



Alaska Industrial Development and Export Authority
BOARD MEETING MINUTES
Thursday, June 26, 2014
Nome and Anchorage, Alaska

1. CALL TO ORDER

Chair Pruhs called the meeting of the Alaska Industrial Development and Export Authority to order on June 26, 2014 at 11:06 am. A quorum was established.

2. ROLL CALL: BOARD MEMBERS

Members present: Chair Dana Pruhs (Public Member); Vice-Chair Russell Dick (Public Member); Crystal Nygard (Public Member); Michael Pawlowski (Deputy Commissioner, Department of Revenue); and Gary Wilken (Public Member).

Participating via teleconference: Susan Bell (Commissioner, Department of Commerce, Community, and Economic Development).

3. ROLL CALL: STAFF, PUBLIC

AIDEA staff present: Ted Leonard (Executive Director); Chris Anderson (Deputy Director-Commercial Finance); Mark Davis (Deputy Director-Infrastructure Development (IFD)); Jim Hemsath (Deputy Director-Project Development & Asset Management (PDAM)); Michael Lamb (Deputy Director-Finance and Operations); Tom Erickson (Chief Procurement Officer); Jennifer Haldane (Human Resources Manager); Matt Narus (PDAM); Jeff San Juan (IFD); Lori Stender (PDAM); Sherrie Siverson (Executive Assistant); and Krin Kemppainen (Administrative Assistant).

AEA staff present: Sara Fisher-Goad (Executive Director); Sandra Moller (Deputy Director-Project Implementation & Operations); Karl Reich (Project Manager).

Members of the public present: Rick Adcock, Chris Brown, and Jim Kuiken (MWH); Jason Bowman and James Dougherty (RIM Architects); Elwood Brehmer (Alaska Journal of Commerce); Chris Dillon (Consultant); Dave Domansky (Bracewell & Giuliani, LLP); Tim Gallagher and Katriina Timm (HDR Alaska); Mark Gardiner (Western Financial Group); Jerry Juday (Department of Law); Dick Peterson (ANRTL); Miranda Studstill (Accu-Type Depositions); and Nancy Wainwright (Lobbyist - Native Village of Ambler).

Public participating via teleconference: Jenn Ruckel (KNOM Radio); Amy Broughton and Jamie Louks (MWH).

4. AGENDA APPROVAL

The agenda was approved as presented.

5. PRIOR MINUTES - April 3 and April 24, 2014

The minutes were approved as presented.

6. PUBLIC COMMENTS

Ms. Wainwright, on behalf of the Native Village of Ambler, commented on Agenda Item 7A, AIDEA reporting requirements and Item 7E, Ambler Industrial Access Road. Ms. Wainwright stated the public is feeling excluded about this process because the Ambler Industrial Access Road item was taken off the last meeting's agenda with no public notice and members of the public appeared by telephone to comment on that item at the last meeting. Ms. Wainwright stated she is here today because a number of people who would like to address the Board and are very concerned about the Ambler Road cannot be here today due to AIDEA scheduling two weeks ago an invitation-only meeting to the Tribes of the region in Kotzebue, which is taking place today. They cannot participate in both meetings.

Ms. Wainwright believes AIDEA is trying to involve people and has gone out to the regions, but the experience has been a one-way conversation. Information is presented about the project. Public information is given to AIDEA, but notes aren't being taken and no record of recommendations are available to the public. She noted the Ambler Road is being proposed to go through valuable religious sites and crucial subsistence areas of the Upper Kobuk and Koyukuk. She said if a road was going through a neighborhood's community garden and church, members of the neighborhood would certainly want notice and to be able to participate with the group that is making the decisions about that road through the community garden and church.

Ms. Wainwright believes AIDEA's current disclosure requirements are good and do not need to be altered with the proposed resolution that would revoke informing the public of any potential conflict of interest of Board members and consultants to AIDEA. Ms. Wainwright highlighted at the last meeting a potential conflict of interest the Native Village of Ambler would like to have reviewed regarding DOWL HKM Consulting. She understands they were a consultant to NovaCopper, who stands to directly benefit from this project. NovaCopper has an MOU with AIDEA and the involvement of DOWL HKM facilitating that MOU has not been disclosed. These types of transparent public disclosures are essential to what this Board has previously adopted as the public trust that is critical to the mission. It is very important AIDEA, as an applicant, be as transparent as possible.

