

SENATE FINANCE COMMITTEE  
February 17, 2025  
9:02 a.m.

[9:02:06 AM](#)

CALL TO ORDER

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

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair  
Senator Bert Stedman, Co-Chair  
Senator Mike Cronk  
Senator James Kaufman  
Senator Jesse Kiehl  
Senator Kelly Merrick

MEMBERS ABSENT

None

ALSO PRESENT

Randy Ruaro, Executive Director, Alaska Industrial Development and Export Authority; Jean Kornmuller, Chief Financial Officer, Alaska Industrial Development and Export Authority.

SUMMARY

^ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY

[9:02:16 AM](#)

RANDY RUARO, EXECUTIVE DIRECTOR, ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY, (AIDEA) discussed the presentation, "Investing in Alaskans" (copy on file). He pointed to slide 2, "Mission and Purpose of AIDEA":

To promote, develop, and advance economic growth and diversification in Alaska by providing various means of financing and investment.

[9:02:58 AM](#)

Mr. Ruaro addressed slide 3, "About AIDEA Alaska's Development Finance Authority":

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

**Be it enacted by the Legislature of the State of  
Alaska:**

**Article I**

**Organization of Development Corporation**

Section 1. Purpose. The purpose of this Act is to create an instrumentality of the state to develop, stimulate, and advance the business prosperity and economic welfare of Alaska and its citizens. This shall be accomplished by providing critically needed investment capital for development loans to encourage and assist the wholesome development of new business and industry in Alaska and to rehabilitate and expand existing business and industry. By providing development loans to all types of business activity, whether of an industrial, agricultural, or recreational nature, the economic stability of the state will be strengthened, the employment opportunities of its citizens enlarged, and their standard of living and general welfare enhanced.

**Senate Bill 153**

**Enacted by the Alaska State Legislature**

**Because investment capital was "critically needed" to  
enable jobs and enhance general welfare**

**Approved April 24, 1961**

[9:03:51 AM](#)

Mr. Ruaro pointed to slide 4, "Alaska's Development Finance Authority":

**Be it enacted by the Legislature of the State of  
Alaska:**

Sec. 44.61.140

(a) The real and personal property of the authority and its assets, income, and receipts are declared to be property of a political subdivision of the state and together with any project financed under this chapter and a leasehold interest created in a project occupant or other person under this chapter, devoted to an essential public and governmental function and purpose, ...

**House Bill 14**

**(4) The establishment of industrial and manufacturing plants in Alaska is essential to the development of the natural resources and the long term economic growth of the state, and will directly and indirectly alleviate unemployment in the state,**

**Approved April 4, 1967**

[9:04:16 AM](#)

Mr. Ruaro addressed slide 5, "AIDEA's Purpose":

**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..... the state lacks basic manufacturing, industrial,..... and business enterprises..... necessary to permit adequate development of its natural resources and the balanced growth of its economy..... establishment and expansion of [these entities] are essential to the development of its natural resources and the long-term economic growth of the state, and will directly and indirectly alleviate unemployment in the state."**

[9:04:50 AM](#)

Mr. Ruaro played a short video about AIDEA.

[9:06:24 AM](#)

Mr. Ruaro looked at slide 7, "Social and Health Benefits of Jobs and Community Access":

- "Suicide prevention researchers working in rural Alaska Native villages offer a number of recommendations for intervention, including enhanced occupational and educational opportunities to alleviate poverty, greater access to mental health treatment services, ..."

- "Inadequate opportunities for socioeconomic advancement were seen as major contributors to suicide, especially among Alaska Native men. ..." (Alaska Native men 400 percent higher suicide rate than national average)

- "Many Alaska Native communities are off the road system and often lack local providers for counseling or psychiatry services, requiring community members to travel by airplane to a distant location in order to see a physician or counselor. ... These barriers prevent people in crisis from receiving the help they need at the time they most need it."

*Citing: Beliefs about Causal Factors for Suicide in Rural Alaska Native Communities and Recommendations for Prevention, Transcult Psychiatry, 2022 February; 59(1): 78-92. Doi: 10.1177/1363461520963869*

[9:07:07 AM](#)

Mr. Ruaro looked at slide 8, "What Is the Status Of Unemployment in The United States?"

The formal measure of "unemployment" is misleading.

It does not measure persons who have given up looking for work.

Using "labor participation" as a measure:

- The labor participation rate is 62.5 percent in the United States. Meaning nearly 4 in 10 Americans have given up hope of finding a job.

- This rate is just 2.4 percent better than “the labor participation” during COVID years of 2020 and 2021.

See, U.S. Bureau of Labor Statistics Charts for Economic Releases

Mr. Ruaro addressed slide 9, “Unemployment and Labor Force Participation in Alaska”:

**Labor Participation Rate for Alaska**

- Labor participation rate in Alaska is a little better than national average at 65 percent.
- Job scarcity is one reason rates are so high in rural areas.

[9:07:56 AM](#)

Mr. Ruaro looked at slide 11, “AIDEA Fiscal Year 2024 Financial Highlights.” The slide showed that AIDEA’s net position through fiscal year 2024 reached \$1.49 billion an approximate \$52.8 million increase from 2023. In 2024, AIDEA produced the highest statutory net income in AIDEA history at \$65 million. He noted that half a billion in dividends had been declared back to the treasury since 1997. He shared that the \$20 million dividend for FY2026 was the highest in approximately a decade.

