



Alaska Industrial Development and Export Authority
BOARD MEETING MINUTES
Thursday, December 15, 2016
Anchorage, Fairbanks, Juneau, and Wasilla, Alaska
and Princeville, Kauai, Hawaii

1. CALL TO ORDER

Chair Pruhs called the meeting of the Alaska Industrial Development and Export Authority to order on December 15, 2016, at 9:00 a.m. A quorum was established.

2. ROLL CALL: BOARD MEMBERS

Members present: Chair Dana Pruhs (Public Member).

Members participating via teleconference: 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).

3. ROLL CALL: STAFF, PUBLIC

Staff present: John Springsteen (CEO/Executive Director); Michael Lamb (Interim AEA Executive Director/CFO); Mike Catsi (Business Development & Communications Director); Mark Davis (Chief Infrastructure Development Officer); Brenda Applegate (Assistant CFO/Controller); Karsten Rodvik (External Affairs Officer); Sherrie Siverson (Executive Assistant); and Krin Kempainen (Administrative Assistant).

Public present: Brian Bjorkquist (Department of Law).

Public participating via teleconference: Gail Sorenson (Public Dillingham).

4. AGENDA APPROVAL

The agenda was approved as presented.

5. PUBLIC COMMENTS

There was no public comment.

7. NEW BUSINESS

7A. Resolution No. G16-16 FY2018 Dividend Recommendation

Mr. Springsteen stated Resolution No. G16-16 regards Board approval of the dividend AIDEA pays to the state. Staff recommendation for FY18 is \$12,883,000, this dividend recommendation

is subject to AIDEA's cash flow constraints and operating components and is based on AIDEA's realized income, in other words, what AIDEA actually earned.

MOTION: Mr. Kennedy moved to approve Resolution No. G16-16. Motion seconded by Mr. Wilken.

Mr. Wilken stated he will be supporting staff recommendation for **four reasons**. The **first** is staff recommendation and its backed up by financial data and is based on the capacity to retain the monies for possible upcoming events that will require cash, so I find the arguments from staff compelling.

Secondly, it is essentially a 34% distribution as opposed to last years of 25%. We are moving from the 25% to 34% back towards 50%, where it had resided since 1998, that is good movement. **Another note**, it is double from the \$6.3 million given last year to this year \$12.8 million. So we are moving in the right direction.

Fourth and the most important thing. I sent an email following up on the discussion floated by the Chair on how AIDEA calculates the dividend. I'm surprised we haven't discussed this before it is very appropriate for the Board to decide how to do it. This should be on our agenda and he hopes all will think about how to structure the dividend moving forward. One, to show AIDEA recognizes it's not giving the maximum amount and has the need for additional cash. Two, AIDEA recognizes that perhaps there's a policy on the way the dividend is calculated and it is being restructured. That is something he is strongly in favor of. With the assurance of dividend calculations as an upcoming topic with a decision to be made he will be supporting this Resolution.

Chair Pruhs stated this topic is planned for discussion purpose in January and final in the following month with a policy or resolution. Mr. Wilken stated it will be nice to have the decision made in February, prior to any sort of testimony in Juneau, so we can say we've been proactive and done something if asked by the legislators.

Mr. Kennedy stated he carefully read staff's analysis and is in support of this resolution. He also wanted to thank Mr. Wilken for outlining his email and looks forward to further discussion of this important fiduciary responsibility of the Board.

Mr. Dick stated he speaks in favor of staff's recommendation in the current resolution. As always he would like to thank Mr. Wilken for so eloquently laying out the analysis behind it.

Ms. Brown stated she supports staff's recommendation and looks forward to further discussion in January and February.

Chair Pruhs said he would also like everyone to really think about this so the Board can have a good discussion starting in January on this topic.

Deputy Commissioner Burnett stated Chair Pruhs knows what he thinks. There is a lot of good logic in the Resolution, he is going to support the Resolution. He hopes that AIDEA is able to employ the \$6 million in a way that's better than which the legislature would choose to use it. Chair Pruhs stated he hopes both of them have the best interest of the State at heart.

Mr. Wilken asked when will the check be written to the State. Ms. Applegate stated in equal quarterly installments throughout the fiscal year; starting July 1, 2017. Mr. Wilken asked why a special meeting needed to be called to address this topic. Ms. Applegate stated the Governor's 2018 budget will have this as a component. OMB is waiting for this number so it can be put into the budget. Mr. Springsteen stated historically this figure is also included in the annual report due out in January. Mr. Davis stated OMB needs the figure because the Governor's office wants to know what each agency may contribute to the budget.

Mr. Wilken stated he understands, but the Governor's budget is due out today so this number will not appear in the December 15 budget. We are either way ahead or a quarter behind. Mr. Springsteen stated we had difficulties related to pension benefit calculations and how it flows through the AIDEA income statement and delay of information for finalization of our statutory net income, we didn't have a feasible way of moving this discussion forward. Ms. Applegate noted to have completed financial statements AIDEA is dependent on the completed State PERS statements which were delayed again this year.

Mr. Wilken asked who would be setting up the discussion for the January Board meeting, because he has three suggestions for how to move forward. Mr. Springsteen stated he would follow up with Mr. Wilken and he has some key staff in mind to meet the need.

Mr. Lamb stated he wanted to add in substance this is actually consistent with the Boards adoption last year of the GASB Bill which took the unrealized gains and losses out of the calculation.

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

8. DIRECTOR COMMENTS

Mr. Springsteen stated the next AIDEA Board meeting is Wednesday, January 11, 2017.

9. BOARD COMMENTS

Chair Pruhs stated this is really important and he encourages everyone to think very hard on a solution. For him it's about recognition of AIDEA staff efforts and the results that they get. The other is about stability and consistency so the state itself can have a constant revenue stream and they can plan accordingly.

Yesterday he met with Mr. Springsteen and will have a draft letter for Governor Walker in regards to AO281. If anyone has any questions or wishes to add anything, please let him know, he would like to send it out by Friday.

Mr. Kennedy wanted to thank Chair Pruhs for all his hard work, not only on this special meeting today but with working with staff, especially the AO281 issue. Thank you very much. Mr. Wilken agreed.

10. ADJOURNMENT

There being no further business of the Board, the AIDEA meeting adjourned at 9:22 a.m.



John Springsteen, CEO/Executive Director
Alaska Industrial Development & Export Authority

