

Alaska Industrial Development and Export Authority
BOARD MEETING MINUTES
Wednesday, May 21, 2025
Anchorage, Alaska

1. CALL TO ORDER

Chair Pruhs called the meeting of the Alaska Industrial Development and Export Authority to order on May 21, 2025, at 9:05 am.

2. ROLL CALL BOARD MEMBERS

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

A quorum was established.

3. AGENDA APPROVAL

MOTION: A motion was made by Mr. Fogle to approve the agenda of May 21, 2025, as presented. Motion seconded by Mr. Eledge.

There was no objection to approving the agenda.

4. PRIOR MINUTES – April 16, 2025

MOTION: A motion was made by Mr. Fogle to approve the Minutes of April 16, 2025, as presented. Motion seconded by Mr. Eledge.

There was no objection to approving the Minutes of April 16, 2025, as presented.

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. Chair Pruhs noted that questions are to be submitted in writing. Comments are limited to two minutes.

Sean McDermott, Arctic Program Coordinator of Northern Alaska Environmental Center, requested AIDEA to publicly explain its plans to pursue oil and gas in the Arctic National Wildlife Refuge and the proposed Ambler Mining Road. Mr. McDermott expressed his concern that the discussion about potentially spending tens of millions of dollars or hundreds of millions of dollars of public funds continues to happen primarily behind closed doors during executive

sessions like today. Mr. McDermott noted that Resolutions G25-01 and G25-02 passed last month and set up new accounts in AIDEA's revolving fund. He believes it is an appropriate time for AIDEA to explain how it views spending large sums on development projects without any legislative approval. Mr. McDermott commented that the investments are speculative, and based on AIDEA's track record of losing millions in public funds on these kinds of extractive developments in the past, like the Mustang Project, he believes it is reasonable for Alaskans to know exactly how AIDEA is making these decisions.

Mr. McDermott stated that during a presentation to the Legislature in early April, Executive Director Randy Ruaro said, "We're constantly trying to derisk through information gathering and constantly trying to evaluate return." Mr. McDermott noted that no major oil companies have shown interest in pursuing oil and gas in the Arctic National Wildlife Refuge, and AIDEA does not have the ability to sell oil and gas. Mr. McDermott said that Mr. Ruaro, also during his presentation, attempted to justify not releasing an economic report to the Commission by saying that it did not reflect AIDEA's sole benefits. Mr. McDermott noted that Mr. Ruaro said, "We're not solely focused on investment returns," and added, "I think the people side of it's important." Mr. McDermott quoted Mr. Ruaro again saying he "sees all Alaskans as AIDEA's constituents," yet Mr. Ruaro continues to pursue these projects against strong community opposition. Mr. McDermott commented that 89 tribes have passed resolutions opposing the proposed Ambler Mining Road, and the Gwich'in Steering Committee has opposed oil and gas development in the Arctic Refuge's Coastal Plain for decades.

Mr. McDermott commented that it is clear to him that the interest of the Alaska public, who AIDEA claims to represent, would be best served by a much more transparent public process regarding AIDEA's speculative spending decisions. Mr. McDermott welcomed the opportunity to talk with the members further. He thanked the Board for their time and consideration today.

Chair Pruhs thanked Mr. McDermott for his comments.

Lois Epstein, LNE Engineering and Policy, noted that she is an Alaska-licensed engineer, and appeared before the Board last month. She stated that the Minutes reflect that she asked questions about why the Arctic National Wildlife Refuge and the Ambler Road and the two resolutions were not placed into the Economic Development Account, which is the account used for Red Dog and other projects. Ms. Epstein indicated that she also expressed her thoughts about the fact that the Revolving Fund data in the annual audit has changed in recent years, and she requested that there be some sort of response from AIDEA about those two issues. Ms. Epstein quoted from the previous Minutes, "Chair Pruhs requested that staff respond to Ms. Epstein's" comments. Ms. Epstein indicated that she has not received any response to those requests. She believes from the purpose of accountability for the Board and by the public, it would be helpful to have a procedure that when questions are raised by the public, that there is a mechanism to assure the public will get a response in a timely manner.

