

Alaska Industrial Development and Export Authority
BOARD MEETING MINUTES
Wednesday, March 2, 2022
Anchorage, Alaska

1. CALL TO ORDER

Chair Pruhs called the meeting of the Alaska Industrial Development and Export Authority to order on March 2, 2022, at 10:36 am. A quorum was established.

2. ROLL CALL: BOARD MEMBERS

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

Chair Pruhs welcomed Mr. Eledge as the newest Board member. Mr. Eledge gave a brief description of his personal and professional background.

3. AGENDA APPROVAL

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

The motion to approve the agenda passed without objection.

4. PRIOR MINUTES – January 27, 2022

MOTION: A motion was made by Mr. Kendig to approve the Minutes of January 27, 2022, as presented. Motion seconded by Mr. Fogle.

The motion to approve the Minutes of January 27, 2022, as presented, passed without objection.

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

Chair Pruhs requested that participants please state their name and affiliation, if any, and to please limit comments to two minutes.

Rick Whitbeck, Alaska State Director Power the Future, commented “morning,” instead of “good morning” because of where the nation is today versus where the nation was last January 19th before President Joe Biden began to bungle and demolish America’s place on the world stage. He stated that 13-and-a-half months ago, America was energy independent, a net exporter of oil, inoculated from geopolitical tyranny, Alaska had just seen ANWR’s Coastal Plains first lease go through with AIDEA leading the way in investing the State’s and nation’s future, the Ambler Access Road sitting with a scientifically-based and thoroughly evaluated clean EIS and

Record of Decision, the Willow Project on target to deliver significant oil within a couple of years, and gas was \$1.30 per gallon cheaper than today. Mr. Whitbeck stated that the State's energy future was so bright, but then the eco-left got its claws into the federal government and placed men and women in leadership positions who hate traditional energy, who see the existential threat around every corner, and who worship at the alter of the cult of climate change.

Mr. Whitbeck stated that those hopes have led the fight against the State's resource-based economy with over 20 Executive and Administrative Orders issued against Alaska's projects and prospects, but AIDEA still fights, and sensible Alaskans thank AIDEA for continuing to skirmish against the radical green scheme. Mr. Whitbeck stated if they win, America and Alaska lose, which is why AIDEA must continue to battle and block out the dribble from the extreme environmental fringe to point out their flagrant anti-American agenda, their blatant hypocrisy, and their lunacy-driven actions. Mr. Whitbeck stated, "When we win, and we will, you can say to them, 'You're fracking welcome for our efforts.'"

JP Wood of Dillon & Findley, P.C., noted that the law firm represents former Brooks Range Petroleum Corporation employees Dan Gleason, Jack Lash, and Larry Vendel. He understands that matters will be discussed today related to Mustang Holding, LLC. during Executive Session. Mr. Wood noted that his comments are directed to that agenda item and detailed written comments were submitted yesterday. He respectfully requested that those comments are reviewed and considered during the discussion in Executive Session.

Mr. Wood stated that Mr. Gleason, Mr. Lash, and Mr. Vendel worked for months between November 2019 and April 2020 without a paycheck from Brooks Range. Despite the statutory obligation to pay the wages, Brooks Range has not yet done so. Mr. Wood informed that his firm's clients filed statutory liens to secure the rates of payment of their back wages and then filed lien foreclosure lawsuits following the process required by law. The Legislature, by statute, has given priority to payment of back wages by giving a first lien status wage lien, such as those held by Mr. Gleason, Mr. Lash, and Mr. Vendel. Mr. Wood indicated that his firm's clients have refrained from actively pursuing their lawsuit in the hope that AIDEA will require payment of their back wages in connection with any sale of Mustang Holding assets, making court action in this matter unnecessary and moot. Mr. Wood commented that Mr. Gleason, Mr. Lash, and Mr. Vendel have a great deal of institutional knowledge regarding the Mustang Project, which could be a huge benefit to a new operator going forward. They are willing to consider working for a new operator, which would assist in bringing the project to production in a timely manner. Their back wages should be paid as required by law. Mr. Wood asked that AIDEA recognizes their priority for payment in AIDEA's consideration during Executive Session.

Ken Castner, Homer, spoke regarding AIDEA's Executive Session that will be held today. He noted that he first became involved with AEA and AIDEA on September 16, 2020, and since that time, AIDEA has had 10 Executive Sessions that address the Ambler Access Project and Mustang Holdings. He informed that in that same time period, AIDEA has managed to spend about 65% of its meeting time in Executive Session.

Mr. Castner commented on procedures that both the Open Meetings Act and AIDEA's Bylaws require the Board to take a roll call vote. He highlighted that at the end of the last meeting, AIDEA accepted a motion concerning the changes to the Investment Policy without a second and

without a vote and just declared it passed. Mr. Castner stated that when AIDEA went into Executive Session at the previous meeting, a roll call vote was not taken. He noted that these comments may be picky procedural issues, but items such as these call into question the validity of actions and intention to follow the law when the record is reviewed.

Alan Weitzner, Executive Director, requested that the caller who commented about the Brooks Range Petroleum employees to please resend the documents he referenced. The caller's public comment was received, but no documents were attached.

There being no further public comments, Chair Pruhs closed public comments.

