

2019 ANNUAL REPORT



# CREATING OPPORTUNITY FOR ALL ALASKANS





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## OUR MISSION

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

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## FISCAL YEAR 2019 HIGHLIGHTS

1,359

PERMANENT JOBS

415

CONSTRUCTION  
JOBS

\$1.37B

NET POSITION

\$46.3M

INCREASE IN NET  
POSITION

\$4.79M

DIVIDEND PAID

\$50.5M

TOTAL GROSS LOAN  
PARTICIPATIONS  
FUNDED

# GOVERNOR'S LETTER



**MICHAEL J. DUNLEAVY**

Dear Alaskans,

This past year marked the beginning of a new chapter for our state. The Alaska Industrial Development and Export Authority (AIDEA) continues to play a key role in helping create a vibrant period of growth and prosperity for Alaska. As we see more good news of our improving economy, AIDEA remains dedicated to supporting economic growth and diversification in the state by providing various means of financing and investment. The Authority's dynamic activity throughout the state creates job opportunities for Alaskans. This Annual Report helps illustrate the depth and breadth of AIDEA's contribution to Alaska's economy.

The AIDEA team is instrumental in helping Alaska advance resource development priorities, such as the Ambler Mining District Industrial Access Project. AIDEA also plays a key role in another critical priority: expanding Alaska's transportation infrastructure. From providing funding to hospitals

and medical facilities around the state, to helping bring affordable natural gas to Interior Alaska residents and businesses, to financing the expansion of cruise ship facilities in Southeast, AIDEA has proven success in structuring financing that benefits Alaska businesses and promotes economic growth for Alaskans. Continued economic recovery and growth is a primary goal of my administration, and AIDEA is an essential component.

We are pleased to be working together to enhance new opportunities for wealth and prosperity for all Alaskans.

Sincerely,

Michael J. Dunleavy  
Governor



# CHAIRMAN'S LETTER

DANA PRUHS



AIDEA was established just over 50 years ago to create job opportunities for Alaskans and to spur economic growth for the state. The intent includes natural resource development, in addition to the establishment and expansion of manufacturing, industrial, energy, export, small business, and business enterprises and the other facilities. AIDEA has successfully met the founding goals and continues to support Alaska's economy by providing a variety of financing and investment programs.

I am pleased to report that in FY19, AIDEA was again successful in accomplishing those stated goals. AIDEA issued loans, totaling \$165.1 million, while leveraging an additional 13.4% of participating bank equity capital. AIDEA's financing programs supported 1,774 new and retained jobs.

In addition, I am proud to announce that in FY19, AIDEA increased its net position by \$46.3 million to a total of \$1.37 billion. This increase represents AIDEA's thoughtful and conservative approach to investments, and serves as an important contribution in these times of economic recovery. AIDEA's work not only benefits Alaska businesses and the communities in which they are located, but also provides an annual dividend to the State's general

fund that supports programs and services throughout the state. AIDEA declared a dividend for FY19 of \$14.475 million, bringing the Authority's declared dividend total to more than \$422 million.

It continues to be an honor to serve as Chairman of the AIDEA Board and reflect on the successes of the previous year. I appreciate the efforts of all board members and their dedication to the work at hand. Working with my fellow board members is rewarding, and I want to thank each of them for their service and the contributions they make in fostering economic development across the state.

I am confident that as the economy improves, AIDEA through its variety of financial and investment tools will be helping Alaska build an even more robust economy by providing capital for future growth and expansion. On behalf of the Board and myself, I would like to thank the Authority's executive director and staff for everything they do each day to improve the economic wellbeing of the state and of its citizens. The future of our state is bright, and AIDEA will be there working together with its partners and stakeholders to encourage development and growth in all regions of Alaska.

# REPORT TO ALASKANS



## TOM BOUTIN CEO / EXECUTIVE DIRECTOR

This Annual Report is proof positive that AIDEA is fulfilling its mission to diversify Alaska's improving economy and create job opportunities across the state. AIDEA reduced expenses while using a host of available financial tools to finance projects ranging from health clinics and hospitals, to cruise ship and ship repair facilities. The Authority continued to support legacy projects such as the DeLong Mountain Transportations System (DMTS) for the Red Dog Mine and Ketchikan Shipyard (Alaska Ship and Drydock).

Judging by the numbers, the Authority had another good year. Based on FY19 results, the AIDEA board approved \$14.5 million for the coming year's dividend to the State general fund. This was the maximum allowed, up from \$4.8 million for the current year, and will bring total dividends to \$422.4 million. Return on capital and total revenues are up, and costs are down — exactly what Alaskans have every right to expect.

As the State's economic development agency, AIDEA pushed through low interest rates and the emergent state economic recovery to end the year very well. There is ample evidence that the Authority continues to be a keystone in building the 21st century Alaska economy.

AIDEA has utilized \$27 million so far in patient capital for the Ambler Mining District Industrial Access Project Environmental Impact Statement process. Due to the number of various entities involved, no other part of AIDEA's portfolio is so far outside our control. However, using what many Alaska leaders call the Red Dog model, the Ambler

project has the very tangible potential to become much larger in dollar value and employment to Alaska's economy than the DMTS.

AIDEA continues its support of the Interior Energy Project, working with the Fairbanks North Star Borough's Interior Gas Utility (IGU) to bring affordable natural gas to Interior Alaska homes and businesses, helping improve air quality in the region. This project was created by the Legislature, and in the past year the AIDEA Board approved two new loans to the IGU. AIDEA also structured conduit revenue bonds to support the project, with initial bond issuance scheduled this winter.

I would like to thank the Governor Mike Dunleavy Administration, the AIDEA Board, staff, and our development partners for their support and work in furthering AIDEA's mission. The amount of capital coming to the state from around the globe, as exemplified by the Alaska petroleum sector, the growing cruise ship support industry, and expansion in health care investment shows new and much deserved confidence in Alaska. AIDEA is well positioned to continue to be a part of this growth.

The Authority's enabling statutes direct AIDEA to create jobs and economic development, with no mention of financial returns. However, like a corporation, AIDEA lives off its returns and depends upon the same Alaska economy we all strive to improve. Using this self-reliant approach, we look forward to working with all sectors of the economy to produce goods and services Alaskans sell to the rest of the world.

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## CONDUIT REVENUE BOND PROGRAM

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 or the State are at risk.

