

Impacts of the Alaska Industrial Development and Export Authority

A Report on
The Economic and
Fiscal Contribution of
the Alaska Industrial
Development and
Export Authority

January 2026

Contents

The History and Purpose of AIDEA

Cumulative Economic Contribution

Direct Investment Summary

Loan Participation Program Summary

Fiscal Summary

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Prepared for

Alaska Industrial Development and Export Authority

January 2026

Prepared by



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Abbreviations

ADOR	Alaska Department of Revenue
AIDA	Alaska Industrial Development Authority
AIDEA	Alaska Industrial Development and Export Authority
AIDF	Arctic Infrastructure Development Fund
AK SAFE	Sustaining Alaska’s Future Economy Guaranty Program
AK SHIP	Alaska Ship Home-Porting for Improvements Program
FANWR	Arctic National Wildlife Refuge
APFC	Alaska Permanent Fund Corporation
ARRC	Alaska Railroad Corporation
ASD	Alaska Ship and Drydock
ASSETS	Alaska’s Sustainable Strategy for Energy Transmission and Supply
CMBS	Commercial Mortgage-Backed Securities
DCCED	Alaska Department of Commerce, Community, and Economic Development
DFA	Development Finance Agency
DMTS	DeLong Mountain Transportation System
DMVA	Department of Military and Veterans Affairs
DNR	Alaska Department of Natural Resources
DOE	US Department of Energy
DOT&PF	Alaska Department of Transportation & Public Facilities
FNG	Fairbanks Natural Gas
FNSB	Fairbanks North Star Borough
FY	Fiscal Year
GHWM	Golden Heart Waste Management

GVEA	Golden Valley Electric Association
HCCP	Healy Clean Coal Project
HEX CI	HEX Cook Inlet
HMM	Hyundai Merchant Marine
IEP	Interior Energy Project
IGU	Interior Gas Utility
ISP	Icy Strait Point
JBER	Joint Base Elmendorf-Richardson
KLU	Kitchen Lights Unit
LNG	Liquefied natural gas
LPP	Loan Participation Program
MHLLC	Mustang Holding LLC
NMTC	New Markets Tax Credit Program
PBC	Prudhoe Bay Chemical Co.
PPF	Power Project Fund
RDIF	Rural Development Initiative Fund
ROI	Return on Investment
SBED	Small Business Economic Development Fund
SEFI	State Energy Finance Institution
SETS	Sustainable Energy Transmission and Supply Development Fund
SLF	Seward Load-Out Coal Facility
SMU	Southern Miluveach Unit
SOT	Skagway Ore Terminal
USCG	US Coast Guard

Executive Summary

The following Executive Summary is formatted for printing as a stand-alone document and includes front and back covers.

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“

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

AIDEA Mission Statement

Introduction

The purpose of this report is to provide Alaskans with a deeper understanding of AIDEA’s activities through the years and how it has fulfilled its mission to promote and advance economic growth in Alaska.

The report begins with a brief history of AIDEA. AIDEA was created with the purpose of promoting economic development in Alaska through direct investments or means of financing. The timeline below highlights the evolution of the tools that allow AIDEA to fulfill its mandate.

The study then examines the impacts and economic contribution of AIDEA’s direct investments and the Loan Participation Program, highlighting examples of how AIDEA projects promote growth, create economic diversity, and support jobs in various regions in the state.

Finally, the report provides a fiscal summary with details of total state contributions to AIDEA, and AIDEA’s returns to the state in the form of special payments and dividends.

The Evolution of AIDEA: Milestones through the Years

Established by Legislature as “AIDA”		Renamed as AIDEA		Sustainable Energy Transmission and Supply and New Markets Tax Credit Programs added	
1967	1981	1982	1985	1987	1992
	Recapitalized with \$183.5M	Loan Guarantee Program added	AIDEA Authorized to make direct investments in development projects	DeLong Mountain Transportation System begun as first major direct investment project	Loan Participation Program created
					1997
					AIDEA pays first annual dividend to the state of Alaska
					1998
					Small Business Economic Development Program added
					2013
					Sustainable Energy Transmission and Supply and New Markets Tax Credit Programs added
					2021
					Interior Energy Program projects begin
					AK SHIP and SAFE Programs added

All dates are shown by Fiscal Year (July 1 to June 30)

AIDEA's History and Purpose



AIDEA was utilized to protect the Permanent Fund, which was created from Alaska's oil revenue.

“With [AIDEA]...we proved that there was a role for state involvement because some good loans were too large for the banks and some projects became feasible only when government intervention lowered interest rates.”

“We could create a Development Bank out of [AIDEA] rather than [creating] one using the Permanent Fund. [AIDEA] would become a shield, absorbing the risk of state lending and deflecting the political pressure created by the ‘loan-crazies.’”

Dave Rose

First Director of the Alaska Permanent Fund and first Executive Director of AIDEA

Excerpted from Saving for the Future: My Life and the Alaska Permanent Fund, 2008

How AIDEA became the development finance agency for Alaska

AIDEA was created in 1967, originally as the Alaska Industrial Development Authority (AIDA), serving as a pass-through agency providing Alaskan businesses with lower interest rates through the use of tax-exempt financing bonds. However, the real value of AIDEA became clear in the mid-1970s with the development of Alaska's North Slope oil resources and creation of the Alaska Permanent Fund.

Many lawmakers thought the Fund should serve two functions: 1) a development bank issuing loans to Alaska businesses and communities, and 2) an investment to create long-term wealth. Others hoped the Fund would be protected from risky development projects and focus on prudent investment to develop long-term wealth for the state. The solution—two separate funds: 1) AIDEA would evolve to fill Alaska's development

finance needs; and 2) the Permanent Fund would focus on prudent investments for long-term wealth.

Legislative appropriations of pre-existing loan portfolios and direct capital in the early 1980s along with the authority to issue tax free bonds and direct investments in projects led to AIDEA's development and ownership of the Delong Mountain Transportation System associated with Red Dog—one of the world's largest zinc mines.

Beginning in 1997, with the growth of its assets, AIDEA began paying dividends back to the state, further cushioning the need for the state to tap the Permanent Fund to make up shortfalls in Alaska's General Fund. This makes AIDEA unique among US development finance agencies.

“The Permanent Fund is a Trust Fund for the People of Alaska.... AIDEA was established to help finance Alaska development projects...which are often very risky and sometimes fail completely.”

Eric Wohlforth

Former Alaska commissioner of Revenue and two-time chairman of the Alaska Permanent Fund Corporation board

Transcribed from a phone conversation with Northern Economics, February 19, 2024

Cumulative Economic Contribution of AIDEA

AIDEA direct investments and the Loan Participation Program

The chart to the right shows the combined total economic output of AIDEA's direct investments and the Loan Participation Program.

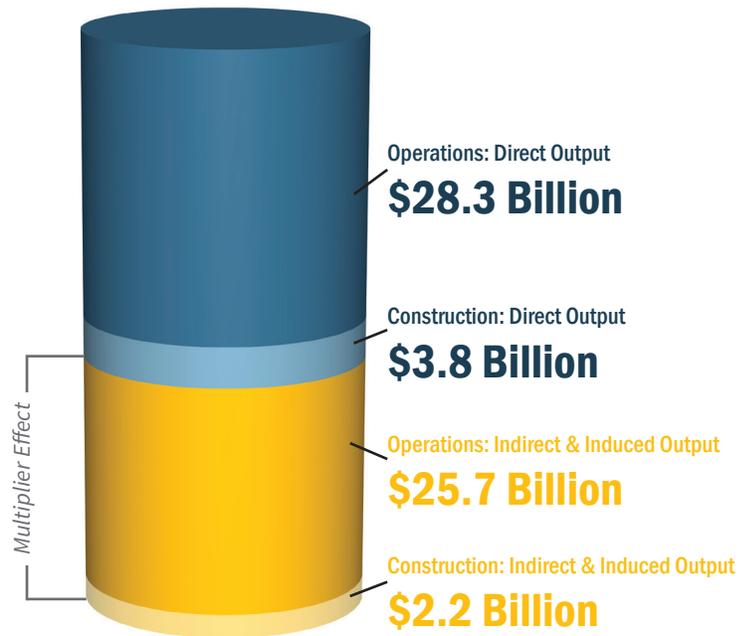
Direct Investments: AIDEA's direct investments include 20 development projects (shown in the map on the next page). These development projects are assets/facilities owned or operated, in whole or in part, by AIDEA or that have been financed by AIDEA through direct loans, bonds, or state appropriations.

Loan Participation Program (LPP): This includes 753 projects funded through the LPP for 1992 through 2024.

The Input-Output Model: The IMPLAN™ model of the Alaska economy was used to estimate the total economic contribution of each of the projects that received direct investment or LPP funding. The IMPLAN model is an input-output model that is widely used in economic impact studies to measure the direct effects and the multiplier effects (indirect and induced) of a project.

\$60.1 Billion

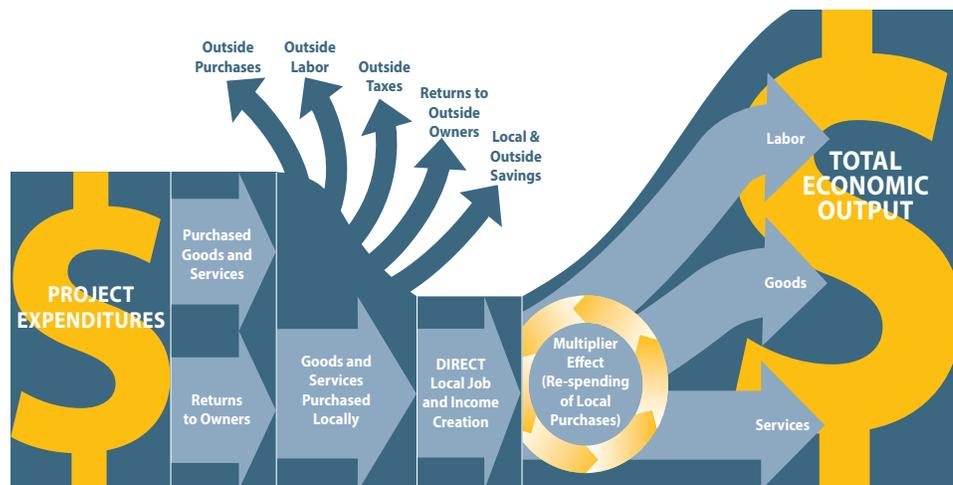
Cumulative economic output of AIDEA direct investments and the Loan Participation Program, 1987–2025.



Economic Output Effect

How Project Dollars Generate Additional Spending (the Multiplier Effect)

Economic Output is a measure of the value of economic activity (value of goods and services produced in an economy). The local spending associated with AIDEA's direct investments in projects and the loans received by LPP applicants creates a stimulus effect in the economy and results in an increase in economic activity.



Source: Northern Economics, Inc.

This initial spending causes an increase in economic activity called the **Direct Effect**. The initial spending then causes a ripple effect in the economy that further increases economic activity (business sales), commonly referred to as the multiplier effects: Indirect Effects and Induced Effects.

Indirect Effects measure the increase in economic activity or sales of the businesses (suppliers) that supply goods and services to companies during the construction and operations the facilities. **Induced Effects** measure the increase in sales of businesses that supply goods and services to the workers (both during construction and operating life of the facilities); the spending of their wages in the economy cause an increase in economic activity and these are called induced effects.

Total Economic Output is the sum of direct, indirect, and induced economic output.

Economic Analysis: AIDEA's Direct Investments

Total Economic Output from Construction

AIDEA has provided direct financing for projects that have generated crucial economic stimulus across Alaska—investments in transportation, energy, manufacturing, health, and other community infrastructure that have become essential to their regions' economic well-being. Capital direct investments to date have amounted to **\$1.7 billion in 2022 dollars** (the last year of available data) resulting in total (direct, indirect, and induced) economic output valued at **\$2.4 billion** (in 2022 dollars), and creating **13,300 jobs** during construction.

\$2.4B

Total economic output from construction

\$1.7B

Capital investment in Alaska development projects*

**total capital investment includes both AIDEA and non-AIDEA investments in facility construction*

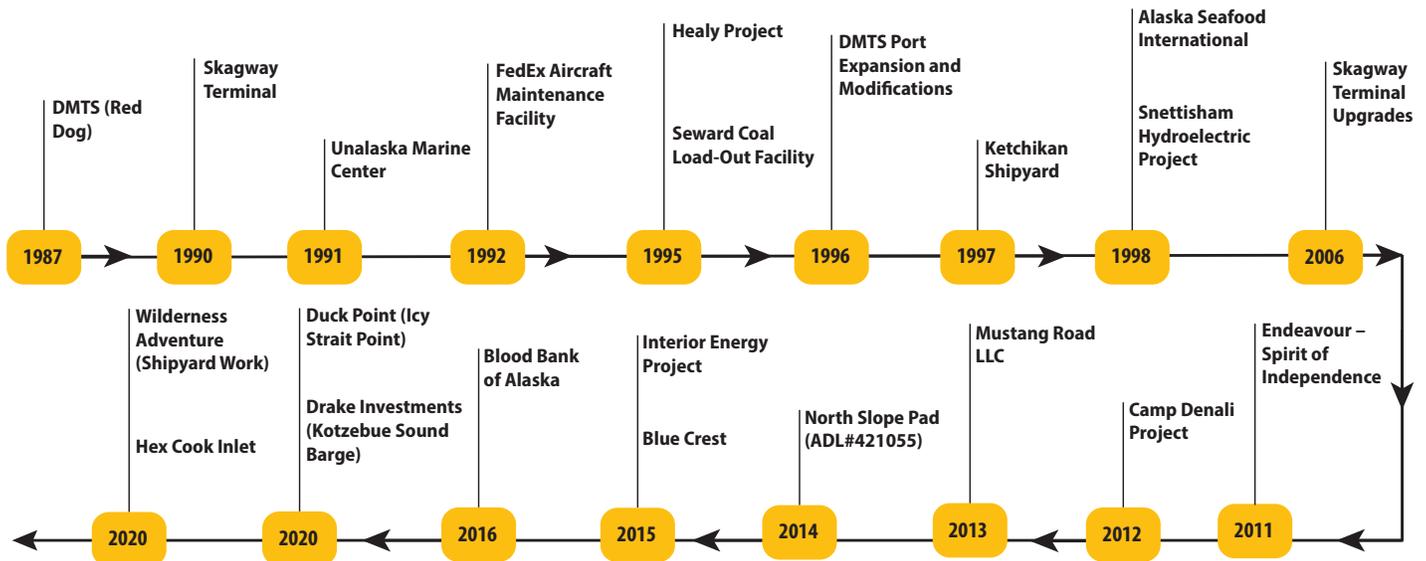
Total Economic Output from Operations

The direct investments described above have led to economic impacts to the Alaska economy over each of the years during which these projects were operational. The map on the following page lists each direct investment project along with its operational years and annualized operational impacts. Since 1989—when the DeLong Mountain Transportation System and Red Dog became operational—AIDEA Direct Investment Projects have contributed **\$46.6 Billion** (in 2022\$) in total economic output to Alaska's economy, including direct, indirect, and induced effects.

\$46.6B

Total economic output from operations, 1989–2024

AIDEA Direct Investment Projects Timeline



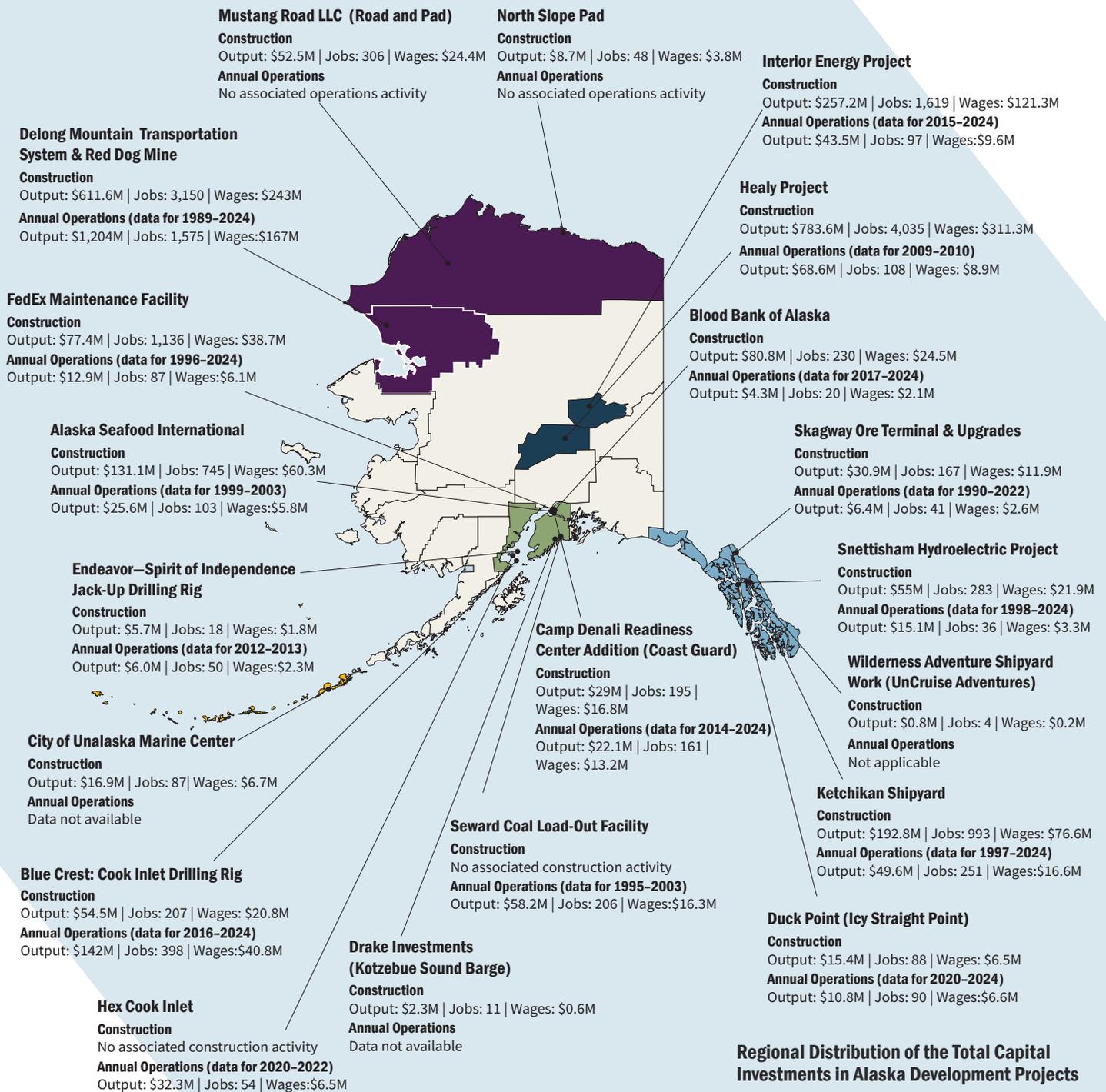
AIDEA Direct Investment Projects By Region

Projects directly financed or owned—fully or in part—by AIDEA (Data through Calendar Year 2024)

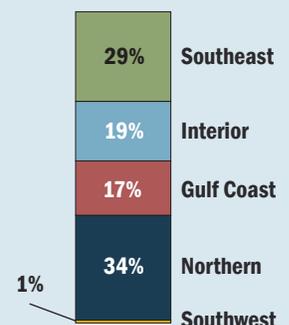
Notes:

These direct investment projects do not include LPP investments (discussed on page 9)

The numbers shown include direct and multiplier effects



Regional Distribution of the Total Capital Investments in Alaska Development Projects



About Employment Data

While the state collects employment and wage data for Alaska businesses, these data are confidential without authorization from each firm. 60% of the businesses contacted for this report made their data available. Northern Economics also researched third-party reports to verify information provided by AIDEA.

Direct Investment Project Profiles

AIDEA's direct investment projects range in type and size and cover several sectors of industry. These projects include manufacturing facilities, roads, ports, tourism facilities, federal facilities, and community and public infrastructure that are essential to the region's economic well-being.

These projects are financed through bond sales, direct investments, or more recently, through AIDEA's AK SHIP or SETS Programs.

The intent of ownership and operation of the facilities is to promote economic growth in the region. The map on the previous page, AIDEA's projects through the years, describes each of the development projects in more detail.

AIDEA's direct investments in development projects have resulted in economic growth and diversity in different regions of the state. These investments generate short-term

employment effects during the construction phase of the projects and long-term, year-round effects throughout the operating life of the facilities.

On the following pages, we profile example projects in four of Alaska's regions: Southeast, Northern, Interior, and Gulf Coast.

Southeast Region

Snettisham Hydroelectric

AIDEA projects in the Southeast region have mostly focused on marine industries. However, one of its most enduring and impactful investments was in the Snettisham Hydroelectric project.

The goal of the Snettisham Hydroelectric project was to get long-term, low-cost and renewable power to the people and businesses in the Juneau area. The Project did this while supporting local jobs as well as reducing diesel consumption and air emissions.

In the 1980s, the federal Alaska Power Administration started the process of transferring the project from federal ownership. In 1998, AIDEA acquired the Snettisham Hydroelectric Project from the federal government for \$100 million. The acquisition was financed by selling tax-exempt bonds that covered both the acquisition as well as an additional \$11 million to replace the project's damaged submarine cable system. Since the initial investment, AIDEA has contributed another \$9 million to the project.

Purchasing the Snettisham Hydroelectric Project brought more local control to the

dams, which helped ensure that it remains a stable energy source for long-term economic growth in the Juneau area. The power generated by Snettisham Hydroelectric is sold to AEL&P, Juneau's electric utility, which operates and maintains the project in partnership with AIDEA.

Currently, the Snettisham power station infrastructure helps support the Snettisham Fish Hatchery, which is owned by the State of Alaska and operated by a non-profit focused on salmon.

When possible, the project also provides power to Princess Cruise Ships at the Port of Juneau and to the Greens Creek Mine.

Since AIDEA's initial investment in 1998 through 2022, Snettisham has contributed over \$441 Million in total economic output to Alaska's Economy.

Snettisham Hydroelectric



The Snettisham project created:

- 11 full-time jobs
 - 5 at AEL&P
 - 6 at the fish hatchery
- 10 indirect jobs
- 5 seasonal jobs at the fish hatchery.

DeLong Mountain Transportation System

While rich in mineral resources, the Northern region suffered from a lack of industry and low employment. Development of the Red Dog Mine, one of the world’s largest zinc mines, and the supporting DeLong Mountain Transportation System provided employment and sufficient revenue to establish the Northwest Arctic Borough.

In 1982, Northwest Alaska regional Native corporation NANA formed an agreement with Cominco LTD. (now Teck) for the development of the Red Dog Mine. NANA and Cominco then reached out to the Alaska government for economic assistance, particularly seeking state ownership of the project’s road and port facilities.

Recognizing the opportunity the Red Dog mine represented

for economic growth and its need for a transportation system to be viable, the Alaska Legislature provided AIDEA with significant new tools to enable its financial support of the project. Bills passed in the 13th and 14th Alaska Legislative sessions created AIDEA’s economic development account, seeded the account, provided AIDEA bonding capability, and

provided distinct procurement capabilities to match the project requirements.

The DMTS project also fit AIDEA’s mission of promoting economic development and job creation in Alaska. DMTS has been a remarkable demonstration of AIDEA’s ability to accomplish its mission, even in a challenging remote location of Alaska.

“Probably the most critical factor is whether the state of Alaska can assist in the initial financing of the road and port facility.

This is the single largest item in the project and accounts for almost 40% of the total project cost. Our present studies indicate that if Cominco is required to directly finance that portion of the project, the return on investment will likely not be adequate to justify developing this mine, with its problems of isolation, climate, and short shipping season.”

W.G. Wilson, President, Cominco LTD. Testimony to House Special Committee, February 8, 1985

Economic Impacts



Annual Average Contributions:

- 470 direct year-round jobs
- 1,100 indirect and induced jobs
- \$167 million in total statewide direct, indirect, and induced wages
- Local hire: ~ 52% NANA shareholders

The mine has created quality jobs for thousands of Alaskans, supported the region and local communities and helped fund a wide variety of services throughout the Northwest Arctic Borough.

Red Dog Mine also pays taxes to the state that over the life of the project are estimated to have exceeded \$1 billion.

Additional Impacts



Northwest Arctic Borough (NAB)

- Payments in lieu of taxes (PILT): ~\$301 million to date (nominal)
- Total Village Improvement Fund: ~\$57 million since 2018

These revenues fund government services, infrastructure projects, and community programs across 11 villages in the region.

NANA Regional Corporation

- Royalties: \$2.3 billion

NANA has shared ~\$1.8 billion with other AK Native Corporations (7(i) and 7(j) sharing provisions of ANCSA)

Total Economic Output

Direct Economic Output: \$23.7 billion

NAB Revenues: \$325 million

NANA Royalties: \$2.6 billion

Taxes paid to AK: Over \$1 billion (estimated)

Interior Region

Interior Energy Project

Some of the Interior region's greatest challenges stem from a lack of good energy options. The Interior Energy Project (IEP) is an initiative to increase the availability of natural gas, increasing supply and stabilizing prices for natural gas in the region.

Creation of the Sustainable Energy Transmission and Supply Fund (SETS) during the 2013 legislative session gave AIDEA the tools to lend money and provide guarantees for "qualified energy development" projects.

SETS was appropriated \$67.5 million in starting capital. Under SETS, AIDEA can finance or guarantee qualified projects, defer principal payments, capitalize interest on project financing, enter into project financing agreements, finance projects with terms up to 30 years, and finance hydropower or transmission line projects for up to 30 years

As part of the IEP AIDEA partnered with the private sector to build a liquefied natural gas (LNG) plant and distribution system to bring a gas supply to Fairbanks.

In 2015, AIDEA authorized the acquisition of Pentex Alaska Natural Gas, the parent company of Fairbanks Natural Gas (FNG). The acquisition advanced the goals of the IEP by immediately lowering rates to existing FNG customers by accessing lower cost capital and a public ownership rate structure. It also reduced costs by integrating the services of FNG and the Interior Gas Utility (IGU).



Image Source: IGU website

Gulf Coast Region

Cook Inlet Drilling Rigs

AIDEA has supported a wide range of projects in the Gulf Coast region, Alaska's most populous area, which includes the Municipality of Anchorage and the Kenai Peninsula Borough.

Following passage of legislation giving it the mission to encourage Cook Inlet oil and gas exploration, AIDEA has supported three major oil and gas development projects: Endeavour–Spirit of Independence (2011), Blue Crest (2015) and Hex Cook Inlet (2020).

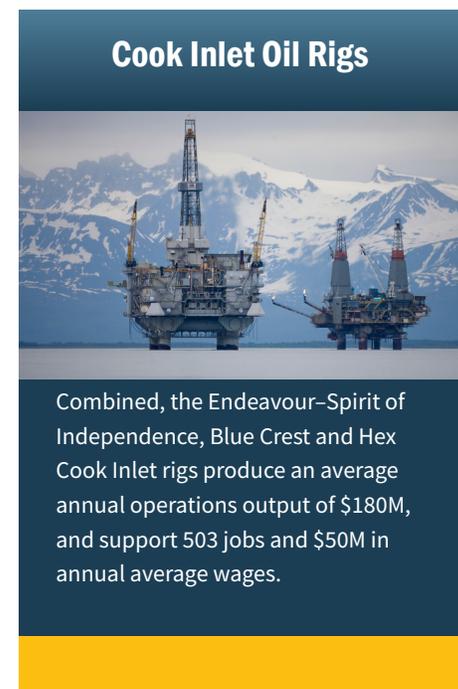
The first project was with Kenai Offshore Ventures (KOV) featuring an oil rig, the Endeavour–Spirit of Independence. It was a collaborative effort in partnership with Buccaneer Energy Limited, Ezion Holdings Limited, and Oversea-Chinese Banking Corporation Limited (OCBC). The primary goals were to drive local natural resource development and bolster the regional economy.

AIDEA purchased and upgraded the oil rig, Endeavour–Spirit of Independence, from Transocean. The rig was originally designed for the harsh conditions of the North Sea

and was extensively modified to meet local regulations. The initial refurbishing work was completed at a shipyard in Singapore, and the final efforts were completed in Homer.

The total project cost, inclusive of refurbishment, was \$104.5 million, with AIDEA contributing \$23.6 million, expecting an 8% return over five years through a preferred ownership interest in the rig.

The project had a significant economic impact on the local community. The use of local labor for the rig's refurbishment and operations generated about 108 direct jobs and 90 industry support jobs. Additionally, economic multipliers suggest that approximately 317 jobs were created in other businesses within the Kenai Peninsula Borough, demonstrating the project's substantial contribution to the local economy.



Combined, the Endeavour–Spirit of Independence, Blue Crest and Hex Cook Inlet rigs produce an average annual operations output of \$180M, and support 503 jobs and \$50M in annual average wages.

Loan Participation Program

The Loan Participation Program (LPP) is one of AIDEA's flagship programs and furthers its mission of promoting and maintaining economic prosperity.

The Loan Participation Program generates economic activity with cash infusions for new construction, refurbishments, facilities expansion, or equipment acquisition.

The program works in partnership with eligible banks and credit unions

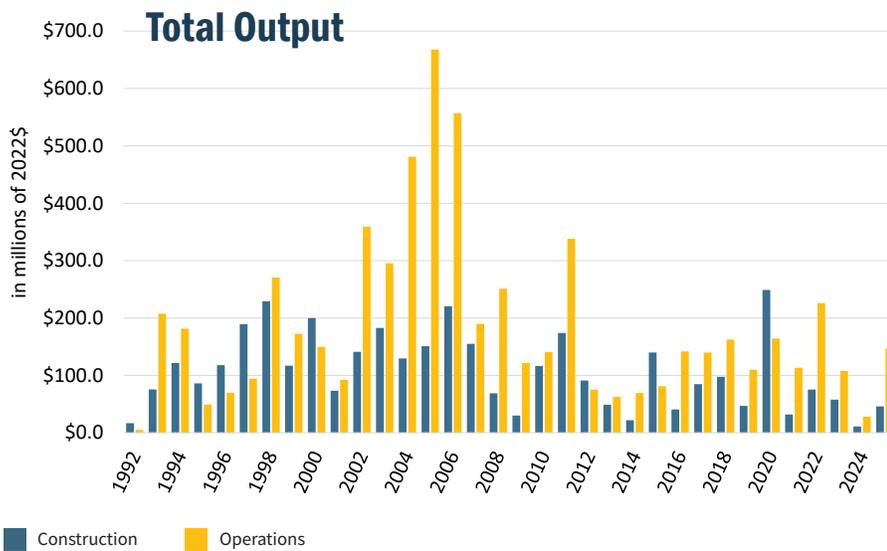
who sponsor and originate the loan. By purchasing a portion of the commercial loan (up to 90%, capping at \$25 million), AIDEA's program provides borrowers with an avenue for more flexible financing rates and longer-term repayment periods.

Since 1992, the LPP has made

753 loans,
totaling over
\$2 billion,*

enabling businesses to develop, expand, or enhance their operations and continue to employ Alaskans.

** in 2022 dollars*

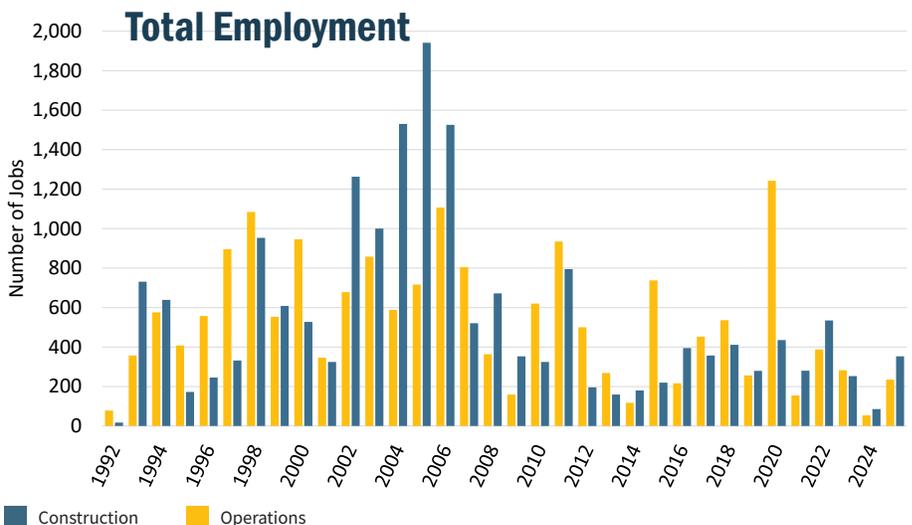


Total Output: The figure to the left shows Total Annual Direct, Indirect, and Induced Economic Output of the LPP from 1992 to 2025.

The total economic output shows the annual increase in the value of economic activity generated by AIDEA's annual investments in LPP for both construction activities and operations.

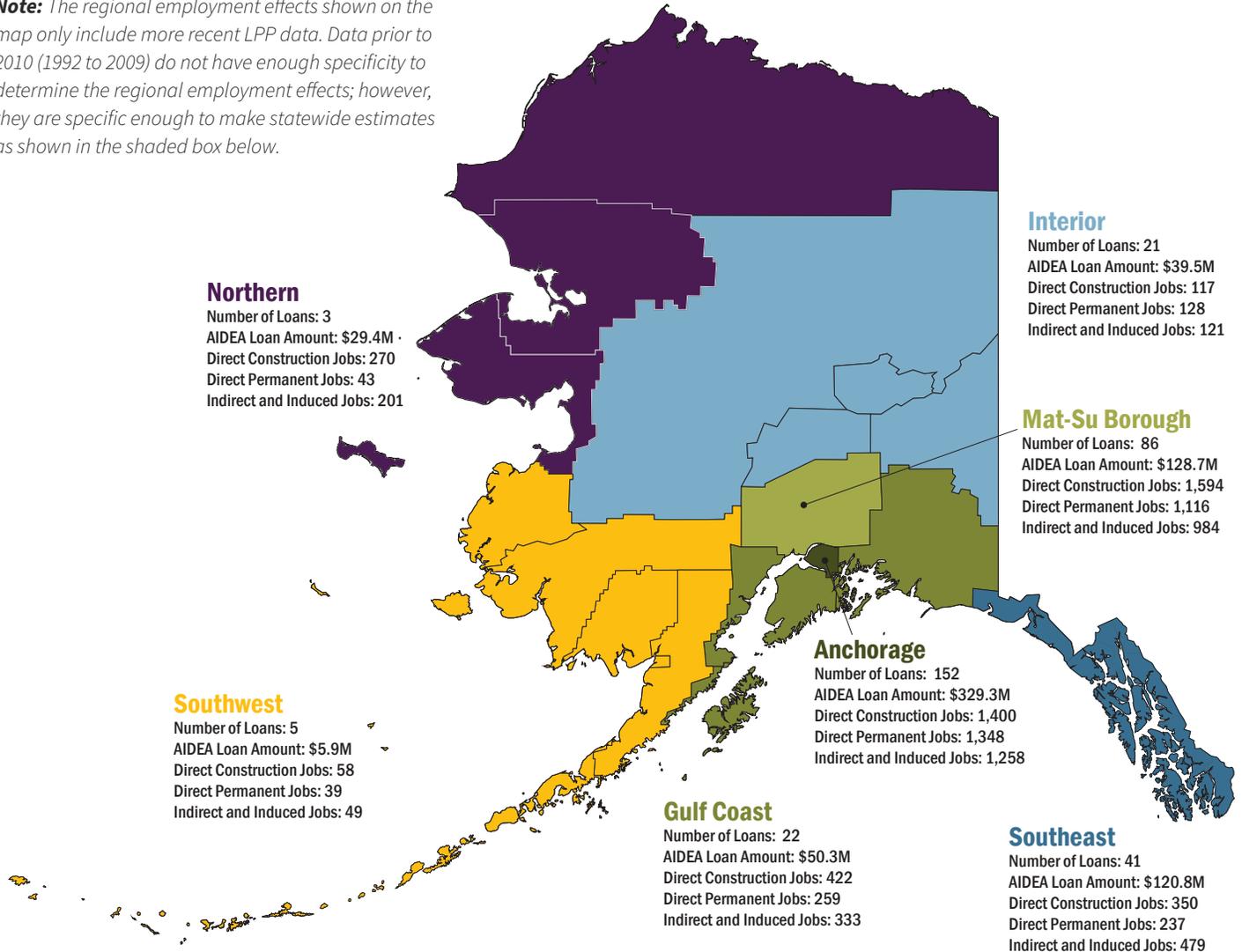
Total Employment: The figure to the right shows the total annual direct, indirect, and induced employment effects of the LPP from 1992 to 2025.

The employment numbers reflect the average number of part-time and full-time jobs.



LPP Projects: Employment Effects by Region (2010 to 2025)

Note: The regional employment effects shown on the map only include more recent LPP data. Data prior to 2010 (1992 to 2009) do not have enough specificity to determine the regional employment effects; however, they are specific enough to make statewide estimates as shown in the shaded box below.



Total statewide direct, indirect, and induced economic contribution (LPP Projects from 1992 to 2025)

Construction Activities:

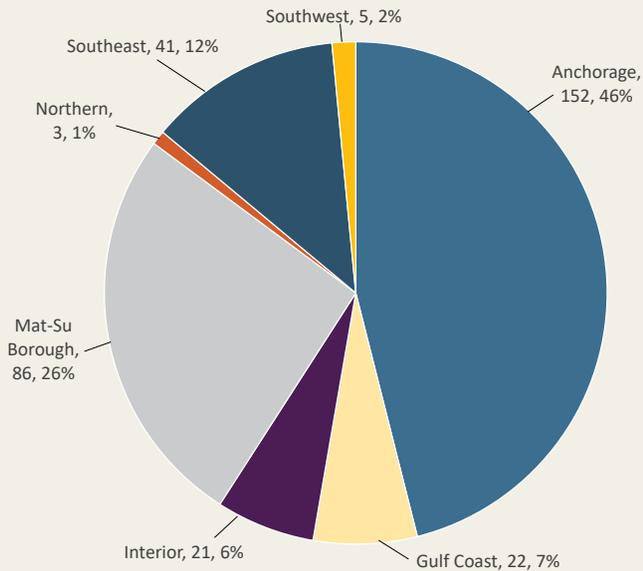
19,400 jobs
\$2.2 billion in labor income
\$3.6 billion in economic output

Operations Support:

37,200 jobs retained/supported*
\$1.6 billion in labor income
\$7.4 billion in economic output

**Note: jobs numbers for operations do not necessarily represent new jobs in the economy. Rather, many are jobs that already existed but were retained because LPP loans enabled businesses to continue operations.*

LPP Project Profiles



LPP Program Highlights

The LPP program supports a variety of projects across the state, covering a wide range of sectors including health care, retail, oil & gas, and real estate. The pie chart above shows the share of total AIDEA LPP dollars spent in each region (2010 to 2025 data).

Stimulation of the Economy: The LPP directly and indirectly promotes economic activities. By facilitating financing for Alaska projects, the program aids in creating jobs and generating tax revenues for the local community.

Enhanced Loan Accessibility: The LPP allows lenders to sell a portion of their loans to AIDEA, effectively freeing up capital. This liquidity enables institutions to extend more loans to Alaskan businesses, fostering economic growth. This is especially important for smaller or local banks, who may have limits on the number or amounts of lending they can provide a borrower, or who may have tighter capital ratios than larger banks.

Risk Mitigation: By selling a portion of their loans, banks reduce their exposure to individual borrowers, thereby distributing and minimizing their risk. Loan due diligence also improves as multiple parties evaluate the deal (e.g., banker, banker supervisor, bank loan committee, and AIDEA). Bankers tend to have less than a 1% delinquency (1 in 100 failures), indicating a higher level of success for projects also vetted by a financial institution.

Long-Term Fixed Rates: A hallmark of the LPP is its ability to offer long-term fixed rates, thus providing borrowers with predictable monthly payments, easing their financial planning process.

Totem Hotel & Suites

The Totem Hotel & Suites is a 65-room, family-owned business in Valdez. In 2019 this project helped modernize and restore it following a kitchen fire in 2016.

AIDEA Portion: \$8,200,000

Total Loan Amount: \$9,150,000

Direct Jobs Supported:

75 construction, 14 permanent

Annual Wages per \$million AIDEA spent:

\$963k construction, \$47k permanent

Chugach Census Area

Northern Enterprise Boat Yard

This project was a substantial expansion of the existing boat yard in 2022 that helped further the shipyard industry in Homer and retain long-term jobs.

AIDEA Portion: \$2,246,178

Total Loan Amount: \$2,496,178

Direct Jobs Supported:

18 construction, 100 permanent

Annual Wages per \$million AIDEA spent:

\$500k construction, \$4 million permanent

Kenai Peninsula Borough

Brooks Camp, LLC

This project is a 400-man camp in Deadhorse, complete with many amenities, which helps support the North Slope oil and gas industry.

AIDEA Portion: \$20,000,000

Total Loan Amount: \$28,575,000

Direct Jobs Supported:

130 construction, 40 permanent

Annual Wages per \$million AIDEA spent:

\$813k construction, \$240k permanent

North Slope Borough

Sun Mountain Development (2020 & 2022)

This mixed-use development in Wasilla includes commercial spaces & housing. New businesses boost sales tax revenue.