6. NEW BUSINESS

6A. Presentation: AK SHIP Program

Chair Pruhs requested Mr. Weitzner review the presentation. Mr. Weitzner invited Morgan Neff, Chief Investment Officer, to join at the table. The Alaska Ship Home-porting for Improvements Program (AK SHIP) was launched under a pilot program in June of 2019, that included a three-year time window and a maximum available level of \$10 million. This was under Alaska Statute 44.88.172, the economic development account. The sunset date is approaching in June 2022. The presentation will provide an update of the program, benefits of the program, and suggestions. Staff requests the Board provide comment regarding the possible continuation of the program.

Mr. Neff discussed that AIDEA has been investing in Alaska since 1967 as the Development Finance Authority. AIDEA is a financially sustainable corporation of the State. The revenues that AIDEA generates are distributed back into the regulatory and statutory projects and programs and to the State through dividends. To-date, AIDEA has declared \$446 million in dividends. AIDEA has directed over \$3.5 billion into economic development in Alaska, while creating a substantial amount of tangible economic benefit for all communities.

Mr. Neff reviewed that the AK SHIP program was designed to help Alaska shipyards become more competitive, while keeping the work and employment within the state. The program offers short-term and bridge financing at competitive rates with flexible terms that are used for repair, conversion, and maintenance work on commercial and industrial vessels at Alaska's shipyards. This important expense is extremely capital intensive and is usually required by the operator to fund out of its own liquidity, which can be volatile at times due to the seasonality of the revenue stream. There is a gap in this type of financing, as traditional bank financing offers options for the purchase of vessels through a first mortgage collateral position.

Mr. Neff gave a brief overview of the AK SHIP program. The amounts of the loans range from \$150,000 to \$1.5 million, as determined by the Authority. Each note has individual terms based on the underwriting. The terms can range from six to 24 months. The payments can be adjusted based on the seasonality of the revenue stream, from three to 12 months of interest only. The interest rate can be a fixed or variable rate based on a spread, but no less than a minimum of 5% per year. The fees are directly defined through regulatory provisions.

Mr. Neff reviewed the stringent underlying criteria. Each borrower and guarantor must provide three years' of financial statements. The operation must satisfy a minimum of 1.25 debt service

coverage ratio. The loan to value on the vessel must not exceed 75%, when including the AK SHIP proposed financing. The borrower and guarantor must maintain a minimum of 2% tangible balance sheet equity after the funding of the facility. The ship repair contract must be completed in Alaska and not subcontracted to anyone or any entity outside of Alaska. An important structural feature is that the ship repair contract includes that the funds are to be paid directly to the shipyard operator and solely utilized to purchase the final invoice of the repairs and the assignment of the operator's rights of payment under the contract. Both the borrower and the operator must certify that the final invoice is lien free of duties, taxes, rights or set offs to dispute. The borrower remains liable for the repayment of the obligation. The operator of the shipyard remains liable for any warranty work of the repairs and indemnifies AIDEA and its other co-lenders through the remaining terms of the financing.

Mr. Neff outlined two successful loans under the AK SHIP program, Marine Vessel Wilderness Adventurer and the Barge Kotzebue Sound. Another loan, Marine Vessel Kayak, is in the process of final documentation and closing. Mr. Neff reviewed staff's recommendations for the Board's consideration:

- Extending the AK SHIP program as a permanent loan program allocation under AS 44.88.172,
- Expanding the program to include all facilities or fabricators, "non-traditional shipyards," that provide vessel fabrication, modification, and repairs,
- Reducing the minimum loan amount from \$150,000 to \$50,000 in order to facilitate work on smaller vessels within "non-traditional" shipyards and,
- Requiring non-traditional shipyards to undergo a stringent due diligence and underwriting review to participate in the program, similar to a direct applicant.

Mr. Weitzner discussed that the establishment of the pilot program was based upon review of available programs and services within the region. Canada provides financing to shipyards for ship building and for ship cycle repair work through its development bank. This program was developed to level the playing field for Alaskan companies and to expand AIDEA's efforts to utilize the economic development account to provide additional financing. Interest in the program continues within the broader Alaskan marine sector.

Chair Pruhs asked if the revenue that AIDEA has made from the three loans is more or less than the cost to make those loans. Mr. Weitzner indicated that the revenue has been marginally profitable, and the program needs higher volume. Chair Pruhs asked how both a \$150,000 loan and a \$50,000 would be economically viable. Mr. Neff noted that the costs are embedded on the front end. He noted that AIDEA does not pay for the cost of the appraisal. Chair Pruhs commented that the vessel owner or someone will have to pay for the appraisal and fees, which is at least 10% of the loan. He asked if AIDEA will be competing with the banks at the \$50,000 loan level. Mr. Neff indicated that banks typically do not engage in the repair and conversion market. Chair Pruhs noted that if the borrower has equity in the asset, the borrower can refinance the asset to pay for any upgrades. Chair Pruhs questioned how a \$50,000 loan can make a return for AIDEA and its investors, who are the residents of the state of Alaska.

Chair Pruhs asked if the 75% loan to value is based on an appraisal. Mr. Weitzner agreed. Chair Pruhs reviewed the only program loan modification. Mr. Weitzner indicated that additional information is included under the COVID Response agenda item. The modified loan performed by all the terms specified. Chair Pruhs requested to view the generation of costs versus rewards for the program to-date, and a detailed analysis of how AIDEA can make a profit on a \$50,000 loan, including the necessary due diligence conducted.