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## AIDEA CAN ISSUE BONDS FOR A VARIETY OF USES

- **INDUSTRIAL DEVELOPMENT BONDS** Support the capital needs for manufacturers including real estate, refurbishing a plant, new construction, and equipment, etc.
- **501(c)(3) BONDS** Are issued to support the capital projects on non-profits such as hospitals, clinics, and social services, etc.
- **EXEMPT FACILITY BONDS** Are for those projects that provide general government services but by private entities, including electricity and heat generation, water and wastewater services, airports, etc.

Since 1978, AIDEA has issued conduit revenue bonds for 319 projects totaling \$1.54 billion (as of June 30, 2019).



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## LOAN PARTICIPATION PROGRAM

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.

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## FY19 PROGRAM HIGHLIGHTS

**\$58.29M**

with AIDEA's  
participation of

**\$50.51 M**

**229**

CONSTRUCTION JOBS

**148**

PERMANENT JOBS  
SUPPORTED

**666**

loans funded since  
1992 with AIDEA's  
participation of

**\$1.21 B**

**9,312**

construction jobs since

1992 with **9,624**

permanent jobs  
supported

# TOTEM HOTEL & SUITES VALDEZ



Founded in the early 1970s by James “Pete” Williams, the Totem Inn became a beloved hub for Valdez visitors and locals alike as guests crowded into the Inn’s warm dining hall. The Totem Inn eventually passed to James’ children Connie Ballow and Mike Williams, who lovingly maintained the family business until a kitchen fire broke out in 2016. After suffering this loss, Ballow and Williams did not crumble — instead, they resolved to return their business to Valdez as a modern, sophisticated match to Alaska’s rising tourism industry.

Rather than returning the Totem Inn to its historic state, Ballow and Williams determined to rebrand the Totem Inn as the Totem Hotel & Suites — they would let go of their business’s restaurant, and focus on ushering in a new era for hospitality in Valdez. Amenities offered by the new Totem Hotel include the first elevator in a Valdez hotel, 65 eco-friendly guest rooms, business-class suites, an event room, a pool and fitness center, and some of the city’s best views. On the rebuild, Ballow says, “We believe in the town of Valdez. We wanted to help Valdez

move forward by building attractive amenities which could accommodate large parties and conventions. AIDEA, First National Bank, and our investors were all necessary to realizing this vision.”

Working with First National Bank Alaska (FNBA), AIDEA closed the financial gap Totem Inn faced. FNBA then initiated construction on the new Totem Hotel, participating with AIDEA on the term financing. Construction on the Totem Hotel created 75 construction jobs, filled entirely with Alaska laborers, as well as 14 new staff positions at the Totem Hotel, with 7 additional jobs retained. Project materials, as well as skilled laborers and contractors, were almost entirely drawn from Alaska’s market. FNBA originated the \$9,150,000 loan and AIDEA participated at 90% of the loan in the amount of \$8,200,000. AIDEA’s portion carries the 25-year term at a fixed rate of 3.85%.

Totem Hotel is currently ranked #1 as Valdez’s best valued hotel on TripAdvisor and other popular tour sites.

## FY2019 AIDEA LOAN PARTICIPATIONS FUNDED

LOCATION/SECTOR	GROSS LOAN AMOUNT (\$)	AIDEA PORTION (\$)	FINANCIAL PARTNER
Juneau Restaurant	\$630,000.00	\$567,000.00	Refinance First National Bank Alaska
Wasilla Restaurant	\$1,200,000.00	\$1,080,000.00	Refinance First National Bank Alaska
Wasilla Office/Warehouse	\$887,000.00	\$798,300.00	Refinance First National Bank Alaska
Anchorage Warehouse	\$562,500.00	\$506,250.00	Acquisition First National Bank Alaska
Eagle River Car Wash	\$2,782,500.00	\$2,504,250.00	New Construction First National Bank Alaska
Anchorage Office/Warehouse	\$2,500,000.00	\$2,250,000.00	Refinance First National Bank Alaska
Anchorage Retail	\$2,700,000.00	\$2,430,000.00	Refinance First National Bank Alaska
Wasilla Business Condo	\$1,312,500.00	\$1,181,250.00	New Construction First National Bank Alaska
Wasilla Retail	\$1,612,500.00	\$1,451,250.00	Acquisition First National Bank Alaska
Anchorage Office/Warehouse	\$626,000.00	\$563,400.00	Refinance First National Bank Alaska
Anchorage Retail	\$2,010,000.00	\$1,740,000.00	Refinance Northrim Bank
Anchorage Retail	\$1,481,250.00	\$1,333,125.00	Acquisition Northrim Bank
Anchorage Office/Warehouse	\$2,065,425.00	\$1,791,000.00	Acquisition Northrim Bank
Fairbanks Restaurant	\$1,950,000.00	\$1,755,000.00	Equity Extraction Northrim Bank
Juneau Office/Warehouse	\$3,500,000.00	\$2,940,000.00	New Construction First Bank
Anchorage Restaurant	\$1,545,000.00	\$1,390,500.00	Acquisition Alaska USA FCU
Wasilla Office/Warehouse	\$1,250,000.00	\$1,125,000.00	Refinance Northrim Bank
Ketchikan Retail	\$2,000,000.00	\$1,600,000.00	Acquisition First Bank
Valdez Tourism	\$9,150,000.00	\$8,200,000.00	New Construction First National Bank Alaska
Wasilla Office	\$517,500.00	\$465,750.00	Acquisition First National Bank Alaska
Juneau Office	\$1,800,000.00	\$1,620,000.00	Refinance First National Bank Alaska
Anchorage Office	\$4,275,000.00	\$3,420,000.00	Acquisition Northrim Bank
Wasilla Warehouse	\$2,925,000.00	\$2,047,500.00	Refinance Northrim Bank
Big Lake Recreation	\$380,000.00	\$342,000.00	Refinance First National Bank Alaska
Anchorage Office	\$1,590,000.00	\$1,431,000.00	Refinance Northrim Bank
Skagway Restaurant	\$3,532,897.00	\$2,826,318.00	New Construction First National Bank Alaska
Anchorage Healthcare	\$950,000.00	\$855,000.00	Refinance Northrim Bank
Fairbanks Office/Warehouse	\$2,550,000.00	\$2,295,000.00	Refinance Northrim Bank
<b>TOTAL</b>	<b>\$58,285,072.00</b>	<b>\$50,508,893.00</b>	



