Alaska Industrial Development and Export Authority

(A Component Unit of the State of Alaska)

Basic Financial Statements, Required Supplementary Information, and Other Information
Year Ended June 30, 2025

(With Independent Auditor's Report Thereon)

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.

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Year Ended June 30, 2025

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Independent Auditor's Report

The Board of Directors
Alaska Industrial Development and Export Authority
Anchorage, Alaska

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Alaska Industrial Development and Export Authority (The Authority), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2025, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of the Authority's proportionate share of the pension and OPEB liabilities and plan contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule 1 – schedule of dividend information and schedule 2 – schedule of development project information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2025 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

BDO USA, P.C.

Anchorage, Alaska
November 26, 2025

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Management's Discussion and Analysis

Overview of the Financial Statements

- Management's Discussion and Analysis (MD&A) is intended to provide an objective and easily readable analysis of the Authority's financial activities based on currently known facts, decisions, or conditions.
- The Statement of Net Position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of the end of the fiscal year.
- The Statement of Revenues, Expenses, and Changes in Net Position reports the revenues, expenses, and the resulting change in fund net position as of the end of the fiscal year.
- The Statement of Cash Flows reports the sources and uses of cash using the direct method of presenting cash flows from operating activities and includes a reconciliation of operating cash flows to operating income.
- The notes to the Basic Financial Statements provide detailed information to enhance understanding of the financial information reported in the basic financial statements.
- Required Supplementary Information other than MD&A reports detail of the Authority's share of the net pension liability and net other postemployment benefits (OPEB) liabilities and assets due to the Authority's participation in the State Pension and OPEB plans.
- The Other Information section contains a Schedule of Dividend Information detailing the amount of dividends paid and appropriated to the State of Alaska and also a Schedule of Development Project Information providing unaudited explanatory information about the Authority's development projects.

Financial Summary

Although the financial statements of the Authority are not presented in a comparative format, the fiscal year ending June 30, 2024 has been presented within the tables of this section for comparative purposes. Lease interest revenue was presented as operating revenue in 2024, and in accordance with GASB Implementation Guide No. 2025-1, lease interest revenue for 2025 is now classified as nonoperating revenue.

The Authority's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at June 30, 2025 and 2024 by $1,560.6 million and $1,491.0 million, respectively. This is an increase of $69.6 million for the fiscal year.

The unrestricted net position increased by $74.4 million to $1,340.7 million. Unrestricted net position is not cash and is not entirely liquid. Although this amount is unrestricted and therefore available for future operations, a substantial portion of it has been deployed to finance loans, leases, and other investment opportunities. Unrestricted cash and cash equivalents made up only $391 million of the unrestricted net position.

- *Unrestricted net position is not cash. It includes a mix of financial and non-financial assets, such as receivables, investments, and other resources not tied to capital assets or legally restricted purposes.*

- *Unrestricted net position is not entirely liquid. Many components of unrestricted net position are not readily convertible to cash. For example, the funds have been committed to long-term loans and leases that are not readily convertible to cash.*

- *Unrestricted net position is not necessarily available for immediate use. Although unrestricted net position is not legally restricted, a substantial portion has already been deployed to support strategic initiatives. This limits its availability for discretionary spending.*

- *As of the reporting date, unrestricted cash and cash equivalents—the portion that is both liquid and available—totaled $391 million, which is only a fraction of the total unrestricted net position, and of this amount, $122.0 million has already been committed for loans- HEX Cook Inlet ($35.0 million), Alyeschem, LLC ($70.0 million), and Greensparc, Inc. ($17.0 million). The unrestricted, uncommitted cash and cash equivalents is only $268.9 million.*

The Authority manages its cash to not only provide resources for loans, projects, and other investment opportunities, but also to facilitate bonding when the need arises. It also manages cash to generate interest earnings and to pay dividends to the State of Alaska.

The Authority's operating revenues are revenues from principal ongoing operations, which include loan interest, lease revenue, income from the Alaska Energy Authority (AEA) for interagency billings for shared staff and services, and tollage fees related to the DeLong Mountain Transportation System. Operating revenues do not include lease interest, investment interest, changes in the fair value of investments, or capital appropriations. Operating revenues totaled $51.7 million for fiscal year 2025. These operating revenues were offset by operating expenses of $29.9 million for the year. Operating income, which is the net result of operating revenues less operating expenses, totaled $21.8 million.

There was a decrease in operating expenses of $1.6 million compared to the prior year. The decrease is primarily driven by the Alaska Energy Authority hiring employees for the first time in fiscal year 2025 instead of AIDEA employing the personnel and cross billing the Alaska Energy Authority.

The DeLong Mountain Transportation System (DMTS) continues to be a significant source of income for the Authority. In fiscal year 2025, DMTS lease revenue, DMTS lease interest, and DMTS tonnage fees generated $41.3 million in revenues. Direct expenses for DMTS were $9.5 million and DMTS depreciation expenses were $3.3 million, for total expenses of $12.8 million. The combined revenues and expenses associated with the DMTS project resulted in a net income of $28.5 million, or almost 41% of the Authority's increase in net position for the year.

Investment income, which is considered nonoperating revenue under GAAP, played a significant role in the year-over-year increase in net position for the Authority. Investment interest and the change in the fair value of investments, net of investment fees, totaled $40.7 million, which is an increase of $10.6 million from the prior year.

There were no impairment losses in fiscal year 2025. In fiscal year 2024, impairment losses totaled $0.1 million from the Mustang Holding LLC component unit. The Mustang Holding LLC component unit was fully divested by sale in the 2024 fiscal year. This sale permitted the Authority to avoid additional expenses and contingent liabilities associated with potential future pollution remediation and dismantlement, removal, and restoration costs.

In fiscal year 2025, the Authority, in conjunction with AEA, discontinued employing personnel that conduct business for AEA. AEA, in turn, hired these employees directly. The Authority recognized an increase in net position of $2.4 million from the extraordinary re-allocation of net pension liability / OPEB asset associated with these employees moving to AEA.

The Authority also recognized $11.0 million in dividend expense to the State of Alaska, which was $6.9 million less than the prior year.

The table below summarizes the Authority's changes in assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (in thousands) as of June 30, 2025 and 2024 (in thousands):

Assets	FY 2025	FY 2024	Change
Current assets	$ 462,288	$ 429,371	$ 32,917
Capital assets	181,013	180,158	855
Other noncurrent assets	1,103,521	1,097,581	5,940
Total assets	1,746,822	1,707,110	39,712
Total deferred outflows of resources	472	1,780	(1,308)
Total assets and deferred outflows of resources	1,747,294	1,708,890	38,404
Liabilities			
Current liabilities	3,741	14,325	(10,584)
Noncurrent liabilities	19,195	28,815	(9,620)
Total liabilities	22,936	43,140	(20,204)
Total deferred inflows of resources	163,791	174,761	(10,970)
Total liabilities and deferred inflows of resources	186,727	217,901	(31,174)
Net position			
Investment in capital assets	179,521	180,158	(637)
Restricted	40,325	44,534	(4,209)
Unrestricted	1,340,721	1,266,297	74,424
Total net position	1,560,567	1,490,989	69,578
Total liabilities, deferred inflows of resources and net position	$ 1,747,294	$ 1,708,890	$ 38,404

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The following table presents current assets (in thousands):

Current assets		FY2025		FY2024		Change
Cash and cash equivalents						
Unrestricted	$	268,913	$	274,394	$	(5,481)
Unrestricted but reserved for loan and equity commitments		122,000		101,176		20,824
Loans		26,170		21,583		4,587
Lease receivables		7,351		6,751		600
Investments		30,372		16,090		14,282
Due from Alaska Energy Authority		463		2,790		(2,327)
Accrued interest receivable on investments		2,679		2,652		27
Accrued interest receivable on loans		2,150		1,852		298
Other accounts receivable and other assets		2,190		2,083		107
Total current assets	$	462,288	$	429,371	$	32,917

At $462.3 million, current assets were $32.9 million higher than the prior year. This change was primarily due to a net increase in the Authority's more liquid assets, specifically cash and cash equivalents, which increased by $15.3 million and current investments, which increased by $14.3 million. The amount of unrestricted cash and cash equivalents held by AIDEA which has been committed by Board action for FY2025 includes amounts for HEX Cook Inlet ($35.0 million), Alyeschem, LLC ($70.0 million), and Greensparc, Inc. ($17.0 million). As of June 30, 2025 there were no commitments for Loan Participation Program loans.

Operating activities reduced cash and cash equivalents by $4.2 million. Cash inflows from loans contributed a combined $50.1 million, with $16.4 million in interest received and $33.7 million in principal received from loans. Other operating receipts contributed $24.9 million which was primarily made up of collections of AEA interagency billings and Teck Resources Limited tollage payments. The cash inflows were offset by loan originations of $55.6 million, payments to suppliers and vendors of $17.2 million, and payments to employees of $8.1 million.

The noncapital financing activities of the Authority consisted of only dividends paid to the State of Alaska in the amount of $18.0 million. This amount is $7.0 million more than the $11.0 million paid in the previous fiscal year. In 2025, the dividend paid included a portion of the prior year's dividend expense that was unpaid at the end of fiscal year 2024; the 2025 dividend cash outflow is therefore higher than the 2025 expense.

Capital and related financing activities contributed a net of $13.6 million increase in cash. Principal payments on leases, interest payments on leases, capital contributions from Ambler Metals, LLC, and capital appropriations from the State of Alaska increased cash by $20.2 million. Investment in capital assets used $6.6 million of cash.

The higher interest rate environment enabled the Authority to realize a significant increase in interest income. Management has been intentionally building reserves of cash and short-term investments to better position the Authority for investment in larger projects and loans without having to issue significant amounts of debt. By increasing liquidity so there are more resources available to finance larger investment opportunities, the Authority may realize higher net returns on its investments than it would otherwise if it had to use revenues generated by its investments to also service debt. However, with higher reserves of cash and cash equivalents, there is a risk of decreased interest income if interest rates were to fall below the returns earned on loans, leases, and other assets.

Investing activities provided a net increase of $22.5 million in cash. The Authority purchased $190.3 million in in investment securities and $178.8 million matured or were sold. The net decrease in cash from these investing activities was offset by $34.1 million in interest received from investments, cash, and cash equivalents.

The current portion of loans increased by $4.6 million to $26.2 million. This amount represents the amount of loan principal that is scheduled to mature on or before June 30, 2026. Accrued loan interest receivable increased by $0.3 million, which is primarily driven by the overall increase in the balance of the loan portfolio.

Investments and accrued interest receivable on investments made up $14.3 million of the increase in current assets. The amount due from AEA and interagency billings decreased by $2.3 million. The change in lease receivable and other accounts receivable and other assets made up the remainder of the change with an increase of $0.7 million.

The following table details noncurrent assets (in thousands):

Noncurrent assets	FY2025	FY2024	Change
Cash and cash equivalents (restricted) - Snettisham	$ 13,439	$ 12,155	$ 1,284
Cash and cash equivalents (restricted)	41,544	44,164	(2,620)
Investments	336,202	332,344	3,858
Net other post-employment benefits (OPEB) asset (restricted)	1,365	5,398	(4,033)
Loans, net of allowance for loan losses	536,079	518,657	17,422
Lease receivables	174,383	181,884	(7,501)
Capital assets, net of depreciation	181,013	180,158	855
Other Assets	509	2,979	(2,470)
Total noncurrent assets	$ 1,284,534	$ 1,277,739	$ 6,795

Cash and cash equivalents restricted by agreements and not available for use in current operations decreased by $1.3 million to $55.0 million. The decrease in restricted cash was primarily due to spending on the West Susitna Access Project during fiscal year 2025. The Authority previously received an advancement of $8.5 million from the State of Alaska which is recorded as restricted cash until spent

Noncurrent investments increased by $3.9 million to $336.2 million. - The increase was primarily due to the unrealized increase in the fair market value of the portfolio compared to the prior year. During fiscal year 2025, the Federal Reserve cut interest rates three times, which increased the fair market value of the Authority's noncurrent bond investments.

The net other post-employment benefits (OPEB) asset represents the Authority's allocated portion of the asset for OPEB benefits provided through the State of Alaska Public Employees' Retirement System (PERS). The amount decreased by $4.0 million, mostly driven by the extraordinary event of AEA assuming the employment of former AIDEA employees that conducted AEA business and the allocation of the OPEB asset to AEA.

At $536.1 million, loans net of allowances for loan losses increased by $17.4 million. This increase was primarily due to a loan of $15.0 million to Hex Cook Inlet, LLC.

Noncurrent lease receivables decreased by $7.5 million to $174.4 million. The decrease in lease receivables was the result of scheduled lease payments.

Other assets decreased by $2.5 million. The decrease was caused by the collection on a long-term receivable related to the sale of the Mustang Holding LLC component unit to Finnex Operating, LLC, and the reclassification to current receivable for amounts expected to be collected from Finnex Operating, LLC within the next year.

Capital assets, net of depreciation, increased by $0.9 million during the year. The increase, net of depreciation, was primarily due to the capitalization of project expenses on the Ambler Access Project, ANWR, West Susitna Access Project, and a roof replacement for the AIDEA hangar at the Ted Stevens International Airport.

The following table details deferred outflows of resources (in thousands):

Deferred outflows of resources		FY2025		FY2024		Change
Related to pensions	$	390	$	1,453	$	(1,063)
Related to other post-employment benefits		82		327		(245)
Total deferred outflow of resources	$	472	$	1,780	$	(1,308)

Deferred outflows of resources decreased by approximately $1.3 million from the prior year.

Deferred outflows of resources related to employee pensions represents the Authority's allocated portion of deferred outflows of resources relating to participation in the PERS, based on the most recent plan valuation. Deferred outflows of resources include the impact of changes in certain actuarial assumptions and experience. The Authority's allocated portion of these amounts decreased approximately $1.1 million this year. Deferred outflows of resources related to employee OPEB represents the allocated portion of deferred outflows of resources relating to the Authority's participation in the OPEB plan. The balance decreased approximately $0.2 million this year.

The State's proportionate share of deferred outflows of resources related to employee OPEB increased this year, which increased the balance allocated to the Authority, as its portion is based on fiscal year contributions to the defined benefit plan under PERS in relation to the State's contributions.

The following table details current liabilities (in thousands):

Current liabilities		FY2025		FY2024		Change
Accounts payable	$	2,956	$	10,685	$	(7,729)
Other liabilities		785		3,640		(2,855)
Total current liabilities	$	3,741	$	14,325	$	(10,584)

Current liabilities decreased by $10.6 million from the prior year. Accounts payable decreased by $7.7 million. The decrease in accounts payable was primarily due to $7.0 million of the fiscal year 2024 dividend that had not been paid by year end and was paid in fiscal year 2025. Other liabilities decreased by $2.9 million. The decrease in other liabilities was primarily driven by the refund of $3.3 million in fiscal year 2025 to Teck Resources Limited from an overpayment to the Authority that occurred in fiscal year 2023.

