



Alaska Energy Authority  
**BOARD MEETING MINUTES**  
June 8, 2010  
Anchorage, Alaska

**1. CALL TO ORDER**

Chairman Patrick Galvin called the meeting of the Alaska Energy Authority to order on June 8, 2010 at 10:30 a.m.

**2. ROLL CALL: BOARD**

A quorum was established.

Members present: Chair Patrick Galvin (Commissioner, Department of Revenue); Commissioner Leo von Scheben (Department of Transportation & Public Facilities); Emil Notti (Commissioner, Department of Commerce, Community & Economic Development); and Mike Felix (Public Member).

Members participating via conference call: Vice Chair John Winther (Public Member).

**3. AGENDA APPROVAL**

The agenda was approved as presented.

**4. ROLL CALL: STAFF, PUBLIC**

Staff present in Anchorage: Steve Haagenson (AEA Executive Director); Chris Anderson (Deputy Director-Credit); Sara Fisher-Goad (Deputy Director-Operations); Mike Harper (Deputy Director-Rural Energy); Valorie Walker (Deputy Director-Finance); Chris Mello (Program Manager); Karsten Rodvik (External Affairs Project Manager); Bryan Carey (Project Manager); Linda MacMillan (Accountant); Shauna Howell (Administrative Assistant); and May Clark (Administrative Assistant).

Others present in Anchorage: Brian Bjorkquist (Department of Law); Anne Southam and April Brehm (Environmental Resources Management); Mike Cunningham (Chugach Electric Association, Chair Bradley Lake PMC Finance Committee); Eric Whaley and Andrew Hildreth (Bank of America Merrill Lynch).

Participating via teleconference: Cynthia Weed (K&L Gates LLP, AEA Bond Counsel).

**5. PUBLIC COMMENTS**

There were no public comments.

**6. PRIOR MINUTES**

The minutes of March 17, 2010 were approved as presented.

**7. OLD BUSINESS**

There was no old business.

**8. NEW BUSINESS****8A. AEA Resolution No. 2010-02 Supplemental Resolution Authorizing the Issuance, Sale and Delivery of Power Revenue Refunding Bonds Sixth Series (Bradley Lake Hydroelectric Project)**

This action was requested by the Bradley Lake Project Management Committee (Bradley PMC), who directed the Budget Subcommittee of the PMC to analyze a potential refunding transaction for cost savings benefits. The Budget Subcommittee determined refunding the Refunded Bonds results in a projected 7% present value savings (at the time of the analysis) and recommended PMC authorization of the transaction. On June 3, 2010, the Bradley PMC approved a resolution authorizing the refunding. On July 1, 2010, the call premium on the Refunded Bonds drops by .5%, a savings of \$153,200. Therefore, staff anticipates issuing the bonds on July 1, 2010.

This resolution authorizes the Authority to issue up to \$34,000,000 principal amount of the Authority's Power Revenue Refunding Bonds, Sixth Series (Bradley Lake Hydroelectric Project) (the "Sixth Series Bonds"). The Sixth Series Bonds will be revenue obligations of the Authority and supported by revenues from the Bradley Lake Hydroelectric Project. The \$34 million was requested to provide cushion for market changes which require original issue discount and authorization for the sales costs is necessary. We are going to refund not only the bonds, but also going to pay for closing costs. We used the same number for the state bond committee for the volume cap allocation request, and the unused amount will be returned to the state for reallocation.

The purpose of the Sixth Series Bonds is to redeem and refund the Authority's \$30,640,000 outstanding Power Revenue Refunding Bonds, Fifth Series (Bradley Lake Hydroelectric Project) (the "Refunded Bonds"). The Authority issued the Refunded Bonds in 1999 for the purpose of refunding bonds issued in 1989 which financed a portion of the Bradley Lake Hydroelectric Project. The Refunded Bonds are fixed rate bonds. The reason for the refunding is to provide lower interest rates and, therefore, debt service savings.

