

Investing In Alaskans



INVESTMENTS ACROSS ALASKA

Loan Participations and AK CARES Funding: 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. Benefits include competitive interest rates and long-term fixed or variable rate financing on the portion of the loan purchased by AIDEA. This year's AK CARES program issued grants to small businesses to offset the economic burdens introduced by the COVID-19 pandemic.

Location	Net Investment
Anchor Point	13,200,000.00
Anchorage	203,100,000.00
Aniak	400,000.00
Bethel	400,000.00
Big Lake	300,000.00
Deadhorse	31,500,000.00
Delta Junction	2,100,000.00
Eagle River	8,600,000.00
Fairbanks	19,600,000.00
Glennallen	700,000.00
Haines	500,000.00
Homer	3,600,000.00
Hoonah	27,500,000.00
Hooper Bay	1,800,000.00
Juneau	49,100,000.00
Kenai	9,600,000.00
Ketchikan	27,500,000.00
Kodiak	6,300,000.00
Nome	5,600,000.00
Palmer	9,800,000.00
Prince of Wales	300,000.00
Quinhagak	1,300,000.00
Seward	7,400,000.00
Sitka	9,100,000.00
Skagway	6,600,000.00
Soldotna	3,600,000.00
Valdez	7,900,000.00
Wasilla	70,200,000.00

Project Financing: Enhances economic development by mobilizing equity and debt capital investment into Alaska's commercial and industrial infrastructure projects. We provide patient capital for new projects or the expansion/redevelopment of existing infrastructure. We invest in projects that can demonstrate economic development benefits for Alaska. We select projects that will benefit from our expertise in structuring, financing, and project management.

Location	Net Investment
Anchorage	44,800,000.00
Cook Inlet	37,500,000.00
Fairbanks	146,800,000.00
Hoonah	15,000,000.00
Juneau	100,000,000.00
Ketchikan	80,100,000.00
North Slope	86,000,000.00
Red Dog Mine	267,000,000.00
Skagway	14,000,000.00
Southeast	7,200,000.00

Figures provided within the tables above have not been audited and are provided as estimates only. All projections have been rounded to the nearest \$100,000.00.



OUR MISSION

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

2020 HIGHLIGHTS

1,493

Permanent
Jobs

496

Construction
Jobs

\$1.42B

Net
Position

\$44.6M

Increase in Net
Position

\$10.3M

Dividend
Paid

\$508.7M

Total Gross Loan
Participations Funded

LETTER FROM THE BOARD CHAIR


For more than 50 years, AIDEA has proven its dedication to finance businesses, help diversify Alaska's economy, and create jobs for Alaskans. We have the responsibility and authority to fulfill this mission by providing various means of financing and facilitating the financing of facilities and infrastructure development as well as owning and operating facilities which advance this goal. As we all continue to navigate this new economic landscape created by the COVID-19 pandemic, it's crucial that we as an economic development corporation have as many tools in our toolbox available to us as possible to promote Alaska's economic interests.

Despite being one of the most economically turbulent years in recent memory – both as a state and a nation – AIDEA's strategic investments and programs have again resulted in positive returns, job growth, and some added peace of mind for thousands of Alaska's small businesses. While the nature of the programs and projects have evolved based on the economy and the financing needs of Alaska's businesses, our collective commitment to economic growth and diversification statewide has been unwavering.

Last year, AIDEA declared a dividend of \$14.5 million, bringing the Authority's declared dividend total to over \$422 million. In addition to providing economic benefits to Alaska businesses and their surrounding communities, I'm proud to report this year's annual dividend of \$17.3 million to the State's general fund, an annual increase of 20%, to help support programs and services offered through the State.

For the 2020 Annual Report, the goal was to have a simple, straightforward presentation of the key data points most important to the Alaska State Legislature regarding AIDEA's loan portfolio activity and comparative performance as well as inflow and outflow of resources and operating revenue and expenses. A separate Economic Impact Report (EIR) to be released later in January will feature in-depth profiles and progress reports of the AK CARES program, the Kitchen Lights project, and the Ambler Road project.

The fact remains that all Alaskans are facing economic challenges – AIDEA included – as we address the full impact of the COVID-19 pandemic in the current fiscal year. While none of us have a crystal ball to show what the future holds, the board and I are confident in AIDEA management and staff to continue pursuing opportunities and making sound investment decisions in projects that will support economic growth and opportunity for all Alaskans in the years to come.

A portrait of J. Dana Pruhs, a middle-aged man with dark hair, a mustache, and glasses. He is wearing a dark suit jacket, a light blue shirt, and a patterned tie. The background is a solid dark blue.