The following table details noncurrent liabilities (in thousands):

Noncurrent liabilities	FY2025	FY2024	Change
Net pension liability	$ 3,245	$ 11,667	$ (8,422)
Due to State of Alaska	2,511	4,993	(2,482)
Other liabilities (restricted) for Snettisham	13,439	12,155	1,284
Total noncurrent liabilities	$ 19,195	$ 28,815	$ (9,620)

Noncurrent liabilities decreased by $9.6 million. The net pension liability represents the allocated portion of the liability for pension benefits provided through PERS. The Authority's portion of the liability decreased by $8.4 million. This decrease was primarily driven by AEA employees being separated from AIDEA.

The Authority had a liability of $2.5 million to the State of Alaska. The State of Alaska previously advanced the Authority $8.5 million for the West Susitna Access Project, and the amount is recorded as a liability until recognized as revenue.

Other liabilities in the amount of $13.4 million is for cash held in an account in the Authority's name related to the conduit debt for the Snettisham Hydroelectric Project. This is an increase of $1.3 million from the prior year.

The following table presents deferred inflows of resources (in thousands):

Deferred inflows of resources	FY2025	FY2024	Change
Related to leases	$ 163,759	$ 174,544	$ (10,785)
Related to OPEB	32	217	(185)
Total deferred inflows of resources	$ 163,791	$ 174,761	$ (10,970)

Deferred inflows of resources, which represents the receipt of resources that will be recognized as revenues in future periods, decreased to $163.8 million. This amount is primarily related to leasing of the Authority's capital assets to other parties. The decrease in deferred inflows of resources related to leases was the result of recognizing revenue from the Authority's leases.

The following table details the Authority's net position (in thousands) for current and prior years:

Net position	FY2025	FY2024	Change
Net investment in capital assets	$ 179,521	$ 180,158	$ (637)
Restricted by agreement with third parties	40,325	44,534	(4,209)
Unrestricted	1,340,721	1,266,297	74,424
Total net position	$ 1,560,567	$ 1,490,989	$ 69,578

Total net position increased by $69.6 million to $1,560.6 million. Of that amount, $219.8 million is invested in capital assets or restricted by agreements with third parties. The $1,340.7 million unrestricted net position is available for use in the Authority's operations. However, only $421.3 million, which consists of current assets such as cash and cash equivalents and investments, could be liquidated to finance projects, loans, or other investment opportunities without realizing material losses on noncurrent long term investments. Noncurrent investments could be liquidated if the Authority needed additional cash, but doing so would result in the Authority realizing gains or losses on the disposals, depending on market conditions at the time of liquidation.

Key factors influencing the increase in net position for the current year include:

- A net $3.3 million pension / OPEB adjustment including the extraordinary item for fiscal year 2025, effectively increasing net position.
- Loan interest, lease revenue, other income, and lease interest income was $62.7 million in fiscal year 2025 and $57.7 million in 2024, increasing net position.
- The net change in fair value of the Authority's investments and interest income, net of fees, was $40.1 million in fiscal year 2025 compared to $30.1 million in the prior year. Although some of this change is the result of investments which have matured or were sold, interest rates have fallen slightly from their previous highs, enabling the fair value of long term investment holdings to increase.
- The dividend to the State of Alaska was $11 million in fiscal year 2025 and $17.9 million in fiscal year 2024, reducing net position.

The table below summarizes the Authority's changes in revenues, expenses, and changes in position (in thousands) for the years ended June 30, 2025 and 2024:

	FY2025	FY2024	Change
Operating revenues	$ 51,706	$ 65,420	$ (13,714)
Operating expenses	(29,882)	(31,465)	1,583
Operating income	$ 21,824	$ 33,955	$ (12,131)
Nonoperating revenues	$ 54,916	$ 32,795	$ 22,121
Nonoperating expenses	(11,000)	(20,535)	9,535
Total nonoperating revenues (expenses)	$ 43,916	$ 12,260	$ 31,656
Capital contributions	$ 1,391	$ 6,621	$ (5,230)
Extraordinary item	$ 2,447	$ -	$ 2,447
Increase (decrease) in net position	$ 69,578	$ 52,836	$ 16,742

The following table details the Authority's operating revenues (in thousands) for current and prior years:

Operating revenues	FY2025	FY2024	Change
Interest from loans	$ 16,738	$ 17,693	$ (955)
Lease revenue	12,455	12,642	(187)
Lease interest income	-	12,086	(12,086)
Income from Alaska Energy Authority	851	7,707	(6,856)
Other income	21,662	15,292	6,370
Total operating revenues	$ 51,706	$ 65,420	$ (13,714)

At $51.7 million, operating revenues were $13.7 million lower than the prior year, due to lease interest income being reclassified to nonoperating revenue in 2025.

Other income increased $6.4 million, which was primarily related to an increase in revenues from Teck Resources Limited for the DeLong Mountain Transportation System.

Income from the Alaska Energy Authority (AEA) decreased by $6.9 million. Revenue from AEA is used to offset operating expenses that the Authority had already incurred to employ staff to conduct operations for AEA. During fiscal year 2025, in coordination with AIDEA, AEA began employing personnel who were previously employed by AIDEA, resulting in a reduction of revenue.

The following table details the Authority's operating expenses (in thousands):

Operating expenses	FY2025	FY2024	Change
General and administrative	$ 23,642	$ 31,465	$ (7,823)
Net pension related adjustments	(2,037)	2,169	(4,206)
Net OPEB related adjustments	1,229	(1,848)	3,077
Provision for loan losses (recovery)	(158)	(7,715)	7,557
Depreciation	7,206	7,394	(188)
Total operating expenses	$ 29,882	$ 31,465	$ (1,583)

At $29.9 million, operating expenses were $1.6 million lower than the prior year.

General and administrative expenses decreased $7.8 million and is primarily driven by AIDEA personnel transferring to AEA. In prior years, AIDEA employed all personnel that performed services for AEA. During fiscal year 2025, in coordination with AIDEA, AEA began employing personnel who were previously employed by AIDEA, resulting in a reduction of general and administrative expense.

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The following table details AIDEA's nonoperating revenues, expenses, capital contributions and extraordinary item (in thousands) for the current and prior years:

Nonoperating revenues (expenses)	FY2025	FY2024	Change
Investment income	$ 36,350	$ 31,838	$ 4,512
Net change in fair value of investments	5,057	(1,105)	6,162
Lease interest income	11,894	-	11,894
Investment fees	(720)	(635)	(85)
Appropriations and contributions from State of Alaska	2,335	957	1,378
Impairment loss	-	(891)	891
Dividend to the State of Alaska	(11,000)	(17,904)	6,904
Total nonoperating revenues (expenses)	$ 43,916	$ 12,260	$ 31,656
Capital contributions	$ 1,391	$ 6,621	$ (5,230)
Extraordinary item	$ 2,447	$ -	$ 2,447
Total Nonoperating, Capital, and Extraordinary item	$ 47,754	$ 18,881	$ 28,873

Nonoperating revenues and expenses at year end were $43.9 million, an increase of $31.7 million from the prior year.

Investment Income

Investment income was $36.4 million. Of this amount, $17.1 million was interest and realized gains on investments and the remaining $19.3 million was earned on cash or cash equivalents.

Lease interest income was $11.9 million in fiscal year 2025 and $12.1 million, reported as operating revenue in fiscal year 2024. The lease interest represents the lease payment amortization under GASB 87.

The Authority recorded a $5.1 million gain related to the net change in the fair value of investments during the year. This is a $6.2 million increase from the prior year, and reflects an increase in the overall value of investment securities held by the Authority.

In a prior year, the Authority received an advance from the State of Alaska for the West Susitna Access Project, and only recognizes this as revenue when qualifying expenses are incurred. Revenue from appropriations and contributions from the State of Alaska was $2.3 million. The Authority expects to recognize the remaining balance of the advance in the upcoming fiscal year.

There were no impairment losses in fiscal year 2025. In fiscal year 2024, the final divestiture of the Mustang Holding, LLC component resulted in an impairment loss of $0.9 million.

The expense for dividends to the State of Alaska reduced the total of operating revenues net of expenses by $11.0 million in fiscal year 2025 and $17.9 million in fiscal year 2024. The change in dividend expense is a result of a decrease in the Authority's statutory income, which provides the basis for the dividend calculation. Further, the Board authorized a smaller percentage of statutory income to be paid out as a dividend, compared to the prior year.

Capital contributions amounted to $1.4 million for the year and is $5.2 million less than the prior year. The capital contributions are based on the Authority incurring project expenses qualifying for reimbursement by Ambler Metals, LLC. Although permitting for the Ambler Road was congressionally mandated in the Alaska National Interest Lands Conservation Act in 1980, progress on the Ambler Mining District Industrial Access Project has been slower and more costly than expected due to delays in obtaining the permitting required to construct the road due to actions by the prior presidential administration.

The Authority had an extraordinary gain of $2.4 million in fiscal year 2025 related to the net allocation of net pension liability and OPEB asset to the Alaska Energy Authority (AEA). The Authority previously employed all personnel who performed services for AEA, and in fiscal year 2025, the majority of these employees were transitioned to direct employment by AEA. This transfer led to a reduction in the Authority's pension liability, generating the extraordinary gain.

Significant Capital Asset and Long-Term Financing Activity

There were $7.2 million in additions to capital work in progress during the year. Of that amount, $1.0 million was for a roof replacement project at the AIDEA hangar at Ted Stevens International Airport, $2.7 million was for the Ambler Mining District Industrial Access Project, $2.4 million was for the West Susitna Access Project, and $1.1 million for the ANWR Section 1002 project. When completed and ready to provide service, these additions are expected to be classified as either building, infrastructure assets, or other capital assets.

Commitments of Authority Resources

The Board has committed significant amounts of the Authority's resources to fund future development projects and loans, and the Authority currently has applications and inquiries amounting to hundreds of millions of dollars under varying stages of review.

The Authority is also legally required to pay for the dismantlement and removal of assets and restoration of land when certain existing assets are retired from service. The amounts of these future DR&R obligations are not currently known and therefore these liabilities have not yet been recorded in the financial statements.

The commitments of resources are discussed in greater detail in Note 12 of the notes to the financial statements under the heading of Loans and Loan Participation Purchase Commitments. The DR&R obligations are also discussed in Note 12, but under the heading for Environmental Contingencies.

Currently Known Facts, Decisions, or Conditions

Selected Operational and Financial Metrics

Management uses a variety of operational and financial goals and objectives to evaluate performance and financial condition. As discussed in more detail herein, certain of these metrics are critical to understanding the financial condition of the Authority. These financial comments are provided along with the related GAAP financial measures as we believe they provide useful information to the public and the Legislature and others as a supplement to our financial statements, which are prepared and presented in accordance with GAAP. The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

BlueCrest Alaska Operating, LLC Loan

The BlueCrest Alaska Operating, LLC oil and gas loan, issued in mid-2015 with a 7-year tenor, was first modified within eighteen months of execution. A series of fifteen modifications and forbearances followed over nine years. The only collateral held by the Authority was in the form of a 50-bed man camp. All other collateral, including the real property oil and gas leases, have been pledged to other financing parties. As of June 30, 2025 the remaining balance due on the loan, including interest, was $3.3 million. The loan was paid in full on September 30, 2025.

New Project Areas

Management has received applications from several entities related to the technology sector. Management views this area as a significant area to consider investing in and will process all requests using due diligence. The expansion of the technology sector is intrinsically linked to the development of data centers and cloud-based services, both of which are pivotal for the enhancement of modern infrastructure. Management is actively exploring opportunities to develop the necessary infrastructure to position Alaska as a premier international center for artificial intelligence and technology commerce. Strategic investments in data centers and cloud services will provide a solid foundation for technological innovation and attract new global enterprises to the state.

Moreover, Alaska's substantial electrical generation capacity presents a distinct competitive advantage. By capitalizing on this capacity through carbon-neutral methods, such as hydroelectric, wind, and solar power or carbon capture systems, Alaska can ensure sustainable and environmentally responsible technological growth. This strategy not only aligns with global sustainability initiatives but also reinforces our commitment to establishing Alaska as a forward-looking and eco-friendly technology hub that can coexist alongside a strong, responsible resource development economy.

Loan Participation Program Highlights

The overall usage of the loan participation program by the State's commercial lenders has decreased due to multiple factors, including higher interest rates, reduced borrowing power, fewer qualified borrowers, and general market uncertainty. However, these same higher interest rates—combined with rising costs for materials and labor—have made the Authority an essential partner in the success of several construction projects that might not otherwise be funded by traditional financial institutions. Although the number of applications has declined, the Authority has seen an increase in the total dollar amount requested. Over the course of the fiscal year, the Authority funded $56.0 million in new loans, supporting a range of developments including a hotel in downtown Anchorage and multiple new construction and real estate projects across Alaska. Looking ahead, the Authority has a likely pipeline of $40.0 million in loan participation commitments that could be funded in the next fiscal year.

The loan participation program continues to maintain a delinquency rate of less than 1%. As loans with lower interest rates mature, the Authority anticipates funding new loans at higher interest rates, which will increase the effective interest rate of the loan portfolio.