AIDEA Portion: \$9,938,700

Total Loan Amount: \$11,043,000

Direct Jobs Supported:

490 construction, 215 permanent

Annual Wages per \$million AIDEA spent: \$3.8

million construction, \$666k permanent

Mat-Su Borough

Fiscal Summary

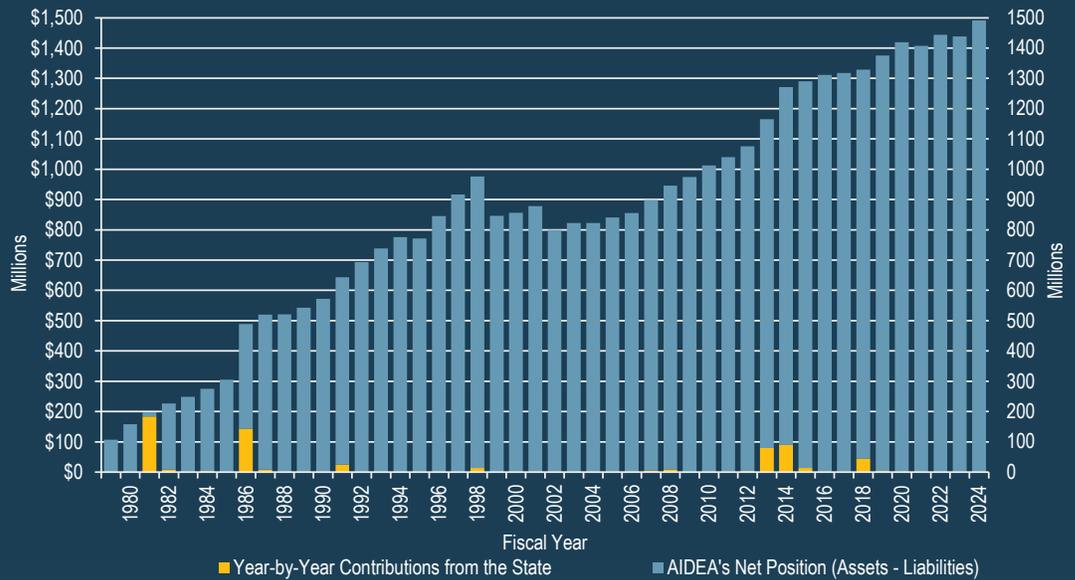
and Details of Total Funding & Returns

+5.9%

Compound annual growth of net positions.

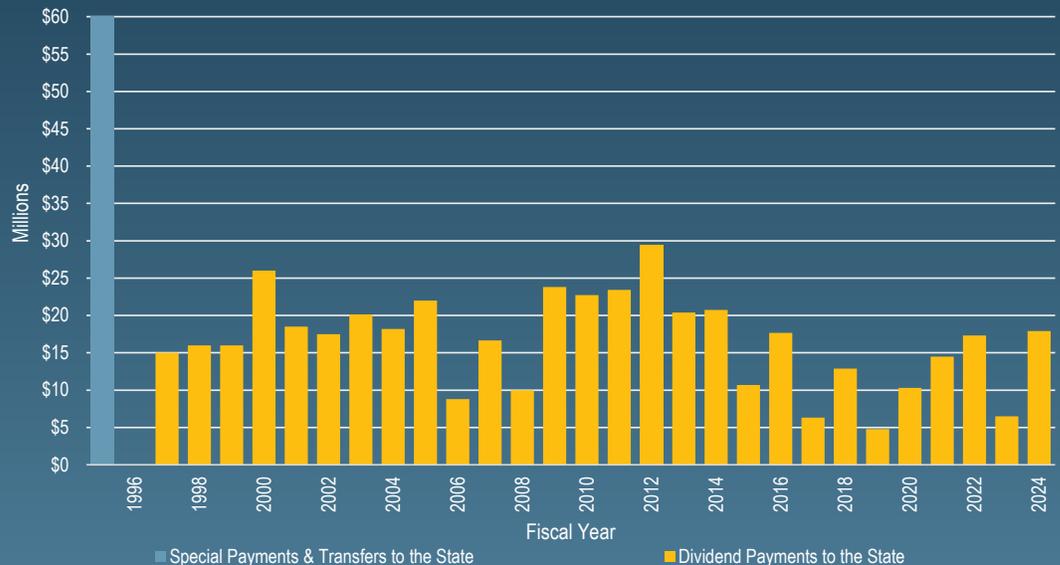
This figure summarizes the contributions the State has provided to AIDEA over its history, and compares that with AIDEA growth in terms of its Net Position (defined as Assets minus Liabilities). By the end of FY 2024 AIDEA's Net Position is \$1.49 Billion while total contributions (appropriations and pre-existing assets) from the State are \$0.65 Billion.

AIDEA Net Positions and State Contributions*



*Contributions of loans and other assets from the State are a mixture of assets and liabilities and therefore may not contribute immediately to the growth of AIDEA's Net Position.

AIDEA's Payments to the State of Alaska



AIDEA began making payments to the State of Alaska in 1995 when it provided a one-time \$60 Million Payment. Two years later, AIDEA began making annual dividend payments. The 1996 Legislation regarding AIDEA's dividend limits its size to be between 25% – 50% of AIDEA's statutory net income.

From 1995 – 2024, AIDEA has provided a total of \$524 million to the general fund.

Note: All dates are shown by Fiscal Year (July 1 to June 30)

The Future of AIDEA

Looking to Alaska’s future, AIDEA continues to make investments in major projects with the potential for significant economic and fiscal benefits. The five projects described here are in various stages of development, but all reflect the same goal of continuing to facilitate Alaska’s resource development, create jobs, and grow Alaska’s economy.

Alyeschem LLC is a first-of-its-kind methanol and ultra-low sulfur diesel production facility on Alaska’s North Slope. The project will help monetize stranded natural gas, create jobs, reduce fuel imports, and strengthen the state’s energy infrastructure. The project is anticipated to generate over \$5 million annually in tax and royalty revenue for the state and the North Slope Borough. AIDEA expects to receive approximately \$2 million annually from loan repayment and royalties.

HEX Cook Inlet LLC (HEX CI). The only 100% Alaskan oil and gas company operating in Alaska, HEX CI owns natural gas leases as well as production and

processing infrastructure for the Kitchen Lights Unit, approximately 84,000 acres off shore in upper Cook Inlet. HEX CI wants to begin a multi-year development program of the KLU leases and onshore leases in the north Kenai area. Benefits of the project include increasing local natural gas supply in Southcentral Alaska, ensuring energy reliability for the region and creating jobs for Alaskans.

The Ambler Mining District Industrial Access Project will be a controlled-access industrial road from the Dalton Highway to the Ambler Mining District. Construction of the road is expected to support about 3,000 jobs over four-years and operations will create an annual average of 141 direct, indirect and induced jobs. Preliminary estimates suggest that lifetime operations of the four mining prospects in the district made possible by the road could result in additional direct payments of \$193 million to local municipalities and about \$1.1 billion to the state of Alaska.

Section 1002 Area (Coastal Plain) Oil & Gas Leases. Alaska and its congressional delegation have sought to open a small part of Alaska National Wildlife Refuge (ANWR), called the 1002 area, for oil and gas exploration and production. The area is about 8% of the total area of ANWR but contains an estimated billions of barrels of oil and large volumes of natural gas. If these resources were developed, it would provide billions of dollars of revenue to the state of Alaska.

The West Susitna Access project consists of building a road that will provide safe, reliable, year-round road access to remote public and private lands within the MSB and areas planned for resource development. In total, the road will be 100 miles long. AIDEA’s project begins where the DOT&PF 22-mile segment ends. The AIDEA road will be an industrial toll road modeled after the DMTS. Advantages of this approach include reduced reliance on state funding by covering construction and maintenance costs over the long-run through toll revenues.

Cumulative State Contributions and Cumulative AIDEA Payments to the State



AIDEA has received a total of \$650.2 million from the state of Alaska over the last 44 years from Fiscal Year (FY) 1981 to FY 2024. Of this total, \$350.1 Million (54%) came in the form of assets/liabilities and pre-existing loans issued by State of Alaska entities other than AIDEA, and \$300.1 Million (46%) in the form of direct appropriations from the Alaska Legislature. In addition, AIDEA development activities have resulted in grants and capital contributions of \$220.3

million from entities other than the state of Alaska including the federal government.

In FY 1995, AIDEA provided a \$60 Million “Return on Capital” to the state of Alaska’s General Fund. Beginning in FY 1997 and every year since then, AIDEA has provided the state an annual dividend that has averaged \$16.6 million per year. From FY1995 to FY2024, AIDEA has contributed a total of \$524 Million to the state.

Note that while not quantified here, all AIDEA’s payments to the state get put into the general fund and are redistributed, generating additional economic activity/multiplier effects.

All dates are shown by Fiscal Year (July 1 to June 30)

The Takeaways

A summary of major findings

AIDEA was designed to take on investments other lenders might deem too risky.

AIDEA was empowered and mandated by the legislature to be the agency to take on the risk of financing Alaska development projects to stimulate the economy. This designation effectively created a shield for the Permanent Fund, which could then be used for long-term wealth-generating investments. Despite the inherently risky nature of many of its investment projects however, AIDEA's net position has grown at a compound annual rate of +5.9%.

AIDEA's project values go beyond their initial investment.

AIDEA projects have created \$60.1 Billion in total economic output over time. Of that, \$49.1 Billion comes from its direct investments. The DMTS/Red Dog project has been the biggest contributor since it is relatively large, and has been adding to the total output since FY 1987.

AIDEA is unique as a development finance agency in that it pays dividends back to the state.

AIDEA began paying dividends to the state in 1997 after a large special payment in 1995. Those dividends go into the state's General Fund and continue to generate multiplier effects as they are respent around the state.

AIDEA's dividend payments to the state are overtaking the state's contributions to AIDEA. If historical trends continue, AIDEA's cumulative dividend payments and returns of capital will exceed the State of Alaska's cumulative contributions to AIDEA by 2043.

AIDEA has a bigger role in Alaska state economics than a typical DFA.

AIDEA takes on a much more hands-on, visible role as a partner in many projects it finances than is typical for most development fund agencies. This visibility can lead to increased scrutiny.

AIDEA compared to other DFAs

"It's fascinating to see how AIDEA, being in Alaska, has a different kind of political pressure compared to other DFAs. The close-knit nature of the community and the direct impact of AIDEA's actions make it more in the public eye. There's a heightened scrutiny." – Toby Rittner, President and CEO, Council of Development Finance Agencies

"What stands out with AIDEA is their hands-on approach. They're not just a financier; they're a partner in the truest sense. Their involvement often goes beyond capital, providing technical expertise, market insights, and more." – Ariel Miller, former Senior Director, Research & Technical Assistance The Council of Development Finance Agencies (CDFA)

A Recap of the Numbers

Total Economic Output
(through FY2024; includes multiplier effect):

\$60.1 Billion

AIDEA's Current Net Position
(in FY2024):

\$1.49 Billion

Total Dividends/payments to the state
(through FY 2024):

\$524 Million

Estimated Total Taxes paid to the state and the Northwest Arctic Borough by the operators of Red Dog mine
(through FY 2024):

\$1 Billion +



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1 Introduction

1.1 Objectives of the study/scope of work

The purpose of this study is to provide a comprehensive, technically sound, and objective analysis of the economic and fiscal contributions of the Alaska Industrial Development and Export Authority (AIDEA) to the state of Alaska. This report examines those contributions at the community, regional, and state levels over the entire time frame of AIDEA's existence from its origins in 1967 through Fiscal Year (FY) 2024.¹ The goal of this report is to provide Alaskans with a deeper understanding of AIDEA's purpose and mandate, its activities through the years, and how those align with its mission to promote and advance economic growth in Alaska.

1.2 Organization of the report

This report is divided into three major sections:

Section 1: AIDEA's Role and Function. This section begins with a description of the history and evolution of AIDEA, from its establishment and initial mandate in 1967 through to its present form. It then goes into further detail on AIDEA's current authorizations and powers, oversight and governance, and its mission as compared to other development finance agencies. The section wraps up with an in-depth look at AIDEA's existing programs and funds and a brief comparison with AIDEA's Investment Policy Statement (IPS) compared to other state entities.

Section 2: The Economic and Fiscal Impacts of AIDEA. This section contains the economic and fiscal analysis of AIDEA's projects. We begin with a description of each of AIDEA's Direct Investment projects from its beginning through FY 2024, followed by a description of its Loan Participation Program and example projects. The section then goes on to quantify the economic benefits to Alaska of those projects in terms of jobs, wages, and economic output. The next section examines the fiscal effects of AIDEA, summarizing the contributions the state has provided to AIDEA over its history, AIDEA's returns to the state in dividends, and AIDEA's growth in terms of its Net Position

Section 3: Summary and Conclusions. This section summarizes key takeaways from each section of the report including a recap of economic findings. This section also contains the list of references cited in the report and a set of appendices providing more information on the legislation passed from 1967 to the present regarding AIDEA, detailed tables on AIDEA's Direct Investment and Loan Participation Program projects, and an in-depth discussion of the methodology used to quantify AIDEA's economic and fiscal effects.

¹ Some information regarding activity in FY 2025 is reported, but complete data are presented only through FY 2024.

1.3 Methodology

The research efforts for this report began with an extensive literature review, starting with documents from AIDEA, including annual reports,² audited financial statements,³ board meeting minutes,⁴ and project fact sheets.⁵ We also searched for and incorporated outside articles and reports including journal articles, opinion pieces, and published reports. We also used legislative documentation collected from the Alaska Legislative Library, and data provided by request from the Alaska Department of Labor and Workforce Development.

We then gathered further data through a series of interviews. We spoke with industry experts, project stakeholders, AIDEA staff, leadership from other Alaska agencies, key legislative figures, early directors from the beginning of AIDEA, and former and current executives of financial institutions who participated in, or previously leveraged AIDEA's Loan Participation program.

For the economic impact analysis, we used an input-output model to quantify the direct, indirect, and induced effects of AIDEA's investments in projects. These impacts were measured in terms of jobs, income, and economic output—a detailed description of the economic modeling methods used is provided in *Appendix 1*. AIDEA's fiscal effects were modeled through a thorough review of AIDEA's Audited Financial Statements. Our analysis summarizes AIDEA's net position,⁶ AIDEA's funding from the state, and AIDEA's Dividends and other payments to the state. The fiscal effects analysis then compares AIDEA's Net Position to the contributions made to it by the state, and also documents the return in the form of dividends and special payments to the state. The Audited Financial Statements provided a consistent approach for documenting not only funding contributions from the state of Alaska but also contributions from the federal government and from other entities such as local governments and private companies. Because AIDEA Financial Statements are audited by independent third-party accounting firms, the information included in this assessment is not solely reliant on obtaining information directly from AIDEA. As a final check on the validity of AIDEA's Financial Statements, Northern Economics has also reviewed Session Laws⁷ of the Alaska Legislature to verify legislative appropriations and authorizations. Alaska Legislative Session Laws are available online for 1981–2024 from the Alaska State Legislature website,⁸ and in bound volumes for the years 1959–1980.

² AIDEA's Annual Reports are available online for the years 1998–2024 at <https://www.aidea.org/About/News-Publications-and-Resources/Annual-Reports>. Annual Reports prior to 1998 are available upon request from AIDEA.

³ AIDEA's audited financial statements are available online for the years 1991–2024 at <https://www.aidea.org/About/News-Publications-and-Resources/Publications-Financial-Statements/Financial-Statements>. Financial statements prior to 1991 are available upon request from AIDEA.

⁴ AIDEA's Board meeting minutes are available online for the years 2008–2024 at <https://www.aidea.org/About/Board-Members/Board-Meeting-Archives>. Board meeting minutes prior to 2008 are available upon request from AIDEA.

⁵ Individual project fact sheets are available upon request from AIDEA.

⁶ Net Position is a term used for not-for-profit entities and is similar to the for-profit concept of equity.

⁷ Session Laws are all the laws passed during a particular session of a legislature. Session laws are published in chronological order, usually in a bound volume, and include both public and private laws.

⁸ The Alaska State Legislature webpage is available at www.akleg.gov. The online database that contains the Legislative Session Laws from 1981–2024 is available online from <https://www.akleg.gov/basis/Home/Law/34> and then by selecting the link to 1981–2024 Session Law. Session Laws for the 11th Legislature which ran from January 1979 – June 1980 are currently available only in a hard copy format.

Section 1:

AIDEA's Role and Function

This section details the history and evolution of AIDEA, describes its programs, and looks at AIDEA in the context of other Development Finance Agencies and other Alaska state agencies.

The goal of this section is to describe AIDEA's mandate, function, and mission and examine whether it has met its objectives or realized its mandate or objectives.

This Section includes four chapters:

- 2. The History and Evolution of AIDEA*
- 3. AIDEA's Funding, Authorization and Oversight*
- 4. AIDEA's Programs and Activities*
- 5. AIDEA as a Development Finance Agency*

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2 The History and Evolution of AIDEA

2.1 Establishment and Initial Mandate

AIDEA's precursor, the Alaska Industrial Development Authority (AIDA), was created by the Fifth Alaska Legislature in 1967⁹ to be a "public corporation and political subdivision of the state with power to issue bonds to provide funds to acquire and construct manufacturing and industrial plants throughout the state." The legislation goes on to state that AIDA's purpose is to:

...promote, develop, and advance the general prosperity and economic welfare of the people of Alaska, to relieve problems of unemployment and to create additional employment by providing a means of financing industrial and manufacturing plant construction, conversion, or expansion within the state, including the acquisition of real property for lease or sale to business enterprises for industrial or manufacturing purposes.¹⁰

The initial impetus behind AIDEA's creation was the potential construction of a liquefied natural gas (LNG) plant on the Kenai Peninsula, along with an increasing interest in the development of Alaska's North Slope oil fields (Rose 2008). The legislature developed AIDA with the intent of making such ventures more economically viable. The legislature envisioned AIDA as a tool to stimulate business and industry, providing Alaskan businesses with lower interest rates through the use of tax-exempt financing bonds and funding projects where traditional financial institutions might not readily venture due to the perceived risks or unfamiliarity with Alaskan economic conditions.

In the end, the LNG plant did not utilize AIDA, and the activity of the Authority was limited through much of the next decade. As indicated in the 1980 AIDA Annual Report, the operations of AIDA had not been funded by appropriations from the Alaska Legislature, and the primary tool used to fund projects has been through the issuance of revenue bonds. Table 1 below shows the revenue bonds that were used from 1976 forward. As of the end of FY 1980, AIDA had completed six revenue bond issuances for a total of \$74 million.

⁹ Specifically **CSHB 14 am** (Committee Substitute for House Bill 14 as amended) created AIDA (AIDEA's precursor). The final bill was approved by the joint House/Senate committee of the Fifth Alaska Legislature and signed into law by Governor Wally Hickel on April 4, 1967, with an effective date of April 5, 1967. The language approved in 1967 is contained within the 1967 version of Alaska Statutes in Sec. AS.61. Please note that the Alaska Statutes from 1967 are not available online but can be requested from the Alaska State Legislative Reference Library by email at legislativelibrary@akleg.gov.

¹⁰ All of the original language from 1967 version of the Alaska Statutes in Sec. AS.61.010 is still found within the current AIDEA Statutes at Sec. AS.44.88.010. Specifically, Sec. AS.44.88.010(a)(1) through Sec. 44.88.010(a)(4) are essentially unchanged from Sec. 44.61.010(a)(1) through Sec. AS.61.010(a)(4) from 1967; Similarly, Sec. AS.44.88.010(a)(11) is an expanded version of Sec. AS.44.60.010(a)(5) from 1967 and Sec. 44.88.020 is functionally identical to Sec. AS.44.60.020.

Table 1. Revenue Bonds Issued by AIDEA as of the End of Fiscal Year 1980

Company	Total Amount Approved	Interest Rates	Final Maturity Date	Total Amount Issued	Amount Outstanding
Alaska Airlines	\$3,500,000	7.10%	April 1, 1993	\$3,500,000	\$3,210,000
Alaska Airlines	\$3,000,000	7.00%	February 1, 1994	\$1,000,000	\$995,000
Alaska Pipeline Company	\$15,000,000	7.75%–8.00%	June 1, 2008	\$5,600,000	\$5,600,000
		7.75%	July 1/2004	\$7,500,000	\$7,500,000
Ketchikan Pulp Company	\$55,000,000	5.75%	November 1, 1980	\$31,500,000	\$31,500,000
American President Lines	\$25,000,000	5.40%	April 1, 1983	\$25,000,000	\$25,000,000

Source: AIDA Annual Report and Financial Statements, 1980.

The 1980 Annual report notes that the **revenue** bonds:

...issued by the Authority are not general obligations of the Authority but are payable solely out the revenues derived from the financing of the projects. They do not constitute the debt or indebtedness of the Authority...The repayment of these bonds by the various corporations are made directly to the trustee for each bond issue and therefore are not shown as receipts and disbursements of the Authority (AIDEA 2025a).

2.2 AIDEA and the Permanent Fund

While AIDEA¹¹ had been in existence for several years by the mid-1970s, its real value became clear with the development of Alaska’s North Slope oil resources and establishment of the Alaska Permanent Fund in 1976. At that time, many lawmakers thought the Permanent Fund should serve two functions: a development bank issuing loans to Alaska businesses and communities, and an investment to create long-term wealth. Others, concerned that using the Permanent Fund for development would quickly exhaust it, hoped the Fund would be protected from risky development projects.

The ultimate solution was two separate funds—the Permanent Fund, which would focus on prudent investments for long-term wealth, and AIDEA, already established and available, which would evolve to fill Alaska’s development

“With [AIDEA]...

...we proved that there was a role for state involvement because some good loans were too large for the banks and some projects became feasible only when government intervention lowered interest rates.”

“We could create a Development Bank out of [AIDEA] rather than [creating] one using the Permanent Fund. [AIDEA] would become a shield, absorbing the risk of state lending and deflecting the political pressure created by the ‘loan-crazies.’”

Dave Rose

First Director of the Alaska Permanent Fund and first Executive Director of AIDEA

Excerpted from *Saving for the Future: My Life and the Alaska Permanent Fund*, 2008

¹¹ AIDA’s name was officially changed to the Alaska Industrial Development **and Export** Authority by the Legislature in 1987 in with HCSCSSB64(FIN), i.e., the **Final** version of **House Committee Substitute** of the **Committee Substitute** for **Senate Bill 64**, which was approved on June 8, 1987, with an effective date of June 9, 1987. In addition to changing AIDA’s name to AIDEA, the bill expanded AIDEA’s mandate to include “the expansion of export trade” which the Legislature determined is “vital to the health and growth of the state’s economy.”

finance needs. As described by Dave Rose [2008] in *Saving for the Future: My Life and the Alaska Permanent Fund*, it was AIDEA's role as a lending organization that could provide reduced interest loans for Alaska development projects that might not otherwise be financed that enabled the Alaska Permanent Fund Corporation (APFC) to follow the "prudent investor rule" that seeks "the highest-available return consistent with preserving the investment." According to Rose, low-interest loans for projects to develop Alaska's economy would not live up to the prudent investor rule because "they weren't the safest or most profitable investments available." In fact, though APFC did establish an in-state investment program in 2018, its board voted in 2023 to end the program, citing concerns that those investments were underperforming and therefore not meeting its investment criteria (APFC 2023).

The separation of these two strategies—AIDEA for Alaskan development investments with potentially lower rates of return; and APFC for "prudent investments" seeking high returns while preserving the underlying capital—provided lawmakers the ability to meet the constituent demands for access to funding (through AIDEA), and at the same time create a wealth fund with APFC that would be sheltered from "political" investments.

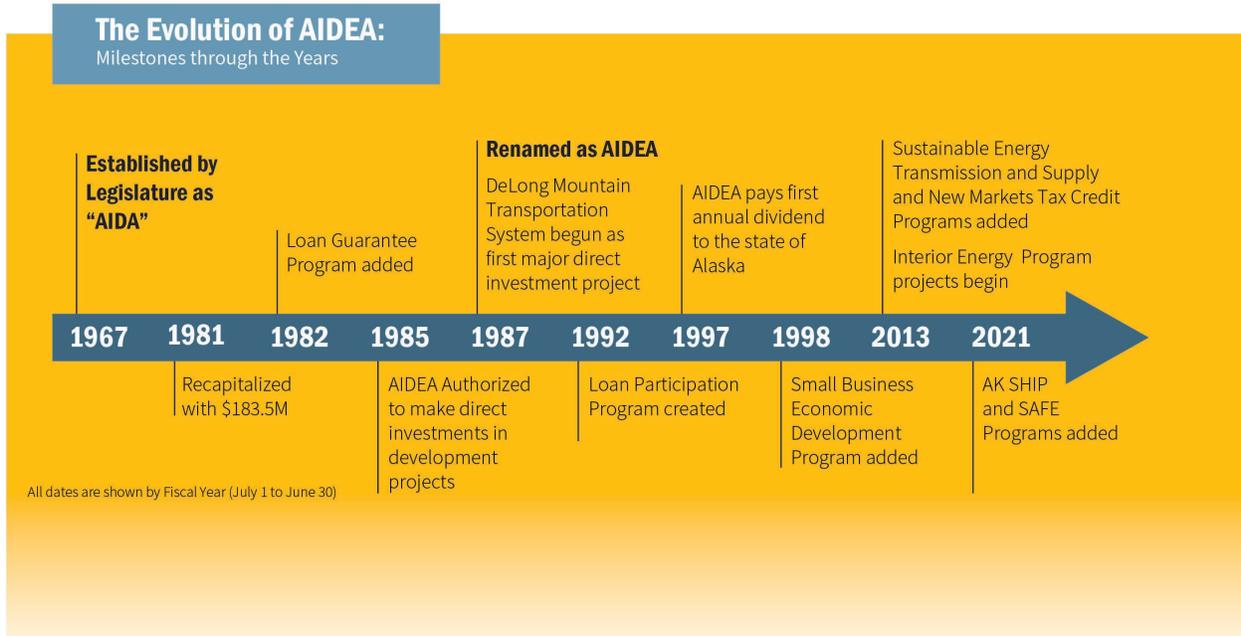
2.3 The Evolution from AIDA to AIDEA

AIDEA operates under specific statutory requirements, as outlined in Chapter 88 of the Alaska Statutes, and is mandated to operate as a public corporation and instrumentality of the state of Alaska. The primary purpose of AIDEA is to promote economic growth and diversification by providing various financial assistance services, including loans, guarantees, and bond financing for Alaska businesses. AIDEA is authorized to issue both revenue bonds¹² and general obligation bonds,¹³ in order to to finance development projects and provide loans to enterprises that demonstrate a capability for economic growth. AIDEA is required to manage its assets, projects, and activities to generate sufficient revenue to sustain its operations without reliance on the state's general fund. Through a series of legislative actions, the authority's role has been expanded or narrowed to suit the changing economic needs and priorities of the state. Figure 1 illustrates major milestones in the evolution of AIDEA. More details on each milestone are provided below the figure.

¹² Revenue Bonds are not general obligations of the Authority but are payable solely out of the revenues derived from the financing of projects. They do not constitute the debt or indebtedness of the Authority. Repayments of these bonds by the various corporations are made directly to the trustee for each bond issued and therefore are not shown as receipts and disbursements of the Authority (AIDEA 2025a)

¹³ AIDEA is authorized to issue general obligation bonds, noting that these bonds are often referred to as "umbrella bonds" within AIDEA's annual reports. These bonds are backed by the full faith and credit of the Authority. AIDEA's general obligation bonds (umbrella bonds) do not constitute an indebtedness or liability of the State of Alaska, and do not directly, indirectly, or contingently obligate the State of Alaska to apply money from, or levy or pledge, any form of taxation whatever to the payments of Bonds. AIDEA is limited by statute (AS 44.88.095) from issuing bonds (excluding refunding bonds) in excess of \$400 million in any 12-month period, and may not issue bonds for a single economic development project (as defined in AS 88.172) in excess of \$25,000,000 without legislative approval.

Figure 1. Major Milestones in the Development of AIDEA



Milestones

- 1967:** As discussed above, the legislature created the Alaska Industrial Development Authority as a means to provide low-cost financing to encourage development of Alaska’ oil resources. The fund was not utilized and became inactive until establishment of the Permanent Fund and the debate about its structure revealed the need for two different types of funds.
- 1981:** Once the vision was clear to have AIDEA take on the role of funding development projects, the legislature recapitalized the fund with \$183.5 million over two years in the form of \$8 million in direct funding, and \$175 million in appropriations of pre-existing loan portfolios and asset from other state entities.
- 1982:** The legislature authorized the Loan Guarantee Program, which provides loan guarantees to eligible banks, allowing them to extend financing to businesses knowing that AIDEA will cover a significant portion if the borrower defaults.
- 1985:** AIDEA is granted the authority to make direct investments in projects, enabling it to begin proactively participating in major Alaska development projects.
- 1987:** AIDEA’s name is officially changed to the Alaska Industrial Development and Export Authority, and its first major direct investment project is the development and ownership of the DeLong Mountain Transportation System associated with the Red Dog mine—one of the world’s largest zinc mines.

1992: The Rural Development Initiative Fund (RDIF) is established and AIDEA's Loan Participation Program (LPP) is formalized through legislative action.

1997: With the growth of its assets, AIDEA began paying dividends back to the state, further cushioning the need for the state to tap the Permanent Fund to make up shortfalls in Alaska's General Fund. The payment of dividends to the state makes AIDEA unique among US development finance agencies (see *Chapter 5, AIDEA as a Development Finance Agency*).

1998: The Small Business Economic Development Program is added, whereby AIDEA can finance business start-up and expansion for companies that are a small business as defined by the US Small Business Administration.

2013: The Sustainable Energy Transmission and Supply Development Fund (SETS) authorizes AIDEA to make direct energy development loans, and to issue bonds and loan guarantees for energy related projects. Unlike loan participations, a borrower can apply directly to AIDEA. Under the new program, the Interior Energy Project (IEP) began.

That same year AIDEA implemented its New Markets Tax Credit Program (NMTC) to incentivize development in the state's underserved and underdeveloped areas.

2019: The Alaska Ship Home-Porting for Improvements Program (AK SHIP) was established as a financing program designed to enhance the competitiveness of Alaska's marine transport industry.

2020: Under the Sustaining Alaska's Future Economy Guaranty Program (AK SAFE) AIDEA was authorized to issue guarantees to eligible borrowers for a onetime advance up to \$1 million. The proceeds of any loans guaranteed under the AK SAFE Program could be used for any working capital purposes arising from the COVID-19 economic emergency.

2.4 AIDEA's Mission

AIDEA's mission has adapted to resonate with Alaska's evolving needs and the associated changes in legislation. From focusing primarily on industrial development to embracing a more diversified portfolio of development projects, AIDEA continues its commitment to Alaska's prosperity and the well-being of its residents. In its early years, as reflected in the 1982 Annual Report, AIDEA's primary mission was to stimulate economic growth in Alaska. The focus was predominantly on industrial development and export facilities, with many projects targeting resource development and infrastructure. AIDEA aimed to be the bridge between public and private sectors, to help usher in investments beneficial for Alaska's burgeoning industrial landscape.

By the 2000s, AIDEA's mission had evolved. The 2003 Annual Report (AIDEA 2025a) showcased a commitment not only to economic growth but also to the broader well-being of Alaska's residents.

Diversifying its portfolio, AIDEA ventured into sectors beyond traditional resource development, such as hospitality, retail, and healthcare. There was a discernible emphasis on maximizing the use of Alaska's assets for its residents, while also playing an active role in community development and improving quality of life.

The most recent 2024 Annual Report paints a picture of an organization with a matured and holistic mission. Economic growth remains a cornerstone, but AIDEA now integrates financial, environmental, and social considerations into its core objectives. With projects emphasizing renewable energy and sustainable infrastructure, AIDEA's commitment to environmental stewardship is evident. Collaborations with communities, stakeholders, and other state agencies highlight its goal to achieve a comprehensive approach to development, and its Small Business Economic Development Program and the Rural Development Initiative Fund¹⁴ provide long-term private sector employment by financing business start-up and expansion for small Alaska Businesses.

¹⁴ The Small Business Economic Development Program and the Rural Development Initiative Fund both utilize funding from AIDEA, but are administered through the Division of Investments within the Alaska Department of Community, Commerce, and Economic Development (DCCED). Also note that AIDEA's Board has recapitalized SBED through Resolution G25 approved in September 2025.

3 AIDEA's Funding, Authorization, and Oversight

This chapter focuses on three major topics: how AIDEA is funded, its project financing authorizations, and its oversight and governance.

3.1 The Funding of AIDEA

Over the course of this assessment we have determined that the most consistent and comprehensive source of funding information is found within AIDEA's annual financial statements, all of which have been audited by reputable third-party accounting firms.¹⁵ The audited financial statements provide a detailed accounting of AIDEA Assets and Liabilities—also reported as “Statements of Net Position”—and AIDEA's Statements of Cash Flow, which summarize both operating revenue and expenses as well as non-operating revenues and expenses (also referred to as Cash flows from Capital and Related Financing Activities).¹⁶ In most years the audited financial statements document two years of information.

In order to fulfill its mission, AIDEA requires capital. AIDEA is funded through three main sources:

1. Revenues from its bond sales, programs, and projects
2. Appropriations of direct funds and loans by the Alaska Legislature¹⁷
3. Grants and contributions from its project partners, which include private businesses and corporations as well as the federal and local governments.

3.1.1 AIDEA Project Revenues

From its inception through FY 1980, AIDEA had been operating without appropriation from the state, instead utilizing bond sales to fund its projects. In 1981, the Alaska Legislature capitalized AIDEA with a direct appropriation of \$15 million and an additional \$168.6 million in existing loans and assets from other state entities. An additional direct funding appropriation of \$8 million was approved by the Legislature in 1982. By the end of FY 1982 AIDEA had a net position of \$226 million or \$37.7 million in excess of its appropriated funds and assets [AIDEA Financial Statement for 1982] Its primary revenue sources were interest and fees from its loans and bond issuances. By the end of

¹⁵ AIDEA's Annual Reports and Audited Financial Statements are available from 1980 forward. AIDEA, like other state agencies, reports information using a Fiscal Year, which runs from July 1 to June 30 with the Fiscal Year being the year associated with the last six months.

¹⁶ Since 1980 the format of AIDEA's Financial Statements have shown considerable variation in terms of formatting and wording of reported elements. Nevertheless, because they have been audited by reputable third party accounting firms, Northern Economics believes that AIDEA's Audited Financial Statements provide an accurate accounting of AIDEA's finances.

¹⁷ With the very notable exception of the Legislative appropriation of loans and assets from other state of Alaska entities in 1981, almost all of the contributions from the Alaska Legislature have been directly related to specific projects as noted in Table 2.

FY 1986, AIDEA's net position had grown by \$362.3 million while its additional Legislative appropriations were less than \$5 million. AIDEA was clearly leveraging its assets including its Legislative appropriations to generate additional net income and equity.

As discussed in Chapter 7, AIDEA's net position growth has far outstripped its total state funding (\$650 million to date) As of the end of FY 2024 AIDEA's net position stands at \$1.49 billion (see Figure 28).

The remainder of this section documents AIDEA's Legislative Appropriations and AIDEA's Other Funding Sources.

3.1.2 Legislative Appropriations

The Alaska Legislature has been a major funder of AIDEA over the years. Since FY 1981 through FY 2024, the State of Alaska has contributed \$650 million to AIDEA in the form of direct appropriations of funds and transfers of previously existing loans and other assets (AIDEA 2025c). With the exception of appropriation in 1981 and 1982, the majority of those appropriations have been focused on specific projects that the state wished to support through the vehicle of AIDEA as the state's development finance agency.

The state of Alaska has, over the decades, made significant financial commitments to AIDEA to bolster various projects and initiatives aimed at catalyzing economic growth and development. Table 2 summarizes the contributions from the state of Alaska to AIDEA. The table shows the Fiscal Year in which contributions were formally added into AIDEA's asset base as documented in AIDEA's Audited Financial Statements. The table shows the specific year in which a contribution is documented. The middle column in the table provides an indication as to which of AIDEA's Programs or Projects the funding was intended for. The column on far right the shows the cumulative contribution from the state Alaska to AIDEA. It is important to note that the cumulative contribution indicates the total amount of state contribution to AIDEA at any point in time. For example, through FY 1987 AIDEA has received a total of \$347,677,655 from the state. By the end of FY 2024 the state had contributed a total of \$650,167,655 to AIDEA.¹⁸ Finally, it is important to note that not all of the contributions from the state have been in the form of direct funding (cash). For example, the \$183.5 million contribution in FY 1981 comprised \$166 million in the form of pre-existing loans from other state agencies and \$2.55 million in the form of assets and liabilities of the Alaska State Development Corporation. Similarly, the \$143.5 million contribution in FY 1986 consisted of \$12 million from the state's Multifamily Housing Loans Security Fund and \$132.7 million in 2,498 loans made by the state under seven different economic assistance programs. Since FY 1988 all contributions from the state

¹⁸ Based on information in AIDEA's Financial Statement for FY 2014, the Alaska Legislature appropriated \$125 million to the SETS Fund. Later in that same year, the Alaska Legislature re-appropriated \$50 million from the SETS Fund back to the state's general fund. As reported in the Financial Statement the full amount was appropriated and there was a \$50 million payment from AIDEA back to the State Alaska. In order to eliminate the appearance that AIDEA's funding from the state and its payments to the state are overstated, Northern Economics has made the decision to exclude the \$50 million on both sides of the ledger.

have been in the form of direct funding. Figure 2, following the table, provides a graphical representation of the State of Alaska’s contributions by year to AIDEA, as well as its cumulative contribution.¹⁹

Table 2. Contributions to AIDEA From the State of Alaska as Funded through Legislative Appropriations

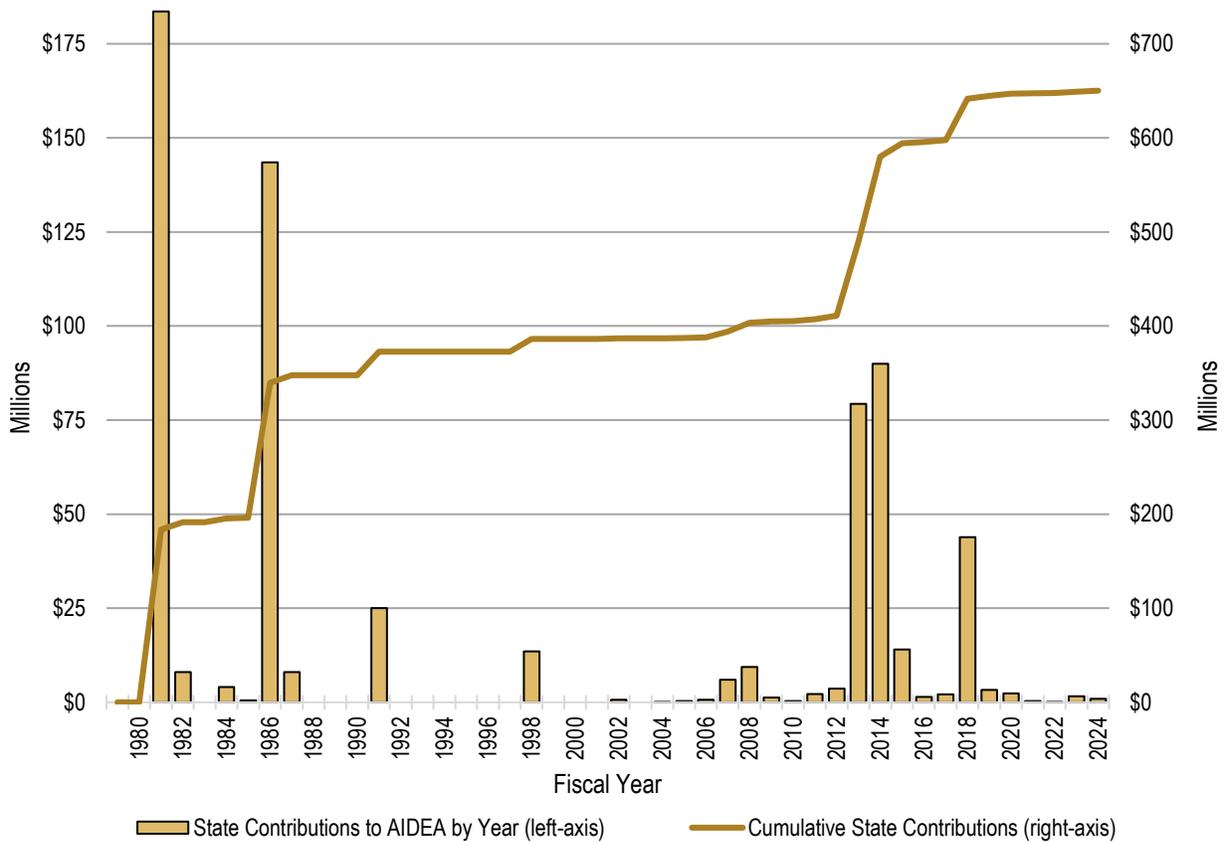
Fiscal Year	State of Alaska Contributions to AIDEA by Year	Projects for Which Contributed Funds were Utilized	Cumulative Contributions to AIDEA from the State
1981	\$183,554,055	AIDA Bond Program	\$183,554,055
1982	\$8,000,000		\$191,554,055
1984	\$4,068,200	Delong Mountain Transportation System (DMTS)	\$195,622,255
1985	\$544,100		\$196,166,355
1986	\$143,511,300		\$339,677,655
1987	\$8,000,000		\$347,677,655
1991	\$25,000,000	Healy Clean Coal	\$372,677,655
1998	\$13,567,000	Ketchikan Shipyard	\$386,244,655
2002	\$652,000	Unspecified	\$386,896,655
2004	\$122,000		\$387,018,655
2005	\$376,000	Ketchikan Shipyard	\$387,394,655
2006	\$675,000		\$388,069,655
2007	\$6,006,000	Restart of Healy Clean Coal	\$394,075,655
2008	\$9,377,000		\$403,452,655
2009	\$1,293,000	Ketchikan Shipyard	\$404,745,655
2010	\$305,000		\$405,050,655
2011	\$2,174,000		\$407,224,655
2012	\$3,634,000		\$410,858,655
2013	\$79,274,000	Snettisham Acquisition, Interior Energy Project, and Ambler Road	\$490,132,655
2014	\$89,968,000		\$580,100,655
2015	\$14,008,000		\$594,108,655
2016	\$1,412,000	Interior Energy Project	\$595,520,655
2017	\$2,077,000	Interior Energy Project, Ambler Road	\$597,597,655
2018	\$43,854,000	Pentax Purchase, Ambler, Ketchikan Shipyard	\$641,451,655
2019	\$3,297,000	Ambler Road, Ketchikan Shipyard	\$644,748,655
2020	\$2,385,000	Interior Energy Project, Ambler Road, Ketchikan Shipyard	\$647,133,655
2021	\$332,000	Unspecified	\$647,465,655
2022	\$115,000	Ambler Road	\$647,580,655
2023	\$1,630,000	Ambler and West Susitna Roads	\$649,210,655
2024	\$957,000	Ambler and West Susitna Roads	\$650,167,655

Note: Since this table reports contributions from the State as they appear in AIDEA Financial Statements, they cannot be directly linked to specific legislative actions. Also note that years in which there were no contributions have been dropped from the table.

