



Alaska Industrial Development and Export Authority
BOARD MEETING MINUTES
Wednesday, September 19, 2018
Anchorage and Juneau, Alaska

1. CALL TO ORDER

Chair Pruhs called the meeting of the Alaska Industrial Development and Export Authority to order on September 19, 2018, at 12:47 p.m. Chair Pruhs welcomed new Board member Joe Beedle attending telephonically. Mr. Beedle stated he will attend telephonically for the October meeting and in-person at the November meeting. A quorum was established.

2. ROLL CALL: BOARD MEMBERS

Members present: Chair Dana Pruhs (Public Member); Fred Parady (Deputy Commissioner, Department of Commerce, Community, and Economic Development [DCCED]); Elaine Brown (Public Member); and Bernie Karl (Public Member).

Members present via teleconference: Joe Beedle (Public Member); and Mike Barnhill (Deputy Commissioner (Department of Revenue [DOR]) joined the meeting at 1:00 p.m.

3. ROLL CALL: STAFF, PUBLIC

AIDEA Staff present: John Springsteen (CEO/Executive Director); Chris Anderson (Commercial Finance Director); Brenda Applegate (Chief Financial Officer); Mike Catsi (Business Development & Communications Director); Alan Weitzner (Chief Investment Officer); Tom Erickson (Chief Procurement Officer); Elizabeth Greer (Project Development & Asset Management [PDAM] Project Manager); Jeff San Juan (Infrastructure Development Finance Officer); Linda Senn (Human Resources Manager); Gene Therriault (Interior Energy Project [IEP] Team Lead); Rich Wooten (PDAM Project Manager); Sherrie Siverson (Executive Assistant); and Krin Kempainen (Administrative Assistant).

Public present: Bart Armfield (Brooks Range Petroleum Corp); Mark Gardiner (PFM Group Consulting); Jerry Juday (Department of Law); Jeff Landfield (Alaska Landmine); and Sunny Morrison (Accu-Type Depositions).

4. AGENDA APPROVAL

The agenda was approved as presented.

5. PUBLIC COMMENTS

There were no public comments.

6. PRIOR MINUTES - August 8, 2018

The minutes of August 8, 2018 were approved as presented.

7. NEW BUSINESS

7A. Resolution No. G18-08 Rejecting Application of the Public Employment Labor Relations Act for the Authority and Any Subsidiary

John Springsteen stated Resolution No. G18-08 regards the Authority rejecting application of the Public Employment Labor Relations Act for the Authority and any subsidiary. This will allow the Authority the freedom to fashion its own employer relations policies and practices. This will also allow the same freedom to any wholly or partially-owned subsidiary of the Authority. Staff recommends adoption of this resolution. Mr. Springsteen noted the Alaska Labor Relations Agency has upheld this opt-out provision for Haines, Wasilla, and North Pole. AIDEA is in a unique position with its ability to acquire and divest interest in private corporations.

Mr. Springsteen explained AIDEA's current operations. AIDEA has its own employer relations policies and practices. Chair Pruhs asked if this is a formalization of AIDEA's current practices. Mr. Springsteen agreed this follows the current practices. AIDEA has historically acted under its own employer relations policies and practices, but the issue has not been formalized with a resolution approved by the Board.

Deputy Commissioner Parady requested additional information regarding how this resolution would affect entities acquired that have union activity. Mr. Springsteen understands the issue would be resolved at the level that it should be with the partially or wholly-owned subsidiary, rather than through AIDEA or the State. Deputy Commissioner Parady asked if this is preclusive. Mr. Springsteen believes the ability remains to work through the National Labor Relations Board (NLRB) to resolve these kinds of issues.

MOTION: Deputy Commissioner Parady moved to approve Resolution No. G18-08 Rejecting Application of the Public Employment Labor Relations Act for the Authority and Any Subsidiary. Motion seconded by Ms. Brown.

The motion was approved with members Pruhs, Beedle, Brown, Karl, and Parady voting yea. Deputy Commissioner Barnhill was absent.

