ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY
RESOLUTION NO. G26-14

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY APPROVING A NON-FEDERAL MATCHING CONTRIBUTION AND AUTHORIZING A CONVERTIBLE DESIGN AND PERMITTING LOAN FOR THE WRANGELL SHIPYARD PROJECT

WHEREAS, the Alaska Industrial Development and Export Authority ("AIDEA" or the "Authority") is a public corporation of the State of Alaska established under AS 44.88 and authorized to finance, acquire, own, develop, and operate development projects within the State, and to make loans and provide financing to promote the economic welfare of the people of Alaska; and

WHEREAS, the City and Borough of Wrangell (the "Borough") is a unified home rule municipality of the State of Alaska located in Southeast Alaska, with a regional economy historically anchored by timber, commercial fishing, seafood processing, and marine services; and

WHEREAS, on November 20, 2023, a landslide near 11-Mile Zimovia Highway took the lives of six Wrangell residents, damaged critical infrastructure, and compounded the economic distress of a community already affected by the decline of its timber industry and challenges in its fishing and seafood sectors; and

WHEREAS, the U.S. Economic Development Administration ("EDA") has made FY2025 Disaster Supplemental funding available to communities affected by qualifying disasters to support long-term economic recovery, resilience, and industry transformation; and

WHEREAS, the Borough owns the Wrangell Deepwater Port, an approximately 42-acre waterfront industrial site located approximately six miles south of town on Zimovia Highway, formerly operated as a sawmill, which the Borough acquired in 2022 and which offers direct deepwater access, highway connectivity, and proximity to regional hydroelectric transmission infrastructure; and

WHEREAS, on March 3, 2026, the Borough submitted an application to EDA for FY2025 Disaster Supplemental Industry Transformation funding for a coordinated portfolio of economic recovery investments, and EDA has since announced an award to the Borough of approximately $43,100,000 (the "EDA Award"); and

WHEREAS, the EDA Award includes $31,244,148 in federal funding for site development of the Wrangell Deepwater Port Industrial Subdivision (the "Subdivision Project"), which requires a non-federal matching share of $7,811,037, equal to 20 percent of the Subdivision Project's planned total project cost of $39,055,185; and

WHEREAS, the Subdivision Project will provide the developed industrial footprint, utilities, and site infrastructure upon which the Wrangell Shipyard will be constructed; and

WHEREAS, the Borough, in partnership with JAG Marine Group, The Pearlson Group, the Southeast Alaska Power Agency ("SEAPA"), and the Authority, is advancing development of a large-vessel repair and construction shipyard at the Deepwater Port (the "Wrangell Shipyard"), which has reached approximately 30 percent design; and

WHEREAS, the Wrangell Shipyard is intended to expand in-state capacity for the repair, maintenance, and construction of large vessels serving the Alaska Marine Highway System, the commercial fishing and freight fleets, the United States Coast Guard, and other federal and private operators, reducing the need to send Alaska vessels to out-of-state yards and creating year-round skilled maritime employment in Southeast Alaska; and

WHEREAS, the Borough has requested that the Authority provide the $7,811,037 non-federal matching share for the Subdivision Project so that the Borough may accept and implement the EDA Award. This would also be in the form of a loan with a deferred repayment period. The deferred repayment period would allow time for the USCG to commit to either homeporting icebreakers in Wrangell, or commit to jointly funding a homeport and / or shipyard facility in Wrangell. Such a commitment is critical to advancing the project and the Borough will make all reasonable efforts to secure such a commitment and report monthly to the Authority's Board and Executive Director on progress in securing a commitment; and

WHEREAS, the Borough has further requested that the Authority make a loan of up to $15,000,000 to fund completion of the Wrangell Shipyard design to 100 percent and all federal, state, and local permits necessary for a fully permitted, construction-ready site; and