Source: Developed by Northern Economics from data in AIDEA Financial Statements

¹⁹ In these tables and figures Northern Economics presents both contributions by year as well as data on the cumulative contributions. The incremental year-by-year contributions document how much external funding has come to AIDEA at any given point, while cumulative data are useful for tracking overall trends.

Figure 2. State of Alaska Contributions to AIDEA by Year, FY 1979–2024



Source: Developed by Northern Economics from data in AIDEA Financial Statements.

3.1.3 Other Funding Sources

In addition to funding generated by AIDEA’s programs and provided by the state of Alaska, the federal government has contributed grant funding for specific AIDEA projects. Since FY 1991, federal grant contributions have added a cumulative total of \$177.7 million to AIDEA’s coffers. From FY 1991 to FY 1998, federal grants for construction of the Healy Clean Coal plant totaled \$117.3 million. Between FY 2002 and FY 2018 AIDEA received a total of \$45.9 million in federal grants primarily related to construction at the Ketchikan Shipyard, with some funds allocated to the restart of the Healy Clean Coal Facility.

Finally, during FY 2020 to FY 2021 AIDEA received over \$250 million in “pass-through” funding from the federal government for COVID-relief under the Cares Act. The amounts that appear in the table represent the balance of Cares Act funding received and Cares Act funding disbursed by AIDEA. By the end of 2021, all Cares Act funds received by AIDEA had been distributed.

AIDEA’s Financial Statements report a total of \$42.6 million in contributions from other sources or from sources that could not be specifically identified. From FY 1998 to FY 2011 these contributions are related to the Ketchikan Shipyard. Contributions reported from FY 2015 to FY 2024 are, or are

likely to be, related to Ambler Road. AIDEA’s contributions from federal grants and from Other or Unspecified Sources are documented in Table 3.

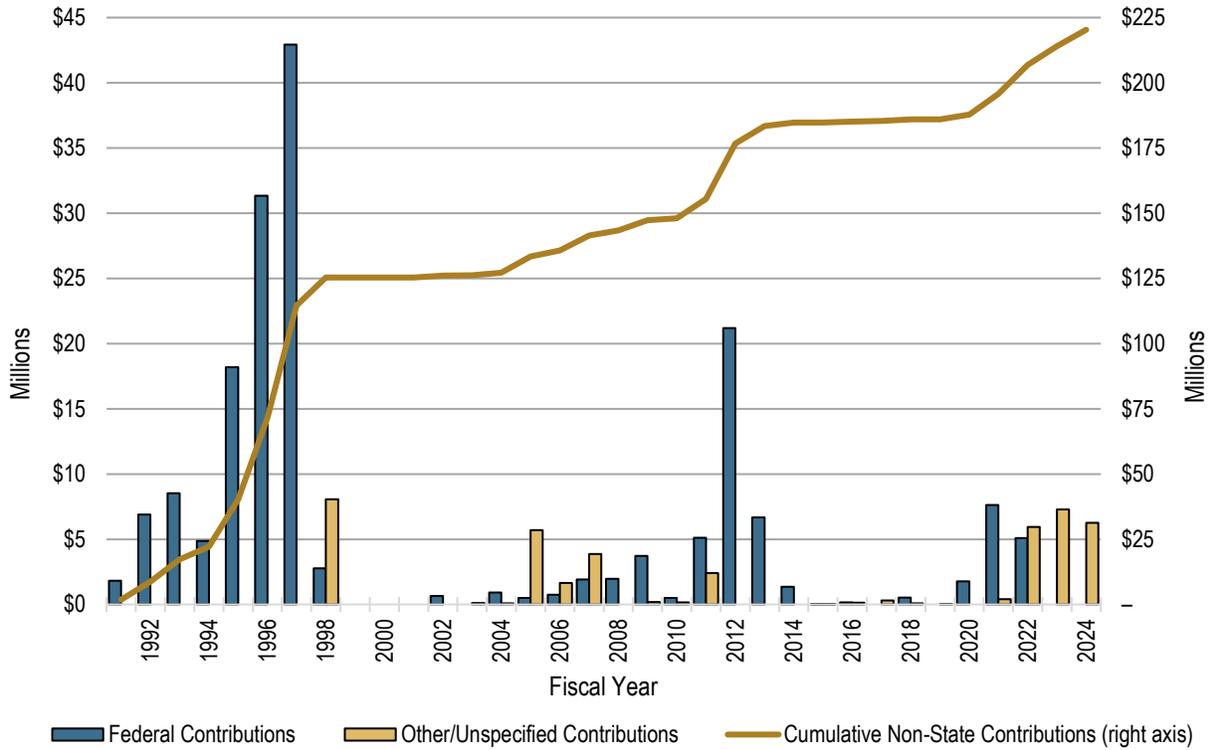
Table 3. Contribution from Federal Grants and from Other/Unspecified Sources, FY 1991–2022

Fiscal Year	Federal Contributions to AIDEA by Year	Cumulative Federal Contributions to AIDEA	Primary Project/Program	Other/Unspecified Contributions to AIDEA by Year	Cumulative Contributions from Other Sources	Project/Program
1991	\$1,822,536	\$1,822,536	Healy Clean Coal	–	–	–
1992	\$6,883,021	\$8,705,557	Healy Clean Coal	–	–	–
1993	\$8,521,816	\$17,227,373	Healy Clean Coal	–	–	–
1994	\$4,869,690	\$22,097,063	Healy Clean Coal	–	–	–
1995	\$18,187,980	\$40,285,043	Healy Clean Coal	–	–	–
1996	\$31,348,761	\$71,633,804	Healy Clean Coal	–	–	–
1997	\$42,923,685	\$114,557,489	Healy Clean Coal	–	–	–
1998	\$2,769,511	\$117,327,000	Healy Clean Coal	\$8,071,461	\$8,071,461	Ketchikan Shipyard
1999	–	\$117,327,000	–	–	\$8,071,461	–
2000	–	\$117,327,000	–	–	\$8,071,461	–
2001	–	\$117,327,000	–	–	\$8,071,461	–
2002	\$651,000	\$117,978,000	Ketchikan Shipyard	–	\$8,071,461	Ketchikan Shipyard
2003	–	\$117,978,000	Ketchikan Shipyard	\$112,000	\$8,183,461	Ketchikan Shipyard
2004	\$914,000	\$118,892,000	Ketchikan Shipyard	\$85,000	\$8,268,461	Ketchikan Shipyard
2005	\$507,000	\$119,399,000	Ketchikan Shipyard	\$5,685,000	\$13,953,461	Ketchikan Shipyard
2006	\$735,000	\$120,134,000	Ketchikan Shipyard	\$1,643,000	\$15,596,461	Ketchikan Shipyard
2007	\$1,917,000	\$122,051,000	Ketchikan Shipyard	\$3,862,000	\$19,458,461	Ketchikan Shipyard
2008	\$1,951,000	\$124,002,000	Ketchikan Shipyard	–	\$19,458,461	Ketchikan Shipyard
2009	\$3,720,000	\$127,722,000	Ketchikan Shipyard	\$176,000	\$19,634,461	Ketchikan Shipyard
2010	\$496,000	\$128,218,000	Ketchikan Shipyard	\$151,000	\$19,785,461	Ketchikan Shipyard
2011	\$5,120,000	\$133,338,000	Ketchikan Shipyard	\$2,413,000	\$22,198,461	Ketchikan Shipyard
2012	\$21,195,000	\$154,533,000	Ketchikan Shipyard	–	\$22,198,461	–
2013	\$6,680,000	\$161,213,000	Ketchikan Shipyard	–	\$22,198,461	–
2014	\$1,348,000	\$162,561,000	Ketchikan Shipyard	–	\$22,198,461	–
2015	\$14,000	\$162,575,000	Ketchikan Shipyard	\$11,000	\$22,209,461	Ambler Road
2016	\$159,000	\$162,734,000	Ketchikan Shipyard	\$133,000	\$22,342,461	Ambler Road
2017	–	\$162,734,000	–	\$295,000	\$22,637,461	Ambler Road
2018	\$527,000	\$163,261,000	Unknown	\$93,000	\$22,730,461	Ambler Road
2019	–	\$163,261,000	–	\$29,000	\$22,759,461	Ambler Road
2020	\$1,757,000	\$165,018,000	Cares Act Pass-through	–	\$22,759,461	–
2021	\$7,618,000	\$172,636,000	Cares Act Pass-through	\$405,000	\$23,164,461	Ambler Road
2022	\$5,087,000	\$177,723,000	Ambler Road	\$5,929,000	\$29,093,461	Ambler Road
2023	–	\$177,723,000	–	\$7,274,000	\$36,367,461	Ambler Road
2024	–	\$177,723,000	–	\$6,261,000	\$42,628,461	Ambler Road

Source: Developed by Northern Economics from data in AIDEA Financial Statements.

Figure 3 shows contribution by year from federal grants and from other/unspecified sources. Together these two non-state sources of funds have contributed a total of \$220.3 million to AIDEA since FY 1991. It is important to note that the grants and contributions from non-state sources have occurred as a result of the projects and programs that AIDEA has undertaken and developed.

Figure 3. Federal and Other Non-State Contributions to AIDEA, FY 1991–2024



Source: Developed by Northern Economics using data from AIDEA Financial Statements

3.1.4 External Funding Summary

Table 4 summarizes the external funding in the form of appropriations and grants that AIDEA has received from all sources since its inception in 1967. We reiterate that prior to FY 1981 AIDEA operated without external funding and used only fees collected through the issuance of revenue bonds. As shown, AIDEA has received a total of \$870.5 million in external funding through FY 2024. Of this total, 75% has been contributed by the state of Alaska. Figure 4 on the following page summarizes these data graphically since FY 1979.

Table 4. Summary of Cumulative External Funding of AIDEA for Fiscal Years 1980–2024

Fiscal Year End	Cumulative State of Alaska Contributions	Cumulative Federal Contributions	Cumulative Contributions from Other Sources	Cumulative Contributions, All Sources
End of FY 1985	\$196,166,355	–	–	\$196,166,355
End of FY 1990	\$347,677,655	–	–	\$347,677,655
End of FY 1995	\$372,677,655	\$40,285,043	–	\$412,962,698
End of FY 2000	\$386,244,655	\$117,327,000	\$8,071,461	\$511,643,116
End of FY 2005	\$387,394,655	\$119,399,000	\$13,953,461	\$520,747,116
End of FY 2010	\$405,050,655	\$128,218,000	\$19,785,461	\$553,054,116
End of FY 2015	\$594,108,655	\$162,575,000	\$22,209,461	\$778,893,116
End of FY 2020	\$647,133,655	\$165,018,000	\$22,759,461	\$834,911,116
End of FY 2024	\$650,167,655	\$177,723,000	\$42,628,461	\$870,519,116

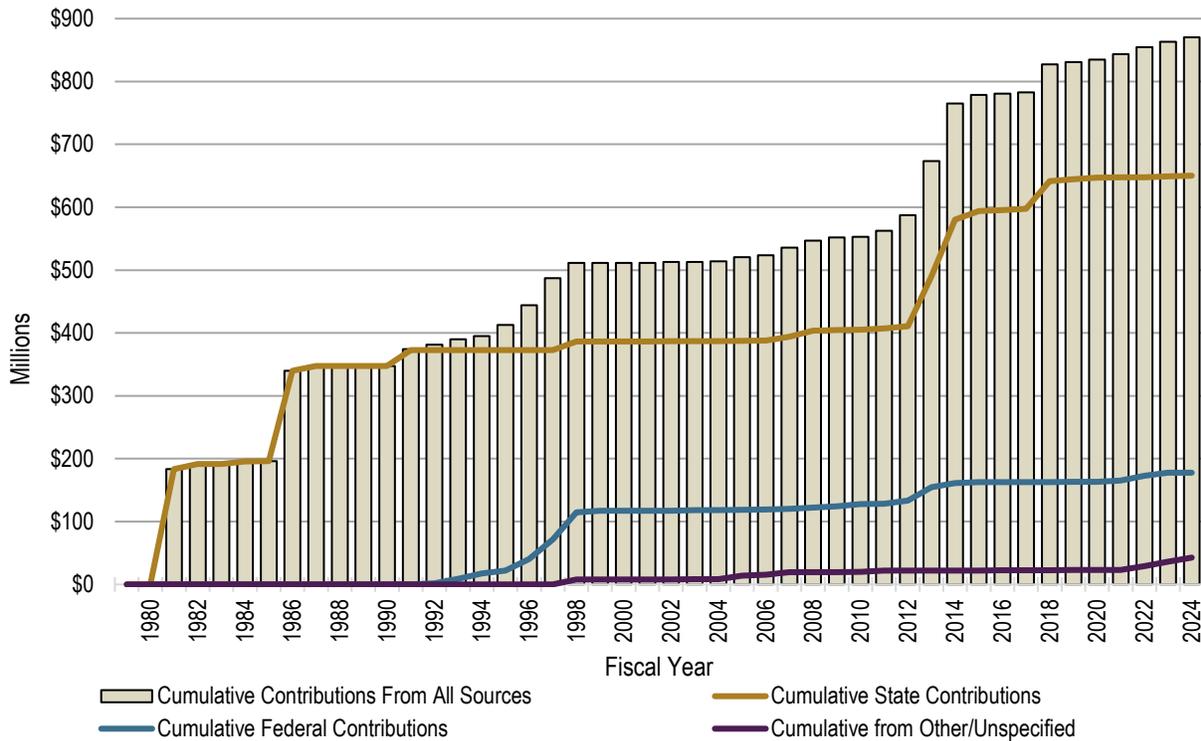
Note: For purposes of clarity, please note that Cumulative Contributions represent the sum of all year-by-year contributions from AIDEA’s inception to the Fiscal Year listed in the table.

Source: Developed by Northern Economics using data from AIDEA Financial Statements

Figure 4 provides a graphical representation of the cumulative external contributions to AIDEA for FY 1979–2024. The figure clearly shows the relative importance of contributions from the state of Alaska. In FY 2022 cumulative contributions to AIDEA passed the \$900 million mark. Figure 4 also demonstrates the relative importance of a relatively small number of initiatives and individual projects in terms of the external contribution to AIDEA:

1. From FY 1981–1985 the Bond Fund Program was the impetus for external funding;
2. From FY 1986–1990 DMTS drove funding;
3. From FY 1991–1998 the Healy Coal Plant motivating funding;
4. From FY 2002–2011 the Ketchikan Shipyard led to external funding;
5. From FY 2012–2018 energy projects (the Snettisham Acquisition and the IEP) provided the impetus for external funding;
6. The Ambler Road Project and Federal Cares Act were a large source of external funding from FY 2020 to FY 2022, although it must be noted that funds related to the Cares Act were strictly pass-through funding amounts that did not directly contribute to AIDEA’s long-term growth.

Figure 4. Cumulative External Funding of AIDEA, Fiscal Years 1980–2024



Source: Developed by Northern Economics using data from AIDEA Financial Statements

3.2 Project Financing Authorization

AIDEA has the authority to provide financing for projects in any part of the state within its Enterprise Development Account (AS 44.88.155) and Economic Development Account (AS 44.88.172). The Enterprise Development Account was established primarily for projects that AIDEA would finance through the purchase of loans, participations in loans with other financial institutions, or guarantees of loans. The Economic Development Account was established primarily for projects that AIDEA would own and/or operate using direct investments or through direct loans. Both of the funds are authorized to sell bonds in order to finance projects.

From the beginning, the legislature has authorized AIDEA to undertake or participate in specific types of development projects, and has provided, on a case-by-case basis, authorization to issue general obligation bonds in order to fund projects directly. These have ranged from infrastructure projects such as roads and ports to specific industries like energy and natural resources. These investments, including those that are statutorily appropriated, play a crucial role in job creation, stimulation of economic growth, and economic diversification for Alaska. Over the years AIDEA’s financing has expanded to include a wider range of economic development projects including hospitality and tourism, healthcare, small business development, and COVID-19 relief for Alaska businesses.

AIDEA provides a range of financing options, including direct loans, loan participations, loan guarantees, tax-exempt and taxable bonds, and conduit revenue bonds. Periodically, the legislature has adjusted AIDEA's financing capabilities, either increasing or decreasing its bond issuance limits, or modifying loan criteria to meet changing economic conditions.

The limitations and approval processes for loan programs depend on the type and amount of the loan, as described below.

Loan Participations:

- AIDEA may participate in loans for enterprise development projects (AS 44.88.155(d)).²⁰ The participations may not exceed \$25,000,000 (unless the project is a qualified energy development, in which case legislative approval is required), and
- At least 10% of the principal amount of the loan is retained by the loan originator.²¹
- The interest rate shall be determined under the regulations adopted by the authority under AS 44.88.085(g)(2)(C) and shall be not less than the total of a percentage as determined by the authority to represent the allocable expenses of operation and costs of loan origination and servicing, plus the cost of funds.

Loan Guarantees:

- AIDEA has the power to guarantee repayment of loans made to a borrower by commercial lenders
- As laid out in AS 44.88.500 the maximum interest rate that may be charged by a financial institution on a loan guaranteed by the authority is two and three-quarters percentage points above the prime rate noting that if provision is made in the loan guarantee agreement, the interest rate on a loan guaranteed by the authority may increase or decrease in accordance with the changes in the prime rate.

Direct Loans:

- AIDEA can make and insure loans to finance the establishment, operation, and development of industrial, manufacturing, energy, export, small businesses, and business enterprises as indicated in AS 44.88.010(a)(9)) and AS 44.88.172.
- The interest rate on these loans is spelled out in AS 44.88.159. and shall be not less than the cost of funds to the authority; where "cost of funds" means the true interest cost expressed

²⁰ As stated In the 2024 version of Alaska Statutes, noting that the language of earlier and/or subsequent versions of Alaska Statutes may not be identical.

²¹ While not explicitly contained in the statute, AIDEA's loan participations may not exceed 90% of the principal amount because the loan originator must retain at least 10% of the principal of the loan.

as a rate on tax-exempt bonds of the authority plus an additional percentage as determined by the authority to represent the allocable expenses of operation, costs of issuance, and loan servicing costs (AS 44.88.085(g)(2)(C)). The interest rate for taxable uses the same language.

General Obligation bond issuances:

AS 44.88.090 and AS 44.88.080(7) provide AIDEA the authorization to issue bonds to pay the cost of a project or development projects, or to provide funds for the authority's purposes. AS 44.88.095 places two limits on AIDEA's bonding capacity:

- 1) The authority may not issue bonds in a 12-month period in an amount that exceeds \$400,000,000, excluding refunding bonds (AS 44.88.095(a)); and
- 2) For directly financed projects under the Economic Development Account, the authority may issue bonds in an amount greater than \$25,000,000 only if approved by the legislature, noting that refunding bonds may be issued without legislative approval (AS 44.88.095(g)).

Since FY 1981 AIDEA has been issuing general obligation bonds as a source of financing projects.

The Authority has previously covenanted that it will not incur any General Obligation indebtedness that will cause future estimated net income (as defined in the Amended and Restated Revolving Fund Bond Resolution) to be less than 150 percent of the General Obligation Annual Debt Service requirements in each year and to take no action to cause its Unrestricted Surplus to be less than the lesser of \$200 million or the amount of General Obligation Indebtedness outstanding and in no event less than \$100 million. The full faith and credit of the Authority's Revolving Fund secures the bonds currently outstanding under the resolution (Alaska Department of Revenue [ADOR]).

The legislature has authorized the issuance of general obligation bonds for eighteen specific projects in addition to non-project specific authorizations from 1981. In the end, general obligation bonds were issued for six specific projects with a total bond amount of \$540 million as shown in Table 5. Note that general obligation bonds that were issued for the specific purposes of calling, defeasing, or refunding pre-existing bonds are not included in the table.

According to a communication from the Alaska Legislative Research Services (Pemberton 2025), the bonding limit for the Authority was first limited in 1980 such that bonds greater the \$50 million required legislative approval. The bonding limit has changed a few times in subsequent years, but it is currently set at \$25 million in AS 44.88.095(g). Since 1987, the Legislature has authorized bond issuances for eighteen projects, of which AIDEA issued bonds for seven (Table 5).

In FY 2020, AIDEA defeased²² all previously issued general obligation bonds (AIDEA 2020a), and thus AIDEA's financial statements after FY 2020 no longer report debt or debt service on general obligation bonds.

²² Defeasance is a process by which the borrower (AIDEA) creates a risk-free and irrevocable escrow account (typically comprising U.S. Government securities) that will satisfy all future debt obligations without prepayment penalties.

Table 5. Bonds Authorized by Legislation

Project Name	Bond Authorization (\$ Millions)	Fiscal Year of Effective Date	Legislative Reference	Additional Notes
DeLong Mountain Transportation System	\$175	1986	CSSB280(FIN) Approved 05/31/1985; Effective 07/01/1985	A revenue bond for road and port development
Skagway Ore Terminal	\$25	1990	SCSCSHB123(2DL&C) Approved: 06/14/1990 Effective: 06/14/1990	Skagway public use ore terminal reconstruction.
City of Unalaska Marine Center	\$7	1991		Transferred to City after full payment.
Healy Clean Coal Project	\$85	1990		In addition to AK appropriations & external financing.
Federal Express Project	\$40	1993	CSSB 171 (FIN) Approved: 05/26/1993 Effective: 05/27/1993	Aircraft maintenance facility
Alaska Seafood Center	\$50	1993		No bonds issued
Cook Inlet Shipping Terminal	\$50	1993		Mid-Rex/Point Mackenzie No bonds issued
Kodiak Rocket Launch Complex	\$20	1996	CSHB 315 (FIN) Approved: 06/07/1995 Effective: 09/05/1995	No bonds issued
DeLong Mountain Expansion	\$85	1996	SCS CSHB 526 (FIN)Am S Approved: 06/27/1996 Effective: 06/28/1996	NA
Snettisham Hydroelectric Project	\$100	1996		Power Revenue Bonds that mature through 2034.
Nome Port Improvement a	\$30	1998	SCS CSHB 386(FIN) am S Approved: 06/18/1998 Effective: Not specified, but assumed to be prior to June 30, 1998	No bonds issued
Healy Railroad right-of-way	\$28	1998		No bonds issued
Hatcher Pass Ski Resort	\$15	1998		No bonds issued
DeLong Mountain Expansion	\$80	1998		For redeeming bonds previously issued for DeLong Mountain
Lynn Canal Port Construction	\$20	2004	CSHB 556(FIN) Approved: 06/03/2004 Effective: 06/0/2004	No bonds issued
Skagway Ore Terminal Upgrades	\$65	2012	SCS CSHB 119(FIN) Approved: 04/20/2011 Effective: 07/1/2011	No bonds issued
SETS Funds for Interior Energy Project & North Slope LNG Production Plant	\$150	2013	SCS CSHB 69(JUD) Approved: 06/20/2013 Effective: 06/21/2013	No bonds were issued
Bokan-Dotson Ridge Project (Ketchikan)	\$145	2015	CSSB 99(L&C) AM H Approved: 06/16/2014 Effective: 09/14/2014	Rare earth project, no bonds issued
Niblack Project (Prince of Wales Island)	\$125	2014		Mineral processing mill, no bonds issued
Power Transmission Interties in the Railbelt	\$185	2021 (assumed)	HCS CSSB 106(FIN) Approved: 04/19/2021 Effective: Not Specified	For interties between 1) Healy and Fairbanks (GVEA); 2) Anchorage and the Kenai Peninsula (CEA); 3) Swan Lake and Tyee Lake (KPU); and 4) Sutton & Glenallen (CVEA).
Total Authorized Bonds	\$1,480			

Sources: Developed by Northern Economics, based on information provided by the Legislative Research Service and AIDEA's Financial Statements.

Note: Does not include any bonds issued for the purpose of calling, refunding, or defeasing pre-existing bond principal amounts.

Stand-Alone and Conduit Revenue Bonds:

As indicated in Table 6, AIDEA’s precursor AIDA had issued a total of 6 revenue bonds from FY 1978 to FY 1980. These bonds are also known as *stand-alone revenue bonds* or *conduit revenue bonds*. In general, AIDEA serves as an intermediary to provide financing for private projects. A key feature of these bonds is that AIDEA is not responsible for repayment; the project’s revenues and the borrower’s credit-worthiness are the only sources of repayment for the bond holders. In other words, neither the credit nor assets of AIDEA or the State of Alaska are at risk. As shown in Table 6, AIDEA has issued a total of 322 of these revenue bonds since its inception, with an estimated original principal amount of \$1.68 billion.

Table 6. Stand-Alone and Conduit Revenue Bonds Issued by AIDEA FY 1978–FY 2024

Fiscal Years	Number of Revenue Bonds Issued	Original Principal Amount of Revenue Bonds Issued (\$ Millions)
1978–1980	6	\$74.1
1981–1987	278	\$566.6
1988–1995	0	–
1996–2004	19	\$149.6
2005–2014	14	\$562.7
2015–2024	5	\$335.0
1978–2024	322	\$1,680.0

Note: This table does not include the \$103.25 million revenue bond issued for DMTS in 1987, nor does it include the \$100 million Power Revenue Bond issued for Snettisham in 1998. These two issuances are special cases and will be addressed below.

Source: Developed by Northern Economics from data in AIDEA Financial Statements

As is clearly seen in Table 6 above, the vast majority (88%) of AIDEA’s revenue bond issuances were made by AIDEA from FY 1978 to FY 1987, a period during which AIDEA was able to issue tax-exempt revenue bonds. Following the Tax Reform Act of 1986, with AIDEA no longer able to issue tax-exempt revenue bonds, demand for AIDEA’s services in this area plummeted. Beginning in 1996 there has been a resurgence of demand for conduit revenue bonds issued by AIDEA. Since 1996, AIDEA has acted as an intermediary for 38 revenue bond issuances with an estimated total original principal amount of nearly \$1.1 billion. These more recent revenue bond issuances were only 12% of total revenue issuances since FY 1978, but have accounted for 61% of total principal value of issued revenue bonds.

Revenue Bonds Issued After Legislative Authorization:

There have been two special cases with respect to revenue bonds issued by AIDEA:

- In FY 1986 the Alaska Legislature²³ authorized AIDEA to “issue bonds or notes in a principal amount not to exceed \$175,000,000 to provide financing for the DeLong

²³ The Alaska Legislature approved this action on May 31, 1985, with an effective date of July 1, 1985, in CSSB280(FIN)AM.

Mountain transportation project.” A note on page 39 of AIDEA’s Annual Report from 1987 states:

In March 1987, tax-exempt revenue bonds in the amount of \$103,250,000 were issued to finance part of the cost of the construction, acquisition and equipping of the DeLong Mountain Transportation Project. The bonds dated February 1, 1987 mature between 1992 and 2017 at rate from 5.40% to 7.30%.

In May 1997, AIDEA issued general obligation bonds for \$150 million to refund the outstanding revenue bonds and to provide construction funds for an expansion of the port. [page 21 of AIDEA’s 1998 Annual Report].

- In FY 1996 the Alaska Legislature²⁴ authorized AIDEA to:
 - ...issue bonds to finance the acquisition of the Snettisham hydroelectric project and related assets, or...finance the acquisition by other means available to AIDEA. The principal amount of the bonds and other financing provided by AIDEA to finance the acquisition of the Snettisham hydroelectric project may not exceed \$100,000,000.

In August 1998, the Authority issued \$100,000,000 of power revenue bonds to finance the purchase of Snettisham. The bonds bear interest at rates ranging from 4.5% to 6.0%, mature at varying dates through 2034, and are payable solely from project revenues, currently received from AEL&P pursuant to a power sales agreement, and from other project funds. [AIDEA Financial Statement 1999].

As of the end of FY 2022 the outstanding balance the Power Revenue Bonds for Snettisham was \$50.5 million. [AIDEA Financial Statement 2022].²⁵

²⁴ The Alaska Legislature approved this action on June 27, 1996, with an effective date of June 28, 1996 in SCS CSHB 526 (FIN) am S.

²⁵ In FY 2023 AIDEA:

...adopted Governmental Accounting Standards Board Statement (GASBS) No. 91, Conduit Debt Obligations, during the fiscal year ending June 30, 2023 (FY 2023), resulting in a change in accounting for the Snettisham Hydroelectric Project. The noncurrent assets, deferred outflows of resources, and current and noncurrent liabilities were all derecognized as required by GASBS 91. The Authority was only a conduit to finance the purchase of the facility and the derecognition is a reflection of the fact that the Authority is not financially responsible for repayment of the debt issued to finance the acquisition, nor is the Authority expected to end up owning the facility long-term or using it in operations. The only commitment made by the Authority was the limited commitment to maintain the tax-exempt status of the associated bond issuance. [AIDEA Financial Statement 2023.]

Based on this, AIDEA has determined that it is no longer required to provide information with respect to the Power Revenue Bonds for Snettisham.

AIDEA's Other Programs and Financial Tools:

Other programs and financial tools have been authorized by the legislature and are explored in more detail in the *Projects and Programs* section. These include:

- **Sustainable Energy Transmission and Supply Development Fund (SETS):** A fund to provide financing for qualified energy developments (AS 44.88.650–AS 44.88.680). AIDEA can offer loans and guarantees, and can issue bonds subject to the limitations set forth in AS 44.88.090 and AS 44.88.095.
- **Arctic Infrastructure Development Fund:** A fund to promote and provide financing for Arctic infrastructure development (AS 44.88.800--AS 44.88.840). AIDEA can issue bonds (subject to limitations in AS 44.88.090 and AS 44.88.095), offer loan guarantees, and utilize other financial tools from this fund.

AIDEA's Board is also authorized to create programs that do not require legislative approval. Programs created by the Board include:

- **Alaska Ship Home-Porting for Improvements Program:** AK SHIP is a \$10 million financing initiative aimed at enhancing the competitiveness of Alaska shipyards by offering financing for ship repair, conversion, and maintenance work
- **Sustaining Alaska's Future Economy Guaranty Program:** The establishment of AK SAFE was aimed at confronting the economic impacts arising from the COVID-19 pandemic, providing a mechanism to support Alaskan businesses.²⁶

3.3 Oversight and Governance

3.3.1 Governance Framework

While AIDEA has considerable autonomy in its operations and financing activities, it operates under a structured governance framework established by the legislature, with checks and balances. AIDEA is governed by a seven-member board, which includes the commissioners of the Department of Revenue and the Department of Commerce, Community, and Economic Development (DCCED), along with five public members appointed by the Governor and confirmed by the Legislature (AS 44.88.030). In addition (as described in Chapter 3.2), AIDEA's general obligation bond sales may not exceed \$400 million in a single year. Further, AIDEA may not issue general obligation bonds for an individual economic development project (as defined in AS 44.88.172) in excess of \$25 million without prior legislative approval.

²⁶ While there are still active loan guarantees issued under the program, the program itself sunsetted on April 30, 2021, when Alaska Governor Dunleavy officially terminated Alaska's COVID-19 Disaster Declaration.

3.3.2 Public Engagement and Reporting

The legislature has underscored the importance of transparency and accountability in AIDEA's operations. As such, they have mandated periodic reporting requirements, ensuring that both the legislative body and the public remain informed about AIDEA's activities, financial health, and project outcomes. Additionally, before issuing certain bonds or approving financing for specific projects, AIDEA may be required to hold a public hearing in accordance with 44.88.090(e). Ways to remain informed and engage with AIDEA, include:

- **Annual Reports:** AIDEA publishes annual reports which provide insights into the authority's financial performance, operations, and various initiatives undertaken during the year. These reports are available on the AIDEA website.
- **Board Meeting Minutes and Schedules:** AIDEA follows Alaska's Open Meetings Act.²⁷ Minutes of AIDEA board meetings are archived and can be accessed on the AIDEA website. These minutes document the discussions and decisions made during the meetings. Additionally, schedules for upcoming board meetings are also provided on the AIDEA website, which include dates, times, and locations for these meetings.
- **Financial Statements:** The AIDEA website has a section dedicated to financial statements.
- **Regulatory Changes and Public Notices:** AIDEA provides public notices and information regarding regulatory changes on its website. For instance, notices about proposed changes to regulations governing the LPP and emergency regulations are made available online.
- **Online Public Notices and Board Resolutions:** There are online public notices and board resolutions concerning various matters such as regulation changes. These are provided on external platforms and linked from AIDEA's official website.
- **Regional Resource Advisory Councils:** if a project is financed under AS 44.88.172 and is located in the Alaska Unorganized Borough, the authority shall solicit the review and advice of the Regional Resource Advisory Council or governing body in the area in which a project is located before the execution of contracts, agreements, resolutions, or other matters that directly concern the development, maintenance, and operation of a project (AS 44.88.174).

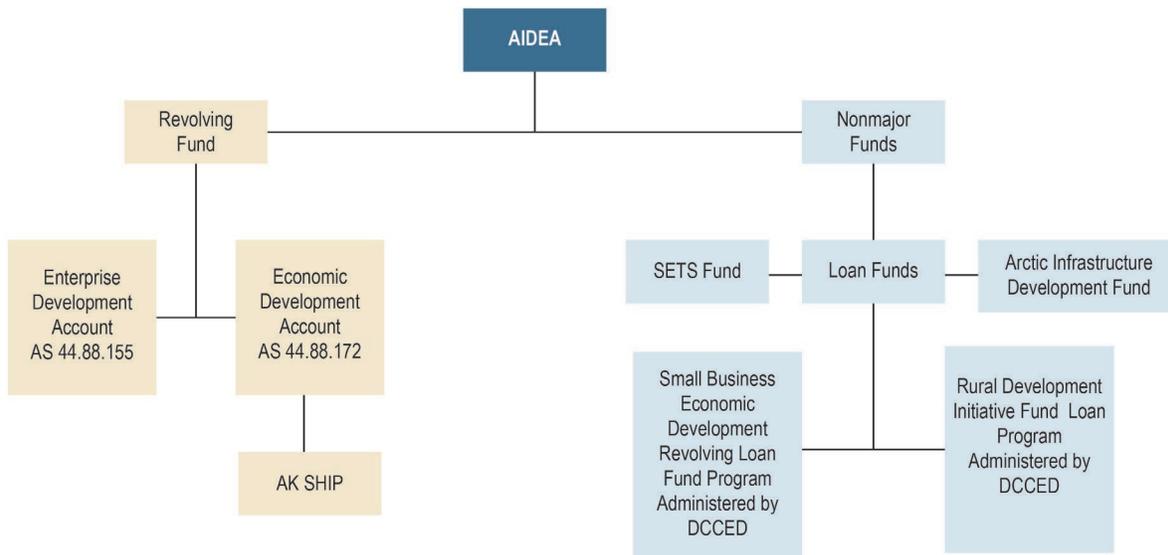
A Regional Resource Advisory Council consists of five members registered to vote in the region. The governor shall appoint the members to reflect the economic and geographic diversity of the region. (AS 44.88.174(b)).
- **Media Reports:** Media outlets also report on AIDEA's investment decisions and other related activities, providing an external source of information regarding AIDEA's operations.

²⁷ See AS 44.62-310 through AS 44.62-312 for specific on Alaska's Open Meetings Act.

4 AIDEA's Projects and Programs

Over the years AIDEA has created a number of programs and mechanisms whereby it can fund Alaska development projects. Some of these programs were established and funded by legislative mandate, and others established by AIDEA's board in response to needs within the state. The purpose of this chapter is to describe these programs. The next section of this report goes into detailed descriptions of the individual projects funded and discusses their economic and fiscal impacts.

Figure 5. AIDEA Funds Structure



Source: AIDEA

4.1 Revolving Fund Programs

As described in 2015 by Mike Catsi, CEcD, at the time AIDEA's business development and communications director, AIDEA's Revolving Fund comprises two major accounts:

1. **The Economic Development Account** (AS 44.88.172) "is used to finance, acquire, manage, and operate development projects that AIDEA intends to own and operate, or to provide development project financing for development projects it does not intend to own and operate." (Catsi, 2015).
2. **The Enterprise Development Account** (AS 44.88.155), which "is used to secure bonds that the authority issues to finance the purchase of loans for projects, or to purchase participation in the loans for projects." (Catsi 2015).

4.1.1 Economic Development Account

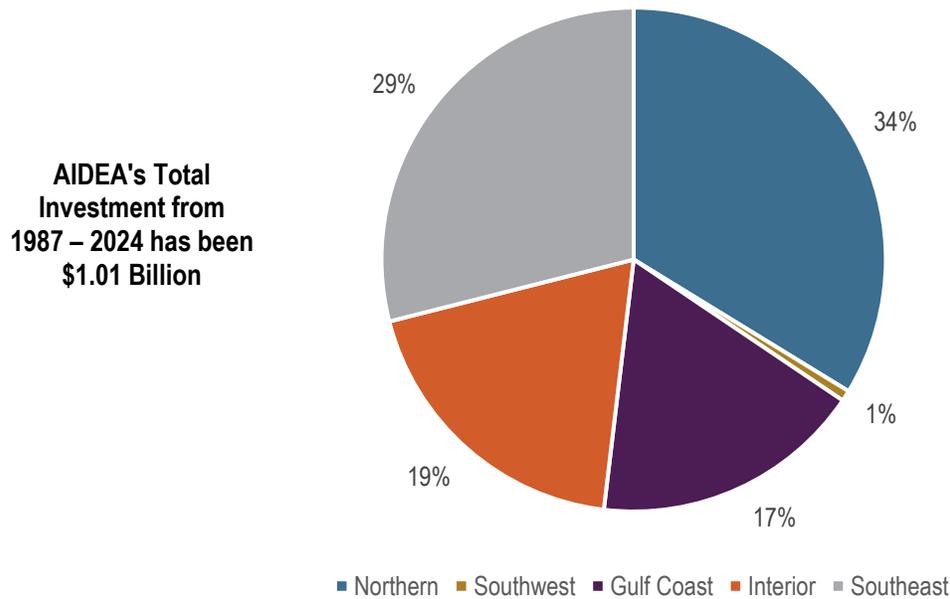
AIDEA’s Economic Development Account generally comprises AIDEA’s direct investment projects in which AIDEA will have an ownership and/or operational interest.

Table 7 includes all 22 of the projects that AIDEA has directly financed, all of but three of which fall within the Economic Development Account. AIDEA’s total investment in these projects as of the end of FY 2024 was \$1.01 Billion (Figure 6). The first project assigned to the Economic Development Account was the DeLong Mountain Transportation System (DMTS), which provides critical support to the Red Dog Mine and was originally funded in FY 1987. The three projects that are not part of the Economic Development Account are the following:

- 1) the Interior Energy Project/Pentex, which falls within AIDEA’s Sustainable Energy Transmission and Supply Development Fund (SETS).
- 2) Wilderness Adventure Shipyard work, which falls within AIDEA’s Alaska Ship Home-Porting for Improvements Program; (AK SHIP)
- 3) Drake Investments (Kotzebue Sound Barge), which is also funded through AK SHIP.

Note that while it may seem logical that AIDEA’s Snettisham Hydroelectric Project would be a part of the SETS project, it was funded prior to the establishment of SETS.

Figure 6. Regional Distribution of AIDEA’s Direct Financing Investments



Developed by Northern Economics based on data provided by AIDEA.

Impacts of the Alaska Industrial Development and Export Authority

Table 7. AIDEA's Directly Financed Projects Summarizing the Timeline, Location, and AIDEA's Investment.

