

Alaska Industrial Development and Export Authority
BOARD MEETING MINUTES
Wednesday, May 15, 2024
Anchorage, Alaska

1. CALL TO ORDER

Chair Pruhs called the meeting of the Alaska Industrial Development and Export Authority to order on May 15, 2024, at 11:31 am.

2. ROLL CALL BOARD MEMBERS

Members present: Chair Dana Pruhs (Public Member); Vice-Chair Bill Kendig (Public Member); Julie Sande (Commissioner, DCCED (arrived at 11:32 a.m.)); Adam Crum (Commissioner, DOR); Albert Fogle (Public Member); Randy Eledge (Public Member); and Bill Vivlamore (Public Member). A quorum was established.

3. AGENDA APPROVAL

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

The motion to adopt the agenda passed without objection.

4. PRIOR MINUTES – March 6, 2024

MOTION: A motion was made by Vice-Chair Kendig to approve the Minutes of March 6, 2024. Motion seconded by Mr. Fogle.

The motion to approve the Minutes of March 6, 2024 passed without objection.

5. PUBLIC COMMENTS – None

There were no members of the public online or in-person who requested to comment.

6. BOARD TRAINING – Annual Ethics, Confidentiality and Conflict of Interest

Chair Pruhs requested Randy Ruaro, Executive Director, to proceed with directions. Mr. Ruaro introduced Matt Stinson, Department of Law (DOL). Mr. Stinson reviewed the PowerPoint presentation entitled Executive Branch Ethics Act Training. He defined public officer and discussed the category of misuse of official position, AS 39.52.120, including substantial and material conflict of interests of the public officer and their immediate family members.

Chair Pruhs asked about two scenarios; the first is how the Ethics Act affects his ability as a contractor to potentially propose on work that AIDEA or AEA has made publicly available through the public procurement process, and the second is the hypothetical scenario whereby a

public solicitation for generators is made and a Board member represents a generator manufacturer and may propose on that contract. Mr. Stinson informed that those scenarios fall within AS 39.52.150 and he will discuss that restrictive information later in the presentation. He noted there is a specific statute for AIDEA that is in addition to the Ethics Act. Mr. Stinson discussed that he would have to know the details of the specific circumstances to determine if the member in question is part of the administrative unit awarding the contract. The provisions within AS 39.52.150 focus on competitively solicited projects. There would be a problem if a Board member bid on a contract that was then brought before the Board for approval. Mr. Stinson discussed that each scenario is dependent on its circumstances. Board members can submit requests for advisory opinions and confidential advisory opinions through Mr. Ruaro to DOL in specific instances.

A Board member requested Mr. Stinson review the existing library of opinions for topics related to this discussion and to provide feedback. Mr. Stinson gave an example of a published September 6, 1996 request for advice from the Attorney General's Office that can be found online. The opinion includes that AIDEA and AEA's conflict of interest statutes are layered on top of the Ethics Act, and do not replace or supplant the Ethics Act. Mr. Stinson reiterated his recommendation that Board members request advisory opinions from DOL if they are considering a bid submittal. He explained that each scenario is context specific and relates to how the member's official action interacts with the member's personal or financial interest.

Chair Pruhs continued asking questions during the ethics discussion to understand the rules in preparation for the large upcoming projects. He noted that he may or may not engage in any of the contract or subcontractor work, and that level of detail is unknown until the solicitations are released.

A Board member commented that based on the discussion today, he could frame a scenario and submit the request for DOL to provide an advisory opinion that would outline the guidelines to follow for absolute immunity of any actions taken. There was no objection.

Mr. Stinson continued the presentation discussing the definition of financial and personal interest, which includes membership in any organization.

Chair Pruhs noted that he is a life Board member of Associated General Contractors of Alaska (AGC) that represents 600 companies in Alaska. He commented that all projects in Alaska have at least one AGC member company affiliated with the project. Chair Pruhs asked Mr. Stinson how his status as a life Board member for AGC is considered within this ethics discussion. Mr. Stinson indicated that the review would examine if the situation were a substantial material conflict of interest. Questions for evaluation include; is the impact insignificant, is the impact conjectural, and is the large class of persons influencing Chair Pruhs' actions. Mr. Stinson reiterated the recommendation for Board members to contact DOL outside of this presentation.

