

ALASKA STATE LEGISLATURE
SENATE RESOURCES STANDING COMMITTEE

February 14, 2025

3:30 p.m.

MEMBERS PRESENT

Senator Cathy Giessel, Chair
Senator Bill Wielechowski, Vice Chair (via teleconference)
Senator Matt Claman
Senator Forrest Dunbar (via teleconference)
Senator Scott Kawasaki
Senator Shelley Hughes

MEMBERS ABSENT

Senator Robert Myers

COMMITTEE CALENDAR

PRESENTATION(S): INVESTING IN ALASKANS - AIDEA 2025 ANNUAL
UPDATE

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

RANDY RUARO, Executive Director
Alaska Industrial Development and Export Authority (AIDEA)
Anchorage, Alaska

POSITION STATEMENT: Presented Investing in Alaskans: AIDEA 2025
Annual Update

ACTION NARRATIVE

[3:30:37 PM](#)

CHAIR GIESSEL called the Senate Resources Standing Committee meeting to order at 3:30 p.m. Present at the call to order were Senators Kawasaki, Hughes, Claman, Wielechowski (via teleconference), Dunbar (via teleconference) and Chair Giessel.

**PRESENTATION(S): INVESTING IN ALASKANS - AIDEA 2025 ANNUAL
UPDATE**

[3:31:13 PM](#)

CHAIR GIESSEL announced the presentation: Investing in Alaskans: AIDEA 2025 Annual Update.

[3:31:47 PM](#)

RANDY RUARO, Executive Director, Alaska Industrial Development and Export Authority (AIDEA), Anchorage, Alaska, presented Investing in Alaskans: AIDEA 2025 Annual Update

[3:32:15 PM](#)

MR. RUARO moved to slide [2]. He explained that AIDEA's mission and purpose were two-pronged: the unemployment-to-jobs component and the financing/bank component. He emphasized AIDEA's commitment to its mission and purpose.

[Original punctuation provided.]

Mission and Purpose of AIDEA

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

[3:32:59 PM](#)

MR. RUARO moved to and narrated slide 3. He noted that Senate Bill 153, [1961] was one of the first bills passed after statehood:

[Original punctuation provided.]

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

[3:33:46 PM](#)

MR. RUARO moved to slide 4 and explained that the legislature revisited Senate Bill 153 and passed House Bill 14 in 1967. House Bill 14 is where much of AIDEA's organic statute was derived, policy established and much of it remains today. AIDEA's assets and management were separated from the legislature, allowing AIDEA's real and personal property to grow through its activities and be allocated by its board. The [AIDEA] operating budget, however, remained subject to legislative review:

[Original punctuation provided.]

ABOUT AIDEA

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

[3:34:59 PM](#)

MR. RUARO moved to slide 5 and noted that AIDEA's mission statement reflected a long-standing commitment to job creation and employment opportunities, emphasizing the importance of actions that generate jobs. He said this focus remains relevant today:

[Original punctuation provided.]

**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."

[3:35:39 PM](#)

MR. RUARO moved to slide 6:

[Original punctuation provided.]

**WHY WE DO
WHAT WE DO**

"Jobs help.
Jobs help a lot."
-Fred Sun, Tribal President
Native Village of Shungnak

[Video: Village elders prioritize the well-being of future generations. Advocating for the Ambler road as an opportunity for jobs, opportunities and choices.]

[3:37:44 PM](#)

MR. RUARO said he spends a fair amount of time in Alaska villages and hears the message that jobs are critical for the mental health and well-being of rural Alaskans.

[3:38:20 PM](#)

MR. RUARO moved to slide 7 and said the research bears out the observations of the village elders:

[Original punctuation provided.]

**SOCIAL AND HEALTH BENEFITS
OF JOBS AND COMMUNITY ACCESS**

Jobs and access to communities have positive social and health benefits particularly in rural Alaska communities.

- "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

[3:39:12 PM](#)

MR. RUARO moved to and narrated slide 8, emphasizing the significant difference between the unemployment rate and the rate that would include people who had given up on finding employment, reflected by the labor participation rate:

[Original punctuation provided.]

**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.

[Graph titled: Civilian labor force participation rate, seasonally adjusted, for the years 2004 through 2024.]

[3:39:47 PM](#)

MR. RUARO moved to slide 9. He noted that Alaska rates were similar to nationwide rates and there had been some recovery since covid:

[Original punctuation provided.]

**UNEMPLOYMENT &
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.

[Graph: illustrating the Labor Participation Rate for Alaska, 1980 through the present.]

[3:40:11 PM](#)

SENATOR KAWASAKI noted the recent report by the Department of Labor and Workforce Development highlighting increases across the economy in non-resident hiring. He expressed concern about the trend and asked whether AIDEA could offer insight or suggestions.

[3:41:01 PM](#)

MR. RUARO concurred with the concern and emphasized the need for better connections to the workforce, especially for youth. He highlighted a successful project in Hughes where a local chief organized 20 kids from three villages into a road crew, showcasing the importance of leadership and community engagement. He suggested partnerships with tribes, the State Department of Labor, and the Workforce Investment Board to engage youth in the workforce earlier, possibly even from middle school. He acknowledged the complexity of the problem but stressed the urgency of finding solutions to integrate local youth into the workforce.

[3:43:30 PM](#)

SENATOR HUGHES asked whether AIDEA was looking at hiring Alaskans for AIDEA projects.

[3:43:56 PM](#)

MR. RUARO noted that historic and cultural respect led AIDEA to seek local residents to work as bear guards on the Ambler Road. He affirmed that as AIDEA developed projects they were always considering the supply of workers and would always make the effort [to hire Alaskans].

[3:44:26 PM](#)

SENATOR HUGHES asked whether the ability to hire Alaskans for a project influenced the attractiveness of a project for AIDEA.

