OUR MISSION
Advancing economic growth and diversification in Alaska by providing long-term financing and investment.

The publication on the activities and financial condition of the Alaska Industrial Development and Export Authority is submitted in accordance with AS 44.88.210. The report was printed at a cost of $6.55 per copy and was printed in Anchorage, Alaska. Design and production by Walsh | Sheppard. Printed by PIP Printing and Marketing Services.
GOVERNOR’S LETTER

Alaska Industrial Development and Export Authority (AIDEA), is a public corporation of the State of Alaska, created to promote, develop, and advance job opportunities and economic growth for the people of Alaska. I am proud of AIDEA’s work over many years to spur growth by financing business, non-profit, and community projects that have meaningful economic development impacts. Additionally, AIDEA brings dollars into State government, having declared a dividend to the State of $17.65 million just this year.

In the fiscal year 2015, AIDEA supported the development of Alaska’s oil and gas through business loans for a 334-unit man camp in Deadhorse on the North Slope, and a very large drill rig for oil exploration and production in Cook Inlet. AIDEA backed lowering the cost of energy in Juneau through the refinancing of the Snettisham Hydroelectric Facility and in Fairbanks and North Pole by purchasing the local gas and utility and the financing of pipelines for the distribution of gas for Fairbanks and North Pole. Alaskans will never unlock our true economic potential in each of our communities until we are able to lower the cost of energy, and I appreciate AIDEA’s efforts in this regard.

Additionally, AIDEA supported manufacturing in the state by issuing conduit revenue bonds to expand beer production exports from Juneau. They also supported the financing of large energy efficiency improvements in six buildings of the Alaska Pacific University core campus in Anchorage and construction financing for the Blood Bank of Alaska’s new state-of-the-art 57,000 square foot facility in Anchorage. The construction of Blood Bank of Alaska’s new facility resulted in a total of 230 jobs and $20 million in new income in Alaska.

AIDEA’s support and expertise in financing various enterprises benefits Alaskans, and I encourage you to learn more about their efforts through this report. We appreciate and welcome the leadership of John Springsteen, AIDEA’s new executive director since March 2015, as he leads the corporation on behalf of Alaskans. We look forward to a prosperous future for our great state.

CHAIRMAN’S LETTER

The mission of the Alaska Industrial Development and Export Authority (AIDEA) is to grow and diversify Alaska’s economy while providing long-term employment opportunities for Alaskans. As the State’s development finance authority, AIDEA provides support to business and industry through its programs, projects and comprehensive financing capabilities. As a result of AIDEA’s investments and dynamic partnership with Alaskans, thousands of jobs have been created or retained across the state.

AIDEA has a long history of supporting Alaska’s resource development industries, and this year is no exception; approving significant financing for oil and gas projects in Cook Inlet and on the North Slope. In addition, tourism infrastructure in Southeast, critical health facilities for the Blood Bank of Alaska, and a number of Alaska businesses also saw investments by AIDEA.

AIDEA continues to provide its financial and project management expertise to the Interior Energy Project, working diligently to bring affordable energy and improved air quality to Interior Alaskans.

I am also proud that AIDEA provides an annual dividend to the state’s general fund to help support programs and services throughout the state.

On behalf of AIDEA’s Board, I extend a sincere thank you to AIDEA management and staff for their work throughout the year. In addition, I want to thank our financial and industry partners who, in partnership with AIDEA, strive to promote economic growth and opportunity for all Alaskans. Together we continue to build a strong future for our great state.

$182,139,126 PRIVATE CAPITAL LEVERAGED
AIDEA, Alaska’s development finance authority, promotes economic growth and job creation by investing in businesses and projects in all sectors of Alaska’s economy. Our current projects and new investments are projected to create more than 1,100 construction jobs, and create or retain over 1,000 permanent jobs for Alaska. AIDEA’s committed investment in projects and its financing of $124 million in Fiscal Year (FY) 2015 is projected to leverage up to $182 million in private investment. AIDEA would expect future investing and bonding patterns to be consistent with prior patterns. These are contingent on market conditions and the requirements of unknown future uses of AIDEA’s programs.

Based on our performance, AIDEA’s Board declared a $17.6 million dividend to the state. Since the dividend program’s inception, AIDEA has declared more than $373.5 million to the state. Given our strong balance sheet, conservative and effective financial management of assets and consistently strong performance, Standard & Poor’s has maintained its high quality credit rating of AA+ for AIDEA.

