



Alaska Industrial Development and Export Authority
BOARD MEETING MINUTES
Wednesday, May 20, 2020
Anchorage, Alaska

1. CALL TO ORDER

Chair Pruhs called the meeting of the Alaska Industrial Development and Export Authority to order on May 20, 2020, at 10:50 a.m. 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, Department of Commerce, Community, and Economic Development [DCCED]); Albert Fogle (Public Member); Bill Kendig (Public Member); Anna MacKinnon (Department of Revenue [DOR]); and Julie Sande (Public Member).

3. ROLL CALL: STAFF, PUBLIC

Staff present: Alan Weitzner (Interim Executive Director); Curtis Thayer (AEA Executive Director); Chris Anderson (Commercial Finance Director); Brenda Applegate (Chief Financial Officer); Geoffrey Johns (Project Finance & Asset Management [PFAM]); Lex Sargento (Chief Procurement Officer); Sherrie Siverson (Executive Assistant); and Krin Kempainen (Admin Assistant).

Staff present via teleconference: Karsten Rodvik (External Affairs Officer); Linda Senn (Human Resources Director); Sam Tappen (Infrastructure Development Officer); and Aimee Sudbeck (Admin Assistant).

AIDEA Counsel present: Stefan Saldanha (Department of Law).

Public present via teleconference: Wescott Bott (HDR); Tim Bradner (AK Legislative Digest); Tim Dillon (Kenai Peninsula Economic Development District Inc.); Shannon Donahue; Lois Epstein; John Gaedeke; Harold Heinze; Melissa Heuer (Susitna River Coalition); Ladonna Lindley (Accu-Type Depositions); Rebecca Logan; Max Mertz (Juneau Economic Sustainability Task Force); Davina Napier and James Wileman (Credit Union 1 [CU1]); Bernie Smith; Jomo Stewart (Fairbanks Economic Development Corporation); Robert Venables (Southeast Conference); and Nancy Wainwright.

Technical issues of telephonic echoing occurred. Chair Pruhs requested a brief at-ease, for all telephonic participants disconnect, and dial in again at 11:10 a.m. to allow the issue to be ameliorated.

Chair Pruhs called the meeting back to order at 11:13 am, and completed the roll call of public.

4. AGENDA APPROVAL

The agenda was approved as presented.

5. PUBLIC COMMENTS

Chair Pruhs advised public comments are allowed two minutes each and should address current agenda items. He suggested the public also email their comments in writing.

Shannon Donahue informed she was phoning in from Haines. She commented on Resolution No. G20-18 AK CARES Funding Program. She noted AIDEA has recently shown a lack of transparency with its funding decisions and questionable priorities that appear to favor gifts for the large-scale resource industry over Alaskans in the communities. Ms. Donahue commented AIDEA has flouted the true responsibility to the Alaska people by limiting the opportunities to participate in the public process. AIDEA makes it difficult to testify on how the fiscal resources are spent by requiring advance sign-ups, limiting the scope of public comments to new business on the agenda, and cutting the allowed testimony to two minutes.

Ms. Donahue informed she is an Alaskan affected by AIDEA's decision and remembers a time when she could easily phone in to testify on projects that affected her. Now there is an onerous process that makes it clear that the Board does not want Alaskans participating in the public process. Ms. Donahue would like to see more transparency and public process with the distribution of CARES Act funding to ensure that this funding actually prioritizes Alaskans and the small business communities affected by the pandemic, rather than boondoggle projects for big business like infrastructure for mining companies.

Ms. Donahue would like to see more transparency and public process in fiscal responsibility that serves Alaskans and the small business community, rather than large gifts to the resource industry across the board, not just with CARES Act funding.

Harold Heinze advised he will also submit his verbal comments in writing. His remarks pertain to Item 7B. Resolution No. G20-18 AK CARES Funding. Mr. Heinze noted he moved to Alaska in February 1969, and has experienced the ups and downs of the last five decades. The happenings of the last few months represent one of the biggest challenges to Alaska and Alaskans that he has witnessed. The unemployment and business shuttering is on an unprecedented scale with few, if any, left untouched. While there have been numerous worthy efforts to reverse the slide of the Alaska economy, Mr. Heinze specifically commented in support of AIDEA's implementation of the AK CARES Funding Program. The program deeply addresses the most important aspects of preserving and revitalizing the real Alaska small business sector.

Mr. Heinze believes Alaska has been strong for a long time on the foundation of many mom-and-pop operations. The AK CARES Program finally reaches out to help individual and small staff entrepreneurs that suddenly found themselves closed out through no fault of their own. The concept of grants covering the expenses during the few months of no income will provide a basis for looking forward to success without the burden of impacts related to the virus.