Chair Pruhs thanked Ms. Epstein for her comments. Chair Pruhs requested Mr. Ruaro to elaborate. Mr. Ruaro noted that staff went on record and explained why the movement was made. AIDEA has full authority to create funds in the Revolving Fund. Chair Pruhs asked Mr. Ruaro if he responded to Ms. Epstein's questions in writing. Mr. Ruaro does not believe he

responded in writing, but he did respond during the meeting. Chair Pruhs asked that AIDEA respond to Ms. Epstein in writing. Chair Pruhs requested that AIDEA respond in writing to any person who asks questions during their comments. Chair Pruhs noted that the response can also be included in the Board packet so that members can read the response. Mr. Ruaro agreed. He asked Ms. Epstein to send him an email containing her accounting questions, so that he and the finance staff can address those.

Ms. Epstein agreed, and also referred Mr. Ruaro to the Minutes, which she believes accurately reflected her questions. She thanked Chair Pruhs.

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. PRESENTATION: HEX Update

Chair Pruhs welcomed John Hendrix to provide the HEX update and presentation. Mr. Hendrix commented that he hopes Chugach Electric Association (CEA) is getting as much static as AIDEA about Mustang since their Chairman is an ex-Chugach Mustang Brooks Range manager and one of their head consultants is also an ex-Brooks Range Mustang employee. Mr. Hendrix thanked the Board and the staff for putting the meeting together. Mr. Hendrix introduced the attendees he brought with him today; Molly Romero, Trey Kendrick, Hunter Van Wyhe, and George Lyle. He noted there are a number of Alaskans in the field that are on the platform flying in today. Mr. Hendrix stated that the drilling of the A-5 well was finished yesterday. The completion tubing will be run tomorrow. The wellhead will be attached shortly thereafter. Then they should be finished drilling the A-6 well in the next three weeks. A tubing change will occur on the A-2 well, and the major activity will cease between June 25, 2025 to July 1, 2025. Mr. Hendrix thanked AIDEA for the confidence in Furie. Mr. Hendrix noted that Furie is trying to bring confidence to the banking world, the AIDEA world, to Alaskans, the small independents, and Alaskan owned business to drive operations like this, and to be trusted, responsible, and accountable.

Chair Pruhs asked Mr. Hendrix if AIDEA senior staff and Board members can visit the platform during the summer. He believes this is important because of the AIDEA investment in Hex and the trust in the company. Mr. Hendrix noted he has been discussing those plans with Mr. Ruaro. Mr. Hendrix welcomes the visit, especially during this drilling time schedule. Chair Pruhs requested Mr. Ruaro coordinate the visit with Mr. Hendrix. Mr. Hendrix commented that additionally, if the Board members or staff are in the Kenai area, to give HEX a call because there are usually one or two seats in the helicopter available going to the platform. Chair Pruhs believes this would be a good education.

Mr. Hendrix commented that he talked last night to Commonwealth North, and he has learned a lot about the gas energy. Mr. Hendrix noted that he has worked on every continent, except Antarctica, and can fix a well, drill a well, and do production optimization, but the Cook Inlet gas is a different market in how it competes. He discussed that he has learned a lot with the ceiling on gas, how much to spend, how utilities operate versus oil and gas companies, and how the public and Alaskans really do not understand oil and gas as well as they should. Mr. Hendrix

commented that his company gets confused with a gas utility, when they are not oil and gas. They are not an upstream, midstream, or downstream company. Mr. Hendrix would like to make sure that Alaskans understand the difference between utilities and how they do their business through the Regulatory Commission of Alaska (RCA) and through Alaska Energy Authority (AEA), and how HEX Cook Inlet does business through Department of Natural Resources (DNR), Alaska Oil and Gas Conservation Commission (AOGCC), and AIDEA.

