

HOUSE FINANCE COMMITTEE  
February 28, 2025  
1:36 p.m.

[1:36:46 PM](#)

CALL TO ORDER

Co-Chair Josephson called the House Finance Committee meeting to order at 1:36 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair  
Representative Andy Josephson, Co-Chair  
Representative Calvin Schrage, Co-Chair  
Representative Alyse Galvin  
Representative Sara Hannan  
Representative Nellie Unangiq Jimmie  
Representative DeLena Johnson  
Representative Frank Tomaszewski

MEMBERS ABSENT

Representative Will Stapp  
Representative Jeremy Bynum  
Representative Jamie Allard

ALSO PRESENT

Randy Ruaro, Executive Director, Alaska Industrial Development and Export Authority.

SUMMARY

PRESENTATION: ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY

Co-Chair Josephson reviewed the meeting agenda.

^PRESENTATION: ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY

[1:38:19 PM](#)

RANDY RUARO, EXECUTIVE DIRECTOR, ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY, introduced the PowerPoint

presentation "2025 Annual Update" dated February 28, 2025 (copy on file). He began on slide 2. He emphasized that the Alaska Industrial Development and Export Authority (AIDEA) had the simple mission of jobs and economic development. He quickly advanced to slide 3. He explained that AIDEA was formed in 1953. He thought Alaskan citizens knew that the new state would have to support itself through economic and resource development and financial assistance would be available.

Mr. Ruaro continued to slide 4. In 1967, AIDEA's statutes were revised. A bill was passed and the legislature focused AIDEA on development and reducing unemployment in the state. He recounted that jobs in areas of high unemployment were a focus of the legislature. He continued to slide 5 and read the statute governing AIDEA:

AS 44.88.010 states that:

"The legislature finds, determines, and declares that there exist areas of the state in which seasonal and nonseasonal unemployment exists this unemployment is a serious menace to the health, safety, and general welfare, not only to the people in those areas, but also to the people of the entire state."

Mr. Ruaro continued to slide 6, but due to the current internet outage, the video could not be played.

Co-Chair Josephson suggested that the video be summarized.

Mr. Ruaro explained that Chief Fred Sun, the Tribal President of the Alaska Native village of Shugnak, provided comments about the importance of jobs in his community. He had discussed the importance of jobs allowing for a subsistence lifestyle, and jobs being important for mental health.

[1:41:53 PM](#)

Mr. Ruaro continued to slide 7, which discussed social and health benefits of jobs and community access. He mentioned that the slide shared quotes from studies related to social and health benefits, including suicide prevention.

Representative Jimmie asked about slide 7. She asked him to explain why jobs would help with suicide prevention.

Mr. Ruaro responded that the study included quotes from residents. The comments of rural Alaskans were summarized in the study and indicated that jobs in rural Alaska helped the mental health of the people in the communities. He offered to provide the study.

Representative Jimmie responded that she did not see why jobs would help prevent people from killing themselves. She emphasized that her people had been present for 10,000 years without jobs and without suicides.

Mr. Ruaro responded that current suicide rates of Alaska Native males between 18 and 27 was roughly 34 times the national average. He thought suicide was a state problem and a problem in rural areas. He summarized that the study had sent researchers to talk to residents of rural communities and ask if jobs and access to healthcare would help with suicide rates.

Representative Jimmie asked about the quotes from rural communities. She asked why the names were not included. She did not think the slide made sense and questioned the logic.

Mr. Ruaro responded that he was not stating it directly.

Representative Jimmie asked for more explanation.

Mr. Ruaro responded that the findings of the study were that when people could support their families and afford a subsistence lifestyle, suicide tended to be mitigated. He mentioned the price of gas.

Representative Jimmie asked Mr. Ruaro to help her understand.

Mr. Ruaro explained that there had been some health impact assessments done. He used the example of the expansion of the Red Dog Mine. The findings of professional researchers talking to rural Alaskans was that having a job, being able to support a subsistence lifestyle, support a family, and own a home all tended to be positive health factors.

[1:46:51 PM](#)

Representative Jimmie thought the slide should say that people deserve jobs.

Mr. Ruaro believed that Alaskans should have the opportunity to have jobs.

Co-Chair Josephson understood that the quotes looked like they were from targets of the study or from the scholars doing to the study rather than directly from folks living in rural Alaska. He thought Representative Jimmie had found that the quotes did not resonate in the same way.

Co-Chair Foster appreciated Representative Jimmie's comments and directed attention to slide 18 which showed 200 villages on the map of the state. He was glad to see places like Nome and Bethel on the map; but did not see Toksook Bay, Wales, Shishmaref, Diomede, Shaktoolik, Koyuk, Savoonga, Gamble, Nightmute, Quinhagak, or Cold Bay. He thought it was a good statement that jobs helped, but in many of the areas where jobs were needed, the AIDEA projects were not present. He affirmed that AIDEA had done a lot, but he wanted to point out the nuance.