Mr. Heinze informed he has reviewed the AIDEA process documents and feels AIDEA deserves praise for the prompt, thorough, and focused action to get to this point. He believes AIDEA is well positioned to move forward with helping Alaskan businesses in this time of need. Mr. Heinze expressed he is pleased to see that AIDEA has selected CU1 as the program operator. He became a CU1 member over two years ago based on the strong commitment to service for individuals and the treatment of members as a person. Operating this program will present a new opportunity for CU1 to contribute positive action to help get the Alaskan economy headed back to new levels. He hopes the Board will accept the staff recommendation and approve Resolution No. G20-18.

John Gaedeke of Fairbanks stated his family operates Iniakuk Lake Wilderness Lodge in the Brooks Range and he is the Chairman of the Brooks Range Council. He informed his comments regard Resolution No. G20-17 Appointment of Officers of the Authority. Mr. Gaedeke noted the Interim Executive Director will be both the Secretary-Treasurer and the Chief Investment Officer with the power to sign all no-bid contracts. Mr. Gaedeke expressed deep concern with the continued direction AIDEA is taking in placing so much power and oversight in just one person. Mr. Gaedeke encouraged the Board to find a way to diversify this power.

Mr. Gaedeke commented abuse of power is not the only issue in question. He also questions one person's ability to take on so many tasks. AIDEA is already moving ahead with plans to distribute \$290 million in small business grants, losing \$7 million in fees without seeking competitive bids. Mr. Gaedeke commented this seems like a legal question. He stated AIDEA has a contract to hand out loans and is now handing out grants. Mr. Gaedeke questioned how the original contract still applies to something completely different.

Mr. Gaedeke noted AIDEA is moving ahead with the Ambler Road permitting and still has not talked to Doyon about their plans. AIDEA's communication says this is because AIDEA does not know what the road will look like or how many trucks might be on the road. AIDEA has been working on the proposal for seven years, spending millions of dollars, and to those people living in the Brooks Range the proposal seems impossibly inept. Mr. Gaedeke believes a new Director needs to bring focus to the chaos.

Mr. Gaedeke discussed AIDEA has now signed an MOU for a West Susitna Access Road with very few details for the public. The order of operations is identical to Ambler Road. No one thought AIDEA could possibly be serious about the Ambler Road, but the amount of money wasted so far is quite serious. Mr. Gaedeke stated the reason a new Executive Director is under discussion today is that Mr. Boutin abruptly resigned during the pandemic with unanswered questions about no-bid contracts. Mr. Gaedeke questioned what is happening. The people he lives and works with in the Brooks Range are lifelong Alaskans and will not leave the state when oil prices drop, recessions hit, and the State runs out of money. They don't just resign when things aren't going well, and yet, these same people seem to be the lowest on AIDEA's priority list.

Mr. Gaedeke expressed the importance of fixing AIDEA's mistakes. Ambler Road is a mistake. Susitna West Road is a mistake. Any proposal that prioritizes outside extraction over Alaskans is a mistake. Mr. Gaedeke requested AIDEA put an Executive Director in place that understands this and corrects the damage that is being done so there will be an Alaska for the future. Mr. Gaedeke requested AIDEA stop reducing Alaskans' ability to comment at these meetings. AIDEA is supposed to be working for the Alaska public.

Max Mertz noted he is commenting on Resolution No. G20-18 AK CARES Funding. He is Co-Chair of the Juneau Economic Sustainability Task Force formed by the Juneau Assembly to address the issues from the pandemic affecting the Juneau economy. His comments are being made on behalf of the Task Force. Mr. Mertz expressed appreciation for the work on the AK CARES Program and strongly supports its adoption. He believes it will be important to small businesses in Alaska. Many businesses have been significantly damaged and are in the threat of failure, and programs like this will be instrumental to helping them survive.

Mr. Mertz encouraged the Board to consider one change and permit businesses that have received PPP loans or other EIDL grants and loan to be eligible applicants of the program. The EIDL grants are very small, with \$1,000 per employee up to 10 employees. Any amount beyond that is a loan and must be repaid. The level of funding of many of the EIDL loans has been significantly reduced because of timing.

Mr. Mertz noted PPP loans are mainly for payroll, and many Alaska businesses, especially those who are seasonal and tourist-based, are unable to operate during the forgiveness measurement period and are either unable to have payroll eligible for forgiveness or hire employees to have forgiveness go to their employees, but this is not supporting their business closure and any loan has to be repaid. For those reasons, he believes these businesses should be eligible to participate in AIDEA's grant programs at least to the extent the eligible grant amount under AK CARES exceeds any forgiveness or any EIDL grant amount.