Chair Pruhs commented that he does not want to get into the banking business, and he does not want to have multiple loan officers making loans to small vessels. He does not believe that is AIDEA's mission. Chair Pruhs likes the program on a volume basis, but he does not want to compete against credit unions and local banks for smaller amounts. He will make a decision once he reviews the numbers.

Mr. Weitzner responded that staff will follow-up on Chair Pruhs' concerns and will provide the information requested. The purpose of the presentation is to get this type of feedback from Board members. Mr. Weitzner informed that it is not the intention of the program to compete in any way with Alaskan financial institutions, and staff will directly follow-up with the institutions regarding that element of the program.

Chair Pruhs requested information on the typical industry charges for repossessing a boat, in the event a repossession was necessary, including dockage, storage, and insurance.

Commissioner Sande expressed appreciation to Mr. Weitzner and the team. She fully supports the program and uses it as an example of how AIDEA is able to be nimble and solve problems facing Alaskans and Alaskan businesses. The initial challenge addressed why Alaska is sending jobs and money out of the state when Alaska has state-of-the-art shipyards in Alaska. She acknowledged her understanding that the program cost was on the front-end of implementation and that hopefully, the volume on the back-end will balance that. Commissioner Sande requested Mr. Weitzner to refresh her memory regarding the bankers' initial response to the reasons why they would not provide the type of financing that the program offers.

Mr. Weitzner agreed that direct feedback of the initial program presentation was received from two bankers, as noted by Commissioner Sande. The bankers' feedback was this area was not financing that banks in Alaska would be approaching. The banks are principally focused on the first lien, full mortgage of an operating ship. The banks are not competing for the second position to bring the cycle work to Alaska, which is why the program was structured in this way which supports the cycle work in Alaska.

Mr. Weitzner explained that one of the vessels financed by AIDEA was for Drake Investments, which operates a barge in the Kotzebue area. They came to the program financing because of the terms to support the local shipyard. In that instance, AIDEA did get a first lien position because Drake Investments was unable to secure direct financing of the barge. The program has a secondary function when local financial institutions are not picking up the first lien position on the vessel.

Chair Pruhs asked Mr. Weitzner if vessel financing is risky business. Mr. Weitzner agreed with Chair Pruhs that vessel financing is risky and AIDEA needs to be very cautious on the terms

established for the program. Chair Pruhs asked for the rates. Mr. Weitzner informed that a floor rate of 5% was identified during the establishment of the program. Chair Pruhs asked what rate the banks would charge the borrower on something other than a boat. Mr. Weitzner noted that first lien mortgage rates have been on the line of 5.5% and upwards of 6%.

Chair Pruhs noted his recollection of the main reason he supported this program. He explained that larger ships were going south for repairs because the southern shipyards were financing the repairs, and shipyard financing was not available in Alaska. The repairs were large and in the range of \$1.5 million. Chair Pruhs indicated that this was the incentive for AIDEA to create the program. He commented that the program has now morphed into assisting smaller vessels that would not otherwise go south for \$50,000 repairs or financing. Mr. Weitzner agreed that the initial format of the program was to level the playing field within the region for Alaska shipyards. The other particular issue identified is the seasonality of the revenue base that the marine vessels utilize. The program provides flexibility to attract additional work to Alaska shipyards by understanding the seasonality of Alaska's work and revenues. Mr. Weitzner discussed that the accounts receivable financing by southern shipyards has been identified as higher than a 5.5% to 6% rate that a financial institution would provide on a first lien basis.

Mr. Eledge stated that the marine industry is not his area of expertise. He asked if there is any distinction between ownership by Alaskans, as opposed to people in the Lower 48 that would use this financing. Mr. Weitzner explained that the primary focus is that the work occurs at an Alaskan shipyard. He gave the example of a vessel operating in Alaska waters that needs repairs would have the work conducted at an Alaskan shipyard, rather than a shipyard in Puget Sound.

Mr. Vivlamore commented that the volume of the program has been pretty low, at three loans during the three years. He asked staff for reasons the volume has been low and asked staff for the future program volume expectations. Mr. Weitzner maintained that COVID-19 had an impact on the low volume of the program. The initial loan with UnCruise was for multiple vessels and limitations were encountered with docking facilities in Ketchikan to perform all of the work that was undertaken. Mr. Weitzner noted that there is high interest in the program. He agreed that the volume of the program was initially low. Mr. Weitzner recognized that issues raised regarding the program include the minimum interest rate of the program and the financial requirements of three years' worth of financial statements. Staff recommends maintaining the underwriting standards for the loans in place and expanding the program to make it more accessible to parties that have expressed interest.

Mr. Fogle articulated support for the program and its original intent. He is wary of reducing the loan amount to \$50,000 and does not want to enter the small boat repair market. Mr. Fogle directed his question regarding the true cost of capital. He asked if the 5% or 5.5% interest rate is the cost of capital plus a percent for some type of profit. Mr. Weitzner agreed and explained that the floor was established by looking at the general cost of capital level at about 3.5% and provided a minimum of a 1.5% spread. Mr. Weitzner informed that pricing under AS 44.88.172 allows for the establishment of an interest rate floor. If there is an increase in treasury rates, the cost of capital would increase, and the program would continue to benchmark to that rate. Mr. Neff commented that interest rate sensitivity is diminished because of the short duration of the terms that are offered in the program of between six months and 24 months.

