

Alaska Industrial Development and Export Authority  
BOARD MEETING MINUTES  
Wednesday, May 19, 2021  
Anchorage, Alaska  
Via Teleconference

**1. CALL TO ORDER**

Chair Pruhs called the meeting of the Alaska Industrial Development and Export Authority to order on May 19, 2021, at 10:34 am. A quorum was established. David Kennedy, AIDEA, introduced himself and noted that he is filling in for Alyssa Wilson, AIDEA Board Administrator, while she is on leave. He provided his professional background and disclosed that his father is a former AIDEA Board member, Dan Kennedy. Chair Pruhs welcomed Mr. Kennedy.

**2. ROLL CALL: BOARD MEMBERS**

Members present: Chair Dana Pruhs (Public Member); Vice-Chair Bernie Karl (Public Member); Julie Anderson (Commissioner, DCCED); Albert Fogle (Public Member); Bill Kendig (Public Member); Anna MacKinnon (Special Assistant to the Commissioner-DOR); and Julie Sande (Public Member).

**3. AGENDA APPROVAL**

**MOTION: A motion was made by Mr. Fogle to approve the agenda. Motion seconded by Mr. Kendig.**

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

**4. PUBLIC COMMENTS (2 minutes per person, for one hour)**

Chair Pruhs informed that public comments are two minutes per person. He requested that each person identify themselves and their affiliation, if any. Questions for the Board or AIDEA can be posted via the website Aidea.org or can be emailed to [publiccomment@aidea.org](mailto:publiccomment@aidea.org), and responses will be provided. Chair Pruhs asked if there was anyone in the conference room wishing to make a public comment. There were no responses indicated. David Kennedy, AIDEA, instructed the public participating telephonically to press star-nine if they wish to make a public comment.

Margi Dashevsky informed that she submitted a public comment via email. She emphasized the importance of the public process. Ms. Dashevsky applauded the Board for taking steps to improve the transparency and accountability that are necessary to success, specifically relating to the agenda item updating G21-14 Alaska Energy Independence Fund. If the item is passed in the Legislature, Ms. Dashevsky encouraged AIDEA to hire loan officers with expertise interfacing with tribal entities, especially to serve the potential small business and residential loan borrowers in rural Alaska that may have the opportunity to reduce greenhouse gas emissions and improve energy efficiency.

Ms. Dashevsky thanked the Board for taking the proactive steps thus far. She is excited about the opportunities for Alaska. Ms. Dashevsky reiterated the importance of transparency and accountability, including the 30 days' public notice and comment period on resolutions and publically available documents showing AIDEA's record of its use or rejection of factual and substantive comments. She believes this is vital for the content of today's executive session regarding the Ambler Road, the violations of the Open Meetings Act, and the Arctic Refuge leases. Ms. Dashevsky informed that she has previously submitted public comments on each of these topics.

Mr. Kennedy advised that there were no additional public members on the line. There being no further public comments, Chair Pruhs closed public comments.

**5. PRIOR MINUTES – Aril 14, 2021**

**MOTION: A motion was made by Mr. Kendig to approve the Minutes of April 14, 2021. Motion seconded by Mr. Fogle.**

**The motion to approve the Minutes of April 14, 2021 passed without objection.**

**6. NEW BUSINESS**

**6A. Introduction of New AIDEA Leadership Team Members**

Alan Weitzner, Executive Director, introduced the new Chief Financial Officer (CFO) Dona Keppers. He described her professional background. Mr. Weitzner informed that Ms. Keppers will be responsible for the planning, implementing, and managing of all corporate financial related activities for AIDEA and AEA in the shared services responsibility. Mr. Weitzner introduced the new Commercial Finance Director Tiffany Janssen. He described her professional background. Mr. Weitzner informed that Ms. Janssen will oversee the loan participation program and other commercial finance loans. Mr. Weitzner announced that the Interim CFO Amy Adler will be leaving AIDEA.

Chair Pruhs welcomed the new members of the team.

**6B. Resolution G21-15 Alyeska Realty Advisors**

Mr. Weitzner explained that Resolution G21-15 regards modification of a loan participation related to Alyeska Realty Advisors, Inc. He requested that Ms. Janssen provide a summary of the modification and answer any questions. Mr. Weitzner informed that Tom Sullivan, First National Bank of Alaska, is present today. He was involved in the loan modification. Mr. Weitzner identified that this is a modification for three individual loans. The aggregate of the three loans are in excess of \$3 million. The company is owned by David Brena. Mr. Weitzner explained that in addition to the loans to David Brena, who is related to Robin Brena, AIDEA has loan participations that exceed \$6.5 million.

Ms. Janssen introduced Bill Phelan, AIDEA Loan Officer, to provide the summary of the loan modification. Mr. Phelan emphasized that this resolution is for a temporary modification of the

loan. AIDEA's participation for the three loans is 90%, for a total of \$3.6 million. The lead bank is First National Bank of Alaska. The modifications are for interest-only for a total of 14 months. This is consistent with directions of the Board for modifications in the past and is viable for the borrower's ability to make the payments, in light of the extreme economic conditions affecting the tourism business in Southeast.

Mr. Phelan outlined that the interest-only modifications would begin this month and will continue to June of 2022, at which time the payments will return to normal principal and interest (P&I) payments. The loan will be extended for 14 months, and no balloon payment is expected at the end of the term. The total amount of principal and interest that is being deferred is about \$185,000, and is meaningful to the individuals who are involved in the loan. The reason for the modification is directly related to the economic impacts to the tourism industry due to Covid-19.

Mr. Phelan explained that the borrower has gone to great extremes to help his tenants. Modifications of their lease payments have been made. Rent has been forgiven. Payments have been extended, and the leases have been adjusted. One tenant will be released due to nonpayment and a new occupant is expected to replace them. The subject property is located across from the train station. Historically, the property has been fully leased since inception. The loan modifications are needed to help the tenants and the borrower weather this economic crisis. Mr. Phelan emphasized that this loan modification is temporary. The lender and staff are assuming that the cruise ships will return in 2022, and will bring economic improvement to the industry.

Ms. Janssen reiterated that the remaining two tenants can sufficiently repay the debt on all three loans and the principal and interest payments will resume in July 2022. Ms. Janssen requested that Mr. Sullivan provide comments regarding the background of the modification. Mr. Sullivan explained and outlined the process of the loan modification, which is similar to the origination of a loan. The loan officer gathered and reviewed all of the financial materials and performed the due diligence. Mr. Sullivan informed that the effects of Covid-19 have significantly impacted the visitor industry, especially in Southeast Alaska. The lack of cruise ships in 2020 and in 2021 has proven to be devastating to many businesses and entities that are reliant on the cruise industry.