Robert Venables, Southeast Conference, commented on Resolution No. G20-18 AK CARES Funding and thanked the DCCED and AIDEA for the proposal today. He noted input has been accepted from those participating in the process. Mr. Venables believes it is a good proposal that needs to be executed quickly. He urged special consideration for the points raised by Mr. Mertz.

6. PRIOR MINUTES - March 26, March 27, April 8, April 9, 2020

The minutes were approved as presented.

7. NEW BUSINESS

7A. Resolution No. G20-17 Appointment of Officers of the Authority, Interim Executive Director

Chair Pruhs stated Tom Boutin, who served as Executive Director since 2019, resigned effective May 8, 2020. It is in the public interest and the best interest of the Authority that Alan Weitzner, Chief Investment Officer, PFAM, be appointed as the Interim Executive Director of the Authority and as Secretary-Treasurer, while the Authority searches for a new Executive Director. During this period, Mr. Weitzner will also retain his position and title as Chief Investment Officer.

MOTION: Mr. Kendig move to approve Resolution No. G20-17 Appointment of Officers of the Authority, Interim Executive Director. Motion seconded by Ms. Sande.

Vice-Chair Karl believes this is a wise decision to appoint Mr. Weitzner as the Interim Executive Director because he has proven himself to the Board and is a highly motivated hard worker.

Ms. MacKinnon requested Mr. Weitzner discuss the issue raised during the public comment period regarding the potential conflict of interest or power in his position to sign documents on behalf of the Authority. Mr. Weitzner advised the same controls are in place as were before the Executive Director appointment. This gives time to the Board to pursue their review of identifying a permanent Executive Director. The controls are in place for staff and the investment committee decisions. The decisions are not made by one individual. Those recommendations ultimately are presented to the Board.

Ms. MacKinnon inquired if the Board has developed a committee to begin an Executive Director search. Chair Pruhs answered in the affirmative, and the committee is comprised of Chair Pruhs, Commissioner Anderson and Ms. Sande.

Ms. MacKinnon asked Mr. Weitzner how he is balancing both positions and how he is dividing his attention between the job responsibilities each position presents. Mr. Weitzner discussed his current focus is related to the portfolio and asset management and new projects that are under negotiations. Mr. Weitzner informed the staff is very capable and working together to balance the responsibilities appropriately.

The motion was approved with members Pruhs, Karl, Anderson, Fogle, Kendig, MacKinnon, and Sande voting yea.

Chair Pruhs requested to add AK CARES, loan modifications, COVID-19, and Executive Director Search to the topics discussed in the executive session. There was no objection.

7A. EXECUTIVE SESSION: Confidential matters related to Mustang Development Loan and building property and expenses.

MOTION: Ms. Sande moved to enter into Executive Session to discuss confidential matters related to the Mustang Development Loan, building property and expenses, AK CARES, loan modifications, COVID-19, and Executive Director Search. Motion seconded by Mr. Kendig.

The Board entered Executive Session at 11:33 a.m. Participants included board members Dana Pruhs, Bernie Karl, Julie Anderson, Albert Fogle, Bill Kendig, Anna MacKinnon, and Julie Sande. AIDEA staff and guest invited to join the session at different times for related topics: Alan Weitzner, Brenda Applegate, Chris Anderson, Geoff Johns, Lex Sargento, and Stefan Saldanha.

The Board reconvened its regular meeting at 3:49 p.m. Chair Pruhs advised the Board did not take any formal action on matters discussed while in executive session.

7B. Resolution No. G20-18 AK CARES Funding Program

Mr. Weitzner explained Resolution No. G20-18 authorizes service agreements with providers to operate the AK CARES Funding Program and authorizes the receipt of federal coronavirus relief fund distributions through DCCED.

Commissioner Anderson explained this program was part of the disbursement plans for the federal CARES Act program for assistance to communities, small businesses and other entities to offset impacts of the COVID-19 response. The disbursement plan approved by the Governor and the Legislature includes the \$290 million allocated to the AK CARES Fund Program, which is a small business relief program. The intent is to provide funding for this program for businesses and nonprofits with 50 employees and less to meet the expenses that were incurred during the COVID-19 response per the program parameters. We're going to provide for eight weeks of expenses incurred prior to the date of application for the grant and eight weeks following the application. The total amount this would allow a small business up to 16 weeks in relief for working capital needs. This program has been reviewed by the Board and we have come to agreement on the structure that is needed. DCCED is the agency receiving the funds and they are working with AIDEA to distribute the funds through a third-party program operator which is designated to be CU1. This Resolution No. G20-18 will enable us to effect that program and set up accounts and distribute funds as discussed.

