

Alaska Industrial Development and Export Authority  
BOARD MEETING MINUTES  
Wednesday, October 27, 2021  
Anchorage, Alaska  
Via Teleconference

**1. CALL TO ORDER**

Chair Pruhs called the meeting of the Alaska Industrial Development and Export Authority to order on October 27, 2021, at 10:32 am. A quorum was established.

**2. ROLL CALL: BOARD MEMBERS**

Members present: Chair Dana Pruhs (Public Member); Julie Anderson (Commissioner, DCCED); Albert Fogle (Public Member); Bill Kendig (Public Member); Anna MacKinnon (Special Assistant to the Commissioner-DOR); and Julie Sande (Public Member).

**3. AGENDA APPROVAL**

Chair Pruhs requested to amend the agenda inserting Item 6A. Election of Vice-Chair. There was no objection to the amendment.

**MOTION: A motion was made by Mr. Kendig to approve the agenda as amended to include Item 6A. Election of Vice-Chair. Motion seconded by Mr. Fogle.**

**The motion to approve the agenda as amended passed without objection.**

**4. PRIOR MINUTES - September 30, 2021**

**MOTION: A motion was made by Mr. Kendig to approve the Minutes of September 30, 2021, as presented. Motion seconded by Mr. Fogle.**

**The motion to approve the Minutes of September 30, 2021, passed without objection.**

**5. PUBLIC COMMENTS (*2 minutes per person, for one hour*)**

Chair Pruhs reminded the public that comments are limited to two minutes per person. He requested that each person state their full name and their affiliation, if any.

Melissa Heuer, Susitna River Coalition, expressed appreciation for having a separate scheduled start time for both the AEA and AIDEA meetings. She noted that there have been many public comments regarding this issue in the past. She thanked the members for listening to these comments and for making changes. Ms. Heuer stated she is commenting on the West Susitna Access Road resolution on today's agenda. She believes AIDEA is premature in accepting the \$8.5 million and thinks the Alaskan money can be better spent. Ms. Heuer noted that she fully expects the Board to unanimously approve the resolution today. She hopes that clarifications to the resolution can be made, specifically that the Mat-Su Borough Assembly has not moved on

with the Phase 3 MOU, nor have they had the opportunity to vote on an ongoing MOU agreement. Ms. Heuer believes that after the Mayor's strong opposition to the project this summer, she would not assume that they would go into the agreement. She believes this should be clarified on page two of today's resolution.

Ms. Heuer informed that she has questions that she hopes can be answered during the West Susitna Access Road section on the agenda. She stated that the input/output analysis has no mention of any negative impacts to the economy. Ms. Heuer discussed that there are a number of hunting and fishing guides and other tourism activities that occur in this area and people certainly will be negatively impacted by an industrial thoroughfare in the area. She hopes that part of the \$8.5 million from the State will include an independent cost/benefit analysis of the project. Ms. Heuer noted that the Board has been unable to address the question of who is responsible for paying for the maintenance and enforcement on the road. She understands the Borough has this question as well and would like this question answered. Ms. Heuer looks forward to hearing the answers to these questions.

There being no further public comments, Chair Pruhs closed public comments.

## **6. NEW BUSINESS**

### **6A. Election of Vice-Chair**

**MOTION: A motion was made by Mr. Fogle to nominate Ms. Sande to fill the role of Vice-Chair for Alaska Industrial Development and Export Authority. Motion seconded by Mr. Kendig.**

Chair Pruhs reiterated his comments stated in the today's previous AEA meeting that he appreciates Ms. Sande accepting the leadership responsibility for AIDEA. He looks forward to the positive contributions with Ms. Sande and believes she will continue to represent the Southeast to the fullest and maximum extent possible.

**The motion to elect Ms. Sande as Vice-Chair passed without objection.**

Chair Pruhs welcomed Vice-Chair Sande to her new position. He advised that Mr. Kendig will join the Budget and Audit Subcommittee (BAS), replacing Vice-Chair Sande's previous member position. Chair Pruhs thanked Mr. Kendig for his participation on the BAS.

