Alaska Industrial Development and Export Authority

Investing in Alaskans

SOUTHEAST CONFERENCE
2012 ANNUAL MEETING

Mike Catsi | Business Development Officer | September 2012
AIDEA’s Mission

To promote, develop, and advance economic growth and diversification in Alaska by providing various means of financing and investment.

AIDEA fulfills its mission by providing Alaska businesses, projects and infrastructure with access to long-term commercial and development financing at a reasonable cost through its strong balance sheet and credit rating.
Board of Directors

Hugh S. Short
Chair
Public Member

Susan K. Bell
Vice-Chair, Commissioner
Department of Commerce, Community and Economic Development

Bryan D. Butcher
Commissioner
Department of Revenue

Ronald G. Arvin
Public Member

G. Wilson Hughes
Public Member

Robert D. Sheldon
Public Member

Gary R. Wilken
Public Member

Investing in Alaskans
AIDEA Overview

- AIDEA was created in 1967.
- In the early 1980s a $189 million cash and loan portfolio provided initial funding for the Loan Participation Program.
- Development Finance program funded in the mid-1980s with $143.5 million cash and loan portfolio to finance the DeLong Mountain Transportation System.
- AIDEA has repaid the State all of its initial capitalization funds through its annual dividend program.
- AIDEA currently has approximately $1.3 billion in assets under management.
- AIDEA’s loan portfolio balance as of 6/30/12 was over $468 million.
The FY 2013 AIDEA dividend to the State general fund is:

$20.4 million

This is AIDEA’s 17th dividend since the program’s inception.

Since the start of the dividend program, and including FY 2012, AIDEA has declared over

$325 million
AIDEA Assists in Financing

- Urban and rural projects
- All major industry sectors including:
  - Natural Resource Extraction and Processing
  - Federal Facilities and Installations
  - Transportation and Logistics
  - Infrastructure
  - Retail
  - Tourism
  - Energy
  - Services
AIDEA Does NOT...

- Compete with the private sector
- Provide grants
- Exclusively finance large projects
AIDEA’s Credibility & Ratings

AIDEA has credibility with the Rating Agencies based on its long-term, proactive ratings approach.

This has yielded reduced borrowing costs and market credibility.

- **Moody’s Investors Services = Aa3**
  (April 2010; affirmed June 2012)

- **Standard and Poor’s = AA+**
  (May 2008; upgraded August 2012)
Key AIDA Programs

- Loan Participation (Commercial Finance)
- Infrastructure Development
- Energy Infrastructure Development
- Project Development
- Conduit Bonds
- New Markets Tax Credits
- Small Business Loans and Guarantees

Alaska Industrial Development and Export Authority
Loan Participation Program

- **Objective:** To provide long-term financing to Alaska businesses.

- **To Qualify:** Participation may total up to 90% of a loan originated by an eligible lending organization (for example, a commercial bank), with total participation not to exceed $20 million.

- **Terms:** Up to 15 years for personal property or 25 years for real property; 75% loan-to-value; fixed or variable interest rate.

- The program has created 4,214 construction jobs and 5,561 permanent jobs since 2002.
### Loan Participations
#### Diversification by Geographic Region

<table>
<thead>
<tr>
<th>REGION</th>
<th>% LOANS</th>
<th># LOANS</th>
<th>BALANCE ($)</th>
<th>% DOLLARS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anchorage</td>
<td>54.6</td>
<td>141</td>
<td>230,863,362</td>
<td>56.0</td>
</tr>
<tr>
<td>Southeast</td>
<td>16.3</td>
<td>42</td>
<td>87,846,517</td>
<td>21.3</td>
</tr>
<tr>
<td>Mat-Su</td>
<td>12.8</td>
<td>33</td>
<td>32,493,828</td>
<td>7.9</td>
</tr>
<tr>
<td>Interior</td>
<td>3.5</td>
<td>9</td>
<td>27,471,317</td>
<td>6.6</td>
</tr>
<tr>
<td>Gulfcoast</td>
<td>9.3</td>
<td>24</td>
<td>23,721,730</td>
<td>5.8</td>
</tr>
<tr>
<td>Northern</td>
<td>1.6</td>
<td>4</td>
<td>6,103,569</td>
<td>1.5</td>
</tr>
<tr>
<td>Southwest</td>
<td>1.9</td>
<td>5</td>
<td>3,900,194</td>
<td>0.9</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>258</strong></td>
<td><strong>$412,400,519</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

As of June 30, 2012

---

**Investing in Alaskans**
Objective: To provide financing for Alaskan projects and infrastructure necessary to support Alaskan economic development.

- Own all or a part of an economic development or infrastructure project
- Co-Invest in a Corporation or LLC that owns the project or infrastructure.
- AIDEA’s current assets provide more than 735 direct jobs annually

Investing in Alaskans
The project must be **endorsed** by the local government.