[9:08:46 AM](#)

Mr. Ruaro discussed slide 12, “AIDEA Financial FY2024 Highlights.” The chard broke down AIDEA’s assets:

- Accounts Receivable: \$192 million
- Capital Assets & Construction Work in Progress: \$178 million
- Balance of Loans Financed: \$532 million
- Investment Funds: \$357 million
- Project Reserve Funds: \$57 million
- Project Restricted Funds: \$46 million
- Cash on Hand: \$345 million
- Pending Commitments by AIDEA Board of Directors \$200\* - Net Amount \$145
- \*Committed Projects**

- Loan Participation Program
- Alaska Hotel Group - \$25 million
- Stoneridge Shop LCC - \$1.35 million
- JT Investments Alaska LLC - \$3.6 million

Direct Finance

- Alyeschem LL - \$70 million
- HEX Cook Inlet - \$50 million
- AGDC - \$50 million

Other Assets: \$12 million

[9:11:25 AM](#)

Co-Chair Hoffman asked whether Mr. Ruaro felt he had the power to expend the funds listed under "Direct Finance" without legislative authority.

[9:11:39 AM](#)

Mr. Ruaro replied that AIDEA had the authority to expend those funds in statute. He argued that the authority to decide what happened with AIDEA funds was vested in the ADIEA board.

[9:12:19 AM](#)

Co-Chair Hoffman felt that opinions differed on the matter and that clarification was in order as the legislature was the appropriating authority in the state.

[9:13:06 AM](#)

Mr. Ruaro said that the budget requested submitted in the governor's FY26 budget for \$50 million in general funds would fall under the control of the legislature. He said that the request was to be withdrawn within the week. He said he was speaking only to funds AIDEA had earned through interest or return and were then under the purview of AIDEA.

[9:13:39 AM](#)

Senator Kiehl asked about the "Investment Funds" wedge of the pie chart. He asked about bonds - how they were invested and whether they were Alaska company bonds.

[9:13:50 AM](#)

Mr. Ruaro replied that some of the investments were in international entities and that that wedge represented hundreds of different investments.

[9:14:15 AM](#)

Senator Kiehl asked whether a steady 6-year cycle of \$16 million a year could be expected from the Investment Funds.

[9:14:26 AM](#)

Mr. Ruaro responded that it was not set by year to the same amount and there could be a year when a large amount matured, which he believed was the case with the current year.

[9:14:46 AM](#)

Senator Kiehl understood that the Investment Funds equaled 21 percent of total assets and wondered whether the funds were invested outside of the state because AIDEA had not found an Alaskan project to invest in.

[9:14:58 AM](#)

Mr. Ruaro responded that AIDEA expected to move significant amounts from Investment Funds to Cash on Hand once funds matured.

[9:15:44 AM](#)

Senator Kiehl understood that the goal would be to keep \$350 million cash on Hand and AIDEA committed out \$200 million for other projects.

[9:15:51 AM](#)

Mr. Ruaro replied that the intention was to course keep a healthy balance of cash on hand of at least \$100 million for the bonding reserve. He said that the current influx of projects would require additional cash. He furthered that instead of reinvesting Investment Funds, those funds would be moved to "Cash on Hand" so that AIDEA could continue to make investments in other projects.

[9:16:40 AM](#)

Senator Kiehl was satisfied that AIDEA wanted to keep \$100 million liquid and available for appropriation.

[9:16:50 AM](#)

Co-Chair Stedman understood that banks were awash in cash and looking for suitable borrowers to lend to. He queried AIDEA's process for loan assistance.

[9:17:17 AM](#)

Mr. Ruaro replied described the loan commitment process which included two rounds of underwriting by a local bank and one by AIDEA before a board review of the request.

[9:18:22 AM](#)

Co-Chair Stedman understood that all cases went through a local bank before consideration by AIDEA.

[9:18:35 AM](#)

Mr. Ruaro said that in all instances the bank would approach AIDEA; it was a bank application to AIDEA for assistance.

[9:19:00 AM](#)

Co-Chair Hoffman understood the board was interested in making new investments and wondered about the timeframe.

[9:19:10 AM](#)

Mr. Ruaro replied that investment funds would be moved as they matured. He said that there was no timeline for individual projects.

[9:19:58 AM](#)

JEAN KORNMULLER, CHIEF FINANCIAL OFFICER, ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY, pointed to slide 13, "FY2026 AIDEA BUDGET OPERATIONS COMPONENT". She noted that because of SB 307, AEA was becoming an autonomous entity, and personnel had already been transferred. The second column showed the remaining dollars to be transferred out

to complete the separation. The third column showed \$2 million had been transferred from Contractual Services to Personnel Services because more contractual work would be done in-house by AIDEA staff. She said that remaining funds included COLA increases.

[9:21:26 AM](#)

Co-Chair Hoffman asked about the \$10 million for Contractual Services for AEA in the second column.

[9:21:42 AM](#)

Ms. Kornmuller replied that those funds were comprised of Support Services for the Rural Energy Program and other services and support. She lacked additional details.

[9:22:08 AM](#)

Co-Chair Hoffman requested that further detail be sent to the committee.

[9:22:17 AM](#)

Ms. Ruaro proudly summarized the slide saying that 43 AIDEA employees produced a \$20 million dividend, \$10 million in AIDEA receipts for operating with \$65 million in statutory net income.

[9:22:51 AM](#)

Ms. Kornmuller looked at slide 14, "FY2026 AIDEA Budget Facilities Maintenance Component." She noted that AEA had an increase of \$304 thousand to reimburse AIDEA for facilities rent and maintenance. She added that two changes were to AIDEA: the transfer in from the operating component of \$50.7 thousand and a request for \$110 thousand increase for contractual services. She said that historically AIDEA had used its own fund for facilities management through resolutions approved by the board but would now consider the use of operating budget funds approved by the legislature.

[9:24:00 AM](#)

Mr. Ruaro highlighted slide 15, "FY2026 AIDEA Budget Capital Appropriations":

**FY25 Fast Track Supplemental Budget**

**• Alaska Liquefied Natural Gas Project  
Phase 1 Contingency Backstop**

- \$50 million
- Soon to be withdrawn

**FY26 Capital Budget**

- West Susitna Access Project
- \$2.5 million
- Funds will support completion of Federal and State permitting

[9:24:26 AM](#)

Co-Chair Stedman spoke of concerns surrounding the LNG project and the lack of public discussion in AIDEA's process.

