

Alaska Industrial Development and Export Authority
BOARD MEETING MINUTES
Wednesday, October 25, 2023
Anchorage, Alaska

1. CALL TO ORDER

Chair Pruhs called the meeting of the Alaska Industrial Development and Export Authority to order on October 25, 2023, at 11:40 am. A quorum was established.

2. ROLL CALL: BOARD MEMBERS

Members present: Chair Dana Pruhs (Public Member); Vice-Chair Bill Kendig (Public Member); Micaela Fowler (Deputy Commissioner, for Julie Sande (Commissioner, DCCED)); Llewellyn Smyth (Policy Director, for Adam Crum (Commissioner, DOR); Albert Fogle (Public Member); Randy Eledge (Public Member); and Bill Vivlamore (Public Member).

3. AGENDA APPROVAL

MOTION: A motion was made by Vice-Chair Kendig to approve the agenda, as presented. Motion seconded by Mr. Vivlamore.

Randy Ruaro, Executive Director, requested that Item 6D. is removed from the agenda today and postponed until the December meeting. There was no objection.

The motion to adopt the agenda, including the request to remove Item 6D. and postpone the item until the December meeting, passed without objection.

4. PRIOR MINUTES – September 21, 2023

MOTION: A motion was made by Vice-Chair Kendig to approve the Minutes of September 21, 2023, as presented. Motion seconded by Mr. Fogle.

The motion to approve the Minutes of September 21, 2023 passed without objection.

5. PUBLIC COMMENTS - None

6. NEW BUSINESS

6A. HEX Presentation

John Hendrix, HEX, expressed appreciation to AIDEA for the opportunities given to him as an Alaskan to own the only oil and gas company providing natural gas in the Cook Inlet. HEX is the largest leaseholder of the Kitchen Lights Unit within the Cook Inlet. HEX holds other leases for development, and he looks forward to continued partnership and support from AIDEA. Mr. Hendrix specifically thanked Chair Pruhs for his insight and acknowledged the Board members

for their conviction in Alaskans. Mr. Hendrix invited his team to come forward as he made HEX's final payment to AIDEA.

Chair Pruhs commented that AIDEA is a steward of Alaskan's hard-earned income, with a mission to support Alaskan businesses, to help Alaskan businesses to finance fixed assets, and to help provide Alaskans full-time jobs. Chair Pruhs expressed appreciation to Mr. Hendrix and HEX for the leadership in rectifying a stranded asset, producing the needed natural gas for Southcentral Alaska, having a positive effect on the economy, and for committing to the employment of Alaskans. Chair Pruhs thanked Mr. Ruaro and staff for working with HEX to achieve their critical efforts in the Cook Inlet. He emphasized the importance of sharing success stories, such as HEX, with the public.

Mr. Eledge thanked Mr. Hendrix and staff for their successful endeavors.

Mr. Fogle commented on the success of HEX and looks forward to future partnerships.

Mr. Hendrix requested that Deputy Commissioner Fowler relay expressions of appreciation to Commissioner Sande for her support throughout the process. Deputy Commissioner Fowler agreed, and commented that Commissioner Sande is proud of the work that AIDEA has contributed to the partnership with HEX.

MOTION: A motion was made by Vice-Chair Kendig to enter into executive session for the purpose of discussing personnel, Ambler and ANWR issues, litigation, and budget, and discussion of other legal and financial issues related to the sale of Mustang Holding, LLC, and AIDEA financial matters. Motion seconded by Mr. Fogle.

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

6B. EXECUTIVE SESSION: 11:56 am. Confidential and deliberative matters related to: Personnel, Ambler and ANWR Issues/Litigation and Budget, and Discussion of AIDEA FY 2023 Financials.

The Board reconvened its regular meeting at 1:53 pm. Chair Pruhs advised that the Board did not take any action on matters discussed while in Executive Session. The session was limited to discussion of matters directly protected from public disclosure by the Open Meetings Act.

6C. Resolution No. G23-07A – Ambler Budget and Work Plan Amendment

MOTION: A motion was made by Vice-Chair Kendig to approve Resolution G23-07A. Motion seconded by Mr. Fogle.

Chair Pruhs requested Mr. Ruaro and Jeff San Juan present Resolution G23-07A. Mr. San Juan explained that Resolution G23-07A is an amendment to the resolution passed earlier this year that authorized the Project to use existing approved funds to conduct the 2023 field season efforts. The 2024 field season budget is \$13.9 million. The work is primarily focused on cultural resource and logistic activities as outlined in the provided memorandum. In order to fully fund the 2024 field season budget, Resolution G23-07A requests that the Board approve an additional \$4.1 million from the Arctic Infrastructure Development Fund (AIDF) for that purpose. Ambler

Metals will provide a \$4.1 million match to fund the 2024 field season. The cumulative projected spend from 2020 to 2024 totals \$53 million, which is comprised of \$26.5 million from AIDEA and \$26.5 million from Ambler Metals.

