The proposed road crosses land owned by Doyon, NANA, and the Department of Natural Resources (DNR). Negotiated easements may pose restrictions or possible interference for the future sale of the project. Rules of the road restrictions and protocols will be developed. The liability insurance will be for a restricted-access road and underwriting for a different insurance policy may not be available.

Mr. Wilken expressed appreciation for the helpful information.

Chair Pruhs requested Mr. Springsteen include the current expended amount on the Ambler Road Project in the information on the website. Mr. Springsteen agreed.

7F. IEP Update

Gene Therriault, Dan Britton, and Jim Hemsath, presented the IEP Update. Mr. Therriault began by reporting no action has occurred in the last month on the liquefied natural gas (LNG) plant. Mr. Britton discussed the preparation work continuing at the storage facility. The first panel is expected to be delivered to the site on June 6, 2018. The project work is on budget/on schedule and 35 of the 44 panels are completed.

Mr. Therriault stated no additional monies have been spent on distribution build-out. House Bill (HB) 374, on-bill financing, passed in the Legislature. This can be used in conjunction with utilities, Property Assessed Clean Energy (PACE) legislation, and the \$4 million of qualified assistance for air cleanup, including conversion, received by FNSB through the Alaska Department of Conservation (DEC). Fairbanks qualifies to receive the maximum amount of DEC assistance for years into the foreseeable future.

Mr. Hemsath provided a status update on the North Slope pad regarding the DNR process. DNR determined the previous pipeline right-of-way lease is not appropriate. The new lease will be structured as a general-purpose lease. A 30-day public notice will be given regarding bidding. An appraiser has been acquired. The process is ongoing to select a surveyor. If there is no interest by outside parties on bidding after 30-days, the DNR Commissioner will have the option to sole-source to AIDEA for the lease. A sublease to Prudhoe Bay Chemical may occur if they are able to obtain funding.

Mr. Therriault noted the most critical piece of legislation this year was the language of Senate Bill (SB) 125 extending the bond authorization for the IEP Project. This was rolled into the Governmental Accounting Standards Board (GASB) legislation in HB 119. Mr. Therriault reported on his public comment and discussions during the IGU Board meeting recently, during which the letter of agreement was finalized. He took exception to the earlier characterization he was involved in the wordsmithing of the letter.

Mr. Wilken expressed appreciation to Deputy Commissioner Parady for his help during the legislative process.

MOTION: Deputy Commissioner Parady made a motion to amend the agenda by adding Resolution No. G18-06 for consideration. Motion seconded by Mr. Wilken. The motion passed with no objection.

Deputy Commissioner Parady read Resolution No. G18-06 into the record. "Resolution of the Alaska Industrial Development and Export Authority approving waiver of a condition precedent to the sale of Pentex Alaska Natural Gas Company, LLC to the Interior Gas Utility, approving a letter agreement with the Interior Gas Utility, and extending the deadline for closing on the transactions with the Interior Gas utility."

MOTION: Deputy Commissioner Parady moved to approve Resolution No. G18-06. Motion seconded by Mr. Wilken.

Deputy Commissioner Parady noted the resolution extends the timeframe to June 14, 2018 for the closing documents and provides time for IGU to consider AIDEA's action on the IGU letter of agreement, as proposed. The letter of agreement is the attachment to Resolution No. G18-06. The letter accepts the IGU language regarding the North Slope pad through Section Two and deletes Section Three. AIDEA is intently focused on the partnership with IGU and completion of an agreement. AIDEA is also intently aware of its role of steward of the resources appropriated to IEP by the Legislature.

Deputy Commissioner Parady believes the Section 8 modification language proposed at this late date is unnecessary because the actual finance agreement language that was astutely negotiated over a substantial period of time in Section 8.8 allows consideration of a third-party proposal during that development process. He read the language into the record: "The development process for the project is as set forth in the scope of work and schedule of advances and any material changes to the scope of work and schedule of advances must be agreed to by both parties. In the event either party desires changes to the scope of work and schedules on advances due to practical concerns relating to the project, including unforeseen circumstances or events, the parties shall promptly meet and confer to consider alternatives and determine, if possible, a change to the scope of work and schedule of advances. For purposes of this section, material is defined as the lesser of a change in value of \$250,000 or more, or 2.5% of any particular line item in the scope of work."

Deputy Commissioner Parady stated his primary concern is adherence to the framework of the financing agreement. He believes the current modified letter agreement has the potential to introduce change into the financing agreement due to language that was proposed in the new 8.8 development process. Deputy Commissioner Parady explained deleting Section Three from the letter of agreement will provide clarity and simplicity for the best path forward on the continued partnership with the IGU Board.

Deputy Commissioner Parady explained the dispute resolution mediation language existent in the financing agreement under Section 13.9 is strong. He noted that working together is inherent in the process. He looks forward to an open dialog and completing the work. He believes the two-week extension is appropriate.

Mr. Karl echoed the comments of Deputy Commissioner Parady.

Mr. Wilken requested to be associated with the remarks of Deputy Commissioner Parady.

The motion was approved with members Pruhs, Barnhill, Brown, Karl, Parady, and Wilken voting yea.

8. DIRECTOR COMMENTS

Mr. Springsteen stated the Board requested the AIDEA fee schedule be revisited. At the next meeting, staff will seek authorization for changes to the regulations to more closely align the fee structure with the cost of doing business.

The loan and dashboard reports, IFD and PDAM project matrices, and the quarterly investment report were included in your packet. Please contact Ms. Siverson regarding the continuing education calendar.

The next AIDEA Board meeting is Thursday, June 28, 2018.

9. BOARD COMMENTS

Mr. Wilken requested the dashboard include the specific locations of AIDEA loan funds and job support. Mr. Springsteen agreed.

Mr. Wilken asked staff to compile and provide information on the Bokan Rare Earth Element Project to the Board. He read, for the record, questions he received; “1) For any Ucore development proposal that involves Bokan Mountain, will AIDEA staff please ensure that environmental permitting and positive feasibility study are both completed to industry standards prior to any request to the Board to utilize the authorized bonding authority? 2) If the feedstock for Ucore’s potential Alaska rare earth separation plant is not Bokan Mountain, but rather from other sources around the world, will AIDEA staff please evaluate the history, reserves, reliability, market price sensitivity, and contract terms of those sources in the context of how they would provide Ucore a competitive advantage, and thereby support Ucore loan amortization?”

Deputy Commissioner Parady stated he attended the Alaska Housing Finance Corporation (AHFC) Board meeting yesterday and noted they also have not seen an increase in default rates on their various loan programs. AIDEA's delinquent loan rates have been under 1% for over a decade. He believes this is an indication of underlying strength of Alaska's economy, even in the midst of the ongoing state deficit issue.

Deputy Commissioner Parady expressed appreciation to the IGU Board and Mr. Stewart, specifically, for attending today, for participating in the process, and for working together to resolve issues. He expressed appreciation to staff and Mr. Therriault for their diligent work.

Mr. Karl expressed appreciation to Mr. Stewart and looks forward to a continued working relationship.

Ms. Brown expressed appreciation to staff for their commitment and work today.

Chair Pruhs expressed his appreciation to members and staff for the diligent work on today's numerous topics and challenges

10. ADJOURNMENT

There being no further business of the Board, the AIDEA meeting adjourned at 3:22 p.m.


John Springsteen, CEO / Executive Director
Secretary-Treasurer
Alaska Industrial Development & Export Authority





Alaska Industrial Development and Export Authority
BOARD MEETING MINUTES
Wednesday, September 19, 2018
Anchorage and Juneau, Alaska

1. CALL TO ORDER

Chair Pruhs called the meeting of the Alaska Industrial Development and Export Authority to order on September 19, 2018, at 12:47 p.m. Chair Pruhs welcomed new Board member Joe Beedle attending telephonically. Mr. Beedle stated he will attend telephonically for the October meeting and in-person at the November meeting. A quorum was established.

2. ROLL CALL: BOARD MEMBERS

Members present: Chair Dana Pruhs (Public Member); Fred Parady (Deputy Commissioner, Department of Commerce, Community, and Economic Development [DCCED]); Elaine Brown (Public Member); and Bernie Karl (Public Member).

Members present via teleconference: Joe Beedle (Public Member); and Mike Barnhill (Deputy Commissioner (Department of Revenue [DOR])) joined the meeting at 1:00 p.m.

3. ROLL CALL: STAFF, PUBLIC

AIDEA Staff present: John Springsteen (CEO/Executive Director); Chris Anderson (Commercial Finance Director); Brenda Applegate (Chief Financial Officer); Mike Catsi (Business Development & Communications Director); Alan Weitzner (Chief Investment Officer); Tom Erickson (Chief Procurement Officer); Elizabeth Greer (Project Development & Asset Management [PDAM] Project Manager); Jeff San Juan (Infrastructure Development Finance Officer); Linda Senn (Human Resources Manager); Gene Therriault (Interior Energy Project [IEP] Team Lead); Rich Wooten (PDAM Project Manager); Sherrie Siverson (Executive Assistant); and Krin Kemppainen (Administrative Assistant).

Public present: Bart Armfield (Brooks Range Petroleum Corp); Mark Gardiner (PFM Group Consulting); Jerry Juday (Department of Law); Jeff Landfield (Alaska Landmine); and Sunny Morrison (Accu-Type Depositions).

4. AGENDA APPROVAL

The agenda was approved as presented.

5. PUBLIC COMMENTS

There were no public comments.

6. PRIOR MINUTES - August 8, 2018

The minutes of August 8, 2018 were approved as presented.

7. NEW BUSINESS

7A. Resolution No. G18-08 Rejecting Application of the Public Employment Labor Relations Act for the Authority and Any Subsidiary

John Springsteen stated Resolution No. G18-08 regards the Authority rejecting application of the Public Employment Labor Relations Act for the Authority and any subsidiary. This will allow the Authority the freedom to fashion its own employer relations policies and practices. This will also allow the same freedom to any wholly or partially-owned subsidiary of the Authority. Staff recommends adoption of this resolution. Mr. Springsteen noted the Alaska Labor Relations Agency has upheld this opt-out provision for Haines, Wasilla, and North Pole. AIDEA is in a unique position with its ability to acquire and divest interest in private corporations.

Mr. Springsteen explained AIDEA's current operations. AIDEA has its own employer relations policies and practices. Chair Pruhs asked if this is a formalization of AIDEA's current practices. Mr. Springsteen agreed this follows the current practices. AIDEA has historically acted under its own employer relations policies and practices, but the issue has not been formalized with a resolution approved by the Board.

Deputy Commissioner Parady requested additional information regarding how this resolution would affect entities acquired that have union activity. Mr. Springsteen understands the issue would be resolved at the level that it should be with the partially or wholly-owned subsidiary, rather than through AIDEA or the State. Deputy Commissioner Parady asked if this is preclusive. Mr. Springsteen believes the ability remains to work through the National Labor Relations Board (NLRB) to resolve these kinds of issues.

MOTION: Deputy Commissioner Parady moved to approve Resolution No. G18-08 Rejecting Application of the Public Employment Labor Relations Act for the Authority and Any Subsidiary. Motion seconded by Ms. Brown.

The motion was approved with members Pruhs, Beedle, Brown, Karl, and Parady voting yea. Deputy Commissioner Barnhill was absent.

7B. Resolution No. G18-09 Relating to the Appointment of Alan C. Weitzner as an Officer of the Authority

Mr. Springsteen stated Resolution No. G18-09 regards the appointment of Alan Weitzner as an officer of the Authority. He announced Mr. Weitzner joined the Authority on August 20, 2018 as Chief Investment Officer (CIO) responsible for providing oversight and direction on project development and investment matters. Adoption of this resolution will also appoint Mr. Weitzner as Assistant Secretary/Treasurer of the Authority performing duties the Board may assign or as the Executive Director may delegate. The resolution fills the position left vacant by Mr. Hemsath's retirement. Staff recommends adoption of this resolution.

Chair Pruhs welcomed and invited Mr. Weitzner to the table to provide his background and to allow the Board the opportunity to ask questions. Mr. Weitzner stated his background is in project finance, infrastructure development, and commercial debt underwriting within investment banking. After a period of time overseas, he returned to the United States and started the consulting firm Stakeholders Infrastructure, which focused on consulting to parties like AIDEA and development banks on how to build capacity. Mr. Weitzner met Mr. Springsteen and several of the Board members through this work.

Mr. Karl welcomed Mr. Weitzner and asked about general personal information. Mr. Weitzner noted he is married, has two daughters, and has recently relocated to Alaska from Texas.

Mr. Beedle welcomed Mr. Weitzner, and expressed his pleasure with expanding the internal expertise that fits the mission and vision of AIDEA. Ms. Brown welcomed Mr. Weitzner.

Mr. Weitzner commented he has enjoyed working with colleagues during his first month and is looking forward to collaboration with AIDEA on economic development for Alaska. He attended the Southeast Conference and met project representatives and stakeholders. Mr. Weitzner was pleased with the process.

MOTION: Ms. Brown moved to approve Resolution No. G18-09 Relating to the Appointment of Alan C. Weitzner as an Officer of the Authority. Motion seconded by Mr. Karl.

The motion was approved with members Pruhs, Barnhill, Beedle, Brown, Karl, and Parady voting yea.

7C. Executive Session: Interior Energy Project (IEP), Mustang Operations Center (MOC1)

MOTION: Ms. Brown moved to go into Executive Session to discuss confidential and financial information related to IEP and MOC1. Motion seconded by Mr. Karl.

Deputy Commissioner Barnhill noted for the record he will not participate in the discussion regarding MOC1.

The Board entered Executive session at 1:01 p.m. Participants included board members Dana Pruhs, Mike Barnhill (IEP only), Joe Beedle, Elaine Brown, Bernie Karl, and Fred Parady. AIDEA staff invited to join the session, at different times, for related topics: John Springsteen, Brenda Applegate, Liz Greer, Gene Therriault, and guests, Mark Gardiner and Jerry Juday.

The Board reconvened its regular meeting at 2:57 p.m. Chair Pruhs advised the Board did not take any formal action on matters discussed while in executive session.

Chair Pruhs invited Mr. Springsteen to present on MOC1. Mr. Springsteen stated there are two resolutions staff would like to put forth to the Board. Mr. Springsteen read Resolution No. G18-11 regarding a Revised Finance Plan for the Mustang Operation Center 1 LLC into the record. (draft attached)

MOTION: Ms. Brown moved to approve Resolution No. G18-11 regarding a Revised Finance Plan for the Mustang Operations Center 1 LLC. Motion seconded by Mr. Karl.

Mr. Karl believes this is an okay deal for the State, but not a great deal for the State. He believes the State should have invested and become a 51% owner. He believes this is within AIDEA's mission statement. Mr. Karl expressed support for the resolution, but does not believe it is the best agreement for the State.

Mr. Beedle noted he is a new Board member and in his 40-year Alaskan career has been in the executive level in the banking industry. Mr. Beedle expressed excitement for the future of the smaller developments on the North Slope. He applauded AIDEA for its efforts on this project. Mr. Beedle believes each step of this process has been an appropriate decision at the time. He requested more information regarding the consideration DOR is giving for the loan and the consideration AIDEA is getting from what will become the borrower and future owner. He asked if there were concerns regarding the size and concentration for AIDEA of this single asset type. Mr. Beedle expressed support for the resolution based on his discussions with the Executive Director.

Mr. Springsteen stated the consideration DOR is providing in exchange for the guarantee from AIDEA consists of consent on the restructuring of the deal, allowance of time for the tax credit certificates to pay out, and adjustment of the loan rate from 7% to approximately 3%. Mr. Springsteen noted the borrower and restructuring with Caracol will either increase their obligation to AIDEA by up to \$10 million to cover the balance of the DOR loan under the same

8% terms and conditions of the \$60 million AIDEA/Caracol loan or they will pay AIDEA to cover any balance remaining. The consideration to AIDEA for the restructuring is to have the option to purchase stock of Alpha Energy at a predetermined price.

Mr. Springsteen explained the general guideline for AIDEA's revolving fund considers as much of \$50 million can be committed to an individual venture. This \$75 million investment exceeds that normal guideline. Mr. Springsteen noted AIDEA has the capacity to make the investments at the discretion of the Board.

The motion was approved with members Pruhs, Beedle, Brown, Karl, and Parady voting yea. Deputy Commissioner Barnhill abstained.

Chair Pruhs requested Mr. Springsteen present on Resolution No. G18-12. Mr. Springsteen noted both Resolution No. G18-11 and Resolution No. G18-12 have accompanying memorandums that were provided to the Board. Mr. Springsteen read Resolution No. G18-12 Relating to Alpha Energy Holdings Limited Stock Options into the record.

MOTION: Deputy Commissioner Parady moved to approve Resolution No. G18-12 Relating to Alpha Energy Holdings Limited Stock Options. Motion seconded by Mr. Karl.

The motion was approved with members Pruhs, Beedle, Brown, Karl, and Parady voting yea. Deputy Commissioner Barnhill abstained.

8. DIRECTOR COMMENTS

Mr. Springsteen welcomed Mr. Beedle to the Board. He stated he has previously served with Mr. Beedle on the Advisory Committee for the Comprehensive Economic Development Strategy for the State of Alaska. Mr. Springsteen expressed appreciation for Mr. Beedle's insights and looks forward to the benefits he will provide to AIDEA.

Mr. Springsteen stated the loan and dashboard reports, IFD and PDAM project matrices and fact sheets, and the Callan Report were included in the packet. Please contact Ms. Siverson regarding the continuing education calendar.

Next regularly scheduled AIDEA Board Meeting Wednesday, October 24, 2018.

9. BOARD COMMENTS

Mr. Karl welcomed Mr. Beedle to the Board. He expressed appreciation to staff for their diligent work. Mr. Karl thanked Jerry Juday for his efforts.

Deputy Commissioner Parady noted on page five of the Dashboard Report, the concentration in oil and gas projects and loans is about 14.1%. He believes this is a proper diversification. The delinquencies increased in the last two years from 0% to .39%. This is well within the range of

the last 15 years. Mr. Springsteen noted the delinquency is a single issue and specific information is available for the Board's review.


Ms. Brown welcomed Mr. Beedle and thanked staff for their hard work.

Mr. Beedle recognized the honor to be appointed to the Board. He expressed his respect for AIDEA and AEA, specifically noting the deliberative, transparent, and independent due diligence process and fiduciary responsibility exhibited by management and staff.

Chair Pruhs welcomed Mr. Weitzner. He expressed appreciation to staff for their efforts. Chair Pruhs recognized former Vice-Chair Russell Dick, who has moved on to take care of higher priorities. He will be missed. Chair Pruhs expressed appreciation to long-time previous Board member Gary Wilken, who took the opportunity to become a member of the IGU Board.

10. ADJOURNMENT

There being no further business of the Board, the AIDEA meeting adjourned at 3:20 p.m.



John Springsteen, CEO / Executive Director
Secretary-Treasurer
Alaska Industrial Development & Export Authority



Alaska Industrial Development and Export Authority
BOARD MEETING MINUTES
Monday, April 22, 2019 via teleconference
Anchorage, Juneau, and Ketchikan, Alaska

1. CALL TO ORDER

Chair Pruhs called the meeting of the Alaska Industrial Development and Export Authority to order on April 22, 2019, at 9:02 a.m. A quorum was established.

2. ROLL CALL: BOARD MEMBERS

Members present via teleconference: Chair Dana Pruhs (Public Member); Albert Fogle (Public Member); Fred Parady (Department of Commerce, Community, and Economic Development [DCCED]); Greg Samorajski (Deputy Commissioner, Department of Revenue [DOR]); and Julie Sande (Public Member).

3. ROLL CALL: STAFF, PUBLIC

AIDEA Staff present: Brenda Applegate (Chief Financial Officer); Shawn Calfa (Senior Accountant/Grants Manager); Yulia Ellsworth (AIDEA Controller, Assistant CFO); Elizabeth Greer (Project Finance & Asset Management Project Manager [PFAM]); and Aimee Sudbeck (Administrative Assistant).

AIDEA Staff present via teleconference: Tom Boutin (CEO/Executive Director).

Public present: Jerry Juday (Department of Law).

Public present via teleconference: Alan Bailey (Petroleum News); and Mark Gardiner (Caudaloso LLC).

4. AGENDA APPROVAL

The agenda was approved as presented.

5. PUBLIC COMMENTS

There were no public comments.

6. NEW BUSINESS

- 6A. Amended Resolution No. G18-11A** Approving an Extension of the Maturity Date on a Debt Mustang Operations Center 1 LLC owes the Alaska Department of Revenue, Authorizing the Authority to provide a Guaranty of the Debt and to Purchase the Debt, and Authorizing the Authority to increase the Loan to Caracol Petroleum LLC related to the sale of the Authority's Membership interests in Mustang Operations Center 1 LLC

and Mustang Road LLC by an amount not to exceed \$10 Million, all in support of the Mustang Oil Field Development Project.

MOTION: Mr. Fogle moved to approve Resolution No. G18-11A. Mr. Parady seconded the motion.

Mr. Samorajski recused himself from the discussion and vote due to a conflict of interest.

Mr. Boutin asked Jerry Juday to provide details of this resolution. Mr. Juday stated the Board is being asked to amend Resolution No. G18-11. On September 19, 2018, the board approved AIDEA to provide a guaranty to the DOR on a loan made to Mustang Operations Center 1 LLC (MOC1). This amendment would authorize AIDEA to purchase the loan from the DOR rather than, or in addition to, providing the guaranty. AIDEA is working to close the transaction with Caracol for their purchase of AIDEA's membership interest in Mustang Road LLC (MRLLC) and MOC1. AIDEA would then purchase the loan from the DOR and be the note holder.

This motion was approved with members Pruhs, Fogle, Parady, and Sande voting yea. Mr. Samorajski abstained.

7. DIRECTOR COMMENTS

Mr. Boutin stated he had no comments.

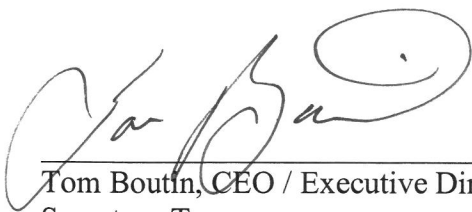
8. BOARD COMMENTS

Mr. Parady thanked staff for bringing this to fruition.

Chair Pruhs expressed appreciation to the Board members for attending and to staff and Department of Law for their efforts and for their participation. He stated this is a good project and at the last board meeting it was noted this is the first small independent to go from exploration to production. He hopes this is one of many to come.

9. ADJOURNMENT

There being no further business of the Board, the AIDEA meeting adjourned at 9:12 a.m.



Tom Boutin, CEO / Executive Director
Secretary-Treasurer
Alaska Industrial Development & Export Authority



Alaska Industrial Development and Export Authority
BOARD MEETING MINUTES
Wednesday, January 15, 2020
Anchorage, Alaska

1. CALL TO ORDER

Chair Pruhs called the meeting of the Alaska Industrial Development and Export Authority to order on January 15, 2020, at 10:02 am. A quorum was established.

2. ROLL CALL: BOARD MEMBERS

Members present: Chair Dana Pruhs (Public Member); Vice-Chair Bernie Karl (Public Member); Julie Anderson (Commissioner, DCCED); Albert Fogle (Public Member); Bill Kendig (Public Member); Greg Samorajski (Deputy Commissioner DOR); and Julie Sande (Public Member).

3. ROLL CALL: STAFF, PUBLIC

AIDEA Staff present: Tom Boutin (CEO/Executive Director); Chris Anderson (Commercial Finance Director); Brenda Applegate (Chief Financial Officer); Mark Davis (Chief Infrastructure Development Officer); Alan Weitzner (Chief Investment Officer, PFAM); Leona Hakala (Loan Officer); Lex Sargento (Chief Procurement Officer); Linda Senn (Human Resources Director); Geoffrey Johns (PFAM Investment Officer); Karsten Rodvik (External Affairs Officer); Jesse Peterson (Sr. Manager, PFAM); Jeff San Juan (Infrastructure Development Finance Officer); Sherrie Siverson (Executive Assistant); Krin Kempainen (Administrative Assistant); and Aimee Sudbeck (Administrative Assistant).

AEA Staff and AIDEA Counsel and Consultants: Jerry Juday (Department of Law).

Public: Sunny Morrison (Accu-Type Depositions); Tegan Hanlon (Alaska Public Media); Harry Bockmeulen (BRPC); Mark Lonheim (First National Bank) (phone); Tim Redder (First National Bank Alaska); Jim Gallagher (HDR); Unidentified Attendee (HDR); Alex Johnson (National Parks Conservation Association); Majid Jourabchi (Thyssen); Dave Parrish (Trilogy Metals); Rick Van Nieuwenhuysen (Trilogy Metals); Mark Wiggin (Wiggin & Co.); Elaine Bert; Harry Douglas (phone); John Gaedeke (phone); Dan Gilbert (phone); Susan Johnson (phone); Nancy Wainwright (phone).

4. AGENDA APPROVAL

MOTION: A motion was made by Vice-Chair Karl to approve the agenda. Motion seconded by Mr. Kendig.

The motion to approve the agenda as presented passed without objection.

5. PUBLIC COMMENTS

John Gaedeke informed his family started Iniakuk Lake Wilderness Lodge and he is calling from the Fairbank area. He expressed a continued concern for the lack of trust for the Ambler Road proposal. Mr. Gaedeke stated he attended many of the EIS comment meetings in the fall and is shocked at the level of confusion in the villages, in Anchorage and in Fairbanks regarding AIDEA's proposal. The project operatives have not been successful in their attempts to reassure people about their concerns. Questions from 2014 remain unanswered, and yet AIDEA seems to be blindly moving ahead with the proposal.

Mr. Gaedeke understands no questions will be answered during the Board meeting and wanted to identify some of the issues for the members' knowledge. He stated the biggest issue of the proposal is how to control access on a 220-mile road. Labeling the road as controlled access does not solve the problem. He believes the road could greatly facilitate drug running, bootlegging, and poaching. The current police force in Alaska is insufficient in many of the villages that do not have roads. Mr. Gaedeke informed he has read the EIS comments submitted by AIDEA and has found no clarification. He noted the repetitious statement that the right-of-way permit requires controlled access. Alaska is known for roads to nowhere that run out of funding and support.

