



Alaska Industrial Development and Export Authority
BOARD MEETING MINUTES
Thursday August 29, 2013
Anchorage, Fairbanks, and Juneau, Alaska

1. CALL TO ORDER

Vice Chair Susan Bell called the meeting of the Alaska Industrial Development and Export Authority to order on August 9, 2013 at 11:01 a.m. A quorum was established. She welcomed the three new Board members; Mr. Dick, Ms. Nygard, and Mr. Pruhs. Commissioner Bell noted a new member orientation has scheduled for September 9, 2013. New officers will be elected at the next full Board meeting on October 1, 2013.

2. ROLL CALL: BOARD MEMBERS

Members present in Anchorage: Russell Dick (Public Member); Crystal Nygard (Public Member); Dana Pruhs (Public Member); and Angela Rodell (Acting Commissioner, Department of Revenue).

Member present via teleconference: Vice Chair Susan Bell from Juneau (Commissioner, Department Commerce, Community, and Economic); and Gary Wilken from Fairbanks (Public Member).

3. AGENDA APPROVAL

The agenda was approved as presented.

4. ROLL CALL: STAFF, PUBLIC

Staff present in Anchorage: Ted Leonard (Executive Director); Chris Anderson (Deputy Director-Commercial Finance); Mark Davis (Deputy Director-Infrastructure Development); Jim Hemsath (Deputy Director-Project Development and Asset Management); Jeff San Juan (Infrastructure Development Finance Officer); Bill Phelan (Loan Officer); Jerry Juday (Department of Law); Sherrie Siverson (Executive Assistant); and Krin Kempainen (Administrative Assistant).

Public present in Anchorage: Chris Brown (MWH); and Tim Gallagher (HDR Alaska).

Public via teleconference: Jason Criqui (First National Bank Alaska); Glenn Gellert and John McGrew (Orcas Capital Group, LLC); Barbara Johnson (Fairbanks North Star Borough); Ray Latchem (Spectrum LNG, LLC); and George Orley (Hatch).

5. PUBLIC COMMENTS

There were no public comments.

6. NEW BUSINESS

6A. Loan Resolution No. L13-03 Orcas Capital Group LLC

Commissioner Bell invited Ms. Anderson to brief the Board and answer any question on Loan Resolution No. L13-03. Ms. Anderson presented this loan received from Orcas Capital Group LLC.

Acting Commissioner Rodell asked what the term of lease is, is it simultaneous with the term of the loan or is it of a different length. Ms. Anderson said the lease is 20 years with two 10-year options past the 20 years. Acting Commissioner Rodell asked if it was a 25 year loan. Ms. Anderson said yes it is, so with the options AIDEA will be fine.

Mr. Pruhs asked if this was the original knock network operations center for Alaska fiber star with two cables coming in and will that be the used for ACS. Mr. Phelan said he believes it is. Mr. Pruhs asked if this will have any bearing on leasing and the appraised value of the building or did they just look at it as a standalone building without the knock capability. Ms. Anderson said it did not add value to the actual evaluation. Mr. Pruhs asked if there was any escalators to the term lease. Ms. Anderson said yes, 2.75% each year beginning in year two.

MOTION: Acting Commissioner Rodell moved to approve Resolution No. L13-02; Ms. Nygard seconded the motion. The motion was approved with Board members Wilken, Rodell, Pruhs, Nygard, Dick and Bell voting yea.

6B. Resolution No. G13-14 Authorizing Continued Funding of Interior Energy Project

Commissioner Bell invited Mr. Leonard, Mr. Davis and Mr. Hemsath to brief the Board and answer any question on Resolution No. G13-14. Mr. Leonard said the approval of this resolution will allow staff and the established Board subcommittee to continue to move forward with the project. The goal is to bring this project to the Board by the end of October to receive a "Declaration of a Project" from the Board.

Mr. Wilken said he would hope in regard to the subcommittee; as we move through this knowing the Board typically meets at the end of a month, if a decision authorizing money is needed it will come before the full Board so everyone is aware of it and only use the subcommittee if we need to act very quickly. Mr. Leonard said that is the way staff envisions using the subcommittee. Commissioner Bell noted the new board members orientation is scheduled on September 9, 2013. Election of officers and selection of subcommittee members can be taken up formally at the next full AIDEA board meeting on October 1, 2013.

Mr. Pruhs asked for clarification on established Board protocol; specifically public input to an item. Commissioner Bell noted the public can weigh in on an item during the public comment period of the meeting.