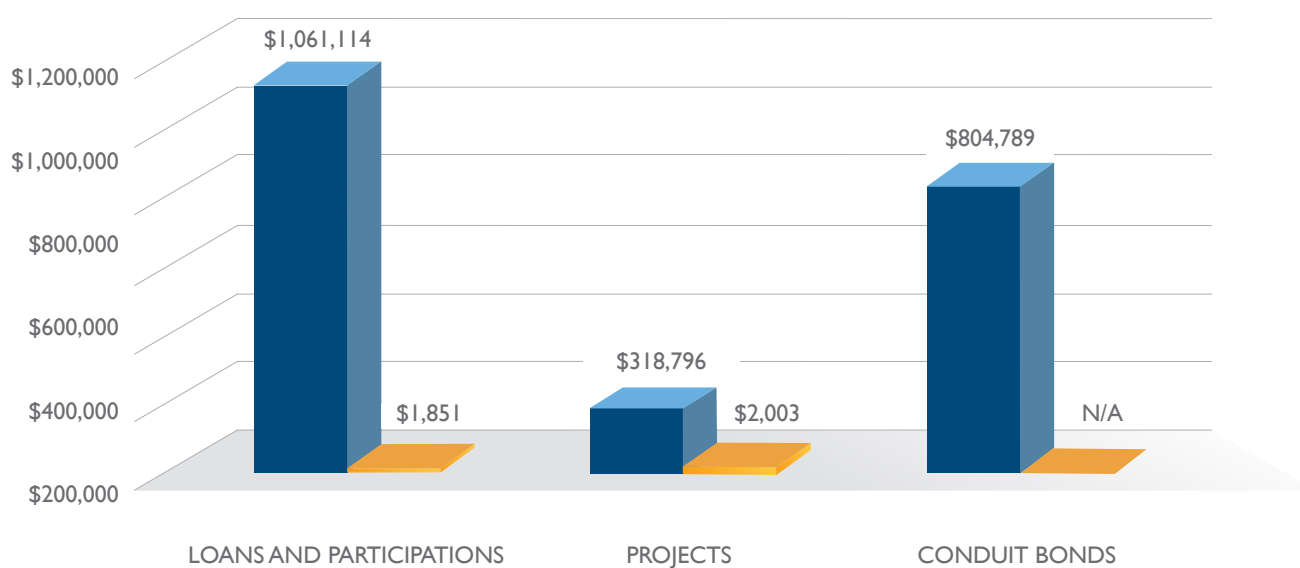
## FISCAL YEAR 2019 LOAN PORTFOLIO ACTIVITY

as of June 30, 2019 (in thousands)

Loan Category	Starting Balance	New Loans Funded	Principal Payments	Ending Balance
Loan Participations	\$403,945	\$50,509	(\$33,640)	\$420,814
Bond Sale Loans	\$11,502	—	(\$615)	\$10,887
OREO & Other Loans	\$100	—	—	\$100
Power Project Loans	\$14,184	—	(\$1,042)	\$13,142
SETS Loans	\$76,849	\$27,170	—	\$104,019
Development Project Loans	\$32,220	\$86,486	(\$6,320)	\$112,386
SBED / RDIF Loans	\$9,068	\$922	(\$1,318)	\$8,672
<b>TOTAL</b>	<b>\$547,868</b>	<b>\$165,087</b>	<b>(\$42,935)</b>	<b>\$670,020</b>

## LOANS, DEVELOPMENT PROJECT INVESTMENTS AND BONDS VS. IMPAIRMENTS\*

Funded After July 1, 2000 (in thousands)