Mr. Gaedeke stated the current Mustang project is late on payments. The schools lack proper funding and maintenance and the police force is eroding. Alaskans know very well that saying something will be done properly and actually doing it properly are two very different things. AIDEA has not communicated the capabilities in the region. The operatives are focused on obtaining a right-of-way in spite of the Alaskans that live along the corridor. There is no funding and no engineering, and yet, the public is supposed to trust AIDEA. There is confusion about how and where the road will be built. The type of culverts that will be used is unknown. How to mitigate naturally occurring asbestos is unknown, other than the statement of, "proper techniques will be used."

Mr. Gaedeke advised he spoke with project manager Jeff San Juan about the Gaedeke family's wilderness lodge on Iniakuk Lake that has been operating for 45 years. He noted Mr. San Juan seemed confused regarding the location of the lodge, and when it was identified on the map, Mr. San Juan asked the value of the lodge and suggested AIDEA could possibly purchase it. Mr. Gaedeke asked if AIDEA was planning to buy out all the businesses this road will impact. He asked if AIDEA was planning to buy out villagers' homes and relocate them when they can no longer hunt caribou and put food on the table. Mr. Gaedeke stated AIDEA is supposed to make the lives of Alaskans better. He respectfully asked that the AIDEA Board to do better. He noted there has been a cavalier attitude about the impacts in the region and there is no longer any trust.

Harry Douglas began his public testimony by speaking Inupiaq. Mr. Douglas informed he is Inupiaq Eskimo. He stated there are not many Native speakers anymore, and if a road is built in the area there will not be many animals anymore. Before the 1920's, there were not many caribou, moose, and beaver in the area, and his people had to go approximately 200 miles to the north to hunt. He does not want to go back to that situation. Mr. Douglas stated the Athabaskans today travel a long way to hunt caribou and other animals. The proposed road is in the spawning

grounds for many creeks, rivers, and streams. Mr. Douglas does not believe AIDEA is considering the impacts of the road on the fish, animals, birds, or the impacts to the migration patterns of the animals and the impacts to hunters. Mr. Douglas stated there is only one developer who is pushing for the development of the road and the developer has a poor history as NovaGold, and then as NovaCopper, and now as Trilogy Metals. He noted there would be public outcry when public money is used. Mr. Douglas said ANILCA indicates any settlement or towns that are connected to a road system will not qualify for subsistence. There was a village vote in the area in the 1970's that voted against a road. AIDEA should respect that vote. There has been no vote since then.

Nancy Wainwright, interested citizen, highlighted an economic challenge of the Ambler project that has received very little attention. The proposed road runs through numerous cultural graveyards and cultural resources of the tribes in the region. There has been very little assessment of the extent of the existing cultural resources. Ms. Wainwright noted AIDEA has proposed to conduct the cultural resource assessment in the future. She believes the cultural resource assessment will be very expensive for a 211-mile road and asked the Board to inquire of their staff the amount of funding that is planned to be spent on the evaluation. Ms. Wainwright stated the cultural resource assessment would have to occur before ground is broken. She commented this project is like building a road through the hometown church graveyard or the hometown museum containing rich artifacts dating back thousands of years, which will have to be protected before the road can go forward. Ms. Wainwright wanted to make the Board aware the proposition is costly and will affect the cultures in the region.

6. PRIOR MINUTES - December 4, 2019

MOTION: A motion was made by Mr. Kendig to approve the Minutes of December 4, 2019. Motion seconded by Deputy Commissioner Samorajski.

Deputy Commissioner Samorajski noted the comment in paragraph two on page seven of the minutes is erroneously attributed to him. Deputy Commissioner Samorajski believes the comment was made by Mr. Fogle and requested the minutes be corrected. Deputy Commissioner Samorajski agreed he was supportive of the resolution, but he did not make that specific comment. There was no objection to the friendly amendment of the Minutes of December 4, 2019, paragraph two on page seven to state, "Mr. Fogle expressed support for the resolution and commented that 17 times out of 24 times, the 50% dividend level was paid to the State."

The motion to approve the Minutes of December 4, 2019, with the friendly amendment correcting paragraph two on page seven to state, "Mr. Fogle expressed support for the resolution and commented that 17 times out of 24 times, the 50% dividend level was paid to the State," passed without objection.

7. OLD BUSINESS

7A. Loan Resolution No. L20-01 Island Holdings, LLC

Tom Boutin, CEO/Executive Director, requested Chris Anderson, Loan Participation Program, introduce the attendees to revisit Loan Resolution L20-01 Island Holdings. Ms. Anderson reviewed the memorandum and informed the request is from First National Bank Alaska for Island Holdings, LLC for a total gross loan amount is \$7,219,100. AIDEA's participating portion is \$6,497,190 for a 25-year term at a fixed rate. The guarantors are Susan Johnson and Daniel Gilbert. The use of the proceeds will pay off a current First National Bank loan. This is an equity extraction from the Best Western Hotel as the collateral to refinance and reimburse the 38-room Kodiak Compass Suites. Ten new jobs would be created with this credit. Ms. Johnson has been managing the Best Western Hotel for over 12 years, and she and her husband Mr. Gilbert currently own and manage several commercial retail buildings, a duplex, and two single-family homes. They will manage the newly completed Kodiak Compass Suites together.

Ms. Anderson explained AIDEA would take a first deed of trust on the property, which has been appraised by North Pacific Advisors for a real estate market value of \$10,030,000, and furniture, fixtures, and equipment (FFE) value of \$230,000. This provides a 72% loan to value on the real estate. The projected net operating income for the first year is proposed to service the debt at 1.98:1. There is no related debt on this credit. There are no known environmental issues. Ms. Anderson noted the market has rebounded in the past several years and is forecast to remain steady, as long as the Alaskan and national economies remain strong. The strengths include professional management with good operating history, low loan to value, and a flagged hotel in a good downtown location. There are no extraordinary weaknesses beyond the typical market risk.

Ms. Anderson discussed the portfolio diversification as of September 30, 2019. The total dollars in the Gulf region, as a percentage of AIDEA's total portfolio dollars statewide will increase from 4.35% to 5.8%. AIDEA has 12% of its total statewide portfolio in the tourism industry, which will increase to 13.34%. For participated loans within the Gulf region, 55.1% are attributed to tourism projects and will increase to 66.9%. Staff recommends the credit for approval. Ms. Anderson introduced Tim Redder, Vice-President and Regional Branch Manager in Kenai of First National Bank Alaska. He oversees the Kodiak FNBA branch and is available to answer questions. Ms. Anderson noted the borrowers are attending telephonically and available to answer questions.

Mr. Kendig asked if the 72% loan to value is a combined loan to value of FNBA and AIDEA. Ms. Anderson agreed.

Chair Pruhs requested Ms. Anderson discuss the previous questions posed regarding the P&L. Ms. Anderson indicated the first question regarded the reason expenses were not capitalized. She discussed the CPA responded the expenses were not capitalized because it is not a new business. It is an expansion of an existing hotel operation. If it were a new business, indirect costs could have been capitalized as preopening expenses are amortized over a number of years. As to an expansion to a second facility of an existing hotel operations, any cost not specific to the construction can be expensed for tax purposes. Ms. Anderson provided examples.

Ms. Anderson discussed another previously asked question regarding the completion of a Phase 1 environmental audit due to the usage of oil as the heating source. Ms. Anderson informed the Phase 1 environmental assessment is not warranted in this particular circumstance. The borrower affirmed that the buried fuel tank was last upgraded to a new tank in 1983 and seems to be in good condition with no leaks or contamination. The bank completed an environmental risk survey, which includes a search of the Alaska Department of Environmental Conservation website with no issues noted. Fuel tanks used for heating are not uncommon in Kodiak and the insurance company is aware of the fuel tank. The borrower is planning to upgrade to a new above-ground 2,500-gallon tank system in the summer of 2020.

Vice-Chair Karl seriously disagreed with the thought that a fuel tank which has been buried since 1982 has not had some type of contamination. He would have expected test holes be drilled to determine if contamination is present because of potential liability. Vice-Chair Karl noted the largest polluter in the state are buried fuel tanks. He commented a Phase 1 audit should be mandatory on a loan of this amount and questioned the judgment on not conducting a Phase 1 audit.

Chair Pruhs asked if the owner holds pollution liability insurance. Mr. Gilbert agreed, and believes it is under the umbrella policy of \$25 million.

Vice-Chair Karl recommended this resolution is not approved until the Phase 1 audit is completed.

Ms. Anderson suggested the resolution could be approved subject to a completed Phase 1 audit.

Deputy Commissioner Samorajski noted the previous meeting minutes show the Chair's recommendation the environmental assessment is completed prior to closing. Deputy Commissioner Samorajski asked if what was presented today satisfies the Chair's concern. Chair Pruhs believes a visual environmental assessment was conducted, but not a subsurface environmental assessment. Chair Pruhs expressed interest to know exactly what the pollution liability insurance is on the facility. He cannot imagine the policy is \$25 million because the cost of the policy would be very expensive. If a facility goes into foreclosure, the lender is liable. Chair Pruhs asked Ms. Anderson if AIDEA has physically gone to the property. Ms. Anderson answered, AIDEA has not physically gone to the property, but will go to the property before funding is provided.

Chair Pruhs asked Ms. Anderson if AIDEA has reviewed the agreement with the Best Western Hotel. Ms. Anderson noted AIDEA has not reviewed the agreement. She believes the lender has reviewed the agreement. Chair Pruhs inquired as to how an analysis is conducted on the strength of the borrower and the cash flows without reviewing the agreement. Mr. Redder stated he has not personally reviewed the agreement with the flagged hotel. Mark Lonheim, First National Bank, stated he also has not reviewed that agreement.

Vice-Chair Karl believes review of that agreement would be paramount to understanding the conditions of the costs and the length of the agreement before a loan would be considered.

Mr. Fogle asked if the P&L revenue target was met, now that the year is 2020. Mr. Redder noted the most recent information is through August of 2019, and called on the guarantors to speak to their performance through 2019. Ms. Johnson discussed the anticipated revenue for the Compass Suites was exceeded in 2019, and both hotels are doing well. The 2019 revenues exceeded the 2018 revenues.

MOTION: Mr. Fogle made a motion to enter into Executive Session to discuss confidential financial information regarding Loan Resolution No. L20-01 Island Holdings. Motion seconded by Mr. Kendig. The motion was approved without objection.

Executive Session: 10:33 am

The Board reconvened its regular meeting at 11:00 am.

Chair Pruhs advised the Board did not take any formal action on matters discussed while in executive session.

Mr. Boutin recommended Loan Resolution L20-01 be amended to include three conditions:

1. An AIDEA physical inspection of the borrower's property; condition acceptable to the Authority
2. A Phase 1 environmental assessment of the borrower's property including the condition of the underground storage tank, and the borrower's plan to replace the tank; acceptable to the Authority
3. AIDEA review of the borrower's franchise agreement with Best Western; acceptable to the Authority

MOTION: Mr. Kendig made a motion to approve Loan Resolution No. L20-01, subject to the amended three conditions: an AIDEA physical inspection of the borrower's property, condition acceptable to the Authority; a Phase 1 environmental assessment of the borrower's property including the condition of the underground storage tank, and the borrower's plan to replace the tank, acceptable to the Authority; and an AIDEA review of the borrower's franchise agreement with Best Western, acceptable to the Authority. Motion seconded by Mr. Fogle.

Deputy Commissioner Samorajski clarified for the record that AIDEA staff should not move forward with the loan if any unacceptable or adverse indications are found, and these should be reported back to the Board. Chair Pruhs believes the amended loan resolution includes that caveat. Vice-Chair Karl agreed the amended loan resolution includes that caveat. Mr. Boutin noted staff will bring forward policy and procedures at the next meeting for the Board to modify. There were no objections to the resolution amendments as stated in the motion.

A roll call was taken, and the motion to approve Loan Resolution No. L20-01, subject to the amended three conditions: an AIDEA physical inspection of the borrower's property, condition acceptable to the Authority; a Phase 1 environmental assessment of the borrower's property including the condition of the underground storage tank, and the borrower's plan to replace the tank, acceptable to the Authority; and an AIDEA review of the borrower's franchise agreement with Best Western, acceptable to the Authority, passed unanimously.

8. NEW BUSINESS

8A. Resolution No. G20-01 AIDEA FY21 Operating Budget Submission Ratification

Mr. Boutin explained the AIDEA Board expressed its desire to review the budget at the beginning of a process. The FY21 budget is at the end of the process. The FY21 budget is the preliminary stage for the FY22 budget process. This resolution ratifies the submission of the FY21 budget and is consistent with the Board's desired involvement.

MOTION: Mr. Kendig made a motion to approve Resolution No. G20-01. Motion seconded by Mr. Fogle.

Mr. Fogle asked Mr. Boutin for a work timeline for the FY22 budget process. Mr. Boutin explained the work should begin in the second quarter of the calendar year. Mr. Fogle asked when the Audit and Budget Subcommittee should meet. Mr. Boutin believes the Committee may meet in the summertime.

Commissioner Anderson recommended the Committee meet as soon as Mr. Boutin receives notification the FY22 budget is being prepared. Mr. Boutin agreed.

Deputy Commissioner Samorajski asked if the Audit and Budget Subcommittee is a joint committee with AEA or if there are two separate committees. Chair Pruhs clarified there are two separate and distinct committees, but the members of both committees are the same people.

A roll call was taken, and the motion to approve Resolution No. G20-01 passed, with Ms. Sande excused from the room.

8B. Trilogy and South 32 Discussion

Mr. Boutin introduced Rick Van Nieuwenhuyse of Trilogy Metals, who provided the update on the development of the Ambler Mining District Industrial Access Project (AMDIAP). Mr. Van Nieuwenhuyse expressed appreciation for appearing before the Board today. He noted the next stage of advancing the Ambler Mining District in Alaska is the focus on key partnerships and a joint effort from Trilogy Metals and AIDEA management to develop an infrastructure partnership plan. The plan would include financing, operations, ownership, and responsible parties.

Mr. Van Nieuwenhuyse discussed the current status of the project. The Ambler District is located in the Northwest Arctic Borough and substantially impacts the unorganized area to the east in the

Upper Koyukuk region traditionally used by the Athabaskan people. Mr. Van Nieuwenhuyse believes it is important to continue to find opportunities to bring benefits to the eastern part of the region. Currently, the cash flow is directed to the west side. He noted the Alaska Railroad is another key partner in developing the Ambler Mining District.

Deputy Commissioner Samorajski requested Mr. Van Nieuwenhuyse provide a brief summary of the preparations the Alaska Railroad would need to undergo to prepare for the Ambler Mining District business. Mr. Van Nieuwenhuyse noted the Alaska Railroad does not have to undergo much preparation. Flat cars would have to be purchased. The plan is to haul the concentrate in containers by truck to the lay-down area in Fairbanks. This three to five-acre lay-down area has yet to be identified, but will most likely be on Alaska Railroad land. Additionally, a three to five-acre Alaska Railroad lay-down area in Anchorage will have to be determined. Mr. Van Nieuwenhuyse reviewed the specifications of the containers and the process of loading the concentrate directly into the ship's hold. There will be no metal contaminants along the transportation route.

Chair Pruhs requested additional information regarding the gross weight of the vehicle for transport. Mr. Van Nieuwenhuyse noted the AMDIAP road will have a different classification than on the Dalton Highway. The Dalton Highway will only carry a single container with a gross weight of approximately 60,000 pounds. Mr. Van Nieuwenhuyse informed the plan's weights and measures have been reviewed by DOT. Chair Pruhs requested Mr. San Juan provide a configuration of the highway information for public review.

Mr. Van Nieuwenhuyse explained Anchorage is currently able to accommodate the concentrate containers. The overhead crane will attach a Cube Logistic mechanism to transfer the concentrate. The plan is to load approximately 10 ships a year, with Asia as the final destination. There is also a smelter in Germany interested in the copper concentrates. Approximately 300 containers will be transferred each week to the lay-down area.

Vice-Chair Karl commented on the possibility of AIDEA investing in an Alaskan smelter that would create jobs and allow a finished product to be exported rather than sending the concentrate outside of the state. Mr. Van Nieuwenhuyse noted a separate conversation on that topic should be discussed.

Chair Pruhs asked Mr. Van Nieuwenhuyse, for the record, if all of the work that is not self-performed will be open for a fair competitive bid. Mr. Van Nieuwenhuyse agreed, and noted Trilogy will get the best people to do the best job they can for the best price. There is a first right of opportunity contracting preference with NANA. Mr. Van Nieuwenhuyse said an MOU with AIDEA needs to be discussed and developed regarding the road contract. Chair Pruhs reiterated his beliefs the public residents of the state should have an open and competitively fair opportunity to participate in the public part of this project, including the construction of the road, the maintenance of the road, the hauling on the road, and the security on the road. Mr. Van Nieuwenhuyse noted Trilogy subscribes to that thesis. His understanding is the construction of the road would use bondholder funds and the mining company would pay a fee to use the road and to maintain the road. Chair Pruhs noted the public already has \$27 million invested in the

project and should have the opportunity to participate in the long-term success of the project. Mr. Van Nieuwenhuyse agreed.

Vice-Chair Karl suggested the Red Dog Road public bidding process could be used as a model for the Ambler Road construction. Mr. Van Nieuwenhuyse noted the Red Dog model is viewed as a very successful operation and construction model.

Mr. Van Nieuwenhuyse showed the project area sits on top of a mountain, which is conducive to development from a mining standpoint. The project reserves are minable today and could be cash flow positive with today's prices. The Kogoluktuk River should not be affected. The project drainage is on the side of the Shungnak River, which flows into the Kobuk River. There are no anadromous fish near the project because both the Kogoluktuk River and the Shungnak River have substantial waterfalls, which are natural fish barriers.

Mr. Van Nieuwenhuyse showed a projection of the Arctic reserve project open-pit mine at the end of its 12-year life and noted it is a very small footprint. The buildings would include processing facilities, a mill, power plant, a lined tailings facility with downstream construction, and buttressed by 300,000 million tons of waste drawn. The feasibility study and final EIS is expected to be completed for the Arctic reserve in March. The joint Record of Decision from BLM and Corps of Engineers is anticipated 30 to 60 days after the EIS. The permits for the Arctic mine are expected to take two to three years and will begin after the road is permitted.

Mr. Van Nieuwenhuyse explained the Bornite reserve is estimated to be about five years behind the Arctic reserve to become a viably economic mining project. The anticipation is Bornite will be an open-pit high grade copper mine connected to an underground mine. The vision is to have a central mill at the Arctic deposit and process the other deposits through the mill at Arctic. The Bornite deposit is different and will have its own mill. Mr. Van Nieuwenhuyse discussed additional district exploration opportunities and deposits that measure approximately 75 miles from the Sun deposit to the Smucker deposit. There are approximately 800 high-quality anomalies that will need follow-up. Mr. Van Nieuwenhuyse stated that any deposit with a 3% copper equivalent or better would be financially successful.

Mr. Van Nieuwenhuyse informed the Ambler District access was provided for in ANILCA. Mr. Fogle requested additional explanation for the public record of the historical process and reasoning for including Ambler access in ANILCA. Mr. Van Nieuwenhuyse discussed the Ambler District was recognized with the discovery of the Bornite deposit and the subsequent discovery of the Arctic deposit in the 1960's. Access to the Ambler District across federal lands was one of the final lynchpins in the passage of ANILCA legislation in 1980. Senator Ted Stevens, at the time, was instrumental in that process.

Mr. Van Nieuwenhuyse discussed the continued procedural decisions that must occur after the EIS is completed. He stressed the importance of the cooperative effort between Trilogy Metals and AIDEA during the remainder of the process.

Chair Pruhs inquired if the ANILCA legislation indicated a restriction on public access to the corridor to the west. Mr. Van Nieuwenhuyse discussed the language provides the access across federal lands for the purpose of developing the Ambler Mining District. He does not believe the language addressed any public restrictions. Mr. Van Nieuwenhuyse explained there was feedback from regional public engagement during the Parnell Administration requesting the Ambler Road be closed to public access. The decision against public access was made then. Mr. Van Nieuwenhuyse supports the road being closed to public access due to safety concerns.

Chair Pruhs asked if another rational factor for closing public access is the considerable amount of additional funding necessary to meet DOT standards for building a public access road, and that the mining company could not reasonably repay the costs. Mr. Van Nieuwenhuyse agreed the costs would be considerably higher to build a public highway to DOT standards. Chair Pruhs commented it would be interesting for AIDEA staff to know the cost delta.

Mr. Van Nieuwenhuyse continued the presentation explaining the mine will undergo the same NEPA process as for the road. The Corps of Engineers issues the federal permits and the State issues its permits. The permitting process will take approximately two to three years, depending on the level of support for mineral development from the Administration in Washington.

Mr. Van Nieuwenhuyse discussed the establishment of the joint venture between Trilogy Metals and South32 is expected to be completed in mid-February 2020. He envisions the joint venture and AIDEA to establish an MOU to develop an execution plan and budget to develop AMDIAP. It would include a timeline, milestones, dates, responsible parties, and a financing plan for each of the stages; finalize permitting, final feasibility engineering and design (FEED), ownership and owners rights, construction, operations and closure, facilitate alignment with local governments, Alaska Native corporations and Tribal groups, and establish subsistence committee. A cost reimbursement agreement will have to be established for the project as a whole, as well as for each individual project stage. Mr. Van Nieuwenhuyse informed Trilogy Metals is interested in being an owner of the road.

Chair Pruhs inquired as to the closest village to the proposed 211-mile road. Mr. Van Nieuwenhuyse said the closest village on the east side is Bettles, about 12 miles away, and on the West side is Kobuk. There is an existing road connecting Kobuk to the Bornite camp and the AMDIAP would be about two or three miles from the Bornite camp. There is an expensive ice road/winter road connecting Bettles to the haul road. Mr. Van Nieuwenhuyse noted approximately 20 residents live in Bettles year-round, but many people live there in the summertime.

Mr. Van Nieuwenhuyse discussed the importance of copper and other metals for industries such as wind, solar, hydro, and battery storage. In order to reduce CO₂ emissions and address climate change in a meaningful way, the transportation system should be changed to electric and the CO₂-producing power source has to be changed as well. The Ambler Mining District contains at least 10 billion pounds of copper. Mr. Van Nieuwenhuyse reviewed a graphic showing the displacement of CO₂ emissions with alternative energy. Copper is 100% recyclable. He believes copper is a sustainable long-term solution.

Mr. Van Nieuwenhuyse stated he will provide members with the presentation slide deck. Trilogy Metals is being responsive to previous Board comments and is actively working on a draft MOU that will be sent to AIDEA staff by the end of the week.

Chair Pruhs expressed appreciation for the updated presentation.

MOTION: A motion was made by Mr. Kendig to enter into Executive Session to discuss confidential financial matters; personnel matters; and Mustang Development Project. Motion seconded by Mr. Fogle. The motion was approved without objection.

8C. Executive Session: 11:53 am Discuss confidential financial matters; personnel matters; Mustang Development Project.

The Board reconvened its regular meeting at 2:37 pm.

Chair Pruhs advised the Board did not take any formal action on matters discussed while in executive session.

8D. Resolution No. G20-02 Mustang Development

Chair Pruhs described Resolution No. G20-02 as a modification of the debt Caracol Petroleum LLC owes the Authority and authorizes the Authority to loan additional funds to Caracol Petroleum, subject to certain conditions, all in support of the Mustang Oilfield Development Project.

MOTION: Mr. Kendig made a motion to approve Resolution No. G20-02. Motion seconded by Ms. Sande.

Mr. Fogle reminded the public of AIDEA's economic development mission. He explained AIDEA is patient capital and does everything possible to provide further economic development in Alaska. Mr. Boutin expressed appreciation to the staff, the Board, and AIDEA's partners to further the mission in Alaska. He looks forward to a continued partnership.

Vice-Chair Karl commented he believes AIDEA is making a mistake and should put the \$82 million in as equity and have a 50% share in the oilfield. Vice-Chair Karl stated he thinks he should resign from the Board, and he should run the new oil company and then it will be successful.

Ms. Sande expressed support and appreciation for the work and tremendous effort the staff has conducted.

Mr. Kendig expressed support for the motion and expressed appreciation for staff's time and efforts.

Chair Pruhs thanked the staff and the staff at Caracol for working together. He commented the result today is not what was envisioned six months ago or two years ago. It is a path forward and provides every opportunity for the ultimate goal of oil revenues to the State of Alaska and job opportunities for Alaskans. AIDEA is looking at the big picture and will be patient for a few months while Caracol fulfills its requirements to make the solution successful.

A roll call was taken, and the motion to approve Resolution No. G20-02 passed unanimously.

9. DIRECTOR COMMENTS

Mr. Boutin requested the next few items be abbreviated due to time considerations. There was no objection.

9A. Continuing Education Calendar

9B. Dashboard and Loan Reports

9C. Infrastructure Development (IFD) / Project Finance & Asset Management (PFAM) Project Matrices

9D. Navision Budget & Status Report

Mr. Boutin informed staff committed to provide a Navision budget and status report at each meeting. He introduced Lex Sargento, Chief Procurement Officer, to provide the brief update. Mr. Sargento noted the written status report has been given to each member for review. The project is on budget and on schedule. The security is fine.

Mr. Kendig asked if there have been any unknown developments revealed during the transition. Mr. Sargento noted there have been none. Enhancements to minimize security risks have occurred and the database was been provided to Serenic on schedule. Mr. Sargento is optimistic the project has the possibility of early completion.

Chair Pruhs indicated the next regularly scheduled AIDEA Board meeting is Wednesday, March 4, 2020.

10. BOARD COMMENTS

Vice-Chair Karl expressed appreciation to the staff for their work. He does not believe the Caracol deal voted on today was the best deal possible. He wished Caracol good luck. Vice-Chair Karl commented AIDEA is out of the oil business.

Chair Pruhs indicated the subject has been announced since May.

Deputy Commissioner Samorajski expressed appreciation to staff for their diligent work on the MOC 1 project. He thanked Caracol staff for their work and he is hopeful for future success. Chair Pruhs reiterated appreciation to staff for the efforts on today's MOC 1 deal. He is hopeful the hurdles and deliverables will be met. Chair Pruhs commented on the robust discussion that

occurred with staff regarding clear expectations for loans that are brought before the Board. He suggested a resolution be brought before the Board at the next meeting to ensure proper guidance for staff can be maintained.

11. ADJOURNMENT

Sherrie Siverson, Executive Assistant, informed board members that Krin Kemppainen, Administrative Assistant, is retiring on January 31, and this is her last meeting. Members expressed appreciation for her service with AIDEA since 2012, and expressed good wishes in retirement.