[3:44:47 PM](#)

MR. RUARO said [Alaska hire] was not a criterion that was applied when deciding whether to fund a project. Financial criteria and the merits of a project were the main considerations, but AIDEA would look to include people near a project and interested in it.

[3:45:20 PM](#)

SENATOR CLAMAN noted that [AIDEA] projects often involved creation of infrastructure. He observed that the Alaska workforce often lacked training to participate. He asked whether AIDEA invested in job training programs to prepare the workforce for opportunities other entities might create.

[3:45:54 PM](#)

MR. RUARO said AIDEA partnered with Department of Transportation and Public Facilities (DOTPF) to use Statewide Transportation Improvement (STIP) funds designated for job training and job readiness.

[3:46:39 PM](#)

MR. RUARO moved through slide 10 and narrated slide 11:

[Original punctuation provided.]

**AIDEA FISCAL YEAR 2024
FINANCIAL HIGHLIGHTS**

\$1.49 B NET POSITION

\$52.8 M INCREASE IN NET POSITION

\$65 M HIGHEST STATUTORY NET INCOME IN AIDEA HISTORY

\$495 M AIDEA DIVIDENDS APPROVED CUMMULATIVE TOTAL

\$20 M AIDEA DIVIDEND APPROVED FOR PAYMENT IN FY2026

[Bar Graph "AIDEA NET POSITION" for Fiscal Years 2020 - 2024]

[Bar Graph "AIDEA DIVIDENDS DECLARED" for Fiscal Years 2022 - 2026]

[3:48:07 PM](#)

MR. RUARO moved to and narrated slide 12:

[Original punctuation provided.]

AIDEA FINANCIAL

FY2024 HIGHLIGHTS

AIDEA Asset Balance

as of December 31, 2024 (\$ Millions)

[Pie Chart: \$1,719.1m divided as follows:

\$532	Balance of Loans Financed
\$178	Capital Assets & Construction Work in Progress
\$192	Accounts Receivable
\$12	Other Assets
\$345	Cash on Hand
	\$200* Pending Commitments by AIDEA Board of Directors
	\$145 Net Amount

***Committed Projects**

Loan Participation Program

- Alaska Hotel Group - \$25m
- Stoneridge Shop LLC - \$1.35m
- JT Investments Alaska LLC - \$3.6m

Direct Finance

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

\$46	Program Restricted Funds
\$57	Project Reserve Funds
\$357	Investment Funds

[3:51:02 PM](#)

SENATOR KAWASAKI noted that AGDC previously testified before the committee that they were applying for \$50 million from AIDEA and did not need the funds from the current budget. He asked whether AGDC had already approached AIDEA.

[3:51:20 PM](#)

MR. RUARO affirmed that AGDC had approached AIDEA about six months ago for a backstop/guarantee for [front end engineering and design] (FEED) work [for Phase One of the Alaska LNG project]. He said an appropriation was submitted by the governor in his December [2024] budget. However, based on work by AIDEA staff, it was discovered the \$50 million [general fund] was not needed and there was a credit facility that will allow AIDEA to keep the funds in-house rather than leave the hands of AIDEA. He

expressed confidence that AIDEA could handle [the backstop loan] without an appropriation.

[3:52:05 PM](#)

SENATOR KAWASAKI asked whether Mr. Ruaro served on the AGDC board.

MR. RUARO said he did not.

SENATOR KAWASAKI asked for confirmation that AGDC did not need a direct \$50 million appropriation [from the legislature] because they were applying for the funds from AIDEA. He asked whether that would be cash.

[3:52:24 PM](#)

MR. RUARO said the credit facility formulated by AIDEA was a corporate guarantee, which, he explained, was simply a contract saying that if [final investment decision] FID was not taken, AIDEA would backstop the costs for FEED [for Phase One of the Alaska LNG project] up to the amount expended. He clarified that there was not a hard \$50 million figure, for example, if FEED costs are \$20 million, that would be the maximum liability for AIDEA.

[3:53:09 PM](#)

SENATOR HUGHES noted discussion about whether legislative approval would be required [for the backstop loan to AGDC]. She acknowledged that AIDEA had the authority to proceed with the corporate guarantee. She asked whether that would show up in the budget as receipt authority or in some other way or not at all.

[3:53:43 PM](#)

MR. RUARO said the backstop loan funds would not show up in the state budget because the source of the funds would be AIDEA receipts and revenue which were, according to statutes describing AIDEA's authority, separate from state assets.

[3:54:33 PM](#)

SENATOR HUGHES stated that the backstop funds would come from AIDEA's assets and not from AIDEA's operating budget, which, she recalled, was under legislative authority.

[3:54:55 PM](#)

MR. RUARO affirmed.

[3:55:00 PM](#)

CHAIR GIESSEL observed AIDEA reported \$345 million cash on hand and that it appeared they had committed [all] those funds

according to the pending commitments. She asked whether that was AIDEA's normal approach and if so, she asked where the commitment of the dividend owed to the state was reflected [in the pie chart].

[3:55:29 PM](#)

MR. RUARO said AIDEA had that account as cash on hand. He said he could move funds from matured investment accounts to supplement the cash on hand account and AIDEA had funds maturing each month.

[3:56:01 PM](#)

CHAIR GIESSEL asked for confirmation that the dividend to the state would be paid out of the re-infusion to the cash on hand account.

[3:56:09 PM](#)

MR. RUARO affirmed and said AIDEA had approximately \$140 million on hand and that they prefer to keep \$100 million in reserve for bonding and other things. He said they have some margin and would be adding maturing cash balances from the investments to the revolving fund. He said the dividend [to the state] would come from there.

[3:56:37 PM](#)

SENATOR WIELECHOWSKI recalled that AIDEA expected to pay a dividend of \$20 million [slide 11], on assets of \$1.2 billion. He asked whether that was accurate.

[3:57:01 PM](#)

MR. RUARO affirmed that the \$20 million dividend declared by the board was based not on total assets, but on statutory net income.

