

Alaska Industrial Development and Export Authority
BOARD MEETING MINUTES
Wednesday, April 16, 2025
Anchorage, Alaska

1. CALL TO ORDER

Chair Pruhs called the meeting of the Alaska Industrial Development and Export Authority to order on April 16, 2025, at 9:0 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); Randy Eledge (Public Member) and Bill Vivlamore (Public Member). Members absent: Albert Fogle (Public Member).

A quorum was established.

3. AGENDA APPROVAL

MOTION: A motion was made by Vice-Chair Kendig to approve the agenda of April 16, 2025. Motion seconded by Mr. Vivlamore.

There was no objection to approving the agenda.

4. PRIOR MINUTES – February 26, 2025

MOTION: A motion was made by Vice-Chair Kendig to approve the Minutes of February 26, 2025. Motion seconded by Mr. Vivlamore.

The motion to approve the Minutes of February 26, 2025 passed without objection.

5. PUBLIC COMMENT

Chair Pruhs requested that those who wish to make a public comment, please state their name and affiliation clearly for the record. Comments are limited to two minutes. Chair Pruhs explained that any questions are to be presented in writing, and that staff will respond as soon as possible.

Sharla Hausmann, member of Point Lay Tribes, expressed her concerns with the misuse of AIDEA funds and waste of time with the Arctic Refuge. The funds and time could be better used toward education and health. Ms. Hausmann stated she is a local resident of Alaska who is concerned with this misuse of time, and she does not believe that forward movement should

occur, specifically with the Ambler Road and the Arctic National Wildlife Refuge (ANWR).

Chair Pruhs thanked Ms. Hausmann for her comments.

Lois Epstein, Alaska-licensed engineer and technical and policy consultant, stated that she has reviewed AIDEA's legal structure and finances for many years. She noted that she will provide comments on Resolution G25-01 and Resolution G25-02, and will provide a related suggestion for the annual audit. Ms. Epstein expressed support for moving the proposed Ambler Road and the Arctic National Wildlife Refuge projects into the Revolving Fund. She believes that the projects need to become part of the Economic Development Account within the Revolving Fund, as per Section 44.88.172. The Economic Development Account currently includes the Red Dog Project, the Ketchikan Shipyard, and other major projects that AIDEA own, and there appears to be no reason for AIDEA to create separate accounts for the Ambler Road and the Arctic National Wildlife Refuge Arctic projects.

Ms. Epstein commented that projects in the Economic Development Account under Section 44.88.173 must "prepare a finance plan." Section B states that AIDEA "shall give preference to a project that does not require financial assistance from the State." Ms. Epstein highlighted that these are important provisions that need to apply to the two Arctic projects. She asked AIDEA and the Board why they are creating new accounts for the Ambler Road and the Arctic Refuge projects rather than including them within the Economic Development Account, which is more appropriate and better protects State assets.

Ms. Epstein commented that additionally and relatedly, after 2022, AIDEA's annual audits no longer delineate the values for the Revolving Funds assets. She believes this is an unfortunate change and one which should be reversed in future audits. Ms. Epstein requested a response to her question regarding use of the Economic Development Account for the two projects, and a response to her suggestion to include detailed financial information for the Revolving Fund in future audits.

Chair Pruhs thanked Ms. Epstein for her comments. Chair Pruhs requested that staff respond to Ms. Epstein's questions.

Sara Furman, resident of Fairbanks, expressed concern for AIDEA's continued mismanagement of Alaskan funds. She commented that AIDEA continues to seek to spend millions of dollars of public money on seismic surveying for oil and gas in ANWR, and continues to pursue the proposed Ambler Road. Ms. Furman noted there is wide opposition to development in ANWR, and wide opposition to building the Ambler Road, and there is no proven economic benefits for the people of Alaska. Ms. Furman believes that the money that AIDEA has should go toward things that improve the lives and well-being of Alaskans. She stated that AIDEA has a long track record of poor investments that have amounted to wasting Alaskan public dollars, including the last time AIDEA attempted to develop oil and gas in the Arctic through the Mustang Project, which lost tens of millions of dollars.

Ms. Furman commented that the Legislature has a constitutional right to oversee AIDEA's spending, and she asked where the oversight is. She stated that AIDEA needs to release the

original version of the independent economic report completed by Northern Economics. It is alarming that after commissioning the report, AIDEA now refuses to share its findings, and is making edits to the supposedly independent report before it can be shared publicly. The report was paid for by public funds and the people of Alaska deserve to know what the findings are in their original form. Ms. Furman highly suspects that the conclusions are not favorable to AIDEA, and the people deserve to know the truth about whether or not AIDEA is economically benefiting Alaskans.

Ms. Furman stated that the money that AIDEA wants to put into these projects should instead be used to support things the people of Alaska actually need, such as public education. Ms. Furman indicated that six schools have been closed this year in Fairbanks, and teachers are retiring early because class sizes are too big, and the job is overwhelming. She stated that the base allocation has not been increased in years. Ms. Furman suggested that the funds be used for education or investments in energy infrastructure and finding solutions to the energy crisis that the state faces. Ms. Furman concluded that she hopes to see AIDEA make better choices with Alaskans' money.

Chair Pruhs thanked Ms. Furman for her comments.