[9:25:09 AM](#)

Mr. Ruaro replied that staff would meet with a project proponent multiple times before going before taking the proposal to the board for a hearing. He said that staff work on the LNG line began several months ago and that the topic had been on the agenda for several board meetings. He said that there had been opportunities for board members to meet with project proponents. A resolution had been passed on December 4, 2024, which allowed for further review and negotiation on the backstop. He said that there would be no draw on AIDEA funds as the work was being performed, and AIDEA would only pay up to the amount of actual completed work.

[9:27:29 AM](#)

Co-Chair Stedman suggested that Phase 1, the building of the pipeline, presented the highest financial risk. He felt that AIDEA had skirted the issue of cost overruns when confronted by the committee. He said that the available numbers were outdated and that the expectation of the cost of the pipeline was nebulous. He noted the \$600 million the state had invested, as well as \$500 million from TransCanada in the pipeline, compared with zero from Glenfarne. He added that there was concern about commitments made between AGDC and Glenfarne that preceded the new administration in Washington D.C. He believed that the project was a priority of the federal administration

and hoped that Alaska would fully benefit without taking on too much risk and exposure. He stated that before this current administration there had been no investors interested and Glenfarne had entered the picture after being pursued for investment. He reiterated that the biggest concern was who was going to invest in the project and how to maintain limited exposure to the state.

[9:30:52 AM](#)

Mr. Ruaro agreed. He suggested comparing the project to LNG Canada and looking at those numbers. He said that the Trump Administration liked the project. He listed the major differences in the projects including gas availability and international interest. He thought that the current climate was the best to-date for the viability of the project.

[9:32:48 AM](#)

Co-Chair Stedman believed that there was a presentation coming regarding overruns on a similar project in Canada. He asked about AIDEA's authority limit as an investor.

[9:33:09 AM](#)

Mr. Ruaro replied that it would depend on the type of credit facility used. AIDEA has a legislative limit of \$400 million per year in bonds. He added that any direct financing projects above \$25 million must be approved by the legislature. He felt that there were significant checks for AIDEA's ability to bond. He shared that other credit facilities like a corporate guarantee would grant broad authority with no express limit based on the facility. The limit would come from AIDEA's assets, which would become the limit on what could be invested. He said that there were areas where the authority could backstop without limits.

[9:34:38 AM](#)

Co-Chair Stedman expounded on his discomfort with Great Bear as they presently had no gas and could not produce a balance sheet. He reiterated his concern about the cost of financing for a \$10 billion pipeline, with less than 10 percent gas going through it, falling back on the consumers, and putting the state at risk.

[9:36:15 AM](#)

Co-Chair Hoffman interjected that the Trump Administration had just announced a 25 percent increase on tariffs for imported steel.

[9:36:57 AM](#)

Senator Kiehl thought that the project was subject to "Buy America, Build America", which meant that the steel tariffs would not apply. He wondered about how AIDEA would get paid for the \$50 million risk.

[9:37:36 AM](#)

Mr. Ruaro said that the compensation structure was based on volumes through the pipeline first, and if the project did not go forward there were plans being made to recoup costs.

[9:38:05 AM](#)

Senator Kiehl understood that the backstop was through the final investment decision on the in-state pipe only, but AIDEA's potential to get paid was the full export with liquification and gas treatment plant.

[9:38:21 AM](#)

Mr. Ruaro replied that the timeframe for when AIDEA could recover cost for the tolling rate was still in negotiations.

[9:38:31 AM](#)

Senator Kiehl asked when the legislature could expect the details of the agreement.

[9:38:47 AM](#)

Mr. Ruaro replied that he was under Non-Disclosure Agreements (NDA) with the parties and would need to consult with counsel on how much he could share with the legislature once the contract was complete.

[9:39:12 AM](#)

Senator Kiehl submitted that the level of risk to the state already made some Alaskans skeptical of the project; a secret deal might make them "downright freaked out." He stressed the importance of negotiating in the ability to tell Alaskan's what risk they were taking and what potential for recovery there was for \$50 million of the state's dollars.

[9:39:48 AM](#)

Co-Chair Hoffman asked whether information about the risk the state was taking on would be shared with Alaskans prior to investment or after.

[9:39:57 AM](#)

Mr. Ruaro replied that the risk that would be taken would be that AIDEA backstops feed work, no money leaves the AIDEA treasury - the engineering firm would pay its own expenses up until the time that feed was complete, and FID was taken. He said if FID was taken, and the project moved ahead there was zero risk that AIDEA would spend any funds because the project would move ahead with the developer taking on the cost.

Co-Chair Hoffman clarified that "FID" meant "financial investment decision".

Mr. Ruaro replied in the affirmative.

[9:40:38 AM](#)

Mr. Ruaro looked at slide 16, "AIDEA's Financial Toolbox":

AIDEA is a catalyst for economic development with a track record for success, utilizing a variety of financial tools such as:

**Loan Participation**

The Loan Participation program provides long-term fixed and variable rate financing to Alaska's commercial businesses.

**Project Finance**

AIDEA can finance projects (whole or partial) through its ability to develop & own assets within the State.

### **Conduit Revenue Bonds**

AIDEA is one of the State's Principal issuers of taxable & tax Exempt Conduit Revenue Bonds.

### **Energy & Resource Development**

The Alaska Sustainable Energy Transmission Supply Fund, Arctic Infrastructure Development Fund, & Cook Inlet Reserve-Based Lending Program are programs within AIDEA to meet Alaska's energy resource needs.

### **Asset Ownership**

In addition to traditional financing, AIDEA can directly own assets that generate revenue or enable economic development.

### **AIDEA Bonds**

AIDEA has the authority to issue tax-exempt and taxable bonds.

### **Strong Investment Relationships & Financial Expertise**

AIDEA provides financial expertise and information to assist with projects, job creation, and infrastructure development.

