



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

Wednesday, January 15, 2020
Anchorage, Alaska

1. CALL TO ORDER

Chair Pruhs called the meeting of the Alaska Industrial Development and Export Authority to order on January 15, 2020, at 10:02 am. A quorum was established.

2. ROLL CALL: BOARD MEMBERS

Members present: Chair Dana Pruhs (Public Member); Vice-Chair Bernie Karl (Public Member); Julie Anderson (Commissioner, DCCED); Albert Fogle (Public Member); Bill Kendig (Public Member); Greg Samorajski (Deputy Commissioner DOR); and Julie Sande (Public Member).

3. ROLL CALL: STAFF, PUBLIC

AIDEA Staff present: Tom Boutin (CEO/Executive Director); Chris Anderson (Commercial Finance Director); Brenda Applegate (Chief Financial Officer); Mark Davis (Chief Infrastructure Development Officer); Alan Weitzner (Chief Investment Officer, PFAM); Leona Hakala (Loan Officer); Lex Sargento (Chief Procurement Officer); Linda Senn (Human Resources Director); Geoffrey Johns (PFAM Investment Officer). Karsten Rodvik (External Affairs Officer); Jesse Peterson (Sr. Manager, PFAM); Jeff San Juan (Infrastructure Development Finance Officer); Sherrie Siverson (Executive Assistant); Krin Kempainen (Administrative Assistant); and Aimee Sudbeck (Administrative Assistant).

AEA Staff and AIDEA Counsel and Consultants: Jerry Juday (Department of Law).

Public: Sunny Morrison (Accu-Type Depositions); Tegan Hanlon (Alaska Public Media); Harry Bockmeulen (BRPC); Mark Lonheim (First National Bank) (phone); Tim Redder (First National Bank Alaska); Jim Gallagher (HDR); Unidentified Attendee (HDR); Alex Johnson (National Parks Conservation Association). Majid Jourabchi (Thyssen); Dave Parrish (Trilogy Metals); Rick Van Nieuwenhuysen (Trilogy Metals); Mark Wiggin (Wiggin & Co.); Elaine Bert; Harry Douglas (phone); John Gaedeke (phone); Dan Gilbert (phone); Susan Johnson (phone); Nancy Wainwright (phone).

4. AGENDA APPROVAL

MOTION: A motion was made by Vice-Chair Karl to approve the agenda. Motion seconded by Mr. Kendig.

The motion to approve the agenda as presented passed without objection.

5. PUBLIC COMMENTS

John Gaedeke informed his family started Iniakuk Lake Wilderness Lodge and he is calling from the Fairbank area. He expressed a continued concern for the lack of trust for the Ambler Road proposal. Mr. Gaedeke stated he attended many of the EIS comment meetings in the fall and is shocked at the level of confusion in the villages, in Anchorage and in Fairbanks regarding AIDEA's proposal. The project operatives have not been successful in their attempts to reassure people about their concerns. Questions from 2014 remain unanswered, and yet AIDEA seems to be blindly moving ahead with the proposal.

Mr. Gaedeke understands no questions will be answered during the Board meeting and wanted to identify some of the issues for the members' knowledge. He stated the biggest issue of the proposal is how to control access on a 220-mile road. Labeling the road as controlled access does not solve the problem. He believes the road could greatly facilitate drug running, bootlegging, and poaching. The current police force in Alaska is insufficient in many of the villages that do not have roads. Mr. Gaedeke informed he has read the EIS comments submitted by AIDEA and has found no clarification. He noted the repetitious statement that the right-of-way permit requires controlled access. Alaska is known for roads to nowhere that run out of funding and support.

Mr. Gaedeke stated the current Mustang project is late on payments. The schools lack proper funding and maintenance and the police force is eroding. Alaskans know very well that saying something will be done properly and actually doing it properly are two very different things. AIDEA has not communicated the capabilities in the region. The operatives are focused on obtaining a right-of-way in spite of the Alaskans that live along the corridor. There is no funding and no engineering, and yet, the public is supposed to trust AIDEA. There is confusion about how and where the road will be built. The type of culverts that will be used is unknown. How to mitigate naturally occurring asbestos is unknown, other than the statement of, "proper techniques will be used."

