



Alaska Industrial Development and Export Authority
BOARD MEETING DRAFT MINUTES
Wednesday, August 7, 2019
Fairbanks and Anchorage, Alaska

1. CALL TO ORDER

Chair Pruhs called the meeting of the Alaska Industrial Development and Export Authority to order on August 7, 2019, at 10:06 a.m. A quorum was established.

2. ROLL CALL: BOARD MEMBERS

Members present: Chair Dana Pruhs (Public Member); Albert Fogle (Public Member); Bill Kendig (Public Member); Julie Sande (Public Member); John Springsteen (Deputy Commissioner, Department of Commerce, Community, and Economic Development [DCCED]); and Greg Samorajski (Deputy Commissioner, Department of Revenue [DOR]) joined the meeting at 10:12 a.m.

Members present via teleconference: Vice-Chair Bernie Karl (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 [CFO]); Mark Davis (Chief Infrastructure Development Officer); Alan Weitzner (Chief Investment Officer, Project Finance & Asset Management [PFAM]); Yulia Ellsworth (Assistant CFO/Controller); Geoffrey Johns (Investment Officer, PFAM); Karsten Rodvik (External Affairs Officer); Jeff San Juan (Infrastructure Development Finance Officer); Lex Sargento (Chief Procurement and Contracting Officer); Linda Senn (Human Resources Director); Sherrie Siverson (Executive Assistant); Krin Kempainen (Administrative Assistant); and Aimee Sudbeck (Administrative Assistant).

Public present: Elwood Brehmer (Alaska Journal of Commerce); Tim Gallagher (HDR); David Grossklaus (Dorsey and Whitney, LLP); Marc Greenough (Foster Pepper); Doug Huff and Tim Jagielski (JAG Alaska); Jerry Juday (Department of Law); Ladonna Lindley (Accu-Type Depositions); Michael Martin and Ryan Strong (Alaska Bankers Association); Michael Newman (Hilltop Securities); Bryan Riddley and Ben Shilling (Tanana Chiefs Conference); Graysen Spiller (Orion); and Ken Vassar (Vassar Law).

Public present via teleconference: James Brooks (Anchorage Daily News); John Gaedeke (Iniakuk Lake Wilderness Lodge); Alex Johnson (National Parks Conservation Association) and Danielle Peele (public).

4. AGENDA APPROVAL

Tom Boutin requested an amendment to the agenda to add the following wording to Item 7D. the Executive Session: Confidential contract matters the immediate knowledge of which have an adverse effect on AIDEA's finances. The agenda was approved as amended.

5. PUBLIC COMMENTS

John Gaedeke expressed his continued concern regarding the Ambler Road proposal. Mr. Gaedeke noted he was born and raised in Fairbanks and out at the Iniakuk Lake property where his parents built the lodge 45 summers ago. The lodge is located a few miles from the proposed road. Mr. Gaedeke has heard from village chiefs in the region that government-to-government consultation rights are being denied without notification.

Mr. Gaedeke noted new members on the Board have joined since the Ambler Road proposal began. The Board's reputation and the well-being of Alaskans are at stake. Alaska needs responsible financial and developmental leadership and the Ambler Road proposal does not make sense to Alaskans in its path. Mr. Gaedeke urged the Board to further vet the proposal and take additional steps toward transparency and accountability. He can be contacted at BrooksrangeCouncil@gmail.com. Mr. Gaedeke only wants what is best for Alaska and the Ambler Road proposal appears to be the opposite of that. He believes the issues with AIDEA's bond rating is due to the lack of transparency in this region.

Danielle Peele of Portsmouth, New Hampshire, previously taught in Hydaburg on Prince of Wales. She is forming a nonprofit Water Protectors for the Inside Passage and is working with a NASA director of nanotechnology and algae biofuel. Clean energy projects can be brought to make clean water. Ms. Peele believes AIDEA has undermined transparency and has undermined being good stewards of the public health. Ms. Peele understands AIDEA's goal is economy. The 10,000-year cultures, including Haida, Tlingit, and Tsimshian, depend on clean water and clean land. Uranium is already in the water from the Bokan Mine.