[9:42:38 AM](#)

Co-Chair Hoffman queried whether AIDEA had pursued any bonds or had any active bond issuances.

Mr. Ruaro replied in the negative.

[9:42:44 AM](#)

Mr. Ruaro pointed to slide 17, "AIDEA Assets Projects Bonds and Loans." The slide illustrated the projects AIDEA had funded in bonds (\$522,059,965) and loans (\$488,107,152). The map showed the areas of the state where AIDEA had provided bonds and loans for projects, as well as the location of AIDEA assets and projects. He noted that there was suspected significant resources available in the Arctic National Wildlife Refuge (ANWR).

[9:44:29 AM](#)

Co-Chair Hoffman asked about the Ambler Road Project and whether rights-of-way had been secured for the project.

[9:44:32 AM](#)

Mr. Ruaro responded that the federal administration had indicated that federal rights-of-way would be awarded and AIDEA was hopeful the same would happen on the state level. He said that AIDEA would be working largely with Doyon.

[9:45:03 AM](#)

Co-Chair Hoffman believed that the project would not move forward without the support of Doyon.

[9:45:14 AM](#)

Mr. Ruaro agreed. He said that the federal government had not granted the federal right-of-way, which had stopped the project and stalled conversation with Doyon. He asserted that the Alaska National Interest Lands Conservation Act (ANILCA) guaranteed the rights-of-way. He felt that once the federal and state governments issued the rights-of-way then the project could go forward.

[9:45:59 AM](#)

Co-Chair Hoffman asked about the cost of the Ambler Access project.

[9:46:03 AM](#)

Mr. Ruaro replied that the estimated cost was between \$500 million and \$1 billion.

[9:46:22 AM](#)

Senator Kiehl queried the proven reserves expected to be harvested from ANWR.

[9:46:25 AM](#)

Mr. Ruaro, he said that proven reserves to the extent of bornite and the Arctic mine was 30 years of mine-life. He did not have the exact combined amounts but said that an assessment was available.

[9:47:05 AM](#)

Senator Kiehl stated that he has never seen a mine with 30 years of proven reserves and expressed eagerness to see the assessment.

[9:47:10 AM](#)

Co-Chair Stedman asked how many loan payments were 30 to 90 days late, and how many of them had been restructured. He desired an assessment of the overall health of the loan portfolio.

[9:48:03 AM](#)

Mr. Ruaro asserted that the loan participation program had zero defaults. He said that there had been some loans that had to be restructured for various reasons, specifically citing a loan to Blue Crest, which had been restructured and then settled.

Co-Chair Hoffman asked about the terms of the Blue Crest settlement.

Mr. Ruaro replied that the outstanding loan amount had been approximately \$14 million and AIDEA had been able to negotiate \$6.8 million payment and had maintained the collateral of a manned camp onsite.

[9:49:18 AM](#)

Co-Chair Hoffman assumed that the additional \$8 million had been written off by AIDEA.

Mr. Ruaro agreed.

[9:49:25 AM](#)

Co-Chair Stedman requested further detail on the Blue Crest loans.

[9:49:32 AM](#)

Mr. Ruaro replied that the overall loan amount had been paid down to where \$14 million was owed. He said AIDEA had allowed for 14 instances of forbearance and eventually reached an agreement to take a lump sum payment of approximately \$6.87 million and retain an interest in a man-camp onsite.

Co-Chair Stedman asked about the \$14 million figure.

Mr. Ruaro said that the original loan had been paid down to \$14 million.

[9:50:19 AM](#)

Co-Chair Stedman asked whether participants had used credits as assistance in receiving loans from AIDEA.

[9:50:57 AM](#)

Mr. Ruaro responded that he was unaware of any such transaction.

[9:51:03 AM](#)

Co-Chair Stedman expressed curiosity with where the money from credits had ended up.

[9:51:16 AM](#)

Mr. Ruaro offered that AIDEA had recovered \$17 million in credits on the Mustang Field. Those funds had been used to pay off the loan that had been made through the state treasury.

[9:51:37 AM](#)

Senator Cronk wondered about loans or bonding for the Port MacKinzie Rail Extension or the Norther Rail Extension.

[9:51:42 AM](#)

Mr. Ruaro responded that a project was not currently pending. He said that the borough or the railroad could approach AIDEA for financing along with sister corporations.

[9:52:12 AM](#)

Co-Chair Hoffman understood that payments were very high and asked whether any other substantial loans had been written off.

[9:52:22 AM](#)

Mr. Ruaro replied that the other troubled project was the Mustang Project, which was written down significantly and the breakdowns had been documented in the financial statements and were no longer affecting dividend payments or net income.

[9:52:45 AM](#)

Co-Chair Hoffman how much had been written off.

[9:52:47 AM](#)

Mr. Ruaro replied that after the recovery of the roughly \$17 million in tax credits, nearly \$70 million had been written off.

[9:53:14 AM](#)

Co-Chair Stedman expressed concern about current loan payments. He requested that AIDEA get back to the committee with detailed spending portfolio information. He stressed that the economics of the fishing implosion in Coastal Alaska was concerning and while funding projects on the North Slope was important - there were other areas in the state that were struggling.

[9:54:22 AM](#)

Mr. Ruaro agreed to provide the information.

[9:54:42 AM](#)

Co-Chair Hoffman requested a follow up in writing to be submitted to the committee. He said that banks usually required collateral for loans and assumed that AIDEA had not required collateral for the loan on the Mustang Project. He asked whether the board had learned from the \$70 million loan loss to require adequate collateral in the future.

[9:55:18 AM](#)

Mr. Ruaro replied that there had been collateral on the project, but the problem was that the leases were the large part of the collateral, and the leases were insufficient value to cover the amounts being put into the project. There had not been enough oil and gas to be worth the

investment. He said that the Mustang Project had cost AIDEA money in the end. He expounded on the lessons learned from the process.

