

Alaska Industrial Development and Export Authority
BOARD MEETING MINUTES
Wednesday, August 7, 2024
Anchorage, Alaska

1. CALL TO ORDER

Chair Pruhs called the meeting of the Alaska Industrial Development and Export Authority to order on August 7, 2024, at 8:35 am.

2. ROLL CALL BOARD MEMBERS

Members present: Chair Dana Pruhs (Public Member); Julie Sande (arrived late) (Commissioner, DCCED); Llewellyn Smyth (Policy Director, for Adam Crum (Commissioner, DOR)); Vice-Chair Bill Kendig (arrived late) (Public Member); 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 Mr. Fogle to adopt the agenda as presented. Motion seconded by Mr. Vivlamore.

The motion to adopt the agenda passed without objection.

4. PRIOR MINUTES – June 20, 2024

MOTION: A motion was made by Mr. Fogle to approve the Minutes of June 20, 2024. Motion seconded by Mr. Vivlamore.

The motion to approve the Minutes of June 20, 2024 passed without objection.

5. PUBLIC COMMENTS – None

There were no members of the public online or in-person who requested to comment. Chair Pruhs requested that he is kept apprised if anyone calls in during the meeting and wishes to make a public comment.

6. NEW BUSINESS

MOTION: A motion was made by Mr. Fogle to enter into executive session for the purpose of discussing: AIDEA finances, communications, strategy, HEX loan, and other matters related to AIDEA and matters that are subject to specific legal advice which is subject to attorney-client privilege. These matters, which if discussed publicly, could have an adverse effect on the finances of AIDEA. They are also matters that are attorney-client privileged,

and matters involving consideration of issues and 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. Vivlamore.

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

6A. EXECUTIVE SESSION: 8:40 am. Confidential and deliberative matters related to: AIDEA Finances, Communications, Strategy and HEX Loan, which are subject to the deliberative process privilege, and other matters related to AIDEA actions that are subject to specific legal advice which is subject to the attorney-client privilege.

The Board reconvened its regular meeting at 12:34 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.

6B. Resolution No. G24-08 HEX, LLC

Chair Pruhs requested Randy Ruaro, Executive Director, to proceed with the description of Resolution No. G24-08. Mr. Ruaro explained that Resolution G24-08 authorizes the Executive Director to enter into a cost reimbursement agreement with HEX Furie and to negotiate a non-binding potential term sheet that would be presented to the Board. This will allow HEX to reimburse for the continued feasibility and due diligence work activities.

Chair Pruhs asked Jeff Johnson, AIDEA Chief Investment Officer, to explain the reimbursement formula. Mr. Johnson reported that the tentative budget follows the 2020 cost reimbursement agreement with HEX, which outlines a 100% aggregate reimbursement amount not to exceed \$200,000. The basic allocations included legal, engineering, geological, geophysical, and economic. The estimates will be finalized prior to executing the cost reimbursement agreement under the preexisting contracts with the various providers. Mr. Johnson informed that there is a typographical error on page two under Section 3. of \$150,000. This amount would be corrected to \$200,000. There were no objections.

Chair Pruhs asked if language is included in the resolution delineating that HEX would provide 100% cost reimbursement. Mr. Ruaro suggested that language could be added to Section 3, which reads; "Subject to execution of the One Hundred Percent (100%) Cost Reimbursement Agreement by HEX Cook Inlet, LLC, the Authority may utilize up to \$200,000 in assets of the Economic Development Account, AS 44.88.172, to undertake the Feasibility Activities." There were no objections.

Mr. Eledge asked if the platform gas line has adequate capacity for increased utilization and production without additional compression. Mr. Johnson highlighted his understanding is that the 15-mile pipeline has more than adequate capacity. He explained that the due diligence process will further clarify capacity and compression questions.

MOTION: A motion was made by Vice-Chair Kendig to approve Resolution G24-08, as amended, a resolution of the Alaska Industrial Development and Export Authority relating to the approval of a cost reimbursement agreement and non-binding term sheet concerning an AS 44.88.172 application for the HEX Cook Inlet LLC to increase Cook Inlet natural gas production and supply. Motion seconded by Mr. Fogle.

A roll call was taken, and the motion to approve Resolution G24-08 passed unanimously.

