



Alaska Industrial Development and Export Authority
BOARD MEETING MINUTES
Wednesday, May 25, 2011
Anchorage, Juneau and Valdez, Alaska; NeiHu, Taiwan

1. CALL TO ORDER

Chairman Short called the meeting of the Alaska Industrial Development and Export Authority to order on May 25, 2011 at 3:03 p.m. A quorum was established.

2. ROLL CALL: BOARD

Members present in Anchorage: Hugh Short (Public Member); Bryan Butcher (Commissioner, Department of Revenue); and Robert Sheldon (Public Member).
Member participating from Valdez: Gary Wilken (Public Member).
Member participating from NeiHu, Taiwan: Ron Arvin (Public Member).

Joined the meeting in progress from Juneau: Susan Bell (Commissioner, Department of Commerce, Community, and Economic Development).

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); Aaron Rhoades (Human Resources Administrator); Chris Rutz (Procurement Officer); Sherrie Siverson (Executive Assistant); Sandy Burrows (Administrative Assistant); and Teri Webster (Administrative Assistant). Mark Schimscheimer (Project Manager) joined meeting in progress.

Others present in Anchorage: Brian Bjorkquist (Department of Law); Mark Gardiner and Pat Clancy (Western Financial Group); Tim Bradner (Alaska Journal of Commerce); and Dennis Fenerty (Groh Eggers).

Others attending via conference call: Eric Lidji (Petroleum News).

Listen to the full audio recording of the 5/25/2011 AIDEA board meeting at <http://www.aidea.org/boardmin.html>

5. PUBLIC COMMENTS

There were no public comments.

6. NEW BUSINESS

6A. Resolution No. G11-07A Cook Inlet Jack-Up Rig

Mr. Leonard summarized Resolution No. G11-07A which would give the executive director approval to sign the amended Joint Ownership Agreement (JOA). He said negotiations have continued and potential material changes have been made to the JOA.

Mark Gardiner explained the differences between the JOA dated March 29, the redlined version of May 16 and the current one presented.

3:08 pm Commissioner Bell joined the meeting in progress via teleconference.

Mr. Gardiner said that in the May 20 nine-page report there is a brief summary updating what has changed. The changes include:

- AIDEA's project team and Buccaneer/Ezion have reached agreement on an updated business transaction, the key terms of which are in a revised JOA sent to the Board.
- The only material business term change in the revised JOA is improved security for AIDEA's collateral from Buccaneer.
- Because there is a material change to the JOA, AIDEA's Executive Director, on advice of counsel, is bringing the proposed project back to the Board for review and approval.
- Buccaneer and Ezion now believe it is likely that drilling will begin in 2012 rather than 2011.
- The financial projections for the project have been adjusted to accommodate the likely later drilling start, with Buccaneer and Ezion covering any additional "carrying" costs.
- The revised financial projections indicate lower AIDEA principal exposure in each year after the first year and full principal repayment in 2016 instead of 2017.
- Substantial progress has been made on the fifteen key Conditions Precedent to "closing," which is now expected to occur in mid-to-late June.
- Passage of HB119 enables AIDEA to invest in the project through an LLC, a more desirable approach than the direct ownership anticipated in the previous JOA.
- Overall, the AIDEA project team believes the revised business transaction reflected in the updated JOA, and expected to be codified in the final documents at closing, represents an improved legal security and financial position for AIDEA from the April 1 Board report and JOA.

Despite the progress made on business terms, documents, due diligence, etc., there is still much to be accomplished in a short period of time (despite the extended date of closing). While the probability that the project will proceed has improved with the progress made since the last Board report, there remains considerable risk that not all Conditions Precedent will be met and the project, ultimately, will not move forward.

Mr. Gardiner reviewed the process of developing AIDEA's version of the JOA since the April 1 meeting. The key business term dealt with the way the security for the collateral was described. It would be insufficient to meet the test that AIDEA set for that security on the collateral. Buccaneer and Ezion were notified and went through a process of negotiating a better approach from AIDEA's perspective. This resulted in a series of back and forth proposals and

counterproposals that finally came to conclusion (at essentially AIDEA's changed position) at the end of the week of May 9th.

