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**Alaska Industrial Development and Export Authority**  
**BOARD MEETING MINUTES**  
December 11, 2008  
Anchorage, Alaska

**1. CALL TO ORDER**

Chairman Pat Galvin called the meeting of the Alaska Industrial Development and Export Authority to order on December 11, 2008 at 11:24 a.m.

**2. BOARD OF DIRECTORS ROLL CALL**

A quorum was established.

Members present in Anchorage: Chairman Pat Galvin (Commissioner, Department of Revenue); Vice Chair John Winther (Public Member); John Kelsey (Public Member); Commissioner Emil Notti (Department of Commerce, Community & Economic Development); and Commissioner Leo von Scheben (Department of Transportation & Public Facilities).

Chairman Galvin confirmed that public notice requirements had been met and requested that "Approval of Agenda Items" be added as Item 3 to future meeting agendas.

Mr. Leonard requested that agenda item 8 Executive Director Comments be moved before item 7D Executive Session and add to the Executive Session a discussion on potential AIDEA legislation for the 2009 session.

**MOTION: Mr. Kelsey moved to approve the amended agenda. Seconded by Mr. Winther. There being no discussion, the question was called. A roll call vote was taken and the motion passed 5-0.**

**AYES: Kelsey, Notti, von Scheben, Winther, Galvin**

**NAYS: None**

**3. PUBLIC ROLL CALL**

Staff present in Anchorage: Ted Leonard (AIDEA Executive Director); Chris Anderson (Deputy Director-Credit); Sara Fisher-Goad (Deputy Director-Operations); James Hemsath (Deputy Director-Development); Valorie Walker (Deputy Director-Finance); Brenda Applegate (Controller); Linda MacMillan (Accountant); Karsten Rodvik (Project Manager); Brenda Fuglestad (Administrative Manager), Sherrie M. Siverson (Administrative Assistant); and Steve Haagenson (AEA Executive Director).

Others present in Anchorage: Brian Bjorkquist (Department of Law); David McCambridge (KPMG); Brian Donaldson (Primary Care of Alaska); and Alan Sorum (Municipality of Skagway).

#### **4. PUBLIC COMMENTS**

There were no public comments.

#### **5. PRIOR MINUTES – October 7, 2008 and November 10, 2008**

**MOTION:** Commissioner von Scheben moved to approve both sets of minutes with one correction: October 7, 2008 page 3 correct spelling “Kavilco.” Seconded by Commissioner Notti. There being no discussion, the question was called. A roll call vote was taken and the motion passed 5-0.

**AYES:** Kelsey, Notti, von Scheben, Winther, Galvin

**NAYS:** None

#### **6. OLD BUSINESS**

There was no old business.

#### **7. NEW BUSINESS**

##### **7A. AIDEA Financial Statements**

David McCambridge, Audit Partner with KPMG, summarized the letter to the Board written in conjunction with the audited financial statements.

The purpose of the audit is for KPMG to gain reasonable assurance that the financial statements are free of material misstatement. KPMG conducted appropriate audit procedures and concluded that the financial statements are fairly stated in all material respects in accordance with generally accepted accounting principles, resulting in an unqualified or a clean opinion. KPMG obtained reasonable assurance during the audit that the financial statements are free of material misstatements.

There were no significant transactions out of the ordinary. AIDEA is required to carry investments at fair value and there was a decline in the portfolio between the two year ends. Management did a great job of preparing for the audit and providing KPMG information. There were no unadjusted differences or adjustments requested by KPMG. The Authority has an effective system of internal control in place.

##### **7B. Resolution No. G08-12 FY 2010 Dividend Recommendation**

Mr. Leonard said that staff recommends a Fiscal Year 2009 dividend of \$22,700,000 (approximately 49.9%). He referred the Board to their packets for detailed information.

Responding to questions, Ms. Walker stated the 2009 dividend was 49.997% based on 2007 income and the 2008 dividend was 49.891% based on 2006 income. The dividend percentages were 40% in 1995, 37% in 1996, 37% in 1997, then jumped to 49% of 1998 income, payable in 2000. The average since the beginning of the programs is 47.36%.

AIDEA's earning asset base is approximately one-third investment securities, one-third loan portfolio, and one-third development projects. By policy, AIDEA has a conservative investment portfolio in order to minimize potential fluctuations in the loan portfolio or development projects.

From a rating agency standpoint, they look to the investment portfolio for security and AIDEA has good investment balances and low debt.

Ms. Anderson added that the loan portfolio is in excellent shape.

Discussions ensued regarding the percentage of the dividend payment and board members agreed to pay the maximum allowed by law, 50%.

**MOTION: Commissioner von Scheben moved to approve Resolution No. G08-12 as amended. Seconded by Commissioner Notti. There being no discussion, the question was called. A roll call vote was taken and the motion passed 5-0.**

**AYES: Kelsey, Notti, von Scheben, Winther, Galvin**

**NAYS: None**

Later in the meeting, to correct the maximum dividend allowable by law, the resolution was rescinded.

