

Alaska Industrial Development and Export Authority  
BOARD MEETING MINUTES  
Wednesday, February 26, 2025  
Juneau, Alaska  
Via Teleconference

**1. CALL TO ORDER**

Chair Pruhs called the meeting of the Alaska Industrial Development and Export Authority to order on February 26, 2025, at 9:30 am.

**2. ROLL CALL BOARD MEMBERS**

Members present: Chair Dana Pruhs (Public Member); Vice-Chair Bill Kendig (Public Member); Julie Sande (Commissioner, DCCED); Adam Crum (Commissioner, DOR); Albert Fogle (Public Member); Randy Eledge (Public Member) and Bill Vivlamore (Public Member).

A quorum was established.

**3. AGENDA APPROVAL**

**MOTION:** A motion was made by Vice-Chair Kendig to amend the agenda by adding two additional items. The first item is to have two executive sessions, instead of the single executive session. The first executive session will occur immediately following this motion. It is for the purpose of allowing the Governor to address the Board in a separate executive session. This will then be followed by the second regularly scheduled executive session at Agenda Item 8. The second added agenda item is to have a public signing and ceremony regarding the Alyeschem Project. This will occur immediately following coming out of the first executive session when the Governor addresses the Board. Motion seconded by Mr. Fogle.

The motion to approve the amendments to the agenda passed without objection.

There was no objection to approving the agenda as amended.

**MOTION:** A motion was made by Vice-Chair Kendig to enter into executive session for the purpose of the following: the Governor to address the Board regarding energy, natural gas, other matters related to AIDEA and matters that are subject to specific legal advice and which are subject to attorney-client and deliberative process and privilege. These are matters, which if discussed publicly, could have an adverse effect on the finances of AIDEA, are matters that are attorney-client and deliberative process and privilege, and matters involving consideration of issues that by law are not subject to public disclosure due to the executive or deliberative process, privilege, or other law. The executive session and matters discussed therein are proper subjects for an executive session under the

**Alaska Open Meetings Act, reference Alaska Statute 44.62.310 (C)(1), (3), and (4), and the Alaska Public Records Act. Motion seconded by Mr. Fogle.**

**A roll call was taken, and the motion to enter into Executive Session passed unanimously.**

**EXECUTIVE SESSION: 9:38 am. For the purpose of the following: the Governor to address the Board regarding energy, natural gas, other matters related to AIDEA and matters that are subject to specific legal advice and which are subject to attorney-client and deliberative process and privilege. These are matters, which if discussed publicly, could have an adverse effect on the finances of AIDEA, are matters that are attorney-client and deliberative process and privilege, and matters involving consideration of issues that by law are not subject to public disclosure due to the executive or deliberative process, privilege, or other law.**

The Board reconvened its regular meeting at 10:15 am. 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.

#### **PUBLIC SIGNING AND CEREMONY REGARDING THE ALYESCHEM PROJECT**

Randy Ruaro, AIDEA Executive Director, introduced JR Wilcox, Alyeschem, and noted that he is in attendance today to sign final documents on the Alyeschem Project. Chair Pruhs requested that Mr. Wilcox give a brief update of the project. Mr. Wilcox indicated that the Final Investment Decision (FID) was made yesterday. Today is the day to sign the cost reimbursement agreement, which will start the loan closing process. As soon as this paperwork is completed, then contracts can be signed and building can begin.

Chair Pruhs asked Mr. Wilcox for a schedule for construction. Mr. Wilcox indicated the construction will take about two years after the documents are finalized.

Chair Pruhs asked Mr. Ruaro for an update on the documentation process. Mr. Ruaro said the promissory note is ready to be signed today. Mr. Wilcox stated that what is being signed today is a cost reimbursement agreement and a promissory note related to the drafting of definitive documents. Counsel has been provided with examples of similar types of financing structures that AIDEA had engaged in previously. Counsel is ready to move forward once the two documents are signed, and a notice to proceed is received. The closing timeline is no more than 14 weeks. The expectation is to have the loan documents signed, executed, and potentially a first draw before the end of this fiscal year.

Chair Pruhs asked if the draw is 50/50. Mr. Wilcox agreed, and explained that equity contributes a dollar, a funding request is placed, and AIDEA would contribute a dollar. This is a dollar-per-dollar basis.

Chair Pruhs requested Mr. Wilcox review for the record the benefits of the project to the North Slope. Mr. Wilcox discussed that the project would create value from Alaska's natural gas by producing methanol and ultra low sulfur diesel. These are currently the top two imports to the

North Slope. By producing these on the North Slope, this will help decrease operating costs and increase reliability of operations. Methanol is currently being imported from the U.S. Gulf Coast, and it has traditionally come from Brunei and Trinidad at a high import cost. Additionally, the excess hydrogen from the natural gas will be used to treat the high sulfur diesel produced on the North Slope so that the ultra low sulfur diesel can be used to power items such as drill rigs, trucks, and snowplows.