**MOTION: A motion was made by Mr. Fogle to enter into Executive Session to discuss confidential matters related to review of AIDEA FY2021 Audited Financial Statements, Mustang Holding LLC Divestiture, Alaska SMC LLC, Skagway Ore Terminal, and Loan Participation Program Industry Sector Concentration & Risk Management. This is supported by the Open Meetings Act, AS 44.62.310, which allows a Board to consider confidential matters in executive session. In this case, the Board believes that these are subjects which would have an adverse effect upon the finances of AIDEA or are protected by law, due to the rules protecting personal privacy and certain business information. Motion seconded by Mr. Kendig.**

**The motion was approved without objection.**

**6B. Executive Session: 10:41 am**

**Confidential matters related to review of AIDEA FY2021 Audited Financial Statements, Mustang Holding LLC Divestiture, Alaska SMC LLC, Skagway Ore Terminal, and Loan Participation Program Industry Sector Concentration & Risk Management**

The Board reconvened its regular meeting at 2:35 pm. Chair Pruhs advised that the Board did not take any formal actions on matters discussed while in executive session.

**6C. FY2021 AIDEA Audited Financial Statements**

Alan Weitzner, Executive Director, advised that Item 6C. was originally scheduled as a presentation from the auditors for AIDEA's financial statements. While the financial statements are substantially completed, there are a couple of outstanding items that need further clarification. Mr. Weitzner advised that the presentation will be postponed to the Board meeting on December 1, 2021. There was no objection.

**6D. Resolution G21-28 West Susitna Access Road**

Mr. Weitzner explained that Resolution G21-28 relates to Phase 3 of pre-development work on the West Susitna Access Road. The resolution is attached and is linked to the agenda. Also included is a Board memorandum reviewing the resolution and the previous phases of development for the West Susitna Access Road. Phase 3 utilizes \$8.5 million in unrestricted general fund allocation in the infrastructure funding from legislation.

Mr. Weitzner noted that he would address a couple of items that were raised during the public comment this morning. The Economic Impact Study is attached to the memorandum. AIDEA undertook the study internally, as a preliminary economic impact study based upon the mine development and resource development that is within the area of the West Susitna Access Road. Mr. Weitzner recognized that Ms. Heuer highlighted looking at a broader economic impact, which includes the negative impacts of the road development. Staff will be following up on that.

Mr. Weitzner addressed another question by Ms. Heuer regarding the responsibility for the maintenance of the road. The phase development on the West Susitna Access Road has been approached as a public/private partnership engaged with the resource owners, developers, and ultimate users of the road. The maintenance of the road has been identified previously. It will be paid for by the usage fees charged to the users for the utilization of the resource road. This is a typical P3 development arrangement. Mr. Weitzner explained that further definitions need to occur with the Mat-Su Borough and the resource owners regarding the public portion of the road and the private portion of the road.

Chair Pruhs asked if the \$8.5 million is assigned to the whole road or to just a portion of the road. Mr. Weitzner indicated that the allocation of funding from unrestricted general funds (UGF) is for permitting activities for the entire road development. Phase 1 and Phase 2 were focused on the route delineation from Port Mackenzie to the Yentna Mining District. The permitting needed to complete the third phase is the full permitting, National Environment Policy Act (NEPA) application, for the entire route.

Chair Pruhs asked if \$8.5 million is sufficient to cover the planned activity. Mr. Weitzner believes that approximately \$3.5 million will be allocated for the pre-permitting activities for the NEPA application. The remaining amount will be dedicated to supporting the economic impact assessment that needs to be undertaken by the federal agency reviewing the application. Mr. Weitzner noted that based upon previous experience with the Ambler Access Project, the allocation amount is likely to fully cover the planned activity, but it is not guaranteed. The final amount is determined by the federal agency and the terms of the EIA.

Chair Pruhs inquired as to next steps if funding beyond this allocation is necessary. Mr. Weitzner explained that discussion with the Legislature would occur regarding additional funding. This is the same situation that occurred with the Ambler Access Project. Chair Pruhs requested information regarding the budget. Mr. Weitzner discussed the budget has been defined as \$2.5 million to \$3 million for permitting activities to get to a NEPA application. This is subject to a procurement process and finalization of this section's budget. The remainder of the \$8.5 million would be dedicated to supporting the EIA, undertaken by the federal agency.

Chair Pruhs asked if the route has been selected. Mr. Weitzner explained that the main route has been identified from the Yentna Mining District to Port Mackenzie. There are alternative routes that need to be proposed in the application. Mr. Weitzner requested Jesse Peterson, Project Manager, to continue the description of the process.

Mr. Fogle asked if additional information could be given to answer the questions from today's public comment regarding the support from the Mat-Su Borough and the Mat-Su Mayor, and the enforcement and maintenance of the road. Mr. Weitzner noted that the questions from Ms. Heuer were previously identified and discussed. Mr. Weitzner believes that there is a particular concern within the community of another road development that the Borough would have to maintain. That is not the intention of this development. The approach is the same as has been used for other access roads. There are public access components of this roadway that need to be considered, but the ongoing maintenance is intended to be wrapped into the underlying private arrangements for the use of the road.