J. Dana Pruhs
Chair, Public Member

LETTER FROM THE CEO

I am honored to represent AIDEA staff in providing this year's annual report covering the time period from July 2019 to June 2020. However, I am sure I am joined by many Alaskans in feeling like the year covered in this report really started in March 2020 as the economic impact of the COVID-19 pandemic started to emerge – and has not yet ended.

No one could have predicted what 2020 would have in store for all of us—as Alaskans and as Americans. As the state's economic development finance authority, AIDEA is tasked with a very specific mission: to promote, develop, and advance economic growth and diversification in Alaska by providing various means of financing and investment. We responded by drawing upon our staff and capital resources across all statutory programs and powers to provide some aspect of stability for Alaska's businesses in need during this crisis. This is in addition to continuing the investment and infrastructure development programs that have directed over \$3 billion into economic development within the state since AIDEA's inception.

As the economic impact of the pandemic to Alaska quickly emerged, AIDEA's resources, responsiveness, and ingenuity were forefront in response to Governor Mike Dunleavy's statewide call to action. We challenged ourselves to respond to the current and anticipated needs of Alaska's businesses during this time of rapidly changing economic conditions.

Together with the State of Alaska Department of Commerce, Community and Economic Development (DCCED), AIDEA implemented the AK CARES Grant Program. Under the direction of Governor Mike Dunleavy and approval of Alaska's Legislature, this program provided \$282 million in much-needed grant funding to Alaska's small businesses during the pandemic. We also reached out and worked with Alaska's financial institutions whose efforts helped define the emergency AK SAFE Guaranty Program within existing statutes, as well as coordinated on more than \$10 million in current term payment relief in loan modifications for the most affected businesses.

We are fortunate to be in the position, as a self-reliant agency of the state, to close out fiscal year 2020 with a net position of \$1.42 billion. Through AIDEA's management, these funds are invested in critical industrial infrastructure projects and loan and bonding programs that support the creation and retention of jobs in Alaska – 1,493 new permanent jobs and 496 new construction jobs statewide through our programs this year alone – as well as return capital to AIDEA for reinvestment in Alaska.

I would like to thank the Dunleavy Administration, the Alaska Legislature, Alaska's Congressional Delegation, the AIDEA Board, staff, and our development partners for their support and work in furthering AIDEA's mission. Since assuming the role of Executive Director in August, my vision for AIDEA has been to support infrastructure development and create finance programs that enhance Alaska's competitiveness and deliver tangible economic benefits to Alaskans. While economic challenges remain ahead of us, AIDEA remains Alaska's sustaining resource to promoting, developing, and advancing economic growth and diversification in Alaska.

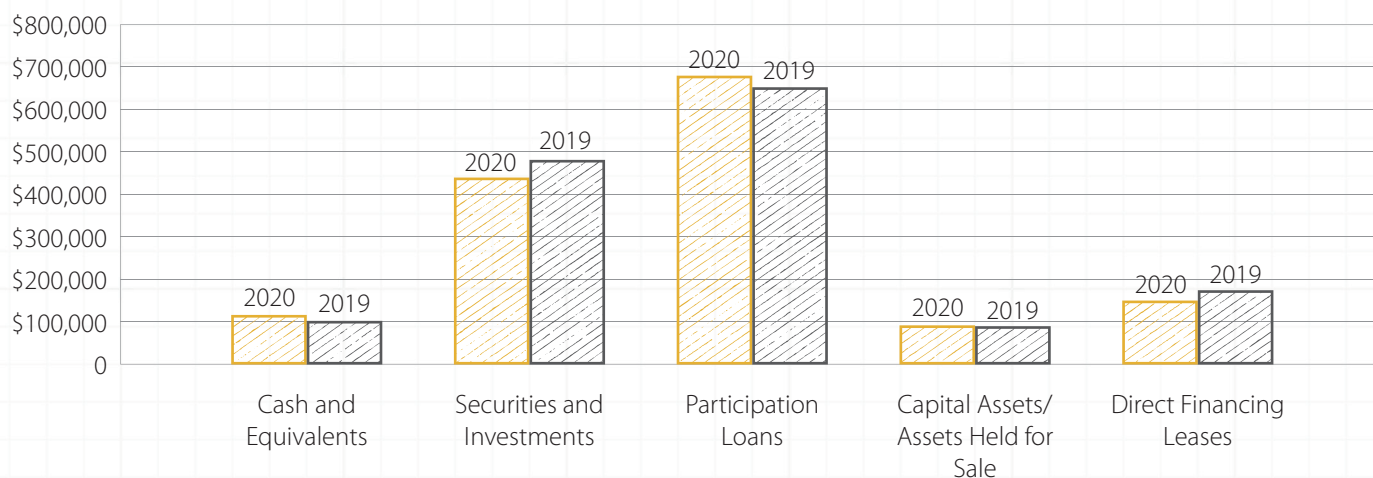


Alan Weitzner
Executive Director

FY2020 LOAN PORTFOLIO ACTIVITY

Investments (amounts in thousands)*		FY2020		FY2019	
Cash and Equivalents	\$	112,923	\$	98,949	
Securities and Investments	\$	436,393	\$	478,027	
Participation Loans	\$	676,327	\$	649,051	
Capital Assets/Assets Held for Sale	\$	88,387	\$	86,432	
Direct Financing Leases	\$	146,750	\$	171,083	

