

SENATE FINANCE COMMITTEE

May 8, 2024

1:34 p.m.

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CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 1:34 p.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

None

ALSO PRESENT

Gregg Erickson, Erickson and Associates; Milton Barker, MB Barker LLC; Julie Sande, Commissioner, Department of Commerce, Community, and Economic Development; Randy Ruaro, Executive Director, Alaska Industrial Development and Export Authority.

SUMMARY

^AIDEA'S MARCH TO AUTONOMY

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GREGG ERICKSON, ERICKSON AND ASSOCIATES, introduced himself. He explained that he and Milt Barket, of MB Market LLC, had worked with had contracted with Salmon State to produce the reports that informed the presentation. He relayed that he and Mr. Barker had been working in the field for over 40 years. He offered a brief educational and work history of himself and Mr. Barker. He stated that

Salmon State had contracted him and Mr. Barker over two years ago to do an analysis of AIDEA. He shared that he and Mr. Barker had written a statement of work and had been paid \$55,000 over the two and a half years it took to produce the four reports that would be summarized in the presentation.

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Mr. Erickson discussed the presentation, "Economic Analysis Of The Alaska Industrial Development And Export Authority's Performance" (copy on file). He pointed to slide 2, "Economic Reports":

AIDEA Cost and Financial Performance-A Long, Hard Look

AIDEA's March to Autonomy

AIDEA's Loan Participation Program -A Closer Look

The AIDEA Endowment: A Short History of a Disputed Resource

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Mr. Erickson pointed to slide 3, "Key Findings":

AIDEA cost the State \$10 billion in lost revenues from FY 1981-2021

AIDEA's Loan Participation Program (LPP) is a major waste of public funds

AIDEA's endowment of \$1.4 billion in net assets is beyond what AIDEA needs to accomplish its economic development goals

Mr. Erickson asserted that most projects AIDEA had entered were defunct. He believed that the \$1.4 billion in assets could be put to better use for the state.

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Mr. Erickson looked at slide 4, "Key Finding 1: AIDEA Cost The State \$10 Billion In Lost Revenues":

Less than half of AIDEA's projects have made permanent additions to Alaska's economy

Of AIDEA's 26 major development projects, 4 are defunct, 7 were acquisitions of existing properties or operations and 3 are still in the planning stages

Mr. Erickson continued to Slide 5, "Key finding 1 (cont...): AIDEA Cost the State \$10 Billion in Lost Revenue":

- As of June 30, 2023, AIDEA had written off \$324 million in economic development projects
- From FY 1981 through FY 2023, AIDEA received \$849 million in state money, sending back \$557 million: 66 percent return OF state capital and 0 percent return ON state capital.

Mr. Erickson stressed that it was the legislature's duty to determine whether the economic development projects under AIDEA had been of worth to the state treasury. He said that defenders of AIDEA would say that the purpose of AIDEA was economic development and not to make money. He countered whether the money from AIDEA was being deployed effectively to foster economic development.

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Senator Kiehl wondered about the state's return on investment. He wondered whether the money going to AIDEA was general seed capital of appropriations for specific projects.

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Mr. Erickson replied that it was both. He added that the nature of the money going out was primarily AIDEA dividends.

MILTON BARKER, MB BARKER LLC, elaborated AIDEA was first given \$180 million in state general fund money in 1981, prior to that AIDEA issued revenue bonds and had no assets. He furthered that between 1983 and 1985, another \$160 million was given to AIDEA for construction costs of the Red Dog project. He said that over the years, smaller transfers were made to the authority for various reasons.

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Senator Kiehl commented that a return of \$557 million for an \$849 million investment constituted a negative return on investment. He wondered whether the rest of the money was still somewhere in the enterprise.

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Mr. Erickson responded that the recovery of capital had been separated into one analysis for summarization. He said that the problem with a negative return was that it had to be calculated on a certain date.

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Mr. Barker furthered that the characterization of the state's investment in the analysis was akin to a payback period. He said that the analysis demonstrated that the state had yet to get a full return on its investment. He stated that he had a handout that showed what the rate of return would be if all the dividends were treated as interest. The rates would be over the entire period since dividends had been paid. (copy on file.)