Mr. Ruaro responded that slide 18 was a representative sample. There were 600-700 other loans all over, but they could not all fit on the map. He offered to look into AIDEA's presence in rural Alaska.

Representative Hannan noted that she looked forward to the day when slide 7 said that AIDEA was putting \$1 million in financing clinics or mental health facilities in rural communities that lacked access.

Mr. Ruaro responded that AIDEA had financed a number of health facilities, including the Tanana Chiefs Hospital in Fairbanks. He offered to look into what other health facilities that AIDEA had worked on.

[1:50:09 PM](#)

Mr. Ruaro continued to slide 8 which addressed the measure of unemployment rates. He proposed that the measure could be misleading because the official statistics did not include people who had given up looking for work. The official Bureau of Labor Statistics did not include what was called the labor participation rate. He cited that roughly four out of ten Americans had given up hope of finding a job. He thought the measure was a more accurate message of the importance of creating jobs.

Representative Galvin mentioned the changing demographics of Alaskans. She did not think the group of 65-year-olds and older should be included in Alaska's population of potential employees.

Mr. Ruaro offered to check the labor participation rate and check the age.

Mr. Ruaro continued on slide 9, which discussed the labor participation rate for Alaska, which was doing a little better than the national average at 65 percent. The state had areas with higher numbers as well as areas with lower numbers. Roughly four in ten Alaskans were unable to work.

Representative Jimmie explained that she was a freshman legislator and had never heard of AIDEA before. She asked what AIDEA was doing for outreach to communities.

Representative Josephson suggested that Mr. Ruaro focus his answer on the Yukon-Kuskokwim (YK) Delta.

Mr. Ruaro explained that AIDEA had a special rural loan program administered by the Department of Commerce, Community and Economic Development (DCCED) and focused on rural Alaska. He continued that AIDEA was trying to see if there were some improvements and additional capitalizations that could be done to step up AIDEA's presence in rural Alaska.

Representative Jimmie asked what AIDEA was doing to bring about jobs.

Mr. Ruaro responded that jobs came with AIDEA's loan and financing programs. When AIDEA was actively providing loans in rural Alaska, it created jobs.

[1:54:18 PM](#)

Mr. Ruaro continued on slide 11 discussing financial highlights of AIDEA's FY 24 and noted that it had a roughly \$1.49 billion net position. He explained that the statistic was positive in sense of value but thought it should be noted that almost half of the position was account receivables rather than cash. He noted that staff had worked hard to produce the highest statutory net income in AIDEA history in FY 24. He noted that with the dividend for

FY 26, the total provided back to the legislature since 1997 would reach nearly half a billion dollars. The AIDEA dividend approved for payment in FY 26 was \$20 million.

Representative Galvin appreciated slide 11 because it provided a good spread of what was happening with AIDEA funds. She mentioned a fiscal cliff that the state was approaching. She wondered if he could explain what the board members were thinking in coming up with the \$20 million dividend. She wondered if the board contemplated the state's needs or the structural deficit, or rather considered how to protect the fund and maintain the laws governing AIDEA. She asked for some context.

Mr. Ruaro responded that the board was statutorily limited to declare a dividend between 25 percent and 50 percent of statutory net income. When the board was deciding on the level of the dividend, each board member had a significant amount of information to consider, including near future demands of AIDEA funds. He mentioned the Ambler Road Project, the Alaska National Wildlife Refuge (ANWR), and the West Susitna Road. The Amber Road could require possibly hundreds of millions of dollars to do the bonding alone.

Mr. Ruaro thought board members were taking into account the state's fiscal position as well as the near future demands on AIDEA funds, particularly after the board committed roughly \$200 million to a number of projects. He continued that AIDEA cash balances were down at lower levels. He mentioned that AIDEA had financed the Alyeschem methanol plant, which would bring a new industry to the North Slope. The plant would produce dividends and revenue for the treasury going forward for decades. He mentioned the Cook Inlet revolving loan for \$50 million and other projects. He approximated that there had been roughly eight times average output of funds from AIDEA onto the street.

[1:58:50 PM](#)

Representative Galvin hoped the committee would hear about projected revenue from projects. She believed that there were some good things ahead. She thought she had heard that AIDEA was permitted to award a dividend between 25 and 50 percent of the yearly net. She asked what the board chose.

Mr. Ruaro answered roughly 32 percent.