7. DIRECTORS COMMENTS

7A. Project Updates

Mr. Ruaro gave updates for AIDEA's three main projects. He noted the ongoing Arctic National Wildlife Refuge (ANWR) litigation. Staff is working on responding to positions taken by the federal government that AIDEA did not have a right to the leases. AIDEA strenuously disagrees with that position and is pushing forward in federal district court.

Regarding the Ambler Access Project (AAP), Mr. Ruaro informed that AIDEA received a negative decision from the Department of Interior (DOI) that AIDEA did not have a right-of-access to the Ambler Mining District. This conflicts with several provisions of federal statute. AIDEA will push back against that Biden Administration position. Staff will continue important local outreach to communities closest to the road. Mr. Ruaro noted the support from Allakaket, Hughes, Ruby, Shungnak, and other communities in the Kobuk area. He will meet with several communities and Tribes in Fairbanks tomorrow. Additional resolutions of support for the project are anticipated.

Mr. Ruaro discussed that the West Susitna Project is moving forward with its current field season. AIDEA anticipates filing for a Corps permit in the fall with significant amounts of data collected and organized to accelerate the federal permitting process. There were no questions.

7B. Loan Dashboard Report

Mr. Ruaro reviewed the Loan Dashboard Report of July 1, 2023 through June 30, 2024. AIDEA has approximately \$370 million in outstanding loans. There are no delinquencies. There were no questions.

7C. Interior Energy Project Quarterly Report to the Legislature

Mr. Ruaro noted that the Interior Energy Project Quarterly Report is included in the packet. The Interior Gas Utility (IGU) is pressing forward. They anticipate switching from Cook Inlet gas to North Slope gas in December.

Chair Pruhs noted that financial statements from Fairbanks Natural Gas (FNG) and IGU are not included in the report. He asked Mr. Ruaro if the Board would be provided with the IGU financial statement. Mr. Ruaro responded that he believes IGU would provide financial information. Chair Pruhs asked what fiscal year IGU follows. Mr. Ruaro believes it is the calendar year. He will confirm the information with IGU during his upcoming business activity

in Fairbanks. Chair Pruhs reiterated his request for an update on IGU's financials. There were no other questions.

7D. Board Resolution Report - Included

7E. Project Fact Sheets - Included

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

Mr. Ruaro noted that the information for the Small Business Economic Development and Rural Development Initiative Fund Loan Programs is included in the packet. Efforts are underway to determine if the new Small Business Administration (SBA) 7A loan program that provides up to \$5 million in working capital with an 80% federal guarantee can be incorporated into the current programs to provide benefits to Alaskans. There were no questions.

7G. Next regularly scheduled AIDEA Board Meeting Wednesday, September 11, 2024

8. BOARD COMMENTS

Chair Pruhs requested that in August, Mr. Ruaro provide members with a three-year synopsis, 2023/2024/2025, of the amount of funding spent on legal fees. Additionally, he requested Mr. Ruaro provide a forward-looking overview of legal expectations and the anticipated budget operating cost correlations. Mr. Ruaro agreed.

Chair Pruhs asked Mr. Ruaro for the status of developing the budget for the next session. Mr. Ruaro explained that budget preparation is in progress and an update would be given in September. He discussed that the budget would look different because of the recent separation from Alaska Energy Authority (AEA). The 10 shared services employees are currently paid for on a 56%/44% split with AEA. The employees keep track of their time and if the split increases, the time gets billed to that respective entity. If the time allocation becomes overly concentrated to the AEA side, the employee will be moved to AEA. Chair Pruhs inquired as to the mechanism used to ensure employees are not placed in precarious positions regarding decisions of prioritizing AIDEA and AEA functions. He wants to ensure there is a process during the influx of activity so that the employees are not overwhelmed. Mr. Ruaro agreed that is a good point. He noted that the time and process will be monitored.

Chair Pruhs expressed appreciation to staff and members for preparations today. He requested feedback regarding the future start time of the meetings. The determination was made to begin future meetings at 9:00 a.m. There were no other questions or comments.

9. ADJOURNMENT

There being no further business of the Board, the AIDEA meeting adjourned at 1:02 pm.

A handwritten signature in blue ink, appearing to read "Randy Ruaro", is written over a horizontal line.

Randy Ruaro, AIDEA Executive Director

Secretary