Chair Pruhs asked how many gallons a day of the ultra low sulfur diesel is expected to be produced. Mr. Wilcox responded that about 50,000 gallons a day of ultra low sulfur diesel is expected to be produced. Chair Pruhs asked if the North Slope is using that much ultra low sulfur diesel. Mr. Wilcox explained that amount is approximately 1/5 to 1/3 of the amount of the North Slope market. Mr. Wilcox added that the methanol production amount should make the North Slope entirely self-sufficient.

Mr. Fogle expressed appreciation to Mr. Wilcox for being in attendance today and for being a great entrepreneur. He is excited about this project for Alaskans and the jobs it will create. Mr. Fogle asked Mr. Wilcox to note for the record the number of construction jobs and ongoing jobs will be created because of the project. Mr. Wilcox estimated there will be 150 to 200 construction jobs, and 15 to 20 long-term jobs. The secondary impacts of making the North Slope a better place to do business is the big economic payoff. Mr. Wilcox explained that the first phase is for methanol and ultra low sulfur diesel, and the intent is to have the plant expand to other areas.

Commissioner Crum asked how many years this project idea has been discussed. Mr. Wilcox noted that the concept of building a methanol plant has been discussed since the beginning of Prudhoe Bay. The opportunity has been too small and unique of a project for the major oil companies to consider when they are focused on drilling more wells, and too small and unique for a global chemical manufacturer to consider for the North Slope.

Commissioner Crum commented that this is the right project, at the right size, and at the right time. The innovation aspect is appreciated to complete the project. It is not a new concept, and there is opportunity for expansion and multiple phases other than the North Slope. Mr. Wilcox explained that the focus is on the North Slope, and creating value in multiple ways with new products.

Commissioner Crum highlighted that as a Commissioner of Revenue, the lower operating costs provides less carry forward and more revenue back to the state from the oil side.

Mr. Eledge asked if the contracts with the end-users are already in place. Mr. Wilcox agreed.

Chair Pruhs thanked Mr. Wilcox, and looks forward to continued updates of the construction progression. He expressed interest in attending the commissioning ceremony. Mr. Wilcox agreed.

The signing ceremony continued. Chair Pruhs congratulated Mr. Wilcox. Mr. Wilcox expressed appreciation for AIDEA's involvement, support, and engagement during the entire proposal

process. He looks forward to further involvement.

Commissioner Sande requested that partners continue to keep AIDEA in mind when asked about opportunities, partnerships, and collaborations with AIDEA. She commented that it is interesting that some folks have a very short memory about AIDEA's collaboration or that AIDEA takes the black eye on things, depending on special interests. Commissioner Sande would like to hear people remind others of the partnerships and the opportunities that come from AIDEA. Mr. Wilcox commented that he flew in Monday night, and yesterday and today, he has been meeting with legislators about the project and have been making a point to highlight AIDEA's positive role and support of the project development. Mr. Wilcox looks forward to working together positively.

Chair Pruhs thanked Mr. Wilcox again for attending. There were no other comments or questions.

#### **4. PRIOR MINUTES – January 15, 2025**

**MOTION: A motion was made by Vice-Chair Kendig to approve the Minutes of January 15, 2025, as presented. Motion seconded by Mr. Fogle.**

**The motion to approve the Minutes of January 15, 2025 passed without objection.**

#### **5. PUBLIC COMMENT**

Chair Pruhs requested that those who wish to make a public comment, please state their name clearly, and affiliation, if any. There were no members of the public online or in-person who wished to make a public comment. Chair Pruhs closed the public comment period. There was no objection.

#### **6. PRESENTATIONS**

##### **6A. Wildbirch Hotel Presentation**

Chair Pruhs indicated that former Board member, Sheldon Fisher, will provide the Wildbirch Hotel Presentation. Mr. Fisher noted that Mark Begich is at a previous commitment in Washington, and is sorry he cannot be in attendance. Mr. Fisher explained that the Wildbirch Hotel is the same property as the Aviator Hotel, located on 4<sup>th</sup> Avenue in downtown Anchorage, created by Alaska Hotel Group, 239 W. 4<sup>th</sup> Avenue, LP. The intent is to rebrand the name when the full experience is available on the property with the upgrades and the Hyatt brand. Hyatt is very excited to have this as the first full-service Hyatt in Alaska. There are currently two select-service Hyatts in Anchorage and one Hyatt in Fairbanks. Compared to other large hotel brands, Hyatt is underrepresented in Alaska.

Mr. Fisher discussed that the project has invested over \$10 million. Other rounds of financing are in the process of being secured. The project is on track to complete the construction in the 2<sup>nd</sup> Quarter. Mr. Fisher explained that the brand architecture is critical to the vision. The Wildbirch Hotel is a boutique hotel and it will not be like any other property in the world. This is why they

chose to work with Hyatt within their boutique line of hotels. The theme is reflected in the room designs, the property design, and the service delivery model to provide a curated experience for visitors to Alaska. Mr. Fisher discussed that even though operations this summer were not under the rebranded name, and construction was ongoing, the project was operating select-service and instilling the service value culture among the employees. The hotel was the number one ranked hotel downtown on Expedia and Booking.com. Mr. Fisher believes this reflects both the quality of the renovations and the quality and experienced service of the employees.