Mr. Gaedeke advised he spoke with project manager Jeff San Juan about the Gaedeke family's wilderness lodge on Iniakuk Lake that has been operating for 45 years. He noted Mr. San Juan seemed confused regarding the location of the lodge, and when it was identified on the map, Mr. San Juan asked the value of the lodge and suggested AIDEA could possibly purchase it. Mr. Gaedeke asked if AIDEA was planning to buy out all the businesses this road will impact. He asked if AIDEA was planning to buy out villagers' homes and relocate them when they can no longer hunt caribou and put food on the table. Mr. Gaedeke stated AIDEA is supposed to make the lives of Alaskans better. He respectfully asked that the AIDEA Board to do better. He noted there has been a cavalier attitude about the impacts in the region and there is no longer any trust.

Harry Douglas began his public testimony by speaking Inupiaq. Mr. Douglas informed he is Inupiaq Eskimo. He stated there are not many Native speakers anymore, and if a road is built in the area there will not be many animals anymore. Before the 1920's, there were not many caribou, moose, and beaver in the area, and his people had to go approximately 200 miles to the north to hunt. He does not want to go back to that situation. Mr. Douglas stated the Athabaskans today travel a long way to hunt caribou and other animals. The proposed road is in the spawning

grounds for many creeks, rivers, and streams. Mr. Douglas does not believe AIDEA is considering the impacts of the road on the fish, animals, birds, or the impacts to the migration patterns of the animals and the impacts to hunters. Mr. Douglas stated there is only one developer who is pushing for the development of the road and the developer has a poor history as NovaGold, and then as NovaCopper, and now as Trilogy Metals. He noted there would be public outcry when public money is used. Mr. Douglas said ANILCA indicates any settlement or towns that are connected to a road system will not qualify for subsistence. There was a village vote in the area in the 1970's that voted against a road. AIDEA should respect that vote. There has been no vote since then.

Nancy Wainwright, interested citizen, highlighted an economic challenge of the Ambler project that has received very little attention. The proposed road runs through numerous cultural graveyards and cultural resources of the tribes in the region. There has been very little assessment of the extent of the existing cultural resources. Ms. Wainwright noted AIDEA has proposed to conduct the cultural resource assessment in the future. She believes the cultural resource assessment will be very expensive for a 211-mile road and asked the Board to inquire of their staff the amount of funding that is planned to be spent on the evaluation. Ms. Wainwright stated the cultural resource assessment would have to occur before ground is broken. She commented this project is like building a road through the hometown church graveyard or the hometown museum containing rich artifacts dating back thousands of years, which will have to be protected before the road can go forward. Ms. Wainwright wanted to make the Board aware the proposition is costly and will affect the cultures in the region.

6. PRIOR MINUTES - December 4, 2019

MOTION: A motion was made by Mr. Kendig to approve the Minutes of December 4, 2019. Motion seconded by Deputy Commissioner Samorajski.

Deputy Commissioner Samorajski noted the comment in paragraph two on page seven of the minutes is erroneously attributed to him. Deputy Commissioner Samorajski believes the comment was made by Mr. Fogle and requested the minutes be corrected. Deputy Commissioner Samorajski agreed he was supportive of the resolution, but he did not make that specific comment. There was no objection to the friendly amendment of the Minutes of December 4, 2019, paragraph two on page seven to state, "Mr. Fogle expressed support for the resolution and commented that 17 times out of 24 times, the 50% dividend level was paid to the State."

The motion to approve the Minutes of December 4, 2019, with the friendly amendment correcting paragraph two on page seven to state, "Mr. Fogle expressed support for the resolution and commented that 17 times out of 24 times, the 50% dividend level was paid to the State," passed without objection.