Mr. Fogle inquired regarding the availability of State Troopers. Mr. Weitzner explained that the delineation of private access for the resource users and public access has to be further defined. Mr. Fogle asked about the support from the Mat-Su Borough Assembly and the Mayor's Office. Mr. Weitzner highlighted that will be discussed in detail within the presentation of Phase 3 in the memorandum.

Chair Pruhs inquired as to consequences if the Board does not approve the resolution to accept the \$8.5 million in State appropriated funds. Mr. Weitzner believes that the funds would be returned to the UGF. Chair Pruhs asked if Mr. Weitzner thinks the Board should postpone acceptance of the funds until clarity from the Mat-Su Borough public organization is received. Mr. Weitzner explained that he does not believe AIDEA should postpone. He discussed that the Legislature has defined AIDEA as the agency to receive these funds for the development of the West Susitna Access Road.

Chair Pruhs commented that no action to promote the project in that public area can be taken without the support of the Mat-Su Borough. Mr. Weitzner agreed that falls within the statute, AS

44.88.177. Chair Pruhs asked if the Mat-Su Borough has to submit a resolution of support before AIDEA can spend any of the accepted \$8.5 million. Mr. Weitzner explained that support is necessary before funds can be allocated on the project itself. Chair Pruhs asked about funding that is spent between now and when the Mat-Su Borough decides whether or not to support the project. Mr. Weitzner noted that there is not a separate budget currently that has been allocated for the West Susitna Access Road and any funding spent would theoretically come from the accepted \$8.5 million State appropriation.

Mr. Weitzner requested clarification from the Board regarding the proposed timeline in the memorandum, which includes undertaking a process of publically procuring an external advisor to complete the pre-development permitting activity. The process needs to be initiated as expeditiously as possible to pursue the permitting activities, as requested by the Legislature. Staff will concurrently approach the Assembly and Mat-Su Borough in December.

Chair Pruhs discussed that there has been much historical input from the public regarding public access and private access of the industrial Ambler Road. Chair Pruhs asked Mr. Weitzner regarding his interpretation if the West Susitna Access Road is an industrial road. Chair Pruhs noted that if a portion of the road has public access, then it will have to be built to federal highway standards, including involvement with Department of Transportation (DOT), Department of Public Safety (DPS), minimum design requirements, enforcement, and maintenance to community standards. Chair Pruhs believes these questions need to be addressed sooner, rather than later to clarify details and to mitigate confusion. He noted that this road is in the heart of Southcentral Alaska. He asked if discussions have occurred regarding what portion of the road may be public and what portion of the road would be non-public. Chair Pruhs asked if any portion of the road will be designed to DOT standards and maintenance.

Mr. Weitzner believes it is important to define the key elements between the Ambler Access Project and the West Susitna Access Road Project. One of the key elements achieved within the Record of Decision on the Ambler Access Project is the definition that the actual road design does not support public access. It specifically highlights that the focus is on industrial-only and can only be used for industrial-only purposes because of the design and permitting of the road. Mr. Weitzner agreed that Chair Pruhs emphasizes a valid point. Because there is a desire to have public access for portions of the road, those portions of the road need to be defined as a component of the key design elements. This is needed for the permitting and as part of the NEPA application.

Chair Pruhs asked for clarification that the decision regarding public and private access will not be determined by AIDEA. The public and private access determination will be decided by the Borough and the commercial users. Mr. Weitzner explained that AIDEA is working to implement the road and the access for the road that the Borough defines. Considerations include cost, design elements, and funding contributions.

Mr. Weitzner requested that Mr. Peterson summarize the proposed Phase 3 Program. Mr. Peterson explains that Phase 3 builds upon the previous work of route selection and preliminary engineering. Additional work is needed before a regulatory agency permit application can be submitted, including field work of baseline studies of fish, hydraulics, and cultural and historical resources. Once the permit application is submitted, this will trigger the NEPA process, which

will be a separate component of the work. AIDEA will publically procure and competitively select a contractor for the NEPA process.

Chair Pruhs asked for the length of the road. Mr. Peterson noted the road is just over 100 miles. Chair Pruhs asked if it is fair to say that if it cost \$75million to conduct pre-engineering for 200 miles, that it would cost half of that for 100 miles. Mr. Weitzner noted that he does not agree that it would cost half of that amount. He believes there is a significant component of the cost that would be undertaken to conduct the final feasibility development of the road because of the particular dynamics of the West Susitna Access Road that are different from the Ambler Access Road. Chair Pruhs emphasized the importance of knowing what percentage of the total cost of the road will be included in the \$8.5 million. Mr. Weitzner informed that the current budget is focused on completing the permitting in order to achieve a Record of Decision.