Chair Pruhs discussed his understanding is that there is a barrier of entry for the bigger shipyards in Ketchikan and Seward based on volume of dollars and that they will not work on the small boats. The risk is in conducting small boat work in smaller shops in areas such as Dillingham, King Salmon, Craig, and Hoonah.

Chair Pruhs asked Commissioner Sande if the Department of Commerce has a program in place to facilitate these types of smaller loans. Commissioner Sande stated that she looks forward to providing that information to Chair Pruhs.

Ms. MacKinnon asked Mr. Neff if the currently allocated program funds are housed in short-term capital investments or long-term capital investments when they are not being utilized in the program. Mr. Neff explained that the funds that are used for the program come out of AS 44.88.172 and when the funds are not in use, they are deployed through other investments or projects on either a short-term or long-term basis. The intent is to increase the volume of the program with the opportunities that were not available due to the effects of COVID-19.

Ms. MacKinnon commented that for the time that she has served on the Board, boats have proven risky business, and the appraisal of boats is expensive. She understands that the borrower would carry most of those costs. Ms. MacKinnon is concerned that AIDEA would need the expertise to approve a shipyard and that AIDEA would need to know the costs associated with certifying a shipyard or the repair person in geographically diverse areas. Mr. Neff clarified that AIDEA would not certify, but would underwrite the fabricator or repair workshop as a standalone business within the non-traditional shipyard framework.

Mr. Weitzner explained that the evaluation of the shipyard was a request by the Board during the initial pilot program. The procedure is to present the shipyard before the first loan and the evaluation is completed concurrently.

Ms. MacKinnon stated that she hopes to see recovery in Alaska's economy from the struggles experienced by communities, borrowers, and Alaskans. She is reticent about changing the terms of the program and looks to staff to provide additional information. Ms. MacKinnon is interested in hearing from the banks, credit unions or other lenders to understand if they believe this is direct competition. She reiterated that boats are risky business, and their maintenance is ongoing.

Chair Pruhs commented that the ongoing maintenance does provide shipyards with business.

Mr. Kendig commented on the borrowers' costs, including appraisals, and asked if those costs are financed into the loan. Mr. Neff indicated that the appraisal fee is an operating upfront cost for the borrower. The appraisal is part of the cycle work that needs to be completed for the Coast Guard to recertify the vessels for a period of time. The appraisal is included in the review to finance the cycle work to help facilitate the full operating costs and seasonality of revenues for the vessel owner.

Chair Pruhs outlined a scenario and asked if the intent of the program allows for a private owner to borrow \$500,000 to repower a 100-foot certified yacht, even if the Coast Guard does not have to recertify. Mr. Weitzner agreed that the program would review any repowering activity at an Alaska shipyard. An appraisal is required for all vessels. The program history has been based on recertification from the Coast Guard and based on the work that has been completed at the

shipyards. There were no additional questions.

Mr. Weitzner expressed appreciation for the feedback and will review the Board comments to present a proposal to the Board with a resolution on the program.

6B. Presentation: AIDEA COVID Response for Alaska

Mr. Weitzner discussed the presentation linked to the agenda was at the Board's request and regards AIDEA's COVID-19 response and the programs established. The presentation begins with an overview of AIDEA's mission. The principal COVID-19 response program was AK CARES authorized by the Board in May 2020. AIDEA worked with DCCED, Juneau Economic Council, and Credit Union 1, and utilized the Governor's appropriation of approximately \$290 million for small business relief and approved through an RPO process by the Legislature.

Mr. Weitzner explained that the program benefited 5,750 small businesses within the state of Alaska and distributed \$282 million in funding. The program was principally tailored after the federal PPP program that was initiated by the Small Business Administration in 2020. The concern was that many Alaska businesses were not going to have any access to the PPP program and therefore, the State was looking to establish a funding program for those small businesses. The initial program was established as a loan and guarantee program under the Governor's emergency notice, which was then converted into a grant program following feedback from the Legislature.

Mr. Weitzner noted that the fact sheet provided in Board packets includes information regarding comments from recipients of the grant program and their thanks to the entities involved in establishing the program. Mr. Weitzner showed the graphic in the presentation that illustrates how the AK CARES program has benefited small businesses across the state by legislative district.

Mr. Weitzner discussed another program that AIDEA established with the Board's authorization, which converted part of an existing 2010 statute regarding an export and small business guarantee program. Under 44.88.500, AIDEA had the ability to provide up to \$1 million of guarantee to support working capital. The program was converted during the time period of the emergency notice from the Governor. AIDEA worked with Alaska's financial institutions to provide an additional \$1 million guarantee to existing loan facilities to be able to expand their access to working capital. The AK SAFE program has benefited and supported approximately 800 jobs. The total surety loans provided was approximately \$6.3 million. This funding is in addition to existing loan facilities to those businesses. Mr. Weitzner highlighted and identified two specific examples of guarantees provided, one to a coach service in Alaska and the other to the Blood Bank of Alaska.

