



Alaska Industrial Development and Export Authority
BOARD MEETING MINUTES
January 15, 2010
Anchorage, Alaska

1. CALL TO ORDER

Vice Chair John Winther called the meeting of the Alaska Industrial Development and Export Authority to order on January 15, 2010 at 11:08 a.m.

2. ROLL CALL: BOARD

A quorum was established.

Member present: Emil Notti (Commissioner, Department of Commerce, Community & Economic Development).

Directors present via conference call: Vice Chair John Winther (Public Member) and Mike Felix (Public Member).

Absent: Chair Commissioner Pat Galvin (Department of Revenue) and Commissioner Leo von Scheben (Department of Transportation & Public Facilities).

3. AGENDA APPROVAL

The agenda was approved as presented.

4. ROLL CALL: STAFF, PUBLIC

Staff present in Anchorage: Ted Leonard (AIDEA Executive Director); Sara Fisher-Goad (Deputy Director-Operations); Valorie Walker (Deputy Director-Finance); Karsten Rodvik (Project Manager-External Affairs); Brenda Applegate (Controller); and Sherrie Siverson (Administrative Assistant).

Others present in Anchorage: Brian Bjorkquist (Department of Law).

Others participating via conference call: Pat Clancy (Western Financial); Cynthia Weed (K&L Gates LLC); and Paul Bloom and Brian Olin (Goldman Sachs & Co).

Joined the meeting in progress: Jan Sieberts (Washington Capital Management).

Vice Chair Winther requested Commissioner Notti chair the meeting.

5. PUBLIC COMMENTS

There were no public comments.

6. OLD BUSINESS

There was no old business.

7. NEW BUSINESS

7A. Resolution No. G90-2E, Amended and Restated Revolving Fund Bond Resolution

Mr. Leonard stated that Resolution G90-2E is amending and restating the Revolving Fund Bond Resolution. He asked Cynthia Weed with K&L Gates to review the changes.

Ms. Weed said the Resolution was originally adopted in 1990 and was amended in 1996, 1998, 2007, and 2008. This recent amendment and restatement is made pursuant to express authority which is granted in the resolution. The purpose for the amendment and restatement is to correct ambiguities and there are no substantive changes. A wording change was made in Section 713, instead of "debt outstanding" it now says "indebtedness that is outstanding." In Section 714 a similar change was made by adding the words "that is" to the sentence "the amount that is required to be held in the revolving fund as Cash Equivalents." The words were moved around slightly in order to make it clear that the use of the term "Cash Equivalents" was the type of asset that was required to be held in the Revolving Fund.

There were no questions from the board.

MOTION: Mr. Felix moved to approve Resolution G90-2E as amended. Seconded by Mr. Winther. A roll call vote was taken and the motion passed with Messrs. Winther, Felix and Notti voting yea. Commissioners Galvin and von Scheben absent.

7B. Resolution No. G10-01, Revolving Fund Bond Series Resolution

Mr. Leonard stated that Resolution G10-01 is a Revolving Fund Bond Series Resolution authorizing the issuance of revolving fund refunding bonds Series 2010A. The purpose of this resolution is for the refunding and redeeming of a portion of the Authority's outstanding revolving fund bonds that are variable with fixed-rate bonds. Pat Clancy and Cynthia Weed are available by phone to answer any questions from the board.

Pat Clancy said the proposal is to refund the Series 2008 variable rate bonds that are currently outstanding, all of the principal amounts maturing after April 2010. It was decided not to include the 2010 maturity amounts because they will be paid off soon. The refunding converts the outstanding bonds from variable rate obligations, which are supported by a letter of credit and remarketed on a weekly basis, to a fixed-rate transaction. At this point in time, the 2008 Bonds represent over 90% of the outstanding principle supported by the revolving fund. Rating agency recommendations suggest that no more than 50% of assets be outstanding in variable rate obligations. Long-term interest rates are at historic lows, a full percent lower than a year ago and significantly below the historic average. There was a provision in the recent Recovery Act

aimed at facilitating the issuance of bonds to support private activity transactions, such as the DeLong Mountain Transportation System. Congress provided for bonds for funded projects that were done a long time ago to be refunded at a fully tax exempt rate. Interest on the bonds is currently subject to alternative minimum tax. This has a significant impact on the long-term interest rates in the market today; in the ballpark of one-half of a percent. This provision expires at the end of 2010, so refunding the 2008 bonds would allow them to be fully tax-exempt obligations.

The all-in interest rate of the refunded bonds is currently predicted to be a little less than four percent. While short-term interest rates on the 2008 bonds are very low right now, it is believed that interest rates will rise in the not too distant future on the short and long end. If rates return to a normal historic average and you add the cost of the letter of credit and remarketing, you may be looking at an all-in cost of five percent. At this point in time, converting the variable rate bonds may eliminate the risk of future letter of credit renewal related to other entities and lock in rates likely to be below average throughout the remaining life of the bonds through 2027.

AIDEA is currently enjoying a very strong credit rating and the spread between ratings is quite low. This is an opportunity for AIDEA to move from a variable-rate to a fixed-rate, avoid future rate risk, avoid renewal risk on letters of credit, and potentially lock in a rate that is likely to be lower than your long term rates all-in cost would be.

There were no questions from the board.

MOTION: Mr. Winther moved to approve Resolution G10-01. Seconded by Mr. Felix. A roll call vote was taken and the motion passed with Messrs. Winther, Felix and Notti voting yea. Commissioners Galvin and von Scheben absent.

9. DIRECTOR COMMENTS

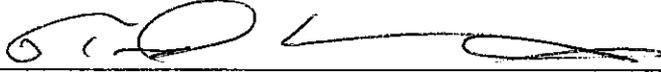
Mr. Leonard said AIDEA staff plan to be in Juneau during the legislative session to discuss and promote economic development. AIDEA is working on implementing its Strategic Plan.

10. BOARD COMMENTS

There were no board comments.

11. ADJOURNMENT

There being no further business of the board, the meeting was adjourned at 11:22 a.m.



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