Chair Pruhs asked if the cost is similar to the Ambler Access Road. Mr. Weitzner discussed that the cost of the EIS for the Ambler Access Road was \$5.2 million, plus preliminary costs. The approach with the West Susitna Access Road is different in that it is anticipated to cost \$2.5 million to \$3 million out of the budget to complete and submit a comprehensive NEPA application. Mr. Peterson explained that after the Record of Decision, the engineering would be advanced to a shovel-ready phase.

Chair Pruhs commented that \$27 million was spent on the Ambler Access Road to get to the Record of Decision and another \$70 million was budgeted for the pre-engineering development. During that time, the producers and the district will make a financial investment decision evaluating the economic feasibility of opening the mine. Chair Pruhs commented that he does not feel like the requested \$8.5 million is an adequate amount to get to the Record of Decision. He noted that additional funding will be necessary after the Record of Decision to determine the cost of the project. The estimated project cost will then be reviewed by the commercial operators to decide whether or not they could pay for the road. Chair Pruhs noted that Mr. Weitzner indicated that the commercial operators would pay for the road. He assumed that this would include financing or revenue bonds. Chair Pruhs requested clarification; 1) to ensure that accepting the \$8.5 million does not obligate AIDEA to pay the balance to get to the Record of Decision, 2) to ensure that there is support from the Borough before the \$8.5 million is spent, and 3) to ensure that the public is fully aware of the anticipated design and identification of public and private access.

Mr. Weitzner discussed that based upon AIDEA's direct and extensive experience on the Ambler Access Project, the Record of Decision was \$5.2 million. Taking into account what is known from the pre-development work on the West Susitna Access Road, staff believes that the \$8.5 million is sufficient to support getting to the Record of Decision. It is not a guarantee because the costs cannot be controlled and they are determined by the federal agency. Mr. Weitzner discussed that staff will use the same model as the Red Dog development, engaging directly with private capital and private investors. The intent is to bring in the Borough as a partner from the beginning of the Record of Decision and to determine the way going forward and the funding sources.

Chair Pruhs requested additional information regarding the accuracy of the public comment that the Mayor and the Assembly did not support the project. Mr. Kendig noted that he and Mr.

Weitzner visited the Assembly about a year-and-a-half ago and the Assembly supported Phase 2 in a six-to-one majority. Mr. Weitzner noted that the public comment was accurate from the standpoint that the Mayor, who is not a voting party on the Assembly, raised issues of other infrastructure that needed to be completed within the Borough and applying that to AIDEA. However, AIDEA was not involved in the development of Port Mackenzie. AIDEA was not involved in the Knik Arm Bridge Development. AIDEA was not involved in the Mat-Su Borough ferry project. In reviewing other ways that AIDEA could benefit the Mat-Su Borough, the Mayor was tying AIDEA to projects that had not been completed. The comments were unfortunate because AIDEA was never involved in those uncompleted projects and assumptions were made that AIDEA did not complete the other projects. Chair Pruhs thanked Mr. Weitzner for the explanation.

Mr. Kendig asked if the entire 100 miles of the road is solely on State land or private land. Mr. Peterson indicated that the road, as currently planned, is on State and Borough land. The current route does not cross any Native Corporation lands. Mr. Kendig asked if Tribal land is crossed. Mr. Peterson noted that further research would have to occur to determine if the proposed route crosses Tribal land. Commissioner Anderson noted that there is not much Tribal land in the area. It is mostly Village Corporation land and Regional Corporation land. There could be some allotments in the area. Mr. Peterson informed that the land identification will occur in Phase 3.

Mr. Weitzner discussed that the earlier determinations from the external contractor HDR on Phase 1 and Phase 2 include the route delineation on predominantly State and Borough lands. Mr. Weitzner noted that no private allotments were affected.

Chair Pruhs requested clarification that AIDEA is facilitating a program request by the Legislature and the Mat-Su Borough. The Legislature has deemed this project appropriate. The hope is that the Mat-Su Borough will deem the project appropriate and AIDEA will provide facilitation for the project. He noted that AIDEA is not a proponent of the project and is not fighting for the project, but that AIDEA has the role of facilitator of the project. Chair Pruhs commented that any tug-of-war will be deferred to the parties that are sponsoring the road. Mr. Weitzner explained AIDEA's role is to develop the infrastructure for which the Governor has proposed legislation and for which the Legislature has approved and allocated the funding to finalize the permitting under the basis and expertise available. AIDEA's role is to define access facilities in the State of Alaska and to raise engagements and partnerships with private capital. The intent is to complete the project. There were no further questions.