Ms. Peele believes AIDEA is focused on REEs (Rare Earth Elements), and she is aware of President Trump's executive orders and Murkowski laws. Ms. Peele expressed meaningful consultation is not just with a few tribal members, but with the public of Hydaburg. She believes Hydaburg residents are unaware of the intents of AIDEA. Ms. Peele stated she was present at meetings with the Forest Service and Nature Conservancy, but was not allowed to speak because she had not been present for the previous five meetings. Ms. Peele noted she was in attendance with Dr. Wendy Smythe, who is Haida, and Dr. Smythe believed the Nature Conservancy consultant was purposefully skewing the data for unknown reasons. Ms. Peele originally thought it was because the Forest Service wanted the trees, but it was determined a road to the mine was wanted. Ms. Peele discussed there are portable ways to extract from the bogs. The land belongs to the people and does not belong to AIDEA. Ms. Peele put the Board on notice she could sue all the members.

6. PRIOR MINUTES - June 26, 2019

The minutes from June 26, 2019 were approved as presented.

7. NEW BUSINESS

7A. JAG Seward Shipyard Presentation

Mr. Boutin invited Alan Weitzner to introduce the principals of the company from the Seward Shipyard to discuss their successes and possible AIDEA opportunities. Mr. Weitzner introduced Doug Huff, President, and Tim Jagielski, Executive Vice President, of JAG Alaska. He stated they are here to present on the Seward Shipyard located directly across the bay from Seward. Mr. Huff discussed JAG's vision for Alaska is to keep Alaska work in Alaska. The intent is to execute the capital plan and develop Seward to be regarded as the top performing Alaskan shipyard. The vision includes the expansion, training and retention of local Alaskan employees and the goal to earn the designation as the preferred U.S. Coast Guard (USCG) supplier in Alaska and nationally. JAG wants to be embedded as a staple in their operating communities. JAG is focused on identifying and executing industrial and telecom opportunities, as well as other developing opportunities. Mr. Huff noted Mr. Jagielski is dedicated to Alaska and has recently moved his family to Alaska from the Lower 48.

Mr. Huff discussed the history and background of JAG Alaska. The synergies between the base company JAG and JAG Alaska operations are significant. He explained the daily objectives are to work safely, provide quality workmanship, on-time deliveries, competitive pricing, and investment in employees. The next few weeks will be dedicated to introducing JAG to additional potential Seward customers. There is an abundance of Alaska work available. The first jobs exhibited successful performance and generated excitement. JAG received an excellent Contractor Performance Assessment Report (CPAR). The city of Seward owns the facility and JAG has a 40-plus-year lease. JAG chose Seward as a strategic underutilized location with a positive volume of traffic. There are approximately 60 employees in Seward, of which approximately 20 are full-time Alaska residents. The goal is to steadily increase the volume of work in order to achieve 99% full-time Alaska residential employees.

Mr. Huff reviewed JAG's revenue chart since the base year of 2011, which has expanded nearly 600%. Mr. Huff discussed JAG's performance capabilities as a full service shipyard and highlighted the in-house painting team is the best in the nation. He reviewed the business plan objectives for 2019. JAG also travels to customers in remote locations throughout Alaska to perform services at existing shipyards or boatyards. JAG brings all necessary equipment to complete the projects. There has been significant capital investments to-date. Mr. Huff reviewed the continued capital investment plan, including the plan for the awarded Maritime Administration (MARAD) grant. Mr. Jagielski described the planned expansion and noted additional upgrades that are in the engineering phase. The intent is to build permanent, fully enclosed facilities at the Seward shipyard that would enable broader access for vessel work. Mr. Huff discussed the current two opportunities for utilizing the AK Ship Program.

Ms. Sande expressed appreciation for the presentation and the goal to keep Alaska work in Alaska.

Chair Pruhs inquired why customers would go to the Lower 48 for service rather than staying in Alaska. Mr. Huff noted there have been many reasons previously, including labor force, quality, pricing, and shipping steel. He believes JAG can provide the combination of quality, on-time delivery, and good pricing, which will keep customers in Alaska. Mr. Jagielski believes the advantage of customers remaining in Alaska far outweighs the disadvantages of going to the Lower 48 for services. He believes the service was previously better in the Lower 48.

