



**Alaska Industrial Development and Export Authority
BOARD MEETING MINUTES
March 13, 2009
Anchorage, Alaska**

1. CALL TO ORDER

Chairman Pat Galvin called the meeting of the Alaska Industrial Development and Export Authority to order on March 13, 2009 at 10:07 a.m.

2. BOARD OF DIRECTORS ROLL CALL

A quorum was established.

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

Participating via teleconference: Vice Chair John Winther (Public Member).

3. CONFIRM NOTICE REQUIREMENT AND AGENDA APPROVAL

Chairman Galvin confirmed that public notice requirements were met. The agenda was approved as presented.

4. PUBLIC ROLL CALL

Staff present in Anchorage: Ted Leonard (AIDEA Executive Director); Chris Anderson (Deputy Director-Credit); James Hemsath (Deputy Director-Development); Valorie Walker (Deputy Director-Finance); Bruce Chertkow (Loan Officer II); Karl Reiche (Project Manager); Chris Rutz (Procurement Manager); Mark Schimscheimer (Project Manager); Brenda Fuglestad (Administrative Manager); and Sherrie M. Siverson (Administrative Assistant).

Others present in Anchorage: Brian Bjorkquist and Mike Mitchell (Department of Law); Jan Sieberts (Washington Capital Management); Pat Clancy, Gordon Davis and Mark Gardiner (Western Financial Group); Teresa Obermeyer (Self); Ken Vassar (Birch, Horton, Bittner and Cherot).

Participating via teleconference: Shelly Ebenal (Fairbanks Hospital Foundation)

Arrived while meeting in progress: Brenda Applegate (Controller); Andy Baker (Teck Cominco); Pat Burden (Northern Economics); Mark Davis (Manager-State Economic Development); Leona Hakala (Loan Officer); Jim Strandberg (Project Manager).

5. PUBLIC COMMENTS

Ms. Obermeyer offered her condolences on the recent passing of Mrs. von Scheben. She said she grew up around politics as an educator. Ms. Obermeyer passed out information about investments by the Permanent Fund Board. She stated that the Alaska Bar Association was up for sunset on June 30, 2009 unless the Legislators decide by majority vote that they will continue. It is time to sunset an organization that doesn't even license people that live in Alaska. She said we should be idealistic and care about our State.

6. NEW BUSINESS

6A. Greater Fairbanks Community Hospital Project Refunding Resolution, No. G09-03

Mr. Vassar summarized Resolution G09-03 for the Board. The Greater Fairbanks Community Hospital Foundation, Incorporated (the "Foundation"), has asked the Authority to issue bonds (the "2009 Bonds") for the purposes of (i) refunding and redeeming all or a portion of the Authority's outstanding Revenue Bonds (Greater Fairbanks Community Hospital Foundation Project), which the Authority originally issued on October 28, 2004 (the "2004 Bonds") in the principal amount of \$120,000,000 and which are currently outstanding in the principal amount of approximately \$113,000,000; (ii) possible financing for the remodeling and construction of an expansion for the Foundation's Harry and Sally Porter Heart Center in a principal amount of approximately \$17,000,000; and (iii) paying all or a portion of the costs incurred in connection with the issuance of the 2009 Bonds.

Like the 2004 Bonds, the 2009 Bonds will be conduit revenue bonds of the Authority. The Authority will have no obligation to use its own credit or assets to make payments on the 2009 Bonds or to purchase any 2009 Bonds from their holders. The only assets that may be used for repayment or purchase of the 2009 Bonds will be assets provided by the Foundation and pledged under the indenture for the 2009 Bonds.