There were no other 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. NEW BUSINESS

6A. Signing Event

Randy Ruaro, AIDEA Executive Director, was away from the microphone and indiscernible while discussing the signing event. Chair Pruhs indicated that approximately 50 people entered the room to take a picture for the signing event.

An unidentified speaker thanked Chair Pruhs, Board members, and staff for believing in the project. He indicated that he is interested in letting the construction crew get back to work to finish the project. He noted that the Wildbirch project is a 252-room boutique hotel in downtown Anchorage in a building that needed a lot of help. This is a significant investment for AIDEA, Northrim, Bank of Utah, and 25 Alaskans who are helping to revitalize downtown. This is an incredible facility. The rooms that were rented last year received great response. He noted that the project construction is days away from being fully operational with the restaurant, the brewery, the gift store, the outside decks, and the room spaces for this summer season. He stated that the hotel is receiving incredible bookings. The hotel also has employed many people during these last two years. He noted the significance of AIDEA's long-term financing in unleashing the ability to continue the project at this level. He shared the anecdote that when he drives on the 4th Avenue block now, he is unable to easily get a parking space. He believes this is critical in the redevelopment and activation of the downtown area. This changes the dynamics, increases the economic viability, and encourages others in the area to invest in their city. He thanked AIDEA for taking the time with this project and for AIDEA's patience with his and Sheldon Fisher's, Alaska Hotel Group's unorthodox approach to this project. He thanked the contractors as well. He noted that the belief in the project has already had a significant impact. He also thanked

North Rim for their commitment in helping to make this project what it is today.

Pictures were taken, and indiscernible comments occurred away from the microphone.

An unidentified speaker noted there is a person outside the room who is waiting to make a public comment. An unidentified speaker responded that the public comment period will be open again after the executive session.

An unidentified speaker stated that there were four people online who did not get make their public comment. Chair Pruhs noted that he understands, and will continue with the agenda. He will reopen the public comments after the executive session.

An unidentified speaker noted that those people are ready to make comments now and may not be able to comment later today. An unidentified speaker stated those people were waiting online to make a public comment. An unidentified speaker said she is here now and would like to make a public comment. Chair Pruhs indicated that he made the decision. The unidentified speaker said this is the second time this has happened to her.

Chair Pruhs stated that the meeting will go into Item 6B. Executive Session. He requested Mr. Ruaro list those who need to remain during executive session. Mr. Ruaro listed Kent Sullivan, Legal Counsel, Geoff Johns, Chief Investment Officer, Jean Kornmuller, Chief Finance Officer, Raymie Hamann, Executive Assistant, Tiffany Janssen, Chief Loan Officer, and Jeff Unidentified.

MOTION: A motion was made by Vice-Chair Kendig to enter into executive session for the purpose of discussing the following: AIDEA Financials, legal matters, AGDC, ANWR, Ambler, HEX, Alyeschem, AIDEA projects, other matters related to AIDEA, and matters that are subject to specific legal advice, which is subject to attorney-client privilege. These matters, which if discussed publicly, could have an adverse effect on the finances of AIDEA, are matters that are attorney-client privileged, and matters involving consideration of issues and 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.

6B. EXECUTIVE SESSION: 9:23 am. Confidential and deliberative matters related to: AIDEA Financials, Legal Matters, AIDEA Projects including AGDC, ANWR, Ambler, HEX, Alyeschem, and others. 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 12:07 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.

Chair Pruhs requested to return to Item 5. Public Comments and to open the public comment period for those waiting to make a public comment. There was no objection.

5. PUBLIC COMMENT

Chair Pruhs indicated that comments are limited to two minutes per person. He requested that each person state their name and affiliation, if any, for the record. Chair Pruhs requested that questions are to be emailed or provided to staff in writing for their response, and that staff will try to understand and provide responses later to questions asked during verbal comments.

Ms. Hamann directed the public on the line who wished to make a comment to please press star-nine. Public members will be recognized in the order that they called. She requested members of the public to please clearly state their name and affiliation, if any.

Chair Pruhs asked if Commissioner Sande and Commissioner Crum are able hear on the line. Commissioner Sande agreed. Commissioner Crum indicated he can hear Chair Pruhs, but cannot hear anybody else. Chair Pruhs indicated that he does not know if anybody else is on the line at this moment.

No public members on the line or in-person indicated they wished to make a comment. Chair Pruhs returned to Agenda Item 6C. There was no objection.

6C. Resolution G25-01 Ambler

Mr. Ruaro explained that Resolution G25-01 transfers the project and funding for the Ambler Road Project from the Arctic Infrastructure Development Fund (AIDF) to a new fund designated for the project in the Revolving Fund. The statutory authority for this action is set out in AS 44.88.060. The resolution also authorizes a budget for the period through June 2026, and allows for expenditures outside of the 50/50 agreement with Ambler Metals, if there is something AIDEA feels is important to accomplish without necessarily having to get approval from Ambler Mines. The resolution consolidates budget authority, creates a new account, sets out the budget through June 2026, and is more efficient because the funds for the project will originate in the Revolving Fund, so there is no longer a need to constantly get transfer requests from the Board.

