

**Alaska Industrial Development and Export Authority
BOARD MEETING MINUTES
Wednesday, March 6, 2024
Anchorage, Alaska**

1. CALL TO ORDER

Chair Pruhs called the meeting of the Alaska Industrial Development and Export Authority (AIDEA) to order on March 6, 2024, at 10:45 a.m.

2. ROLL CALL BOARD MEMBERS

Members present: Chair Dana Pruhs (Public Member); Julie Sande (Commissioner DCCED); Policy Director Q. Smyth on behalf of Adam Crum (Commissioner DOR); Bill Vivlamore (Public Member); and Randy Eledge (Public Member) Absent: Vice Chair Bill Kendig (Public Member); Albert Fogle (Public Member). A quorum was established.

3. AGENDA APPROVAL

Commissioner Sande requested that Agenda Item 6, Board Training, be rescheduled to a future meeting so all board members can participate. There were no objections to this amendment.

MOTION: Commissioner Sande moved that the Agenda be approved as amended. Motion was seconded by Policy Director Smyth.

Motion to adopt the agenda as amended, passed without objection.

4. PRIOR MINUTES - January 24, 2024

MOTION: Commissioner Sande moved that the minutes from January 24, 2024, be approved as presented. Motion was seconded by Policy Director Smyth.

Motion to approve the Minutes of January 24, 2024, passed without objection.

5. PUBLIC COMMENTS - None

6. NEW BUSINESS

MOTION: Commissioner Sande moved for the board of directors to enter into executive session for the purpose of discussing confidential and deliberative matters related to: LPP Interest Rate Policy and Regulation review; Hex Discussion; matters related to AIDEA's finances and budget, which are subject to the deliberative process privilege; and other matters related to AIDEA actions that are subject to specific legal advice, which is subject to the attorney-client privilege and communications. The executive session and matters discussed therein are proper subjects for an executive session under the Alaska Open

Meetings Act, reference AS 44.62.31(C)1, 3, and 4, and the Alaska Public Records Act. Motion was seconded by Policy Director Smyth.

A roll call vote was taken, and the motion to enter into Executive Session passed unanimously. Mr. Bill Kendig and Mr. Albert Fogle were absent.

6A. Executive Session: 10:50 a.m. Confidential and deliberative matters related to: LPP Interest Rate Policy and Regulation review; Hex Discussion; matters related to AIDEA's finances and budget, which are subject to the deliberative process privilege; and other matters related to AIDEA actions that are subject to specific legal advice, which is subject to the attorney-client privilege and communications.

The Board reconvened its regular meeting at 2:43 p.m. Chair Pruhs advised that the Board did not take any action on matters discussed while in Executive Session. The session was limited to discussion of matters directly protected from public disclosure by the Open Meetings Act.

6B. Resolution G24-01 AIDEA Approving Governor's FY25 Budget

Mr. Randy Ruaro stated this resolution approves the Governor's Fiscal Year 2025 (FY25) budget for AIDEA. It includes an increase of \$282,000 for health insurance PERS rates and other adjustments.

MOTION: Commissioner Sande moved that the Board of Directors approve Resolution G24-01 in support of the Governor's FY25 Budget for AIDEA. Motion was seconded by Policy Director Smyth.

A roll call vote was taken, and the motion passed unanimously with board members Bill Kendig and Albert Fogle absent.

6C. Resolution L24-03 Marquette Mansions, LLC

Ms. Tiffany Janssen, Chief Loan Officer, stated that Resolution L24-05 is a loan summary for Marquette Mansions, LLC. Northrim Bank has requested AIDEA's participation of 90% or \$4,211,887 for the purchase and improvements of a non-owner occupied warehouse in the heavy industrial section of Ship Creek in Anchorage, Alaska. This purchase will result in ten construction jobs, and six retained. The guarantor is Michael Moriarty, broker and owner of a real estate holding company out of Wisconsin. He is investing in the Anchorage real estate market. Alborn Construction will be the onsite manager of this property, as Mr. Moriarty is located out of state.

The building itself was constructed in 1979 and is approximately 60,000 square feet of warehouse space. It had extensive renovations in 2019, including some roof work. They plan to install a new roof by the end of 2024. Currently there are two tenants who are in the automotive industry. There were several reports completed by the lender. The borrower and AIDEA visited the property and found no outstanding environmental issues.

The aggregate exposure is \$4.2 million, which is only 1% of our portfolio. So it fills all of our risk mitigation policies. Northrim has approved this loan based on the high demand in Anchorage for industrial properties, the experience of the guarantor, and the financial strength and condition of the subject property, as well as the bank's positive historic performance of this investment property. This property was previously a loan through AIDEA several years ago and was paid off.

Staff recommends approval of this loan participation as proposed with the conditions and covenants that are listed there. This will meet AIDEA's mission of economic development and job creation by providing indirect financing for the acquisition of a large industrial property in the Anchorage market that currently leases space to a wholesale essential services provider while creating ten new jobs for the project. This loan is contingent upon AIDEA financing due to market rental rates and the remaining economic life of the collateral. Again, we recommend approval as presented. After a brief discussion, Chair Pruhs asked for a motion on this resolution.