Mr. Weitzner continued the presentation and discussed the AK SHIP program. He specifically identified UnCruise Adventures and their requested loan modifications due to the tourism shutdown that occurred by CDC and actions by Canada during the pandemic. AIDEA was able to fully assist, and the modifications were successful. UnCruise has provided gracious comments regarding AIDEA's support.

Mr. Weitzner informed that the Board engaged with staff to enhance and expand contractor

involvement. This was initiated during the 2021 field season of the Ambler Access Project (AAP) feasibility and final permitting activities. A Professional Services Procurement Policy was authorized by and developed with full input of AIDEA's Board and in conjunction with Ambler Metals to expand the limited scope of contractors to more than 30 contractors and Alaskan businesses that will work through the 2024 permitting activity. The construction of the road can be engaged after the permitting is in place and the final feasibility is achieved.

Mr. Weitzner discussed that inherent in the policy is a Minority Business Enterprise (MBE) program. Staff has identified that different components of the contracting were given increased competitive advantage to parties being able to identify as defined MBE, working either as top tier vendors or subcontractors within the proposals from the lead contractors. These now represent at least 30% of the contracts under the AAP. Mr. Weitzner noted that this MBE program far exceeds any other type of MBE program previously initiated by the State. These efforts will continue with professional services and other activities of the project.

Mr. Weitzner reviewed that loan modifications have been a significant area of involvement of AIDEA's staff and Board time beginning with the initial COVID-19 impact in March 2020 and continuing to present. There are currently six existing modifications that are being monitored. Through the efforts of the Board and the identification of AIDEA as patient capital, looking to support businesses during their greatest time of need during COVID-19, 115 loans were modified, of which 95 were unique loan modifications. The loans were predominantly within Alaska's tourism sector, but also within the oil and gas, and recreation sectors. The total amount of loans impacted was \$243 million, out of a portfolio of roughly \$470 million.

Chair Pruhs acknowledged Mr. Fogle, Ms. MacKinnon, and Commissioner Sande for their time and efforts focused on loan modifications. Mr. Weitzner informed that the work is ongoing through the reviews conducted by the Budget and Audit Subcommittee (BAS).

Mr. Weitzner concluded the presentation and indicated that staff will distribute a fact sheet that identifies these COVID-19 response and efforts by AIDEA.

Mr. Eledge expressed appreciation to Mr. Weitzner for the information. He noticed that Farming, Fishing, and Hunting was the segment that received the largest amount of AK CARES funding at 29.34%. Mr. Eledge asked if staff had a further delineation indicating the specific percentage for each subset of the category. Mr. Weitzner noted that staff can provide that information. There is a full detail with a breakdown of the industry sectors. He highlighted that there is a large portion of commercial fishermen included.

Commissioner Sande noted that in answer to Chair Pruhs' questions, DCCED does loan on commercial fishing vessels. Mr. Weitzner agreed that those loans are through two of the small business loan programs under AIDEA's statute whereby work is conducted with staff at DCCED to manage and administer the programs.

Ms. MacKinnon asked Mr. Weitzner if staff has metrics showing which industry groups needed the most loan modifications during the pandemic time. Mr. Weitzner indicated that staff has the data and can follow-up with the Board to provide the information. Ms. MacKinnon noted that she does not need a follow-up on the specifics. She expressed her understanding that the tourism

industry had the largest percentage of impact, followed by the oil and gas industry. Mr. Weitzner agreed and noted the largest impact has been in the tourism and lodging sectors.

Ms. MacKinnon asked if the commercial property sector was impacted. Mr. Weitzner stated that there were some initial three-month modifications, but once those were completed, the predominance has been within the tourism sector and their longer-term impacts. There were no additional questions or comments.

MOTION: A motion was made by Mr. Fogle to enter into Executive Session to discuss confidential and deliberative matters related to Ambler Access Project, Mustang Holdings, LLC, and stressed loan portfolio review of Loan Participation Program and Finance Program. This is supported by the Open Meetings Act, AS 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, who are protected by law, due to rules protecting personal privacy and certain business information. Motion seconded by Mr. Kendig.

The motion was approved without objection.

**6C. Executive Session: 11:43 am
Confidential and deliberative matters related to Ambler Access Project, Mustang Holdings, LLC, and stressed loan portfolio review of Loan Participation Program and Development Finance Program**

The Board reconvened its regular meeting at 1:45 pm. Chair Pruhs advised that the Board has not taken any formal action on the matters discussed while in executive session.

7. DIRECTORS COMMENTS

7A. Public Engagement Update

Mr. Weitzner informed that this presentation was created to update everyone on the public engagement process, the software program, and other activities. This is responsive to a request. Mr. Weitzner requested that Colleen Bryan, Communications Director, continue with the presentation. Ms. Bryan gave an overview of AIDEA and its mission. Projects must meet two important characteristics. The project must be a sustainable financial investment and must create tangible benefits for Alaska and its communities. The latter is where the public engagement and communications come together.

Ms. Bryan explained that public engagement is a term that is used to describe a broad range of methods of communications and tools in which the public can become more informed and participate in AIDEA activities. Improving public engagement refers to the ways that AIDEA shares information and the ways AIDEA listens to Alaskans. Public engagement is identified by four key elements. Understanding the audience includes identifying the stakeholders, their priorities, their concerns, and their values. Understanding the message includes ensuring that clear and consistent language and visuals are used to communicate the projects and programs. The frequency element refers to how often the communication occurs and the methods of

communication. The final element includes the tools, channels, methods, programs, technologies that are used for public engagement and message communication.