\*as of June 30, 2019

# ASSETS AND PROJECTS

## DeLong Mountain Transportation System (DMTS)

Location: Northwest Arctic Borough

## FedEx Express MRO Facility

Location: Anchorage

## Blood Bank of Alaska

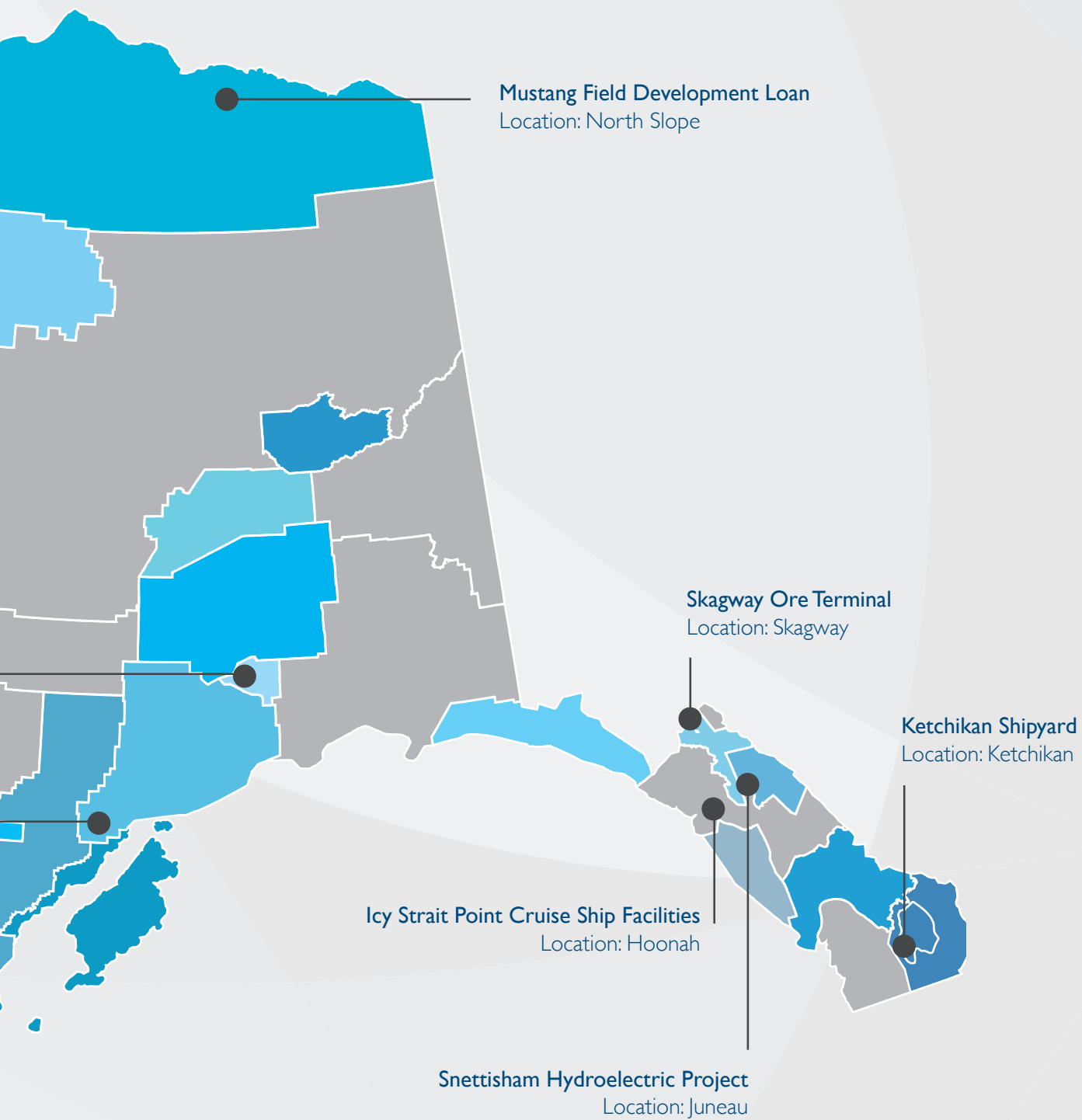
Location: Anchorage

## Camp Denali Readiness Center Addition

Location: Joint Base Elmendorf-Richardson

## BlueCrest Energy Drill Rig

Location: Kenai Peninsula



BLUE SHADED: Incorporated Boroughs

GREY SHADED: Unincorporated Boroughs



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## PROJECT FINANCE AND ASSET MANAGEMENT

AIDEA facilitates the economic development of Alaska through its ability to partner with private and public stakeholders in the structuring and development of industrial and commercially focused infrastructure throughout the state.

A key strength within the organization is the financial stability and expertise to develop, fund, and manage the construction and operation of these complex infrastructure projects. Our project portfolio covers a range of types and size, and extends across the industry sectors vital to Alaska's diversified economy; including mining, energy, tourism, transportation, processing, communications, and logistics.

220 NEW JOBS  
BY 2020

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## ICY STRAIT POINT

Rooted in Southeast Alaska's Tlingit community Hoonah, Icy Strait Point (ISP) is owned by the Huna Totem Corporation. ISP, as an Alaska Native-owned entity, delicately balances its identity between business and destination. Leveraging the harbor's generous space, the inspiring beauty of coastal Alaska, and the proximity of passing cruise liners, ISP determined to establish itself as the nation's first privately owned cruise port. In alignment to ISP's early commitments to sustainability, community welfare, and pride in cultural heritage, 85% of ISP employees are shareholders or residents of Hoonah, and tourist visits are tailored to deliver authentic, immersive cultural experiences. Over the last 15 years, visitors at ISP have risen from 32,000 to 267,000 — with 2020's visitor count projected to be 450,000. As tourist interest in visiting ISP and Alaska climbs, facilities at ISP are undergoing continuous, rapid renovations

to support new attractions, increasing tourist populations, and a sizeable increase in full-time jobs.

AIDEA and ISP first collaborated in 2004. In 2015, ISP made use of AIDEA's Loan Participation Program to fund the term financing for the construction of ISP's first dock and neighboring structures (Phase 1). The initial development included a 400-foot dock, a 7,000 foot Adventure Center, and adjacent restaurant with covered patios. Following the successful completion of Phase 1 buildings, ISP created plans to further expand their operational capacity, secured partnership with Norwegian Cruise Line, and returned to AIDEA with a proposal for Phase 2 of development, which would include a second 500-foot dock, a 3,500 foot welcome center, a walking tour sales booth, two walking tour assembly buildings, a covered waiting area, and a tram and bus loop.



In order to facilitate ISP's Phase 2 proposal and the ambitious development timeline tethered to Alaska's tourist season, AIDEA structured a new \$15 million dollar project-specific loan to a subsidiary of Huna Totem Corporation through AIDEA's Project Finance and Asset Management group. AIDEA was the best-placed financial party to provide the new loan, partly in support of ISP's expedited development timeline, but more importantly, because AIDEA recognizes the tremendous potential offered by Alaska's growing tourism industry.

ISP offers a high quality, fiscally responsible, and socially conscious operation to the betterment of Alaska's visitors, Hoonah's residents, and ISP employees. In a community of approximately 800 residents, ISP currently employs 145 (80% of their total 180 employees). ISP's expanded plan of operations will create an additional 60 permanent positions, which creates significant economic opportunity for the inhabitants of Hoonah.

In addition to ISP's direct employees, Hoonah's other residents have profited from the new industry. Russell Dick, Huna Totem's CEO, reports that complementary, independent businesses have arisen to accommodate the increased traffic. Ranging from mechanics, to food and beverage workers, to private whale watching tour guides — the economic foundation created by ISP's operations has given Hoonah a new sense of livelihood. Amelia Wilson, Vice Mayor of Hoonah and Executive

Director of Huna Heritage Foundation, highlights an unexpected bonus, reporting, "As more tourists visit and make purchases, the increased sales tax revenue becomes a great boon. The collected funds are extremely supportive of our city's local government and public services. We use funds collected from the tax to the betterment of our schools, public safety, gathering places, and more."

Through the economic base AIDEA and ISP established, the social and cultural livelihood within Hoonah has flourished. Hoonah's students and young adults increasingly choose Hoonah as their place of work, thereby vitalizing Hoonah's strong Tlingit heritage. Jessie Dybdahl, ISP's HR Manager and Hoonah's Volleyball coach, has front row seats to the community's social progress, saying, "As a

coach, I've watched students grow because of ISP's presence. Students can begin their careers through ISP's entry-level jobs. There are so many crucial life skills they are learning through this work experience."

As an Alaska Native-owned corporation that began with the purpose of preserving and sharing Hoonah's unique

character, ISP does its part to affirm cultural practice. Russell Dick recalls, "Before we started work on the new dock, we wanted to give thanks. Our community leaders, cruise partners, and the local school children performed our traditional Tlingit ground blessing ceremony. In everything, we seek to reflect our cultural values, and to always recognize the blessings of our ancestors."



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## PROJECT FINANCE AND ASSET MANAGEMENT

AIDEA's Project Finance and Asset Management Group (PFAM) seeks to enhance economic development by mobilizing equity and debt capital investment into Alaska commercial and industrial infrastructure projects. We do this by partnering with teams of experienced local and global project developers, frequently in coordination with federal, state, and regional or local agencies. We provide patient capital, able to invest across the full capital structure, for new projects or the expansion/redevelopment of existing infrastructure — both where economic development benefits are being created or retained.

PFAM investments are made directly into Alaska's projects. We use our financial structuring and project management expertise to proactively manage risks. Our involvement through the development stages helps to reduce the risks and costs of development as a project moves from concept to a structured, financeable investment.