Mr. Wilken requested additional explanation regarding the conflict with DOWL HKM. Ms. Wainwright stated NovaCopper is one of the primary beneficiaries of the Ambler Road and has had issues with failing leadership, specifically the Rock Creek Mine, which violated the Clean Water Act and is now closed. The leadership of NovaCopper is the same leadership of Alaska Gold. NovaCopper contracted with DOWL HKM for several years. The nature of that work has not been disclosed. It is particularly important to know if any work was contracted with respect to the road's proposed route. If DOWL HKM has been a consultant with Department of Transportation (DOT) and AIDEA in selecting a route and a consultant with the mining company, those kinds of conflicts and any potential conflicts should be disclosed.

Mr. Wilken asked if DOWL was responsible to the mining company to develop something. Ms. Wainwright stated DOWL was listed on the mining company's filed disclosure. At some point, DOWL HKM was owned 51% by Nana Development Corporation, who also have mining interests in the area. DOWL is working with both mining interests in the region. Mr. Wilken asked if that relationship ongoing today. Ms. Wainwright does not know and would like AIDEA to disclose the past and current information.

7. NEW BUSINESS

Chair Pruhs requested changing the agenda order to read 7E, 7F, 7A, 7B, 7C, and 7D, per Mr. Wilken's suggestion.

7E. Ambler Industrial Access Road Update

Mr. Leonard requested Mr. Davis join him in providing the early phase development of this potential project. Mr. Davis gave a detailed PowerPoint presentation explaining that the purpose of the project is to review the possible construction of an access road to the mining district that would support the exploration and development of mineral resources. Ambler mining district is a large mining district that has been identified for years and at the time of statehood as a possible area for mines to be developed primarily on state land.

AIDEA is reviewing this project as an opportunity to promote economic development and job opportunities in this region of the state. The region is approximately 75 miles long. It is largely copper, zinc, lead, silver and gold. The four major properties for possible development are Sun - Andover, Arctic - NovaCopper, Bornite - NANA, and Smucker - Teck Cominco.

The scope and studies began in 2010 by the DOT. Up to 12 different routes were reviewed, including a feasibility study for a possible railroad. DOT's proposed route goes from Dalton across a Federal Preserve below the Gates of the Arctic Park. Section 210 of ANILCA provides the right to cross the Federal Preserve. The Federal EIS process will look at all possible routes together with the no-build option.

There have been numerous meetings held by DOT and AIDEA. A leadership conference was held yesterday and today in Kotzebue for mayors and other members of assemblies from the various communities discussing the EIS process, the parallel state process and the ANILCA process.

Chair Pruhs asked if there is a schedule of AIDEA's planned meetings available to the public. Mr. Davis reported the previous meetings will be posted on the website and the intent is to post a list of future meetings. Chair Pruhs asked how far in advance the meetings will be posted. Mr. Davis noted it is usually two or three weeks' advance notice. Chair Pruhs asked if it is possible to have a month's notice. Mr. Davis stated the goal is to give a month's notice. The EIS process will have a federal contractor's website including their calendar of meetings. There will also be a government-to-government process.

Deputy Commissioner Pawlowski requested it become more visible that notes are being taken at community meetings. Mr. Davis noted the meeting in Kotzebue is being recorded and the whole meeting will be available to the public. The presentations will also be posted.

Mr. Leonard asked if the meeting in Kotzebue was closed. Mr. Davis stated AIDEA invited people to come and paid for the airfare for officials, but it was open to the public. Mr. Leonard asked if there were 70 to 80 people in attendance, and Mr. Davis said yes.