MOTION: Commissioner Sande moved that the Board of Directors approve Resolution L24-03 Marquette Mansions, LLC. Motion was seconded by Policy Director Smyth.

A roll call vote was taken, and the motion passed unanimously with board members Bill Kendig and Albert Fogle absent.

6D. West Su Budget and Field Season Update - Brand Brefczynski

Mr. Brad Brefczynski started his presentation by handing out to board members copies of a letter written from AIDEA to the Alaska Department of Natural Resources (DNR) providing written comments on DNR's *Susitna Basis Recreation Rivers Plan*, which is the management plan that dictates how these rivers within the basin are used over the next 20 years. They wanted to make sure that DNR's plan does not have any implications or prevent any sort of transportation corridors within the area that may impact the West Su Access Road Project.

As of March 1, 2024, Alaska Department of Transportation and Public Facilities (ADOT&PF) submitted their revised Statewide Transportation Improvement Program (STIP) which includes a portion of the West Susitna Access Road Project as part of their program. The project will construct a new road to and across the Susitna River, connecting the contiguous highway system to State recreation lands west of the Susitna River. It will also construct a boat launch facility accessing the Susitna River. Per the STIP, the project identification numbers, phases, and brief descriptions are listed below for reference.

- STIP ID No. 34206 is the preconstruction stage.
- STIP ID No. 34461 [Child Stage 1] will construct approximately 17 miles of a 24' wide new road from the project BOP at Little Su Road to the south bank of the Susitna River, and two bridges across the Little Susitna River and Fish Creek. Construct a boat launch facility accessing the Susitna River. Construction will start in 2025.

- STIP ID No. 34206 [Parent Final Stage 2]: Construct approximately 5 miles of a 24' from the end of the Stage I project to the proposed material site just west of Alexander Creek, including a bridge across the Susitna River and Alexander Creek, connecting the contiguous highway system to State recreation lands west of the Susitna River. Construction will start in 2027.

AIDEA is involved in this project because back in Fiscal Year 2022 (FY22) we were provided a legislative appropriation \$8.5 million dollars to do the permitting work for this project. This West Susitna Access Road project has been talked about for many years now. It opens up a tremendous amount of state and borough land that contains opportunities for land ownership and recreation. There's potential oil and gas out in the Susitna Basin, timber, forestry, also wildland, fire prevention, emergency response, agriculture, but ultimately, there's significant mineral resources as well for mines and exploration for more mining.

The governor's office commissioned an economic study in 2022 to determine the benefits of the road, which we rolled out last year in 2023. This study found that if the three mines, owned by separate companies, came online, there would be a significant amount of new jobs and wages for the southcentral region of the state. Since AIDEA's mission is to promote the economic development of and job creation for the State of Alaska, we were involved with this project as the primary agency up until July, 2023, when ADOT&PF included this project in their STIP and budgeted approximately \$70 million for a portion of this project.

Once completed, this road will provide 100% public access to several state and borough subdivisions in the West Su area that are already platted. There is a lot of land opportunities for folks, too, if they can get out there. Proposed budget is \$7 million state funds and \$69.5 million federal funds for a total of approximately \$76 million.

AIDEA's portion of the project will carry forward from where ADOT&PF terminates their project. AIDEA initially had submitted a permit application to the Army Corps of Engineers (COE) in 2022. However, COE suspended AIDEA's permit because of inactivity. In 2023, the permitting team got the application back to active status, and we were moving forward with environmental studies and the environmental impact statement (EIS) process. But that's when ADOT&PF stepped in and put a major portion of the project in their STIP.

Since this changed our scope of work and our permit application, we withdrew our application. We plan to go forward eventually with an application for a permit at the end of 2024, but for now, we will focus on field work this summer to fill in our gaps, primarily on the alternatives, and to collect more data. There are fish studies that require more lidar, pre-engineering work tasks, desktop engineering on the alternative routes, and additional cultural resource surveys. We have HDR onboard as our consultant and a Notice to Proceed (NTP) ready to go. We have helicopters and field crews reserved and ready to go for the summer.

Mr. Brefczynski shared a map of the project area showing ADOT&PF's project phases, planned bridge crossings, along with mines and other landmarks in the area. Board members discussed the possibility of installing a logging road in the area because of the different permitting process.

And temporary 100 ton bridges across the smaller creeks to help people and businesses get around, maybe mining companies can perform some exploration activities now, until project construction is complete. Mr. Ruaro responded that use of logging roads was one alternative looked at in the past. They will look at it again and be able to provide a cost estimate at a future meeting.

Board members discussed the map of the project area and AIDEA's preferred access road alternative. However, now that ADOT&PF has taken over the majority of the access road project, they may have a different preferred route for the road. They will do their own alternative analysis. Commissioner Sande commented that, obviously, at Commerce, our interest and real optimism about this project is the potential in jobs and wages for the borough residents and for Alaskans. And so this information that was provided by the University of Alaska and Department of Labor and McKinley Research Group. She asked how current is the data.