In parallel with the key business term that was changed, the negotiations on all of the other issues were ongoing. Mr. Gardiner gave an example of legal issues surrounding AIDEA and the state owning a piece of a foreign-flagged vessel. There were many questions and it took some time to understand what the implications of the foreign flag issue were and whether they were required to change anything.

Other factors drove the timeline past the originally projected date to sign the JOA and close at the end of April. It likely means drilling will begin in 2012 and those projections have been updated. There are advantages in the delay to the project and to the risk profile. It provides more time for due diligence, for design improvements to the rig, for contract negotiations with the Singapore shipyard, and time to prepare for drilling and getting through the permitting process.

Buccaneer is in the process of arranging financing for its four-well commitment, the core of the business case for this project. While the total financing is not in place, the project team concluded Buccaneer has a reasonable plan in place to secure the financing. The team will be doing further due diligence until closing.

Mr. Gardiner explained the JOA is the first step, followed by the fifteen Conditions Precedent which have to be met to close. Only at that point does it close and AIDEA's funds will go into the project along with the funds from Buccaneer/Ezion and their lender. This is projected to occur before June 30. The team believes the revised business transaction improves AIDEA's legal security and financial position.

- Improved security and lien timing for AIDEA in the Buccaneer collateral.
- Passage of HB119 allowing AIDEA's participation in the project to be in the form of membership in one or more LLCs (rather than direct AIDEA ownership).
- Projected substantially lower principal exposure in each year after the first year.
- Projected repayment of AIDEA's principal in 2016 vs. 2017.
- LLC governance under Delaware law, which is more favorable to investors (i.e., AIDEA in KOV).
- Likely engagement by Buccaneer and Ezion of an established and well-regarded operator (still confidential).
- Continued progress on the terms and conditions for the senior loan with OCBC.
- Continued progress on the Rig modification plan and contract with the expected shipyard contractor.

Mr. Gardiner reviewed the Schedule and Timelines and continued with the Status of Conditions Precedent. He noted that there are 15 numbered conditions, but some of them have multiple pieces. He gave updates on progress made to those 15 conditions precedent items as of this meeting. He said it has taken longer than projected in April, but he is now more comfortable that the work will be done in a manner that helps protect AIDEA from risk. He said the structure of the business transaction has improved since April 1, based on the changes described going through the report.

Mr. Wilken asked Mr. Gardiner to identify the top three Conditions Precedent that bother him the most. Mr. Gardiner said the one requiring the most judgment, or subjective analysis, relates to

numbers 10 and 15, which is the capability of Buccaneer and Ezion to finance the four-well commitment. He said they have become more comfortable that the capability is there. When they first talked about this project in February, there were concerns with Buccaneer's ability to finance this alone. The addition of Ezion to the team added a lot of comfort that this part of the program was going to be adequately financed. AIDEA still has to be assured Buccaneer's plans are executed in a way that will mean the funding is there for the actual well drilling. It is something AIDEA will be paying extremely close attention to.

Mr. Gardiner said number 15 sub-category iv pertains to the insurance in this management program. He thinks there may be some dynamic tension between AIDEA and the other owners about which program is adequate. Item 15 sub-category ii would be the exact nature of the four-well guarantee, making sure it is specific enough to achieve AIDEA's objectives but flexible enough that the partner can actually do business. AIDEA, as an economic development agency, has a role beyond its investment related to drilling in Cook Inlet. As part owner of a rig, we might have broader objectives.

Progress made on the OCBC documents gives comfort that there will be another investor/lender and the relationship will be a positive one. These have gone down on his list of concerns.

Chairman Short asked Mr. Gardiner about the significant change in the drilling schedule projections. He asked if the projections were based on being the first to drill. Mr. Gardiner said these were not based on the expectation that it would be the first well. The two types of incentives, SB 309 and the ACES incentives, have different triggers and only one has a first-well premium.