Mr. Hendrix reviewed the PowerPoint presentation. He discussed HEX Cook Inlet's operations, including the Julius R Platform, the Nikiski Central Processing facility (CPF), and the 10" pipeline that goes from the Julius R Platform to CPF. The gas is sold directly into Harvest, and then it goes to Enstar. Mr. Hendrix noted HEX methane gas is sold basically at consumer level spec. This gas goes to Alaskans to heat their homes. Mr. Hendrix explained that the price of Alaska home gas at the meter is cheaper than Texas and Mississippi's home gas price at the meter. The pancaking that utilities do in the Lower 48 adds to their price.

Mr. Hendrix stated liquefied natural gas (LNG) imports cannot compete with HEX's gas rates, but HEX cannot compete internationally with the tight market. If the pipeline is approved and moves forward responsibly, it can compete with global LNG supplies, but the Cook Inlet supply is difficult to compete with.

Mr. Hendrix showed a graphic of HEX's large position in Cook Inlet with over 84,000 acres. He noted that Mr. Kendrick has identified over 27 drilling targets within a three-mile radius of the platform. Since last year, HEX increased from 5% of the Cook Inlet production to 7.5%. Mr. Hendrix aspires to reach 10%, and then 11% after the drilling campaign this year. There is a field office in Nikiski and the headquarters office is in Anchorage.

Mr. Hendrix discussed the graphic showing the production history. The gap indicates the time period when the line froze. He emphasized the need for people to understand the difference between what a field can produce and the amount of gas that is contracted out. The HEX philosophy does not contract more than 50% of the gas that HEX can produce. This protects HEX from penalties on existing contracts. In 2019, HEX paid \$3 million to \$5 million in fines. Mr. Hendrix explained that his job as the Chief Executive Officer (CEO) and owner is to protect himself from fines. He noted that there is currently more production than there is demand for Cook Inlet gas.

Mr. Elledge asked Mr. Hendrix if that is why the words "Allocated Gas Rate" are used on the chart. Mr. Hendrix agreed, because HEX allocates what they can sell. He explained that there are imbalances that occur, and the goal is to load up the pipeline with extra gas to depend upon it.

Chair Pruhs asked if the Cook Inlet is producing more gas than what Southcentral is using. Mr. Hendrix agreed. Chair Pruhs asked if that is year-round or just seasonal. Mr. Hendrix explained it is year-round, and includes the gas storage during the summer months. He noted the production is about 220 in the Cook Inlet and the demand is 190. The contracted volume is about 60% of that. Mr. Hendrix explained that utilities like to have reliable supplies.

Chair Pruhs asked if the utilities have the room to store the gas if they bought it. Mr. Hendrix

stated that he cannot speak on behalf of Hilcorp, but everything indicates that yes, they have the storage. He believes Hilcorp could be the largest storer of gas in the Cook Inlet with depleted fields. Chair Pruhs clarified and asked if the utilities have the room to store the gas. Mr. Hendrix stated that he cannot speak on behalf of Enstar regarding their storage ability at the Kenai River Bridge. He said their gas storage facility is giving the flex on production.

Chair Pruhs requested an explanation of why consumers were asked to turn their thermostats down two winters ago and to abstain from burning excess energy. He asked if that scenario has changed. Mr. Hendrix believes that scenario would have occurred again this last year if the demand for gas was higher. The winter last year was mild and the demand for the gas was lower than it was during the very cold winter two years ago. Mr. Hendrix explained that HEX had additional wells drilled last year, and opened up the wells to help. He noted that HEX even put some wells at risk.

Chair Pruhs noted that he may be confused in his understanding that if it is cold, there is not enough gas in storage. Mr. Hendrix stated that there was probably enough gas in storage last year, but going forward, there is probably not enough gas in storage. HEX is drilling to fill that gap. If successful, he believes HEX can push the gap out to 2032.

Mr. Elledge asked if there were any problems with gas on the supply side from the producers' perspective. Mr. Hendrix noted that HEX is only 7.5% of the market and growing to 10%, and he cannot speak beyond that. He has worked all over the world, and believes the Cook Inlet should have a hopper of opportunities.