**MOTION: Mr. Winther moved to rescind Resolution No. G08-12. Seconded by Mr. Kelsey. There being no discussion, the question was called. A roll call vote was taken and the motion passed 5-0.**

**AYES: Kelsey, Notti, von Scheben, Winther, Galvin**

**NAYS: None**

Resolution G08-12, as amended, approving a dividend of \$22,720,00 for FY 2010 was approved.

**MOTION: Commissioner von Scheben moved to approve Resolution No. G08-12. Seconded by Commissioner Notti. There being no discussion, the question was called. A roll call vote was taken and the motion passed 5-0.**

**AYES: Kelsey, Notti, von Scheben, Winther, Galvin**

**NAYS: None**

**7C. Resolution No. G08-14 In Memoriam: A Resolution of the Alaska Industrial Development and Export Authority in Appreciation of Deputy Commissioner Brian Andrews**

Chairman Galvin read Resolution No. G08-14 into the official record:

“WHEREAS, Deputy Commissioner Brian Andrews served on the Authority’s board from January 2007 until his tragic disappearance while on a fishing trip in August 2008. Mr. Andrews brought to the board over 30 years of private and governmental financial investment and management experience that assisted the board and staff in making decisions that benefitted various businesses throughout the state; and

WHEREAS, Mr. Andrews worked closely with staff of the Authority making available his time and expertise in calculating scenarios and financial planning on a range of projects; and

WHEREAS, Mr. Andrews served on many boards during his tenure, one in particular demonstrated his kindness and love of Alaska - his board membership to the Wildflower Court, a non-profit organization dedicated to senior citizen care. He was also involved in various civic and club organizations in Juneau. Mr. Andrews was a beloved husband and father; and

WHEREAS, the Authority has dedicated its 2008 Annual Report to the memory of Deputy Commissioner Brian Andrews.

NOW, THEREFORE, BE IT RESOLVED:

That the Alaska Industrial Development and Export Authority adopts this Resolution of Appreciation for Brian Andrews, a true friend of AIDEA and a beloved gentleman.

DATED at Anchorage, Alaska, this 11<sup>th</sup> day of December, 2008."

**MOTION:** Mr. Kelsey moved to approve Resolution No. G08-14. Seconded by Commissioner von Scheben. There being no discussion, the question was called. A roll call vote was taken and the motion passed 5-0.

**AYES:** Kelsey, Notti, von Scheben, Winther, Galvin

**NAYS:** None

## 8. EXECUTIVE DIRECTOR COMMENTS

### Skagway Ore Terminal Overview

Mr. Alan Sorum, Manager, Municipality of Skagway (MOS), provided an overview of the Skagway Port Development Plan. An assessment of redevelopment options, issues, and capital cost assumptions for each option were discussed. The final report can be viewed on the MOS website at [http://www.skagway.org/index.asp?Type=B\\_BASIC&SEC={D2A1F511-7994-49C3-AC28-ABB050A06D6A}&DE={B9047434-1F9F-4468-83EE-C423A63AA343}](http://www.skagway.org/index.asp?Type=B_BASIC&SEC={D2A1F511-7994-49C3-AC28-ABB050A06D6A}&DE={B9047434-1F9F-4468-83EE-C423A63AA343})

The Executive Summary includes seven short-term implementations considerations. Number five is to work with AIDEA regarding the existing facility. In the short term, most needs of the mining industry can probably be handled through expansion of the existing ore shed and perhaps creation of a second shed if required.

Mr. Hemsath stated Skagway is considered one of the shipping gateways to the Yukon Territory. From AIDEA's perspective there are future opportunities in the state for the processing of this ore which is currently shipped to British Columbia. In addition to ore being moved out over the port, new opportunities exist for moving goods and material into the Yukon territories including material for the gas pipeline.

Mr. Leonard referred the Board to their packets on the following items:

- Loan Activity Reports
- Loan Delinquencies
- Loan Charge Offs and OREO Write Down
- AIDEA Projects Updates
- Callan Report Sept 30, 2008

Mr. Leonard said an economic development workshop held by staff on November 10 was well attended.

Ms. Anderson said there is a general understanding that the interest rate environment has changed and there are some deals that AIDEA has not been receiving because of the rate. It is having an impact, but others are going forward with a variable rate for now.

Mr. Leonard explained that AIDEA's cost of funds uses U.S. Treasuries as the base with an addition at spread.

8B. The next board meeting date is January 15, 2009.

**7D. Executive Session – HCCP**

**MOTION: Mr. Kelsey moved to go into Executive Session to discuss Healy Clean Coal matters related to litigation and settlement negotiations, and pending AIDEA legislation. Seconded by Commissioner von Scheben. There being no discussion, the question was called. A roll call vote was taken and the motion passed 5-0.**

**AYES: Kelsey, Notti, von Scheben, Winther, Galvin**

**NAYS: None**

**EXECUTIVE SESSION 1:35 p.m.**

The Board reconvened its regular meeting at 2:42 p.m.

A quorum was established. Chairman Galvin advised that the Board had not taken any formal actions on the matters discussed.

**9. BOARD COMMENTS**

Discussions ensued regarding a future policy on asset retention and divestiture.

**10. ADJOURNMENT**

There being no objection and no further business of the Board, the meeting was adjourned at 2:46 p.m.

  
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Ted Leonard, Executive Director/Secretary  
Alaska Industrial Development and Export Authority