Resolution No. 2010-02 establishes the parameters of the Sixth Series Bonds. It delegates authority to a Designated Representative to finalize the terms of the Sixth Series Bonds at the time of marketing pursuant to a Bond Purchase Agreement. It is currently anticipated that the Sixth Series Bonds will be issued in the approximate principal amount of \$29,000,000. (The final interest rates, principal maturities and redemption features will be determined on the date of marketing (currently expected to occur on June 16, 2010).

The Power Purchasers are expected to receive the benefits of the lower interest rates as soon as August 2, 2010, when the old bonds are paid off. A final addition to this resolution was added, a ratification and approval of the outstanding power sales agreement. The underwriter was expecting an opinion regarding the enforceability of that power sales contract. It has been enforced and in place and all of the power purchasers have conformed to that agreement since the late 1980s. Administratively, rather than go back and find all the original signatures on the documents it is administratively easier if we ratify and reconfirm on the part of the Authority Power Sales Agreements so that it needs to be an enforceable agreement of the Authority. The Power Purchasers have separate counsel and they will be providing opinions to the underwriter about the enforceability of the Power Sales Agreements on the part of the Power Purchasers. These obligations are not a direct obligation of the Alaska Energy Authority. They are payable solely from the payments made by the Power Purchasers. This refunding is expected to be undertaken strictly for the benefit of lowering the cost to those Power Purchasers. Staff recommends approval of Resolution No. 2010-02.

**MOTION: Commissioner von Scheben moved to approve Resolution No. 2010-02. Seconded by Commissioner Notti. A roll call vote was taken and the motion passed unanimously.**

## **9. DIRECTOR COMMENTS**

### **9A. Director's Status Report of AEA Programs and Projects**

- **Alaska Energy Plan**

The draft Energy Pathway was released on April 27 at the Rural Energy Conference for comment, which we will be accepting until the end of June.

We are currently providing outreach to native entities, utilities and municipalities; utilizing database to determine loan and grant amounts for equal treatment. Continue meeting with different regions to engage them and gain ownership in the final community and regional plans.

- **Renewable Energy Fund**

There is a meeting this afternoon of the Renewable Energy Fund Advisory Committee to discuss project status, program improvements and solicit user feedback.

- **Legislative Wrap-up**

AEA had a very active Legislative session with several energy bills (HB306 SB220), GRETC bill and the Railbelt IRP, capital budget energy projects and procurement code authorization. Some bills passed and some did not. Sara Fisher-Goad provided an update of the bills, capital and operating budgets:

- SB 301: Authorizes the sale of power projects loan portfolio from AEA to AIDEA. It also authorizes the loan for the Reynolds Creek hydro project and authorizes AEA to adopt regulations that would allow AEA to establish a fee schedule to the power project fund.
- HB 363: Restructures the board membership, changing it from three commissioners and two public members to two commissioners and five public members.
- SB 220: Omnibus Energy Bill establishes a new emerging energy technology fund that will be managed by AEA with a beginning fund of \$2.4 million. It also changes AEA's

powers to include the promotion of energy conservation, energy efficiency and alternative energy through training and public education. There will also be an energy report that the Governor's office will be required to submit to the Legislature no later than January 31, 2011 "providing recommendations on how to best structure state energy programs and offices to increase the coordination and efficiency of the state's effort and describing state energy services and programs in their entirety. The report must also include an examination of the existing powers and duties and the structure of the AEA and its Board of Directors, specifically its relationship between AEA and AIDEA."

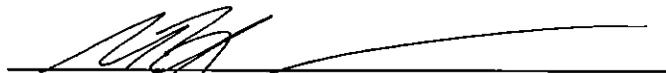
**9B. Next meeting Wednesday, August 11, 2010.**

**10. BOARD COMMENTS**

Commissioner von Scheben stated discussion should be kept up regarding the Kake-Petersburg intertie project. A short discussion followed regarding routing and possible environmental impact statements.

**11. ADJOURNMENT**

There being no further business of the Board, the meeting was adjourned at 11:10 a.m.



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Steve Haagenson, Executive Director/Secretary  
Alaska Energy Authority