[3:57:15 PM](#)

SENATOR WIELECHOWSKI noted that the dividend equated to a return of about 1.6 percent. He asked if that was accurate.

[3:57:26 PM](#)

MR. RUARO said he wasn't sure that the math was correct. He said the dividend was based on the \$66 million in statutory net income and according to statute, would be set between 25 and 50 percent of the statutory net income. He said he thought it was roughly a 37.5 percent dividend.

[3:57:52 PM](#)

CHAIR GIESSEL noted AIDEA's Chief Financial Officer was available online.

[3:58:02 PM](#)

SENATOR WIELECHOWSKI asked about the terms of the \$50 million backstop [loan to AGDC]. He noted that contracts require that something of value be exchanged. He understood the value that Glenfarne or AGDC would be receiving in the backstop loan and asked what AIDEA would receive in exchange and suggested they might receive an equity stake in the [Alaska LNG] project or interest payments or some sort of back-end payment.

[3:58:47 PM](#)

MR. RUARO said there was no final agreement with AGDC or Glenfarne. He said the terms were still under negotiation, however, he said there was significant positive consideration and significant benefit for AIDEA and therefore to the state through its dividend, to step forward.

[3:59:29 PM](#)

SENATOR WIELECHOWSKI asked for further information about those benefits, and he asked whether AGDC would be subject to penalties if they didn't follow through with the agreement. He asked for insight.

[3:59:50 PM](#)

MR. RUARO said he wasn't aware of any details between AGDC and Glenfarne and wasn't aware of penalties.

[4:00:11 PM](#)

SENATOR WIELECHOWSKI clarified that he was curious about penalties [for AGDC].

MR. RUARO reiterated that he was not aware of the details of contracts between AGDC and Glenfarne.

[4:00:26 PM](#)

SENATOR WIELECHOWSKI asked for further details on the nature of the potential substantial benefit to the state, for example, monetary payments, jobs etc.

[4:00:46 PM](#)

MR. RUARO answered that it would be both, jobs for Alaskans resulting from the [Alaska LNG] project and a return of funds to AIDEA for taking the risk of the backstop.

[4:01:10 PM](#)

SENATOR WIELECHOWSKI asked that AIDEA provide the terms of the contract to the committee when it is signed.

[4:01:19 PM](#)

MR. RUARO noted that he would check with legal counsel. He said he was constrained by non-disclosure agreements (NDAs) and would have to clarify what he could and could not share.

[4:01:47 PM](#)

SENATOR DUNBAR asked for details about reserve-based lending AIDEA was engaged in with HEX or Blue Crest or other gas development in Cook Inlet.

[4:02:20 PM](#)

MR. RUARO said AIDEA committed to a \$50 million revolving loan for HEX. He said it was the type of loan that could be re-charged as payments are made. He said that would provide HEX/Furie with working capital to produce more gas from [Cook] Inlet. He said AIDEA had applications pending with BlueCrest but had not reached agreement or commitment.

[4:02:54 PM](#)

SENATOR DUNBAR noted discussion about the lack of jack-up rigs as a limiting factor on gas production in Cook Inlet. He asked whether AIDEA had considered bringing a jack-up rig [to Cook Inlet]. He noted that HEX/Furie testified that they could keep a jack-up rig busy for two or three continuous years.

[4:03:37 PM](#)

MR. RUARO said AIDEA had been in discussions about jack-up rigs with several companies. He said there was not yet a final agreement to report. He said AIDEA was aware of the benefits a rig would provide.

[4:04:01 PM](#)

SENATOR CLAMAN asked whether the \$50 million backstop had been paid out yet.

[4:04:08 PM](#)

MR. RUARO said there was not yet a final agreement with AGDC. He explained that when there is a final agreement, the company performing the FEED work would pay that and it wouldn't draw on any AIDEA funds. It's only after FEED is complete and if the company chooses not to go forward with FID that there would be any risk to AIDEA funds. Until then, the company [performing the FEED work] would be spending its own money.

[4:04:44 PM](#)

SENATOR CLAMAN asked whether the commitment to make [pay] the backup loan had occurred.

[4:04:58 PM](#)

MR. RUARO said the [AIDEA] board met and heard testimony from AGDC and Glenfarne and passed a resolution in December [2024] authorizing negotiation. He said final documents had not yet been signed.

[4:05:19 PM](#)

SENATOR CLAMAN summarized his understanding that when an agreement is signed, AIDEA will not be required to pay anything, but the \$50 million will be encumbered, meaning that it can't be spent elsewhere.

[4:05:41 PM](#)

MR. RUARO affirmed the summary.

[4:05:47 PM](#)

SENATOR CLAMAN asked whether AIDEA would be able to identify the specific considerations AIDEA would receive in exchange for encumbering the \$50 million.

[4:06:02 PM](#)

MR. RUARO said he would ask for legal guidance regarding his ability to share specifics.

[4:06:20 PM](#)

CHAIR GIESSEL asked that his findings be sent to her office to distribute to committee members.

[4:06:29 PM](#)

SENATOR CLAMAN commented that he would prefer more specific and concrete consideration regarding employment opportunities for the state in exchange for encumbering \$50 million.

[4:06:52 PM](#)

CHAIR GIESSEL noted that work like [the Alaska LNG project] generally brings up outsiders and does not provide jobs for Alaskans.

[4:07:00 PM](#)

SENATOR HUGHES noted that AIDEA expected monetary benefits in addition to jobs and suggested that expectation was specific. She asked what the expected timeline for [front end engineering and design] FEED would be and how long the \$50 million would be encumbered.

[4:07:25 PM](#)

MR. RUARO said it would depend on the scope of work determined by the company to complete FEED. He said, according to AGDC and other sources it could take one and a half to two years.

[4:07:55 PM](#)

SENATOR KAWASAKI asked whether AIDEA was currently rated and whether bond ratings were going up or down for AIDEA specifically.