7. OLD BUSINESS

7A. Loan Resolution No. L20-01 Island Holdings, LLC

Tom Boutin, CEO/Executive Director, requested Chris Anderson, Loan Participation Program, introduce the attendees to revisit Loan Resolution L20-01 Island Holdings. Ms. Anderson reviewed the memorandum and informed the request is from First National Bank Alaska for Island Holdings, LLC for a total gross loan amount is \$7,219,100. AIDEA's participating portion is \$6,497,190 for a 25-year term at a fixed rate. The guarantors are Susan Johnson and Daniel Gilbert. The use of the proceeds will pay off a current First National Bank loan. This is an equity extraction from the Best Western Hotel as the collateral to refinance and reimburse the 38-room Kodiak Compass Suites. Ten new jobs would be created with this credit. Ms. Johnson has been managing the Best Western Hotel for over 12 years, and she and her husband Mr. Gilbert currently own and manage several commercial retail buildings, a duplex, and two single-family homes. They will manage the newly completed Kodiak Compass Suites together.

Ms. Anderson explained AIDEA would take a first deed of trust on the property, which has been appraised by North Pacific Advisors for a real estate market value of \$10,030,000, and furniture, fixtures, and equipment (FFE) value of \$230,000. This provides a 72% loan to value on the real estate. The projected net operating income for the first year is proposed to service the debt at 1.98:1. There is no related debt on this credit. There are no known environmental issues. Ms. Anderson noted the market has rebounded in the past several years and is forecast to remain steady, as long as the Alaskan and national economies remain strong. The strengths include professional management with good operating history, low loan to value, and a flagged hotel in a good downtown location. There are no extraordinary weaknesses beyond the typical market risk.

Ms. Anderson discussed the portfolio diversification as of September 30, 2019. The total dollars in the Gulf region, as a percentage of AIDEA's total portfolio dollars statewide will increase from 4.35% to 5.8%. AIDEA has 12% of its total statewide portfolio in the tourism industry, which will increase to 13.34%. For participated loans within the Gulf region, 55.1% are attributed to tourism projects and will increase to 66.9%. Staff recommends the credit for approval. Ms. Anderson introduced Tim Redder, Vice-President and Regional Branch Manager in Kenai of First National Bank Alaska. He oversees the Kodiak FNBA branch and is available to answer questions. Ms. Anderson noted the borrowers are attending telephonically and available to answer questions.

Mr. Kendig asked if the 72% loan to value is a combined loan to value of FNBA and AIDEA. Ms. Anderson agreed.

Chair Pruhs requested Ms. Anderson discuss the previous questions posed regarding the P&L. Ms. Anderson indicated the first question regarded the reason expenses were not capitalized. She discussed the CPA responded the expenses were not capitalized because it is not a new business. It is an expansion of an existing hotel operation. If it were a new business, indirect costs could have been capitalized as preopening expenses are amortized over a number of years. As to an expansion to a second facility of an existing hotel operations, any cost not specific to the construction can be expensed for tax purposes. Ms. Anderson provided examples.

Ms. Anderson discussed another previously asked question regarding the completion of a Phase 1 environmental audit due to the usage of oil as the heating source. Ms. Anderson informed the Phase 1 environmental assessment is not warranted in this particular circumstance. The borrower affirmed that the buried fuel tank was last upgraded to a new tank in 1983 and seems to be in good condition with no leaks or contamination. The bank completed an environmental risk survey, which includes a search of the Alaska Department of Environmental Conservation website with no issues noted. Fuel tanks used for heating are not uncommon in Kodiak and the insurance company is aware of the fuel tank. The borrower is planning to upgrade to a new above-ground 2,500-gallon tank system in the summer of 2020.