Chair Pruhs requested the business breakdown of government and commercial. Mr. Huff stated approximately 65% of the business is commercial.

Deputy Commissioner Samorajski asked for additional information regarding the capital financing needs going forward. Mr. Huff explained JAG believes utilizing a combination of public and private investors is in their best interest. The capital needs for the next five years will be approximately \$4 to \$5 million. He welcomes the opportunity to further the discussions with AIDEA.

Chair Pruhs expressed appreciation for the presentation and wished them success.

7B. Resolution No. G19-16 Approving Tanana Chiefs Conference Project Conduit Revenue Bonds

Mr. Boutin stated AIDEA has sold \$1.54 billion in conduit revenue bonds over the years. There are currently \$543 million outstanding conduit revenue bonds. Resolution No. G19-16 approves Tanana Chiefs Conference (TCC) project conduit revenue bonds to finance the acquisition, expansion, renovation, furnishing, and equipping of certain health care facilities. Staff recommends approval of Resolution No. G19-16. Mr. Boutin requested Brenda Applegate introduce the speakers associated with the resolution. Ms. Applegate introduced Mike Newman of Hilltop Securities, and Bryan Riddley and Ben Shilling both of Tanana Chiefs Conference. In the audience is Mark Greenough, Dave Grossklaus, and Ken Vassar.

Mr. Riddley gave an overview of the history of TCC. There are 42 tribes, most of whom are federally recognized. The Indian Self Determination and Education Assistance Act of 1975 allows TCC to participate in Indian Health Service (IHS) and Bureau of Indian Affairs (BIA) funding that comes through TCC. The TCC region is about 235,000 square-miles, which is about 37% of the state. The area is slightly smaller than the size of Texas. The size presents unique operating challenges. Health services consist of about 75% of the TCC revenues and expenses. TCC also has realty and forestry support.

Mr. Riddley discussed TCC's clinic operations and services, as well as additional services housed in other buildings. Much of the higher level healthcare is referred to Fairbanks Memorial Hospital (FMH) across the street from the TCC clinic. Mr. Newman noted TCC maintains an

informal care coordination agreement with FMH. He explained the history of the relationship. Mr. Shilling stated TCC pays at Medicare-like rates stipulated by IHS.

Chair Pruhs inquired if there are other organizations like TCC within the state of Alaska. Mr. Riddley stated there are approximately 11 to 12 regions across the state that utilize tribal health or tribal health and social services. TCC has a combined health and social services because of the beneficial economies of scale.

Mr. Riddley reviewed the slide showing the increase of patient encounters. TCC believes the clinic reached its capacity in 2017. The current waitlist for a provider appointment is two to three weeks. Chair Pruhs noted the increase in patient encounters shown on the slide and inquired if those patients were previous patients at another facility or if the patient rate is increasing. He asked if the graph is expected to continue to rise in the next 10 years. Mr. Shilling stated the Native population in Fairbanks has grown, even though the total Fairbanks population has not grown significantly. The Native population being served is expected to increase approximately 5% a year. When the clinic originally expanded, there was a shift from referral to self-perform. Patients from other specialty clinics were now able to be seen at the TCC facility, Chief Andrew Isaac Health Center. TCC serves approximately 15,000 to 20,000 individuals.

Mr. Fogle inquired as to the possibility of TCC focusing on only the social services and FMH focusing on the medical needs, instead of two facilities across the street from each other providing the same services. Mr. Riddley explained TCC has the ability to self-perform and operate through IHS. It is important for TCC to be a provider for its Native population. Mr. Riddley noted two hospitals provide competition instead of a monopoly. Mr. Fogle asked if Mr. Riddley believes it is fair for Alaska Native Medical Center (ANMC) and TCC to process health insurance for payment when the Alaska Natives are already being funded via the federal government. Mr. Riddley responded the federal government allows TCC to collect the insurance. Funding from IHS only covers about 40% of the healthcare needs for the individuals. The third-party revenue supplements the bulk of the IHS funding received.

