



Alaska Industrial Development and Export Authority
BOARD MEETING MINUTES
Thursday, May 30, 2013
Anchorage and Fairbanks, Alaska

1. CALL TO ORDER

Chair Hugh Short called the meeting of the Alaska Industrial Development and Export Authority to order on May 30, 2013 at 1:27 p.m. A quorum was established.

2. ROLL CALL: BOARD MEMBERS

Members present in Anchorage: Chair Hugh Short (Public Member); Ron Arvin (Public Member); Wilson Hughes (Public Member); and Robert Sheldon (Public Member).

Member participation via teleconference: Vice-Chair Susan Bell from Fairbanks, Alaska (Commissioner, Department Commerce, Community, and Economic Development); Bryan Butcher from Anchorage, Alaska (Commissioner, Department of Revenue); and Gary Wilken from Fairbanks, Alaska (Public Member).

3. AGENDA APPROVAL

The agenda was approved as presented.

4. ROLL CALL: STAFF, PUBLIC

Staff present in Anchorage: Ted Leonard (Executive Director); Sara Fisher-Goad (AEA Executive Director); Mark Davis (Deputy Director-Infrastructure Finance & Development); Michael E. Lamb (Deputy Director-Finance & Operations); Gene Therriault (AEA Deputy Director-Energy Policy Development); Valorie Walker (Deputy Director-Finance); Emily Ford (AEA Public Outreach Liaison); Karsten Rodvik (Project Manager-External Affairs); Kirk Warren (AEA Project Manager); Sherrie Siverson (Executive Assistant); and Krin Kempainen (Administrative Assistant).

Public: Gerry Agranoff and Scott Broussard (LINC Energy); Tim Bradner (Alaska Journal of Commerce); Brian Bjorkquist (Department of Law); Jeff Logan (HDR); David Mayberry (Crowell Moring); and Sunny Morrison (Accu-Type Depositions).

5. PUBLIC COMMENTS

There were no public comments.

6. PRIOR MINUTES - April 25, 2013

The minutes from April 25, 2013 board meeting were adopted as presented.

7. NEW BUSINESS

7A. Resolution No. G13-10 Appointment of Officer of the Corporation

Mr. Wilken requested his comments from the prior AEA Board meeting be rolled forward into the AIDEA minutes. They are as follows: "Mr. Wilken said he had the pleasure of working with Mr. Lamb at the (Fairbanks) Borough and the legislative level. He also worked with Mrs. Lamb. He is sorry to see them leave Fairbanks and believes they will be a wonderful addition to Anchorage."

MOTION: Mr. Wilken moved to adopt Resolution No. G13-10. Seconded by Mr. Hughes. Motion passed with Mr. Wilken Mr. Sheldon, Mr. Hughes, Mr. Arvin, Commissioner Butcher, Commissioner Bell and Mr. Short voting yea.

7B. Introduction to Linc Energy

Mr. Leonard introduced Mr. Scott Broussard from Linc Energy one of the main developers of resources in the Umiat area. Mr. Broussard gave a PowerPoint presentation on Linc Energy.

Chair Short asked for the definition of usable coal. Mr. Broussard said it is coal that is too deep to mine, but said the quality of the coal is beyond his expertise. He will make note of the question and get the information to Mr. Leonard to share with the Board.

Mr. Wilken thanked Mr. Broussard for the presentation and asked for an explanation on the comments regarding recent legislation and describe what it means for Linc Energy. Mr. Broussard said SB 21 was a big step in allowing Linc Energy to have additional flexibility as to the economic success of the project. The loss carry-forward credits and the flat tax were both important beneficial elements. The progressivity nature that existed in ACES was an impediment for Linc Energy doing business in Alaska.

Chair Short asked Mr. Leonard the status of this project for AIDEA. Mr. Leonard said AIDEA is currently in a support role helping Linc Energy review what types of investments AIDEA could assist with as they move forward on the road and a pipeline. Linc Energy is taking the lead on the road, pipeline, EIS, and NEPA. AIDEA is providing support, along with DNR and DOT. AIDEA is currently looking at developing an MOU with Linc Energy before moving forward.

Chair Short asked if the road to Umiat would be an industrial road with limited access. Mr. Leonard said they are reviewing what types of structures could be financed and limited access is one of the options. Linc Energy is currently working right-of-way and access issues with the stakeholders, DOT, and DNR.

Chair Short asked Mr. Broussard what is the approximate length of the road and pipeline. Mr. Broussard said it is about 100 miles depending on the route, give or take 10 miles. Chair Short asked if there is anything the Board can do to help push this forward. Mr. Leonard said it is helpful to have the Board's support of the team, including Linc Energy, DOT, and DNR as they move forward.