Requests for Information

This financial report is designed to provide a general overview of AIDEA's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the following:

Alaska Industrial Development and Export Authority
813 West Northern Lights Blvd.
Anchorage, Alaska 99503

Basic Financial Statements

Alaska Industrial Development and Export Authority

(A Component Unit of the State of Alaska)

Statement of Net Position
(in thousands)

June 30, 2025

Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents (unrestricted)	$	268,913
Unrestricted but reserved for loan and equity commitments (Note 10)		122,000
Investments		30,372
Due from Alaska Energy Authority and Interagency		463
Loans		26,170
Lease receivables		7,351
Accrued interest receivable - investments		2,679
Accrued interest receivable - loans		2,150
Other accounts receivable and other assets		2,190
Total current assets		462,288
Noncurrent Assets		
Cash and cash equivalents (restricted) - Snettisham		13,439
Cash and cash equivalents (restricted)		41,544
Investments		336,202
Net other post-employment benefits (OPEB) asset (restricted)		1,365
Loans, net of allowance for loan losses		536,079
Lease receivables		174,383
Capital assets		
Land and land improvements		3,165
Capital work in progress		65,245
Buildings, net of accumulated depreciation		46,736
Equipment, net of accumulated depreciation		6,055
Infrastructure, net of accumulated depreciation		58,923
Intangible asset, net of accumulated amortization		889
Other assets		509
Total noncurrent assets		1,284,534
Total assets		1,746,822
Deferred Outflows of Resources		
Related to employee pensions		390
Related to OPEB		82
Total deferred outflows of resources		472
Total Assets and Deferred Outflows of Resources	$	1,747,294

See Notes to Financial Statements

Alaska Industrial Development and Export Authority

(A Component Unit of the State of Alaska)

Statement of Net Position, continued

(in thousands)

June 30, 2025

Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	$	2,956
Other liabilities		785
Total current liabilities		3,741
Noncurrent Liabilities		
Net pension liability		3,245
Due to the State of Alaska		2,511
Other liabilities (restricted) - Snettisham		13,439
Total noncurrent liabilities		19,195
Total liabilities		22,936
Deferred Inflows of Resources		
Related to leases		163,759
Related to OPEB		32
Total deferred inflows of resources		163,791
Net Position		
Net investment in capital assets		179,521
Restricted by agreement with third parties and OPEB		40,325
Unrestricted		1,340,721
Total net position		1,560,567
Total Liabilities, Deferred Inflows of Resources, and Net Position	$	1,747,294

See Notes to Financial Statements

Alaska Industrial Development and Export Authority

(A Component Unit of the State of Alaska)

Statement of Revenues, Expenses, and Changes in Net Position
(in thousands)

Year Ended June 30, 2025

Operating Revenues		
Interest on loans	$	16,738
Lease revenue		12,455
Income from Alaska Energy Authority		851
Other income		21,662
Total operating revenues		51,706
Operating Expenses		
General and administrative		23,642
Net pension related adjustments		(2,037)
Net OPEB related adjustments		1,229
Provision for loan losses (recovery)		(158)
Depreciation		7,206
Total operating expenses		29,882
Operating Income		21,824
Nonoperating Revenues (Expenses)		
Investment income		36,350
Lease interest income		11,894
Increase in fair value of investments		5,057
Investment fees		(720)
Appropriations and contributions from the State of Alaska		2,335
Dividend to the State of Alaska		(11,000)
Total nonoperating revenues		43,916
Income before capital contributions		65,740
Capital contributions		1,391
Extraordinary item		
Effect of allocating pension and OPEB balances to the Alaska Energy Authority (Note 8)		2,447
Increase in Net Position		69,578
Net Position - Beginning of Year		1,490,989
Net Position - End of Year	$	1,560,567

See Notes to Financial Statements

Alaska Industrial Development and Export Authority

(A Component Unit of the State of Alaska)

Statement of Cash Flows
(in thousands)

Year Ended June 30, 2025

Operating Activities		
Interest received on loans	$	16,440
Principal received on loans		33,664
Income from lease revenue		1,670
Other operating receipts		24,876
Loans originated		(55,583)
Payments to suppliers		(17,165)
Payments to employees for services		(8,080)
Net Cash from Operating Activities		(4,178)
Noncapital Financing Activities		
Dividend paid to the State of Alaska		(17,952)
Capital and Related Financing Activities		
Principal payments received on leases		6,901
Capital contributions		1,391
Investment in development projects - capital assets		(6,569)
Interest received on leases		11,894
Net Cash from Capital and Related Financing Activities		13,617
Investing Activities		
Net proceeds from sales and maturities or investment securities		178,749
Purchases of investment securities		(190,316)
Interest collected on investments		34,087
Net Cash from Investing Activities		22,520
Net Change in Cash and Cash Equivalents		14,007
Cash and Cash Equivalents, Beginning of Year		431,889
Cash and Cash Equivalents, End of Year	$	445,896

See Notes to Financial Statements

Alaska Industrial Development and Export Authority

(A Component Unit of the State of Alaska)

Statement of Cash Flows, continued

(in thousands)

Year Ended June 30, 2025

Reconciliation to Statement of Net Position		
Cash and cash equivalents		
Unrestricted	$	268,913
Restricted cash and cash equivalents - noncurrent		41,544
Restricted cash and cash equivalents - Snettisham		13,439
Cash and Cash Equivalents, End of Year	$	445,896
Reconciliation of operating income to net cash from operating activities:		
Operating income	$	21,824
Adjustments to reconcile operating income to net cash from operating activities		
Principal collected on loans		33,664
Loans originated		(55,583)
Recovery for loan losses		(90)
Depreciation and amortization		7,206
Changes in assets and liabilities		
Other accounts receivable and other assets		2,065
Due from Alaska Energy Authority		2,327
Net OPEB asset		1,226
Deferred outflows related to pensions		307
Deferred outflows related to OPEB		(355)
Accounts payable and other liabilities		(5,271)
Other liabilities - restricted - Snettisham		1,284
Net pension liability		(2,355)
Deferred inflows related to leases		(10,785)
Deferred inflows related to OPEB		358
Net Cash from Operating Activities	$	(4,178)
Noncash Investing, Capital, and Financing Activities		
Capital assets purchased on account	$	1,492
Allocation of pension and OPEB balances to the Alaska Energy Authority (Note 9)		2,447

See Notes to Financial Statements

1. Organization and Operations

The Alaska Industrial Development and Export Authority (AIDEA or Authority) was created as a public corporation of the State of Alaska and a body corporate and politic constituting a political subdivision within the Department of Commerce, Community, and Economic Development, but with separate and independent legal existence (Alaska Statute (AS) 44.88.020).

The Authority exists to promote, develop, and advance the general prosperity and economic welfare of the people of Alaska; to relieve problems of unemployment; to create additional employment by providing various means of financing; and to facilitate the investment in industrial, manufacturing, export, and business enterprises within the State of Alaska.

Membership of the board of directors of the Authority consists of the Commissioner of Revenue; the Commissioner of Commerce, Community and Economic Development; and five public members who are appointed by the Governor to serve for two-year terms (AS 44.88.030).

Under AS 44.88.205, the legislature must approve the operating budget of the Authority, which is subject to the Executive Budget Act (AS 37.07). The board of directors approves the capital budget.

The business-type activities of the Authority are discretely presented within the Annual Comprehensive Financial Report (ACFR) of the State of Alaska. Because of this, intra-entity transactions and balances between the State of Alaska and the Authority are reported as if they were external transactions – that is, as revenues and expenses.

2. Summary of Significant Accounting Policies

Basis of Accounting

These financial statements are presented in accordance with generally accepted accounting principles (GAAP) and statements issued by the Government Accounting Standards Board (GASB).

The financial activities of the Authority are reported using the economic resources measurement focus and the accrual basis of accounting, whereby revenues are recorded when earned and expenses are recorded when goods or services are received, or the related liability is incurred.

Fair Value Measurement and Application

Financial securities are reported and measured at fair value if (a) held primarily for the purpose of income or profit and (b) the present service capacity is based solely on its ability to generate cash or be sold to generate cash.

Cash and Cash Equivalents

For purposes of the basic financial statements, cash and cash equivalents consist of cash and short-term, highly liquid investments that are readily convertible to known amounts of cash and are so close to their maturity that they present insignificant risk of change in value because of changes in interest rates. Cash equivalents include investments such as treasury bills, commercial paper, certificates of deposit, and money market funds with original maturities of three months or less, and positions in the Alaska Municipal League Investment Pool (Pool) or in the State's investment pools. Cash and cash equivalents reasonably expected to be realized in cash or sold or consumed within a year are classified as current in the Statement of Net Position.

Investments

Marketable securities are reported at fair value in the financial statements. Fair values are obtained from independent sources. Investments are segregated between current and noncurrent based on stated maturity and intended use. Investments maturing within a year are classified as current if the resources invested in them are available to be used in current operations, and are not restricted for acquisition or construction of noncurrent assets or for liquidation of long-term debt. This classification recognizes that a portion of the investment portfolio may be for current operations.

Loans and Related Interest Income

Loans consist of direct loans made by the Authority, loans made through banking institutions and purchased by the Authority, and loans made through the Small Business of Economic Development program and Rural Development Initiative Fund, the latter two are managed for the Authority by Alaska's Division of Investments. Loans made by the Authority are primarily secured by first or second deeds of trust on real estate located in Alaska. Loans made by the Alaska Division of Investments must be secured by collateral that is acceptable, which includes, but is not limited to, a mortgage or other security instrument in real property, equipment, or other tangible assets.

Loan collections are conducted as follows:

- Monitor loan delinquencies on a monthly basis and discuss results with the originator for loan participations or borrower for loans funded directly.
- Analyze loans for possible impairment if the loan is more than 90 days past due, have been restructured, or there is an issue of specific concern.
- Charge off loans when foreclosure or deed in lieu of foreclosure is completed, or there is a determination that no economic benefit will result from pursuing legal remedies.

An allowance for loan losses has been established to recognize potential losses in the Authority's loan portfolios. Subsequent charge offs are adjusted through the allowance.

The Authority considers lending activities to be part of principal ongoing operations and classifies them as operating in the statement of revenues, expenses, and changes in net position. Except for the Power Project Fund loan portfolio held by the Revolving Fund, loans are considered program loans (and therefore, cash flows from operating activities) for the purposes of cash flow presentation.

The current portion of loans is the amount that the Authority expects to collect within the next fiscal year.

Allowance for Loan Losses

The allowance for loan losses is an estimated valuation reserve that is adjusted by charges against operating income based on management's judgment as to the amount required to absorb probable losses in the loan portfolio. Factors used to determine the allowance required include historical loss experience, individual loan delinquencies, collateral values, economic conditions, debt coverage ratios, guarantor financial strength, and other factors. Management's opinion is that the allowance is currently adequate to absorb known losses and inherent risks in the portfolio.

Lease Receivables

Lease receivables are recorded at the present value of future lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received has been discounted based on the interest rate charged to the lessee.

Allowance for Lease Receivables

The allowance for lease receivables represents management's judgment as to the amount required to absorb probable unrealizable lease receivables. Factors used by management to determine the allowance required include individual lease delinquencies, property values, economic conditions, and other factors. Management's opinion is that no allowance for lease receivables is required at June 30, 2025.

Capital Asset Additions and Retirements

Additions of capital assets are at original cost. Costs consist of contractual services, materials, and other ancillary or direct costs necessary to place the asset into its intended location and condition for use. When capital assets are disposed of or otherwise retired, the cost of retirement, less salvage value is charged against the net book value of the asset. Any gain or loss is recognized as income or expense in the year of disposition or retirement. Maintenance and repairs are charged to expense as incurred. Improvements, betterments, or additions which extend the useful life of the asset, or significantly increase its capacity or productivity are capitalized. Capital assets are depreciated or amortized utilizing the straight-line method over their estimated useful lives.

The estimated economic lives and capitalization thresholds of the assets are as follows:

	Life in Years	Capitalization Threshold
Land and land improvements	Indefinite	All land acquisitions are capitalized
Intangibles	3-50	$ 500,000 or greater
Equipment	3-30	100,000 or greater
Buildings	50	1,000,000 or greater
Infrastructure	15-75	1,000,000 or greater

Intangible Assets

AIDEA recognizes intangible assets in accordance with GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets. Intangible assets are assets that are nonfinancial in nature, lack physical substance, are identifiable, and have a useful life extending beyond a single reporting period. Costs associated with the generation of internally generated intangible assets are capitalized when incurred after the following milestones have been met:

Determination of the specific objective of the project and the nature of the service capacity that is expected to be provided by the intangible asset upon the completion of the project.

Demonstration of the technical or technological feasibility for completing the project so that the intangible asset will provide its expected service capacity.

Demonstration of the current intention, ability, and presence of effort to complete or, in the case of a multi-year project, continue development of the intangible asset.

Impairment Losses

AIDEA recognizes impairment losses for long lived assets whenever there is a significant unexpected decline in service utility.

Environmental Issues

AIDEA's environmental issues policy is to record a liability when the likelihood of responsibility for pollution remediation activities such as site assessments and cleanups is probable, and the costs are reasonably estimable. At the end of fiscal year 2025, there were no environmental issues meeting both of these criteria and, accordingly, no provision has been made in the accompanying financial statements for any potential pollution remediation liability or asset retirement obligations.

Pension and Other Postemployment Benefits

For purposes of measuring the net pension liability and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. Benefits and refunds are recognized when due and payable and expenses are recorded when the corresponding liabilities are incurred, regardless of when contributions are received or payment is made. Investments are reported at fair value.

The Authority follows the special funding situation guidance in GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68). The Authority recognizes the employer portion of net pension liability, deferred outflows of resources and deferred inflows of resources related to PERS.

The Authority follows the guidance in GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75). The Authority recognizes the employer portion of net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to PERS.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position may sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. The Authority reports certain pension and other post-employment benefits (OPEB) related items as deferred outflows of resources. These items are amortized to expense over time.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority reports certain pension and OPEB related items as deferred inflows of resources. These items are amortized as an increase to revenue over time.

Net Position

In the Statement of Net Position, net position is displayed in three components:

- Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, mortgages, noted, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted Net Position – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted Net Position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

The spending policy is to evaluate, on a case-by-case basis, whether restricted or unrestricted net position should be spent. This evaluation is performed by management as part of the overall spending plan. When both restricted and unrestricted resources are available for use, it is generally the policy of the Authority to use externally restricted resources first, followed by unrestricted resources as needed.

Operating Revenue and Expense

AIDEA considers all revenues and expenses except the following to be part of its ongoing operations and classifies them as operating in the statement of revenues, expenses, and changes in net position:

- Capital contributions
- Transfers to the State of Alaska, including dividends
- Investment income and related expenditures
- Appropriations and contributions from the State of Alaska
- Interest income related to leases

Contributions, State Appropriations, Grants and State Advances

The Authority recognizes grant revenue, revenue related to contributions, and State appropriations when all applicable eligibility requirements, including time requirements, have been met. Advances from the State that are not expended must be repaid to the State and are therefore reflected as a liability in the financial statements.

Depreciation and Amortization

Depreciation of physical capital assets and amortization for intangible assets is charged to operations by use of the straight line method at an annual rate depending on the expected useful life of the asset.

Nonexchange Payments

Nonexchange payments to other governmental entities, including the dividend to the State, are recorded when the liability has been incurred and the amount is reasonably estimable.

Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and make disclosures of contingent assets and liabilities as of the date of the basic financial statements. Actual results could differ from these estimates.

3. Cash and Investment Securities

Cash and Cash Equivalents

Following is a summary of cash and cash equivalents at June 30, 2025 (in thousands):

June 30, 2025		
Current - unrestricted	$	390,913
Noncurrent - restricted		41,544
Noncurrent - restricted - Snettisham		13,439
Balance	$	445,896

Cash equivalents include $12.4 million invested in the Pool. The Pool was rated a principal stability rating of AAA by Standard & Poor's (S&P). Stand-alone financial statements can be obtained by writing to the Alaska Permanent Capital Management Co., 900 West Fifth Avenue, Suite 601, Anchorage, Alaska 99501 or visiting www.amlip.org.