Chairman Short asked if there was a \$9M advantage to the first well. Mr. Hemsath replied that it is a little over \$8M. Mr. Gardiner said there is a table in the appendices of the March report that looks at those incentives, and there is an advantage to being the first well, but there are also significant incentives in other wells. The economics of this business are based on drilling the wells with base incentives, not first-well incentives. He said another thing that changed in these projections since April 1 is the projected JOA cash flows, and he reviewed the differences.

Mr. Sheldon said one of the reasons he voted last time to move forward was the concern about getting drilling going in Cook Inlet. He referenced an article forwarded from staff regarding another rig rolling into the Inlet. He asked if staff has looked into that now that this other rig is entering the Inlet, and wonders whether there is enough business for both rigs. Mr. Leonard stated that projections lead him to believe there is enough business for both rigs.

Mr. Gardiner said part of the reason the business relationship with Buccaneer and Ezion was designed in this manner is that Buccaneer is required to fund and commit to drilling four Cook Inlet wells using this rig, and, as long as AIDEA is an investor, to exclusively use the rig – beyond these four wells – in Cook Inlet. The business premise is based on Buccaneer drilling their wells, not on additional business from other parties using the rig.

Mr. Sheldon expressed concerns with Buccaneer obtaining financing and their ability to get four holes drilled. He asked if there has been discussion with their partners for the debt portion of this now that another rig is coming into the inlet. He said while the rig did not get an exemption, it apparently is going to be left alone. In the words of Homeland Security, they will not impede the economic development of Alaska, but the local entity may choose to fine them. He said it

appears the rig is going to be here and his concern is whether there has been any conversation with the potential lenders about their interest in moving forward if this rig shows up.

Mr. Gardiner replied that there are two levels to the answer. One is in the direct participants in this project. Ezion and OCBC have been aware from the beginning of the potential for the other rig to be here and will proceed with their commitments regardless. The potential lenders or investors in the drilling investment are aware of that as well. There are other components involving equity Buccaneer is raising, but there is information that gives AIDEA confidence it will be achieved at the point of closing. It does not mean they will have secured the financing at that point but will have had more detailed conversations with two or three other potential funders. Staff has no indication from the other market players that they are concerned about the other rig being here.

Mr. Sheldon asked if they are aware that it is actually a reality now. Mr. Gardiner replied they assumed it was going to be there. Before the last meeting it was clear they were trying to bring up the rig no matter what.

Mr. Sheldon asked if there is enough support equipment in Cook Inlet for two rigs. Mr. Hemsath said the partners in the project believe there is. Ezion is in the business, understands it very well, and is confident there is sufficient capacity. There are 14 rigs operating in the Inlet. All are being serviced. Adding two rigs doesn't change it from 0 to 2, but 14 to 16.

Mr. Sheldon is concerned that things have changed with the arrival of the other rig. He wants to fulfill the things that the Legislature put forward to draw rigs to the Inlet, and that mission seems to be accomplished with this other rig. This changed the dynamic of how he thinks about this project, especially with these major financing considerations. He, too, is worried about items 10 and 15, two and four. He is also concerned about who the actual operator is and why this cannot be disclosed. Mr. Gardiner replied that it could be disclosed in executive session.

Mr. Sheldon asked if AIDEA would be committing funds before Buccaneer/Ezion would drop funds themselves. Mr. Gardiner said no, Buccaneer/Ezion will be putting equity into the rig itself, if not before AIDEA, then at the same time.

Mr. Sheldon asked if there will still be a risk that they may fail to deliver funds or a risk in the preliminary agreements that may dry up. Mr. Gardiner said there will still be a risk at the time of closing that they will be unable to secure the full financing needed for the wells. At the time of closing all financing will be secured for the rig, but the subsequent risk of the drilling investment led AIDEA to take an aggressive posture regarding security and collateral.

Mr. Sheldon asked if the financing for drilling doesn't materialize how much additionally is at risk. Mr. Gardiner said AIDEA had not anticipated financing the drilling.

Mr. Sheldon felt the amount seemed substantial and there is a potentially additional large number, even if the rig does sail. Some might describe Buccaneer as a weak partner for this Authority and the Board should be aware of the additional number should it actually have to support it.