Deputy Commissioner Springsteen asked what steps TCC has taken to address appropriation risks in considering the expansion. Mr. Riddley noted an analysis of IHS funding over 30 years was completed during the initial bonding, which showed a steady 3% to 5% increase each year. Recently, President Trump requested an approximate 10% cut to IHS funding, but instead, IHS saw a 7% increase because the House and the Senate were able to override the request.

Deputy Commissioner Springsteen inquired about TCC's preventative actions to reduce the number of patient encounters. Mr. Shilling stated the Wellness and Prevention Division is working to make the community healthier, including a focus on smoking cessation and opioid addiction. Mr. Riddley noted the clinic is proactive with breast cancer detection, colonoscopies, and other early stage cancer detections.

Mr. Fogle asked if TCC was in contract with any insurance provider. Mr. Shilling stated TCC has no contracts currently. Negotiations with BlueCross to become in network are ongoing, but the process has not been completed. Mr. Fogle asked if it is a strategic goal to be out of network. Mr. Shilling disagreed. He noted most of the patients do not have BlueCross and the negotiations were primarily because TCC uses BlueCross to administer the self-insured plan. The Health Resources and Services Administration (HRSA) communities would see a benefit to patients who are not IHS beneficiaries to become in-network for Premera, BlueCross, of Aetna.

Ms. Sande inquired if the bulk of the expansion is stemming from the Medicaid expansion. Mr. Shilling believes the bulk of the expansion is due to the increased services provided and improved billing and collecting efforts. Ms. Sande asked for the percentage of uncollected debt. Mr. Shilling and Mr. Riddley did not have that information. Mr. Riddley explained IHS provides a base funding for the facility. However, without the third-party revenue collection, the patients would be underserved and the ability to provide services would be lower.

Mr. Shilling continued the presentation and explained the existing bond debt of \$72 million was paid off within eight years. The cash on hand is approximately \$198 million, which is about 14 months' reserves. A Better Business Bureau (BBB) acute care hospital typically has 85 to 90 days' cash. A smaller facility is required to hold more cash to get the equivalent rating. FMH is A+ an A has approximately 360 days' cash. TCC is rated A+ because of the cash level and other features unique to TCC. Mr. Shilling noted TCC's cash on hand would be able to fully pay for the expansion.

The expansion will provide the continued level of service for 10 to 15 years. The expansion is expected to create 64 new healthcare jobs. There are approximately 300 employees in the current facility. TCC's providers have a credentialed agreement to operate at FMH. The number of construction jobs that will be created in Fairbanks is unknown at this time. The Request for Proposal (RFP) for design is about to go out and then the RFP for contractors will be released. On the previous contract, the TCC Board decided not to give preference to Alaska contractors, but rather asked the contractor to have Native preference in hiring, in which they complied to approximately 60% Native hire.

Deputy Commissioner Springsteen requested more information regarding the interaction between the expansion plan and the ongoing expansion of the Yukon Kuskokwim Health Corporation's (YKHC) facilities in Bethel and if there is a crossover in patient encounters. Mr. Riddley believes the YKHC model is very similar to the model TCC used in 2011. There really is not a patient population crossover, unless patients are attending a convention or other activity in Fairbanks. The flight patterns dictate where the patients go. All of the clinics contain the telehealth ability.

Ms. Sande asked if this expansion is anticipated to reduce the amount of Medicaid travel expense and if community health aides are utilized. Mr. Riddley noted the goal is to provide the healthcare services closer to patients' homes, which will lower travel expenses. Community health aides are utilized and approximately \$1.5 to \$2 million was originally spent on the training

center. The training has been very successful. Mr. Newman explained legislation was passed in 2015 to allow State support of financing for these types of projects because it helps control the State's Medicaid budget.

Mr. Riddley continued the presentation referencing AIDEA's capability to bond statewide is the reason this project is before the Board today. Mr. Riddley noted these bonds are not general obligations of AIDEA. TCC's coverage is very strong.