Mr. Weitzner noted two representatives from CU1 are available on the phone.

Chair Pruhs requested additional clarification from Commissioner Anderson on the eligible businesses. Commissioner Anderson explained the small businesses who employ 50 employees or less and includes non-profit organization 501- C3, C19, and C6. More details on the application process are forthcoming following today's meeting. The businesses that are eligible to apply include ones who did not have access to the SBA Disaster Relief Funds and other federal programs under the CARES Act. Other eligible businesses who did receive PPP and/or EIDL program funds cannot utilize the same expenses a second time. Verification will be required. The first tranche of funding will be \$150 million. The second tranche will be released later.

Ms. MacKinnon clarified the original program had excluded those who applied [*for PPP and/or EIDL program funds*]. We heard public testimony that asked if AIDEA's board would reconsider and allow people to apply. For clarification, they can apply, but they need to disclose those other receipts of CARES Act funding.

Commissioner Anderson expressed appreciation for the public comment received. She informed that public input was considered and the intent is to help as many small businesses as possible by providing the funding expediently.

Ms. MacKinnon clarified that there are multiple funds of money under the CARES Act that were called out for specific groups, including nonprofits, and some entities will not be considered for this funding because they are considered for a different special funding source. Commissioner Anderson agreed and noted additional clear information will be provided to applicants.

Ms. MacKinnon stated for the record, she understands the other funding sources include special appropriations for hospitals, medical, first responders, Tribal organizations, some art money, and other considerations. Commissioner Anderson agreed and noted additional information will be reviewed to ensure knowledge of the eligibility requirements.

Mr. Weitzner explained the nonprofits that are eligible for this program will also be required to meet criteria in addition to economic injury due to COVID-19, including a current or 2018 IRS form 990; an IRS letter of determination of nonprofit status for more than one year; disclose and identify if they are directed by a voluntary Board of Directors or Local Advisory Board with the majority of members as residents of the state of Alaska; and if they have provided in-state aid or service during one calendar year preceding the date of the application.

Vice-Chair Karl added some nonprofits have all volunteers and no employees. If the organization meets the other criteria, it will still qualify for the program. Commissioner Anderson agreed.

Chair Pruhs asked for the exact organizations that could benefit. Commissioner Anderson stated 501-C3 charitable organizations, 501-C6 trade and industry organizations, and 501-C19 veteran's organizations.

Ms. MacKinnon asked for the grant amount. Commissioner Anderson stated the grant amount ranges from \$5,000 to \$100,000 of eligible and verifiable expenses.

Vice-Chair Karl noted for the record that there is no double dipping with the PPP program and the AK CARES program.

Mr. Weitzner addressed an earlier public comment related to the procurement process. He identified on record that AIDEA is exempt from the State's procurement code in Alaska statute. AIDEA complies with its own procurement regulations that retain competitive bidding principals. AIDEA's procurement team, on advice from the Department of Law, believes that in

reviewing and continuing with the CU1 notice of intent to award contract under the RFP that was issued, is a qualified approach on the RFP.

Mr. Weitzner said the scope of services under the RFP were not materially different from the services required under this grant program. To encourage competitive bidding and the participation of other potential contractors, AIDEA is plans to amend the current RFP to allow other program operators to meet or beat the current terms being structured with CU1 for the additional tranche being considered by DCCED for this program.

Chair Pruhs requested additional information regarding program auditing. Commissioner Anderson said the State would conduct random audits of the recipients in accordance with Treasury guidance to ensure funds are being used as intended. Additional audit requirements will be attached with CU1 and AIDEA's agreements. Mr. Weitzner explained AIDEA and the program operator reserve the right to audit an applicant's certified eligible expenses submitted. The program requires applicants to retain the information for a period of years that would cover the requirements under the guidelines for the federal funding program. Additionally, AIDEA is asking, through its contract with CU1, to have the ability to inspect their books and records and provide continued reporting on the program for a period-of-time.

Mr. Fogle described the funds the employer receives are specified for receipts that are submitted to the administrator and checks will then be issued. Mr. Weitzner agreed and requested the representatives from CU1 describe the process of controlled disbursement. Mr. Fogle noted the Board is fine on that issue. No description is necessary.

Ms. MacKinnon noted she would rather Chair Pruhs make comments for the Board about the importance of the funding to individual businesses and how hard the Department has been working to develop equitable criteria. Ms. MacKinnon inquired if there is a set-aside for rural Alaska. She requested Chair Pruhs and Commissioner Anderson describe for the public the discussion points on due diligence regarding this platform that has been updated weekly and is created to benefit Alaskan businesses who are suffering.