Mr. Sullivan discussed that the borrower Mr. Brena has had 16 years of 100% occupancy and has never before missed a loan payment. Mr. Sullivan noted that Mr. Brena is an excellent and valued customer of First National Bank of Alaska. The intent is to help Mr. Brena bridge over to the 2022 season, when cruise ship activities are expected to return. Mr. Sullivan believes that this modification is important and allows for the interest payments to be made to First National and to AIDEA. He believes that the savings from the modification will help Mr. Brena maintain the properties until the 2022 season.

Chair Pruhs asked if the Budget and Audit Subcommittee (BAS) reviewed the loan modification request. Mr. Fogle reported that the BAS reviewed the loan modification request and found the borrowers to be in good standing. Since the cumulative amount of the loan is above \$3 million, the BAS referred this action to the Board. Mr. Fogle expressed support for the loan modification.

Chair Pruhs asked Ms. Janssen if this loan modification is out of the ordinary compared to other loan modifications. Ms. Janssen reported that this loan modification is standard and is needed for this particular geographic area. This is not an unusual request.

Ms. MacKinnon expressed appreciation to Ms. Janssen and staff for bringing the partner to the table and allowing the Board the opportunity to ask direct questions of Mr. Sullivan. Ms. MacKinnon advised that she is on the BAS and has previously reviewed this modification, having all of her questions answered by staff.

Mr. Weitzner highlighted that AIDEA's staff is recommending a loan modification for interest-only payments from May 1<sup>st</sup>, 2021 to June 1<sup>st</sup>, 2022, with regularly monthly principal and interest payments resuming July 1<sup>st</sup>, 2022, and a 14-month maturity extension to match the principal deferred period for the three loans.

**MOTION: A motion was made by Mr. Fogle to approve Resolution G21-15, Alyeska Realty Advisors. Motion seconded by Mr. Kendig.**

**A roll call was taken, and the motion to approve Resolution G21-15 passed unanimously.**

Chair Pruhs expressed appreciation to the presenters.

#### **6C. Update on Resolution G20-16 and Presentation by Hex LLC**

Mr. Weitzner noted that Resolution G20-16 is the approval by the Board for a \$7.5 million loan to Hex Cook Inlet, LLC (Hex), in support of their acquisition of Furie Operating Alaska out of bankruptcy, and bringing the operation of a Cook Inlet gas production facility back into Alaska's hands and operation. This was due to the efforts of John Hendrix, CEO and President of Hex Cook Inlet, LLC, and his team. Attached to the agenda is a presentation regarding the update. Mr. Weitzner introduced Mr. Hendrix, and two of his staff, Kevin Hemenway, CFO Hex Cook Inlet, and Michael Cipriano, Controller. Chair Pruhs welcomed Mr. Hendrix and his team.

Mr. Hendrix thanked the Board and Alaskans for their support. Hex first moved on this property in December of 2019, and AIDEA's support has led Hex to today's position. Mr. Hendrix reported that 33% of the principal of the loan has been paid back in 10 months. The business has grown from one Alaskan employee to 21 Alaskan employees to-date. Mr. Hendrix explained that this is the only oil and gas production company in the state of Alaska that is 100% owned by Alaskans. He noted that Hex is building a very responsible and safe operator in the Cook Inlet.

Mr. Hendrix gave a background description of the pre-Hex acquisition of Furie. They were a foreign-owned German company with absentee senior management and mostly contractors from the Lower 48. There was only one Alaskan working for the company at the time of acquisition. Mr. Hendrix noted a few corrections to the presentation. The \$15 million Jones Act violation was due to Furie having to rush to get the Jones Act rig to Alaska because they were going to lose their leases. There was a pipeline issue, which caused the production to move from proven to unproven reserves. Mr. Hendrix explained that Hex bought Cornucopia, Furie, and Corsaid out of Chapter 11 Bankruptcy in August 2019.

Mr. Hendrix continued the presentation and noted that Hex approached several different sources of capital to fund the acquisition. He stated that Alaskans have not had the chance to buy into and develop Alaskan resources until this opportunity. There are no other Alaskan-owned oil and gas production companies. Mr. Hendrix stated that Hex takes this responsibility as setting the stage for future Alaskans that want to get into this industry.

Vice-Chair Karl asked how many out of state contractors are flown up to Alaska to work at the facility. Mr. Hendrix stated that Hex is not paying for anybody to come up. He reported that Hex uses compressor technicians from Canada and there is one operator that still comes up from out of state. Mr. Hendrix discussed that AIDEA conducted an in-depth analysis, including reserve base modeling, and approved the \$7.5 million loan on March 4, 2020. Hex contributed \$2.5 million in equity, which completed the acquisition financing. The conditions of the approved Plan of Reorganization were complete June 30, 2020, after which time Hex assumed 100% ownership of the transaction. The total purchase price enterprise value was \$34 million, consisting of \$5 million paid to the seller, assumed \$13 million Debtor in Possession loan, and assumed \$16 million of accumulated Asset Retirement Obligations.

Mr. Hendrix continued the discussion that Hex took over operations on July 1, 2020. He explained the corporate structure that Hex Cook Inlet acquired subsidiaries of Cornucopia, Corsair, and Furie, including Corsair Oil and Gas, LLC, Cornucopia Oil and Gas Company, LLC, and Furie Operating Alaska, LLC. Mr. Hendrix conveyed that he wanted to change the name because of the reputation, but Hex lawyers advised against a name change because it might have been subject to taxes by the State of Alaska. Mr. Hendrix stated that industry people in the field now call the company the “Blue Furie,” because of their blue logo.

Mr. Hendrix gave an overview of the management team. He holds 80% ownership and Rick Dusenbery, COO, holds 20% ownership. He highlighted that the Chief Geologist is Alex Tworo. He noted that Mr. Hemenway and Mr. Cipriano are both present today. Mr. Hendrix showed a map of production, most of which comes from the Corsair Block below the Julius-R Platform. Mr. Hendrix discussed that Mississippi charges about \$11 per M at the average home meter, while Alaskans in Anchorage are charged about \$10 per M. This is a lower price than the national average. Mr. Hendrix discussed that the production platform can accommodate up to six production wells. Four are producing today. It was completed and put in service in 2015, with an expected production rate of 71 MMcf/day. At the time of takeover, it was producing 13-14 MMcf/day. This is one of the burdens today because the compressor is bigger than is needed and much energy is wasted.