In partnership with local banks and credit unions, our Commercial Finance Division provides Alaska businesses with access to long-term capital to finance both new construction and the expansion of existing businesses. In FY 2015, AIDEA funded $33 million in loans and committed funding for an additional $50.8 million in loans. The Division’s loan participation program has created or retained more than 6,000 permanent jobs and 5,000 construction jobs since FY 2002.

Our Conduit Revenue Bond program provides businesses and non-profits access to long-term affordable capital via taxable and tax-exempt bonds. In FY 2015, AIDEA issued $7.6 million in bonds for the AKBev Group, LLC. Since the inception of the program, AIDEA has issued more than 317 bonds for over $1.36 billion.

AIDEA directly supports economic diversity and job development for Alaskans through our Project Development and Asset Management Division and our Infrastructure Division. We finance infrastructure and development projects in a variety of industries including oil and gas, mining, shipbuilding, healthcare, and energy. As an example, during FY 2015 AIDEA approved an $8.5 million loan with the Blood Bank of Alaska to improve Alaska’s access to critical blood supply. In addition, AIDEA approved a $30 million loan with BlueCrest Energy, Inc. to support development of the Cosmopolitan oil field.

AIDEA continues to make strategic investments in development projects and industrial infrastructure while it assists the state and private sector in developing our vast natural resources. As we examine opportunities for expanding our investments, AIDEA’s owned projects such as Ketchikan Shipyard, DeLong Mountain Transportation System, and Federal Express Hangar continue to generate economic benefits and job growth for Alaskans.

On behalf of AIDEA’s Board, management, and staff, we thank Governor Walker, Alaska’s lawmakers, AIDEA’s partners and all Alaskans for their support of AIDEA and for allowing us to participate in this vital role in driving the economic engines of our great state.
INTERIOR ENERGY PROJECT

HB105 amended the Interior Energy Project provisions as originally written in SB23 (2013). These amendments included:

- Removing the North Slope as the only source of natural gas for the project;
- Adding legislative approval is required before AIDEA enters into a gas supply contract for Interior Alaska as the primary market;
- Adding legislative approval if AIDEA is to use the Sustainable Energy Transmission and Supply Fund (SETS) fund to purchase or acquire gas reserves or a gas lease or become a working interest owner of a natural gas lease; and
- Adding propane and propane air mixture into the definition of natural gas.

PROGRAMMATIC FINANCING CAPS

AIDEA is required to seek legislative authorization and/or municipal support if AIDEA is to issue bonds or make loans over certain funding caps. In most cases these funding caps have not been increased to meet the current cost of development in the state of Alaska.

RESCINDING OUTSTANDING BONDING AUTHORITIES

AIDEA’s statutes require it to seek legislative approval for bond issuances that will exceed $10 million. As such, over the years a number of authorizations have been approved by the Legislature, but for whatever reason, those projects never moved forward. Bond authorizations have previously been issued without sunset clauses attached to them and as a result, AIDEA has a number of bond authorizations on its books that will never be used for the originally intended projects. The authorizations stay valid until repealed by the Legislature and have to be disclosed when AIDEA presents potential issues for the Rating Agencies in rating AIDEA bonds. This bill rescinded several of the outstanding bond authorizations which AIDEA’s staff and financial advisors believe to be beneficial to AIDEA’s bond rating as we utilize bonding capacity for future projects.

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<thead>
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LEGISLATIVE HIGHLIGHTS

The 2015 legislative session saw the passage of one bill (House Bill 105) related to AIDEA but that bill contained several disparate items. One item was a substantive change to AIDEA’s role in the Interior Energy Project, and the rest were technical amendments addressing financing caps and outstanding bond authorizations.

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AIDEA assists Alaska business through its ability to develop, own and operate facilities within the state, with the purpose of advancing the prosperity of a region. These projects are not limited to large industrial facilities but cover a range of project types and sizes in a number of industry sectors. Manufacturing facilities, ports, airports, infrastructure for tourism destination facilities, federal facilities, community public purpose, and communications essential for regional economic well-being are considered eligible projects.