[9:57:25 AM](#)

Mr. Ruaro discussed slide 19, "Innovative Utilization of Natural Resources":

#### Financing Approved for Alyeschem North Slope Project

- Project goal: Utilize Alaska's natural gas for economic and environmental benefits.
- Facility to produce methanol and ultra-low sulfur diesel from North Slope gas.
- Economic impact:
  - 80 construction jobs and 15 permanent jobs.
  - Estimated \$5M in annual tax and royalty revenue for the state.
  - Increased demand for North Slope natural gas supports local producers.
  - Environmental benefits: Cleaner burning fuels align with global emission reduction efforts.
  - Public private partnership drives economic growth and sustainability.
  - Project to break ground soon, marking a step toward energy innovation in Alaska.

Mr. Ruaro looked at slide 20, "Railbelt Energy Solutions Hex Cook Inlet LLC Leads the Way":

#### **HEX CI's Financial Milestone and Strategic Investment**

- Repaid its \$7.5 million AIDEA loan eight months early in 2023.
- Enabled HEX LLC's acquisition of the Kitchen Lights Unit (KLU)
- Secured energy delivery and created nearly 40 local jobs.

#### **Meeting Alaska's Energy Needs**

- AIDEA approved a \$50 million revolving credit line in late 2024.
- Plans include sidetracking underperforming wells, drilling new wells, and expanding production.
- Expected to create up to 100 temporary construction jobs and five permanent positions.

[9:59:02 AM](#)

Senator Kiehl spoke to a recent presentation from AGDC on the potential gasline. He relayed that AGDC's financials depended on them being the only provider of natural gas to South Central Alaska. He wondered how HEX LLC would keep paying off the AIDEA loans under the revolving line of credit.

[9:59:32 AM](#)

Mr. Ruaro replied that he felt that the volume produced by HEX was fairly small compared to the overall totals and the timing of the pipeline was out several years which would allow HEX to successfully sell and produce gas. As long as Enstar was buying the gas ADIEA could continue to finance HEX's operations.

[9:59:54 AM](#)

Senator Kiehl thought that if AGDC was going to provide all the gas, Enstar would have to discontinue buying gas from HEX.

[10:00:14 AM](#)

Mr. Ruaro replied that he felt that there was an opportunity for gas to be used for more than domestic users in South Central. He said that AIDEA was looking into data centers and industrial uses. He thought that there was a number of uses for gas that went beyond the consumers and believed there was room for both AGDC and HEX.

[10:00:47 AM](#)

Senator Kiehl recalled that a recent report from AGDC had counted on growth on consumption in the Cook Inlet Basin.

[10:00:56 AM](#)

Co-Chair Stedman wondered about the connection between AGDC's proposal with other proposed projects. He felt that the various projects did not connect.

[10:01:29 AM](#)

Mr. Ruaro replied that the market for gas was not limited to just the domestic rate payers and consumers, AI manufacturing could be layered in and could require the volumes described in the AGDC domestic supply scenario as well as the small volumes that HEX could provide.

[10:02:12 AM](#)

Co-Chair Stedman was not concerned with the mainline. He was concerned that the project never made it past Phase 1 and a gasline was built with no export. He understood that AI servers required low-cost energy and did not create jobs. He believed that the data on the project was outdated and inaccurate.

[10:03:17 AM](#)

Mr. Ruaro could not speak to the cost estimates. He thought they were updated through Wood Mackenzie. He said that the numbers would be updated through the feed work, which would be backstopped by AIDEA, and that the numbers would be as accurate as possible.

Mr. Ruaro pointed to slide 21, "Interior Energy Project Fairbanks, AK":

- **Trailer Deployment:** All 15 large capacity LNG trailers have been received and are now in operation.
- **LNG Plant Construction:** Harvest Midstream North Slope LNG Plant is advancing as planned and is expected to ensure a reliable gas supply for Interior Alaska.
- **Future Commitment:** IGU remains dedicated to providing affordable, clean energy while strengthening long term operational capabilities.
- **Financial Performance:** Strong financial health with credit rating improvement through sound fiscal management and operational efficiency.
- **Operational Progress:** Steady growth in operations, financial stability, and project execution.

Mr. Ruaro displayed slide 23, "Authority of AIDEA to Issue a 'Corporate Guarantee' To Alaska Gasline Development Corporation (AGDC) GDC / 8 STAR":

- The type of credit facility AIDEA is offering is a "Corporate Guarantee". A promise in writing in a contract with 8 Star / AGDC.
- The Corporate Guarantee in this particular case that is being discussed is both "limited" and not limited
- It is "limited" to an amount "up to" a sum certain. In this case, "up to" \$50 million but really "up to" the amount and cost for Front End Engineering Design (FEED) work actually performed when a Final Investment Decision (FID) decision is made. Reason to believe significantly less, due to contingency.
- It is "conditional" because the obligation to make a payment only comes into effect if there is a decision by Glenfarne not to proceed with a go forward on the FID.
- If Glenfarne chooses to go forward with the project and a positive FID, then AIDEA pays nothing for the
- FEED work.
- Multiple statutes give AIDEA the legal authority to enter into a corporate guarantee contract with 8 Star /AGDC. AS 44.88.080(5); AS 44.88.080(9); AS 44.88.080(11); AS 44.88.080(13) and AS 44.88.080(17)

[10:06:10 AM](#)

Co-Chair Hoffman understood the stat's exposure was \$10 million and wondered about the exposure for Glenfarne.

[10:06:13 AM](#)

Mr. Ruaro shared that if Glenfarne chose not to go forward with FID after \$10 million in feed work was completed AIDEA would be responsible for the \$10 million payment and Glenfarne would be responsible of all costs they had incurred and all other phases of the project.

Co-Chair Hoffman asked for a number.

Mr. Ruaro replied \$100 million for feed work and other items related to the project.