Vice-Chair Karl seriously disagreed with the thought that a fuel tank which has been buried since 1982 has not had some type of contamination. He would have expected test holes be drilled to determine if contamination is present because of potential liability. Vice-Chair Karl noted the largest polluter in the state are buried fuel tanks. He commented a Phase 1 audit should be mandatory on a loan of this amount and questioned the judgment on not conducting a Phase 1 audit.

Chair Pruhs asked if the owner holds pollution liability insurance. Mr. Gilbert agreed, and believes it is under the umbrella policy of \$25 million.

Vice-Chair Karl recommended this resolution is not approved until the Phase 1 audit is completed.

Ms. Anderson suggested the resolution could be approved subject to a completed Phase 1 audit.

Deputy Commissioner Samorajski noted the previous meeting minutes show the Chair's recommendation the environmental assessment is completed prior to closing. Deputy Commissioner Samorajski asked if what was presented today satisfies the Chair's concern. Chair Pruhs believes a visual environmental assessment was conducted, but not a subsurface environmental assessment. Chair Pruhs expressed interest to know exactly what the pollution liability insurance is on the facility. He cannot imagine the policy is \$25 million because the cost of the policy would be very expensive. If a facility goes into foreclosure, the lender is liable. Chair Pruhs asked Ms. Anderson if AIDEA has physically gone to the property. Ms. Anderson answered, AIDEA has not physically gone to the property, but will go to the property before funding is provided.

Chair Pruhs asked Ms. Anderson if AIDEA has reviewed the agreement with the Best Western Hotel. Ms. Anderson noted AIDEA has not reviewed the agreement. She believes the lender has reviewed the agreement. Chair Pruhs inquired as to how an analysis is conducted on the strength of the borrower and the cash flows without reviewing the agreement. Mr. Redder stated he has not personally reviewed the agreement with the flagged hotel. Mark Lonheim, First National Bank, stated he also has not reviewed that agreement.

Vice-Chair Karl believes review of that agreement would be paramount to understanding the conditions of the costs and the length of the agreement before a loan would be considered.

Mr. Fogle asked if the P&L revenue target was met, now that the year is 2020. Mr. Redder noted the most recent information is through August of 2019, and called on the guarantors to speak to their performance through 2019. Ms. Johnson discussed the anticipated revenue for the Compass Suites was exceeded in 2019, and both hotels are doing well. The 2019 revenues exceeded the 2018 revenues.

MOTION: Mr. Fogle made a motion to enter into Executive Session to discuss confidential financial information regarding Loan Resolution No. L20-01 Island Holdings. Motion seconded by Mr. Kendig. The motion was approved without objection.

Executive Session: 10:33 am

The Board reconvened its regular meeting at 11:00 am.

Chair Pruhs advised the Board did not take any formal action on matters discussed while in executive session.

Mr. Boutin recommended Loan Resolution L20-01 be amended to include three conditions:

1. An AIDEA physical inspection of the borrower's property; condition acceptable to the Authority
2. A Phase 1 environmental assessment of the borrower's property including the condition of the underground storage tank, and the borrower's plan to replace the tank; acceptable to the Authority
3. AIDEA review of the borrower's franchise agreement with Best Western; acceptable to the Authority

MOTION: Mr. Kendig made a motion to approve Loan Resolution No. L20-01, subject to the amended three conditions: an AIDEA physical inspection of the borrower's property, condition acceptable to the Authority; a Phase 1 environmental assessment of the borrower's property including the condition of the underground storage tank, and the borrower's plan to replace the tank, acceptable to the Authority; and an AIDEA review of the borrower's franchise agreement with Best Western, acceptable to the Authority. Motion seconded by Mr. Fogle.

Deputy Commissioner Samorajski clarified for the record that AIDEA staff should not move forward with the loan if any unacceptable or adverse indications are found, and these should be reported back to the Board. Chair Pruhs believes the amended loan resolution includes that caveat. Vice-Chair Karl agreed the amended loan resolution includes that caveat. Mr. Boutin noted staff will bring forward policy and procedures at the next meeting for the Board to modify. There were no objections to the resolution amendments as stated in the motion.