Chair Pruhs asked how far the platform is from the production facility. Mr. Hendrix stated that the distance is 15 miles north/northwest. This is the second most northern platform in the Inlet. It is the newest platform and also the smallest platform in the Inlet. Mr. Hendrix noted the recent completion of a 10-inch, 15-mile gathering line that is used to connect the platform to the processing facility. Safety precautions are ongoing to ensure there is no debris and the risk of hydrates is minimized. Mr. Hendrix explained that in January, they established hydrate envelopes to operate the pipeline and pressure increases were identified. The pipeline was shut down for less than 24 hours and the problem resolved. He noted that the old Furie would have been shut down for two months with the same challenge.

Mr. Weitzner advised that AIDEA staff was immediately noticed by Mr. Hendrix and Hex staff of the occurrence. The reporting communication between AIDEA and Hex is exactly as envisioned during the initial approval of the loan.

Mr. Hendrix showed a picture of the facility in Nikiski, which has a footprint of approximately 10 acres within a total area of about 60 acres. He believes Hex has improved the facility equipment and features. The process safety management coordinator is out of Soldotna and has extensive Slope experience. Mr. Hendrix discussed the commitment by Furie to the health, safety, and environment for Alaska operations. He noted the challenges of acquiring a company that was mismanaged, both financially and operationally. Facility staff is continually on the lookout for surprise issues that need to be modernized or replaced.

Mr. Hendrix explained the benefits of Alaskan ownership. He thanked AIDEA for facilitating the acquisition. The earnings stay in Alaska and are reinvested in Alaska. The company supports summer jobs for young adults to learn about the trade. Hex believes natural gas is very good for the country and for the state. Mr. Hendrix discussed that Hex will have extra gas available to sell fixed volumes. He asked for input and suggestions on ways to use the extra volume above the base to venture and make a product or a byproduct to help Alaska.

Chair Pruhs requested additional information regarding earnings being reinvested in Alaska. Mr. Hendrix noted that Hex has not yet bought anything outside of the currently owned 83,000 acres in the Cook Inlet, but that they will continue to look for other opportunities. He reported that approximately \$1.6 million has been spent on the platform to install a water handling facility and the work was completed by local companies. This facility may unlock the unproven reserves to proven reserves on the Sterling, which will extend the life of the Julius-R Platform.

Vice-Chair Karl asked whose rig is sitting on top of the platform. Mr. Hendrix advised that the rig is owned by Hilcorp, but it is not on the platform now. Currently, there is no rig on the platform. Vice-Chair Karl asked if there were plans to drill future wells off of the platform. Mr. Hendrix stated that he would like opportunities for drilling future wells. It would take approximately \$15 million to \$20 million of raised capital to drill a well and access the additional reserves. Vice-Chair Karl inquired as to the possibility of a joint venture with Hilcorp to do that. Mr. Hendrix noted the possibility of a joint venture or the purchase of Hilcorp land. Vice-Chair Karl asked if Hex is considering expanding to the North Slope to capture the abundant opportunities. Mr. Hendrix stated that Hex is reviewing opportunities while focusing on a strong foundation with this property, working together as a team, and creating a favorable cost structure. He believes that more considerations will develop within the next year. Mr. Hendrix explained that Hex pays 25% of what they make in royalties to the state and other people the state has granted royalties to. Vice-Chair Karl expressed appreciation for the royalties. He commented that Prudhoe has many opportunities. Mr. Hendrix advised that he worked in Prudhoe for many years and helped double Milne Point's production.

Mr. Hendrix discussed that companies like Furie that were saved from bankruptcy and that have good management and good support continue to contribute to the Alaska economy and to the local community. Mr. Hendrix stated that Hex is providing an alternative source of natural gas in the Cook Inlet region, which is promoting diversified competition. Alaska royalties are at 12.5%. Property taxes are at 20 mills. There is a DR&R sinking fund, which receives .10 cents on every

M of gas produced, with a balance of approximately \$450,000. Mr. Hemenway advised that there is approximately \$2 million bonded for various obligations related to environmental considerations.

Mr. Hendrix continued the presentation noting that there are 21 Alaskan full-time equivalent employees and two nonresident employees. During the last 10 months, Hex has paid 33% of the loan balance, which equals \$2.5 million of the principal of \$7.5 million, and is 37% of the original net debt balance. Mr. Hendrix believes Hex is a high performing loan within the AIDEA portfolio and is fulfilling AIDEA's mission of supporting economic development in Alaska.

Mr. Hendrix described Furie's derisking operations, which includes managing the spending costs. At the time Hex took over Furie, they were spending \$2.2 million a year in insurance, and about \$1.9 million in property tax. The State of Alaska is valuing the tangible assets at \$81 million and wants Hex to pay \$1.6 million in June. Hex believes that amount is unfair and unreasonable. Negotiations are underway to resolve the issue. Chair Pruhs commented that there is a historical record of what the assets were paid for. He inquired if the State was basing its numbers off of third-party appraisals. Mr. Hendrix informed that the State does not even use SEC reserves as proven reserves. He stated that Hex is here to pay its fair share and to be responsible Alaskans. The priority is maintaining a sustainable business that is not burdened by unnecessary and unreasonable costs.

Vice-Chair Karl discussed that the value of the assets is the amount Hex paid for the assets in bankruptcy, which is what the State should tax upon accordingly. He commented that there is very little common sense in government and that Mr. Hendrix will need to explain to them at what price the assets were bought, which is the amount that they are worth. Vice-Chair Karl believes that the assets will be revalued with some persistent coaching. He reiterated that Hex is a working organization that is paying the State 25% now and he is thankful for that. Vice-Chair Karl suggested Mr. Hendrix provide the proper presentation of what he paid to reduce the taxes.

Chair Pruhs asked if it is safe to say that had Hex not bought the organization out of bankruptcy, that the State would have had a liability. Mr. Hendrix informed that the State would have had an abandonment liability of about \$16 million and would have lost approximately \$6 million worth of royalties per year. Hex has paid \$5 million in royalties in this first year. Chair Pruhs asked Mr. Weitzner if it makes sense to show the State the modeling that AIDEA used, showing the value to the State. Mr. Weitzner responded that staff could certainly assist Mr. Hendrix and his team by providing that information. AIDEA did conduct a fair amount of modeling to determine the loan structure. Mr. Weitzner highlighted that one of the strengths that Alaska companies have in working with AIDEA is the expertise and understanding of the oil and gas sector in this particular way and also understanding the requirements of the financial repayment aspects, including AIDEA's own reinvestment loan requirements to the State. Chair Pruhs commented that AIDEA's internal valuation of the assets could be shared with the State as another piece of information for Mr. Hendrix to utilize regarding the valuation. Mr. Hendrix informed that the State is reviewing the valuation and he hopes a fair verdict will be reached.