Consistent with our mandate, we will not directly compete with the private sector nor subsidize other investors' returns. Instead, AIDEA's PFAM looks to work with the private sector to invest in those opportunities within the great state of Alaska,

which benefit from AIDEA's established expertise in structuring, financing and managing the backbone infrastructure supporting commercial and industrial development. We focus on those projects with solid corporate governance, the potential to be financeable, and a strong development impact for local stakeholders.

As of fiscal year-end 2019, PFAM manages a portfolio of equity and debt capital investments across 10 complex infrastructure projects in the oil and gas, mining, power, logistics, manufacturing, and national defense industry sectors — all important sectors to a growing, diversified Alaska economy. With these 10 projects, AIDEA has directly invested over \$579.9 million through the project assets' life cycle to-date, including expansions or extensions in several cases. AIDEA's investments have ranged from \$2 million to more than \$100 million in these projects, facilitating similar or higher investment from private capital. Our portfolio reflects AIDEA's patient capital approach to Alaska's core industry sectors and our ability to support the private sector in the construction and management of operational infrastructure assets over the long term.

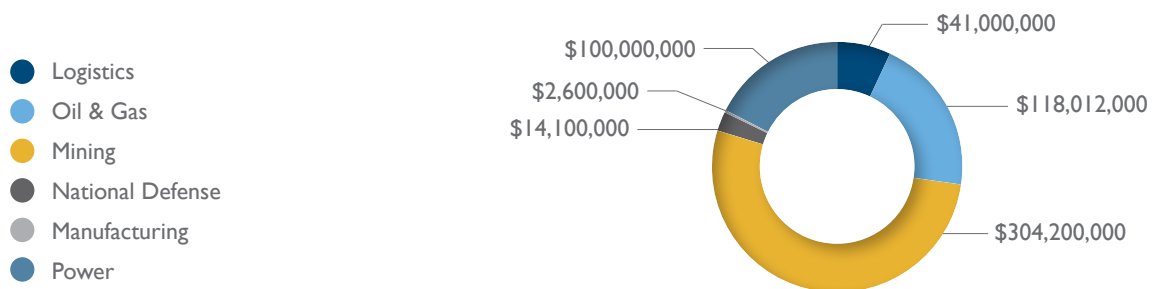
INVESTING IN ALASKANS  
\$579.9 M



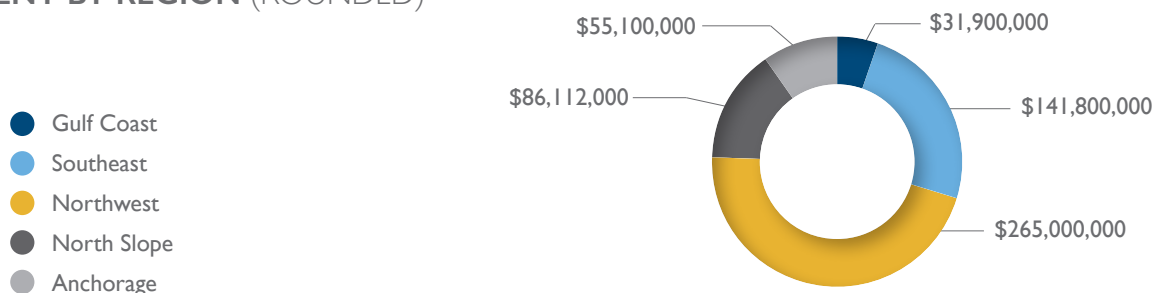
## OVERALL PORTFOLIO

We have a diversified portfolio for projects financed under AS 44.88.172. The infographic below shows the overall make-up of our projects based on cumulative investment\* per industry sector, the regional breakdown of these investments, and the form of investment by AIDEA.

### INVESTMENT BY INDUSTRY SECTOR (ROUNDED)



### INVESTMENT BY REGION (ROUNDED)



### INVESTMENT BY STRUCTURE (ROUNDED)



\*Funds invested directly by AIDEA including bonds.  
Excludes federal, state, or local funds.

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## INFRASTRUCTURE DEVELOPMENT

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 critical in Alaska's economy as they create good paying jobs, generate local and state revenues, and help to diversify the economy. AIDEA has identified several sectors that provide the greatest opportunity for growth and jobs and include natural resource extraction, fisheries, agriculture and forestry, energy, tourism, and communications. Developing transportation corridors, port facilities,



and access to affordable energy is key to spurring natural resource development. By using a variety of financial and project delivery tools, AIDEA supports the development of intermodal systems by tying together industrial roads, rail, and ports needed to bring natural resources, refined products, and goods to market.

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## INTERIOR ENERGY PROJECT

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 and as soon as possible. The project is being financed with a combination of funds provided by the State of Alaska.

### LNG STORAGE TANKS AND TITAN LNG PLANT EXPANSION

Significant efforts have been undertaken to construct LNG storage facilities that can be used to store gas produced in offseason months, and stored for use when heating demand is at its peak. In December 2017, the AIDEA and Interior Gas Utility (IGU) Boards agreed to initiate construction of a 5.25-million-gallon LNG storage tank. Following a competitive Request for Proposals process, Preload Cryogenics was selected as the primary Engineering, Procurement, and Construction contractor for a facility with a double-walled, full-containment design.

Construction on the project foundation began in January 2018 and progressed rapidly. The large capacity LNG tank is now complete and will soon be ready for use. Planning and design work is underway to construct a smaller LNG storage facility in North Pole. Additionally, AIDEA is working with IGU on its plans to expand the Titan LNG Plant at Point MacKenzie. For more information on the Interior Energy Project, visit [www.interiorenergyproject.com](http://www.interiorenergyproject.com).

### AMBLER MINING DISTRICT INDUSTRIAL ACCESS PROJECT

The Ambler Mining District in Northwest Alaska has extensive mineral resources, including copper, silver, gold, lead, and zinc. It has been characterized as one of the largest undeveloped copper-zinc mineral belts in the world. The area has been explored for decades, but development of the mineral resources has been limited due to a lack of surface access to the mining district, critical for the exploration, construction and operation of the potential new mines.

#### PROJECT DESCRIPTION

The Ambler Access project was started with an SF-299 Alaska National Interest Lands Conservation Act (ANILCA) right-of-way application for an approximately 200-mile industrial access road from the Dalton Highway to the Ambler Mining District. This application was filed under ANILCA and is consistent with Title II of the Act, which contains a Congressional finding of the need for a surface transportation route from the mining district to the Dalton Highway. This project is designed to provide

effective access to the Ambler Mining District and enable further exploration and development of the area's resources, providing for economic development.

