

Alaska Industrial Development and Export Authority
SPECIAL BOARD MEETING MINUTES
Friday, August 15, 2025
Teleconference

1. CALL TO ORDER

Chair Pruhs called the meeting of the Alaska Industrial Development and Export Authority to order on August 15, 2025, at 11:00 am.

2. ROLL CALL BOARD MEMBERS

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

A quorum was established.

3. AGENDA APPROVAL

MOTION: A motion was made by Vice-Chair Kendig to approve the agenda, as presented. Motion seconded by Mr. Fogle.

Mr. Eledge noted that he had a duplicate in his package, and requested time to review Section 11 in the packet, which is part of the executive session.

A brief at-ease was taken.

Chair Pruhs returned to the scheduled meeting.

There were no other comments.

There was no objection to approving the agenda, as presented.

4. PUBLIC COMMENT

Danny Benardstron (sp) of Ketchikan, Alaska, made a comment telephonically. A portion of the comment was indiscernible. He works in the shipyard. He would like to get JAG in the shipyard and get this going.

Representative Jeremy Bynum, Alaska House District 1, expressed appreciation for the Board's consideration today of the Ketchikan Shipyard. He indicated that the Ketchikan Shipyard has significant importance to the economy for Southeast Alaska and creating diversity within the economy. Representative Bynum said he was very encouraged by the conversations he has been

hearing. He expressed appreciation for the dedication and efforts of Randy Ruaro, Executive Director, in trying to get to a resolution regarding the yard operator. Representative Bynum noted that he is available to answer any questions or to provide assistance in getting a productive tenant in the yard moving forward. He expressed strong support for Resolution G25-05 Ketchikan Shipyard.

Lois Epstein, President of LNE Engineering and Policy, stated that she has monitored and weighed in on AIDEA's decision and structure for over a decade for several clients. Ms. Epstein indicated that she is providing comments and questions on Resolution 25-04, which enables AIDEA to create a trust as a financial instrument. She is consulting with knowledgeable experts on such instruments, as well as the ability of AIDEA to create such instruments under its current legislative authorization. Notably, she is concerned that this complicated resolution was added to the last Board meeting's agenda as an amendment, so there was no opportunity for public comment before the vote.

Ms. Epstein provided questions that she believes the Board should have considered before the resolution passage: 1) What is the prioritization for funding the trust versus AIDEA's other financial obligations? 2) How much of AIDEA's capital is likely to be dedicated to the trust and for what purpose? Ms. Epstein requested AIDEA provide the public with information on potential uses of a trust. 3) Will the Legislature have oversight over trust decision-making? Ms. Epstein noted that she will continue to provide comments to AIDEA on this resolution, as she learns more about its implications. She thanked the Board for considering her comments and for including them on the record.

Chair Pruhs thanked Ms. Epstein for her comments. He reminded members of the public to please speak on topics that are before the Board on today's agenda.

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.

5. NEW BUSINESS

MOTION: A motion was made by Vice-Chair Kendig to enter into executive session for the purpose of discussing the following: Ketchikan Shipyard, other matters related to AIDEA and matters that are subject to specific legal advice, which is subject to the 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 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.

5A. EXECUTIVE SESSION: 11:14 am. Confidential and deliberative matters related to: the Ketchikan Shipyard and operations of the Shipyard, which are subject to the deliberative process privilege, executive process privilege or other legal exemptions from the Open Meetings Act. Matters related to AIDEA subject to the attorney-client privilege will be discussed.

The Board reconvened its regular meeting at 12:36 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.

5B. Resolution G25-05 Ketchikan Shipyard

Mr. Ruaro explained that Resolution G25-05 is relevant today because the agreement with the former shipyard operator Vigor was terminated. Vigor will not be the operator of the shipyard moving forward. The resolution addresses a portion of that history, and accomplishes two objectives. The first objective is the approval of an assignment allowed under the current agreement by Vigor to JAG for the remaining months to November 30th of the current agreement. Even though Vigor's operatorship of the shipyard was terminated, they have the right to assign the remaining term of that operatorship. The resolution approves that assignment to JAG to November 30th.