Commissioner Anderson acknowledges this has been an evolving program over several weeks and expressed appreciation for the patience of the public, the Board, and the Administration to develop a program that is acceptable and equitable to all Alaskans. She informed rural communities who have less technological resources are not disadvantaged for the program. There is a 20% set-aside for rural communities with 5,000 residents or less. This will be closely monitored by CU1. The intent of the program is to help broaden the access.

Chair Pruhs commented this program is an accumulation of significant effort by many folks, beginning with the federal government, continuing with the Governor and his Administration, the Legislature, AIDEA staff, and now the AIDEA Board, all to develop a viable solution. Chair Pruhs expressed appreciation to Commissioner Anderson and her Department for the execution of the efforts. Chair Pruhs thanked CU1 for being the lending partner.

Chair Pruhs believes the Payroll Protection Plan is a viable plan, but he does not believe it directly helps businesses stay in business. He believes it helps the employees stay off unemployment. Chair Pruhs feels there are steep requirements to access to the 25% that can be used for other things besides payroll. He believes this resolution addresses that access and does not discriminate based on urban to rural, does not discriminate among industry types, does not discriminate on race, creed, or religion, and does not discriminate on nonprofits. Chair Pruhs commended everybody for getting to this point. He believes a good result would be if demand exceeded the available funding and more dollars needed to be located to continue to make a difference to Alaska.

Chair Pruhs expressed appreciation on behalf of the AIDEA Board to Mr. Weitzner and staff, Commissioner Anderson and staff, the Administration, and the Legislature for creating the program.

MOTION: Mr. Kendig moved to approve Resolution No. G20-18 AK CARES Funding Program. Motion seconded by Vice-Chair Karl.

The motion was approved with members Pruhs, Karl, Anderson, Fogle, Kendig, MacKinnon, and Sande voting yea.

Ms. MacKinnon noted she has two requests concerning this agenda item before conclusion. She inquired as to the updated expected date for the release of funds. Commissioner Anderson informed that information is unavailable at the moment and not ready to be announced. Ms. MacKinnon acknowledged there is a yet to be determined date for issuing the money. The foundation has been set for the program going forward. Commissioner Anderson agreed and stated AIDEA is partnering with the Alaska Regional Development Organizations for their participation in the program. AIDEA is also conducting a joint communications plan with CU1 to distribute information, provide an opportunity for people to call in and access information through websites so they can return completed applications and receive funds quickly.

Mr. Weitzner expressed it is critical the plan information is available to all Alaskans to avoid some of the problems that have occurred in the SBA PPP process. Mr. Weitzner stated a little more time is needed to be able to establish the complete information for everyone to be fully aware of the terms and requirements of the program in order to have a smooth launch and a smooth program.

7C. Loan Modifications Made Based on Impact of Covid-19

Mr. Weitzner requested Chris Anderson join in the discussion regarding the loan modifications. Mr. Weitzner identified that Ms. Chris Anderson and her group have created an analysis of the current situation with tourism, the effect on AIDEA's loan portfolio, and the broader day-to-day impact to Alaskans. One of the principal issues addressed early on is creating a working process with AIDEA's lender partners in addressing loan modifications for a large number of AIDEA's portfolio. This is affecting close to \$183 million of AIDEA's investments and 80 loans.

Ms. Anderson discussed the different loan modifications that have been implemented during the COVID-19 pandemic, including three-month payment deferrals or six months of interest only payments. The dollar figures in the memorandum will differ from the dollar figures discussed today because the figures change daily. As of yesterday, modifications affected 85 loans of \$194.4 million. There rate of requests has decreased. Ms. Anderson explained the effects of the pandemic are probably going to be longer-term than the maturity of some of the modifications. On the initial wave of the modifications, staff did not conduct much in depth financial analysis. The borrower had to provide a letter to the lender explaining the circumstances. The lender and borrower met, and then the lender contacted AIDEA with their recommendation. The requests moved forward quickly.

Ms. Anderson believes that when the maturity of the modifications is reached, additional due diligence will be conducted. Review and discussion will need to occur regarding available options, governmental aid programs, federal dollars, changes to the company management, and continued speculation regarding the length of the effects of the COVID-19 pandemic. There is no historical data for this situation and the forecast will have a very low degree of reliability. However, AIDEA is working diligently with the lenders and the borrowers to assist them in trying to weather this economic storm.

Ms. Anderson provided the list of loan participation for the tourism category in the portfolio, with data as of April 30, 2020, and a map of economic regions. Approximately half of the loans on the provided list have requested modifications. The totality of the requested modifications expands past the tourism segment of the portfolio, including restaurants, car washes, retail, medical office, and several aspects of the economy.

