



**Alaska Industrial Development and Export Authority
BOARD MEETING MINUTES**

Thursday, June 23, 2016

Wasilla, Juneau, and Anchorage, Alaska

1. CALL TO ORDER

Chair Pruhs called the meeting of the Alaska Industrial Development and Export Authority to order on June 23, 2016, at 10:03 a.m. A quorum was established.

2. ROLL CALL: BOARD MEMBERS

Members present: Chair Dana Pruhs (Public Member); Vice-Chair Russell Dick (Public Member); Jerry Burnett (Deputy Commissioner, Department of Revenue); Elaine Brown (Public Member); Dan Kennedy (Public Member); and Gary Wilken (Public Member).

Members participating via teleconference: Fred Parady (Deputy Commissioner, Department of Commerce, Community, and Economic Development)

3. ROLL CALL: STAFF, PUBLIC

AIDEA Staff present: John Springsteen (Executive Director); Chris Anderson (Commercial Finance Director); Mark Davis (Chief Infrastructure Development Officer); Jennifer Haldane (Human Resources Director); Jim Hemsath (Project Development & Asset Management Director); Michael Lamb (Chief Financial Officer); Karsten Rodvik (External Affairs Officer); Nick Szymoniak (Energy Infrastructure Development Officer); Gene Therriault (Interior Energy Project (IEP) Team Lead); Kirk Warren (AEA COO/Project Implementation Director); Sherrie Siverson (Executive Assistant); and Teri Webster (Executive Assistant)

Staff participating via teleconference: Brenda Applegate (Controller); Mike Catsi (Business Development & Communications Director); Bill Phelan (Loan Officer); and Krin Kempainen (Administrative Assistant).

Public present: Dan Britton (Pentex); Mark Gardiner (Western Financial Group); Eugene Carl Haberman (Public); Jerry Juday (Department of Law); Brad Keifer (Northrim Bank); and Bob Shefchik (IEP Team).

Public participating via teleconference: Debra Mack (Accu-Type Depositions).

4. AGENDA APPROVAL

The agenda was approved.

5. PUBLIC COMMENTS

Eugene Carl Haberman, resident of Matanuska-Susitna Valley (Mat-Su), explained he follows the process used by officials for public meetings. He believes if the appropriate process is used, the decisions made by the governing body will more likely be in the public interest. Mr. Haberman reported he has attended public meetings, including Alaska Public Offices Commission, in Anchorage for the last five years and public meetings in the Valley for the last three years.

Mr. Haberman expressed concern regarding the unavailability of hard copies of the AIDEA Board meeting information for the public. He believes this is an inappropriate practice and has been an issue for a number of years. Mr. Haberman reported staff made a copy of the information for him immediately before the meeting began.

Mr. Haberman stated the three-minute time limit for public comments does not provide a reasonable opportunity for the public to share all their concerns. He noted the AIDEA bylaws state reasonable notice shall be provided for any special meeting. Mr. Haberman expressed his disappointment that the use of reasonable notice is too broad because there may be an occasion when the Board believes five minutes is reasonable notice for a special meeting. Mr. Haberman encouraged members to contact him regarding AIDEA's public process.

6. PRIOR MINUTES - April 28, 2016 and May 19, 2016

The minutes from April 28, 2016 and May 19, 2016 were approved as presented.

7. NEW BUSINESS

7A. Resolution No. L16-08 O'Malley Ice and Sports Center

Mr. Springsteen stated Resolution No. L16-08 regards a loan to O'Malley Ice and Sports Center, LLC to finance the acquisition of the O'Malley Sports Complex comprised of an ice arena and recreation center with a trampoline park. Ms. Anderson noted the guarantors are Stephen Agni and Siegfried Jokiel. Mr. Agni has managed the project for the last 15 years. The participation amount is \$7,119,840 at a fixed rate for a 25-year term. The Anchorage market for ice hockey continues to be strong. The market for gym time at the recreation center continues to be stable. The market demand for the trampoline park has grown since the opening in the fall of 2015.

Ms. Anderson reported AIDEA would take a first deed of trust lien position, an assignment of rents and a security interest in furniture, fixtures, and equipment. The strengths include the loan to value ratio of 67% and the debt service coverage of 1.94:1. There is currently no outstanding debt with the borrowers. There are no known environmental issues. A payment reserve fund will be created over three years to cover six months of payments to mitigate the one weakness of minimal liquid assets of the guarantors.

The total AIDEA statewide portfolio is diversified at 1.3% of recreational type properties and will increase to 3.4%. Anchorage region recreational type property loans are at 1.3% and will increase to 5.1%. Staff recommends the loan participation for approval.

MOTION: Vice-Chair Dick moved to approve Resolution No. L16-08. Motion seconded by Ms. Brown.

The motion was approved with members Pruhs, Dick, Brown, Burnett, Kennedy, Parady, and Wilken voting yea.

7B. Resolution No. G16-07 Appointment of AIDEA Interim Assistant Secretary Treasurer

MOTION: Vice-Chair Dick moved to approve Resolution No. G16-07. Motion seconded by Ms. Brown.

Mr. Springsteen stated Resolution No. G16-07 regards the appointment of Brenda Applegate as Interim Assistant Secretary-Treasurer of the Authority during the time Michael Lamb serves as Interim Executive Director and Acting Secretary-Treasurer of the Alaska Energy Authority. The separation of duties provided for by these interim appointments is in the public interest and in the best interest of the Authority with an effective date of July 2, 2016.