BLUECREST ENERGY, INC.
AIDEA is playing a key role in BlueCrest Energy’s $300 million Cosmopolitan oil development project. Assisted by AIDEA’s 2012 investment into the Endeavour – Spirit of Independence jackup drilling rig, the extent of this oil and gas reservoir located offshore of Anchor Point in the southern Cook Inlet was realized via Endeavour’s drilling conducted in the summer of 2013. A subsequent 2014 Cost Sharing Agreement between AIDEA and BlueCrest provided funding for third party consultants to confirm the project’s economics and proposed development approach. Based on this information, BlueCrest requested AIDEA’s participation in the project via direct project financing for their purchase of a new extended-reach high-horsepower drilling rig that will be used to reach and produce the oil from the onshore project site. AIDEA’s Board approved the loan request in April 2015. When delivered next year, this rig will provide unmatched capabilities, enabling safe and efficient drilling that will be conducted over a five-year period. AIDEA’s loan also provided funds for the construction of a new man camp that will house many of the rig workers; the man camp was built locally at Builder’s Choice, Inc. in south Anchorage. Following successful drilling and completion of the production facility, the Cosmopolitan project is expected to nearly double current Cook inlet oil production rates.

Economic Benefits
• Estimated state royalty and production tax payments of more than $150 million;
• More than 100 jobs due to development drilling and rig operations;
• More than 100 jobs associated with production facility construction through spring 2016;
• More than $20 million in new property taxes to the Kenai Peninsula Borough over the first 10 years of the project; and
• Up to 30 on-site production related jobs and at least 30 permanent truck driver jobs.

Status Update
Drill rig construction continued through fall 2015 with rig delivery and commissioning to occur in March 2016. The production facility construction is anticipated to be complete in spring 2016.

Leverage
AIDEA’s $30 million loan for the new drill rig leveraged over $230 million of private sector investment into the project.

KETCHIKAN SHIPYARD
Vigor Alaska completed the installation of a new security system utilizing SAFETEA-LU (federal transportation funding) and Economic Development Administration (EDA) funds. Vigor Alaska is progressing with the construction of the first of the two new ferries as awarded by the State of Alaska under the contract secured in the fall of 2014. AIDEA approved the construction of an outfitting building to assist with the ferry module construction.

PROJECT UPDATES

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MUSTANG OPERATIONS CENTER, LLC. (MOC1)
Procurement activities continue for the MOC1 oil production facility that will support oil development from the Mustang Field. Nearly all of the vertical support members for the pipeline and equipment modules have been installed on the pad. The fabrication of several large pieces of equipment continues, including the oil treater and gas conditioning systems. Low oil prices have resulted in the need to adjust the project financing plan, resulting in a modification to the completion schedule. Drilling activities are being planned for a restart in 2016 to coincide with the completion of the facility.

FEDEX MAINTENANCE, REPAIR, AND OPERATIONS FACILITY
AIDEA approved a new property lease with FedEx. The lease provides exclusive use of the facility by FedEx through 2023 at a new rate based on the fair market value for the facility. Under the new lease, AIDEA will also be performing several maintenance and refurbishment projects. FedEx approved the use of the hangar by the Alaska Airman’s Association for the 2015 Great Alaska Aviation Gathering in May to coincide with the property lease. AIDEA also recently executed an extension on the Department of Transportation & Public Facilities (DOT&PF) land lease between AIDEA and the DOT&PF.

SNETTISHAM HYDROELECTRIC FACILITY
The two hydroelectric generating stations that comprise the Snettisham facility are currently providing reliable and low-cost power to Juneau residents and businesses. Excess power is also provided to the Greens Creek mine and cruise ships docked in Juneau. Under Board Resolution No. G15-08, AIDEA issued refunding bonds for the Snettisham project. It is anticipated that the new bonds, used to payoff the existing remaining bond balance, will save several million dollars, which should be passed on to Alaska Electric Light & Power (AEL&P) ratepayers. On July 1, 2014, Avista Corp. completed the acquisition of AEL&P.
The Ambler Mining District Industrial Access Project (AMDIAP) is patterned after the Delong Mountain Transportation System that supports the Red Dog Mine. AMDIAP would provide access to the Ambler Mining District which has long been identified as a significant resource district and would make use of special provisions in Alaska National Interest Lands Conservation Act (ANILCA) that allow this type of road to cross federal lands.

Project Update
The project team conducted a number of community and stakeholder meetings along the proposed corridor. These meetings culminated in an all-corridor meeting in Fairbanks which was very well attended. Simultaneously, work continued on refining the design and route, and accumulating baseline environmental, economic, and cultural data.