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Mr. Erickson highlighted slide 6, "Key Finding 1(Cont...): AIDEA Cost The State \$10 Billion In Lost Revenues

AIDEA's most successful project, Red Dog, did not need AIDEA's subsidies to be successful

AIDEA's own consultants, SRI International (SRI), concluded that the project would go forward regardless of whether the State offered subsidies

Mr. Erickson relayed that AIDEA had financed the transportation system for the mine and had contracted for an analysis of the feasibility of the mine. Cominco, a small Canadian mining corporation had proposed that AIDEA subsidize the project. He stated that Cominco had been unable to finance the project alone and the state subsidy had been an effort by the company to retain control of the asset. The analysis had questioned the need for substantial state subsidy and had recommended that the rate of return on the transportation be market rates, which was not what

resulted. He said that the state subsidy had been substantial. He asserted that AIDEA's own analysis had stated that no subsidy was needed, yet AIDEA continued to claim that every job at the mine had been a consequence of its support for the project. He said that he had tried to get to the truth through conversations with the authority, but that AIDEA refused to have the conversation.

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Mr. Erickson discussed slide 7, "Key Finding 2: AIDEA'S Loan Participation Program (Lpp) Is A Major Waste Of Public Funds":

AIDEA's Loan Participation Program accounts for \$5.8 billion of the \$10 billion that AIDEA has cost the State

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Mr. Barker explained that the loan participation program accounted for much of the \$10 billion AIDEA had cost the state in lost revenue. He said that program had been in operation several years longer than any development project the authority had undertaken and had higher average balance of fund invested in loans than in projects altogether. He said that he had researched the benefits to the state in terms of employment and had found that AIDEA's job creation numbers were overstated. He related that loans larger than \$3 million had to be approved by the board and smaller loans were approved by a committee comprised of staff.

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Mr. Barker pointed to slide 8, "KEY FINDING 2 (CONT...): AIDEA'S Loan Participation Program (Lpp) Is A Major Waste Of Public Funds":

AIDEA's job creation numbers are inflated by jobs that would have been created without AIDEA lending.

From 2008-2023, AIDEA large loans only created 218 Alaska jobs compared to AIDEA's claims of 3,627 jobs

From FY 17 to FY 23, on 43 percent of its loans, AIDEA claimed zero jobs created

Mr. Barker cited the handout, "AIDEA Loan Participation Program FY 2017-2023 - All 184 Loans" (copy on file). He noted that AIDEA had not produced any numbers or statistics on economic development, so looking at jobs created would be an indication of economic development.

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Mr. Erickson furthered that AIDEA had never produced a rigorous analysis of jobs produced. He was hopeful the Northern Economic Study contracted by AIDEA to refute his findings would produce some credible job numbers.

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Senator Kiehl asked whether the job numbers were direct jobs or indirect and induced job numbers.

Mr. Barker responded that the numbers quoted on the handout were direct jobs as reported by AIDEA in the loan dashboard reports submitted to the board. He said that the numbers from the last 15-year period were also direct jobs and the information had been obtained through the minutes and audio tapes of AIDEA board meetings. He said that AIDEA seemingly reported indirect and induced job numbers in the OMB report submitted to the administration for each year's budget.

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Mr. Erickson displayed slide 9, "Key Finding 3: AIDEA'S Endowment Of \$1.4 Billion In Net Assets Is Far More Than It Needs To Keep Doing What It Does":

AIDEA has \$631 million in cash and equivalents. This money is producing neither jobs nor development

AIDEA can finance worthwhile economic development with revenue bonds

AIDEA does not need a \$1.4 billion economic endowment to support economic development or job creation

Mr. Erickson thought that there was a real need for an economic development agency in the state but that no state had endowed their economic development agency with as significant an amount of money as Alaska and most states did not have an endowment but worked on annual appropriations. He stated that AIDEA had \$631 million in

cash and that the money was not doing any good for Alaska. He believed that AIDEA could finance economic development projects with revenue bonds, which had been the concept upon creation of the agency and for its initial 15 years of activity.

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Co-Chair Hoffman asked whether the authority for AIDEA to appropriate dollars had been granted through legislation. He noted that the legislature was the appropriating body.

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Mr. Erickson responded that once the legislature appropriated the funds to AIDEA, AIDEA had the authority to appropriate the funds.