Project Name	Construction/ Development Years	AIDEA Contribution (\$Millions)	Project Location	Project Description & AIDEA's Roles and Other Notes
DeLong Mountain Transportation System	1987-1989	\$180.2	Kivalina	Construction & operations of a road (52-mi) and port with upland support facilities associated with Red Dog Mine
City of Unalaska Marine Center	1991	\$7.0	Unalaska	A public port facility
Federal Express Maintenance Facility	1992-1995	\$34.1	Anchorage	Construction and finance
Healy Coal Project	1995 - 1997	\$139.6	Healy	Construct Facility.
Seward Coal Load-Out Facility	1995	\$7.1	Seward	Reduce debt obligations and retain jobs associated w
DMTS Port Expansion	1997	\$85.0	Kivalina	Port expansion and modifications.
Ketchikan Shipyard	1997	\$97.9	Ketchikan	Establish the Ketchikan Shipyard as a viable enterprise.
Alaska Seafood International	1998	\$50.0	Anchorage	Construct and Operate Final Product Seafood Plant
Snettisham Hydroelectric Project	1998	\$120.0	Juneau	Purchase of Plant with minor upgrades/repairs.
Skagway Terminal + Upgrades	2006-2008	\$39.2	Skagway	Develop ore concentrate storage facility and ship loader
Camp Denali Readiness Center (U.S.C.G)	2012-2013	\$14.0	Anchorage	Construction of a federal facility/installation on Joint Base Elmendorf-Richardson.
Mustang Road LLC (Road and Pad) †	2013	\$70.0	North Slope Borough	5-mi access road and 19-acre drilling/facility pad including the operations center which was constructed outside of Alaska.
Endeavour/Spirit of Independence	2013	\$23.6	North Slope Borough	Jack-up Rig for oil and gas exploration in Cook Inlet.
ADL #421055: North Slope Pad	2014	\$5.96	North Slope Borough	Development of a 15.45 acre gravel pad
Blue Crest	2015	\$30.0	North Slope Borough	Financing support for an independent oil producer
Interior Energy Project / Pentex Natural Gas	2015-2022	\$54.0	Fairbanks	Acquisition of Facility
Blood Bank of Alaska Laboratory and Collection Facility	2016	\$8.5	Anchorage	AIDEA provided an \$8.5 million line of credit for the construction and furnishing of the 57,000 sq ft facility.
Duck Point (Icy Strait Point)	2017	\$20.0	Hoonah	Develop cruise ship facilities at Icy Strait Point near Hoonah
Wilderness Adventure Shipyard Work	2020	\$0.5	Ketchikan	Provide additional funding for ship repair work
Drake Investments (Kotzebue Sound Barge)	2020	\$1.5	Seward	Repair and refurbishment work:
Hex Cook Inlet	2020	\$7.5	Nikiski	Facilitate acquisition of oil/gas leases in the Kitchen Lights Unit
Duck Point Development II, LLC	2020	\$15.0	Hoonah	Development of a floating dock & welcome center

Note: All dollar amounts are reported in project year dollars and none have been adjusted for inflation.

Source: Developed by Northern Economics using data provided by AIDEA.

4.1.2 Enterprise Development Account

Under AS 44.88.155, the Enterprise Development Account funds AIDEA’s Loan Participation Program and Business and Export Assistance Program and may also be used to support New Markets Tax Credit assistance guarantees/loans and to secure bonds for loan participations.

4.1.2.1 The Business and Export Assistance Program (AIDEA’s Loan Guarantee Program)

The Business and Export Assistance Program—AIDEA’s loan guarantee authority—was consolidated by the Legislature in 1998 by merging legacy Business Assistance and Export Assistance authorities (with Export Assistance repealed in chapter 109, SLA 1998). The Business Assistance guarantee regulations have been in place since 1988. Under AS 44.88.500–AS 44.88.599, AIDEA may guarantee up to 80% of a qualifying loan; program policy limits individual guarantees to \$1,000,000. For export transactions, statute provides that guarantees cover principal and interest against commercial and political loss; for other business loans, AIDEA’s program terms state the guarantee extends to principal, accrued interest, and liquidation expenses.

During fiscal year 2021, in response to the COVID-19 global pandemic, AIDEA modified this program to include AK SAFE as an emergency guaranty program for Alaska’s financial institutions. Under this program, up to \$50 million was authorized to support guarantees. AIDEA had initially issued 10 guarantees; as of the end of FY 2024 four guarantees were active with \$2.0 million in original principal of remaining. [AIDEA personal communication with Geoffrey Johns] .

4.1.2.2 Loan Participation Program

The LPP plays a pivotal role in accelerating Alaska’s economy. By purchasing a portion of a commercial loan, the program furnishes borrowers with an avenue for longer-term fixed-rate financing. This initiative has been instrumental in propelling projects across various sectors including commercial real-estate, resource extraction, tourism, and manufacturing, among others. Through this program, AIDEA has the legal authority to purchase up to 90% of a participating credit, to a maximum participation of \$25 million, thereby providing a substantial financial injection for projects aimed at developing, acquiring, or enhancing business enterprises within the state.

The pathway to accessing this financing requires sponsorship and origination by a financial institution that is eligible to participate in AIDEA’s programs. Typically, this is done at the request of the borrower. The financial institutions that are currently eligible to participate in AIDEA’s credit programs include:

- Denali State Bank
- Denali, a Division of Nuvision Credit Union
- First Bank
- First National Bank Alaska
- Global Credit Union
- KeyBank
- Matanuska Valley Federal Credit Union
- Mt. McKinley Bank
- Northrim Bank
- Wells Fargo

This structure not only validates the financial viability of the projects but also ensures a meticulous appraisal, thereby aligning with AIDEA's overarching objective of sustainable economic growth. The LPP offers the benefit of long-term fixed or variable rate financing on the portion of the loan purchased by AIDEA, potentially relieving some of the debt service burden on the business.

LPP Key Points

Enhanced Loan Accessibility: The LPP allows lenders to sell a portion of their loans to AIDEA, effectively freeing up their capital. This liquidity enables these institutions to extend more loans to Alaskan businesses, fostering economic growth. This is especially important for smaller or local banks, who may have limits on the number or amounts of lending they can provide a borrower, or who may have tighter capital ratios than larger banks such as Wells Fargo.

- **Risk Mitigation:** By selling a portion of their loans, banks reduce their exposure to individual borrowers, thereby distributing and minimizing their risk. Loan due diligence also improves as multiple parties evaluate the deal (e.g., banker, banker supervisor, bank loan committee, and AIDEA). Bankers tend to have less than a 1% delinquency (1 in 100 failures), indicating a higher level of success for projects also vetted by a financial institution. Risk mitigation can also be addressed through collateral requirement or by selectively screening on the project's location.
- **Long-Term Fixed Rates:** A hallmark of the LPP is its ability to offer long-term fixed rates. These rates provide borrowers with predictable monthly payments, easing their financial planning process. However, fixed rates with long terms introduce interest rate risk.
- **Stimulation of Economic Activities:** The LPP directly and indirectly promotes economic activities. By facilitating the acquisition of an underutilized building, for instance, the program aids in creating jobs and generating tax revenues for the local community.

The attractiveness of the LPP is influenced by the prevailing rate environment.

- **Low-Rate Environment:** In a scenario where rates are historically low, the benefits of the LPP are limited. Banks can access cheap capital from other sources, reducing their reliance on selling loan participations to AIDEA. For borrowers, the broader low-rate environment means they might secure favorable terms even outside the LPP. Because additional labor is required for loan participations, there is less incentive for banks to participate when rates are low.
- **High-Rate Environment:** Contrarily, when rates are high, the LPP's long-term fixed rates become highly attractive to both borrowers and banks. Through the LPP, AIDEA can provide longer loan terms and reduce debt service for the benefit of the borrower. Also, by taking up 90% of a loan, the LPP enables banks to enter into more loans at their higher rate, which benefits the bank's bottom line. Lenders are more inclined to leverage the program as it offers them

liquidity at competitive terms. Borrowers facing a high-rate landscape find refuge in the predictable rates offered by the LPP.

In essence, while the LPP is perennially beneficial, its comparative advantage is heightened in high-rate environments. As an interviewee with substantial experience leading lending arms of financial institutions in Alaska aptly noted, "The program's benefits are always there, but they shine brightest when the broader market conditions are tumultuous."

LPP vs. Commercial Mortgage-Backed Securities

The Commercial Mortgage-Backed Securities (CMBS) market, while robust and versatile in many contexts, is not a one-size-fits-all solution, especially when considering the unique environment and challenges faced by Alaska businesses and communities. The LPP offered by AIDEA has been tailored specifically to address the needs of the state and its rural communities, providing an essential lifeline where traditional financing falls short.

- **Alaska's Unique Landscape and Demographics:** Alaska is unparalleled in its vastness, with many communities being remote and challenging to access. This isolation can be a deterrent for traditional lenders, who might perceive these areas as higher risk or outside of their conventional lending parameters. In contrast, the LPP, having been designed with Alaska in mind, considers the unique attributes and challenges of the state and is better equipped to serve its diverse communities.
- **Sector-Specific Risks:** Alaska's economy is deeply rooted in sectors like fishing, oil and gas, and tourism. These industries, while vital, can be volatile and are subject to global market forces, environmental conditions, and policy changes. Such inherent uncertainties might make the CMBS market hesitant to venture extensively into the Alaskan economic landscape, whereas the LPP has a history and mandate of supporting these sectors.
- **Private Equity's Risk Aversion:** Private equity, which drives the CMBS market, is typically risk-averse and seeks out high-return, low-risk opportunities. Alaska's unique market conditions, influenced by its geographical isolation and sectoral dependencies, might not align with the high-return, low-risk model that many private equity investors desire. The LPP, on the other hand, is not solely profit-driven but is designed to support and bolster local businesses, thereby fostering economic growth in the state.
- **Economic Multiplicity:** The economic landscape of Alaska is not homogenous. From urban centers like Anchorage to remote fishing communities, the state's economy is multifaceted. A broad-stroke approach like the CMBS might not cater to this diversity effectively. In contrast, the LPP, with its nuanced understanding of Alaska's multifarious economy, can offer targeted support where it is most needed.

- **Community-Centric Approach:** AIDEA’s LPP is not just about financing; it’s about fostering community growth, job creation, and sustainable economic development. The CMBS market, primarily driven by investor returns, might not prioritize community welfare to the same degree. The unique community-centric approach of the LPP ensures that benefits are felt at the grassroots level.
- **Flexibility and Adaptability:** Given its intimate understanding of Alaska’s economic landscape, the LPP can be more flexible and adaptable in its offerings, ensuring that the specific needs of businesses and communities are met. The CMBS market, being more standardized, might lack this level of adaptability.

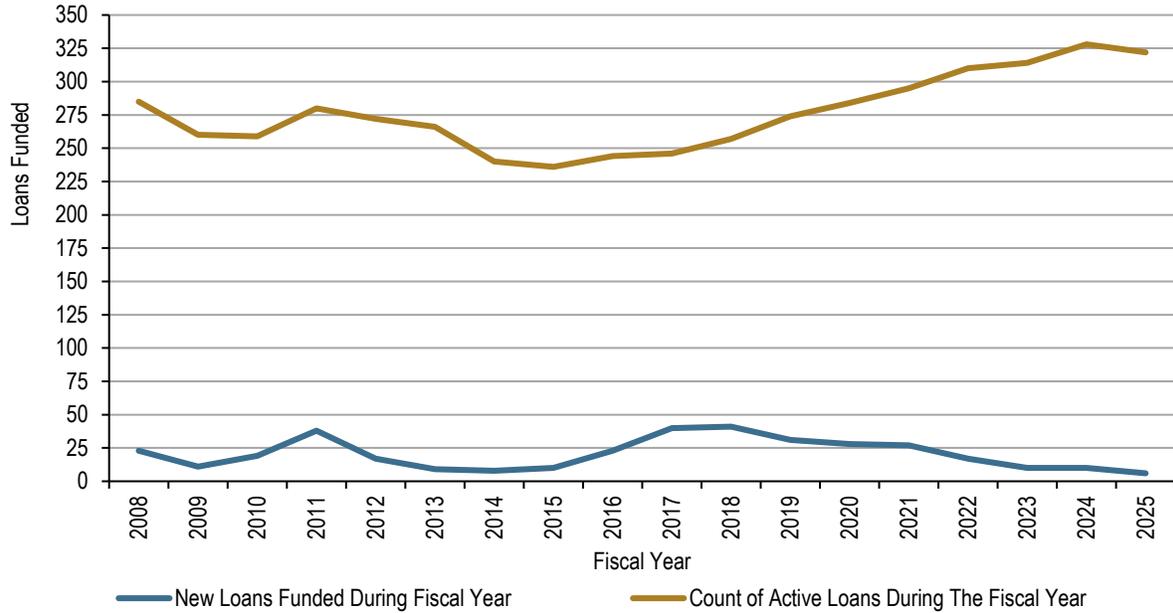
While the CMBS market plays a vital role in many contexts, those conditions are rarely present in Alaska. A long time Alaskan, who has served in leadership roles in both private and public finance, was asked about the CMBS market in Alaska. They emphasized that “while these securities may make rare appearances in Alaska, mainly in Anchorage, they are usually for brief periods of time when Wall Street is hungry for deals....”, concluding that the market is not equipped to replace the specialized support provided by AIDEA’s LPP.

Summary of Loan Participation Program Activity 2008–2025

Since 2008, AIDEA has participated in 368 new commercial loans, and has maintained an average of 276 active loans over time. Figure 7 summarizes loan participation activity by the number of new and existing active loans from 2008 to 2025. During the 2021 fiscal year AIDEA participated in the most loans at any one time since 2008 with 295 active loans. From 2008 to 2025, the year with the greatest number of new loans was 2018 when AIDEA funded 41 new loans.

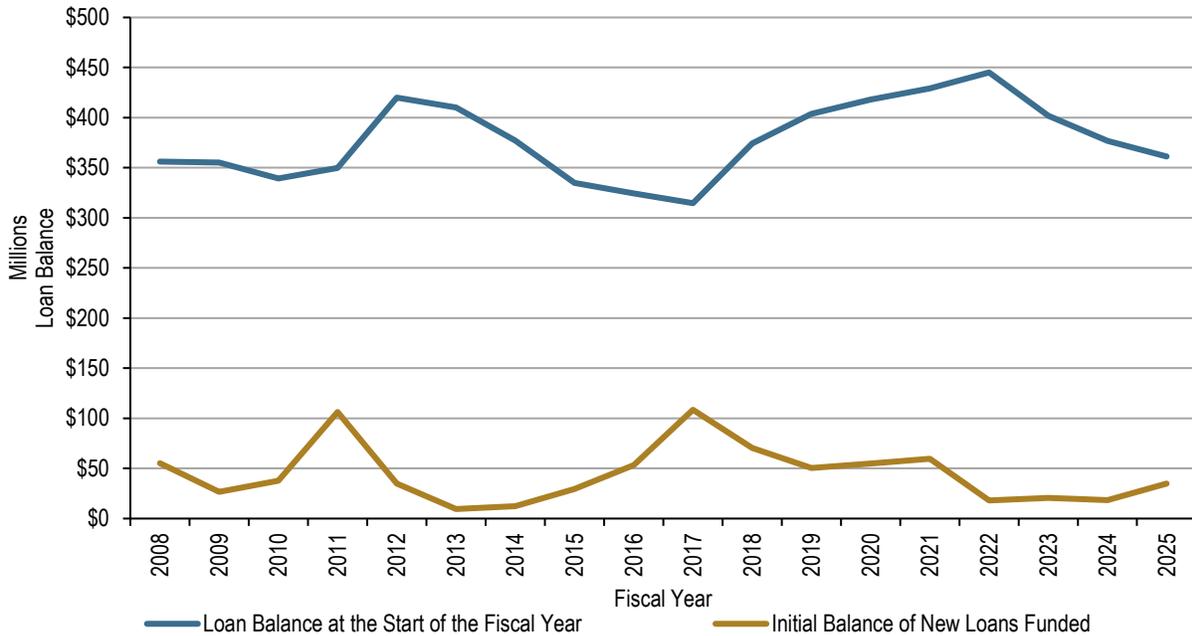
Figure 8 shows the balance of existing loans at the start of each fiscal year from 2008 to 2025, along with the initial balance of any new loans funded each year. On average, AIDEA’s existing loan balance was \$377 million at any given time between 2008 and 2025, without adjusting for inflation. AIDEA’s existing loan balance was the highest in 2021 at \$445 million. AIDEA funded \$45 million in new loans each year on average from 2008 to 2025. However, the value of new loans funded each year fluctuated substantially from a low of \$9 million in 2013 to a high of \$109 million in 2017.

Figure 7. Loan Participation Program Activity, FY 2008–2025



Source: Developed by Northern Economics based on data from AIDEA.

Figure 8. Total Loan Balance at the Start of the Fiscal Year and Initial Balance of New Loans, FY 2008–2025

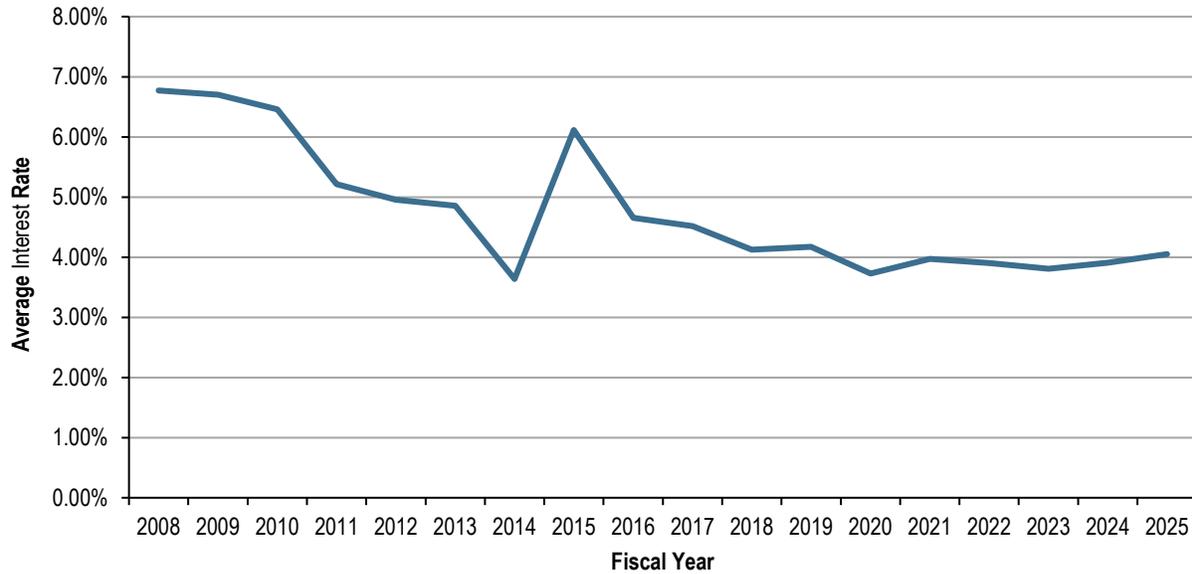


Source: Developed by Northern Economics based on data from AIDEA

AIDEA earns interest on each of the loans it participates in. Cumulatively from 2008 to 2025, AIDEA earned \$319 million in interest on its loans in the LPP. Figure 9 shows the average interest rate across all active loans in AIDEA’s portfolio for FY 2008–2025. Many of the loan

terms are long, so at any given time the average interest rate of the portfolio reflects the interest rates on old loans as well as current interest rates associated with new loans. For this reason, the average interest rate of the portfolio reflects general interest rate trends, but lags behind when interest rate changes were implemented. As AIDEA participates in more new loans at current rates and old loans reach maturity and close, the interest rates gradually shift accordingly.

Figure 9. Average Interest Rate Across All Active Loans, FY 2008–2025



Source: Developed by Northern Economics based on data from AIDEA

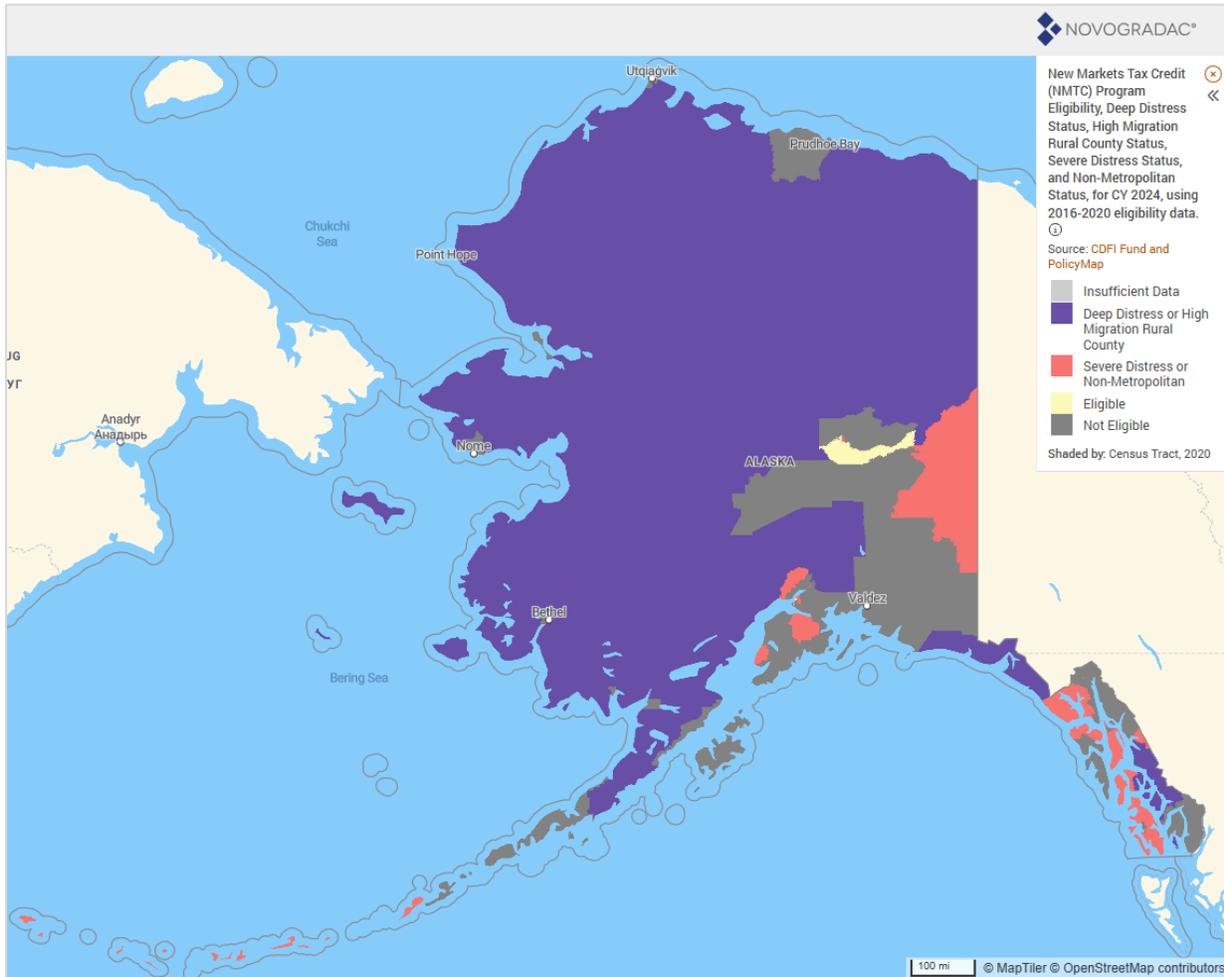
4.1.2.3 New Markets Tax Credit Program

In December 2000, Congress enacted the New Markets Tax Credit Program (NMTC) as part of the Community Renewal Tax Relief Act of that same year. Like the LPP, the New Markets program is part of the toolbox that can be used to further AIDEA’s mission. The NMTC is designed to encourage investments in low-income communities that traditionally have had poor access to debt and equity capital. The NMTC provides a credit against federal income taxes of 39% over 7 years to taxpayers who make Qualified Equity Investments in a Community Development Entity. These Entities use the capital from investors to provide financing to businesses located in low income communities. Projects must be in Qualified Census Tracts (see Figure 10), which include census tracts with:

- Poverty rate greater than 20%; or
- Median income less than 80% of the state/metropolitan median; or
- Targeted populations; or

- Population less than 2,000 people, contiguous to a Low Income Community (LIC) and in an empowerment zone; or
- High migration rural counties (85% median income)

Figure 10. New Market Tax Credits Census Tracts Map



Source: PolicyMap.com (<https://www.policymap.com/embed/widget/117/4D2AFE10710D41918F180775F0A353F2>)

4.2 Nonmajor Funds

Nonmajor Funds include a) the Sustainable Energy Transmission and Supply Fund (SETS), b) the Arctic Infrastructure Development Fund (AIDF), c) the Small Business Economic Development Fund Program (SBED) and d) the Rural Development Initiative Fund Loan Program (RDIF). The last two are loan funds administered by the DCCED.

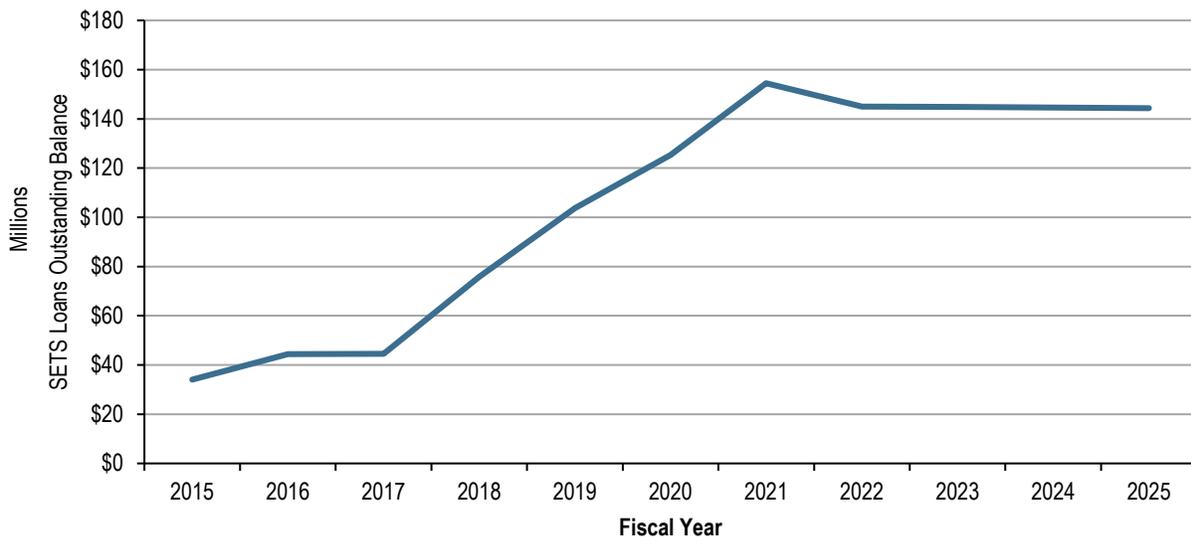
The AIDF was established in 2014 to provide financing for arctic infrastructure development. The fund was capitalized in FY20. The Nonmajor Funds are not part of the Revolving Fund.

4.2.1 Sustainable Energy Transmission and Supply Fund

The SETS fund was conceived as a critical component of Alaska’s vision for a sustainable energy future. As the state grapples with the pressing need for new energy infrastructure to support both existing needs and future growth, the SETS fund provides a dynamic vehicle for financing crucial projects. Established under Senate Bill 25: ASSETS (Alaska’s Sustainable Strategy for Energy Transmission and Supply) in 2012, the SETS fund, and associated ASSETS program, were established as tools designed to finance energy projects. This enabled AIDEA to have a more effective role in funding infrastructure for the development of Alaska’s natural resources. The ASSETS program has three components: Loan Participation, a Direct Lending capacity, and a Guarantee program. The direct lending program will be focused on loans over \$5 million per borrower because the Alaska Energy Authority’s Power Project Fund (PPF) loan program offers energy project loans for projects at a cost of \$5 million or less without the need for legislative approval. PPF applications for more than \$5 million must receive legislative authorization to be considered. Under ASSETS, a project demonstrating financial and engineering feasibility will be better positioned to access private financing sources, including state financial institutions and the broader capital market to leverage public dollars. The ASSETS legislation expanded AIDEA’s existing LPP to include “qualified energy developments.” Under AIDEA’s LPP for qualified energy development, the program is expanded to cover a variety of energy projects, including energy efficiency measures for reducing building energy consumption.

Figure 11 shows the outstanding loan balance of projects associated with the SETS fund. As can be seen in the figure, the outstanding loan balance has grown over time, peaking in 2021 when the balance was \$154 million. As of 2025, the types of projects supported by SETS loans have included a variety of natural gas projects in Fairbanks and an energy transmission line project in the Gulf Coast.

Figure 11. SETS Fund Outstanding Loan Balance by Year, FY 2015–2025



Source: Developed by Northern Economics using data from AIDEA Financial Statements.

In September 2010 (FY 2011) AIDEA purchased 37 PPF loans from the Alaska Energy Authority with a remaining principal balance of \$24.25 million. Table 8 summarizes the remaining principal balance as of the date shown and the number of remaining loans.

Table 8. Loan Purchases by AIDEA from Alaska Energy Authority’s PPF with Remaining Balances and Number of Loans

As of	Remaining Principal	Outstanding Loans	Source
10-Sep-10	\$24,250,000	37	2011 Financial Statement
30-Jun-11	\$23,510,000	37	2011 Financial Statement
30-Jun-12	\$20,669,000	37	2012 Financial Statement
30-Jun-13	\$19,463,000	31	2013 Financial Statement
30-Jun-14	\$18,501,000	28	2014 Financial Statement
30-Jun-15	\$17,487,000	28	2015 Financial Statement
30-Jun-16	\$16,307,000	27	2016 Financial Statement
30-Jun-17	\$15,235,000	26	2017 Financial Statement
30-Jun-18	\$14,184,000	24	2018 Financial Statement
30-Jun-19	\$13,142,000	24	2019 Financial Statement
30-Jun-20	\$12,091,000	19	2020 Financial Statement
30-Jun-21	\$8,933,000	14	2021 Financial Statement
30-Jun-22	\$2,796,000	12	2022 Financial Statement
30-Jun-23	\$2,435,000	11	2023 Financial Statement
30-Jun-24	\$9,437,000	10	2024 Financial Statement

Source: Developed by Northern Economics using data from AIDEAs Financial Statements.

4.2.2 Arctic Infrastructure Development Fund

The AIDF was established by the legislature in 2014 and signifies Alaska’s commitment to foster development in the Arctic, recognizing the region’s strategic significance and the potential economic opportunities it holds. By delineating clear parameters for the fund’s usage and specifying what qualifies as Arctic infrastructure, the statute ensures that investments are targeted and align with Alaska’s broader developmental and strategic goals. In the broader context of AIDEA’s role in Alaska’s development, the AIDF stands as a specialized instrument specifically tailored to address the Arctic’s unique challenges and opportunities, as identified by project sponsors such as the NANA Regional Corporation. Marie N. Greene, NANA President and CEO in 2014 wrote:

There are significant infrastructure needs in rural Alaska and the Arctic in particular. High energy costs, lack of transportation infrastructure (roads and ports), lack of broadband, etc. are significant barriers to developing the economy of Arctic communities and pose challenges protection of subsistence resources, safe maritime transportation, and resource development in the Arctic. Addressing these existing gaps in basic infrastructure will require significant investment.

The fund consists of appropriations made to the it by the legislature, money or other assets transferred to the fund by a majority vote of the members of the authority under AS 44.88.050 from any other fund controlled by the authority, and unrestricted loan repayments, interest, or other income earned on loans, investments, or assets of the fund. The fund is not an account in the revolving fund established in AS 44.88.060, and the authority shall account for the fund separately from the revolving fund. The authority may create additional accounts in the fund. Subject to agreements made with the holders of the authority's bonds or with other persons, the authority may transfer amounts in an account in the fund to another account in the fund. Amounts deposited in the fund may be pledged to the payment of bonds of the authority or expended for the purposes of AS 44.88.800–44.88.840. The authority has the powers and responsibilities established in AS 37.10.071 with respect to the investment of amounts held in the fund.²⁸

4.2.3 Rural Development Initiative Fund

Though a program under AIDEA, the RDIF is administered by the DCCED Division of Investments. The purpose of the fund, as established by AS 44.88.610, is to provide private sector employment by financing the start-up and expansion of businesses that will create significant long-term employment. The authority may use money from the RDIF based on the requirements described below.

General Requirements

- Loans may be made to a business located in a community with a population of 5,000 or less that is not connected by road or rail to Anchorage or Fairbanks, or with a population of 2,000 or less that is connected by road or rail to Anchorage or Fairbanks.
- Loans may be made for working capital, equipment, construction, or other commercial purposes.
- Loans may not be made to pay costs that were incurred more than 6 months before loan application.
- Loans must result in the creation of new jobs or the retention of existing jobs in the eligible community.
- Applicants must provide a copy of each applicant's valid government issued identification at or before loan closing.

Terms and Conditions

- Maximum loan amount is \$150,000 to one person or up to \$300,000 to two or more people.
- Maximum loan term is 25 years.

²⁸ AS 37.10.071 establishes the powers and duties of public agencies with respect to its investments. The language embodies the "Prudent Investor" Rule—a legal standard requiring trustees and fiduciaries to manage trust assets with the care, skill, and caution of a prudent investor. It emphasizes portfolio-level risk management (based on modern portfolio theory) individual investment safety, risk-return balance and regular monitoring.

- Interest rates are fixed at the time of loan approval. Interest rates are set per AS 44.88.610(b): “The authority shall by regulation establish rates of interest that are not less than four percent a year”.
- All loans must be adequately secured. A loan may not exceed the value of the collateral used to secure the loan.
- A reasonable amount of money from other non-state sources must be committed for use on any project for which money from a loan will be used.

Fees

- A \$150 nonrefundable application fee must be submitted with the completed application.
- A 1% origination fee will be charged at the time that the loan is closed.
- Borrower is responsible to pay all direct costs incurred in processing an application including title reports and title insurance, recording fees, appraisals, travel, or other direct costs.
- From 2001 through June 30, 2023, the RDIF funded 109 loans across 45 unique locations from Aleknagik to Yakutat, and supported a wide array of industries, including fisheries, tourism, and retail. With over \$14.5M in loans made (\$23M in total project amount supported), RDIF loans have also supported the creation or retention of 699 jobs since 2001.

Table 9. RDIF Program Summary

Funding Source	Amount (\$)	Total Project Amount (%)
Private Leverage	\$8,906,706	38%
RDIF Loan	\$14,514,523	62%
Other Public	\$0	0%
Total Project	\$23,421,230	100%

Source: DCCED Division of Investments

4.2.4 Small Business Economic Development Fund

The Small Business Economic Development (SBED) fund is the second AIDEA fund administered by DCCED’s Division of Investments. Like the RDIF, the aim of the SBED fund is providing private sector employment by financing the start-up and expansion of businesses that will create significant long-term employment. In 1999, as part of a team effort with AIDEA, the US Economic Development Administration provided a \$3 million grant to the Authority’s SBED Revolving Loan Fund to help provide low interest loans to Western Alaska communities hurt by dismal salmon runs in 1998. AIDEA invested \$1 million into the program to expand the economy in rural areas that were primarily dependent on the fishing industry.

General Requirements

- Companies must be a small business as defined by the US Small Business Administration, which includes thresholds for number of employees, net worth, and annual net income. Generally, a business must have fewer than 500 employees, have a net worth under \$6 million, and have an average net income after federal taxes for the preceding two years less than \$2 million to qualify.
- Applicants are required to match loan funds with cash or other private, non-public financing. In many cases this private match must be one and one half the loan amount requested.
- Costs incurred prior to receipt of the loan application by the Division of Investments may not be used to meet the private, non-public match requirements.
- Loans may not be made to applicants that have been debarred or suspended from receiving federal benefits.
- Loans must result in the creation or retention of jobs that would be lost in eligible areas.
- Applicants must provide a copy of each applicant's valid government issued identification at or before loan closing.

Eligible Areas

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

Terms and Conditions

- Maximum loan amount is \$300,000.
- Interest rate is fixed rate generally below 6% and are set by Board Delegation.
- Maximum term of 20 years for fixed asset loans and 5 years for working capital loans. Terms may not exceed the term of any associated private sector loans.
- All loans must be adequately secured. The loan amount may not exceed 95% of the value of the collateral offered.
- Loans may be in a subordinate position to associated private sector loans.
- All assets purchased with loan proceeds must be offered as collateral for the loan.
- Personal guarantees are required of all persons holding 20% or more ownership interest in the business receiving the loan.
- Payment frequency can be monthly, quarterly, semi-annual, or annual.

Fees

- A \$250 nonrefundable application fee is due at the time the application is submitted. This fee will be credited toward the origination fee due if the application is approved.
- A 1% origination fee (\$100 minimum) is due at the time that the loan is closed.
- Applicants will be responsible for all closing costs.

4.2.5 The Alaska Ship Home-Porting for Improvements Program

AK SHIP is a financing program designed to enhance the competitiveness of Alaska's marine transport industry. Established in 2019, this program offers short-term and bridge financing for repair, conversion, and maintenance work on commercial and industrial vessels at Alaska's shipyards. The AK SHIP Program is available to Alaska's fleet owners to support maintenance cycle costs and keep their vessels closer to the waters they work. Current Alaskan shipyards participating in the program are located in Ketchikan and Seward. Consideration for other Alaska shipyards is available upon request.

4.2.6 Emergency Programs

During the COVID-19 pandemic AIDEA added two temporary programs.

4.2.6.1 COVID-19 Emergency Business Relief Program

In addition to the permanent statutory programs that AIDEA administers, AIDEA was at the center of providing a statewide response to the COVID-19 global pandemic. AIDEA provided support to Alaska businesses through loan modifications and partnered with the DCCED to implement the AK CARES Grant Program. Under funding directed by Governor Mike Dunleavy and with the approval of the Legislature, the program provided \$282 million to over 5,700 of Alaska's small businesses in need throughout the state. AIDEA coordinated grant applications, processing, and funding with DCCED as well as Credit Union 1 and the Juneau Economic Development Council as Program Operators.

4.2.6.2 Sustaining Alaska's Future Economy Guaranty Program

AK SAFE was an emergency loan guaranty program established by AIDEA's board in response to the COVID-19 economic crisis. The program allows AIDEA to work with Alaska's banks and lenders to guarantee 100% of a second loan advance, up to \$1 million, for Alaska businesses. While no longer reviewing and providing new guarantees, this program has active guarantees to Alaska's banks and financial institutions for supporting businesses impacted by specific situations like the COVID-19 pandemic. The program facilitates a loan increase of up to \$1 million dollars for these businesses, with the loans being backed by the state through AIDEA.

5 AIDEA as a Development Finance Agency

5.1 What is a Development Finance Agency?

Development Finance Agencies (DFAs) play a pivotal role in the economic landscape of many regions across the United States and globally. They are specialized entities dedicated to fostering economic growth, creating jobs, and facilitating business ventures. A DFA, at its core, is an institution designed to provide and mobilize resources—both financial and non-financial—for the development and growth of the economy. DFAs operate at various levels, from local and municipal to state and even national, depending on the jurisdiction.

5.1.1 What DFAs Do

While there is some overlap with traditional businesses, including financial institutions, DFAs typically serve the following key functions:

- **Focus on Long-term Impact:** While immediate returns are important, DFAs typically prioritize projects with long-term economic benefits, emphasizing sustainability and lasting growth. As a DFA, AIDEA has developed the legislative and organizational framework as well as the experience to manage such projects, emphasizing the importance of investments in infrastructure for transportation, energy distribution, and transmission lines for the state's economic development over the long term.
- **Provide Financial Assistance:** DFAs offer various financing mechanisms, including loans, grants, guarantees, and equity investments. They often step in when traditional financial institutions deem projects too risky or when there is a funding gap.
- **Facilitate Infrastructure Development:** Many DFAs play a role in infrastructure development, investing in projects that lay the foundation for broader economic growth, such as transportation networks, industrial parks, and utility services.
- **Promote Innovation:** DFAs often support innovative ventures, research, and development projects, ensuring that the economy stays competitive and forward-looking.
- **Create a Bridge Between Public & Private Sectors:** DFAs often act as intermediaries between the public and private sectors. They can tap into public resources and leverage them to attract private investment, ensuring projects are both viable and beneficial to the community.
- **Mitigate Risk:** By providing guarantees, insurance, or even direct involvement in projects, DFAs can mitigate risks, making certain projects more attractive to private investors.

5.1.2 What DFAs Do Not Do

With a general emphasis on economic development rather than solely financial performance, DFAs are generally not:

- **Purely Profit-driven:** Unlike private investment firms, DFAs are not driven solely by profit. While financial viability is essential, the broader economic and social impact of projects are likely to be a primary consideration.
- **Replacements for Private Investment:** DFAs complement, rather than replace private investments. They fill funding gaps, make projects more attractive, and stimulate private sector involvement.
- **Unregulated Entities:** DFAs operate under strict regulatory frameworks, ensuring transparency, accountability, and alignment with broader economic goals.
- **Short-term Players:** DFAs are not looking for quick wins. Their investments typically focus on long-term growth, infrastructure development, and projects with lasting community benefits.

5.1.2.1 The Rationale for DFAs

DFAs exist to fill market gaps that the private sector, due to various constraints, cannot address. The International Finance Corporation, in its Development Effectiveness Framework, highlights that a successful development project typically combines both private and public inputs. Projects that are commercially viable but with high perceived risks need the backing of institutions like DFAs to get off the ground.

AIDEA's role is like that of multilateral development banks, which, as emphasized by the Overseas Development Institute, catalyze private investment, especially in sectors and regions where capital is scarce. These institutions, including AIDEA, de-risk projects for private investors by sharing risks and providing guarantees.

