

Alaska Industrial Development and Export Authority  
**BOARD MEETING MINUTES**  
August 24, 2009  
Anchorage, Alaska

**1. CALL TO ORDER**

Chairman Pat Galvin called the meeting of the Alaska Industrial Development and Export Authority to order on August 24, 2009 at 4:38 p.m.

**2. BOARD MEMBER ROLL CALL**

A quorum was established.

Members participating via teleconference: Chairman Pat Galvin (Commissioner, Department of Revenue); Commissioner Emil Notti (Department of Commerce, Community & Economic Development); and Commissioner Leo von Scheben (Department of Transportation & Public Facilities).

Absent: Mike Felix (Public Member) and Vice-Chair John Winther (Public Member).

**3. CONFIRM NOTICE REQUIREMENT AND AGENDA APPROVAL**

Commissioner Notti made a motion to approve the agenda as presented and Commissioner von Scheben seconded it. There being no discussion, the question was called. A roll call vote was taken and the motion passed with Messrs. Galvin, Notti, and von Scheben voting yea.

The agenda was approved as presented. Public Notice requirements were met.

**4. PUBLIC ROLL CALL**

Staff present in Anchorage: Ted Leonard (AIDEA Executive Director); Sara Fisher-Goad, (Deputy Director-Operations); James Hemsath (Deputy Director-Development); Valorie Walker (Deputy Director-Finance); Karsten Rodvik (Project Manager-External Affairs); Mark Schimscheimer (Project Manager); Brenda Fuglestad (Administrative Manager); and Sherrie Siverson (Administrative Assistant).

Others present in Anchorage: Brian Bjorkquist (Department of Law); Tim Bradner (Alaska Journal of Commerce); and Jan Sieberts (Washington Capital Management).

Others participating via teleconference: Charlie Cole (Attorney) and Dave Domansky (Attorney).

**5: PUBLIC COMMENTS**

There were no public comments.

## **6. OLD BUSINESS**

There was no old business.

## **7. NEW BUSINESS**

### **7A. Resolution No. G09-07 Healy Clean Coal Asset Purchase and Sale Agreement**

Chairman Galvin stated the memo with Resolution No. G09-07 in the packet outlines the state of the transaction and how the Asset Purchase and Sale Agreement before us came about. It also highlights the modifications from the earlier version.

For the record, this is similar to the original terms of the three-party agreement that we reached with Golden Valley Electric Association and Homer Electric Association (HEA). With HEA's departure from the transaction, it had to be restricted to basically be a two-party deal. The fundamental principles with regard to the transaction remain the same. The purchase price and the line of credit remain the same. There have been adjustments to the amortization of the purchase price over a longer period of time, but still within the range of reasonable amortization and the interest rate on the line of credit allows for a float between 5-6.5% depending upon what the treasury rate is at the time they lock in the long-term loan. From AIDEA's perspective, it's basically a substantially similar transaction where we're relying upon the Power Sales Agreement as the primary collateral for repayment of the debt and ultimately rely upon Golden Valley Electric Association and their obligations under those as our collateral for this arrangement.

Commissioner von Scheben questioned Item 3D stating if Tri-VEC and Golden Valley obtain interim financing from another source, the AIDEA line of credit will remain available as long-term financing to pay off the principal amount of appropriate costs financed by another source or GVEA. Does that mean the \$45 million will be tied up with that if they get their own other financing?

Chairman Galvin stated they may have access to short-term financing at a lower interest rate and they may choose to use that as a regular draw; similar to a revolving credit where they take it out and maybe pay some back. At some point between now and 2014, they will take out what they need from this line of credit as a long-term loan and may use it to pay off that short-term or pay off the cost of the expenditures. But, all that has to be related to qualify for expenditures under the terms of the agreement.

Chairman Galvin briefed the Board as to the sequence of events. He said we put the lawsuit further and further into cold storage as we get more closure on the transaction. We anticipate the trial date will be moved back once we have agreed to this Asset Sale and Purchase Agreement. The discovery process will be staid through the month of September while we further negotiate the closing documents. We anticipate having all the documents in place and can basically agree to them all by the end of September. That ultimate closing will then rest solely on approval of the agreement with the RCA. Once we reach that point we will stay the discovery further and basically the lawsuit will be on complete cold storage pending that RCA approval. Once we obtain the RCA approval the deal will officially close and the lawsuit will be dismissed.

The uncertainty is just a matter of timing with regard to the RCA approval. The lawsuit will remain under our control until we've got official closure of the transaction.

**MOTION: Commissioner von Scheben moved to approve Resolution No. G09-07. Seconded by Commissioner Notti. There being no discussion, the question was called. A roll call vote was taken and the motion passed with Messrs. Galvin, Notti, and von Scheben voting yea.**

#### **8. DIRECTOR COMMENTS**

Mr. Leonard thanked the Board and staff for all the hard work on this process. He stated the next Board meeting date is set for September 17, 2009.

#### **9. BOARD COMMENTS**

The Board acknowledged the extreme hard work of staff and the folks working on the agreements. Obviously it's been an uncharted road and we have navigated it fairly well, and the Board really wants to express its appreciation, especially to the legal team who has helped us with regard to the actual transactional documents. We have a high degree of confidence in them and the work that's been done to protect AIDEA's interests and make sure that we understand the transaction fully.

#### **10. ADJOURNMENT**

There being no further business of the Board, the meeting was adjourned at 4:59 p.m.



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