Ms. Bryan provided a summary of her last presentation before the Board at the August 12, 2021 meeting. The resolution that passed unanimously sought support to pursue ways to improve and modernize public engagement. Four competitive procurement bids were received and the successful vendor, Public Input, began in November. The first feature of the program, the text and email notifications, was rolled out at the December Board meeting.

Mr. Fogle asked if Public Input is an Alaska-based company. Ms. Bryan informed they are not Alaska-based. They are a nationwide vendor. Mr. Fogle asked if there were any Alaska-based companies that bid. Ms. Bryan noted that there were no Alaska-based bidders.

Ms. Bryan discussed that Public Input is a web-based community engagement platform and has over 300 organizations that utilize the platform and represents 37 different states. It is a robust platform and is unique in its design for government-related entities to facilitate public engagement and communication. The design is comprised of three core elements. The engagement hub offers the text and email notifications and surveys. There is an upload portal for aggregating handwritten survey responses. It offers an interactive mapping and includes a comprehensive public comment organization and management feature. Additionally, the engagement hub offers the capability of online meetings to bridge the online/off-line hybrid meeting.

Ms. Bryan explained that the second core element is the contacts database, which is similar to products such as Sales Force or Microsoft Dynamics. She discussed the importance of capturing contact information and organizing that information across projects and programs in order for the public to self-subscribe to the specific information. The third element is the built-in suite of communication tools available to provide more opportunities for the public to interact with AIDEA across a variety of platforms that work together within a contained ecosystem.

Ms. Bryan reviewed the concept of the branded projects websites would be utilized to track some of the more active projects with high public interest. A project timeline would offer tabs to show the component history to-date of the project and include next steps of the workflow. Other elements include maps, images, videos, links to hosted events, registration, and calendar invitations. Ms. Bryan commented on the positive feedback regarding the Board text and email notifications regarding the return to public session from executive session. This has provided certainty for the public who want to ensure they have an opportunity to listen and to participate.

Mr. Weitzner added that only AIDEA utilizes this software and there are no push notifications for AEA.

Ms. Bryan continued the presentation and discussed the next steps for the full roll-out, adoption, training, and onboarding of the comprehensive software. The lean communications team is comprised of two members. Ms. Bryan noted that they are excited to expand and to fully roll out the software. She discussed the important aspect of scalability that the software provides. Ms. Bryan reviewed AIDEA's LinkedIn social media presence that currently has just over 300 followers. She showed a graph of some of the data that is tracked regarding visitor page views,

followers, trends, access from a desktop or a mobile device. Likes, comments, shares, and impressions are other areas that are tracked. This provides insights to help in the decision-making process to ensure the content is reaching the appropriate audiences. Ms. Bryan discussed a graphic that shows the industries and demographics of the people looking at the information on the AIDEA website. She noted this information aligns strongly with the sectors AIDEA works with on a regular basis. The highest representation is from the financial services sector, followed by oil and gas. Further down the list are renewables and environmental, and the government administration.

Ms. Bryan noted that ongoing improvement to AIDEA's website continues. The goal is to ensure the content is up to date and that the site can be logically navigated to improve the user experience. The website is data heavy and is not intuitively organized. The improvements will assist prospective project partners, potential borrowers, and future AIDEA employee candidates. Ms. Bryan reiterated the team's commitment to improve the modernization, accessibility, and the engagement for AIDEA's projects and programs with Alaskans. Ms. Bryan introduced her team member, Kyla Steward, Engagement and Communications Specialist. This is a new role for AIDEA. Ms. Bryan informed that all of the materials are built in-house because there is no agency support. Every graphic, presentation, the annual report, and social media is created in-house.

Mr. Fogle expressed appreciation to Mr. Weitzner and Ms. Bryan for the improvements to AIDEA's technology and communication. He commented that AEA has put together a very nice annual report for the last two years and he asked when AIDEA's annual report will be ready and complete. Ms. Bryan informed that AIDEA's annual report is complete and hard copies are available, and the electronic copy was submitted on time before the January 10th deadline. Mr. Weitzner commended Ms. Bryan and Ms. Steward for their in-house preparation of AIDEA's annual report. Mr. Fogle noted that he will go back and review the annual report.

Mr. Fogle added that Ms. Bryan indicated in her previous presentation that she planned to conduct community engagement that potentially utilized a publicist or advertising company to assist with outreach into the community. He asked what additional community engagement is planned beyond LinkedIn, press releases, and Chambers of Commerce. Mr. Fogle commented that he believes AIDEA is conducting activities that are very important for Alaska, Alaska sovereignty, resource development, and economic development, and he does not think that Alaskans are hearing AIDEA's story.

Ms. Bryan commented that Alaska is a big state, but only has primarily three media outlets, and if the message is not picked up by the three media outlets, then the message does not get out. Ms. Bryan appreciated Mr. Fogle identifying the limitation. She believes the website will be a great resource in order to have consistent presence and consistent narrative about the projects and programs. Ms. Bryan discussed that there were over 40 public engagement interactions in 2020, including Chambers of Commerce, Assemblies, various professional industries, trade groups, and speaking at luncheons and breakfasts.