A Board member requested a better definition of the meaning of "an arm's length transaction." Mr. Stinson explained that DOL is seeking to apply the Ethics Act statutes and regulations as they exist, in addition to the back catalog of previous advice provided. Much of the information is available publicly. He discussed that the definitions within the Ethics Act are designed with

room for context and individual attention to each circumstance.

Mr. Stinson reviewed the definition of immediate family members. He noted that interests are treated the same for public officers and their immediate family members. Mr. Stinson reviewed the broad definition of official action. He discussed that the Act recognizes that minor and inconsequential conflicts of interests may occur, and that the concern focuses on substantial conflicts of interest of material concern. Mr. Stinson reviewed the prohibitions regarding the acceptance of gifts, the definition of which is broad and applies to most things. The rules regarding travel are specific to the circumstance and may be considered gifts to the State, rather than to the individual. He discussed the process of reporting gifts to public officials, to family members, and from governments.

Mr. Stinson discussed the rules on information contained within AS 39.52.140, including publicly disseminated information and information confidential by law. He reviewed the rules regarding post State employment within AS 39.52.180, including public interest waivers, and the rules regarding lobbying. Mr. Stinson discussed the misuse of information within AS 39.52.140. He noted that the slides entitled “Improper Influence in State Grants, Contracts, Leases, or Loans” refer to AS 39.52.150. He reviewed the prohibitions and exceptions. Discussion occurred regarding scenarios in which Board members are unaware of any loans less than \$3 million, and the potential that an aunt or an uncle of a Board member could request a loan less than \$3 million with their bank and AIDEA without the Board member’s knowledge. Mr. Stinson reiterated that scenarios are context-specific, and the details are taken into consideration during the process.

Mr. Stinson reviewed the prohibition of using State funds, equipment, or facilities for partisan political purposes. The broad definition includes activities intended to benefit or harm a candidate, potential candidate, political party, or political group. He reiterated the suggestion to ask for advice if there are any questions. Mr. Stinson noted that the Governor and Lieutenant Governor are recognized as political positions. Any other public official must take approved leave for political activities during work hours and/or work functions, except for minor, inconsequential, and unavoidable activities. Additionally, some political purposes are acceptable if the intent is to benefit the public interest at large through the normal performance of official duties. An example is marching against domestic violence.

Mr. Stinson discussed the aspects of the Ethics Act that require self-reporting, reporting potential violations of the Act, receiving DOL advice, and following the advice. If the public official seeks the advice from the DOL and follows the advice received, that public official is then protected. The DOL is the intake office responsible for receiving, processing, and evaluating ethics complaints. Mr. Stinson gave an example scenario of an ethics complaint against a Board member for a hypothetical action. The DOL would evaluate the complaint. If the DOL had issued a previous opinion clearing the Board member of the hypothetical action, then the complaint would be dismissed as confidential. The complainant would be provided with notice, and the complainant would not be allowed to disclose that they submitted the complaint.

Mr. Stinson advised that public officials contact their designated ethics supervisor (DES) for formal requests for advisory opinions. Chair Pruhs is the DES for the AIDEA Board. Mr. Stinson noted that he and Mr. Ruaro are also available for general questions, and that Mr. Ruaro is the

DES for AIDEA. Mr. Stinson outlined the reporting provisions for the Board and the process that is followed thereafter regarding member participation based upon DOL's opinion.

Mr. Eledge asked what happens in the event the DOL's opinion is presented after the Board has moved forward with a decision. Mr. Stinson noted considerations will be reviewed, and in some instances, corrections are needed, and an opinion is then published.

Chair Pruhs asked if it is in statute that the DOL's opinion must be followed. Mr. Stinson believes that it is in statute that DOL's opinion must be followed. He discussed that there is a regulation that overlaps and lists the details. He will verify and confirm. Chair Pruhs requested clarification if the DOL's opinion is rule of law or if it is advice. Mr. Stinson discussed that if the opinion is followed, there is a shield of liability withing the statute if a complaint is filed and the person is in front of the Personnel Board. He discussed the ways a complaint or an objection to an opinion can be filed.

