

Alaska Industrial Development and Export Authority
BOARD MEETING MINUTES
Wednesday, October 26, 2022
Anchorage, Alaska

1. CALL TO ORDER

Chair Pruhs called the meeting of the Alaska Industrial Development and Export Authority to order on October 26, 2022, at 12:30 pm. A quorum was established.

2. ROLL CALL: BOARD MEMBERS

Members present: Chair Dana Pruhs (Public Member); Vice-Chair Bill Kendig (Public Member); Julie Sande (Commissioner, DCCED); Albert Fogle (Public Member); Deven Mitchell (SOA-DOR); Randy Eledge (Public Member); and Bill Vivlamore (Public Member).

Chair Pruhs welcomed Deputy Commissioner Brian Fechter as the newest member of the Board.

3. AGENDA APPROVAL

Alan Weitzner, Executive Director, requested to delete Item 7F., as it is a duplication of Item 7A. There was no objection to the deletion.

MOTION: A motion was made by Vice-Chair Kendig to approve the agenda as amended, deleting Item 7F. Motion seconded by Mr. Fogle.

The motion to adopt the agenda as amended, deleting Item 7F., passed without objection.

4. PRIOR MINUTES – September 14, 2022

MOTION: A motion was made by Vice-Chair Kendig to approve the Minutes of September 14, 2022. Motion seconded by Mr. Fogle.

The motion to approve the Minutes of September 14, 2022, passed without objection.

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

Chair Pruhs requested that each person state their full name and affiliation, if any, and to please limit comments to two minutes. There were no members of the public in-person wishing to make a public comment. Raymie Hamann, Executive Assistant, gave directions for those online wishing to make a public comment to press star-9. Ms. Hamann indicated there was one person online, but that the call disconnected. There being no other public comments, Chair Pruhs closed public comments.

Chair Pruhs reopened public comment after the presentation under 6A.

6. NEW BUSINESS

6A. Resolution L22-04 Sun Mountain Development Group, LLC

Mr. Weitzner informed that Resolution No. L22-04 regards participation by the Authority in Sun Mountain Development Group, LLC, for \$1.2 million. A previous presentation was given to the Board in July. Assuming that the Board approves the loan presented today, the aggregate exposure is \$14.5 million. Mr. Weitzner indicated that no other preflights are in place for Sun Mountain Development Group or related parties. Mr. Weitzner asked Tiffany Janssen, Commercial Finance Director, to review the presentation.

Chair Pruhs noted that after the presentation, he will ask the Board to enter into executive session to review the finances of the borrower.

Ms. Janssen reviewed that Unit F of Sun Mountain Development Group is located in Wasilla. She showed a map of the location. Northrim Bank requested AIDEA's 90% participation totaling \$1,200,000. AIDEA's previous participations have been 90% as well. The total loan amount is \$1,343,000. The Sun Mountain Development Group is comprised of three entities, along with the associate owners, for a total of 13 guarantors. The loan will provide long-term financing of the newly constructed Class B building shown in the PowerPoint. The building is occupied by Nuvision Federal Credit Union and is open and operating. There were 65 temporary construction jobs associated with the development construction and the credit union provides 24 jobs.

Mr. Weitzner explained that Ms. Janssen is informing the Board of the number of jobs that the credit union will provide because there is not a current mechanism for staff to document the additional jobs created by businesses occupying commercial space. Staff is only asked to report on the jobs related to the actual construction of the facility. Staff believes it is important to highlight the ancillary jobs created after construction is complete.

Ms. Hamann brought to the Board's attention that the public caller who was disconnected is requesting to comment.

Chair Pruhs indicated that after Ms. Janssen's presentation, he will reopen the public comment section. There was no objection.

Ms. Janssen continued the presentation and provided background information on the Sun Mountain Development Group, and noted some of the different building tenants include Sonic, Krispy Kreme, and Planet Fitness. Ms. Janssen noted that Andrew Ingram is the manager of the collateral and is available today to answer questions. She informed that Mr. Ingram is a guarantor and is also employed as a real estate broker. Ms. Janssen discussed that staff visited the collateral property in October. AIDEA will take a deed of trust for the assignment of rent and the long-term lease, and a first lien position to secure the loan. The project was appraised with a market value of \$2,300,000. The remaining economic life of the new construction is 50 years.

Ms. Janssen discussed that Nuvision is a quality tenant. She listed the state locations in which Nuvision maintains branches. The proposed debt service is 1.25. Ms. Janssen informed that Sun Mountain Development Group is one of Mat-Su Borough's largest property tax payers, at \$181,000 per year. The proposed loan will increase the tax amount by \$5,000. However, the property assessor's office has not conducted a reassessment since the building has been completed and the amount is expected to increase.