5.1.3 How do DFAs measure performance?

Several metrics and performance measures highlight how DFAs fulfill their mandate and functions:

- **Economic Impact:** Beyond pure financial returns, impact on the economy is another critical metric. For DFA's, this is generally measured by:
 - **Job Creation:** The number of direct and indirect jobs created by the projects and investments.
 - **Stimulated Business Activities:** The growth of ancillary businesses and industries due to a project.
- **Project Success Rate:** The percentage of DFA-backed projects that reach completion

and operate successfully. This metric is indicative of the DFAs ability to select and support viable projects.

- **Stakeholder Satisfaction:** Feedback from businesses, communities, and other stakeholders that collaborate with or benefit from the initiatives. This can be gauged through surveys and direct feedback mechanisms.
- **Diversity of Investments:** the effectiveness in promoting economic diversification can be measured by the range of sectors and industries a DFA invests in.
- **Adherence to Strategic Goals:** annual reports and strategic plans outline goals and objectives. The degree to which these are achieved provides insight into the effectiveness of the DFA.
- **Operational Efficiency:** Metrics related to internal operations, such as budget adherence, operational costs relative to returns, and efficiency in project execution, offer a glimpse into its organizational effectiveness.
- **Financial Returns:** One of the primary metrics to assess performance is financial returns. This can be gauged through Return on Investment (ROI), assessing the returns generated from their investments relative to their cost.

5.1.4 The “Additionality” of DFAs

One of the core principles of DFAs is “additionality.” This means that the projects they support would not have happened, or not to the same extent or within the same timeframe, without their involvement. A study by te Velde and Warner (2007) underlines the importance of additionality, pointing out that the implicit political additionality may include an ability to influence the regulatory environment to address barriers to commercial viability, act as an honest broker between, or engage in shareholder activism during the life of an equity investment.

5.1.5 Economic and Fiscal Impacts of DFAs

The role of infrastructure in economic development is well-documented. According to a Congressional Research Service report (Stupak 2018), infrastructure can directly boost economic productivity and growth. However, many infrastructure projects require massive capital outlays with long payback periods, making them less attractive to private investors. DFAs like AIDEA step in to bridge this financing gap.

Moreover, a report conducted by the Center for Regional Economic Competitiveness and the W.E. Upjohn Institute for Employment Research (2019) on the ROI for the Michigan Economic Development Corporation demonstrates that every dollar invested in development and infrastructure can generate a multiplier effect in the local economy. This is especially pertinent for Alaska, with its unique challenges of vast geography and dispersed population centers.

5.1.6 AIDEA as a DFA

5.1.6.1 The “But For AIDEA” Question

As discussed above, DFAs are specialized institutions that provide financial support to projects that have the potential to drive economic development, but which might be too risky or not immediately profitable for private sector investors. The fundamental question in understanding the impact of a DFA is: “But for the DFA’s involvement, would the project have been developed?” This section explores that question, particularly with respect to AIDEA’s role in Alaskan economic development.

AIDEA’s involvement in projects ensures not just their realization but also that they meet higher environmental and social standards. The “but for AIDEA?” question underscores the agency’s pivotal role in Alaskan economic development. Projects that AIDEA has been involved in have resulted in job creation, infrastructure development, and economic growth in regions of Alaska that might otherwise have been overlooked by private capital.

One example of such a project is the Red Dog Mine in the Northwest Arctic Borough. In the 1980s, Cominco Ltd. (now Teck Resources Limited) sought assistance from AIDEA to develop the Red Dog Mine. Cominco’s financial status during this period was marked by substantial reported losses of \$49.3 million in 1982 and \$39.3 million in 1983. Additionally, during the quarter ending December 31, 1985, Cominco reported a net loss of \$97.2 million, indicating significant financial struggles and the need for external support.

Despite claims from prior case studies suggesting that the mine would have proceeded without AIDEA’s assistance, testimony presented before the Legislature (Cominco 1985) as well Cominco’s financial challenges (New York Times 1984) underscored the critical role of financial assistance from AIDEA.

The “but for” question also extends beyond individual projects. Without AIDEA’s continued commitment to economic development, would Alaska have the same level of infrastructure, the same number of jobs, or the same economic growth? Attributing economic and fiscal impacts directly to DFAs can be complex due to the myriad factors influencing project outcomes. However, we can quantify the economic effects of AIDEA in section 6.4. DFAs, including AIDEA, play a critical role in catalyzing private sector involvement, ensuring projects meet high standards, and driving economic

“Cominco is therefore taking

metal prices and markets, and the future outlook, into consideration in our planning on when to bring the Red Dog mine into production. Our production decision will be based on these market considerations, plus the return on investment, and the risk. **And probably the most critical factor is whether the State of Alaska can assist in the initial financing of the road and port facility.** This is the single largest item in the project, and accounts for almost 40% of the total project cost. Our present studies indicate that **if Cominco is required to directly finance this portion of the project, the return on the investment will not likely be adequate to justify developing this mine, with its problems of isolation, climate and short shipping season.”**

W. G. Wilson

President, Cominco Ltd. Testimony before House Special Committee on Loans and House Resource Committee. February 8, 1985

development in regions that might otherwise be left behind. Two examples of AIDEA action that demonstrate this point are described below:

AIDEA’s purchase of Pentex Natural Gas and Subsequent Sale to Fairbanks North Star Borough.

In September 2015 AIDEA purchased 100% of Pentex Natural Gas Company LLC for \$54.5 million. The purchase included the following Pentex owned subsidiaries including: a) Fairbanks Natural Gas (FNG) in Fairbanks—a natural gas distribution utility; b) Arctic Energy Transportation (AET) based in Anchorage. AET specialized in transporting LNG; c) Polar LNG, an inactive North Slope LNG plant developer; d) Titan Alaska—an LNG Plant in Nikiski; and e) Cassini LNG—an inactive storage facility developer based in Fairbanks. [AIDEA Financial Statements for 2015 and 2016]. In FY 2018, AIDEA and the Interior Gas Utility (IGU) closed the transaction for IGU’s acquisition of Pentex. The Board-approved sale price was \$54 million (plus a 5.06% calculated return to closing). As part of the financing, IGU applied \$41.7 million in unexpended state capital appropriations at closing. This closing occurred under the financing tools authorized by SB 23 (2013), which initially deposited \$125 million into AIDEA’s SETS fund for the Interior Energy Project and was subsequently increased by AIDEA to a \$139 million credit facility available to IGU.

AIDEA’s purchase of Snettisham Hydroelectric Project from the federal Alaska Power Administration

AIDEA 1999 Financial Statement reported that the Snettisham Hydroelectric Project, located in southeast Alaska near Juneau, was acquired in August 1998 when the Authority issued \$100,000,000 of revenue bonds to purchase the project from the Alaska Power Administration, a federal agency, and to provide funds for the purchase and installation of a submarine cable system, which has since been completed. The Authority has agreements with Alaska Electric Light and Power (AEL&P), the sole Juneau electric utility. These agreements provide for the sale of the project’s entire electrical capability to AEL&P, require the project’s operations and maintenance by AEL&P, and provide an option for the purchase of the project at any time after five years from the issue date

Further discussion of AIDEA’s Direct Investment projects is found in *Chapter 6, subsection 6.2, Direct Investment Projects*.

5.1.6.2 A comparison of AIDEA and Other Development Finance Agencies

The landscape of DFAs across the United States is vast and varied. Each DFA is tailored to the unique needs and economic conditions of its respective jurisdiction. AIDEA, representing Alaska, is distinct in its approach, mandate, and impact. Unique Aspects of AIDEA include:

Dividend Payment to the State: Revenue generated by AIDEA’s investments go to two places: 1) they are reinvested in AIDEA programs and projects or 2) they are issued as dividends into the Alaska’s General Fund where they are allocated at the discretion of Legislature. One of AIDEA’s unique characteristics is its mandate to provide an annual dividend payment to the state. This requirement not only establishes a direct financial link between AIDEA’s activities and the state’s fiscal health but also ensures a tangible ROI to the state’s coffers. AIDEA is the only known DFA in the U.S. that

provides a dividend to their respective state. The Alaska Statute regarding AIDEA's Dividend (Sec. 44.88.088) can be found in [Appendix 2](#).

Collaborative Approach: AIDEA places significant emphasis on partnerships and collaborations, working closely with private enterprises, local communities, and other state agencies. This collaborative ethos maximizes the impact of each project and ensures the broader benefit of all stakeholders.

Mandate & Focus Areas: Many DFAs, like AIDEA, focus on sectors crucial to their respective states. However, AIDEA's approach is more comprehensive, emphasizing both traditional sectors like resource extraction as well as emerging areas like renewable energy.

- **Traditional Sectors:** AIDEA has been instrumental in supporting projects in areas like resource extraction, which includes oil, gas, and minerals. These sectors have long been pivotal to Alaska's economy. For instance, AIDEA's involvement in the Red Dog Mine, one of the world's largest zinc mines, is a testament to its commitment to bolstering traditional industries.
- **Emerging Sectors:** Recognizing the global shift towards sustainability and the vast potential of Alaska's natural resources, AIDEA has ventured into renewable energy projects. This includes investments in hydroelectric power projects and potential geothermal energy explorations.

“One of the challenges

many DFAs face is staying relevant and responsive. **AIDEA seems to have cracked the code on this.** They're always a step ahead, anticipating market shifts and adjusting their strategies accordingly.”

Ariel Miller

Former Senior Director, Research & Technical Assistance, the Council of Development Finance Agencies

AIDEA is now recognized as a State Energy Finance Institution (SEFI) per the US Department of Energy (DOE) Title 17 of the Clean Energy Financing Program and the DOE Loan Programs Office. This expanded authority under Title 17 and the recognition of SEFIs like AIDEA enhance the ability to finance a wider range of clean energy projects, supporting the United States' goals to reduce greenhouse gas emissions and advance clean energy technologies. These projects are now exempt from the requirement to employ innovative technology if they receive qualifying funding from a SEFI and fall into one of the eligible project categories under Title 17, which include renewable energy systems, advanced fossil energy technology, hydrogen fuel cell technology, and more.

Financing Mechanisms: While most DFAs provide loans, guarantees, and equity investments, AIDEA's diverse suite of financing options, including tax-exempt bonds and direct loans, offers more flexibility to project sponsors. As discussed throughout this report, bonds have been an instrumental financing vehicle for many large projects across the state, with bonds issued totaling over a billion dollars.

Economic Impact: AIDEA’s projects have had a significant economic ripple effect, creating jobs, stimulating ancillary industries, and bolstering Alaska’s fiscal health (See *Chapter 6, Economic Effects of AIDEA’s Activities*).

“What stands out with AIDEA

is their hands-on approach. They’re not just a financier; they’re a partner in the truest sense. Their involvement often goes beyond capital, providing technical expertise, market insights, and more.”

Ariel Miller

Former Senior Director, Research & Technical Assistance, the Council of Development Finance Agencies

Engagement with the Private Sector: AIDEA’s deep engagement with the private sector, manifested in numerous public-private partnerships, is a standout feature. While many DFAs collaborate with private entities, AIDEA’s partnerships often involve complex, high-value projects with significant economic implications.

Diversity of Projects: AIDEA’s project portfolio, spanning energy, infrastructure, tourism, and more, is more diverse than many other DFAs. This diversity ensures that AIDEA can address a wide range of economic needs and challenges.

Return on Investment: AIDEA’s consistent focus on ROI, both in terms of financial returns and broader economic impact, sets it apart. Its projects are not only financially viable but also contribute to Alaska’s long-term economic resilience.

5.1.7 Political Pressure and Implications on DFAs: A Closer Look at AIDEA

DFAs like AIDEA operate at the nexus of economic development and public policy, striving to foster growth while navigating the intricacies of the political environment. The board makeup and governance structure of AIDEA exposes it to political pressures, potentially impacting a number of elements necessary for success.

Decision-making Dynamics: When the management and guidance of a DFA like AIDEA is tied to the legislative body, there’s a risk of economic decisions being influenced by political agendas.

Instead of purely focusing on projects’ financial viability or their long-term economic benefit for the state, decisions might be influenced by short-term political goals, electoral considerations, or the preferences of influential stakeholders. This can lead to resource allocation that doesn’t necessarily align with the optimal economic interests of the state or its residents.

Shifts in Strategic Direction: Political administrations and their priorities can change with every election cycle. As such, a DFA linked closely to the legislative body might find its strategic direction in flux, adjusting to the visions and priorities of the prevailing political party or coalition. Such shifts can lead to inconsistent long-term planning, making it challenging for businesses and investors to predict the agency’s future actions.

Stakeholder Perceptions and Credibility: Perceived political influence on a DFA can impact its credibility among stakeholders. If private sector partners, investors, or even the public believe that agency decisions are unduly influenced by political considerations rather than sound economic reasoning, it

might erode trust. A lack of trust can hinder the agency’s ability to form partnerships, attract investments, or achieve its broader objectives.

Regulatory Challenges: Political pressure might lead to frequent changes in the regulatory framework governing the DFA, as each legislative body or administration seeks to imprint its vision and control on the agency. Regulatory inconsistency can create operational challenges, increase compliance costs, and make the agency less agile in responding to economic opportunities or challenges.

Potential for Increased Scrutiny: When a DFA is closely tied to the legislature, its actions, successes, and failures are often more visible and can become subjects of political debates. This heightened scrutiny can lead to risk aversion, where the agency might shy away from innovative but necessary initiatives due to fear of political backlash.

Challenges in Talent Retention and Attraction: The best minds in finance and economic development seek stability and clarity in their roles. If a DFA’s direction is subject to frequent changes due to political pressure, it might struggle to retain or attract top talent, ultimately impacting its efficacy.

The potential for political pressure is a significant concern that can impact its operations, reputation, and long-term success. It underscores the importance of establishing clear, transparent governance mechanisms and maintaining a degree of operational independence, ensuring that while the DFA aligns with state objectives, it remains insulated from short-term political considerations. Proper checks and balances are essential to ensure that political pressures enrich and guide, rather than hinder, the essential economic development work undertaken by DFAs like AIDEA.

“It’s fascinating to see how AIDEA,

being in Alaska, has a different kind of political pressure compared to other DFAs. The close-knit nature of the community and the direct impact of AIDEA’s actions make it more in the public eye. There’s a heightened scrutiny.”

Toby Rittner

President and CEO, Council of Development Finance Agencies

5.1.8 Summary of Development Finance Agencies

DFAs like AIDEA are instrumental in shaping the economic landscape, ensuring that projects with broader community benefits come to fruition, and fostering an environment conducive to private investments. AIDEA’s investment policy, focus area, financing options, focus on sustainability, financial performance, and ability to pivot with Alaska’s evolving needs and associated legislative mandates, all serve as a best-in-class example of a DFA. In 2018, this was acknowledged with the CDFA’s Excellence in Development Finance Award, which recognizes outstanding development finance programs, agencies, leaders, projects, and success stories.

5.2 Investment Policies: A Comparative Analysis

AIDEA is sometimes compared to other state agencies or enterprises that make investments. This subsection gives a brief comparison of AIDEA's investment policies compared to three other state entities that also make investments: ADOR, the Alaska Railroad Corporation (ARRC), and APFC. All of these entities, with their distinct mandates and objectives, contribute significantly to Alaska's economic health and stability, but each has its own unique purpose and policies. This section describes key features and unique aspects each of these entities, beginning with AIDEA.

5.2.1 AIDEA's Investments

AIDEA maintains two distinct groups of investments:

- 1) **AIDEA's Programmatic Funds** through which AIDEA finances projects and programs for its primary mission—to promote, develop, and advance economic growth and diversification in Alaska. These were introduced in Chapter 4 and include the Revolving Fund, the SETS Fund and others (see Figure 5 on page 26). Chapter 6 below provides additional details of AIDEA's Direct Investment Projects and Loan Programs.
- 2) **External Advisor-Managed Investment Assets:** AIDEA maintains an externally managed portfolio in which AIDEA holds cash-based assets generated from earnings and revenues from projects financed through AIDEA programmatic funds, but which have not yet been allocated to specific projects and programs. As of June 30, 2025, AIDEA's externally managed portfolio had a fair market value of \$366.6 million. The portfolio is managed by Alaska Permanent Capital Management and Barrow Hanley. Chapter 5.2.1.1 below summarizes AIDEA's Investment Policy for these assets.

5.2.1.1 AIDEA's Investment Policy for its Externally Managed Portfolio

AIDEA's externally managed portfolio operates under a robust investment policy shaped by statutory mandates and the prudent investor rule.²⁹ This policy is designed to balance fiscal prudence with strategic opportunity, ensuring AIDEA's assets are managed to support Alaska's development while safeguarding capital.

Key Features: AIDEA's Investment Policy³⁰ for its externally managed portfolio places a pronounced emphasis on liquidity. The Authority maintains an internal portfolio sufficient to meet expected

²⁹ The Prudent Investor Rule is a legal guideline that requires fiduciaries to manage trust assets with the same care, skill, and caution that a prudent person would apply to their own investments. This rule ensures that the needs of the trust's beneficiaries are prioritized, focusing on providing regular income and preserving assets without engaging in excessively risky investments. The foundation of the Prudent Investor Rule is reflected in the Uniform Prudent Investor Act of 1992.

³⁰ Text describing the key features of AIDEA's investment policy have been provided by AIDEA. The AIDEA board amended and restated its investment policies in Resolution G25-11 which is available online at https://www.aidea.org/Portals/0/GoverningDocuments/policiesprocedures/Signed_Resolution_G25-11_Amended_Investment_Policy_11182025.pdf?ver=CkujwJ_I8uGxgan8TXuncg%3d%3d.

liquidity requirements for the next two years, ensuring funds are readily available for operational needs and project financing. Asset allocation is strategically defined, with a target of 20% in public equity securities and 80% in debt instruments, each with specified minimum and maximum ranges. This structure allows AIDEA to remain agile in seizing investment opportunities while maintaining stability.

Diversification is a cornerstone of the policy, achieved through allocation across asset classes, issuers, and geographies. Investments span public equities and a broad spectrum of debt instruments, including those issued or guaranteed by the U.S. government, agencies, and select corporate and international entities. Strict credit quality standards and portfolio duration limits further mitigate exposure to market volatility.

Unique Aspects: Risk mitigation is embedded throughout AIDEA’s investment approach. All investments must meet rigorous credit rating criteria, and portfolio managers are required to act swiftly if holdings fall below investment grade. The Authority prohibits margin buying and restricts certain complex instruments to ensure capital safety. Performance is reviewed quarterly and annually, benchmarked against relevant market indices to ensure objectives are met.

AIDEA’s dual management structure—external advisors and direct authority-managed assets—ensures both professional oversight and alignment with the Authority’s mission. Manager selection follows a documented process with strict criteria for experience, performance, and integrity. Reporting requirements guarantee transparency, with quarterly and annual reports provided to the Board detailing diversification, performance, and compliance.

Ultimately, AIDEA’s investment policy is not solely profit-driven; it is designed to support Alaska’s economic progress while maintaining a stringent risk evaluation process. Every investment is subject to careful scrutiny, balancing the need for robust returns with the responsibility to preserve and grow the state’s capital.

5.2.2 Alaska Department of Revenue

ADOR manages Alaska’s fiscal resources. Its mission is to collect and invest funds for public purposes. ADOR’s core divisions are Treasury, Tax, Child Support Enforcement, and Permanent Fund Dividend. The ADOR treasury department provides oversight for all state and retirement investments; establishes and implements policies; and provides administrative and information technology support. Its investment policy reflects its overarching commitment to fiscal responsibility, consistent revenue generation, and capital preservation. With a range of financial responsibilities, from tax collection to managing public funds, ADOR’s investment policy is crafted to ensure that the state’s revenues are not only protected but also strategically grown to support Alaska’s financial obligations. Most of the funds placed under the care of the Department are trust funds.

Key Features: Central to ADOR’s investment policy is the unwavering emphasis on the preservation of capital. For the Department of Revenue, the principal sum is sacrosanct, with strategies designed to

shield it from any potential erosions. This is evident from ADOR's conservative investment stance, with a significant portion of its portfolio allocated to low-risk, high-grade securities. A review of its recent financial statements reveals a portfolio dominated by assets with high credit ratings, underscoring its commitment to capital preservation.

While capital safety is paramount, ADOR's policy does not shy away from the pursuit of returns. However, it is a calculated pursuit, where returns are sought without compromising the safety of the principal. This balancing act is evident in its strategic asset allocations, where growth assets are complemented with stable, income-generating securities. Historical performance data showcase this duality, with ADOR achieving competitive returns while maintaining a risk profile significantly lower than aggressive market benchmarks.

Unique Aspects: ADOR's investment policy is intrinsically linked to its role in the state's financial machinery. Its focus not just on generating returns; but also on ensuring that Alaska's revenues remain stable, predictable, and resilient to economic downturns. This responsibility manifests in its policy through specific provisions aimed at revenue stabilization. For instance, the department's emphasis on diversifying across sectors and asset classes is not merely a nod to investment best practices but a strategic move to shield state revenues from sector-specific downturns or global economic volatilities. A deep analysis of ADOR's investment decisions over the past years, especially during economic downturns, showcases its agility in navigating financial challenges, ensuring Alaska's revenues remain robust.

5.2.3 The Alaska Railroad Corporation

More than just a transport entity, the Alaska Railroad is a critical part of Alaska's infrastructure and economic framework. ARRC is owned by the state, but operates as a self-sustaining enterprise. It employs a "business-like" model, making its money by earning it, rather than relying solely on government funding. ARRC generates revenue primarily through its freight services, passenger trains, and real estate holdings. Because it is set up to operate as a business, ARRC's investment policy is focused on both operational efficacy and its long-term viability and expansion. Given its role in connecting remote Alaskan regions, the policy reflects a commitment to sustainable growth, infrastructural development, and financial stability.

Key Features: Operational liquidity stands out as a defining feature of ARRC's investment policy. Given its continuous infrastructure projects, maintenance, and expansions, having readily accessible funds is non-negotiable. This emphasis on liquidity can be discerned from ARRC financial statements, where short-term, liquid assets occupy a significant portion of its portfolio, ensuring that day-to-day operations and immediate project requirements are met without hiccups.

In terms of long-term financial health, ARRC's policy underscores capital growth. While immediate liquidity is vital, so is ensuring that the capital base expands to finance larger, long-term projects.

This dual focus is evident in ARRC’s diversified portfolio, where short-term assets are complemented by long-term investments aimed at capital appreciation.

Unique Aspects: What sets ARRC’s investment policy apart is its intrinsic tie to infrastructural financing. Unlike traditional corporate entities, ARRC must undertake large-scale infrastructure projects that go beyond mere profit motives. Projects financed often have wider economic and societal implications, making the investment decisions more layered and complex. The policy is therefore tailored to ensure such projects are financially viable, sustainable, and in line with Alaska’s broader developmental goals. A retrospective analysis of ARRC’s major projects over the past two decades underscores this commitment to infrastructural excellence, backed by sound financial planning.

5.2.4 Alaska Permanent Fund Corporation

The APFC stands as a testament to Alaska’s commitment to its residents. Tasked with managing a significant portion of the state’s wealth, its investment policy focuses on the dual objectives of ensuring dividends for Alaskans and achieving long-term capital growth.

Key Features: As discussed in *Chapter 2, section 2.2*, a defining trait of APFC’s investment policy is its focus on prudent investments for long-term wealth rather than on economic development within Alaska. Given its mandate to serve generations of Alaskans, the policy is sculpted to ensure consistent, long-term returns. This is evident in APFC’s strategic asset allocation, where a significant emphasis is placed on growth assets that promise returns over extended time horizons.

Diversification is another cornerstone of APFC’s investment strategy. The fund’s investments are spread across various asset classes, sectors, and geographies, ensuring that risks are mitigated and returns are optimized. A glance at APFC’s recent portfolios reveals a global investment footprint, tapping into opportunities worldwide.

Unique Aspects: The dividend distribution responsibility is a unique aspect of APFC’s investment policy. Unlike traditional investment funds, APFC has a societal obligation to ensure consistent dividend disbursements to Alaskans. This mandates a careful balance between seeking returns and ensuring liquidity. The policy therefore has provisions to ensure that while the fund grows over the long term, there is enough liquidity to meet annual dividend requirements. Historical data demonstrate APFC’s success in this balancing act, with dividends being disbursed consistently, even in challenging economic climates.

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Section 2:

Economic and Fiscal Impacts of AIDEA

This section provides details on AIDEA's Direct Investment and Loan Participation Projects to date as of FY 2024, and presents the economic benefits of those programs and the fiscal effects of AIDEA on the state of Alaska. This section also takes a look at what is next for AIDEA in terms of new projects coming on line.

The goal of this section is to quantify the total economic and fiscal effects of AIDEA.

This section contains three chapters:

6. Economic Effects of AIDEA's Projects

7. Fiscal Impacts of AIDEA

8. AIDEA's Future Direction

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6 Economic Effects of AIDEA's Projects

6.1 Introduction

AIDEA exists “to promote, develop, and advance the general prosperity and economic welfare of the people of the state, to relieve problems of unemployment, and to create additional employment” (AS 44.88.070). AIDEA carries out this mission by providing financing and assistance for projects and businesses that would economically benefit Alaskans.

AIDEA-assisted projects have had profound impacts on Alaska's economy through the years. These projects have generated needed economic stimulus in regions that are remote and have limited economies, and more importantly have created new jobs or supported existing jobs in various sectors of the economy. For various reasons, not all the projects have been financially successful. This evaluation of the economic benefits of AIDEA's activities includes those projects that are no longer operational or are considered unsuccessful from a financial investment perspective. From an economic impact perspective, all these projects at some point in time have generated economic benefits to Alaska, regardless of financial success.

In this chapter, we distinguish AIDEA's development projects from its loan participation projects. The development projects include assets/facilities owned by AIDEA or that have been financed by AIDEA through direct loans and investments, including the ability to contribute equity alongside debt financing under its statutory authority (AS 44.88.172), enabling AIDEA to take ownership interests in projects when necessary to advance economic development. Under AIDEA's LPP, the loan request is sponsored and originated by an Alaska financial institution and AIDEA's contribution is capped at \$25 million.

The IMPLAN model of the Alaska economy was used to estimate the economic impacts of AIDEA's investments in development projects (direct investment projects) and the benefits or contribution of the LPP. The IMPLAN model is an input-output model that is widely used in economic impact studies to measure the direct, indirect, and induced effects of an economic development project. These economic effects are measured with respect to jobs, labor income, and economic output (or business sales).

AIDEA's direct investments in projects and the loans received by LPP applicants create local spending, which has a stimulus effect in the economy and results in an increase in economic activity. This increase in economic activity caused by the initial spending is called the *Direct Effect*. The initial spending then causes a ripple effect in the economy that further increases economic activity (business sales), commonly referred to as the multiplier effects: Indirect Effects and Induced Effects. *Indirect Effects* measure the increase in economic activity or sales of the businesses (suppliers) that supply goods and services to companies during the construction and operations the facilities. *Induced Effects* measure the increase in sales of businesses that supply goods and services to the workers

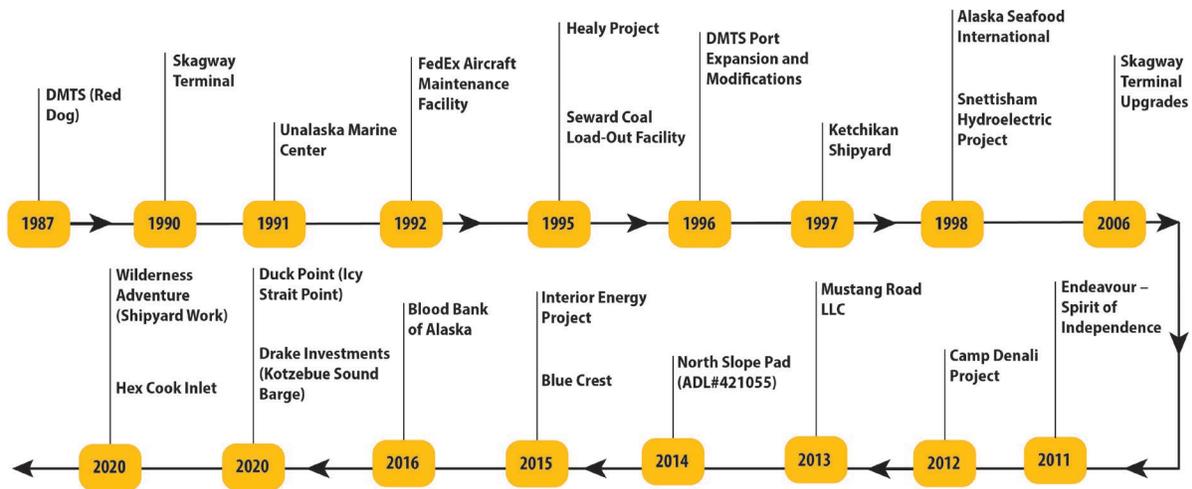
(both during construction and operating life of the facilities); the spending of their wages in the economy causes an increase in economic activity and these are called induced effects.

6.2 Direct Investment Projects

AIDEA has provided direct financing for projects that have generated significant economic stimulus across Alaska. The direct investment projects evaluated in this study include assets or facilities owned by AIDEA or that have been financed by AIDEA through bond sales, direct investments, or more recently through AIDEA’s SETS and AK SHIP programs. These assets range in type and size and cover several sectors of industry. These projects include manufacturing facilities, roads, ports, tourism facilities, federal facilities, and community and public infrastructure that have become essential to the economic well-being of Alaska’s communities.

Figure 12 shows the timeline of the various direct investment projects included in this analysis.

Figure 12. Timeline of AIDEA Direct Investment Projects



The following sections provide descriptions of the projects, organized by the program under which they are funded.

6.2.1 AIDEA’s Projects and Owned Assets through Direct Financing Program

This section provides a description of each of the projects that are currently owned and/or operated by AIDEA.

6.2.1.1 DeLong Mountain Transportation System and the Red Dog Mine

The DMTS (which was financed by and is fully owned by AIDEA) was opened in 1989 to support the development of the Red Dog Mine in northwest Alaska. The DMTS port facilities were further

expanded in 1999 to increase mine and port throughput. The Red Dog Mine, which is operated by Teck Alaska, Inc. (formerly Cominco, Ltd.) on behalf of NANA Regional Corporation, Inc., is one of the world's largest producing zinc mines.



DMTS is an integral part of the Red Dog Mine operations, providing the necessary infrastructure to transport ore from the mine site to the ore export barges. The full system—which had an initial construction cost of \$180 million—includes the following infrastructure:

- A 52-mile, 30-foot all-weather gravel industrial haul road from the mine to the port.
- A shallow water dock to receive supplies, fuel, equipment, and personnel.
- An offshore conveyor system to load ore concentrate to lightering vessels that convey the concentrate to larger ships further offshore.
- A fuel distribution facility, including six bulk tanks capable of storing approximately 15 million gallons of fuel for port and mine use.
- Storage facilities, including two buildings with approximately 1.2 million tons of ore storage capacity.
- On-site power, other utilities, and residential quarters for up to 96 workers.

In 1982, NANA formed an agreement with Cominco LTD. (now Teck) for the development of the Red Dog Mine. NANA and Cominco then reached out to the Alaska government for economic assistance, particularly seeking state ownership of the project's road and port facilities. Cominco indicated in testimony before the Alaska Legislature in February of 1985 that they would not be moving forward with development of Red Dog Mine without State assistance:

The most critical factor is whether the State of Alaska can assist in the initial financing of the road and port facility. This is the single item in the project, and accounts for almost 40% of the total project cost. Our present studies indicate that if Cominco is required to directly finance this portion of the project, the return on investment will not likely be adequate to justify developing this mine, with its problems of isolation, climate, and short shipping season (Cominco 1985).

Recognizing the opportunity for economic growth in the region and the need for a transportation system to be viable, the Alaska Legislature provided AIDEA with new tools to enable its financial

support of the project. Senate Bill 280 (1984) authorized AIDEA to issue bonds for the construction of transportation facilities for the Red Dog Mine. Senate Bill 279 (1985) provided additional authorization for AIDEA to enter into agreements necessary for the development of the Red Dog Mine and associated transportation facilities. In addition, the Legislature provided AIDEA over \$143 million in direct funding and other state-owned assets for the explicit purpose of developing the DMTS.

Through a 50-year lease agreement (AIDEA, 2017a), Red Dog mine pays AIDEA for its use of the DMTS as a means to move in mining output to its smelter in British Columbia. AIDEA indicates that under the agreement annual payments to AIDEA are between \$15–30 million annually, before debt service. The consistent long-term revenue stream from Red Dog mine supports AIDEA’s mission to promote, develop and advance economic growth and diversification in Alaska. The revenues from DMTS also comprise a significant portion of AIDEA’s annual net income and its dividend to the state general fund.

The Red Dog Mine and DMTS have been instrumental in creating direct and indirect employment opportunities, significantly contributing to the local and state economies. Today, the mine provides hundreds of direct jobs, with a strong emphasis on hiring locally. Beyond employment, the mine generates substantial revenue through taxes, royalties, and other financial contributions, supporting local governments and enhancing the state’s fiscal stability. The creation of the Northwest Arctic Borough stemmed from DMTS. Additionally, the operation of the mine and transportation system has a multiplier effect, creating additional jobs and economic activity across various sectors, further boosting the region’s economy.

The estimated annual average contributions of this project include:

- 470 direct year-round jobs
- 1,100 indirect and induced jobs
- \$167 million in annual statewide direct, indirect, and induced wages
- 52% NANA shareholders local hire

In addition, the project has generated the following local government revenues:

- \$301 million through FY2023 (nominal \$) in payments in lieu of taxes (PILT) to the Northwest Arctic Borough
- \$57 million (nominal \$) since 2018 in total village improvement fund

These revenues fund government services, infrastructure projects, and community programs across 11 villages in the region.

Red Dog Mine has also generated royalties to NANA Regional Corporation, which had selected the land under the Alaska National Interest Lands Conservation Act (ANILCA) in 1980, amounting to \$3

billion through 2024 (nominal \$). About \$1.8 billion has been shared with other Alaska Native Corporations through the Alaska Native Claims Settlement Act sharing provisions.

Finally, Red Dog mine has been a major source of tax revenues for the state of Alaska. The mine operators (Teck from 2001 to the present) and Cominco (from 1989 to 2000) have paid taxes to the State of Alaska since production began. These taxes have been paid as Mining License Taxes and Corporate Income Taxes. Alaska Mining License Tax is a tax on net income (after depreciation, local taxes, and an annual 15% resource depletion allowance) but before royalty payments. In addition, Red Dog pays the state a corporate income tax at a rate of 9.4% of net income. The Alaska Department of Revenue (ADOR 2025) estimates that since production began the operators of Red Dog mine have paid over \$1 billion in taxes to the state of Alaska. These taxes represent between 40–60% of all Alaska tax revenues from mining.

6.2.1.2 Ketchikan Shipyard

The Ketchikan Shipyard is adjacent to the Alaska Marine Highway System ferry facility in Ketchikan and has the capability to provide maintenance for the ferries. The shipyard consists of approximately 25 acres of real property; various buildings; fixtures and improvements; floating drydocks; various equipment and tools; and other personal property. It was constructed in the 1980s with a \$30 million investment by the Alaska Department of Transportation & Public Facilities (DOT&PF).



In 1997, AIDEA acquired title to and ownership of the Ketchikan Shipyard and entered into an agreement with Alaska Ship and Drydock (ASD) for the operation of the shipyard. The agreement was renegotiated in December 2005 with a ten-year term and two ten-year extensions. The South Berth was transferred from DOT&PF to AIDEA in October 2010 and the Platt was officially signed in February 2014.

Vigor Industrial purchased the shipyard operator, ASD, in March 2012. In 2013 ASD's name changed to Vigor Alaska. AIDEA has made capital investments in the shipyard, including the 1997 cost of acquiring the shipyard (\$80.3 million) and a partial match to the 1999 federal TEA-21 grant. AIDEA's financial return from the Shipyard is based on several terms in the Agreement for the Operation and Use of the Ketchikan Shipyard. AIDEA's 2005 agreement with Vigor for the operation of the Ketchikan Shipyard expires on November 30, 2025. On August 15, 2025, the AIDEA Board signed a resolution to authorize the transfer of the current operation agreement for the shipyard to JAG Alaska, LLC and to authorize the AIDEA's Executive Director to negotiate terms for a long-term operation agreement

with the company (AIDEA 2025g, 2025h). JAG Alaska is a marine services company specializing in ship repair and maintenance and is the current operator of the Seward Shipyard (AIDEA 2025d, Resolution No. G25-05).

6.2.1.3 FedEx Hangar and Expansion

The FedEx Hangar and Expansion project was undertaken in the early 1990s to help expand and strengthen Alaska’s role as a hub for international air carriers. The project aimed to improve basic



services available at the Ted Stevens Anchorage International Airport, which was the largest airport in the U.S. by cargo weight landed at the time of the project. Prior to the project, FedEx had a ground lease agreement at the airport. However, FedEx management realized that it would be advantageous for them to be able to perform maintenance on their fleet of wide body aircraft that pass through Anchorage. FedEx decided to approach AIDEA to finance building the facilities needed.

The project was completed in early 1995 (AIDEA Annual Report, 1995). The initial 20-year lease expired in 2015, and the AIDEA board approved a new lease with ongoing negotiations for a long-term extension (FedEx Aircraft Maintenance Facility Fact Sheet, 2022). As part of the extension, AIDEA would be responsible for some future capital improvement projects to maintain and upgrade the facility where necessary. In 2021, AIDEA and FedEx agreed to sublease 8,500 square feet of space to VIPER, which is a non-profit to help veterans transition into the private sector workforce (FedEx Aircraft Maintenance Facility Fact Sheet, 2022). The space is used to train veterans in aircraft refurbishment. Support for the project came from FedEx, local communities, aviation-related businesses, and businesses that rely on express shipping. Primary partners of the project included AIDEA, DOT&PF, and FedEx (FedEx Aircraft Maintenance Facility Fact Sheet, 2022).

The facility includes a hangar that can accommodate one wide-body aircraft, ramp, taxiway, road, utilities, and landscaping (FedEx Aircraft Maintenance Facility Fact Sheet, 2023). The project also included construction of a fire suppression pump house and water storage facility, which were needed to support the hangar (AIDEA Annual Report, 2023).

6.2.1.4 Camp Denali Readiness Center

The Camp Denali Readiness Center Addition Project was an expansion of the existing National Guard Armory facility at Joint Base Elmendorf-Richardson (JBER) (Camp Denali Fact Sheet, 2013). The facility is the US Coast Guard’s (USCG) control center for overseeing all its strategic missions in Alaska (Camp Denali Fact Sheet, 2020). The new Center matched the existing 2 story building, 120



parking spaces, and an alternative access road. Construction started in 2012 and was completed the following year. The project allowed for the consolidation of services, which created synergy between the USCG, the State of Alaska Division of Homeland Security & Emergency Management and the Rescue Coordination Center. It also allowed the USCG to expand its civilian, local, and military staff. Support for the project came from the Department of Defense, the State of Alaska, the USCG, the Department of Military and Veterans Affairs (DMVA), and surrounding communities (Camp Denali Project Fact Sheet, 2023). AIDEA owns the facility, JBER owns the land, DMVA operates the facility, and the USCG is the user of the facility (Camp Denali Fact Sheet, 2021). The project was paid for with funds from AIDEA’s Economic Development Fund. AIDEA receives an annual payment of \$1.1 million from the project as part of a Memorandum of Agreement between the USCG and the DMVA (Camp Denali Fact Sheet, 2023).

6.2.1.5 Snettisham Hydroelectric Project

The goal of the Snettisham Hydroelectric project was to get long-term, low-cost, and renewable power to the people and businesses in the Juneau area. Construction began in 1967, with the Long Lake hydroelectric project. The facility included an 8,400-foot power tunnel to deliver water from the lake to the turbines, a remote camp, a boat slip, an airstrip, and a 44-mile-long voltage transmission line. In 1973, 47.2 megawatts of power were delivered to the City of Juneau upon its completion. This completed the first stage of the project. A second stage was completed in 1990



when the Crater Lake facility was completed and brought online, contributing an additional 31 megawatts of power. The project produces a combined 78 megawatts, which now provides roughly 65% of the power sold by the local electric utility (Snettisham Fact Sheet, 2023).

In the 1980s, the federal Alaska Power Administration started the process of transferring the Project from federal ownership. In 1998, AIDEA acquired the Snettisham Hydroelectric Project from the federal government for \$100 million. Purchasing the Snettisham Hydroelectric Project brought more local control to the dams, which helped ensure that they remain a stable energy source for long-term economic growth in the Juneau area. The power generated by Snettisham Hydroelectric is sold to AEL&P, Juneau's electric utility, which operates and maintains the project in partnership with AIDEA. The facility helps keep electric costs down in Juneau by being an affordable power source. The project also provides power to Princess Cruise Ships at the Port of Juneau and the Greens Creek Mine when needed. Currently, the Snettisham power station infrastructure also helps support the Snettisham Fish Hatchery, which is owned by the State of Alaska and operated by a non-profit focused on salmon, DIPAC (AIDEA 2025a, Snettisham Project Fact Sheets, 2013 and 2023).

6.2.2 Other AIDEA Funded Projects

The following are other projects that benefited from AIDEA financing. Some of these facilities are no longer operational and some are currently owned and/or operated by other entities.

6.2.2.1 Skagway Ore Terminal

In July 1990, AIDEA purchased the Skagway Ore Terminal (SOT) for \$25 million for three main reasons: to bring stability to Skagway's then major year-round industry; fund essential environmentally efficient renovations to the terminal; and open the door to additional economic growth by marketing the terminal to other potential users. The terminal was purchased from White Pass Railway, with a sublease of City property approved by the Municipality of Skagway. The current user is Minto Explorations Ltd., a subsidiary of Capstone Mining Corp. (previously Sherwood Copper Corp.). The user contracted with Mineral Services Inc. to operate and maintain the terminal in April 2008.