**MOTION: A motion was made by Mr. Kendig to approve Resolution G21-28, Resolution of the Alaska Industrial Development and Export Authority relating to the third phase of pre-development work on the West Susitna Access Road Project. Motion seconded by Vice-Chair Sande.**

**A roll call was taken, and the motion to approve Resolution G21-28 passed unanimously.**

Chair Pruhs commented that he believes it is important to ask the questions and to establish a record concerning the 100-mile road in the Mat-Su Valley. He encouraged staff and other Board members to build a record of the intentions and to provide the appropriate reasons that support the intentions.

**6E. Skagway Ore Terminal Evaluation Report (update to Resolution No. G21-05)**

Mr. Weitzner informed that this report is an update to Resolution G21-05, allowing AIDEA to undertake an evaluation assessment of the Skagway Ore Terminal. He believes it is important for the record to establish how AIDEA got involved with the Skagway Ore Terminal as an asset on AIDEA's balance sheet and to define AIDEA's role within the Skagway community. Chair Pruhs indicated that the Skagway Ore Terminal is an ore transfer facility located on a dock. AIDEA does not own the dock. Mr. Weitzner noted that AIDEA is not the original owner or developer of the facility and AIDEA has never been the operator of the Skagway Ore Terminal. AIDEA only owns the above-ground terminal assets and subleases the land in an agreement with White Pass Yukon Railroad that expires on March 16, 2023. The provided Board memorandum offers more background detail.

Mr. Weitzner explained that AIDEA does not sublease the associated ore dock or the port basin area under the ore dock. Those are leases that are held directly by White Pass and their subsidiaries that AIDEA subleases the land from. White Pass is under a direct lease with the Municipality of Skagway. Shipments of lead, zinc ore and concentrates have come out of the Yukon Territory to Skagway mostly by rail since 1900, and decades before AIDEA's ownership in the facility. In 1968, White Pass entered into a 55-year lease with the Municipality of Skagway and built the original ore storage terminal building and shiploader, which was originally an open conveyor system in the Skagway Harbor. From 1968 to 1986, White Pass transported lead, zinc ore and concentrates from the Faro Mine in the Yukon Territory to the facility. In 1986, Bowhead Equipment Company began operating the terminal and loading ore onto ships from the facility. At that point, effectively 50,000 tons of low grade zinc and lead ore concentrate was being passed through the terminal each month.

Mr. Weitzner discussed that the industrial transportation practices that began in the last 19<sup>th</sup> Century and continued through the 1980's, including open trucks and the open conveyor system, resulted in documented environmental contamination within the Municipality of Skagway and the port basin. This is referenced in communications as legacy contamination and is a result of the prior transportation processes and systems. During an inspection by the U.S. Fish and Wildlife Service around 1983, the Alaska Department of Environmental Conservation (ADEC) became aware of the lead and zinc contamination in the railroad right-of-way at the ore loading facility and at other upland areas within the Skagway Harbor.

Mr. Weitzner continued the discussion and noted that in 1988, the EPA issued a compliance order to Bowhead Equipment Company to immediately cease the discharge of ore into the waters of the Skagway Harbor. This ultimately led to compliance orders that were issued by ADEC to White Pass in 1988 and 1989 for the remediation of the Skagway Harbor, the ore terminal facility, the railroad areas, and areas within Skagway. At that time, White Pass entered into a long-term material release and tracking prevention program with the State. This information and the specifics about compliance is available on the ADEC site under the Municipality of Skagway listing.

Mr. Weitzner discussed that after White Pass signed the compliance orders, AIDEA was brought into the ore terminal. Part of the remediation plan was a relocation or sale of the ore terminal to a



responsibly focused private party. However, with the outstanding issues of contamination, there were not many private parties willing to undertake those issues. Additionally, the Municipality of Skagway requested the continued operation of an ore facility within their community because of the economic development aspects of the terminal.

Mr. Weitzner explained that AIDEA became involved in 1990, upon the determination of the Alaska Legislature and the appropriation of \$25 million directed to AIDEA at the request of the Municipality of Skagway to acquire the Skagway Ore Terminal under their Resolution 90-17R and to continue the economic development benefits of the terminal for the community. This was supported by Governor Cowper at the time. AIDEA completed the purchase in July of 1990, and subsequently invested in the capital improvements in the facility by enclosing the conveyor shiploader, and creating a negative air pressure system within the terminal building. This addressed the issues of fugitive dust.