On December 26, 2014, Governor Walker issued Administrative Order 271, which ordered a number of agencies to stop discretionary spending on several projects, AMDIAP being one of them. On October 22, 2015 the Office of Management and Budget authorized AIDEA to spend up to $3.6 million of already appropriated funds to initiate the scoping process for an Environmental Impact Settlement (EIS), under National Environmental Policy Act (NEPA), and apply for an ANILCA right of way.

For more information visit: ambleraccess.org

The State of Alaska has placed a high priority on the development of new mineral, oil, gas, and natural resource projects. These economic development projects are important because they create good paying jobs, generate local and state revenues, and help to diversify the economy.

AIDEA understands that in order to spur natural resource development it is critical to develop transportation corridors, port facilities, and access to affordable energy. AIDEA supports the development of these intermodal systems by tying together industrial roads, rail and ports needed to bring natural resources, refined products, and goods to market.

By using a variety of financial and project delivery tools, AIDEA is ready to partner with project proponents to develop the state’s critical infrastructure needs.

AMBLER MINING DISTRICT INDUSTRIAL ACCESS PROJECT
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BLOOD BANK OF ALASKA
AIDEA’s Board approved a loan of up to $8.5 million for the construction and furnishing of a 57,000-square-foot laboratory and collection facility for the Blood Bank of Alaska. This project, budgeted at $45.7 million, will consolidate all four of the Blood Bank’s Anchorage facilities and expand upon existing capacity. This facility is the sole blood bank in Alaska and provides blood products to civilian, military, critical access, and tribal hospitals. One direct benefit of the project is that blood samples from donations will not have to be sent out of state for testing but will now be done in-house at the facility.

Over the 16-month construction period, direct employment is expected to average 133 workers, while total employment, including indirect and induced employment, is expected to be 230 jobs. The Blood Bank of Alaska currently employs 89 people but once the facility is operational, it is expected to create an additional 20 new jobs.
ASSETS AND PROJECTS

BLUE SHADED: INCORPORATED BOROUGHS
GREY SHADED: UNINCORPORATED AREAS

Mustang Operations Center, LLC. (MOC1)
Location: North Slope

Mustang Road, LLC.
Location: North Slope

Skagway Ore Terminal
Location: Skagway

Snettisham Hydroelectric Project
Location: Juneau

Ketchikan Shipyard
Location: Ketchikan

DeLong Mountain Transportation System (DMTS)
Location: Northwest Arctic Borough

Federal Express Maintenance Facility
Location: Anchorage

Camp Denali Readiness Center Addition
Location: Joint Base Elmendorf-Richardson

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The goal of the Interior Energy Project (IEP) is to supply natural gas to Interior Alaska at the lowest cost possible; to as many Alaska customers as possible; as soon as possible. The project is being financed with a combination of public and private sector funds.

**PROJECT UPDATES**

**INTERIOR ENERGY PROJECT**

**SUPPLY**

Gas supply for the IEP remains sourced from either the North Slope of Alaska or the Cook Inlet basin. North Slope gas would come from one of the current owners. Cook Inlet gas is offered by independent producers in response to a Request for Information (RFI) for Cook Inlet gas supply, or offered in conjunction with liquefaction responses to AIDEA’s Request for Proposals (RFP). Identification of the selected gas supply, costs, and expected terms for IEP supply will result from the AIDEA RFP process to select the recommended project partner outlined in detail in the Liquefaction component description.

**LIQUEFACTION**

AIDEA issued RFP #15142 in June 2015 with an August 3, 2015 close date. AIDEA received proposals from 13 respondents which included proposals for North Slope LNG, Cook Inlet LNG, a pipeline from Cook Inlet, imported LNG, and imported propane. The RFP evaluation team scored the proposals and selected five finalists to move to phase 2 of the RFP process.

**TRANSPORTATION**

The primary transportation focus of the IEP is LNG trucking. RFP respondents offered a combination of trucking and rail options as part of their proposals. If gas is sourced from the North Slope, trucking remains the only option. If gas is sourced from Cook Inlet, trucking is the primary option, with rail transport still under consideration.

**STORAGE AND RE-GASIFICATION**

IEP storage needs are based on two components: security storage and load-leveling storage. The Regulatory Commission of Alaska (RCA) required, as a condition of the certificates of need for IGU and FNG, five days of security storage to be available for each utility. In addition to RCA required storage, additional storage can be added to the system to optimize the operation of a liquefied natural gas utility (LNG) facility. Seasonal variation in gas demand, LNG plant operation, and trucking operations can all be reduced by the addition of storage facilities either as part of the LNG plant construction or local distribution network.