A roll call was taken, and the motion to approve Loan Resolution No. L20-01, subject to the amended three conditions: an AIDEA physical inspection of the borrower's property, condition acceptable to the Authority; a Phase 1 environmental assessment of the borrower's property including the condition of the underground storage tank, and the borrower's plan to replace the tank, acceptable to the Authority; and an AIDEA review of the borrower's franchise agreement with Best Western, acceptable to the Authority, passed unanimously.

8. NEW BUSINESS

8A. Resolution No. G20-01 AIDEA FY21 Operating Budget Submission Ratification

Mr. Boutin explained the AIDEA Board expressed its desire to review the budget at the beginning of a process. The FY21 budget is at the end of the process. The FY21 budget is the preliminary stage for the FY22 budget process. This resolution ratifies the submission of the FY21 budget and is consistent with the Board's desired involvement.

MOTION: Mr. Kendig made a motion to approve Resolution No. G20-01. Motion seconded by Mr. Fogle.

Mr. Fogle asked Mr. Boutin for a work timeline for the FY22 budget process. Mr. Boutin explained the work should begin in the second quarter of the calendar year. Mr. Fogle asked when the Audit and Budget Subcommittee should meet. Mr. Boutin believes the Committee may meet in the summertime.

Commissioner Anderson recommended the Committee meet as soon as Mr. Boutin receives notification the FY22 budget is being prepared. Mr. Boutin agreed.

Deputy Commissioner Samorajski asked if the Audit and Budget Subcommittee is a joint committee with AEA or if there are two separate committees. Chair Pruhs clarified there are two separate and distinct committees, but the members of both committees are the same people.

A roll call was taken, and the motion to approve Resolution No. G20-01 passed, with Ms. Sande excused from the room.

8B. Trilogy and South 32 Discussion

Mr. Boutin introduced Rick Van Nieuwenhuysse of Trilogy Metals, who provided the update on the development of the Ambler Mining District Industrial Access Project (AMDIAP). Mr. Van Nieuwenhuysse expressed appreciation for appearing before the Board today. He noted the next stage of advancing the Ambler Mining District in Alaska is the focus on key partnerships and a joint effort from Trilogy Metals and AIDEA management to develop an infrastructure partnership plan. The plan would include financing, operations, ownership, and responsible parties.

Mr. Van Nieuwenhuysse discussed the current status of the project. The Ambler District is located in the Northwest Arctic Borough and substantially impacts the unorganized area to the east in the

Upper Koyukuk region traditionally used by the Athabaskan people. Mr. Van Nieuwenhuyse believes it is important to continue to find opportunities to bring benefits to the eastern part of the region. Currently, the cash flow is directed to the west side. He noted the Alaska Railroad is another key partner in developing the Ambler Mining District.

Deputy Commissioner Samorajski requested Mr. Van Nieuwenhuyse provide a brief summary of the preparations the Alaska Railroad would need to undergo to prepare for the Ambler Mining District business. Mr. Van Nieuwenhuyse noted the Alaska Railroad does not have to undergo much preparation. Flat cars would have to be purchased. The plan is to haul the concentrate in containers by truck to the lay-down area in Fairbanks. This three to five-acre lay-down area has yet to be identified, but will most likely be on Alaska Railroad land. Additionally, a three to five-acre Alaska Railroad lay-down area in Anchorage will have to be determined. Mr. Van Nieuwenhuyse reviewed the specifications of the containers and the process of loading the concentrate directly into the ship's hold. There will be no metal contaminants along the transportation route.

Chair Pruhs requested additional information regarding the gross weight of the vehicle for transport. Mr. Van Nieuwenhuyse noted the AMDIAP road will have a different classification than on the Dalton Highway. The Dalton Highway will only carry a single container with a gross weight of approximately 60,000 pounds. Mr. Van Nieuwenhuyse informed the plan's weights and measures have been reviewed by DOT. Chair Pruhs requested Mr. San Juan provide a configuration of the highway information for public review.