Representative Hannan asked if there was any significance to the pattern of even years having substantially higher dividends than the odd years. She mentioned her background in fisheries.

Mr. Ruaro responded that the pattern was a coincidence. He relayed that in one of the odd years the Mustang Project on the north slope had driven the dividend down after a substantial amount had to be written off.

Representative Hannan asked about the 32 percent dividend in FY 26. She asked what percentage dividend was chosen for the other 5 years.

Mr. Ruaro responded that in some years the dividend was close to 50 percent and others it was lower. He thought the dividend in 2022 had been close to 50 percent. He did not think the dividend had never gone below 30 percent. He offered to follow up with more information.

Mr. Ruaro continued on slide 12, which showed AIDEA's asset balance depicted in a pie chart. He noted that the left-hand side of the pie chart showed roughly half the assets that were not cash. He pointed out the Enterprise Fund at \$345 million. There was a note on the far right that showed \$200 million in approved projects including Alyeschem Methanol Plant, Cook Inlet, and the Alaska Gasline Development Corporation (AGDC). He reiterated that the cash balance was lower than it had been in a while from pending commitments. He drew attention to the purple investment fund section that was invested on a six-year window time horizon, largely in fixed income. The board had recently made adjustments to invest some funds in equities and improve returns for the state and AIDEA.

[2:03:18 PM](#)

Co-Chair Josephson asked about the navy-blue section of the pie chart depicting the Enterprise Fund, which was a robust fund. He recounted that about 10 days ago in the Senate Finance Committee, the same piece was called "cash on hand." He asked why it had changed.

Mr. Ruaro responded that he did not know why the title changed, but it was cash on hand and was AIDEA's operating and savings account that was used to fund projects.

Mr. Ruaro continued to slide 13, which broke down AIDEA approved funding and commitments by industry. Most projects in the pipeline were in resource development. There were also projects in technology. Power and energy equated to roughly \$131 million in applications.

Mr. Ruaro continued to slide 14, which referenced the operations component of the AIDEA budget. He relayed that there was no general fund part of the budget, and it was all AIDEA receipts. Personal services for roughly \$8.7 million was for 32 to 33 positions, which was the number of people at AIDEA. He mentioned 10 shared positions with the Alaska Energy Authority (AEA). He mentioned a bill that passed the previous year that separated AEA's finances from AIDEA and noted that the budget would be down significantly from prior years.

Mr. Ruaro advanced to slide 15, which addressed the facilities and maintenance budget. He mentioned a building that AIDEA shared with AEA and noted that the numbers reflected the cost of upkeep.

Mr. Ruaro moved to slide 16, which spoke to capital appropriations in the FY 26 AIDEA budget. There had been a \$50 million request for AGDC in the FY 25 fast-track supplemental budget, but the request was withdrawn because it was not needed. There was another request for \$2.5 million for the West Susitna Access Project.

Co-Chair Josephson asked if AIDEA had entered into an agreement with Glenfarne Group that stipulated if Glenfarne did not get to Final Investment Decision (FID), then AIDEA would backstop \$50 million of AIDEA funds.

Mr. Ruaro responded that negotiations were still underway, and the numbers were not final yet. He agreed that AIDEA would be funding any call on the backstop through only AIDEA receipts.

Mr. Ruaro moved to slide 17 which was an outline of all of AIDEA's programs. He mentioned the Loan Participation Program which made up the bulk of AIDEA's assets, with roughly 360 million in outstanding loans, mostly for small businesses. He described that the banks would come to AIDEA if a small business owner wanted to open a business which did not meet the bank standards. He explained that AIDEA

had an ability to share the risk or participate with the local bank. He discussed project finance for projects such as Red Dog Mine. Conduit revenue bonds were used for funding things such as for Alaska Native hospitals (such as Tanana Chiefs in Fairbanks) and the Snettisham Hydroelectric Project.

Mr. Ruaro continued on slide 17 and discussed energy and resource development and noted that the legislature had given AIDEA some individual funds that were set out in statute for specific areas. He listed the Sustainable Energy Transmission Fund, the Arctic Infrastructure Development Fund (AIDF), and the Cook Inlet Reserve-Based Lending Program. He highlighted asset ownership such as the Fed Ex hanger and Ketchikan Shipyard. He explained that AIDEA had the ability to issue tax-exempt bonds, which was a significant benefit to projects.

[2:08:52 PM](#)

Representative Tomaszewski shared that he had a railroad related bill in 2024 and AIDEA had put in an amendment to increase its authorization from \$25 million to \$300 million. Ultimately it did not pass. He asked if AIDEA normally did such things or was it more common to speak to the sponsor before attempting to change legislation.

Mr. Ruaro was not aware of the situation. He thought protocol was to discuss items with the sponsor.