Chair Pruhs asked why the storage is not filled up. He asked if it is because they do not want to pay the money now. Mr. Hendrix explained that money has to be spent on drilling for gas. The infrastructure has to be put in and reversed. For example, the check valves have to be switched the other way. Chair Pruhs commented that it sounds like it is not a supply problem, rather it is a storage problem to handle the peak usage in the winter. Mr. Hendrix does not think there will be a supply problem or a storage problem in the next five years. Chair Pruhs asked if there would be a problem without HEX's Cook Inlet operations. Mr. Hendrix agreed. Chair Pruhs relayed for the Board members that the support for HEX Cook Inlet is directly facilitating Southcentral Alaska and every household and industrial and commercial user. Mr. Hendrix agreed. He said that every \$1 increase in gas prices drives up the Southcentral cost of gas to the consumers about \$100 million every year.

Chair Pruhs requested that Mr. Ruaro create a narrative for the public's awareness about what AIDEA has facilitated with this involvement.

Mr. Hendrix continued the presentation and reviewed that royalty modifications were requested in 2023. The Kitchen Lights was converged from three different units into one unit. The overriding royalty interest was pushed up to 25%. Whereas the average Cook Inlet producer pays no more than a total of 12.5% to 13% overriding royalties. Mr. Hendrix explained that the royalty is basically paid on the gross amount. He noted that the mining industry pays a 2% royalty, the oil and gas industry pays 12.5%, the fishing industry pays no royalty, and the timber industry pays no royalty. Mr. Hendrix explained that a royalty is bigger than a tax. He gave the

example that a 25% royalty on \$10 million is \$2.5 million, which leaves \$7.5 million to operate the business. If the net is \$1 million, then that tax would be a lot less than the \$2.5 million of royalty paid. A Best Interest Finding was awarded to HEX. Mr. Hendrix noted that HEX has a plan of development approved with DNR every year. He discussed that the finance negotiations with AIDEA were for this season's drilling in 2025. Contract negotiations with all of HEX suppliers were completed and the permit to move the jack-up rig for the 2024/2025 season was received. The jack-up rig contract negotiations were completed in August 2024, about a month before operations began. Mr. Hendrix explained that Hilcorp bought the jack-up rig, which added complications. He summarized that in 2024, HEX planned, developed, executed, and self-funded the drilling program of A-1A.

Mr. Hendrix explained that the A-1A was drilled for less than \$12 million. HEX thought they could have drilled the A-1A for \$10 million, but some of the contracts increased the price. He discussed that A-1A delivers about 1.5 Bcf of gas per year. In comparison, the Dixon Glacier Diversion in Homer is a \$350 million project that is going to raise the dam level 15 feet in Bradley Lake and deliver 1.4 billion standard cubic feet of gas. He believes there needs to be a balance between the \$350 million and the \$12 million. Mr. Hendrix asked who the gatekeeper is in the state to make these critical decisions. He advised that he is a U.S. citizen, and does not know if the money is coming from the federal government or from the State of Alaska. Mr. Hendrix commented that he can drill a lot of wells just on the interest of \$350 million. Mr. Hendrix noted that HEX had gas online in December of 2024, which was one month after drilling the well.

Chair Pruhs asked for the lifespan of the well. Mr. Hendrix stated the life of the well is eight years or nine years. Three or four more wells will give 50 years, which is the same as the Dixon Glacier Diversion plan. Mr. Hendrix understands that consideration of jobs and costs is reviewed for every project. He believes there has to be a balance, and that oil and gas has not been part of the mix of conversation in the same way as all the other pits of energy. Mr. Hendrix believes this should have been done a year earlier and that would have probably saved Alaskans \$200 million.

Mr. Hendrix showed a chart illustrating the results of the drilling and perforations last year. He discussed the 2025 outlook. He reiterated that the DNR Best Interest Finding was awarded in February. HEX is obligated to drill one well this year. HEX will drill two wells this year. Before the jack-up rig arrived on the Julius R Platform, four new conductor slots were added. The work took two years to complete and cost approximately \$1 million. The total well count can increase from six wells to 12 wells. This provides flexibility, volume, and the ability to sign more contracts. Mr. Hendrix reiterated that the A-5 well has been drilled. The hope is for production before August. The A-6 well is expected to be drilled within three weeks. The hope is for production shortly after A-5. Additionally, a tubing change may occur on the A-2 well to improve production efficiency. The aging A-2 well will probably be sidetracked in 2026.