AS 37.23 provides for regulatory oversight of the Pool. The Statute provides requirements regarding authorized investments and reporting. The Pool is incorporated in Alaska as a nonprofit corporation and reports to a board of directors. AS 37.23.050 requires retention of an investment manager. The manager is required to produce monthly disclosure statements for the Pool. An investment advisor monitors the performance of the investment manager to ensure compliance with investment policies. The Pool must maintain a dollar weighted average maturity of 90 days or less and only purchase instruments having remaining maturities of 397 days or less. The fair value of the investments in the Pool are reviewed monthly by an independent pricing service. The Pool meets the standards for reporting investments at amortized cost with regard to portfolio requirements including maturity, quality, diversification, liquidity and shadow price. There are no restrictions or limitations on withdrawals from the Pool. As of June 30, 2025, the fair value of the investments in the Pool approximates the amortized cost at which they are reported. The fair value of investments in the Pool is the same as the value of Pool units.

Cash equivalents include $2.7 million invested in the State of Alaska General Fund and Other Non-segregated Funds (GeFonsi) Pool. The Alaska State Department of Revenue, Treasury Division, has established various investment pools to manage funds for which the Commissioner of Revenue has fiduciary responsibility. The GeFonsi pool in which the Corporation participates is itself comprised of investment shares of the State's short-term fixed income, and Intermediate-term Fixed Income investment pools. Assets in these pools are reported at fair value with purchases and sales recorded on a trade-date basis. Securities are valued each business day using prices obtained from a pricing service. The complete financial activity of the State of Alaska's investment pools is shown in the ACFR available from the Department of Administration, Division of Finance.

The accrual basis of accounting is used for the investment income and GeFonsi investment income is distributed to pool participants monthly if prescribed by statute or if appropriated by state legislature. Income in the Short-term, short-term liquidity and intermediate-term fixed income pools is allocated to the pool participants daily on a pro-rata basis.

For additional information on interest rate risk, credit risk, foreign exchange, derivatives, fair value, and counterparty credit risk see the separately issued report on the Invested Assets of the Commissioner of Revenue at: http://treasury.dor.alaska.gov/Investments/Annual-Investment-Reports.aspx.

Snettisham project investments are subject to the investment guidelines provided in the Snettisham Power Revenue Bond Resolution. The guidelines dictate investments be made at the direction of AIDEA and specify allowable investment type and quality, but not duration, other than requiring moneys to be available when needed.

Investment Securities

General – Investment Policies and Portfolio Information

Investments are governed by statute and AIDEA's Resolution No. G24-16, Amended and Restated Resolution of the Alaska Industrial Development and Export Authority Relating to Investment Policies (Resolution), which specifies allowable investments. AIDEA has an internally managed portfolio and also uses two external investment managers for a portion of its portfolio.

The Board has approved, pursuant to the Resolution, the following asset allocation targets and ranges:

Asset Class	Strategic Target	Rebalancing Range	
		Min	Max
Public Equity	20%	15%	25%
Debt	80%	75%	85%
Total Fund	100%	-	-

Recognizing the inherent volatility of investing in markets, each permissible asset class has a minimum and maximum range established around its intended target weight. So long as each asset class is within its range, the portfolio is considered in compliance with the investment policy.

Under the Resolution, the following debt securities are eligible for investment by the external investment managers:

- Debt instruments issued or guaranteed by the U.S. government, its agencies and instrumentalities, and Government Sponsored Enterprises (GSEs);
- Dollar denominated debt instruments that have been issued by domestic and nondomestic entities;
- Non-U.S. dollar denominated investments provided the greater of $200 million or 60% of the externally managed investment portfolios in aggregate are invested in U.S. dollar denominated investments. Restrictions apply to limit the portfolio amount of certain types of non U.S. dollar denominated investments;
- Mortgage backed securities issued or guaranteed by federal agencies or GSEs;
- Asset backed securities, including collateralized mortgage backed securities and collateralized mortgage obligations (CMOs). CMOs are limited to the more stable classes; prohibited CMO classes include those where principal and interest components are separated or where leverage is employed;

- Certificates of deposit and term deposits of United States domestic financial institutions provided the institutions meet guidelines set forth in the Resolution; and
- Other money market instruments described in the Resolution.

Authorized equity investments include:

- Public market (i.e., listed, or exchange-traded) equity securities.

Under the Resolution, the following securities are eligible for investment in the internally managed portfolio:

- Debt instruments issued or guaranteed by the U.S. government, its agencies and instrumentalities, and GSEs;
- Money market funds and repurchase agreements collateralized by U.S. Treasury and agency securities;
- Units in the investment pool or any series of investment pool of the Alaska Municipal League Investment Pool, Inc., or any successor to that entity, or any other investment pool for public entities of the State of Alaska that is established under the Alaska Investment Pool Act (AS 37.23.010 – 37.23.900);
- and other investments specifically approved by the board.

Following is a summary of investments at June 30, 2025 (in thousands):

June 30, 2025	
Current - unrestricted	$ 30,372
Noncurrent - unrestricted	336,202
Total investments	$ 336,574

Fair Value Measurement

The Authority categorizes fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Following is a summary of the portfolio, organized by major investment type and the recurring fair value measurement at June 30, 2025 (in thousands):

June 30, 2025	Level 2
Municipal Bonds	$ 317
U.S. Agency Bonds	15,027
Corporate Securities	102,317
Asset-Backed Securities	14,198
U.S. Treasury Bonds	94,511
Commercial Mortgage-Backed Securities	802
Mortgage-Backed Securities	139,402
Total Investments at Fair Value	$ 366,574

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will negatively affect the fair value of an investment. The Resolution addresses interest rate risk. Duration is an indicator of a portfolio's market sensitivity to changes in interest rates. In general, major factors affecting duration are (in order of importance):

1. Maturity
2. Prepayment frequency
3. Level of market interest rates
4. Size of coupon
5. Coupon payments

Rising interest rates generally translate into the fair market value of fixed income investments declining, while falling interest rates are generally associated with increasing market values. Effective duration attempts to account for the price sensitivity of a bond to changes in prevailing interest rates, including the effect of embedded options. For example, for a bond portfolio with a duration of 5.0, a one-percentage-point parallel decline in interest rates would result in an approximate price increase on that bond portfolio of 5.0%.

The duration of each externally managed fixed income portfolio must be within plus or minus 25% of the duration of the Barclays Capital Aggregate Bond Index for domestic fixed income portfolios and between 0.5 (½ year) and 125% of the contractual non U.S. dollar denominated benchmark for the portfolios (or sub portfolio component) available for investment in non U.S. dollar denominated instruments (at June 30, 2025, there were no portfolios investing in non U.S. dollar denominated instruments). AIDEA believes it meets the investment policy's requirements for maturity and duration of the externally managed fixed income portfolios.

For the internally managed portfolio, the duration for longer-term investments is two years or less. The maximum maturity of any issue is three years from the date of purchase. The Authority meets the investment policy's requirements for maturity and duration of the internally managed fixed income portfolio.

Below are presented the weighted average effective duration in years for cash equivalents and investments at June 30, 2025. The duration values in the table take into account any put or call options embedded in the security, any expected sinking fund pay downs, or expected principal prepayments:

	Externally Managed Portfolio
Money Market	0.06
Mortgage-Backed Securities	5.76
Corporate Securities	7.87
Asset-Backed Securities	1.78
U.S. Agency Bonds	3.36
U.S. Treasury Bonds	5.28
Municipal Bonds	13.36

Credit Risk

Credit risk is the financial risk that an issuer or other counterparty to an investment will not fulfill its obligations and a loss will result. The Resolution sets guidelines for investment quality.

Investments must carry a rating of BBB or above at the time of purchase, or, if unrated, be deemed by the external manager to be of investment grade quality. In the event the rating of a security is downgraded below investment grade, it will no longer be eligible for purchase and the investment manager will report the downgrade with a plan for monitoring the security and its disposition within six months. If the investment manager believes the security is undervalued, the investment manager may request an additional six months to liquidate the security.

The weighted average quality rating of each externally managed portfolio shall be AA or better. For purposes of determining compliance with quality guidelines, a rating will be the middle rating if ratings are provided by Moody's, S&P, and Fitch; the lower rating if only two ratings exist, and the rating provided if only one rating exists. If a security is unrated, the investment manager shall assign an internal rating for compliance purposes. The total of unrated investments may not exceed 5% of the investment manager's portfolio value and the unrated investments of a single issuer may not exceed 2% of the investment manager's portfolio value. Mortgage-backed securities guaranteed by Federal agencies or GSE are permitted, as are asset-backed securities, including collateralized mortgage-backed securities and collateralized mortgage obligations. AIDEA believes it is in compliance with the requirement of the investment policy regarding the credit quality of the portfolio.

The quality ratings of the cash equivalents and investment portfolio at June 30, 2025, are stated in the table below as a percentage of the total portfolio. U.S. Treasury securities and securities of agencies and corporations explicitly guaranteed by the U.S. government are not considered to have credit risk and are reported as such in the table. On September 6, 2008, the Federal National Mortgage Association and Federal Home Loan Mortgage Corporation were placed into conservatorship by the Federal Housing Finance Agency. Prior to this, both corporations were considered GSEs with an implicit backing of the U.S. government. Ratings used are S&P's rating scale unless not rated by S&P or rated lower by Moody's, in which case Moody's is used. Rate modifiers are not disclosed.

Investment Type	Rating Agency	Rating	Percentage of Total
Money Market	S&P	AAA	54%
U.S. Agency Bonds	S&P	AA	2%
Mortgage-Backed Securities	S&P	AA	17%
Commercial Mortgage-Backed Securities	S&P	AA	1%
Corporate Securities	S&P	A	3%
Corporate Securities	S&P	BBB	9%
Asset-Backed Securities	S&P	AAA	2%
Municipal Bonds	S&P	AA	1%
U.S. Treasury Bonds	Moody's	AA	11%
			100%

Custodial Credit Risk

Custodial credit risk of investments is the risk that, in the event of the failure of a custodian, the value of investments or collateral securities may not be recovered. Amounts totaling approximately $12.4 million at June 30, 2025, are held in the Pool or other money market funds. Funds held in the Pool are registered in the name of the trust department of a commercial bank and are held by a third-party custodian. Money market funds are held by the trust department of a custodial bank and are registered in the bank's name. The investments in the Pool are owned by the Pool. All other investment securities are registered in the name of the Authority and are held by a custodian, the trust department of a commercial bank; therefore, no custodial credit risk exists for these securities.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the Authority's investment in a single issuer. Exposure is managed through the Resolution and bond resolutions. The Resolution limits how much is invested with any one issuer, other than securities issued or guaranteed by the U.S. government, its agencies or GSEs, or collateralized by securities issued or guaranteed by the U.S. government, its agencies or GSEs to 5% of the market value of the portfolio at the time of purchase.

On June 30, 2025, the Authority had no more than 5% of the combined portfolios invested in any one issuer exposed to credit risk except for:

	Amount (in thousands)	Percentage of Investments
Mortgage-Backed Fannie Mae Securities	$ 88,710	24%
Mortgage-Backed Freddie Mac Securities	27,195	7%

Restricted Cash, Cash Equivalents, and Investment Securities

Certain investment securities, money market funds, and cash are restricted by the terms of bond resolutions or other agreements. A summary of restricted amounts at June 30, 2025, is as follows (in thousands):

	Allowable Usage	
DMTS Sustaining Capital Fund	Project costs	$ 15,000
DMTS Reserve Acct	Project costs	23,129
West Susitna Access Road Project	Project costs	3,242
Ketchikan Shipyard Repair and Replacement Fund	Project costs	123
Snettisham Hydroelectric Project Funds	Project costs	13,439
		$ 54,983

4. Loans

Loans outstanding at June 30, 2025, are classified as follows (in thousands):

	Number	Current	Noncurrent	Balance
Loan participation	231	$ 18,990	$ 351,721	$ 370,711
Loans purchased from AEA	9	240	1,648	1,888
Working capital loan to AEA	1	-	3,500	3,500
Direct Loans	7	6,431	172,022	178,453
Small Business Economic Development loans	45	342	12,719	13,061
Rural development initiative loans	25	167	2,443	2,610
Less allowance for loan losses		-	(7,974)	(7,974)
Total loans		$ 26,170	$ 536,079	$ 562,249

Loan participation loans
The Authority participates in loans with commercial banks or other financial institutions which are secured by real or tangible personal property. Nearly all of these loans relate to real property.

Purchased loans
On September 30, 2010, pursuant to legislation and an agreement with the Alaska Energy Authority (AEA), the Authority purchased 37 loans from AEA. Under the agreement, AEA must repurchase any loan upon default. As of June 30, 2025, 28 loans have been repaid and 9 have balances remaining, which are expected to be paid in full by fiscal year 2037.

Working capital loan to AEA
On July 31, 2024 Alaska Governor Mike Dunleavy signed HB 307 into law. Prior to the passage of the law, the Alaska Energy Authority (AEA) did not possess the legal authority to employ personnel and personnel services were performed by AIDEA on behalf of the AEA. AIDEA provided AEA with a working capital loan as AEA establishes its independent administrative and operational infrastructure as a standalone public corporation.

Loans purchases from AEA
On September 30, 2010, pursuant to legislation and an agreement with the Alaska Energy Authority (AEA), the Authority purchased 37 loans from AEA. Under the agreement, AEA must repurchase any loan upon default. As of June 30, 2025, 28 loans have been repaid and 9 have balances remaining, which are expected to be paid in full by fiscal year 2037.

Direct loans
The Authority currently has 7 outstanding direct loans.

In July 2015, AIDEA provided financing to Bluecrest Alaska Operating LLC for the procurement of a new extended reach onshore drilling rig used and camp facilities in the Cook Inlet. This loan was restructured in fiscal year 2024 and was paid in full on September 30, 2025.

AIDEA entered into a loan agreement with Blood Bank of Alaska to assist with construction and furnishing of a 57,000 square foot laboratory and collection facility. The Blood Bank of Alaska, Inc. loan was advanced in 2017 and matures August 1, 2052.

The Duck Point Development II, LLC loan was advanced in 2020 for the development of a floating cruise ship dock, welcome center and upland improvements at Ice Straight Point near Hoonah, Alaska. The loan matures August 1, 2039.

The North Pole House of Alaska loan was advanced in 1997 and matures March 1, 2027.