The planned consolidation of FNG and IGU into a single operating entity allows for coordination of storage planning at the distribution end of the supply chain. AIDEA staff is coordinating the planning for security storage between the two distribution utilities, beginning with the evaluation of the 5.25 million gallon storage tank planned by FNG, and the bullet tank storage being planned by IGU for the North Pole area. The near term storage plan will be developed as part of the ongoing planning of the new combined utility under a Local Control Entity.

**PROJECT MILESTONES – DISTRIBUTION**

The build-out of the distribution system in the Interior continued throughout summer 2015. Fairbanks Natural Gas (FNG) installed 29.46 miles of pipe in the core of Fairbanks during the 2015 summer construction season. This covered the Aurora Road main line, Trinidad North, Dartmouth main line, Wembly, Island Homes, Aurora Residential, and University West. FNG was able to take advantage of summer road construction projects, when possible. Interior Gas Utility (IGU) installed 73 miles of pipe in the North Pole area during summer 2015. This covered the entirety of the City of North Pole and neighborhoods immediately adjacent to the city.

On June 11, 2015, the AIDEA Board authorized acquisition of Pentex Alaska Natural Gas Company, LLC, FNG’s parent company. The Pentex acquisition advances the goals of the IEP in three ways: (1) immediately lowers rates to existing FNG customers by utilizing lower cost capital and a public ownership rate structure, (2) reduces the costs of building and operating FNG and IGU by integrating the two utilities, and (3) simplifies the commercial discussions to develop new supply of affordable energy to the Interior.

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Gas supply for the IEP remains sourced from either the North Slope of Alaska or the Cook Inlet basin. North Slope gas would come from one of the current owners. Cook Inlet gas is offered by independent producers in response to a Request for Information (RFI) for Cook Inlet gas supply, or offered in conjunction with liquefaction responses to AIDEA’s Request for Proposals (RFP). Identification of the selected gas supply, costs, and expected terms for IEP supply will result from the AIDEA RFP process to select the recommended project partner outlined in detail in the Liquefaction component description.

**LIQUEFACTION**

AIDEA issued RFP #15142 in June 2015 with an August 3, 2015 close date. AIDEA received proposals from 13 respondents which included proposals for North Slope LNG, Cook Inlet LNG, a pipeline from Cook Inlet, imported LNG, and imported propane. The RFP evaluation team scored the proposals and selected five finalists to move to phase 2 of the RFP process.

**TRANSPORTATION**

The primary transportation focus of the IEP is LNG trucking. RFP respondents offered a combination of trucking and rail options as part of their proposals. If gas is sourced from the North Slope, trucking remains the only option. If gas is sourced from Cook Inlet, trucking is the primary option, with rail transport still under consideration.

For more information visit: interiorenergyproject.com
The Loan Participation Program provides permanent financing, both taxable and tax-exempt, to borrowers through a qualified financial institution for the purpose of developing, acquiring or enhancing an Alaska business enterprise. The program also provides long-term fixed- or variable-rate financing on the portion of the loan purchased by AIDEA. Under this program, AIDEA does not originate loans, but is able to participate in up to 90 percent of a commercial loan up to a maximum of $25 million from an eligible financial institution.

Benefits include competitive interest rates and terms that can go up to 15 years for equipment and 25 years for real estate. These benefits result in lower scheduled payments for the borrower easing the repayment burden. The project being financed must be in Alaska.

### Loan Participation Activity by Use of Funds
As of June 30, 2015

- **Refinance**: 11%
- **Equity Extraction**: 7%
- **Acquisition**: 30%
- **New Construction**: 52%
- **Manufacturing/Equipment**: 1%
- **Healthcare**: 2%
- **Restaurant**: 2%
- **Business Condo**: 2%
- **Fuel Distribution**: 2%
- **Recreation**: 3%
- **Tourism**: 18%
- **Retail**: 22%
- **Office**: 22%
- **Warehouse/Shop**: 10%
- **Carwash**: 3%
- **Wastewater**: 4%
- **Vessel**: 4%
- **Aircraft Hangar**: 4%

### Outstanding Loan Balance By Industry
As of June 30, 2015

- **Tourism**: 18%
- **Office**: 22%
- **Retail**: 22%
- ** warehousing/Shop**: 10%
- **Carwash**: 3%
- **Wastewater**: 4%
- **Vessel**: 4%
- **Aircraft Hangar**: 4%
- **Restaurant**: 2%
- **Business Condo**: 2%
- **Fuel Distribution**: 2%
- **Recreation**: 3%
- **Manufacturing/Equipment**: 1%
- **Healthcare**: 2%