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Mr. Barker furthered that state appropriations were normally made for AIDEA's operating purposes. He said that what AIDEA spent on development projects, pre project development, was where the question lay. He stated that AIDEA was currently spending substantial funds for pre-development costs for several projects.

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Co-Chair Hoffman stated that he may follow up at the end of the presentation.

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Mr. Erickson pointed to slide 10, "Key Finding 3 (Cont...): AIDEA'S Endowment Of \$1.4 Billion In Net Assets Is Far More Than It Needs To Keep Doing What It Does":

Legislature has directed AIDEA to annually report "whether assets of the authority exceed an amount required ..." (AS 44.88.205)

Despite this directive AIDEA never provided Legislature with a quantitative analysis justifying its need for \$1.4 billion or any part if that amount

Mr. Erickson said that in FY22, AIDEA provided a 10-page report and in FY23 a letter was provided that offered limited information. He contended that AIDEA should provide a quantitative analysis justifying the need for the \$1.4 billion endowment.

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Mr. Erickson looked at slide 11, "Key Finding 3 (Cont...): AIDEA'S Endowment Of \$1.4 Billion In Net Assets Is Far More Than It Needs To Keep Doing What It Does":

The Legislature has the authority to use AIDEA's \$631 million dollars of cash assets for other purposes

No reason to believe that redeploying AIDEA's liquid assets would compromise AIDEA's ability to meet its program goals

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Senator Bishop asked whether bond raters would give a higher rating based on a higher cash reserve.

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Mr. Erickson deferred to Mr. Barker.

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Mr. Barker explained that the stronger the financials of AIDEIA the lower the bond rate.

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Mr. Erickson interjected the interest rate would be lower - not the bond rating.

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Mr. Barker said that municipal bonds might be offered with bond insurance, which gave an "A" rating and often a letter of credit would be issued by a bank. He relayed that it was questionable whether all projects would have a better rate on bond financing because of other credit enhancements.

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Mr. Erickson explained that AIDEA did not currently have a bond rating but had had one in the past. He stated that several years ago, because of the state's financial situation, the bond rating had been put on a reduction notice. To avoid the bad rating, AIDEA divested itself of all its bonds.

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Mr. Erickson turned to slide 12, "Key Findings":

- AIDEA cost the State \$10 billion in lost revenues from FY 1981-2021
- AIDEA's Loan Participation Program (LPP) is a major waste of public funds
- AIDEA's endowment of \$1.4 billion in net assets is beyond what AIDEA needs to accomplish its economic development goals

Mr. Erickson stressed that Mr. Barker had once been the Deputy Commissioner at the Department of Revenue and sat on the AIDEA board for 8 years.

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Senator Merrick understood that the presenter believed the \$1.4 million in net assets exceeded AIDEA's actual needs. She queried what an appropriate number might be.

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Mr. Erickson did not have a dollar amount. He thought that AIDEA could give back \$6 million to the state without disrupting any of its current work or projects. He thought that the legislature should investigate the issue.

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JULIE SANDE, COMMISSIONER, DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT, (DCCED) introduced herself.

RANDY RUARO, EXECUTIVE DIRECTOR, ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY, (AIDEA) introduced himself. He gave some background on his work history.

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Mr. Ruaro contended that the previous testifiers had not presented full numbers or had possibly misunderstood the numbers as they pertained to AIDEA, its work, and its budget. He said he would walk through and address the concerns raised by Mr. Erickson and Mr. Barker. He noted that his current workload prevented him from diving as deep into the numbers as the previous testifiers.

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Co-Chair Stedman asked how long Mr. Ruaro had been CEO of AIDEA.

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Mr. Ruaro replied that he had been CEO for approximately 1.5 years.

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Mr. Ruaro discussed the presentation, "AIDEA: Enabling Economic Growth and Jobs for Alaskans" (copy on file). He looked at slide 2, "About AIDEA":

AIDEA, and the precursor to AIDEA, has been investing in Alaskans since 1961 to strengthen employment opportunities and economic development.

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Mr. Ruaro pointed to slide 3, "AIDEA'S Mission":

Our mission is to "promote, develop, and advance the creation of jobs and economic development in Alaska by providing various means of financing and investment" (AS 44.88.010).