In December 2020, AEA borrowed $17 million from AIDEA to acquire a 39.3 mile 115 kV electricity transmission line system between the Sterling Substation and Quartz Creek Substation (‘SSQ Line”) from Homer Electric Association to incorporate as part of the Bradley Lake Hydroelectric Project. This loan has a 3.5% interest rate, requires semi-annual interest payments, annual principal payments and will mature in July 2040.

The Interior Energy Project (IEP) loan is a financing package of one direct loan generated by the Authority to assist with natural gas availability in interior Alaska. The per annum stated interest rate for the loans are zero percent (0%) during the deferral period, unless the default rate of interest of three percent (3%) has been imposed, as provided in the Financing Agreement. Upon expiration of the deferral period and continuing until the maturity date, the annual interest rate on the principal amount shall be one quarter of one percent (0.25%). The deferral period is fifteen (15) years after the closing date of June 13, 2018. The loan maturity date is fifty (50) years after the closing date.

The Authority has extended a 5-year, $50 million revolving line of credit to Hex Cook Inlet, LLC to finance the multi-year development of natural gas production in the Cook Inlet for instate Alaskan utilization. Each drawdown is treated as a separate loan and will be amortized over a 5-year period from the date of the drawdown.

Small Business Economic Development and Rural Development Initiative loans

The Authority has contractual agreements with the Division of Investments within the State of Alaska Department of Commerce, Community, and Economic Development (DCCED) for the operation and management of the Small Business Economic Development and Rural Development Initiative loans. These loans are required to be secured by collateral such as mortgages, other real property securities, equipment or other tangible assets.

Following is an analysis of changes in the allowance for loan losses for fiscal year 2025 (in thousands):

Balance, beginning of year	$	8,179
Write offs		(47)
Provision for loan recovery		(158)
Balance, end of year	$	7,974

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5. Lease Receivables

Below is a schedule of the changes in the lease receivable for the fiscal year ended June 30, 2025 (in thousands):

	Beginning Balance	Addition	Deletions	Ending Balance	Due Within One Year
DeLong Mountain Transportation System	$ 176,683	$ -	$ (6,602)	$ 170,081	$ 7,032
Alaska Department of Military and Veteran's Affairs	11,952	-	(299)	11,653	319
Total lease receivable	$ 188,635	$ -	$ (6,901)	$ 181,734	$ 7,351
Less current portion				(7,351)	
Long-term lease receivable, net				$ 174,383	

Following are the future minimum lease receivable payments for fiscal year 2025 through fiscal year 2044 (dollars in thousands):

Minimum Lease Payments

Fiscal Years Ending June 30,	Principal	Interest
2026	$ 7,351	$ 11,443
2027	7,831	10,963
2028	8,343	10,451
2029	8,888	9,906
2030	9,469	9,325
2031-2035	57,477	36,494
2036-2040	78,891	15,081
2041-2044	3,484	454
	$ 181,734	$ 104,117

The Authority accrued a lease receivable for use of the DeLong Mountain Transportation System. The remaining receivable for this lease is $163 million as of June 30, 2025. Deferred inflows of resources related to this lease were $153.3 million as of June 30, 2025 and interest revenue recognized was $11.1 million for the year ended June 30, 2025. Principal receipts of $6.6 million were recognized for the year ended June 30, 2025. Final receipts are expected in fiscal year 2040.

AIDEA has accrued a lease receivable for the Department of Military and Veteran's Affairs development project. The remaining receivable for this lease is $11.7 million as of June 30, 2025. Deferred inflows of resources related to this lease were $10.5 million as of June 30, 2025. Interest revenue recognized on this lease was $0.8 million for the year ended June 30, 2025. Principal receipts of $0.3 million were recognized for the year ended June 30, 2025. Final receipts are expected in fiscal year 2044.

The interest rate on the leases ranged from 6.05% - 7.00%.

6. Capital Assets

A summary of capital assets at June 30, 2025 is as follows (in thousands):

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land and land improvements	$ 3,165	$ -	$ -	$ 3,165
Capital work in progress	58,085	7,160	-	65,245
Total capital assets, not being depreciated/amortized:	61,250	7,160	-	68,410
Capital assets, being depreciated:				
Buildings	80,316	-	-	80,316
Equipment	13,376	-	-	13,376
Intangibles	-	901	-	901
Infrastructure	83,334	-	-	83,334
Total capital assets, being depreciated	177,026	901	-	177,927
Less accumulated depreciation:			-	
Buildings	(30,856)	(2,724)	-	(33,580)
Equipment	(6,865)	(456)	-	(7,321)
Intangibles	-	(12)	-	(12)
Infrastructure	(20,397)	(4,014)	-	(24,411)
Total accumulated depreciation	(58,118)	(7,206)	-	(65,324)
Total capital assets, being depreciated	118,908	(6,305)	-	112,603
Capital Assets, net	$ 180,158	$ 855	$ -	$ 181,013

Depreciation expense totaled $7.2 million for the fiscal year ended June 30, 2025, and is presented within operating expenses in the statement of revenues, expenses, and changes in net position.

Additions to capital work in progress include $1 million related to the roof replacement for the Federal Express Aircraft Maintenance, Repair, and Operations Facility, and $2.7 million related to the Ambler Mining District Industrial Access Project (AMDIAP). The remaining capital work in progress costs include $1.1 million related to AIDEA's capital projects in ANWR, as well as $2.3 million related to the West Susitna Road.

7. Conduit Debt

AS 44.88.080 authorizes the Authority to borrow money and issue taxable and tax-exempt bonds for the purpose of acquiring ownership interests in projects and to provide development project financing. These bonds may be issued in an amount not to exceed $400 million in a 12-month period and the maturities are limited to no more than 40 years from the date of issuance.

There are no outstanding bond issuances for which the Authority is financially responsible. However, the Authority has acted as a conduit and utilized the services of trustees to issue bonds for the benefit of third-parties. The third-parties, which receive the benefit from the proceeds of these issuances, are legally responsible for the payment of principal and interest. In 2007, the Authority issued Community Provider Revenue Bonds to finance the acquisition of a residential adolescent treatment center in Fairbanks for Boys and Girls Home and Family Services, Inc., a 501(c)(3) corporation that is a subsidiary of Boys and Girls Home and Family Services in Sioux City, Iowa. The bonds were in default in 2010 due to failure to make principal and interest payments, and the bonds were cancelled and forever discharged on May 16, 2025. The default and discharge of the bonds had no financial impact on the Authority as the Authority did not guarantee the bonds and bore no liability for repayment.

As of the end of June 30, 2025, there was approximately $299.0 million in conduit debt obligations issued by the Authority outstanding.

The Authority has not made any moral obligation or appropriation pledges; financial guarantees; pledges of its own property, revenue or assets; or any other type of voluntary or additional commitment for payment of principal or interest of these bonds. The only commitment AIDEA has made is the limited commitment to maintain the tax-exempt status of tax-exempt bond issuances.

8. Pension and Other Postemployment Benefits Plans

(a) Defined Benefit (DB) Pension Plan

General Information About the Plan

The Authority participates in the State of Alaska Public Employees' Retirement System (PERS). PERS is a cost-sharing multiple-employer plan which covers eligible State and local government employees, other than teachers. The Plan was established and is administered by the State of Alaska Department of Administration. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

The Plan is included in an annual comprehensive financial report that includes financial statements and other required supplemental information. That report is available via the internet at https://drb.alaska.gov/docs/reports/#pers. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website.

The Plan provides for retirement, death and disability, and postemployment healthcare benefits. There are three tiers of employees, based on entry date. For all tiers within the Defined Benefit (DB) plan, full retirement benefits are generally calculated using a formula comprised of a multiplier times the average monthly salary (AMS) times the number of years of service. The multiplier is increased at longevity milestone markers for most employees. The tiers within the Plan establish differing criteria regarding normal retirement age, early retirement age, and the criteria for calculation of AMS, COLA adjustments, and other postemployment benefits (OPEB). A complete benefit comparison chart is available at the website noted above.

The PERS DB Plan was closed to new entrants effective July 1, 2006. New employees hired after that date participate in the PERS Defined Contribution (DC) Plan described later in these notes.

Historical Context and Special Funding Situation

In April 2008, the Alaska Legislature passed legislation converting the previously existing PERS plan from a DB agent-multiple-employer plan to a DB cost-sharing plan with an effective date of July 1, 2008. In connection with this conversion, the State of Alaska passed additional legislation which statutorily capped the employer contribution rate, established a state funded “on-behalf” contribution (subject to funding availability), and required that employer contributions be calculated against all PERS eligible wages, including wages paid to participants of the PERS Tier IV defined contribution plan described later in these notes. The Alaska Legislature has the power and authority to change the aforementioned statute through the legislative process.

Alaska Statute 39.35.280 requires the State of Alaska to contribute to the Plan an amount such that, when combined with the employer contribution, is sufficient to pay the Plan’s past service liability contribution rate as adopted by the Alaska Retirement Management Board (ARM Board). As such, the Plan is considered to be in a special funding situation as defined by GASB, and management has recorded all pension related liabilities, deferred inflows/outflows of resources, and disclosures on this basis.

Employee Contribution Rates

Regular employees are required to contribute 6.75% of their annual covered salary.

Employer and Other Contribution Rates

There are several contribution rates associated with the pension contributions and related liabilities. These amounts are calculated on an annual basis.

Employer Effective Rate: This is the contractual employer pay-in rate. Under current legislation, the amount calculated for the statutory employer effective contribution rate is 22% on eligible wages. This 22% rate is calculated on all PERS participating wages, including those wages attributable to employees in the DC plan. Contributions derived from the DC employee payroll is referred to as the Defined Benefit Unfunded Liability or DBUL contribution.

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25-year term which ends in 2039. This change results in a lower ARM Board Rates than previously adopted.

State Contribution Rate: This is the rate paid in by the State as an on-behalf payment under the current statute. The statute requires the State to contribute, based on funding availability, an on-behalf amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. In the governmental fund financial statements, on-behalf contribution amounts have been recognized as additional revenues and expenditures. In the proprietary funds and government-wide financial statements, the on-behalf amounts reflect revenue and expense only during the measurement period in which the Plan recognizes the payments, resulting in a significant timing difference between the cash transfers and revenue and expense recognition.

Contribution rates for the year ended June 30, 2025 were determined in the June 30, 2023 actuarial valuations. The Authority's contribution rates for the 2025 fiscal year were as follows:

	ARM Board Adopted Rate	State Contribution Rate
Defined benefit plans - Pension	20.03%	4.76%
Defined contribution - Pension	6.73%	-%
Total Contribution Rates	26.76%	4.76%

Alaska Statue 39.35.255(a) capped the employer rate at 22% with the State of Alaska making a nonemployer contribution for the difference between actuarially required contribution and the cap. For the fiscal year the employer rate is 22.00% for pension and 0.00% for ARHCT. The contribution requirements for the Authority are established and may be amended by the ARMB. Additionally, there is a Defined Benefit Unfunded Liability (DBUL) amount levied against the DC Plan payroll. The DBUL amount is computed as the difference between (a) amount calculated for the statutory employer contribution rate of 22.00% on eligible salary less (b) total of the employer contribution for (1) defined contribution employer matching amount, (2) major medical, (3) occupational death and disability, and (4) health reimbursement arrangement. The difference is deposited based on an actuarial allocation into the defined benefit plan's pension and healthcare funds.

In 2025, the Authority was credited with the following contributions to the pension plan (in thousands):

	Measurement Period July 1, 2023 to June 30, 2024	Authority Fiscal Year July 1, 2024 to June 30, 2025
Employer contributions (including DBUL)	$ 1,149	$ 359
Nonemployer contributions (on-behalf)	263	118
Total Contributions	$ 1,412	$ 477

In addition, employee contributions to the Plan totaled $33 thousand during the Authority's fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the Authority reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the Authority.

The amount recognized by the Authority for its proportional share, the related State proportion, and the total portion of the net pension liability that was associated with the Authority were as follows (in thousands):

Authority proportionate share of NPL	$	3,245
State's proportionate share of NPL associated with the Authority		-
Total Net Pension Liability	$	3,245

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 and adjusted to reflect updated assumptions to calculate the net pension liability as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, including the State, actuarially determined. At the June 30, 2024 measurement date, the Authority's proportion was 0.05917 percent, which was an decrease of 0.16584 from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Authority recognized pension expense of $553 and on-behalf revenue of $0 for support provided by the State. At June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

		Deferred Outflows of Resources		Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$	31	$	-
Authority contributions subsequent to the measurement date		359		-
Total Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions	$	390	$	-

The $359 thousand reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Year Ending June 30,		
2026	$	(87)
2027		162
2028		(24)
2029		(20)
Total Amortization	$	31

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2023, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024:

Actuarial cost method	Entry Age Normal
Amortization method	Unfunded Accrued Actuarial Liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	Increases range from 6.75% to 2.85% based on service.
Allocation methodology	Amounts for the June 30, 2024 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions for the Plan for the fiscal years 2025 to 2039. The liability is expected to go to zero at 2039.
Investment rate of return	7.25%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Mortality	Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time. Post-commencement mortality rates for healthy retirees were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

The total pension liability was determined by an actuarial valuation as of June 30, 2023, rolled forward to the measurement date of June 30, 2024. The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021, resulting in changes in actuarial assumptions effective for the June 30, 2022 actuarial valuation, which were adopted by the Board to better reflect expected future experience.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return, excluding the inflation component of 2.39%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Range	Long-Term Expected Real Rate of Return
Domestic equity	26%	+/- 6%	5.48%
Global equity (non-U.S.)	17%	+/- 4%	7.14%
Global equity	-%	-%	5.79%
Aggregate bonds	21%	+/- 10%	2.10%
Multi-asset	8%	+/- 4%	-%
Real assets	14%	+/- 7%	4.63%
Private equity	14%	+/- 7%	8.84%
Cash equivalents	-%	-%	0.77%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate (dollars in thousands):

	Proportional Share	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Authority's proportionate share of the net pension liability	0.05917%	$ 4,323	$ 3,245	$ 2,333

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

(b) Defined Contribution (DC) Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV, a DC plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the DB plan noted above. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the Plan are individual pension accounts, a retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan. This Plan is included in the annual comprehensive financial report for PERS, and at the following website, as noted above. https://drb.alaska.gov/docs/reports/#pers.

Contributions to the DC plan consist solely of employer and employee contributions with no special funding or other nonemployer contributions. In addition, actual remittances to the PERS system require that the Authority contribute at 22%. After deducting the DC plan contributions (and related OPEB contributions), the remaining remittance (the DBUL) is deposited into the DB plan as noted earlier.

Benefit Terms

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service. Nonvested employer contributions are forfeited upon termination of employment from the Plan. Such forfeitures were applied in the year ended June 30, 2025 to cover a portion of the Authority's employer match contributions. For the year ended June 30, 2025, forfeitures reduced pension expense by $0.