Mr. Wilken asked Ms. Wainwright why she stated this was an invitation-only meeting. Ms. Wainwright understood a letter was sent out to pre-identified people stating, "You are invited to this meeting. Your lodging and charter plane, whatever, will be provided." Ms. Wainwright noted other people began asking if they could attend. The letter was sent out two weeks before the meeting. She noted the letter said, "Others will be allowed to attend," and she understands other people were allowed to attend. Ms. Wainwright believes the conflict was in scheduling both meetings on the same date. Mr. Davis stated the National Park Service (NPS) was invited, but could not get their plane in. The NPS has been invited to all of the other AIDEA held meetings. Representatives from BLM and U.S. Fish and Wildlife Service were invited, but did not attend.

Mr. Leonard said the scheduling of the Kotzebue meeting had been worked on with communities and regional corporations for about a month and they tried to keep conflicts away, but it was an unfortunate timing difference. Mr. Davis noted the public has offered input on what types of meetings would work best. There have been tri-meetings, single meetings, and the next approach is to stay overnight and spend more time in each community. All PowerPoint presentations will be posted on the website.

Mr. Davis said a reconnaissance study is occurring. Chair Pruhs asked if there is a timeline for the studies and analyses. Mr. Leonard said an initial timeline was shown to the Board four or five months ago. A revised chart will be updated and brought back to the Board.

Deputy Commissioner Pawlowski believes the challenge is AIDEA moving into a project development proponent stage. He asked who is coordinating the meetings for this project; AIDEA staff or a public outreach contractor. Mr. Davis stated the DOWL's public relations section has set up the meetings. Another contractor, consultant Joy Huntington, from Fairbanks, has been hired by AIDEA to assist DOWL on public outreach. Mr. Leonard noted DOWL is also the project manager. AIDEA's resources in this project are based on Mr. Davis and his team directing private sector project managers and outreach people to do the work. Mr. Davis stated AIDEA has also hired DNR's Office of Project Management to coordinate the permitting. DNR has been asked to attend all of the public outreach meetings and answer any land use questions.

Mr. Wilken asked what type of road this is expected this to be, private, public, or restricted. Mr. Davis stated the Ambler Road would be a controlled access road because of the private financing, safety reasons, and for an insurable interest. This model has been used successfully in Canada on these types of roads. It will be designed to minimize the impact to wildlife because of the controlled access.

Mr. Wilken asked if the conflict of interest concern was in the form of a letter. A formal response to that concern should be provided so the concern can be addressed. Mr. Davis stated the concern is being reviewed. Mr. Wilken requested slide numbers be placed on all slides that are presented. Mr. Davis agreed.

Ms. Nygard asked if there is a difference in the timeline between a controlled access road and a public access road. Mr. Davis stated there are different rules between a controlled access road and a public access road, but still have to be based on agreed-to safety standards. He believes a pioneer road would first be built for use only in the winter. If the mines have completed their feasibility studies, the mine could open with the pioneer road. The intent is to file the EIS notice this year.

Vice-Chair Dick commented the most critical part of this project for him is the interface and interaction with the communities. He requested additional background information on the structure describing DOWL HKM, their contractors, any other consultants and who from AIDEA is overseeing the outreach.

Deputy Commissioner Pawlowski hopes the word restricted does not preclude LNG trucks from using the road. Mr. Davis stated there is a team reviewing the possibilities of using the road to transport lower-cost fuel and other supplies.

Commissioner Bell noted she spent the day in Kotzebue yesterday and complimented AIDEA, as well as Mr. Huntington, who set a very inviting and respectful tone for all the participants. Her suggestion to John Springsteen yesterday was to remind people that we are just commencing the EIS process, which is iterative and the information will shape the project.

7F. AIDEA Building Update

Mr. Leonard invited Karl Reich, Sara Fisher-Goad, James Dougherty and Jason Bowman to provide the building update. A detailed building update was given and the provided drawings were discussed. The Building Committee is comprised of Michael Lamb, Sandra Moller, Jennifer Haldane and Karl Reiche.

Chair Pruhs requested an explanation of why the proposed addition to the south does not take up all of Lot 3. Mr. Dougherty said there is no current need for that additional space, but is a potential future option. Chair Pruhs asked how much space will be added to the current building. Mr. Dougherty said the request was to add 10,000 square feet and there is opportunity to provide additional building or expansion in the future. Mr. Reiche said the projection is for an increase to 130 staff members in the next five years. Ms. Fisher-Goad commented the five-year projection is comfortable for the planned layout, but the timeframe could be longer using a similar management of the current workspace configuration.