Ms. Janssen directed the Board's attention to page three of the memorandum, which lists the additional AIDEA loans held by Sun Mountain Development Group. The most recent loan in August has not yet funded, but is included in the aggregated amount. She discussed that the properties have been successful. Ms. Janssen highlighted that the Mat-Su Borough is experiencing explosive growth. The vacancy rates are low and the supply is low. This project is the first new-build development in Wasilla in over a decade.

Ms. Janssen advised that the portfolio diversification percentages are included in the memo. She noted that the aggregated exposure is 4% and the Mat-Su Region is 22%. The repayment industry of Banking and Finance was created in the portfolio for this collateral and is under 1% of the total portfolio. Northrim approved this loan due to strong financial support, experience of the developers and the management team, and the potential for expansion of new business. Staff recommends the proposal. Ms. Janssen informed that Tim Breeden, Northrim Bank, is available to comment or answer Board questions.

Chair Pruhs requested the Board's indulgence to return to public comment at this point in the meeting. There was no objection. Ms. Hamann provided directions.

Arleigh Hitchcock, Fairbanks Climate Action Coalition, thanked the Board for allowing her to comment. She noted that she was on the line at 12:30 pm, and the Star-Nine prompt was not working properly. Ms. Hitchcock indicated that she had to call back a couple of times before getting into the queue. She discussed that ironically, her comments today regard AIDEA's public process and transparency. She noted that the public comments are not structured so that the public's questions are answered. Ms. Hitchcock informed that a Fairbanks Climate Action Coalition staff member was denied entrance to AIDEA's September 29th informative press conference during which a report on AIDEA's finances was discussed.

Ms. Hitchcock stated that the explanation given for not allowing the staff member entrance was that it was a private press conference due to safety reasons. Ms. Hitchcock believes that AIDEA's press conferences should be open to the public and that AIDEA's activities outside of executive session should be open to the public, rather than AIDEA operating behind closed doors to protect against public scrutiny and critique. She believes this is a time when AIDEA should work to improve transparency and relations with the public, especially given the information within the report and the resolution before the Board today regarding Ken Castner.

Chair Pruhs thanked Ms. Hitchcock for her comments. He asked Mr. Weitzner to provide additional information for the Board as to the references made during her comments. Mr. Weitzner noted that Ms. Hitchcock was referring to the press conference and gathering of journalists earlier in the month to address the economic report that is on the agenda today and the Request for Proposal (RFP) that is anticipated to be released. Mr. Weitzner stated that he was unaware that anyone was prevented from attending the event, and that was not his understanding of the intent of the event. Mr. Weitzner explained that specific journalists contacted AIDEA directly and staff responded. There were no additional questions.

Being no further public comments, Chair Pruhs closed public comment.

Chair Pruhs returned to Item 6A. Resolution L22-04.

Chair Pruhs asked Ms. Janssen to clarify if the building is attached to other buildings, and if the land is included in the appraisal or if the land is leased. Ms. Janssen clarified that the building is free-standing and the plot of land is associated with this phase. The land is not leased. Chair Pruhs asked if Northrim held the construction loan. Ms. Janssen agreed. Chair Pruhs asked if there was a particular reason Northrim requested to participate in only 10% of the long-term financing. Ms. Janssen indicated that upon the time of the loan application submission, one of the concerns was Northrim's total outstanding lending cap with the borrower. The specific debt service information is included in the confidential memo. Chair Pruhs asked if AIDEA's total exposure will be \$14.5 million. Ms. Janssen agreed. There were no other questions.

MOTION: A motion was made by Vice-Chair Kendig to enter into Executive Session to discuss confidential business matters related to the loan participation proposed in Resolution L22-04. AIDEA is required by law to protect certain borrower information as confidential, and AIDEA is required by law not to prejudice the reputation or character of any persons. The executive session is supported by the Open Meetings Act, which allows a board to consider specific confidential matters in executive session. Motion seconded by Mr. Fogle.

A roll call vote was taken and the motion to enter into Executive Session passed unanimously.

EXECUTIVE SESSION: 12:52 pm

The Board reconvened its regular meeting at 1:32 pm. Chair Pruhs advised that the Board did not take any action on matters discussed while in Executive Session, and the session was limited to discussion of protected information related directly to the loan participation proposed in the resolution.

Chair Pruhs invited Mr. Breeden to give his comments on the loan and the economic activity in the Mat-Su Valley. Mr. Breeden introduced himself and provided his professional background. He commented that rising interest rates are having an impact on funding projects with debt constraints. Mr. Breeden noted that the Valley continues to see growth, even with a possible slow-down due to rising interest rates. Chair Pruhs asked if Mr. Breeden anticipates additional opportunities with this borrower. Mr. Breeden agreed and noted that this borrower is creating construction jobs with worthwhile and long-term projects.