[10:07:11 AM](#)

Co-Chair Stedman spoke to Phase 1: just the pipe. He understood that that there would be a maximum cap on loss to the state of \$50 million and Glenfarne would incur some opportunity costs before reimbursement. He asserted that the state would be taking 100 percent of the risk on the FID for Phase 1.

Mr. Ruaro agreed.

Co-Chair Stedman reminded the committee that the state put \$500 million on the table for TransCanada, TransCanada used the entire \$500 million. He thought that is the current plan was of similar structure the state would be out \$50 million. He recommended that the AIDEA board demanded a 50/50 match to ensure that partners did not spend any more money than necessary. He stressed the importance of all involved parties having skin in the game.

[10:09:14 AM](#)

Mr. Ruaro was aware of what Co-Chair Stedman was speaking to and he said that terms were being crafted to mitigate loss to the state.

[10:09:41 AM](#)

Co-Chair Stedman reiterated the importance of, at minimum, a 50/50 match. He reiterated that Phase 1 was where most of the cost organization for the project.

[10:10:18 AM](#)

Co-Chair Hoffman remarked that the entire committee shared Co-Chair Stedman's concerns. He noted that he had been in discussions on a gasline for at least four administrations and yet there was currently no gasline.

[10:11:20 AM](#)

Co-Chair Stedman looked at slide 21 and wondered about offtake points in Fairbanks and the cost to plumb the town. He hoped AGDC was considering how the Interior Energy Project would be financed.

[10:12:23 AM](#)

Mr. Ruaro replied that that a resolution had already been passed by the board, but he would relay Co-Chair Stedman's suggestion of a 50/50 match requirement. He said that he talked to AGDC about how to get gas into the community of Fairbanks.

[10:12:56 AM](#)

Co-Chair Hoffman said that take off points were critical for the Yukon and Kuskokwim. He stressed that there were areas of the state that paid energy rates 5 percent to 10 percent higher than the rest of the state.

[10:13:24 AM](#)

Senator Kaufman remarked that wondered whether the state had the data connection to power data centers for Artificial Intelligence (AI).

[10:13:51 AM](#)

Mr. Ruaro believed that there was data connection in certain parts of the state.

[10:14:15 AM](#)

Senator Kaufman thought that the lines should be in a location where there could be convergence.

Mr. Ruaro agreed. He said that AIDEA was working to identify sites.

[10:14:42 AM](#)

Senator Kaufman said that if the state were to be successful in delivering gas, there would be a lot of displacement. He asked whether there was an economic change management plan to deal with the affects of that displacement.

[10:15:33 AM](#)

Mr. Ruaro replied in the negative.

[10:16:36 AM](#)

Senator Kaufman remarked that the geopolitical landscape had changed with the election of the current president. He asked whether the structure of the plan would change if a larger international player came onboard, such as the entire country of Japan.

[10:17:53 AM](#)

Mr. Ruaro was not aware of limits that would prevent a sovereign entity, such as Japan, from participating and working with the state and Glenfarne.

[10:18:43 AM](#)

Senator Kaufman asked whether a restructuring of the project with a bigger international player would be possible at this point.

[10:19:08 AM](#)

Mr. Ruaro replied that the question should be directed to AGDC.

[10:19:18 AM](#)

Senator Cronk spoke to high energy costs in the Fairbanks area and the Interior. He stressed the importance that the project benefit Alaskans in rural areas.

[10:20:15 AM](#)

Mr. Ruaro agreed, and stated that he was willing to work with entities .

[10:20:28 AM](#)

Co-Chair Stedman requested a written response from AGDC expressing their flexibility on the project. He noted that this was the biggest project Glenfarne had ever taken on; this project was multiple times larger than the aggregate of the entire corporation.

[10:21:17 AM](#)

Mr. Ruaro replied that the project partners would be important.

[10:21:27 AM](#)

Mr. Ruaro pointed to slide 24, "Authority of AIDEA to Commit AIDEA Assets":

□ Art. III, sec. 22, of the Alaska Constitution gives the Legislature the authority to create separate entities from the State of Alaska and grant these entities the authority to act and make decisions using their own resources.

□ The ability of the Legislature to create AIDEA and give it an existence separate and apart from the State of Alaska and to manage and use its own assets, which are not considered assets of the State of Alaska, was decided in favor of the Legislature and AIDEA in 1962. *DeArmond v. Alaska State Development Corporation*, 376 P.2d 717

□ AIDEA statutes were rewritten in 1967 to expressly set out its authority and powers, including the authority to contract, spend, and use its own assets.

□ AS 44.88.190(a) removes AIDEA's funds from the Executive Budget Act, except for the operating budget AS 44.88.205.

[10:22:07 AM](#)

Senator Kiehl expressed fascination with the advance appropriation question and voiced concern about the legislature's ability to appropriate AIDEA funds. He cited a 1985 Attorney General opinion that held that as long as it did not impair a contract or disturb bond covenants, AIDEA funds were subject to appropriation by the legislature.

[10:22:51 AM](#)

Mr. Ruaro replied that HB 526, passed in 1996, set dividend statute and said that the dividend was the way the legislature should receive funds back from AIDEA and then the legislature could appropriate the dividend at its own discretion. He said that he could provide a summary to the committee.

[10:24:27 AM](#)

Senator Kiehl asserted that the power of appropriation granted to the legislature by the Alaska constitution was still in full effect.

[10:24:39 AM](#)

Co-Chair Hoffman agreed.

[10:24:46 AM](#)

Mr. Ruaro looked at slide 25, "Why Now? What is Different?":

□ **Legislature Supports "Working Toward" FEED for Phase I of a Pipeline Project** "It is the further intent of the legislature that if analysis shows a positive economic value to the state, all parties would work toward Front End

Engineering and Design for Phase I of a pipeline project."