[4:08:09 PM](#)

MR. RUARO said AIDEA was not currently bond rated.

[4:08:14 PM](#)

SENATOR KAWASAKI noted the \$532 million in loans financed [by AIDEA]. He asked whether those loans were rejected by banks because the banks did not have enough money or because the loans were high risk.

[4:08:43 PM](#)

MR. RUARO said it was a combination of both, [high] risk in the loans and a shortage of available equity. He said AIDEA could come in with a six or six and one half percent interest loan, take on some of the risk and allow a loan to go forward. He noted that AIDEA had a zero-default rate. He said the underwriting from the initiating bank was still strong and that there was also underwriting for AIDEA's participation.

[4:09:52 PM](#)

SENATOR HUGHES said she was asking a question on behalf of Senator Myers. She noted that small miners found it difficult to secure financing, especially for unconventional, but important minerals such as antimony. She noted that funding seemed available for larger mining companies, including international companies. She mentioned that a revolving loan fund for miners was reportedly being discontinued. She noted the support for reducing mineral reliance on China and asked whether AIDEA would provide support for smaller Alaskan miners.

[4:11:21 PM](#)

MR. RUARO said AIDEA transferred administration of two small loan programs to Department of Commerce, though they weren't the programs mentioned. He expressed interest in the [revolving loan] fund. He said the miner would be required to report their mineral findings to build the government mineral database. He suggested that he could talk to Commissioner Sande [Department of Commerce, Community and Economic Development (DCCED)] about the [revolving loan] program.

[4:12:13 PM](#)

CHAIR GIESSEL asked that findings be forwarded to her office for distribution to the committee.

[4:12:27 PM](#)

MR. RUARO moved to slide 13:

[Original punctuation provided.]

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.

MR. RUARO said the Loan Participation Program was the main generator for the block of loans illustrated in the pie chart [on slide 12] and for which banks approached AIDEA for financing.

Project Finance

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

MR. RUARO said an example of Project Finance was AIDEA's funding for individual projects like Red Dog Mine.

Conduit Revenue Bonds

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

MR. RUARO said AIDEA used Conduit Revenue Bonds for the Alaska Native Medical center and for hospitals which have Medicaid funds that can be used as revenue.

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.

MR. RUARO said Energy and Resource Development presents options such as the new program - Cook Inlet Reserve-Based Lending.

Asset Ownership

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

MR. RUARO noted that AIDEA owned assets such as the Red Dog Mine road and port and the FedEx hangar, etc.

AIDEA Bonds

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

MR. RUARO said AIDEA did have authority to bond but was pursuing their rating.

Strong Investment Relationships & Financial Expertise

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

[4:13:41 PM](#)

SENATOR CLAMAN asked how much it would cost and how long it would take to get a bond rating back in place.

[4:13:49 PM](#)

MR. RUARO said he was not sure. He said there was a new employee who had experience with bond ratings. He expected they would work with Department of Revenue (DOR)'s deputy commissioner. He opined that AIDEA would not incur high costs.

CHAIR GIESSEL requested AIDEA to provide follow-up information [for bond rating] expectations.

[4:14:28 PM](#)

MR. RUARO moved to slide 14, AIDEA's Assets and Projects, Bonds and Loans, pinpointing their locations on an outline map of Alaska. He noted that AIDEA was involved with projects spread widely across the state.

[4:14:56 PM](#)

MR. RUARO moved through slide 15 to page 16 and narrated:

[Original punctuation provided.]

**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 & ultra-low sulfur diesel from North Slope gas.
- Economic impact:
 - 80 construction jobs and 15 permanent jobs.
 - Estimated \$5M+ in annual tax & 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 said Alyeschem would be one of the first chemical plants in the state, replacing import shipments that come from as far away as Trinidad.

[4:15:45 PM](#)

MR. RUARO moved to slide 17 and said the Cook Inlet Cook Inlet revolving loan and line of credit would help HEX produce Cook Inlet gas for years to come. He noted that the line of credit was rechargeable as HEX continues to pay the loan down:

[Original punctuation provided.]

RAILBELT ENERGY SOLUTIONS

HEX COOK INLET LLC LEADS THE WAY

HEX CI's Financial Milestone & 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.

[4:16:17 PM](#)

MR. RUARO moved to and narrated slide 18:

[Original punctuation provided.]

INTERIOR ENERGY PROJECT

OPERATED BY IGU

- **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.

[4:16:55 PM](#)

MR. RUARO moved to and narrated slide 20:

[Original punctuation provided.]

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 "conditional."
- 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)

[4:18:36 PM](#)

SENATOR KAWASAKI asked that contracts between AGDC and AIDEA be shared with the committee. He pointed out that [funding for AGDC] was part of the [State] operating budget and that AGDC funding from AIDEA was off the books. He asserted that this was a change to the operating budget and noted that the decision to provide the \$50 million for AGDC was [previously] a legislative decision to make, and now was not. He asked whether there was any comment.

[4:19:30 PM](#)

MR. RUARO said AIDEA initially requested legislative appropriation for the AGDC project. However, they found an alternative in a conditional guarantee that would keep the funds with AIDEA. He said, given the altered circumstances and the [state's] budget constraints, AIDEA decided not to burden the legislature with the appropriation request, opting to manage without it.

[4:20:38 PM](#)

CHAIR GIESSEL noted that AIDEA must have made the decision [to withdraw the request for a legislative appropriation] after December 15th.

MR. RUARO concurred.

[4:20:45 PM](#)

SENATOR CLAMAN asked whether the logic [for withdrawing the request for a legislative appropriation] was that the funds would not be disbursed immediately; AIDEA would only have to encumber the funds, not immediately spend them.

[4:21:19 PM](#)

MR. RUARO said statutory policy decisions made by previous legislatures directed that assets and funds earned by AIDEA would be separate from the state and the state's credit vs. "state funds" that are subject to the executive budget act. He said those decisions were made decades ago and the authority to make decisions over AIDEA assets would vest in the board, subject to reporting, except for [AIDEA's] operating budget which continues to be subject to legislative review.