Mr. Pruhs asked, based on the schedule provided, has there been any slippage of this project. Mr. Hemsath said no, there has not. When creating the schedule it was planned with the anticipation for items which needed a long lead time to complete. Mr. Pruhs asked if we

anticipate any roadblocks in the next few quarters. Mr. Hemsath said no, not at this time, but there are a couple of critical path items; one is equipment which AIDEA is trying to work around, the second is permitting. With regard to permitting AIDEA has begun the air permit process which typically is the longest lead time. AIDEA has acquired the rights from BP for their air data, so 12 months was just saved on the schedule by not having to collect the data. AIDEA is working aggressively as it relates to the pad, which more than likely will not go in until next spring. Mr. Pruhs asked if he can assume it is the same for both the plant and distribution schedules. Mr. Hemsath said yes, but his comments are specifically directed towards the plant. While there are issues as relating to scheduling for the distribution, those aren't necessarily as critical at this point. What is critical is getting gas flowing, into trucks and moving to Fairbanks.

Mr. Pruhs asked is there a critical point in the future for the distribution we will need to be aware of. Mr. Davis said not at this point. One issue is the status of certificate of public necessity and convenience which should be resolved by October 19, 2013. Meanwhile AEA is working with local entities to lay out a technical view of piping that will be needed. AIDEA has the Bond authorization and retained Western Financial Group to work on the Bond issuance and with under writers in place, along with Bond counsel. Mr. Leonard said one of the areas he feels is a challenge, and staff is attempting to work through as quickly as possible, is evaluating potential equity partners which has a lot of moving pieces. Whereas the distribution system; in that there are the different competing entities looking at how to service it, so timing, working through the demand issue, contracts with potential customers, and the RCA process are all very challenging. This isn't an easy project, it is very schedule driven and tight, but AIDEA and AEA are doing all that can be done to keep it on the path to make it by 2015. Staff will be reporting on this timeline at every meeting and will send out information as adjustments arise.

Ms. Nygard said one of the biggest roadblocks she foresees is the permitting process specifically for air. She feels the timeline is fairly conservative and wants to know what the average time is for an air permit of this size. Mr. Davis said HDR's national permit person is working the process and estimates that if AIDEA files this fall, the permit will be in hand by September 2014. Mr. Leonard said there is a timeline specifically for all the permits needed and the timeline will be forwarded to all Board members. Also, for the record, BP and other entities on the slope have been very helpful with providing data for the permit process.

Mr. Dick asked if the Board will be kept abreast with any hiccups which may occur. Mr. Leonard said yes, staff will keep Board members abreast.

MOTION: Mr. Wilken moved to approve Resolution No. G13-14; Mr. Pruhs seconded the motion. The motion was approved with Board members Wilken, Rodell, Pruhs, Nygard, Dick and Bell voting yea.

7. DIRECTOR COMMENTS

Mr. Leonard welcomed the new Board members and said staff are thrilled to have such skilled Board members to help lead the Authority and everyone looks forward to the orientation meeting on September 9, 2013. A part of that process is to take 2 or 3 of AIDEA's main projects and give a detailed update. The Jack-up-Rig has pulled up from Cosmo and is now moving to Southern Cross. Other good news is one of AIDEA's partners, Buccaneer, has a new partner that provides a lot of financial strength in their drilling program. The next full Board meeting will be on Tuesday, October 1, 2013.

8. BOARD COMMENTS

Mr. Wilken welcomed the three new Board members and said he looks forward to working with them. He will be participating via teleconference during the October 1, 2013 meeting.

Mr. Dick said he appreciates the opportunity to work with everyone and looks forward to meeting everyone face to face. This is a great opportunity for him to learn; being from South East Alaska he is learning there is more to the state and looks forward to the learning.

Mr. Pruhs said he also appreciates the opportunity, he thanked the staff for working with him the past couple of weeks and he looks forward to working with everyone. He is excited about what AIDEA and AEA is doing to make our state a better place.

Ms. Nygard said she re-irritated what was previously said, she looked over the mission of AIDEA and AEA and fully believes this is where we need to go as a state. She hopes to bring a good "valley" voice to the Board.

Acting Commissioner Rodell said welcome to the new Board members. She is excited to have them on board and if anyone has finance questions, they should feel free to contact her. She will be traveling out of state during the October 1, 2013 meeting and will attend via teleconference or have a designee in place.

Commissioner Bell thanked everyone for attending and looks forward to working with the new Board.

9. ADJOURNMENT

There being no further business of the Board, the AIDEA meeting adjourned at 11:51 a.m.



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