Mr. Hendrix continued the discussion regarding de-risking operations. Three wells have been converted from suspended status to plugged and abandoned status, which eliminated approximately \$350,000 for \$100 million of liability insurance. Mr. Hendrix explained that Hex

has \$3 million of bonding in the bank, which is actually Hex's cash in the bank. It is not third-party funding. Hex received the DEC water handling permit in April. The plan is to begin testing the wells individually in June. Mr. Hendrix discussed that the training and test standards for the field operational personnel is very good. There are four wells with basically pure methane gas and no hydrocarbons. Hex continues to optimize operating efficiencies and provides a supportive environment to instill a sense of ownership to its employees. Hex owns and manages the assets rather than contractors running the assets. Mr. Hendrix shared anecdotal examples of implemented cost savings. He concluded the presentation by providing a summary of the discussed slides. Mr. Hendrix informed that Hex has engaged in sponsorships and charitable giving, including help to Nikiski High School and Homer High School. Mr. Hendrix is the President of Boys and Girls Club of Alaska and Hex has provided charitable sponsorships and a drive to assist in reaching their goal of a million dollars. He emphasized that Hex has a good management team, a good reservoir, and will continue to build opportunities.

Ms. Sande expressed appreciation to Mr. Hendrix for the presentation. She believes the Board is interested in both high-performing projects and job-creation projects for Alaskans that have a positive impact to communities.

Ms. MacKinnon thanked Mr. Hendrix for buying the business out of bankruptcy and bringing jobs home to Alaska. She advised that she serves on the Board from Department of Revenue on behalf of the Commissioner of Revenue. She highlighted that if there is success in proving the reserves, the value of the asset goes up and taxes increase accordingly. The Legislature sets the tax rates as law. Ms. MacKinnon hopes that moves are made cautiously as AIDEA supports the borrower in engaging and providing information. She believes AIDEA should tread carefully and lightly and let the borrower make his own case with the Department of Revenue, who has to follow the laws set by the Legislature.

Vice-Chair Karl complimented Mr. Hendrix for his endeavors and expressed his appreciation. He is happy to see that the company has all, but two employees from Alaska, and thinks this will change because of the cost of airfare. Mr. Hendrix commented that the company stopped paying airfare and transportation costs in October. Vice-Chair Karl thanked Mr. Hendrix for operating in Alaska and using Alaskans. He noted that he has high expectations.

Commissioner Anderson commented that she enjoyed the presentation and wished Mr. Hendrix the best of luck.

Chair Pruhs thanked Mr. Hendrix for the presentation. He asked for more information regarding the excess product to sell. Mr. Hendrix explained that the reserve projections do not go out beyond three years. There may be up to 2 B of gas available each year. He would like to find a way to turn the raw product into a useful product. Vice-Chair Karl suggested the clean production of styrene beads. He commented that there is a steady market in Alaska and the product is currently coming from outside of Alaska. Mr. Hendrix discussed that people in Nikiski want jobs.

Chair Pruhs asked Mr. Hendrix regarding the Cook Inlet gas reserves. Mr. Hendrix believes there is gas and oil in Cook Inlet. The difficulty now is that people do not like oil and sometimes they do not like gas. It is not vogue to be an oil and gas person. Vice-Chair Karl asked if natural gas

could be wheeled through pipelines that are public transportation carriers. Mr. Hendrix agreed and informed that is the current practice with Enstar. He explained that the company sells gas to Golden Valley, which then gets it to MEA and then it goes to Fairbanks. Vice-Chair Karl asked if it is possible to sell gas to IGU. Mr. Hendrix agreed, and advised that IGU negotiations are ongoing.

Vice-Chair Karl commented that 98% of all chemicals in America come from C1 through C6. He believes an industry needs to be developed in Alaska and that all building products for the future should come from Alaska. He believes that all of the highest and best paid jobs should be in Alaska.

Chair Pruhs thanked Mr. Hendrix and his team again and looks forward to hearing about future opportunities.

#### **6D. Resolution L21-01 433 W 9<sup>th</sup> LLC**

Mr. Weitzner informed that Resolution L21-01 regards the purchase by the Authority of a loan participation in 433 W 9<sup>th</sup> LLC, which is owned by Mr. Hendrix. This is a proposal from Northrim, who is the lead underwriter for the loan to 433 W 9<sup>th</sup> LLC, to purchase an office complex that will house Furie Operating Alaska. Mr. Weitzner requested that Ms. Janssen provide a brief review. He noted that Allen Hippler from Northrim is also available telephonically.

Ms. Janssen reiterated that the borrower is 433 W 9<sup>th</sup> LLC. The loan request from Northrim is \$652,500, which is a 75% participation. Northrim is participating at 25% for \$217,500. The borrower name is also the address of the collateral. The purchase will create six new construction jobs during remodeling and nine jobs will be retained. Ms. Janssen explained that Furie will lease the building. Ms. Janssen showed pictures of the property that were taken during her visit to the property. She advised that going forward, it will be staff's procedure, if feasible, to visit the properties prior to bringing proposals before the Board.

Chair Pruhs noted that following that procedures has been the Board's request for years. Mr. Weitzner indicated that Ms. Janssen took the initiative upon herself to walk through the building. Vice-Chair Karl believes that shows a very high level of intelligence. Ms. Janssen explained that it is an industry standard to visit properties that will be investments. She informed that the building is good quality. Ms. Janssen provided a summary overview of the pictures. The economic life of the property is 30 years, which allows for a maximum term of 22.5 years. An accelerated amortization will be implemented for a 21-year term at a fixed rate 3.55%. Northrim's term is 15 years at a variable rate of 3.92%, with a 3% margin over the three-year variable rate for a federal home loan bank.

Ms. MacKinnon requested a review of the cost modeling for the valuation of the property. Mr. Weitzner noted that delineation is part of the confidential information that has been shared by Northrim as the underwriter. Ms. MacKinnon requested that staff provide any information that was used for establishing the baseline value that can be shared as part of the public interest. The explanation can be at a high level and describe the different ways that property is valued. Ms. Janssen discussed that some of the more popular approaches to valuing property include sales

and income. In this case, both sales and income were used to value the property. The design of the property is best used for a single tenant. The debt service coverage ratio of 2.08:1 shown in the memo is based upon Furie's anticipated rental amount. The appraised sales value is \$1,160,000 and the purchase price is \$1,200,000.