Employee Contribution Rate

Employees are required to contribute 8% of their annual covered salary. This amount goes directly to the individual's account.

Employer Contribution Rate

For the year ended June 30, 2025, the Authority was required to contribute 5% of covered salary into the Plan.

The Authority and employee contributions to PERS for pensions for the year ended June 30, 2025 were $99 thousand and $159 thousand respectively. The Authority contribution amount was recognized as pension expense.

(c) Defined Benefit OPEB Plans

As part of its participation in PERS, the Authority participates in the following cost-sharing multiple-employer defined benefit OPEB plans: Alaska Retiree Healthcare Trust (ARHCT), Retiree Medical Plan (RMP) and Occupational Death and Disability Plan (ODD).

The ARHCT, a healthcare trust fund, provides major medical coverage to retirees of the DB plan. The ARHCT is self-funded and self-insured. The ARHCT was closed to all new members effective July 1, 2006. Benefits vary by Tier level. The RMP provides major medical coverage to retirees of the PERS DC Plan (Tier IV). The RMP is self-insured. Members are not eligible to use the Plan until they have at least 10 years of service and are Medicare age eligible. The ODD provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within PERS. The Plans are administered by the State of Alaska, Department of Administration. The OPEB plans are included in the annual comprehensive financial report for PERS, at the following website, https://drb.alaska.gov/docs/reports/#pers.

Employer Contribution Rates

Employer contribution rates are actuarily determined and adopted by and may be amended by the Board. Employees do not contribute.

Employer contribution rates for the year ended June 30, 2025 were as follows:

	Rates
Retiree Medical Plan	0.83%
Occupational Death and Disability	0.24%
Total Contribution Rates	1.07%

In 2025, the Authority was credited with the following contributions to the OPEB plans (in thousands):

	Measurement Period July 1, 2023 to June 30, 2024	Authority Fiscal Year July 1, 2024 to June 30, 2025
Employer contributions – ARHCT	$ 116	$ 15
Employer contributions - RMP	72	6
Employer contributions - ODD	43	4
Total Contributions	$ 231	$ 24

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OPEB Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plans

At June 30, 2025, the Authority reported an asset for its proportionate share of the net OPEB asset (NOA) that reflected a reduction for State OPEB support provided to the Authority. The amount recognized by the Authority for its proportional share, the related State proportion, and the total were as follows (in thousands):

Authority's proportionate share of NOA – ARHCT	$	1,303
Authority's proportionate share of NOA - RMP		27
Authority's proportionate share of NOA – ODD		35
Total Authority's Proportionate Share of Net OPEB Asset	$	1,365
State's proportionate share of the ARHCT NOA associated with the Authority		-
Total Net OPEB Asset	$	1,365

The total OPEB liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 and adjusted to reflect updated assumptions to calculate the net OPEB assets as of that date. The Authority's proportion of the net OPEB assets was based on a projection of the Authority's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

	June 30, 2023 Measurement Date Employer Proportion	June 30, 2024 Measurement Date Employer Proportion	Change
Authority's proportionate share of the net OPEB assets:			
ARHCT	0.22506%	0.05918%	(0.16588)%
RMP	0.21944%	0.05749%	(0.16195)%
ODD	0.22392%	0.05881%	(0.16511)%

For the year ended June 30, 2025, the Authority recognized OPEB expense of $44,428. Of this amount, $0 was recorded for on-behalf revenue and expense for support provided by the ARHCT plan. OPEB expense (benefit) and on-behalf revenue is listed by plan in the table below (in thousands):

Plan		OPEB Expense (Benefit)		On-behalf Revenue
ARHCT	$	42	$	-
RMP		3		-
ODD		(1)		-
Total	$	44	$	-

At June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources (in thousands):

Deferred Outflows of Resources	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	$ -	$ -	$ -	$ -
Changes in assumptions	35	9	-	44
Net difference between projected and actual investment earnings	13	-	-	13
Changes in proportion and differences between Authority contributions and proportionate share of contributions	-	-	-	-
Authority contributions subsequent to the measurement date	15	6	4	25
Total Deferred Outflows of Resources Related to OPEB Plans	$ 63	$ 15	$ 4	$ 82

Deferred Inflows of Resources	ARHCT	RMP	ODD	Total
Difference between expected and actual experience	$ -	$ (3)	$ (8)	$ (11)
Changes in assumptions	-	(18)		(18)
Changes in proportion and differences between Authority contributions and proportionate share of contributions	(3)	-	-	(3)
Total Deferred Inflows of Resources Related to OPEB Plans	$ (3)	$ (21)	$ (8)	$ (32)

Amounts reported as deferred outflows of resources related to OPEB plans resulting from Authority contributions subsequent to the measurement date will be recognized as an increase in the net OPEB assets in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

Year Ending June 30,	ARHCT	RMP	ODD	Total
2026	$ (40)	$ (4)	$ (2)	$ (46)
2027	131	1	(1)	131
2028	(21)	(4)	(2)	(27)
2029	(24)	(3)	(1)	(28)
2030	(1)	-	(1)	(2)
Thereafter	-	(2)	(1)	(3)
Total Amortization	$ 45	$ (12)	$ (8)	$ 25

Actuarial Assumptions

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2024:

Actuarial cost method	Entry Age Normal
Amortization method	Unfunded Accrued Actuarial Liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	Increases range from 6.75% to 2.85% based on service.
Allocation methodology	Amounts for the June 30, 2024 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions to the Plan for fiscal years 2025 to 2039.
Investment rate of return	7.25%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Healthcare cost trend rates (ARHCT and RMP Plans)	Pre-65 medical: 6.4% grading down to 4.5% Post-65 medical: 5.4% grading down to 4.5% Rx/EGWP: 6.9% grading down to 4.5% Initial trend rates are from FY 2025 Ultimate trend rates reached in FY 2050
Mortality (ARHCT and RMP Plans)	Pre-commencement mortality rates were based on the Pub-2010 General Employee table, headcount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time. Post-commencement mortality rates for healthy retirees were based on 101% of male and 110% of female rates of the Pub-2010 General Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 101% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
(ODD Plan)	Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time. Post-commencement mortality rates for healthy retirees were based on 98% of male and

	106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement. Post-commencement mortality rates for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
Participation (ARHCT)	100% system paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.
All others	25% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2023, rolled forward to the measurement date of June 30, 2024. The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021, resulting in changes in actuarial assumptions effective for the June 30, 2022 actuarial valuation, which were adopted by the Board to better reflect the expected future experience. For the ARHCT and RMP plans, the per capita claims costs were updated to reflect recent experience for the June 30, 2023 actuarial valuation.

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic rates of return, excluding the inflation component of 2.39%, for each major asset class included in the OPEB plan’s target asset allocation as of June 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Range	Long-Term Expected Real Rate of Return
Domestic equity	26%	+/- 6%	5.48%
Global equity (non-U.S.)	17%	+/- 4%	7.14%
Global equity	-%	-%	5.79%
Aggregate bonds	21%	+/- 10%	2.10%
Multi-asset	8%	+/- 4%	-%
Real assets	14%	+/- 7%	4.63%
Private equity	14%	+/- 7%	8.84%
Cash equivalents	-%	-%	0.77%

Discount Rate

The discount rate used to measure the total OPEB liability for each plan as of June 30, 2024 was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the fiduciary net position or each plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability for each plan.

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net OPEB asset calculated using the discount rate of 7.25%, as well as what the Authority's proportionate share of the respective plan's net OPEB asset (liability) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate (dollars in thousands):

	Proportional Share	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Authority's proportionate share of the net OPEB asset (liability):				
ARHCT	0.05918%	$ 825	$ 1,303	$ 1,705
RMP	0.05749%	$ (5)	$ 27	$ 50
ODD	0.05881%	$ 33	$ 35	$ 36

Sensitivity of the Net OPEB Asset to Changes in the Healthcare Cost Trend Rates

The following presents the Authority's proportionate share of the net OPEB asset calculated using the healthcare cost trend rates as summarized in the 2023 actuarial valuation reports as well as what the Authority's proportionate share of the respective plan's net OPEB asset (liability) would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates (dollars in thousands):

	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Authority's proportionate share of the net OPEB asset (liability):				
ARHCT	0.05918%	$ 1,751	$ 1,303	$ 770
RMP	0.05749%	$ 54	$ 27	$ (9)
ODD	0.05881%	$ n/a	$ n/a	$ n/a

OPEB Plan Fiduciary Net Position

Detailed information about each OPEB plan's fiduciary net position is available in the separately issued PERS financial report.

(d) Defined Contribution OPEB Plans

PERS DC Pension Plan participants (PERS Tier IV) also participate in the Health Reimbursement Arrangement Plan (HRA Plan). The HRA Plan allows for medical care expense to be reimbursed from individual savings accounts established for eligible persons. The HRA Plan became effective July 1, 2006 at which time contributions by employers began.

Contribution Rate

AS 39.30.370 establishes this contribution amount as "three percent of the average annual employee compensation of *all employees of all employers* in the plan". As of July 1, 2024, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates $2,387 per year for each full-time employee, and $1.53 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In fiscal year 2025, the Authority contributed $38 thousand in DC OPEB costs. This amount has been recognized as expense/expenditures.

Extraordinary Item

In fiscal year 2025, in conjunction with AEA, the Authority discontinued employing personnel that conduct business for AEA, who in turn began to employ these personnel. The Authority allocated $5.3 million of the Authority's pension liability and related deferred inflows and outflows of resources at the start of 2025 to AEA. The Authority further allocated the net OPEB asset and associated deferred inflows and outflows of resources in the amount of $2.9 million to AEA.

9. Related Parties

State of Alaska

Because the Authority is a proprietary fund of the State of Alaska (State), other funds and departments of the State that it conducts business with are related parties. Transactions between these related parties cannot be presumed to be carried out on an arm's-length basis, as the essential conditions of competitive, free-market dealings may not exist.

The Authority has contractual agreements with the Division of Investments within the Department of Commerce, Community, and Economic Development, to operate and manage the Small Business Economic Development Fund and the Rural Development Initiative Fund on behalf of AIDEA.

Fees are assessed to the Authority for internal services provided to AIDEA through the State. These charges for services include, but are not limited to, information technology, human resources, financial services, risk management, and administrative services charges.

When the Authority receives appropriations from the State for specific purposes such as work towards advancing the West Susitna Access Road Project, AIDEA recognizes the revenue at the time when qualifying expenses have been incurred. Interest earned on unearned appropriations from the State are considered interest income of the State.

In accordance with GAAP, AIDEA has recognized its proportion of the PERS net pension liability of $3.2 million and a net OPEB asset of $1.4 million as of June 30, 2025.

10. Commitments, Contingencies, and Other

The Authority makes various commitments and guarantees and is subject to contingent liabilities as a part of normal business. From time to time, the Authority may also be named as a defendant in legal proceedings and contract disputes over how business has been conducted. The Internal Revenue Service may perform compliance or other audits concerning the tax-exempt status of certain outstanding bonds issued by the Authority. Because the accounting impact of these events is dependent upon their final resolution, these items do not appear in the accompanying financial statements.

Liability to Teck Resources Limited

On June 30, 1986, the Authority entered into an agreement with Cominco American Incorporated (now Teck Resources Limited) for the financing, construction, use, operation and maintenance of the DeLong Mountain Transportation System (DMTS), which was authorized by the State of Alaska Chapter 68, SLA 1985. The DMTS was constructed on lands leased by the Authority from the NANA Regional Corporation, Inc., for a term of 99 years beginning August 7, 1986. A $23 million Reserve Account was established to provide a source of funds for AIDEA to fulfill its obligations under the agreement, ensure financial stability for the operation and maintenance of the DMTS, and allow for distributions to Teck under specific conditions. The Reserve Account is funded by Tonnage Sensitive MAA (Minimum Annual Assessment) payments, Contingent Tonnage Fees (CTF) paid by Teck, and investment earnings on the funds in the account. In the event that Teck has not defaulted on its contractual obligations to the Authority by the end of the Initial Period, which commenced 7/1/1990 and ends 6/30/2040 (unless extended), the sum of 50% of the $23 million Reserve Account will become payable to Teck with the remaining 50% retained by AIDEA. Although the amount is measurable as of the date of the financial statements, a liability has not yet been incurred because it is contingent upon both Teck not defaulting and completion of the Initial Period.

Liability for Advances from Ambler Metals, LLC

On February 11, 2021, the Authority and Ambler Metals, LLC entered into a development agreement for the Ambler Mining District Industrial Access Project. Under this agreement, Ambler Metals provided the Authority with reimbursement for activities related to feasibility and permitting. The agreement specifies that if the project proceeds to financing and construction, the parties have agreed that the amount advanced shall be converted by Ambler Metals into credits, which may be applied, with interest, to future user fees pursuant to any road use toll or similar agreement entered into between the parties. As of June 30, 2025 Ambler Metals had advanced $20.7 million to the Authority. The Authority has not recognized a liability for these advances in the financial statements. Although the amount of advances is measurable as of the date of the financial statements, the parties have not entered into a road use agreement and the project has not advanced to construction, so it is not yet considered probable that a liability has been incurred.

The Agreement terminates as of December 31, 2025; or in the event that the Project does not proceed to construction; or if Ambler Metals decides that it will not develop its mining claims in the Ambler Mining District or the Arctic Mine; or when the total expenditures for feasibility and permitting activities for the project reach $70 million.

Loans and Loan Participation Purchase Commitments

The Authority reviews potential development projects in order to determine whether the projects will meet the economic development mission and should be considered under the Development Finance Program. Due to the significant amount of due diligence work that must be completed, only a select number of projects that are evaluated are presented to the Board of Directors for consideration.

The Authority purchases a portion of qualifying loans extended through financial institutions. As of June 30, 2025, the Authority had no loan participation purchase commitments extended.

On May 15, 2024, the Authority's Board approved Resolution G24-04, committing up to $70 million to Alyeschem, LLC to support the financing of construction and long-term operation of the first petrochemical facility on Alaska's North Slope. As of June 30, 2025, no loans had been issued to Alyeschem, LLC and the full commitment remains outstanding.

On October 23, 2024, the Board of the Authority approved resolution G24-12, extending a $50 million revolving line of credit to Hex Cook Inlet, LLC to support increased natural gas production and supply in the Cook Inlet. As of June 30, 2025 Hex Cook Inlet, LLC had drawn $15 million from the line of credit, leaving $35 million available.

On June 17, 2025, the Authority's Board approved Resolution G25-03, committing up to $17 million to Greensparc, Inc. to support the financing of a new data center in Cordova, Alaska. As of June 30, 2025, no loans had been issued to Greensparc, Inc., and the full commitment remains outstanding.