There being no further business of the Board, the AIDEA meeting adjourned at 2:49 pm.



Tom Boutin, Executive Director
Secretary





Alaska Industrial Development and Export Authority
BOARD MEETING MINUTES
Wednesday, September 16, 2020
Anchorage, Alaska

1. CALL TO ORDER

Chair Pruhs called the meeting of the Alaska Industrial Development and Export Authority to order on September 16, 2020, at 8:30 am. A quorum was established.

2. ROLL CALL: BOARD MEMBERS

Members present: Chair Dana Pruhs (Public Member); Vice-Chair Bernie Karl (Public Member); Julie Anderson (Commissioner, DCCED); Albert Fogle (Public Member); Bill Kendig (Public Member); Anna MacKinnon (SOA-DOR); and Julie Sande (Public Member).

3. AGENDA APPROVAL

MOTION: A motion was made by Mr. Kendig to approve the agenda. Motion seconded by Mr. Fogle.

The motion to approve the agenda passed without objection.

4. PRIOR MINUTES – August 5, 2020

MOTION: A motion was made by Mr. Fogle to approve the Minutes of August 5, 2020. Motion seconded by Ms. Sande.

The motion to approve the Minutes of August 5, 2020 passed without objection.

5. PUBLIC COMMENTS

Chair Pruhs advised public comments are limited to two minutes per person and should pertain to the topics on today's agenda. He requested the public to state their full name and affiliation.

Chuck Weed informed his full name is Sydney Charles Weed and he lives in Anchorage. He is a former Brooks Range Petroleum employee and served as the HSC Director from May 2019 through February 2020. Mr. Weed reported he filed a lien against Brooks Range Petroleum for unpaid wages and benefit for the period of November 2019 through February 2020. He asked the Board if they intended to give him priority treatment to which he is entitled through this process.

Mr. Weed informed the services he rendered during the time at issue were at the request of Brooks Range Petroleum and working with the full knowledge and participation of AIDEA. He

September 16, 2020

felt compelled to testify today. He is the primary wage-earner for his family and is not seeking a bonus, severance, or any additional wages, other than the wages and benefits owed as an employee. Mr. Weed noted an email from Brooks Range CFO was received in December stating payroll would not be made. Regulatory requirements continued and Mr. Weed performed his duties from home. The duties included working with DEC on required plans and annual monitoring reports, working as a Board member with Brooks Range for Alaska Clean Seas to keep the company solvent and in compliance with State regulations.

Mr. Weed discussed the CFO called in January asking him to return. The plan was to restructure and restart the company. The employees had not been paid since November, during which time weekly project updates were provided to Brooks Range Petroleum owners and AIDEA. Mr. Weed indicated his direct efforts made during the time at issue moved the project forward and he has not been compensated for those efforts. Mr. Weed ultimately resigned in February, and shortly thereafter received a note from the CEO indicating the company had no funding.

Mr. Weed discussed he is seeking that his lien is considered secure and that he is in priority or first position to receive all the monies he is owed. He requested to hear any argument contrary to his priority position, as required by State law.

Shannon Donahue of Haines commented as a resident and a staff member of Southeast Alaska Conservation Council. She informed it has come to her attention and to the attention of other community members that AIDEA initiated a meeting with Haines Borough Mayor and several Borough staff in late August for the purpose of financing an ore dock. Ore shipment via Haines has long been a contentious issue. The threat of ore transport through the Chilkat Valley galvanized community opposition that ultimately sank the Windy Craggy Mine proposal years ago. Community members have expressed current and past opposition to ore shipments that would increase industrial traffic on the Haines Highway, posing a risk to users of the scenic byway and the Klehini and Chilkat Rivers. The shipments could also pass through the townsite to reach the dock. Many local residents do not want ore transported alongside the rivers and through the town to the inlet.

Ms. Donahue informed the community is acutely aware of the ongoing legacy of contamination the neighbors in Skagway are facing in the seabed at AIDEA's ore terminal, which cannot be fully remediated. Many Haines residents have serious concerns about such contamination in Haines. Ms. Donahue reported according to ADF&G, over 90% of Chilkat Valley residents practice subsistence harvesting. In a time of economic uncertainty and supply chain disruptions, Haines is increasingly dependent on the local natural abundance and food harvest, as is the Alaskan way. She believes the ore terminal would jeopardize the natural abundance.

Ms. Donahue feels it is appropriate to fund innovation and sustainable local economies during this time of change and not risky ore terminals. She believes it is better to invest in Alaskans instead of foreign mining companies. Ms. Donahue emphasized the significant local opposition to an ore dock at the inlet. AIDEA should stop pursuing this project and instead, invest in sustainable local business initiative that contribute to the well-being of Alaskans and the local economies.

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J.P. Wood of the Law Firm of Dillon & Findly represents former Brooks Range Petroleum Corporation employees Dan Gleason, Jack Lash, Larry Vendel. He understands AIDEA will be discussing matters during executive session related to the Mustang Development loan, which involves Brooks Range. Mr. Wood informed details and written comments were submitted yesterday. He requested AIDEA to review the comments during the executive session discussion.

Mr. Wood reported Mr. Gleason, Mr. Lash, and Mr. Vendel worked for months between November 2019 and April 2020, without a paycheck from Brooks Range Petroleum, and despite the statutory obligation to pay the wages, Brooks Range Petroleum has not yet done so. To secure their right to payment, his clients filed statutory liens for unpaid wages on April 20, 2020. The requirements set in statute have been followed. These are first liens with priority status and are attached to any Brooks Range asset related to their work.

Mr. Wood informed the employees were dedicated and believed in Brooks Range and the Mustang Project. They would still like to see it succeed and could be valuable assets going forward. Mr. Wood's clients would prefer to resolve the matter informally without the need for litigation. Mr. Wood asked AIDEA to recognize his clients' status as secured creditors with first lien priority during consideration of any restructuring plans related to Brooks Range and the Mustang Field Development.

Chair Pruhs expressed appreciation for the comments and noted the Board will consider the comments. He closed the public comment session.

MOTION: A motion was made by Ms. Fogle to enter into Executive Session to discuss confidential matters related to AIDEA's office building and owned property, determination of external legal counsel, Budget and Audit Subcommittee, Loan Modifications, and Mustang Development Loan. Motion seconded by Mr. Kendig.

The motion was approved without objection.

6. NEW BUSINESS

EXECUTIVE SESSION: 8:50 am

Confidential matters related to AIDEA's office building and owned property, determination of external legal counsel, Budget and Audit Subcommittee, Loan Modifications, and Mustang Development Loan.

The Board reconvened its regular meeting at 2:35 pm.

Chair Pruhs advised the Board did not take any formal action on matters discussed while in executive session. He reminded everyone that matters discussed in executive session are confidential, including subject matter.

Alan Weitzner, Executive Director, requested to add two agenda items; Item D. Resolution G20-26, and Item E. Resolution G20-27. Mr. Weitzner stated Resolution G20-26 approves

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negotiations and execution of a debt settlement and restructuring agreement and authorizing the Authority to sell the foreclosed leases and provide financing to Finnex LLC, subject to certain conditions, all in support of the Mustang Oilfield Development Project. Mr. Weitzner explained Resolution G20-27 approves amendments to the loan agreement for Duck Point Development II, LLC, which is Icy Strait Point Phase 2.

MOTION: A motion was made by Mr. Fogle to amend the agenda, adding Item D. Resolution G20-26, Item E. Resolution G20-27, and moving Item C. Presentations on AIDEA's Revolving Fund Investment Portfolio to the October meeting. Motion seconded by Mr. Kendig.

The motion to approve Resolution G20-24 passed unanimously.

A. Loan Resolution No. L20-02 Eklutna Services, LLC

Mr. Weitzner discussed Resolution L20-02 regards the purchase by the Authority of a participation in Eklutna Services, LLC. Mr. Weitzner requested Chris Anderson, Commercial Finance Director, to join the discussion. Ms. Anderson explained the resolution is a participation with Northrim. AIDEA would retain \$863,100 of the \$959,000 credit. The term is 10 years on a fixed basis. The borrower is Eklutna Services, LLC, and the guarantors are Eklutna Development Services, LLC, and the parent company Eklutna, Inc. The use of proceeds would be construction equipment financing. Three jobs will be retained in this effort.

Ms. Anderson explained AIDEA would take a UCC filing on all equipment for collateral. The equipment has been appraised at \$1.4 million, which is a 68% loan-to-value. The net operating income for 2019 was 3.1:1. There are no environmental issues noted. AIDEA has a long history with Eklutna, Inc. Ms. Anderson provided an itemization of the properties for reference.

Chair Pruhs asked if the assets were cross-collateralized. Ms. Anderson noted the assets are not cross-collateralized, but they are all guaranteed by Eklutna, Inc. Chair Pruhs asked generally if it is important for the Board to consider the possibility of cross-collateralization when there are multiple loans with multiple assets. Ms. Anderson does not believe it is always relevant to cross-collateralize, but believes it does make sense in certain circumstances, especially when an entity is weak.

Mr. Weitzner advised the Investment Committee has reviewed and recommended cross-collateralization as a risk mitigation issue for loans in previous certain circumstances.

MOTION: A motion was made by Mr. Kendig to approve Resolution L20-02. Motion seconded by Mr. Fogle.

Mr. Fogle expressed support for the loan resolution because of its long-term credit history and the retention of three jobs.

Vice-Chair Karl expressed support for the loan resolution noting the long-time related debt that has been paid on-time.

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Mr. Kendig echoed the previous comments and mentioned the additional personal guarantees within the loan.

A roll call was taken, and the motion to approve Resolution L20-02 passed unanimously.

B. Resolution No L20-03 600 East Railroad Avenue, LLC

Mr. Kendig recused himself from discussion and vote on the resolution.

Mr. Weitzner explained Resolution L20-03 regards purchase by the Authority of a participation in 600 East Railroad Avenue, LLC. He requested Ms. Anderson to provide more information. Ms. Anderson reported AIDEA's participation interest with Northrim is \$3,915,000.00. The term is 25 years at a fixed rate. Northrim is retaining 10% at a 15-year term. The guarantor is Dr. Tony Nimeh. The loan is for the acquisition of an office building in Wasilla leased to the Mat-Su Borough School District primarily, and the Legislative Affairs agency. There are 47 jobs retained and three new jobs created.

Ms. Anderson explained the property is professionally managed by GTK Property Management. AIDEA would take a first Deed of Trust. The property is appraised at \$5.9 million and has a 74% loan-to-value. The proposed debt/service is 1.88:1. There are no environmental issues noted. Northrim requested that the Phase I be waived based on known historical use, the Environmental Risk Assessment Questionnaire, the Veracheck Report, and the Lender's Environmental Risk Report.

Chair Pruhs inquired if Ms. Anderson has visited the property. Ms. Anderson reported the loan officer met with the lender and visited the property. Chair Pruhs asked what types of jobs will be retained and the length of the leases. The jobs are primarily through the Mat-Su Central Home School. The School District's lease has been active for 20 years and recently renegotiated for another three years, with two one-year extensions, and the State legislative offices' lease is until 2027.

Ms. Anderson informed the strengths include fully leased to long-term tenants, professionally managed, and a strong financial guarantor. The ongoing weakness includes the current economic activity. The portfolio diversification in the Mat-Su will increase from 15.61% to 19.67%, and the statewide office industry will increase from 20.67% to 21.37%. Staff recommends the loan resolution.

MOTION: A motion was made by Mr. Fogle to approve Resolution L20-03. Motion seconded by Ms. Sande.

Vice-Chair Karl expressed support for the resolution because of the positive cash flow and the good reputation of the borrower.

A roll call was taken, and the motion to approve Resolution L20-03 passed, with Mr. Kendig recused and Commissioner Anderson not present.

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D. Resolution No. G20-26 Approving negotiations and execution of a debt settlement and restructuring agreement and authorizing the Authority to sell the foreclosed leases and provide financing to Finnex LLC, subject to certain conditions, all in support of the Mustang Oilfield Development Project

Mr. Weitzner explained a new loan agreement was initiated with Brooks Range Petroleum in May of 2019, which transferred interests in the underlying project into a direct loan to Brooks Range Petroleum and Caracol as the working interest owner in the underlying Southern Miluveach Unit (SMU) leases. AIDEA does not believe the full extent of that investment has been implemented, which has led to default of those November 2019 loans. Since that point in time, AIDEA has been working primarily with Thyssen Petroleum in various ways to structure the facility. The term sheet and negotiations presented to the Board in January 2020, did not follow through. An effort to restructure the facility to the benefit of the State of Alaska, Alaskans, and the companies is ongoing.

Mr. Weitzner informed AIDEA initiated non-judicial foreclosure process in May 2020, on the underlying assets of Caracol and have been actively working with some of the principal creditors that also have exposure to the company from the initial plan of development. Mr. Weitzner recognized and expressed appreciation for the efforts of the companies who share the same critical issue of recovery of investments. Mr. Weitzner recognized the assistance provided by Thyssen Petroleum in developing the plan to restructure these assets.

Mr. Weitzner advised the resolution before the Board today authorizes a debt settlement and restructuring agreement between the principal creditors, AIDEA, and Thyssen Petroleum to obtain control of the underlying SMU leases with subsequent consent by DNR. The resolution will also reorganize and restructure the specific AIDEA financed equipment assets, subject to terms and conditions, to Finnex, LLC.

MOTION: A motion was made by Mr. Fogle to approve Resolution G20-26. Motion seconded by Mr. Kendig.

Vice-Chair Karl spoke in favor of the resolution. He believes AIDEA will recover its entire investment by approving the resolution and continuing to work through the negotiations. The field has value and opportunity. Vice-Chair Karl disagrees with the philosophy of writing off this investment. He feels good about the direction and leadership of the Executive Director and is proud to be part of the team working on the efforts that will pay dividends to the State of Alaska.

Chair Pruhs expressed appreciation for the hard work and efforts by staff and others, and to Thyssen Petroleum for their planned equity investment.

A roll call was taken, and the motion to approve Resolution G20-26 passed, with Commissioner Anderson not present.

E. Resolution No. G20-27 Approving amendments to the loan agreement for Duck Point Development II, LLC (Icy Strait Point Phase 2)

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Mr. Weitzner explained Resolution G20-27 approves amendments to the loan agreement for Duck Point Development II, LLC, which is commonly referred to as Icy Strait Point Phase 2. A memorandum discussing the terms of the loan modifications has been provided.

Chair Pruhs informed he has conducted business with Icy Strait in the past and recused himself from voting on the resolution. He requested Vice-Chair Karl continue the discussion in his stead. Vice-Chair Karl agreed.

MOTION: A motion was made by Ms. Sande to approve Resolution G20-27. Motion seconded by Mr. Kendig.

Mr. Fogel stated this is an excellent opportunity for AIDEA to use its patient capital to help save the tourism business in Southeast by assisting a growing company that has invested in local Alaska. He will vote in favor of the motion.

Ms. Sande agreed with Mr. Fogel's comments and believes Huna Totem Corporation and Duck Point Development have certainly demonstrated responsibility and collaborative partnership with AIDEA. She expressed the importance of the project and will vote in favor of the motion.

A roll call was taken, and the motion to approve Resolution G20-27 passed, with Chair Pruhs abstaining.

Vice-Chair Karl turned the meeting back over to Chair Pruhs.

7. DIRECTORS COMMENTS

Mr. Weitzner highlighted the Loan Dashboard Report was not included in the packets and is not available for public review. Due to personnel issues, the information was not produced this month. It will be provided at the next meeting.

7A. AIDEA and AEA Organization Chart, Quarterly Update 09.08.20

Mr. Weitzner informed the updated Organization Chart followed discussions with the Board. New positions have been identified and posted, including the positions of Chief Operating Officer and Chief Investment Officer.

7B. Resolution No. G19-21 Report

Mr. Weitzner advised there have been no material changes in the Resolution No. G19-21 Report and it is included in Board packets.

7C. Infrastructure Development (IFD)/Project Finance and Asset Management (PFAM) Updated Project Matrices - Included in Board packets

Next regularly scheduled AIDEA Board Meeting, Wednesday October 28, 2020

8. PUBLIC COMMUNICATIONS (public comments received since August 7 Board meeting)

9. BOARD COMMENTS


Vice-Chair Karl expressed appreciation to the staff for the continued improvements to facilitate a good meeting. He expressed gratitude for the strategic planning meeting yesterday. He found it helpful and believes AIDEA and AEA have a strong future.

Ms. Sande echoed the comments of appreciation and recognized the tremendous amount of work involved in the preparation of the projects before they come before the Board. She believes everyone in the room is working hard to benefit Alaskans and the State of Alaska.

Chair Pruhs thanked staff and Board members for yesterday's strategic planning session and for the efforts of the Budget and Audit Subcommittee. He congratulated Alan on his second official Board meeting and looks forward to AIDEA's future ability to support economic development and finance for the citizens of Alaska.

10. ADJOURNMENT

There being no further business of the Board, the AIDEA meeting adjourned at 3:12 pm.



Alan Weitzner, AIDEA Executive Director
Secretary



Alaska Industrial Development and Export Authority
STRATEGIC PLANNING BOARD MEETING MINUTES
Wednesday, February 10, 2021
Anchorage, Alaska
Via Teleconference

1. CALL TO ORDER

Chair Pruhs called the meeting of the Alaska Industrial Development and Export Authority to order on February 10, 2021, at 8:31 am. A quorum was established.

2. ROLL CALL: BOARD MEMBERS

Members present: Chair Dana Pruhs (Public Member); Vice-Chair Bernie Karl (Public Member); Julie Anderson (Commissioner, DCCED); Albert Fogle (Public Member) (arrived 8:34 am); Bill Kendig (Public Member); Anna MacKinnon (SOA-DOR); and Julie Sande (Public Member).

3. ROLL CALL STAFF, PUBLIC

4. AGENDA APPROVAL

MOTION: A motion was made by Ms. MacKinnon to approve the agenda, including the amendment by the Chair to forego Item 3. Motion seconded.

The motion to approve the amended agenda passed without objection.

5. PUBLIC COMMENTS - None

6. PRIOR MINUTES – December 23, 2020 and January 13, 2021

MOTION: A motion was made by Mr. Fogle to approve the Minutes of December 23, 2020. Motion seconded by Mr. Kendig.

The motion to approve the Minutes of December 23, 2020 passed without objection.

MOTION: A motion was made by Mr. Fogle to approve the Minutes of January 13, 2021. Motion seconded by Mr. Kendig.

The motion to approve the Minutes of January 13, 2020 passed without objection.

7. NEW BUSINESS

MOTION: A motion was made by Mr. Kendig to enter into Executive Session to discuss confidential matters related to Mustang Holdings, LLC and Ambler Access Project. This is supported by the Open Meetings Act, which allows a board to consider confidential matters in executive session. In this case, the Board believes that there are subjects which would have an adverse effect upon the finances of AIDEA and are protected by law, due to the rules protecting personal privacy and certain business information. Motion seconded by Mr. Fogle.

The motion was approved without objection.

7A. EXECUTIVE SESSION: 8:36 am

Confidential matters related to Mustang Holdings LLC, and Ambler Access Project

The Board reconvened its regular meeting at 12:05 pm.

7B. Resolution G21-03 Ambler Access Project Funding Agreement

Chair Pruhs requested Alan Weitzner, Executive Director, present the resolution. Mr. Weitzner explained that Resolution G21-03 relates to the development of the Ambler Access Project and proposes to enter into a development agreement through 2024 with Ambler Metals for feasibility and permitting activities necessary to ready the start of road construction in 2024. The resolution proposes that Ambler Metals and AIDEA commit up to \$35 million each to the feasibility and permitting activity effort through the end of 2024. Several of the feasibility and permitting activities will be jointly overseen and joint agreements will be sought on the annual program and budget, principle contractor and vendor selection, the use of a competitive bidding procurement process, procedures and strategies for permitting private right-of-way acquisitions, stakeholder engagement and public governmental affairs, public announcements, and joint input on the program manager.

Mr. Weitzner expects to present the 2021 work season at the April Board meeting. He provided an overview of the history of the Memorandum of Understanding (MOU) and funding agreement with Ambler Metals. Mr. Weitzner discussed the process and the investments requested under this agreement are based upon the 1980 Alaska National Interest Lands Conservation Act (ANILCA) and the access to the Ambler Mining District established in the legislation. The Record of Decision (ROD) contains the selected route. The initial permitting with the Bureau of Land Management (BLM) and National Park Service has been conducted and this resolution is the next step in that process.

MOTION: A motion was made by Mr. Fogle to approve Resolution G21-03. Motion seconded by Mr. Kendig.

Vice-Chair Karl expressed support for the motion. He believes this action is the best way to create wealth for Alaska and for the next generation.

A roll call was taken, and the motion to approve Resolution G21-03 passed unanimously.

7C. Resolution G21-04 Mustang Holdings LLC 2021 Capital Budget

Mr. Weitzner explained Resolution G21-04 approves an annual budget and project plan in support of the Mustang Oilfield Development Project. He provided a historical overview of AIDEA's 2012 road development project involvement of \$20 million. In 2013, AIDEA committed a maximum amount of \$50 million toward the development of an early production facility for the Mustang Field. All of those projects were infrastructure-related and were subject to additional investments and field development, which did not occur. In 2018, the Board passed Resolution G18-05, establishing a full restructure of the Mustang Facilities and an effective loan agreement to Caracol Petroleum. The restructuring process was completed in May of 2019.

Mr. Weitzner discussed Caracol Petroleum had obligations for further field development, field production, and repayment of the loan from the field production. In October 2019, Caracol Petroleum and Brooks Range Petroleum Corp. were successful in achieving their first oil production on the field and produced about 11,000 barrels. However, the production significantly exceeded the operating and capital budget. This created material cash flow deficiencies and inhibited the ability to meet ongoing financial obligations of the company and field development. Caracol's parent company Alpha Energy Holdings declined to provide additional funding to the operation. Subsequent discussions occurred and resulted in Resolution G20-02, which included further restructuring and upfront funding to fulfill the original plan of development. By March 2020, Alpha Energy Holdings had further declined that opportunity for funding. AIDEA then began working with the existing creditor base to Brooks Range Petroleum Corp. to restructure and approach a responsible application of field development.

Mr. Weitzner explained AIDEA filed a foreclosure process in May 2020, and created a steering committee with the creditor group. The field has been converted into cold storage and is responsibly meeting the obligations of State agencies for field development on the North Slope. AIDEA continues to work with the creditor steering committee and most recently resulted in the September resolution in which the foreclosure was finalized and the assets were to be transferred to Finnex LLC, a subsidiary of Thyssen Petroleum. However, the structure of the agreement did not meet the full requirements of the resolution that was passed. AIDEA has continued the engagement with the creditor group and Thyssen Petroleum to determine restructuring and field development for the Southern Miluvecch Unit (SMU) field. The current plan is to maintain the SMU in cold shutdown. The objective is focused on a plan to responsibly bring the field to a successful and sustained development in 2021.

Mr. Weitzner discussed the proposed capital budget for calendar year 2021. Through a competitive bid process in January 2021, AIDEA has engaged JC Minge Energy Services LLC, headed by John Minge, to review the existing field development data. Mr. Weitzner described the extensive credentials of the organization. The proposed budget includes funding for a second phase of work by JC Minge Energy Services to determine the best options to optimize the value for the State of Alaska, AIDEA, and for all the stakeholders in the SMU field development, including the creditor group within the steering committee. The total 2021 budget is established at \$1.59 million, and reserves from previous asset sales are in place at approximately \$1.2 million. Staff recommends approval of the capital budget of \$1.59 million and approval of additional funds in the amount of \$350,000 from the Revolving Fund in order to fulfill the budget through the calendar year.

Vice-Chair Karl expressed appreciation to Mr. Weitzner for the presentation on the resolution. He commented on the specific challenges of this oilfield. Vice-Chair Karl expressed support for the continued work by JC Minge Energy Services to decide the best course for the future.

MOTION: A motion was made by Mr. Kendig to approve Resolution G21-04 Mustang Holdings LLC 2021 Capital Budget. Motion seconded by Ms. Sande.

Chair Pruhs agreed with Vice-Chair Karl's comments. He expressed appreciation to Mr. Weitzner for his guiding leadership. Chair Pruhs thanked Mr. Minge for providing a fairly discounted price to the State and its residents for his efforts in making the best decision moving forward.

A roll call was taken, and the motion to approve Resolution G21-04 passed unanimously.

8. DIRECTORS COMMENTS

8A. Next scheduled AIDEA Board Meeting, Wed. March 3, 2021

9. BOARD COMMENTS

Ms. Sande expressed excitement regarding the actions taken by the Board today. She believes the actions provide support to AIDEA's mission to create jobs, revenue, and essential minerals. Ms. Sande reiterated that Alaska is the best at responsible resource development.

MOTION: A motion was made by Mr. Kendig to enter into Executive Session to discuss confidential matters related to the AIDEA Strategic Planning Session for Calendar Year 2021 covering Mustang Holdings, LLC, Ambler Access Project, Section 1002 Area Leases, Review of Public Records Act, Review of Strategic Planning Documents, Organization Plan, Pipeline Projects, Building Assets, Communication Plan and Offset Security Development, and Loan Participation. This is supported by the Open Meetings Act, which allows a board to consider confidential matters in executive session. In this case, the Board believes that these are subjects which would have an adverse effect upon the finances of AIDEA or are protected by law, due to the rules protecting personal privacy and certain business information. Motion seconded by Ms. Sande.

The motion was approved without objection.

10. EXECUTIVE SESSION: 12:27 pm

Confidential matters related to the AIDEA Strategic Planning Session for Calendar Year 2021 covering Mustang Holdings, LLC, Ambler Access Project, Section 1002 Area Leases, Review of Public Records Act, Review of Strategic Planning Documents, Organization Plan, Pipeline Projects, Building Assets, Communication Plan, Offset Security Development, and Loan Participation.

The Board reconvened its regular meeting at 4:58 pm.

11. ADJOURNMENT

There being no further business of the Board, the AIDEA meeting adjourned at 4:58 pm.



Alan Weitzner, AIDEA Executive Director
Secretary

Alaska Industrial Development and Export Authority
BOARD MEETING MINUTES
Thursday, August 12, 2021
Anchorage, Alaska
Via Teleconference

1. CALL TO ORDER

Chair Pruhs called the meeting of the Alaska Industrial Development and Export Authority to order on August 12, 2021, at 10:45 am. A quorum was established.