7B. Resolution No. G18-09 Relating to the Appointment of Alan C. Weitzner as an Officer of the Authority

Mr. Springsteen stated Resolution No. G18-09 regards the appointment of Alan Weitzner as an officer of the Authority. He announced Mr. Weitzner joined the Authority on August 20, 2018 as Chief Investment Officer (CIO) responsible for providing oversight and direction on project development and investment matters. Adoption of this resolution will also appoint Mr. Weitzner as Assistant Secretary/Treasurer of the Authority performing duties the Board may assign or as the Executive Director may delegate. The resolution fills the position left vacant by Mr. Hemsath's retirement. Staff recommends adoption of this resolution.

Chair Pruhs welcomed and invited Mr. Weitzner to the table to provide his background and to allow the Board the opportunity to ask questions. Mr. Weitzner stated his background is in project finance, infrastructure development, and commercial debt underwriting within investment banking. After a period of time overseas, he returned to the United States and started the consulting firm Stakeholders Infrastructure, which focused on consulting to parties like AIDEA and development banks on how to build capacity. Mr. Weitzner met Mr. Springsteen and several of the Board members through this work.

Mr. Karl welcomed Mr. Weitzner and asked about general personal information. Mr. Weitzner noted he is married, has two daughters, and has recently relocated to Alaska from Texas.

Mr. Beedle welcomed Mr. Weitzner, and expressed his pleasure with expanding the internal expertise that fits the mission and vision of AIDEA. Ms. Brown welcomed Mr. Weitzner.

Mr. Weitzner commented he has enjoyed working with colleagues during his first month and is looking forward to collaboration with AIDEA on economic development for Alaska. He attended the Southeast Conference and met project representatives and stakeholders. Mr. Weitzner was pleased with the process.

MOTION: Ms. Brown moved to approve Resolution No. G18-09 Relating to the Appointment of Alan C. Weitzner as an Officer of the Authority. Motion seconded by Mr. Karl.

The motion was approved with members Pruhs, Barnhill, Beedle, Brown, Karl, and Parady voting yea.

7C. Executive Session: Interior Energy Project (IEP), Mustang Operations Center (MOC1)

MOTION: Ms. Brown moved to go into Executive Session to discuss confidential and financial information related to IEP and MOC1. Motion seconded by Mr. Karl.

Deputy Commissioner Barnhill noted for the record he will not participate in the discussion regarding MOC1.

The Board entered Executive session at 1:01 p.m. Participants included board members Dana Pruhs, Mike Barnhill (IEP only), Joe Beedle, Elaine Brown, Bernie Karl, and Fred Parady. AIDEA staff invited to join the session, at different times, for related topics: John Springsteen, Brenda Applegate, Liz Greer, Gene Therriault, and guests, Mark Gardiner and Jerry Juday.

The Board reconvened its regular meeting at 2:57 p.m. Chair Pruhs advised the Board did not take any formal action on matters discussed while in executive session.

Chair Pruhs invited Mr. Springsteen to present on MOC1. Mr. Springsteen stated there are two resolutions staff would like to put forth to the Board. Mr. Springsteen read Resolution No. G18-11 regarding a Revised Finance Plan for the Mustang Operation Center 1 LLC into the record. (draft attached)

MOTION: Ms. Brown moved to approve Resolution No. G18-11 regarding a Revised Finance Plan for the Mustang Operations Center 1 LLC. Motion seconded by Mr. Karl.

Mr. Karl believes this is an okay deal for the State, but not a great deal for the State. He believes the State should have invested and become a 51% owner. He believes this is within AIDEA's mission statement. Mr. Karl expressed support for the resolution, but does not believe it is the best agreement for the State.

