



MEMORANDUM

To: Board Members
Alaska Industrial Development and Export Authority (AIDEA)

From: Tomas Boutin
Executive Director

Date: March 27, 2020

Subject: Amendment to the Blood Bank of Alaska, Inc. (BBA) Direct Finance Loan Resolution No. G20-12

Amendment Request

BBA has requested that the existing \$8.5 million loan approved in June 25, 2015, be modified to increase the current balance of \$3,895,938.59 by \$2,500,000 for the capitalization of a reserve account due to the COVID-19 pandemic. The request also includes a payment and interest holiday beginning March 1, 2020 through November 30, 2020.

Rationale

The COVID-19 pandemic caused projected revenues to decrease significantly due to Governor's Health Mandate 5: Elective Medical Procedures, which required the cancellation or postponement of all non-urgent or elective procedures. Elective procedures are approximately 50% of the Blood Bank's revenues.

Current Loan Terms

Original Loan Amount: \$8,500,000
Current Loan Balance: \$3,895,938.59
Current Monthly Payment: \$22,004.02
Original Term: 35 years
Loan Closed: April 14, 2015
Remaining Term: 31.9 years
Interest Rate: 5.66%
Collateral: 1st Lien on Real Property and equipment at 1215 Airport Heights, Anchorage AK. 99508.
Collateral Cost to construct in 2015 was \$45.7 million

Staff and Investment Committee Recommendation

Approval of an additional disbursement of \$2.5 million under the existing loan bringing the outstanding balance to \$6,395,938.59. The additional \$2.5 million disbursement to the Blood Bank will be a re-advancement under the existing loan and will be used to Capitalize a reserve fund with the following Terms:

1. No Payments and Zero Interest from 3/1/20 to 11/30/20
2. Interest Rate stays at 5.66% when Principal and Interest Payments resume on 12/1/20
3. Term will be for 383 months (31.9); payments will be calculated on balance of loan
4. No Prepayment Penalty
5. Collateral will be a 1st lien position on Real Property and equipment located at 1215 Airport Heights, Anchorage AK
6. Loan to Value
 - a. Total Loan Balance (including \$2.5 million disbursement): \$6,395,938.59
 - b. Collateral Value: \$13,335,200 (Municipality Tax Assessment)
 - c. Loan to Value: 48%

Blood Bank Information

Founded in 1962, the Blood Bank of Alaska's primary purpose is to supply blood needs for the sick and injured of Alaska. Blood is provided entirely by volunteer donors throughout the state. As Alaska has grown, so has the demand for available blood products. The first year of operation required only 682 pints of blood while the demand for the current year is projected at over 25,000 units. One reason for this increase is advances in medical and surgical care within the state. The Blood Bank of Alaska is committed to keeping pace with the demands of providing 24-hour service to over 24 Alaskan hospitals spanning over a half-million square miles.

In 1995, the Blood Bank of Alaska opened its Mat-Su Center in Wasilla, and in 1999, the Kenai Peninsula Center in Soldotna. Subsequently, their first self-contained mobile collection unit, the "LIFE mobile," was purchased entirely through community funding. Other expanded services include a blood irradiator, and a state-of-the-art Blood Information System. For the past five years, the Blood Bank of Alaska has placed an emphasis on mobile collections, using the LIFE mobile and portable equipment, which can be set up in churches, schools and offices. To continue, the Blood Bank of Alaska's initiative of increasing blood collections, its services must expand.

The Blood Bank of Alaska is licensed by the Food and Drug Administration (FDA) and is inspected and accredited by the Clinical Lab Improvement Association (CLIA) and the American Association of Blood Banks (AABB). It is also a member of America's Blood Centers (ABC) and a charter member of the Pacific Northwest Alliance of Blood Banks. The alliance includes: Blood Bank of Alaska, Blood Bank of Hawaii; Inland Northwest Blood Center in Spokane, Washington; Lane Memorial Blood Bank in Eugene, Oregon; and Puget Sound Blood Center in Seattle.