Ms. Bryan discussed the project partners, including the Mat-Su Borough regarding West Susitna, and the collaborative, broader-reaching efforts for the Ambler Access Project. There is a team of consultants and contractors that staff works closely with to be out in the communities to provide

information and to hear from AIDEA staff as the project lead. Ms. Bryan welcomed specific ideas for areas of improvement regarding community engagement.

Mr. Fogle suggested contacting Blueprint Alaska to have them develop a marketing plan for AIDEA. Ms. Bryan noted that suggestion could be discussed. She recommended a competitive procurement process for any kind of additional consultant or agency work. Mr. Fogle agreed. He acknowledged that Ms. Bryan is doing good work. He believes that additional activity is warranted because AIDEA has a great story to tell, and he does not believe that the vast majority of Alaskans know about AIDEA. Ms. Bryan agreed that it is crucial to make Alaskans aware of AIDEA's involvement and the benefits of the life-changing, generational projects such as the 1002 leases and the Ambler Access Project. She expressed appreciation for the comment and will develop a plan going forward.

Mr. Eledge commended Ms. Bryan on the good work utilizing all internal resources.

Chair Pruhs expressed appreciation to Ms. Bryan for the big improvements. He reiterated support for the continued collaborative efforts on projects like West Susitna, and especially in the coming 30 days regarding the Ambler Road project.

Mr. Weitzner thanked Ms. Bryan for the presentation and commended her and Ms. Bryan on their work. Mr. Weitzner recognized that there is more work to be completed. He informed that Ms. Bryan and Ms. Steward have focused direction on changing the way the information is delivered through the project fact sheets. He believes that this will improve communication and engagement with the community. Mr. Weitzner noted that the website is the principal point of communication and that improvements will continue on the website.

Commissioner Sande requested Ms. Bryan provide an update on the previously discussed plan to communicate differently to different communities based upon their internet access or their specific needs. Ms. Bryan gave the example of collaboration with the consultant group on the Ambler Access Project where there is a need to communicate with the rural and remote communities that may not have access to high-speed internet. In addition to in-person presentations and meetings in Alatna, Allakaket, and other places along the proposed AAP access route, mailers were prepared to provide information to communities. Ms. Bryan commended the consultants for their efforts. She reiterated the importance of understanding the audience and engaging with them appropriately.

Mr. Weitzner added that the road development is a solution to the very particular problem regarding high-speed internet data access. Part of the permit that is in place within the Record of Decision is through the right-of-way grants with BLM and National Park Service for utilization by those local communities of the fiber optic capacity, which is already permitted with the road development.

7B. Shared Services: Cash Movement Analysis and Insights

Mr. Weitzner requested that Dona Keppers, Chief Financial Officer, identify the work that her Shared Services team has facilitated regarding cash flows, vendor payments, and elements of the impacts of COVID-19. Mr. Weitzner is aware of the Board's time and realizes that most of this

presentation and information was received during the AEA Board meeting. Ms. Keppers informed that she began her role with AIDEA/AEA about 10 months ago. During her first 60 days, she conducted a look-back of the activities of Shared Services over the last three years, five years, and further, in order to understand trends, view performance, volume, logistics, and cash movement.

Ms. Keppers noted that the information provided in this presentation was viewed earlier today and shows the cash movement for FY20, FY21, and the first six months of FY22. She highlighted the top graphic under FY21 and the impact of the AK CARES program. She noted that as AK CARES distributions were entered into the fiscal year, AIDEA's payables activity and volume rose by over 50%. She believes this speaks highly of the caliber of the AIDEA staff and their dedication to being part of the solution of distributing grant monies into the economy. The program was conducted within a compressed time period with limited staff and resources.

Ms. Keppers discussed that the \$96 million in distributions is comprised of the grant applications process by DCCED and AIDEA. She noted that AIDEA's impact on the economy during the pandemic is astounding and she believes it is important to share that \$200 million that was put into the Alaskan economy in a very short period of time to help Alaskans take a step forward and to remain afloat. Mr. Weitzner expressed being very proud of staff maintaining the focus on AIDEA's mission while considering the impact to small businesses. He noted that staff had increased work flows due to the handling and processing the grants and working with DCCED in the process. He believes this reflects staff's focus on AIDEA's mission and dedication to Alaskans and he fully accepts the input to communicate that more broadly. There were no additional questions or comments.

7C. Loan Dashboard Report

Mr. Weitzner stated that the Loan Dashboard Report is prepared monthly and is available for public review. The report dated through January 31st provides the outstanding balances of the Loan Participation Programs and Power Project loans. The current report shows a balance of about \$420 million under the Loan Participation Program, and a total of about \$423 million including the Power Project loans. Additional amounts come through the direct loan program, which is referred to as the Development Finance Program, and include parties such as Bluecrest and Hex, LLC.

Mr. Fogle asked Mr. Weitzner for the Revolving Fund balance at the end of 2021. Mr. Weitzner explained that the Revolving Fund is the total fund and accommodates the Loan Participation Program and all of the other programs. He indicated that the fiscal year starting balance on the Dashboard Report for the Loan Participation program was \$454 million and is the same amount for the end of previous fiscal year of June 30, 2021.