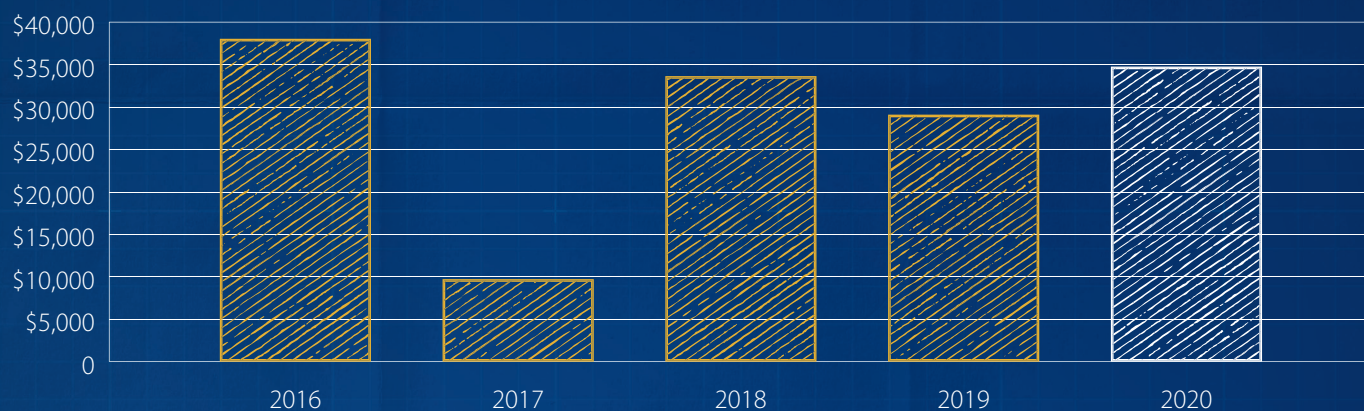
*Revolving Fund and non-major funds (excluding Emergency Programs)



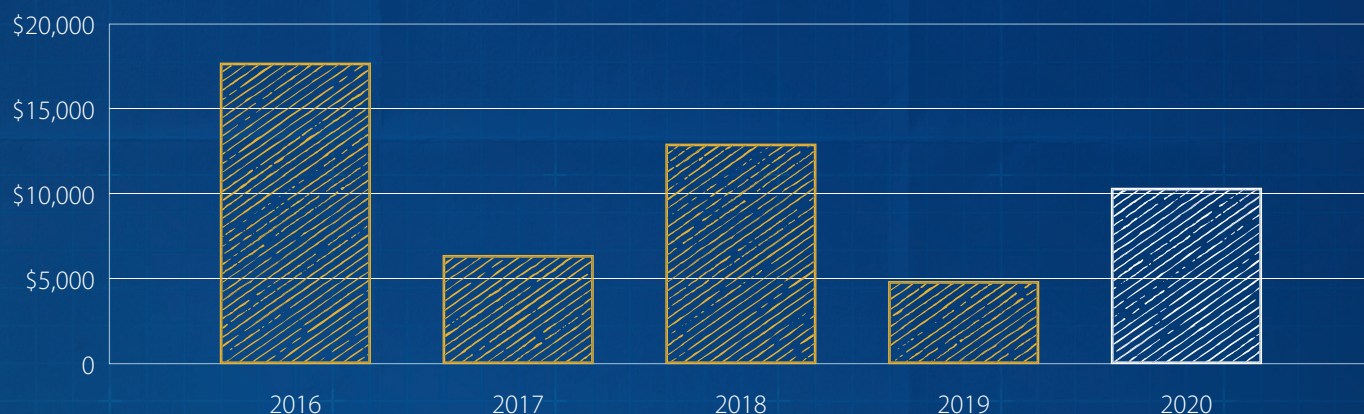
Based on issuances to date and pending applications, AIDEA projects that the agency will issue a total of \$88.79 million in financing through its Conduit Revenue Bond program in Fiscal Year 2021.