The SOT consists of a 6.7-acre industrial waterfront lot whose primary features include: a 98,000-sq. ft. 16-inch thick concrete floor, a 42,000-sq. ft. concentrate storage building (the original concentrate storage building was demolished in 2003) surrounded by concrete containment walls, office, shop, laboratory, electrical, and wash buildings; enclosed materials handling loadout conveyors and ship-loader; and a .37-acre adjacent lot, which contains a fueling facility (two 10,000-gallon-per-day tanks) and tank farm



(four 30,000-gallon storage tanks). Construction of the SOT Reactivation Improvements began in February 2007 with a \$14 million investment from AIDEA. The first shipment of ore concentrate was transported eight months later followed by substantial completion in January 2008. A new 14,000-sq. ft. facility extension was substantially completed in December 2008 to provide additional storage capacity.

AIDEA concluded the SOT evaluation for potential upgrades in September 2021. Based upon reinvestment levels required to modernize the terminal and lack of new mining developments in Yukon territory, AIDEA has chosen to not pursue renewal of the lease with PARN Co. The lease expired March 2023 and ownership transferred to the City of Skagway.

6.2.2.2 City of Unalaska Marine Center



The City of Unalaska Marine Center was a joint venture between AIDEA and the City of Unalaska to upgrade and expand the existing Ballyhoo Dock. Under legislative authority, AIDEA issued \$7 million in tax-exempt bonds under AS 44.88.172 for the expansion and improvement of the marine center facilities. The upgrade and expansion provided the improvements necessary to accommodate the growing fishery and shipping industries. The project included an open cell sheetpile

addition to the dock, adding approximately 730 additional feet to the dock face, a high energy fender system, additional water and sewer, and area lighting. Part of the project was also subleased to Petro Marine. Petro Marine constructed a warehouse and repair shop, added additional fuel tanks, and upgraded its existing hydrant fueling system. Part of the project was also subleased to Sea-Land Services for the footprint of a container crane that it would own and operate. In 1991, AIDEA acquired all improvements on the site outside of the Petro Marine and Sea-Land upgrades. The project remained an active AIDEA project until 2000, when the City of Unalaska paid all remaining financial obligations related to the project, at which point the project was transferred to the City in accordance with the terms of the agreement.

The early stages of project identification and development took place in the late 1980s, with construction beginning in early 1990. The project was completed in 1991. The project was important for the continued growth and stability of the Unalaska economy. Unalaska has a fishing-related economy, and in 1992 following the completion of the project, the Port of Unalaska was the top ranked port for the amount and value of commercial fish landed (National Marine Fisheries Service, 1994).

6.2.2.3 Healy Clean Coal Project

The Healy Clean Coal Project (HCCP) was aimed at developing and implementing clean coal technology in Alaska. The HCCP was one of several projects nationwide selected by the DOE under the Clean Coal Technology Program. The project was backed by significant federal and state financial support. The Alaska Legislature appropriated \$25 million toward the project in 1990, and explicitly directed AIDEA to pursue clean technology



development as part of Alaska's energy strategy³¹. The State of Alaska supported the project as part of the state's energy development strategy which included coal technology development. AIDEA entered into a cooperative agreement with DOE in April of 1991 to specifically demonstrate a Clean Coal Combustion System. The HCCP's technological setup included two 350 MBtu/hr TRW multistage slagging combustors, coal and limestone-handling facilities, a boiler system with a nominal capacity of 50 MWe, a spray dryer absorber, a baghouse, ash handling facilities, and a steam turbine/generator.

Construction for the HCCP began in May 1995 and concluded in November 1997. Operations commenced in January 1998 and ran until December 1999. Total project cost approached \$300 million, with funding from the U.S. Department of Energy (\$117 million), AIDEA (\$126–\$150 million), a \$25 million appropriation from the Alaska Legislature, and contributions from GVEA and Usibelli Coal Mine (approx. \$10–\$12 million combined) (USDOE 2003).

The 90-day commercial operations test resulted in differing opinions. While the plant operated for the required duration and exceeded power generation expectations, debates arose regarding the coal quality used and the maintenance during the test. In 1999, HCCP was taken offline due to a commercial contract dispute with power purchaser Golden Valley Electric Association (GVEA). The parties came to an agreement in March 2009, and AIDEA handed over the oversight of the HCCP to GVEA under the settlement agreement. The plant was shut down pending a feasibility study on retrofitting it to conventional technology, and AIDEA continued to partner with GVEA regarding permit renewals. GVEA retrofitted and refurbished the unit, which it still owns and operates today.

³¹ Based on the House Labor & Commerce Committee discussions with respect to the Healy Clean Coal project, it was the Alaska Legislature's intent that: 1) AIDEA administrate state funds; 2) perform as the US Department of Energy grant recipient; and 3) finance the project. [Alaska House Committee on Labor and Commerce, 1991]

6.2.2.4 Seward Load-Out Coal Facility



The primary purpose of the Seward Load-Out Coal Facility (SLF) was to unload coal from railcars, convey the coal to storage, reclaim coal from storage, and load coal into bulk ships. It was originally built in 1984 after Korean coal purchaser Suneel Alaska Corporation successfully negotiated with the State of Alaska to build the dock after securing a loan from AIDEA to install the conveyor and loading facility. The

ARRC's original role was to lease waterfront property for the facility and to transport coal (purchased by Suneel under contract) from Healy to Seward. Hyundai Merchant Marine (HMM) purchased the SLF in the early 1990s and operated it through 2006.

In 1995, AIDEA entered into an agreement with Suneel Alaska to purchase 49% of the Seward Coal Terminal; whereby AIDEA is repaid through semi-annual payments. In 2003, ARRC purchased the SLF with a federal grant. The grant money repaid the AIDEA loan and enabled some efficiency upgrades that helped Alaska's export coal industry stay viable during a period of declining coal prices in the global market. Depressed market prices made the cost of Alaska coal too high compared to competing exporters from Indonesia, Australia, China, South Africa, and Canada. HMM continued to operate the ARRC-owned facility until 2007 when HMM exited the business. Aurora Energy Services, a subsidiary of Usibelli, then became the operator of the facility. In 2016, ARRC terminated its operating agreement with Aurora Energy Services and shutdown the facility (ARRC 2015 and 2016).

6.2.2.5 Alaska Seafood International Processing Facility

In 1993, the Alaska Legislature provided AIDEA with bonding authority³² to construct and own a seafood manufacturing facility in Anchorage that would provide secondary (value-added) processing of halibut, bottomfish, surimi and salmon. The project included a two-story, 184,000 square foot manufacturing facility; an adjoining cold storage facility; and a two-story, 20,000 square foot power plant. The manufacturing facility had the capacity to annually produce 100 million pounds of seafood products. This project was not only expected to create employment but also to spur additional jobs in rural fishing communities and across the transportation sector, thereby enhancing the value of Alaska's fish products and supporting the state's salmon industry market share recovery efforts.

Key milestones in the project's history include the formation of Alaska Seafood International in 1996 through a partnership between Alaska Seafood Center and Central Investment Holdings, a Taiwan-based investment firm. AIDEA's interim financing in 1998 for the construction of the manufacturing

³² As shown in Table 8 the bonding authorization was a special legislative authorization because the project exceeded AIDEA's normal bonding threshold and involved state-backed financing for a private seafood processing venture.

facility and the subsequent direct purchase of the completed facility in 1999 without utilizing the legislative bonding authority highlight the agency's commitment to the project. The financial challenges and restructuring efforts in 2000 and 2001, including the entry of Sunrise Capital Partners as a majority investor and the multiple restructurings to address liquidity issues, underscore the project's complexity and the adaptive strategies employed to sustain it. This restructuring resulted in AIDEA acquiring 22.5 percent equity. The operational and financial issues continued and resulted in a final dissolution vote in 2003 and the eventual sale of the property to Anchorage Community Development LLC in 2005 (ASI Fact Sheet 2005).

6.2.2.1 Blood Bank of Alaska

AIDEA provided a loan for the construction and furnishing of a 57,000 square-foot laboratory and collection facility for the Blood Bank of Alaska. This project allowed for the consolidation of all four of the Blood Bank's Anchorage facilities and expansion upon their existing capacity. The Blood Bank is the only



blood bank in Alaska and provides blood products to civilian, military, critical access, and tribal hospitals. Because of this project, blood samples from donations do not have to be sent out of state for testing but can be done in-house at the facility.

AIDEA's loan was critical because the Blood Bank could not secure full financing through traditional lenders for a \$45.7 million project. AIDEA approved a loan of up to \$8.5 million, filling a gap that private financing could not cover. The project created 133 direct construction jobs and 230 total jobs during the build, plus 20 permanent jobs post-completion.

AIDEA's timely assistance during the COVID-19 pandemic was critical to the Blood Bank remaining open (Blood Bank of Alaska 2021):

...at the outset of the on-going pandemic, BBA was caught in a very dire situation with the loss of approximately 50% of our on-going revenues due to the administration's decision to prioritize scarce hospital resources away from elective-surgeries and toward care of COVID-19 patients. We are thankful that we were able to turn to AIDEA, which not only guaranteed a million-dollar loan from a local Alaskan bank, but also granted BBA a six-month forgiveness on payment of our note held by AID EA. Had AID EA not been there to assist BBA in its time of need, we would have had to close our doors. Through AIDEA's quick response, BBA was able to continue in its life-saving mission, which directly benefited the State of Alaska and her citizens.

6.2.2.2 Mustang Road and Pad, and Operations Center

The Mustang Road and Pad project consisted of a 4.5-mile access road as well as a 17.4-acre production pad for the Brooks Range Petroleum Company’s drill site and production facility (Mustang Road Fact Sheet, 2013). The purpose of the road was to provide access to the Mustang Field in the Southern Miluveach Unit (SMU) as well as other nearby holdings. Following completion of construction of the road and pad in 2013, AIDEA partnered with CES Oil Services Pte, Ltd to form the Mustang Operations Center 1, LLC (AIDEA Annual



Report, 2014). This was an additional project undertaken to produce oil for export through TAPS (AIDEA Annual Report, 2014). The facility was slated to include oil and gas treatment processes for up to 15,000 barrels per day of oil production, power capacity for 10 megawatts of primary electrical power, well headers and connections for up to 11 production and 20 reinjection wells, as well as an operations camp.

AIDEA invested \$50 million via preferred share ownership of MOC 1. When oil prices dropped, AIDEA’s financing partner on the project backed out and the project was partially shut down (Mustang Development Fact Sheet, 2021). In 2021, AIDEA continued to work with interest owners and other creditors to settle outstanding debts and restructure the project into a viable enterprise. Mustang Holding LLC (MHLLC) was named the operator of the SMU. As of February 2022, MHLLC worked closely with a group of lien holders to preserve the SMU and Mustang Project and seek realistic solutions to develop and produce hydrocarbons from the unit (MHLLC Project Fact Sheet, 2022). Recognizing its difficulty in bringing the field online, AIDEA board members ultimately passed a resolution in 2023 stating that AIDEA’s best interests would be served by divesting the project. AIDEA then put the Mustang field and its holding company back into private-sector ownership. Finnex acquired MHLLC on October 27, 2023.

6.2.2.3 Duck Point (Icy Strait Point) + Duck Point Development II, LLC

The purpose of this project is to provide financing support for the development and construction of Icy Strait Point’s Phase 2 expansion by Duck Point Development II LLC. Phase 2 includes a new 500-foot floating dock, which will be constructed and located roughly one-half mile north of the existing Icy Strait Point, LLC (ISP) dock. Uplands development to support the new dock will include a 3,500 sq. ft. welcome center (with about 1,300 sq. ft. of retail space, lobby, and bathrooms), a 600-sq. ft. tour sales booth with a covered waiting area, two tour assembly buildings of 1,600 sq. ft. each, and a tram and bus loop. A new road entering the site from the main road near the ISP gate will allow tour vehicles to access the new complex and pick up passengers at a bus and tram turnaround loop adjacent to the tour assembly buildings. The existing tram road has already been widened and allows easy passenger pickup and drop-off.

ISP is a wholly-owned subsidiary of Huna Totem Corporation and operator of the Icy Strait Point cruise ship destination facilities. ISP is Alaska's only privately owned cruise ship destination, located 35 miles west of Juneau in Hoonah, Alaska. ISP caters to cruise ship guests and offers a unique port for those travelling with Royal Caribbean, Celebrity, Norwegian Cruise Lines, Holland America, Princess, Oceania, and Regent Seven Seas cruise lines. Huna Totem Corporation is an Alaska Native Corporation formed under the terms of the Alaska Native Claims Settlement Act.

6.2.3 Alaska Ship Home-Porting for Improvements Program Projects

The AK SHIP is a financing program designed to enhance the competitiveness of Alaska's marine transportation industry. The Program was established in 2019 to provide short-term and bridge financing for repair, conversion, and maintenance work on commercial and industrial vessels at Alaska shipyards. AK SHIP offers 6-month to 24-month financing exclusively for ship repair, conversion, and maintenance work in support of Alaska shipyards. The Program supports jobs in the services sector at the shipyards while the repairs are being done. The following are two projects that have benefitted from the Program to date.

6.2.3.1 Wilderness Adventure Shipyard Work (UnCruise Adventures)

Alaska-owned and operated UnCruise Adventures was the first customer to utilize the AK SHIP. AIDEA provided funding for ship repair work done by Vigor Alaska at the ASD in Ketchikan (which is owned by AIDEA with Vigor as the operator).

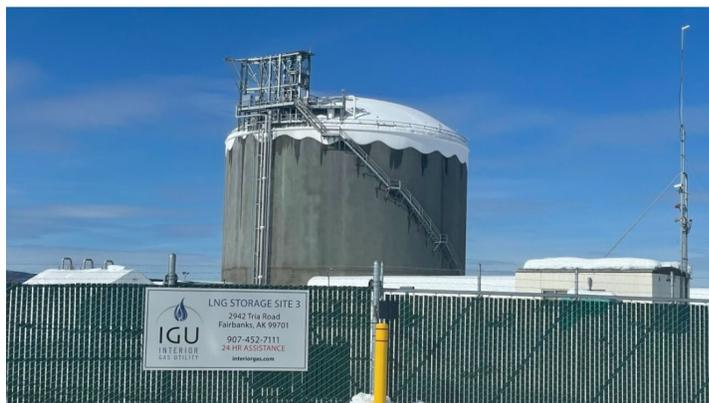
6.2.3.2 Drake Construction (Kotzebue Sound Barge)

Drake Construction received funding for the Kotzebue Sound Barge and expanded its transportation services from Seward to Kotzebue (AIDEA Annual Report, 2022). With the addition of the Kotzebue Sound, Drake Construction has increased jobs and shipped goods and critical supplies in rural Alaska. The loan enabled school buses to be delivered to the villages in Northwest Alaska.

6.2.4 Sustainable Energy Transmission and Supply Development Fund Projects and Other Energy Projects

The creation of the SETS fund gave AIDEA the tools to lend money and provide guarantees for qualified energy development projects.

6.2.4.1 Interior Energy Project



The Interior Energy Project (IEP) is an initiative to increase the availability of natural gas and stabilize prices of natural gas in the Interior region of Alaska where its greatest challenges stem from a lack of good energy options. The Legislature authorized AIDEA to lead the IEP in 2013 (SB 23) and expanded its authority in 2015 (HB 105). AIDEA was tasked with creating an integrated supply chain for

LNG production, transportation, storage, and distribution to Interior Alaska.

As part of its agreement with IEP [AIDEA, 2017b], AIDEA partnered with the private sector to build an LNG plant and distribution system to bring a gas supply to Fairbanks. Financing for the project included 0.25% interest and 15-year deferral. Governor Walker sponsored HB 105 and signed it into law in June 2015, emphasizing flexibility and urgency to deliver low-cost energy to Fairbanks and North Pole. The Governor's office actively negotiated financing terms and supported AIDEA's acquisition of Pentex to create a unified utility (the Interior Gas Utility, or IGU) for efficiency and cost control. In 2015, AIDEA acquired Pentex Alaska Natural Gas, the parent company of FNG. The acquisition advanced the goals of the IEP by immediately lowering rates to existing FNG customers by accessing lower cost capital and a public ownership rate structure. It also reduced costs by integrating the services of FNG and IGU.

The IEP is an ongoing initiative. AIDEA continues to advance the IEP through the following actions:

- continuing to work with FNG and IGU to plan the build out and coordination of transportation, storage, regasification, and distribution of natural gas in the Interior
- financing of the liquefaction capacity in the region
- evaluating options for LNG transport to help lower the cost of transportation
- financing natural gas distribution system planning, design, and construction

The following summarizes IEP activities to date:

- Approximately 215 miles of natural gas distribution lines have been installed throughout Fairbanks and North Pole (IEP 2022).

- IGU has installed approximately 200 service lines in 2020 and 312 in 2021, and up to 600 additional service lines planned.
- A large storage tank project was completed in December 2019. Increased LNG storage capacity allowed IGU to add new customers
- IGU continued to sign up new customers for service. Natural gas mains in the City of Fairbanks have been expanded to now serve approximately 1,650 residential and commercial customers.
- In 2021, the ARRC received a renewal of the Federal Railroad Administration’s approval to transport LNG in intermodal portable tanks in container-on-flatcar service on the ARRC rail system. The approval authorizes up to two trains per week with each train containing a maximum of 24 loaded portable tanks.
- Large-capacity trailers have been added to the trucking fleet. The trailers are configured to facilitate the addition of a hitch later, which will allow an additional “pup” trailer to be pulled if this proves to be feasible and is determined to be economically advantageous.

6.2.4.2 North Slope Pad: ADL #421055

The North Slope Pad (NSP) was a 23-acre land parcel located in the North Slope near Pump Station 1 of TAPS, owned by the Alaska Department of Natural Resources (DNR) (Boutin 2019). The DNR lease for the NSP was issued to Spectrum Alaska LLC. In 2014, AIDEA purchased Spectrum Alaska LLC as part of the IEP and took control of the property. AIDEA constructed the NSP on the site for \$6 million, funded mostly by IEP funds appropriated by the legislature. The pad was closely connected to the IEP since it was the intended site for the LNG production plant. The plan for this LNG plant was to supply gas to Fairbanks and the FNSB. However, the plan was eventually abandoned when it was determined at the time that it would be more cost effective to obtain gas from the Cook Inlet area and expand the Titan LNG facilities.

In early 2018, AIDEA started negotiations with the Prudhoe Bay Chemical Co. (PBC) for use of the NSP in the development of a small-scale methanol plant to provide services to the North Slope. PBC was also in advanced discussions with a third party for potential investment and construction of the proposed methanol facility. PBC and its third party expressed strong interest in taking control of the entirety of the NSP site and sub-lease or lease directly with DNR through assignment. AIDEA released the proposed disposal of leasehold interest in 2019, in which it stated that it intended to dispose of its leasehold interest in the NSP. It proposed to assign its entry authorization and leasehold interest to Ahtna Petrochemical Products, or its designee for economic development purposes. In December of 2019, Ahtna Petrochemical Products, LLC acquired the NSP, and in 2023 sold the pad to Alaska-owned Alyeschem, LLC. Alyeschem is looking to develop the first petrochemical facility in the state. The small chemical plant will use stranded North Slope natural gas to manufacture methanol and

ultra-low sulfur diesel. Finally, in 2023, AIDEA announced it has approved the financing for the Alyeschem North Slope Project (see discussion of this project in *Chapter 8: AIDEA's Future Direction*).

6.2.5 Cook Inlet Oil and Gas Projects

AIDEA has also engaged in supporting activities in the Cook Inlet to help promote oil and gas production in the region. Natural gas from Cook Inlet is currently the primary source of power generation and heating for majority of Alaska residents.

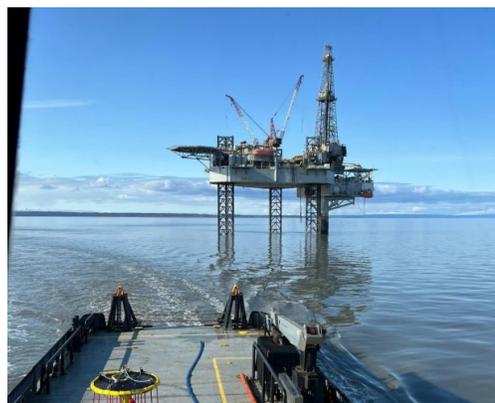
6.2.5.1 Blue Crest

BlueCrest Energy Inc. utilized an AIDEA direct-financing loan for the procurement, transportation, initial outfitting, and commissioning of a new on-shore drilling rig, rig man camp, and associated materials, tools, and equipment to support its ongoing development of the Cosmopolitan oil and gas lease blocks in the southern portion of Cook Inlet (DNR 2025). BlueCrest Energy is currently producing oil and natural gas at a level of 1,000 to 1,500 barrels per day from the Cosmopolitan Field, with the oil trucked to Marathon Petroleum Co.'s refinery at Nikiski, near Kenai (AIDEA 2023a).

As of June 2025, the Cosmopolitan Unit has produced 2.6 million barrels of oil and 9.5 billion cubic feet of gas. The average annual oil production rate in the past year was about 581 barrels of oil equivalent per day, and 0.8 million cubic feet per day. This year (2025), BlueCrest's net gas sales to the local utility market have consistently been over 100 thousand cubic feet per day (DNR, Division of Oil and Gas, 2025).

6.2.5.2 HEX Cook Inlet

AIDEA provided financing for HEX, LLC (HEX CI) to acquire and develop the Beluga and Sterling Formations within the Kitchen Lights Unit (KLU), along with existing infrastructure including a 15-mile subsea pipeline, an on-shore production facility, and off-shore production platform. The production platform, which has recently been expanded to accommodate a total of 12 production wells (Alaska Business Magazine 2025), sits on acreage owned by FURIE Operating Alaska, LLC. The successful closing of this deal in 2020 required coordination of more than a dozen parties and entities, and AIDEA's support of HEX CI resulted in the KLU remaining in operation under Alaska ownership, kept gas flowing to utility customers, employed Alaskans as part of the team and kept this Cook Inlet asset in play for the benefit of Alaska consumers and the Alaskan economy.



AIDEA has also finalized loan documents supporting a multi-year \$50 million revolving line of credit to back HEX's \$40 million 2025 drilling program. In addition to helping meet regional demand for natural gas in Southcentral Alaska, the 2025 drilling program is expected to create up to 100 jobs

during peak development phases and add five permanent positions post-completion (Downing 2025).

6.2.5.3 Kenai Offshore Ventures: Endeavor Spirit of Independence Oil Rig



The Kenai Offshore Ventures oil rig project, featuring the Endeavour-Spirit of Independence rig, represented a strategic initiative aimed at pushing for the development of Cook Inlet oil and gas resources. The primary goals were to drive local natural resource development and bolster the regional economy. This project was a collaborative effort between AIDEA, in partnership with Buccaneer Energy Limited, Ezion Holdings Limited, and Oversea-

Chinese Banking Corporation Limited. In 2011, AIDEA closed a deal to purchase and upgrade the world-class drilling rig, the Endeavour-Spirit of Independence, from Transocean (Endeavour-Spirit of Independence Project Information Sheet, 2013). The rig was originally designed for the harsh conditions of the North Sea and was extensively modified to meet local regulations (AIDEA Annual Report 2012). The initial refurbishing work was completed at a shipyard in Singapore, and the final efforts were completed in Homer.

The rig successfully drilled exploratory wells at various sites, including the Cosmopolitan lease, Southern Cross prospect, and the Northwest Cook Inlet leasehold. These drilling activities showed promising prospects for further oil and gas development (2014 Endeavor Fact Sheet). However, the project encountered some challenges after Buccaneer Energy's bankruptcy, which left the rig idle throughout 2014 without a drilling commitment for the subsequent year (Anchorage Daily News). As a result, the other owners in the LLC decided to buy out AIDEA's stake to gain the flexibility to relocate the rig out of Alaska to an area with immediate customers. AIDEA sold its ownership stake and allowed the other owners to move the rig and utilize it in locations with a ready market, ensuring the rig's continued operational viability (Alaska Public Media; Anchorage Daily News).

Despite the conclusion of AIDEA's involvement, the Kenai Offshore Ventures oil rig project significantly advanced oil and gas exploration in Cook Inlet, benefiting the Alaskan economy through job creation, local resource development, and setting the stage for future exploration initiatives in the region. Furthermore, Buccaneer's spending on shipyard work, operations, and port fees for dockage, moorage, and water, as well as assorted services such as stevedoring and tug assistance during the 200 days the Endeavor was docked in Homer from August 2012 to March 2013, generated direct, indirect, and induced economic impacts within the local community. It was estimated that the money spent by Buccaneer generated a total of 50 jobs, \$1.8 million worth of labor income (wages), and \$4.8 million in total output within the Kenai Peninsula Borough (Northern Economics, 2013).

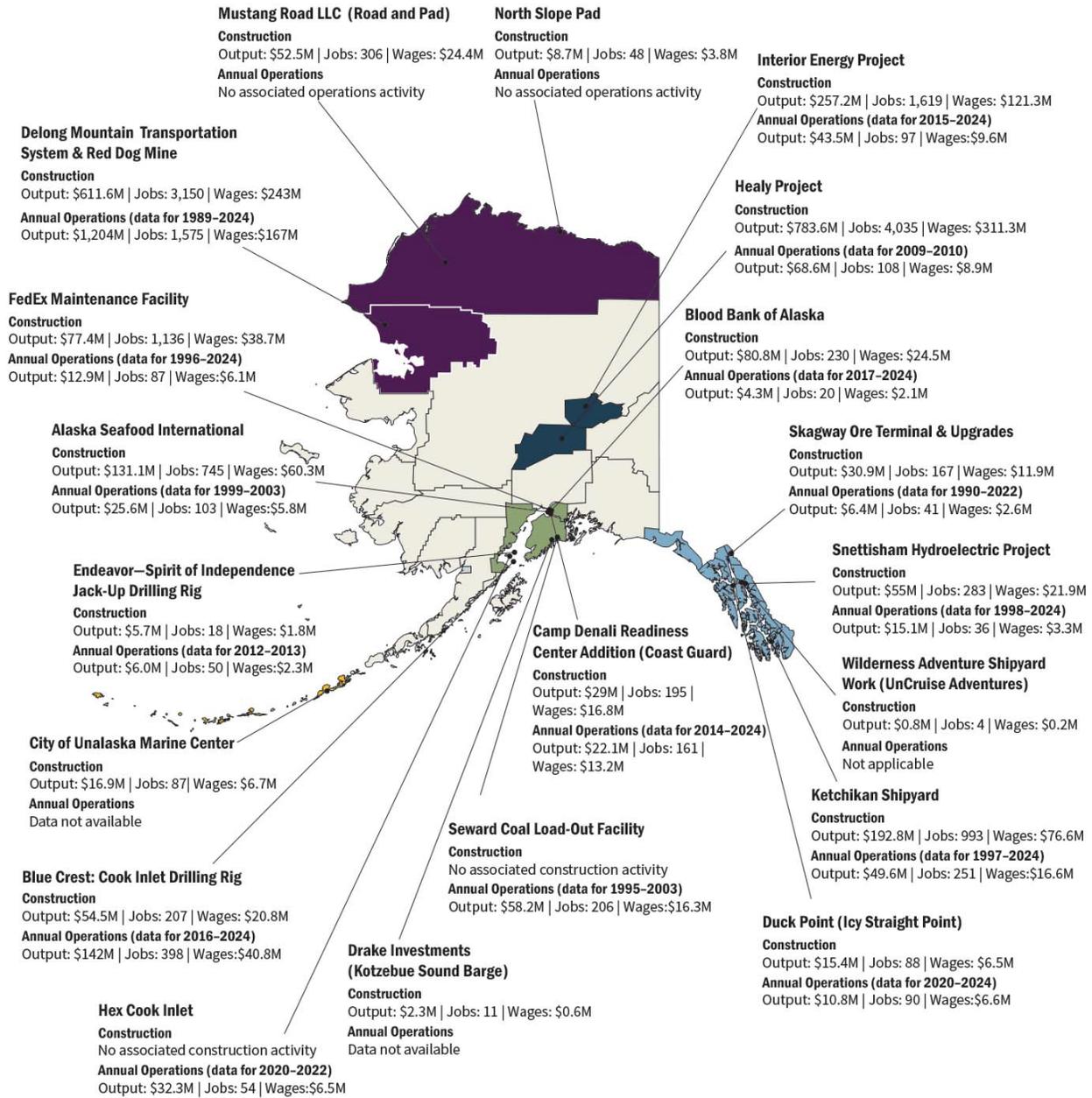
6.2.6 Estimated Economic Benefits of Direct Investment Projects

Including the first development project investment in the Red Dog Mine/DMTS in the 1980s, AIDEA has made direct investments in a total of 20 separate development projects since its inception, and overall AIDEA's investments in development projects have resulted in economic growth and diversity in different regions of the state.

The direct investments in development projects have led to economic impacts to Alaska during their construction phase and over each of the years during which these projects were operational. The construction phase impacts represent the benefits generated over the entire construction phase of the project. These benefits were temporary in nature and lasted only through the end of the construction phase. The operations phase impacts on the other hand represent estimates of the annual benefits of the projects.

Figure 13 summarizes the estimated economic benefits during construction and annual operations of each of the projects described above in terms of output, jobs, and wages.

Figure 13. Estimated Economic Benefits of AIDEA’s Direct Investment Projects by Region



6.2.6.1 Capital Investment Spending and Estimated Total Economic Output Effects

The economic impacts are driven by the amount of spending generated by project investments. Project spending created stimulus effects in the regional economies where the projects are located as well as in other areas of the state where workers live, and where businesses that supply materials and services for construction and operations of the project are located. Spending during the development or construction phase of the projects increased economic activity. Subsequently, the

infrastructure built helped support local industries that have relied on the infrastructure for their operations.

AIDEA has invested a total of \$1.7 billion (in 2022\$) in 20 development projects across various regions of the state. This total direct capital spending has resulted in total direct, indirect, and induced economic output from construction activities valued at \$2.4 billion (in 2022 \$). The annual cumulative operations of the projects have contributed \$43.6 billion (2022\$) in total economic output.

6.2.6.2 Estimated Employment and Income Effects

Construction Phase Impacts

Table 10 shows the total number of estimated construction phase jobs generated over the duration of the construction period for each project; the jobs created were temporary and ended when construction completed.

Table 10. Estimated Direct, Indirect, and Induced Construction Phase Jobs Generated by AIDEA’s Development Projects

Project Name	Duration	Jobs		
		Direct	Indirect & Induced	Total
DeLong Mountain Transportation System project (DMTS + Red Dog Mine)	1987-1989	1,793	1,357	3,150
Federal Express Project - Federal Express Aircraft Maintenance Facility	1992-1995	292	845	1,136
City of Unalaska Marine Center	1991	50	37	87
DMVA Project: Camp Denali Readiness Center Addition (Coast Guard)	2012-2013	127	68	195
Ketchikan Shipyard	1997	565	428	993
Mustang Road (Road and Pad)	2013	192	114	306
Snettisham Hydroelectric Project	1998	161	122	283
Skagway Terminal + Upgrades	2006-2008	99	68	167
Healy Project	1995-1997	2,297	1,738	4,035
Seward Coal Load-Out Facility	1995			
Alaska Seafood International	1998	461	284	745
Endeavour - Spirit of Independence (jack-up drilling rig)	2011	8	10	18
North Slope Pad	2019	29	19	48
Interior Energy Project	2015-2022	1,003	616	1,619
Blue Crest: Cook Inlet Drilling Rig	2015	92	115	207
Wilderness Adventure Shipyard Work (UnCruise Adventures)	2020	2	2	4
Drake Investments (Kotzebue Sound Barge)	2020	6	4	11
HEX Cook Inlet	2020			
Blood Bank of Alaska	2016	133	97	230
Duck Point (Icy Straight Point)	2020	54	35	88
Total		7,363	5,958	13,321

Source: Northern Economics estimates based on project data and IMPLAN model

Table 11 Summary of Direct Investment Projects by the Type of Construction Involved

Type of Construction	Projects		Jobs		Wages	
	Count	% of Total	Count	% of Total	\$ (millions)	% of Total
Road and/or Port Construction†	2	11.1%	3,456	26.2%	\$267.40	23.9%
Oil and Gas Related Construction††	3	16.7%	153	1.2%	\$26.40	2.4%
Power Generation Facilities Construction	3	16.7%	5,937	45.0%	\$454.50	40.6%
Industrial Building Construction	4	22.2%	3,104	23.5%	\$328.40	29.4%
Port Construction†††	4	22.2%	517	3.9%	\$40.82	3.7%
Ship and Boat Building	2	11.1%	15	0.1%	\$0.80	0.1%
All Direct Investment Projects	18	100%	13,182	100%	\$1,118.32	100%

Notes

† Includes DMTS and Mustang Road Projects

†† Includes the North Slope Pad and Blue Crest Drilling Rig Projects, but does not include the Hex-Cook Inlet project because it did not include a construction phase.

††† Does not include the Seward Coal Load-Out Facility because no construction was included in that project.

Source: Developed by Northern Economics based on data provided by AIDEA, and the Alaska Department of Labor and Workforce Development.

Operations Phase

AIDEA’s investments in various infrastructure have supported the operations of important Alaska industries. The businesses that rely on the infrastructure have supported an estimated 4,390 jobs for every year the facilities have been operational.

Table 12 below shows the estimated direct, indirect, and induced operations jobs associated with AIDEA’s development projects. The numbers shown in the table are annual average jobs (jobs per year). For example, the DMTS facility has supported an estimated 1,556 jobs every year since 1989.

Table 12. Estimated Annual Direct, Indirect, and Induced Operations Phase Jobs Supported by AIDEA's Development Projects

Project Name	Operating Years	Jobs		
		Direct	Indirect + Induced	Total
DeLong Mountain Transportation System project (DMTS + Red Dog Mine)	1989-2025	471	1,104	1,575
Federal Express Project - Federal Express Aircraft Maintenance Facility	1996-2025	56	31	87
City of Unalaska Marine Center	1992-2000	0	0	0
DMVA Project: Camp Denali Readiness Center Addition (Coast Guard)	2014-2025	118	44	161
Ketchikan Shipyard	1997-2025	143	108	251
Mustang Road (Road and Pad)	—			
Snettisham Hydroelectric Project	1998-2025	14	22	36
Skagway Terminal + Upgrades	2009-2022	23	18	41
Healy Project	2009-2010	32	76	108
Seward Coal Load-Out Facility	1995-2003	106	100	206
Alaska Seafood International	1999-2003	43	60	103
Endeavour - Spirit of Independence (jack-up drilling rig)	2011-2014	37	13	50
ADL #421055: North Slope Pad	—			
Interior Energy Project	2015-2025	31	66	97
Blue Crest	2016-2025	175	223	398
Wilderness Adventure Shipyard Work (UnCruise Adventures)				
Drake Investments (Kotzebue Sound Barge)				
HEX Cook Inlet	2020-2025	21	33	54
Blood Bank of Alaska	2017-2025	11	9	20
Duck Point (Icy Straight Point)	2020-2025	60	30	90
Total		1,341	1,938	3,279

Source: Northern Economics estimates based on project data and IMPLAN model.

Notes: Blanks in the table above with '—' indicate that data are not available to provide reliable job estimates.

Table 13 shows the estimated wages associated with the operations phase jobs. For most of the projects, particularly in the regions outside of Anchorage, the jobs are among the highest paying jobs in the area. For example, the current annual average wage at the Red Dog mine is \$134,000; the annual average wage for all industries in this region is \$80,500 (ADOLWD 2023). In Fairbanks, the annual average wage at the Interior Gas Utility (the utility involved in the Interior Energy Project) is \$103,600 compared to \$60,500 for all industries in the FNSB. In the Kenai Peninsula Borough, oil and gas workers earn an average annual wage of \$136,000 compared to less than \$57,000 for all industries. Spending of these wages on the local economies have generated induced effects that support jobs beyond those that are at the facility.

Table 13. Estimated Annual Direct, Indirect, and Induced Operations Phase Wages Supported by AIDEA's Development Projects, in millions of 2022\$

Project Name	Direct	Indirect + Induced	Total
DeLong Mountain Transportation System project (DMTS + Red Dog Mine)	\$73.4	\$93.5	\$167.0
Federal Express Project - Federal Express Aircraft Maintenance Facility	\$4.4	\$1.8	\$6.1
City of Unalaska Marine Center	NA	NA	NA
DMVA Project: Camp Denali Readiness Center Addition (Coast Guard)	\$10.8	\$2.4	\$13.2
Ketchikan Shipyard	\$10.3	\$6.3	\$16.6
Mustang Road (Road and Pad)	\$0.0	\$0.0	\$0.0
Snettisham Hydroelectric Project	\$1.7	\$1.6	\$3.3
Skagway Terminal + Upgrades	\$1.6	\$1.1	\$2.6
Healy Project	\$3.5	\$5.4	\$8.9
Seward Coal Load-Out Facility	\$10.1	\$6.2	\$16.3
Alaska Seafood International	\$2.6	\$3.2	\$5.8
Endeavour - Spirit of Independence (jack-up drilling rig)	\$1.6	\$0.7	\$2.3
ADL #421055: North Slope Pad	NA	NA	NA
Interior Energy Project	\$5.3	\$4.3	\$9.6
Blue Crest	\$27.2	\$13.6	\$40.8
Wilderness Adventure Shipyard Work (UnCruise Adventures)	NA	NA	NA
Drake Investments (Kotzebue Sound Barge)	NA	NA	NA
HEX Cook Inlet	\$4.3	\$2.2	\$6.5
Blood Bank of Alaska	\$1.6	\$0.6	\$2.1
Duck Point (Icy Straight Point)	\$4.7	\$1.9	\$6.6
Total	\$163.2	\$144.6	\$307.8

Source: Northern Economics estimates based on project data and historical annual average wages from Alaska Department of Labor and Workforce Development (QCEW database).

Notes: Blanks in the table above with '—' indicate that data are not available to provide reliable wage estimates.

Table 14 summarizes the estimated cumulative employment and wages³³ over all of AIDEA's direct investment projects by industry. Cumulative job years were estimated by multiplying the average number of jobs by the total number of years over which the project has been in operation. By far, the highest number of cumulative job-years (68.1%) and cumulative wages (74.3%) accrue within the Metal Ore Mining sector—all of which can be attributed to the DMTS project and mining activities at the Red Dog Mine. Port and Harbor projects with a total of 80 project year account for 32.5% of the cumulative project years, 11.7% of the cumulative job years and 9.3% of the cumulative wages. These numbers were generated in spite of the fact that we were unable to obtain a complete set of estimates for the Unalaska Marine Center.³⁴ Projects in the Ship and Boat Building and Oil and Gas Extraction industries are ranked third and fourth, respectively.

³³ Nominal average wages were not adjusted for inflation for the generation of these estimates.

³⁴ Project years, as well as cumulative jobs and wages for the Unalaska Marine Center (which was funded in 1991) have not been included in Table 14 because some of the needed data were unavailable.