Chair Pruhs asked Mr. Boutin what percentage of the \$1.5 billion in conduit revenue bonds have been related to health services. Neither Mr. Boutin nor Ms. Applegate had the information readily available but will provide it by the end of the week. Mr. Boutin and Ms. Applegate believe it is a relatively high percentage. Mark Davis noted the largest issuance of conduit revenue bonds to date have been to FMH Southwest and to Providence. Mr. Boutin stated the next most likely issue of conduit revenue bonds this fall will be for the Interior Gas Utility (IGU).

MOTION: Mr. Kendig moved to approve Resolution No. G19-16 Approving Tanana Chiefs Conference Project Conduit Revenue Bonds. Motion seconded by Deputy Commissioner Springsteen.

Vice-Chair Karl commented TCC is a well-run organization. He believes they offer much to the Fairbanks community and to the Native community. He strongly recommends the passage of this bond issue.

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

7C. Resolution No. G19-18 Approving Loan to AK SHIP UnCruise

Mr. Boutin stated the Alaska Ship Home-porting for Improvements Program (AK SHIP) is well-known by the Board under previous Resolution No. G19-17. UnCruise provided a comprehensive presentation to the Board at the June meeting. Resolution No. G19-18 provides four loans to UnCruise for scheduled work to be performed at the Alaska Ship & Drydock in Ketchikan during September through March. Mr. Boutin requested Mr. Weitzner provide additional details regarding the resolution. Mr. Weitzner added the main headquarters for UnCruise is in Seattle. The company is principally an Alaska owned and operated entity. Out of the 425 employees, 375 are Alaskans. The 20 different itineraries operated on cruise ships are primarily in Southeast Alaska and represents approximately 75% of total revenue.

The total contribution to Alaska from UnCruise operations is \$13 to \$15 million per year, plus the additional contribution resulting from the AK SHIP program financing for the work performed. The borrowed amount is up to \$3.64 million at a fixed 5% interest rate for six to 24 months.

Chair Pruhs asked if the 5% interest rate is comparable to commercial rates and other shipyard rates. Mr. Weitzner stated the rate is at market for the company and is competing with the financing from shipyards in Puget Sound where work has occurred historically. Chair Pruhs asked if there was another way for the shipyard to make money in addition to the financing. Mr. Weitzner noted the question is difficult to answer. The shipyard has to bid and be competitive to win the work. UnCruise has indicated the financing program is making a difference for locating the work in Ketchikan.

Chair Pruhs asked if the pricing in Puget Sound has been verified. Mr. Weitzner indicated AIDEA has one example of verified work that was previously completed. Chair Pruhs requested all verification and documentation precedents will be available to be offered to other qualifying shipyards in the future. Chair Pruhs indicated his purpose for asking questions is to construct the public record. Mr. Weitzner explained the 1% fee would only be applicable in situations where federal guarantee or other form of guarantee was required. The 1% fee will be waived under this resolution. Chair Pruhs asked if the application fee of \$5,500 covered all of AIDEA's costs. Mr. Weitzner stated the application fee does not cover the costs for the establishment of the initial loan documents. The budgeted establishment costs are \$25,000. Other loans will have duplicate loan documentations and thereby offset the costs. Chair Pruhs asked if staff has physically looked at the ships being financed or if staff intends to physically look at the ships. Mr. Weitzner indicated he has observed the Wilderness Adventure, which is currently being worked on, but he has not observed the other two vessels. He noted it is possible for staff to observe the other two vessels. The recent survey presented by UnCruise for each of the three vessels, is dated June 21, 2019. Chair Pruhs commented on the importance of verifying assets on loans in excess of \$1 million as a matter of due diligence regarding the public's funds.

Mr. Boutin reminded the public, a deal is not brought before the Board unless it has been reviewed by the Investment or Loan Committees. The recommended fee waiver has been energetically discussed at the Loan Committee level. Chair Pruhs stated the Loan Committee record is confidential. The record being made today is public and can be reviewed in the future.