Mr. Hendrix explained that in 2026, there will be six wells from which to drill. Older wells may need side tracks. Discussions with jack-up providers are ongoing. The jack-up market is good now. Mr. Hendrix reported that he attended the Offshore Technology Conference in Houston last week and there are only three jack-up rigs working in North America currently. He commented that HEX, the little company that AIDEA is helping, is occupying 33% of the jack-up fleet in

North America. Mr. Hendrix discussed that Saudi Arabia released 33 jack-up rigs in the last month. Prices of jack-up rigs are falling. HEX is reviewing the options and the market conditions of bringing a jack-up rig here or buying a jack-up rig. Discussions will need to occur with Hilcorp, BlueCrest and others regarding opportunities. HEX is currently focused on their one platform. Mr. Hendrix believes that one of his problems is that he is not aggressive enough, but he also wants to protect the company.

Mr. Eledge asked if the possibility of four new wells in 2026 is due to jack-up availability. Mr. Hendrix agreed. He noted that discussions still have to occur with Hilcorp. If two wells are drilled with Hilcorp next year, there are only four remaining in 2027. This is not enough volume to bring a jack-up rig up. One consideration for signing deals in 2026 and 2027 is to ensure that HEX is not without a jack-up rig to finish drilling out Kitchen Lights.

Mr. Eledge inquired about the onshore opportunities listed. Mr. Hendrix discussed that there is an oil and gas play on land. The legal representatives are working on creating an investment portfolio. Mr. Eledge asked if HEX will have to expand the onshore production facility. Mr. Hendrix agreed. He noted that oil would need to be trucked 20 miles to the oil pipeline. There is a gas pipeline fairly close to the facility. HEX has purchased additional capacity over the last four years and has built out the three facilities to handle up to 10 million a day in gas for each of the facilities.

Mr. Hendrix continued his presentation and showed a slide listing Alaskan market companies that HEX does business with and therefore, are supported with AIDEA's funding to HEX. Chair Pruhs commented that AIDEA is missing from the list, and should be listed first.

Mr. Hendrix discussed that drilling services is the biggest part of their cost. The hope is that the total cost of the two wells is in the range of \$37 million. The daily costs are between \$320,000 and \$400,000. He emphasized the importance of ensuring that everyone is working and diligent.

Mr. Hendrix discussed that HEX aspires to be a responsible leader in Cook Inlet. HEX wants to grow, and can see themselves being 25% or more in Cook Inlet in the future. The Cook Inlet market is an island economy of approximately 70 Bcf per year, with HEX contributing about 4 Bcf of that. HEX believes it can grow to about 10 Bcf per year eventually. Alaskans benefit from the producers, state, utilities, and customers working in alignment. Mr. Hendrix expressed appreciation to AIDEA for their support for the critical development of new gas and increased jobs for Alaskans.

Mr. Eledge asked if the projected 10 Bcf per year is from the existing platform. Mr. Hendrix agreed. He discussed that the other play they are looking at is the old Base C exploration from the past Apache contacts. Mr. Hendrix noted that Apache lost the leases from no fault of their own after spending \$5 million trying to develop it. The past owners sued the State, and the State gave it back to them. This was a loss of a major oil company and driller in the state.

Mr. Hendrix showed a video of moving the jack-up rig onto the platform.

Mr. Fogle expressed appreciation to Mr. Hendrix for all he does for Alaska and for Alaskans. He

requested him to review the point again about the cost of drilling versus the cost of some of the renewable energy projects, and how the prioritization of projects in Alaska could potentially provide more bang for the buck by utilizing operations like HEX for natural gas. Mr. Hendrix believes a forum needs to be created to bring forward all the projects and then have someone who is responsible and knowledgeable assess all of the projects, noting that Project A can deliver Y for X cost by a date certain. He believes that would be helpful. Mr. Hendrix discussed that there is limited funding, and the federal funding is being depleted somewhat. He does not know if AEA and DNR communicate

. Additionally, some of the companies are privately held and each company is responsible to their individual boards. Every oil and gas company manages their portfolio and knows their opportunity set. They should know the install production capacity of the wells, the facility, the flow lines, the bottleneck, the choke models to understand what it is keeping to the sales meter, and the paradigms that need to be changed. Mr. Hendrix believes the State should be asking what is possible in your field and what are you doing to maximize resources for the State of Alaska for Alaskans.