Ms. Anderson informed she would keep the Board apprised of upcoming discussions with lenders. She believes individual circumstances will drive decisions. She does not believe decisions can be made across the board in industry. The transactions will need to be viewed individually.

Chair Pruhs suggested a subcommittee be created to work with Ms. Anderson, Mr. Weitzner, and staff on the loan policies and the financial impact analysis to the overall health of AIDEA. The subcommittee will report to the Board and provide recommendations. Chair Pruhs requested to appoint the Audit Committee to this new subcommittee, with Mr. Fogle as Chair, and include Ms. MacKinnon and Ms. Sande. Chair Pruhs believes this subcommittee is important to help the executive team in this unchartered territory. There were no objections and no comments.

Chair Pruhs recommended staff review the possibility of utilizing experts who have experience in similar situations to assist in contractual analysis and advise staff on best practices. There were no objections and no comments.

8. DIRECTOR COMMENTS

Mr. Weitzner informed there is information in the packet on the survey requested by the Board regarding some of the property investments, as well as further analysis on the capital projects related to the AIDEA building. Following the analysis, Mr. Weitzner requested the Board

consider issuing a request for interest from parties to identify how to optimize some of the property value investments. Mr. Weitzner also requested the Board establish a subcommittee to advise staff on that process. There were no objections.

Chair Pruhs appointed Mr. Kendig, Mr. Fogle, and himself to the subcommittee and requested Mr. Kendig take the lead. Mr. Kendig agreed. There were no objections.

Mr. Weitzner informed his update would identify several of the resolutions that have been passed at the last special and scheduled Board meetings. Resolution No. G20-05, the AK Ship construction has been completed at Alaska's Shipyard in Seward. Staff are in the process of finalizing the loan documentation, which should be completed by the end of the month.

Mr. Fogle inquired if staff is providing the public this information to let them know AIDEA is providing jobs and assisting with economic development in areas across the state with a successful launch of the program. Mr. Weitzner believes Mr. Fogle is identifying an area staff can do better in communicating and outreach. Staff will focus on that.

Mr. Weitzner informed Resolution No. G20-08 is the adoption of the emergency regulation on waiving or modifying the requirements for governing AIDEA's finance programs adopted by the Board on March 27, 2020. These are purely related to what Ms. Anderson reviewed as far as the loan modifications. It is important to identify this for the public record because several assertions were made at that meeting that there was the intent to hide process. The resolution was established to identify the loan programs to quickly address the issues being faced by Alaska's businesses, which AIDEA was able to accomplish by this regulation.

Mr. Weitzner stated the Emergency Order was filed with the Office of the Lieutenant Governor on April 3, 2020 and signed. Public notice of the regulations was posted on AIDEA's website, as well as in several newspapers across Alaska on April 6, 2020 and April 8, 2020. A resolution will be proposed at the June 24, 2020 Board meeting to permanently adopt the emergency regulations, which are only in effect to the extent of Governor Dunleavy's statewide emergency order. The standard regulations for the programs will resume once the Governor removes the statewide emergency order.

Mr. Weitzner informed Resolution No. G20-13 is the emergency regulations related to the Emergency Loan and Guarantee Program. The board adopted those regulations on April 9, 2020. These were filed with the Lieutenant Governor's office as an order of emergency on April 12, 2020, and these were subsequently signed on April 16, 2020. The regulations have been posted, the public notice and comments as of April 17, 2020. We are anticipating that by the August 5, 2020, board meeting we will have a resolution being proposed to permanently adopt those regulations.

Mr. Weitzner said Resolution No. G20-14 is the transfer of up to \$1 million to the Small Business Economic Development Revolving Loan Fund (SBED). This was approved by the Board on April 9, 2020. The SBED is one of the small business funds that is administered by DCCED. The transfer was approved by the Board to provide matching funds of roughly \$5

million dollars that were being raised as grant funding from the Economic Development Administration (EDA). Subsequent to that resolution, the EDA determined the SBED possesses unique abilities to support CARES Act recovery and has offered \$5.3 million in funding on a noncompetitive basis without a required match. AIDEA is currently holding the \$1 million in reserve to determine the full usage of the EDA's funding of \$5.3 million. Commissioner Anderson clarified the \$5.3 million has yet to be awarded.

Mr. Weitzner continued his review with the update on Resolution No. G20-16, development project financing to Hex, LLC. The process of finalizing loan documentation is ongoing and is required to be filed on May 29, 2020 with the bankruptcy court. It is anticipated the financing will be closed subsequent to the bankruptcy court's approval of the final reorganization plan.

Mr. Weitzner requested Brenda Applegate provide the update on the IGU bond financing. Ms. Applegate explained the Board approved the IGU conduit revenue bond financing this year. Initially, the approval was for a bond issuance of up to \$78 million, consisting of two components: LNG plant component and the distribution build-out in Fairbanks and North Pole.