Chair Pruhs asked how the unit cost per square foot of the proposed plan compares with new construction. Mr. Dougherty noted there is a wide range of cost for new construction, but the CIRI building new construction is over \$400 per square foot, which includes property cost. The development work is in the \$300 to \$350 per square foot range.

Mr. Wilken asked if this building project is anticipated to be funded out of cash. Mr. Leonard said yes and stated that this will be an investment in property for AIDEA. Mr. Wilken asked if this will have any effect on the dividend to the general funds. Mr. Lamb believes it is a deminimis issue. Chair Pruhs asked for the current value of the building. Mr. Leonard stated the broker's estimated sale price without Blues Central was about \$6 million. Blue Central is estimated at about \$725,000.

Mr. Leonard stated a scope of budget for the proposed remodel and a comparison of new construction will be brought before the Board at the September meeting.

7A. Resolution No. G14-08 AIDEA Reporting Requirements

MOTION: Vice-Chair Dick moved to approve Resolution No. G14-08 AIDEA Reporting Requirements. Motion seconded by Ms. Nygard.

Mr. Leonard stated there was an issue with the way reporting and safeguarding potential conflicts of interest with employees with APOC and the Board directed an alternative way to be determined to provide the same type of protection through a different method. The resolution recommends removing APOC and utilizing an alternative method which provides a direct confirmation every employee of the Authority does not have any conflicts of interest or ownership in any of the project partners. Mr. Juday noted the Board members are still subject to APOC requirements.

Chair Pruhs asked for the definition of family member. Mr. Leonard noted the definition of immediate family member is brothers, sisters, children, husband and wife. Mr. Juday noted he would have to find and read the statute to know how broad the definition is. Chair Pruhs wants this stated as simplistically as possible for the employee so there is no oversight.

Chair Pruhs asked for an explanation of the consequences if a family member is found to have a conflict, but the employee did not previously know. Mr. Juday stated there are enforcement mechanisms under the Ethics Act, which vary depending on the magnitude of the conflict. Employee disciplinary actions could be taken. A disclosure should occur and no actions may be taken until it is cleared by the ethics supervisor and perhaps consultation with Department of Law.

Mr. Leonard noted this resolution is an additional layer to the Ethics Act and will be kept in the employee personnel file. Mr. Juday advised the confirmation of no conflicts of interest will become a term of employment to be completed annually. Chair Pruhs asked if the recommended procedure is proactive in helping employees disclose information confidently and accurately. Ms. Haldane believes this is a good reminder for employees to think through the process.

Ms. Nygard inquired about the terms of the forms stating "monthly" and "unnecessary." Ms. Haldane noted the term "unnecessary" should read "annually."

The motion passed with board members Wilken, Pawlowski, Nygard, Dick, and Pruhs voting yea.

7B. Interior Energy Project Update

Mr. Leonard invited Mr. Davis to provide an update on the Interior Energy Project (IEP). Mr. Davis gave an overview of the Interior Energy Project. A loan has been closed with Fairbanks Natural Gas (FNG) to build out their pipe system. The Board-approved loan with Interior Gas Utility (IGU) is near closing and is designed to allow the IGU to set up and develop a system in North Pole beginning in July. MWH is a consultant for IGU and a system for both utilities will be developed. The pad location purchase from Spectrum Alaska, LLC, has occurred and AIDEA is in possession. Negotiations are ongoing with DNR to change the date of occupancy from August 15, 2014 to July.

Current discussions with BP are ongoing to tie into the gas pipeline for that location. RCA counsel has been engaged to being the right-of-way process for the short pipeline from the tie-in to the proposed plant site. A contract with The Industrial Company (TIC) Kiewit, has been executed to build out the pad. Another contract has been entered into with Kiewit with a notice to proceed for an indicative price for the LNG plant, including the basic design, type of equipment, and much detail. MWH is the consultant on all of these contracts. The Board should know the price of the plant and the process for the pad procurement by the middle of July. An integration contract with MWH is underway to review the entire system of the plant design and trucking component to the utilities, including storage and distribution.

