



Alaska Industrial Development and Export Authority
BOARD MEETING MINUTES
Thursday, February 23, 2017
Anchorage and Juneau, Alaska

1. CALL TO ORDER

Chair Pruhs called the meeting of the Alaska Industrial Development and Export Authority to order on February 23, 2017, at 10:03 a.m. A quorum was established.

2. ROLL CALL: BOARD MEMBERS

Members present: Chair Dana Pruhs (Public Member); Russell Dick (Public Member - Vice-Chair); Elaine Brown (Public Member); Dan Kennedy (Public Member); and Gary Wilken (Public Member).

Members participating via phone: Fred Parady (Deputy Commissioner, Department of Commerce, Community, and Economic Development [(DCCED)] and Jerry Burnett (Deputy Commissioner, Department of Revenue [DOR]).

3. ROLL CALL: STAFF, PUBLIC

AIDEA staff present: John Springsteen (CEO/Executive Director); Chris Anderson (Director-Commercial Finance); Mike Catsi (Director-Business Development and Communications); Mark Davis (Chief Infrastructure Development Officer); Tom Erickson (Chief Procurement Officer); Jennifer Haldane (Director-Human Resources and Administration); Jim Hemsath (Director-Project Development & Asset Management [PDAM]); Matt Narus (PDAM Project Manager); Karsten Rodvik (External Affairs Officer); Lori Stender (PDAM Project Manager); Sherrie Siverson (Executive Assistant); and Krin Kempainen (Administrative Assistant).

Staff participating via phone: Gene Therriault, (Interior Energy Project [IEP] Team Lead)

Public present: Elwood Brehmer (Alaska Journal of Commerce); Bill Bittner (Birch Horton Bittner & Cherot); Sydney Hamilton (Accu-Type Depositions); Jerry Juday (Department of Law); Gary Kuhn and David Pease (Matanuska Electric Association [MEA]); Dan Britton (Pentex Alaska); Alan Bailey (Petroleum News); and Mark Gardiner (PFM Group Consulting).

4. AGENDA APPROVAL

The agenda was approved without objection.

5. PUBLIC COMMENTS

None

6. PRIOR MINUTES - January 11, 2017

The minutes were approved as presented.

7. NEW BUSINESS

7A. Interior Energy Project (IEP) Update

Mr. Therriault reported the subcommittee meeting called by Chair Pruhs occurred last week in Fairbanks. Discussions included the draft purchase and sale agreement for the integration of FNG and IGU, and streamlining AIDEA team processes. The next major component focuses on the draft financing agreement. Mr. Therriault requested Mr. Gardiner explain the structure of the draft financing agreement. Mr. Gardiner described the draft financing agreement provides the overall business structure for the ongoing relationship between AIDEA and IGU. The financing structure includes the relative priorities of bond financing and the SETS loan agreements.

Mr. Therriault informed all of the financing agreements are conditioned upon securing gas supply. There is general movement forward to securing the gas supply. The utility negotiation lead for gas supply has been transitioned to IGU.

Chair Pruhs requested Mr. Britton of Pentex provide an update. Mr. Britton stated weather patterns this year are tracking historical averages. The revenues and earnings are slightly ahead of the budget. Expenses continue to be tightly managed. The three new trailers are expected to be completed in May, June, and July, respectively, for service in the fall and winter. The new units have approximately 25% additional capacity, carrying up to 12,500 gallons. The unit is engineered and designed to accommodate a rear section bolt-on undercarriage pup-trailer if the decision is chosen in the future.

Mr. Britton informed the rail pilot project testing consisted of two ISO containers on eight round-trips from Titan to Fairbanks. The trips were seamless and the schedule was tighter than anticipated. The inter-handling of the ISO containers between the Titan facility and the rail, and between the railyard to the Fairbanks storage facilities added substantial cost during the pilot project. Options to load around the Houston area are being reviewed, which would reduce the on-road transportation portion and decrease costs.

Mr. Wilken expressed his sense that Mr. Britton may not be as involved as he should be with the gas negotiating team. Mr. Wilken believes Mr. Britton should be at every gas negotiating meeting. Mr. Wilken requested, for the record, that Mr. Britton inform Chair Pruhs if the gas negotiating team is not being inclusive in their efforts. Mr. Wilken suggested members utilize the recent Alaska Journal of Commerce article for IEP update talking points.

MOTION: A motion was made by Vice-Chair Dick to go into Executive Session to discuss confidential matters related to Interior Energy Project, MOC1, and personnel matters. Motion seconded by Ms. Brown. The motion was approved without objection.

Participants included board members Dana Pruhs, Russell Dick, Elaine Brown, Jerry Burnett, Dan Kennedy, Fred Parady, and Gary Wilken. AIDEA staff invited to join the session, at

different times, for related topics: John Springsteen, Mark Davis, Tom Erickson, Gene Therriault, and guests, Bill Bittner, Dan Britton, Mark Gardiner, and Jerry Juday

The Board reconvened its regular meeting at 12:11 p.m. Chair Pruhs stated no formal action was taken during executive session.

8. DIRECTOR COMMENTS

Mr. Springsteen stated that dashboard, loan, delinquencies-to-outstanding reports, IFD, PDAM project matrices, are included in the board packets. The Callan Quarterly Review is available for review in the office of the executive director. Please contact Ms. Siverson regarding interest in continuing education courses. The next AIDEA Board meeting is on Thursday, March 30, 2017, in Anchorage.

Chair Pruhs asked about the status of the market regarding requests for loans, refinances, and new construction. Ms. Anderson said she believes the market continues to be steady and weighted toward refinances. She said one delinquent loan had been brought current at the June 30, 2016 reporting, but is now delinquent again.

9. BOARD COMMENTS

Mr. Kennedy reported the Audit and Budget Subcommittee developed an initial framework for involvement in the fiduciary responsibility of the budget process. It includes a planning meeting with the independent auditors and a review of the draft audited financial statements. Mr. Kennedy informed the Subcommittee is patiently working with management to examine the FY18 budget. Chair Pruhs requested the Subcommittee has plenty of time to review the budget prior to it being sent to the Administration.

Mr. Kennedy shared the economic outlook he received from recent economic forums. He noted Anchorage is in a recession. Job loss for Anchorage and Fairbanks is at 2%, and job loss for Southeast Alaska is at 1.7%. The Mat-Su Borough continues to see economic activity and growth with a population increase of 2.6% in 2016.

Chair Pruhs noted the Interior is anticipated to have growth due to the F-35 support. Chair Pruhs requested Mr. Springsteen provide the Board an overview of the organization's cash flow at the next meeting.

10. ADJOURNMENT

There being no further business of the Board, the AIDEA meeting adjourned at 12:23 p.m.



John Springsteen
Secretary-Treasurer