Chair Pruhs believes the request for a waiver for the 1% commitment fee should be discussed to explain to the Board and the public reasons this is in the best interest of the public, the industry, and AIDEA's asset. Mr. Boutin stated he is one vote on the Loan and Investment Committee. He is pleased the first deal for the new program is with UnCruise because of their strong financials. Chair Pruhs commented he hopes the program grows to be able to offer more than \$10 million in loans. He asked if AIDEA is taking a second position on the ship. Mr. Weitzner stated AIDEA is taking a second position on the ship. Mr. Weitzner is comfortable with the position.

Deputy Commissioner Springsteen agrees to the importance of evaluating the counterparty risk to ensure the counterparty is credible and viable. He requested additional information regarding the counterparty risk in this resolution. Mr. Weitzner explained the program has an established process that complies with AIDEA regulations under 44.88.172, including specific due diligence

required regulations. This resolution presents full satisfaction of all the required evaluation criteria and the full satisfaction of specific financial criteria.

Deputy Commissioner Samorajski asked if the contract for servicing the ships could possibly be won by Seward, and if so, would the same financing option be provided to Seward. Mr. Weitzner noted UnCruise represented to the Board at the last meeting their focus and support of the Southeast region and specifically the Ketchikan Shipyard. Mr. Weitzner does not know if Seward could possibly win a bid, but the same financing option would be available if all of the statutory definitions were met.

Mr. Weitzner explained the customer for this loan resolution is UnCruise. They will bring forward a ship repair contract to be reviewed to ensure it meets the required definitions of the program. Chair Pruhs requested clarification regarding waiving the 1% fee in order to be competitive if there is only one contract brought forward. He asked if AIDEA should consider future discussions requiring competitive Alaska bids. Mr. Weitzner noted the intent of the program is to level the playing field for the competition between the Alaska shipyards and non-Alaska shipyards. AIDEA is aware of UnCruise's alternative forms of financing and the waiver of the 1% fee is supported on that basis.

Deputy Commissioner Samorajski inquired if UnCruise is being incited to consider the Ketchikan Shipyard versus Puget Sound to the exclusion of other Alaskan shipyards. Mr. Weitzner believes UnCruise is aware other Alaska shipyards would be able to utilize this program. He feels UnCruise is focused on keeping the work and benefit in the Southeast region in which they participate.

Mr. Fogle asked if the fee waiver is setting precedent or if it is on a case-by-case basis. Mr. Weitzner does not believe the fee waiver is setting precedent, but would be reviewed for each project on its own merits. Chair Pruhs expressed his belief this is setting an unfortunate precedent and others will want the fee waived, using the same reason to be competitive with the Lower 48. Chair Pruhs feels not charging a fee will affect the true cost of the program, which lessens the 5% interest received. Mr. Weitzner explained the fee is 1% of the total borrowed amount, which increases the total interest cost. The base is 5% and would be earned from the advanced loans.

MOTION: Mr. Kendig moved to approve Resolution No. G19-18 Approving Loan to AKSHIP UnCruise. Motion seconded by Deputy Commissioner Samorajski.

Vice-Chair Karl expressed appreciation for the establishment of a good public record. He agrees that future applicants will use the same competitive reason to request the waiver of their fee. He supports all work being diverted from Seattle to Alaska. Vice-Chair Karl believes Alaska has the best workers in the world and does some of the best work in the world.

Ms. Sande agrees with the previous comments and is excited AIDEA is identifying potential barriers to development in Alaska and creating programs that support future progress.

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

7D. Executive Session: Discuss Confidential Information Related to AIDEA Lending Practices, Ahtna Petrochemical Products, and confidential contract matters the immediate knowledge of which have an adverse effect on AIDEA's finances.

MOTION: Mr. Kendig moved to enter into Executive Session to discuss confidential matters related to AIDEA Lending Practices, Ahtna Petrochemical Products, and confidential contract matters, the immediate knowledge of which would have an adverse effect on AIDEA's financing. Motion seconded by Mr. Fogle.

The Board entered Executive Session at 12:31 p.m. Participants included board members Dana Pruhs, Bernie Karl, Albert Fogle, Bill Kendig, Greg Samorajski, Julie Sande, and John Springsteen. AIDEA staff and guests invited to join the session, at different times, for related topics: Tom Boutin, Brenda Applegate, Alan Weitzner, and guests Jerry Juday, Michael Martin, and Ryan Strong.