The previous actions are occurring outside the Concession Agreement. The Concession Agreement is also moving forward and many issues have been agreed upon. The Concession Agreement would specify that AIDEA would spend certain monies, up to a limit, to keep the process moving forward. MWH will continue work on finding customers for the plant. AIDEA is not working on the engineering, procurement, construction (EPC) contract because that is between the private company, Northern Gas, and the constructor, which could be Kiewit, but that is a separate negotiation matter.

Mr. Leonard stated AIDEA is moving forward in trying to secure space in Fairbanks for a project office. This is the result of a Board recommendation, which considers the importance of public outreach. This office can be used with MWH and for the Ambler project.

Mr. Wilken inquired when the “buy-it” cost for the gas will be publically known. Mr. Davis stated that has to be negotiated with the producer and there is not a date-certain. Mr. Wilken asked if the date of October 1, 2014 for CAPEX and OPEX information is still accurate. Mr. Leonard believes that information should be available in the month of October. Mr. Davis believes some of the answers could be known before October.

Mr. Wilken requested an update on trucking and asked if July 25, 2014 is still a good date for an indicative price on hauling the product. Mr. Davis advised MWH produced a trucking report, which is now being refined. Negotiations are ongoing with FNG regarding the potential purchase of a trailer prototype. Mr. Brown, MWH, agreed July 25, 2014 is a good date for the indicative price on hauling the product. Mr. Wilken asked if July 25, 2014 is still a good date for an indicative price on storing the product in Fairbanks and North Pole. Mr. Davis believes that date will be later. Mr. Brown stated the intent of MWH is to have an indicative price for storage by July 25, 2014. The question of who will build the storage could potentially still be open.

Mr. Wilken requested an update on AEA's responsibility of distribution cost and timeline. Mr. Leonard noted work on cost projection is ongoing and will continue over the next three to four months. Mr. Leonard stated FNG's cost projection for CAPEX is about \$15 million per 31 miles. Mr. Leonard noted OPEX can only be discussed in executive session at this point. AIDEA will be able to make projections to the public based on information received from RCA.

Chair Pruhs requested further explanation of the Golden Valley Electric Association (GVEA) gas supply contract versus an independent contract for the LNG facility and if AIDEA is talking with suppliers about separate contracts. Mr. Leonard agreed AIDEA is talking with suppliers and noted GVEA does have the full capacity of excess gas through the service pipeline. GVEA would have to concur in order to carve out any supply.

Chair Pruhs asked if GVEA is going to dictate the price to the LNG facility for the IEP. Mr. Leonard noted GVEA's contract will be utilized. Chair Pruhs asked if it was anticipated that GVEA would dictate the price to the LNG facility. Mr. Leonard stated that was not anticipated. Mr. Davis stated all of the models were predicated on confidential producers' pricing, which is very similar to the GVEA contract.

Deputy Commissioner Pawlowski requested discussing public outreach and public disclosure in executive session.

Chair Pruhs stated he was under the impression there would be an independent contract directly with the producers for the IEP gas supply, rather than GVEA, who has the contract, and will supply the gas to the LNG facility. Mr. Leonard advised that contract will go through the Concession Agreement.

Mr. Leonard invited Mr. Domansky of Bracewell & Giuliani, LLP, and Mr. Gardiner of Western Financial Group to the table for a high-level overview of the Concession Agreement before going into executive session. MWH is also present to answer any questions from the Board. Mr. Wilken asked if MWH wanted to add any remarks to Mr. Davis' overview. Mr. Adcock of MWH believes Mr. Davis covered the report well.

Mr. Davis explained that after the selection of MWH in January, the process began to create a legal framework for how MWH would integrate their funding with AIDEA. A standard project development agreement was established in which AIDEA is providing concessions, including favorable financing, to the project company, Northern Gas, and the right to develop an LNG plant on AIDEA's pad for the purpose of supplying LNG to the preferred customer list first and then to other customers. There are price incentives for being an initial preferred customer. The project company has also agreed to providing a low cap return for the preferred customers. The project company has to follow all regulatory standards. The agreement allows for various flexible ways to address plant expansion. AIDEA has the right to inspect the plant and receive reports. Mechanisms are in place to address any disagreements between the parties. This is a 30-year Concession Agreement.