### Loan Participation Activity by Loan Amount
As of June 30, 2015

- **Under $1 Million**: 2
- **$1-2 Million**: 6
- **$2-5 Million**: 2
- **Over $5 Million**: 0

### Outstanding Loan Balance by Geographic Region
As of June 30, 2015

<table>
<thead>
<tr>
<th>REGION</th>
<th>BALANCE ($)</th>
<th>% DOLLARS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anchorage</td>
<td>183,994,319</td>
<td>54.5</td>
</tr>
<tr>
<td>Southeast</td>
<td>55,103,695</td>
<td>16.3</td>
</tr>
<tr>
<td>Mat-Su</td>
<td>44,978,525</td>
<td>13.3</td>
</tr>
<tr>
<td>Gulf Coast</td>
<td>21,411,145</td>
<td>6.3</td>
</tr>
<tr>
<td>Interior</td>
<td>20,254,443</td>
<td>6.0</td>
</tr>
<tr>
<td>Northern</td>
<td>7,146,545</td>
<td>2.1</td>
</tr>
<tr>
<td>Southwest</td>
<td>5,007,749</td>
<td>1.5</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>$337,896,421</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>
Bonanza Fuel, LLC, a wholly-owned subsidiary of Sitnasuak Native Corporation (SNC) provides a full range of fueling services from its recently expanded 6 million gallon bulk fuel facility located at the Port of Nome, along with a fleet of fuel delivery trucks, and a gas station and convenience store located in the heart of Nome. Services include marine diesel deliveries for both large and small maritime vessels at the Port of Nome, home heating oil delivery for residential and commercial customers, and winter and summer diesel for commercial customers, mining and construction projects. In December 2015, Bonanza Fuel introduced Jet-A Fueling Services at the Nome Airport for commercial, government, and private aircraft. Nome, historically a hub for all Western Alaska north of the Yukon, is strategically located on the Seward Peninsula and will have a critical role as a gateway to the Arctic. With an increase in marine traffic, Bonanza Fuel is well situated as Arctic shipping lanes open up.

In September 2014, Northrim Bank provided a loan of $8,125,000 for the tank farm expansion. This loan was participated with AIDEA in the amount of $7,312,500 on a long term basis.

Sitnasuak Construction Services, LLC (SCS), a sister subsidiary of SNC, provided design/build services which added 2.3 million gallons of storage capacity to Bonanza Fuel’s existing tank farm and facility startup after extensive piping and product changes, valve installations, re-occurring regulatory inspections to new and existing tanks and pipelines while keeping the entire tank farm operational.

SCS, along with design partner UMIAQ, performed the project in two concurrent phases, tank construction/installation and civil work, including excavation, liner installation and containment construction. The expansion helped the customer meet increased demand from both higher Arctic marine traffic and local community growth. The project was successfully completed under budget and was substantially complete in time to receive a critical fuel delivery as scheduled.

The Conduit Revenue Bond Program allows AIDEA to issue taxable and tax-exempt bonds on behalf of a private or public entity. The underwriting and placement of the bonds is based on the creditworthiness of the project, borrower’s financial strength and any credit enhancements offered by the borrower. These bonds are payable from the revenues of the project being funded and neither the assets nor credit of AIDEA are at risk.

AKBEV GROUP, LLC.
In November 2014, the AIDEA board approved the issuance of two series of bonds, approximately $7.6 million, for the AKBEV Group, LLC, in Juneau. Series A ($4.3 million - taxable) was used for construction, and Series B ($3.3 million – tax exempt) was used to purchase equipment. Approximately 20 construction jobs were created, with an additional 8 to 10 permanent jobs created.

The project will:

• Construct a warehouse of approximately 14,710-square-feet;
• Purchase four new Mueller 1,400 barrel stainless steel tanks for storing packaged beer; and install the tanks with a Brewmaxx process control system;
• Purchase approximately 4,380 new steel kegs; and
• Pay costs and provide reserves as required with the financing of the project.

The warehouse will be used to house packaging equipment and production materials, and to stage incoming and outgoing goods and materials.
SPECIALTY PROGRAMS

SUSTAINABLE ENERGY TRANSMISSION AND SUPPLY DEVELOPMENT PROGRAM (SETS)
Under the SETS program, AIDEA is now equipped to lend money and provide guarantees for a "qualified energy development" which includes many of the physical components comprising Alaska’s energy infrastructure.