Mr. Van Nieuwenhuyse explained Anchorage is currently able to accommodate the concentrate containers. The overhead crane will attach a Cube Logistic mechanism to transfer the concentrate. The plan is to load approximately 10 ships a year, with Asia as the final destination. There is also a smelter in Germany interested in the copper concentrates. Approximately 300 containers will be transferred each week to the lay-down area.

Vice-Chair Karl commented on the possibility of AIDEA investing in an Alaskan smelter that would create jobs and allow a finished product to be exported rather than sending the concentrate outside of the state. Mr. Van Nieuwenhuyse noted a separate conversation on that topic should be discussed.

Chair Pruhs asked Mr. Van Nieuwenhuyse, for the record, if all of the work that is not self-performed will be open for a fair competitive bid. Mr. Van Nieuwenhuyse agreed, and noted Trilogy will get the best people to do the best job they can for the best price. There is a first right of opportunity contracting preference with NANA. Mr. Van Nieuwenhuyse said an MOU with AIDEA needs to be discussed and developed regarding the road contract. Chair Pruhs reiterated his beliefs the public residents of the state should have an open and competitively fair opportunity to participate in the public part of this project, including the construction of the road, the maintenance of the road, the hauling on the road, and the security on the road. Mr. Van Nieuwenhuyse noted Trilogy subscribes to that thesis. His understanding is the construction of the road would use bondholder funds and the mining company would pay a fee to use the road and to maintain the road. Chair Pruhs noted the public already has \$27 million invested in the

project and should have the opportunity to participate in the long-term success of the project. Mr. Van Nieuwenhuyse agreed.

Vice-Chair Karl suggested the Red Dog Road public bidding process could be used as a model for the Ambler Road construction. Mr. Van Nieuwenhuyse noted the Red Dog model is viewed as a very successful operation and construction model.

Mr. Van Nieuwenhuyse showed the project area sits on top of a mountain, which is conducive to development from a mining standpoint. The project reserves are minable today and could be cash flow positive with today's prices. The Kogoluktuk River should not be affected. The project drainage is on the side of the Shungnak River, which flows into the Kobuk River. There are no anadromous fish near the project because both the Kogoluktuk River and the Shungnak River have substantial waterfalls, which are natural fish barriers.

Mr. Van Nieuwenhuyse showed a projection of the Arctic reserve project open-pit mine at the end of its 12-year life and noted it is a very small footprint. The buildings would include processing facilities, a mill, power plant, a lined tailings facility with downstream construction, and buttressed by 300,000 million tons of waste drawn. The feasibility study and final EIS is expected to be completed for the Arctic reserve in March. The joint Record of Decision from BLM and Corps of Engineers is anticipated 30 to 60 days after the EIS. The permits for the Arctic mine are expected to take two to three years and will begin after the road is permitted.

Mr. Van Nieuwenhuyse explained the Bornite reserve is estimated to be about five years behind the Arctic reserve to become a viably economic mining project. The anticipation is Bornite will be an open-pit high grade copper mine connected to an underground mine. The vision is to have a central mill at the Arctic deposit and process the other deposits through the mill at Arctic. The Bornite deposit is different and will have its own mill. Mr. Van Nieuwenhuyse discussed additional district exploration opportunities and deposits that measure approximately 75 miles from the Sun deposit to the Smucker deposit. There are approximately 800 high-quality anomalies that will need follow-up. Mr. Van Nieuwenhuyse stated that any deposit with a 3% copper equivalent or better would be financially successful.

Mr. Van Nieuwenhuyse informed the Ambler District access was provided for in ANILCA. Mr. Fogle requested additional explanation for the public record of the historical process and reasoning for including Ambler access in ANILCA. Mr. Van Nieuwenhuyse discussed the Ambler District was recognized with the discovery of the Bornite deposit and the subsequent discovery of the Arctic deposit in the 1960's. Access to the Ambler District across federal lands was one of the final lynchpins in the passage of ANILCA legislation in 1980. Senator Ted Stevens, at the time, was instrumental in that process.