The IGU Board decided earlier this month to put the Titan II project on an investment pause due to the economic conditions in the state at this time, but the IGU Board will be moving forward with a \$10 million bond issuance for the LNG distribution build-out in Fairbanks and North Pole. The closing date is to be determined, as the finer points on the financing are being discussed. AIDEA's bond counsel has advised there will be no need for staff to come back before the AIDEA Board for any additional action.

Ms. Applegate informed IGU is using the large storage tank that AIDEA has helped to finance. IGU is using their current gas contracts to fill the tank. IGU will be providing staff with a revised application for the financing. The North Pole construction is moving forward nicely.

Chair Pruhs inquired if IGU is providing quarterly financial reports to staff. Ms. Applegate indicated no quarterly financials are being provided. Chair Pruhs asked if providing quarterly financial reports is a condition of the loan. Ms. Applegate does not have that information and can follow-up with the answer with the Infrastructure Development Group. Chair Pruhs requested IGU's financial reports be provided to the board quarterly. Ms. Applegate agreed. Chair Pruhs noted the Legislature receives quarterly reports and it is prudent for AIDEA to understand IGU's financials, especially under today's current conditions.

Chair Pruhs asked if Mr. Weitzner has any comments related to public comments heard today. Mr. Weitzner stated he wanted to correct, for the record, the indication that staff is not seeking competitive bids in our process. He believes this was addressed in the public comment related to Resolution No. G20-18 for the AK CARES Program. AIDEA follows a competitive bid process and can show that through the AK CARES Program and as we continue to go forward with the amended RFP goes forward.

Mr. Weitzner noted the other public comment to respond to was AIDEA was focusing its efforts on and would be utilizing the funds for the larger industrial projects, as opposed to small

businesses. What should be very clear is that with the AK CARES Program is that this is specifically focused on small business. Any coronavirus relief funds that AIDEA is receiving through DCCED are going to a specifically dedicated account established for AK CARES. Under the arrangements, CU1 will be dedicated in funding that program. There is no utilization for this funding for any of AIDEA's other projects and that would be a wrong assertion.

Mr. Weitzner requested Lex Sargento provide the updates on the building capital projects, the survey, and computer information. Mr. Sargento reviewed the Building Expense document provided in the Board packet. There is additional information regarding upcoming building project estimates based off inquiries for the first floor build-out and third floor build-out, which would increase the total estimate.

Curtis Thayer noted there would be a resolution at the next Board meeting because the specific projects shown have been completed. The upcoming building project estimates will have to be approved with a Board resolution.

Mr. Sargento announced the Navision upgrade would go live on June 2, 2020. The project is ahead of schedule and under budget. Mr. Sargento expressed appreciation to the staff for their efforts and collaboration in completing the project during the pandemic.

Mr. Weitzner shared comments from AIDEA staff in thanking Tom Boutin for his guidance and leadership during his time spent as Executive Director.

9. BOARD COMMENTS

Commissioner Anderson expressed appreciation to Board members, AIDEA staff, her Department staff, and working with CU1 to launch the new program. She believes the product is good and will provide benefit to small businesses throughout Alaska. She is looking forward to its deployment as quickly as possible.

Ms. Sande echoed the comments of Commissioner Anderson and added as a small business owner from Southeast Alaska, it is comforting to see the amount of time and effort given by AIDEA staff, DCCED staff, Administration, and the legislators to benefit Alaskans and to serve Alaskan small businesses by providing relief. Ms. Sande expressed appreciation to Ms. Anderson's team for their efforts on behalf of businesses in modifying loans.

Ms. Sande noted for the record she requested the Interim Executive Director reconsider the use of other platforms like social media to be able to more effectively communicate the work staff is conducting and AIDEA's successful programs, including the good news regarding the AK Ship Project.

Ms. Sande thanked Mr. Weitzner for being willing to serve as Interim Executive Director and acknowledged the tremendous responsibility. She noted a discussion occurred at today's AEA meeting, in which Mr. Weitzner was not present, regarding AIDEA's inability to accept grant funds. Ms. Sande asked if there could be an opportunity for the AIDEA Board to assist in advocating for changes to statute, if needed, so that AIDEA could accept grant funds. She

requested additional information from staff and Board to determine if the possibility of assistance is appropriate.

Mr. Fogle expressed appreciation to AIDEA staff, especially to those working overtime. He addressed those who made public comments today. Mr. Fogle communicated that AIDEA is listening to the public, and as seen with the CARES Program and other programs, changes were made because of public comments. AIDEA is not targeting a specific industry, but is here to offer help to Alaska small businesses and large businesses, as well as for profit and nonprofits, while trying to start some type of economic development again. Mr. Fogle thanked Mr. Weitzner for stepping up. He expressed appreciation to the Board members in working overtime this past month.