Mr. Fisher reviewed the design and rendering of the property. He noted that since there is currently no snow in Anchorage, snow was being brought in for the Fur Rendezvous Festival (Fur Rondy). This process will occur again during the Iditarod. Mr. Fisher discussed that Alaskan artistry is a theme throughout the property, ranging from the designs to the items sold at the property, with the exception of fishing flyrods created by a man from Montana. Mr. Fisher showed a current picture of the lobby, a current picture and future rendering of the retail space, and discussed the planned upgrades during and after construction.

Commissioner Sande asked if everything that is sold in the retail space is either made in Alaska or Alaska grown products. Mr. Fisher disagreed, but he noted there is a concerted focus whenever possible to sell Alaska made items. He noted they have relationships with hundreds of Alaskan artisans and are trying to feature their work.

Commissioner Sande discussed the Department of Commerce's Made in Alaska Program, and noted that she could provide the contact for that program.

Mr. Fisher stated that they are partnering the retail space with Debbie Bonito in Anchorage, who runs many properties, including the Kobuk. He stated the goal is to reach out to Alaskans and to have an Alaskan feel with Alaskan created products, rather than items made in China with an Alaskan name on it. Mr. Fisher showed the rendering of the restaurant and the private dining area. He showed the rendering of the third floor, which overlooks 4<sup>th</sup> Avenue. The third floor is essentially completed. Mr. Fisher showed the renderings of the bedrooms. He discussed that local artist Ted Kim has produced six unique artwork pieces that will be in the rooms. The property will also feature mural artwork of Mr. Kim.

Mr. Fisher discussed the construction timeline. The second floor is anticipated to be completed in the beginning of April. The first floor is expected to be completed by April 18, 2025. With a few exceptions, most of the construction work is expected to be completed by April 18, 2025. Out of 252 rooms expected to be completed by April, there are currently 110 rooms in service. Construction is completed in 164 rooms, and the furniture, fixtures, and equipment (FF&E) has been installed in 155 of those rooms.

Mr. Fisher discussed that the old pool room building is under construction for three luxury suites. Completion is expected in the summer of 2025. The fitness center is expected to be completed in early May.

Mr. Fogle asked if the building is still being utilized for some of the homeless in Anchorage. Mr. Fisher noted that the homeless were moved to other locations last May. The rooms have been

demolished and are now being rebuilt.

Mr. Eledge asked if all the rooms, except for the luxury suites, are the same size. Mr. Fisher agreed the rooms, other than the suites, are the same size and of the same quality. Mr. Eledge asked if the Hyatt association is a franchise. Mr. Fisher agreed, and noted that the brand is JDV, which is considered one of Hyatt's Lifestyle brands. He showed the chart in the presentation of Hyatt's brands. Mr. Fisher stated that Hyatt is very excited about this project and has committed \$1.5 million of key money for the project. The branding is expected in the second quarter of this year.

Mr. Eledge asked if the franchise affects AIDEA's agreement. Mr. Fisher stated that the franchise does not affect AIDEA's agreement. He believes that AIDEA is pleased to have the franchise and it is important to the operation. Mr. Fisher noted that AIDEA has been aware of the discussions with Hyatt, and AIDEA is satisfied with the terms of the franchise agreement.

Mr. Fisher discussed Anchorage's successful market. The increase in revenue per available room (RevPAR) coming out of Covid has continued in the past 12 months with a nearly 5.8% increase in RevPAR. This exceeded the projected growth rate. The growth is largely driven by the ability of Alaska to attract Free Independent Travelers, who tend to stay longer and to spend more time outside of the curated experiences provided by the cruise industry. Mr. Fisher showed the chart indicating that the hotel overachieved its forecasted average last year. This year, group commitments expect to provide approximately 50% of the forecasted room revenue.

Mr. Fisher noted that this development has generated interest and enthusiasm within the travel industry, as shown by the references on the slide from Outside Magazine, Conde Nast, and Travel+Leisure. The article listed features the hotel and features Anchorage and Alaska as a destination. Mr. Fisher highlighted that the project has 34 million impressions. He discussed that the project is part of a larger investment strategy to revitalize downtown Anchorage with development and improvement. Mr. Fisher expressed appreciation for working with AIDEA. He echoed appreciation for AIDEA's support of the previous exciting project, and believes the support is invaluable for this project as well.

Mr. Eledge gave accolades for the effort that has multiple benefits to Anchorage, the hotel, and to Hyatt. He is impressed with the positive feedback of the hotel while it was under construction, and with the additional revenue that exceeded the forecast.