Chair Pruhs asked if the bank uses a leading matrix to understand the dynamics of when the market shifts, peaks, or begins to declines. Mr. Breeden discussed that the bank's economist provides information and presentations regarding economic conditions. The average daily bond market is watched and utilized as a reference, as well as information from appraisal appendices, including vacancies and market rates data as lagging indicators. Chair Pruhs asked if the bank trends customer balances. Mr. Breeden noted that he specifically does not follow balances, but that the bank does. He discussed that there was a peak in balances during the funding of \$600 million in PPP loans, which decreased as the funds were utilized.

Chair Pruhs asked for nonconfidential information that Mr. Breeden can share with the Board regarding business segments and watching for trends. Ms. Janssen asked if Mr. Breeden can

discuss what software that the bank is utilizing for trends. Mr. Breeden offered to consult with the bank's economist to share additional resources. Ms. Janssen suggested that the additional information could be included in the memorandums provided to the Board. Mr. Breeden agreed.

MOTION: A motion was made by Vice-Chair Kendig to approve Resolution No. L22-04 Sun Mountain Development Group, LLC. Motion seconded by Mr. Fogle.

A roll call was taken, and the motion to approve Resolution No. L22-04 passed unanimously.

6B. Resolution No. G22-11 Base Allowance for Housing Increase for Fairbanks MHA

Mr. Weitzner discussed that Resolution No. G22-11 declares support for an increase in the Base Allowance for Housing (BAH) provided by the Department of Defense (DOD) for all eligible service members stationed to military housing area AK405 in Fairbanks, Alaska. The resolution directs notification to the congressional delegation and the Secretary of Defense, as requested by the Board. The analysis prepared by AIDEA staff identifies that the Fairbanks BAH is approximately 26% lower than the average of the other Military Housing Authorities (MHA) throughout Alaska. The resolution provides support for fairness in the application and payments made to military personnel, particularly given the key military mission in Fairbanks, including the home-bedding of F-35 squadrons, KC-135 support aircraft, and all military personnel involved in those mission. Mr. Weitzner added that an increase in the BAH rate will equate to an important expanded military mission within Alaska.

Chair Pruhs requested additional information on the reasons the Fairbanks BAH rates are less than other areas in the state, considering that Fairbanks is probably one of the most expensive places to live. Mr. Weitzner indicated that staff is unable to answer that key question and staff does not know how the military made the determination for the Fairbanks area. Staff is requesting, with the Board's support, a full review of the military's calculation. Mr. Weitzner noted that the military has made an emergency declaration to increase the payment levels for the Fairbanks military staff at least up to the average for Alaska, and then to review and determine why the data is not reflecting the higher costs that are incurred. Staff's report includes the specific data comparing Alaska communities that received the deserving increases.

Mr. Vivlamore commented that the BAH rates are key to the economic feasibility of any housing development that supports the military mission in Fairbanks. Chair Pruhs asked if this particular housing project raised the elevation of concern for the Fairbanks BAH rates. Mr. Vivlamore discussed that the Fairbanks BAH was already a concern. The increase in population in Fairbanks, which led to the need for additional housing, reveals the difficulty of creating an economically feasible housing project.

Mr. Weitzner expressed that he believes that AIDEA's involvement with the land development and expertise by AIDEA's Chief Investment Officer Morgan Neff in providing analysis and supporting documents to the delegation has been directly beneficial. He highlighted the importance of the Board's support, given AIDEA's focus of development work and understanding that the military is a key driver for economic development in Alaska.

Chair Pruhs asked if the current military personnel stationed in Fairbanks are living off-base. Mr. Weitzner noted that there is a combination of on-base and off-base housing. The on-base housing is limited, which is the reason the declaration for families to join military personnel has not occurred. Additionally, the off-base housing is limited. Chair Pruhs inquired as to a comparison between the military income and civilian income based on an income rental status. Mr. Weitzner explained that income depends on the military rank. The officer level ranks include command and pilots. The military projects that over 2,000 additional military staff and family members will come to the communities of North Pole and Fairbanks, and will be comprised of primarily lower rank, lower income staff, including support personnel and maintenance personnel. This results in a need for housing that is both affordable and competitively available.

Mr. Mitchell asked if there is a benefit to using stronger language in the “Now, therefore,” section specifically requesting emergency relief in addition to the request for an immediate increase. Mr. Weitzner asked Mr. Neff to respond. Mr. Neff explained that an emergency request is a temporary solution that does not necessarily equate to permanent adoption. The goal is for a long-term solution that includes a complete review of the process that has resulted in a massive dislocation and deficiency between BAH in Fairbanks and other MHAs in Alaska over the last five years.