Chair Pruhs noted the Concession Agreement is 30 years. He asked how long the off-take agreements are. Mr. Leonard stated the off-take agreements are to match the Concession Agreements. Mr. Adcock stated MWH will work with what is available in the marketplace. The investor is going to want to have some security that there will be 30 years' of revenue. Mr. Adcock believes there will be a balance between those market demands.

Chair Pruhs asked if it is fair to assume that if the Concession Agreement is for 30 years and a take-off agreement is for 20 years, the 10-year risk would be too difficult for an investor, leading the investor to want the Concession Agreement to be shortened, which will ultimately affect the consumer price. Mr. Adcock agreed and noted multiple modeled scenarios have been reviewed to determine the pay back. The intent is to determine the longest take or pay contract in the marketplace and determine if there is an ability to amortize over a shorter period of time to get the investor returns back. Mr. Leonard noted the parties are agreeing to develop a base model addressing that specific issue in the Concession Agreement. Chair Pruhs asked if it is in the best interest of the utilities to drive the cost of the gas down to the least amount out of the LNG plant based on their off-take agreement and term. Mr. Adcock and Mr. Davis agreed. Chair Pruhs asked if the utilities wants the best price for their customers, the Interior residents, it is to the benefit of their customers to have a longer term off-take agreement. Mr. Adcock and Mr. Davis agreed.

Mr. Davis stated the Concession Agreement is designed to anticipate the alternative gas supply for the utilities, the parties, and the investor. He noted if gas from an alternative gas supply is at more favorable terms than the truck gas, the utilities would have a way to exit the contract. Mr. Pawlowski believes the alternative gas supply provision is important for the ability of the utilities to review the longer term. Mr. Davis noted AIDEA owns the pad and plant, even though they will not operate it during the 30-year term.

Deputy Commissioner Pawlowski requested additional information regarding the period between the Concession Agreement, execution and financial close, because there is more than integration with MWH. There is a partnership and both parties are taking risk, which is ahead of the alternative gas supply. Mr. Davis explained each party agreed to a risk cap and to perform certain functions prior to financial close. The Concession Agreement provides a structure moving forward that integrates with the other contracts that are in place.

Ms. Nygard requested further explanation of the advantage and benefit to AIDEA owning an LNG plant, but not operating the LNG plant, and having no exit from the LNG plant. Mr. Davis believes there is very little risk to AIDEA for having this Concession Agreement because the concessioner is taking all the risk of operation, insurance, and all the risks of running the business. AIDEA will get the plant back after 30 years and accept any residual value. Mr. Leonard stated this is consistent with AIDEA's current model in owning Skagway, the port at DMTS, the Ketchikan Shipyard, and the FedEx Hanger.

Mr. Wilken stated his concerns with the Concession Agreement today is that the financial construction is different from what the Board was told in January about how the financials would be constructed and is different from what the legislation directs to do. Mr. Leonard requested specifics from Mr. Wilken because he believes it was always disclosed in the presentations that a

majority of the SETS funds, Section 125, and capital appropriation would go into the plant and the bonds could not be utilized for this part of the funding. Mr. Leonard noted when AIDEA went through the legislative process, the estimate was for \$650 million, where AIDEA had \$325 million of tools, and there would be as much private investment sought as possible, but there would also have to be community investment. Mr. Wilken noted community investment is a new term, which can be discussed at a later point.

Mr. Wilken read from the January 14th MWH term sheet and noted discrepancies with the proposed Concession Agreement. Mr. Leonard stated he will get his copy of the report and bring it into the executive session. He noted the amount of funding MWH was going to provide was based on the total cost of a 9 Bcf plant. Mr. Leonard stated based on the Concession Agreement, he believes MWH is the best because they are providing and willing to provide into the plant up to \$82.5 million and maybe more, which is dictated on the rate of return.