Mr. Fogle asked if the wall in the restaurant area will be removed in March, and if the restaurant will open in March. Mr. Fisher stated that the restaurant is expected to open in early April. The wall has to be removed to install the flooring. Mr. Fogle asked when completion of the entire Aviator property is expected. Mr. Fisher believes the bulk of the construction will be completed by the middle of April. There will be a few lagging items, such as resurfacing the parking lot and landscaping in the summer, as well as the completion of the suites. Mr. Fogle asked when the redevelopment phase will begin on 4<sup>th</sup> Avenue. Mr. Fisher discussed the hope is to begin the work this summer. Mr. Fogle asked if the parking garage will have a first-floor shop. Mr. Fisher noted that conversations are ongoing regarding that further development and activating that space. Mr. Fogle commended Mr. Fisher and Mr. Begich for redeveloping that area of 4<sup>th</sup>

Avenue, and helping to redevelop downtown Anchorage.

Chair Pruhs commented that he understood that construction was supposed to be completed last summer in July. Mr. Fisher noted that construction was not scheduled to be completed last summer, however, construction has taken longer than it should have. The hope was for construction completion by the end of the year. Mr. Fisher discussed that the State of Alaska adopted a new set of C-PACER program rules, and it took a few months longer than anticipated to complete the C-PACER construction plan and requirements. The intent was to complete 165 rooms by the summer season, and 110 rooms were completed. This had an obvious effect on cash flow, and is probably the primary reason to raise additional capital. Mr. Fisher discussed that it was also unanticipated that the joists for the third-floor deck would need reinforcement.

Mr. Eledge asked what the R stands for in C-PACER. Mr. Fisher explained that the R stands for Resiliency, Commercial Property Assessed Clean Energy and Resiliency. This allows funding for a number of systems, plumbing, for example, that improve the resiliency of the building that may not be directly related to efficiency. This is an expanded capacity in Alaska that most states do not offer. Mr. Eledge asked if there were additional requirements for C-PACER. Mr. Fisher discussed that there was a process that the architect and engineering firms certified.

Chair Pruhs thanked Mr. Fisher for his presentation, and looks forward to the completion of the project. Mr. Fisher invited the Board to host a meeting at the location. There were no other questions or comments.

A brief at-ease was taken at 10:53 am. There was no objection.

The Board returned to its regular meeting at 11:04 am.

## **7. DIRECTOR COMMENTS**

### **7A. Project Updates**

Mr. Ruaro discussed that the Ambler Road Project received good news from a preliminary economic assessment of the Bornite Mine. Some geologists had questioned whether there were enough minerals to support the road or the construction of a mine. The Bornite Mine preliminary economic assessment is publicly available and came back positive with billions of pounds of copper and tens of millions of pounds of other minerals. Mr. Ruaro noted there is a YouTube presentation. He will send links of the information to members. Mr. Ruaro discussed that the Arctic Mine Roosevelt Deposit is 600,000 acres of state mining claims along the southern side of the Brooks Range. Former Department of Natural Resources (DNR) geologist that has hiked the entire length of the southern Brooks Range and has taken samples discussed with Mr. Ruaro that the area was extremely positive for minerals, despite the opinions of naysayers. The area has a massive volcanic sulfite deposit, which is one of the largest in the world. Mr. Ruaro explained that this information is positive for financing the road.

Mr. Ruaro highlighted that the Ambler Project was included in President Trump's executive orders directing the Department of Interior (DOI) to return to the prior decision granting the

right-of-way or to find other options to move forward, including appeal. The field season has begun, and progress is being made. He reminded members and the public that the right-of-way is in federal law and should never have been denied. There is no discretion to deny the right-of-way and it belongs to the State of Alaska.

Mr. Ruaro discussed that the report on the resources of Arctic National Wildlife Refuge (ANWR) was completed by ASRC Energy. The report was positive with billions of barrels of oil in the Arctic National Wildlife Refuge 1002 lease area in the northwest corner. Mr. Ruaro indicated that Arctic National Wildlife Refuge was the subject of President Trump's executive order directing the agency to return to the prior decision, to reinstate the leases, and to allow AIDEA to move forward with seismic activity.

Mr. Eledge noted that the federal government sent AIDEA a check returning the lease funds. Mr. Eledge asked if the check has to be sent back to DOI or Department of Treasury before efforts can begin. Mr. Ruaro explained that the cancelled leases have to be officially reinstated and then payment can be made before activity can begin. Half of the payment, under the revenue sharing provision of Arctic National Wildlife Refuge, will be returned to the State. The request is to route those funds directly back to AIDEA.

Commissioner Sande asked Mr. Ruaro to clarify if he said millions of barrels of oil or billions of barrels of oil. Mr. Ruaro indicated there are billions of barrels of oil present in the 1002 northwest corner. Commissioner Sande asked if the lease time begins once the leases are reinstated. Mr. Ruaro agreed that the lease time begins only when they are reinstated.