Mr. Weitzner noted that many of the mines that were associated with the terminal were closed in the Yukon Territory, which forced the full-time use of the terminal to halt in 1992. From 1992 to its last shipment and closure in 1998, the terminal was used on an intermittent basis. In 2007, improvements were undertaken at the facility to reopen the terminal under an agreement with Capstone Mining, a Canadian company that had acquired the Minto Mine. Following that utilization and redevelopment of the facility, the ongoing use of the terminal facility was solely for the Minto Mine and the shipment of copper concentrate. The facility is under lease until March 2023.

Mr. Weitzner informed that the most recent environmental report engaged by White Pass is entitled the Skagway Ore Basin Risk Assessment Report and dated January 2018. He highlighted that the report confirms that the majority of the calculated hazard index is from lead and zinc, also referred to as legacy contamination. In addition, copper, chromium, and silver do not appear to contribute significantly to the hazard index. Mr. Weitzner explained that the report found that AIDEA's ownership and the utilization of the ore terminal facility under its operator, Mineral Services, is not the contributor to the legacy contamination within the harbor. The legacy contamination is due to the historical utilization of the terminal.

Mr. Weitzner indicated that the report was approved by ADEC in August 2018. White Pass has been working with the Municipality of Skagway on a port basin remedial approach work plan. The ADEC has approved the updated remedial action option analysis, prepared by White Pass in October 2019. The remedial action consists of dredging approximately 85% of the mass of the accessible contamination. There are levels of contamination that are covered with sediment. The recommendation is to leave these in place and not dredge those areas.

Mr. Weitzner reiterated for the record the historical acquisition that AIDEA was utilized to provide environmentally responsible oversight to the Skagway Ore Terminal and through AIDEA's involvement, the Skagway Ore Terminal was revitalized into a cleaner, safer, and economically productive facility. AIDEA has been seeking a path forward with the Municipality of Skagway of an ore terminal operation within the harbor basin. However, it has become clear to AIDEA through comments and statements made by the Mayor at the Southeast Conference that there is no longer a desire of the Municipality to continue or to extend the current leases for

the ore terminal, and that there is limited economic viability going forward for the operation of the ore terminal. Staff's recommendation and conclusion from the assessment is that the ore terminal lease should expire in March 2023.

Mr. Weitzner requested that Mr. Peterson give the Board a summary of the evaluation report produced for AIDEA in association with the contractor ASRC. Mr. Peterson discussed that the evaluation included a boots-on-the-ground visual inspection of the infrastructure owned by AIDEA, including the ore loader, the platform, the concentrate storage shed, and ancillary infrastructure. The evaluation identified possible reinvestment opportunities based on the mines anticipated to be on line within the next few years and the capital necessary to undertake the improvement program. Mr. Peterson discussed that the conclusion was that the amount of investment required is not justified based on staff's assessment.

Mr. Weitzner discussed the range of the reinvestment requirement to update and modernize the facility is between \$25 million to \$54 million, predicated upon the initial feedback from ASRC. Mr. Weitzner explained that the principal conclusion was based on the community's view of the ore terminal. The community is very focused on their cruise ship activity. The availability of ore concentrate utilization of the terminal is limited by cruise ship traffic. Additionally, there is very limited mining activity that would utilize the facility and that would be ready to enter into a commitment at this point in time. The economic feasibility for the ongoing facility is not preferential to additional investment.

Vice-Chair Sande asked if the Municipality of Skagway originally requested that AIDEA become involved. Mr. Weitzner agreed and referenced the Skagway Resolution that approved AIDEA acquiring the ore storage facility from White Pass. Vice-Chair Sande requested clarification of her understanding that the Municipality of Skagway and the community no longer have a need for the ore terminal and are no longer supportive of the ore terminal. Mr. Weitzner explained that staff has attempted to engage with the Skagway Assembly and the Mayor and manager on the future opportunities for the ore terminal and the discussions reveal that there does not seem to be a supported path forward by the Assembly.

Vice-Chair Sande requested Mr. Peterson provide a brief summary for the public of what the upgrades would include for the range of \$25 million to \$54 million. Mr. Peterson explained that the range is based on the order of magnitude costs of the widely adopted standards. The higher range is for an entire facility upgrade. This upgrade can be scaled back by replacing independent items. The facility is currently set up for one user and a successful upgrade would open the facility for multiple users. The report addresses these types of challenges.