Mr. Ruaro explained the second objective action item of the resolution gives the Executive Director authority to negotiate a longer-term agreement with the proposed or potential new operator of the shipyard, JAG Alaska, LLC. JAG is an Alaskan company since 2018.

Mr. Eledge expressed appreciation to Mr. Ruaro. Mr. Eledge asked if JAG currently has an agreement with Vigor for any existing assets. Mr. Ruaro noted that JAG has a potential agreement for the purchase of existing equipment and assets. He believes this is contingent on implementing a longer-term operator agreement between JAG and AIDEA. Mr. Ruaro's understanding is that if terms are unable to be met, JAG would not be forced to go through with the purchase agreement from Vigor.

Mr. Eledge asked if the longer-term agreement is defined as far as duration. Mr. Ruaro indicated that the duration is not defined. JAG is seeking a similar arrangement to the previous operatorship, which was a 10-year agreement.

Mr. Fogle expressed appreciation to Mr. Ruaro for his efforts involving the existing operator and the potential new operator. He noted that JAG is currently operating in Seward. He asked Mr. Ruaro to provide examples of the working relationship with JAG in Seward and what JAG has done to the yard since they took it over, including any business JAG has brought to the yard. Mr. Ruaro discussed his understanding that JAG has been incredibly successful at the Seward Shipyard, even though the Seward Shipyard is a very basic functioning yard. It is a basic haul-out area, and no ship hauls occur, as they do in Ketchikan. The Seward Shipyard has been able to execute significant amounts of work on marine highway ferries and federal projects, including vessels from the Coast Guard, NOAA, Public Safety, and the University.

Mr. Ruaro indicated that JAG's track record of success is strong. He noted that the customers that were spoken to are very happy with the work of JAG. They have performed professionally, on-time and sometimes under budget. The major customers are very supportive and look forward to working with JAG.

Mr. Fogle asked Mr. Ruaro if JAG has been upfront, honest, and reliable in providing requested information to AIDEA. Mr. Ruaro agreed that JAG has been upfront and open about their current contracts and contracts in their queue.

Mr. Fogle asked Mr. Ruaro what it would have meant for the Ketchikan community if JAG had not taken over the terminated lease with Vigor. Mr. Ruaro explained that the shipyard under Vigor employed approximately 70 employees at different times and for varying project durations. These jobs were significant and good paying for Ketchikan and the community. Every job is important, and these types of jobs are a key component of the overall Ketchikan economy that also includes tourism, fishing, and other components.

Mr. Cyrus expressed support for keeping the shipyard functional. He believes it is vital for the local Ketchikan economy and the statewide economy, as well as supporting an Alaskan-based business. Mr. Cyrus asked how JAG was initially identified, and if a Request for Interest (RFI) or a Request for Proposal (RFP) was issued to solicit interest. Mr. Ruaro explained that JAG is a subcontractor for Vigor at the shipyard, and was supplying a fair amount of labor at the shipyard. In reaching the point where Vigor was leaving the yard, Vigor has the option within the agreement to assign the remaining term of their operatorship. Vigor preferred to make that assignment with JAG, which is how JAG took the frontrunner position to assume the operatorship.

Commissioner Sande commented that she was fully supportive of the termination of the contract with Vigor. She has full confidence in Mr. Ruaro and the team at AIDEA to be able to negotiate on behalf of AIDEA and on behalf of Alaskans. Commissioner Sande commented that JAG is a successful operator in Seward, and they have been successful in their subcontract work at the Ketchikan Shipyard. Commissioner Sande noted that she appreciates that each member of the AIDEA Board works hard to represent AIDEA's mission to diversify the economy and to create or maintain jobs. She reiterated that the jobs in Ketchikan are vital for the community. She discussed that at one point, the shipyard employed 300 full-time employees. The hope is to see the shipyard have continuity of operations and to continue to grow with success for the benefit of the community and the benefit of the State's economy. She expressed full support of the resolution.