The Board reconvened its regular meeting at 2:15 p.m. Chair Pruhs advised the Board did not take any formal action on matters discussed while in executive session.

7E. Resolution No. G19-19 Approving Transfer or Subleasing of Property Leased Under ADL 421055 to Third Parties for Development Purposes

Mr. Boutin stated this resolution is a disposition that AIDEA has been addressing for some time. Staff recommends approval.

MOTION: Mr. Kendig moved to approve Resolution No. G19-19 Approving Transfer or Subleasing of Property Leased Under ADL 421055 to Third Parties for Development Purposes. Motion seconded by Deputy Commissioner Springsteen.

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

7F. AIDEA Budget and Audit Subcommittee

Mr. Boutin stated discussions have occurred regarding the creation of a Budget and Audit Subcommittee. Mr. Boutin requested Ms. Applegate provide the committee's description. Ms. Applegate noted AIDEA has held a Budget and Audit Subcommittee previously. The members would meet with the auditors at the beginning of the audit season and discuss the process and any concerns. AIDEA is on a tight issuance timeframe because all information has to be provided to meet the State's Comprehensive Annual Financial Report (CAFR) deadline. AIDEA's issuance deadline is at the end of October. The subcommittee would review the final

draft of the report before issuance. Possible adjustments would be made before the issuance of the report. The audit does not have to be approved by the full Board, but the audit was approved by the full Board last year.

Ms. Applegate explained the FY21 budget cycle is beginning for AIDEA's operating budget and follows the State's budgetary process. The budget side of the subcommittee would be apprised of the process and review the draft of the budget before it is submitted to the Governor. The Board would ratify the budget after it has gone to the Governor and becomes a public document.

Chair Pruhs asked for volunteers for the Budget and Audit Subcommittee. Meetings can be held via teleconference. Mr. Kendig, Mr. Fogle, and Ms. Sande volunteered. Ms. Applegate will be the point of contact.

8. DIRECTOR COMMENTS

Mr. Boutin stated staff was tasked a few days ago to submit to DCCED any legislation ideas. Mr. Davis is examining the implications to attempt to exempt AIDEA in the same way Alaska Housing Finance Corporation (AHFC) is exempt from the Executive Budget Act. This is being reviewed chiefly because of Moody's credit downgrade, which was attributed to the belief that other parts of state government could utilize AIDEA's resources. Mr. Boutin has discussed this with Commissioner Anderson and received a positive response to move forward. Chair Pruhs expressed his personal opinion that this is a move that would be great for AIDEA. He requested additional talking points once more support is developed.

Mr. Boutin stated the dashboard information is valuable and worthwhile, but does not get due attention because it is placed at the end of the meeting. Chair Pruhs noted the Board previously engaged in a work session at least once a year with staff to review the dashboard and loan reports in detail. He suggested a work session be scheduled before the beginning of the next legislative session. Chair Pruhs requested Sherrie Siverson poll the Board and determine the best date to meet.

The next regularly scheduled Board meeting is Wednesday, September 18, 2019. Mr. Boutin stated he will attend the meeting telephonically from Juneau, Ms. Applegate has agreed to perform in his stead.

9. BOARD COMMENTS

Deputy Commissioner Springsteen expressed appreciation to Mr. Weitzner for his diligence, contribution to AIDEA, and creativity in structuring the AK SHIP program to incentivize activity in Alaska shipyards while protecting the interest of AIDEA and the state.

Vice-Chair Karl expressed appreciation to staff for their work and preparations for the meeting. He informed his wife was diagnosed with pancreatic cancer and prayers are welcome.

Chair Pruhs expressed his concern and prayers to Vice-Chair Karl. Chair Pruhs thanked staff for their hard work, and particularly Mr. Weitzner for the first applicant on the new loan portfolio. Chair Pruhs welcomed Deputy Commissioner Springsteen back to the table in a different role.

10. ADJOURNMENT

There being no further business of the Board, the AIDEA meeting adjourned at 2:30 p.m.



Tom Boutin, CEO / Executive Director
Secretary-Treasurer
Alaska Industrial Development & Export Authority