Chair Pruhs suggested the model used for Mr. Hendrix's vision should be called the State Energy Infrastructure Plan. Chair Pruhs asked Mr. Hendrix to go to the Administration with some of the utilities as a partnership, similar to the Department of Transportation's (DOT) State Transportation Infrastructure Plan. Chair Pruhs explained that all of the projects come together and prioritize the projects, figure out the amount that the State can contribute, if any, versus other dollars, including federal dollars, private dollars, borrowed dollars. He noted there is a process, and it may facilitate understanding how to be most effective in addressing Alaska's short-term energy issues and long-term energy issues. Chair Pruhs believes the structure could be a quasi-board or a working group.

Mr. Hendrix explained that for the last three years HEX has offered a student scholarship. The most recent was given out on Monday in Kenai. HEX gives the energy mix of today, and asks the youth of Alaska these questions; how do you envision the energy mix in the future five years and 20 years from now; how do you stay in one energy mix or move to another energy mix; and under the management of change of that energy mix, what is the social economic impact; and how do you responsibly move forward. Mr. Hendrix noted that a counselor told him that they had trouble answering the questions. Mr. Hendrix commented that maybe the school system needs to be teaching more about this issue, instead of being influencers and change agents without any kind of basis or technical knowledge. He does not believe it is alright to shout in the wind about fixing things with no solution and no knowledge. Mr. Hendrix believes there needs to be thought agents and change agents that are thinking methodically about how to responsibly move the country and the state from one energy mix to another.

Chair Pruhs commented that the energy industry in Alaska is a siloed group. He noted that AEA addresses the renewable sector, rural Alaska versus urban Alaska, the co-ops in the Railbelt, gas producers like HEX, and oil companies, but they are all siloed industries that are not talking to each other. Chair Pruhs believes each industry has great ideas, but there is no one clearing house that assembles an economic analysis for the short-term goals and long-term goals. Chair Pruhs gave the example that Bradley Lake is not talking to Cook Inlet providers for gas and trying to

figure out which energy is more cost effective long-term and where to allocate the precious investment dollars. Chair Pruhs reiterated that there has to be an organization or a group that actually cross-pollinates between the silos to benefit all Alaskans. Until that happens, each industry is a siloed event. The activities of HEX are siloed, and HEX will make investment decisions regardless of what will happen on the public side with Bradley Lake. HEX's model is based on five, 10, 15 years of rates of return, and Bradley Lake's model maybe based on 50 years. Chair Pruhs expressed his opinion that the ultimate payer is the public through inefficiencies and paying more than they should had there been some synergies before and cross-pollination of the silos.

Mr. Eledge commented that the demand for energy will increase as we go forward. His opinion is that inexpensive energy is going to be the key to keeping the new people that migrate to Alaska to help us on these mega projects here in Alaska, instead of them being transient and moving back to the Lower 48. Mr. Eledge commented that what HEX is working towards for Alaska, the larger supply of natural gas, is absolutely imperative to Alaska's success.

Mr. Hendrix noted that surprisingly, oil and gas is not considered energy in Alaska. Only renewables and utilities are considered energy. Alaska has an Energy Authority, and the oil and gas industry is not part of the Energy Authority.

Chair Pruhs expressed appreciation to Mr. Hendrix, and thanked his teammates for attending the Board meeting.

Mr. Ruaro requested a short break for the photo opportunity with HEX.

Chair Pruhs suggested that the Board move into executive session, and then take a break before executive session to take the picture. There was no objection.