Chair Pruhs asked Mr. Johns how Resolution G25-01 will help. Mr. Johns explained that the resolution helps in a significant way because many of the proposed activities that the project has planned over the past several years have not been able to be fulfilled. He gave the example that permits for geotechnical drilling have been obtained, but the geotechnical drilling was not allowed because of the prior Administration's limitations. As the project continues to secure and retrieve the permits from the federal side, Ambler Metals has significantly reduced their budget approval process to a quarterly basis. The agreement with Ambler Metals has been extended through June 30th. The Resolution will allow the geotechnical drilling and planning beyond a three-month process, and allow for the Board-approved funds to be used now and through the

winter months. The plan is to complete subsurface testing at the bridge crossings and the material sites for the first 60 miles, while utilizing the three-year land access agreement with Doyon.

Mr. Eledge asked what happens to the agreement after April 2027. Mr. Johns explained the request is to approve the G23-7 funding approval through June 2026. Mr. Eledge clarified his question. He asked if there is something going forward and approval from Doyon after the agreement for the land use expires in April or 2027. Mr. Johns agreed. Mr. Eledge asked for more information on that vehicle. Mr. Ruaro commented that the vehicle will be a negotiation for an extended land use access agreement with Doyon to continue beyond the expiration date of the current agreement or negotiations for a new agreement.

Mr. Eledge asked if there is any anticipated financial exposure to AIDEA for that agreement. Mr. Ruaro explained that it depends on the duration of the agreement. He noted that if the agreement is the long-term agreement that will be in place for decades, it is expected that Doyon will seek some sort of compensation for the use of their land. Those terms have not yet been discussed.

Chair Pruhs commented that his understanding is that AIDEA has access to conduct due diligence on Doyon's land. Mr. Johns agreed that AIDEA has a three-year land access agreement that allows for geotechnical drilling and allows Doyon to conduct the work for the landing zone clearing and to help with cultural resources. Chair Pruhs asked what happens after the three years expires. Mr. Ruaro reiterated that negotiations for a new agreement would occur before the three-year term expires.

Chair Pruhs inquired as to what happens in a scenario in which AIDEA conducts the geotechnical work and Doyon does not renew the land use agreement. Mr. Ruaro commented that is a possibility, since it is private land and negotiations must be made with the land owners for through access. Mr. Ruaro expressed that staff is fairly confident that negotiations of an agreement will be reached. However, the long-term agreement has not yet been developed.

Chair Pruhs asked if it is prudent to spend the money without knowing if an agreement will be reached. Mr. Ruaro explained that there are five or six key material sites for the project that are on Doyon land. There is benefit to relations by having Doyon personnel and shareholders from the local villages perform some of the work. The work scope and funding at risk will be fairly minimis, and this is needed to progress the project through that route.

Chair Pruhs asked for the solution if, for whatever reason, AIDEA and Doyon's perspectives do not align. Mr. Ruaro explained the options if Doyon does not allow access through their land. He noted that Alaska National Interest Lands Conservation Act (ANILCA) allows for AIDEA to file for guaranteed alternative routes across adjacent federal lands.

Chair Pruhs called for a brief at-ease at 12:20 p.m. There was no objection.

The Board reconvened the meeting at 12:24 p.m.

Chair Pruhs asked if there were further questions regarding Resolution G25-01. There were no additional questions or comments.

MOTION: A motion was made by Vice-Chair Kendig to approve Resolution G25-01, a Resolution of the Alaska Industrial Development and Export Authority relating to the development of the Ambler Road Project by moving available funds from the Arctic Infrastructure Development Fund into the Revolving Fund. Motion seconded by Mr. Vivlamore.

A roll call was taken, and the motion to approve Resolution G25-01 passed unanimously.

Chair Pruhs requested to return to Item 5. Public Comments, and to open the public comment period. There was no objection.

5. PUBLIC COMMENT

Sean McDermott stated that he is the Arctic Program Coordinator for the Northern Alaska Environmental Center. He noted there is much that he wants to say in addition to his planned comments. Mr. McDermott expressed appreciation to the Board for opening the public comments period again, despite the hurdles experienced. He said that the process is frustrating, and it is the second time in six meetings that Ambler or the Arctic National Wildlife Refuge has been on the agenda with resolutions, and once again, the Ambler resolution passed prior to public comment. Mr. McDermott commented that it feels disingenuous that public comments are being treated this way. He stated that he was on the call earlier and heard the Chair being alerted that there were members of the public on the line waiting to testify, and there was time for a photo shoot with 50 people in the room, but not more than six minutes for public comments.

Mr. McDermott noted that in light of Executive Director Ruaro's comments to the House and Senate State Affairs Committee recently about AIDEA's openness, where the quote was, "It's interesting, we don't get many people showing up to provide public comment," Mr. McDermott reiterated his frustration and would like to see AIDEA do better with their public comment system. He noted there are many other systems that the State uses, including Teams or having other call-in mechanisms that seem to work so much better. He encouraged AIDEA to start implementing other mechanisms and to ensure that the processes can run more smoothly.

Mr. McDermott commented on Resolution G25-01 and 02. He indicated that the answer to Chair Pruhs' question on whether these investments that are without permits and access are prudent, the answer is obviously no. Mr. McDermott indicated at its core, these all seem like speculative investments. He noted that no major oil companies are interested in investing in the Arctic National Wildlife Refuge, and highlighted that AIDEA is not an oil company. Mr. McDermott stated that the last time AIDEA was attempting to invest in oil and gas in the Arctic with the Mustang Project cost Alaskans millions of dollars. Mr. McDermott strongly encouraged caution. He believes the same thing is happening with Ambler, and that the same thing is happening with the liquefied natural gas (LNG) pipeline with support for Alaska Gasline Development Corporation (AGDC) and the frontend engineering and design corporate guarantee for investment.