Mr. Kendig asked for clarification if the sales comparison approach was used for this property and not the income approach. Ms. Janssen agreed.

Ms. MacKinnon reiterated that she wanted the information on the record that there are three different specific types for commercial property that are reviewed. Ms. Janssen agreed, and noted that the recommended use of the property is an end-owner-user / owner-occupied which leads to a sales comparison. Ms. Janssen showed the income approach in the memo as an illustration and additional details and other comparisons are included in the confidential memo.

Mr. Kendig asked what the ratios would look like using the income approach. Ms. Janssen noted that the actual for Furie is 2.08:1. Mr. Weitzner highlighted that the financing as it is being proposed and as it is underwritten by Northrim, represents a cost savings to the operation costs of Furie.

Ms. MacKinnon advised that she has read all of the documents and she understands the difference between confidential and business appropriate versus investment. She expressed support for moving forward with the loan and supporting the company. Ms. MacKinnon believes that the previous Hex presentation shows five years' worth of reserves for Furie, and this proposal includes a 21-year recovery period for the AIDEA loan. Her inquiry regards the financial recommendation. She believes it is important to explain the reasons on the record as to why AIDEA believes this is the right approach for this property. Ms. MacKinnon asked if the tenant had been disclosed on the record. Mr. Weitzner agreed, and noted that the tenant is Furie Operating Alaska. Ms. MacKinnon expressed her understanding that these are two separate transactions, and the revenue generation unit affects the well-maintained asset.

Ms. Janssen reported that staff has highlighted the five-year decline potential for this loan. She explained that staff reviews default scenarios very seriously. A favorable attribute of this property is its good quality. Furie currently rents at a higher price per square foot to obtain similar quality. Ms. Janssen believes this property is market-ready. It sold in a normal market amount of time, even during the pandemic, which illustrates that this is an above-average property. Ms. Janssen requested Mr. Hippler provide additional comment.

Mr. Hippler discussed that the property is a high-quality office space with a good fit for Furie Alaska. The opportunity came to Northrim because Furie was looking for better office space, including size, cost, privacy, and security. Northrim believes that Furie has a bright future and is a good tenant. The owner and borrower of the property is the controller of Furie, which provides an interest to ensure the property suits the company well. The down payment is good. The property is good, and the tenant is strong.

Chair Pruhs noted for the record that typical resource development organizations only lease for five years at a time based on the costs and volatility of natural resources worldwide. The five-year lease timeframe is common.

Ms. MacKinnon asked if the installation of an elevator would make the lease space A rated. Ms. Janssen noted that she would have to consult with the appraiser to determine if an elevator would be enough to change the rating. Ms. Janssen advised that there is not a sprinkler system, which could be an issue for the rating as well. Ms. MacKinnon thanked Ms. Janssen for her comments and informed that she does not need a follow-up answer.

Mr. Weitzner advised that the reason that this loan is before the Board for review is because of the relationship between Mr. Hendrix, Furie Operating Alaska and AIDEA's direct loan. According to the previous policy for loan participations, any new loan in excess of \$3 million would be required to come before the Board. Staff reviewed and discussed this participation and felt that for transparency purposes, it was necessary to present this loan to the full Board to ensure awareness of the relationship and a combined exposure that is in excess of \$5.5 million. This loan was not generated by AIDEA. This loan was generated, underwritten, and presented by Northrim for AIDEA's 75% participation.

Mr. Fogle expressed appreciation for the presentation. He asked if staff, the borrower, or Northrim is at all concerned about the commercial real estate market, given the impact that Covid-19 has had on employers pushing employees to work from home and depressing the commercial real estate market. Ms. Janssen discussed that the report she has read, including the collateral report for the subject property, indicates that this type of property is still in steady demand. The rental market is relatively soft in the Anchorage area. The use of the property is for the end-user. Mr. Hippler noted that he will provide personal comments that are not on behalf of Northrim. The commercial real estate market is in various sections. Warehouse space is very strong now. The rental income in commercial real estate is soft in the market. There is a declining demand for office space in certain areas. This building does have good demand for the space and quality. He believes the commercial office market in downtown Anchorage is probably weaker than it was pre-shutdown.

**MOTION: A motion was made by Mr. Kendig to approve Resolution L21-01. Motion seconded by Ms. Sande.**

**A roll call was taken, and the motion to approve Resolution L21-01 passed unanimously.**

Chair Pruhs called a 15-minute break.

#### **6E. Update on Resolution G21-14 Alaska Energy Independence Fund**

Mr. Weitzner informed that Resolution G21-14 and the associated Board memorandum from the last Board meeting is attached to the agenda for the public. This was brought into discussion following the presentation on the Alaska Energy Independence Fund, after which the resolution was adopted by the Board. This is supportive information regarding the resolution and is provided for public access.

Mr. Weitzner reported on the progression of the discussions about the Governor's proposed legislation. House Bill 170 and Senate Bill 123 are currently before the Legislature in the respective Finance Committees. Hearings have not taken place and have yet to be established. It is unknown whether the legislation will be finalized prior to the end of this session. At this stage, there seems to be broad bipartisan support. Certain amendments have been adopted that staff has

pushed back on. Mr. Weitzner summarized that one of the amendments was placed by the House Energy Committee and further amended by the House Labor and Commerce Committee. It is a specific provision that 35% of the Alaska Energy Independence Program and all its available funds are dedicated to rural and remote communities. Rural and remote communities, as defined in the legislation, are communities that receive PCE funding. Mr. Weitzner highlighted that the creation of successful entities like the Alaska Energy Independence Fund, which in other states have been referred to as Green Banks, have added flexibility in their legislation. Alaska initially had that flexibility in the legislation and staff believes that the flexibility is necessary for the legislation to be successful.

Mr. Weitzner advised that staff absolutely supports the intent, which is addressing the unique energy requirements within the state of Alaska. This most definitely includes the need to address inaccessible areas within rural and remote Alaska to accessible elements of finance. The intent is to ensure that the Alaska Energy Independence Fund remains available and has access, but a requirement up front of 35% for the initiation of the program will limit the ability to create projects which would otherwise enable the growth of the program.

Mr. Weitzner introduced Morgan Neff, Chief Investment Officer and oversight manager of the proposed Alaska Energy Independence Fund. He requested that Mr. Neff provide comments. Mr. Neff discussed that the limitation of the 35% would set precedent for these types of special finance entities, specifically referred to as Green Banks. He noted that none of the Green Banks used in the benchmarking set have minimum allocations to any communities. They serve the public purpose of addressing the energy needs for the defined community or state. Mr. Neff explained that the issue is the limitation of creating a fixed allocation. It would pose the same issue if the limitation were flipped to require 65% of the funds available to developed or urban communities.