[4:22:09 PM](#)

SENATOR CLAMAN described a contract directing that the \$50 million [back-up loan] be placed in a third party, controlled investment account. He asked whether that would be an appropriation the legislature would have to approve.

[4:22:45 PM](#)

MR. RUARO said it would not because AIDEA assets placed in that holding account would be AIDEA funds and earnings, not state funds. He explained that there are statutes that clearly and completely separate AIDEA funds and earnings from state funds and state bond ratings.

[4:23:21 PM](#)

SENATOR CLAMAN asked how \$50 million was determined to be the appropriate amount for the back-stop loan.

[4:23:29 PM](#)

MR. RUARO said the \$50 million figure was provided by AGDC. He said there was not yet a final number and emphasized that AIDEA's liability would be limited to the actual value of the FEED work completed and that could be far less.

[4:23:55 PM](#)

SENATOR CLAMAN commented that the slide indicated the FEED may be considerably less than \$50 million and suggested that AIDEA's share of risk for the project was low.

[4:24:19 PM](#)

CHAIR GIESSEL noted that the [AIDEA] board authorized [the \$50 million backstop loan]. She asked where the board members came from.

[4:24:34 PM](#)

MR. RUARO said there were seven board members. Chairman Pruhs lived in Anchorage, Vice-Chair Kendig lived in [Mat-Su] Valley, member Fogel lived in Anchorage, member Vivlamore lived in Fairbanks, Commissioner Sande and Commissioner Crum [locations not specified], member Eledge lived in Anchorage.

CHAIR GIESSEL stated that the board members were appointed by the governor.

MR. RUARO affirmed that was correct.

CHAIR GIESSEL asked whether the legislature affirmed the appointments.

[4:25:12 PM](#)

MR. RUARO said they did not.

[4:25:17 PM](#)

CHAIR GIESSEL noted none of the board members were from rural Alaska.

MR. RUARO affirmed that there was not currently an AIDEA board member from a rural Alaska region.

[4:25:27 PM](#)

CHAIR GIESSEL asked for the current qualifications to serve on the AIDEA board.

MR. RUARO said he did not know if there were specific qualifications in statute, but that board members with experience in energy, business, finance, etc. were generally sought.

[4:25:53 PM](#)

MR. RUARO moved to slide 21, describing the legal authority of AIDEA to take action with its assets and the strict separation of AIDEA assets from state [of Alaska] funds or real property:

[Original punctuation provided.]

**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 (1962)

- 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.

[4:26:35 PM](#)

MR. RUARO moved to and narrated slide 22. He noted that AIDEA was focused on Phase I of the pipeline project and reviewed that Phase I included the pipeline that would run south from the North Slope and provide domestic gas only for southcentral [Alaska]:

[Original punctuation provided.]

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)

[4:28:46 PM](#)

CHAIR GIESSEL noted that the [Senate Resources] Committee identified several cost drivers that were not considered in the Wood MacKenzie (WM) report, including questions about the source of the gas and that Pantheon alleged they could produce gas for one dollar per Mcf. She asked whether the [AIDEA] board had taken all those issues into account when they examined the WM report for credibility.

[4:29:36 PM](#)

MR. RUARO said AIDEA looked at Pantheon's publicly available reports, including gas sales contracts and well reports and said they were satisfied with the findings, noting that Pantheon was not yet in production, but moving toward that.

[4:30:12 PM](#)

CHAIR GIESSEL asked about the pieces missing from the WM report that would have been financial drivers for the cost.

[4:30:21 PM](#)

MR. RUARO asked which items were of concern.

[4:30:28 PM](#)

CHAIR GIESSEL said the pipeline to Fairbanks was not included; the pipeline described by the WM report for Phase I went directly [from the North Slope] to southcentral [Alaska] and would not, in fact supply [gas to] Alaska because it would bypass Fairbanks.

[4:30:49 PM](#)

MR. RUARO said he was aware of that issue and noted that there were solutions described in AIDEA board meetings. He said the AIDEA board expressed awareness and interest and would support gas to Fairbanks. He said there were opportunities for that to occur but was not sure he could speak about it.

[4:31:21 PM](#)

CHAIR GIESSEL expressed aware ness of opportunities and that they would change the calculation of the cost of the gas.

[4:31:30 PM](#)

SENATOR KAWASAKI said AGDC presented to the committee before President Trump's announcement [of foreign interest in Alaska LNG] and after. He noted the characterization of the announcement as "good news" and asked whether AIDEA had information that legislators did not.

[4:32:07 PM](#)

MR. RUARO said The Japan Times and Japanese news media reported that Japan's interest was secured by US [commitment to] Japanese defense and avoiding 25 percent tariff. Japan committed to investing \$ one trillion in the United States and to purchase AK liquid natural gas. He offered to provide the news resources for the committee.

[4:33:02 PM](#)

MR. RUARO moved to and narrated slide 23:

[Original punctuation provided.]

WHY NOW?

WHAT IS DIFFERENT? CONTINUED

- **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.

[4:35:37 PM](#)

CHAIR GIESSEL noted the assertion that AOGCC would not have to be involved in the gas off-take from the Pantheon leases.

[4:35:48 PM](#)

MR. RUARO said a hearing with AOGCC may still be required, but it does not appear that there would be large volumes of oil lost to produce gas.

[4:36:05 PM](#)

CHAIR GIESSEL noted her concern about getting to the \$2.32 per MMBtu figure in the last bullet point on slide 23. She said that number would require the full [AKLNG] project, including treatment and export. She emphasized that was not what AGDC was presenting at this time. She said the entire project would cost \$44 billion, plus. She expressed concern about the public perception of the proposal in the current presentation, and said it was deceptive in her view.