Chair Pruhs inquired as to a termination date for the appointment. Mr. Springsteen stated there is no current termination date on the appointment. It is at the Board's discretion to decide what action is needed to move from an interim status to a permanent status. Ms. Applegate is currently the controller of AIDEA and works with different members of the shared-services team serving AIDEA and AEA. Mr. Lamb and Ms. Applegate have been diligent about redistributing the workload and shifting responsibilities to accommodate their newly appointed responsibilities.

The motion was approved with members Pruhs, Dick, Brown, Burnett, Kennedy, Parady, and Wilken voting yea.

7C. Interior Energy Project (IEP) Update

Mr. Springsteen invited Gene Therriault to present the IEP update. Mr. Therriault discussed the continued forward progress being made by the IEP. The next quarterly report under House Bill (HB) 105 will be delivered by its due date in early July. The Cook Inlet natural gas supply contract is nearing completion for the proposed liquefied natural gas (LNG) plant in the Mat-Su area. This contract will meet the immediate demands of the existing Fairbanks Natural Gas (FNG) customer base and will support the proposed 3 Bcf plant for the expanded customer base at the community target of \$15 per Mcf.

Mr. Therriault stated the commercial terms and technical design of the liquefaction aspect continues to advance. The scope of work information from Salix is expected to be returned within a couple of weeks. The test success of the larger-capacity LNG trailer last fall resulted in FNG purchasing that trailer. FNG placed an order for three additional trailers and includes apparatus for the potential of pulling a pup trailer. The Alaska Railroad will be testing the logistics of loading, moving, handling, and shipping LNG in ISO containers to the Interior in October and November.

Mr. Therriault reported no change in the currently approved FNG rates for the existing customer base. There are no plans for additional expansion of the distribution system during this construction season, other than working with the cities and Department of Transportation (DOT) during open road work that could facilitate opportunities to place pipe in the ground. The target for the integration of the FNG and Interior Gas Utility (IGU) distribution system has been postponed to later in this calendar year due to the delay in the advancement of most of the components for supply. Productive meetings have occurred evaluating the costs, benefits and timing of the storage capacity building.

Mr. Therriault stated the Property Assessed Clean Energy (PACE) legislation unfortunately did not pass this year due to the legislative session concluding before it was brought up for vote. Mr. Therriault expressed appreciation to Board members, particularly Mr. Wilken, Mr. Kennedy and Deputy Commissioner Parady, for their efforts to get the PACE legislation heard. Mr. Therriault expressed hope for the potential opportunity the PACE legislation will be heard during the special legislative session. He said PACE preplanning work with municipal governments could occur ahead of the actual approval of the legislation. Mr. Therriault noted IGU and FNG have accessed on-bill financing. Support is growing for legislation regarding the ability of regulated utilities to offer on-bill financing to be introduced in the 2017 session.

Mr. Therriault reported AEA continues to work to identify sources of funds that would assist with the energy efficient conversions to natural gas. The Rural Utilities Service (RUS) recently put out a solicitation for proposal for the Rural Energy Savings Program to provide loan funds at 0% interest.

7D. Executive Session: Interior Energy Project, Brooks Range Petroleum (BRP), Mustang Operations Center (MOC1), Ketchikan Shipyard, and Skagway Ore Terminal

MOTION: Vice-Chair Dick moved to go into Executive Session to discuss confidential and financial information related to the Interior Energy Project, Brooks Range Petroleum (BRP), Mustang Operations Center (MOC1), Ketchikan Shipyard, and the Skagway Ore Terminal. Motion seconded by Mr. Kennedy.

The Board entered Executive Session at 10:31 a.m. Participants included board members Dana Pruhs, Russell Dick, Elaine Brown, Jerry Burnett, Dan Kennedy, Fred Parady (via teleconference), and Gary Wilken. AIDEA staff invited to join the session, at different times, for related topics: John Springsteen, Michael Lamb, Mark Davis, Jim Hemsath, Gene Therriault, Nick Szymoniak, and guests Dan Britton, Mark Gardiner, Jerry Juday, and Bob Shefchik.

The Board reconvened its regular meeting at 11:55 a.m. Chair Pruhs stated no formal action was taken during executive session.

8. DIRECTOR COMMENTS

Mr. Springsteen expressed appreciation to the City of Wasilla for opening their facilities for the Board. Members had an opportunity to look at some of AIDEA's current Mat-Su Valley investments, including warehouses, medical office and dental office facilities, family fun center, Point McKenzie LNG plant, and retail buildings. Members also had the opportunity to meet with city, borough, and state officials to discuss potential investments in the Mat-Su Valley. The dashboard, loan, delinquencies reports, IFD and PDAM project matrices, and the continuing education calendar are included in the board members' packets.

The next AIDEA Board meeting is scheduled for Wednesday, August 10, 2016.

9. BOARD COMMENTS

Mr. Kennedy expressed his appreciation to staff and Board members for coming to the Mat-Su community to witness the economic development and to the City of Wasilla for utilization of the City Council chambers. He noted his discussions with Board members and staff these two days have been very educational. Mr. Kennedy believes AIDEA is performing well in the state and particularly in the Mat-Su Borough.

Mr. Wilken requested to be associated with the remarks of Mr. Kennedy and thanked him for his hospitality. Mr. Wilken expressed his appreciation to staff for providing the requested confidential employment report for the Ketchikan Shipyard. The report shows the commitment to retain and grow employment in Alaska has been upheld.

Chair Pruhs expressed his appreciation to Wasilla for the reception, the tour, and to Mr. Kennedy for his hospitality. Chair Pruhs looks forward to many more opportunities in the Mat-Su Valley.

10. ADJOURNMENT

There being no further business of the Board, the AIDEA meeting adjourned at 12:00 p.m.



John Springsteen, Executive Director
Alaska Industrial Development & Export Authority