Mr. Neff discussed that the support for the 35% limitation is due to the continued belief that this is viewed as a grant program. Staff has emphasized that this is not a grant program and AIDEA is not a grant authority. Staff has emphasized that the Green Bank structures have only flourished as they have migrated from a grant-type structure into a true financing loan program. Mr. Neff provided anecdotal examples of different successful structures including in Connecticut. He noted that an essential part of Alaska's model and other successful models is participation by the private financial sector.

Ms. Sande requested clarification of the definition of rural and remote based on access to PCE. Mr. Weitzner informed that there are 197 communities that benefit from PCE. He requested that Curtis Thayer, Executive Director Alaska Energy Authority (AEA), provide additional information regarding the PCE program as it relates to the rural and remote definition. Mr. Thayer explained that the PCE communities are mainly established in rural Alaska with less than 2,000 people and they are not on the road system.

Ms. MacKinnon inquired if staff has reached out to the Energy Committee and spoken with their members, specifically the maker of the motion. Mr. Weitzner reported that staff has reached out to the different members to address that particular concern. The element of access by the remote and rural communities is in discussion with legislators. Another amendment was added by the House Energy Committee to expand the Advisory Board, as defined in legislation to include a

member of the rural community. An additional position within AEA will be created for an analyst that works specifically with rural and remote communities to help them in applying for loans that would be offered through the program. Staff strongly supports that amendment.

Ms. MacKinnon asked if staff feels like the discussions were thorough. She inquired as to the route the legislation took to get to the Finance Committees. Mr. Weitzner reiterated that the amendment was initiating in the House Energy Committee. Staff spoke with the participants of the Committee about the particular issues identified. Mr. Weitzner informed that Chris Rose, Renewable Energy of Alaska Project, who had helped with the legislation, also spoke with the Committee regarding the particular issue. Mr. Weitzner explained that Coalition for Green Capital is a national organization that is promoting the federal bill that this legislation is seeking to track with. He informed that Jeffrey Schub of Coalition for Green Capital also gave feedback about the limitations that amendment presented. Mr. Weitzner informed that Burt Hunter, CIO for Connecticut Green Bank, highlighted the exact issue about the limitations the amendment presents.

Mr. Weitzner explained that the House Energy Committee still approved the amendment and the legislation was then sent to the Labor and Commerce Committee, who provided an addendum to the amendment that modified it from an immediate requirement to fulfilling the requirement within three years. Staff highlighted to the Labor and Commerce Committee the understanding that the original language for the amendment came from a reference to HR 806, the Clean Energy and Sustainability Accelerator Act, that is currently presented in Congress. This federal legislation for a national Green Bank is not yet final. Within HR 806, there is a requirement that 40% of the \$100 billion of federal funding would be dedicated to climate impacted communities, which effectively includes the PCE funded communities. The 40% is over the 30-year life of the federal legislation. Similar discussions are ongoing regarding the practicality and difficulty in implementing the statutory requirement, specifically because these are voluntary loan programs. The Alaska bill HB 170 is currently before the House Finance Committee for their review of the amendment. Staff has not had a hearing or a meeting with them yet.

Ms. MacKinnon suggested staff return to the Energy Committee members and convince them to remove the amendment. From her perspective, this is the most effective way to accomplish the change. Ms. MacKinnon commented that AEA already has an advisory board that makes recommendations on projects and the information is presented at each meeting. She is supportive of creating another advisory commission, and believes that AEA is currently doing a great job in trying to reach rural Alaska to provide opportunities. Ms. MacKinnon highlighted that partnering outreach occurred regarding the Alaska CARES money to inform rural communities about the availability of the federal funds. Ms. MacKinnon stated that she appreciates what the Legislature is trying to do during this process, and believes it is important for staff to go back to the original committee to review and explain the challenges again so that Alaska is set up to receive funds when the federal legislation passes.

Mr. Weitzner discussed that the funding and the legislation stands on its own and is not solely reliant upon the federal funding. The effectiveness of the program is focused on Alaska and its energy independence and defining programs that will build with the Alaskan financial sector. The establishment of the Federal Green Bank will provide access to additional funding that would benefit Alaskans. Mr. Weitzner thanked Ms. MacKinnon for her comments. Staff has

expressed the universal support of access for rural and remote communities to all AIDEA programs.

Mr. Fogle requested additional information regarding the downside of creating the Alaska Energy Independence Fund, specifically addressing if the legislation could be weaponized by an administration that was very favorable to the environmentalist groups to start locking up parts of Alaska. Mr. Weitzner commented that he does not believe that would be the case. The establishment of the Alaska Energy Independence Fund would have regulations as a program within AIDEA, similar to other AIDEA program developed by legislation, statutes, and regulation. Mr. Weitzner highlighted that AIDEA is focused on the economic development and fulfillment of AIDEA's mission. In this case, the Alaska Energy Independence Fund delivers on enhancing an emerging business sector within the state of Alaska focused on services, equipment, and installation of clean and renewable energy, as well as sustainable energy projects. It addresses the broad needs of Alaska's unique energy requirements.

Mr. Fogle commented that whenever he hears the words "Green Bank", he thinks of carbon credits, swaps, providing credit enhancement structures and the language. He is afraid that this legislation will be used in future administrations that are very sensitive to the environment to sell carbon credits to lock up pieces of Alaska for development. He discussed the possibility that in the future, AIDEA could have entirely different Board members who are favorable to the environmental movement and this program could be a tool for the environmental movement to start locking up pieces of Alaska.

Mr. Weitzner believes that the language in the legislation and the definitions in the program echo the functioning and successful programs in other Green Banks within the U.S. The loan programs have been focused on energy efficiency, which is reducing the cost of power for Alaskans. It is emphasizing solar panel installations in residential, commercial, and industrial sectors. Mr. Fogle asked if the Connecticut Green Bank offers carbon credits. Mr. Neff indicated that staff has no knowledge regarding carbon credits and Connecticut Green Bank. He informed that they do partner with third-party capital, service, and equipment providers to address other parts of the market, including low to moderate income, where the underwriting and opportunity set is different than the broader program. Mr. Fogle communicated that his concern is that the program will be weaponized in the future.