Loan Guarantees

As of June 30, 2025, the Authority had guaranteed loans totaling $1.2 million under its Sustaining Alaska's Future Economy (SAFE) Guaranty Program. This program was established to support Alaskan lenders during the COVID-19 pandemic by providing loan guarantees that enabled them to extend additional capital to businesses already holding loans.

AIDEA may also guarantee loans for the Alaska Insurance Guaranty Association (Association). The Association pays claims on behalf of insurance companies that regulators have put into liquidation, and pays for those claims by assessments to member insurers. The Authority can guarantee loans the Association needs up to a maximum of $30 million in principal balance, and only to meet cash flow needs. No outstanding guarantees have been made pursuant to this authorization.

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Dividend

Under Alaska Statutes Title 44, Chapter 88, Section 088, the AIDEA Board of Directors is required to annually declare a dividend to the State of Alaska. The dividend must be not less than 25% and not more than 50% of the unrestricted net income from the fiscal year two years prior to the year in which the dividend is made available. The dividend amount may not exceed the unrestricted net income for that base year, and payment is subject to legislative appropriation, which may be line-item vetoed by the Governor. For fiscal year 2023, the Board authorized a $11 million dividend which was paid during the year ending June 30, 2025. For fiscal year 2024, the Board authorized a dividend of $20 million, which will be expensed in fiscal year 2026, pending appropriation.

Environmental Contingencies

The Authority has been identified by the Alaska Department of Environmental Conservation as a potentially responsible party in relation to an aqueous film forming foam overflow tank failure and resulting contamination at the Ted Stevens Anchorage International Airport. The Authority is the Lessor of the property where the contamination occurred. Federal Express Corporation (“FedEx”) is the Lessee and occupant of the property. The Authority has contractual commitments with FedEx that effectively absolves the Authority from potential liability resulting from the contamination. The Authority’s management does not believe that the Authority has any legal obligation to contribute to the cleanup. It is also the opinion of the Authority’s management that the final outcome of this contamination issue will not materially affect the Authority’s financial position.

The Authority has also been involved with the development and construction of project assets such as the DeLong Mountain Transportation System on land owned by the State of Alaska. As a result of this involvement, the Authority may have liability for future asset retirement obligations related to the dismantlement, removal, and restoration (DR&R) requirements imposed as a condition of land use permits it has been granted. It is unknown when the DeLong Mountain Transportation System will be taken out of service and neither the amount of potential costs nor the extent of the Authority’s liability for DR&R is currently known.

Risk Management

AIDEA is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters. AIDEA covers that risk through the purchase of commercial insurance and participation in the State’s Risk Management Pool. The Risk Management Pool administers a self-insurance program for each State agency, which covers all sudden and accidental property and casualty claims. Annual assessments allocated by Risk Management are the maximum each agency is called upon to pay, forestalling the need for supplemental appropriation or distribution of vital State services after a major property loss, adverse civil jury award, or significant worker compensation claim. In consultation with the State’s Division of Risk Management, we insure our Development Projects using commercial insurance. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

AIDEA is the policyholder under the terms of an Owner Controlled Insurance Program related to the Healy Clean Coal Project. AIDEA sold the project in fiscal year 2014 but continues to be responsible for claims filed under the policy. Premiums under this policy are based on actual loss experience during the period of coverage. AIDEA is not aware of any outstanding premium adjustments under this policy.

11. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several new accounting standards with upcoming implementation dates. The following new accounting standards were implemented by the Authority for fiscal year 2025 reporting:

GASB Statement No. 101 – Compensated Absences – Effective for year-end June 30, 2025. Earlier application is encouraged. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The implementation of this standard did not result in a material change in the Authority's accounting.

GASB Statement No. 102 – Certain Risk Disclosures – Effective for year-end June 30, 2025. Earlier application is encouraged. The objective of this Statement is to provide users of the government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The implementation of this standard did not result in a material change in the Authority's accounting.

The GASB has issued new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements, and actual impacts have not yet been determined. The statements are as follows:

GASB Statement No. 103 – Financial Reporting Model Improvements – Effective for year-end June 30, 2026. Earlier application is encouraged. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

GASB Statement No. 104 – Disclosure of Certain Capital Assets – Effective for year-end June 30, 2026. Earlier application is encouraged. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The Statement will enable users to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments.

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12. Dividend

The following tables reconciles the Authority's change in net position for fiscal year 2025 and fiscal year 2024 to the statutory "net income" used for calculating the dividend to the State of Alaska. The Rural Development Initiative Fund (RDIF) and the Small Business Economic Development Fund (SBED) are excluded from the statutory dividend calculation.

Fiscal year 2025

	Revolving	SETS	AIDF	RDIF	SBED	Total
Increase in net position per GASB	$ 68,402	$ 41	$ -	$ 447	$ 688	$ 69,578
Add- dividend paid to State of Alaska	10,820	180	-			
Subtract- capital contributions	(3,726)	-	-			
Subtract- unrealized gains on investments	(5,057)	-	-			
Subtract- net noncash gains related to pension / OPEB	(3,267)	-	-			
Statutory net income for dividend	$ 67,172	$ 221	-			$ 67,393

Fiscal year 2024

	Revolving	SETS	AIDF	RDIF	SBED	Total
Increase in net position per GASB	$ 46,253	$ (642)	$ 6,231	$ 411	$ 583	$ 52,836
Add- dividend paid to State of Alaska	17,893	11	-			
Subtract- capital contributions	(957)	-	(6,621)			
Subtract- unrealized gains on investments	2,582	-	-			
Subtract- net noncash gains related to pension / OPEB	312	-	-			
Statutory net income for dividend	$ 66,083	$ (631)	$ (390)			$ 65,062

Required Supplementary Information

Alaska Industrial Development and Export Authority

Public Employees' Retirement System (PERS) Pension Plan

Schedule of the Authority's Proportionate Share of the Net Pension Liability (in thousands)

Years Ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Authority's Proportion of the Net Pension Liability	0.06%	0.23%	0.18%	0.18%	0.18%	0.21%	0.20%	0.19%	0.29%	0.26%
Authority's Proportionate Share of the Net Pension Liability	$ 3,245	$ 11,667	$ 9,160	$ 7,026	$ 10,403	$ 11,244	$ 9,772	$ 9,843	$ 15,941	$ 12,606
State of Alaska Proportionate Share of the Net Pension Liability	-	-	-	-	4,305	4,465	2,830	3,667	2,009	3,563
Total Net Pension Liability	$ 3,245	$ 11,667	$ 9,160	$ 7,026	$ 14,708	$ 15,709	$ 12,602	$ 13,510	$ 17,950	$ 16,169
Authority's Covered Payroll	9,049	7,376	9,011	6,192	6,746	6,804	6,967	7,525	8,468	9,213
Authority's Proportionate Share of the Net Pension Liability as a Percentage of payroll	35.86%	158.18%	101.65%	113.47%	154.21%	165.26%	140.26%	130.80%	188.25%	136.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.81%	68.23%	67.97%	76.46%	61.61%	63.42%	65.19%	63.37%	59.55%	63.96%

Schedule of the Authority's Contributions (in thousands)

Years Ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contributions	$ 359	$ 1,149	$ 1,178	$ 1,100	$ 674	$ 770	$ 828	$ 858	$ 1,282	$ 871
Contributions Relative to the Contractually Required Contribution	359	1,149	1,178	1,100	674	770	828	858	1,282	871
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's Covered Payroll	4,692	9,049	7,376	9,011	6,192	6,746	6,804	6,967	7,525	8,468
Contributions as a Percentage of Covered Payroll	7.65%	12.70%	15.97%	12.21%	10.89%	11.41%	12.17%	12.32%	17.04%	10.29%

Public Employees' Retirement System Pension Plan

Schedule of the Authority's Proportionate Share of the Net Pension Liability

This table is presented based on the Plan measurement date. For June 30, 2025, the Plan measurement date is June 30, 2024.

Changes in Assumptions:

The total pension liability was determined by an actuarial valuation as of June 30, 2023, rolled forward to the measurement date of June 30, 2024. The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021, resulting in changes in actuarial assumptions effective for the June 30, 2022 actuarial valuation, which were adopted by the Board to better reflect expected future experience.

In 2022, the discount rate was lowered from 7.38% to 7.25%.

Amounts reported reflect a change in assumptions between 2016 and 2017 in the method of allocating the net pension liability from actual contributions to present value of projected future contributions.

Schedule of the Authority's Contributions

This table is based on the Authority's contributions for each fiscal year presented. These contributions have been reported as a deferred outflow of resources on the Statement of Net Position.

Allocation of Pension Amounts to AEA

In fiscal year 2025, in conjunction with AEA, the Authority discontinued employing personnel that conduct business for AEA, who in turn began to employ these personnel. The Authority allocated $5.3 million of the Authority's pension liability and related deferred inflows and outflows of resources at the start of 2025 to AEA.

Alaska Industrial Development and Export Authority

Public Employees' Retirement System - OPEB Plans

Schedule of the Authority's Proportionate Share of the Net OPEB Liability (Asset) - ARHCT (in thousands)

Years Ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018
Authority's Proportion of the Net OPEB Liability (Asset)	0.06%	0.23%	0.18%	0.18%	0.18%	0.21%	0.20%	19.00%
Authority's Proportionate Share of the Net OPEB Liability (Asset)	$ (1,303)	$ (5,179)	$ (3,537)	$ (4,703)	$ (866)	$ 371	$ 2,049	$ 1,622
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	-	-	-	-	-	-	-	-
Total Net OPEB Liability (Asset)	$ (1,303)	$ (5,179)	$ (3,537)	$ (4,578)	$ (811)	$ 426	$ 2,604	$ 795
Authority's Covered Payroll	9,049	7,376	9,011	6,192	6,746	6,804	6,967	7,525
Authority's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-14.40%	-70.21%	-39.25%	-73.93%	-12.02%	4.48%	30.13%	2.60%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	130.59%	133.96%	128.51%	135.54%	106.15%	98.13%	88.12%	89.91%

Schedule of the Authority's Contributions (in thousands)

Years Ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018
Contractually Required Contributions	$ 90	$ 116	$ 149	$ 754	-	$ 173	$ 299	$ 135
Contributions Relative to the Contractually Required Contribution	90	116	149	754	-	173	299	135
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's Covered Payroll	909	9,049	7,376	9,011	6,192	6,746	6,804	6,967
Contributions as a Percentage of Covered Payroll	9.90%	1.28%	2.03%	8.36%	0.00%	2.57%	4.39%	2.01%

See accompanying notes to Required Supplementary Information.

Alaska Industrial Development and Export Authority

Public Employees' Retirement System - OPEB Plans

Schedule of the Authority's Proportionate Share of the Net OPEB Liability (Asset) - RMP (in thousands)

Years Ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018
Authority's Proportion of the Net OPEB Liability (Asset)	0.06%	0.22%	0.17%	0.18%	0.18%	0.28%	0.25%	0.25%
Authority's Proportionate Share of the Net OPEB Liability (Asset)	$ (27)	$ (104)	$ (60)	$ (47)	$ 12	$ 66	$ 32	$ 13
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	-	-	-	-	-	-	-	-
Total Net OPEB Liability (Asset)	$ (27)	$ (104)	$ (60)	$ (47)	$ 12	$ 66	$ 32	$ 13
Authority's Covered Payroll	9,049	7,376	9,011	6,192	6,746	6,804	6,967	7,525
Authority's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of payroll	-0.30%	-1.41%	-0.67%	-0.76%	0.18%	0.98%	0.47%	0.18%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	119.87%	124.29%	120.08%	115.10%	95.23%	83.17%	88.71%	93.98%

Schedule of the Authority's Contributions (in thousands)

Years Ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018
Contractually Required Contributions	$ 10	$ 72	$ 64	$ 53	$ 49	$ 48	$ 39	$ 38
Contributions Relative to the Contractually Required Contribution	10	72	64	53	49	380	338	283
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's Covered Payroll	3,783	9,049	7,376	9,011	6,192	6,746	6,804	6,967
Contributions as a Percentage of Covered Payroll	0.22%	0.80%	0.87%	0.59%	0.79%	0.71%	0.57%	0.57%

See accompanying notes to Required Supplementary Information.

Alaska Industrial Development and Export Authority

Public Employees' Retirement System - OPEB Plans

Schedule of the Authority's Proportionate Share of the Net OPEB Liability (Asset) - ODD (in thousands)

Years Ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018
Authority's Proportion of the Net OPEB Liability (Asset)	0.06%	0.22%	0.18%	0.18%	0.18%	0.28%	0.25%	0.01%
Authority's Proportionate Share of the Net OPEB Liability (Asset)	$ (35)	$ (115)	$ (77)	$ (78)	$ (48)	$ (69)	$ (48)	$ (36)
State of Alaska Proportionate Share of the Net OPEB Liability (Asset)	-	-	-	-	-	-	-	-
Total Net OPEB Liability (Asset)	$ (35)	$ (115)	$ (77)	$ (78)	$ (48)	$ (69)	$ (48)	$ (36)
Authority's Covered Payroll	9,049	7,376	9,011	6,192	6,746	6,804	6,967	7,525
Authority's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	-0.39%	-1.56%	-0.86%	-1.26%	-0.72%	-1.01%	-0.72%	-0.48%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	346.81%	349.24%	348.80%	374.22%	283.80%	297.43%	270.62%	212.97%

Schedule of the Authority's Contributions (in thousands)

Years Ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018
Contractually Required Contributions	$ 4	$ 43	$ 17	$ 109	$ 11	$ 9	$ 11	$ 6
Contributions Relative to the Contractually Required Contribution	4	43	17	109	11	9	11	6
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's Covered Payroll	4,692	9,049	7,376	9,011	6,192	6,746	6,804	6,967
Contributions as a Percentage of Covered Payroll	0.10%	0.48%	0.24%	1.21%	0.18%	0.14%	0.16%	0.09%

See accompanying notes to Required Supplementary Information.

1. Public Employees' Retirement System OPEB Plans

Schedule of the Authority's Proportionate Share of the Net OPEB Liability (Asset)

This table is presented based on the Plan measurement date. For June 30, 2025, the Plan measurement date is June 30, 2024.

Changes in Assumptions:

The total OPEB liability for each plan was determined by actuarial valuations as of June 30, 2023, rolled forward to the measurement date of June 30, 2024. The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021, resulting in changes in actuarial assumptions effective for the June 30, 2022 actuarial valuation, which were adopted by the Board to better reflect the expected future experience. For the ARHCT and RMP plans, the per capita claims costs were updated to reflect recent experience for the June 30, 2023 actuarial valuation.