7C. Interior Energy Plan (IEP) Update

Mr. Leonard said a full briefing to the Board will be given at the June meeting and the feasibility analysis in July. This is the second phase of the four-phase project development. The Governor signed SB 23 last night at a ceremony in Fairbanks. AEA has begun a very strong public

engagement and outreach process. The informational website has been set up at www.interiorenergyproject.com. This website will provide ongoing updates. AEA is concurrently reviewing site locations and permitting to ensure meeting the goal of having first gas by the fourth quarter of 2015, if the Board approves going forward with the project. Mr. Leonard said Mr. Therriault and Mr. Davis are available to answer any questions.

Mr. Wilken said he was pleased with the turnout and the ceremony in Fairbanks last night. He commented there are huge expectations, but feels confident there is a good team to move this project forward. He thanked Mr. Leonard, Ms. Fisher-Goad and colleagues for coming to Fairbanks and bringing legislatures. He looks forward to pressing ahead with the project.

Commissioner Bell complimented Mr. Therriault, Ms. Ford, Ms. Fisher-Goad, Mr. Davis and others for providing a series of public briefings, including editorial briefings and presentations to the Governor and Chief of Staff, presentations to the Fairbanks Chambers and others. In addition to the website, there has been a proactive effort to make sure people know what is going on with the project and appreciates the commitment to continue this level of communication.

MOTION: Mr. Hughes to go into Executive Session to discuss business and proprietary information regarding the Healy Clean Coal Plant. The motion was seconded by Mr. Arvin. The motion was approved.

The Board entered executive session at 2:24 p.m.
The Board reconvened its regular meeting at 3:11 pm.
Everything covered in executive session was appropriate to the motion.

8. DIRECTOR COMMENTS

8A. Director's Status Report of AIDEA Programs and Projects

Mr. Leonard said the Northwest Arctic Borough met with AIDEA twice to discuss issues regarding the possible purchase of an equity position in the DMTS project. The meetings have been productive and he believes the groundwork has been set to move forward with these discussions.

Chair Short commented that the level of involvement, expertise and professionalism Mayor Joule has brought to this potential transaction is palatable. He feels they are putting resources behind this issue and is optimistic after the trip last week.

Mr. Wilken requests the Board be in front of this action and provide a concise explanation for proceeding with this transaction, including how it benefits the people of Alaska. He wants to provide leverage so they own up to their responsibilities to fund education, which they have not done. Mr. Leonard said an explanation will be provided at the next Board meeting.

Mr. Leonard said the Ambler Project is moving forward. DOT&PF has transferred their contract from DOWL to AIDEA. The NEPA and EIS work has begun. AIDEA is assuming responsibility of stakeholder relations, Staff met with Doyon, the village corporations, Northwest Arctic Borough, Kotzebue and Unit 23 hunting area discussing the project, including the effects of roads on caribou migration. AIDEA is in partnership with DOT, DNR, and Nova Copper. The Legislature transferred \$8.8 million to AIDEA to move the EIS and NEPA process forward.

Mr. Leonard said AIDEA is meeting with Skagway and believes there will be a lease extension by the end of June for the ore terminal; the term will go out to 2050. The reimbursement agreements

with Eagle and Chieftain are moving forward, staff will provide an update in June. The due diligence process with Brooks Range on the oil processing facility is ongoing, staff will provide a more detailed update in July.

Mr. Wilken asked the route of the Ambler road and whether it will be a public or restricted access road. Mr. Leonard said the route has yet to be determined through the NEPA and EIS process, but the probable route, based on the cost differential, is to the east to the Dalton Highway. The type of access will also be determined through the NEPA and EIS process.

8B. Next regularly scheduled meeting is Tuesday, June 25, 2013.

Mr. Wilken may or may not be available for the meeting on June 25th. Mr. Hughes stated he will not be available for the meeting on June 25th.

9. BOARD COMMENTS

Mr. Sheldon requested his earlier comments from the AEA meeting are brought forward in the AIDEA minutes with regard to Valorie Walker and her departure. They are as follows: "Mr. Sheldon thanked Ms. Walker for all of her efforts and stated she will be missed. Her services have been terrific."

Mr. Arvin requested his earlier comments from the AEA meeting are brought forward with regard to the end of his tenure on the Board. They are as follows: "Mr. Arvin said it is becoming increasingly difficult for him to navigate the potential conflicts he faces as an elected assemblyman in the Valley and as a Board Member. With great reluctance and disappointment, he informed the administration he will not be seeking reappointment to AIDEA or AEA after his term expires on June 30, 2013." He is willing to stay until his position is filled.

Chair Short requested his earlier comments from the AEA meeting be brought forward with regard to Ms. Walker's departure. They are as follows: "Chair Short thanked Ms. Walker for all her years of service and appreciates the amount of knowledge she has. It has been a pleasure working with Ms. Walker and she will be greatly missed."

10. ADJOURNMENT

There being no further business of the Board, the AIDEA meeting adjourned at 3:23 pm.

 6/26/2013
Ted Leonard, Executive Director/Secretary
Alaska Industrial Development and Export Authority