Mr. Van Nieuwenhuyse discussed the continued procedural decisions that must occur after the EIS is completed. He stressed the importance of the cooperative effort between Trilogy Metals and AIDEA during the remainder of the process.

Chair Pruhs inquired if the ANILCA legislation indicated a restriction on public access to the corridor to the west. Mr. Van Nieuwenhuyse discussed the language provides the access across federal lands for the purpose of developing the Ambler Mining District. He does not believe the language addressed any public restrictions. Mr. Van Nieuwenhuyse explained there was feedback from regional public engagement during the Parnell Administration requesting the Ambler Road be closed to public access. The decision against public access was made then. Mr. Van Nieuwenhuyse supports the road being closed to public access due to safety concerns.

Chair Pruhs asked if another rational factor for closing public access is the considerable amount of additional funding necessary to meet DOT standards for building a public access road, and that the mining company could not reasonably repay the costs. Mr. Van Nieuwenhuyse agreed the costs would be considerably higher to build a public highway to DOT standards. Chair Pruhs commented it would be interesting for AIDEA staff to know the cost delta.

Mr. Van Nieuwenhuyse continued the presentation explaining the mine will undergo the same NEPA process as for the road. The Corps of Engineers issues the federal permits and the State issues its permits. The permitting process will take approximately two to three years, depending on the level of support for mineral development from the Administration in Washington.

Mr. Van Nieuwenhuyse discussed the establishment of the joint venture between Trilogy Metals and South32 is expected to be completed in mid-February 2020. He envisions the joint venture and AIDEA to establish an MOU to develop an execution plan and budget to develop AMDIAP. It would include a timeline, milestones, dates, responsible parties, and a financing plan for each of the stages; finalize permitting, final feasibility engineering and design (FEED), ownership and owners rights, construction, operations and closure, facilitate alignment with local governments, Alaska Native corporations and Tribal groups, and establish subsistence committee. A cost reimbursement agreement will have to be established for the project as a whole, as well as for each individual project stage. Mr. Van Nieuwenhuyse informed Trilogy Metals is interested in being an owner of the road.

Chair Pruhs inquired as to the closest village to the proposed 211-mile road. Mr. Van Nieuwenhuyse said the closest village on the east side is Bettles, about 12 miles away, and on the West side is Kobuk. There is an existing road connecting Kobuk to the Bornite camp and the AMDIAP would be about two or three miles from the Bornite camp. There is an expensive ice road/winter road connecting Bettles to the haul road. Mr. Van Nieuwenhuyse noted approximately 20 residents live in Bettles year-round, but many people live there in the summertime.

Mr. Van Nieuwenhuyse discussed the importance of copper and other metals for industries such as wind, solar, hydro, and battery storage. In order to reduce CO₂ emissions and address climate change in a meaningful way, the transportation system should be changed to electric and the CO₂-producing power source has to be changed as well. The Ambler Mining District contains at least 10 billion pounds of copper. Mr. Van Nieuwenhuyse reviewed a graphic showing the displacement of CO₂ emissions with alternative energy. Copper is 100% recyclable. He believes copper is a sustainable long-term solution.

Mr. Van Nieuwenhuyse stated he will provide members with the presentation slide deck. Trilogy Metals is being responsive to previous Board comments and is actively working on a draft MOU that will be sent to AIDEA staff by the end of the week.

Chair Pruhs expressed appreciation for the updated presentation.

MOTION: A motion was made by Mr. Kendig to enter into Executive Session to discuss confidential financial matters; personnel matters; and Mustang Development Project. Motion seconded by Mr. Fogle. The motion was approved without objection.

8C. Executive Session: 11:53 am Discuss confidential financial matters; personnel matters; Mustang Development Project.