Mr. Fogle asked when the leases were expected to be reinstated. Mr. Ruaro hopes to have the leases reinstated as quickly as possible. It is a priority for DOI Secretary Doug Burgum. Mr. Ruaro indicated that a previous Request for Proposal (RFP) is in process. The ASRC Energy report will help to focus on the suspected large deposits of oil. The goal is for the 3-D seismic activity to occur this winter. Mr. Fogle asked if there is gas in the 1002 area. Mr. Ruaro agreed. He noted that the amount is unknown. Mr. Ruaro discussed that the goal is to market the leases after the 3-D seismic results are returned.

Mr. Eledge asked if any of the North Slope oil companies have commented on President Trump's executive order supporting AIDEA and this project that reversed President Biden's executive order. Mr. Ruaro stated that he is unaware of any such comments. He believes that some of the focus of the North Slope oil companies is on their National Petroleum Reserve in Alaska (NPRA) leases, which is also a topic that President Trump is asking DOI to revert the many restrictions on the NPRA.

Chair Pruhs asked if Mr. Ruaro had updates on additional projects. Mr. Ruaro explained that staff is preparing to file for the Army Corps of Engineers permit for the West Susitna Project northwest of the river. Chair Pruhs asked if that permit is premature since it is unknown if there will be a road to the river and a bridge that could cost \$100 million. Mr. Ruaro believes that Department of Transportation (DOT) has their permits and is supposed to begin construction this year. The DOT segment, including the bridge, is expected to take three to four years to complete.



Chair Pruhs asked for the estimated timeline and cost for the permits. Mr. Ruaro hopes that the Army Corps of Engineers (Corps) permit will accept an environmental assessment that takes two to three years to complete, rather than a full Environmental Impact Statement (EIS). Mr. Ruaro explained that not much new money will be needed since the permit process used the previous appropriation funding. Mr. Ruaro invited Geoff Johns, AIDEA Chief Investment Officer, to provide additional comments. Mr. Johns believes that the permitting process can be completed, including the first few chapters of the draft environmental document. This should help expedite the permitting process for the Corps.

Mr. Fogle discussed that the minerals in West Susitna are used for national security. He asked if there was any way to ramp up the timeline. Mr. Ruaro discussed that the Trump Administration has taken that into account in the review process to gain access to those minerals. He believes this will probably be an expediting factor for the Corps. The Corps has contacted AIDEA to work together and expedite the process.

Mr. Fogle suggested that the process of roads to minerals should move at lightning speed, while looking for additional ways to increase the speed of the process. He emphasized the importance of accessing the minerals. Mr. Fogle commented that the standard process is too slow. Mr. Johns discussed that AIDEA should have all the permitting information ready to submit by the end of next month. Mr. Johns indicated that the DOT went through their public process. He believes they are trying to complete an environmental assessment. Mr. Johns noted DOT has closed them off, and AIDEA is unable to view their documents.

An unidentified speaker understands that DOT chose this route because it only requires an environmental assessment and not a new EIS.

Chair Pruhs expressed his concerns that he has not seen a schedule and he has not seen a cost estimate. He likened this project to a mini version of the Ambler Road to Red Dog. Chair Pruhs noted items that are needed include permitting, cost estimates, design, final investment decision (FID) from the mines, and commercial cost reimbursement for the road. Chair Pruhs asked Mr. Ruaro if AIDEA will have to spend additional money to further the project. Mr. Ruaro explained that the Governor has included a \$2.5 million appropriation to AIDEA to cover any additional costs for permitting.

Chair Pruhs commented that amount of funding does not get AIDEA to an FID decision from the mining companies. Mr. Ruaro discussed that much work has been completed for each of the components listed by Chair Pruhs. Mr. Johns noted that the only published report for costs is under a Class 5 conceptual, and is plus-or-minus an amount. The cost report in 2022 was \$329 million, and has changed since DOT will now undertake the first 22 miles of the road and the construction of the bridge. Mr. Johns explained that staff is working to develop a Class 4 design and estimate. Chair Pruhs expressed his concern that this does not become another "Bridge to Nowhere." Chair Pruhs requested that the Board conduct a work session to review the entire project and complete business plan, including the deliverables, the State's expected costs, AIDEA's expected cost, the industrial end-users, public access, and maintenance of the road. Mr. Ruaro agreed.

Mr. Fogle asked who is in the lead for the West Susitna Project. Mr. Ruaro explained DOT is in charge of their project and AIDEA's project begins west of Alexander Creek. Mr. Fogle asked if AIDEA and DOT are coordinating. Mr. Ruaro indicated that AIDEA has been advised to let DOT pursue their own segment of the project.

Commissioner Sande commented for the record that the "Bridge to Nowhere" is not actually to nowhere. There are a million visitors a year that would have benefitted from the bridge. Unfortunately, the bridge became a political football, but it was not a bridge to nowhere.

Chair Pruhs commented that he is trying to avoid that designation to this bridge.

A member invited people to stand in line and wait for the ferry to the other side.

Commissioner Sande agreed. She reiterated that a million passengers a year would have benefitted from that bridge.

Mr. Eledge asked Mr. Johns if the West Susitna Project is all State land. Mr. Johns agreed.