Mr. Eledge expressed his support of AIDEA’s involvement in the project and for relaying the visibility of the problem to the congressional delegation and to military leadership. Without this visibility by a State agency, he does not believe a change would have been considered.

Mr. Weitzner commented that the Board has a key role in identifying areas where there is inequality for economic development within the state. Through the process of due diligence for the development, this is one of those areas that has been identified.

Mr. Fogle expressed appreciation to Mr. Weitzner and Mr. Neff for their efforts with this project and with the issues. Mr. Fogle informed that he was previously stationed in Fairbanks and understands the increased living expenses. He noted that the troops should not have to suffer because of a mathematical error or an arbitrary decision. Mr. Fogle asked if there is a city in the Lower 48 that has a comparable BAH rate to Fairbanks. Mr. Neff noted the most comparable areas are the five other MHAs within Alaska. He explained that the holistic review needs to include the current cost of new housing construction in the Fairbanks area in order to provide the necessary housing inventory. This is different from, for instance, Florida’s recent support of increasing their BAH rates, due to the drastic increase in the pricing of the rental market.

Mr. Fogle agreed that Fairbanks is a priority. He made the suggestion that the resolution could request that the entirety of Alaska undergo a holistic review since the cost of living is increasing throughout the state, even in Anchorage. Mr. Weitzner discussed that the analysis includes a quartile section that shows the comparison to all 339 MHAs. He noted that Ketchikan, Sitka, Juneau, Kodiak Island, and Anchorage correlate, and Fairbanks is an outlier. There were no other questions.

MOTION: A motion was made by Vice-Chair Kendig to approve Resolution No. G22-11 Base Housing Allowance increase for Fairbanks MHA. Motion seconded by Mr. Fogle.

A roll call was taken, and the motion to approve Resolution No. G22-11 passed unanimously.

6C. Resolution G22-12 Ratifying Settlement Agreement between Mr. Kenneth Castner and AEA/AIDEA

Mr. Weitzner reviewed that Resolution G22-12 ratifies the August 3, 2022 Settlement Agreement between Kenneth Castner, III, and AEA and AIDEA. He requested Wendy Horton, Department of Law (DOL), to join the discussion. Mr. Weitzner expressed his understanding that a very similar resolution was reviewed during the previous AEA meeting. Ms. Horton explained that the resolution is a timing issue, as DOL was working on the Settlement Agreement with Mr. Castner at the time of the August 3rd Board meeting. The Board approved to enter into that Settlement Agreement and this resolution ratifies the final agreement.

Chair Pruhs asked if there are any differences in this Settlement Agreement and the one reviewed earlier. Ms. Horton noted that the reference to the correct entity is the only material change.

MOTION: A motion was made by Mr. Fogle to approve Resolution No. G22-12 Ratifying Settlement Agreement between Mr. Kenneth Castner and AIDEA. Motion seconded by Vice-Chair Kendig.

A comment was made that the signed copy has a typographical misspelling error of Alaska in the title. Ms. Horton advised that she will correct the error. There were no other comments or questions.

A roll call was taken, and the motion to approve Resolution No. G22-12 passed unanimously.

MOTION: A motion was made by Vice-Chair Kendig to enter into Executive Session to discuss the draft audited financial statements. A public discussion of these matters would have an adverse effect upon the finances of AIDEA. The executive session is supported by the Open Meetings Act, which allows a board to consider specific confidential matters in executive session. Motion seconded by Mr. Fogle.

A roll call vote was taken and the motion to enter into Executive Session passed unanimously.

6D. EXECUTIVE SESSION: 2:03 pm. Review of AIDEA FY2022 Draft Audited Financial Statements

The Board reconvened its regular meeting at 2:53 pm. Chair Pruhs advised that the Board did not take any action on matters discussed while in Executive Session, and the information was limited to discussion of protected information related to AIDEA's draft financial statements.

6E. FY2022 AIDEA Audited Financial Statements

Mr. Weitzner advised that the final financial statements will be issued by the auditors and will be made available to be posted to the website on Friday. He highlighted a material accounting

change that was required related to the GASB 87 rule. This was applied to AIDEA's financial statements for leases and direct project investments associated with the Delong Mountain Transportation System (DMTS) investment. Mr. Weitzner indicated the details are contained in Note 13 within the financial statements. He discussed that the reported assets under management of approximately \$1.4 billion have been readjusted upwards to a position of approximately \$1.7 billion, before net offsets of liabilities. After the net liabilities, the reported assets under management are approximately \$1.45 billion.

Mr. Weitzner discussed the financial statement identifies and separates all of the underlying assets. The cash investments include return of capital from prior Alaska investments. The balances are maintained through external money managers and are available for future development and investment within Alaska. He discussed the categorization of unrestricted investments, loan assets, and development assets, as clearly shown in the summary on page eight of the financial statements.