2. ROLL CALL: BOARD MEMBERS

Members present: Chair Dana Pruhs (Public Member); Vice-Chair Bernie Karl (Public Member); Julie Anderson (Commissioner, DCCED); Albert Fogle (Public Member); Bill Kendig (Public Member); Anna MacKinnon (Special Assistant to the Commissioner-DOR); and Julie Sande (Public Member).

3. AGENDA APPROVAL

MOTION: A motion was made by Mr. Kendig to approve the agenda as presented. Motion seconded by Mr. Fogle.

The motion to approve the agenda as presented passed without objection.

4. PUBLIC COMMENTS (*2 minutes per person, for one hour*)

Chair Pruhs reminded the public that comments are limited to two minutes per person. One hour has been set aside for public comments. He requested that each person state their full name and their affiliation, if any. David Kennedy, AIDEA, instructed the public participating telephonically to press star-nine if they wish to make a public comment.

Becky Long commented that the Resolution 21-24 for public engagement sounds like a good idea, if it really results in the Board and the Executive Director listening to the public's real concerns about their natural resource extraction project that is promoted and financed. Ms. Long stated that AIDEA's Board and Executive Director many times turn a deaf ear when the project concerns or project opposition are aired. AIDEA's public relations work dismisses concerns and opposition as environmental extremism.

Ms. Long commented that AIDEA promotes projects that can pollute, poison, or destroy the habitat, fish and wildlife population, and the unfragmented, undeveloped land upon which the current economic development is based. Ms. Long asked why the current economies cannot be conserved for the future. She noted that she testified during the past legislative session to the Senate Finance and Senate Transportation Committees, and the House Transportation, Budget, Labor & Commerce Committees about AIDEA's problematic decision-making and terrible public process.

Ms. Long gave examples and reported that the Executive Director gave three different uses for the West Susitna Access bond money depending on which Committee he was speaking to. This is why Ms. Long does not trust AIDEA. She believes AIDEA Board meetings need consistent starting times, three minutes for public comments, no executive sessions in the middle of meeting, total transparency, conformance with open meetings, and a way to deal with public opposition without labeling it extremist.

Nya (sp) Tohler (sp) stated that she supports that public engagement is the same as the requirement to listen to public testimony. She believes that there is a bad image associated with AIDEA because there has been much testimony in opposition to projects and AIDEA continues to move forward with those projects. Ms. Tohler thinks the effort could be wonderful and AIDEA could do powerful and good things and have a great relationship with Alaskans. She is hoping this is the direction and the reasoning, rather than just trying to alleviate the recent tensions. Ms. Tohler feels that more investment into public engagement, other than the bare minimum of public testimony, would be useful for the people who are going to be most affected. She believes this would help AIDEA have a better idea of the opinions of the communities and not just those who provide public testimony. Ms. Tohler agreed with the previous comments and would appreciate open meetings that conform to the Open Meetings Act, including more public notice.

Melissa Heuer, Executive Director Susitna River Coalition, Talkeetna, expressed her support in putting time and resources into improving AIDEA's public engagement plan and policy. She noted that she has commented and participated at many AIDEA meetings over the last two years and there is little, if any, weight given to the public process. The meetings have mainly occurred in executive session and even with overwhelming public support or opposition to a project, the Board often votes in unanimous opposition to public comments.

Ms. Heuer discussed that slide seven in the presentation deck for today states that the Open Meetings Act is to ensure that decisions made and actions taken are public knowledge and represent the will of the public that the governing body serves. Ms. Heuer stated that review of the previous meetings showed this is not the case. She is hopeful to see changes. She conveyed three suggestions moving forward. The first is to set hard start times for both AIDEA and Alaska Energy Authority (AEA) meetings. The outdated rough start times does little to help with the public who are trying to schedule their day. Other organizations have regular start times and it is important that AIDEA and AEA, as separate entities, both have standing separate start times for their Board meetings.

Ms. Heuer described the second suggestion is to bring public citizens into the discussions as part of the work to move the resolution forward. She stated she is happy to volunteer, as others would be, to join the meetings to improve the organization by providing an outside public perspective. Ms. Heuer noted the third suggestion is the lines between Board member perks and private development money. She stated that Board members who own property or conduct any of the contract work for shareholders and/or any of the development companies should recuse themselves from voting on or discussing projects where they have a clear conflict of interest. Ms. Heuer expressed appreciation to the Board for addressing this issue. The lack of transparency between AIDEA and the public leaves a lot of room for improvement and she is eager to see the changes.

Margi Dashevsky, Regenerative Economy Coordinator for Fairbanks Climate Action Coalition, and lifelong Alaskan, noted that she will speak on what a robust public process looks like. She first shared her personal experiences with AIDEA showing what a robust public process does not look like. Ms. Dashevsky commented that it is incredibly hard to navigate the public comment input system, which means that regular people are completely unaware of what is going on and unable to have their concerns heard.

Ms. Dashevsky discussed that the purpose of public engagement is to understand the opinions of the community members who are going to be most impacted by the decisions being made, and to have the opinions actually influence the decisions made. She stated it is incredibly difficult to spend time and effort to earnestly try and improve the process and decisions when the outcome is predetermined and the Board proceeds with the plans, regardless of what the public says. She noted that previous public testimony has ended abruptly with people still on the line commenting on the Ambler Road. Ms. Dashevsky believes that the Board Chair closed that meeting saying, "I don't give a shit."

Ms. Dashevsky stated that public process is not when special meetings are called with less than two days' notice before Christmas and in the midst of power outages due to a wind storm. Ms. Dashevsky conveyed she only had seven hours to submit written public comment about the Arctic Refuge leases. She believes that decisions are being made before, during, and after Board meetings, and within the illegal executive sessions that the public is not privy to, and does not represent the will of the Alaskan public, to which AIDEA is legally obligated.

Ms. Dashevsky had hoped to be able to comment on the Arctic Refuge seismic process during this Board meeting that has already been decided and contracts are being awarded. The press release, once again, does not address any of the public comments that AIDEA received in opposition. Ms. Dashevsky requested to know when there will be future opportunities for the Board to walk-the-talk, in terms of public engagement with regard to the Arctic Refuge. She believes a robust public process will strengthen the decisions that are made and increase the profitability of the investments. The purpose of gathering the information is to improve the project outcome and provide a chance for the public to be able to enhance the policy, practices and dialog for a driving future.

Chair Pruhs informed Ms. Dashevsky that she had 15 seconds remaining for comments.

Ms. Dashevsky noted that slide seven claims that deliberation and action by AIDEA's Board occurs during public session and no decisions are made during executive session. She stated that her experience has been contrary to that.

Chair Pruhs informed that he will have to end Ms. Dashevsky's comments because she has exceeded the two-minute allotment.

Shannon Donahue noted that she is a staff member of Southeast Alaska Conservation Council and is a Haines resident, who is impacted by projects financed by AIDEA. Ms. Donahue stated that she is testifying on the public engagement study. She has attended most of AIDEA's meetings over the last few years and noted that attending and testifying is not easy. The meetings

do not have a precise start time and it is odious and burdensome for the public to sit through an unrelated AEA meeting to get to the AIDEA meeting.

Ms. Donahue expressed appreciation for AIDEA providing an estimated start time today and for updating the website. She stated that this practice is still an unacceptable way to run a public meeting. A more reasonable way to run a meeting is to schedule AEA and AIDEA meetings separately. She recognizes that the Board members are busy, but so are Alaskans. It is unreasonable to expect the public to wait and see when the meeting will start. This is not in the spirit of the Open Meetings Act.

Ms. Donahue stated that much of the business conducted in executive session is followed by unanimous votes that lack public discussion and ignore public comments. Last year, when the Board voted to bid on oil leases in the Arctic National Wildlife Refuge, public comments were arbitrarily cut off, while impacted Alaskans were still waiting to testify. Ms. Donahue said the public jumped through hoops to engage with the Board and expected to testify. She believes the one-hour allocation for public comment is arbitrary and disenfranchises Alaskans. The two-minute allocation for public comment is too short for meaningful testimony.

Ms. Donahue expressed appreciation for the attention the Board is giving to improving public engagement. The presentation cites building trust and reaching populations in potential project areas. She is phoning in from Haines where AIDEA is proposing an ore terminal to be built with heavy industrial traffic. Ms. Donahue noted that AIDEA has presented to the community twice this year and appreciates their presentations. She noted that the presentations lacked details on what is envisioned for an ore terminal. Ms. Donahue believes this is PR and is not substantive public engagement. She said if AIDEA wants to build trust, then details of the proposed project need to be discussed. The public wants to hear details. The public has seen the lack of AIDEA's engagement in Skagway as they are dealing with legacy contamination from their ore terminal.

Ms. Donahue believes Alaskans deserve thoughtful, thorough engagement from the AIDEA Board and not public relations. She looks forward to seeing AIDEA improvement public engagement and hopes the initiative becomes more than just lip service.

Dimitri Shein, Executive Director of Alaska Electric Vehicle Association, expressed support for Resolution G21-24 in striving to promote communication and public engagement. He believes AIDEA should explore the possibility of providing a loan to AEA to build fast charging in Alaska. Recently, AEA received over 20 applications from Alaskan businesses who wanted to install fast chargers at their location. AEA is only funding nine of the sites from Homer to Fairbanks. Mr. Shein noted that if the applications were open to all of Alaska, AEA would have received over 100 applications. The need and demand for fast chargers for Alaskans well exceeded the funding.

Mr. Shein stated that unfortunately, the application failed that AEA submitted last year for available Department of Energy (DOE) grants. This year, AEA did not submit an application for the \$10 million of available DOE grants because they were unable to bring in the private industry needed. Mr. Shein believes it is unacceptable that AEA did not submit an application. He discussed that the applications need to be submitted in order to attract private industry to Alaska, including Tesla and Rivian. He believes this creates investment in the state.

Mr. Shein noted that AEA is poised to have part of the infrastructure money because AEA is not submitting the required applications. Because of this, he believes AIDEA will have no choice, but to give a loan to AEA to fund the charging station applicants, which could have been funded by the federal government. Mr. Shein strongly encouraged the Board to figure out how to submit important grant applications to bring in investment to the state.

There being no further public comments, Chair Pruhs closed public comments.

5. PRIOR MINUTES – June 23, 2021

MOTION: A motion was made by Mr. Kendig to approve the Minutes of June 23, 2021. Motion seconded by Ms. Sande.

Ms. MacKinnon noted that there is an error on page six, paragraph four, indicating that Mr. Fogle commented that the Budget and Audit Subcommittee (BAS) meeting was chaired by Morgan Neff, Chief Investment Officer AIDEA. Ms. MacKinnon clarified and corrected that the specific BAS meeting referenced in the minutes was not chaired by Mr. Neff. Chair Pruhs asked Alan Weitzner, Executive Director, if he understood the correction. Mr. Weitzner agreed.

The motion to approve the Minutes of June 23, 2021, as corrected to clarify that Mr. Neff did not chair the referenced BAS meeting, passed without objection.

6. NEW BUSINESS

6A. Resolution G21-20 Appointment of Officer

Mr. Weitzner advised that Resolution G21-20 relates to the appointment of David H. Heimke as Chief Operating Officer and Assistant Secretary Treasurer of the Authority. Mr. Weitzner expressed that staff is delighted to have Mr. Heimke join the team. He asked Mr. Heimke to come to the table to answer any questions. Mr. Weitzner noted that Mr. Heimke brings with him engineering and team-working skills that will prove beneficial in growing the organization. He stated that Mr. Heimke has a proven track record in successfully navigating the complex engagement issues with multiple stakeholders across Alaska. As AIDEA broadens its different infrastructure development and loan programs, Mr. Heimke is a key stakeholder within AIDEA's leadership team in addressing those issues. Mr. Weitzner looks forward to Mr. Heimke's involvement. He briefly described Mr. Heimke's background and previous employment as Executive Vice-President of Risk and Engineering with Alyeska Pipeline Service Company, as well as with UNICOM, and his own company HLH Communications. Mr. Weitzner welcomed Mr. Heimke to AIDEA.

Chair Pruhs welcomed Mr. Heimke and requested that he speak about himself. Mr. Heimke discussed that he originally came from Michigan, which has a heavy mining history that dates before the Civil War. He noted that the copper mining industry crashed when he was young. Mr. Heimke stated he came to Alaska in 1985, as a logger out on the Yukon River in Galena. He worked for ITT and Arctic Services early in his career in the South Pole Station in the Antarctic. Mr. Heimke discussed his strong desire to come back to Alaska, and he has been a permanent

Alaskan resident since 1989. He has a Bachelor's Degree and a Master's Degree in Electrical Engineering from University of Alaska Fairbanks.

Mr. Heimke described that he then transitioned into remote and rural telecommunications and worked for Sea Lion Corporation out of Hooper Bay and UNICOM. The companies delivered the first internet service into Bethel. Mr. Heimke was involved in responding to issues with telemedicine to assist with the first broadband telemedicine network in the YK Delta. Mr. Heimke noted his extensive background in community engagement during that time. The TERRA network system ultimately was bought by GCI.

Mr. Heimke discussed that he owned a consulting business for a number of years before transitioning into a position at Alyeska Pipeline about 11 years ago. He indicated that his experience included extensive stakeholder engagement and fiduciary responsibility. Mr. Heimke explained that he has been watching AEA and AIDEA for many years as an Alaskan citizen and he believes in the mission.

Vice-Chair Karl welcomed Mr. Heimke. He believes that Mr. Heimke's experience with Alyeska Pipeline is a benefit and that he will be a very good fit.

Chair Pruhs welcomed Mr. Heimke to the team. He believes this is a good decision for AIDEA and strengthens the talent to implement AIDEA's mission. Chair Pruhs looks forward to working with Mr. Heimke for the benefits of the residents of Alaska. Chair Pruhs advised that Board members are available to answer any of Mr. Heimke's questions and that the Board members are available to help AIDEA become better.

MOTION: A motion was made by Mr. Kendig to approve Resolution G21-20. Motion seconded by Mr. Fogle.

Mr. Fogle asked Mr. Heimke and Mr. Weitzner regarding their goals for AIDEA and impacts to AIDEA while at the organization. Mr. Heimke discussed that Alaska is a resource-strong state. He stated that much of his work while in Alaska has been infrastructure-based. The telemedicine work in the Yukon-Kuskokwim Delta had a strong impact and was fulfilling to engage with the individuals, village councils, and city councils for the long-term benefit. Mr. Heimke commented that his intent is to fulfill AIDEA's mission in concert with Mr. Weitzner's executive direction and the Board's pleasure to continue to provide for Alaskans' future and to benefit from the wealth of the state and the people. Mr. Heimke conveyed that he listened carefully to the public comments today and looks forward to the part of the mission to let the public know that AIDEA is engaged and is listening to public input. He reflected on past experience at UNICOM when he engaged with the villages and listening to their inputs and modifying the designs appropriately to meet their needs. Mr. Heimke believes his UNICOM experience and his executive experience from Alyeska Pipeline will be beneficial throughout the state.

Mr. Weitzner added that discussions occurred internally with staff and with the Board about the tangible benefits to Alaskans that come from AIDEA's investments. In order for staff to be able to deliver on those benefits, staff needs to have a balanced mix of experience and competence to address the different projects. AIDEA plays a critical role within the state as being a lead investor in new areas of infrastructure and providing a structure in areas of local partnership. Mr.

Weitzner believes that the addition of Mr. Heimke expands AIDEA's ability to deliver on those tangible benefits for Alaskans and to be able grow the investments for the state. Mr. Weitzner expressed appreciation to the Board for the ability to define these roles within the organization and to bring in people like Mr. Heimke.

A roll call was taken, and the motion to approve Resolution G21-20 passed unanimously.

6B. Resolution G21-24 Public Engagement Plan & Presentation

Mr. Weitzner explained that Resolution G21-24 is in support of a public engagement plan. The attached presentation has been prepared by the Communications Director Colleen Bryan. This effort is in large part to follow up on previous meeting comments regarding AIDEA's engagement with the public in order to be responsive and address particular public comment issues by providing broader information. Mr. Weitzner believes this plan is a key element to active engagement and will provide tangible follow up to the public.

Mr. Weitzner requested that Ms. Bryan review the presentation on public engagement. Ms. Bryan shared that she has been the Communications Director with AIDEA for about eight months. She discussed that she is very familiar with the names of the members of the public who commented earlier today. Ms. Bryan noted that she has had recurring interaction with many passionate individuals who want to know what is best for Alaska and who want to be involved and actively participate in the process of economic development for the state. Ms. Bryan reviewed that she has read all of the numerous public comments that AIDEA has received. She believes that the public wants to be informed and the public may feel like there have been barriers to receiving communication and to participation.

Ms. Bryan discussed that the proposed plan before the Board today is intended to alleviate some of the public barriers and to improve the ways AIDEA engages with the public. This will allow for a more informed public and will offer ways that the public can take a more active role in the future of economic development for Alaska as it fits within AIDEA's purview. Ms. Bryan described the outline of today's presentation, which is included in the packet; AIDEA Overview, Public Engagement, Methods & Tools, Open Meetings Act, Summary & Next Steps Discussion.

Ms. Bryan discussed AIDEA's mission is to promote, develop, and advance general prosperity for Alaskans by making investments and offering different financing tools to Alaskans. AIDEA was established by the Legislature in 1967 to offer conduit revenue bonds and has expanded to ensure that wide arrays of financing tools are available to individuals, communities, and businesses throughout the state. AIDEA is a public corporation, which is part of the Department of Commerce, Community, and Economic Development. AIDEA is governed by the seven-member Board.

Ms. Bryan noted that during her tenure with AIDEA, she has noticed public confusion and misperceptions regarding AIDEA's roles and responsibilities. She explained that AIDEA has a public purpose as a public corporation, but functions in large part as a private business. Other public corporations in Alaska include the Alaska Permanent Fund Corporation, Alaska Housing Financing Corporation, and the Alaska Railroad. Ms. Bryan explained the financial returns from

AIDEA's investments are placed either in AIDEA's pool of funds to then be reinvested or issued as dividends to the State of Alaska as unrestricted general funds.

Ms. Bryan highlighted previous public comments that AIDEA has taken State funds for various projects. AIDEA has declared over \$439 million in dividends to the State's general fund since 1997, which helps to support programs and services that are offered throughout the state, and may become projects for healthcare, education, and public safety. Ms. Bryan explained that AIDEA is Alaska's development and finance authority, whose job is to listen to Alaskans and businesses to understand their economic priorities. These priorities include tourism, infrastructure, transportation, or recreation. Ms. Bryan expressed that AIDEA is open for business. She wants the public to understand clearly from today's messaging that AIDEA is a resource for offering financing and development throughout the state to create jobs and to grow the economy.

Ms. Bryan discussed that AIDEA is open to receiving ideas regarding economic pursuits. The potential projects have to be sustainable financial investments that generate returns and the potential projects have to create tangible benefits for Alaska and its communities with community support and community engagement. Ms. Bryan reviewed that public engagement is also known as public involvement and community outreach. The underlying focus describes a broad range of methods that provide opportunities for people to be informed, and to provide and receive feedback. Ms. Bryan expressed that public engagement is important because it informs all of the decisions made by AIDEA as an investment entity. It is necessary to have the foundation of good communication by providing the right kinds of tools and opportunities for people to participate.

Ms. Bryan reviewed that by creating an effective public engagement plan, AIDEA is looking to build trust with the public. This is accomplished through fair access for opportunities for engagement within the communities, utilizing in-person meetings, Zoom meetings, and telephonic outreach.

Chair Pruhs commented that his experience is that the portion of the public who are worried about trust are typically the portion of the public who are opposed to the specific project that the Board is reviewing at that time and they are looking for problems or a rationale to justify AIDEA's reasons for action. Ms. Bryan agreed. Chair Pruhs noted for the record that it is inaccurate to say everybody in the state of Alaska doesn't trust AIDEA. He stated that it is expected that when things do not go the way a certain group wants them to go and when they have a different opinion from AIDEA, they may want to try to manipulate anything they can to make things go their way. Chair Pruhs does not blame them and would do the same thing.

Ms. Bryan expressed the importance that AIDEA provides the opportunity to give feedback, even though their feedback and opinions may not personally or organizationally align with AIDEA. She believes there is value in giving people the opportunity to state their opinions and identify their concerns, which ultimately helps to form the design of projects. Ms. Bryan discussed that people are genuinely interested in AIDEA and staff wants to provide as many opportunities as possible to be heard and feel heard.

Chair Pruhs requested additional information regarding the process requirements necessary for AIDEA to be involved in an infrastructure project within a political subdivision. Mr. Weitzner explained that Statute 44.88.177 indicates that AIDEA is required to have the support of the local community's governing body for any of AIDEA's investment activity under the economic development account, which includes most of AIDEA's development project financing. Chair Pruhs asked for the ways that support is garnered. Mr. Weitzner conveyed that AIDEA traditionally has resolutions that are passed by the local governing body, including the local assembly, the borough assembly, or the municipality. Letters of support from the local governing body are also received.

Chair Pruhs inquired the same question with regard to nonpolitical subdivisions. Mr. Weitzner informed that AIDEA then goes to the general stakeholders that are in the region of the project being developed. Mr. Weitzner explained that AIDEA is a financing tool and so it is always the situation that someone has approach AIDEA about collaborating on a specific development project within a local community. AIDEA works with a project and identifies the specific stakeholder. There is an element of engaging with the stakeholders and getting their feedback. One form of the feedback and support is through the town hall structures. Mr. Weitzner discussed that the element of public trust comes through communication and explanation of the project and by addressing open questions. He believes that there are some cases where misunderstanding may have led to a lack of trust. Mr. Weitzner noted that through public engagement, staff is able to directly answer questions and hear the public's perspective.

Chair Pruhs identified that some projects are given to AIDEA by the State through the Legislature and then community engagement follows. Chair Pruhs asked if it is accurate to say that AIDEA is actually an arm of the State of Alaska Legislature on some programs. Mr. Weitzner agreed. He gave the example of the Skagway Ore Terminal. Mr. Weitzner explained that because of the issues that were present in the early 1990's and the environmental issues with levels of lead and zinc that were faced by the owner of the terminal at that point in time, the City of Skagway could not remain as the ongoing owner of that ore terminal. AIDEA was directed by the Governor and the Legislature to acquire the terminal and continue the operations. AIDEA then made significant changes and allocated additional capital for investment. AIDEA implemented responsible management and since that point in time, there have been no further lead or zinc concentrations.

Chair Pruhs requested additional information regarding how staff proposes to handle conflicts between user groups. Ms. Bryan believes the first step is to start with the open dialog. She discussed that being in the community as much as possible can alleviate some of the tension that comes from having differing opinions. Ms. Bryan feels that people are often times more embolden to say things in writing with a certain level of anonymity that they may not say face-to-face. She believes that everyone is coming from a position of trying to identify what they think is valuable and what they think is most important. Ms. Bryan thinks the differing opinions are rooted in a conflict of values. She believes that when that type of dynamic is humanized by meeting in-person, particularly through town halls and face-to-face communication, the accomplishment is for the parties to leave the meeting feeling heard and respected, even if there is no agreement and their positions are unchanged.

Chair Pruhs requested additional discussion. He asked if AIDEA's role is as the arbitrator regarding conflicts between user groups. He gave an example of conflicts between commercial fishing user groups versus sport fishing user groups. Chair Pruhs noted that AIDEA has to undergo a balancing act between user groups for projects. He asked about the ways AIDEA would facilitate that conflict between user groups to a trustworthy resolution. Ms. Bryan responded that staff would look to the project team, the identified stakeholders, and help to provide open communication to create unique solutions with the project staff for the individual projects. Mr. Weitzner agreed. He discussed that there is a balance that depends on the project team management and Board discussions regarding ways to find the fine line between the different groups. This process is a component of the deal structure, which includes the right financing and community support for the investment.

Chair Pruhs discussed the example of the Haines dock. He noted that the Haines dock is substandard. There is an opportunity from the Palmer Mining District to produce ore that needs to get shipped to get processed. Mr. Weitzner explained that the Haines dock needs a deep water port. AIDEA was asked by the Haines Chamber of Commerce and the Borough Assembly about financing for the rehabilitation of the dock. One of the opportunities attached with the dock restructuring project is commercial activity for the dock, which would be a source of revenue to support financing.

Chair Pruhs discussed that the perception is that AIDEA is the proponent of the project and thus receives the opposition testimony. Whereas AIDEA is actually the finance development organization, whose mission is to facilitate the project. Chair Pruhs noted his concern that AIDEA gets in the middle of the conflict in the Haines community. Mr. Weitzner agreed. He asked for ways that AIDEA can stay above the conflict and let the community decide whether or not to utilize the tools that AIDEA can provide or to use tools from a third-party.

Chair Pruhs believes that the communications plan needs to immediately ensure that any new projects and existing projects that come before the Board are clear that AIDEA is not placed in the middle of community conflict. He asked staff to be sensitive to that request to identify that everyone knows that AIDEA is owned by the State and its role is to facilitate utilizing their available tools. Chair Pruhs reiterated that AIDEA does not want to be involved in a community resource fight. AIDEA is on the sidelines ready to help if the project and community request assistance.

Chair Pruhs discussed the importance of AIDEA communicating the different ways it can help, while not being involved in the determination of whether or not a project is justified within the community. He does not believe that is the role of AIDEA. Mr. Weitzner explained that staff addresses that particular concern by defining AIDEA's role. Under statute, AIDEA serves a function that works with the private sector in a public/private partnership to arrange financing for the state's infrastructure so there is not reliance on the State's undesignated general fund (UGF) or on the State's bonding to pay for these projects. Mr. Weitzner noted that AIDEA frames projects on the basis of working with commercial parties and working with the private sector as a financial tool. He believes that this gets interpreted as AIDEA promoting that type of commercial activity.

Chair Pruhs commented that he has not witnessed that neither Key Bank or Wells Fargo has been blamed for financing an infrastructure project. Mr. Weitzner agreed that is a key point and observation. He noted that this is one of the issues that falls to AIDEA because the project is not actively engaging to develop solutions. It is part of AIDEA's role to work with the communities to find solutions.

Mr. Kendig believes that members have all viewed the emails between some of the stakeholders in Haines and Mr. Weitzner and Ms. Bryan. Mr. Kendig thinks that Chair Pruhs is requesting that the conversation is changed to direct the stakeholders to talk to the local municipality or the borough about project concerns, since AIDEA is merely the facilitator of the financing arm. Mr. Kendig noted that he has not seen the email discussions phrased in this manner.