Mr. Fogle requested information on any obstacles that are being experienced during the field season work. Mr. San Juan reviewed that in 2022, the Bureau of Land Management (BLM) halted the Board approved 2022 field season. None of the extensively planned technical investigations for hydrology, surveying, and cultural resources occurred. The BLM then pulled the right-of-way permit, which disallowed any geotechnical investigation while the Supplemental Environmental Impact Statement is being remanded back to the BLM. Mr. San Juan discussed that many of the barriers with BLM regarding field work hinge on BLM's implementation of the programmatic agreement with AIDEA. The barriers with State permitting relate to the statewide changes in stipulations made this year that have caused a slowdown in cultural resource activity. The changes include the requirement for subsurface testing.

Mr. Fogle commented that this development was given to Alaska during statehood and through Alaska National Interest Lands Conservation Act (ANILCA), and that a State agency and the BLM are providing obstacles to this development moving forward.

Chair Pruhs noted that if the resolution passes, he requests Mr. Ruaro to solve the challenges with the State agencies before additional funding is spent. Mr. Ruaro agreed.

A roll call was taken, and the motion to approve Resolution G23-07A passed unanimously.

7. DIRECTORS COMMENTS

7A. Project Updates

Mr. Ruaro reviewed the project updates. He reiterated that work is ongoing to resolve the Ambler Road project issues that make it extremely difficult, time-consuming, and expensive to conduct the preconstruction work. AIDEA believes the strict requirements are unreasonable and will persist in making them fair. Mr. Ruaro discussed that litigation continues regarding the Section 1002 Area Leases in Arctic National Wildlife Refuge (ANWR) that were illegally taken. AIDEA filed a complaint in the DC Circuit Court to order the leases to be returned. Mr. Ruaro discussed that hydrologists for the West Susitna project have reviewed the wetlands delineation and post-*Sackett*, they believe the federal jurisdictional wetlands can be reduced by 80%. This is helpful for speedy permitting and lowering costs. Mr. Ruaro informed that the appraisal for the FedEx Aircraft Maintenance Facility has been received and was higher than anticipated. Negotiations will continue regarding the facility rental amount to FedEx. Mr. Ruaro restated that HEX has successfully paid off their loan. Further positive developments with HEX are expected.

Mr. Ruaro discussed a recent development that affects the Ambler Road project. He received a letter on October 17, 2023 from Aaron Schutt, President and CEO of Doyon. Mr. Ruaro provided background information that the current route of the Ambler Road goes through a part of Doyon land. Mr. Ruaro noted that he met with Mr. Schutt several times since January of 2023 to discuss the benefits of the project for Doyon shareholders and villages on the east side, including Alatna, Allakaket, Evansville, Hughes, and Huslia. Mr. Ruaro discussed that Mr. Schutt made it clear

that Doyon was not fully supportive of the project, and in order for it to be an option for Doyon to be supportive of the project, AIDEA would have to make additional positive progress on other Doyon-related projects as stated in the letter.

Mr. Ruaro believes there may be misunderstanding regarding AIDEA's status, in that AIDEA is not a private company and is not free to negotiate or bargain on different projects and issues. Public funds, public decisions, and existing contracts are involved in the process. Mr. Ruaro explained that he discussed with Mr. Schutt that each issue is separate and is decided on its own merits. Support for the Ambler Road will not be tied to other projects.

Mr. Ruaro reviewed the letter and highlighted that AIDEA has not mistreated Doyon nor Mr. Schutt. Mr. Ruaro expressed his respect for Mr. Schutt, and noted their discussions have always been appropriate and pertaining to business. Mr. Ruaro commented that AIDEA and Doyon do not agree on several business issues, which is not unusual during business negotiations and is not equivalent to mistreatment or disrespect.

Mr. Ruaro discussed Doyon's request in Mr. Schutt's letter that AIDEA act on an issue related to the Mustang Pad on the North Slope. Mr. Ruaro explained that AIDEA does not own the Mustang Pad. Mustang Holdings, LLC is the owner of the pad. He explained the issue is that Brooks Range Petroleum Corporation, the former operator of the Mustang Project, contracted with Doyon for free use of the pad for 10 years in exchange for a debt that Brooks Range owed to Doyon. Mr. Ruaro noted that Doyon mistakenly holds AIDEA responsible for Brooks Range's debts, which were not made by AIDEA and were not made by Mustang Holdings. Doyon became upset when AIDEA objected to Doyon using the Mustang Holding Pad for free for 10 years. AIDEA believes that Brooks Range is responsible for any contracts with Doyon. Additionally, the Deed of Trust signed in 2019 states that any obligations, debts, and rents related to Brooks Range's operations are to be paid only by Brooks Range. AIDEA is held harmless and indemnified from those obligations.