Mr. Weitzner reviewed that AIDEA pays for operating expenses from its own earned revenues and does not draw from the unrestricted general fund of the State of Alaska. He noted there were increased operating expenses undertaken during the delivery of the AKCares Program. The operating expenses have since improved to a normal level. Mr. Weitzner discussed that AIDEA has been profitable historically and continues to be profitable. The assets are managed on a fiduciary basis in compliance with the statutes and regulation. He expressed appreciation to Leeland Miller, Eide Bailly, LLP, and his team for delivering a clean audit.

Mr. Miller agreed that a clean opinion was given on the financial statements, as reflected in the auditor's opinion. There were no findings to be reported to the Board. Mr. Miller echoed appreciation to Ms. Keppers and her team for their efforts through the process.

Chair Pruhs asked for the statutory net income amount. Mr. Weitzner informed that amount will be calculated and announced with the declaration of the dividend on December 7, 2022. This report shows the net income position under the accounting rules. Mr. Weitzner explained that the statutory net income definition within the dividend statute recognizes and excludes unrecognized gains and losses. Mr. Weitzner highlighted that an adjustment can be seen in the financial statement under operating income that represents an unrecognized loss of approximately \$50 million and is excluded in the calculation of the statutory net income. Mr. Weitzner described the conservative portfolio of securities are held at historical low interest rates. The dramatic increase in current interest rates causes an unrecognized loss, not an actual loss, in the investment portfolio as reflected in the mark-to-market of the assets under management. The capital in the portfolio continues to earn interest revenues and is available to reinvest in Alaska. Mr. Weitzner discussed the amendment to the statute that specifically recognized that the mark-to-market was not intended to impact the profit and loss statement, rather the intent was to recognize true cash available for distribution. There were no additional questions.

MOTION: A motion was made by Mr. Fogle to approve the Fiscal Year 2022 AIDEA Audited Financial Statements as presented by CEO, CFO, and auditor. Motion seconded by Vice-Chair Kendig.

A roll call was taken, and the motion to approve the Fiscal Year 2022 AIDEA Audited Financial Statements as presented passed unanimously, with Mr. Eledge absent.

7. DIRECTORS COMMENTS

7A. AIDEA RFP Solicitation for Independent Review of Historical Investment Performance

Mr. Weitzner discussed that this item was referenced during public comments and is related to a report that was prepared and funded by SalmonState, who engaged different economists to review AIDEA's financial positions and report on investment returns. The SalmonState economic report is titled "Alaska Industrial Development & Export Authority (AIDEA): Cost & financial Performance- A Long, Hard Look." A press event was held and AIDEA was contacted by different journalists to provide a response. AIDEA staff was unaware of the preparation of the report or of the review of the specific information for the report. Mr. Weitzner highlighted the concern that AIDEA was not involved in the preparation and did not provide any information for the report.

Mr. Weitzner does not believe there is any merit to the conclusions of the report and that it is important that AIDEA issue a Request for Proposal (RFP) to engage a credible party to conduct the analysis. He believes the result is important and will support in identifying AIDEA's management role, function, and need within the state of Alaska, and the fact that there is merit behind AIDEA's investments and returns. Mr. Weitzner discussed the report. He noted that the initial funding amount to AIDEA is incorrectly reported. Mr. Weitzner informed that the report concludes that those funds should have and would have benefited Alaskans more if they had been contributed directly to the Permanent Fund.

Mr. Weitzner commented that Mr. Mitchell is the future Director of the Permanent Fund. Mr. Weitzner highlighted the differences between AIDEA's role in Alaska and the Permanent Fund's role in Alaska. AIDEA invests in Alaska. AIDEA's mission is to invest solely in Alaska, while creating jobs and economic opportunities. Mr. Weitzner discussed his understanding of the base function of the Permanent Fund is to get the best investment returns of the endowment for the benefit of all Alaskans. The returns could stem from investments within or outside of Alaska, and he believes the returns have broadly stemmed from outside of Alaska.

Mr. Weitzner reviewed that AIDEA as an economic development agency "primes the pump" for economic development so that private capital can move forward with full investment. He discussed that to assume a level of perfection on the investments would inhibit taking risks on good opportunities in the state and would inhibit working with local communities on their requests. One of the requirements in the statute is to have support of the local community for investments. Mr. Weitzner commented that losses will happen. However, AIDEA has always self-funded its own expenses with its revenues and continues to return capital and invest in the state of Alaska. The financials are audited and are available to the public for review. The financials show that AIDEA fundamentally has the returns and has distinct fiduciary governance control of the assets under management.