Chair Pruhs reiterated the importance that staff get the Board caught up on the activity and progress of the West Susitna Project, including the rationale, financial implications, who, what, when, where, and how the public will interact with this industrial road. He highlighted that the public access of West Susitna Road is different from the Red Dog Road and the Ambler Road. Chair Pruhs asked if the mines will use the West Susitna Road in the wintertime, and if there is no use, then there may not be maintenance during the winter. Chair Pruhs commented that those are the types of questions that he is being asked about the road. Mr. Ruaro agreed to provide a complete and updated presentation to the Board. There were no additional comments or questions.

## **7B. Loan Dashboard Report**

Tiffany Janssen, Chief Loan Officer, provided the Loan Dashboard Report update. The total balance is approximately \$360 million. There are no delinquencies, and the program is working as designed. Upcoming participations include the Wildbirch Hotel, as presented today, and others.

Chair Pruhs commented that the numbers in the report do not match the \$531 million. Ms. Janssen agreed, and explained that the asset pie chart includes SETS and other activities that are outside.

Mr. Fogle asked for an update on potential projects that are within the program's pipeline of projects. Ms. Janssen stated the potential projects are going well. More participation will occur this year as compared to last year. There are currently fewer loans within the portfolio now, but the actual dollar amount is higher. This was expected. Lower-level projects are not coming through due to the interest rate environment. Ms. Janssen discussed a specific project she is reviewing for a building construction in Fairbanks. Additionally, there are opportunities for review in Wasilla and in south Anchorage.

Commissioner Sande asked Ms. Janssen to explain her comments that the program has no delinquencies. Commissioner Sande commented that Mr. Ruaro presented at a hearing and there were questions about delinquencies. Commissioner Sande also commented that, unfortunately, she has heard about conversations regarding funding that has not been designated and whether or not that funding could be taken from AIDEA and spent somewhere else. Commissioner Sande asked Ms. Janssen to discuss what would happen to the number of projects across Alaska that are currently financed if the money went away. Ms. Janssen explained that there is approximately \$30 million dollars of committed funds in the Loan Participation Program. These signed commitments are contracts between the lender, the borrower, and AIDEA, and will have to be carried out. Additionally, there is a pipeline of new projects for approval, and it is necessary to have enough funds to facilitate those new projects. Ms. Janssen reiterated that the last page of the report shows there are no delinquencies to outstanding loans. Earlier this year, staff worked with lenders on servicing issues due to new personnel at the lenders, which was unrelated to the borrower. AIDEA's reporting has to show if a lender makes a mistake and does not give AIDEA the right funds at the right time. This is not a borrower issue and will not be reflected as a borrower issue. There are no delinquencies at this point, and there were no delinquencies in fiscal year 2023 and fiscal year 2024. This reflects AIDEA's ability to keep the payments stable. The loans are paying per each contract.

Commissioner Sande commented that although there is feedback from borrowers indicating that AIDEA's process is slow and challenging, she believes that staff's robust process demonstrates its direct responsibility for zero delinquencies. She expressed appreciation to staff for their thorough process.

Mr. Eledge asked Ms. Janssen if the \$30 million of committed funds includes any projects that have not been fully vetted. Ms. Janssen explained that the \$30 million is committed funding of actual contracts between the lender, the borrower, and AIDEA. The lenders are preparing the documents for complete approval. The \$30 million in committed funding must be readily available. Ms. Janssen explained that other projects in the pipeline include those with a preflight process of a one or two-page snapshot of a loan participation project that meets requirements, but has not yet undertaken the full process for commitment. It is in the loan application pipeline, and the lender is working on the final application process. Ms. Janssen emphasized that funds for the projects in the preflight process need to be available as well.

Chair Pruhs asked how the funds in the pipeline are reflected in the financial statements. Mr. Ruaro explained the amount is noted in the management discussion and analysis. He said there is no particular Governmental Accounting Standards Board (GASB) accounting designation for an application being filed. However, there is a note in the financials that there is a large number of pending applications. Chair Pruhs asked for the dollar amount. Mr. Ruaro explained that the amount is estimated.

Mr. Eledge asked if AIDEA discloses who the potential borrowers are for projects in the preflight stage. Ms. Janssen explained that potential borrowers are not publicly disclosed prior to the application process, but are disclosed for the Board's review. Mr. Eledge asked if a section could be included that reflects the industry, the area of Alaska, such as oilfield, hotel, or commercial building, and the amount of the proposed loan. Mr. Ruaro agreed there are things

that staff can do to let the public know the amount of funding and potential projects that are being reviewed. Ms. Janssen agreed.