Mr. Brefczynski stated that the data is from 2022. The economic analysis report is posted to AIDEA's website, and it talks about all the various resource opportunities in the region with this project. In addition to recreation, there is the potential for thousands of jobs for Alaskans in mining, agriculture, and forestry industries. Basically, whatever you want to make of it.

Chair Pruhs asked about utility work along the project corridor, including broadband. Mr. Brefczynski responded that he presumes that ADOT&PF will be doing utility work along there project corridor. Therefore, our portion of the corridor must be permitted for a utility corridor as well. And if ADOT&PF is going forward with 24-foot wide road and 32-foot wide bridges, essentially to handle commercial sized trucks, we will design our portion that way too. So, it's all aligned for an easy upgrade expansion in the future.

Chair Pruhs encouraged staff to take a hard look at installing logging roads and 100 ton bridges along the corridor to provide immediate access for Alaskans to the area. He also asked that a project schedule be included in project updates. Mr. Brefczynski responded that he can provide that to board members.

8. DIRECTOR COMMENTS

8A. Project Updates

Mr. Ruaro stated that two of our larger projects, Ambler and Arctic National Wildlife Refuge (ANWR) are in litigation. We have submitted comments into the record on the Bureau of Land Management's (BLM) supplemental environmental impact statement (SEIS), and we'll be prepared to push forward with those. We think we'll have the Ambler SEIS completed in the next 30 to 60 days. ANWR's SEIS is a little behind that--maybe 90 to 120 days. So both those projects are advancing.

For the Ambler project, we are preparing a contingency plan to get in the field to advance geotech and other work in case the record of decision is positive on the route, and we are able to get in the field. So, we'll come back to the board after the record of decision is issued and see

what we can work out with the mining companies for advancing as much work as we can this season.

However, if we get a bad record of decision, for example if BLM selects Alternative C, which adds another 100 miles to the route, we'll be ready to litigate, if we have to. So, we're prepared either way.

You just heard about the West Su Access Road project.

8b. Loan Dashboard Report

Mr. Ruaro stated that balances are staying fairly close to where they were in the last report--\$387 million in the AIDEA revolving fund. There's been some payoffs. But no defaults. We're still in good shape and we have some projects in the pipeline. So, the board should see some project presentations in the next few meetings.

Commissioner Sande asked about the default rate again, as it's an important metric to put on the record and demonstrates real success of both your team and the process in general. Mr. Ruaro responded that out of the hundreds of loans currently outstanding, the default rate is zero. Commissioner Sande stated that she thinks that's incredible. Thank you.

8c. Statistics Summary: Small Business Economic Development and Rural Development Initiative Fund Loan Programs

Mr. Ruaro referred board members to the Statistics Summary in their board packet to review. This loan program is a small but important part of AIDEA's mission. We are in discussions with Mr. Anderson in Commissioner Sande's shop about ways to improve this program. There's a low rate of default on this program as well.

Commissioner Sande stated that the revolving loan program, under the Department of Commerce and AIDEA are, in her opinion, such an important backbone to our economy and are often overlooked when we're talking about measuring success. So she wanted to call those out. She thinks the ability to have patient capital and at times, during COVID especially, when we were able to modify those loans, she really appreciates it. She also liked how, in the annual report, success stories were highlighted and was a great way to put Alaskan faces on these numbers. And she thinks that they've been really key in helping Alaskans achieve their dreams and have real success stories. So thank you very much for highlighting those in the annual report. And thank you very much to your team for all the work that they're doing on behalf of the revolving loan programs for Alaskans.

8d. Next regularly scheduled AIDEA Board Meeting: Wednesday, April 17, 2024

9. BOARD COMMENTS

Chair Pruhs thanked board members Bill and Randy for calling in even though they were out of state. He also thanked Randy Ruaro and his staff in provided good information in their

presentations. It's fun to see progress, even though it feels like we've slowed way down and are headed backwards at times.

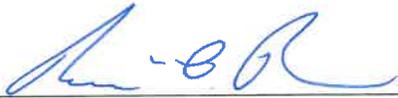
Commissioner Sande stated that she appreciates AIDEA and the mission of AIDEA and the work of the team. It really does make me proud. And I just wanted to, as I was looking over the loan dashboards and the regional diversity of the loans. It looks like Southwest Alaska has the lowest number of loans in the loan participation portfolio. I see on my calendar that Southwest Alaska Municipal Conference (SWAMC) is happening at the Captain Cook Hotel today and tomorrow. So that just might be an opportunity for the team to get some more information out to those Alaskans from southwest Alaska on the loan programs, since they're in town this week.

Mr. Randy Eledge expressed his appreciation of staff and Randy, and they work they do. The presentation on the road was really helpful. Thank you all very much.

Mr. Bill Vivlamore had no comments.

10. ADJOURNMENT

Commissioner Sande moved to adjourn the meeting. Policy Director Smyth seconded the motion. Chair Pruhs adjourned the meeting at 3:40 p.m.



Randy Ruaro, AIDEA Executive Director

Secretary