Mr. Weitzner believes that the report seems to be directed toward a decision and does not include

all of the factual matters, particularly regarding the view that AIDEA has added historical negative return. He believes an external report would take the facts into consideration, including that the Legislature and communities have requested AIDEA to undertake certain asset investments that do not, by definition, have a return. Currently, the balance sheet contains over \$340 million of assets in this category. Mr. Weitzner discussed that the Interior Energy Project was created because the Legislature specifically directed AIDEA to create a credit worthy entity that could ultimately build itself to a point of self-finance. The initial funding came from the Legislature to the SETS fund. The project does not have an economic return on assets component for the next 25 years. It does have a return of assets component.

Mr. Weitzner discussed the Snettisham Hydroelectric project is the principal source of economic electricity and utility services to Juneau, and includes a certificate of public convenience for the transmission lines. The structure was required by the Legislature to provide cost competitive utility rates to the city of Juneau. He explained that AIDEA was mandated by the Legislature to enter into the Skagway Ore Terminal investment during the environmental remediation. At that time, the community did not have the full support of the cruise ship industry. AIDEA has responsibly managed the asset and it has been fully written off on the books. He explained the economic return received from the fully depreciated asset is one of the fundamental elements that is not recognized.

Mr. Weitzner identified that excluding the mandated projects that have no return, AIDEA's investments have a return of over 6.7%. This is significant compared to economic development agencies of other states and should be celebrated, rather than being attacked in the report by a party who is fundamentally opposed to development in the state. Because of this, staff wants to retain a credible external party that reports on and is in concert with other economic development agencies through the U.S. to undertake the analysis and to provide a credible report to the Legislature.

Mr. Neff commented that the RFP is modeled under best practices of other economic development authorities within the U.S. and is expected to be released next week. It will focus on identifying a firm that can review not only the investment performance, but also the fiscal, financial, and economic impacts of AIDEA.

Mr. Weitzner discussed that AIDEA performs an imperative function for the State. A critical issue occurs when credibility is given to an analysis that looks to remove that function for the State. The circumstance cannot be taken lightly. It is necessary to assess a benchmark that is equivalent to other economic development agencies in the U.S. and is comparative on that basis. This is not the case with the economic studies supported by SalmonState, who is an active party against the development of the West Susitna Access Road.

Mr. Fogle requested clarification regarding the public comments this morning about refusal to gain access to a press conference that was not held by AIDEA. Mr. Weitzner clarified that the press event was organized by AIDEA's new Director of Communications and External Affairs Josie Wilson, to counter the initial coverage identifying particular issues of the SalmonState report. Ms. Wilson noted that she began her role on September 19th, and expressed that she is honored and privileged to serve AIDEA. She described that working for AIDEA has been dynamic and wonderful. Ms. Wilson reiterated that AIDEA is committed to building public

transparency and she will further examine the public comment made today. She explained that the event was not a full press conference and it was not a public meeting. Certain reporters who were covering the report had asked AIDEA for information and AIDEA invited those reporters to the event to answer their questions. Ms. Wilson informed that she would be happy to address any questions from other reporters or press. Ms. Wilson indicated that the public caller this morning did not contact her specifically.

Commissioner Sande advised that she participated in the press event. She thanked Ms. Wilson for her assistance and efforts. Commissioner Sande believes that the time the Board dedicates to consideration and decisions of projects is reflective of the Board's passion for AIDEA's mission to promote, develop, and advance economic growth. She is appreciative that AIDEA exists to create opportunities, especially for responsible resource development in Alaska. Commissioner Sande believes AIDEA has a responsibility to respond when a third-party presents information as being impartial or factual when the information may neither be impartial nor factual. She expressed concern that AIDEA's ability to pursue projects that are in the best interest of Alaska could be in jeopardy.

Commissioner Sande informed that she has served on the Board for three years and has seen the level of transparency provided. She commented that the public deserves to be made more aware that the information the Board is reviewing is sensitive and cannot be released to the public, similar to information that banks will not publically release. Commissioner Sande believes that a better explanation could be provided to the public regarding the balance of the public process and the responsibility to business partners. She expressed full support for the RFP presented by staff.

Chair Pruhs requested that at a future date, the Board is provided with the number of loans that have been provided to Alaska businesses, including the cumulative dollar amounts, and the number of jobs the loans represent. Mr. Weitzner informed that information would be a product of the review. There were no additional questions.

7B. Update: Resolution G22-08 Maintenance and Civil Improvements to AIDEA Building

Mr. Weitzner expressed appreciation to the Board for the allocation of capital for civil improvements to the building, which are principally focused on parking lot adjustments and internal improvements. Mr. Weitzner highlighted that a contractor is currently making preparations for the installation of new signage for the building. He informed that Brad Bigelow is AIDEA's Owned Asset Manager and requested Mr. Bigelow to provide an update on the RFPs for improvements, including the selection of a bidder for the demolition of Blues Central. Mr. Bigelow noted the demolition contract has been awarded to Coldfoot Environmental. The fan replacement contract has been awarded to Superior Mechanical, and numerous other projects are underway.