Chair Pruhs clarified his understanding of the concept that if an application for a loan is in the pipeline, there is a commitment from AIDEA to have the funds readily available upon completion and fulfillment of the final loan documents. Chair Pruhs suggested that AIDEA should not be able to take a preflight unless AIDEA has the funding available. He discussed that while a preflight is not a guarantee for a loan, AIDEA must have the resources because the borrower would spend time and funding to facilitate and comply with AIDEA and the bank to finalize the loan. Chair Pruhs noted that the committed funds or the potential committed funds for preflights is not currently reflected anywhere in the financial statements. Chair Pruhs asked where this information would go on a financial statement. He emphasized that from a business perspective, AIDEA cannot commit to lending unless there are resources. The information of loan applications in the pipeline has to be included in the financial statements so that the Legislature, the Administration, or a bonding company can review and understand AIDEA's financial position. Chair Pruhs believes transparency is good and necessary to inform people who think AIDEA has resources available for other uses. The information also protects the applicant/borrower to know that AIDEA has the full faith and resources to facilitate the application should it be approved. Chair Pruhs asked how this can be reflected.

Mr. Ruaro stated that those figures are included in the management discussion and analysis of the financial statements. He has not found a way that is acceptable to the auditors to include the numbers elsewhere.

Chair Pruhs suggested putting a "picket fence" around the agreed upon amount of assets that are in preflight or committed, on a separate line item from cash and cash equivalent, and include an asterisk denoting the agreed upon description. This information would be included for informational purposes on the financial statements provided to interested parties, other than the accountants and auditors. Chair Pruhs noted that the loans discussed today, including the Wildbirch Hotel, is over \$100 million, and is not reflected anywhere on AIDEA's financial statements.

Mr. Ruaro stated that a line has been added to the financial statement under the Cash Balance line titled Committed by Board which is the amount of committed funds. Chair Pruhs commented that he does not like the title Committed by Board because it does not reflect the amount that is in the pipeline.

Mr. Ruaro agreed that the new line only reflects the committed funds, and does not address the pipeline of potential committed funds. He noted that Jean Kornmuller, AIDEA Chief Finance Officer, is also available to comment on the ongoing work on this issue.

Ms. Janssen indicated that one of the slides presented at the Senate Finance Committee shows the cash amount, including commitments, and the net available amount.

Chair Pruhs asked for the dollar amount of commitment funding that is needed for the Ambler Road Project. Mr. Ruaro explained that the bond reserves for PFM Advisors was \$200 million to

\$300 million for the road, depending on the final cost of the road. The additional permitting is estimated at \$50 million, for a total of \$250 million to \$350 million for the Ambler Road Project. Chair Pruhs commented that he has never heard those numbers given to anyone in the Legislature. Mr. Ruaro stated that he needs to work that number into the presentation.

Chair Pruhs asked how to create a “picket fence” around the committed and potentially committed funds and how to show the amount in AIDEA’s funding pie chart. Mr. Ruaro indicated that he would have to confirm with legal representatives, but he believes that the reserve fund could be created now. Chair Pruhs requested that this subject is discussed during executive session. He would like the Board to consider a resolution or a policy to protect the assets to finish the Ambler Road Project. Mr. Ruaro agreed.

Commissioner Sande understands that continued discussion will occur during executive session. She suggested that additional information about the amount of committed and potentially committed funds could be placed on the website for Alaskans to see how the funds are being deployed to help Alaskan businesses across the state. She gave the example that the Division of Community and Regional Affairs (DCRA) under the State of Alaska’s website has a link for active grants that show the locations of the grants across Alaska.

Mr. Fogle asked for the amount of funds being reinvested back into the portfolio each year. Chair Pruhs believes that question is better framed as how much funding is available to use, and he noted that Mr. Ruaro indicated yesterday there is approximately \$140 million in commitments. That number is not shown on the financial statement.

Ms. Janssen commented that the two numbers are separate items. The financial reporting does not include the commitments, but the management reporting includes the commitments. The management report is provided to the public and to the Board for the purpose of making informed decisions.

Chair Pruhs commented that the information AIDEA provides to its stockholders, including the Legislature, the Governor, and Alaskans, needs to be transparent and needs to consistently show this information as net assets. There were no other comments or questions.

#### **7C. 2024 Q4 Interior Energy Project Report**

Mr. Ruaro reviewed the 2024 Q4 Interior Energy Project Report included in the member packets. The conversions are shown on page 13, and total 2,950 residential and commercial customers. Mr. Ruaro noted that he recently spoke with Elena Sudduth of Interior Gas Utility (IGU). The liquefied natural gas (LNG) trucks have been obtained, and they anticipate to truck the LNG from the North Slope in June.

Chair Pruhs reiterated a question from a previous meeting, and asked if IGU is reserving funds for the loan payments. Mr. Ruaro apologized that he does not have the answer, but would ask about a reserve account for the loan repayment, and then relay the answer.

Chair Pruhs asked Mr. Ruaro to inquire if IGU has a long-term agreement on LNG with Harvest,

and how the gasline affects that contract. Mr. Ruaro commented that is an interesting question. He believes that, as a regulated utility, they are required to buy the cheapest gas for the customers. Chair Pruhs encouraged IGU to talk to both Alaska Gasline Development Corporation (AGDC) and Glenfarne directly. He suspects that IGU would come to AIDEA to help finance the spur line. Chair Pruhs asked Mr. Ruaro what role the 5.2 million-gallon tank has that was financed by AIDEA and State grants. Mr. Ruaro indicated that he would be traveling to Fairbanks soon, possibly next week, and he would speak with Ms. Sudduth regarding these questions.