The 2009 Bonds will be issued as variable rate bonds, with interest being determined from time to time to permit the remarketing agent for the 2009 Bonds to sell them at par. The Foundation has obtained two Letter-of-Credit commitments, one from Union Bank of California and the second from Wells Fargo Bank, as security and liquidity for the 2009 Bonds

There are two parts to this transaction. The first is a new bond issuance and the second is the conversion and remarketing of a portion of the currently outstanding bonds. The Foundation wishes to convert approximately \$32,000,000 of the 2004 Bonds to long-term fixed interest rates. Resolution G09-03 authorizes a remarketing official statement for use in the remarketing of the converted 2004 Bonds. As part of the conversion, the Foundation wishes to establish new maturity dates, or a new sinking fund payment schedule, to permit payment of the converted 2004 Bonds on dates earlier than their current maturity date. Resolution G09-03 authorizes the Authority's participation in an amendment to the indenture for the 2004 Bonds to effect those changes.

Mr. Vassar described the various documents attached to and approved by passage of Resolution G09-03.

A TEFRA hearing was held on March 5, 2009 to meet the IRS requirements necessary for completion of this transaction by March 31, 2009.

Resolution No. G09-03 authorizes the issuance of the bonds and also delegates to the Executive Director the ability to make determinations with respect to terms of the bonds and to enter into the appropriate agreements with the various parties that are involved for the purpose of providing bond insurance, liquidity, provide for remarketing, and provide for a trustee for the bonds.

MOTION: John Kelsey moved to adopt Resolution No. G09-03. Seconded by Commissioner Notti.

A discussion ensued regarding bonding capacity of the Authority and the \$150 million amount authorized by the Resolution. The Board reached a consensus that \$135 million dollars was adequate to cover the \$113 million outstanding bonds, approximately \$17 million for the Harry and Sally Porter Heart Center, and payment of all or a portion of the costs incurred in connection with the issuance of the 2009 Bonds.

The Board amended the authorized amount in Resolution No. G09-03 from \$150 million to \$135 million.

MOTION: Commissioner von Scheben moved to approve Resolution No. G09-03 as amended. 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, Winther, Kelsey, Notti and von Scheben voting yea.

WORK SESSION

8. **Credit Programs** – Chris Anderson, Deputy Director-Credit
9. **Development Programs** – Jim Hemsath, Deputy Director-Development
10. **Financial Information and Bonds** – Valorie Walker, Deputy Director-Finance
 - Balance Sheet Review
 - Types of bonds AIDEA issues
 - Revolving Fund Bond Covenants
11. **Draft AIDEA Economic Development Plan** – Ted Leonard, Executive Director and Jim Hemsath, Deputy Director-Development

After a discussion among staff and Board Members, AIDEA's mission statement was revised to better reflect wording in the State Statute.

Current Mission Statement

The mission of the Authority is to provide economic growth and diversification in Alaska through various means of financing.

AIDEA Statute

The Purpose of the Authority is to promote, develop, and advance the general prosperity and economic welfare of the people of Alaska, to relieve problems of unemployment, and to create additional employment by

- 1) providing various means of financing and means of facilitating the financing, in cooperation with federal, state, and private institutions, of industrial, manufacturing, export, small business, and business enterprises and the other facilities referred to in AS 44.88.010(a) in the state;
- 2) owning and operating the enterprises and other facilities described in AS 44.88.172;
- 3) fostering the expansion of exports of Alaska goods, services, and raw materials;
- 4) cooperating and acting in conjunction with other organizations, public and private, the objects of which are the promotion of export trade activities in the state;
- 5) establishing a source of funding credit guarantees and insurance, not otherwise available, to support export development;
- 6) providing and cooperating or participating with federal, state, and private institutions to provide actual and potential Alaska exporters, particularly small and medium-sized exporters, with financial assistance in support of export transactions.

Revised Mission Statement

The mission of the Alaska Industrial Development and Export Authority is to promote, develop, and advance economic growth and diversification in Alaska by providing various means of financing and investment.

12. Divestiture Policy

13. Scheduled Board Meeting Date April 2, 2009 at 10:30 a.m.

14. Adjournment

There being no further business of the board, the meeting was adjourned at 4:03 p.m.



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