Ms. MacKinnon asked if it would be fair to say that part of the communication plan will include capturing meaningful feedback and bringing that feedback before the Board. No response was provided. Ms. MacKinnon added that during discussion on the financing positions, the Board can then understand how the community feels and can have a response regarding the considerations made. Ms. MacKinnon commented that she has been on the Board for over a year and understands the community's frustration and takeaways from their engagement with AIDEA. She commented that the public may not have all of the information that the Board has received. Ms. MacKinnon noted that the perception is that AIDEA has an opportunity to improve and that this is one tool in public engagement that Ms. Bryan would like AIDEA to begin to utilize.

Ms. MacKinnon commented that when AIDEA hears and documents what the public is saying in a manner that can be reviewed, then the hope is that the public will have improved trust and confidence that AIDEA heard what they said, even if there may not be alignment or agreement with the individual public comment. Ms. MacKinnon gave the example of public comments that were given that concerned the Porcupine Caribou herd and the worries about migration patterns and calving. Ms. MacKinnon noted that the Board had a document in its possession from another indigenous interested party that delineated the specific time period when the calving occurs, which was a different time period than what the public was expressing occurs and that the project would interrupt. Ms. MacKinnon supports the idea of capturing the public's meaningful feedback and the ability to share the considerations that AIDEA takes in making decisions. Ms. MacKinnon commented that she understands the frustrations and respects the positions of the public. She noted that sometimes the public is providing information that is not current and that is sometimes inaccurate. Other times, the public has an issue that is spot-on and that the Board needs to address.

Ms. MacKinnon reiterated AIDEA's need to capture meaningful feedback and to reflect on the reasons why a particular issue is more important or less important as a financing decision is made. Ms. MacKinnon discussed the need for AIDEA to establish a framework of agreed upon facts with the public that will be utilized in the decision-making process. She referenced her example of the comments regarding the Porcupine Caribou herd and stated that if AIDEA staff had an opportunity to engage with the people that were saying that the migration of the herd would be endangered by activity that occurred in December, staff could identify that the historical data used in the decision-making establishes that the migration happens in July. Ms. MacKinnon understands that the process takes time and that the public may not be able to follow along because of how quickly a project can advance. Ms. MacKinnon asked Ms. Bryan to

discuss staff's thoughts on how to engage the public and subsequently, capture and report the public's findings to both the Board and to the stakeholders.

Ms. Bryan discussed the public education component relating to the types of programs and projects in which AIDEA is involved. She believes that AIDEA staff and Board members have to be good ambassadors of AIDEA. This includes having accurate information to be able to share with the public. She believes this will widen the net as a trusted source for economic development and responsible stewards of the state. Ms. Bryan noted that capturing meaningful information is important to making data-driven decisions and is critical for public transparency. Ms. Bryan discussed the occurrence of echo chambers, whereby people tend to seek out information that reinforces already existing beliefs. She believes that if staff is able to cast a much wider net for public engagement, then the result will be a more accurate representation of what most Alaskans believe on certain subjects.

Ms. Bryan indicated that the typical public comment is at either end of the spectrum; people who are extremely opposed to a project or people who are extremely in favor of the project. She noted that staff also wants to know the opinions and the beliefs of the people in between the two spectrums. Ms. Bryan believes that having a robust public engagement program, including the tools to reach a variety of Alaskans geographically and in terms of opinions and priorities, will provide the feedback to show that AIDEA's investments and decision-making aligns with what is going to be economically best for Alaska moving forward.

Chair Pruhs believes there is a difference between a finance project and an investment project. He discussed that AIDEA's communication plan should be completely different based on whether AIDEA is considering investing in a project or considering owning a project. Chair Pruhs suggested that there could be a subset of those distinctions. He thinks that the communication path is different for an ownership stake like Ambler Road, versus financing a project for a community, who are the proponents of the project seeking long-term financing, like the IGU project. Mr. Weitzner agreed that is a good distinction and that there is a distinction between the depth of the discussion that needs to take place in each case.

Ms. Bryan continued the presentation showing key categories for improvements; audience understanding, messaging, frequency, and tools. She discussed the importance of understanding that the audience and stakeholders are unique to each program and project. The approach will be different depending on the audience, in order to understand the audience's concerns and priorities and how they are looking to best utilize AIDEA as a resource. Ms. Bryan believes that messaging focuses on both what the message says and how the message is delivered. The delivery of the messaging can include the use of videos, animation, and graphics in order to communicate complex ideas. Ms. Bryan commented that AIDEA processes may be complicated to folks who do not have a financial background. She sees herself as a translator between the subject matter experts and project managers and then communicating that information to the public. She believes that if people do not understand, then it can feel like information is being withheld.

Ms. Bryan discussed the importance of the frequency of communication and availability of information. The tools that are adopted and implemented for public engagement should be sustainable and allow people to opt-in to the types of communication they want to receive. This

option is similar to a list serve service in which a person can identify on which subjects they want to receive information and the frequency in which to receive that information. This is not a one-size-fits-all approach and it will utilize various methods and tools.

Ms. Bryan noted that AIDEA has historically relied heavily on traditional methods of communications with press releases and the website. These methods will continue to be part of the plan going forward. The intent is to diversify and to modernize the ways in which AIDEA communicates and engages with the public. Ms. Bryan discussed and described the digital, print and broadcast tools that will be used. These include e-newsletters/e-blasts, digital and hard copy ways to submit public comment, project specific websites, improvements to the AIDEA website to make it more user-friendly, both organic and paid use of social media, email and text notifications, the use of digital and hard copy surveys and results on dashboards and within reports, hard copy mailers and radio communication for rural communities, and NextDoor app for local areas. These tools provide a modern and comprehensive approach to public content. Ms. Bryan believes that the public expects this type of custom experience with content.

Ms. Bryan discussed the elements of in-person, virtual gatherings, sponsorships and volunteering. She noted that due to the Covid-19 pandemic, some communities are conducting in-person meetings and some communities are conducting virtual meetings. Ms. Bryan believes it is important for AIDEA staff to be active in the community to show that staff lives in Alaska and cares about wanting good things to happen within Alaskan neighborhoods and communities.

Mr. Weitzner highlighted that one of the issues for community engagement is that the ways people are communicating and looking for information is actively and rapidly growing. AIDEA's main portal and systems were last updated in 2010. The recent portal creation was implemented to interact for the AK Cares Program. Mr. Weitzner discussed that new tools reflecting the most effective ways of engagement need to be created and implemented. He noted the increased requests for data and AIDEA's current slow response in providing the information due to the paper-based form of information stockpiling. Within the last year, AIDEA has utilized a digital documentation system in order to be more responsive to the community and to be more effective in transmitting information internally.

Commissioner Anderson believes this public engagement plan is an excellent and ambitious idea. She requested additional information regarding the budget and timing that is necessary in order to fully implement the plan. Ms. Bryan noted that subject will be discussed in more detail later in the presentation and requested that she respond fully at that time. There was no objection.

Ms. Bryan continued to the next slide regarding the Open Meetings Act. She noted that she is not a lawyer. AIDEA is a public corporation of the State and it is within AIDEA's purview to be in compliance with the Open Meetings Act. AIDEA is a unique organization and there may be public confusion as to what AIDEA is and what rules apply to AIDEA. Ms. Bryan explained that AIDEA is an economic development and financing-based organization. She often compares AIDEA to an investment firm or to a bank. The financial information provided to AIDEA by borrowers is sensitive in nature. She noted that some people have been critical regarding AIDEA's use of executive session. Ms. Bryan informed that AIDEA uses executive session to discuss sensitive financial information, including income, social security numbers, home

addresses, length of occupancy, and other specific financial information used to evaluate a project.

Mr. Weitzner added that AIDEA is unique in that it includes a confidentiality statute outlined in 44.88.215. The statute addresses the issues and the information that is required to be held confidential. This allows for AIDEA to engage in partnerships with corporations who share their business plans with AIDEA. This information, if made available to the public, could put the corporation in a compromising situation regarding future investments and ongoing operations. Mr. Weitzner noted that AIDEA is required to keep a broad set of information confidential.

Ms. Bryan reviewed the slide listing some of the requirements of the Open Meetings Act and the ways that AIDEA is complying with those requirements. This includes providing and publishing linked meeting agendas on the website with sufficient notice to access the information. There is a dedicated section of the website for Board related items.

Ms. Bryan discussed the importance for AIDEA to invest in resources to create more meaningful and active public engagement and communication. She reported that the public is very interested in AIDEA's projects and wants to be active in the process. Ms. Bryan believes this is positive and wants to encourage the public's excitement and desire for information. She informed that the resolution before the Board today addresses the public engagement plan. Ms. Bryan discussed Commissioner Anderson's previous question regarding pricing. Staff is proposing that AIDEA conduct a competitive procurement and select one provider to streamline some of the tools and key features of the plan listed in the presentation. Supplementation can occur when needed. Mr. Weitzner discussed that the allocation that is currently within the budget is approximately \$60,000, which encompasses the general tools to support Ms. Bryan's functions for communications and engagement with the public.

Commissioner Anderson asked regarding the implementation timeline. Ms. Bryan indicated that implementation will begin as soon as possible. Work has already begun with the current resources. Ms. Bryan highlighted that a robust and active public engagement plan is essential in order to grow AIDEA and to rebuild trust. The hope is to submit the procurement within six to eight weeks and to continue to work on planning the implementation. Commissioner Anderson believes this is a good step forward.

Ms. Sande expressed appreciation for the presentation. She hopes that members of the public recognize that this is one of the many things that staff has done and continues to do in response to public comments in efforts to solve problems. Ms. Sande stated she can appreciate the comment that Ms. Bryan views herself as a translator. Ms. Sande noted that she became a Board member without a finance background and can understand the potential for a disconnect in communication. Ms. Sande expressed appreciation for the comment from Chair Pruhs making the distinction between the projects that AIDEA finances and the projects that AIDEA owns or maintains ownership interest. She believes the responses to public engagement for each category should be different. Ms. Sande expressed support for the budgeted amount and agreed that the timeline should begin as soon as possible.

MOTION: A motion was made by Mr. Kendig to approve Resolution G21-24. Motion seconded by Ms. Sande.

A roll call was taken, and the motion to approve Resolution G21-24 passed unanimously.

MOTION: A motion was made by Mr. Kendig to enter into Executive Session to discuss confidential matters related to the BlueCrest Alaska Operating LLC, Alaska SMC LLC, and Mustang Holding LLC Divestiture. This is supported by the Open Meetings Act, AS 44.62.310, which allows a Board to consider confidential matters in executive session. In this case, the Board believes that these are subjects which would have an adverse effect upon the finances of AIDEA or are protected by law, due to the rules protecting personal privacy and certain business information. Motion seconded by Mr. Fogle.

The motion was approved without objection.

6C. EXECUTIVE SESSION: 12:14 pm

Confidential matters related to the BlueCrest Alaska Operating LLC, Alaska SMC LLC, and Mustang Holding LLC Divestiture

The Board reconvened its regular meeting at 3:35 pm. Chair Pruhs advised that the Board did not take any formal actions on matters discussed while in executive session.

Chair Pruhs requested that the agenda be modified to read Item 6D. Resolution G21-21 BlueCrest Alaska Operating LLC, and Item 6E. Resolution G21-17 Mustang Holding LLC Divestiture.

MOTION: A motion was made by Mr. Fogle to amend the agenda to read Item 6D. Resolution G21-21 BlueCrest Alaska Operating LLC, and Item 6E. Resolution G21-17 Mustang Holding LLC Divestiture. Motion seconded by Mr. Kendig.

Mr. Weitzner informed that staff has already posted the amended agenda with attachments to the website so it is accessible by the public.

There was no objection.

6D. Resolution G21-21 BlueCrest Alaska Operating LLC

Chair Pruhs stated that Resolution G21-21 approves amendments to loan agreements with BlueCrest Alaska Operating LLC and co-borrowers. Mr. Weitzner explained that the Board is aware from previous modification requests by BlueCrest Alaska Operating LLC and co-borrowers that they were initially very much impacted by the reduction in oil prices that occurred as the Covid-19 pandemic developed. BlueCrest has since been reviewing how they are able to restart the development of the field. The previous extension of the modification was approved in April 2021 and extended through August 1. Mr. Weitzner informed that BlueCrest is returning to request a forbearance extension for 12 months. This is due to continued impacts from the Covid-19 pandemic, even with the increase in oil prices.

Mr. Weitzner explained that the resolution includes a proposal from staff that would provide an extension of the 12-month basis and apply the payments to the principal balance, rather than the payments apply to interest-only. Mr. Weitzner requested Mr. Neff provide additional background

information. Mr. Neff clarified that the resolution states that the interest will be applied to the principal, but the interest payments will stay as they are today. Mr. Neff reiterated that this operator has continued to be impacted by the Covid-19 pandemic, as well as the tax credit legislation that removed a substantial amount of liquidity from their forecast. From AIDEA's perspective, BlueCrest has been a very good borrower in good standing and has always made payments on time based on the existing or modified agreement.

Mr. Neff discussed that BlueCrest continues to produce oil and gas hydrocarbons, which continue to generate a substantial amount of royalty revenue for the state. To date, BlueCrest has generated approximately \$13.8 million in royalty revenue and have increased property values in the Kenai Peninsula Borough from \$699 million to approximately \$1.49 billion. BlueCrest still needs some relief from their loan and due to the recovery in oil and gas prices, they continue to evaluate options for further development, but they are continuing to produce their field as it is today. Mr. Neff expressed support for this resolution and requested Board approval.

Ms. MacKinnon asked how many tax credits were being held by BlueCrest. Mr. Neff stated that he does not know if that is public information. Staff is aware of how many tax credits BlueCrest holds. Mr. Neff informed that it is a substantial figure that drastically impacted their future liquidity and availability to develop this project.

Chair Pruhs commented that it is good that AIDEA is in a position to be able to help put Alaskans to work. The resolution deals with a combination of circumstances of tax credits, the Covid-19 pandemic, the price of oil, and low reserves. He appreciates that AIDEA can assist with some of these challenging loans for the benefit of the business and to keep Alaskans working.

MOTION: A motion was made by Mr. Kendig to approve Resolution G21-21. Motion seconded by Mr. Fogle.

Vice-Chair Karl informed that he will abstain from voting on this resolution due to a conflicting involvement.

A roll call was taken, and the motion to approve Resolution G21-21 passed unanimously, with Vice-Chair Karl abstaining.

6E. Resolution G21-17 Mustang Holding LLC Divestiture

Mr. Weitzner explained that Resolution G21-17 approves the monetization and/or divestiture of assets of, or the equity interests in, Mustang Holding LLC, and approving an amended 2021 Budget. Staff seeks the Board's guidance and approval to initiate a sales process of Mustang Holding, LLC, as the entity is a subsidiary of AIDEA. This was created from all the assets of Mustang Development that were owned by Caracol and operated at one time by Brooks Range Petroleum Corporation.

Mr. Weitzner discussed that AIDEA foreclosed on the assets in September 2020, and has been working with all the creditors and interested stakeholders in optimizing its value. AIDEA has stabilized the assets and has provided responsible oversight to the management of the fields and

to the budget that has been approved by the Board. Mr. Weitzner explained the process would be through a competitive sale and AIDEA would directly engage with parties. Staff will define a timeline and evaluation criteria related to the sales process.

Mr. Weitzner explained the second element of this request is to increase the budget in order to meet expenditures to manage the field responsibly through the end of the year. The proposed budget increase is \$500,000. The Board previously approved the budget of \$1.59 million. Mr. Weitzner requested Mr. Neff provide additional information. Mr. Neff discussed that the one-year anniversary of the foreclosure of the asset is approaching. The plan is to properly move forward and to monetize the asset by engaging with interested and qualified third parties that have the ability to properly develop the assets. Over time, the asset could generate in excess of \$200 million in royalty and tax revenue for the State. The acquisition process will be very competitive, robust, and available to everyone that is interested.

Mr. Neff explained that the proposed budget increase is in line with AIDEA's continued holding of the asset under ownership. A portion of the increased budget will be used for infrastructure preservation activities and to pay go-forward property taxes to the borough. This is unique because AIDEA has a statutory tax exemption. Additionally, the increase in budget is due to AIDEA's engagement of new council to assist with the review and proposal to monetize and dispose of this asset through a competitive bid process.

Chair Pruhs requested that staff provide a side-by-side comparison of the new budget and the proposed revised budget any time there is a proposal that contains budget revisions. Mr. Weitzner indicated that was provided in the confidential information that was attached. Chair Pruhs commented that the budget the Board approved was not confidential. Mr. Weitzner said staff can provide it. Chair Pruhs stated that the public should be able to see both the original budget that was approved and the proposed revised budget. He noted that the Board could then ask questions for the public's benefit based on the provided information. Mr. Weitzner indicated that staff can add the budget information that the Board members have to the resolution online so that the public can see a direct comparison.

MOTION: A motion was made by Mr. Kendig to approve Resolution G21-17. Motion seconded by Mr. Fogle.

Vice-Chair Karl advised that he will recuse himself on voting because of his involvement with the oil industry.

A roll call was taken, and the motion to approve Resolution G21-17 passed unanimously, with Vice-Chair Karl abstaining.

7. DIRECTORS COMMENTS

7A. Interior Energy Project Quarterly Report to Legislature (July 2021)

Mr. Weitzner informed that the provided Interior Energy Project Quarterly Report to the Alaska State Legislature was requested by the Board for review. AIDEA goes through the process of preparing this report with the assistance of Interior Gas Utility (IGU). Mr. Weitzner introduced

Mark Davis, AIDEA, who is responsible for overseeing the asset investment. Mr. Weitzner requested Mr. Davis to answer any Board questions.

Chair Pruhs asked if IGU has been meeting their proposed projections. Mr. Davis agreed and noted that the slow growth projections are being met. Mr. Davis explained that Fairbanks Natural Gas (FNG) initially had 1,107 customers and as of now, there are 1,448, which is basically on track. The projections that were included in the bond for the sale last year noted that customers could reach a maximum of 2,160 with the current situation. The anticipation is that an additional 250 customers should be added by November.

Mr. Davis discussed that IGU has been able to finish the North Pole storage facility. North Pole has their first 15 gas customers. The storage now has 20,000 gallons. IGU is using the water storage, which contains 2.7 million gallons. The contract with Hilcorp for the gas supply was signed in January. It is anticipated that three million gallons will be placed in the tank.

Chair Pruhs asked for the reason only three million gallons are being placed in a five-million-gallon tank. Mr. Davis explained that IGU noted that given the current load, three million gallons is the optimal amount to run the system. The full storage is meant to service up to 5,000 customers. Chair Pruhs asked for the project date to reach 2,100 customers. Mr. Davis informed that the 2,160 customer number does not include a projected date. That number is the maximum that could be used with the current system. The report indicates that IGU projects to add approximately 250 to 300 customers a year. Mr. Weitzner noted that the report indicates that by FY 2023, the projected customers reached is 2,143. Mr. Davis commented that at that point, IGU will need to begin adding more gas into storage.

Chair Pruhs asked if IGU received the tax credits for the facility. Mr. Davis responded that he does not believe they did, but he will have to confirm. Chair Pruhs noted that he thinks the credits expired and they did not receive them. He asked if that is reflected in their cash flow model. Mr. Davis noted that it was in the original model, but it has been backed out. The statement in the report is that current demand does not require IGU to fill to full capacity of 5.2 million gallons. IGU expects to increase the 2.7 million gallons to three million gallons by January.

Chair Pruhs asked if the three million gallons' amount is due to liquidity restriction. Mr. Davis disagreed and believes it is an operational decision. IGU has not utilized any of the \$11.7 million in bond proceeds. The plan for this winter is to spend \$1.53 million for gas distribution and mainline extensions. IGU has no intention at the present time to expand the Titan 2 plant, especially given the current demand and growth situation. Mr. Davis discussed that the key to conversion is the price of fuel, which is at \$3.05. The gas is about 8% less than fuel oil, which is not a big advantage. The projections are that fuel oil and gasoline prices will increase as Americans begin driving more. In Fairbanks, gasoline is at \$3.59 per gallon. Mr. Davis advised that the Borough's incentive program that contained \$1 million to help people convert from oil to gas has been exhausted. The conversions varied in price within the range of \$2,000 to \$10,000, depending upon the type of boiler.

Chair Pruhs asked if IGU is building a reserve with cash flow. Mr. Davis stated that they are cash flowing, but he does not believe they are building a reserve. The current loan has less than one

million dollars remaining. The next expenditure will focus on the mainline extensions and will provide additional service to the residential areas. The commercial customers have been attended to. Chair Pruhs asked when IGU anticipates putting money into a reserve account. Mr. Davis believes that once IGU gets close to 2,000 customers, they should be in a position to begin putting money into a reserve account.

Chair Pruhs inquired about the construction of Titan 3. Mr. Davis noted that additional discussion needs to occur and IGU can use the bond proceeds as they wish. He commented that he oversaw the Titan repairs during the acquisition and he would not expand the plant at this point because of the expensive cost and not having any customers. Mr. Davis believes that it is a good sign that IGU has put that plan on hold and they are focusing on the mainline extensions and signing up customers.

Mr. Weitzner advised that the quarterly report will be provided to Board members as it is updated.

7B. Board Resolution Report

Mr. Weitzner noted that the Board Resolution Report is provided in the packets and lists the current status of the resolutions that have been adopted by the Board. There were no questions.

7C. Loan Dashboard Report, Predevelopment Projects Quarterly Report

Mr. Weitzner highlighted that the Loan Dashboard Report is as of June 30, 2021. Updated information for July and August will be provided at the September 22, 2021 Board meeting. Mr. Weitzner reviewed that the anticipated funding for Swiftwater Creek was extended for an additional month to September 1, 2021. He noted that both of the RVIN AK, LLC pending applications listed on page 10 are still pending. The other applications listed are now pending commitments. Mr. Weitzner advised that the K&G Enterprises pending commitment listed with a pending due date of July 13, 2021, has been signed.

Mr. Weitzner discussed that AIDEA has undertaken approximately \$59.5 million in funding under the loan participation in FY21. The list of applicant names is contained in the report. He noted that the loan participations 10 years ago were about \$20 million per year. More activity has been seen this year due to the decrease in interest rates and the long-term fixed rate program. Mr. Weitzner advised that there are quite a few applications in place and staff anticipates the same level of volume for FY22.

Mr. Weitzner highlighted a key element for Board members is the loan balance delinquencies shown in orange on page 13. He explained that Tiffany Janssen, Commercial Finance Director, and Michelle McLean, Sr. Loan Servicer, and their team are reexamining the previous information and are correcting the earlier reports. Mr. Weitzner expressed the importance that this information is as current as possible. Efforts are underway to backdate the information through to the beginning of the year to get the full updates. This process is expected to be completed by the September Board meeting. Mr. Weitzner discussed that the program is performing very well. The delinquency numbers were in error because payments that were made

were not being applied. Staff is reexamining the system and correctly applying the payments. This has resulted in a reduction of delinquencies, in some cases, from 5% to below 1%.

Mr. Fogle expressed appreciation to Mr. Weitzner for the analysis and for retaining Ms. Janssen. He noted that the Board previously requested that Ms. Janssen be proactive with the list and to communicate with the entities who have received loan modifications. He asked if Ms. Janssen has contacted any of those businesses to understand their current condition. Mr. Weitzner indicated that staff are actively following up with the loans and are having conversations with the originating banks, and in some cases, the borrowers themselves, as well as with participants who are part of the direct finance program.

7D. Development Project Financing Report

Mr. Weitzner reviewed the Development Project Financing Report included in the packet. He noted that this is in a new format and he requested that the Board provide feedback. The intent of the change from a spreadsheet and matrix format to the individual pages is to be able to more easily present and share the information with the public. Mr. Weitzner discussed that staff was able to conduct a helicopter site visit of the Arctic and Bornite Deposits earlier this week. Staff met with NANA shareholders and was joined by the Governor, Commissioner Corri Feige, Joe Kemp, Program Manager, and others. Mr. Weitzner described that the tour provided a full appreciation of what is being developed in the territory and how the road is ultimately connecting with the development.

Chair Pruhs indicated that he was privileged to be able to attend the site visit. He added that there were three helicopters running trips all day for the attendees, who included geologists and environmentalists. He discussed that Covid-19 protocol was implemented to keep the camp safe and visitors had to have a negative test to attend. Chair Pruhs described the exploration camp as very clean and professional and he noted that the dollars are being spent toward a first class operation.

Mr. Weitzner added that staff was also joined by Linda Lee, Chairman of NANA, who gave particular insight into the development and how it is impacting NANA shareholders and the different communities. Chair Pruhs commented the he saw many NANA shareholders working onsite. There were no questions.

7E. AIDEA-AEA Organization Chart (Updated)

Mr. Weitzner informed that the provided organizational chart and structure was previously reviewed during the AEA meeting. He highlighted the role of Dave Heimke as Chief Operating Officer. The project operational assets of the organization are reporting to Mr. Heimke. The Chief Investment Officer and his staff are set up to provide oversight across the organization. The intent of AIDEA's organizational structure is to establish a functional foundation for growth with the necessary management oversight, mentoring, and leadership to facilitate working together as one team. Mr. Weitzner emphasized that the IT shared services play an important role in the efforts of digital transformation for AIDEA and AEA. The process takes time to transition from a paper-centric operation into a digital focused and productive approach to the internal

organizations. The IT shared services will report to Mr. Heimke on AIDEA's side. Mr. Weitzner is looking forward to positively impacting all forms of the organization's operations.

Chair Pruhs asked if Mr. Weitzner can speak to when some of the vacancies shown on the organizational chart will be filled, specifically the Ambler Contracts and Ambler Support positions. Mr. Weitzner expressed hope in filling at least one of those positions immediately. He advised that discussions are ongoing regarding the possibility of an Assistant Program Manager to work with Mr. Kemp in Fairbanks. The position would focus on procurement activities and monitoring support of the different professional services contracts. Additionally, discussions are ongoing regarding the possibility of engaging further support for Ms. Bryan to assist with external communications. Mr. Weitzner explained that the chart is showing vacancies, but there is internal staff support within the organization because of RSA arrangements and other external contractor arrangement that are fulfilling certain elements of the open positions.

