
MINUTES
Alaska Industrial Development and Export Authority
Board of Directors
January 14, 2009, @ 9:00 a.m.
Anchorage, Alaska

1. CALL TO ORDER

Chairman Galvin called the meeting of the Alaska Industrial Development and Export Authority to order on January 14, at 9:04 a.m. A quorum was established.

2. BOARD OF DIRECTORS ROLL CALL

Directors present in Anchorage: Commissioner Pat Galvin (Chairman).

Directors present via conference call: Commissioner Emil Notti (Department of Commerce, Community and Economic Development), Commissioner Leo von Scheben (Department of Transportation and Public Facilities), Mr. John Winther (Public Member), and Mr. John Kelsey (Public Member).

Chairman Galvin confirmed that public notice requirements had been met.

3. PUBLIC ROLL CALL

Staff present in Anchorage: Ted Leonard (Executive Director), Valorie Walker (Deputy Director-Finance), Brenda J. Fuglestad (Administrative Manager), Mark Schimscheimer (Project Manager), and Karsten Rodvik (Project Manager-External Affairs).

Others attending in Anchorage: Brian Bjorkquist (Department of Law), and Charlie Cole (Esq.).

4. PUBLIC COMMENTS

There were no public comments.

5. NEW BUSINESS

Resolution No. G09-02, Resolution of the Alaska Industrial Development and Export Authority Relating to the Healy Clean Coal Project – Settlement Term Sheet

Discussions ensued as to the two versions of the proposed resolution.

Mr. Leonard read into the record the version of the Resolution to be acted upon.

“ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY, RESOLUTION NO. G09-02, RESOLUTION OF THE ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY RELATING TO THE HEALY CLEAN COAL PROJECT

WHEREAS, the Authority owns the Healy Clean Coal Project (HCCP);

WHEREAS, the Railbelt has considerable need for additional electric power generating assets to replace aging generating infrastructure and to diversify generation resources;

WHEREAS, the Authority and independent experts on coal electric generation have evaluated HCCP and concluded that with some modifications, HCCP is capable of providing efficient electric power generation that can meet utility safety and reliability standards;

WHEREAS, the Authority entered various agreements with Homer Electric Association, Inc. ("HEA") under which the Authority and HEA would jointly provide for the restart and commercial operation of HCCP;

WHEREAS, the Authority's and HEA's agreements for the restart and commercial operation of HCCP are conditioned upon securing various agreements and working relationships between the Authority and Golden Valley Electric Association, Inc. (GVEA), which agreements and working relationships are the subject of ongoing litigation that has been pending since November 2005;

WHEREAS, the Authority from January 1, 2000, has continued to pay substantial amounts annually to maintain HCCP in a warm shut-down mode until litigation and disputes are resolved to enable the restart and commercial operation of HCCP;

WHEREAS, the Authority, HEA and GVEA negotiated a Settlement Term Sheet dated January 9, 2009 ("Settlement Term Sheet"), which provides the conceptual terms and framework for the negotiation of more specific agreements that will resolve litigation and other disputes, and will enable HCCP to be restarted and put into commercial operation to generate electric power for the Railbelt;

WHEREAS, the Settlement Term Sheet provides conceptual terms for the following basic transactions: (1) AIDEA will sell HCCP to GVEA for \$50,000,000, and finance the purchase with a 5.0 percent annual interest rate, over 25 years, and with collateral acceptable to AIDEA; (2) GVEA will sell to HEA, fifty percent (50%) of HCCP energy and capacity, under terms negotiated between GVEA and HEA; and (3) AIDEA will provide a secured loan to GVEA of up to \$45,000,000, to finance HCCP restart costs, financed at a 6.5 percent annual interest rate, over 25 years, and with collateral acceptable to AIDEA;

WHEREAS, the Settlement Term Sheet is made subject to approval by the Boards of the Authority, GVEA and HEA;

WHEREAS, on January 13, 2009, the GVEA Board and the HEA Board each approved the Settlement Term Sheet;

WHEREAS, the Board's HCCP subcommittee and Authority staff believe that the transactions contemplated in the Settlement Term Sheet are in the best interests of the Authority and the State of Alaska because the transactions contemplated: will offer a fair sale price to the Authority; will eliminate what has been considerable ongoing annual expense to, and fiscal drain on, the Authority maintaining HCCP and litigating disputes; will resolve litigation and other disputes; and will enable HCCP to be restarted and put into commercial operation to generate electric power for the Railbelt;

WHEREAS, for the reasons described above, the Board's HCCP subcommittee and Authority staff recommend that the Board approve the Settlement Term Sheet.

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

Section 1. The Board approves the Settlement Term Sheet dated January 9, 2009.

Section 2. The Board authorizes the Board's HCCP Subcommittee, the Executive Director and staff of the Authority to continue their efforts, and take all actions necessary, appropriate or desirable, to negotiate the additional agreements contemplated in the Settlement Term Sheet dated January 9, 2009.

Section 3. The Executive Director is authorized and empowered to take any and all actions appropriate and consistent with this Resolution.

DATED at Anchorage, Alaska, this 14th day of January, 2009."

MOTION: Commissioner von Scheben moved to approve Resolution No. G09-02. Seconded by Mr. Kelsey.

AIDEA staff and the Board subcommittee recommended approval of Resolution No. G09-02.

Chair Galvin stated the litigation will not be terminated or dismissed until the sale is complete. The transaction completion deadline is February 15, 2009.

Executive Session

Mr. Bjorkquist stated that the lead attorney would like to discuss attorney/client comments relating to the resolution and the term sheet regarding Healy Clean Coal. Under the open meetings act a body, such as the AIDEA Board, can go into executive session for matters the immediate knowledge of which would clearly have an adverse affect on the finances of AIDEA. The appropriate procedure for doing that is to have a Board member make a motion to go into executive session for that purpose and to vote on that motion.

MOTION: Mr. Winther moved to go into executive session to discuss attorney/client comments relating to the resolution and the term sheet regarding Healy Clean Coal. Seconded by Commissioner Notti. There being no discussion, the question was called. A roll call vote was taken and the motion passed with Messrs. Galvin, Winther, Notti, von Scheben, and Kelsey voting yea.

EXECUTIVE SESSION – 9:31 a.m.

The Board reconvened its meeting at 9:42 p.m.

Roll call was taken and a quorum was established. Chair Galvin advised that the Board had not taken any formal action on the matters discussed while in Executive Session.

There being no discussion, the question was called. A roll call vote was taken and the motion to approve Resolution No. G09-02 was passed with Messrs. Galvin, Winther, Notti, von Scheben, and Kelsey voting yea.

8. DIRECTORS' COMMENTS


There were no director's comments.

9. BOARD COMMENTS

There were no board member comments.

10. ADJOURNMENT

Chair Galvin adjourned the meeting at 9:52 a.m.



Ted Leonard, Secretary
Alaska Industrial Development and Export Authority