MOTION: A motion was made by Mr. Fogle to enter into executive session for the purpose of discussing the following: AIDEA Financials, Legislative Matters, AIDEA Projects including ANWR, Ambler, HEX, Alyeschem, Greensparc, and others. All of which are subject to the deliberative process privilege, executive process privilege or other exemptions from the Open Meetings Act. Also, legal matters related to AIDEA subject to the attorney-client privilege will be discussed. 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. Eledge.

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

7. NEW BUSINESS

7A. EXECUTIVE SESSION: 9:57 am. Confidential and deliberative matters related to: AIDEA Financials, Legislative Matters, AIDEA Projects including ANWR, Ambler, HEX, Alyeschem, Greensparc, and others. All of which are subject to the deliberative process privilege, executive process privilege or other exemptions from the Open Meetings Act. Also, legal matters related to AIDEA subject to the attorney-client privilege will be discussed.

The Board reconvened its regular meeting at 1:15 pm. Chair Pruhs advised the public 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.

8. DIRECTOR COMMENTS

8A. Project Updates

Mr. Ruaro discussed that AIDEA continues to work and review options for advancing the projects through permitting, including the Arctic National Wildlife Refuge (ANWR) Project and the Ambler Road Project. Outreach to communities continues. Mr. Ruaro noted several discussions he had with the congressional delegation regarding the projects. Mr. Ruaro is enthused with the opportunity to work with the Trump Administration which recognizes the value of resource development and jobs for Alaskans. AIDEA is working on advancing its projects.

8B. Loan Dashboard Report

Chair Pruhs requested an update on the delinquency rates in the Loan Dashboard Report. Mr. Ruaro requested Tiffany Janssen, Chief Loan Officer, to respond. Ms. Janssen highlighted that the only delinquency listed in the report is for a modification. Staff is currently working with the loan participant.

Chair Pruhs asked for more information regarding the modification. Ms. Janssen explained that the amount of the payment has been reduced. Chair Pruhs asked for the reason for the payment reduction. Ms. Janssen explained that the amount of the payment has been reduced to accomplish renovations needed on the property.

Mr. Fogle asked if that loan modification would come before the Board. Ms. Janssen indicated the modification did not come before the Board.

Chair Pruhs asked what criteria is used to complete a modification. Ms. Janssen explained that modifications are underwritten like a regular writing for a credit memo. The lender has to approve it and then it comes to AIDEA to decide what the loan participant can afford at that time, and what the payment should be in order for them to move forward. Chair Pruhs asked if Ms. Janssen is the only person to review the modification or if the Loan Committee reviews the modification. Ms. Janssen explained that this modification was also brought to the attention of the Executive Director. Chair Pruhs clarified his question and asked who reviews the

modification. Ms. Janssen explained that the Investment Committee looks at the modification and recommends whether or not to move forward. Chair Pruhs asked who is on the Investment Committee. Ms. Janssen outlined that members are the executive staff; Deputy Director, Special Counsel, Chief Investment Officer, Ms. Janssen, and Chief Financial Officer. Ms. Janssen advised that the Investment Committee is the Loan Committee.

Chair Pruhs commented that investments and loans are different. He is accustomed to hearing loan committee at a bank. Ms. Janssen noted that the name Investment Committee is included in all of the regulations. She believes that those who chose the name view AIDEA as making investments. Ms. Janssen agreed with Chair Pruhs that there are two separate departments for investments and loans.

Mr. Fogle asked if all modifications still have to meet the dollar threshold to come before the Board. Ms. Janssen explained that when the Board made the decision several years ago to bring loans before the Board at a certain dollar amount, loan modifications were not addressed. Ms. Janssen noted that typically, in the past, all loan modifications were brought before the Board. However, in this case, this modification was signed off inside the Department.

Chair Pruhs asked why that change occurred. Ms. Janssen noted that she spoke with the Executive Director on that.

Chair Pruhs asked Mr. Ruaro why that change was made. Mr. Ruaro noted he was reading another page, and asked Ms. Janssen to remind him of the point. Chair Pruhs noted that if Mr. Fogle is correct, then all of the modifications have to come before the Board. Mr. Ruaro noted that is fine, but he was not aware of that policy. Chair Pruhs indicated that he just has to go back to Covid era when there were 200 modifications.