Mr. Short said that if we get to closing and are in business with the rig, and then the financing falls through, AIDEA has secured a collateral package adequate enough to be able to liquidate the assets and be made whole. This is based on their non-performance to secure financing for

the operation of four wells. Mr. Gardiner said if they were unable to secure financing and therefore were unable to meet their obligations under the agreements, AIDEA would then declare a default and exercise the default remedies which include being able to take out the lender, OCBC, in order to control the rig. The lender has a guarantee from Ezion for the whole amount of the loan, so they have an incentive to make things work. There are a series of default provisions providing the rig would be liquidated and AIDEA would exercise their security on the guarantees from Buccaneer, including a percentage interest in all their holdings.

Mr. Short asked for clarification on the language within the agreement regarding 3.5% of a 100% overriding royalty interest on the entirety of all Buccaneer's interests in Buccaneer Alaska, in Texas leases, and liens on interest. Mr. Gardiner said they are lease rights to oil properties in Alaska and Texas and some cash. AIDEA also has liens on that interest at closing. They are obligated to pay from whatever sources they have available.

Mr. Short gave an example that if the liens are at closing, they have a corporate guarantee, they are short on cash, there is an amount owed and AIDEA has a 3.5% interest over these assets. You could sell the interest to someone who would factor that and AIDEA would be made whole and would get an annuity over time to make a profit. Mr. Gardiner said AIDEA would get proceeds from the liquidation of the rig.

Mr. Leonard asked about ACES funds. A discussion ensued and Mr. Gardiner said that if they drill enough to receive any incentives, AIDEA would receive a portion.

Mr. Leonard said neither staff nor experts will say there is no risk at all. The goal was to state that AIDEA will get a portion of the liquidation. The fair market value of the rig is \$70 to 80M. The goal is to get a certain percentage out of liquidation with the belief that ACES credits and the override interest will cover the \$30M invested.

Mr. Short said he has been involved in a number of workouts and no one ever wins in a workout. He described this as a "Healy Clean Coal light" and would be a mess to clean up. He asked at what point you say you are uncomfortable with the working capital financing, back out, and still have recourse. He would rather not execute on this project if this is even a 50/50 concern they are not going to be able to come up with the capital to complete the work they say they are going to do. His assumption would be, because he has been in workouts himself, that AIDEA would fund the working capital as a fallback and he does not like being in that position because AIDEA is quasi-public. That would be his assumption because AIDEA would lose badly. The Authority would be hindered.

Mr. Fennerty of Groh-Eggers said that he has been part of this working team and has worked with the oil and gas lawyers in crafting the language that was presented earlier regarding the lien collateral. He also is a lawyer who represents lenders taking deals apart, not only putting them together. He gave his vision of how he thinks we would take this apart.

Mr. Fennerty said first, the financial representatives are convinced that Buccaneer has a feasible plan for raising drilling revenues, and it is in no small measure the incentives under ACES. As he understands it, 65% of what they spend in drilling is reimbursed by the State of Alaska. They can take that to a bank and secure what they have labeled a "bridge loan" between the drilling and the 65% from the State of Alaska. It is almost gold-plated assurance for a lender, which gives confidence they can, in fact, secure the financing to drill. Point number two would be that they are doing this equity-raising in Australia and world-wide and the fact that they

are coming to Alaska and the State of Alaska has created these incentives makes a more desirable target for equity investment. That is the plus side. The collateral side has been analyzed through the Conditions Precedent and staff members were comfortable with their ability to perform. There are the Conditions Subsequent and if they could not perform the four well guarantee there is the first 3.5%, subject only to their four well lender, against all their world-wide holdings. That would be a piece of collateral that could be chased. There is a second guarantee from their parent corporation. Buccaneer is not the strongest corporate entity in the world, but there is Ezion as well.