COMPARATIVE PERFORMANCE

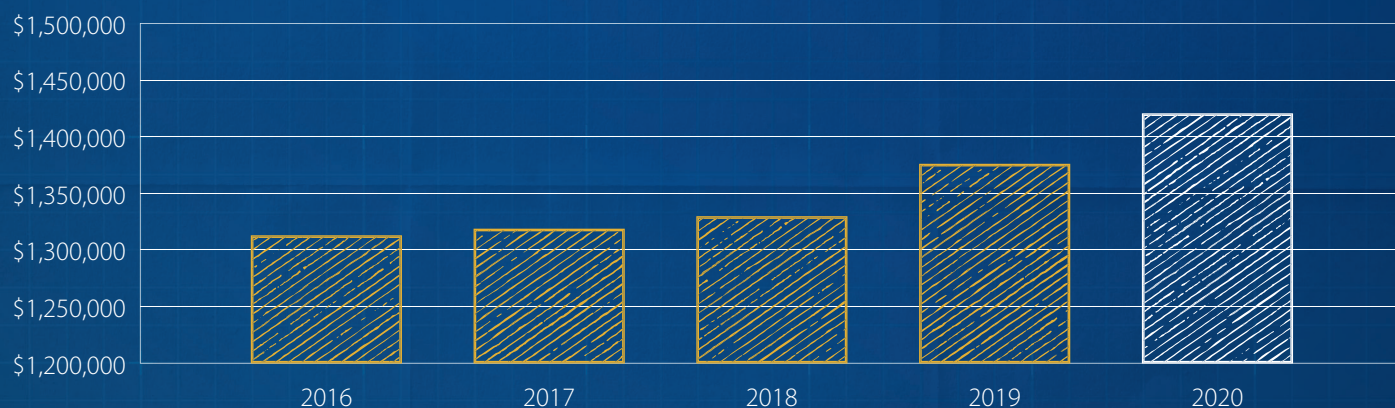
Total Statutory Net Income – In Thousands



Dividend Paid by Year – In Thousands



Net Position – In Thousands



FINANCIAL HIGHLIGHTS

(in thousands)

STATEMENTS OF NET POSITION	As of June 30, 2020	As of June 30, 2019
Assets and deferred outflows of resources		
Assets:		
Investment securities and cash	\$ 707,036	\$ 566,760
Loans, net	575,710	547,166
Development projects	261,161	284,932
Development project assets held for sale	-	3,200
Other assets	34,433	28,282
Snettisham project assets	64,116	66,079
<i>Total assets</i>	1,642,456	1,496,419
Deferred outflows of resources:		
Deferred outflows of resources	1,343	2,019
Snettisham project deferred outflows of resources	2,324	2,703
<i>Total deferred outflows of resources</i>	3,667	4,722
Total assets and deferred outflows of resources	\$ 1,646,123	\$ 1,501,141
Liabilities, deferred inflows of resources and net position		
Liabilities:		
Revolving fund bonds	-	39,720
Other liabilities	159,345	16,692
Snettisham project liabilities	66,440	68,782
<i>Total liabilities</i>	225,785	125,194
Deferred inflows of resources	865	1,044
<i>Net position</i>	1,419,473	1,374,903
Total liabilities, deferred inflows of resources and net position	\$ 1,646,123	\$ 1,501,141

FINANCIAL HIGHLIGHTS

(in thousands)

REVENUES, EXPENSES AND CHANGES IN NET POSITION	For the year ending June 30, 2020	For the year ending June 30, 2019
Operating revenues:		
Interest on loans	\$ 17,458	\$ 17,674
Income from development projects	13,490	21,087
Snettisham project restricted income	2,728	2,858
Investment interest	12,884	14,088
Net increase/(decrease) in fair value of investments	26,770	17,972
Income from state agencies and component units	5,504	5,699
SOA nonemployer contribution to PERS system	607	209
Pass through grant revenues - CARES Act	7,223	-
Other income	2,361	845
Total operating revenues	89,025	80,432
Operating expenses:		
Interest	1,113	2,034
Snettisham project interest expense	2,728	2,858
Nonproject personnel, general and administrative	6,798	6,625
Net pension related adjustment	2,999	(1,063)
Net OPEB related adjustment	(2,217)	(131)
CARES Act small business grant program	7,006	-
Costs reimbursed from State agencies and component units	5,504	5,699
Provision for loan losses	1,551	51
Provision for development projects loan losses	8,599	10,501
Depreciation on projects	3,324	3,524
Project feasibility and due diligence	204	294
Impairment loss on development project	-	2,003
Other project expenses	988	481
Total operating expenses	38,597	32,876
Operating income	50,428	47,556
Other revenues and expenses, net and other	4,427	3,494
Increase in net position, before dividend to State of Alaska	54,855	51,050
Dividend to State of Alaska	(10,285)	(4,792)
Increase in net position, after dividend to State of Alaska	44,570	46,258
Net position-beginning of year	1,374,903	1,328,645
Net position-end of year	\$ 1,419,473	\$ 1,374,903

* Unaudited



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