The Board reconvened its regular meeting at 2:37 pm.

Chair Pruhs advised the Board did not take any formal action on matters discussed while in executive session.

8D. Resolution No. G20-02 Mustang Development

Chair Pruhs described Resolution No. G20-02 as a modification of the debt Caracol Petroleum LLC owes the Authority and authorizes the Authority to loan additional funds to Caracol Petroleum, subject to certain conditions, all in support of the Mustang Oilfield Development Project.

MOTION: Mr. Kendig made a motion to approve Resolution No. G20-02. Motion seconded by Ms. Sande.

Mr. Fogle reminded the public of AIDEA's economic development mission. He explained AIDEA is patient capital and does everything possible to provide further economic development in Alaska. Mr. Boutin expressed appreciation to the staff, the Board, and AIDEA's partners to further the mission in Alaska. He looks forward to a continued partnership.

Vice-Chair Karl commented he believes AIDEA is making a mistake and should put the \$82 million in as equity and have a 50% share in the oilfield. Vice-Chair Karl stated he thinks he should resign from the Board, and he should run the new oil company and then it will be successful.

Ms. Sande expressed support and appreciation for the work and tremendous effort the staff has conducted.

Mr. Kendig expressed support for the motion and expressed appreciation for staff's time and efforts.

Chair Pruhs thanked the staff and the staff at Caracol for working together. He commented the result today is not what was envisioned six months ago or two years ago. It is a path forward and provides every opportunity for the ultimate goal of oil revenues to the State of Alaska and job opportunities for Alaskans. AIDEA is looking at the big picture and will be patient for a few months while Caracol fulfills its requirements to make the solution successful.

A roll call was taken, and the motion to approve Resolution No. G20-02 passed unanimously.

9. DIRECTOR COMMENTS

Mr. Boutin requested the next few items be abbreviated due to time considerations. There was no objection.

9A. Continuing Education Calendar

9B. Dashboard and Loan Reports

9C. Infrastructure Development (IFD) / Project Finance & Asset Management (PFAM) Project Matrices

9D. Navision Budget & Status Report

Mr. Boutin informed staff committed to provide a Navision budget and status report at each meeting. He introduced Lex Sargento, Chief Procurement Officer, to provide the brief update. Mr. Sargento noted the written status report has been given to each member for review. The project is on budget and on schedule. The security is fine.

Mr. Kendig asked if there have been any unknown developments revealed during the transition. Mr. Sargento noted there have been none. Enhancements to minimize security risks have occurred and the database was been provided to Serenic on schedule. Mr. Sargento is optimistic the project has the possibility of early completion.

Chair Pruhs indicated the next regularly scheduled AIDEA Board meeting is Wednesday, March 4, 2020.

10. BOARD COMMENTS

Vice-Chair Karl expressed appreciation to the staff for their work. He does not believe the Caracol deal voted on today was the best deal possible. He wished Caracol good luck. Vice-Chair Karl commented AIDEA is out of the oil business.

Chair Pruhs indicated the subject has been announced since May.

Deputy Commissioner Samorajski expressed appreciation to staff for their diligent work on the MOC 1 project. He thanked Caracol staff for their work and he is hopeful for future success. Chair Pruhs reiterated appreciation to staff for the efforts on today's MOC 1 deal. He is hopeful the hurdles and deliverables will be met. Chair Pruhs commented on the robust discussion that

occurred with staff regarding clear expectations for loans that are brought before the Board. He suggested a resolution be brought before the Board at the next meeting to ensure proper guidance for staff can be maintained.

11. ADJOURNMENT

Sherrie Siverson, Executive Assistant, informed board members that Krin Kemppainen, Administrative Assistant, is retiring on January 31, and this is her last meeting. Members expressed appreciation for her service with AIDEA since 2012, and expressed good wishes in retirement.

There being no further business of the Board, the AIDEA meeting adjourned at 2:49 pm.



Tom Boutin, Executive Director
Secretary