Mr. McDermott expressed frustration to see the lack of public engagement and the general disregard for the strong opposition that these projects have engendered across the state and in

local communities. He reiterated his appreciation for the Chair being willing to take public comment this afternoon, and voiced again his ongoing frustration with the process. Mr. McDermott hopes that AIDEA can do better going forward.

Chair Pruhs thanked Mr. McDermott for his comments.

Katie McClellan noted that she is commenting in her capacity as the Mining Impacts and Energy Program Manager with the Northern Alaska environmental Center in Fairbanks. She expressed strong opposition to Resolution G25-01 and Resolution G25-02. Ms. McClellan expressed her complete disappointment in the terrible public process pursued today. Both of the resolutions represent AIDEA's ongoing effort to develop projects that go against the public interest, and they have no proven financial liability. Ms. McClellan stated that shifting millions of public dollars into new accounts within the Revolving Fund looks like a way to muddy the waters and avoid accountability for the ways that AIDEA spends public money. This perpetuates existing financial issues with AIDEA and is likely going to waste millions of Alaskans' dollars, and it furthers damages AIDEA's already bad public image. AIDEA's super vague communication, lack of timely notice for public comment, and cutting off public comments before the majority of people are able to testify shows a lack of respect for public input.

Ms. McClellan stated that Resolution G25-01, specifically, defies logic, given that the Bureau of Land Management (BLM) rejected the Ambler Road right-of-way in 2024 because of the significant and far-reaching impacts the road would have on the environment and subsistence, for example. Ms. McClellan noted that BLM selected the no action alternative, which was further supported by the rescinding of land use agreements from both NANA and Doyon Native Corporations. She expressed confusion as to why the resolution states land use agreements and why there are discussions about land use agreements and access through Doyon, given that Doyon rescinded the land use agreement last year.

Ms. McClellan stated that the U.S. Army Corps of Engineers also suspended the 404 permit for the project, and there are resolutions from 89 Tribes across the region opposing the project. Additionally, Senator Dan Sullivan's attempt last year to push the project through the National Defense Authorization Act also failed. She believes it is absurd to invest tens of millions of more dollars into this project whose fate has been decided, is so clearly opposed by people across Alaska and across the region, particularly, has been denounced by agency experts, and is not supported by the majority of members in Congress.

Ms. McClellan commented that continuing to invest in these projects without evidence of profitability, especially with Ambler, where there are no signed agreements for mining companies to pay back construction or maintenance costs for the road, is a sign of financial incompetence and a lack of accountability to AIDEA's mission and to the Alaskan public. Ms. McClellan noted that despite the fact that the AIDEA Board just voted to pass the resolution, she is going on the record to urge the Board to vote no on both Resolution G25-01 and Resolution G25-02.

Chair Pruhs thanked Ms. McClellan for her comments.

There were no other members of the public in-person or online wishing to make a public comment.

Chair Pruhs noted that Agenda Item 5. Public Comment was conducted before Item 6. New Business. The Board reopened the public comment section again after Item 6B. Executive Session. This was prior to any resolutions. Additionally, the Board reopened the public comment section a third time for two more comments. There were no other questions or comments.

6D. Resolution G25-02 ANWR

Mr. Ruaro explained that Resolution G25-02 is similar to Resolution G25-01. The statutory authority for the Board is AS 44.88.060, which allows the Board to create accounts inside the Revolving Fund for a project. In this case, the project is the Arctic National Wildlife Refuge Project, the leases and development of those leases, which previous estimates indicate significant amounts of oil and gas in that particular area of the Arctic Refuge. The resolution consolidates and reapproves the budget for development of the leases and advancing the lease effort. Mr. Ruaro urged the Chair and members to vote yes.

Mr. Eledge asked if the 10-year clock will be reset after the funds are returned to the federal government. Mr. Ruaro agreed that AIDEA will have its entire 10-year lease period.

Chair Pruhs requested Mr. Ruaro provide an updated on the leases. Mr. Ruaro discussed that there were no bids received on the leases that were up for sale during the last lease sale held under the Biden Administration. Mr. Ruaro commented that he is not surprised, because he believes the terms and conditions that were placed on the leases made them uneconomic to develop. He believes those leases are still in the pool of potential leases for another lease sale, which the Trump Administration may be preparing. The statute states there has to be a minimum of two lease sales. There is not a ceiling or cap on the number of lease sale auctions that can be held.

Chair Pruhs asked for information on the plan once AIDEA receives the leases back. Mr. Ruaro explained that the plan is to continue to develop the awareness and knowledge of what is in AIDEA's leases, using a 3-D seismic program to determine location and estimated quantities of oil reserves. Additionally, significant amounts of gas are anticipated to be found along with the oil reserves.

Chair Pruhs noted that Mr. Ruaro mentioned in a prior conversation regarding leasing discoveries near AIDEA's leases. Mr. Ruaro agreed. He noted that Mr. Unidentified Armstrong and his company recently found what is believed to be a significant topset, upper-level play, similar to, and possibly significantly larger than the Pikka Oil Field, which is just west and south of AIDEA's leases.