Qualified Energy Developments are defined as:
- 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; and
- Distribution or storage of refined petroleum products.

NEW MARKETS TAX CREDITS GUARANTEE AND LOAN PROGRAM
Under this program, AIDEA may provide a loan guarantee for the Leveraged Loan portion of a New Markets Tax Credit transaction. The borrower must apply to AIDEA for the guarantee which may be used to get a loan from a commercial lender. AIDEA may also provide a direct leveraged loan in those instances where it can be shown that at least two financial institutions have declined to make a leveraged loan even with an AIDEA guarantee.

For more information on both of these programs, please contact AIDEA.

RURAL DEVELOPMENT INITIATIVE FUND
This program provides long-term private sector employment by financing business start-up and expansion in communities with a population of 5,000 or less and not connected by road or rail to Anchorage or Fairbanks, or a population of 2,000 or less connected by road or rail. Applicable uses of loan funds include working capital, equipment and construction and must result in the creation of new jobs or the retention of existing jobs. The maximum loan amount is $150,000 for one person or up to $300,000 for two or more people for a maximum of 25 years, and the interest rate is fixed.

SMALL BUSINESS ECONOMIC DEVELOPMENT FUND (SBED)
This program provides long-term private sector employment by financing business start-up and expansion for companies that are a small business as defined by the Small Business Administration. Applicants are required to match loan funds with cash or other private financing. SBED loans must result in the creation of new jobs or the retention of existing jobs. The maximum loan amount is $300,000 for a maximum of 20 years on fixed assets and five years for working capital; all loans must be adequately secured; and the interest is fixed.

These two AIDEA Loan Programs are administered by the State of Alaska Department of Commerce, Community and Economic Development, Division of Economic Development. For more information on these Small Business Loans, please visit commerce.alaska.gov/ded/fin/loanPrograms.html

20 jobs created or retained in FY15 and 1,789 jobs created overall

SMALL BUSINESS LOAN PROGRAMS

FY15 PROGRAM HIGHLIGHTS
$979,885 in new approved loans in FY15 and $30,827,609 overall
20 jobs created or retained in FY15 and 1,789 jobs created overall
FINANCIAL INDICATORS YEAR ENDING JUNE 30, 2015

(In Thousands)

<table>
<thead>
<tr>
<th>FY15 FINANCIALS* (IN THOUSANDS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>JUNE 30, 2015</td>
</tr>
<tr>
<td>Asset and deferred outflows of resources:</td>
</tr>
<tr>
<td>Assets: Investment securities and cash</td>
</tr>
<tr>
<td>Loans, net</td>
</tr>
<tr>
<td>Development projects</td>
</tr>
<tr>
<td>Other assets</td>
</tr>
<tr>
<td>Snettisham Project assets</td>
</tr>
<tr>
<td>Total Assets</td>
</tr>
<tr>
<td>Deferred outflows of resources</td>
</tr>
<tr>
<td>Total Assets and deferred outflows of resources</td>
</tr>
<tr>
<td>Liabilities and net position:</td>
</tr>
<tr>
<td>Liabilities:</td>
</tr>
<tr>
<td>Revolving fund bonds</td>
</tr>
<tr>
<td>Other liabilities</td>
</tr>
<tr>
<td>Snettisham Project liabilities</td>
</tr>
<tr>
<td>Total liabilities</td>
</tr>
<tr>
<td>Net position</td>
</tr>
<tr>
<td>Total liabilities, deferred inflows of resources and net position</td>
</tr>
</tbody>
</table>

DIVIDEND BY YEAR DECLARED

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$20,400</td>
<td>$20,754</td>
<td>$10,665</td>
<td>$17,650</td>
<td>$4,328</td>
<td></td>
</tr>
</tbody>
</table>

NET POSITION

<table>
<thead>
<tr>
<th>FISCAL YEAR</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,039,527</td>
<td>$1,075,656</td>
<td>$1,161,185</td>
<td>$1,270,762</td>
<td>$1,290,538</td>
<td></td>
</tr>
</tbody>
</table>

OUTSTANDING REVOLVING FUND LOAN BALANCE

<table>
<thead>
<tr>
<th>FISCAL YEAR</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>$469,966</td>
<td>$458,401</td>
<td>$435,445</td>
<td>$380,285</td>
<td>$388,075</td>
<td></td>
</tr>
</tbody>
</table>