Chair Pruhs requested that the organizational chart is modified to reflect the two positions Mr. Weitzner discussed that are not included in the graphic. Mr. Weitzner noted that the chart was updated as of July 27, 2021. He clarified that the Ambler Contracts position will be replaced by the Assistant Program Manager position. Chair Pruhs asked if Mr. Kemp is currently administering the contracts. Mr. Weitzner noted that there are nine specific tasks and eight specific contracts which have gone through the procurement under Mr. Heimke. Mr. Weitzner indicated that review is ongoing regarding the possibility of retaining a contract officer, as well as a support for procurement. Chair Pruhs commented that funds are being expended for Ambler and he wants to ensure that the necessary people are in place to be successful with the increased activity.

Mr. Weitzner commented that there are some PCN positions that have been vacant for well over three years. Chair Pruhs reiterated his understanding of the two new positions that will be added to the chart. He requested to know how the Ambler contracts are formatted and implemented, and how the monitoring structure is maintained. Chair Pruhs discussed that AIDEA has a private partner with Ambler and it is important to ensure funds are spent wisely and appropriately. Mr. Weitzner explained that is undertaken through an RSA arrangement that AIDEA is looking to replace with its own staff.

Ms. MacKinnon commented that during the prior AEA meeting, Chair Pruhs inquired regarding the federal infrastructure bill currently under discussion in Congress and whether or not staff is ready for the bill. Based on the new structure from the organizational chart, procurement is being separated and identified for each organization, rather than the shared services concept previously utilized. She asked Mr. Weitzner to comment on AIDEA's readiness, should the infrastructure package pass and projects begin to advance to Alaska.

Mr. Weitzner remarked that he and Curtis Thayer, AEA Executive Director, have been discussing the restructure of the procurement function within AIDEA and AEA, which was previously under a shared services procedure. Each organization has specific regulations regarding the procurement capacity. Mr. Weitzner noted that he and Mr. Thayer believe it is better to implement the separation of the procurement program and delegating specific key procurement officers, who have their own support. Mr. Weitzner has observed that AIDEA has

been more efficient and responsive to the RFPs. He gave the example of being able to issue the RFP the day after the Board's approval of Budget Section 1002. Mr. Weitzner believes that the level of efficiency is improving and what looks like less staff on the chart, is actually more focused staff who are accepting ownership of the underlying procurement processes. They are working directly with the project managers, which increases productivity.

Chair Pruhs reiterated that between AEA and AIDEA, \$70 million was reserved for the Ambler access over three years. He noted that the expenditures will take oversight and much of the expenditures will occur in a short period of time between June 1 and November 1. Chair Pruhs highlighted the importance of ensuring that the infrastructure and the systems are in place now to fully execute the work that needs to be completed to meet the milestones. He also discussed the importance of providing confidence to the partners that their funding is valuable and that they are satisfied with the procurement process, including monitoring, prompt vendor payments, vendor accountability of services, and the ability to react quickly to decision-making requests by the contractors.

Mr. Weitzner commented that from discussions with Mr. Heimke and Dona Keppers, Chief Financial Officer (CFO), that staff is very focused on the issues Chair Pruhs highlighted. Mr. Weitzner stated that the previous approach will not survive and that staff is looking to establish internal systems that function with the finance accounting feature in order to provide the guidance to Mr. Kemp when needed.

7F. AIDEA Work Session for Review of Investment Policy for Outside Advisor-Managed Investment Assets: Friday, August 13, 2021

Mr. Weitzner discussed that the work session scheduled for tomorrow is to review the Investment Policy for Outside Advisor-Managed Investment Assets. This is a public meeting and will begin at 8:30 am. It will not exceed four hours. The agenda has been publically provided and contains a public comment period.

Ms. MacKinnon expressed that her understanding was that tomorrow's work session would review two items; the outside investment manager and AIDEA's Investment Policy. In looking at the agenda, Ms. MacKinnon asked when that discussion would occur, if not tomorrow. Mr. Weitzner explained that the agenda item will include discussion regarding all of that information. There will be a presentation from Callan, as requested. Staff will review the analysis of the information that was provided to the Budget and Audit Subcommittee in June. Both the Investment Managers' Agreement and the recently amended Investment Policy will be discussed.

7G. Next regularly scheduled AIDEA Board Meeting, Wed. Sept 22, 2021

Mr. Weitzner indicated that the next regularly scheduled AIDEA Board meeting is Wednesday, September 22, 2021.

8. BOARD COMMENTS

Vice-Chair Karl expressed sincere appreciation for the updates and information. He feels like much progress was made during today's long day.

Mr. Kendig stated it was a good meeting and agreed that much was accomplished. He looks forward to the discussion tomorrow.

Mr. Fogle expressed appreciation for the public comments regarding public engagement. He was happy to see the communications plan for AIDEA. He looks forward to the discussion tomorrow and is hoping to be provided the follow-up items that were requested in June.

Ms. MacKinnon thanked Mr. Weitzner for his team's hard work and for the outreach that is now possible due to the expiration of different emergency orders in the community. She noted that it is possible to move a bit more freely in the community, even though there has been an uptick in caseloads and a change in the virus. She requested that Mr. Weitzner extend the Board's gratitude to the team. She looks forward to the discussion tomorrow. Ms. MacKinnon expressed appreciation for Ms. Bryan's concise presentation and how the organization can better reflect its motives, intentions, and the facts that are considered in loan advancements. She discussed how AIDEA can highlight the differences and the similarities with banks in processing confidential information.

Ms. MacKinnon supports the different ways staff is engaging with communities to help support their initiatives. She thanked Chair Pruhs for his leadership and moving through the agenda in a timely manner. Ms. MacKinnon appreciates the Board members' attention to detail regarding the complex issues that affect families. She commented that members are all Alaskans who have perspectives that may not always align with everyone who comes to the Board meetings, but that she respects and considers all of the comments that are received before making decisions.

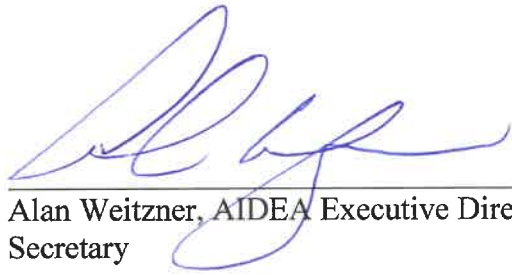
Ms. Sande echoed the comments of Board members in relation to the staff's effort under Mr. Weitzner's leadership, and under the leadership of Chair Pruhs, especially in response to some of the public comments. She expressed appreciation for the public comments that were made today and previously, especially those that reflect original thought. Ms. Sande discussed that she was born and raised in Alaska, but has not had the opportunity to travel to some of the communities represented during the public comments. She added that it is really nice to be able to hear the perspective of individuals in areas that she has not yet traveled to. Ms. Sande noted that the presentation given by Ms. Bryan was very good. She hopes that some members of the public who provided comments about their perception of AIDEA's lack of transparency understand that creating a public engagement plan is a direct reflection of how seriously the Board and Mr. Weitzner have been taking public comments into consideration and making changes. Ms. Sande found the plan uplifting and was impressed by the technological ways the plan will emphasize communication with the public in urban, remote, and rural areas of Alaska, while appreciating some of the limitations in rural Alaska.

Chair Pruhs echoed many of the statements made by Board members. He added a sincere welcome to the new Chief Operating Officer Mr. Heimke. Chair Pruhs looks forward to working with staff on the upcoming challenges and opportunities, noting that his emphasis is on the opportunities. Chair Pruhs discussed that prior to the Covid-19 pandemic, the Board would hold a couple of the meetings in a different location, particularly if the Board was reviewing investment in a specific asset. He asked members to suggest a location in which to conduct a Board meeting this winter. Chair Pruhs expressed appreciation for members' comments today and recognized their efforts. He thanked staff for all of their work.

Vice-Chair Karl announced that the 15th Annual Renewable Energy Fair at Chena Hot Springs will occur on Sunday. The Secretary of Energy will be present, along with a senior senator and the Governor. Chair Pruhs commented that, switching to his AEA affiliation, it would be nice to conduct a Board meeting in Fairbanks with the timing such that members could attend the Renewable Energy Fair.

9. ADJOURNMENT

There being no further business of the Board, the AIDEA meeting adjourned at 4:34 pm.



Alan Weitzner, AIDEA Executive Director
Secretary

Alaska Industrial Development and Export Authority
BOARD MEETING MINUTES
Thursday, January 27, 2022
Anchorage, Alaska

1. CALL TO ORDER

Chair Pruhs called the meeting of the Alaska Industrial Development and Export Authority to order on January 27, 2022, at 12:30 pm. A quorum was established.

2. ROLL CALL: BOARD MEMBERS

Members present: Chair Dana Pruhs (Public Member); Vice-Chair Julie Sande (Commissioner, DCCED); Albert Fogle (Public Member); Bill Kendig (Public Member); Anna MacKinnon (Special Assistant to the Commissioner-DOR); and Bill Vivlamore (Public Member).

3. AGENDA APPROVAL

MOTION: A motion was made by Mr. Kendig to approve the agenda. Motion seconded by Mr. Fogle.

The motion to approve the agenda passed without objection.

5. PUBLIC COMMENTS (*2 minutes per person, for one hour*)

Chair Pruhs continued the meeting at Item 5. Public Comments. He reminded the public that comments are limited to two minutes per person. He requested that each person state their name and their affiliation, if any. He noted that this is a comment period. He requested the public to please provide an email address if they have questions so that staff could answer.

Paul Fuhs noted that he was previously Chairman of the Board when he was Commissioner of Commerce for Governor Wally Hickel. He congratulated Chair Pruhs and noted that he will visit at some point. Mr. Fuhs stated that he is representing himself today and is speaking in favor of the resolution on the issue of bank discrimination against oil and gas development in the Arctic. He discussed that this is happening all over the Arctic and does not only affect AIDEA. It has been a subject of the Arctic Economic Council. He serves on working groups of the Arctic Economic Council. Mr. Fuhs noted that he has sent materials to the Board, including a comprehensive evaluation of the specific forms of discrimination that the banks are practicing across the Arctic. He noted more and more banks are signing on to what is referred to as “woke advertising.” He does not believe that this means that one less drop of oil will be burned, but that it means the oil will be produced elsewhere. Mr. Fuhs believes this is completely ineffective and it is just a marketing ploy for rank discrimination.

Mr. Fuhs stated that the Arctic Economic Council is making points that AIDEA might consider. The first point is that this is window-dressing and not one less drop of oil will be burned. Another point is the impact on consumers. Europe has seen a 1,000% increase in the price of fuel. Restrictions on oil and gas development in the United States are driving inflation. The

United States is currently importing 840,000 barrels of oil per day from Russia. This is almost twice of the oil pipeline. Mr. Fuhs made the comparison that we are supposed to be saving the world from climate change and Alaska is about 30% renewable energy through the investments of Alaska Energy Authority (AEA). He said that Iceland is 100% and Norway is 98%. The U.S. is 9% and the European Union is 13%. Mr. Fuhs noted that those figures are included in an additional statement that he made in terms of sustainable development for the Arctic that views the whole picture. He noted that Alaska is not the problem. Alaska is the solution to the problem. He stated that Alaska is also providing minerals for electric cars and is producing alternative energy, including the production of hydrogen in the Aleutian Islands.

Mr. Fuhs commented that in addition to it just being wrong to discriminate, he stated that it is also probably illegal. He noted that one of the best legal minds in the state is working for AIDEA, Mark Davis. Mr. Fuhs suggested that the Board request Mr. Davis to review the conditions of geographic discrimination. He stated that given the preponderance of Alaska's Native populations on the North Slope, it may be considered racial profiling and racial redlining. Mr. Fuhs noted that Commissioner Sande has the Banking and Securities Commission under her purview and charter the banks. He asked if Alaska requires the banks that have charters in Alaska to not discriminate. Mr. Fuhs believes that additional review needs to occur. He will continue to communicate with the Board regarding the efforts of the Arctic Economic Council so that work can proceed with allies.

Chair Pruhs encouraged Alan Weitzner, Executive Director, and Morgan Neff, Chief Investment Officer, to stay in touch with Mr. Fuhs regarding this valuable information.

Lois Epstein, President of LNE Engineering and Policy, noted that she has brief comments on five AIDEA issues. The first issue is that the Board memo regarding the Ambler Access Project Resolution G22-03 states that the \$15.4 million will be matched by another \$15.4 million from Ambler Metals. Ms. Epstein informed that this is not entirely correct, since Resolution G21-03 states clearly that matching money will be credited back in future project user fees. She believes this distinction should be made clear in the memo and in the public discussion of matched funds.

Ms. Epstein noted her second issue regards Exhibit A of the Investment Policy Update, Resolution No. G22-05, which consists of numerous organizations, of which only a very small number of these entities issue securities. The Investment Policy provision that mentions Exhibit A prohibits AIDEA from buying securities from restricted companies. Exhibit A should include only those companies that issue securities. Otherwise, AIDEA looks like it is creating a list of companies and nonprofits it dislikes for no good reason and this is very unprofessional.

Ms. Epstein discussed her third issue regards the discussion during AIDEA's December Board meeting on why AIDEA would not provide a full 50% dividend to the State's General Fund in 2021. Page six of the Board meeting minutes appears to have missed two mentions of the words "upwards of" by Mr. Weitzner. Ms. Epstein noted that Mr. Weitzner stated that upwards of \$150 million will need to be contributed to the Ambler Project, not "approximately" \$150 million, as is stated in the minutes. She noted that Mr. Weitzner stated that there will be upwards of \$25 million to \$50 million in new projects each year. Ms. Epstein requested that the minutes are corrected.

Ms. Epstein discussed her fourth issue and requested that specific details be provided about which Ambler Access and Mustang topics will be covered in today's executive session and why confidentiality about those topics is necessary. She expressed concern that the State's Open Meetings Act, Section 44.62.310 (b), otherwise may be violated. This provision states that "the motion to convene in executive session must clearly and with specificity describe the subject of the proposed executive session without defeating the purpose of addressing the subject in private. Subjects may not be considered at the executive session except those mentioned in the motion calling for the executive session unless auxiliary to the main question."

Ms. Epstein discussed her fifth issue that it is disrespectful of the public's time to continually change meeting start times. She requested to please set a meeting start time and stick with it. Ms. Epstein noted that today's start time was changed from 11:00 to 11:30 to 12:00 to 12:30, and Mr. Pruhs announced at the end of the AEA meeting that the AIDEA meeting would start at 12:15, which did not happen. Ms. Epstein stated that she and her clients would greatly appreciate AIDEA addressing these five topics. She thanked the Board.

Rick Whitbeck, Alaska State Director Power the Future, stated that Power the Future is known as the small, but powerful nonprofit advocating for continued jobs and generationally changing responsible development of Alaska's God-given abundance. He expressed appreciation to AIDEA for the work on their mission and their efforts. He discussed that his friends from the eco-left are gnashing their teeth decrying AIDEA's action to grow Alaska's economy while being fully incongruent with their hopelessly misguided attempts to lock up Alaska and turn it into 400-plus million acres of National Parks Land. He believes that they do not like development; they do not like AIDEA Board; they do not like jobs; they like their PFD, but do not appreciate where it comes from. He believes that they have also perpetuated the complete and utter lie that the Arctic National Wildlife Refuge (ANWR) Coastal Plains should not be developed. Mr. Whitbeck encouraged AIDEA to keep up with their lawsuit against President Biden and its leadership team.

Mr. Whitbeck discussed roads and financial institutions. He gave kudos to AIDEA for the continued efforts with the Ambler Road Project and noted that the minority voices should not dissuade AIDEA from being in the right. He said that rational Alaska supports AIDEA. He believes that the proposed West Susitna Access Road is going to be a valuable tool for Alaska's job creation. He believes the projects such as Whistler, Island Mountain, and Canyon Creek will all be accessible from the proposed access. He encouraged AIDEA to do what they do best; make decisions to grow Alaska.

Mr. Whitbeck commented that divesting from the financial institutions who relate to environmental extremism cannot happen soon enough. He does not believe that enrichment should be given to banks who have no heartburn investing in communist China, but will not support projects in Alaska with the highest levels of environmental stewardship. He thanked AIDEA for their support for Alaska and Alaskan jobs. Mr. Whitbeck commented that for his friends on the line who are protesting AIDEA's action while using phones, computer, heat sources and clothing made from petroleum and mine products, he believes that the men and women who helped create the products would point out the hypocrisy toward the fight against their chosen careers. He thanked the Board for their efforts and believes everyone is internally saying, "Rick, you're fracking welcome."

Jay Hermanson, General Manager Kuna Engineering, noted that they are a certified minority business enterprise. He stated that Kuna would like to thank the AIDEA Board and staff for the use of small businesses and minority owned businesses like Kuna Engineering in procurement plans. Kuna believes this is good policy and promotes economic development in Alaska through a multiplying basis by using Alaska-owned businesses to perform the various work. Kuna commends AIDEA for these actions and looks forward to working with AIDEA in the future.

John Gaedeke, Fairbanks, noted that he is representing himself and the family business, Iniakuk Lodge in the Brooks Range about 50 miles west of Bettles. He stated that he has been reading that a Subsistence Advisory Committee has been established for the Ambler Road. He noted that his comments regard Resolution No. G22-03, the work upcoming this summer. Mr. Gaedeke stated that there have been disturbing reports that there was refusal to include federally recognized Tribes in some of the recent meetings. He stated that he does not know all of the facts because it is difficult to get information from AIDEA on the process. He discussed that the last and only time AIDEA organized an all-corridor and all-Tribes meeting in Fairbanks, the headline in the "Newsminer" the next day was "Ambler Road Crashes at Hearing." Mr. Gaedeke encouraged more outreach with especially all-corridor and all Tribes.

Mr. Gaedeke discussed that it has been nine years since the original proposal, and the meetings appear to be less inclusive and increasingly hidden behind executive privilege. He noted that he is a stakeholder in the area and is approximately five to 10 miles away from the road proposal. Mr. Gaedeke pointed out that optics of this projects are not good and those with businesses in the areas are developers and have a stake in Alaska, as well as those who live in the nearby villages. He discussed that there are current lawsuits against the rushed permitting process. Mr. Gaedeke noted that he found out that there is a lease proposal in Bettles with DOT for a man-camp of an undetermined size. He believes the proposals that are coming out are very vague. He does not know if any of the original Board members remain from the early days in Bettles from 2013, but the outreach in Bettles and Evansville ended in disaster. The original right-of-way proposal would have cut Bettles and Evansville off from their own flow pond. He believes the Villages worked hard to communicate that they wanted no part of the road and eventually, the proposed route had been moved 10 miles north of Koyukuk and now, one of the subcontractors wants to put a man-camp in the middle of town.

Mr. Gaedeke commented that it appears that without any kind of oversight on spending and proposing and overrunning and silencing, this is causing more issues and confusion for people in the area that AIDEA seems to know nothing about. Mr. Gaedeke stated that as a developer in the area, he supports development, but he does not support bad development and misappropriation of funds. He strongly urged AIDEA to include a larger degree of oversight, accountability and fiscal responsibility. Mr. Gaedeke stated that it looked like the agenda contains \$660,000 for stakeholder outreach this summer and he does not see with AIDEA's past record how that amount is going to be actively used in the area to promote true outreach. He discussed that the last all-corridor meeting was in the 2013. Mr. Gaedeke noted that the budget looks like AIDEA is proposing to spend another \$7 million before April. He expressed that it is hard to understand how the numbers are happening so quickly with so little oversight. Mr. Gaedeke said he would appreciate more communication and more outreach. He thanked the Board.

Ms. MacKinnon asked if AIDEA's Executive Director could talk about stakeholder engagement and the meeting that was referred to in the previous testimony. There was no objection. Mr. Weitzner highlighted that he believes that there is a press release that will be issued today that provides clarity on the Subsistence Advisory Committee that was established by Native elders who are representatives of the Villages impacted along the Amber Access route. A working group was established, and Governor Dunleavy appointed two Co-Chairs, Larry Westlake and Fred Bifelt, who are representatives from NANA Regional Villages and Doyon Regional Villages. The working group had their first meeting on January 11, 2022, and established the Subsistence Advisory Committee with representation defined by the Native communities and Villages impacted along the route. All members within the Subsistence Advisory Committee are elders living in the communities that are impacted and will provide input on design issues and critical elements needed to understand the impact on subsistence to those communities.

Mr. Weitzner explained that AIDEA is a sponsor for the establishment of the Subsistence Advisory Committee in full compliance with the Record of Decision that was achieved with the Bureau of Land Management (BLM) and the National Park Service. It is a committee that is run by those elders, and it is an element that AIDEA is an invited party to participate in order for AIDEA to receive the needed feedback from the committee. Mr. Weitzner asked that the process is respected from the position that the committee is run by elders in the communities. The information that is sought is critical and important.

Chair Pruhs reminded the public to please limit their comments to two minutes.

Kari Moore, Project Manager for the Resource Development Council for Alaska (RDC), discussed that one of RDC's priorities is to encourage responsible development of Alaska's natural resources and to encourage new exploration and projects. RDC strongly believes resource development projects in Alaska can be accomplished responsibly, with a key focus on protecting the environment, including cultural activities and wildlife, while providing well-paying jobs, many of which require training and offer a lifetime of opportunity and improving the long-term economic future for Alaska.

Ms. Moore commented on AIDEA's consideration of the budget authorization to enable the 2022-2023 Ambler Access Project field season. This effort builds on the initial preliminary project engineering scope by providing additional field data on cultural activities, fish passages, hydrology, geotechnical and engineering work. It also enhances stakeholder outreach, workforce development throughout the villages along the corridor, and communication. She acknowledged that there are special interests that oppose further development of mining materials in Alaska and elsewhere. However, mineral development in Alaska could ultimately prove indispensable as forecasts continue to indicate our nation's mineral demands will increase. The demands will continue to be satisfied, often through the use of imported minerals, when instead, the resources should be developed and produced here in Alaska where operators are strictly regulated, and best management activities are employed to avoid and minimize impacts. She thanked AIDEA for the opportunity to support access to the Ambler Mining District.

Josh Unidentified, Fairbanks, stated that he is representing himself. He commented on the Ambler Subsistence Advisory Committee and the apparent lack of Tribal representation. He noted that one of the Committee members just mentioned that this is something that is set up

with the Tribes and they are the ones running it. Josh Unidentified stated that he will believe that when he hears it from the Tribes. He noted that he has heard from the Tribes that AIDEA has set up a committee where they put a bunch of yes-men on the committee that do not represent Tribal governments.

Josh Unidentified gave his second comment about the Investment Policy, and noted that looking at page 12, it seems like the idea is blatantly deciding that oil and gas is the only way to develop industry in Alaska, which is not true. He believes that there are so many other ways to develop industry. He implored AIDEA to get rid of the policy and stop excluding people that do not want to develop oil and gas, especially since many of those groups that are being excluded are based in Alaska, and that is a purposeful exclusion of Alaskan voices. He thanked the Board.

Tammy Wilson, Assembly member of Fairbanks North Star Borough, stated that she is talking as an Assembly member, but not talking for the Assembly. She thanked AIDEA for Resolution No. G22-02 for reviewing ways to help military housing and the militarized zone that is the same as the City of North Pole. Ms. Wilson looks forward to following along to see how to develop better partnerships with the military and with AIDEA. She thanked the Board.

Ken Castner, Homer, spoke to Resolution G22-05 and the issues that concern him. He believes that AIDEA will start establishing screens for investment funds that would be used and could be varied that would affect Alaska more than just economic sanctions levied against those that do not agree with the screen. Mr. Castner believes the element of economic sanctions is distasteful and is not common in State government. In this case, he believes the list that was comprised is almost an enemies list. There are very few people on that list that actually offer the services that AIDEA is going to “deny” them from participating in. He believes the list is that “we don’t like these people,” and Mr. Castner finds that untoward. He noted that he does not know if this is being driven by an overarching State policy that the Governor has asked AIDEA to take on. Mr. Castner believes that this will attract a lot of attention, especially given the wide variety of domestic corporations that AIDEA is attacking. He hopes that AIDEA debates the resolution in public. He thanked the Board.

Nauri (sp) Toler (sp) noted that she is representing herself and calling from Eagle River. She echoed the previous comment regarding the Subsistence Advisory Committee not being appointed by the communities themselves, but rather being picked from an outside entity. Ms. Toler asked about the executive session and expressed appreciation for the efforts with the notification feature for the public once AIDEA returns from the executive session. She asked if the executive session is recorded in any way or if there is any way to check to make sure that what is being discussed in executive session is, in fact, potentially harmful for the public to hear or if there are any checks and balances or any way to ease the public’s mindset that the public is getting all the information that is necessary and suited for public disclosure.

Ms. Toler commented that someone said earlier that there will not be a reduction in the need for fossil fuels and she believes that is misleading, considering that there are plenty of projects with renewable energy that are decreasing the need and will decrease the need for fossil fuels. She believes that AIDEA has opportunity and availability to invest in those kinds of projects. Ms. Toler commented on the Investment Policy and echoed a previous comment that it seems exclusionary to Alaskans and is prejudiced when viewed from a more local community-led

perspective. She believes that the people who are being affected by the Ambler Project by oil and gas are the communities that are most vulnerable and need to have more of a voice, need to be heard more, and need more outreach. She thanked the Board.

Chair Pruhs thanked Ms. Toler for her comments and stated that if she could send her name and contact information to the website that some of her questions could be answered.

Sean Busby of Wiseman stated that AIDEA is a public company and accountable to Alaskans. He expressed concern for the recent gaslighting of TCC, other Tribes and communities, as well as the many subsistence users to the region. The Subsistence Advisory Council seems deeply flawed and loaded with bias toward developing the road, despite listening to the vast majority of residents and Tribes that will be impacted. In addition to the enormous cost, there has been a burden for the local residents, as well as all Alaskans, with the potential for toxic spills or releases into the delicate ecosystems and changing the migration patterns of the food source that he and others depend on.

Mr. Busby believes that AIDEA should be accountable to providing a non-biased committee that reflects all in the region of impact. He believes that if AIDEA wanted to show good faith to the citizens of Alaska and to the local residents that depend on subsistence, then there should be no gaslighting and more seats should be added to the Subsistence Advisory Committee that reflects all of those who will be impacted. He thanked the Board.

Eva Burk, of Nenana and Manley Hot Springs, noted that her family originated from the Kobuk Valley. She stated that she works closely with the Hunting, Fishing, and Gathering Taskforce at Tanana Chiefs Conference. Ms. Burk stated that her comments today are specific to the Subsistence Advisory Committee Working Group, and she feels it was formed in a hasty effort to obtain the Federal Wetlands Permit from the Army Corps of Engineers. Ms. Burk believes that holding scoping meetings for Tribes in an urban area during the hunting season is not appropriate Tribal consultation and is not considered a real subsistence evaluation.