□ **Wood Mackenzie Report Shows a Positive Economic Value for Phase I** Alaska LNG can predictably deliver natural gas in a range between \$8.97 --\$12.80 per mmbtu; Alaska LNG will dramatically lower long term energy prices; and Alaska LNG Phase I will deliver up to \$16 billion in additional economic benefits as compared to other options.

□ **AIDEA Board (After Multiple Meetings) Passes Resolution G24 17** Board authorized AIDEA staff and the Executive Director to perform due diligence and if satisfied, to execute a "credit instrument, guaranty, or other form of debt issuance" to provide a backstop and allow FEED to advance.

□ **President Trump** We are now in a completely "transactional" trade world. "If X, then Y". For Japan, the "X" is a defense security agreement with the United States that does not change, protection from China, and avoiding U.S. trade tariffs. If Japan wants "X" then it must give "Y". What is "Y"? Y is new Japanese investment in the United States which Prime Minister Ishiba said would be \$1 trillion dollars. Also, increased LNG purchases from the U.S., and a joint venture linked to Alaskan oil and gas.

(Note: Since the meeting, six (6) more countries in Asia have come forward to offer to buy more LNG from the U.S. to fend off tariffs)

[10:26:16 AM](#)

Mr. Ruaro addressed slide 26, "Why Now? What is Different?":

- **Crisis with Gas Supply for Railbelt** According to Enstar at the recent RCA meeting (Jan. 15, 2025) and in other meetings, Alaska will experience a gas shortage. Enstar has studied all project options, and has decided to go forward with Glenfarne with an onshore import terminal. There is no way for imported gas or Cook Inlet gas likely to be sold at a rate near the price for imported gas (\$13.72) to get to the low \$2.32 per mmbtu price that Alaska LNG could provide via a pipeline. (Page 8, AGDC Presentation, January 28, 2025)
- **Cheap and Clean Gas from Great Bear** Publicly filed information from Great Bear shows certified contingent oil resources at 1.6 billion barrels (management thinks they can get to 3.5 billion) 6.6 TCF of gas from Kodiak, Ahpun , and Ahpun Western Topsets. And separately a possible 3.3 TCF of gas from the Magrez 1 Well and drilling. All gas available at up to 500 million cfd at a maximum price of \$1 per million btu. 20 years. Gas Sales Purchase Agreement with AGDC.
- **Gas Suppliers Proceed without Fiscal Certainty** Current suppliers of gas such as Great Bear are not making a constitutional amendment or contract for "fiscal certainty" on gas taxes a precondition for providing gas.
- **Prudhoe Oil Loss Declining Yearly** Loss of oil production from Prudhoe as a result of gas offtake for a gas project is significantly reduced each year by the passage of time. It has been eight years since the AOGCC decision by Cathy Forrester that enough oil production had occurred, and enough gas reinjected and available for a gas project that gas offtake could occur.

[10:28:15 AM](#)

Senator Merrick asked whether the current federal administration had committed any funds to the project.

[10:28:25 AM](#)

Mr. Ruaro believed that the federal administration was focusing on the federal loan guarantee and making sure it is in a form that is effective and useful.

[10:28:58 AM](#)

Co-Chair Stedman thought that some of the major gas holders in the state had committed to selling gas to the line. He did not think that Great Bear has any gas to sell and did not believe that financial markets would be eager to work with them over Point Thompson.

[10:29:34 AM](#)

Mr. Ruaro thought that both could be possible source. He said that it remained to be seen how Great Bear would raise funds for its fields.

[10:30:02 AM](#)

Co-Chair Stedman suggested the federal administration could put itself in an equity position and back out once the project was up and running. Much like the bailout of the car industry.

[10:30:26 AM](#)

Mr. Ruaro thought that there was work towards some sort of investment fund on the national level.

[10:30:57 AM](#)

Mr. Ruaro looked at slide 28, "AIDEA Small Business Loans DCCED Managed Programs." The slide offered program highlights from the Rural Development Initiative Fund (RDIF), and the Small Business Economic Development (SBED) program and highlighted the following details:

- \$1.86 million funded in FY 2024
- 37 jobs created in FY 2024
- \$46.3 million approved since inception
- 2,392 jobs created since inception

[10:31:51 AM](#)

Mr. Ruaro pointed to slide 29, "Loan Participation Program Highlights and Regional Diversity." The slide detailed the

loan participations current month end balance, loan participations previous month end balance, and month over month percentage change, by region. The slide highlighted the following information:

- \$21.1 million with AIDEA's participation of \$18.3 million
- 60 construction jobs and 79 permanent jobs supported
- 813 loans funded since 1992 with AIDEA's participation of \$1.2 billion
- 11,579 construction jobs since 1992 with 9,998 permanent jobs supported

[10:32:17 AM](#)

Mr. Ruaro highlighted slide 30, "Alaska Wildbirch Hotel Downtown Anchorage":

Project Highlights:

- 70 percent AIDEA Participation
- 147 Construction Jobs
- 245 New Jobs
- \$25 million AIDEA Funding Commitment
- Loan Closing in Early 2025

Slated to open in the spring of 2025 in the heart of Anchorage's downtown Mushing District. The Wildbirch Hotel will usher in a new era for the city's hospitality scene as its first Hyatt JdV boutique property and the most significant lodging addition in two decades. The Wildbirch Hotel is part of a broader effort to revitalize downtown Anchorage.