Mr. Weitzner discussed that the presentation linked to the agenda includes the plan and progress of the improvements. Mr. Fogle requested that staff highlight the plan's security and safety areas of improvements for the employees. Mr. Weitzner explained that the consolidated parking lot project, including additional lighting, is a health and safety improvement for all AIDEA and

AEA staff. Other security and safety improvements include the installation of an awning to the entrance of the building and increased enhancements to internal lighting.

Chair Pruhs inquired as to the addition of electric vehicle charging stations for public use. Mr. Bigelow explained that the charging stations are networked, which means any person can utilize the app in order to charge. AIDEA will receive a surcharge of the wattage usage. Mr. Weitzner discussed that the EV charging station is not free to the public, but it is available to the public. Chair Pruhs expressed concern that the public will be accessing the charging station in the parking lot throughout the day and night, plugging in and paying for the electricity, and disrupting the business. Mr. Weitzner noted that the charging station is located on the northeast corner of the parking lot directly across from security. He believes that this location will not cause disruption to business. Mr. Weitzner highlighted that AEA shares the building. Chair Pruhs noted that continued discussions will need to occur regarding the safety issues.

Mr. Bigelow commented that it is reasonable to have an EV charging station as part of future planning. Chair Pruhs noted that the parking lot adjacent to the building is already limited on parking and that placing the EV charger in the parking lot across the way would not be a disruption. Mr. Weitzner noted the plan is to be able to accommodate all staff within the current parking lot area. He explained there are issues related to the other parking lot area across the way. Current improvements are not being made and the final disposition has not been decided for that lot. Chair Pruhs suggested that future discussions occur.

Mr. Bigelow continued the presentation and highlighted that the right-of-way off of Northern Light for ingress/egress to the building parking lot is a major safety improvement. He noted that Department of Transportation (DOT) and Municipality of Anchorage (MOA) are appreciative of the additional access. Mr. Weitzner discussed interior improvements include cubicle work space for AEA staff, new carpeting, and upgraded LED lighting on the first and second floors.

Mr. Bigelow informed that 13 AIDEA/AEA employees are participating in first aid/CPR training onsite next month. Five replacement AED units have been purchased and are on order for the facility. Due to supply chain issues, the delivery date is unknown. The current AEDs have been inspected and are nearing their five-year life cycle. Mr. Bigelow discussed that the project also includes the major improvements of a heated sidewalk and increased drainage.

Mr. Weitzner noted that the full parking lot project timeline remains on time with the expectation that the RFPs will go out in November and the final completion will occur in 2023. Mr. Bigelow identified that the RFPs will be posted on AIDEA's website, through AGC, and other means. Mr. Weitzner indicated the RFPs will be made broadly available to interested parties.

Chair Pruhs inquired as to inflationary concerns for the project. Mr. Bigelow agreed there are clear inflationary concerns. Chair Pruhs requested that the Board be kept informed of any adjustments. Mr. Weitzner agreed, and noted that efforts are ongoing to keep the budget updated. Any substantial changes will be brought before the Board.

Mr. Fogle asked for the work schedule of the security guard. Mr. Weitzner indicated that he will provide Mr. Fogle with that information directly. Mr. Fogle asked if the hours have been extended. Mr. Weitzner agreed.

Chair Pruhs asked if additional improvements inside the building have been identified. Mr. Bigelow commented that the building was constructed in 1972, and regular improvements and upgrades are ongoing, including the replacement of Fan 4 in the basement with the new air handling unit.

Chair Pruhs inquired if the building side parking lot contains enough spaces for all of the employees to park. Mr. Bigelow noted that it does not. The increased parking at the Blues Central lot will contain 55 parking stalls and the west lot across 27th will contain 28 parking stalls. He explained that based on the building's size, the building lot should contain 100 parking stalls, with five stalls reduced due to direct access to the bus stop. Work is ongoing with the Municipality to get the number of stalls reduced to 80, based on the actual number of PCNs in the building. Mr. Weitzner indicated that additional spaces are needed in order to be code compliant with the Municipality. Chair Pruhs commented that he wants the employees to be able to park as closely and as safely as possible to the building.

Mr. Weitzner discussed that a work policy has been instituted in which employees are flexible to work at home a couple of days during the week, which reduces the average number of employees in the building on any given day. The front parking lot is expected to fully accommodate the new average.

Chair Pruhs requested staff review the possibility of installing flashing crossing lights for increased pedestrian safety. Mr. Bigelow agreed.