The project and its development must be **economically advantageous** to the state and to the general public welfare.

The project applicant is **financially responsible**.

The project must be economically and financially feasible and able to **produce revenue adequate** to repay the investment, bonds or loans with which it is financed.
AIDEA Assets

Locations of AIDEA Development Finance Projects

- DeLong Mountain Transportation System (DMTS)
  LOCATION: Northwest Arctic Borough

- Federal Express Maintenance Facility
  LOCATION: Anchorage

- Jack-Up Rig
  Endeavor – Spirit of Independence
  Purchased on 11/14/2011
  LOCATION: Cook Inlet – August 2012

- Coast Guard Headquarters
  Location: Anchorage *

- Skagway Ore Terminal
  LOCATION: Skagway

- Snettisham Hydroelectric Project
  LOCATION: Juneau

- Ketchikan Shipyards
  LOCATION: Ketchikan

* - New projects
Skagway Ore Terminal

- 100,000 sq. ft. ore concentrate storage facility and ship loader.
- AIDEA recently made approximately $14 million in improvements to the facility. This investment has been paid back through user fees by the current tenant.
- SOT supports family wage year-round jobs and the expanding mining sector in the Yukon Territory.
- AIDEA is in preliminary planning for a major expansion of the terminal and has legislative authorization to issue up to $65 million in bonds to fund expansion.
Endeavor –
Spirit of Independence

- Oil and gas jack up rig for Cook Inlet exploration.
- AIDEA investment is $23.6 million with an ROI of 8.0% over a 5 year period through a preferred ownership interest with partners Buccaneer Energy and Ezion Holdings, Ltd.
- The total project cost (including refurbishment) is $104.5 million.
- AIDEA’s investment leveraged an additional $80.9 million in private investment.
- Rig has arrived in Cook Inlet and is projected to start drilling in September.
Sustainable Energy Transmission & Supply Development Fund (SETS)

- Provides AIDEA with the authority to finance, or facilitate the financing of, energy infrastructure projects.
- This new fund established in AIDEA, provides new tools for financing Alaska’s critical energy infrastructure needs:
  - Direct Loans
  - Loan Guarantees
  - Bond Guarantees
  - Bond Issuances
  - Direct Investment
- Provides for up to 33% of direct financing or up to $20 million in credit enhancements.
- Capitalized with $125 million.
Qualified Energy Development Projects:

- Transmission, generation, conservation, storage, or distribution of heat or electricity;

- Liquefaction, regasification, distribution, storage, or use of natural gas except a natural gas pipeline project for transporting natural gas from the North Slope or Cook Inlet to market;

- Distribution or storage of refined petroleum products.
New Markets Tax Credits
Loans and Guarantees

- The federal New Markets Tax Credits (NMTC) program incentivizes economic development opportunities in those areas with the most need:
  - High Unemployment
  - High Poverty
- SB66 provides AIDEA with ability to incentivize the use of the NMTC program in underdeveloped areas of the state.
- Provides AIDEA with the authority to guarantee leveraged loans, by commercial lenders, in a NMTC transaction.
- Provides AIDEA with the authority to make direct leveraged loans in a NMTC transaction if the project proponent cannot secure financing from a commercial lender.
- Allows for a $40 million rolling cap in loans and guarantees.

Investing in Alaskans
Objective: To provide financing where AIDEA acts as a conduit for the issuance of taxable and tax-exempt bonds.

Neither the assets nor credit of AIDEA or the State of Alaska are at risk; the creditworthiness of the project and credit enhancements offered by the applicant are essential to underwriting and placement of bonds.
AIDEA has issued revenue bonds for 315 projects as of June 30, 2012. Total bonds issued since the inception of the program in 1978 is more than $1.3 billion.

AIDEA issued $122.72 million in tax-exempt “conduit” revenue bonds for Providence Health and Services to provide funds to finance Providence Alaska Extended Care Center, a 96 bed long-term care facility, and financed capital improvements at Providence Alaska Medical Center – Maternity Center. This project created 85 new permanent jobs and 403 construction jobs.
Other Activities

- AIDEA partners with other State agencies to provide technical assistance to Alaska Businesses.

- AIDEA provides assistance for public entities exploring Public Private Partnerships (P3s) for project and infrastructure development.

- AIDEA provides eligible financial institutions with guarantees of up to $1 million on the principal of the loan.

- AIDEA has two small business direct loan funds administered by DCCED that provide private sector employment by financing the start-up and expansion of small businesses statewide.
Alaska Industrial Development and Export Authority

813 West Northern Lights Blvd.
Anchorage, Alaska 99503
(907) 771-3000
(888) 300-8534 (Toll Free in Alaska)

www.aidea.org

Investing in Alaskans