Mr. Fogle asked for the month-over-month total at the end of December 2021. He explained that he is trying to determine if the loan portfolio is growing or contracting. Mr. Weitzner noted that the loan portfolio has reduced compared to last month. He referenced that there was one very large and specific loan that has been repaid recently. In general, there has been month-to-month growth in the Loan Participation Program. Mr. Fogle requested Mr. Weitzner send the Budget

and Audit Subcommittee members the year-over-year starting and ending balances for the last five years. Mr. Weitzner agreed. Mr. Fogle recalled that his data review for the January meeting showed that the Loan Participation balance was decreasing, and he wants to confirm his recollection of the data.

Mr. Weitzner informed that the annual reporting follows the State's timeline for financial reporting information. The ending balance in fiscal year 2016 was \$333.2 million in the Loan Participation Program. That balance has increased annually since then to a year-end balance of the fiscal year 2021 to \$445.3 million. Within the last seven months, as shown on the report, since the fiscal year beginning in July through January, the balance has been reduced to a total of \$420 million, which includes the repayment of a very significant balance.

Mr. Fogle requested an update on the previous discussion regarding the several loans in the pipeline that would replace that recent significant repayment. Mr. Weitzner noted that the loans in the pipeline were not intended to replace the full balance because the total repayments were close to \$18 million, and the new loans projected were upwards of \$8 million to \$9 million. Mr. Fogle asked if it is fair to say that for the time period of July 1, 2021 to the end of January 2022, that because of the large payoff, there is a reduction in the loan portfolio. Mr. Weitzner agreed. He stated that it was anticipated and budgeted between \$60 million to \$65 million in fundings for the Loan Participation Program. On a net basis with the larger payouts, that level will not be reached.

Mr. Fogle asked for the amount of loans that have been written since July 1, 2021. Mr. Weitzner responded that he would have to follow-up with that information, as he does not have that information at-hand.

Ms. MacKinnon commented for the BAS and for the public regarding the evaluation of those totals and looking at trends, it is important to recognize the view is toward economic recovery and that the cash available either in the form of grants or loans from the federal government or other agencies were fairly significant over the last 24 months, which has affected AIDEA's bottom line. She agrees it is appropriate to review the totals and to remember there were other funding opportunities recently available that may have been a borrower's choice versus coming to AIDEA for a loan, as they would typically have done in the past.

Mr. Weitzner followed up with Mr. Fogle and noted the information he requested is included in the report on page one under the column titled "New Loans Funded". The total of \$11.6 million is the amount of new loans funded from July 1, 2021 through January 31, 2022. There were no additional questions.

7D. Development Project Financing Report

Mr. Weitzner explained that the information provided is an aggregation of the fact sheets prepared on the individual projects and is referred to as the Development Project Financing Report. He believes the change to the format is more accessible to the public in understanding AIDEA's projects. The fact sheets have been updated to contain the Sterling Substation and Quartz Creek Substation (SSQ Line) investment, which had not previously been included. The

benefit of the SSQ Line is to ensure a stabilized rate base supporting AEA and the work they do on Bradley Lake. There were no questions.

7E. Predevelopment Project Financing Report

Mr. Weitzner informed that the Predevelopment Projects Quarterly Report is presented in a new format, which he believes is more readable. The projects are the Ambler Access Project and the West Susitna Access Road. The Military Facility Zone Land Development in Fairbanks/North Pole will be added to the Predevelopment Report. The report is provided for Board members and for the public to understand the full amounts allocated and approved by the Board.

Chair Pruhs asked for an update regarding the public outreach with the Borough on the West Susitna Project. Mr. Weitzner informed there was a meeting on February 23rd that was organized by the Mat-Su Borough as one of the first three meetings engaging on the West Susitna Project. AIDEA's Jesse Peterson, the Project Manager for the West Susitna Access Road, participated in the meeting with the Mat-Su Borough staff. There were three distinct times of public engagement. The feedback received was that the engagement was robust, questions were asked, and information was shared.

Mr. Kendig commented that he listened in on the public engagement session and he believes the process went well.

7F. Next regularly scheduled AIDEA Board Meeting, Wed. April 13, 2022

8. BOARD COMMENTS

Mr. Eledge commented that he his happy to be here and expressed appreciation for the professionalism. He looks forward to working with the Board and staff.

Chair Pruhs requested that staff share Mr. Eledge's contact information with the Board members.

Mr. Fogle commended Mr. Weitzner and staff for their great work at AIDEA, especially with the federal government trying to supersede State's rights. He expressed appreciation to Mr. Weitzner and staff for fighting against that pressure.

MOTION: A motion was made by Mr. Fogle to elect Mr. Kendig as Vice-Chair of AIDEA Board. Motion seconded by Mr. Vivlamore.

The motion to elect Mr. Kendig as Vice-Chair of AIDEA Board passed without objection.

Chair Pruhs appointed Mr. Vivlamore to serve on the Budget and Audit Subcommittee under the stewardship of Mr. Fogle. Chair Pruhs expressed appreciation to staff and members.

9. ADJOURNMENT

There being no further business of the Board, the AIDEA meeting adjourned at 2:26 pm.



Alan Weitzner, AIDEA Executive Director
Secretary