Mr. Mitchell advised that he has another commitment and will have to leave the meeting early. He noted this is his final meeting. Mr. Mitchell stated that it has been a pleasure participating on the Board. He looks forward to seeing AIDEA's ongoing efforts come to fruition, particularly the Investment Performance Review document. Mr. Mitchell expressed appreciation for AIDEA's efforts, and discussed that as a result of fulfilling its directives, AIDEA can be a target for criticism. Mr. Mitchell noted that if he could continue serving on a Board, AIDEA would have been one of his choices.

Chair Pruhs expressed appreciation to Mr. Mitchell for his efforts and service, and looks forward to his success in his new position. There were no other comments or questions.

7C. Loan Dashboard Report

Mr. Weitzner discussed that the Loan Dashboard Report is included. He acknowledged the efforts of Ms. Janssen, her team, and the IT department to expedite the reporting process. Mr. Weitzner identified that the delinquencies are clear and the high quality of the loan portfolio is reflected in the report.

Mr. Fogle reiterated his concern that the balance has remained consistently below \$400 million. He understands the inability to control the preflights, but would like to see additional loans coming through. A comment was made that the commercial real estate market is poised to be down 14% for the year, and that AIDEA is trending better than the general market slow-down. Staff continues to work with financial partners to have positive impacts on the portfolio. Ms. Janssen informed that the trend of portfolio decline is occurring across other State organizations, including Alaska Housing Finance Corporation.

Mr. Fogle noted that AIDEA's declining trend began before the rise of interest rates, as he has previously commented. Ms. Janssen commented that a couple years after the housing crisis occurred, the loan balance was at one of its lowest historic periods of \$11 million, which is not the trend now. She informed that financial information that was affected by the pandemic is still being used and she believes that positive changes for that information will continue. Ms. Janssen commented that another contributing factor is the unusual increase in pay-downs and pay-offs. She informed that the \$21 million of pay-downs and pay-offs in the first quarter of this fiscal year equals about half of what is typically seen in an entire that year. Ms. Janssen discussed that there are opportunities in the pipeline. She believes that the number of loans will decrease, but the loan values of larger projects will increase.

Chair Pruhs inquired as to upcoming opportunities across the state with credit unions or banks. Ms. Janssen informed that staff recently spoke at the Alaska Banker's Association meeting. Additionally, staff has contacted major credit unions across the state. She explained that in some cases, the interest rates on the bank side are so high that the projects are unable to cash flow or that the borrower is waiting for an interest rate adjustment or stabilization. There were no other questions.

7D. Board Resolution Report - Included in packet

7E. Predevelopment Project Financing Report - Included in packet

7G. Next regularly scheduled AIDEA Board Meeting Wednesday, December 7, 2022

8. BOARD TRAINING: Ethics, Confidentiality and Conflicts of Interest

Mr. Weitzner indicated that Ms. Horton will conduct the Board training.

MOTION: A motion was made by Mr. Fogle to conduct the Board training during the December 7, 2022 meeting. Motion seconded by Mr. Fogle.

Mr. Weitzner suggested that if the training is postponed to the next meeting, that it be placed as an agenda item at the beginning of the meeting. There was no objection.

The motion to conduct the Board training during the December 7, 2022, passed without objection.

Ms. Horton noted that the training will review the Ethics Act, confidentiality and conflicts of interest. She requested members review the Ethics Act tab on the DOL website under Law Resources prior to the next meeting. Mr. Weitzner asked Ms. Hamann to get the necessary information from Ms. Horton and to provide it to Board members. Ms. Hamann agreed.

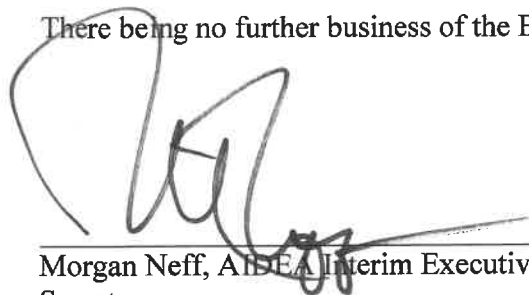
9. BOARD COMMENTS

Mr. Fogle expressed appreciation to Mr. Weitzner and staff for the presentations and information today. He welcomed Ms. Wilson to her new position.

Chair Pruhs echoed the thanks to Mr. Weitzner, Ms. Keppers, and staff for their efforts and information. He expressed appreciation for the building update and looks forward to continued robust discussion at the next meeting.

10. ADJOURNMENT

There being no further business of the Board, the AIDEA meeting adjourned at 3:49 pm.

A handwritten signature in black ink, appearing to read 'Morgan Neff', is written over a horizontal line. The signature is stylized and cursive.

Morgan Neff, AIDEA Interim Executive Director
Secretary