"When you work with AIDEA, it's not just another bank loan. Our efforts to redevelop downtown matched AIDEA's goal of economic revitalization, job creation and making downtown Anchorage a better place for tourists and locals alike. We are grateful AIDEA was willing to work with us to make the Wildbirch Hotel a reality and improve downtown Anchorage for generations to come"

- Former U S Senator Mark Begich

[10:32:50 AM](#)

Mr. Ruaro looked at slide 31, "Sun Mountain Development Wasilla, Alaska":

Project Highlights:

- 90 percent AIDEA Participation
- 554 Construction Jobs
- 284 Permanent Jobs
- Over \$15 million in AIDEA Funding

Sun Mountain is site condominium project and a significant development in the retail sector The Shoppes at Sun Mountain are located on the Parks Highway The development opened in August 2019 and has since attracted small businesses, larger Alaska companies, and national franchises

[10:33:05 AM](#)

Mr. Ruaro addressed slide 32, "Golden Heart Waste Management Fairbanks, Alaska":

Project Highlights:

- 90 percent AIDEA Participation
- 10 New Jobs
- 12 Jobs Retained
- \$3.6 Million Loan Funding Commitment
- Closing in early 2025

With services that extend beyond Fairbanks, Golden Heart Waste Management has been covering areas such as Delta Junction, Tok, Ft Greely, and Coldfoot since 2019

This investment not only strengthens the local economy but also underscores the importance of supporting environmentally conscious businesses in Alaska

[10:33:26 AM](#)

Mr. Ruaro pointed to slide 34, "Delong Mountain Transportation System Red Dog Mine (Northwest Arctic Borough)":

- AIDEA owned asset.
- In 1985, Alaska Legislature, Governor, and AIDEA agree some public support is needed to make Red

Dog go forward. After many hearings, SB 279 and SB 280 are passed by the Legislature and signed into law.

- In 1986, AIDEA funds mine, road, and port with \$160 million.
- AIDEA keeps mine operating in 1990's by funding \$85 million for expansion.
- Project provides significant economic benefits.
- 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).

[10:34:24 AM](#)

Mr. Ruaro displayed slide 35, "Arctic National Wildlife Refuge Section 1002 Area Leases":

"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.

#### **SECTION 1002 AREA LEASES**

In 2017 Congress passed the "Tax Cuts and Jobs Act," which directed the Department of the Interior (to establish and manage a competitive oil and gas leasing program in the Arctic National Wildlife Refuge (The Coastal Plain, often referred to as the 1002 Area, comprises 1 56 million acres within the 64-million-acre ANWR AIDEA's leases cover 37 acres. Development of the 1002 Coastal Plain holds significant potential for economic growth According to the Final Supplemental Environmental Impact Statement (leasing and development could generate billions of dollars in

revenue for local, state, and federal governments while creating thousands of jobs.

[10:34:45 AM](#)

Mr. Ruaro pointed to slide 36, "Arctic National Wildlife Refuge Section 1002 Area Leases." The slide offered an estimated state annual tax and royalty revenue of \$2,002,000,000. The slide showed the estimated jobs (average number of part-time and full-time jobs):

[10:35:36 AM](#)

Mr. Ruaro discussed slide 37, "Ambler Access Project Access to Opportunities Denied by Biden Administration":

Potential Benefits

Mine Construction

- 2,777 direct jobs with \$286 million in wages annually
- 2,034 additional indirect and induced jobs with \$108 million in wages annually

Mining Operations

- 495 direct jobs with \$72 million in wages annually
- 3,436 additional indirect and induced jobs with \$228 million in wages annually

Road Construction and Operations

- An annual average of 360 direct jobs over the road construction period
- Up to 81 direct annual jobs for road operations and maintenance over the life of the road

Government Revenue Generation

- •\$393 million in mining license tax revenues
- •\$524 million in corporate income taxes
- •\$214 million in production royalties
- •\$13 million in claim rents

[10:36:13 AM](#)

Mr. Ruaro played short video from slide 38.

[10:37:45 AM](#)

Co-Chair Hoffman remarked that there had been presentations regarding provisions for local hire, and wondered how local hire was being considered in the project.

[10:38:13 AM](#)

Mr. Ruaro replied that he could speak to local hire on the Ambler Road Project, which was an AIDEA project.

[10:38:27 AM](#)

Co-Chair Hoffman specified that he wanted to know about local hire on the gasline project.

[10:38:33 AM](#)

Mr. Ruaro deferred to Frank Richards, President, Alaska Gasline Development Corporation.

[10:38:46 AM](#)

Co-Chair Hoffman thought it was curious that the matter would not have been discussed by the governor's office.

[10:38:50 AM](#)

Mr. Ruaro responded that they had talked about it, but he did not have all the details.

Senator Hoffman contended that if the matter was in the slide presentation, then the presenter should be able to provide the information.

Mr. Ruaro said he could speak to local hire as it was related to the Ambler Road Project.

[10:39:44 AM](#)

Senator Merrick wondered who would own the road and whether the public would have access.

[10:39:53 AM](#)

Mr. Ruaro replied that the public would not have access to the road - it would be an industrial road with access by members of local communities for fuel, groceries, and medivacs.

[10:40:11 AM](#)

Senator Merrick asked who would own the road.

[10:40:14 AM](#)

Mr. Ruaro relayed that the road would be owned either by AIDEA or regional corporations. He said that the idea of a syndicate that included AIDEA, tribes, and other landowners, was being explored.

Co-Chair Hoffman asked for final comments.

[10:41:20 AM](#)

Mr. Ruaro stated that the benefits to Alaskan communities from the investment was important to AIDEA. He believed that the corporation could do more for the state.

[10:41:58 AM](#)

Co-Chair Hoffman felt that communities that lacked a stable economic base should be especially considered.

[10:42:12 AM](#)

Mr. Ruaro agreed.

[10:42:16 AM](#)

Co-Chair Stedman thanked Mr. Ruaro for addressing the personnel issues at AIDEA and remarked that he had inherited some "thorny" issues. He appreciated the work that had been done by Mr. Ruaro at AIDEA and added that he still had concerns regarding the pipeline project.

[10:43:10 AM](#)

Senator Kiehl echoed Co-Chair Stedman's remarks and added that the corporation's loan participation program had helped Alaskan small businesses. He expressed concern for projects that had not been completed or had been abandoned by AIDEA.

Co-Chair Hoffman discussed the following day's agenda.

#

ADJOURNMENT

[10:45:14 AM](#)

The meeting was adjourned at 10:45 a.m.