Mr. Fennerty said the third thing is the right to acquire the OCBC loan. One of the provisions is that Ezion's guarantee of that loan runs with that. If it is acquired from OCBC, Ezion's guarantee comes along. What AIDEA has done is neutralize our second position against the rig because OCBC would begin to move against the rig. The first choice would be to take out OCBC's position. AIDEA would become the owner of the first and the second position liens against the rig and would have recourse to Ezion. Ezion is presumably capable of paying what they have borrowed from OCBC. So in effect AIDEA has neutralized the first position lien because AIDEA will have recourse to Ezion. Then our second position lien will be elevated against the rig and that will be a primary piece of collateral. The final piece of collateral is if they get to any drilling and they receive any state incentive money, AIDEA gets the first dibs on the state incentive monies. This is a substantial package of collateral that gives AIDEA a real chance at being made whole. This was carefully analyzed. The condition precedent is still present that Buccaneer has to demonstrate to AIDEA's satisfaction they have a reasonable chance of raising the four well financing. If it gets past that hurdle it is not without hope. This is quite a strong package.

Mr. Leonard added that he believes the Buccaneer/Ezion rig is the more robust rig and can do more drilling than the Escopeta rig. The Buccaneer/Ezion rig can drill in 300 feet of water and can reach more of the leases in the Cook Inlet than the smaller Escopeta Spartan 151 rig. He believes the Buccaneer/Ezion rig is the more robust rig for drilling in the Cook Inlet and has a better economic development value.

Mr. Short asked about the floor and ceiling on the state incentives. Mr. Gardiner emphasized the incentives are a big part of the financing for the drilling. If AIDEA tried to take more, it would hurt by reducing the feasibility of their obtaining the drilling financing. The condition precedent is important but is not really what is behind this caveat on the first page. It is about the deal process rather than feasibility.

Mr. Short asked why would AIDEA not take the first and second position in case there is more value there than what the loans are and have access to. If AIDEA is just taking the first on the \$7M cap and there is more value there, there is a potential for cash to go to Buccaneer that AIDEA cannot access based on not taking a second on those state incentives. Mr. Gardiner said it was the balancing of what we want to have directly, versus what we would get as the beneficiary of the drilling.

Mr. Fennerty said that Buccaneer was exceedingly aggressive about protecting the state incentives because they knew that was a critical component for finding financing for the four well drilling. It was a very difficult negotiation and it was a compromise. Mr. Short said this is where the real cash is and we should be interested in that as well. Mr. Fennerty pointed out that what we are interested in is fulfilling the mission which is having them drill four wells. We don't want to impede their ability to get financing to accomplish the four wells. That's the balance.

Mr. Short thinks the important part of this deal's structure is the collateral package and asked that a collateral analysis be provided showing where this is monetized against the risk in a document where he can see what the loan to value and what the tertiary payment would be. Mr. Gardiner said that they would provide that for him.

Commissioner Bell commented that this has been very educational and acknowledged how valuable it was to have the nine-page report in advance, and reviewed by Mr. Gardiner.

Mr. Arvin asked about the Conditions Subsequent and number six. He said in a prior Board meeting there were concerns about permit requirements. Mr. Arvin asked how can you have a condition subsequent regarding permits and other regulatory preconditions necessary for acquisition? The acquisitions would have taken place before it was done. Is that true? Mr. Gardiner said that the acquisition will take place at closing. He said that it is conceivable that it could occur after, because our closing is the funding and then the acquisition would be subsequent.

Mr. Arvin asked for clarification. Mr. Gardiner said the focus really is on the movement and operation of the rig. Outside legal counsel is tracking the permit and other regulatory planning along with the progress of those. That person indicated that she is comfortable with the progress of that plan and the permits and said all are in the status they should be at this timeframe. It has to be a condition subsequent because some of these are after the rig is acquired and work is done on the rig.

Mr. Arvin asked for a brief update on permits and other regulatory requirements that must be met with the regulation process. He supports this program but has a big question mark given what we experience in doing business in Alaska every day from our Federal Government. Mr. Gardiner said that Buccaneer has engaged expert advisors and managers of the permit regulatory process. They are pursuing an adopted permitting and regulatory plan. Our outside counsel, Susan Reeves, is following that plan and she reported that the state regulatory agencies are well aware and tracking what is going on. They have high regard for the people working the permit and regulatory process for Buccaneer and that from Susan's expert perspective, the status and progress of the permit and regulatory process is where it should be for this stage of the project.

