



MEMORANDUM

To: Board Members
Alaska Industrial Development and Export Authority

From: Tom Boutin
Executive Director

Date: October 23, 2019

Subject: Loan Summary – Seward Wildlife Cruises, LLC
Loan Resolution No. L19-11

Loan Request First National Bank Alaska (FNBA) requests AIDEA's participation of \$8,100,000 (90%) in a \$9,000,000 loan.

Term

Lender	Amount	Term	Structure
FNBA	\$900,000	20 years	Variable rate
AIDEA	\$8,100,000	25 years	Fixed rate
Total	\$9,000,000		Includes accelerated amortization

Borrower Seward Wildlife Cruises, LLC

Co-Borrower Gateway 82 LLC

Guarantor Four Seasons Marine Services Corporation, Thomas and Mary Tougas, TMT Trust

Use of Proceeds Payoff FNBA construction financing as well as closing costs.

Project 80 room – Major Marine Tours – Seward Gateway Hotel located at 1115 4th Ave., Seward, AK

Jobs Supported 30 Construction jobs and 35 new jobs created

Management The subject property will be professionally managed by Tom Tougas and Kyle Nuckols (the current general manager of the Harbor 360 Hotel). As a “sister property” they will share maintenance, front desk and housekeeping staff as well as management.

Collateral and Value

Deed of Trust; recorded first lien position on improvements located on the subject property.

Brian Bethard, MAI of Bethard-Smith, Bethard & Carlson, LLC appraised the facility to have a market value of \$12,382,000 (R/E) and \$918,000 (FF&E) which provides a 73% loan to value based on the real estate alone; this is within AIDEA guidelines. The projected net operating income for 2019 is proposed to service debt 1.95:1, per the appraisal.

Financial Information

Specific confidential financial information will be provided to Board members under separate cover.

Environmental

No issues noted.

Market

Seward is the gateway to the Kenai Fjords National Park. Tourism in Seward has continued to grow at a healthy pace, with over 100 cruise ships scheduled for the 2019 season. The combination of tour buses, train passengers and road travelers have made Seward a destination throughout the summer. One of the barriers for the bus tour companies is the limited availability of quality accommodations. Premiere Tours has committed to increase their presence if they can secure accommodations. This, combined with the high occupancy rates for Harbor 360, a “sister hotel” in close proximity, supports the need for additional hotel rooms. The management infrastructure is in place with the same ownership structure. This new hotel will have the support of the reservation system, housekeeping, and maintenance of the Harbor 360 Hotel. The new hotel will contract with Alaska Travel Bureau (ATB) in Anchorage, to provide sales, marketing and reservation support for the hotel.

Strengths

- New Construction
- Experienced management
- Strong market demand

Weaknesses

- Seasonal operations
- Non-flagged hotel
- No risk beyond typical market risk

Portfolio Diversification – As of June 30, 2019

Total dollars in the Gulf Coast region, as a percentage of AIDEA's total portfolio dollars statewide will increase from 4.32% to 6.09%. AIDEA had 11.30% of its total statewide portfolio in the tourism industry. This will increase to 12.93%. For participated loans within the Gulf Coast region, 54.31% is attributed to Tourism projects. This loan will increase penetration of the Tourism industry to 68.13% in the Gulf Coast region.

Comments

As of October 8, 2019, all compaction (pilings) is complete, sewer and water are connected, forms and footings set, with concrete scheduled to be poured later this week for the hotel portion. Scheduled next week are forms for the conference area. Completion is scheduled for May 1, 2020. AIDEA inspection upon completion.

Recommendation

Staff recommends approval as presented.

AIDEA Credit Presentation

BORROWER: Seward Wildlife Cruises, LLC	Bank:
CO-BORROWER: Gateway 82 LLC	First National Bank Alaska
ADDRESS: 600 Port Avenue Poulsbo, WA 98370	Date: October 23, 2019

☐ C-Corp
 ☐ S-Corp
 ☒ LLC
 ☐ General Partnership
 ☐ Ltd Partnership
 ☐ Sole Proprietorship
 ☐ Individual
 ☐ BOND SALE

BUSINESS: Hotelier	NAICS: 531120
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GUARANTORS: Four Seasons Marine Services Corporation, Thomas and Mary Tougas, TMT Trust
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LOAN PURPOSES:	EE Purpose:
<input type="checkbox"/> Refinance <input checked="" type="checkbox"/> New Construction <input type="checkbox"/> Acquisition <input type="checkbox"/> Assumption <input type="checkbox"/> Equity Extraction <input type="checkbox"/> Energy Development Project	

