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Alaska Industrial Development and Export Authority  
**BOARD MEETING MINUTES**  
June 14, 2010 at 4:00pm  
Anchorage, Alaska

**1. CALL TO ORDER**

Chairman Pat Galvin called the meeting of the Alaska Industrial Development and Export Authority to order on June 14, 2010 at 4:01 p.m.

**2. ROLL CALL: BOARD**

A quorum was established.

Participating via teleconference: Chairman Pat Galvin (Commissioner, Department of Revenue); Emil Notti (Commissioner, Department of Commerce, Community & Economic Development); Mike Felix (Public Member); and Commissioner Leo von Scheben (Department of Transportation & Public Facilities). Absent John Winther.

**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); James Hemsath (Deputy Director-Business Development); Valorie Walker (Deputy Director-Finance); Karsten Rodvik (Project Manager-External Affairs); Mike Catsi (Business Development Officer); Mark Davis (Economic Development Officer); Brenda Fuglestad (Administrative Manager); and Sherrie Siverson (Administrative Assistant).

Others present in Anchorage: Brian Bjorkquist (Department of Law); Scott Hartung (Northrim Bank); John & Geoff Urbina (KeyBanc Capital Markets, Inc.); and Ken Vassar and Jennifer Owens (Birch, Horton, Bittner & Cherot).

Participating via teleconference: Debbie Schnabel (Scott Balice Strategies).

**5. PUBLIC COMMENTS**

There were no public comments.

**6. OLD BUSINESS**

There was no old business.

## **7. NEW BUSINESS**

### **7A. Resolution No. G10-07 to consider emergency regulations relating to Recovery Zone Facility Bonds**

Resolution G10-07 is responsive to SB269 signed by the Governor regarding emergency regulations dealing with implementation of allocations to Alaska boroughs. The boroughs must meet several critical deadlines with AIDEA to keep these allocations.

SB269 had an immediate effective date and within that legislation AIDEA was given a great deal of responsibility with respect to recovery zone facility bonds, which are a brand new type of tax exempt bond created with the passage of the American Recovery & Reinvestment Act of 2009. Alaska received a volume cap of \$135 million, which means we are allowed to issue up to, but not more than, that amount of recovery zone facility bonds. Under federal law, those bonds must be issued before the end of this calendar year and if they are not issued by then, we lose any unused volume cap.

Recovery zone facility bond volume cap has been allocated within Alaska pursuant to IRS Notice 2009-50 to various boroughs and certain census areas. Under SB 269, the boroughs receiving an allocation of the volume cap must use that volume cap before June 30, 2010 or it's waived to AIDEA. They also have the ability to express an intent to use the volume cap, then they have until August 31. All of the census area volume cap will lapse to AIDEA on June 30 as directed by legislation. The boroughs will need to know what they'll need to do to preserve their volume cap or how the volume cap is going to lapse. These emergency regulations address that timeframe, and what needs to be in place so that boroughs, developers, interested banks and other issuers who have projects will be clear as to what occurs between now and June 30.

Between now and June 30, 2010 AIDEA needs to adopt regulations addressing periods after June 30 and before the end of the year. The regulations are in the form of a single section that refers to the AIDEA manual attached to the regulation in the board packet regarding recovery zone facility bonds dated June 14, 2010.

The following manual sections highlight what occurs prior to June 30.

Section 10 reiterates what the allocations of the recovery zone facility bond volume cap is to various areas of the state.

Section 20 sets forth certain forms that the interested parties will need to use.

Section 30 speaks to loss of the recovery zone facility bond volume cap on June 30, 2010.

Section 40 is critical. It directs the issuers of recovery zone facility bonds to give notice to AIDEA if they actually issue a recovery zone facility bond. AIDEA will have the responsibility for either issuing recovery zone facility bonds or reallocating the volume cap to other issuers. We are requiring them to let us know so that we can be informed as to know how much bond cap is being used and how much remains available for us to use for AIDEA bonds or to reallocate to other issuers.

Section 50 states the issuers have the ability to waive their volume cap to a city within the borough.

Section 60 allows issuers to waive their volume cap to AIDEA.

Section 70 allows an issuer to express its intent to use the volume cap. If they deliver that expression of intent to AIDEA before midnight on June 29, 2010, that tolls their lapsing date. Instead of their volume cap lapsing on June 30, it will lapse on Aug 31, unless they've actually issued bonds.

Section 80 is important. In counting how much recovery zone facility bond volume cap an issuer uses, we want them to count premium and discount on their bonds. If they issue bonds with premium, (i.e., if they issue a \$20 million bond, but with premium, they receive \$21 million of proceeds), they have to count \$21 million of volume cap used.

Section 130 states that a borough that's received volume cap can designate a particular project that they want that volume cap used for. If they do that, then AIDEA must honor that designation.

Section 180 is definition of the terms.

With this resolution, the Board is adopting the finding of emergency which states that June 30 is an important date and we need to get the regulations in place, which could not occur until SB260 was signed. The Board would be adopting that finding of emergency, then under the resolution would adopt the regulations.

**MOTION: Commissioner von Scheben moved to approve Resolution No. G10-07. Seconded by Mr. Felix. There being no discussion, the question was called. A roll call vote was taken and the motion passed with Messrs. Galvin, Felix, Notti, and von Scheben voting yea.**

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

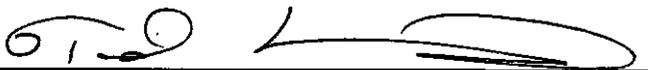
There were no comments.

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

There were no comments.

#### **10. ADJOURNMENT**

There being no further business of the Board, the meeting was adjourned at 4:23 p.m.



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