Mr. Kendig inquired as to the capitalization construction of the fund. Mr. Weitzner explained that one of the benchmarks for the program is the successful and effective Connecticut Green Bank. The initial capitalization that has been prepared with the Alaska Energy Independence Fund legislation is for \$10 million from the unrestricted general fund. AIDEA is taking 10% of the loan program structure and enhancing the underlying underwriting for the remaining 90%. Mr. Weitzner noted that the benchmark programs have been able to obtain private sector leverage that is within six to eight times the initial Green Bank capital. That type of leverage would be focused on any type of federal contributions. The base level of capital will support working with Alaska's banks and credit unions to define those programs for industrial, commercial, and residential applications.

Mr. Kendig asked if one of the filters of the program is to ensure that it is beneficial to energy rate payers, so that none of the utilities subsidize green energy. Mr. Weitzner explained that

Alaskans pay some of the highest rates and costs of energy within the U.S. per capita. The total energy cost within Alaska is effectively 11% of the GDP, which is effectively \$8,000 per person. He noted that marginal improvements in energy efficiency and cost of power would be beneficial to rate payers. Mr. Weitzner noted that other states that have established Green Banks may have average costs per capita of energy at less than \$4,500.

Mr. Kendig gave the example of AEA's involvement in Willow's one megawatt solar project, which is a wash. It is not costing the rate payers anything. He reported that the proposal of a five megawatt solar project in Houston, Alaska could not guarantee that there would not be a subsidy from the rate payers. Mr. Kendig noted that Matanuska Electric Association (MEA) conducted a survey which showed that 75% of the people who were in favor of green energy did not want to pay more than \$5 additional cost each month. Mr. Kendig wants to ensure that the program does not disguise an end result that will cost the rate payers additional money. He does not want the rate payers to subsidize the projects. Mr. Neff explained that the typical approach to a small and large scale solar installation project would reside with a netback program, as utilized by Chugach Electric Association (CEA), which provides that the unallocated energy gets sold back to utility provider to be reallocated to the community. The sell price depends on the underlying contract.

**MOTION: A motion was made by Mr. Kendig to enter into Executive Session to discuss confidential matters related to the status of litigation concerning Open Meetings Act compliance, the Ambler Access Project, and the Section 1002 Leases. This is supported by the Open Meetings Act, Alaska statute 44.62.310, which allows a Board to consider confidential matters in executive session. In this case, the Board believes that these are subjects which would have an adverse effect upon the finances of AIDEA or are protected by law, due to the rules protecting personal privacy and certain business information. Motion seconded by Vice-Chair Karl.**

The motion was approved without objection.

**6F. EXECUTIVE SESSION: 12:59 pm**

**Confidential matters related to the status of litigation concerning Open Meetings Act compliance, the Ambler Access Project, and the Section 1002 Leases**

The Board reconvened its regular meeting at 3:04 pm. Chair Pruhs advised that the Board did not take any actions on matters discussed while in executive session.

**7. DIRECTORS COMMENTS**

**7A. Finance Dashboard and Commercial Loan Reports**

Mr. Weitzner highlighted that the loan participation starting balance at the beginning of July 2020, was \$429.2 million. This has grown to \$452.1 million. The total combined loans that are managed within the commercial finance area has expanded to \$473.3 million. The Economic Development Fund loans, including the Hex LLC loan that was presented at today's meeting, has a balance of \$36.1 million. The dashboard shows a geographic breakdown of the program investments. Mr. Weitzner discussed that the total balance of \$657.6 million includes the loan participation program, the development projects' investments and current book value, and the

existing loan balances. This is spread over the different industry sectors. The principal investment is in mining through the Red Dog Delong Mountain Transportation System investment, as well as the development work with the Ambler Access Road.

Mr. Weitzner reviewed that the office sector is about \$140 million and is specific to the Loan Participation Program, which has been a key investor and promoter of Alaska's investment for commercial real estate development. He discussed the balance within the SETS Fund as shown in the report is currently at \$156 million. This is spread across three principal investments that are focused on the Interior Energy Project. There is now the inclusion of the additional investment with AEA for the Bradley Lake Hydroelectric Facility, which AIDEA purchased and ultimately financed the acquisition of the transmission line. This transaction is focused on lowering the cost of electricity for Alaska's rate payers along the Railbelt.

Mr. Weitzner highlighted that there are specific reports that were prepared specifically to the Loan Participation Program. There is approximately \$13 million of anticipated new funding, in excess of the currently outstanding amount of \$450 million. These are loan participations that have been either approved by the Investment Committee or have been brought before the full Board. These commitments expire by the first quarter of FY22. Mr. Weitzner discussed the loan to Hooligan Holdings extends out to March 2022. This was an approval for a loan participation that was currently in construction and has a one-year commitment, which is somewhat unusual. He requested Ms. Janssen discuss the reports, the changes to the way the reports are being prepared, and the specifics of the Hooligan Holdings loan.

Ms. Janssen informed that the Hooligan Holdings loan is a construction loan and was extended further because of construction and supply delays due to the pandemic. Staff believes the project will get back on pace as supply is beginning to stabilize. She does not have the completion percentage number with her today. Many of the major materials related to framing were initially delayed and the supply chain is now beginning to stabilize.

Mr. Weitzner discussed that in the AIDEA Pending Applications for Participations reflects zero, because as of March 31<sup>st</sup>, there were no applications that were presented to AIDEA by the lending facilities. He advised that the loan participation presented today for 433 W 9<sup>th</sup> LLC came to staff after this report was issued. One of the things that staff is looking at doing is updating the information to reflect a more current status for the Board. Additionally, the information for the AIDEA Pending Commitments for Participation is as of March 31<sup>st</sup>. The two loans indicated have commitments that are due on April 12<sup>th</sup> and April 14<sup>th</sup>. Mr. Weitzner reported that both of the applicants have signed their commitment letters as of April 2<sup>nd</sup> and April 8<sup>th</sup>. Staff is looking at updating this report to provide more timely information to the Board. Mr. Weitzner believes the reporting timeframe can be improved. Ms. Janssen noted that staff is working with Finance in order to get the end-of-month reports on an earlier schedule, rather than 45 to 60 days out.

Mr. Fogle believes that under Ms. Adler's direction that the books were closed within 30 days. He supports continuing on that path. Mr. Weitzner informed that Ms. Keppers has had a month transition working with Ms. Adler to understand some of the changes. Plans to improve the processes and procedures are underway. Additionally, the report on Delinquencies to Outstandings is a reflection in time as of March 31<sup>st</sup>. The report shows delinquent loans at 7.7%,

but the actual amount of delinquent loans is zero. Ms. Janssen explained that the report was generated when issues were being addressed due to staffing changes last fall regarding unapplied payments received that did not match the payment and interest breakdown that was causing issues with posting. Staff made a diligent effort over the last month and has been able to apply the vast majority of the unapplied payments. There is approximately \$40,000 in unapplied payments. The true delinquency is zero and everyone is current on the books.