Ms. Burk feels that some of the members of that Working Group may lack the knowledge and experience to provide a sufficient subsistence evaluation, as mandated by Title 8 of the Alaska National Interest Lands Conservation Act (ANILCA). She stated that only two of the members currently serve on the Alaska Department of Fish and Game Advisory Committee for their local AC. She believes a third member may still be serving on their local AC, but that is not reflected on the State's website. Ms. Burk stated that a seven-member committee puts the voices of true subsistence advocates in the minority. She believes that having representatives from Alaska Native Corporations serve on the committee is a potential conflict of interest, as there may be future financial gains for these corporations that are not publicly disclosed at this time. Ms. Burk stated that Alaska Native Corporations are not Tribes, and they are not sovereign nations. She noted that often times, the Native Corporations are in disagreement with the Tribes in their respective regions about the potential resource development projects, especially extreme extraction projects in pristine and sensitive ecosystems that are already under immense pressure from climate change, existing land management planning processes, and Fish and Wildlife regulatory structures.

Ms. Burk commented that these lands are public, and the public is supposed to have a chance to support or propose projects. She believes that \$15 million can go a long way in determining the feasibility of Alaska entering into more sustainable development projects. Alaskans should be able to protect their most sensitive areas from unnecessary development. Ms. Burk believes there are other options and opportunities. She noted that she is an engineer and used to work in permitting and business development. Ms. Burk believes that we need to be investing in Alaskans and often times, opening up big resource developments give short-term jobs to people that are not Alaskans.

Ms. Burk stated that she knows there is no real way for her comment to affect decision-making. She is glad to have the opportunity to speak today and share her concerns. She believes that thought needs to be given to how the comments from the public are being scored in the scoping process. Ms. Burk thanked the Board.

There being no further public comments, Chair Pruhs closed public comments.

4. PRIOR MINUTES - December 1, 2021

Chair Pruhs continued back to Item 4. Prior Minutes.

MOTION: A motion was made by Mr. Fogle to approve the Minutes of December 1, 2021, as presented. Motion seconded by Ms. MacKinnon.

Ms. MacKinnon objected and requested Alan Weitzner, Executive Director, provide comment on the public testimony given today by Ms. Epstein regarding the need to update and correct the minutes to reflect Mr. Weitzner's use of the words "upwards of". Mr. Weitzner stated that he does not recall specifically whether he used the words "on average". He thinks that the minutes say "up to" \$150 million. He believes that in this case, probably both are applicable. Mr. Weitzner noted that there is not a definitive number. He stated that there is a budget in anticipation of the level of capital that is necessary to support a private funding capital raise for the Ambler Access Project, which was the specific reference discussed. Ms. MacKinnon expressed appreciation for the response.

Chair Pruhs commented that it is a challenge under current economic conditions with inflation and supply chain issues to know what that number ultimately will be.

Mr. Weitzner agreed with Chair Pruhs and noted that the numbers in the initial budgeting were based upon 2020 dollars, and in some cases, as early as 2018 dollars. There have since been inflationary pressures on the full cost.

There were no further clarifications or questions, and no further objections.

The motion to approve the Minutes of December 1, 2021, as presented, passed without objection.

6. NEW BUSINESS

6A. Resolution No. G22-01 AIDEA FY23 Operating Budget Submission Ratification

Chair Pruhs continued to Item 6A. and requested that Mr. Weitzner comment. Mr. Weitzner explained that AIDEA's Resolution G22-01 ratifies the Governor's submission of the FY23 Operating Budget. The Budget is attached to the agenda. Staff is recommending that the Board fully approve the Budget.

Chair Pruhs asked Mr. Fogle if he had any comments. Mr. Fogle informed that the Budget was reviewed and found to be satisfactory for operations and holding the line on expenses. Chair Pruhs reminded, for the record, that AIDEA's budget is self-sustaining and there are no general fund (GF) dollars in AIDEA's budget. AIDEA uses its internal funding and does not ask the State for any money. Chair Pruhs asked Mr. Weitzner if his assessment was correct. Mr. Weitzner agreed and explained that AIDEA's funding is managed by AIDEA directly from the returns received from projects and investments. He informed that since the initiation of the Dividend Statute in 1995, AIDEA has reported positive net income and has been able to sustain the operations of the organization.

MOTION: A motion was made by Mr. Kendig to approve Resolution No. G22-01 AIDEA FY23 Operating Budget submission ratification. Motion seconded by Mr. Vivlamore.

There was no discussion.

A roll call was taken, and the motion to approve Resolution No. G22-01 passed unanimously.

6B. Presentation: Interior Gas Utility

Chair Pruhs commented that he has been waiting for this presentation. He welcomed Dan Britton, Interior Gas Utility (IGU) General Manager, who graciously traveled from Fairbanks to give the annual report presentation. Mr. Britton thanked the Board for the opportunity to give an update on IGU. The presentation included a look-back of 2021, the focus for 2022, and will answer Board questions.

Mr. Britton stated that IGU feels like 2021 was a successful year. The year began with a natural gas contract to Hilcorp to supply the liquefaction facility located in Point MacKenzie. This resulted in a slight price reduction from the previous contract. The five-year base contract includes two three-year one-way options at IGU's sole discretion. The contract provides price security and gas availability through the entire 11-year timeframe. There is an option that allows for expansion of the daily volume take of 5 million cubic feet, up to an additional 10 million cubic feet, which would potentially provide for an expansion of the liquefaction facility and allow for the production of another 100,000 gallons per day. Mr. Britton explained the price is stable over the timeframe, with a small 1% escalator index. IGU is pleased with contract and the flexibility and security that it supplies.

Mr. Britton stated that in February, for the first time in history, IGU introduced natural gas to the distribution system in North Pole. IGU had constructed a storage facility in North Pole that was placed online in February. IGU gasified about 70 miles of distribution system that had been previously installed in 2015. There are now customers burning gas in North Pole. Mr. Britton announced that IGU received two national awards. One award was for safety from the American

Public Gas Association and the second award was for a marketing video related to the ribbon-cutting of the North Pole facility.

Mr. Britton discussed the construction season in 2021 was between June and September, during which 311 new services were installed and approximately six miles of additional main lines were installed. Chair Pruhs asked what percentage increase over the existing lines does the 311 represent. Mr. Britton stated there were about 1,600 customers prior to the start of the year, which he said makes about a 15% addition. Mr. Britton noted that the 20-year / 30-year financial pro forma capital plan lists 347 for 2021, and 600 in 2022. He discussed that every application that was received was successfully installed during the short construction season. The additional six miles of main line is based on interest received from customers on areas that did not have a gas main. Incremental gas main installation, along with new services will continue.

Mr. Britton stated that natural gas is relatively new to a broader spectrum in Fairbanks, and customers have provided feedback asking for the availability of contractors to install their boilers or to convert their appliances. IGU has developed a preferred contractor program and has reached out to the mechanical contractors in Fairbanks. This has been well-received by customers.

Mr. Britton informed that IGU moved to a new building location in August. The move was challenging, having been in the previous location for 20 years, and taking place during a heavy construction season. The move was successful, and the administration and operation staff are now in the same facility. The building is on the corner of Phillips Field Road and Peger Road. Mr. Britton invited members to visit when they are in Fairbanks. Chair Pruhs asked what business was in the location previously. Mr. Britton noted that the building originally housed A&W Wholesale and then a food service supply company. The building is about 20,000 square feet and allows for the anticipated growth. He noted that the cost of the building ownership is essentially equal to the previous lease costs.

Mr. Britton discussed the business projections for 2022. IGU partnered with the Fairbanks North Star Borough (FNSB), Mat-Su Borough, and Alaska Railroad on proposing a project under the Build Back Better grant. This was a two-phase grant application and unfortunately, the project was not selected. The effort was worthwhile and continued to bring awareness of the importance of this project and the potential for economic development in Fairbanks and throughout the state. He noted the potential for the additional customer in the future for the Railroad. The liquefaction facility is in Point MacKenzie and Wasilla. IGU's growth results in increased gas development in Cook Inlet. IGU will continue to look for other grant opportunities.

Mr. Britton noted that FNSB established an oil to gas conversion program in 2019, which provides funding to customers to assist with the conversion cost. This is an important piece of IGU's effort, as it is a challenge to meet the goals of the project without new customers. The program was initially funded with \$1 million, which was successfully expended in the first year. The FNSB then applied an additional \$1 million from their ARPA funds. There is also a current application out for an additional \$3.2 million under the Clear Air Act, Targeted Airshed Grants. If received, this would allow for a substantial benefit to customers, who can receive up to \$7,500 towards their oil to gas conversion.

Mr. Britton continued the presentation indicating that IGU plans to double the amount of service lines installed in 2021 to approximately 600. As of this date, there are 50 lines that have completed the IGU process and have been approved for construction. There are about 100 additional lines that are in the review process. IGU is hopeful that the targets will be met. Mr. Britton reviewed the detailed slide showing the pending gas service requests report. There were 654 gas service requests, of which 311 were installed in 2021, and 41 are approved for 2022 construction. There were 70 requests that were cancelled, usually by the customer who either changed their mind or were not ready. There were 145 requests that were not feasible because there is not main line available. That list will be kept in the records and used to find the highest concentration of interest for the next section to add gas piping. Mr. Britton detailed the remaining 87 requests.

Mr. Britton reviewed details of the applicant profile. He noted that 40% of applications received do not have a gas main line immediately available, which speaks to the need to continue the expansion efforts. He noted 80% of applications are residential and 20% are commercial. He stated that 40% of the applications are in North Pole and 60% are in Fairbanks. Ultimately, 60% of the applications are approved for construction and installed.

Mr. Britton discussed the slide showing the comparison of the FY 2022 projected financials to the pro forma and indicated that FY22 is slightly behind the pro forma as it relates to sales and revenues. One of the things noticed is the lag in conversions that was not reflected in the financial models. When a customer is added, they do not turn on the gas the same day. There is approximately a six-month delay between the gas service installation and the customer burning gas, which was not reflected in the pro forma model. Mr. Britton noted that one of the ways this is managed is by having a slightly higher rate in the budget versus the pro forma. This maintains the earnings that are necessary to support the debt coverage. New customers are required to sign a six-month conversion agreement and if they do not convert within six months, they are responsible for the full cost of the installation.

Mr. Britton noted that the operating margins are slightly above the pro forma, even with reduced sales. The financial metrics in the bond market are slightly better than the pro forma. Mr. Britton discussed the current bonding status. IGU raised about \$10 million project funds in 2019. The expenditure to-date is about \$3 million, of which about \$1.2 million was for service line installations, just under \$1 million on the main line installations, and about \$770,000 for pipes, meters, and parts ordered for installations. He noted there is about \$7 million of funds remaining that will be utilized in 2022 and 2023 construction efforts. Mr. Britton communicated the reminder for everyone to call for a natural gas locate before they dig. This protects the system. He provided IGU's contact information and noted he is available to answer any questions.

Chair Pruhs expressed appreciation to Mr. Britton for the presentation. He congratulated IGU on the pro forma. Chair Pruhs asked for the delta between oil and natural gas. Mr. Britton stated that oil is about 31% higher than natural gas today. At the last survey, oil prices were about \$3.67 per gallon on average through the distributors in Fairbanks. IGU's equivalent price is \$2.80 per gallon for the same energy content. The natural gas price to residential customers is approximately \$20 per thousand cubic feet. In addition to the substantial savings, many people are converting to a higher efficiency appliance, with a 95% efficient condensing natural gas

boiler. This adds a 10% savings just on the efficiency change, plus the reduction in the cost of fuel.

Chair Pruhs asked if IGU is seeing conversions to gas of furnaces, stoves, and hot water heaters, and other appliances. Mr. Britton agreed and stated that there are a many drivers to convert to gas, other than just the price, including convenience, availability of appliances, and natural gas fired back-up generators. Mr. Britton discussed that supply logistics and constraints is a huge challenge that is addressed daily. Some critical components for 2023 are recommended to be ordered now. He gave the example that a meter supply lead time is 8 months to 12 months. IGU is working hard to ensure they have the inventory to begin the construction season in June.

Chair Pruhs noted that he had an experience with a facility and gas pressure and requested additional information. Mr. Britton explained that there was an interruption out of the new storage facility for the first time in November 2021. There was a failure of a shutoff component that resulted in cold gas going into the distribution pipe, which created a fracture that took time to isolate and eliminate the leak point. That resulted in the need to utilize the back-up storage facility and resulted in a loss of pressure, which affected some of the customers. Mr. Britton noted that Chair Pruhs' facility is on the outskirts of one of the piping networks, which resulted in lower pressure during that time of the 16-hour impact. Mr. Britton indicated that the failure analysis has been completed and procedural changes are being implemented, including additional fail safes on the controls and the components to prevent future interruptions.

Chair Pruhs asked for the volume of the tank and the projection for next winter. Mr. Britton noted the volume is about two million gallons now. The start of the winter had about three million gallons. The inventory will be rebuilt in the summer and will need to reach about four million gallons before next winter. Chair Pruhs asked how many trucks are running a day and if any are tanker-pups. Mr. Britton noted there are about four to six trucks per day running round trips and there are no tanker-pups yet. He said there have been a few trucks with B-train style trailers running from Canada, but they have to be split once they cross the border because they do not meet Alaska bridge laws.

Chair Pruhs asked for additional information. Mr. Britton explained that IGU has an as-needed contract with the Canadian company Cryopeak that lays the framework for the per-order price and quantity to be reached. He noted a single contract with another Canadian entity. Chair Pruhs asked if DOT has been contacted regarding the bridge laws. Mr. Britton noted that the previous instance was not an emergency, and he believes it is a good suggestion for IGU to have a conversation with DOT in advance of the next possible occurrence.

Chair Pruhs requested an update on the plan for the Titan manufacturing facility at Point MacKenzie. Mr. Britton explained that just before the pandemic, a final investment decision was to be brought before the IGU Board. He requested to pause the decision due to the reduction in oil prices at that time and the unknowns related to the impacts of the pandemic. Mr. Britton stated that the point has come to bring the issue back to the Board for a final investment decision to begin construction probably within the next year or two. As new customer targets are being met, the need for additional liquefaction is forthcoming. The large storage project built in 2019 provides a buffer.

Mr. Britton discussed that one of the components of the Interior Energy Plan in the funding from the State originally was the bonding authorization. The sunset date was initially in 2018, which was increased and now the sunset is on June 30, 2023. Possible legislation will occur this year to increase that sunset date by another five years since there is still need for availability to that bonding. AIDEA's support of that legislation will be needed. Mr. Weitzner reminded that the facilities that were authorized by the Legislature for IGU under Senate Bill 23 were upwards of \$275 million. AIDEA has advanced \$139 million at this point under the SETS Fund and has authorized up towards \$78 million in bond authorization, which IGU took directly and obtained an investment grade rating of sales. The identified \$78 million was for the continued expansion of the Titan LNG facility. Mr. Britton informed that it was reduced to \$10 million because of the pause on the Titan liquefaction facility expansion. IGU will come back for renewed authorization of bonding as the expansion is contemplated and additional funding is needed for the continued new services.

Mr. Weitzner identified for members and for the public that the IEP Quarterly Report to the Legislature is attached to the agenda.

Chair Pruhs congratulated Mr. Britton again and hopes the materials are available and the proposed installations go well. Mr. Britton noted that IGU has the materials and feels like they are ahead of the issues at this point. Chair Pruhs inquired as to IGU's marketing technique and suggested telling the public in Fairbanks that natural gas is cheaper than oil now. Mr. Britton discussed that IGU brought on a new marketing manager last year, who has been doing a great job, including the previously mentioned award. IGU's Facebook activity is increasing and discusses the primary benefits to natural gas and reasons to convert.

Chair Pruhs expressed his best to IGU Board members. Mr. Britton informed that IGU has a strong Board, including two new Board members that started in November: Jack Wilbur and Bob Shefchik. He provided background information on both new members. There were no additional questions.

MOTION: A motion was made by Mr. Kendig to enter into Executive Session to discuss confidential and deliberative matters related to personnel matters, policy matters, Eielson AFB Military Zone Housing Land Development, Ambler Access Project, and Mustang Holdings, LLC. Motion seconded by Mr. Fogle.

The motion was approved without objection.

6C. Executive Session: 1:43 pm

Confidential and deliberative matters related to personnel matters, policy matters, Eielson AFB Military Facility Zone Land Development, Ambler Access Project, and Mustang Holdings, LLC

The Board reconvened its regular meeting at 3:22 pm. Chair Pruhs stated that no decisions were made in executive session on the matters discussed.

6D. Resolution No. G22-02 Eielson AFB Military Facility Zone Land Development

Mr. Weitzner explained that Resolution No. G22-02 authorizes development activities related to the Eielson AFB Military Facility Zone Land Development. A Board memorandum is attached to the agenda and summarizes a proposal for AIDEA to undertake activities for land development that would occur within the Military Facility Zone. AIDEA's statutes allow for the development of "infrastructure for an area that is designated as a Military Facility Zone under Alaska Statute 26.30." Mr. Weitzner discussed that the determination of a Military Facility Zone is made by the Alaska Military and Veterans Affairs Department, as requested by a municipality. In this case, the City of North Pole has requested that allocation and through a city ordinance, designated the City of North Pole as a Military Facility Zone.

Mr. Weitzner summarized the proposal of a structure to be acquired and provided to AIDEA for development, including master planning for the housing developments, subdivisions, utilities, water connections, electrical connections, gas, and all other requirements. These efforts are particularly directed to eliminate certain barriers of entry, to lower the cost of entry for housing contractors within the Fairbanks North Star Borough area to develop housing that would support off-base housing for Eielson AFB personnel.

Mr. Weitzner explained that the background information that the Fairbanks North Star Borough community has been working on regarding the designations of additional personnel to Eielson AFB is also provided in the memorandum. He explained that if the personnel are able to find housing off-base, this will provide immediate economic development benefits to the community.

Chair Pruhs discussed that included in AIDEA's mission is to provide long-term jobs for Alaskans. He noted that there is a current housing need in this area to provide for AFB personnel and their families. Chair Pruhs believes that when families move with AFB personnel, that many times, the non-AFB personnel spouse will move to Alaska and find a job. Chair Pruhs' personal view is that this proposal provides a two-for-one value, in that the military is bringing a job to Alaska and AIDEA is providing an opportunity for the spouse to come to the Fairbanks community and possibly hold a full-time job. Mr. Weitzner agreed to that characterization and reiterated the additional economic development drivers.

Mr. Fogle commented that having been in the military in Fairbanks, he believes this would greatly help the soldiers and their families to be together. He expressed support and kudos for creating this solution. There were no other questions.

MOTION: A motion was made by Mr. Fogle to approve Resolution No. G22-02, Eielson AFB Military Facility Zone Land Development. Motion seconded by Mr. Vivlamore.

A roll call was taken, and the motion to approve Resolution G22-02, Eielson AFB Military Facility Zone Land Development passed, with Mr. Kendig absent and Commissioner Sande absent.

6E. Resolution No. G22-03 Ambler Access Project 2022 Field Season Plan and Budget

Mr. Weitzner advised that Resolution No. G22-03 relates to the development of the Ambler Access Project to conduct certain final feasibility and permitting activities with respect to the 2022 field season plan and budget. He noted that there is a Board memorandum and a

presentation attached to the resolution. Mr. Weitzner invited Dave Heimke, Chief Operating Officer, to join him at the table to review the presentation. There was no objection.

Mr. Weitzner summarized the elements of the Board memorandum and highlighted the follow-up to actions taken by the Board with the 2021 field season related to defining AIDEA's procurement procedures for the professional services. In April 2021, the Board approved and adopted professional services procurement procedures. The underlying principle was to ensure the broadest engagement with Alaska businesses and contractors for the opportunities for contractual work on the Ambler Access Road for the feasibility and final activities. Through that process, AIDEA has engaged with a total of 42 Alaska prime and subservice providers under its contracting for the Ambler Access Project in the identified tasks for procurement last year. There are 34 distinct companies at this stage through 2024. In some cases, work is engaged with subcontractors that are also acting as a prime contractor. The end of these permitting activities is identified through 2024, at which point a final investment decision will be presented before the Board.

Mr. Weitzner discussed that within the procurement procedures, ways of engaging and enhancing minority business enterprise opportunities were identified. Information and follow-up are provided. With the contracting for Ambler Access, staff wanted to ensure that there were broader opportunities for what were defined as minority business enterprise, including Native-owned business, other disadvantaged business owners by other federal definitions. The goals and achievements have been identified. In many cases, the goal is being exceeded and Mr. Weitzner believes this provides a very good example of what can be achieved with the contractor firms that are active, engaged, and experienced in the state of Alaska for these types of access projects.

Mr. Weitzner noted that there were a couple of cases that were not at the level of achievement and staff is monitoring this going forward and provides the reasons within the memo. This effort has been a significant achievement in the way the Board has directed the procurement procedures for Ambler to-date.

Mr. Weitzner identified the stakeholder engagement aspects that have been addressed and discussed during public comment, particularly regarding the Subsistence Advisory Committee. This has been one of the major steps that the Ambler Access Project has undertaken in fulfilling its obligations for its permitting and for the Record of Decision in its engagement with the Bureau of Land Management (BLM). This is an important issue within the State, and staff understands the critical nature of subsistence. AIDEA, in its role, sponsored a Subsistence Advisory Working Group, which was engaged in May and June of 2021. Key leaders within the impacted Village communities were identified to Chair the Working Group and began to identify the policies and procedures that would be established for the Working Group. It is through their involvement, as elders within the different Village communities and engaged in subsistence, that they recommended policy and procedures of identifying and having applications available in the Villages and the impacted communities to apply to be appointed to the Subsistence Advisory Committee Working Group to support the Ambler Access Project.

Mr. Weitzner reiterated that AIDEA sponsored the Subsistence Advisory Working Group to ensure that there is access and availability for the Villages and elder representatives to meet and engage. The follow-ups with the Committee Working Group are being determined by the Co-

Chairs and the members of the Committee Working Group. AIDEA staff believes that the Committee Working Group has a significant benefit incorporated this past year in the stakeholder engagement, particularly in subsistence, with very broad input coming from the Village communities. AIDEA staff is respecting the process that the Co-Chairs and the members have determined as to how the Subsistence Advisory Committee can best give input regarding the design and other issues faced during this finalization of feasibility, before a final investment decision is presented to the Board.

Mr. Weitzner highlighted another element that came from the Subsistence Advisory Committee and the Village elders regards the economic impacts and opportunities to their communities. The Committee has followed up through focus on jobs and workforce development. Mr. Weitzner noted that groups have subsequently engaged in Alatna and Allakaket to present the workforce development opportunities that building the road presents and for work and engagement on the potential mining activity once the access road is available.

Mr. Weitzner noted that the memorandum identifies the involvement of the different communities that consist of the Subsistence Advisory Committee. He believes this is a key strength in the formation of the Subsistence Advisory Committee. Mr. Weitzner requested Mr. Heimke to comment. Mr. Heimke reiterated that the Workforce Development Working Group is a spinoff of the Subsistence Advisory Committee Working Group. Job fairs have already begun and over 40 jobs are identified. These jobs include job progression of entry level jobs and intern jobs that cross a wide variety of field work. The idea is that the job would progress as the project continues after the final investment decision. This is a long view of jobs and career development opportunities for the folks along the access road.

Mr. Weitzner emphasized the impacts of communities that are involved in the Subsistence Advisory Committee and noted again that the Co-Chairs are Mr. Bifelt and Mr. Westlake. Elder representatives are from the Native Villages of Allakaket, Huslia, Alatna, Hughes, Kobuk, Shungnak, Noorvik, Kiana, Ambler, and Evansville. This is a broad representation of elders from these Village communities along the route.

Chair Pruhs noted that there are a few lodge businesses that say the program will affect their businesses, but in reality, their businesses are using thousands and thousands of acres of public land for their benefit at no cost. He asked Mr. Weitzner how this is being addressed. Mr. Weitzner explained that when that point has been raised by individual operators and their particular businesses, staff has tried to identify that the depiction of the road and its development and access is not accurate, but that the road is for industrial use and is on a specific route. The road will not be engaged with public access. The route itself does not impact the particular areas that have been identified. Mr. Weitzner noted that parties who have been behind different documentaries about the broader impacts of the road are not factually correct in several circumstances regarding the use of the road and the way it is being developed. He explained that staff is trying to address this by providing information about how the Subsistence Advisory Committee has been engaged and other ways.

Chair Pruhs asked if there is a differential between the benefit of the few versus the benefit of the many of a public asset. Mr. Weitzner indicated that is part of the information that staff has been identifying in each case and the reasons AIDEA is engaging on the Ambler Access Road,

including the objectives and benefits. The same issues that were identified in ANILCA in 1980, which is access to a mining district and its economic development benefits for the state of Alaska and all of its residents. There are mining royalties that come from the development within the district and 25% goes to the Permanent Fund. There are economic development benefits through employment from what has been seen through the development of the Red Dog Mine and how that has impacted and benefitted social services to the Indigenous and rural communities. Those benefits are present once access is available and development of the mining interests are gained within the mining district.

Chair Pruhs commented that there are potential future opportunities that are currently unknown because there is no access. Mr. Weitzner agreed that there is a logistics chain that needs to be identified with the development of the mining district. The road is one aspect of this. There are logistic businesses that will engage that will benefit from this as well.

Ms. MacKinnon noted that AIDEA may need to ask the Department of Law this question directly, as she believes that there is also a provision for all of the mining proceeds to be shared amongst different Tribal organizations. She stated that may not be the case. Mr. Weitzner highlighted that there is a shared amount of payments under ANCSA 7(i) and 7(j), and that Red Dog has contributed to broad benefits within the state of Alaska. He explained this relates to specific areas of lease that does include some elements of the lease within the Ambler Mining District, but it does not cover all of the leasing. There are federal leases that are also included.

Mr. Heimke continued his remarks and reviewed the included presentation. He recapped that the Record of Decision was obtained, followed by the contracting and procurement, which then launched the abbreviated 2021 field season. Mr. Heimke discussed the task orders and the significant amount of work that occurred, including over 4,800 hours of safe field work. This year, AIDEA will have its own safety person in charge of the safety protocols from all of the contractors. Mr. Heimke reviewed that the abbreviated field season resulted in efficient work, including survey activities, hydrology, bridge crossings, and fish habitat studies that will be provided to the Subsistence Advisory Committee.