Mr. Arvin replied that he wants to have a comfort level that at some point a truck won't fall out of the sky with some permit requirement that stops the process. He is looking for assurance all is covered. Mr. Gardiner said they have that confidence because Buccaneer's professionals and experts are working this and AIDEA's own experts are tracking it. If this condition subsequent was not met, they would be exercising their remedies under default because they would be unable to secure the permits necessary to drill.

Mr. Hemsath said the most critical permit relates to the Beluga issue and the recent ruling. The environmental consultants and Buccaneer had planned for the law change that actually occurred. It does not prohibit them from working where they are and they have put together the appropriate mitigation and awareness plans that have approval of the Corp of Engineers to meet the requirements.

Mr. Sheldon quoted from an article that the Kachemak Conservation Society Acting Director Hal Shepard says, "...that even though the city owns a dock, the state owns the water column" and

they interpret that to mean state has jurisdiction. What he is referring to is "...how transportation or storage tanks might fit in with a habitat plan..." Mr. Sheldon said Kachemak Bay is now designated as a critical habitat area and asked if lawsuits would keep the rig from moving into the Inlet. Mr. Gardiner said the article relates to the other rig and specifically about the location the rig is planning for unloading and where it may sit for the winter. This is not related to the drilling. The environmental consultants understand what the issues are, have planned for that and were not surprised with the reaction to that rig being unloaded in that location.

Mr. Sheldon asked for assurance that this is a manageable issue. Mr. Gardner gave assurance to the board that professionals are managing it and were not surprised by the response to what is going on with the other rig. What has been seen so far from our partners is that they are managing to anticipate these things rather than react to them.

Mr. Sheldon asked under the original timeline, when was financing supposed to have been secured to our satisfaction. Mr. Gardiner said in April after closing but before drilling. Mr. Sheldon said his discomfort right now is that Buccaneer cannot attest and show a letter of intent or something to that degree to help these three items that were pointed out. Mr. Gardiner said because their plan, that AIDEA supports, is to secure the financing for the rig and the rig project prior into entering into the final negotiations with the lenders and other investors in the drilling project because they will have more leverage at that point.

Mr. Leonard said part of this is the other lenders are looking at the finalization of the JOA before they can really go out and get the final agreements. Mr. Gardiner said it was always their plan to secure this project first and then do the financing for the wells.

Mr. Sheldon said the reason why he was interested in this project from the beginning was job creation in the state. This is a substantial amount of dollars. With that in mind, the fallback plan is potentially going through a workout, which both he and the Chair have not had good experiences with. It bothers him AIDEA does not know what it is estimated to take to drill these four holes and the reason why. His assumption is AIDEA would unfortunately fall into the place of providing worse case financing. He does not want to go through a workout with all the difficulty it went through to get the rig here. He would rather push forward and do the drilling that is necessary.

Recess: 4:12 p.m.

Reconvene: 4:21 p.m.

EXECUTIVE SESSION

Mr. Bjorkquist said going into executive session would be appropriate if there is a desire to talk about the negotiation process and to give direction to staff as to future negotiations on some of the deal points going forward. Those are topics the immediate knowledge of which would clearly have an adverse impact on the authority.

MOTION: Mr. Sheldon moved to go into Executive Session to discuss confidential negotiation items related to the Jack-Up-Rig and Buccaneer. Commissioner Butcher seconded the motion. There being no discussion, the question was called. A roll call was taken and the motion passed.

EXECUTIVE SESSION – 4:23 p.m.

The board reconvened its regular meeting at 4:47 p.m. A quorum was established.

Mr. Bjorkquist confirmed that everything covered in executive session was appropriate based on the motion and focused on the negotiations and directions of staff related negotiations.