Table 14. Cumulative Operational Employment and Wages from Direct Investment Projects By Industry

Industry Classification	Cumulative Projects Years	Cumulative Projects Years %	Cumulative Jobs Years	Cumulative Job Years %	Estimated Cumulative Wages (\$ millions)	Estimated Cumulative Wages %	Average Wage per Job Year (\$)
Metal Ore Mining	36	14.6%	56,700	68.1%	\$6,012.0	74.3%	\$106,032
Utilities	39	15.9%	2,158	2.6%	\$202.9	2.5%	\$94,022
Air Transportation	29	11.8%	2,523	3.0%	\$176.9	2.2%	\$70,115
Other Health Care Services	8	3.3%	160	0.2%	\$12.8	0.2%	\$80,000
Seafood Manufacturing	5	2.0%	515	0.6%	\$29.0	0.4%	\$56,311
Oil and Gas Extraction	16	6.5%	3,952	4.7%	\$404.3	5.0%	\$102,303
Port and Harbor Operations	80	32.5%	9,746	11.7%	\$751.6	9.3%	\$77,119
Marine Transportation	5	2.0%	500	0.6%	\$40.0	0.5%	\$80,000
Ship and Boat Building	28	11.4%	7,028	8.4%	\$464.8	5.7%	\$66,135
Total over all Projects	246	100%	83,282	100%	\$8,094.3	100%	\$97,191

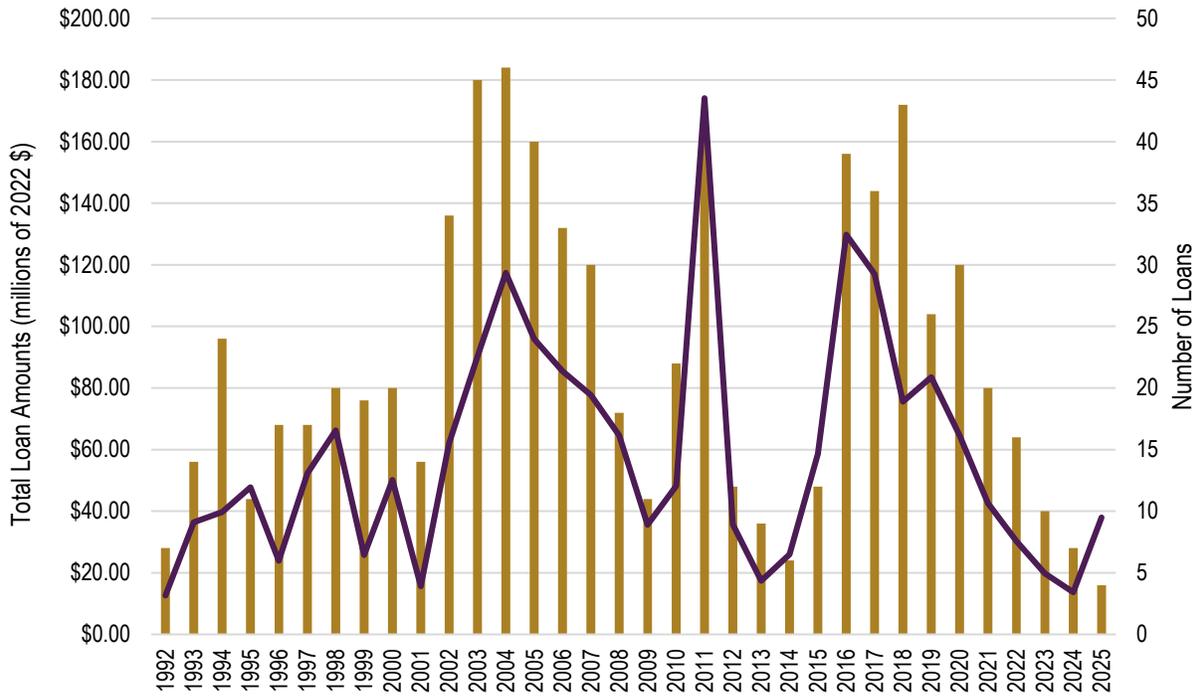
Source: Developed by Northern Economics using data from AIDEA and Alaska Department of Labor and Workforce Development

6.3 AIDEA Loan Participation Program Projects

The LPP is one of AIDEA’s flagship programs and furthers its mission of promoting and maintaining economic prosperity. The program works in partnership with eligible banks and credit unions who sponsor and originate the loan. By purchasing a portion of the commercial loan (up to 90%, capping at \$25 million), AIDEA’s program provides borrowers with an avenue for more flexible financing rates and longer-term repayment periods. The LPP generates economic activity in Alaska with cash infusions for new construction, refurbishments, facilities expansion, or equipment acquisition.

Figure 14 shows the number of loans and the total loan amounts under the LPP from 1992 to 2025. Since 1992, the LPP has made 750 loans totaling over \$1.97 billion (2022\$). The loans have enabled businesses to develop, expand, or enhance their operations and continue to employ Alaskans.

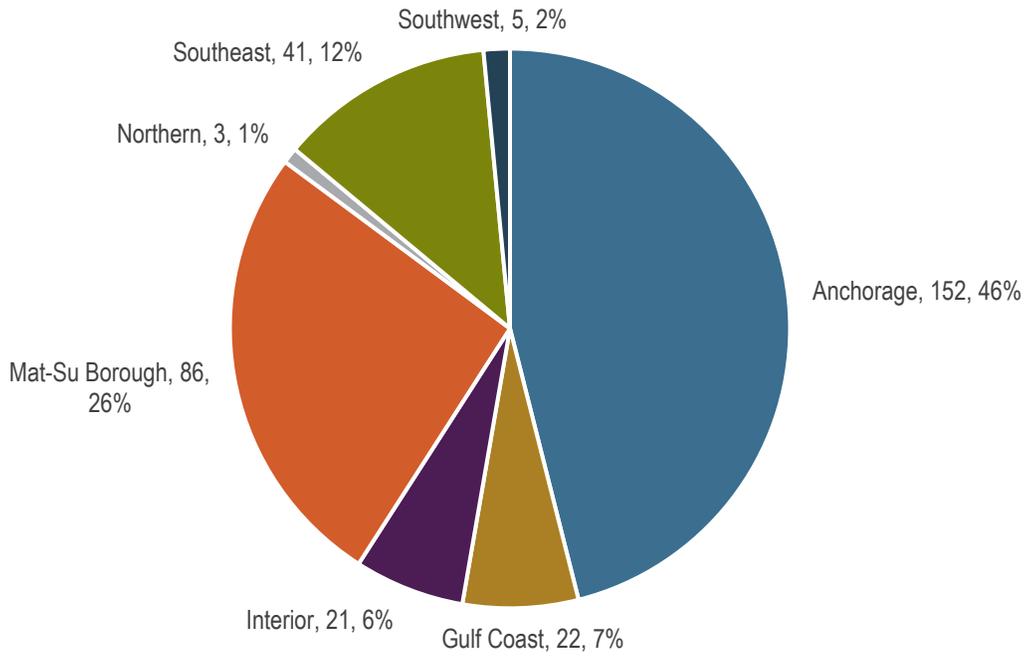
Figure 14. Number of LPP Loans and Total Loan Amounts, 1992 to 2025



Source: AIDEA

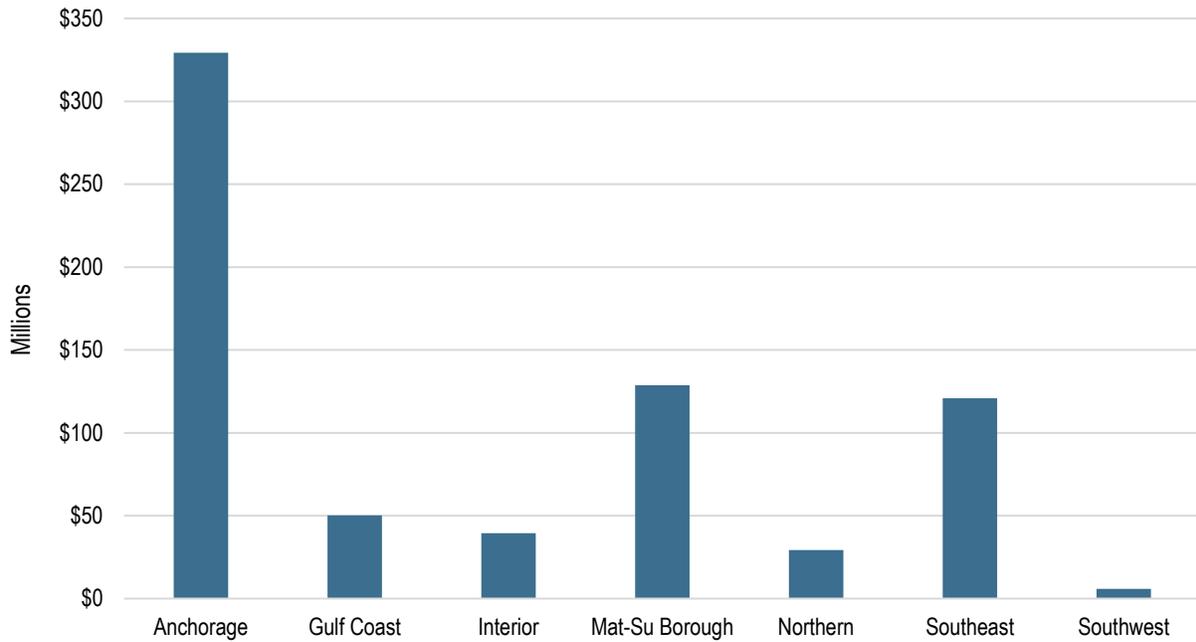
The program has promoted regional economic growth and diversity across the state. Figure 15 and Figure 16 show the number of loans and loan amounts by region in the past 15 years. Note that the data for these figures only include LPP loans funded from January 2010 through June 2025.

Figure 15. Number of LPP Loans Funded by Region, January 2010 to June 2025



Developed by Northern Economics using data from AIDEA.

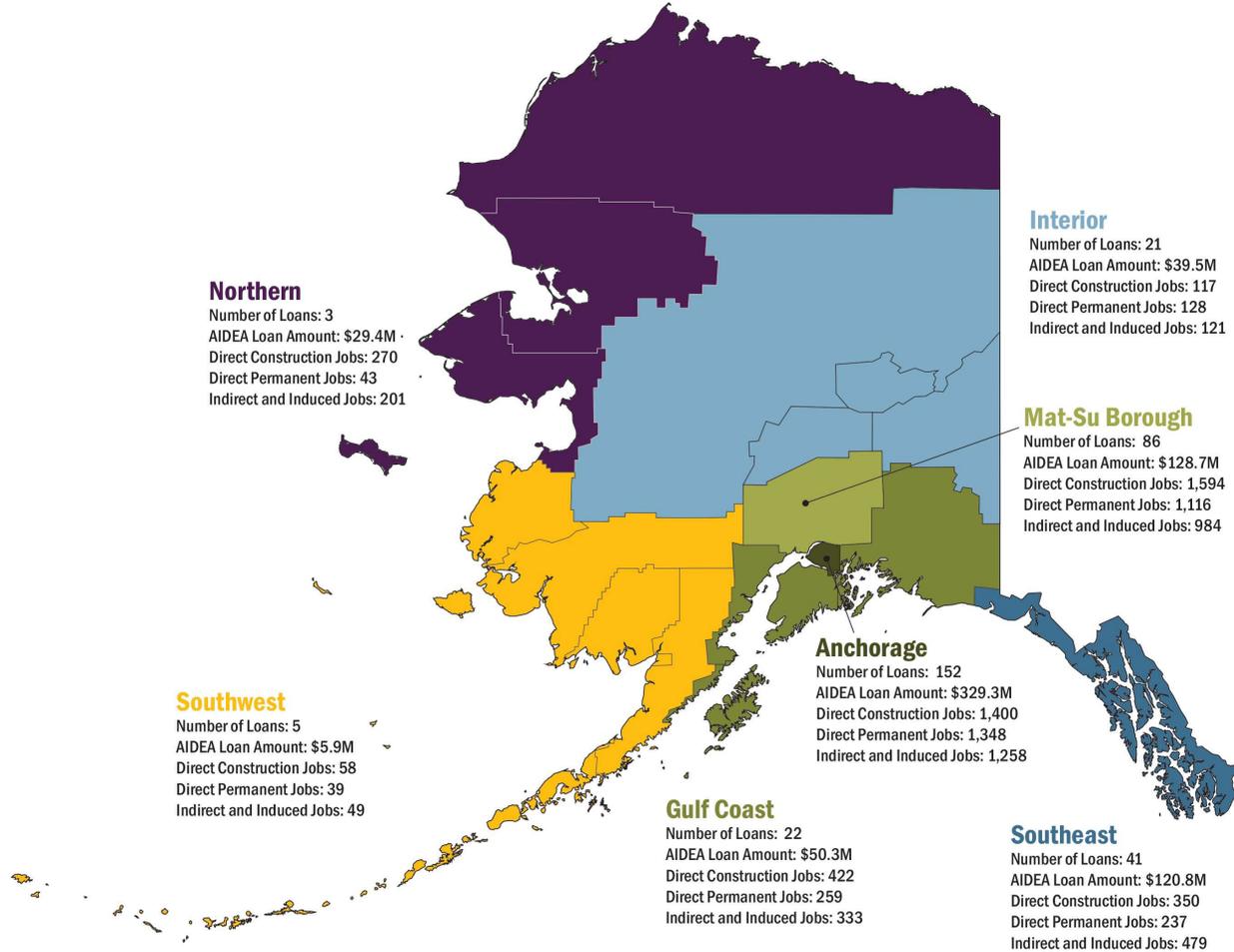
Figure 16. Total LPP Loan Amounts Funded by Region, January 2010 to June 2025



Developed by Northern Economics using data from AIDEA.

Figure 17 shows the magnitude and geographic extent of AIDEA’s economic contribution through the LPP in the past 15 years.

Figure 17. LPP Projects Funded by Region, January 2010 to June 2025



Developed by Northern Economics using data from AIDEA.

Table 15 on the following page summarizes AIDEA’s LPP project loans from 2010 to 2024. Each row indicates the type of business that received the loan. Columns show the purpose of the loan. All of the values shown in the table reflect the amount of AIDEA’s participation in millions of dollars at the time the loan was made—i.e., the values have not been adjusted for inflation.

As can be seen in the table, the largest portion of were made for the purpose of refinancing existing loans—46% of the loans, accounting for 42% of the total value. Construction Loans were the second highest loan type accounting for 34% of the total value and 26% of the loans. A total of 24% of the loans were made for the purpose of acquisition (17% of the total value), while the final 4% of loans were characterized as “equity extraction” loans (6% of total value).

Table 15. LPP Loans by Recipient Business Category and the Purpose of the Loan, 2010–2024

Loan Recipient Type	Construction Loans		Acquisition Loans		Refinance Loans		Equity Extraction Loans		All Loans 2010 – 2024	
	Count	Value (\$M)	Count	Value (\$M)	Count	Value (\$M)	Count	Value (\$M)	Count	Value (\$M)
Advertising Facilities & Businesses	0	\$0.00	1	\$0.47	0	\$0.00	0	\$0.00	1	\$0.47
Automotive Facilities & Businesses	7	\$7.51	4	\$7.26	7	\$7.03	1	\$2.83	19	\$24.63
Aviation Facilities & Businesses	1	\$4.50	2	\$1.65	1	\$6.39	0	\$0.00	4	\$12.54
Commercial Fishery Facilities & Businesses	0	\$0.00	1	\$5.25	4	\$5.59	0	\$0.00	5	\$10.84
Construction of Facilities & Construction Businesses	0	\$0.00	0	\$0.00	11	\$17.28	0	\$0.00	11	\$17.28
Education Facilities & Businesses	1	\$1.05	0	\$0.00	0	\$0.00	0	\$0.00	1	\$1.05
Fuel Distribution / Storage Facilities & Businesses	0	\$0.00	0	\$0.00	1	\$1.69	0	\$0.00	1	\$1.69
Facilities for Government Entities	2	\$1.53	5	\$8.93	7	\$20.90	0	\$0.00	14	\$31.35
Grocery Facilities & Businesses	11	\$19.16	2	\$4.45	6	\$10.46	0	\$0.00	19	\$34.08
Healthcare Facilities & Businesses	11	\$22.04	12	\$15.85	20	\$33.19	4	\$7.11	47	\$78.19
Hotel Facilities & Businesses	7	\$57.11	0	\$0.00	6	\$36.81	3	\$6.87	16	\$100.79
Other Industrial Businesses	1	\$3.60	4	\$4.96	1	\$0.80	0	\$0.00	6	\$9.35
Legal Businesses	0	\$0.00	0	\$0.00	4	\$9.81	0	\$0.00	4	\$9.81
Mining Facilities & Businesses	1	\$2.94	1	\$0.13	2	\$3.09	0	\$0.00	4	\$6.16
Oil & Gas Facilities & Businesses	6	\$49.21	3	\$2.84	2	\$2.62	0	\$0.00	11	\$54.66
Car Wash Facilities	6	\$8.73	2	\$1.54	0	\$0.00	1	\$0.86	9	\$11.12
Day Care Facilities	1	\$1.29	0	\$0.00	0	\$0.00	0	\$0.00	1	\$1.29
Home Repair Facilities	1	\$0.29	1	\$0.32	1	\$1.03	0	\$0.00	3	\$1.64
Other Facilities & Businesses	4	\$9.53	5	\$9.52	8	\$28.21	0	\$0.00	17	\$47.26
Real Estate Services	1	\$1.06	5	\$9.89	1	\$4.25	0	\$0.00	7	\$15.20
Other Facilities & Businesses	6	\$9.21	10	\$16.87	22	\$31.94	0	\$0.00	38	\$58.02
Recreation Facilities & Businesses	6	\$20.32	1	\$0.76	3	\$8.11	0	\$0.00	10	\$29.18
Restaurants & Restaurant Businesses	1	\$2.14	7	\$7.05	5	\$5.77	0	\$0.00	13	\$14.96
Retail Facilities & Businesses	10	\$20.50	8	\$11.27	21	\$33.51	3	\$11.83	42	\$77.11
Storage Facilities	1	\$1.92	1	\$8.03	7	\$11.75	0	\$0.00	9	\$21.70
Tourism Facilities & Businesses	2	\$2.83	5	\$5.92	11	\$22.74	1	\$15.86	19	\$47.35
Unspecified	0	\$0.00	1	\$2.03	2	\$3.28	0	\$0.00	3	\$5.31
All Loans from 2010 – 2024	87	\$246.45	81	\$124.98	153	\$306.24	13	\$45.35	334	\$723.02

Source: Developed by Northern Economics using data provided by AIDEA.

The following subsections highlight noteworthy examples of LPP projects across the various regions in the state.

6.3.1 Northern Region

The Northern region encompasses the North Slope Borough, the Northwest Arctic Borough, and Nome Census Area. LPP projects in the Northern region were primarily in the oilfield services in the North Slope Borough and fuel distribution in Nome. Total AIDEA contribution for three LPP loans in the region amounted to \$29.4 million.

In 2014, Bonanza Fuel, LLC benefited from the LPP (AIDEA 2025d, AIDEA 2025b). The company is a subsidiary of Sitnasuak Native Corporation (SNC) that offers fuel storage and delivery of energy products in Nome, including for the Port of Nome (Sitnasuak 2025). Bonanza Fuel has been in business for over 30 years and has a range of energy products, including heating oil, diesel, gasoline, and propane. Bonanza Fuels operates a fleet of fuel and propane delivery trucks and is connected by pipeline to marine headers at the Port of Nome (AIDEA Annual Report, 2015). They service all locations in Nome, remote road-accessible areas as far as Teller, and marine vessels at the Port of Nome.

Bonanza Fuel decided to introduce Jet-A Fueling Services at Nome Airport for commercial government, and private aircraft. To meet the demand associated with this new service and growing demand from other services, Bonanza needed to expand their existing tank farm capacity. Other partners in the project included Sitnasuak Construction Services (SCS), a sister subsidiary of SNC, and UMIAQ. Together SCS and UMIAQ performed the project in 2 concurrent phases, completing the project under budget and on time.

In 2014, Northrim Bank provided a loan of \$8,125,000 for the tank farm expansion. AIDEA participated in the loan at an amount of \$7,312,500 on a long-term basis, which is at the 90% limit of the LPP. The project added an additional 2.3 million gallons of storage capacity to their existing tank farm and facility startup after other extensive projects while keeping the tank farm operational throughout the project. The total capacity of the tank farm after the project is 6 million gallons. Additionally, the project generated 15 construction jobs and 3 permanent jobs.

In the North Slope Borough, Brooks Camp, LLC received LPP financing for a 400-man camp in Deadhorse. This facility helps support the oil and gas industry in the region.

6.3.2 Interior Region

The LPP has helped finance 16 projects in Fairbanks and Delta Junction. Total AIDEA loan contributions to date have amounted to \$39.5 million.

Golden Heart Waste Management (GHWM), a company based in Fairbanks has received funding from the program. The company is locally owned and provides waste management services in Fairbanks. GHWM was started in 2019. GHWM serves Fairbanks, Delta Junction, Tok, Fort Greely, and areas

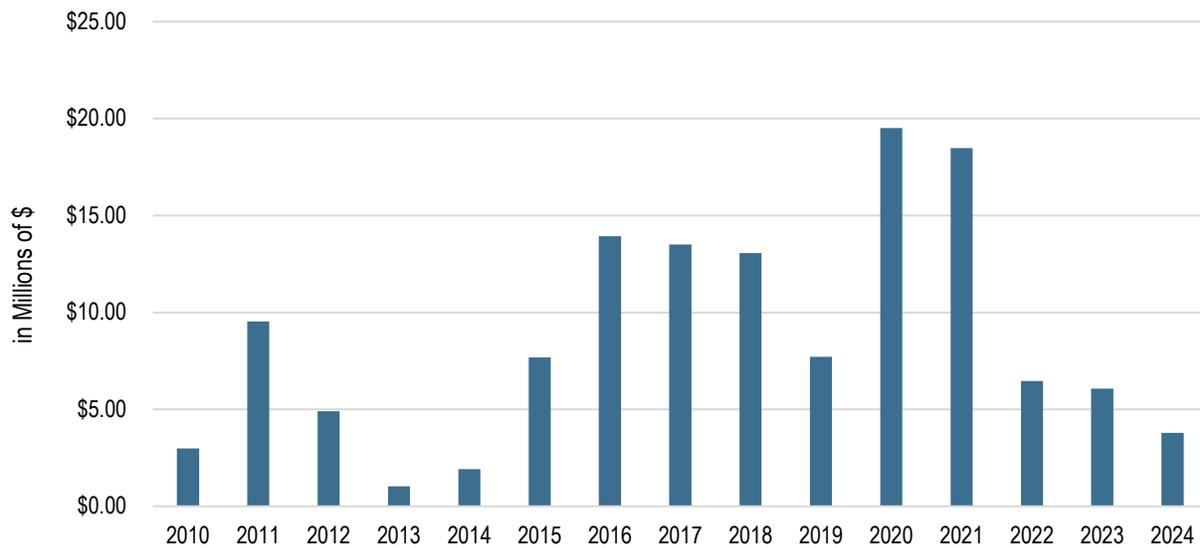
further north towards Coldfoot. Additionally, GHWM has also worked on remote projects with the Army, the mining and oil and gas companies, and other civil contractors (GHWM 2025).

GHWM sought to expand and enhance its operations in a \$4 million investment to create a new building for the company in Fairbanks. AIDEA and Northrim Bank provided the loan, with 90 percent of the loan from AIDEA. Northrim Bank’s portion of the loan is a 15-year loan, structured as a variable rate loan that will be adjusted every 5 years. AIDEA’s portion of the loan will be a 25-year fixed rate loan at an interest rate of 6.39%. The project created 10 new positions and supported the retention of 12 existing jobs (AIDEA 2024c).

6.3.3 Matanuska-Susitna Borough Region

The Matanuska-Susitna Borough region has received a significant amount of cash infusion through the LPP. In the past 12 years, the region has benefitted from 86 LPP funded projects, primarily in automotive, construction, fuel distribution and storage, grocery, healthcare, real estate, recreation, restaurant, retail, and commercial storage businesses. Total AIDEA contribution is about \$128.7 million to date. Figure 18 shows the annual AIDEA contributions to the LPP since 2010.

Figure 18. AIDEA Contributions to LPP Projects in the Mat-Su Region, 2010 to 2025



Developed by Northern Economics using data from AIDEA.

The following are examples of two LPP projects in the region.

Mixed Use Development Project

Sun Mountain Development is a large mixed-use development project in Wasilla that began development in 2018 (Friedman 2019). The development included 32 acres in total for a shopping center, offices, senior housing, townhouse condominiums, and couple of acres of open space. A&C, the company behind the development, acquired the property in 2018, construction activities started

in 2019. The first few businesses to open were Sonic Drive-In, Planet Fitness, Krispy Kreme, and Matanuska Telephone Association. Benefits of the development included supporting over 550 construction jobs and 239 permanent jobs for Alaskans. AIDEA's total participation amounted to \$11.1 million and Northrim Bank's total participation was \$1.2 million (AIDEA 2025f).

Recreational Facility

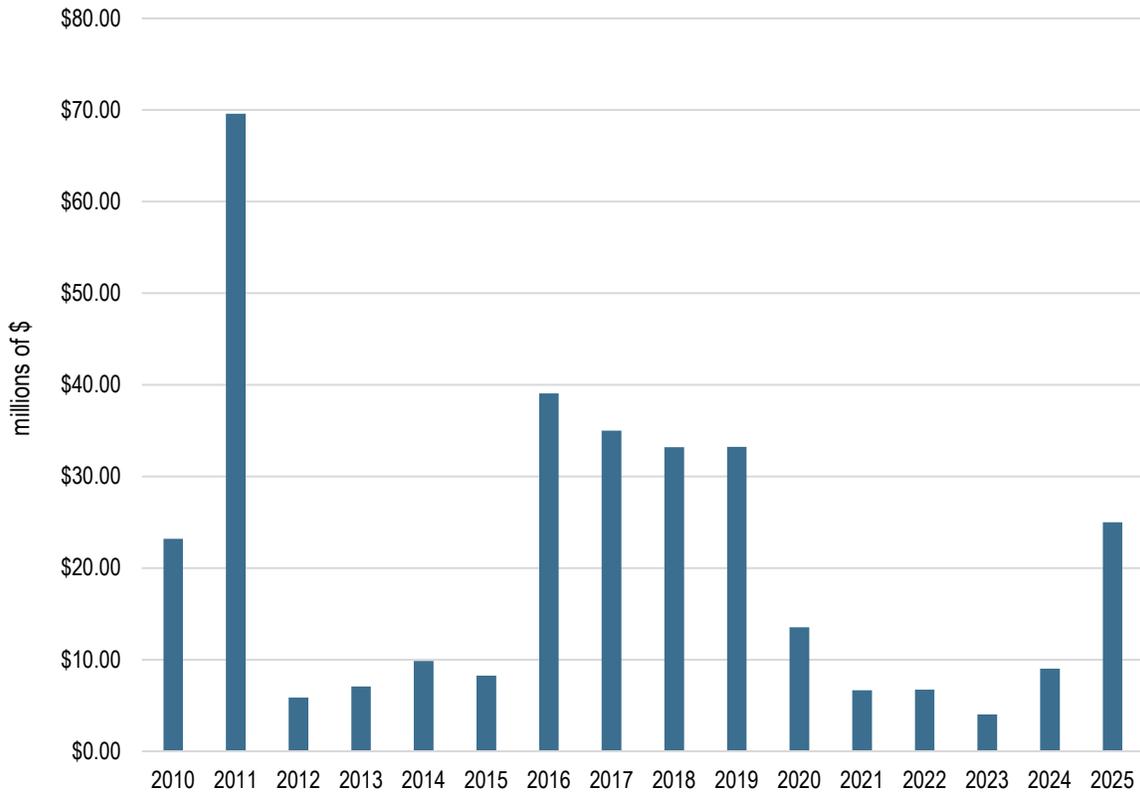
The Extreme Fun Center and Valley Cinema were built next to each other in Wasilla (AIDEA 2025e). The Valley Cinema opened in 2011, followed by the Extreme Fun Center in 2015. The Valley Cinema has been noted to average about 30,000 people per month and employs over 30 local Valley residents. The Extreme Fun Center features over arcade games, a kids play area, a food court, a large 2-story laser tag arena, mini-bowling, spin bumper cars, a laser shooting gallery, and several private rooms. The Center's main attraction is its cart track, the largest in the Pacific Northwest, with 40 electric carts and an electric timing system. The Center employs nearly 60 local residents.

In both of these projects featured, Northrim Bank originated the loans for the projects and partnered with AIDEA (Hollander 2014). The Valley Cinema was financed in 2010, when AIDEA issued \$11.5 million in tax-exempt Recovery Zone Facility Bonds in partnership with Northrim to finance the project. The fun center was financed in 2014, when Northrim originated a \$6 million loan for the project. AIDEA participated in the loan by providing \$5.4 million and Northrim provided the remaining \$600k. AIDEA's loan is a 25-year loan at a fixed interest rate of 5.35%.

6.3.4 Anchorage Region

The LPP has provided about \$329 million in financial assistance through the LPP, supporting 150 loans in the Anchorage region. Figure 19 shows the annual AIDEA contributions under LPP in the last 15 years. The program financed a variety of construction projects, equipment acquisition, expansion of operations in automotive, aviation, construction and development, retail, healthcare, accommodations, legal, oil and gas, real estate, recreation, tourism, and utilities sectors.

Figure 19. AIDEA Contributions to LPP Projects in the Anchorage Region, 2010 to 2015



Developed by Northern Economics using data from AIDEA.

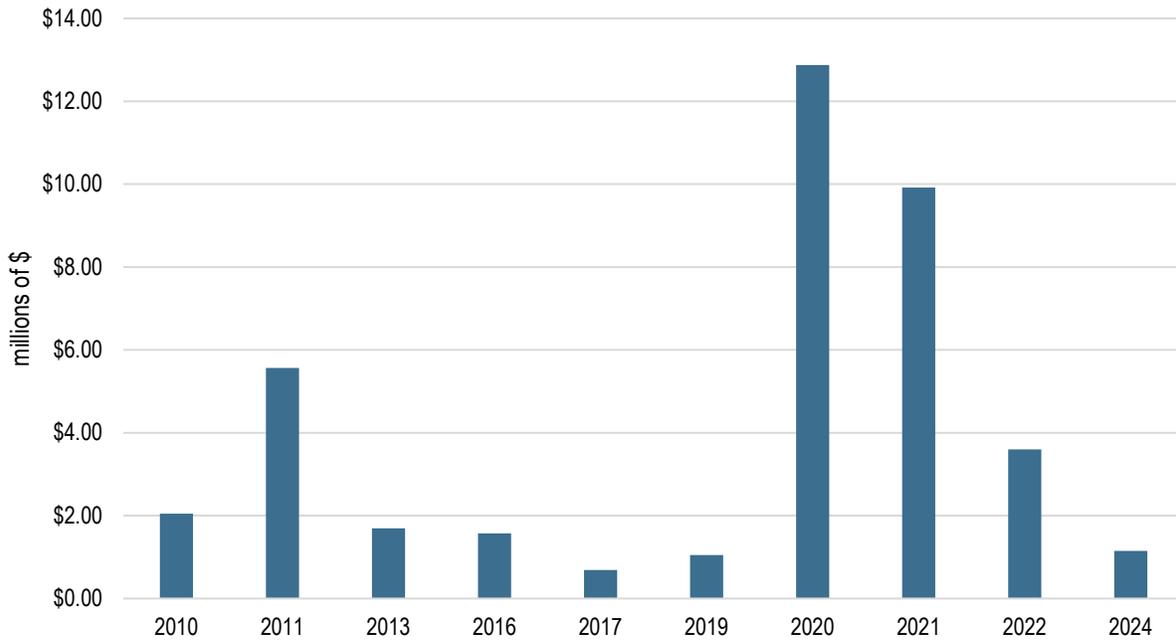
The Wildbirch Hotel

The Wildbirch Hotel is one of the newest hotels in downtown Anchorage that opened in early 2025. This was part of a larger effort to revitalize downtown Anchorage (AIDEA 2025i). The long-term funding for the project was provided by Northrim Bank and AIDEA (AIDEA 2024d). AIDEA participated in 70% of the total loan amount, which was \$25 million of the \$35.6 million loan (AIDEA, 2024 Annual Report). The project also used C-PACER funding to support sustainable building practices. The project supported over 150 jobs during construction and helps support over 200 permanent jobs in Anchorage. The hotel has 250 rooms and 3 suites, each featuring artwork and design elements inspired by Alaska and local artists. The property has been recognized nationally in Conde Nast’s “Best Places to Go in the US 2025” list.

6.3.5 Gulf Coast Region

The Gulf Coast Region encompasses the Kenai Peninsula Borough, Valdez-Cordova region, and Kodiak. Figure 20 shows the total loan contributions by AIDEA from 2010 to 2025. Total contribution to date has amounted to \$50.3 million for 22 LPP loans. The types of projects have included commercial fishing, education programs, government, retail, healthcare, accommodations, tourism, and utilities.

Figure 20. AIDEA Contribution to LPP Projects in the Gulf Coast Region, 2010 to 2025



Developed by Northern Economics using data from AIDEA.

In the tourism sector in the region, LPP has supported a hotel refurbishment project and a company that provides cruises in Prince William Sound.

The Totem Hotel and Suites

The Totem Hotel and Suites is a 65-room, family-owned business in Valdez. In 2019, this project helped modernize and restore the facility following a kitchen fire that occurred in 2016. AIDEA provided \$8.2 million for the project.

Phillips Cruises & Tours

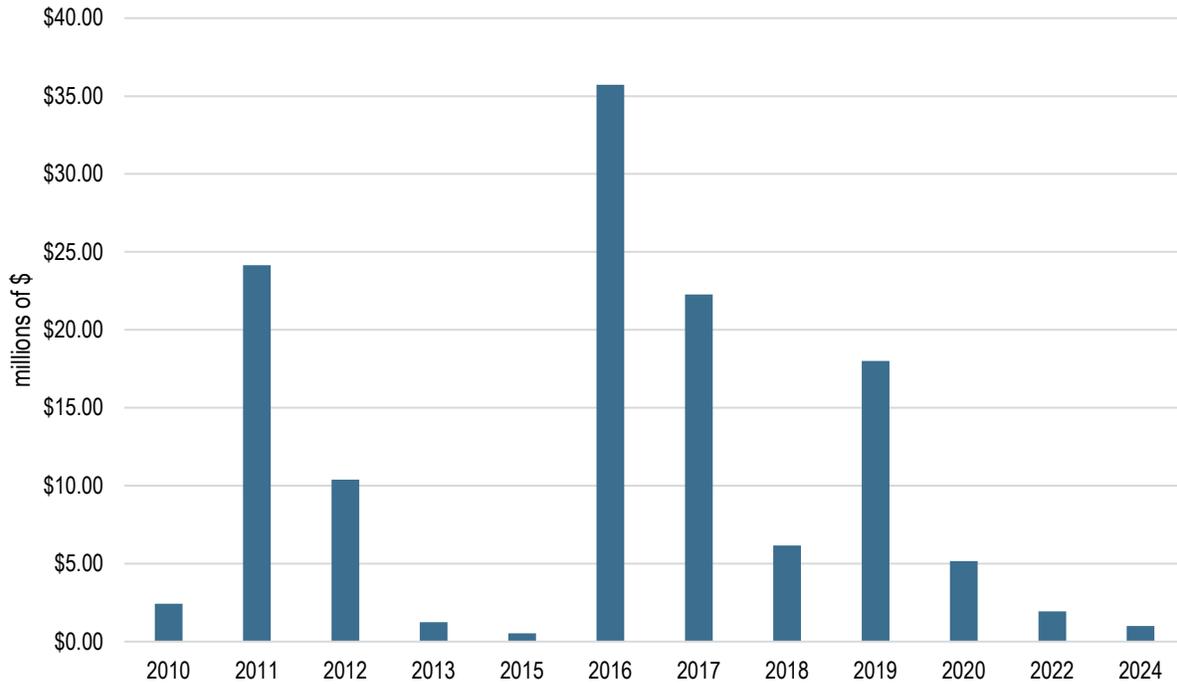
Phillips Cruises & Tours LLC is a Prince William Sound tour company based in Whittier that has benefitted from LPP. In 2007, AIDEA partnered with Key Bank on a business loan to refinance the existing debt on the M/V Klondike Express. AIDEA provided \$4.5 million (90% of the business loan) to refinance the existing debt on the M/V Klondike Express (AIDEA 2023e). The total amount refinanced was \$4.95 million. AIDEA’s share was \$4.5 million, and Key Bank’s share was \$450k. The company offers the “26 Glacier Cruise” expeditions. As of 2024, Phillips has expanded their fleet to 4 vessels, including one new high-speed and long-range vessel (AIDEA 2025j). Phillips also offers coach or rail transportation between Whittier, Girdwood, and Anchorage to make it easy for guests to book their excursion, regardless of where they are staying (Phillips Cruises 2025).

Another project in this region was the expansion of the existing boat yard (Northern Enterprise Boat Yard) in 2022. This project helped the shipyard industry in Homer and retained long-term, year-round high paying jobs.

6.3.6 Southeast Region

This region has received about \$120.8 million in AIDEA funds under the LPP, supporting 41 LPP projects. Figure 21 shows the annual LPP contributions by AIDEA under the LPP.

Figure 21. AIDEA Contribution to LPP Projects in the Southeast Region, 2010 to 2025



Developed by Northern Economics using data from AIDEA.

X'una Kaawu Annee Corporation

X'una Kaawu Annee Corporation (XKA), a subsidiary of the Huna Totem Corporation, has received LPP financing (AIDEA 2015a). XKA is a real estate holding company for the Icy Strait Point (ISP) land and facilities located in Hoonah. Over the years, several projects have been undertaken to make ISP an attractive tourism destination, especially for the cruise industry. The various projects at ISP have been funded through multiple financing programs (BIA 2015, BIA Undated).

In 2016, AIDEA funded a \$20 million loan to Huna Totem Corporation as an 80% participant in partnership with Northrim Bank (AIDEA 2021f). This loan was for refinancing existing loans secured by the ISP project and for long term financing of a newly constructed large ship docking facility at ISP. The ISP project has been in operation since 2004 and has created 52 construction jobs and 35 permanent jobs. AIDEA has also provided other funding to the project under other programs.

6.3.7 Southwest Region

The LPP has supported 5 projects in this region in the past 15 years, with AIDEA providing about \$5.9 million in financing for projects including construction of a new retail store in 2011, purchase of a new aircraft, and support of a number of commercial operations, some of which are Alaska Native corporations.

6.3.8 Estimated Economic Contribution of the Loan Participation Program

Since 1992, the LPP has made 753 loans, totaling over \$1.97 billion, enabling businesses to develop, expand, or enhance their operations and continue to employ Alaskans.

The total estimated statewide direct, indirect, and induced economic contribution of LPP-associated projects from 1992 to 2025 are summarized as follows:

Construction Activities

- 18,100 jobs
- \$1.4 billion in labor income
- \$3.6 billion in economic output

Operations Support:

- 18,600 jobs retained/supported
- \$1.2 billion in labor income
- \$6.3 billion in economic output

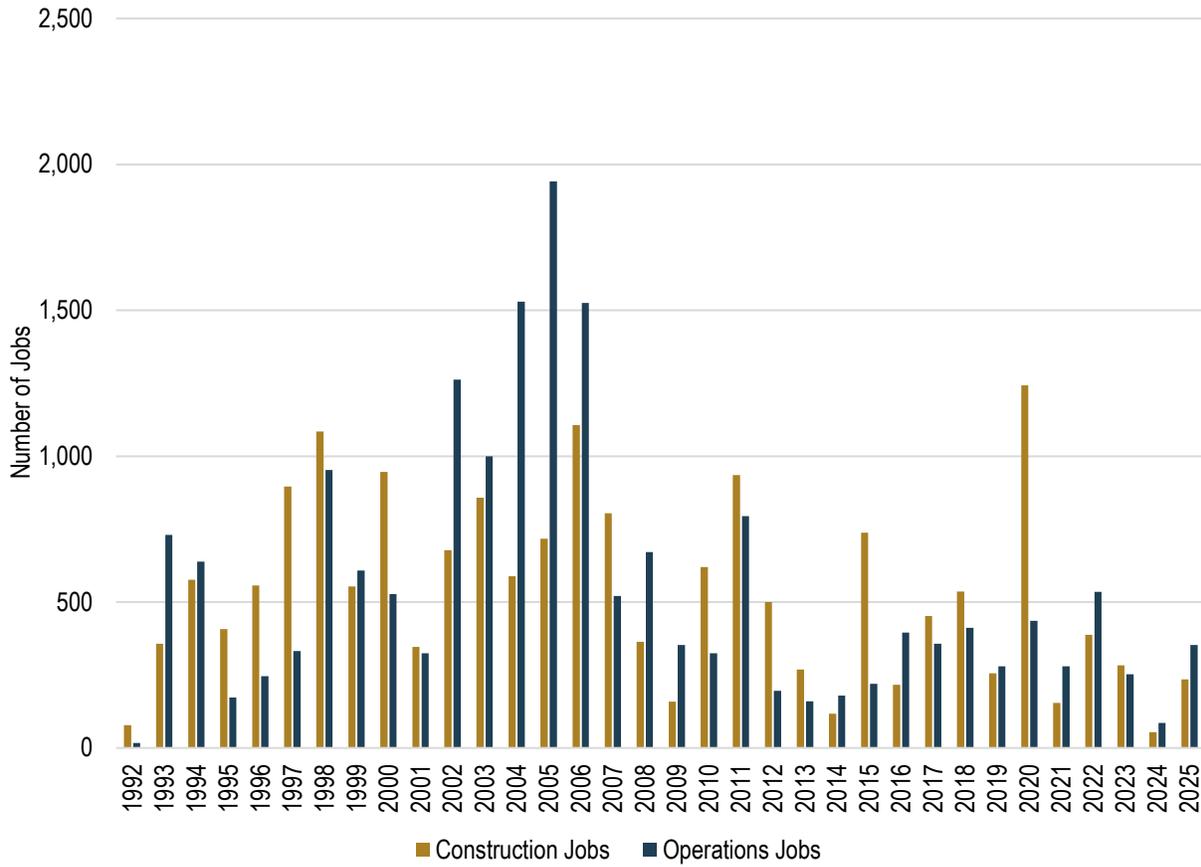
Note that the jobs numbers for operations do not necessarily represent new jobs in the economy. Rather, many are jobs that already existed but were retained because LPP loans enabled businesses to continue operations.

Figure 22 shows the total annual direct, indirect, and induced employment effects of the LPP from 1992 to 2025. These employment numbers reflect the average number of part-time and full-time jobs supported for each year.

Figure 23 shows the total annual direct, indirect, and induced labor income effects associated with the construction-related and operations jobs supported by LPP for each year.