Representative Tomaszewski relayed that ultimately the amendment had prolonged the bill, which had not passed. He asked if anything else would be added.

Mr. Ruaro responded that AIDEA did not have the ability to offer amendments. He was not aware of any desire or effort to add amendments to a bill.

Representative Tomaszewski understood that AIDEA could not add amendments to legislation and would use a legislator. He reiterated that in the future it would be better to approach the sponsor, even if working through another legislator.

Mr. Ruaro did not disagree.

Representative Hannan asked if AIDEA perceived that it needed expanded bonding capacity up to \$300 million.

Mr. Ruaro believed that AIDEA had sufficient bonding capacity for the projects it had in the pipeline.

Representative Hannan asked if AIDF was capitalized and for how much.

Mr. Ruaro responded that AIDF was capitalized at a level that was approved by resolution. There were several related to ANWR and possibly Ambler. He offered to follow up with the numbers of the resolutions.

Representative Hannan asked if it meant that the money could only be used for that specific item.

Mr. Ruaro responded that AIDEA needed to follow the outlines of the resolutions approved by the board.

Co-Chair Josephson mentioned AIDF and asked about A-STAR. He asked for clarification. He thought A-STAR was Southwest of Utqiagvik, and AIDF was Southeast of Utqiagvik.

Mr. Ruaro responded that AIDF boundaries reached to both regions described by Co-Chair Josephson and further south. He commented that it was a broad area and the A-STAR project was housed within the Department of Natural Resources (DNR).

[2:13:30 PM](#)

Mr. Ruaro continued on slide 18, which included a map depicting a snapshot of AIDEA's projects.

Co-Chair Josephson asked about BlueCrest Energy Drill Rig and HEX LLC projects. He asked if there was worry about the undermining of the projects because of importation and the development of AGDC in the long run.

Mr. Ruaro responded that Enstar Natural Gas had stated to the Regulatory Commission of Alaska (RCA) that as long as gas was being produced locally from Cook Inlet, they would buy the gas. The price would probably go up to match the import price. He believed that HEX had secured a recent secure commitment to have its gas purchased. He was not aware of BlueCrest currently operating.

Representative Galvin appreciated that the slide did a good job of depicting money out through bonds or loans. She inquired about the number of jobs each of the projects had brought to the communities. She asked about expected revenues per project, as well as returns on revenue.

Mr. Ruaro explained that AIDEA staff were currently working on isolating job and revenue numbers. There were two elements of revenue including revenue from the royalties and production tax from projects. Alyeschem North Slope project was slated to get a 22 percent rate of return for AIDEA and the state together. He offered to follow up with more information.

Representative Hannan asked about Artillery Park in Eagle River and asked if it was the name of a commercial building.

Mr. Ruaro responded in the affirmative.

[2:18:04 PM](#)

Mr. Ruaro advanced to slide 19 and slide 20 and discussed specific projects. Alyeschem was a project with 80 construction jobs and 15 permanent jobs. The project would produce methanol and ultra-low-sulfur diesel locally on the North Slope. He thought it would meet demand on the North Slope. The products were previously shipped in from Trinidad and trucked up the Dalton Highway.

Mr. Ruaro continued to slide 21 and discussed Railbelt Energy Solutions and Hex Cook Inlet. He shared that AIDEA had been active in financing and working with Hex Furie, loaning the funds that were needed to acquire the Kitchen Lights Unit. He mentioned that the loan was paid off early, and the company was a good borrower. He continued that AIDA had partnered with them again on a \$50 million revolving line of credit to allow them to drill and produce more gas.

Representative Johnson complimented AIDEA. She thought the work it had done on the price of gas was outstanding. She thought there was economic benefit but also benefit for the whole state.

Mr. Ruaro continued to slide 22 and discussed the Interior Energy Project. He explained that the Interior Alaska

Natural Gas Utility (IGU) was close to being able to switch from taking gas out of the Cook Inlet to just taking gas from the North Slope. The project had purchased 15 large-capacity LNG trailers. He thought by June of 2025 IGU would not be taking gas from Cook Inlet.

Mr. Ruaro continued on slide 23 and 24 and discussed the AGDC backstop, which was actually a corporate guarantee by AIDEA and a contract. The guarantee was limited in amount (up to \$50 million of work performed) and conditional on whether FID was taken or not. The maximum amount of AIDEA's exposure was the amount for Front End Engineering Design (FEED) work actually performed. The exposure was also limited by the guarantee. It was "conditional" because the obligation to make a payment only comes into effect if there was a decision by Glenfarne not to go forward on the FID.