Mr. Weitzner added that all of the activity at the ore terminal is related to transshipments and the relationship that Skagway has with the Yukon Territory, as well as some mining development in British Columbia. If there is a future for additional development or restructuring in the size of the facility, the mining developments are a key part in determining what can be done on the basis of commitment for additional capacity. Staff does not intend to make any type of presentation to the Board based upon a speculative restructure and redevelopment of the facility. An additional speculative element attached is related to the Municipality's view of the Skagway Harbor and the redevelopment of the harbor. The Municipality has engaged professional services of contractors

to review how the facility can be restructured to enhance the cruise ship access and the relocation of some portions of industrial activity within the harbor. AIDEA cannot address an assessment with ASRC because no definitions have been concluded. Staff's recommendations are based on the known factors at this time.

Mr. Fogle asked for information regarding AIDEA's obligation to the Municipality of Skagway or to the ore facility at the end of the lease term in 2023. Mr. Weitzner explained that the lease terms for AIDEA expire on March 16, 2023. The facility is then handed over to White Pass. The underlying lease that White Pass holds through the Municipality's entity PARN ends on March 19, 2023, and is subject to the terms of its underlying lease.

Mr. Fogle asked if AIDEA would be available to assist Skagway in any redevelopment determined for the ore terminal facility. He noted that AIDEA has facilitated docks in Icy Strait Point. Mr. Weitzner agreed that the recommendation and process does not preclude the development plans of Municipality of Skagway or White Pass or any industrial development within the harbor. This information addresses AIDEA's current asset and explains the reasons for AIDEA's initial involvement. AIDEA is approaching the conclusion of that fulfilled purpose in the defined terms of the lease end. AIDEA's involvement was requested at that time by the Municipality of Skagway, Governor Cowper, and the Legislature. AIDEA would look separately at opportunities presented for Skagway and their future economic development.

Mr. Fogle asked if the Skagway Ore Terminal asset will be fully depreciated on the balance sheet by the end of 2023. Mr. Weitzner noted that the asset is fully depreciated.

Chair Pruhs asked what position Skagway holds regarding the lease renewal. Mr. Weitzner indicated that statements by Mayor Andrew Cremata at the Southeast Conference were explicit that the Municipality of Skagway and the Assembly would end the leases and would not renew at their expiration in March 2023. Chair Pruhs asked when does AIDEA need to give notice of nonrenewal. Mr. Weitzner indicated that he will write a letter after today's Board meeting to the Mayor of Skagway outlining the conclusions of AIDEA's assessment and discussion with the Board. There were no additional comments or questions.

#### **6F. AIDEA Board Schedule for 2022**

**MOTION: A motion was made by Mr. Fogle to approve the proposed 2022 AIDEA Board Meeting Schedule as presented. Motion seconded by Vice-Chair Sande.**

**The motion to approve the 2022 AIDEA Board Meeting Schedule passed without objection.**

#### **7. DIRECTORS COMMENTS**

##### **7A. Board Resolution Report**

Mr. Weitzner explained that the Board Resolution Report is for the Board's review and provides an update on the outstanding resolutions that have been approved. The remaining balances are listed and are reported on a quarterly basis, as requested by the Board. There were no questions.

## **7B. Predevelopment Projects Quarterly Report**

Mr. Weitzner noted that the Predevelopment Projects Quarterly Report provided is an update on the allocations and spending for the current projects of the West Susitna Access Road and the Ambler Access Project. He noted that the line item entitled Ambler Access Project 2021 Field Work represents AIDEA's share under the Development Agreement with Ambler Metals at \$6.5 million. The budget allocated for the 2021 field season was \$13 million. An encumbrance of \$4.7 million is shown in the report. Staff will provide an update specifically on this item during the review of the 2022 field season budget.

Mr. Fogle asked when the review of the Ambler 2022 field season work will occur. Mr. Weitzner anticipates that review to occur at the January 27<sup>th</sup>, 2022 Board meeting. That is following the submission of an annual work plan to the BLM for the 2022 season, at which time the budget will be known and presented to the Board. There were no additional questions.

## **7C. Loan Dashboard Report**

Mr. Weitzner highlighted that the Loan Dashboard Report contains two changes requested by the Board. The first change is the inclusion of a graph and listing showing the underwriting banks and their percentage within the loan participation portfolio. The second change is the inclusion of the percentage of loan participation that AIDEA has undertaken. This ranges from 75% to 90%. The starting balance for the fiscal year was \$463.8 million, and the ending balance at the end of September was \$452.9 million. Within the loan participation program, the starting balance was \$445.3 million and the balance is currently \$440.4 million. This does not take into account approximately \$11.9 million outstanding for new funding. Increased activity is being seen within the loan participation fund. The predominant amount of principal repayment is in the power project loans acquired from AEA under the Renewable Energy Fund (REF) program.

