



**Alaska Industrial Development and Export Authority**  
**BOARD MEETING MINUTES**  
**Thursday, April 27, 2017**  
Juneau and Anchorage, Alaska

**1. CALL TO ORDER**

Chair Pruhs called the meeting of the Alaska Industrial Development and Export Authority to order on April 27, 2017, at 10:03 a.m. A quorum was established.

**2. ROLL CALL: BOARD MEMBERS**

Members present: Chair Dana Pruhs (Public Member); Fred Parady (Deputy Commissioner, Department of Commerce, Community, and Economic Development [DCCED]); Jerry Burnett (Deputy Commissioner, Department of Revenue [DOR]); Elaine Brown (Public Member); Dan Kennedy (Public Member); and Gary Wilken (Public Member).

Members present via teleconference: Vice-Chair Russell Dick (Public Member).

**3. ROLL CALL: STAFF, PUBLIC**

Staff present: Brenda Applegate (Acting Executive Director/Chief Financial Officer); Chris Anderson (Commercial Finance Director); Mike Catsi (Business Development & Communications Director); Mark Davis (Chief Infrastructure Development Officer); Jennifer Haldane (Human Resources & Administration Director); Tom Erickson (Chief Procurement Officer); Karsten Rodvik (External Affairs Officer); Gene Therriault (Interior Energy Project [IEP] Team Lead); Sherrie Siverson (Executive Assistant); and Krin Kempainen (Administrative Assistant).

Public present: Alan Bailey (Petroleum News); Dan Britton (Pentex Alaska); Laura Bruce, and Blake Phillips (Alaska Permanent Capital Management); Tim Gallagher (HDR); Mark Gardiner (PFM Group Consulting); Sydney Hamilton (Accu-Type Depositions); John Hendrix and Jim Whitaker (Governor's Office); Jerry Juday (Department of Law); and Leila Kimbrell (Birch Horton Bittner & Cherot).

Public present via teleconference: Kathryn Black (Birch Horton Bittner & Cherot).

**4. AGENDA APPROVAL**

Brenda Applegate requested to amend the agenda and add item 6E; Resolution No. G17-05 Approving amendments to the Non-Binding Memorandum of Understanding (MOU) with the Interior Gas Utility (IGU). The agenda was approved as amended.

## 5. PUBLIC COMMENTS

There were no public comments.

## 6. NEW BUSINESS

### 6A. Resolution No. G17-04 Approving Continued Investment in Alaska Municipal League Investment Pool (AMLIP)

Ms. Applegate stated Resolution No. G17-04 requests approval by the Authority to continue investment in the Alaska Municipal League Investment Pool (AMLIP) and remove the sunset clause of June 30, 2017. She explained the primary investment objective for the internally managed portfolio is to safe-keep funds while providing adequate liquidity to meet immediate expenditure needs. Ms. Applegate noted the AMLIP investment advisors Laura Bruce and Blake Phillips of Alaska Permanent Capital Management are present to answer any questions.

**MOTION: Mr. Wilken moved to approve Resolution No. G17-04 Approving Continued Investment in Alaska Municipal League Investment Pool (AMLIP). Motion seconded by Mr. Kennedy.**

Deputy Commissioner Parady requested a deeper explanation of the Alaska Municipal League as a private entity in the context of its advocacy role in holding the funds. Ms. Bruce stated the Alaska Municipal League was chosen as the sponsoring member when the investment pool was created by State statute in 1992. The Alaska Municipal League is responsible for the Board governance, including taking meeting minutes, but has no management role in the AMLIP. The AMLIP is managed by Key Bank and overseen by Alaska Permanent Capital Management. The fund was created as a pool for all Alaska municipalities.

Deputy Commissioner Parady asked if the Alaska Municipal League retains a liability for management of the fund. Ms. Bruce stated she does not have that information, nor the legal expertise to answer. Deputy Commissioner Parady stated he will inquire offline with Michael Lamb, President of AMLIP.