The legislature made the creation of jobs and economic development AIDEA's mission because unemployment is a serious menace to the health, safety, and general

welfare to the people in rural Alaska and in the entire state" 1967's House Bill 14).

Taking care of the "health, security, and general welfare" of Alaskans is a constitutional duty under Art. 7, sec. 4 of the Alaska Constitution as is the development of Alaska's resources Art. 8, sec. 1.

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Co-Chair Hoffman asked whether there were communities in the area of the Ambler Road project that opposed the project.

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Mr. Ruaro replied that the Tanana Chiefs, the regional tribe, opposed the road and were in litigation with AIDEA. He said that he gave more credence to communities that were closest to the road, such as the Doyon communities.

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Co-Chair Hoffman asked whether there were communities farther west that opposed the project.

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Mr. Ruaro thought that there were several but could not recall the names. He said that AIDEA would reach out to those communities to educate them on the project.

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Co-Chair Hoffman queried the reasons that some groups would oppose the road.

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Mr. Ruaro replied that the Tanana Chiefs opposed the road out of concern that the road could eventually become a public access road. He said that the other concerns surrounded possible impact on subsistence resources. He said that there was a Subsistence Committee made up of community members closest to the proposed road.

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Co-Chair Olson asked about the position of communities in the Northwest Arctic Borough.

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Mr. Ruaro said that a resolution from the borough had indicated support for the process of reviewing the project and finding mitigation measures moving forward.

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Co-Chair Olson had not interpreted the borough's stance as such. He asked whether Mr. Ruaro was familiar with the Nana Corporation.

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Mr. Ruaro replied in the affirmative.

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Co-Chair Olson asked whether Mr. Ruaro was aware of their withdrawal of involvement in the Ambler Road project.

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Mr. Ruaro responded that there would still be significant development that would benefit from the road outside of Nana Corporation land.

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Co-Chair Olson asked whether Nana Corporation ceasing involvement had affected his view of the Ambler Road project.

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Mr. Ruaro replied that Nana Corporation stepping out was unfortunate, but AIEDA would go forward with the project.

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Mr. Ruaro addressed slide 4, "AIDEA's Focus":

- At the direction of the legislature, AIDEA is focused on addressing the harms caused by unemployment and a lack of jobs
- Particularly in rural areas where unemployment and the cost of living is the highest
- A self reported cause of high suicide rates is a lack of jobs and economic opportunity

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Mr. Ruaro looked at slide 5, "Rural Alaska Suicide Rates":

What happens in rural Alaska without enough jobs or economic opportunities Suicide rates

- The suicide rate among Alaska Native adolescents nearly doubled from 2018 to 2019.
- Rates by region were highest in the Northern and Southwest regions (116.1 and 112.5 per 100,000 persons aged 12-19 years, respectively), the national rate for adolescents is 8.8 per 100,000.
- Rural Alaska rates of suicide are 12-14 times higher than the national average.
- Suicide is the leading cause of death among Alaska youth over the age of 15.

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Mr. Ruaro highlighted slide 6, "Labor Participation":

- Alaska is suffering from low rates of participation in its workforce.

Mr. Ruaro shared that the labor participation rate in Alaska was 60-65 percent, which meant that 1 in 3 Alaskans was not working.

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Senator Kiehl appreciated that social mission of the authority but questioned any positive impact by the authority on state suicide rates or job creation.

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Mr. Ruaro replied that he was working to provide a study on the mental health of rural Alaskans who worked at mines versus those who were unemployed. He assumed that the

suicide rates among Alaskans employed at the Red Dog Mine were lower than those of unemployed Alaskans.

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Senator Kiehl asked about the rest of the states. He asked whether AIDEA's major investments or loan participation was concentrated in areas of the state with the lowest labor participation numbers and the highest suicide rates.

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Mr. Ruaro responded that other AIDEA programs were spread over all senate districts. He offered to provide more details to the committee.

