

Research Update:

# Alaska Industrial Development & Export Authority Series 2026 A And B Bond Anticipation Notes Rated 'AA+'; Outlook Stable

December 23, 2025

## Overview

- S&P Global Ratings assigned its 'AA+' rating to [Alaska Industrial Development and Export Authority](#) (AIDEA)'s \$25 million series 2026A revolving fund bond anticipation notes (BANs) and \$50 million series 2026B revolving fund BANs.
- The outlook is stable.

## Rationale

### Security

The BANs are revolving fund obligations as well as general obligations of the authority for which the full faith and credit of AIDEA's revolving fund and other legally permitted funds are pledged, although repayments from various AIDEA loans to underlying borrowers are the intended primary source of payments for the BANs. We rate the notes to the strength of available revolving fund resources as described in the 2025 amended and restated master trust agreement (MTA). AIDEA expects to permanently finance the BANs within the five-year window. AIDEA is issuing the 2026A BANs to reimburse projects that are already part of its loan and project portfolio. The 2026B BANs will provide interim financing for a power transmission interties project, with funds drawn flexibly over a three-year period.

### Credit highlights

Our rating primarily reflects the significant loss coverage cushion afforded by AIDEA's large level of excess pledged loan repayments and sizeable pledged reserves relative to debt service requirements.

AIDEA is a long-running quasi-governmental entity created by [Alaska](#) in 1967 to promote economic development in the state by providing financing and investment. It remains highly tied

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to the state government, with occasional direct state allocations for projects. It lends mainly to commercial enterprises and provides project finance, resulting in relatively high assumed defaults rates in our credit stress scenarios. Even so, limited debt service requirements mean the funds can currently absorb 100% assumed default rates while still making debt service payments from cash-like reserve accounts pledged to bondholders. We understand AIDEA's financing pipeline includes several larger projects (in the hundred-million-dollar range) for which it expects to issue additional debt under the MTA in the near-to-medium term. We expect that robust loss coverage capabilities will continue to support our highest financial profile assessment.

The 'AA+' rating reflects our assessment of the following characteristics:

- A strong market position, given that the program was created under state statute and receives occasional direct allocations from the state, in addition to the authority providing dividends back to the state;
- Robust overcollateralization, which is capable of withstanding S&P Global Ratings' loss coverage scenario, based on credit quality of the asset pool and consolidated cash flows, run at our 'AAA' category stress level;
- Healthy operating performance, with no defaults or delinquencies in the past 12 months; and
- Generally strong-to-adequate financial policies and practices, although some loan oversight responsibilities are delegated to originators.

## Outlook

The stable outlook reflects AIDEA's role as a well-established state program providing financing to commercial enterprises, along with the healthy coverage provided by pledged resources. We believe the strong loss coverage can help mitigate risks associated with lending to more volatile sectors than most similarly rated peers.

### Downside scenario

We could lower the rating if loss coverage substantially deteriorates, particularly if our view of operating performance weakens through occurrence of pledged loan defaults or delinquencies.

### Upside scenario

We do not believe a higher rating is likely at this time given the program plans to issue an undetermined but potentially material amount of additional debt in the next few years, as well as its portfolio of relatively high-risk loans compared with similarly rated long-term municipal pools.

## Credit Opinion

### Enterprise Risk Profile: Very Strong

Our enterprise risk profile assessment reflects the low industry risk profile for municipal pools and the programs' very strong market position. The authority was created in 1967, and the governor appoints its board members. There are also two ex-officio members: the commissioner of the Department of Commerce, Community, and Economic Development; and the commissioner of the State Department of Revenue. The authority has several programs through which it carries out its economic development activities. It conducts most of its business through

its various programs in the revolving fund, the net income of which serves as the source of repayment on the bonds. We believe the effectiveness of its financing tools to promote economic development mitigates risk of statutory disruption or possible declining program demand over the long term.

## Financial Risk Profile: Extremely Strong

We assess the program's loss coverage score (LCS) as extremely strong based on our view of overcollateralization under our loss coverage stress test. The cash flow pattern can withstand the highest default stress and passes our largest obligor test with sufficient reserves. Revenue available to pay debt service primarily includes loan payments, project revenue, and income from investments. Under a no-default scenario with a permanent financing for the BANs, total revenue is projected to cover annual debt service by at least 6.87x each year. There are also significant cash and investments on hand available to cover any excessive defaults or delinquencies. At the end of each fiscal year, the authority routinely pays a dividend to the State of Alaska. It makes the payment two years in arrears, so its \$17.0 million dividend from AIDEA's fiscal 2025 is approved for payment to the state in fiscal 2027. The MTA restricts transfers if projected asset coverage is less than 1.5x, and there is a parity additional bonds test of 1.2x. Pledged assets include equity-like holdings in certain projects, although we exclude projected returns in our loss coverage projections.

The pledged loan pool had no defaults or delinquencies in fiscal 2025. Loan nonperformance has so far been rare despite lending to commercial enterprises in somewhat volatile sectors such as tourism and energy production. AIDEA's loan portfolio consists of 245 loans across various programs, the majority of which are participation loans. In the loan participation program (LPP), AIDEA works through an originating and servicing lender that maintains at least 10% loan retention. Underlying borrowers must also contribute at least 25% equity to the approved projects.

We view financial policies and practices as ranging from strong to adequate. This assessment is based on the following factors:

- Each new transaction is reviewed by program staff against specific underwriting criteria, and borrowers are required to submit three years of audits and other disclosure information. However, in rare instances, the board may exercise discretion over loan applications.
- Staff collects and reviews post-funding reporting including covenant compliance. For loans in the LPP, the loan originator or servicer is the primary monitoring organization for the obligation.
- Loan agreements provide lockbox-style revenue collection, and all loans include a suite of remedies. AIDEA typically works through the loan servicer but can use modifications, waivers, or collateral enforcement in the event of loan defaults.
- Management prioritizes loans based on its statutory mission and has frequent meetings to review a project pipeline in a process that includes credit and eligibility considerations.
- A formal investment policy covers both internal funds (invested to preserve principal and ensure liquidity) and external funds (invested to achieve returns within relatively conservative risk parameters).

**Credit Snapshot**

- Program description: AIDEA was created in 1967 to serve as a development finance authority, with a mission to provide access to financing for Alaska commercial enterprises and development projects. The revolving fund bond program encompasses many funds and accounts that facilitate financing or investment. The largest sub-program is the LPP.
- Flow of funds: The MTA organizes pledged and nonpledged accounts across a bond fund and revolving fund, which are cross-collateralized. The MTA coverage covenants include the transfer restriction and additional bond test described above.
- Summary statistics: The pledged pool includes 245 loans extended to 207 borrowers. We include approximately \$413 million in internal funds reserves (pro forma after planned funded loans) as available to absorb defaults and pay debt service, if necessary. Following this transaction, the \$75 million in BANs will be the only parity debt currently outstanding under the MTA.

**Ratings List**

**New Issue Ratings**

US\$25,000,000 Alaska Industrial Development And Export Authority, Alaska, Revolving Fund Revenue BAN, Series 2026, dated: January 15, 2026, due: May 31, 2031

Long Term Rating	AA+/Stable
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**New Rating**

**Water & Sewer**

Alaska Industrial Development and Export Authority, AK State Revolving Fund	AA+/Stable
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The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

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