Management

The Blood Bank of Alaska is governed by a volunteer Board of Directors representing community leaders in various fields such as medicine, business, and civic service. Blood Bank of Alaska recently celebrated its 50th anniversary of serving the healthcare needs of Alaskans.

When the Blood Bank of Alaska was initially founded, the original Board of Directors consisted of ten health care professionals from around the state. In 1975, the board was expanded to include broad community-based representation. Today, there are 13 dedicated members serving on their Board of Directors.

Robert W. Scanlon, MBA, the current Executive Director, began in 2012. Prior to joining BBA, he was the Executive Director at the Humphreys Diabetes Center in Boise, Idaho (2005-2012), and was the Area Director of Manufacturing for the American Red Cross Biomedical Services in Meridian, Idaho (2001-2005). Experiences at the American Red Cross, where he managed a multi-million dollar capital-building project to support the growing expansion of services provided by the region and national organizations, have been instrumental in moving this project forward.

Related Debt –None

Recommendation

The staff recommends approval of this loan amendment. The BBA has paid consistently without missing a payment on the current loan. They have regularly made additional principal payments to retire the existing debt. The current challenges faced by the BBA are due to the COVID-19 challenges and beyond the control of BBA.

Attachments

1. COVID-19 Health Mandate 5
2. Municipality of Anchorage Tax Assessment



Governor Michael J. Dunleavy
STATE OF ALASKA

****COVID-19 HEALTH MANDATE****

Issued: March 19, 2020

By: Governor Mike Dunleavy 
Commissioner Adam Crum, Alaska Department of Health and Social Services
Dr. Anne Zink, Chief Medical Officer, State of Alaska

To prevent the spread of Coronavirus Disease 2019 (COVID-19), the State of Alaska is issuing its fifth health mandate. *This mandate supersedes guidance provided in COVID-19 Health Alert 006.*

The Public Health Disaster Emergency Declaration signed by Governor Mike Dunleavy on March 11, 2020 provides for health mandates to be issued when deemed necessary by the Alaska Department of Health and Social Services, the Alaska Chief Medical Officer, the Alaska Division of Public Health and the Office of the Governor.

Mandate 5.1 – Elective Procedures

All patients, providers, hospitals and surgical centers are **required to postpone or cancel all non-urgent or elective procedures for three months** to decrease the overall impact on the Alaska health care structure and preserve personal protective equipment. This would include pre-scheduled surgeries deemed non-essential. This mandate does not apply to surgical cases coming through the emergency room or for an existing hospitalized patient.

Because the terms “non-urgent or elective” are not fully defined, the state recommends each hospital creates a physician task force that would be available to evaluate on a case-by-case basis and make a determination on borderline surgeries. This action is taken with the guidance from U.S. Surgeon General Jerome Adams and the American College of Surgeons: www.facs.org/about-acscovid-19/information-for-surgeons and www.facs.org/about-acscovid-19/information-for-surgeons/triage.

Given Alaska’s distances and limited health care capacity, it is especially important to open acute health care beds for anticipated COVID-19 care and preserve personal protective equipment. The State of Alaska believes that delaying non emergent procedures is a protective measure both for patients and the health care workforce and will better prepare us for the anticipated impact COVID-19 will have on our health care system.

We appreciate the public’s understanding of this mandate in an effort to mitigate the impacts of this virus.



Home Residents Businesses Government Visitors Departments Public Safety

Departments > Finance > Property Appraisal > New Search > results

Find Parcel Number - - -

Public Inquiry Parcel Details

[Show Parcel on Map](#)

PARCEL: 004-091-16-000 01/01 Commercial Medical Office 03/24/20

BLOOD BANK OF ALASKA INC PENLAND PARK
 TR D1
 1215 Airport Heights Dr
 Anchorage AK 99508 2977 [Site](#) 1215 Airport Heights Dr

Lot Size: 186,232 ---Date Changed--- ----Deed Changed---- GRW: PIWt
 Zone : ROSL Owner : 06/01/12 Stateid: 2012 0026860
 Tax Dist: 001 Address: 07/14/16 Date : 05/18/12
 Grid : SW1335 Hra # : Plat : 750083
 GRW: PIWC REF #:

ASSESSMENT HISTORY

	---Land--	--Building-	---Total---	
Appraised Val 2018:	2,607,200	10,711,300	13,318,500	
Appraised Val 2019:	2,607,200	10,748,000	13,355,200	--Exemption--
Appraised Val 2020:	0	0	0	-----Type-----
Exempt Value 2020:	0	0	0	Charitable
State Exempt 2020:			0	
Resid Exempt 2020:			0	
Taxable Value 2020:			0	

Liv Units: 000 Common Area: Leasehold: N Insp Dt: 09/15 Land Only
 09/15 Quick Reinv
 07/19 Desk Edit

BUILDING DATA

Name: BLOOD BANK OF ALASKA Bldg Area: 62,130 Yr Blt: 2014
 Eff Yr: 2014 Ident
 Bldg Type: Medical Office Bldg Grade : Good Minu # Units: 000 Bldgs: 1

INTERIOR FEATURES

Floor Level	Size Area:	Use Type:	Wall Hgt :	Wall Material:	Constrct Type:	Heat Type:	Air Phys Con Cond:	Funct Util:
01/01	35,432	Medical Ce	16	Metal Sandw	Fireproof	Hot Air	1 Normal	Normal
02/02	22,538	Medical Ce	14	Metal Sandw	Fireproof	Hot Air	1 Normal	Normal
P1/P1	4,160	Support Ar	10	Metal Sandw	Fireproof	Unit Heat	1 Normal	Normal

OTHER BUILDING AND YARD IMPROVEMENTS

Yard Structure: Paving Asphalt Pk Size/Amt: 120,600 Units: 01 Yr/Blt: 14 Condition: Normal Funct/Util: Normal

BUILDING OTHER FEATURES-ATTACHED IMPROVEMENTS

Qty:	Structure Code:	Size1:	Size2:	Qty:	Structure Code:	Size1:	Size2:
1	Sprinkler Wet	62,130	1				

[Feedback E-mail: wwfipa@muni.org](mailto:wwfipa@muni.org)

ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY

RESOLUTION NO. G20-12

**RESOLUTION OF THE ALASKA INDUSTRIAL
DEVELOPMENT AND EXPORT AUTHORITY
APPROVING AN AMENDMENT TO THE LOAN TO
BLOOD BANK OF ALASKA INC.**

WHEREAS, in Resolution No. G15-13, adopted on June 25, 2015, the Alaska Industrial Development and Export Authority (the “Authority”) approved a development project finance loan (the “Loan”) to the Blood Bank of Alaska Inc. under the Authority’s development project financing program (AS 44.88.172 et seq.);

WHEREAS, the public health emergency caused by the COVID-19 pandemic has led to the cancellation of elective surgeries and significantly affected the demand for blood products from the Blood Bank of Alaska Inc., which has adversely affected its cash flow and its ability to meet the loan payments;

WHEREAS, Staff of the Authority has worked with the Blood Bank of Alaska Inc. on potential amendments to the Authority’s loan agreement and loan documents that are meant to enable the Blood Bank of Alaska Inc. to survive and manage the unprecedented economic crisis the COVID-19 pandemic has created;

WHEREAS, Staff of the Authority is recommending that the loan made to the Blood Bank of Alaska Inc. be amended as is outlined in the Memorandum provided to the Board;

WHEREAS, it is in the best interest of the Authority and the State of Alaska that the Authority amend the loan made to the Blood Bank of Alaska, Inc. in the manner described in the Staff’s Memorandum.

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

Section 1. The amendments to the loan made to the Blood Bank of Alaska Inc. as described in the Memorandum are approved. The finance plan for the loan as established under AS 44.88.173 shall be deemed to be amended in accordance with the recommended loan revisions.

Section 2. The Executive Director is authorized to prepare and execute revised loan documents as necessary or convenient to implementing the amendments described in the Memorandum.

DATED at Anchorage, Alaska on this 27th day of March 2020.

Chair

(S E A L)
A T T E S T

Secretary