AIDEA undertook the project with the goal of using revenue bonds in conjunction with a public-private partnership to finance, construct, operate, and maintain the facility. The project design is modeled on AIDEA's successful DeLong Mountain Transportation System (DMTS), which includes an industrial access road from the Red Dog Mine to the DMTS port. AIDEA worked with private industry to develop the DMTS industrial access road and the costs of road construction are repaid through tolls and fees.

## PROJECT AND ECONOMIC BENEFITS

Development of Ambler Access could allow private industry to develop a 75-mile long area of high-grade mineral resources. Over the life of the project, multiple mines would likely be developed in the mining district.

### **General benefits from the project include**

- *Job and business opportunities for rural residents in North-Central and Northwest Alaska*

## **Road Construction and Operations**

- *Annual average of 365 jobs over road construction period*
- *Up to 81 full-time jobs for road operations and maintenance over the life of the road*

## **Mines Construction**

- *2,777 direct annual jobs for mine construction with \$286 million in wages*
- *2,034 additional annual indirect and induced jobs with \$108 million in wages*

## **Mining Operations**

- *495 direct jobs with \$72 million in wages annually*
- *3,436 additional indirect and induced jobs with \$228 million in wages annually*

## **Government Revenues (Life of Four Potential Mines)**

- *\$393 million in mining license tax revenues to the State*
- *\$524 million in corporate income taxes to the State*
- *\$214 million in production royalties to the State*
- *\$13 million in claim rents to the State*
- *\$193 million in payments to local governments*

For more information, visit [www.ambleraccess.org](http://www.ambleraccess.org).



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## **SUSTAINABLE ENERGY TRANSMISSION AND SUPPLY DEVELOPMENT PROGRAM (SETS)**

The Alaska Sustainable Strategy for Energy Transmission and Supply (ASSETS) Act of 2012 created new programs and powers within AIDEA and addresses the state's energy needs by offering a number of energy development financing options, including loans and guarantees.

The ASSETS program was an important expansion of AIDEA's tools and is part of an effort to provide lower cost, sustainable energy across the state.

The ASSETS Act created the SETS program, which allows AIDEA to make loans and provide loan guarantees for the financing of "qualified energy developments." The program is not limited to electric generation and distribution but includes many of the physical components comprising Alaska's energy infrastructure.

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### **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;
- Distribution or storage of refined petroleum products.

### **FINANCING IS LIMITED TO**

- A loan amount of up to 33.33% of total project cost without legislative approval; or
- \$20 million in total loan guarantees; and
- A maximum term of 30 years except for hydro-electric projects, which can extend out 50 years.

For more information, please contact AIDEA.



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# SMALL BUSINESS LOAN PROGRAMS

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## RURAL DEVELOPMENT INITIATIVE FUND (RDIF)

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**
- **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, with the interest rate being fixed at the time of loan approval.

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## 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. Eligibility for the SBED program includes all communities in the state of Alaska with a population of less than 30,000. Loans in communities of 30,000 or more are available on a limited basis, depending on funds availability.

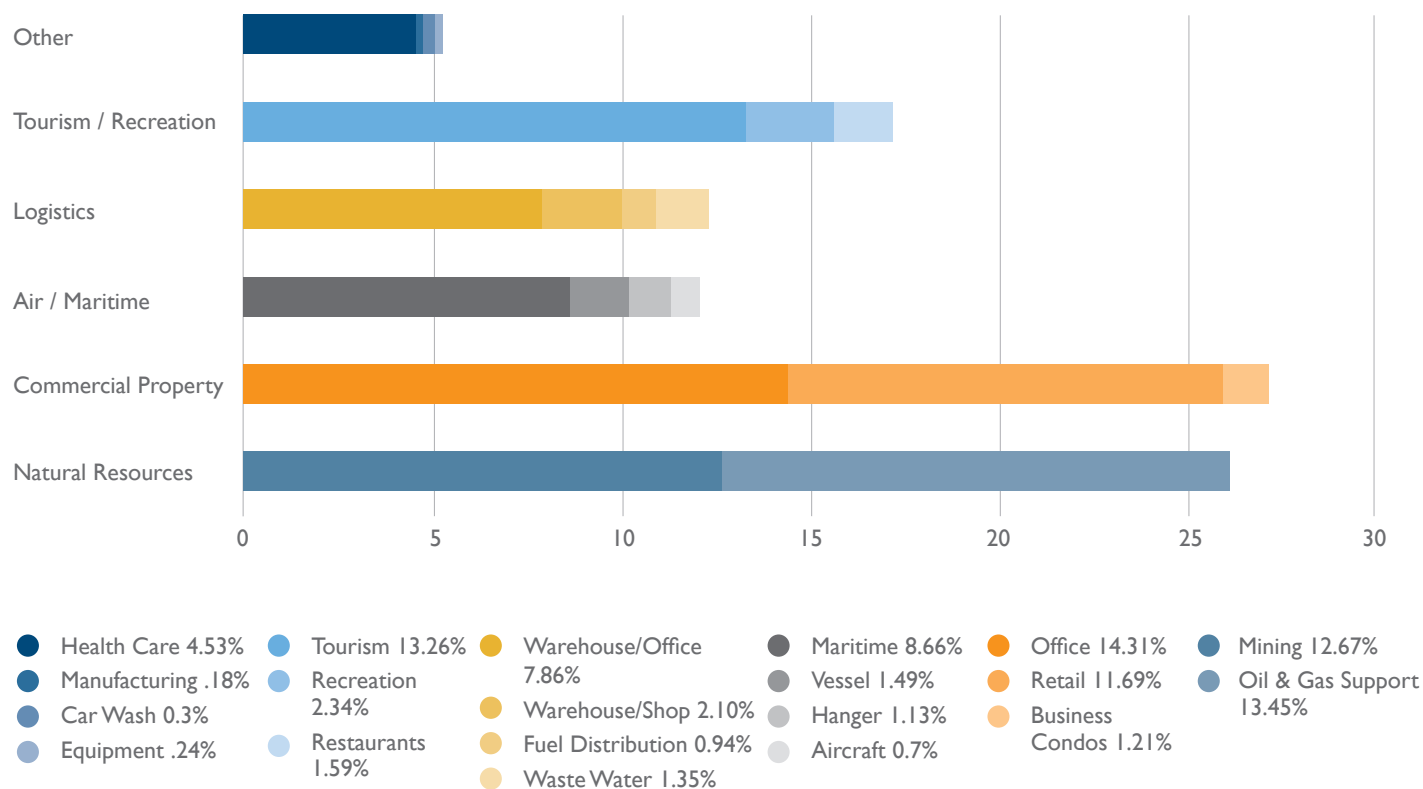
SBED loans must result in the creation of new jobs or the retention of existing jobs. The maximum loan amount is \$300,000 for a maximum of 20 years on fixed assets and five years for working capital; all loans must be adequately secured; and the interest rate is fixed.