Mr. Fogle stated that the Board gave the same dollar limit for modifications that is given for loans.

Mr. Ruaro commented that if the Board has that policy, then staff will follow that policy.

Ms. Janssen noted this modification is below that \$3 million threshold.

Mr. Fogle acknowledged that if the modification was below the threshold, then the policy was correctly followed.

Chair Pruhs requested that staff notify the Board of their actions under privileged information in executive session in order for the Board to understand the pulse of the economy. Mr. Ruaro agreed to give notice to the Board.

Commissioner Sande commented for clarity that the policy is not changing, the threshold stays the same, the staff continues their job without getting bogged down with Board involvement and decisions, and staff provides the Board with notification of the modifications in report. Chair Pruhs agreed, unless the modification is over \$3 million. There were no other comments or questions.

8C. Interior Energy Report to the Legislature

Mr. Ruaro discussed the Interior Energy Report to the Legislature. He highlighted page 13, which lists the number of projected conversions and actual conversions. For FY 2024, the actual conversions were above the projections by about 200. Progress continues to be made. Mr. Ruaro believes that all the trucks for the LNG trucking project have been delivered. He expects the trucks should be in service within the next couple of months.

Chair Pruhs asked if the conversions are about 25% of the original Cardno projections of 10,000. Mr. Ruaro indicated the number is about 28% or 30%. Chair Pruhs noted that he asked Mr. Ruaro a question about a month ago regarding Interior Gas Utility (IGU). Chair Pruhs asked if IGU has a reserve account when it is time to start paying back the loan. Mr. Ruaro apologized that he did not ask IGU that question. He stated that he will ask IGU that question.

Chair Pruhs explained that IGU is on a loan payment hiatus and will start paying back the loan soon. Chair Pruhs said he is wondering if IGU is beginning to reserve dollars for the loan payments. He noted that AIDEA does not get to see IGU's cash financials or reserves for the loan payments. He suggested that Mr. Ruaro determine what the loan payment amount will be. Mr. Ruaro agreed that the Chair is asking all good questions. He apologized for not getting those answers. He will follow-up with IGU and report back to the Board.

Chair Pruhs asked Mr. Ruaro for the amount that IGU owes AIDEA. Mr. Ruaro indicated the amount is \$157 million. Chair Pruhs asked when the payments begin. Mr. Ruaro believes the payments begin in 2028. There were no other comments or questions.

8D. Statistics Summary

Mr. Ruaro explained that the Statistics Summary relates to the small loan programs at Department of Commerce. There are 32 outstanding loans for the Small Business Economic Development Program, 13 outstanding loans for Cares, and 25 outstanding loans for the Rural Development Initiative Fund, for a total of 70 outstanding loans. The cash available for lending in the Small Business Program is \$480,000. Cares has \$675,000 available. Rural Development has \$5.9 million available. Mr. Ruaro indicated that staff will want to talk to the new director of those programs about the possibility of reallocating the surplus in the Rural Fund to the other loan programs. There were no comments or questions.

8E. Next regularly scheduled AIDEA Board Meeting: Tuesday, June 17, 2025

9. BOARD COMMENTS

Commissioner Sande expressed appreciation to the Executive Director and team for accompanying Department of Commerce to Washington D.C. for the Select USA Investment Summit. She noted that the summit was successful with many conversations with folks interested in investing in Alaska. This was the first time that Alaska had a presence and a booth at the Summit. Commissioner Sande looks forward to participating again in the future with the

partnership and collaboration of AIDEA.

Mr. Fogle thanked the Executive Director and staff for their daily efforts on behalf of Alaskans. He noted that time is of the essence and movement needs to begin on the big projects now, rather than rushing in a couple of years.

Chair Pruhs expressed appreciation for those who traveled back east. He noted that he went on a Thursday and came back on Friday. Chair Pruhs reminded staff to respond in writing to any questions posed during public comments. He looks forward to reading the budget and learning what effects the Governor and Legislature's actions will have on AIDEA, if any.

10. ADJOURNMENT

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

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

Randy Ruaro, AIDEA Executive Director

Secretary