[2:22:49 PM](#)

Mr. Ruaro continued on slide 25, which addressed the authority of AIDEA to commit assets. He mentioned articles of the Alaska Constitution, which gave the legislature the authority to create corporations. The ability of the corporations to exist and use state funds was challenged early in statehood. The ability of the corps to exist and use funds was challenged in *DeArmond v. Alaska State Development Corporation*, which was AIDEA's predecessor. The court said that it was up to the legislature to create the corporations, and delegate authorities to the board to manage assets and other steps to achieve the goal to finance projects.

Co-Chair Josephson shared that he was in receipt of a legal opinion that was pertinent. He referenced a 2000 decision that said public corporations must meet constitutional mandates. Legislative attorneys had indicated that unobligated AIDEA dollars were in the discretion of the state legislature entirely. He thought that there was legislative prerogative to do so if they chose. He relayed that there were other decisions that echoed the same concept and noted that the power of appropriation was not wholly surrendered. The other concern noted in the opinion was that if the dollars were wholly in the control of AIDEA, the funds would be dedicated and there could not be dedicated funds (which were unpermissible). He thought there was a dual reason that there was a potential

constitutional infirmity, in particular in AS 44.88.190(b), which seemed to suggest (he thought erroneously) that the state could not interfere with the dollars. He presumed Mr. Ruaro disagreed and asked for his thoughts.

Mr. Ruaro agreed to disagree. He thought it was clear that the legislature had the ability to control statute and action through a bill which assets were assets of the treasury or of the state. There were some current statutes that said receipts/assets of AIDEA were not assets of the state or subject to the Executive Budget Act. He continued that AIDEA believed that case laws would hold up to a challenge. There were three areas in which the legislature had retained control of AIDEA assets: allocating the dividend, the operating budget of AIDEA, and 20 to 30 limitations on AIDEA's ability to finance things. He continued that he did not disagree that AIDEA was subject to some legislature control, but prior legislatures had set up a system to segregate AIDEA from state funds. He thought the segregation was good in terms of bonding and financing in order to have the state treasury isolated from the financing and investment decisions AIDEA was making.

[2:28:10 PM](#)

Co-Chair Josephson asked if AIDEA's board had taken a position in FY 20 when the governor had sought to appropriate a substantial amount of AIDEA receipts.

Mr. Ruaro asked him to repeat the question.

Co-Chair Josephson repeated that the Dunleavy administration, early in its tenure in FY20, sought to appropriate some of AIDEA's receipts. He asked if the board had acquiesced or objected.

Mr. Ruaro was not familiar with the activity in 2020, as he started at AIDEA in 2022.

Representative Galvin asked about slide 24, regarding 8 Star and AGDC. She asked if the terms were interchangeable.

Mr. Ruaro explained that 8 Star was a subsidiary or corporate limited liability company (LLC) formed by AGDC to hold all of the permits for the gas pipeline project.

Representative Galvin understood that it was good that the state and AIDEA's fiscal pieces were separate because it would isolate the state of Alaska from fiscal issues that could come up with bonding. She questioned the statement. She pondered that if the legislature could change laws could change the way the inner workings of AIDEA, if the state would not be liable. She asked if AIDEA had sought legal advice on the matter.

Mr. Ruaro responded that there were at least two statutes that expressly stated that the commitments of AIDEA were not to be considered state funds. The promises or covenants would be part of any bond documents, and those people buying the bonds would understand the structure.

Representative Johnson asked about slide 25 and the statute removing AIDEA's funds from the Executive Budget Act. She wanted to hear what Mr. Ruaro thought it signified.

Mr. Ruaro responded that previous legislatures had intentionally tried to create a distinction between AIDEA receipts and earnings and the state treasury and appropriation powers. He thought the parties had tried to isolate the treasury from liability from things AIDEA may finance, and at the same time, tried to give AIDEA the ability to finance projects and only use its receipts based on the discretion of the board.

[2:32:38 PM](#)

Mr. Ruaro continued on slide 26 and discussed items related to the AGDC gas pipeline project as AIDEA worked on negotiations. He knew some things were very different than prior year's efforts. He mentioned the Wood Mackenzie Report, which showed a positive economic value for Phase I even though it was a low volume. He noted that the AIDEA board was still spending time on due diligence and negotiation. He thought it was important for legislatures to know that AIDEA was working on it as an "arm's length" transaction. He cited another major difference as President Trump's approach to international trade, which he described as completely transactional. He mentioned meetings between the president and leaders from countries in Asia.