Deputy Commissioner Burnett inquired about the due diligence that was conducted comparing AMLIP to other possible investment pools. Ms. Applegate stated a money market fund invested with the trustee Key Bank is utilized in addition to AMLIP. Deputy Commissioner Burnett expressed concern with the level of return shown and noted the State managed short-term investment pool for Alaska Housing provided a higher return last year by 40 basis points. He believes it is important to review additional options that meet the specific needs of the fund and may provide even a small advantage in increased yield.

Chair Pruhs requested Ms. Applegate present a comparison analysis to the Board within a couple of months.

Mr. Kennedy asked if the AAA bond rating is anticipated to remain. Ms. Applegate stated she believes the AAA bond rating will be maintained. Ms. Bruce noted the AAA bond rating is independent of any State rating.

Deputy Commissioner Parady asked to add a friendly amendment of establishing a five-year sunset date. Mr. Wilken and Mr. Kennedy accepted the friendly amendment.

**The amended motion was approved with members Pruhs, Dick, Brown, Burnett, Kennedy, Parady, and Wilken voting yea.**

**6B. Resolution No. G98-09A Approving the Amendment of a Provision of Resolution No. G98-09 Relating to the Deadline for filing Financial Statements with the Trustee for the Authority's Snettisham Power Revenue bonds**

Ms. Applegate stated the agenda contains a typo and should read Resolution No. G98-09A. The resolution extends the deadline for filing annual Financial Statements for the Snettisham Power Revenue bonds from October 28 to December 31. The amendment will take effect after all four of the following items have occurred; 1) AIDEA Board adopts the resolution, 2) the resolution is filed with U.S. Bank, 3) Alaska Electric Light and Power approves, and 4) U.S. Bank consents to the resolution. The extension will better align the bond covenant with the current accounting and financial reporting realities of the Authority. Staff recommends the resolution.

**MOTION: Mr. Kennedy moved to approve Resolution No. G98-09A Approving the Amendment of a Provision of Resolution No. G98-09 Relating to the Deadline for filing Financial Statements with the Trustee for the Authority's Snettisham Power Revenue bonds. Motion seconded by Deputy Commissioner Burnett.**

Mr. Kennedy expressed support for the resolution.

**The motion was approved with members Pruhs, Dick, Brown, Burnett, Kennedy, Parady, and Wilken voting yea.**

**6C. IEP Update**

Gene Therriault stated the team continues to slowly advance under the concept of integration of the two utilities for gas supply. Mr. Therriault supports Resolution No. G17-05, to be addressed later in the agenda, proposing an MOU extension and language authorizing Pentex to begin negotiations for a gas supply to assure resources for the existing and potential expanded customer base. The intent is the gas would be workable to supply the future combined utility.

Mr. Therriault reported the expansion of the liquefied natural gas (LNG) plant is on hold, awaiting approval of the House Bill (HB) 105 plan. He believes HB 105 is two years away from being considered. There are no new developments as to transportation. Mr. Therriault is working with the Administration on the Senate Resources' version of HB 111 regarding proposed changes in the statute addressing storage of natural gas and the surety of future benefits.

Mr. Therriault stated the Property Assessed Clean Energy (PACE) legislation passed and is pending signature from the Governor. Future discussions with respect to utilization of PACE for commercial conversions and distribution will need to occur by the municipalities.

Mr. Wilken asked if the insisted component of an investment grade utility has helped or hindered the negotiations. Mark Gardiner stated there is agreement regarding the composition of an investment grade utility. The degree of specification in the final documents continues to be negotiated.

Mr. Wilken asked if the IEP efforts were discussed during the recent visit by the Environmental Protection Agency (EPA). Mr. Therriault stated the EPA receives an IEP update during each visit; Mr. Stewart of IGU provided the most recent update. Mr. Wilken inquired about communications with North Pole with respect to clean air and clean gas. Mr. Therriault stated he has not made direct communications with North Pole. He assumes the Borough has made communications. Mr. Wilken believes it is important the military is aware the air pollution issues are being addressed and requested Mr. Therriault report on any such conversations.

Chair Pruhs requested more information on efforts by Pentex or the Borough to facilitate the new structures positioned for North Pole to contain a dual source for heat. Mr. Therriault expects new residential structures will contain modern oil-fired components or propane that could more easily be converted to natural gas. Dan Britton noted Fairbanks Natural Gas (FNG) offers assistance for new residential construction in the selection of a heating source that can be readily converted, including pre-installation of the service line to minimize future impacts. Mr. Britton noted commercial customers of a certain size could take advantage of the small volume interruptible tariff and install a backup heating source.