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Mr. Ruaro discussed slide 7, "AIDEA and Red Dog Mine." He contested that the idea that the Red Dog Mine would have been built without the help of AIDEA:

- o Early 1980s, local leaders such as Willie Hensley and leaders such as Governor Sheffield, and COMINCO officials discussed options for the development of the Red Dog Mine
- o Early to Mid 1980s, COMINCO was suffering from low metal prices, a down economy, and high interest rates. COMINCO was running hundreds of millions in losses and by 1985 was more than \$1 billion in debt. It sold some mines along with other non core operations. Canadian Pacific Railway, COMINCO's largest shareholder, sold out of the company.
- o In 1985, Legislation was introduced (SB 279 and SB 280) to direct AIDEA to provide roughly one third of the cost to develop the Red Dog project. AIDEA would fund the port and road to the mine (About \$160m).
- o Extensive hearings were held, along with public testimony. Ultimately, the legislation passed overwhelmingly, and the bills were signed into law by Governor Sheffield. SB 280 passed the House 32 7 and passed the Senate 19 1.
- o The road, port, and mine were built and began operations in 1989. By 1996, the mine had lost nearly \$300 million dollars. COMINCO determined

the only way to survive was to expand production to take advantage of economies of scale. HB 526 was introduced in the legislature to authorize AIDEA to fund the expansion. Hearings were held, public testimony was taken, and the bill overwhelmingly passed the legislature.

- o After extensive review, research, hearings and public testimony, the legislature found a need for AIDEA to finance Red Dog both to build it and keep it running. The Red Dog Mine and Infrastructure is an AIDEA project.

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Senator Bishop asked whether the toll fees had been negotiated before the construction of the Delong Mountain Road.

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Mr. Ruaro replied that the finance plan had been negotiated.

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Senator Bishop understood that the toll fees had been set in those negotiations.

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Mr. Ruaro replied in the affirmative.

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Senator Bishop asked for the historical record of the negotiations.

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Mr. Ruaro agreed to provide that information.

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Mr. Ruaro pointed to slide 8, "AIDEA and Alaska Permanent Fund":

- AIDEA's purpose is to "increase job opportunities and...encourage the economic growth of the state..." (AS 44.88.010)
- The Alaska Permanent Fund "provide[s] a means of conserving a portion of the state's revenue from mineral resources to benefit all generations of Alaskans" (AS 37.13.020)
- AIDEA protects the Permanent Fund, allowing it to focus on investing the state's resource wealth
- AIDEA acts as "a shield, absorbing the risk of state lending and deflecting political pressure."
- Along with other state corporations, like AHFC, "the Permanent Fund probably would not have survived the fate of becoming a development bank itself."
 - Dave Rose, first executive director of the Alaska Permanent Fund Corporation

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Mr. Ruaro addressed slide 9, "AIDEA Being Targeted by Dark Money."

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Mr. Ruaro looked at slide 10, "AIDEA Being Targeted by Dark Money."

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Senator Kiehl directed the committee's attention to an additional packet of information provided by AIDEA (copy on file). He highlighted an editorial, "Soros and other elites are funding the campus agitators stoking anti-Israel, antisemitic protests". He noted that the article did not mention Alaska, AIDEA, economic development, jobs, loans, mines, fish, or anything else currently under discussion. He contended that using the phrase "Soros and other elites" was a dog whistle for antisemites. He asked what the article was doing in the backup materials.

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Mr. Ruaro responded that the article was meant to illustrate the reach of Arabella Advisors and the New Venture Fund. He said that there had been no intent to offend. He expounded on the ways that dark money was funding Salmon State and attacking AIDEA.

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Mr. Ruaro discussed slide 11, "Outside Influences Into Alaska Land Management":

Kaktovik is the only community in the 1002 Coastal Plain . . .

We are not an exhibit in a museum. Nor is the land that we have survived and thrived on for centuries to be locked away for the peace of mind of those from faraway places. This school of thought amounts to nothing more than green colonialism land grabbing in the name of the environment."

- from the testimony by Fenton Rexford of Kaktovik before the House Resource Committee, March 6, 2019, 1:57 p.m.

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Mr. Ruaro displayed slide 13, "AIDEA Infrastructure Development Delong Mountain Transportation System":

- SB 284 and SB 285 (1985) Authorized and directed AIDEA to bond for the road and dock improvements.
- In 1986, AIDEA funds mine, road, and port with \$160 million.
- AIDEA saves mine in 1990s with funding \$85 million for expansion.
- Project continues to yield significant dividends for NANA royalty of \$255 million in 2021 and shares 60 percent of the royalty with other Regional Corporations).
- Future opportunities also exist (Aktigirug prospect could be one of the largest undeveloped zinc deposits in the world
- AIDEA has received nearly \$1 billion in revenue.