Chair Pruhs asked Mr. Ruaro to clearly explain the foundation for changing out Vigor. Mr. Ruaro discussed that the decision to go in a different direction was based on the volume of work that was prevalent at the shipyard over a period of years. Mr. Ruaro and management felt that the value and volume was very low for what the facility could potentially accomplish. That is the main driving force in making the decision.

Chair Pruhs asked if it is Mr. Ruaro's opinion that Vigor was not focused on Alaska regarding the Ketchikan Shipyard. Mr. Ruaro responded Vigor's efforts were not successful in bringing

additional business to the shipyard, either bidding on projects or looking at other options. Mr. Ruaro believes that Vigor was not winning or not bidding on a significant amount of business available through State contracts, Department of Public Safety, University, Fish and Game, and others. Another significant issue which played a role in the ability to bring business into the shipyard, was not the fault of Vigor, necessarily. It is the federal system, which makes any business with over 1,200 employees ineligible for small business set-asides. Mr. Ruaro noted that under the Biden Administration, and the Agency's discretion, they focus very strongly on getting awards to small businesses. Mr. Ruaro believes Vigor was simply disqualified from bidding on a significant amount of work from the federal agencies. He noted that JAG qualifies as a small business.

Chair Pruhs asked Mr. Ruaro if the agreement is transferable to a third-party. He gave the example that if JAG was purchased by another company or investment firm, would the agreement be transferable. Mr. Ruaro discussed that current terms in the operator agreement do allow for assignment or buyout, but that is subject to approval by the AIDEA Board. That term would probably continue. Chair Pruhs asked if another company had to get approval from the AIDEA Board if they wanted to purchase JAG. Mr. Ruaro agreed. Chair Pruhs asked Mr. Ruaro if Vigor's performance was one of the foundational reasons why the contract was not continued. Mr. Ruaro commented that the low volume of business compared to the capacity of the facility was a driving concern.

Chair Pruhs requested Mr. Ruaro to explain AIDEA's financial position from an economic standpoint under the Vigor contract. Mr. Ruaro explained that under the previous agreement, AIDEA's revenue from the shipyard was formulaically tied directly to volume value of business through the shipyard. When that volume or value drops, payments to AIDEA also drop. This created a concern. Chair Pruhs requested Mr. Ruaro discuss future opportunities with federal grants and/or State grants. Mr. Ruaro discussed that there are at least three potential buckets of federal grant money that may be available to the shipyard. This includes Federal Highway funds. State owned shipyards are now eligible for Federal Highway funds that could be used for repairs or major maintenance. Mr. Ruaro explained another opportunity is the Small Shipyard Grant Program, which is expected to be funded at a higher level as President Trump issued an executive order and is hoping to rebuild America's shipyards. Additionally, the President's legislation and funding budget for shipyards is expected to be issued in November. Staff will be looking forward to seeing the opportunities presented from those actions.

Chair Pruhs asked Mr. Ruaro to describe AIDEA's economic support to the shipyard to make it viable, and asked Mr. Ruaro what the community is doing to help the shipyard be competitive and viable. Mr. Ruaro explained that a number of entities, not just AIDEA, have contributed to get the shipyard up and running and competitive. The Borough has contributed a property tax exemption for the shipyard, as well as some initial funding over a decade ago. The local Ketchikan Public Utility has provided an industrial rate for power at the shipyard that is significantly below the residential consumer rate.

Chair Pruhs noted that one of the goals of the business is employment for the local community. He asked Mr. Ruaro for the historic economic value spend of Vigor into the Ketchikan community annually, including employee wages. Mr. Ruaro noted there were approximately 70

employees. The wages averaged \$70,000 to \$80,000 per employee, with some higher and some lower. All of those dollars go into the Ketchikan economy. The shipyard, of course, has a list of dozens of vendors in the community. Mr. Ruaro believes all of these factors are important contributors to the Ketchikan economy.