[4:36:50 PM](#)

MR. RUARO said the figures were from previous presentations by AGDC. He acknowledged that AIDEA was not involved in the larger scale project.

CHAIR GIESSEL emphasized that she understood that, but the public may not understand that the gas prices quoted would require the entire \$44 billion project to be completed.

[4:37:18 PM](#)

SENATOR HUGHES noted that in 2021 AIDEA bid on leases that had become tied up. She asked whether there was interest by major producers to explore and develop leases in [Alaska National Wildlife Refuge] ANWR when the leases are no longer in limbo.

[4:37:54 PM](#)

MR. RUARO said the Biden administration cancelled the leases, but AIDEA used the time to review geologic data and complete a

new report, which indicated significant recoverable oil and gas reserves. He anticipated regaining control of the leases and was optimistic about attracting interest for lease sales or partnerships for development. He said AIDEA planned to conduct 3D seismic surveys to enhance the precision of oil reserves estimation.

[4:39:11 PM](#)

SENATOR HUGHES asked that the committee be kept up to date with developments [in ANWR].

MR. RUARO concurred.

[4:39:22 PM](#)

SENATOR KAWASAKI noted that most of the leases on shore in ANWR had been taken up by the state through AIDEA. He asked whether the costs of performing 3D seismic surveys would be built in to developers' costs.

[4:40:06 PM](#)

MR. RUARO said AIDEA would seek to recover all their expenses and more.

[4:40:15 PM](#)

CHAIR GIESSEL asked to return to slide 22. She quoted from the slide "Also, increased LNG purchases from the U.S., and a joint venture linked to Alaskan oil and gas." She asked whether the joint venture mentioned was between the US and Japan. She asked whether the Japan was somehow engaged in paying for some of the [AKLNG] project.

[4:40:47 PM](#)

MR. RUARO said that note in slide 22 originated with the news in Japanese media. He said he was not aware of any details regarding a joint venture.

[4:41:00 PM](#)

CHAIR GIESSEL repeated that these words were from Japanese media.

MR. RUARO affirmed that they were.

[4:41:14 PM](#)

MR. RUARO moved to and narrated slide 25:

[Original punctuation provided.]

AIDEA SMALL BUSINESS LOANS

DCCED MANAGED PROGRAMS

\$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

RURAL DEVELOPMENT INITIATIVE FUND (RDIF) PROGRAM HIGHLIGHT

STONY CREEK CANOPY ADVENTURES

Owner Mark Wildermuth describes their RDIF loan as **"the best loan I have ever received"** praising its favorable terms and long-term benefits, which made excellent business sense. With the funding in hand, the Wildermuths launched Denali Zipline Tours with a bang, employing 15 people. The DCCED, impressed by the significant impact of the loan, noted the exceptional return on investment. Their loan created 15 Alaskan jobs, demonstrating the program's value to the state and its residents.

SMALL BUSINESS ECONOMIC DEVELOPMENT (SBED) PROGRAM HIGHLIGHT

ALASKAN OUTLAW ADVENTURES

Dream of Alaskan Adventure, Now A Reality

Benefiting from a low-interest, long-term Small Business Economic Development Loan helped turn Brandon's childhood dream into a reality. Funding that was made possible with the SBED Program was instrumental in his ability to develop operations and create local jobs. The loan not only helps to provide exceptional experiences for visitors but also ensures that local talent and resources are utilized, fostering a thriving local economy.

[4:41:57 PM](#)

SENATOR HUGHES asked what percentage of loans through these programs went to Alaskan companies, based on the number and total value.

[4:42:12 PM](#)

MR. RUARO said he was not aware of any loan through these programs going to a non-Alaskan company.

[4:42:21 PM](#)

SENATOR HUGHES appreciated that and asked whether loans through other AIDEA programs were awarded to Alaska vs. non-Alaska entities.

[4:42:34 PM](#)

MR. RUARO said he was not aware of any loans going to non-Alaska companies.

[4:42:47 PM](#)

SENATOR HUGHES revisited earlier discussion of jobs. She noted a Northern Economics report on the return on investment for jobs and a commitment in a Senate Finance committee meeting by AIDEA to commission a study. She asked whether the study was underway and when it would be available to the legislature.

[4:43:13 PM](#)

MR. RUARO affirmed that the study was underway and that there had been some delays due to personnel turnover in the company that was writing the report.

[4:43:37 PM](#)

SENATOR HUGHES expressed anticipation for the completed review, noting that it was part of AIDEA's mission.

[4:43:47 PM](#)

MR. RUARO moved to and narrated slide 26. He said these were loans for which banks approached AIDEA asking for assistance to support projects:

[Original punctuation provided.]

LOAN PARTICIPATION PROGRAM
HIGHLIGHTS & REGIONAL DIVERSITY

FY2024 PROGRAM HIGHLIGHTS

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

[Table illustrating: Regional Diversity of
Participation Loans and Outstanding Balances as of
12.31.2024]

[4:44:34 PM](#)

MR. RUARO moved to and narrated slide 27:

[Original punctuation provided.]

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.

"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**

[4:45:00 PM](#)

MR. RUARO moved to and narrated slide 28:

[Original punctuation provided.]

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.

[4:45:23 PM](#)

SENATOR CLAMAN asked for clarification of "90 percent AIDEA Participation" noted on slide 28. He asked for a comparison with the bank participation.

[4:45:37 PM](#)

MR. RUARO said 90 percent meant the bank provided ten percent of the loan and AIDEA provided 90 percent of the loan at the banks request.

[4:45:53 PM](#)

SENATOR CLAMAN concluded from slide 27 the downtown [Wildbirch] hotel project received 30 percent bank funding and 70 percent AIDEA funding.

MR. RUARO affirmed his observation.

[4:46:07 PM](#)

MR. RUARO moved to and narrated slide 29:

[Original punctuation provided.]

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.