Mr. Stinson reviewed the specific conflict of interest statute for AEA and AIDEA, AS 44.88.180. A member of the Authority may not vote on a resolution of the Authority relating to a lease or contract to be entered into by the Authority under this chapter if the member is a party to the lease or contract or has a direct ownership or equity interest in a firm, partnership, corporation, or association that may be a party to the contract or lease. A resolution of the Authority that is approved by a majority of the members who are not barred from voting under this subsection is a valid action of the authority for all purposes. Mr. Stinson noted that this statute predates the Ethics Act and is not overruled by the Ethics Act reviewed earlier. They both exist and run concurrently.

Chair Pruhs asked if legislators follow the same Ethics Act. Mr. Stinson advised there is a separate Ethics Act specific to legislators.

Mr. Stinson discussed the complaint filing procedures alleging violations of the Ethics Act for the Governor, Lieutenant Governor, attorney general, and all other public officers. A complaint is confidential unless the person named in the complaint agrees to make the complaint public or the attorney general initiates formal proceedings. Mr. Stinson provided his contact information and his paralegal's contact information. There were no additional questions.

7. NEW BUSINESS

MOTION: A motion was made by Vice-Chair Kendig to enter into executive session for the purpose of discussing the following matters related to personnel, financing of Alyeschem Project, matters related to AIDEA's finances, budgets, and projects, other matters related to AIDEA that are subject to specific legal advice, which are subject to the attorney/client privilege and communications. These matters which if discussed publicly could have an adverse effect on the finances of AIDEA, and are matters that are attorney/client privileged and matters involving consideration of government records that by law are not subject to public disclosure due to the executive or deliberative process privilege or other law. The executive session and matters discussed therein are proper subjects for an executive session under the Alaska Open Meetings Act, reference AS

44.62.310 (C)1, 3, and 4, and the Alaska Public Records Act. Motion seconded by Mr. Fogle.

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

7A. EXECUTIVE SESSION: 12:31 pm. Confidential and deliberative matters related to Personnel, Financing of Alyeschem Project, Legislative Matters, AIDEA's Finances, Budget, and Projects, all of which are subject to the deliberative process privilege, and other matters related to AIDEA which are subject to specific legal advice and are attorney-client privileged.

The Board reconvened its regular meeting at 3:44 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.

7B. Resolution No. G24-04 - Alyeschem

Mr. Ruaro explained that Resolution G24-04 authorizes AIDEA to loan up to \$70 million to finance construction and operation of a petrochemical plant on the North Slope operated by Alyeschem which would produce Ultra Low Sulphur Diesel (ULSD) and methanol. Mr. Ruaro noted that methanol is currently imported to Alaska from Trinidad and must be trucked to the North Slope. The project meets AIDEA's statutory mission of economic development and qualifies as a development finance project. The resolution authorizes Mr. Ruaro to complete the financing package and execute the documents necessary to move forward with the project. Mr. Ruaro noted the terms of the loan include several preconditions. He urged the members to approve the resolution.

Chair Pruhs expressed appreciation to Mr. Ruaro and staff for their efforts on this great project. He understands there are risks involved in the project and there is risk involved in fulfilling AIDEA's mission. Chair Pruhs believes this project will provide the methanol and ULSD needed on the North Slope, while helping Department of Transportation (DOT) maintenance and reducing the number of trucks on the road. He believes the project will help the environment with the production of ULSD and will reduce the potential of trucking accidents and spills.

Mr. Ruaro expressed appreciation to Geoff Johns, AIDEA, and to staff for their efforts and due diligence regarding the project.

Chair Pruhs commented that if the resolution passes, he requests that the Board is updated often. Additionally, he requested that Board members are afforded the ability to partake in a groundbreaking ceremony, if one occurs. Mr. Ruaro agreed.

MOTION: A motion was made by Vice-Chair Kendig to approve Resolution G24-04, Resolution of the Alaska Industrial Development and Export Authority approving a development project financing loan under AS 44.88.172 to Alyeschem, LLC to finance the construction and long-term operation of a chemical plant on the North Slope of Alaska. Motion seconded by Mr. Fogle.

Chair Pruhs commented that for AIDEA, this is a large loan amount. However, considering the significant inflationary price increases to the cost of doing business within the last 10 years, it is not a large loan.