Vice-Chair Karl asked if money came to AIDEA and staff could not figure out how to apply it. Mr. Weitzner explained that this issue has been raised by the BAS and staff has been working with the loan participation group and with loan servicing on how to report and address the issue. Mr. Weitzner noted that when Ms. Janssen joined AIDEA, there was an opportunity to discuss the issue and highlight that this was an area that needed attention. Discussions occurred regarding ways to get the information and get payments applied more quickly. He informed that Ms. Janssen has found a way through the information and has been able to identify a way forward which will accurately reflect the true payment performance on the portfolio. Mr. Weitzner emphasized this aspect is critical in order to better access external capital. Vice-Chair Karl agreed the issue is paramount. He thanked Ms. Janssen for her efforts.

Ms. Janssen noted that a major focus has been placed on this issue and the new procedure moving forward will be to apply the funds once received and then contact the lender to discuss any discrepancy, rather than waiting for a response. Ms. Janssen informed that each instance she has reviewed determined that staff's breakdown was correct, but the payment was held while the discrepancy was resolved. Mr. Weitzner indicated that there are procedures in place that can be improved and Ms. Janssen and Ms. Keppers are actively addressing those issues, which will provide a new look and more accurate reporting for this table.

#### **7B. Infrastructure Development (IFD) / Project Finance & Asset Management (PFAM) Updated Project Matrices**

Mr. Weitzner explained that the remaining information in the packet is an update on the Project Finance and Asset Management group and the Infrastructure Development group and project matrices. It includes an update by Colleen Bryan, Communications Director. Staff is looking at ways to improve the information that is conveyed on the matrix and ways to add the information to the website so that it is more accessible by the public.

Ms. Sande inquired if AIDEA needs to take any action or plan any differently at this point due to the potential anticipation of cost overruns or delays with new construction projects. Mr. Weitzner indicated that staff has not been approached by any of the lead underwriting banks in the Participation Program for the amounts that are outstanding for the anticipation of cost overruns or delays. Mr. Weitzner noted that the Board has highlighted the importance of staff being proactive in the program and he believes additional engagement on that basis is warranted. Ms. Janssen agrees that Ms. Sande's point is important because prices have changed and continue to change. She reiterated that none of the construction projects have contacted staff for an increase. Ms. Janssen believes that in many of the cases, the price was agreed upon in contract, and the delay was in the supply arriving to Alaska. Staff will review any new proposed note to ensure that the budget is contemporary to ensure that the major material prices are updated.

Chair Pruhs commented that Spenard Builders Supply's quote is held only for 24 hours. Vice-Chair Karl informed that he paid \$69 per sheet of plywood that was \$14.95 per sheet just 30 days ago. Chair Pruhs noted that there are many government projects building where the municipality wanted 60 days to make a decision and the contractor announced they would allow only 10 days for the decision. Vice-Chair Karl anecdotally discussed that they have not ordered the sub-sea cable yet for a project and that the price has increased \$1 million in one month. Copper pricing is the highest it has been in its history, at \$4.78 a pound. Ms. Sande expressed the importance of determining how these changes are impacting customers.

**7C. Next regularly scheduled AIDEA Board Meeting, Wed. June 23, 2021**

**8. BOARD COMMENTS**

Mr. Fogle welcomed Ms. Janssen and Ms. Keppers into the organization. He noted that Mr. Weitzner was brought in to improve the efficiency of the Agency. He is pleased with the improvements that have been shown and looks forward to continued success. He expressed appreciation to Mr. Weitzner and Mr. Neff for their efforts.

Vice-Chair Karl thanked Mr. Weitzner and all the staff. He stated that the old staff was great too. Vice-Chair Karl commented that the new staff has been like a breath of fresh air, and the improvements should make them proud. He believes that there is more opportunity now than there ever has been, and Alaska can be a leader in the 21<sup>st</sup> century and into the 22<sup>nd</sup> century.

Ms. MacKinnon echoed the appreciation and the welcome to the new team members. She noted the challenges over the last 13 months that AIDEA has endured, as have all Alaskans. AIDEA has done its best to respond to the partners to be able to provide a quality product while allowing for flexibility during this tumultuous time. The Board understands that particular industries are hit harder than others, and that the loan portfolio is not producing in the same way that it did before. She is happy to hear that there are no delinquencies, and understands that there are businesses struggling to stay afloat to make it through to the next season when tourism may return to Alaska in a more significant way, as reflected in today's agenda. Ms. MacKinnon expressed appreciation to Mr. Weitzner for bringing capable people onboard to be part of the team. She thanked those who have departed the organization through retirement or have moved on to other opportunities.

Ms. MacKinnon noted that she is expecting a conversation regarding the investment policy at the June meeting. She asked if that is on target to occur. Mr. Weitzner anticipates that the initial discussion will occur at the June 8<sup>th</sup> BAS meeting, and an agreement will be made at that time, subject to the BAS, to bring it before the full Board. Ms. MacKinnon expressed that she is available to staff, since she has been through this entire process regarding a different board. She has understanding of the review of information, including portfolio origination costs, growth and interest on investments, cash flow analysis, and capital protections. She hopes that conversations with staff and financial advisors can occur regarding the best course for AIDEA.

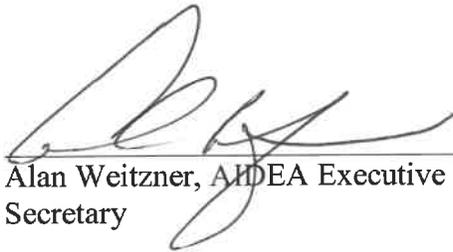
Commissioner Anderson expressed appreciation for the effectiveness of the organization. She looks forward to being able to attend in-person as soon as possible. Commissioner Anderson

provided notice that she is undergoing a medical procedure in June and expressed disappointment that she will be unable to attend the June Board meeting. She will be in attendance for the July meeting.

Chair Pruhs thanked the staff and welcomed the new team. He expressed appreciation to the Board members for the good interaction and the good comments during today's meeting. He is available if anyone has any questions.

**9. ADJOURNMENT**

There being no further business of the Board, the AIDEA meeting adjourned at 3:28 pm.



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Alan Weitzner, AIDEA Executive Director  
Secretary