*These two AIDEA Loan Programs are administered by the State of Alaska Department of Commerce, Community and Economic Development, Division of Economic Development. Please visit <https://www.commerce.alaska.gov/web/ded/FIN/LoanPrograms.aspx> for more information on these Small Business Loans.*

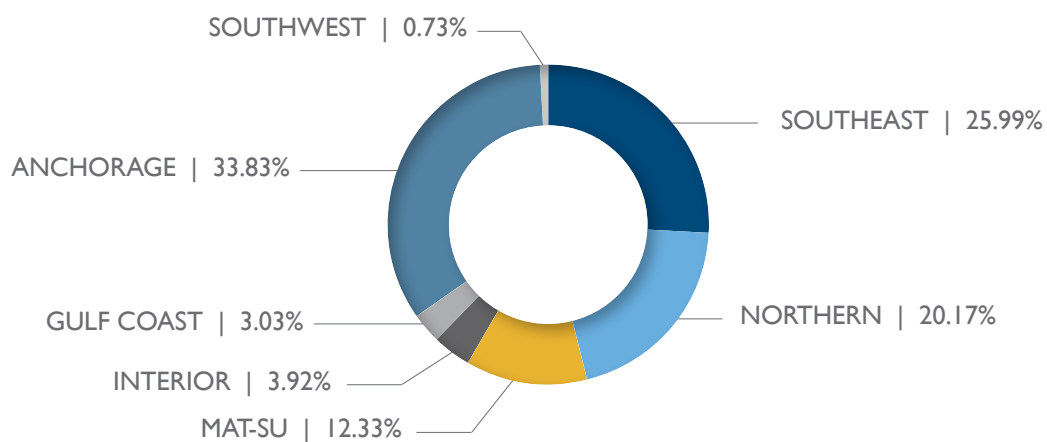


## PORTFOLIO HIGHLIGHTS AS OF JUNE 30, 2019

### INDUSTRY DIVERSITY OF COMBINED CAPACITY PROJECTS AND LOANS (%)

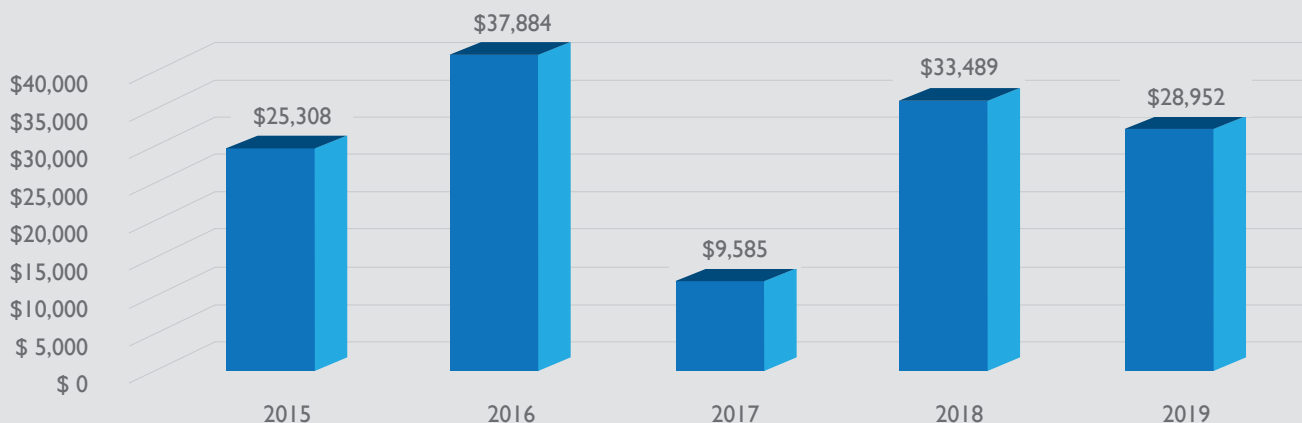


### REGIONAL DIVERSITY OF COMBINED CAPACITY PROJECTS AND LOANS

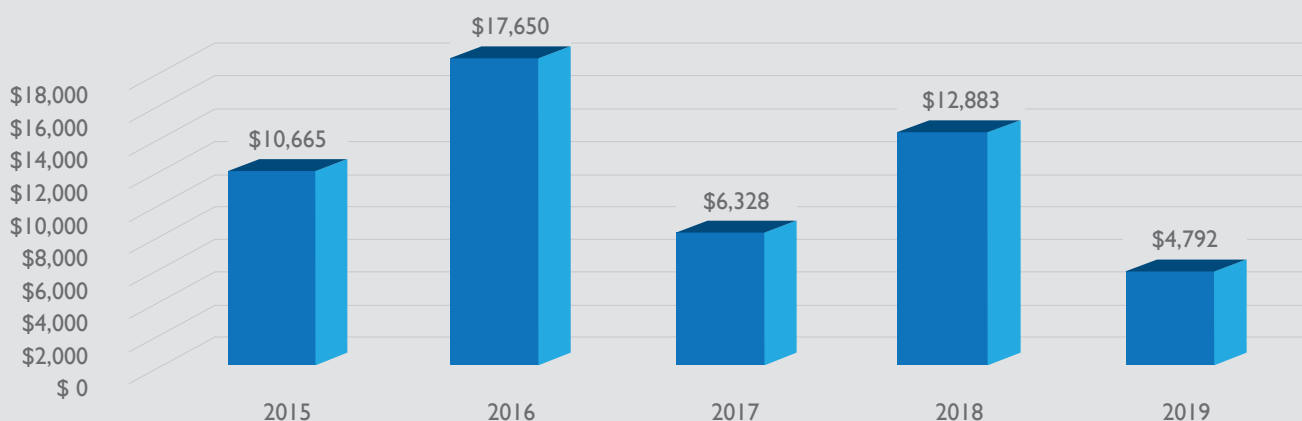


## FINANCIAL HIGHLIGHTS AS OF JUNE 30, 2019

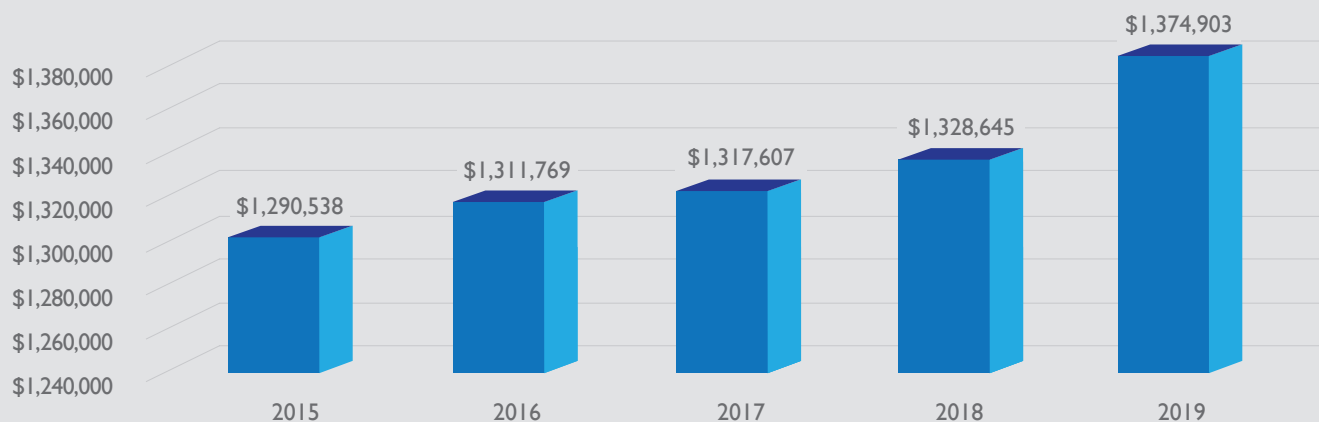
### TOTAL STATUTORY NET INCOME — IN THOUSANDS



### DIVIDEND BY YEAR PAID — IN THOUSANDS



### NET POSITION — IN THOUSANDS



## FY2019 FINANCIAL STATEMENTS\* IN THOUSANDS

STATEMENTS OF NET POSITION	As of June 30, 2019	As of June 30, 2018
<b>Assets and deferred outflows of resources</b>		
Assets:		
Investment securities and cash	\$ 566,760	\$ 556,479
Loans, net	547,166	505,231
Development projects	284,932	296,289
Development project assets held for sale	3,200	—
Other assets	28,282	30,959
Snettisham project assets	66,079	69,833
<i>Total assets</i>	<i>1,496,419</i>	<i>1,458,791</i>
Deferred outflows of resources:		
Deferred outflows of resources	2,019	1,492
Snettisham project deferred outflows of resources	2,703	3,127
<i>Total deferred outflows of resources</i>	<i>4,722</i>	<i>4,619</i>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 1,501,141</b>	<b>\$ 1,463,410</b>
<b>Liabilities, deferred inflows of resources, and net position</b>		
Liabilities:		
Revolving fund bonds	\$ 39,720	\$ 42,955
Other liabilities	16,692	16,613
Snettisham project liabilities	68,782	72,960
<i>Total liabilities</i>	<i>125,194</i>	<i>132,528</i>
Deferred inflows of resources	1,044	2,237
Net position:		
Net position	1,374,903	1,328,645
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 1,501,141</b>	<b>\$ 1,463,410</b>

\*Unaudited — Derived from Audited Financial Statements

## FY2019 FINANCIAL STATEMENTS\* IN THOUSANDS

REVENUES, EXPENSES AND CHANGES IN NET POSITION	For the year ending June 30, 2019	For the year ending June 30, 2018
<b>Operating revenues:</b>		
Interest on loans	\$ 17,674	\$ 16,839
Income from development projects	21,087	22,193
Income from development projects – Pentex	—	14,875
Snettisham project restricted income	2,858	2,982
Investment interest	14,088	11,923
Net increase/(decrease) in fair value of investments	17,972	(12,039)
Income from state agencies and component units	5,699	5,366