[4:46:33 PM](#)

MR. RUARO moved to and narrated slide 31 and said the presentation was shifting away from [AIDEA] loan programs and projects to resource development projects:

[Original punctuation provided.]

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).

Benefits from AIDEA's Investment to the NWAB Economy

Tax Revenue (thru '18) \$1.3 Billion

NWAB PILT (thru '21) \$269 Million

7(i) Payments (through '21) \$1.6 Billion

FY20 Employment 1,500 Jobs

FY20 Wages \$120 million

[4:47:18 PM](#)

SENATOR KAWASAKI noted that AIDEA owned the road and the port [at the Red Dog Mine]. He asked what would happen with the road and the port when the mining company chose to leave.

[4:47:31 PM](#)

MR. RUARO said AIDEA was diving into the different land ownership agreements [regarding the road]. He said there were agreements prior to AIDEA required different parties to remediate the road. The large tailings pond [remediation] and other environmental work that would be needed after the mine closes will require that the road stay in place to allow access for environmental remediation activity.

[4:48:15 PM](#)

SENATOR KAWASAKI noted that private mines own the responsibility for [decommissioning, remediation and reclamation] DR and R. He asked whether the state owned that responsibility for the Red Dog Mine and where that was spelled out.

[4:48:38 PM](#)

MR. RUARO said the obligation to remediate the mine remained with NANA and Teck. The mine is on NANA land and Teck operates the mine. He said two-thirds of the road is on Cape Krusenstern [National Park] land. He said agreements with the federal government require NANA and Teck to remediate the road if and when it becomes advisable to take the road out. He reiterated that the tailings pond would require monitoring and maintenance for some time to come.

[4:49:24 PM](#)

MR. RUARO moved to slide 32. He said AIDEA had seven leases in ANWR and asserted that they had a valid right to those leases. He said the Trump administration issued an executive order to transfer the leases back to AIDEA. When the leases are returned, AIDEA will move forward with 3D seismic surveys to obtain data necessary to develop or sell the leases:

[Original punctuation provided.]

ARCTIC NATIONAL WILDLIFE REFUGE

SECTION 1002

[Arctic National Wildlife Refuge Map
ANWR Map - Plate 1

Map prepared at the request of the Senate Energy and
Natural Resources Committee 10/24/2017]

"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 (DOI) to establish and manage a competitive oil and gas leasing program in the Arctic National Wildlife Refuge (ANWR). The Coastal Plain, often referred to as the 1002 Area, comprises 1.56 million acres within the 19.64 million-acre ANWR. AIDEA's leases cover 0.37 acres.

Development of the 1002 Coastal Plain holds significant potential for economic growth. According to the Final Supplemental Environmental Impact Statement (SEIS), leasing and development could generate billions of dollars in revenue for local, state, and federal governments while creating thousands of jobs.

[4:49:58 PM](#)

MR. RUARO moved to and narrated slide 33:

[Original punctuation provided.]

ARCTIC NATIONAL WILDLIFE REFUGE

SECTION 1002

**ESTIMATED STATE ANNUAL TAX AND ROYALTY REVENUE
\$2,002,000,000**

[Tables comparing current government revenue from taxes and royalties with projected revenues and jobs resulting from ANWR oil and gas development.]

Table C-8 of the Coastal Plain Oil and Gas Leasing Program Final Supplemental Environmental Impact Statement, Volume 3t. (Source: Northern Economics, Inc. 2023 estimates based on IMPLAN 2021 data year and assumptions listed in Section 3.4.10 Economy of the Supplemental EIS for the Coastal Plain Oil and Gas Leasing Program.)

**RECOVERABLE OIL ON AIDEA LEASES HAS AN ESTIMATED
VOLUME OF 4 TO 6 BILLION BARRELS**

[4:50:35 PM](#)

MR. RUARO moved to and narrated slide 34. He explained that the Ambler Access Project was a road into the Ambler mining district, an area known to have rich deposits and which Congress in 1980 said Alaska should be allowed to access. He said the

Trump administration issued an executive order similar to the one for ANWR to issue the Ambler right of way:

[Original punctuation provided.]

AMBLER ACCESS PROJECT

ACCESS TO OPPORTUNITIES

DENIED BY BIDEN ADMINISTRATION

ESTIMATED TOTAL TAX AND ROYALTY REVENUE \$1,144,785,127

[Map of the proposed **Ambler Access Project** with color-coded sections illustrating the estimated value of extractions.]

This 211-mile road project will provide access to almost 600,000 acres of active State mining claims. Starting from the Dalton Highway, it would stretch east towards the Ambler Mining District.

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

Source: UAA CED (Page 17)

[4:51:26 PM](#)

CHAIR GIESSEL noted that the [Ambler Acces] right of way was through the Gates of the Arctic National Park and Preserve.

MR. RUARO concurred and said part of the right of way was Bureau of Land Management (BLM) general land in PLO 5150.

[4:51:48 PM](#)

MR. RUARO moved to slide 35. He said [Ambler area village elders] were acknowledging the issues and questions about building mines and roads but were asking their tribal members what would happen to their communities if they don't [build the road]. He said the communities were losing their residents to Fairbanks:

[Original punctuation provided.]

AMBLER ACCESS PROJECT
ACCESS TO OPPORTUNITIES
DENIED BY BIDEN ADMINISTRATION

"If not resource development, then what?"
-Fred Sun, Tribal President
Native Village of Shungnak

[4:52:32 PM](#)

SENATOR CLAMAN noted slide 33 included estimates based on federal information about expected taxes and expected resources [in ANWR]. He asked whether there was similar federal information about the Ambler Access Project.

[4:53:01 PM](#)

MR. RUARO said there was a report that was not embedded in the presentation, but that he could provide for the committee.

[4:53:12 PM](#)

SENATOR KAWASAKI asked whether the relatively new Mahn Cho mine, owned by Kinross and located between Tok and Fairbanks, received [financial] help from AIDEA.