Ms. MacKinnon echoed previous Board members' comments of appreciation. She thanked the recorder for creating the dense minutes, and specifically recognized Sherrie Siverson for organizing the meetings that allow in-person and telephonic participation, while complying with the health and safety mandates, including social distancing measures, posted CDC handwashing guidelines, and newly installed forearm door modifications to avoid the use of doorknobs. These measures require a great deal of thought and consideration by staff.

Ms. MacKinnon noted AIDEA's highest priority is the safety of the general public. As public servants it is the goal that government continues to operate. Ms. MacKinnon believes it was a significant endeavor to deploy \$290 million to the general public and ensure participation was beneficial to the state.

Ms. MacKinnon stated she may have misheard a public comment and apologizes if she got the intent wrong. The way she understood a public comment that AIDEA was trying to be too hasty or trying not to be transparent. Ms. MacKinnon responded she has only been a member of the Board for 60 days and feels the Board is trying to engage Alaskans. The request for public to sign up for comments and to provide written testimony is not meant to be a limitation to public testimony.

Ms. MacKinnon thanked Ms. Siverson and her team for working hard to provide a separate email address for public to be able to respond as quickly as possible. Names and phone numbers are being taken in order to call out to people who have indicated their willingness to participate in the public process. Ms. MacKinnon expressed appreciation to everyone who shows up during the COVID-19 emergency and outbreak. She believes AIDEA is trying to make sure that when a person takes the time to testify, their testimony is understandable, their name is recorded for the record, and members have the opportunity to discuss the issues the public is raising. She expressed appreciation to all the teams for their efforts.

Mr. Kendig echoed the previous comments of appreciation for the outstanding job during these coronavirus restrictions.

Chair Pruhs echoed the previous comments of appreciation. He hopes that the next Board meeting will bring an important solution that makes it more palatable for the public, who are the

shareholders, to be able to make a comment. Chair Pruhs acknowledged Commissioner Anderson specifically for taking his calls and responding to his calls at all hours of the day.

Chair Pruhs noted the Governor has begun to reopen Alaska, and the conditions of the day will be different tomorrow. He believes the onus is on the Board and on AIDEA staff to understand what is really happening in communities and businesses. Chair Pruhs requested the Board consider and discuss at the next meeting the ability for Board members to get out and see other communities in order to understand what is really going on. Chair Pruhs commented he trusts AIDEA's lending partners, but AIDEA Board should be the eyes and ears of the organization to assist staff in making the best decisions.

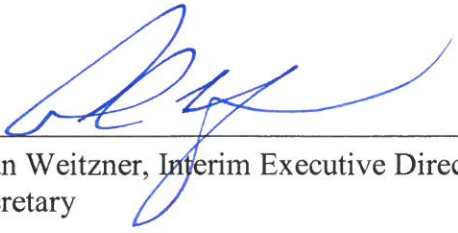
Chair Pruhs understands Mr. Weitzner and Mr. Thayer are conducting community outreach for organizations. Once restrictions are lifted, Chair Pruhs believes Board members, perhaps in pairs, need to travel to places including Juneau, Ketchikan, Sitka, Fairbanks, Kenai Peninsula, Nome, Kotzebue, Denali Park and talk to people and the businesses in order to deploy the limited capital as best as possible to affect the most people.

Chair Pruhs noted in the past, the Board would conduct a Board meeting at least once a year in different locations to receive community involvement and understand what is happening in that location. He does not believe this is an option now. He does believe Board members can participate in community outreach programs. The information gleaned will be a valuable contribution to making the best decisions based on staff recommendations. He encouraged Board members to consider a path forward to have face-to-face conversations with the people who are being affected the most.

Chair Pruhs expressed appreciation to Mr. Boutin for his efforts and for the fact that he was commuting 600 miles away from his home. Chair Pruhs stated the COVID-19 pandemic put a real twist into Mr. Boutin's family, including travel restrictions. Chair Pruhs believed he stepped up to the plate as best as he could and was forthright and forthcoming on his ideas and positions on all topics of the day. Chair Pruhs expressed appreciation on behalf of the Board for Mr. Boutin's service. Chair Pruhs looks forward to visiting with Mr. Boutin in the future and discussing his passion of how to make the state a better place to live and do business.

10. ADJOURNMENT

There being no further business of the Board, the AIDEA meeting adjourned at 4:55 p.m.



Alan Weitzner, Interim Executive Director
Secretary