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Mr. Ruaro pointed to slide 14, "AIDEA Loan Participation Program (LPP)":

FY2023 HIGHLIGHTS

- \$23.6 Million Financed
- 387.5 Million in Outstanding (Existing) Loans
- \$83 Million in Potential Pipeline
- 0 percent Delinquency
- 27 Industries Represented

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Mr. Ruaro looked at Slide 15, "AIDEA'S Direct Finance Program":

- Facilitate investment in Alaska's industrial sectors
- Direct investment as owner/partner/lender
- Partner in projects with private sector developers (P3)
- Future Alyeschem financing decision in process
- Applications pending for Cook Inlet Natural Gas

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Co-Chair Stedman asked Mr. Ruaro to define "LPP".

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Mr. Ruaro explained that LPP was the Loan Participation Program where local banks approached AIDEA with the request that they carry some of the weight of the loan. The AIDEA board would review the requests and either approve or deny the application.

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Co-Chair Hoffman requested a list of standing LPP loans.

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Mr. Ruaro agreed to provide that information.

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Senator Kiehl wondered about the structural differences of the different loans that were not listed on the slide.

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Mr. Ruaro said that regardless of whether the approval came from the legislature or from inside the agency, there was a set of due diligence requirements in regulation and outside counsel could be hired for further due diligence. He stated that if the legislature appropriated funds for a project it relayed to AIDEA that the legislature wanted the project to go forward.

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Mr. Ruaro discussed slide 16, "AIDEA Project Finance FedEx Aircraft Hangar":

The FedEx Maintenance, Repair, and Operations Facility is a hangar capable of accommodating one wide body aircraft, such as a Boeing 747

AIDEA owned asset, no debt remaining

Initial investment --\$32.5 million

Preliminary discussions are underway regarding lease extension

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Mr. Ruaro pointed to slide 17, "AIDEA Bonding":

- AIDEA Bonds ≠ Blank Check
 - Bonds are a form of debt that must be repaid
 - AIDEA's debt is not a debt to the State
- AIDEA bonds are funded through the private sector
 - The private sector buys (i.e., funds) the bonds, not the State or AIDEA
- Bonds are repaid with interest through project revenues
 - No State money is involved
- AIDEA has issued \$1.3 billion of bonds and has never been in default 1
 - Currently, AIDEA has no outstanding bond debt
- AIDEA bonds can enhance the State's capital budget
 - During periods of lower State revenue, AIDEA bonds can deploy capital funding to provide economic development and jobs for the working families of Alaska
- AIDEA is a State Energy Financing Institution (SEFI)

- AIDEA bonds could serve as a 95.5 percent match ratio for Department of Energy Title 17 funds (\$290 billion available)

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Mr. Ruaro looked at slide 19, "AIDEA Bonding Authority":

- AS 44.88.090 Bonds of the Authority
 - AIDEA can finance infrastructure by issuing bonds that are repaid from:
 - Income derived from the project; and/or
 - Income derived from AIDEA.
- AS 44.88.095 Bonding Limitations
 - AIDEA can issue bonds up to \$25 million without legislative approval;
 - AIDEA cannot have more than \$400 million of outstanding bonds in a 12 month period;
 - Bonds cannot mature more than 40 years from the date of issuance.
- AS 44.88.120 Nonliability on Bonds
 - Bonds issued by AIDEA are not debt of the State. The State is not financially responsible for AIDEA's debt;
 - AIDEA cannot make financial commitments or enter into agreements on behalf of the State.
- AS 44.88.130 Pledge of the State
 - The State of Alaska pledges to respect AIDEA's financial autonomy and not hinder AIDEA's ability to work with private financial markets or fulfill contract terms

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Co-Chair Stedman asked how much of AIDEA's bonding authority was outstanding.

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Mr. Ruaro replied that the only outstanding authority was with Snettisham for approximately \$30 million.

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Co-Chair Stedman asked how much bonding authority had not yet been issued.

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Mr. Ruaro replied that AIDEA did not currently have any outstanding bonds that would count against the \$400 million limit and had no pending bond issuance that would reach the \$25 million limit that required approval.