WHEREAS, the Borough is working with the Office of the Governor, the White House, and Alaska's Congressional Delegation, and AIDEA to secure funding for the first phase of construction necessary to make the Wrangell Shipyard operational, and a completed design and fully permitted site will position the project to receive and promptly deploy such funding; and

WHEREAS, the Borough's electric utility receives hydroelectric power through SEAPA, and the Borough has proposed to enter into a power sales agreement under which the Borough will provide the Authority with two megawatts (2 MW) of consistent baseload power (the "Power Sales Agreement"); and

WHEREAS, AIDEA has advised the Borough that use of power on the shared SEAPA grid should not have an adverse cost effect on other power users on the grid;

WHEREAS, the Alaska Data Corporation ("ADC"), a subsidiary of the Authority, will use the power made available under the Power Sales Agreement to facilitate the development of data center capacity in Wrangell, and the resulting power sales will substantially increase the Borough's electric utility revenues; and

WHEREAS, the Borough's obligations under the loan are proposed to be secured with the incremental revenues from power sales under the Power Sales Agreement, and from other sources of revenue or collateral to be determined. With loan payments deferred – although accruing interest at a rate to be agreed upon during the deferral period -- until ADC has facilitated the additional consumption of power that generates those revenues; and

WHEREAS, the parties may agree to allow all or part of the outstanding loan balance to be convertible to an equity position in the Wrangell Shipyard, although this term has not been agreed to by AIDEA and may not be agreed to by AIDEA; and

WHEREAS, the Board finds that the Subdivision Project and the Wrangell Shipyard will advance the economic welfare of the people of Alaska by diversifying a disaster-affected regional economy, strengthening Alaska's maritime industrial base, and creating durable skilled employment, consistent with the purposes of AS 44.88; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY:

Section 1. Matching Contribution and Loan

The Board approves the Executive Director and the Chief Lending Officer to negotiate final terms for the funds and loans to the Borough in the amounts shown below, or in a lower amount if the federal award, total project cost, or Borough request is reduced.

No.	Item	Total Cost	Federal Share	Authority Commitment
1	EDA FY2025 Disaster Supplemental (Construction) - Wrangell Deepwater Port Industrial Subdivision	$39,055,185	$31,244,148	$7,811,037 cash matching contribution
2	Wrangell Shipyard Design and Permitting Loan to the City and Borough of Wrangell	$15,000,000	$0	Loan of up to $15,000,000
	Total	**$54,055,185**	**$31,244,148**	**$22,811,037**

At the amounts shown, the Authority's possible commitment to the Borough under this Resolution is $22,811,037, consisting of a $7,811,037 cash matching contribution to be repaid as a loan or upon other terms acceptable to AIDEA and a loan of up to $15,000,000 on terms acceptable to AIDEA.

Section 2. Subdivision Project Matching Funds

The Board authorizes the Executive Director and Chief Lending officer to negotiate terms for a commitment of up to $7,811,037 as a loan from the Authority's revolving fund as the non-federal matching share of the Wrangell Deepwater Port Industrial Subdivision project funded under the EDA Award (the "Matching Contribution"). The Matching Contribution may be provided if satisfactory terms are reached between the parties.

If satisfactory terms are reached, the Borough shall deposit the Matching Contribution in a segregated account, use it solely as the non-federal share of the Subdivision Project, and return any portion not expended on the Subdivision Project at closeout of the EDA Award. All interest earned on the funds will be repaid to AIDEA. If the Borough fails to complete the Subdivision Project, or EDA requires repayment of federal funds, the Matching Agreement shall provide for repayment of the Authority's corresponding share plus interest at market rates.

The Matching Contribution shall not be used for cost overruns. Any additional non-federal share required for the Subdivision Project is the responsibility of the Borough unless otherwise approved by the Board.