Mr. Weitzner reviewed the delineation in the report by industry sector. He discussed the graph showing the underwriting banks and percentages. Northrim Bank is the predominant underwriter at 41.6% of the portfolio. The second most predominant underwriter is First National Bank of Alaska at 31.8%. There are currently eight financial institutions participating within the state. Discussions are occurring with staff for efforts to engage with local financial institutions and to promote collaboration in the loan participation program. A broader involvement across the program and across the state is anticipated.

Mr. Weitzner highlighted the graph showing the loan participations and the amounts, as requested by the Board. He made a correction on information provided at the previous Board meeting. Mr. Weitzner noted that Chair Pruhs previously asked what AIDEA's percentage participation was on RVIN's loan and staff indicated that it was at 90%. This was incorrect. The loan percentage participation on RVIN's loan is at 80%.

Chair Pruhs asked for the amount of available cash that is not committed. Mr. Weitzner noted that the most recent application and discussion with the Board reflected an amount of approximately \$7 million to \$8 million of unallocated funds. Mr. Weitzner reviewed the

underlying agreements that are in place. Chair Pruhs requested the specifics be given on a quarterly basis showing the encumbered and unencumbered funds. Mr. Weitzner agreed.

Mr. Weitzner directed the Board's attention to the last page showing delinquencies. He noted that the report reflects a delinquency that is not a delinquency, but is an element of the current reporting process. Mr. Weitzner explained that under the facility agreements with the underwriters, if the activity is above a certain level, then they are required to provide remittances on a weekly basis for cost effectiveness. Otherwise, the remittances are on a monthly basis. Key Bank is on a monthly remittance basis and it has been paid, even though it is noted as delinquent. Staff is raising this element to the Board and has been working with the Department of Law to update certain aspects and to refine certainly terminology within the service agreements. There were no additional questions.

#### **7D. Development Project Financing Report**

Mr. Weitzner discussed that the Development Project Financing Report included in the packet shows AIDEA's direct financings.

Vice-Chair Sande asked if it is possible for staff to add a section onto the reports that describes the community benefit for each project and to note if the milestones are being met. Mr. Weitzner indicated that he will work with staff to determine how that information, including the tangible community benefits, can be highlighted and identified. There were no other questions.

#### **7E. Interior Energy Project Quarterly Report to Legislature**

Mr. Weitzner discussed the most recent Interior Energy Project Quarterly Report that is required to be submitted to the Legislature at the end of this month. This is for the Board's review before submission to the Legislature.

Chair Pruhs asked if staff should ask IGU to present an overview of happenings to the Board. Mr. Weitzner believes it would be good timing to have an update from IGU. He requested to arrange that in the early part of next year. There was no objection. Mr. Weitzner noted that it may be possible to conduct a meeting in Fairbanks and to have the IGU update during that meeting. Chair Pruhs stated that at this point, there will be no travel for meetings due to COVID-19. There were no additional questions.

#### **7F. Next regularly scheduled AIDEA Board Meeting, Wed. December 1, 2021**

### **8. BOARD COMMENTS**

Ms. MacKinnon thanked staff for all of their hard work in modifying documentation and processes. This provides clarity to Alaskans and to the Board. She believes that today's meeting provided great project discussions and she would like to hear more about the Fairbanks energy project as it moves forward. Ms. MacKinnon wished everyone a wonderful Thanksgiving holiday and hopes to see the Board in-person in December.

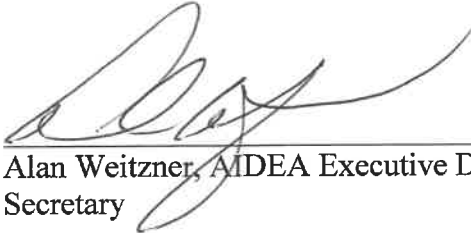
Mr. Kendig expressed appreciation to staff for their outstanding efforts every day.

Mr. Fogle echoed the appreciation for staff's diligent work, including the recent overtime, especially to the Chief Financial Officer and staff regarding the audit and financial statements. Mr. Fogle noted that he looks forward to the BAS reviewing risk management within the loan portfolio. He looks forward to updates in December regarding Ambler, Section 1002, and the communications plan.

Chair Pruhs extended his appreciation to Mr. Weitzner and staff for their hard work. He looks forward to submitting the financials next month. Chair Pruhs wished everyone a happy holiday season. He thanked the Board for the good meeting and for their input and comments.

**9. ADJOURNMENT**

There being no further business of the Board, the AIDEA meeting adjourned at 3:52 pm.



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Alan Weitzner, AIDEA Executive Director  
Secretary