Commissioner Crum commented on the fact that the courts provided clarity on the legality of these issues and the plan going forward. He expressed appreciation.

Chair Pruhs requested that Mr. Ruaro comment on that clarity. Mr. Ruaro indicated that in the

Federal District Court where AIDEA was challenging the cancellation of the leases by the Biden Administration, Federal District Court Judge Sharon Gleason ruled that it was very clear and undisputed that the leases were cancelled in violation of a regulation of the Department of Interior (DOI). That regulation requires that the DOI must get a court order for lease areas where there is known or reasonably suspected quantities of oil and gas resources before the leases are canceled and taken back. That regulation was not followed in this case. The Biden Administration decided it would cancel the leases and attempted to do so without a court order. Mr. Ruaro stated that District Court Judge Gleason deemed that a violation of federal law, and the federal government will be reinstating AIDEA's leases. There were no other comments or questions.

MOTION: A motion was made by Vice-Chair Kendig to approve Resolution G25-02, Resolution of the Alaska Industrial Development and Export Authority relating to ongoing development of the Section 1002 Area Oil and Gas Leases Project by moving available funds and liabilities from the Arctic Infrastructure Development Fund into a separate account in the Revolving Fund. Motion seconded by Mr. Vivlamore.

A roll call was taken, and the motion to approve Resolution G25-02 passed unanimously.

6F. DCCED Presentation

Chair Pruhs introduced Jim Andersen, State of Alaska Department of Commerce, Community, and Economic Development (DCCED) Division of Investments, Division Director, and asked him to deliver the presentation.

Commissioner Sande requested to comment. There was no objection. She thanked Mr. Andersen for presenting before the Board today. She noted that Mr. Andersen has served the State of Alaska for more than 30 years and is retiring this year. Commissioner Sande highlighted that the Division of Investments has been incredibly successful, and in many ways, has been the backbone of the Alaskan economy. Commissioner Sande expressed her respect and appreciation to Mr. Andersen for the work he has accomplished.

Mr. Andersen explained that the Division of Investments has been servicing small business economic development and the rural development initiative funds since their inception with AIDEA. Mr. Andersen reviewed his PowerPoint presentation. The Division of Investments has been tasked with administering the Revolving Loan Funds for more than 50 years. There are currently nine loan funds for the DCCED. The programs are primarily designed to promote Alaskan ownership, support industries in areas of the state that are underserved, or to fulfil a public policy goal. In many cases, traditional financing may not be readily available or feasible for the businesses that might be located in a rural cash economy or there may be constraints on the types of collateral they can offer.

Mr. Andersen discussed the loan funds that are administered. The largest and oldest of the funds is the Commercial Fishing Loan Fund. The Division of Investments was created to run the Commercial Fishing Loan Fund. Shortly after that, the Fisheries Enhancement Loan Fund was developed. It is the second largest and second oldest loan fund. Those two funds comprise of the

majority of the funds managed. Mr. Andersen explained that the Legislature assigns public policy goal loan funds to be administered by the Division of Investments because of their infrastructure and experience.

Mr. Andersen discussed that the Small Business Economic Development (SBED) Loan Fund was created in 1988. It was intended to spur private sector investment and finance the start-up and expansion of small businesses that create significant long-term employment in the area of the business. He noted that many of the areas experienced economic difficulties, which is why the federal program was allowed. The fund was created by a cooperative effort between the Director of the Division of Investments and AIDEA's Executive Director. Both Directors wanted to be able to spur development of small businesses and investments. AIDEA had the ability to provide the \$1.7 million match needed for the \$4.7 million federal grant. In 2012, SBED took over a small loan fund from the Kenai Peninsula Economic Development District for \$210,000, and AIDEA provided the \$70,000 match.

Mr. Andersen reviewed that the loan plans were recently defederalized, however, that characterization is a bit of a misnomer because it is not a complete release. The Division of Investments was relieved of the burdensome reporting requirements and was allowed to make some modifications to the loan fund to make it more accessible. Mr. Andersen reviewed that the fund continues its perpetual requirements, including carrying out the economic development purposes of the Public Works and Economic Development Act of 1965.

Mr. Andersen discussed that in 2020, SBED received a financial assistance award in the maximum amount of \$5.3 million as part of Economic Development Administration's (EDA) CARES Act Recovery Assistance. Those funds were used to make loans through SBED to small businesses that had suffered economic injury as a result of the COVID-19 emergency. The funds could only be accepted through SBED because there was no time to accept the funds through the Legislature. The SBED was essentially bifurcated into two separate programs to meet the same statutory goals. Waivers were received from EDA to make exceptions, such as not requiring the normal 60% private leverage amount. All CARES funds loans are accounted for and reported on independently from the SBED loans. The federal government considers these as two separate loan funds.

Mr. Andersen stated the return on investment for SBED is in jobs for Alaskans. The revolving loan fund makes financial investment in anticipation of returns, such as Alaskan ownership of small businesses creating meaningful lifelong employment for Alaskans and promoting strong, sustainable communities. The funds administered by investments are closed loop revolving loan funds. To remain healthy and successful, a revolving loan fund must maintain a balance between risk, recovery, and administrative expense. All the funds administered by investments are self-sustaining and the funds operate from the interest and fee income generated by the loans. Mr. Andersen showed a list of some of the businesses with SBED loans.