Co-Chair Stedman asked whether Mr. Ruaro knew of any impending requests.

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Mr. Ruaro replied that some of the federal programs and large amounts of money expired in 24 months. Some pre-authorization had been requested for bonding for critical minerals and rare earth projects.

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Co-Chair Stedman recalled that bonding authority had been extended for a project on Prince of Whales.

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Mr. Ruaro responded that SB 99 had passed in 2014, which had authorized approximately \$125 million for the Bokan Mountain mining project. He said that the money was still on the books.

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Co-Chair Stedman asked whether there were other authorizations on the books and what the total of those projects was.

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Mr. Ruaro highlighted slide 21, "AIDEA Status":

- AIDEA's employee turnover of 30 percent down to 0 percent in past six months.
- Challenged projects, such as Mustang, are being addressed.
- Investments are 4x the average.
- Reviewing hundreds of millions of dollars in project pipeline with public and private entities.

- Identifying turnkey opportunities for the state (I.e. Alyeschem Methanol Plant on BOD agenda next week).
- Increased collaboration and coordination with legislators is possible through AIDEA statutes.
- The AIDEA leadership team is stable with positions staffed.

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Co-Chair Stedman understood that the state had hired an outside consultant to look at AIDEAs return on investment overtime.

[2:55:02 PM](#)

Mr. Ruaro replied in the affirmative. He shared that there were benefits to the state from the construction and operation of the Red Dog Mine that could be directly linked to AIDEA's original investment.

[2:55:40 PM](#)

Co-Chair Stedman thought that it was unlikely that the consultant's report would be done within the next few days. He said that the report would be reviewed before the committee once it was complete. He expressed concern for the previous management of AIDEA and hoped that the administration could make improvements in the future.

[2:57:04 PM](#)

Co-Chair Hoffman mentioned AS 44.88.205, which required AIDEA's annual report of assets and whether they exceeded the amount required. He requested the previous 10 annual reports so that the legislature could review them.

[2:57:52 PM](#)

Co-Chair Stedman agreed with the request. he hoped committee staff could review the reports during the interim.

[2:58:22 PM](#)

Co-Chair Olson referred to the testimony from the previous presenter and asked about the \$631 million in cash that

AIDEA presumably had on hand. He asked about a constituent's concern that AIDEA had requested several hundred thousand dollars in subsidies.

[2:59:06 PM](#)

Mr. Ruaro was unaware of any request in the budget other than use of its own receipts for its operating budget and dividends.

[2:59:17 PM](#)

Co-Chair Olson hoped that AIDEA has a response ready for assertions from the Nana Corporation that AIDEA had provided insufficient consultation and that its projects did not align with Nana's values.

[2:59:42 PM](#)

Co-Chair Stedman asked whether AIDEA had crafted a response.

[2:59:47 PM](#)

Mr. Ruaro agreed to provide that information.

[2:59:59 PM](#)

Senator Kiehl asked about AIDEA's work to combat suicide and unemployment rates in the state. He cited the third bullet point on slide 21 and how much of the 4x investment was loan participation versus AIDEA's large projects.

Mr. Ruaro agreed to provide the information.

[3:00:37 PM](#)

Commissioner Sande interjected that people in the area of the proposed Ambler Mine Road had expressed fear of unemployment rates and the deterioration of their communities. She compared the project to Red Dog Mine and believed that the Ambler Road project could provide benefits for people in the Ambler Road area.

[3:02:04 PM](#)

Co-Chair Stedman commented that substantial bonding authority for AIDEA was not something that the committee was interested in issuing.

[3:02:42 PM](#)

Mr. Ruaro extended an invitation to legislators who were interested in attending any AIDEA meetings.

[3:02:56 PM](#)

Co-Chair Hoffman asked when a meeting would be held in Bethel.

Co-Chair Stedman joked that it would occur after the meeting in Ketchikan.

Co-Chair Olson stated that he would like to be present at any meeting concerning the Ambler Road project.

Mr. Ruaro said he would keep the committee posted.

Co-Chair Stedman requested that he let the committee know the meeting schedule.

Co-Chair Stedman discussed housekeeping.

#

ADJOURNMENT

[3:04:04 PM](#)

The meeting was adjourned at 3:04 p.m.