Mr. Ruaro advanced to slide 27. He described that Alaska was in a shortage situation, and thought steps needed to be taken. He discussed imported gas. He mentioned the phase

one pipeline as a way to de-risk phase 2 larger LNG export, which would get down to lower prices for Alaskans. There was a gas sales purchases agreement with Great Bear, with prices 300 to 400 percent lower than previous agreements. The large gap created an opportunity to give Alaskans low priced gas. Great Bear and others were willing to supply gas without a fiscal certainty constitutional amendment, which he thought was always required by Exxon and other large producers. He explicated that the gas supply was not coming from Prudhoe Bay.

Representative Hannan asked about slide 24. She understood that the 50 million backstop was if Glenfarne decided not to go forward. She asked if the company would have any intellectual property rights and if the state would need to buy them out.

Mr. Ruaro responded that the work was paid for through the funds of 8 star and Glenfarne and AGDC. No dollars would leave AIDEA's accounts until FID was not taken, at which time AIDEA would retain the FEED work.

Representative Hannan wanted to make sure that the state had the ability to make its decision independent of Glenfarne.

[2:37:23 PM](#)

Mr. Ruaro continued on slide 29 and mentioned the AIDEA small business loans program. He mentioned the Rural Development Initiative Fund (RDIF) and the Small Business Economic Development (SBED). The programs were a priority area of Commissioner Sandee. The board was looking at ways to improve and get more loans out.

Mr. Ruaro continued on slide 30 and discussed the Loan Participation Program, which was AIDEA's foundational loan program that was used the most for Alaskan small businesses and others. He thought the program would be over the average number of loans in the current year. The program was very popular with Alaskan banks.

Mr. Ruaro moved to slide 31. He discussed the Alaska Wildbirch Hotel, and AIDEA project that had been recently funded, committed, and approved. The hotel was in downtown Anchorage. He noted that former United States Senator Mark

Begich was a member of the business. He thought the hotel was going to help rejuvenate part of downtown Anchorage.

Mr. Ruaro moved to slide 32 and the Sun Mountain Development in Wasilla. The project was a successful condominium/mall project with lots of small businesses inside. He advanced to slide 33 and discussed Golden Heart Waste Management, a Fairbanks project that was recently approved. He mentioned growing the business and adding and expanding.

Mr. Ruaro continued through slide 34 and to slide 35, and discussed AIDEA's most successful project of the Red Dog Mine. He was glad the extension road was approved, and thought the mine might be able to access new ore deposits to keep operating for decades and continue AIDEA's investment.

Representative Jimmie asked about slide 30, which mentioned regional diversity. She noted that Southwest Alaska got .54 percent of AIDEA funding. She asked if asked if Mr. Ruaro considered that to be "diversity."

Mr. Ruaro explained that AIDEA tried to participate in all regions. He relayed that AIDEA was looking at ways to be more active in other areas. He mentioned significant loans in the pipeline that were in the Bethel area.

Representative Jimmie asked him to name one.

Mr. Ruaro could not share the names but thought he could perhaps share with Representative Jimmie privately. He thought he would need permission from the businesses as the loans were not yet complete.

Co-Chair Foster asked about slide 30. He asked if another column could be added to show the number of loans in different regions to give a sense of participation.

Mr. Ruaro agreed to provide the information.

[2:41:49 PM](#)

Mr. Ruaro continued to slide 36 and ANWR leases. He thought most members were aware that AIDEA bid on and won seven leases in the Canning River 1002 area. The leases were cancelled by the Department of the Interior and were

ordered to be reinstated. He shared that AIDEA was working with the department to get the leases back. He specified that ADIEA had done some geologic updating work that was showing the presence of billions of barrels of oil in formations similar to Pikka and Willow. He stated that AIDEA would continue to develop seismic data and information on the leases. Revenue at complete buildout of 1002 leases was estimated by the federal government to be almost \$2 billion per year to the state and significant other funds to the local borough.

Representative Galvin was confused because she expected there to be a company that had been requesting loans to get to the leases, but AIDEA seemed to have decided to purchase the leases. She asked if AIDEA had a plan to move forward.

Mr. Ruaro responded that AIDEA had been retaining professional geologists to update all the information, including the old 2-D seismic information that was shot of ANWR in 1987 as well as adjacent well state logs from the Alaska Oil and Gas Conservation Commission (AOGCC). He continued that AIDEA hoped to perform 3-D seismic studies on the areas that showed the most likely productivity, after which it could market leases. He relayed that AIDEA did not want to become an oil operator.

Representative Galvin noted that no other companies had put in a bid for the lease sale when it opened up, and AIDEA seemed to be the only company that had hoped that it would come to fruition. She was surprised to see it because she thought that other companies like Conoco would have also been involved if there was an opportunity.

Mr. Ruaro responded that two private companies that bid on ANWR leases were awarded, and then returned the leases. At least one of the companies owned a state lease on the boundary, which was highly prospective. He affirmed that there were no large bids on ANWR.