Chair Pruhs asked where the initial seed money came from for the revolving SBED loans. Mr. Andersen explained that the funds came from five grants over a period of time from the U.S. Department of Commerce Economic Development Administration. In 2011, Mr. Andersen petitioned to have the five grants consolidated into one loan fund with one set of reporting

requirements. Additionally, in 2011, Mr. Andersen petitioned and was granted the ability for the one loan fund to serve the entire state. Mr. Andersen discussed that at least 60% of the loans must be to rural Alaska, which is defined as all areas, except Juneau, Fairbanks, and Anchorage.

Chair Pruhs asked for the value of the portfolio. Mr. Andersen stated that the value of the legacy SBED is approximately \$10 million. Chair Pruhs asked how much is distributed in loans per year. Mr. Andersen noted that amount varies greatly. He explained that during the most recent decade of a low-interest rate environment, SBED's structure did not make economic sense, and struggled to make loans. This was due to the federal restrictions, including paying Davis-Bacon wages and the lowest interest rate at 4%. However, in this high-interest rate environment and considering the recent defederalization, the structure of obtaining 60% of the funding from another source and borrowing 40% from the SBED makes sense, and SBED is in high demand. Many banks and borrowers have approached SBED, and most of the funds have been distributed in loans. Mr. Andersen highlighted that if the loans that are currently in the pipeline get approved, the funding will be distributed and SBED will stop lending.

Chair Pruhs asked for the percentage of equity the borrower typically has to put into the asset. Mr. Andersen discussed that initially, the federal government required 20% equity and 60% of the funds from a private source. However, those requirements were removed as part of the defederalization process. Currently, the requirement is 10% equity and a reasonable amount of non-State funds. Chair Pruhs asked how the public is made aware that this program is available. Mr. Andersen explained that the Division has to be very careful how they make the public aware of the program and try not to flaunt it. The Division works with a lot of nonprofits, cities, and Chambers of Commerce, rather than running ads.

Mr. Eledge asked if the program receives State funds. Mr. Andersen explained that SBED is a federal program, and no money from the State has been received for operations since 1985. However, when the Legislature passes a loan funding bill, the Legislature will provide capitalization for that fund. For instance, the Commercial Fishing Loan Fund was started with \$68 million in seed money, and approximately \$680 million worth of loans have been made. Mr. Eledge asked if those loans are to Alaskan companies based in Alaska. Mr. Andersen clarified that for the SBED program, the business has to be an Alaskan brick-and-mortar resident location, and the employees have to be Alaskans. For the Rural Development Initiative Fund (RDIF), everyone has to be a resident of Alaska, and the business is confined to a certain area of Alaska.

Mr. Andersen continued the presentation and discussed that affordable capital promotes job creation. It incentivizes entrepreneurial risk where other available credit facilities did not. Mr. Andersen commented that the SBED program has carried out many loans in conjunction with private lenders, and if that is not available, the SBED will loan directly to create employment through small business enterprises. He reviewed that the current average of total repayments is \$65,000 per month, with the largest month being October at \$347,000. Mr. Andersen explained that the majority of the loans are structured with one annual payment due at the end of the season with the intent of accommodating the borrower to service the loan during its largest cash flow period.

Mr. Andersen noted that over the last couple of years, the discussion regarding additional

capitalization for the legacy SBED has been discussed. In the past, when the SBED or the RDIF funds were low, investments would stop lending until adequate funds could be collected from repayments. Lending has stopped at least a dozen times until the funds were replenished. Mr. Andersen discussed that if AIDEA decided to provide capitalization, an additional \$4 million is estimated to be sufficient for the near future. This would facilitate the legacy SBED to provide financing to 15 to 20 small businesses if the current loan range continues, and would be adequate to create approximately 80 jobs. The additional \$4 million in loans to small businesses around Alaska would create a ripple effect throughout the economy fostering job creation, community development, and sustained economic growth. The indirect benefits of the investment will far outweigh the initial investment.

Mr. Andersen stated that he is not necessarily asking for funding from AIDEA, and wanted to provide the information if AIDEA wishes to contribute capital. He noted that the program has never asked for money from AIDEA. The last time AIDEA contributed funds was when a loan fund was taken over and AIDEA contributed \$70,000.

Chair Pruhs asked if there would be a rate of return if AIDEA contributed funds. Mr. Andersen explained that there would be no monetary return to AIDEA. The return to AIDEA would be a public relations (PR) return that could be discussed within the annual report illustrating the jobs AIDEA created, the impacts on communities, and meeting public policy goals.

Chair Pruhs asked if a grant to the Division of Investments would be for the Legislature to create through legislative action. Mr. Andersen explained that SBED resides within AIDEA's purview.

Chair Pruhs commented that he does not remember prior reporting on this information. He asked Mr. Ruaro about the status. Mr. Ruaro indicated that he does not remember either.

Commissioner Sande explained that when she became Commissioner, she was surprised to learn of a 1980's Memorandum of Understanding (MOU) between AIDEA and DCCED Division of Investments to administer this small and very successful loan fund on behalf of AIDEA. She noted that the Division of Investments has done a really good job of quietly doing really great work on behalf of the communities and the State. They do not advertise much, and they do not sing their own praises. Commissioner Sande reiterated that she requested Mr. Andersen give this presentation to the Board today for many reasons, one of which was to thank Mr. Andersen for his great work. She lauded the many success stories of the program, and noted that AIDEA's trusted partner also shares AIDEA's mission.