Mr. Beedle noted he is a new Board member and in his 40-year Alaskan career has been in the executive level in the banking industry. Mr. Beedle expressed excitement for the future of the smaller developments on the North Slope. He applauded AIDEA for its efforts on this project. Mr. Beedle believes each step of this process has been an appropriate decision at the time. He requested more information regarding the consideration DOR is giving for the loan and the consideration AIDEA is getting from what will become the borrower and future owner. He asked if there were concerns regarding the size and concentration for AIDEA of this single asset type. Mr. Beedle expressed support for the resolution based on his discussions with the Executive Director.

Mr. Springsteen stated the consideration DOR is providing in exchange for the guarantee from AIDEA consists of consent on the restructuring of the deal, allowance of time for the tax credit certificates to pay out, and adjustment of the loan rate from 7% to approximately 3%. Mr. Springsteen noted the borrower and restructuring with Caracol will either increase their obligation to AIDEA by up to \$10 million to cover the balance of the DOR loan under the same

8% terms and conditions of the \$60 million AIDEA/Caracol loan or they will pay AIDEA to cover any balance remaining. The consideration to AIDEA for the restructuring is to have the option to purchase stock of Alpha Energy at a predetermined price.

Mr. Springsteen explained the general guideline for AIDEA's revolving fund considers as much of \$50 million can be committed to an individual venture. This \$75 million investment exceeds that normal guideline. Mr. Springsteen noted AIDEA has the capacity to make the investments at the discretion of the Board.

The motion was approved with members Pruhs, Beedle, Brown, Karl, and Parady voting yea. Deputy Commissioner Barnhill abstained.

Chair Pruhs requested Mr. Springsteen present on Resolution No. G18-12. Mr. Springsteen noted both Resolution No. G18-11 and Resolution No. G18-12 have accompanying memorandums that were provided to the Board. Mr. Springsteen read Resolution No. G18-12 Relating to Alpha Energy Holdings Limited Stock Options into the record.

MOTION: Deputy Commissioner Parady moved to approve Resolution No. G18-12 Relating to Alpha Energy Holdings Limited Stock Options. Motion seconded by Mr. Karl.

The motion was approved with members Pruhs, Beedle, Brown, Karl, and Parady voting yea. Deputy Commissioner Barnhill abstained.

8. DIRECTOR COMMENTS

Mr. Springsteen welcomed Mr. Beedle to the Board. He stated he has previously served with Mr. Beedle on the Advisory Committee for the Comprehensive Economic Development Strategy for the State of Alaska. Mr. Springsteen expressed appreciation for Mr. Beedle's insights and looks forward to the benefits he will provide to AIDEA.

Mr. Springsteen stated the loan and dashboard reports, IFD and PDAM project matrices and fact sheets, and the Callan Report were included in the packet. Please contact Ms. Siverson regarding the continuing education calendar.

Next regularly scheduled AIDEA Board Meeting Wednesday, October 24, 2018.

9. BOARD COMMENTS

Mr. Karl welcomed Mr. Beedle to the Board. He expressed appreciation to staff for their diligent work. Mr. Karl thanked Jerry Juday for his efforts.

Deputy Commissioner Parady noted on page five of the Dashboard Report, the concentration in oil and gas projects and loans is about 14.1%. He believes this is a proper diversification. The delinquencies increased in the last two years from 0% to .39%. This is well within the range of

the last 15 years. Mr. Springsteen noted the delinquency is a single issue and specific information is available for the Board's review.

Ms. Brown welcomed Mr. Beedle and thanked staff for their hard work.

Mr. Beedle recognized the honor to be appointed to the Board. He expressed his respect for AIDEA and AEA, specifically noting the deliberative, transparent, and independent due diligence process and fiduciary responsibility exhibited by management and staff.

Chair Pruhs welcomed Mr. Weitzner. He expressed appreciation to staff for their efforts. Chair Pruhs recognized former Vice-Chair Russell Dick, who has moved on to take care of higher priorities. He will be missed. Chair Pruhs expressed appreciation to long-time previous Board member Gary Wilken, who took the opportunity to become a member of the IGU Board.

10. ADJOURNMENT

There being no further business of the Board, the AIDEA meeting adjourned at 3:20 p.m.



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