Representative Tomaszewski commented "no risk no reward." He asked if the current administration would allow for more access for something to happen in the 1002 area.

Mr. Ruaro responded that AIDEA did believe there would be more access and noted that President Trump included ANWR as a priority project in his executive orders. The Department

of Interior had been directed to prioritize getting AIDEA's leases back and push forward with development of ANWR.

[2:47:25 PM](#)

Representative Josephson asked if Mr. Ruaro had further comment on slide 37.

Mr. Ruaro commented that there was a significant number of resources. He moved to slide 28 and the Ambler Access Road project, which was also included as a priority in the executive orders by the president. The road was an access right that was set out in Section 2014 of the Alaska National Interest Lands Conservation Act (ANILCA) from 1980. He recounted that it had been frustrating when the department ignored the mandate from Congress.

Co-Chair Josephson thought the history had been simplified. He thought there had been objections by Doyon and NANA had expressed disinterest. He thought the issue was more complicated than Mr. Ruaro described when considering tribal consultation.

Mr. Ruaro agreed that there were many moving parts to the Ambler Road project. He thought the project involved six different land classifications. The largest access right was on state land which was about 63 percent of the route. There was private land at Doyon and NANA. A portion of the land went to a mine on NANA land, and if NANA wanted to develop the mine, AIDEA would leave the choice up to them. There was an access agreement in place with Doyon, but not for the long term.

Representative Hannan asked about access across the national park. Although an access agreement was in ANILCA, the boundaries of the park were created in the statute. She understood that the boundaries could not be breached by an executive order but would rather require a Congressional amendment. She asked what Mr. Ruaro had intended when he spoke of it.

Mr. Ruaro responded that the executive order alone did not solve the access road issue with the Gates of the Arctic. He thought the Secretary of the Interior would need to take some action to reinstate access. He thought there was support based on the statute.

Representative Hannan asked if Mr. Ruaro's interpretation was that the executive branch could take action through the Department of the Interior even though the boundaries were set in statute by Congress.

Mr. Ruaro responded that even though the park boundaries were set in statute, Section 201 provided an express right of access to the Ambler Mining District through the boundaries.

[2:51:41 PM](#)

Mr. Ruaro continued to slide 39, and indicated there was a video that could not be played due to technical issues.

Mr. Ruaro continued to slide 40 and the West Susitna Access Project. He noted that the road was different than the Ambler Road in that it was intended to provide for recreational access in addition to industrial access.

Co-Chair Josephson understood that there was opposition from recreational interests.

Mr. Ruaro responded that there was opposition to the road from lodge owners in the area. He relayed that from AIDEA's surveys and public meetings, the average Alaskan had supported getting into the area for recreational purposes. He acknowledged that there was some opposition.

Mr. Ruaro continued to slide 41 and 42. AIDEA was working in the tech sector and other new areas of investment. He considered that data centers presented an opportunity for investment AIDEA thought could provide a good return. The board had not approved the project yet, but AIDEA was looking for opportunities in Alaska. He mentioned Alyeschem chemical production from natural gas. He described natural gas as a "feedstock" product, which could produce Methanol, Naptha, and ultra-low Sulfur diesel. He relayed that AIDEA hoped that the project expanded. He mentioned critical mineral focus on some Antimony and other projects in the West Susitna area. He thought ideally AIDEA could develop a site to develop raw minerals instead of shipping ore out.

[2:54:07 PM](#)

Co-Chair Foster thanked Mr. Ruaro for his testimony and work. He asked about returns and understood that AIDEA was

more focused on getting economic development and jobs throughout the state. He mentioned page 11, which talked about AIDEA dividends. He recalled that 2024 was a banner year for investments and mentioned Standard and Poor (S and P) and NASDAQ market performance. He thought AIDEA had two different investments through loans and direct investments. He asked if the info was available on the performance of the investments.

Mr. Ruaro responded that the loan portfolio was limited by statute on what could be charged for interest, so there was a limited ability to increase returns for a large portion of AIDEA's investments. He relayed that on the investment side, the board had recently taken action to revise AIDEA's investment policy to allow for investing more in equities. He noted that AIDEA's returns on fixed income had not matched up with S and P. He hoped for significant improvements.

Representative Hannan asked about data centers, which she thought was intriguing. She did not think the state generally had an excess of cheap energy, except in Deadhorse. She asked if there was a particular area of the state that data centers were thinking of developing, or if energy was put in place after a location was chosen.

Mr. Ruaro responded that AIDEA's focus to date was on the rural renewable projects rather than large-scale data centers. He thought Angoon would be a good small-scale place to locate some equipment to produce some revenue. He noted that the Thayer Lake damn would have an excess of hydro-power when it was completed. He continued that AIDEA was looking at smaller communities with excess power like Angoon and Cordova.