In 2022, the discount rate was lowered from 7.38% to 7.25%.

In 2019, an Employer Group Waiver Plan (EGWP) was implemented effective January 1, 2019. This arrangement replaced the Retiree Drug Subsidy (RDS) under Medicare Part D and resulted in largest projected subsidies to offset the cost of prescription drug coverage.

GASB requires ten years of information be presented. However, until a full 10 years of information is available, the Authority will present only those years for which information is available.

Schedule of the Authority's Contributions

This table is based on the Authority's contributions for each fiscal year presented. These contributions have been reported as a deferred outflow of resources on the Statement of Net Position.

GASB requires ten years of information be presented. However, until a full ten years of information is available, the Authority will present only those years for which information is available.

Allocation of OPEB Amounts to AEA

In fiscal year 2025, in conjunction with AEA, the Authority discontinued employing personnel that conduct business for AEA, who in turn began to employ these personnel. The Authority allocated the net OPEB asset and associated deferred inflows and outflows of resources in the amount of $2.9 million to AEA.

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Other Information

Alaska Industrial Development and Export Authority

(A Component Unit of the State of Alaska)

Schedule 1 - Schedule of Dividend Information - Unaudited
(In thousands)

Year Ended June 30, 2025

Fiscal Year Payable	Revolving Fund	SETS Fund	Arctic Infrastructure Development Fund	Total
1997	$ 15,000	$ —	$ —	$ 15,000
1998	16,000	—	—	16,000
1999	16,000	—	—	16,000
2000	26,000	—	—	26,000
2001	18,500	—	—	18,500
2002	17,500	—	—	17,500
2003	20,150	—	—	20,150
2004	18,176	—	—	18,176
2005	22,000	—	—	22,000
2006	8,812	—	—	8,812
2007	16,650	—	—	16,650
2008	10,000	—	—	10,000
2009	23,800	—	—	23,800
2010	22,720	—	—	22,720
2011	23,423	—	—	23,423
2012	29,400	—	—	29,400
2013	20,400	—	—	20,400
2014	20,745	—	—	20,745
2015	10,665	—	—	10,665
2016	17,650	—	—	17,650
2017	6,328	—	—	6,328
2018	12,883	—	—	12,883
2019	4,597	195	—	4,792
2020	10,000	285	—	10,285
2021	13,950	525	—	14,475
2022	17,097	207	1	17,305
2023	6,296	184	—	6,480
2024	17,893	11	—	17,904
2025	10,820	180	—	11,000
Total dividends to State of Alaska as of June 30, 2025	473,455	1,587	1	475,043
Declared for 2026	20,000	—	—	20,000
Total dividends to State of Alaska	$ 493,455	$ 1,587	$ 1	$ 495,043

Industrial Development Projects

There are ongoing industrial development projects currently generating revenue for the Authority, as well as several projects for which the Authority is incurring expenses to develop.

DeLong Mountain Transportation System Project

The DeLong Mountain Transportation System (DMTS) project in northwest Alaska was initiated to create a 52-mile, 30-foot wide all weather road, shallow water port, and other support infrastructure necessary to develop the Red Dog Mine, which is one of the world's largest producing zinc mines. Initial construction was completed in 1989, followed by an expansion in 1997.

Teck Alaska, Inc. (Teck) utilizes this infrastructure to access and mine zinc and lead deposits in the area, and pays the Authority toll fees for use. The agreement between AIDEA and Teck provides for capital cost repayment through a toll fee structure based on an annual rate of return of 6.5% on the net investment base. Toll fees consist of a minimum and supplemental minimum annual assessment, which are accounted as lease payments, as well as a contingent escalator for zinc price increases, and a contingent tonnage fee. The toll fees for use of the DMTS will remain in effect through the end of the agreement in 2040. The Red Dog original main deposit was depleted in 2012 and mining has been shifted to the nearby Aqqaluk and Qanaiyaq deposits, which are expected to extend the mining activities around the original deposit until approximately 2031.

If Teck is successful in developing several new large deposits of zinc on adjacent state land, the agreement between AIDEA and Teck would have to be renegotiated and renewed and could lead to several more decades of annual payments to AIDEA.

Camp Denali Readiness Center Addition Project

Under a license between the State of Alaska and the United States Air Force, construction of the Camp Denali Readiness Center Addition Project *(CDRCAP)*, also known as the Department of Military and Veteran Affairs (DMVA) Project, began in August of 2012, and was completed in December 2013.

The purpose of the project was to add to the existing National Guard Armory on property owned by the United States on Joint Base Elmendorf-Richardson (JBER). Under a 30-year Project Development and Operations Agreement between the Authority and the DMVA, the DMVA is responsible for operations and maintenance of the facility, which it subleases to the United States Coast Guard. The payments due to AIDEA under the agreement cover the costs incurred to construct the project, as well as a 7% return on the investment.

Ketchikan Shipyard Project

The Ketchikan Shipyard consists of approximately 25.27 acres of real property, various support buildings, fixtures and improvements, equipment, and floating dry docks, all of which are located adjacent to the Alaska Marine Highway System (AMHS) ferry facilities in Ketchikan.

AIDEA acquired ownership of the shipyard in 1997, and entered into an agreement with Alaska Ship and Dry-dock, Inc. for operation. In 2012, Vigor Industrial LLC (Vigor) acquired Alaska Ship and Dry-dock, Inc., which then became the new operator of the shipyard.

On February 28, 2025, AIDEA notified Vigor that the operating agreement would not be extended. AIDEA has entered into a new agreement with JAG Marine as the new operator. JAG Marine is expected to increase the value of work at the shipyard by 200 – 300% within the next 12-18 months with similar expansion of the number of jobs.

Federal Express Aircraft Maintenance, Repair, and Operations Facility Project
The Federal Express Maintenance, Repair, and Operations (MRO) Facility project consists of a hangar facility capable of accommodating one wide-body aircraft such as a Boeing 747. The MRO was constructed and completed in 1995 on land owned by the State of Alaska Department of Transportation and Public Facilities at the Ted Stevens Anchorage International Airport. Along with the construction of the MRO, the project included the associated ramp, taxiway, access road, utilities and land improvements, and a fire suppression pump house and water storage facility.

Construction was financed through the issuance of bonds backed by the revenue from the 20-year lease agreement signed in 1992.

West Susitna Access Project
In 2019, the Authority and the Matanuska-Susitna Borough signed a Memorandum of Understanding that provided a partnership framework for a phased feasibility analysis of the West Susitna Access Project. In 2021, the Authority accepted $8.5 million from the Alaska State Legislature under HB 69 to advance pre-development work. The Department of Transportation and Public Facilities (DOT&PF) will finance and construct the first 22 miles of road from Wasilla to the west side of Alexander Creek. The remaining 78.5 miles of road will be financed by AIDEA and will terminate at the Whiskey Bravo Airstrip. The road will provide public access to new opportunities for mining, forestry, and recreational amenities as well as access to renewable energy sites such as the wind farm at Little Mt. Susitna.

In July 2025, AIDEA submitted a Department of Army Individual Permit to advance the project.

Arctic National Wildlife Refuge Section 1002 Leases
In 1980, Congress enacted the Alaska National Interest Lands Conservation Act (ANILCA). Section 1002 of ANILCA authorized exploratory activity within the “Coastal Plain” area of the Arctic National Wildlife Refuge (ANWR). The Coastal Plain is a 1.56 million acre area specifically set aside for future oil and natural resource development and excluded from the 19.3 million acre wilderness area.

AIDEA entered into lease agreements for seven tracts in the Coastal Plain that had been offered through a completive program authorized by the Tax Cuts and Jobs Act. However, in January 2021, the Biden Administration suspended the leases, and in September 2023 the United States Department of Interior (DOI) through the Bureau of Land Management (BLM) announced their cancellation. AIDEA challenged the cancellation, and on March 25, 2025 a federal judge in the District of Alaska vacated the decision, ruling the cancellation was a serious error and remanded the case back to the DOI for further proceedings.

AIDEA maintains that these leases represent legally enforceable obligations of the United States Government and continues to pursue available remedies. AIDEA is currently working to acquire 3D seismic research of the most prospective areas for oil and gas on its leases. Potential revenue to the State of Alaska can be as much as $2 billion annually, with significant portions of royalty revenue being deposited into the Alaska Permanent Fund for future growth and payment of dividends.

Ambler Mining District Industrial Access Project

This infrastructure project is designed to provide access to a large prospective copper-zinc mineral deposit in the Ambler Mining District, which contains extensive reserves of critical minerals and other elements essential to the U.S. technology sector and national defense.

In 2009, the Alaska Department of Transportation and Public Facilities (DOT&PF) began evaluating potential routes to the district, ultimately identifying a corridor that would connect with the Dalton Highway. In 2013, the project was transferred to AIDEA with the goal of forming a public-private partnership to finance, construct, operate, and maintain a controlled, private industrial access road.

AIDEA began capitalizing project costs in 2014 and, on November 24, 2015, submitted a consolidated application under Title XI of the Alaska National Interest Lands Conservation Act (ANILCA) to construct and operate a proposed 211-mile private industrial access road. The application included a 50-year right-of-way request from the National Park Service (NPS) and the Bureau of Land Management (BLM), as well as regulatory permit requests from the U.S. Army Corps of Engineers (USACE) and the United States Coast Guard (USCG). After approximately five years of review, the project received a Joint Record of Decision (JROD) from the BLM and USACE, a Record of Decision (ROD) on the Environmental and Economic Analysis (EEA) from the NPS and the Federal Highway Administration, and approved permits from the USCG in 2020. Following litigation, the BLM identified two deficiencies in the Environmental Impact Statement (EIS) and requested a voluntary remand without vacatur, which the court granted in May 2022.

As of June 2024, the U.S. Department of the Interior, through BLM, issued a Supplemental Environmental Impact Statement Record of Decision (SEIS ROD), selecting the “No Action” alternative presented in the April 2024 Final SEIS. This decision terminated the BLM right-of-way grant issued to AIDEA for construction and operation of the proposed road across BLM-managed public lands. AIDEA considers the SEIS ROD to be unlawful and inconsistent with federal statutes, specifically ANILCA Section 201(4)(b) and Section 1323(b). The NPS 50-year right-of-way permit remains unaffected, as it is not subject to judicial review.

On January 20, 2025, President Donald J. Trump issued Executive Order 14153, titled *“Unleashing Alaska’s Extraordinary Resource Potential.”* This order reversed the previous administration’s restrictions and reinstated federal permits for the construction of the Ambler Road.

On October 6th, 2025, President Donald Trump issued an Order reversing the Biden Administration’s denial of rights-of-way and federal permits for the project. The Ambler mining district and other mines would produce significant amounts of funds for the Alaska Treasury and create thousands of jobs.

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Lines of Credit or Term Loans

BlueCrest Drill Rig

In July 2015, AIDEA entered into a Loan Agreement with BlueCrest Alaska Operating, LLC (Borrower) and BlueCrest Alaska Oil & Gas, LLC, BlueCrest Cosmopolitan, LLC and BlueCrest Energy Inc. (Co-Borrowers). A fixed Line of Credit Note (LOC) not to exceed $30.0 million. AIDEA executed a term loan note effective December 2018 with the Borrower and Co-Borrowers in the amount of $31.9 million. The AIDEA provided financing was for the procurement of a new high-horsepower, extended reach, onshore drilling rig being used for the installation of numerous wells to produce oil from the Cosmopolitan lease blocks in the lower Cook Inlet. AIDEA also financed the construction of rig camp facilities for workers on the project. Effective June 20, 2024, AIDEA through Board resolution G24-06 modified the loan to accept a payoff consisting of two $3 million payments spaced 12-months apart in satisfaction of the amounts outstanding on the loan. The first payment was received on June 28, 2024. On June 17, 2025 Board resolution G24-06 was amended (*Amended Resolution G24-06*) to extend the payment date of the final $3 million, plus interest, from July 1, 2025 to October 1, 2025. As of June 30, 2025 the amount outstanding was $3.2 million, including interest. The loan was paid off in full on September 30, 2025.

Blood Bank of Alaska, Inc.

In August 2015, the Authority entered into a Loan Agreement with Blood Bank of Alaska, Inc. This Loan Agreement included a line of credit not to exceed $8.5 million to provide for the acquisition, delivery and installation of furniture, fixtures and equipment for a laboratory and collection facility. Interest on the unpaid principal drawn on the LOC accrued at 5.66% per annum. The line of credit was converted to a term note in February 2017. Monthly payments are due on the term loan until the maturity date of February 14, 2052. The loan was current as of June 30, 2025.

Duck Point Development, ISP Uplands II Project

The Authority has extended financing of up to $15 million to Duck Point Development II LLC (DPDII), a subsidiary of Huna Totem Corporation (HTC), for development of a 500-foot floating cruise ship dock, a 3,500 sq. ft. welcome center, and associated uplands improvements at Icy Strait Point near Hoonah, Alaska. The uplands construction was completed in July 2020. The second pier at Wilderness Landing and associated facilities was finalized in 2023. The loan was current as of June 30, 2025.

Hex Cook Inlet, LLC

The Authority has extended a 5-year, $50 million revolving line of credit to Hex Cook Inlet, LLC to finance the multi-year development of natural gas production in the Cook Inlet for instate Alaskan utilization. The development will consist of offshore production using the *Allegra Leigh* platform in the Kitchen Lights Unit of the Cook Inlet as well as onshore production in north Kenai. Each drawdown is treated as a separate loan and will be amortized over a 5-year period from the date of the drawdown.

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Interior Energy Project

The goal of the Interior Energy Project (IEP) is to provide the financial tools needed to bring natural gas to Interior Alaskans. Legislation passed in 2013 (Chapter 26, Session Laws of Alaska [SLA] 2013) authorized AIDEA to provide the financing package to collaborate with the private sector to bring affordable, clean-burning natural gas to Interior Alaska. In 2015, the 29th Alaska Legislature passed House Bill (HB) 105 which provided AIDEA additional tools necessary to develop an integrated supply chain bringing lower-cost energy to residents and businesses through local utilities. AIDEA has been working diligently on the IEP goal of getting natural gas to as many Interior Alaska customers, at the lowest cost, as soon as possible. The financing package included an initial loan commitment of up to $125 million and a subsequent amendment increased the total amount to $139 million.

SSQ Line

The transmission path for energy produced by the Bradley Project travels through Homer Electric Association's (HEA) electric system, including HEA's Sterling Substation to Quartz Creek Substation 115 kV transmission line (also known as the SSQ Line). The Authority’s financing of the purchase of the SSQ Line by the Alaska Energy Authority provides benefits to the region, the state, and to rail belt utility ratepayers. The loan was current as of June 30, 2025.