[4:53:36 PM](#)

MR. RUARO said no.

SENATOR KAWASAKI asked whether Fort Knox, another Kinross mine, required [support] from AIDEA.

[4:53:57 PM](#)

MR. RUARO said, to his knowledge it did not.

[4:54:07 PM](#)

SENATOR KAWASAKI asked why bigger projects like the Ambler Access Project, required state help when other projects did not.

[4:54:17 PM](#)

MR. RUARO said the initial state involvement with the Ambler Road came through the 1980 [Alaska National Interest Lands Conservation Act] (ANILCA). The state was granted right-of-way and funds were granted specifically for Ambler Access with the purpose of reaching resources. He said Department of Transportation and Public Facilities (DOTPF) pursued it for several years before transitioning it to AIDEA.

[4:54:51 PM](#)

SENATOR KAWASAKI recalled a figure close to eight million dollars for DOTPF [to develop the Ambler Road] compared with the currently estimated half-billion-dollar project.

[4:55:03 PM](#)

MR. RUARO affirmed the current estimate.

[4:55:07 PM](#)

SENATOR KAWASAKI asked whether the companies currently interested [in building roads and developing mines] and asking for AIDEA assistance would be responsible for building, managing and maintaining the roads or if AIDEA would be.

[4:55:27 PM](#)

MR. RUARO said AIDEA anticipated using the Red Dog model. The mine would pay for the road and for the road maintenance. He said AIDEA could own all or part of the asset but would not be involved in either maintenance or paying for the road. He said AIDEA may issue bonds.

[4:55:49 PM](#)

SENATOR KAWASAKI asked what would happen if AIDEA were to issue bonds and the project was less economic than projected.

[4:56:05 PM](#)

MR. RUARO said AIDEA would not proceed until the mines are secure enough to be able to pay for the road. He said the mine would have to complete some additional drilling to determine its security. He said there was a preliminary bornite economic analysis recently completed that showed large amounts of copper and was very positive for the economics of the project. He offered to share the link to the study.

[4:56:42 PM](#)

SENATOR KAWASAKI asked whether the Pebble Mine had ever asked for support from AIDEA.

[4:56:55 PM](#)

MR. RUARO said no.

[4:57:01 PM](#)

SENATOR CLAMAN echoed the concerns expressed. He mentioned the Kennicott mine and noted that they did not ask for financial assistance to build a road or a railroad. He invoked the analogy of getting the cart before the horse and suggested that it would be prudent to wait until a mine comes forward with high confidence before building a road.

[4:58:29 PM](#)

MR. RUARO said economic analyses and drill results for the arctic mine establish that there are 13 years of mine life at that site. The bornite preliminary economic analysis indicates another 20 to 25 years of mine life. He said there is a lot of geologic information supporting continuing prospecting. He offered to provide a summary of relevant reports for the committee.

[4:59:41 PM](#)

CHAIR GIESSEL affirmed that the Ambler mining project area was well-documented to have significant assets. She said the Kennicott project was well before AIDEA existed and was built by millionaires that owned railroads in the lower 48.

[5:00:04 PM](#)

MR. RUARO moved to slide 36. He explained that this was another proposed road to mineral resources and mines, opening access to recreation along the way:

[Original punctuation provided.]

West Susitna Access Project

Project update at the Skwentna Roadhouse

June 2024

Project supporters met to share an informative update and great discussion with local property owners in the project area at a gathering at the Skwentna Lodge.

[Photo as described.]

From left to right: Representative Kevin McCabe, Todd Smoldon, Dana Pruhs, Robyn Reyes, Senator Mike Shower, Randy Ruaro, Logan Boyce, Andrew Traxler, Josie

Wilson, Kurt Parkan, Hans Hoffman, Mike Brown, and Cindi Herman (top)

The West Susitna Access Project is more than a transportation initiative - it is a cornerstone of Alaska's future prosperity.

[Map illustrating the West Susitna Access Project.]

AIDEA West Susitna Access Project:
<https://bit.ly/WSAPdev>

This 78-mile road project is located north of Anchorage and west of Wasilla and will provide access to many desired resources.

Potential Benefits

- Gold, copper, silver, coal, antimony, and other mineral resources.
- Opportunities for clean energy, including geothermal, solar, wind, carbon capture and sequestration, and biomass resources.
- More than 700,000 acres [of forest] available for harvest.
- Active energy exploration in the areas of the Susitna River, including Upper Cook Inlet, where active oil and gas producing fields exist in the study area.
- More than 65,000 acres of land has been identified for potential agricultural uses.
- Many opportunities for recreational access including snowmachining, fishing, hunting, boating, recreational mining, and use of cabins.

[5:00:39 PM](#)

SENATOR KAWASAKI asked whether publicly funded roads like the West Susitna Road and the Ambler Road would be accessible to the public after development by AIDEA.

[5:01:02 PM](#)

MR. RUARO said the Ambler Road was intended to be limited access for industrial haul, though medi-vacs and commercial use by local communities would proceed. The West Susitna Road would allow broader access by the public for recreation.

[5:01:37 PM](#)

MR. RUARO moved to and narrated slide 38. He said AIDEA was following current trends and looking for opportunities to invest in data centers, etc. He expressed optimism about future investment returns:

[Original punctuation provided.]

**AIDEA - NEW ISSUES
AND OPPORTUNITIES**

- **Tech sector, Artificial Intelligence (AI) Data Centers**
- **Chemical production from natural gas (Alyeschem, etc.)**
- **Critical mineral/ore production refining (Antimony, etc.)**

[5:03:58 PM](#)

CHAIR GIESSEL said Cordova Electric Cooperative (CEC) recently presented to the Resources Committee. They maximized their energy production and invited a data center to their system. She noted CEC did this without AIDEA's assistance.

[5:04:39 PM](#)

There being no further business to come before the committee, Chair Giessel adjourned the Senate Resources Standing Committee meeting at 5:04 p.m.