LOAN PROGRAM:	<input checked="" type="checkbox"/> Loan Participation <input type="checkbox"/> Business Assistance Program <input type="checkbox"/> OREO Sale <input type="checkbox"/> AIDEA 100% Owned
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COMMITMENT TERM: 18 Months	ANTICIPATED FUNDING DATE: August 31, 2020
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ESTIMATED JOBS SUPPORTED: 30 construction jobs and 35 new jobs created

PARTICIPATION	Loan Amount	Percentage	Rate	Payment		Term
				Monthly	Annual	
FNBA	\$900,000	10%	Variable ¹	\$5,934.63	\$71,215.56	20 years
AIDEA	\$8,100,000	90%	Fixed ²	\$40,031.08	\$480,372.96	25 years
TOTAL	\$9,000,000			\$45,965.71	\$551,588.52	Effective Amo: 24.33 years

GUARANTEE	Loan Amount	Guarantee Percentage	Guarantee Amount	Rate	Payment		Term
					Monthly	Annual	
Originator							

COLLATERAL DESCRIPTION AND				
Description	Appraisal Date	Source	Appraised Value	Loan to Value
80 Room – Major Marine Tours – Seward Gateway Hotel located at 1115 4 th Ave.; Seward, AK	July 18, 2019	Brian Bethard, MAI Bethard-Smith, Bethard & Carlson, LLC	\$12,382,000 (R/E) \$918,000 (FF&E)	73% R/E only

<p>Comments:</p> <p>Loan Committee approved this participation request on October 8, 2019.</p>

CONDITIONS OF APPROVAL

¹ Bank's variable rate; initially 4.99%

² AIDEA's 25 year fixed rate of 3.38%

ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY

RESOLUTION NO. L19-11

**A RESOLUTION OF THE ALASKA INDUSTRIAL
DEVELOPMENT AND EXPORT AUTHORITY
REGARDING PURCHASE BY THE AUTHORITY OF A
PARTICIPATION IN SEWARD WILDLIFE CRUISES, LLC.**

WHEREAS, First National Bank Alaska, has filed an application with the Alaska Industrial Development and Export Authority (the “Authority”) requesting that the Authority purchase a participation in a loan to Seward Wildlife Cruises, LLC (the “Loan”) under the Authority’s loan participation program (AS 44.88.155 et seq.);

WHEREAS, the nature, purpose and terms of the Loan and the Authority’s participation are described in the attached Memorandum (the “Memorandum”) from Authority staff;

WHEREAS, staff of the Authority has recommended that the Authority purchase the participation in the Loan, subject to certain conditions, as described in the Memorandum;

WHEREAS, the Authority’s participation in the Loan is consistent with all requirements for such participation provided in AS 44.88.155 et seq. and the applicable regulations of the Authority related to such participations provided in 3 AAC 99.200 - .390;

WHEREAS, it is the Authority’s policy that the purchase of a loan participation be approved by the Authority’s board if the Authority’s participation in the loan will equal or exceed \$3,000,000, or if the aggregate amount of the Authority’s participation in loans to any borrower or guarantor will exceed \$5,000,000;

WHEREAS, the dollar amount of the subject participation is \$8,100,000;

WHEREAS, First National Bank Alaska requests the Authority to purchase \$8,100,000 (90%) of the \$9,000,000 Loan; and

WHEREAS, it is in the best interest of the Authority that the Authority purchase the participation in the Loan, subject to conditions recommended by staff as described in the Memorandum.

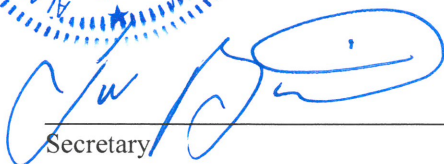
NOW, THEREFORE, BE IT RESOLVED BY THE ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY AS FOLLOWS:

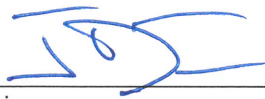
Section 1. The Authority's purchase of the participation in the Loan as described in the Memorandum is approved, subject to the conditions recommended by staff as set forth in the Memorandum. The Executive Director is authorized to approve such non-material changes in the terms and conditions of the Loan and the Authority's participation as the Executive Director, in his discretion, determines appropriate.

Section 2. The Executive Director of the Authority and the Director-Commercial Finance of the Authority are authorized to take such actions as may be necessary or convenient to consummate the purchase of the participation in the Loan including, without limitation, issuing a commitment with respect to the Authority's participation in the Loan.

DATED at Anchorage, Alaska on this 23rd day of October, 2019.




Secretary


Chair