

Alaska Industrial Development and Export Authority  
**BOARD MEETING MINUTES**  
**February 14, 2011**  
Anchorage and Juneau, Alaska; Dallas, Texas;  
and Tucson, Arizona

**1. CALL TO ORDER**

Acting Chair Mike Felix asked Commissioner Butcher to chair the meeting. Commissioner Butcher called the meeting of the Alaska Industrial Development and Export Authority to order on February 14, 2011 at 3:45 p.m. A quorum was established.

**2. ROLL CALL: BOARD**

Members present: Bryan Butcher (Commissioner, Department of Revenue).

Members participating via conference call: Vice-Chair Mike Felix (Public Member) from Dallas, Texas; Susan Bell (Commissioner, Department of Commerce, Community, and Economic Development) from Juneau, Alaska; and Gary Wilken (Public Member) from Tucson, Arizona.

**3. AGENDA APPROVAL**

The agenda was approved as presented.

**4. ROLL CALL: STAFF, PUBLIC**

Staff present in Anchorage: Ted Leonard (Executive Director); James Hemsath (Deputy Director-Development Finance); Valorie Walker (Deputy Director-Finance); Karsten Rodvik (External Affairs Project Manager); Mark Davis (Economic Development Officer); Sandy Burrows (Administrative Assistant); Sherrie Siverson (Executive Assistant); and Teri Webster (Administrative Assistant).

Others present in Anchorage: Brian Bjorkquist (Department of Law); Dennis Fenerty (Groh Eggers); Mark Gardner and Pat Clancy (Western Financial Group); Jim Watt (Buccaneer Alaska); and Steve Sutherlin (Strategic Action Associates and Escopeta Oil).

Participating via teleconference: Eric Lidji (Petroleum News); Scott Bernstein (Buccaneer Resources); and Mark Landt (Buccaneer Alaska).

**5. PUBLIC COMMENTS**

**Steve Sutherlin, Strategic Action Associates and Escopeta Oil**

Mr. Sutherlin, who was speaking for himself but works with Escopeta, gave a brief presentation to the Board regarding his position on the ongoing efforts to get a jack-up oil rig in place in Cook

Inlet. He spoke of the natural gas situation and the need to provide a supply close to home until the North Slope supply is viable.

Mr. Wilken asked Mr. Sutherlin whether he had been in contact with other state agencies regarding Escopeta's proposal and, if so, were there any official agency positions on the matter.

Mr. Sutherlin replied that the Department of Oil and Gas extended their work commitments because Escopeta was able to demonstrate they had enough cash in the bank to complete the well. He stated that Escopeta had not hosted presentations around town because they were not asking the state for money. Escopeta intends to take advantage of the tax incentives under SB 309 and is looking for other companies who would be interested in using the rig to do the same thing.

(Mr. Sutherlin's written comments are incorporated as an attachment to the minutes.)

## **6. NEW BUSINESS**

### **6A. Resolution No. G11-03 Employment by AIDEA of Executive Director of the Alaska Energy Authority (AEA).**

Mr. Leonard stated that the AIDEA Board of Directors has the authority to hire an Executive Director for the Alaska Energy Authority and needs to approve AEA's selection to complete the hire process.

There were no questions from board members.

**MOTION: Mr. Wilken moved to adopt Resolution No. G11-03. Seconded by Mr. Felix. There being no discussion, the question was called. A roll call vote was taken and the motion passed with Mr. Felix, Mr. Wilken, Commissioner Bell, and Commissioner Butcher voting yea.**

### **6B. Resolution No. G11-04 Regarding a proposed Jack-up Rig for use in Cook Inlet**

Mr. Leonard discussed the findings of the due diligence study approved under Resolution G10-23. It was determined that the jack-up rig being reviewed does meet the technical specifications necessary to support the business model, however, more financial development plans are necessary. He asked the board to move into Executive Session with Western Financial, attorneys, and staff to discuss the negotiation plans and possibly amend the resolution before voting on it.

**MOTION:** Mr. Felix moved to go into Executive Session to discuss confidential financial negotiations related to the Jack-up Rig and Buccaneer. There being no discussion, the question was called. A roll call was taken and the motion passed with Mr. Wilken, Commissioner Butcher, Commissioner Bell, and Mr. Felix voting yea.

## **EXECUTIVE SESSION - 4:02 p.m.**

The Board reconvened its regular meeting at 5:16 p.m. Mr. Bjorkquist confirmed that everything covered was appropriate for Executive Session and they stayed on topic. The Board confirmed they did not take any formal action on the matters discussed in Executive Session.

Mr. Leonard requested an amendment be made to Resolution G11-04 in Section 2, to read: "The Authority may utilize up to \$200,000 in assets of the Economic Development Account, AS 44.88.172, to undertake this development work."

**MOTION: Mr. Felix moved to accept the amendment to Resolution G11-04. Commissioner Bell seconded the motion.**

Commissioner Butcher called for discussion.

Mr. Felix asked about a comment that was made in Executive Session in regard to looking at the other players in the market.

Mr. Bjorkquist stated that while in Executive Session, the Board gave certain instructions to staff regarding further negotiations and due diligence with respect to the project. Staff will comply with those instructions.

There was no further discussion.

**VOTE: A roll call vote was taken and the motion passed with Mr. Felix, Mr. Wilken, Commissioner Bell, and Commissioner Butcher voting yea.**

## **7. DIRECTOR COMMENTS**

On behalf of management and AIDEA staff, Mr. Leonard congratulated Sara Fisher-Goad on her new position and thanked the Board for that decision

## **8. BOARD COMMENTS**

Mr. Wilken inquired about the Governor's appointment of two new board members before the work sessions.

Mr. Leonard said he understood that the Governor is narrowing the choices down and is aware of the work sessions scheduled on Feb 23 & 24, 2011, but did not guarantee whether the decision will be final by then.

## **9. ADJOURNMENT**

There being no further business of the Board, the meeting was adjourned at 5:28 p.m.



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Ted Leonard, Executive Director/Secretary  
Alaska Industrial Development and Export Authority