Mr. Fogle hopes that this will be a continued trend of Alaskans creating solutions for Alaska, rather than utilizing resources in the Lower 48 or outside of the country. The aim and goal should focus on these types of projects that employ Alaskans and utilize Alaska's resources.

Chair Pruhs thanked Mr. Ruaro, Mr. Johns, and staff for identifying this long-term generational benefit to the residents of Alaska. He believes the long-term advantages should be highlighted for the public's awareness.

Commissioner Crum commented that this project affects every aspect of AIDEA's mission and charter, providing long-term opportunity for Alaskan jobs and scalability of the project. This is a homegrown project developed by Alaskans. The primary investors are Alaskans; the primary developers are Alaskan; and it is an exciting prospect. Commissioner Crum expressed appreciation to AIDEA staff for their extensive due diligence to ensure the project met the required metrics and was within the risk profile. There were no other comments or questions.

A roll call was taken, and the motion to approve Resolution G24-04 passed unanimously.

8. DIRECTORS COMMENTS

8A. Project Updates

Mr. Ruaro discussed that the field season for the industrial road access for the West Susitna Project has been contracted. It will begin soon. An event is scheduled in early June in Skwentna. Board members will be invited. AIDEA anticipates filing for a Corps permit in the fall under the new National Environmental Policy Act (NEPA) rules and believes the full permitting can be achieved in a year.

Regarding the Ambler Access Project (AAP), Mr. Ruaro discussed the recent decision by NANA to suspend the advancement of the mine on their property. The AAP will continue with the 600,000 acres of state mining claims. AIDEA will respect NANA's decision and avoid NANA land while moving forward with the project.

Mr. Ruaro discussed that the FedEx lease is expected to be completed within two weeks. The negotiated rate is significantly higher than the previous rate. The project will be on the June agenda.

Mr. Ruaro anticipates submitting information and recommendations to the Board at the next meeting regarding the Shipyard project. Chair Pruhs asked when the current lease expires. Mr. Ruaro believes there is an opportunity in the fall of 2025 to make a change or to accept the option for a 10-year extension.

The Alyeschem Project was discussed earlier. There were no questions.

8B. Loan Dashboard Report

Mr. Ruaro highlighted that \$14 million in loans have been provided in this fiscal year. This amount does not include the Alaska Hotel Group loan of \$25 million. There are additional promising and significant projects in the pipeline. Staff's due diligence on those prospects is thorough.

Chair Pruhs asked if staff has had the opportunity to address the cost of funds. Mr. Ruaro agreed. He hopes to present additional information at the June meeting.

8C. Interior Energy Report to the Legislature - Included

8D. Statistics Summary: Small Business Economic Development and Rural Development Initiative Fund Loan Programs - Included

8E. Next regularly scheduled AIDEA Board Meeting Thursday, June 20, 2024

9. BOARD COMMENTS

Mr. Fogle expressed appreciation to Mr. Ruaro for his hard work, especially with the focus in Juneau and protecting the budget. Mr. Fogle complimented the staff and Mr. Ruaro on the remarkable turnaround in the past year.

Mr. Eledge commented that it is amazing that staff and Mr. Ruaro were prepared to answer all the Board's questions today. He expressed appreciation and noted that it is refreshing to work with such a professional group.

Chair Pruhs asked Mr. Ruaro if AIDEA receives a T&L on IGU. Mr. Ruaro noted that information is received, but he has not reviewed the information recently. Chair Pruhs requested that information to be provided to the Board, attached to the Interior Project, and compared to the original proforma. Mr. Ruaro agreed.

Vice-Chair Kendig echoed the comments of appreciation of the excellent job and professionalism of Mr. Ruaro and staff.

Chair Pruhs expressed appreciation to the staff for the productive meeting today. He commented on the exciting opportunities that are on the horizon. He wants to ensure that the public, the Legislature, and the Administration are aware of the positive actions AIDEA is accomplishing for the state. Additional discussion on how best to communicate the efforts will occur at the next meeting.

10. ADJOURNMENT

There being no further business of the Board, the AIDEA meeting adjourned at 3:58 pm.



Randy Ruaro, AIDEA Executive Director

Secretary