Deputy Commissioner Pawlowski asked if it is fair to say AIDEA will not know the capital stack, spread, or what is left over until the indicative price is released in July. Mr. Leonard agreed and added those figures are unknown until the pricing model is released. Mr. Davis stated the base financial model of the Concession Agreement will build upon the indicative price and other factors to produce the price. At that point, there will be several scenarios developed with an unvaried minimum of \$20 million from MWH and an unvaried base of \$35 million of appropriation money.

Mr. Wilken commented the current Concession Agreement utilizes all of the sweet money, leaving nothing left to help with trucking or regasification or anything else. Mr. Gardiner noted there is \$55 million to \$60 million of sweet money. Mr. Wilken requested additional explanation of the up to \$125 million of SETS money in Section Two. Mr. Leonard noted that will be discussed further in the executive session.

Mr. Adcock noted MWH has more than one investors who are interested in contributing more money to the project. The amounts and terms of the investment, the cost of capital, is different from the state money, which has an impact on prices. MWH is set to work on those tradeoffs. Mr. Davis explained the Concession Agreement does not define the specific financial terms. It provides the ceiling of the structure to develop those terms.

MOTION: Vice-Chair Dick moved to go into Executive Session to discuss confidential strategy of the proposed Concession Agreement, Resolution No. G14-15, including how to work with the public around this document, and to consult with legal counsel. Motion seconded by Commissioner Bell. The motion was approved.

7C. Executive Session - Interior Energy Project:

Executive Session was entered at 2:05 p.m. The Board reconvened its regular meeting at 3:50 p.m. Chair Pruhs stated no formal action was taken during executive session.

7D. Resolution No. G14-15 IEP Concession Agreement

MOTION: Deputy Commissioner Pawlowski moved to replace Resolution No. G14-15 IEP Concession Agreement with Resolution No. G14-15 #2 IEP Concession Agreement. Motion seconded by Vice-Chair Dick.

Mr. Leonard explained this resolution was to give the Board more information in how the Concession Agreement is moving forward. The actions requested are to allow the Executive Director to continue to move forward with the Concession Agreement negotiations and submit to the Board a Concession Agreement for approval, hopefully at the special Board meeting in August to be determined by the Chair. This also allows AIDEA to engage and share in the expenditures with MWH on the key tasks needed and provide approval for a contract for Phase II engineering and scope with TIC.

Chair Pruhs expressed his disappointment the Concession Agreement was not completed today. He encouraged MWH and AIDEA staff to bring this to a conclusion sooner than later.

Deputy Commissioner Pawlowski commented the July timeline for the indicative prices makes him much more comfortable with this version of the resolution. He requested the indicative price information be provided to the Board before their decision. Mr. Wilken associated himself with those comments.

The motion passed with board members Wilken, Pawlowski, Nygard, Bell, Dick, and Pruhs voting yea.

8. DIRECTOR COMMENTS

8A. Director's Status Report

Mr. Leonard gave a brief update on the jack-up rig. A well-known rig operator, Spartan, has agreed to take over operations and marketing of the rig for Ezion. A bankruptcy attorney has been hired to represent AIDEA's interests. A legal analysis and strategy is being developed. For Brooks Range, documents are being signed regarding the operating agreements and closing that project. Due diligence is continuing on the REI project for the LNG export facility and for the Agrium project in Kenai.

8B. The next regularly scheduled board meeting will be Thu. July 31, 2014, in Ketchikan, Alaska.

9. BOARD COMMENTS

Mr. Wilken apologized in advance for not being able to attend the meeting in Ketchikan in person. He will participate for as long as he can telephonically.

Vice-Chair Dick expressed his appreciation to the staff and the team for moving this complicated project forward. Ms. Nygard agreed with Vice-Chair Dick's comments.

Chair Pruhs requested the tour schedule. Ms. Siverson noted a Skagway tour is scheduled for Wednesday, July 30, 2014, Ketchikan Shipyard on July 31, 2014, and Whitman Lake in Prince of Wales Island on August 1, 2014.

10. ADJOURNMENT

There being no further business of the Board, the AIDEA meeting adjourned at 4:00 pm.



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