Commissioner Sande further explained that within the last couple of years, and knowing of Mr. Andersen's imminent retirement, the questions were posed to determine creative ways of helping entrepreneurs who may not qualify for traditional lending, but who have a great business model. She discussed that Mr. Andersen has been working with Spruce Root to find different and more creative ways for collateral. These efforts have been beneficial. Another reason for today's presentation is the timing of the loan funding amount. There is either going to be a hold on the program while the fund recapitalizes or the option for AIDEA to consider recapitalizing the fund.

Mr. Andersen gave additional explanation that when the SBED loan program was created

through the MOU between the Executive Director of AIDEA and the Director of the Division of Investments, AIDEA did not want the loan fund because it was too small. However, AIDEA was willing and able to provide the initial match, but AIDEA did not want to run the program. He noted that the operating funds were to be taken out of the loan fund. For the last 30 years, AIDEA has been charged \$40,000 a year to run the fund. Mr. Andersen believes this amount should be increased.

Chair Pruhs asked Mr. Ruaro if he has a copy of the MOU. Mr. Ruaro agreed he has a copy, and noted that he does not have it with him today.

Chair Pruhs asked in which category does this program reside. Jean Kornmuller, Chief Finance Officer, noted that it is within the Other Loan category, which includes SBED, RDIF, and others.

Mr. Andersen continued his presentation, focusing on the RDIF program that was created in 2000 to provide financing to small businesses and to create long-term meaningful employment in rural communities. The RDIF replaced a similar program administered for many years by the Department of Community and Regional Affairs (DCRA). The RDIF has created and saved over 700 jobs, and has leveraged about \$1.5 million in funds with \$15 million in loans. The RDIF fund was transferred to AIDEA to facilitate capitalization of an added \$2 million for a match with a Fisheries Revitalization Grant of \$1.1 million. AIDEA is barred by statute from making any more deposits to RDIF. Mr. Andersen indicated that the RDIF has been underutilized for the last several years. The interest rate is currently set at 6.5%, and there are restrictions for use in communities whose population is less than 5,000 or less than 2,000 if the community is connected by road or railroad.

Chair Pruhs asked for the definition of rural for both SBED and RDIF. Mr. Andersen explained that SBED considers rural as outside the city limits. The RDIF considers rural as outside the census district. The RDIF currently has \$5.9 million available to lend, and one loan was made in FY24 in the amount of \$225,000.

Chair Pruhs asked for the percentage of rural loans compared to the percentage of urban loans. Mr. Andersen indicated that he does not have that information in front of him today. He believes the percentages are fairly evenly split. Chair Pruhs asked if discussion has occurred regarding the option to expand the rural component of these programs. Mr. Andersen explained that there are no problems with SBED, and changes to the RDIF would take legislative action. Chair Pruhs commented that outreach in rural areas is difficult. He asked if there are ways to enhance the rural aspects of the programs. Mr. Andersen explained that over the last few years, he has been collaborating with different organizations that serve rural communities by providing companion lending and accepting guarantees. He travels to many communities.

Chair Pruhs asked in what amount does Commerce subsidize the management of the program. Mr. Andersen indicated that is not allowed under statute. Each program is charged \$40,000 per year, for a total of \$80,000. Chair Pruhs asked what the cost for the program is. Mr. Andersen noted that the cost to administer the program exceeds the charges, and is funded through a blended ratio. The majority of the funding is from the Commercial Fishing Loan Fund. Mr. Andersen discussed the possibility of transferring funds from RDIF to SBED. He noted that

AIDEA and counsel would have to review this option. Mr. Andersen commented that it would also be fine if AIDEA did not contribute funds, and the status quo remains of curtailing the lending until funds are replenished. AIDEA has not contributed funds in decades. Mr. Andersen explained that projects are selected based on viability and the most jobs created.

Commissioner Sande commented that from an economic development perspective, she believes there is more benefit in deploying funds into the community, especially now when there are so many industries in jeopardy. Commissioner Sande recommended that the Board consider a conversation regarding what action is possible, and discuss if adding capital would be the best use of funds.

Mr. Eledge asked Mr. Andersen if there is a criterion or a threshold for the number of people to consider when reviewing job creation. Mr. Andersen agreed and explained that the federal rules up until about a year-and-a-half ago had a very rigorous metric, including a loan portfolio aggregate of \$50,000 per job. Mr. Eledge expressed appreciation to Mr. Andersen for his 30 years of service to the State of Alaska. There were no additional questions.

7. DIRECTOR COMMENTS

7A. Project Updates

Mr. Ruaro reiterated that the Arctic National Wildlife Refuge (ANWR) Project received a favorable court ruling from Federal District Court Judge Gleason that the leases never should have been cancelled. The leases were illegally canceled and will be reinstated. This is a positive development for AIDEA to pursue the development of the leases. Mr. Ruaro added that the federal government estimated the potential state revenue from development in the Arctic National Wildlife Refuge at approximately \$2 billion per year. Mr. Ruaro commented that this is a significant amount of funding, especially in years that the state struggles to pay for basic maintenance on its schools. The benefit of resource development is more than just jobs, it is the revenue for the Treasury and the return to AIDEA.