Mr. Eledge requested the definition of a nonattainment area. An unidentified speaker explained that the PM2.5 nonattainment area is a boundary set by Environmental Protection Agency (EPA) which, in this case, encompasses Fairbanks and North Pole, and concerns the air quality issue from wood smoke. The particulate matter in the air has exceeded the levels set by EPA for over a decade. The plan is to bring the lower cost natural gas energy to the Interior, rather than burning fuel oil or wood.

Chair Pruhs discussed an idea to utilize the storage tank in Fairbanks. There were no other comments or questions.

#### **7D. Statistics Summary**

Chair Pruhs requested Commissioner Sande to provide the update on the Statistics Summary on the Small Business Economic Development and Rural Development Initiative. Commissioner Sande asked if Jim Andersen was participating today. Mr. Ruaro indicated that Mr. Andersen is not in attendance. Commissioner Sande would like Mr. Andersen to provide a presentation to the Board, and requested this item is tabled until the next meeting. There was no objection.

**MOTION: A motion was made by Mr. Fogle to enter into a second executive session for the purpose of discussing the following confidential and deliberative matters related to: AIDEA Financials, HEX, Alaska Gasline Development Corporation, the Ambler Road Project, and other AIDEA projects. These matters, which if discussed publicly, could have an adverse effect on the finances of AIDEA, and are matters that are attorney-client and deliberative process privileged, and matters involving consideration of issues that by law are not subject to public disclosure due to the executive or deliberative process, privilege, or other law. The executive session and matters discussed therein are proper subjects for an executive session under the Alaska Open Meetings Act, reference Alaska Statute 44.62.310 (C)(1), (3), and (4), and the Alaska Public Records Act. Motion seconded by Mr. Vivlamore.**

**A roll call was taken, and the motion to enter into Executive Session passed unanimously.**

**8A. EXECUTIVE SESSION: 11:57 am. Confidential and deliberative matters related to: AIDEA Financials, Alyeschem, HEX, AGDC, Ambler and other project updates. All of which are subject to the deliberative process privilege, executive process**

**privilege or other legal exemptions from the Open Meetings Act. Also, matters related to AIDEA subject to the attorney-client privilege will be discussed.**

The Board reconvened its regular meeting at 2:49 pm. 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.

**8B. Next regularly scheduled AIDEA Board Meeting: Wednesday, April 16, 2025**

## **9. BOARD COMMENTS**

Mr. Fogle expressed appreciation to Commissioner Crum for hosting the meeting at his office building, to Raymie Hamann for coordinating the travel and meetings, and to Mr. Ruaro for his efforts and his excellent staff.

Vice-Chair Kendig echoed Mr. Fogle's comments of appreciation.

Mr. Eledge expressed appreciation to staff and their diligence. He believes that AIDEA is a tremendous organization for the State. Mr. Eledge believes that Alaska is the only state that President Trump mentions in his executive orders. This is a good testimony to Alaska's Governor and his relationship with the President. Mr. Eledge believes that without that relationship, Alaska would not be in the position today to help the development of the state and to provide jobs for Alaskans.

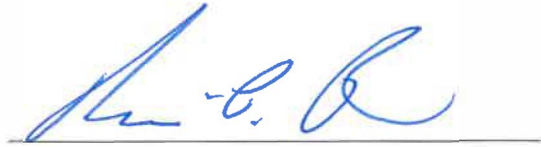
Commissioner Sande echoed appreciation to the staff for their efforts. She applauded Ms. Janssen and her team for the gold standard work on behalf of Alaskans of no loan delinquencies. Commissioner Sande thanked Mr. Ruaro for continuing to fight the fight and report the news for the Ambler District. She looks forward to development in that region for the benefit of the individuals that live in the region and for Alaska. Commissioner Sande expressed appreciation to Mr. Ruaro for his continued championed efforts for the right-of-way and what was written in law, and the wrong actions taken by the Biden Administration.

An unidentified member commented that the biggest detractor from the road was a geologist that works for NANA who said there were not enough minerals for the project. The unidentified member noted that another old man who hiked the whole section was correct in his assessment that there are minerals all over the area.

Chair Pruhs thanks members for attending the meeting in Juneau. He believes it is important to travel the state and to talk to folks in different communities. Chair Pruhs expressed appreciation to staff, particularly Ms. Hamann, for their efforts. He reiterated that one of AIDEA's goal as an organization is to be better, more efficient, and more active in the vision every day. Chair Pruhs commented on the great opportunities facing AIDEA, and encouraged the team to make the best decisions possible.

**10. ADJOURNMENT**

There being no further business of the Board, the AIDEA meeting adjourned at 2:55 pm.

A handwritten signature in blue ink, appearing to read "R. Ruaro", is written over a horizontal line.

Randy Ruaro, AIDEA Executive Director

Secretary