Chair Pruhs asked who owned the pad at the time that Brooks Range made the contract with Doyon, and if Brooks Range had the authority to make a contract to let any entity use the pad. Mr. Ruaro believes that Mustang MOC1 was the owner at the time Brooks Range made the contract with Doyon, which occurred before the foreclosure. Mr. Ruaro does not believe that Brooks Range had the authority to make the contract because their debt was junior to AIDEA's interest in the pad. The foreclosure eliminated Doyon's position in the liens and the debt. Mr. Ruaro does not believe that Brooks Range had the authority to take actions that are contrary to the interest of the principal. Agents are not usually able to enter into agreements and bind principals to negative interests.

Chair Pruhs asked at what point AIDEA was made aware of the issue and asked if any documentation has been provided. Mr. Ruaro indicated that he learned of the issue during his meetings with Mr. Schutt. There is a lease agreement document between Doyon and Brooks Range. Mr. Ruaro explained that issue is solely between Doyon and Brooks Range, and is not related to Mustang Holding or AIDEA. The pad is in the process of being sold, at which time, the new owner could work with Doyon on any use agreement issues.

Chair Pruhs asked what is presently on the pad. Mr. Ruaro discussed that Doyon has an active

man camp on the pad. Mr. Ruaro noted his concern that even though AIDEA believes that Doyon does not have a right to have the man camp on the pad, AIDEA was being a good neighbor to allow Doyon to continue their man camp business and would determine the rent amount at a later time. However, Doyon filed a lawsuit against AIDEA before any negotiations were made. AIDEA has filed a motion to dismiss the lawsuit since it should be against Brooks Range rather than AIDEA.

Chair Pruhs asked if Doyon is trying to leverage the Ambler access on their property with their issues on the pad. Mr. Ruaro explained his understanding of the letter from Mr. Schutt is that until there is progress on the pad issue with AIDEA, there will be no progress, and likely opposition, to the Ambler Road. Mr. Ruaro discussed that AIDEA will continue to work with all of the landowners in good faith to be good partners. He explained that AIDEA has a guaranteed right of access into the Ambler Mining District State lands, independent of whether or not Doyon grants permission. Chair Pruhs asked if Mr. Ruaro was surprised by the letter. Mr. Ruaro agreed.

Chair Pruhs expressed appreciation to Mr. Ruaro for his discussion of the subject. He complimented Mr. Ruaro on his public stewardship of protecting the public's interest and assets by not allowing leverage on unrelated issues. There were no additional questions.

7B. Loan Dashboard Report

Tiffany Janssen, Chief Loan Director AIDEA, discussed the Loan Dashboard Report included in the Board packet. There is one delinquency of approximately \$1,000. Efforts are ongoing to bring the loan current. Ms. Janssen noted there have been principal payoffs due to collateral sales and a new loan has been funded. She indicated that multiple fundings will occur within the next couple of months. Additionally, there is approximately \$80 million in the pipeline of pending loan applications. Ms. Janssen highlighted the diversity of investor banks that are participating in loans. AIDEA's loan interest rate is nearing 6.5%, which is less than the market lender. She explained that many of the projects benefit from the blended rate to make the project cash flow positive. She discussed that two of the large pending applications need extensive improvements before they can continue with the approval process.

7C. Board Resolution Report – Included within the Board Packet

7D. Statistics Summary: Small Business Economic Development and Rural Development Initiative Fund Loan Programs

Mr. Ruaro explained that the AIDEA-funded loan program housed at the Department of Commerce includes 71 loans for a total of approximately \$12.5 million. These loans assist small businesses. The statistics provided in the Board packet are for information purposes.

7E. Next regularly scheduled AIDEA Board Meeting Wednesday, December 6, 2023

8. BOARD COMMENTS

Mr. Fogle expressed appreciation to Mr. Ruaro and staff for their focused efforts in advocating for Alaska. Mr. Fogle commented that the Section 1002 Project and Ambler Project are near and

dear to him. He requested that staff continue to move the projects to development, as the projects have been given by State rights.

Vice-Chair Kendig echoed appreciation to Mr. Ruaro and staff for their diligent work.

Chair Pruhs reiterated the comments of appreciation to staff. He noted the importance of the public understanding AIDEA's endeavors, as well as the reasons and benefits of the pursuits. Chair Pruhs looks forward to progressing all of the opportunities that are before AIDEA.

9. ADJOURNMENT

There being no further business of the Board, the AIDEA meeting adjourned at 2:23 pm.



Randy Ruaro, AIDEA Executive Director

Secretary