Chair Pruhs asked if it is possible going forward, that AIDEA require JAG to provide those economic numbers of contributions to the community, including local labor and local vendor spending. Mr. Ruaro believes that information will be available, especially if they are working on federal or State jobs with Davis-Bacon payroll. The names are likely to be redacted; however, the numbers should be public. Mr. Ruaro indicated that he will confirm with the Department of Labor to obtain employment and payroll numbers. Chair Pruhs requested if information regarding JAG's spending with local vendors can also be provided in order to better understand the benefit to the community. Mr. Ruaro noted that he will request that information.

Mr. Elledge asked for the size of the facility and its acreage. Mr. Ruaro stated that the shipyard is approximately 15 acres. This includes the waterfront docks, the ship hall, two drydocks, offices, and a fair amount of land that is not regularly used for the operation of the shipyard. Mr. Ruaro indicated that going forward, ways will be identified to make more use of the current space available to increase jobs and revenue from the location.

Mr. Elledge asked if the additional space is cleared or will it need improvement to occupy in the future. Mr. Ruaro responded that the space is clear and has gravel in most places.

MOTION: A motion was made by Vice-Chair Kendig to approve Resolution G25-05, the Resolution of the Alaska Industrial Development and Export Authority to authorize the transfer of the current Operation Agreement for the Ketchikan Shipyard to JAG Alaska, LLC, and to authorize the Executive Director to negotiate terms for a long-term Operation Agreement with that company. Motion seconded by Mr. Fogle.

A roll call was taken, and the motion to approve Resolution G25-05 passed unanimously.

5C. Next regularly scheduled AIDEA Board Meeting: Wednesday, September 10, 2025

(No Item 6.)

(No Item 7.)

8. BOARD COMMENTS

Mr. Fogle expressed appreciation for everyone's work today, both staff and Board members. He believes this is an important step towards bringing back the Ketchikan Shipyard, bringing back jobs and economic development to Ketchikan. He noted that this is not an easy endeavor being undertaken today. Mr. Fogle understands there is much work to complete at the Ketchikan Shipyard, and that there is not really a financial return to AIDEA or to the State, but overall, the most important fact is getting economic development in the Ketchikan area and keeping and growing the jobs at the shipyard. These are the most important steps taken today. Mr. Fogle looks forward to Mr. Ruaro's final negotiation with JAG. Mr. Fogle expressed confidence based

on JAG's successful history with the Seward Shipyard. He hopes that the same energy and innovation occurs at the Ketchikan Shipyard. Mr. Fogle expressed his appreciation to everyone for taking another step to make Alaska more economically sound in the future.

Mr. Eledge commented that the package that Board members received was compiled very quickly; however, it is very precise. The package has given the Board members substantial information to review. Mr. Eledge commended Mr. Ruaro and staff for assembling the information and for responding to additional requests in a timely fashion. Mr. Eledge expressed appreciation to Mr. Ruaro.

Policy Director Smythe echoed the previous comments and specifically thanked Mr. Ruaro, Chair Pruhs, and the Board for balancing the priorities of AIDEA, the Administration, and the State of Alaska.

Commissioner Sande expressed appreciation, and echoed the previous comments.

Vice-Chair Kendig echoed the previous comments, and applauded everyone for their time and effort focused on this decision.

Chair Pruhs thanked the Board members, and Mr. Ruaro and staff for their efforts in providing comprehensive and very detailed information. He expressed appreciation for everyone's participation and input during this process. Chair Pruhs believes this will make Ketchikan Shipyard a better, more positive and busier venue.

9. ADJOURNMENT

There being no further business of the Board, the AIDEA meeting adjourned at 1:07 pm.



Randy Ruaro, AIDEA Executive Director

Secretary