Mr. Ruaro commented that the Ambler Road Project had a similar decision that AIDEA feels is contrary to federal law which denied AIDEA's ability to obtain an easement. He referenced ANILCA Section 201 and Section 1110 that indicate there shall be access. Development of that project should move forward. Mr. Ruaro highlighted that in the recent preliminary economic analysis of the Bornite Mine, the reserves for copper are estimated at nine billion pounds. The price for copper recently reached \$5 per pound. This area is one of the top 30 volcanic sulfide deposits in the world as estimated by the United States Geological Survey (USGS). Mr. Ruaro discussed the positive cooperation from the federal government, reversing some of the Biden Administration decisions.

Mr. Ruaro discussed that the permit application with the U.S. Army Corps of Engineers for the West Susitna Project is advancing. He noted the executive orders by President Trump that direct the agencies to help put Americans and Alaskans to work, and to get resource development and manufacturing moving again, if possible. These efforts are positive for AIDEA's projects.

Commissioner Sande requested Mr. Ruaro to repeat the estimated amount of copper available and the current value of the copper. Mr. Ruaro reiterated that the estimate he mentioned was six billion pounds of copper at Bornite Mine. This was found in the preliminary economic assessment published recently. Additionally, there is another three billion pounds of copper at the Arctic deposit. Both of these deposits are part of the larger, massive volcanic sulfide mineral deposit. He believes the project will likely find more copper once it is underway.

Chair Pruhs asked if the nine billion pounds is currently worth a total of \$45 billion in gross dollars value. Mr. Ruaro agreed. Chair Pruhs asked what other minerals are present. Mr. Ruaro listed zinc, lead, silver, not much gold deposits, and the critical mineral germanium, which is used in Department of Defense weapon systems. He noted that as part of President Trump's tariff outfall, China has indicated they will no longer ship critical minerals rare earth to the United States, which makes the domestic development of these sources even more important for the national defense.

Chair Pruhs commented that there is a preliminary process at the mine. He asked where the final smelting and splitting of the metals will occur. Mr. Ruaro believes there is a possibility of further refinement and development in Alaska. Mr. Ruaro explained that the smelting for Red Dog Mine is currently completed at Teck's Trail facility in British Columbia. He is unaware if the minerals from the Bornite Mine have an ultimate destination for the smelting process. There were no other comments or questions.

7B. Loan Dashboard Report

Mr. Ruaro requested Tiffany Janssen, Chief Loan Officer, to provide an overview of the Loan Dashboard Report. Ms. Janssen indicated that the Alaska Hotel Group's loan is not included in this Loan Dashboard Report through February 2025. Two loans closed in March, and the rapid increase of the portfolio funds will be reflected at the May Board meeting. Additionally, Ms. Janssen discussed that the pipeline is healthy and includes approximately \$32 million. More preflight applications are coming in, and the loan applications are following soon after. Ms. Janssen highlighted there is one small 30-day delinquency.

Mr. Eledge asked what process is being taken to rectify the delinquency. Ms. Janssen explained that the business is currently under renovation and has been closed recently. The business has a small 30-day delinquency. Mr. Eledge asked if she expects the delinquency to be cleared by the May Board meeting. Ms. Janssen hopes that will occur. There were no other comments or questions.

7C. Statistics Summary

Mr. Ruaro explained that the Statistics Summary relates to the programs presented by Mr. Andersen. There were no comments or questions.

7D. Next regularly scheduled AIDEA Board Meeting: Wednesday, May 14, 2025

Chair Pruhs noted that two members have scheduling conflicts for the next meeting date. He

requested Ms. Hamann contact members to determine a revised meeting date. There was no objection.

8. BOARD COMMENTS

Vice-Chair Kendig commended Mr. Ruaro and staff for the informative meeting. Vice-Chair Kendig apologized for any misunderstanding for the mishap during the public comment period. He noted that the public communication platform is obviously not the best, and staff is working to resolve those issues, which should be fixed within the next couple of months. He is sorry for any inconvenience.

Mr. Eledge commented that it seems that each meeting brings a new milestone, and that AIDEA is moving at lightning speed. This is due to the dedication of staff and the Executive Director. Mr. Eledge expressed his appreciation. He asked for the indulgence of those in-person to stay after the meeting and sing happy birthday to Chair Pruhs. Side conversations occurred.

Mr. Vivlamore expressed appreciation for the meeting, and noted it is good to be back in-person.

Commissioner Sande expressed that she is proud of the team, the staff, and the work of the members of the Board. She said that we have been hoping and praying for success and forward movement on the projects discussed today. Commissioner Sande stated that it has been great to see progress on these resource development projects with the new Administration. These projects are critical for the State to replace revenue sources so that the many services funded through the State of Alaska can continue. She is excited to hear about the estimates of the value for the projects. Commissioner Sande expressed appreciation for all of the work and the progress.

Chair Pruhs thanked staff for making progress on very important issues, including investments, rates of return, and the progress with the ANWR Project and the Ambler Road Project. He noted there are a couple of negative issues that will be addressed.

9. ADJOURNMENT

There being no further business of the Board, the AIDEA meeting adjourned at 1:31 pm.



Randy Ruaro, AIDEA Executive Director

Secretary