Representative Hannan heard commitment to help get Thayer Lake online. She thought Angoon was just a little short of having the project completed and the most expensive power in southeast. Angoon was completely diesel dependent with no airport and limited ferry access. She hoped that AIDEA would help Angoon with the \$3 million needed to complete with the Thayer Lake Project.

Mr. Ruaro thought it was an exciting project and relayed he was happy to reach out to some friends in Angoon to see if there was a way to assist. He relayed that he would also reach out to AEA executive director Curtis Thayer.

2:59:37 PM

Representative Johnson relayed that she had done quite a bit of work and communication with legislators in Alberta regarding the potential for a transportation corridor from Alberta to Alaska. She noted that the port at Point McKenzie would make a huge difference. She mentioned the A2A (Alaska to Alberta) Project [a proposed railway connecting Alaska's ports to Alberta], which had not happened. She mentioned other projects that had been attempted. She mentioned a transboundary crossing that was put in place after work was done during the first Trump Administration. She did not know how long the crossing would be in effect. She thought legislators in Alberta were still very interested in having the alternate route to move oil. She thought it would be a shame to lose what was already in place. She asked if AIDEA would view the right-of-way as an asset. She thought it seemed like an opportunity.

Mr. Ruaro would need to follow up to determine the status of the permits and rights of way. He thought it was something to keep track of.

Representative Johnson thought right of way agreements would be important to maintain.

Representative Jimmie shared that her staff member was trained as a research psychologist at Yale University and had looked at the study Mr. Ruaro had cited on slide 7 relating to suicide. She contended that the quotes on the slide were from 25 Alaska Native students that had had shared personal experiences with suicide in their communities. The students had discussed why the suicides were happening, which included difficulty asking for help, loss of culture, feeling isolated, exposure to other suicides, abuse of drugs and alcohol, and lack of opportunity. She noted that suicides in her community were known to come in fives. The study recommendation was to increase social and cultural connections, teach about mental health, and make it easier to find help when people were feeling down. She considered that the presentation's use of the study to purport that AIDEA would help prevent suicide intellectually dishonest. She expressed disappointment.

Mr. Ruaro did not think that was his position. He stressed that he had meant to convey that jobs could be a positive factor in whether or not a person committed suicide or felt badly about their life. He was not saying that AIDEA prevented suicide.

Representative Jimmie understood that the message in the presentation was that AIDEA provided jobs and people would not commit suicide.

Mr. Ruaro expressed that what he was trying to convey was that there was a positive health benefit from jobs and resource development jobs particularly. He was not saying that AIDEA was preventing suicide or that the only factor in a person's mind was a job. He believed that jobs and having access to opportunities were important and were a factor.

Representative Jimmie contended that the presentation was not about jobs but cited the 400 percent higher suicide rate for Alaska Native men.

Mr. Ruaro would try to correct the slide if there was a misstatement or inaccuracy. His position was that people with good paying jobs and having access to opportunities were positive for mental health.

Representative Jimmie did not agree.

[3:07:02 PM](#)

Representative Tomaszewski understood that there was a cap on the amount of interest AIDEA could charge on a loan.

Mr. Ruaro responded that in the statutes for the loan participation program, the interest rate AIDEA could charge was tied to some benchmarks with an upward adjustment possible for internal costs. The interest rate was difficult to move much at all. It was possible to make minor adjustments when the cost of the funds changed from year to year.

Representative Tomaszewski asked if the rate worked well or if it would be helpful to change the interest rates.

Mr. Ruaro replied that the rates generally worked well. He thought at times the rate could be a little higher to

reflect risk, but it had been a successful program. It did limit what could be returned as a dividend but worked well for borrowers and banks.

Representative Galvin appreciated the work of AIDEA. She had been reading about the importance of graphite and minerals. She asked if he could talk about anything that was happening regarding minerals in Alaska or the world.

Mr. Ruaro responded that there were some dynamics at play that made Alaska's minerals more and more important. He mentioned China recently banned the export of Antimony to the United States. Antimony was used to make ammunition. He thought there was one producing Antimony mine in the country, an older mine in Idaho. He explained that there were some dynamics worldwide that would place more demand on Alaska to produce critical minerals such as Germanium and others. He noted there were obviously a lot of military applications. He thought the demand would increase.

Co-Chair Josephson thanked the team from AIDEA.

Co-Chair Josephson reviewed the agenda for the following meeting.

#

ADJOURNMENT

[3:11:19 PM](#)

The meeting was adjourned at 3:11 p.m.