Chair Pruhs asked if there is an outreach program specifically for homeowners and developers to be guided in the process during the build-out schedule. He believes this is a good opportunity to be proactive. Mr. Therriault agrees it is a good suggestion and is unaware of a specific outreach program.

#### **6D. Executive Session: Interior Energy Project, MOC1**

**MOTION: Deputy Commissioner Parady Moved to go into Executive Session to discuss confidential and financial information related to the Interior Energy Project, MOC1, and AO 281. Motion seconded by Ms. Brown.**

The Board entered Executive Session at 10:48 a.m. Participants included board members Dana Pruhs, Russell Dick (via teleconference), Elaine Brown, Jerry Burnett, Dan Kennedy, Fred Parady, and Gary Wilken. AIDEA staff invited to join the session, at different times, for related topics: Brenda Applegate, Mike Catsi, Mark Davis, Gene Therriault, and guests, Dan Britton, Mark Gardiner, John Hendrix, Jerry Juday, and Jim Whitaker.

The Board reconvened its regular meeting at 1:04 p.m. Chair Pruhs stated no formal action was taken on the matters discussed in executive session.

**6E. Resolution No. G17-05 approving Amendments to the Non-Binding Memorandum Of Understanding with the Interior Gas Utility**

**MOTION: Deputy Commissioner Parady moved to approve Resolution No. G17-05 approving Amendments to the Non-Binding Memorandum of Understanding with the Interior Gas Utility. Motion seconded by Ms. Brown.**

Mr. Therriault explained Resolution No. G17-05 gives the Executive Director authority to sign the MOU with two modifications. Section 1 extends the date on the MOU to May 31, 2017, providing additional time to finalize documents. Section 2 gives specific authorization for Pentex to look for a source of gas to serve their existing and potential customer base, with the possibility of access by the IGU.

Mr. Wilken commented, for the record, this resolution is out of necessity at this moment, but does not indicate any sense of walking away. IGU will be kept apprised of the short-term negotiations and IGU maintains its involvement in getting gas as soon as possible, at the lowest price possible, to as many people as possible.

**The motion was approved with members Pruhs, Dick, Brown, Burnett, Kennedy, Parady and Wilken voting yea.**

Deputy Commissioner Parady requested Mr. Therriault provide a brief Governmental Accounting Standards Board (GASB) update. Mr. Therriault explained the likelihood of a real suppression to the AIDEA dividend calculation next year. He noted GASB 31, addressing unfunded pension obligations, and GASB 75, addressing unfunded pension or medical obligations, will have a negative drag on the dividend for decades. Mr. Therriault reported the GASB legislation is currently pending in both Senate and House Finance Committees, and asks for the paper adjustments to be backed out so as not to artificially depress the AIDEA dividend.

**7. DIRECTOR COMMENTS**

Ms. Applegate stated the dashboard and loan reports and IFD and PDAM project matrices are included in the board packet. Please contact Ms. Siverson regarding continuing education courses.

The next AIDEA Board meeting is on Thursday, May 18, 2017, in Anchorage. If issues regarding the MOU and timelines need to be addressed, a teleconference meeting could be scheduled.

## 8. BOARD COMMENTS

Mr. Wilken expressed gratitude to staff and members for changing this meeting's schedule to accommodate his attendance.

Mr. Kennedy noted the next Audit Subcommittee meeting would include Deputy Commissioner Parady and Mr. Wilken. Mr. Kennedy stated he is funding his travel to visit the Ketchikan Shipyard and Skagway Ore Terminal. He thanked staff for coordinating his tours at both assets.

Chair Pruhs expressed appreciation to Ms. Applegate as Acting Executive Director, and appreciation to staff and Board members.

## 9. ADJOURNMENT

There being no further business of the Board, the AIDEA meeting adjourned at 1:17 p.m.

  
Brenda Applegate, CFO  
Acting Executive Director/Secretary  
Alaska Industrial Development & Export Authority