REVENUES, EXPENSES AND CHANGES IN NET POSITION

<table>
<thead>
<tr>
<th>JUNE 30, 2015</th>
<th>JUNE 30, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues:</td>
<td></td>
</tr>
<tr>
<td>Interest on loans</td>
<td>$17,468</td>
</tr>
<tr>
<td>Income from development projects</td>
<td>15,862</td>
</tr>
<tr>
<td>Snettisham Project restricted income</td>
<td>3,753</td>
</tr>
<tr>
<td>Investment interest</td>
<td>10,473</td>
</tr>
<tr>
<td>Net increase/(decrease) in fair value of investments</td>
<td>(4,910)</td>
</tr>
<tr>
<td>Income from state agencies and component units</td>
<td>8,456</td>
</tr>
<tr>
<td>Gain on sale of development project</td>
<td>4,188</td>
</tr>
<tr>
<td>Other income</td>
<td>1,613</td>
</tr>
<tr>
<td>Total operating revenues</td>
<td>$53,115</td>
</tr>
<tr>
<td>Operating expenses:</td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>3,065</td>
</tr>
<tr>
<td>Snettisham Project interest expense</td>
<td>3,753</td>
</tr>
<tr>
<td>General and administrative</td>
<td>7,280</td>
</tr>
<tr>
<td>Costs reimbursed from State agencies and component units</td>
<td>8,856</td>
</tr>
<tr>
<td>Provision for loan losses</td>
<td>(28)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>3,247</td>
</tr>
<tr>
<td>Project feasibility and due diligence</td>
<td>995</td>
</tr>
<tr>
<td>Other project expenses</td>
<td>613</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>$27,760</td>
</tr>
<tr>
<td>Operating income</td>
<td>$25,355</td>
</tr>
<tr>
<td>Other revenues, net</td>
<td>10,066</td>
</tr>
<tr>
<td>Increase in net position, before dividend to State of Alaska</td>
<td>39,021</td>
</tr>
<tr>
<td>Dividend to State of Alaska</td>
<td>(10,665)</td>
</tr>
<tr>
<td>Increase in net position, after dividend to State of Alaska</td>
<td>$28,356</td>
</tr>
<tr>
<td>Net position--beginning of year, as previously reported</td>
<td>$1,270,762</td>
</tr>
<tr>
<td>Cumulative effect on prior years of adoption of GASB Statement 68</td>
<td>(6,040)</td>
</tr>
<tr>
<td>Net position--beginning of year, as adjusted</td>
<td>$1,264,722</td>
</tr>
<tr>
<td>Net position-end of year</td>
<td>$1,290,538</td>
</tr>
</tbody>
</table>

* Derived from AIDEA's audited financial statements.
BOARD

Dana Pruhs
Chairman
Public Member

Jerry Burnett
Deputy Commissioner
Department of Revenue (Designee)

Russell Dick
Vice-Chair
Public Member

Gary Wilken
Public Member

Fred Parady
Deputy Commissioner,
Department of Commerce, Community,
and Economic Development
(Designee)

Elaine Brown
Public Member

Dan Kennedy
Public Member

EXECUTIVE STAFF

John Springsteen
Executive Director

Michael Lamb, CPA, CGFM
Chief Financial Officer

Chris Anderson
Commercial Finance Director

Mark Davis
Chief Infrastructure Development Officer

James Hernnath, PE, PMP
Project Development and Asset Management Director

Michael Catsi, CEcD
Business Development and Communications Director

Karsten Rodvik
External Affairs Officer

Jennifer Haldane, PHR
Human Resources Director

Gene Theriault
IEP Team Lead

For AIDEA’s complete Audited Financial Statements for Fiscal Year 2015, visit aidea.org or call 907.771.3000.

Exemption from Taxation  The Alaska Industrial Development and Export Authority is a political subdivision of the State of Alaska performing an essential governmental function and as such is not subject to federal or state income taxation. In accordance with AS 44.88.140(a), the Authority submits the following information describing the nature and extent of the tax exemption of the Authority’s property: all furniture, fixtures and equipment utilized by Authority personnel and real property occupied by the Authority offices within the Municipality of Anchorage are exempt from Municipality of Anchorage property taxes. All real and personal property associated with or part of projects developed, originally owned or operated under the Economic Development account located within cities, municipalities and/or boroughs are exempt from respective real and personal property taxes.