Commissioner Butcher asked Mr. Leonard what is the next point in which the Board is involved in taking an action. Mr. Leonard said there would not be one if all Conditions Precedent are met. The Board is giving the Executive Director approval to move forward and sign the JOA. If no material changes are made to the JOA, then the team would move forward with negotiating the Conditions Precedent, keeping the Board updated as it goes through. If all Conditions Precedent are met with no material changes, then this transaction will go forward. Commissioner Butcher asked if there is a substantive change that would occur would it then be brought back to the Board for approval. Mr. Leonard said yes. As they negotiate the Conditions Precedent, if he does not feel comfortable with the deal or if he does not believe the Conditions Precedent are being met he can come back and tell the Board that the deal is not moving. Commissioner Butcher said in his personal opinion, it is always better to inform the Board if there is an issue he has discomfort in than to move forward and have them find out after the fact. Mr. Leonard said staff understands the crucial nature of this project and the stumbling points that can still be there. He is going to give weekly updates to the Board to get their perspective on the deal as it moves forward. If issues arise, he will inform the board immediately.

MOTION: Commissioner Bell moved to adopt Resolution No. G11-07A. Commissioner Butcher seconded the motion. Mr. Short called for questions and comments. Hearing none, a roll call vote was taken with Mr. Wilken, Mr. Sheldon, Mr. Arvin, Commissioner Butcher, Commissioner Bell and Mr. Short voting yea. Motion passed.

Commissioner Bell excused herself from the meeting at 4:52 p.m.

7. DIRECTOR COMMENTS

Mr. Leonard and board members discussed the schedule for meetings on June 9 and 10. On Thu. June 9, 2011, the AEA Board will convene at 10:00 a.m. The AIDEA Board meeting will begin at approximately 12:30 p.m. followed by a board work session from 2:00-4:00 p.m. The AIDEA board work session will continue on Friday, June 10 from 9:00 a.m.-3:00 p.m.

At the suggestion of the Chair, Mr. Leonard discussed having an AIDEA Board meeting in Kotzebue the fourth week of August. At this time the best dates appear to be Monday and Tuesday, August 22 and 23. Mr. Short asked staff to work with the Commissioners to ensure we are prepared. He requested staff contact local leaders Marie Green and Mayor Whiting to confirm their availability. Mr. Leonard said he has been in contact with the Northwest Arctic Borough to express interest in meeting up north and Mayor Whiting responded favorably. Mr. Short requested that Marie Green from NANA be included in the discussions. Mr. Wilken asked if the purpose of the meeting had been determined. Mr. Short suggested conducting regular business in order to be more visible to a constituency board members don't normally see. He suggested a site visit to view the road and port owned by AIDEA which supports the Red Dog Mine.

Mr. Short feels the Board needs to have a conversation with the Northwest Arctic Borough about our policy position. Commissioner Butcher feels it is invaluable to have the Board of a public agency have a presence periodically in other areas of the state and let them be more involved in the agency. Mr. Leonard said AIDEA is going to have a major presence in the Western Arctic and the Ambler Mining District area over the next five to ten years and that is one of the reasons Mayor Whiting is so excited about having us there.

8. BOARD COMMENTS

Mr. Arvin and Mr. Wilken expressed appreciation for Mr. Gardiner's presentation.

Mr. Wilken asked if we have heard anything from the Governor's office in regard to the fifth Board member. Mr. Leonard said he has not heard anything in the past two weeks but knows they are doing a search. He said he would call for information and email the Board an update.

Mr. Short shared an invitation to the Arctic Imperative Conference in Girdwood June 20-22. It will address development in the Arctic and ice-free Northwest Passage. The conference will provide an extended list of capital investors looking at how to unlock the potential of Western Alaska and how to take advantage of the Northwest Passage. He asked that AIDEA be involved and have some presence at the conference. The invitation and information will be shared with board members. Mr. Leonard said AIDEA is happy to assist with registration fees and travel expenses.

Mr. Short also received an invitation from the Institute of the North's Norway trip. The trip was rescheduled for the end of August and early September. He shared this invitation with AIDEA. He said Legislators, Commissioners and others involved in resource development plan to attend to look at the Norway model. If AIDEA is going to be involved in the oil business it might make sense for staff or Board members to attend.

11. ADJOURNMENT

There being no further business of the Board, the meeting was adjourned at 5:04 p.m.



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