Mr. Heimke advised that the Annual Fieldwork Report was uploaded on December 23, 2021, and it is in review with the consulting parties. He noted that the field work is highly exhaustive and is of excellent quality completed by the cultural resources' contractors. The Tribal Liaison Program was initiated, and much cultural resource work was conducted in the initial season. Outreach has occurred to all of the Villages recently hoping to engage them in expansion of the Tribal Liaison Program. This will also be part of the job fairs that have already started and that will continue.

Mr. Heimke reviewed the cultural resource survey highlights shown in the presentation. The approach is comprehensive, and 691 acres were surveyed with quite a few test areas and shovel test pits. This is a big part of the 2022 field season. The stakeholder outreach is continuing. The job fairs are an important part of the communication focus, as the impacts of the road on rural communities is understood for economic development. Staff is working on the newsletter and various different types of public engagement, including mail, visits to Villages, and website updates. Mr. Heimke discussed that the stakeholder outreach will continue to improve and be established, which is the reason for the increase in the budget request.

Chair Pruhs requested a brief at-ease. There was no objection.

Mr. Heimke continued the presentation and discussed the planned schedule for 2022. The upcoming activities are a repeat of last year with an amplification of sites due to the extended season. The current priorities and next steps drive the program to the final investment decision in 2024.

Mr. Weitzner noted that the Board has been provided all of the information for review. The request is for an allocation of \$15.4 million in budget for 2022 to match a similar allocation by Ambler Metals for this 2022 field season. There were no additional questions.

MOTION: A motion was made by Mr. Vivlamore to approve Resolution G22-03, Ambler Access Project 2022 Field Season Plan and Budget. Motion seconded by Mr. Fogle.

A roll call was taken, and the motion to approve Resolution G22-03, Ambler Access Project 2022 Field Season Plan and Budget passed, with Mr. Kendig absent and Commissioner Sande absent.

6F. Resolution G22-04 Mustang Holding LLC CY2022 Capital Budget

Mr. Weitzner explained that Resolution G22-04 approves the January through June 2022 budget and project plan in support of the Mustang Oil Field Development Project. The supporting information has been provided. The request is for approval of a budget allocating \$1.28 million for specific expenses to manage the ongoing Mustang Oil Project.

There were no questions.

MOTION: A motion was made by Mr. Fogle to approve Resolution G22-04, Mustang Holding LLC CY2022 Capital Budget. Motion seconded by Mr. Vivlamore.

A roll call was taken, and the motion to approve Resolution G22-04 passed unanimously, with Mr. Kendig absent and Commissioner Sande absent.

6G. Resolution No. G22-05 Investment Policy Update

Ms. MacKinnon moved to defer Resolution No. G22-05 Investment Policy Update, with the request that the Attorney General's opinion on the resolution is sought. There was no second.

Mr. Weitzner explained that the language presented followed the December 1, 2021 Board meeting discussion on a proposal for consideration on the amended Investment Policy. Staff will follow-up and make a request to the Attorney General to review the matter and provide a full opinion.

There was no objection to postponing action on Resolution No. G22-05 until the Attorney General provides an opinion.

7. DIRECTORS COMMENTS

7A. AIDEA FY2021 Annual Report

Mr. Weitzner informed that the provided report is the most recently completed FY2021 Annual Report. This is in follow-up to compliance with AS 44.88.205, an annual letter to the Legislature defining excess assets, and with AS 44.88.210, providing financial statements. This was provided to the Legislature and to the Board by January 10th. The Annual Report is presented today to the public under this agenda item.

Mr. Weitzner complimented AIDEA's Communications Director Colleen Bryan and her staff for their work in compiling the information and completing the Annual Report. The Annual Report includes the Governor's letters, the full set of statistics for loan initiations, the report on job creation, the identified key performance indicators, and the definition of specific projects undertaken.

7B. Organization Chart

Mr. Weitzner discussed the two fundamental changes to AIDEA's side of the updated Organizational chart as of 1/31/22. The first is that Mark Davis, who previously served in the role of Chief Infrastructure Development Officer, has now moved to the position of Special Counsel. He is focused on AIDEA, as well as federal issues that are impacting the State and economic development. Mr. Weitzner informed that Mr. Heimke, Chief Operating Officer, has undertaken the operations position which has incorporated the Infrastructure Development Group. He is looking to add people to support that function.

Mr. Weitzner identified that previously, the Commercial Finance Director, Tiffany Janssen, and the Loan Participation Program were an independent group. Review of servicing, internal and external management of the loan programs resulted in the concentration of this group under the Chief Investment Officer, Morgan Neff. Mr. Weitzner believes there is consistent reporting and very good work being undertaken within that focus of the organization. Mr. Weitzner informed that Raymie Hamann is now full-time as Executive Assistant and support for the Board.

Chair Pruhs inquired as to the status of filling the vacant positions. Mr. Weitzner stated that quite a few new people have joined AIDEA staff over the last few months. The management focus for the organization is prepared for expansion and growth of the mission within the state of Alaska. There were no additional questions.

7C. Loan Dashboard Report

Mr. Weitzner noted that the Loan Dashboard Report is available for review. He updated that there is an ongoing review with the Budget and Audit Subcommittee on risk management concentration within the loan portfolio. Mr. Weitzner believes the review of that information will result in a presentation to the Board at some point. There were no questions.

7D. Interior Energy Project Quarterly Report to Legislature - Included in packet.

7E. Next regularly scheduled AIDEA Board Meeting, Wed. March 2, 2022

8. BOARD COMMENTS

Mr. Fogle thanked Mr. Weitzner for presenting the information at the Budget and Audit Subcommittee meeting on January 18th, including the underwriting process and the approvals. Mr. Fogle informed that all of the questions were satisfactorily answered, and the Subcommittee was able to understand the approval process. The Loan Dashboard Report was reviewed and many of the loan modifications are coming to an end in 2022. Mr. Fogle believes AIDEA has successfully navigated and prevented many businesses from going out of business during the COVID-19 pandemic over the past two years. AIDEA should be proud of those efforts. The Budget and Audit Subcommittee will meet on a monthly basis, now that the emergency assistance has been addressed. Mr. Fogle expressed appreciation to Mr. Weitzner and staff.

Chair Pruhs thanked Mr. Weitzner, Mr. Heimke, Ms. Hamann and the team for their help today. He asked for feedback from members if it would be beneficial to disseminate a white paper or fact sheet to the Legislature highlighting the AIDEA programs that were implemented to benefit Alaska's businesses during the COVID-19 pandemic. The information could include the number of businesses assisted and the total dollar amount of assistance. Ms. MacKinnon noted that the timing of providing the information is important because the Legislature is so busy at the end of session. She believes that the Legislature would be grateful for a high-level accounting of the AK CARES Program, including business category specifics on numbers, geography, industry, minority ownership, and especially tourism.

Mr. Fogle agreed that there should be a report that shows AIDEA's efforts in helping Alaska's businesses stay in business these last two years. Ms. MacKinnon suggested reaching out to businesses in different geographical regions to submit a few sentences highlighting the benefits AIDEA provided. She believes the Legislature would be very interested in the synopsis of how AIDEA benefited their constituents. Mr. Weitzner agreed that staff will follow-up and will compile the information. He noted that comments have been generated and staff will share those.

Chair Pruhs suggested that some of those comments can be included in the next annual report. Mr. Weitzner noted that the 2021 Annual Report identifies comments received from the Blood Bank and other specific work.

Chair Pruhs expressed appreciation to staff and members. There were no additional comments.

9. ADJOURNMENT

There being no further business of the Board, the AIDEA meeting adjourned at 4:04 pm.



Alan Weitzner, AIDEA Executive Director
Secretary

Alaska Industrial Development and Export Authority
BOARD MEETING MINUTES
Wednesday, January 18, 2023
Anchorage, Alaska

1. CALL TO ORDER

Chair Pruhs called the meeting of the Alaska Industrial Development and Export Authority to order on January 18, 2023, at 12:17 pm. A quorum was established.

2. ROLL CALL: BOARD MEMBERS

Members present: Chair Dana Pruhs (Public Member); Vice-Chair Bill Kendig (Public Member); Adam Crum (Commissioner, DOR); Julie Sande (Commissioner, DCCED); Albert Fogle (Public Member); Randy Eledge (Public Member); and Bill Vivlamore (Public Member).

3. AGENDA APPROVAL

MOTION: A motion was made by Vice-Chair Kendig to approve the agenda as presented. Motion seconded by Mr. Vivlamore.

The motion to adopt the agenda as presented passed without objection.

4. PRIOR MINUTES – December 19, 2022

MOTION: A motion was made by Vice-Chair Kendig to approve the Minutes of December 19, 2022, as presented. Motion seconded by Mr. Vivlamore.

The motion to approve the Minutes of December 19, 2022, passed without objection.

5. PUBLIC COMMENTS (*2 minutes per person, for one hour*)

Chair Pruhs requested that comments related to agenda topics are limited to two minutes and that each person state their name and affiliation, if any. Raymie Hamann, Executive Assistant, indicated there was one person online wishing to comment.

Barry Jackson commented that he is raising a question regarding a civil suit filed by Karsten Rodvik on September 20, 2022, in which the prayer for relief was in excess of \$1 million. The civil suit was voluntarily withdrawn of December 28, 2022. Mr. Jackson asked if the civil suit was settled.

Chair Pruhs explained that questions are not answered during the public comment section of the meeting. He noted that no comments are given regarding legal issues. Chair Pruhs suggested that Mr. Jackson submit questions in writing to AIDEA to receive a response. Questions can be addressed to rhamann@aidea.org.

Chair Pruhs inquired if there were any other public comments. There being no other public

comments, Chair Pruhs closed the public comment section.

6. BOARD TRAINING: Ethics, Confidentiality and Conflicts of Interest

Chair Pruhs requested that Wendy Horton, Department of Law (DOL), give the Board training presentation regarding the Ethics Act, AS 39.52. Ms. Horton noted that this training is for both AEA and AIDEA Board members. She indicated that each case of a potential Ethics Act violation is reviewed based on the specific facts of that case. Ms. Horton encouraged Board members to utilize the advice of Chair Pruhs and herself if there are any questions regarding potential Ethics Act violations of Board members' actions or decisions.

Ms. Horton discussed the scope of the Ethics Act pertaining to substantial or material conflicts of interest for members of AEA and AIDEA Board, particularly outside business interests. Ms. Horton advised that the Ethics Act is not written to prohibit State employees or Board members from participating in private business opportunities, but rather it is written to ensure that private business opportunities will not conflict with the actions or the service of the Board. She noted that in situations where Board members may present an opportunity to AEA or to AIDEA for personal benefit, the Board member would inform Chair Pruhs and any questions would be taken to Department of Law. Ms. Horton indicated that generally, the Board member would be recused from taking any action and making any votes or recommendations on the subject.

Ms. Horton explained that the Ethics Act includes personal interests of Board members and their immediate family members. She noted the importance of being conscientious of who is included as an immediate family member, such as a spouse, partner, children, parents, and others as shown in the presentation.

Chair Pruhs asked regarding a scenario if a Board member is in partnership with a group or a person and that group or person comes forward with a presentation with a separate group or person, would that be a scenario to consider under the Ethics Act. Ms. Horton indicated that the scenarios are fact-specific and consideration would be given if the Board member would have any type of material gain from action taken.

Chair Pruhs gave the example that a Board member owns a commercial building with partners and the partners decide to buy a separate building and come before AIDEA for a loan. Ms. Horton indicated there would not be an ethics issue with that scenario.

Ms. Horton reviewed that a substantial or significant holding in an entity is generally \$5,000, but that amount is used as a guideline and could be less based on the specific circumstance. She discussed the abundance of law resources that are available of the Department Of Law's website, including frequently asked questions. Ms. Horton noted that for two years after departure, previous Board members or State employees are not supposed to work on activities that they substantially worked on during their tenure. She encouraged Board members to review the resources.

Ms. Horton advised that Chair Pruhs is the designated ethics supervisor for AIDEA and AEA. Any ethics questions from Board members would go to Chair Pruhs. Any ethics questions from Chair Pruhs would go directly to Department of Law. Potential conflict of interests that need to be disclosed per the Ethics Act need to be communicated in writing. The potential conflict of

interest also needs to be disclosed on the record at the Board meeting following the written communication by indicating the recusal of the Board member. Ms. Horton discussed a nuance of the procedure that allows for the Board to vote on whether or not the Board believes a member should or should not recuse themselves. She cautioned that action should only be taken after consultation with Department of Law. Ms. Horton reviewed some of the civil penalties that can be imposed if found to be in violation of the Ethics Act, including penalty of up to \$5,000 and up to twice the amount of the financial benefit gained from the violation. She noted that Ethics Act violations could result in the State's immediate cancellation of contracts or the immediate call of AIDEA or AEA loans.

Ms. Horton highlighted that the Ethics Act prohibits misuse of an official position as a Board member to receive financial benefit or to give benefits to any person who would not otherwise deserve the benefits. Additionally, the Ethics Act prohibits improper gifts. Ms. Horton indicated that the Department of Law's website contains a form to be used for reporting gifts over \$50 or any gift that is used to influence the receiver. She noted that the best rule of thumb is not to accept gifts, entertainment, or things of value. Ms. Horton emphasized that it is improper to accept any gifts from a lobbyist.

Ms. Horton discussed the improper use or disclosure of information during or after service as a Board member or State employment. Confidential information cannot be used for personal or family benefit and information cannot be disclosed unless it has already been disclosed publicly. She discussed that the Ethics Act prohibits improper influence and Board members may not use their position to influence others or to improperly represent others.

Ms. Horton reviewed that Board members must disclose outside employment and outside personal or financial interests. Limitations would only apply if there were conflicts with the Board's duties. Any material conflict would be clear from the disclosure information and would trigger an Ethics Act question.

Chair Pruhs asked by what date each year does the disclosure need to be completed. Ms. Horton noted that the disclosure needs to be updated annually and she believes the deadline is July 1st of each year. Any material changes that occur during the year should be updated promptly.

Ms. Horton discussed the prohibition of improper employment after leaving State service, including service on the Board. If members vote on, take action on, or work on any AEA or AIDEA projects or "matters", then Board members are restricted from employment for two years after Board service regarding those "matters." Ms. Horton gave the example that if a Board member worked closely with a third-party contractor during their service, then the Board member could not work for the contractor on those particular AIDEA issues for two years. The Board member could work for the contractor on other issues.

Ms. Horton informed that the Ethics Act prohibits knowingly helping another person violate the Ethics Act. She reiterated that any Ethics Act questions should be directed to Chair Pruhs or herself at Department of Law. Ms. Horton emphasized the importance of being proactive in the disclosure of questions and waiting for guidance from Department of Law before any action is taken.

Commissioner Sande reported that Commissioner Crum left the meeting to attend another engagement. There were no comments or questions.

7. NEW BUSINESS

7A. Resolution No. G23-01 Appointment of Officers of the Corporation

Chair Pruhs welcomed Randy Ruaro to his new position as AIDEA's Executive Director and Secretary-Treasurer. Mr. Ruaro commented that the Board has his resume. He gave additional information regarding his background work on some of the biggest projects in state history, as well as his legal background as an attorney, particularly concerning permitting. Mr. Ruaro believes his positional experience working for Governors has made him adept in creating effective teams. He believes that same capability is available at AIDEA and he looks forward to working together. Mr. Ruaro noted that over the years, he has participated in stakeholder engagement and he will continue that outreach throughout Alaska. There were no questions.

MOTION: A motion was made by Vice-Chair Kendig to approve Resolution No. G23-01, Resolution of the Alaska Industrial Development and Export Authority relating to the office of Executive Director and Secretary-Treasurer. Motion seconded by Mr. Vivlamore.

Commissioner Sande expressed appreciation to Mr. Ruaro for his willingness to serve. She believes his level of experience and expertise will help AIDEA. Commissioner Sande indicated that AIDEA has great upcoming projects. She recognized Mr. Ruaro's enthusiasm and passion for moving these projects forward for the benefit of Alaskans.

A roll call was taken, and the motion to approve Resolution No. G23-01 passed unanimously, with Commissioner Crum absent.

7B. Resolution G23-02 Mustang Holding, LLC Calendar Year 2023 Budget

Mr. Ruaro explained that the resolution relates to needed budgetary items for the project. He requested that Geoffrey Johns, Investment Officer, provide additional information. Mr. Johns discussed the budgetary items included in the resolution are for the Mustang Holding, LLC, that was created to hold the assets obtained through the September 2020 foreclosure, and specifically the Southern Miluveach Unit. Mr. Johns explained that in December of 2020, Mustang Holding was named the operator and recognized as such by the Department of Natural Resources (DNR) and the Alaska Oil and Gas Conservation Commission (AOGCC).

Mr. Johns indicated that the Board adopted a previous resolution approving a competitive bid sale disposition of certain assets. Active negotiations are ongoing with interested parties. As the current working interest owner and named prudent operator, there are certain obligations that AIDEA has to meet through statute. These are particularly related to annual lease payments, including the five leases that constitute the Southern Miluveach Unit, the lease related to the Mustang Road, and DNR, AOGCC, and Department of Environmental Conservation (DEC) bonding requirements. The operating costs and general and administrative costs are listed in the provided attachment.

Mr. Eledge requested additional information regarding the general and administrative expenses.

Mr. Johns explained that the expenses include property tax payments to the State, and respective boroughs and municipalities, as well as regulatory required insurance and bonding payments, and the previously discussed lease payments. The total budgetary request is \$568,000 for calendar year 2023.

Chair Pruhs asked if there is any way the total budget can be reduced. Mr. Johns discussed that the proposed budget is quite aggressive, but there may be avenues related to legal costs that could be taken that would shift the drafting of documents to the counterparties, as opposed to working with outside counsel. Additionally, the State's petroleum property tax assessor is expected to assess the value of the Mustang property by the end of February, after which, a challenge of the assessment can be made. If successful, and the assessed value is reduced, that would reduce the property tax bill.

Chair Pruhs inquired if the assessed value is correlated to the bankruptcy or taking possession of the property. Mr. Johns agreed, and explained that both the real property of the Mustang project and personal property acquired in the state constitutes collateral. The personal property of the Mustang Operation Center 1 production facility in Alberta is not subject to taxation in Alaska.

Mr. Eledge asked if there is taxation from the North Slope Borough. Mr. Johns agreed and explained that there is taxation from the North Slope Borough, Fairbanks North Star Borough, Matanuska-Susitna Borough, and the Municipality of Anchorage.

Mr. Ruaro commented on the possibility of discretion for Agency Commissioners to reduce or eliminate some of the fees and bond requirements. He will personally inquire to determine if further reduction is possible.

Mr. Eledge asked if there is any impact on roads from the recent dividend given to the State. Mr. Johns commented that will be addressed by counsel and during Mr. Ruaro's further communications.

Commissioner Sande commented that she will attempt to get clarity on the issue from the Office of the State Assessors through Department of Commerce, Community, and Economic Development (DCCED). She suggested that during the next few Board meetings, AIDEA and AEA provide comprehensive explanations and information regarding their mission and purpose in order to assist the public and the newly sworn-in lawmakers that were welcomed to Juneau yesterday. Commissioner Sande recognized that this issue is complex. She requested clarification that State-held land does not pay property tax. Mr. Ruaro agreed, but noted that there are a few exceptions, and unfortunately, this entity and this property falls within the exception.

Mr. Johns explained that per an opinion from Department of Law in January 2021, based upon their interpretation and analysis, Mustang Holding is an exception to the exception related to filing and paying property tax, due to the foreclosure process. Morgan Neff, AIDEA Chief Investment Officer (CIO), commented that the exception is not based on Department of Law's opinion, but rather it is based on the implementation of the foreclosure exception during the state's housing crisis in the 1980's.

Commissioner Sande expressed appreciation for the information. She reiterated the importance of understanding and speaking about the details of this complex issue. Commissioner Sande

informed that she would communicate and review the information with the Office of State Tax Assessors to determine if there is any latitude between State agencies.

MOTION: A motion was made by Vice-Chair Kendig to approve Resolution No. G23-02, Resolution of the Alaska Industrial Development and Export Authority Approving a Calendar Year 2023 (January 1 through December 31, 2023) Budget and Project Plan in Support of the Mustang Oil Field Development Project. Motion seconded by Mr. Vivlamore.

A roll call was taken, and the motion to approve Resolution No. G23-02 passed unanimously, with Commissioner Crum absent.

MOTION: A motion was made by Vice-Chair Kendig to enter into Executive Session for the purposes of discussing the following matters, which if discussed publicly, would have an adverse effect on the finances of AIDEA, matters that are attorney/client privileged and matters involving consideration of government records that by law, are not subject to public disclosure. Each of these matters and the executive session are supported by the Open Meetings Act, reference Alaska Statute 44.62.310 (C1, 3, 4). Motion seconded by Mr. Vivlamore.

A roll call vote was taken and the motion to enter into Executive Session passed unanimously, with Commissioner Crum absent.

7C. EXECUTIVE SESSION: 1:02 pm. Confidential and deliberative matters related to the 33rd Alaska State Legislative Session and Federal Issues

The Board reconvened its regular meeting at 1:18 pm. Chair Pruhs advised that the Board did not take any action on matters discussed while in Executive Session. The session was limited to discussion of matters protected from public disclosure by the Open Meetings Act.

8. DIRECTORS COMMENTS

8A. AIDEA 2022 Annual Report

Mr. Ruaro requested Josie Wilson, Director of Communications and External Affairs, to provide additional information on the AIDEA 2022 Annual Report. Mr. Ruaro informed that he worked with Ms. Wilson on the report to include Alaskan voices, as shown by comments by Fenton Rexford of Kaktovik discussing the need to develop the Arctic National Wildlife Refuge (ANWR). Ms. Wilson advised that AIDEA's 2022 Annual Report has been distributed to the Legislature. A hard copy is provided in the members' packets and the online agenda contains an active link. The report highlights Alaskan stories and Alaskans who have benefited from AIDEA activities during the past year.

Ms. Wilson discussed that AIDEA is committed to communicating more of these great Alaskan stories with stakeholders. Piloted at today's meeting is a new Board notifications system process, that is running concurrently with the previous notification system. She apologized for any duplicate notifications received today. The Communications Department welcomes public comments and is happy to work with members of the public. The contact information is

communications@aidea.org and 907-771-3000.

Ms. Wilson expressed appreciation to Board members for their contributions and participation in preparing the Annual Report. She thanked the many staff who made the Annual Report possible for their team effort, specifically Mr. Ruaro, Alan Weitzner, previous Executive director, Mr. Neff, Tiffany Janssen, Commercial Finance Director, Mr. Johns, and Brad Bigelow, Owned Asset Manager.

Vice-Chair Kendig asked for the Annual Plan to be sent to all of the legislators. Ms. Wilson agreed that is planned, and noted that other events are planned as well. There were no further comments or questions.

8B. Loan Dashboard Report

Ms. Janssen informed that the Loan Dashboard Report is included in the packet. Stabilization of the portfolio continues. There has been a reduction in the number of principal pay-downs and pay-offs as the market has cooled off. The delinquency rate has remained at zero. One large loan has been funded and several million dollars of loans are in process.

Chair Pruhs requested that at the March meeting during executive session, Ms. Janssen provide the Board with a list of preflights and other confidential opportunities that are in the pipeline. He asked for this information to be provided regularly on a quarterly basis. Ms. Janssen agreed. There were no other comments.

8C. Board Resolution Report

Chair Pruhs commented that the Board Resolution Report is for informational purposes. There were no questions.

8D. Quarterly Investment Measure Service Review

Mr. Neff informed that the performance for the third quarter ending in September outperformed the relative benchmark by a considerable margin. The portfolio gained back a couple of percentage points entering the new year. This is favorable, considering that equities currently have a similar positive return profile. Mr. Neff discussed that the year-end returns for equities was in the range of minus 19% to over minus 30%. He believes AIDEA's portfolio will have year-end returns within the range of minus 12% to minus 13%. Mr. Neff noted that gains on returns have begun, and capital is being redeployed at higher rates. He discussed that more capital will be allocated from the enterprise development fund into higher yielding externally managed investments.

Mr. Eledge commented on the unusual market last year with the decline in both stocks and bonds. He asked if Mr. Neff anticipates recovery in either of those segments in 2023. Mr. Neff discussed that stock returns will be dependent on the market belief in the recovery and the effect of the higher interest rate environment on the corporate balance sheets. He observed that AIDEA's investment managers have taken advantage of the high yielding part of the investment curve at a five-year duration. Mr. Neff expects the portfolio to have both a current yield, plus a level of capital appreciation for the next full year. There were no questions.

Chair Pruhs expressed appreciation to Mr. Neff for assuming the responsibility as Interim Executive Director while continuing his efforts as CIO. Vice-Chair Kendig commented that the entire Board agrees with the sentiment of appreciation.

8E. Next regularly scheduled AIDEA Board Meeting Wednesday, March 1, 2023

9. BOARD COMMENTS

Mr. Eledge welcomed Mr. Ruaro to his new position and expressed appreciation for his efforts, support, and knowledge going forward. Mr. Eledge commented that he is pleased with the Annual Report and is happy that it will be distributed to all of the legislators. He requested that Village leaders are also provided a copy of the Annual Report. He believes that the State will benefit and objectives will be met as the information about AIDEA is shared.

Vice-Chair Kendig welcomed Mr. Ruaro and looks forward to his contributions. Vice-Chair Kendig expressed appreciation to Mr. Neff for the achievement of a smooth transition during this difficult period. He thanked staff for their efforts.

Mr. Fogle thanked Mr. Ruaro for pivoting AIDEA to a proactive stance, rather than a reactive stance. He expressed support for this strategy. Mr. Fogle expressed appreciation to staff.

Chair Pruhs expressed appreciation to staff. He thanked Mr. Ruaro for joining the organization and looks forward to his leadership. Chair Pruhs noted that in the previous AEA meeting, a strategic planning meeting was scheduled to occur in Fairbanks during the energy fair in August. He suggested that AIDEA also participate in that strategic planning session. Chair Pruhs asked Mr. Ruaro to work with Curtis Thayer, AEA Executive Director, to coordinate the details to bring the necessary staff members for the strategic meeting and to possibly procure a facilitator. Mr. Ruaro agreed. Chair Pruhs express appreciation for the pictures showing the destruction of Blues Central. He is looking forward to the access improvements to the building.

10. ADJOURNMENT

There being no further business of the Board, the AIDEA meeting adjourned at 1:32 pm.



Randy Ruaro, AIDEA Executive Director

Secretary