SOA nonemployer contribution to PERS system	209	1,038
Other income	845	1,156
<b>Total operating revenues</b>	<b>\$ 80,432</b>	<b>\$ 64,333</b>
<b>Operating expenses:</b>		
Interest	2,034	2,160
Snettisham project interest expense	2,858	2,982
Non-project personnel, general and administrative	6,625	6,984
Net pension related adjustment	(1,063)	(2,016)
Net OPEB related adjustment	(131)	164
Costs reimbursed from State agencies and component units	5,699	5,366
Provision for loan losses	51	797
Provision for development projects loan losses	10,501	—
Depreciation on projects	3,524	6,318
Project feasibility and due diligence	294	638
Expenses – Pentex	—	15,081
Impairment loss on development project	2,003	—
Other project expenses	481	749
<b>Total operating expenses</b>	<b>\$ 32,876</b>	<b>\$ 39,223</b>
Operating income	47,556	25,110
Other revenues and expenses, net and other	3,494	1,347
Other revenue (expenses), net – Pentex	—	(167)
<b>Increase in net position, before dividend to State of Alaska</b>	<b>\$ 51,050</b>	<b>\$ 26,290</b>
Dividend to State of Alaska	(4,792)	(12,883)
<b>Increase in net position, after dividend to State of Alaska</b>	<b>\$ 46,258</b>	<b>\$ 13,407</b>
Net position-beginning of year, as previously reported	1,328,645	1,317,607
Cumulative effect on prior years of adoption of GASB Statement 75	—	(2,369)
Net position – beginning of year, as adjusted	1,328,645	1,315,238
<b>Net position – end of year</b>	<b>\$ 1,374,903</b>	<b>\$ 1,328,645</b>

\*Unaudited — Derived from Audited Financial Statements



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## BOARD OF DIRECTORS



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Chair / Public Member



**JULIE ANDERSON**  
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Commerce, Community and  
Economic Development



**GREG SAMORAJSKI**  
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Department of Revenue



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**JULIE A. SANDE**  
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CEO / Executive Director



**CHRIS ANDERSON**  
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Development Officer



**ALAN WEITZNER**  
Chief Investment Officer



**BRENDA APPLGATE**  
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**KARSTEN RODVIK**  
External Affairs Officer



**LINDA SENN, PH.D**  
Human Resources Director

For AIDEA's complete Audited Financial Statements for Fiscal Year 2019, visit [www.aidea.org](http://www.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 any respective real and personal property taxes.*



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