Section 3. Character of Matching Funds

If contract terms satisfactory to the Executive Director and the Chief Lending Officer can be negotiated, the Matching Contribution approved for negotiation in Section 2 would be provided from the Authority's corporate funds and:

1. Is not federal funding;
2. Is unencumbered and unrestricted;
3. Is separate from State of Alaska general funds;
4. Shall not be reallocated during the period of performance except as permitted by EDA; and
5. Shall not be pledged as the non-federal share of another federal award or funding request.

No dollar of the Authority's non-federal share shall be pledged or counted more than once.

Section 4. Wrangell Shipyard Design and Permitting Loan

The Board authorizes the Executive Director and Chief Lending Officer to negotiate terms for a loan to the Borough of up to $15,000,000 (the "Loan") to fund completion of the Wrangell Shipyard design to 100 percent and acquire all permits required for a fully permitted, construction-ready site, on the following terms. In no event may this amount be increased. The Borough is solely responsible for providing additional funds if needed:

1. Use of Proceeds. Engineering and design of the Wrangell Shipyard through 100 percent design; geotechnical, environmental, and other required studies; and federal, state, and local permits, approvals, and authorizations, under a budget approved by the Executive Director.
2. Disbursement. Loan proceeds shall be disbursed to the Borough in full within thirty (30) days after execution of the loan agreement. The Borough shall hold the proceeds in a segregated account and use them solely for the purposes in this Section.

3. Interest. Interest shall accrue at a negotiated market rate per annum, fixed, and shall be added to principal during the deferral period.
4. Payment Deferral. No payments shall be due for a period of two years. Regardless of whether or not the power consumption facilitated by ADC under the Power Sales Agreement begins generating revenue to the Borough (the "Commercial Power Date").
5. If necessary, after the two year period has run, the Borough will make regularly scheduled payments of principal and interest from any revenue source available, and will take all steps necessary to produce the revenue needed to pay the Authority.
6. Security. The parties will negotiate security adequate to ensure repayment to the Authority.
7. Outside Date. If construction funding for the first operational phase of the Wrangell Shipyard is not committed within two years of loan disbursement the Loan shall remain outstanding and payable from any source of revenue available to the Borough and the Borough will pledge to take all necessary actions to produce revenue for the payments.
8. Design Work Product. Design documents and permit work product funded with Loan proceeds shall be made available to the Authority and shall remain with the Wrangell Shipyard project.
9. Prepayment. The Loan may be prepaid in whole or in part without penalty.
10. Reporting. The Borough shall provide monthly reports on design progress, budget, expenditure of Loan proceeds, and permit status, and annual audited financial statements of its electric utility.

Section 5. Authority of the Executive Director

The Executive Director and the Chief Lending Officer are designated as the Authority's Authorized Representatives for negotiating final terms with the Borough.

The Executive Director and / or the Chief Lending Officer may elect to make AIDEA's provision of matching funds or Loan proceeds dependent on acquisition or commitment of funds needed to complete the project from the Alaska State Legislature, the United States Congress, the United States Coast Guard, or another federal source or other entity or person such that there is a strong degree of certainty the project can be built and completed.

Section 6. Cost Overruns

If the engineer's estimate or construction bids for the Subdivision Project exceed the planned total project cost, or if the cost of completing design and permitting of the Wrangell Shipyard exceeds the Loan amount, the Borough shall be responsible for any and all additional costs, and shall not seek additional funds from AIDEA.

Section 7. Power Sales Agreement

The Board authorizes the Executive Director and the Chief Lending Officer to negotiate and execute necessary agreements once final terms are reached.

Section 8. Ownership and Use

The Borough shall own the facilities constructed under the Subdivision Project, which shall remain in use as the site of the Wrangell Shipyard for their applicable useful lives and in accordance with the terms and conditions of the EDA Award.

Any equity interest the Authority acquires in the Wrangell Shipyard shall expressly not require additional contributions or capital.

Section 9. Effective Date

This Resolution takes effect immediately upon adoption.

Dated at Anchorage, Alaska, this 4th day of November 2026.

[SEAL]

ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY CORPORATE SEAL 1967

Chair

Secretary