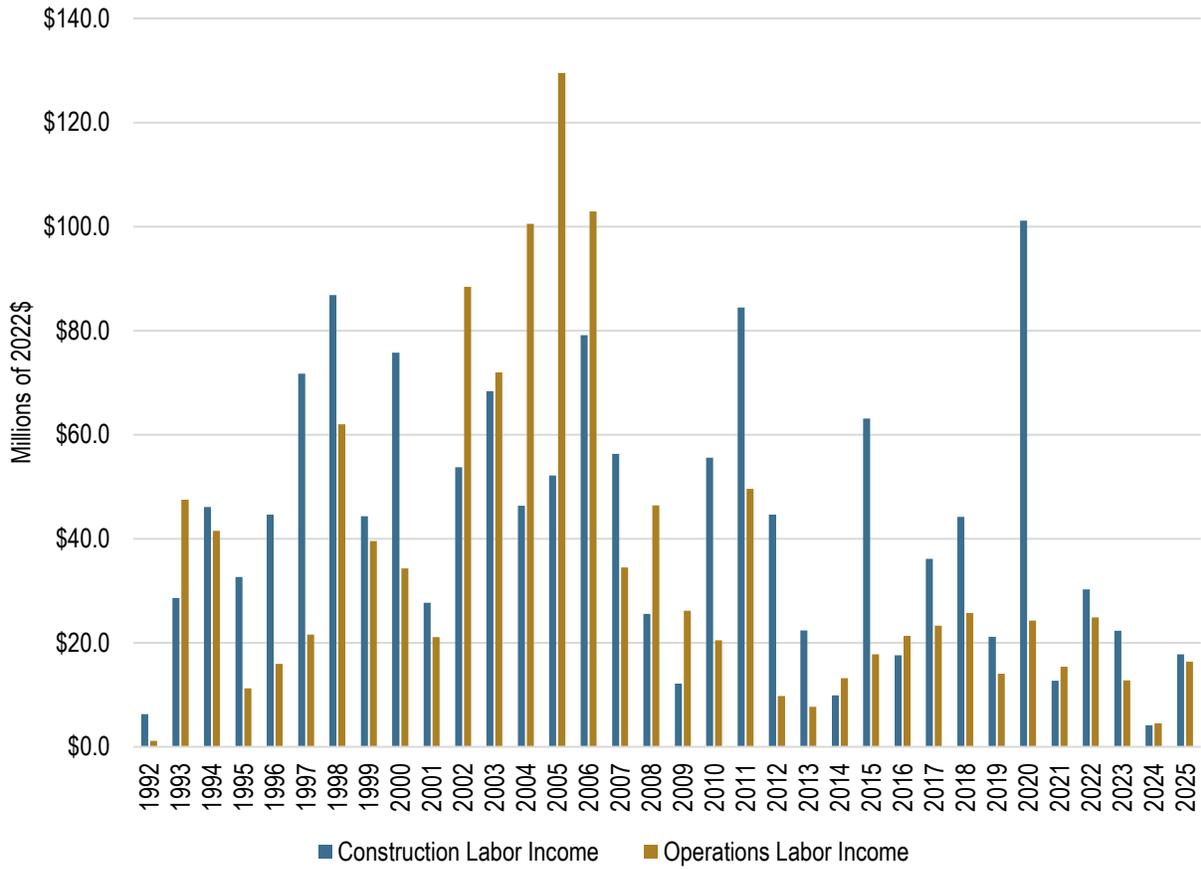
Figure 24 shows the total annual direct, indirect, and induced economic output (or business sales) of the LPP from 1992 to 2025. The total economic output shows the annual increase in the value of the economic activity generated by the annual investments in LPP for both construction activities and operations.

Figure 22. Estimated Total Employment Effects of LPP, 1992 to 2025



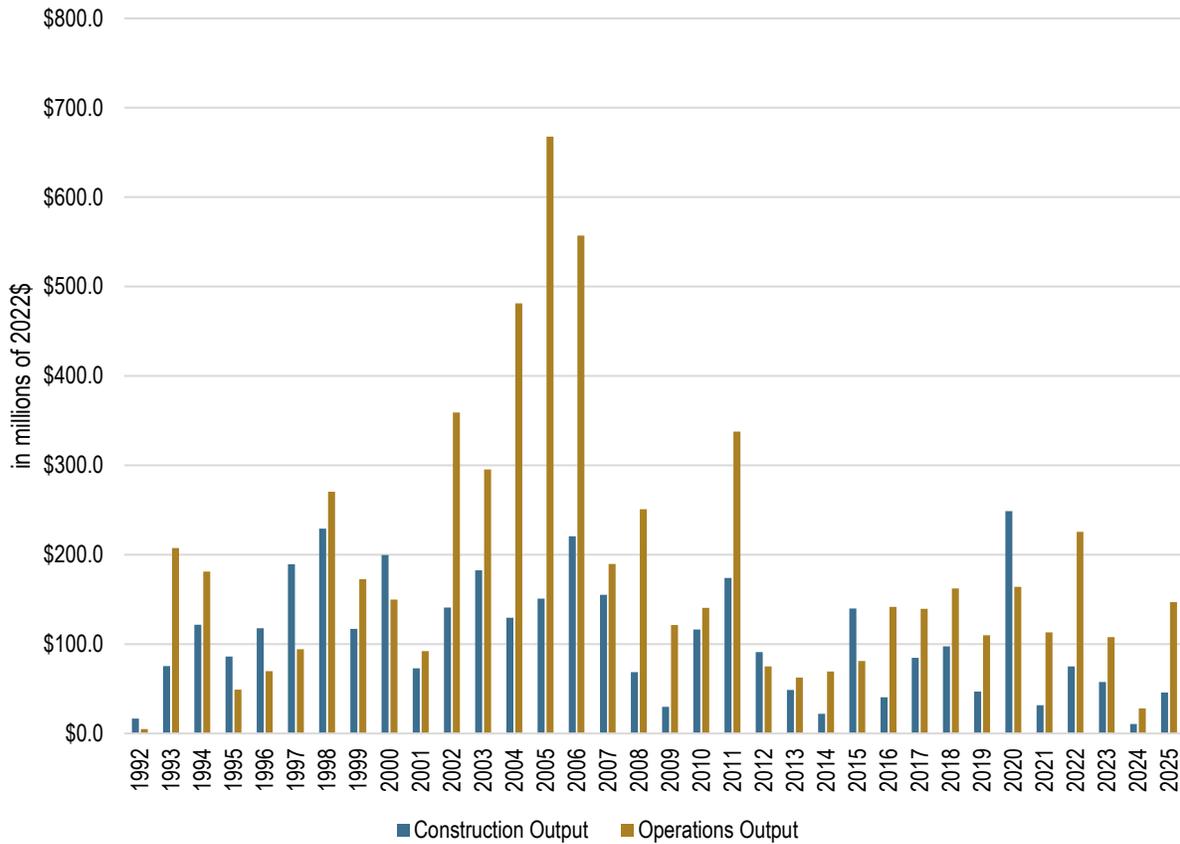
Developed by Northern Economics using data from AIDEA.

Figure 23. Estimated Total Labor Income Effects of LPP, 1992 to 2025



Developed by Northern Economics using data from AIDEA.

Figure 24. Estimated Total Economic Output Effects of LPP, 1992 to 2025



Developed by Northern Economics using data from AIDEA.

Construction-related direct jobs were derived from data provided to AIDEA by banks that originated the loan. Direct wages were estimated using average construction sector wages in Alaska from ADOLWD. Indirect and induced effects were estimated using the loan amounts with construction associated activities as inputs into IMPLAN model. IMPLAN model’s Alaska construction sector multipliers (average multipliers for all types of construction activities and maintenance type activities for each year) were used to generate estimates of the indirect and induced jobs and wages. The regional effects were calculated based on the amount of construction spending that occurred in each of the regions per year.

Operations phase direct jobs were obtained from the “permanent” jobs data (# of jobs supported/retained). Direct wages were estimated using average wages across selected impacted economic sectors for each impacted region for each year. Indirect and induced jobs were estimated using IMPLAN model’s average regional employment multipliers (across all economic sectors, except manufacturing sectors for each region). Associated wages were estimated using average private sector wages from ADOLWD for each region for each year.

Wages were adjusted from nominal \$ to 2022\$ using GDP deflators.

6.4 Summary

This section combines the estimated cumulative economic effects of AIDEA's direct investments and the LPP. AIDEA's direct investments include 20 development projects (shown in the map on the next page). These development projects are assets/facilities owned or operated, in whole or in part, by AIDEA or that have been financed by AIDEA through direct loans, bonds, or state appropriations. The LPP analysis included 753 projects funded through the LPP for the period 1992 through 2025.

The IMPLAN™ model of the Alaska economy was used to estimate the total economic contribution of each of the projects that received direct investment or LPP funding. The IMPLAN model is an input-output model that is widely used in economic impact studies to measure the direct effects and the multiplier effects (indirect and induced) of a project.

Economic Output is a measure of the value of economic activity (value of goods and services produced in an economy). The local spending associated with AIDEA's direct investments in projects and the loans received by LPP applicants creates a stimulus effect in the economy and results in an increase in economic activity.

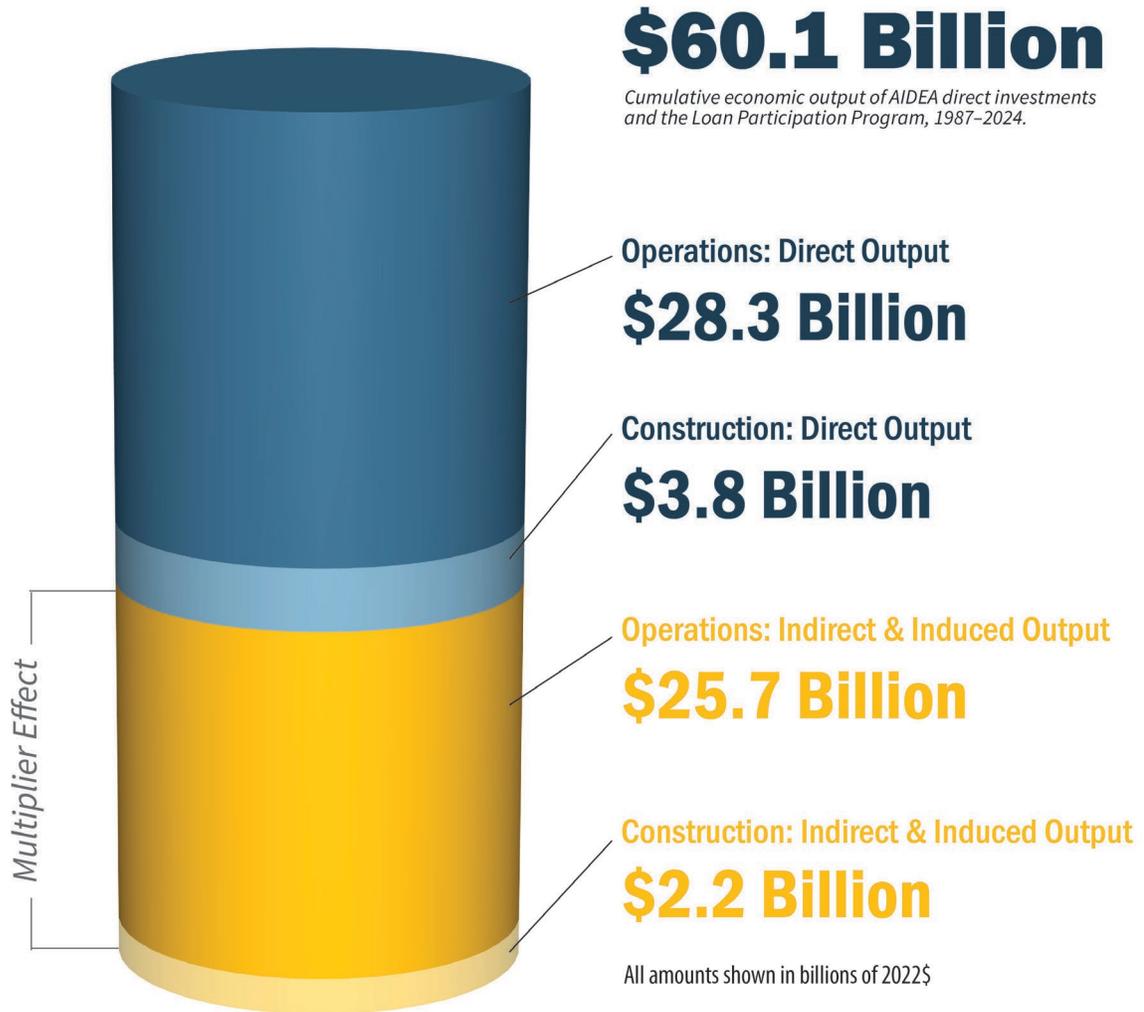
This initial spending causes an increase in economic activity called the Direct Effect. The initial spending then causes a ripple effect in the economy that further increases economic activity (business sales), commonly referred to as the multiplier effects: Indirect Effects and Induced Effects.

Indirect Effects measure the increase in economic activity or sales of the businesses (suppliers) that supply goods and services to companies during the construction and operations the facilities. Induced Effects measure the increase in sales of businesses that supply goods and services to the workers (both during construction and operating life of the facilities); the spending of their wages in the economy cause an increase in economic activity and these are called induced effects.

Total Economic Output is the sum of direct, indirect, and induced economic output.

Figure 25 shows the combined total economic output of AIDEA's direct investments and the LPP. It is estimated that combined, these investments generated \$60.1 billion in economic output.

Figure 25. Cumulative Economic Output Effects of AIDEA's Direct Investments and Loan Participation Program



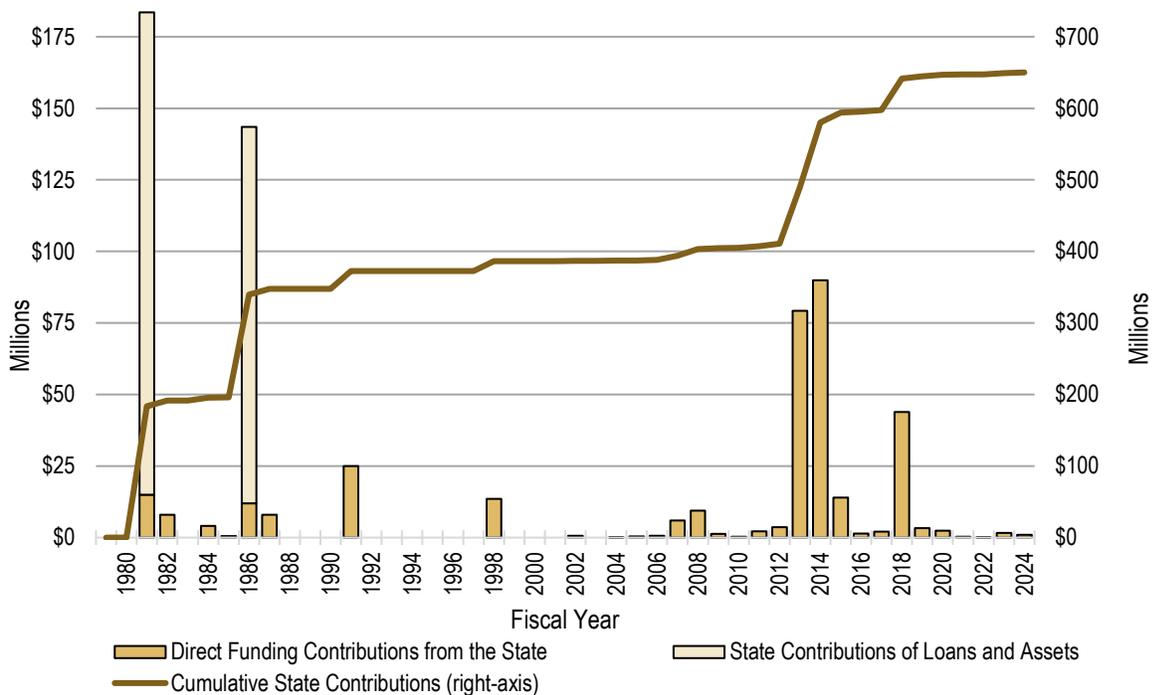
Source: Northern Economics Analysis

7 Fiscal Impacts of AIDEA

This chapter describes the fiscal impacts of AIDEA with respect to the state of Alaska from two perspectives: 1) the bi-directional flow of funds between AIDEA and the state of Alaska; 2) an assessment of taxes paid to the state of Alaska by the companies that have benefited from AIDEA funding. We then compare the contributions from the state of Alaska to AIDEA’s Net Position.³⁵

Figure 26 shows state of Alaska contributions made in each year as well as the cumulative contributions. The figure is similar to Figure 2 from Chapter 3—in this case however, the year-by-year contributions are split into two types: 1) direct funding contributions, and 2) contributions of pre-existing loans and assets from state agencies. The line in the figure (which uses the axis on the right) shows the cumulative total of all of the year-by-year contributions. For example, the cumulative contribution as of FY 1987 is 347.7 million. With the \$25 million contribution of direct funding in FY 1991, the cumulative total jumps to \$372.7 million. It is also important to note that contributions of loans and other assets are typically a mixture of both assets and liabilities, which do not immediately contribute to AIDEA’s overall net position. Since FY 1981 the state of Alaska has contributed a total of \$650.1 million to AIDEA.

Figure 26. Contributions to AIDEA from the State of Alaska, 1979–2024

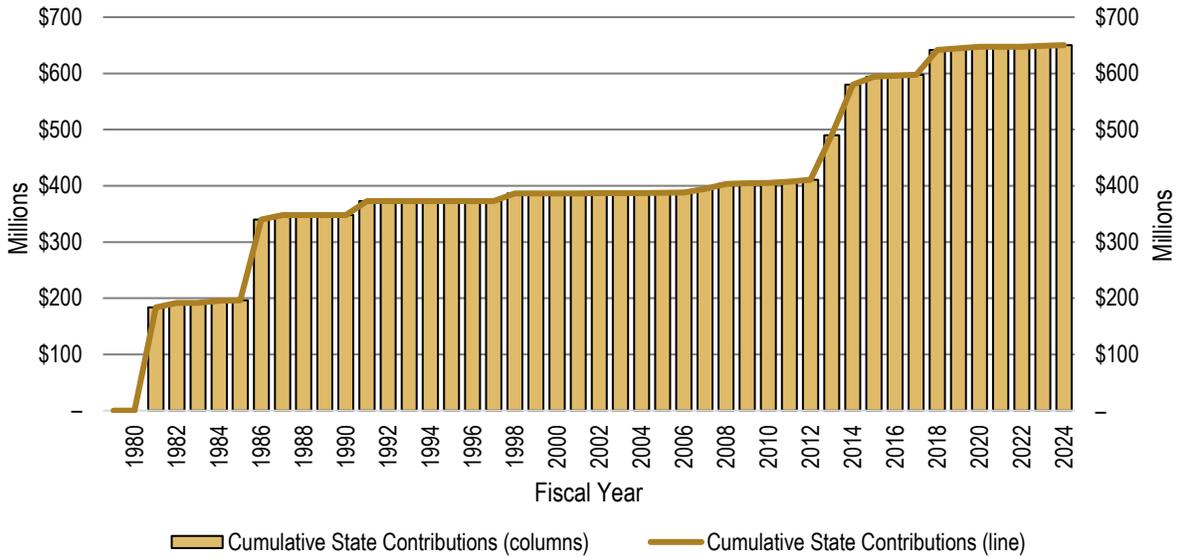


Source: Developed by Northern Economics using data for AIDEA Financial Statements.

³⁵ *Net Position* is the term used as the not-for-profit equivalent of the term *Total Equity* as seen the balance sheet of for-profit firms. *Net Position* is seen as the primary indicator of the financial health of the organization.

Figure 27 provides an alternative depiction of the state of Alaska’s cumulative contributions to AIDEA. In this figure both the Line and Columns depict the state’s cumulative contribution—noting that the line is identical in terms of the dollars represented as in Figure 26 above. From FY 1981 to FY 2024 the state’s cumulative contribution has grown at a compound annual growth rate of 2.9%.

Figure 27. Cumulative State Contributions to AIDEA, 1979–2024

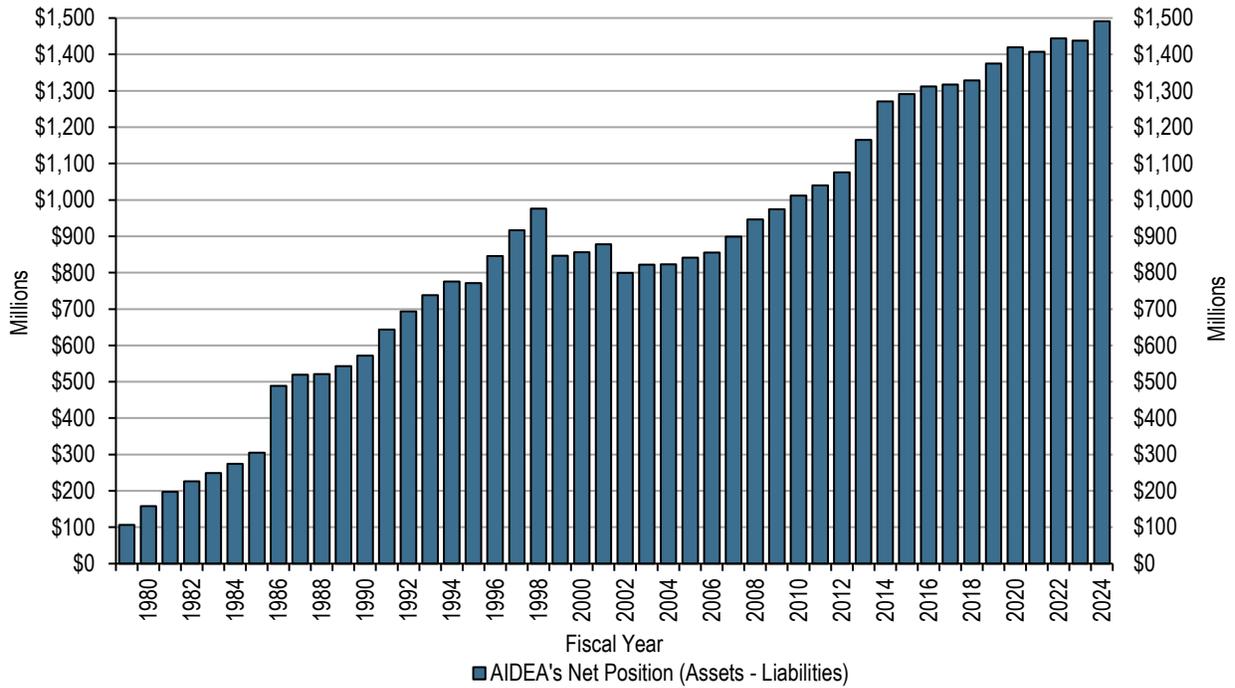


Source: Developed by Northern Economics using data for AIDEA Financial Statements.

AIDEA’s Net Position is depicted in Figure 28. AIDEA has built its Net Position using the contributions from the state, along with contributions from other external sources combined with revenues generated from its development projects and fees earned from the issuance of general obligation and revenue bonds.

In 1979 AIDEA’s Net Position was \$106.8 million. Through the end of FY 2024 AIDEA’s Net Position has grown to \$1.49 billion. AIDEA’s Net Position grew steadily through FY 1998 before declining by \$129.3 million in FY 1999. Based on notes within AIDEA’s Audited Financial Statement for 1999, the decline in FY 1999 can be attributed to a \$150.3 million write-down of the value of its investment in the Healy Project and because AIDEA added \$108 million in liabilities from its issuance of Power Revenue Bonds for Snettisham. AIDEA’s Net Position also declined in FY 2002—the losses are attributable to a second write down of the Healy Project (AIDEA’s Audited Financial Statement for 2002).

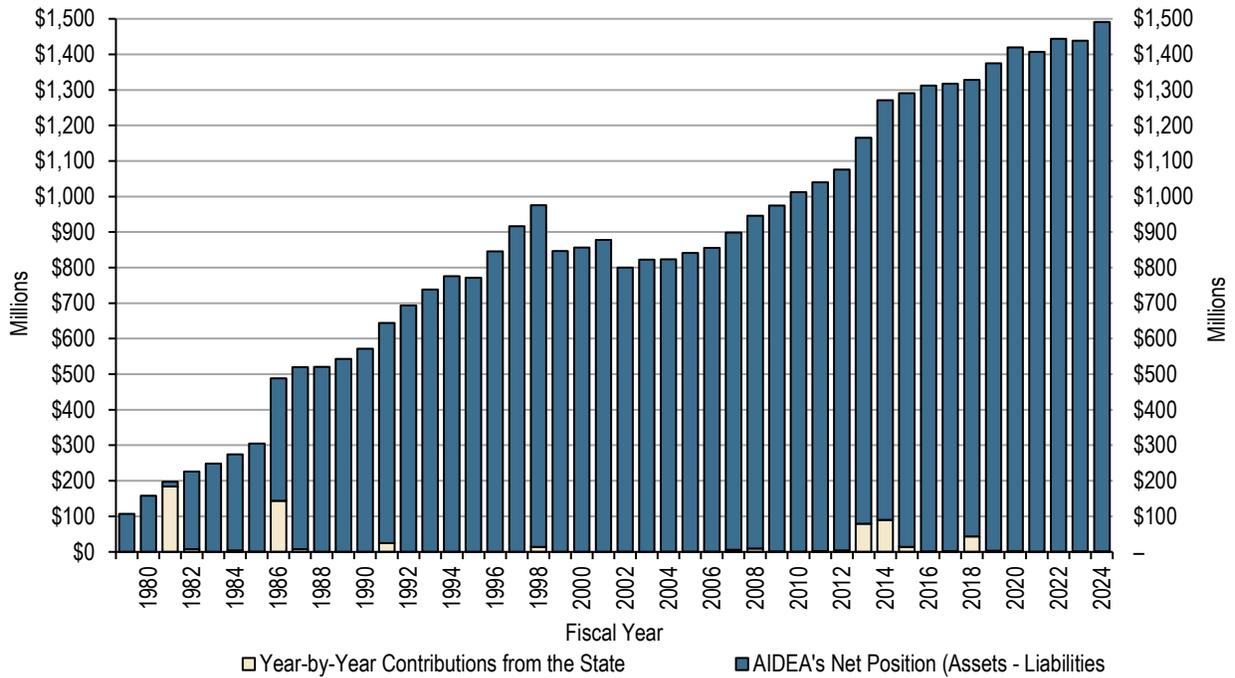
Figure 28. AIDEA's Net Position, FY 1979–2024



Source: Developed by Northern Economics using data for AIDEA Financial Statements.

Figure 29 combines the annual contributions to AIDEA from the state from Figure 26.

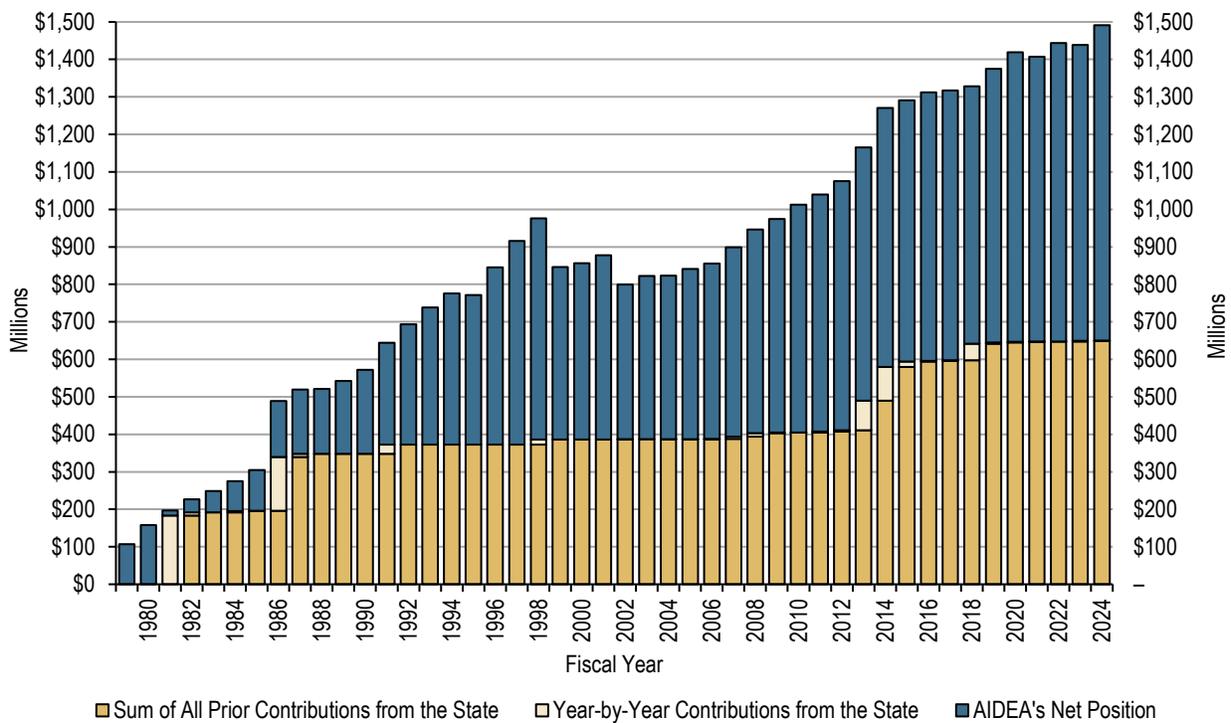
Figure 29. AIDEA's Net Position Compared to Year-by-Year Contributions from the State, FY 1979 -2024



Source: Developed by Northern Economics using data for AIDEA Financial Statements.

Figure 30 compares AIDEA’s Net Position to the cumulative contributions from the state of Alaska. In this figure the cumulative contribution is sum of the year-by-year contribution plus the sum of all prior year contributions. In FY 1984 AIDEA’s Net Position was 140% of the cumulative contributions from the state. By FY 1994, its Net Position had increased to 208% of the cumulative state contributions, and it has continued to grow, increasing to 213% in 2004 and 219% in 2014. By FY 2024, AIDEA’s Net Position was 229% of the cumulative contributions from the state, despite AIDEA’s special payment to the state in 1995, and ongoing dividends paid to the state beginning in 1996 (See Figure 31). Also note that the state has continued to make contributions to AIDEA including significant appropriations from the state in 2013, 2014, and 2018.

Figure 30. AIDEA’s Net Position Compared to Cumulative Contributions from the State, FY 1979 -2024



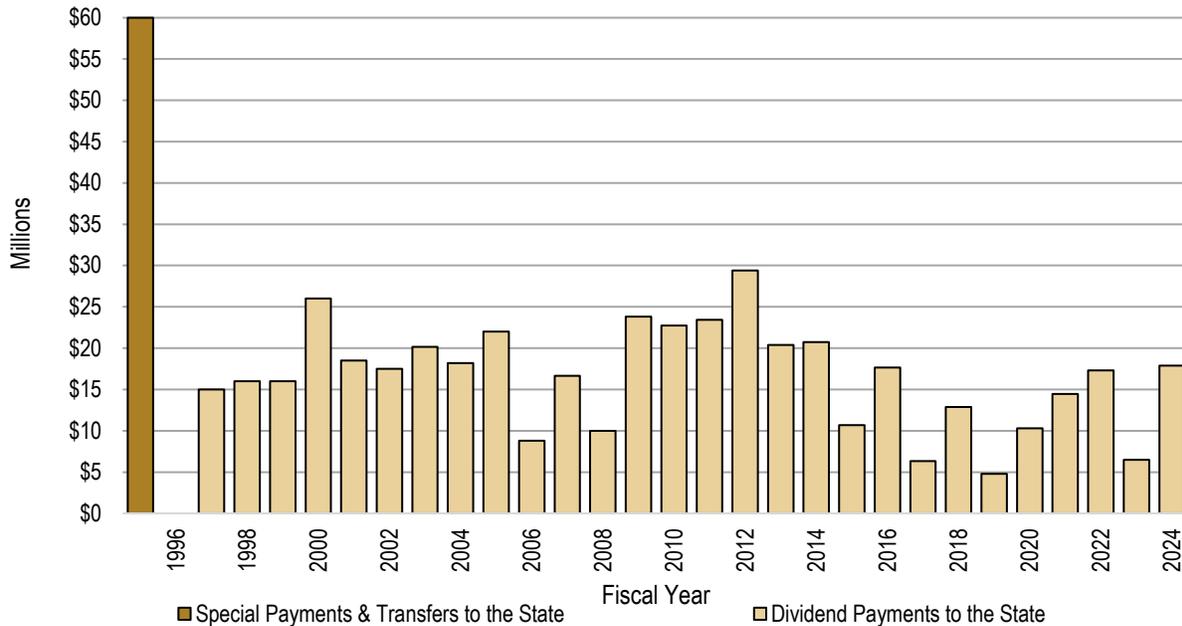
Source: Developed by Northern Economics using data for AIDEA Financial Statements.

In 1994 the legislature approved CCSHB370 (effective July 1, 1994) which required AIDEA to transfer \$60 million to the general fund. In June 1996, the Alaska Legislature established a requirement that AIDEA provide a dividend to the state’s general fund.³⁶ As defined in statute, the size of the dividend for a fiscal year must be between 25 and 50 percent of unrestricted net income generated by AIDEA primary funds. The full version of the Alaska Code for AIDEA dividend payments is available in [Appendix 2](#).

³⁶ AIDEA’s dividend requirements were initially established in SCSCSHB526(FIN)amS and are codified in Article 3 Sec. 44.88.088 of the Alaska Code. In general, legislation and the Statute limits AIDEA’s dividend payments to be at least 25% of its unrestricted net income but no more than 50%.

In 1995 AIDEA made a special payment to AK General Fund of \$60 million and since in 1997 AIDEA has paid dividends every year. From 1997–2024 the dividend has averaged \$16.6 million with the highest dividend of \$29.4 million in 2012 and a lowest of \$4.8 million paid in 2019. AIDEA’s year-by-year payments and dividends are summarized in Figure 31.

Figure 31. Payments and Dividends from AIDEA to the Alaska General Fund, 1995–2024



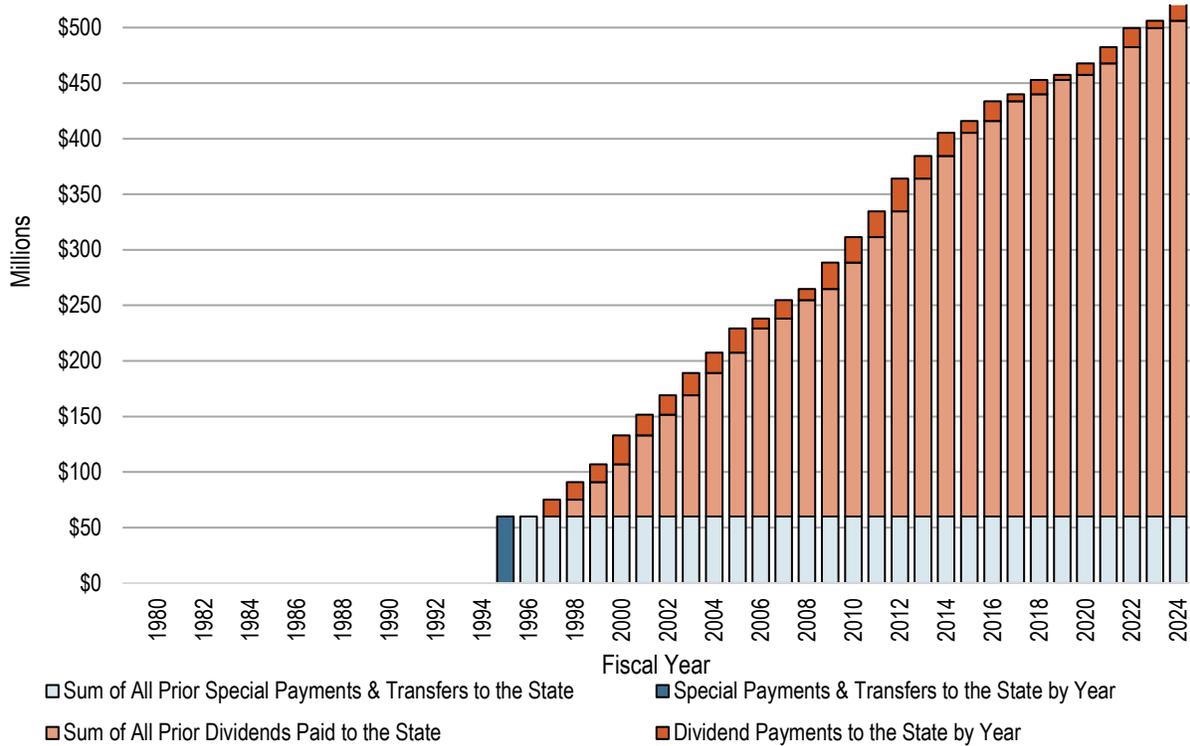
Source: Developed by Northern Economics using data for AIDEA Financial Statements.

Figure 32 shows the cumulative total of special payments and dividends that AIDEA has made to the state of Alaska since 1997. The figure presents both the year-by-year special payments and dividends along with the cumulative totals. In depicting the cumulative totals, we show the special payments and dividends made in each year, and then show the sum of all payments of each type made in all prior years. Thus, the one-time special payment of \$60 million that occurred in 1995 is depicted in the first, dark blue column. The sum of all prior special payments is shown in the following set of light blue columns at the bottom of figure. Since only one special payment has been made, the light blue columns showing the sum of all prior year special payments are all equal to \$60 million, in other words, the cumulative total of special payments made by AIDEA to the state is \$60 million.

The dividends provided to the state for each year are represented by the darker orange columns, and the cumulative dividend amount is shown in the lighter orange columns. AIDEA’s first dividend of \$15 million, paid in 1997, is stacked on top of the cumulative special payments from prior years, showing that in 1997 AIDEA had provided a total of \$75 million back to the state—\$60 million from the special payment in 1995 plus the \$15 million dividend. In 1998 AIDEA’s dividend to the state was \$16 million. This is represented with the darker orange column stacked on top of the lighter orange column representing the previous year’s dividend column and the light blue column showing

cumulative special payments from prior years. The lighter orange columns show the sum of all prior-year dividends. In 1998 the sum of all prior-year dividends was just the \$15 million from 1997. Through 1998 the sum of all of AIDEA’s payment and dividends provided to the state was \$91 million—\$16 million from the 1998 dividend plus \$15 million from the 1997 dividend plus \$60 million from 1995 payment. Through 2024 AIDEA had provided a total of \$524,041,300 in dividends and special payments to the state. Since 1995 the cumulative total funds provided to the state by AIDEA have grown at a rate of 7.57% per year.

Figure 32. Annual and Cumulative Payments and Dividends from AIDEA to the Alaska General Fund, 1995–2024



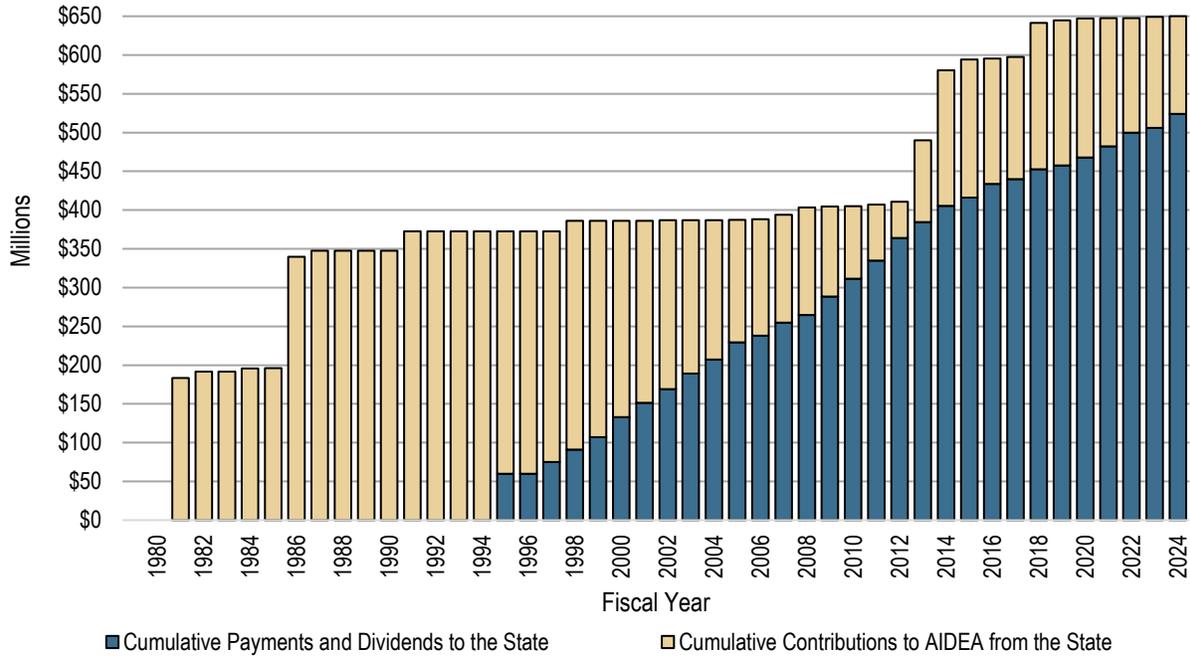
Source: Developed by Northern Economics using data from AIDEA Financial Statements.

Figure 33 compares contributions from the state of Alaska since 1981 to AIDEA’s payments and dividends to the Alaska General Fund. Since AIDEA began providing payments and dividends, the gap between the amount AIDEA has received from the State and the amount AIDEA has paid the state has declined at a rate of 2.89% per year. By 2024 AIDEA’s cumulative dividends and payments to the state amounted to 85% of the cumulative contributions to AIDEA from the state.

Figure 34 summarizes AIDEA’s Fiscal Impacts to the state of Alaska. The figure combines 1) AIDEA’s Net Position, 2) cumulative contributions from the state, and AIDEA’s dividends and payment back to the general fund. The growth of AIDEA’s Net Position has more than doubled the state’s

contributions and since 1995, AIDEA’s cumulative payments back to the state are on pace to exceed the state’s cumulative contributions by FY 2043.³⁷

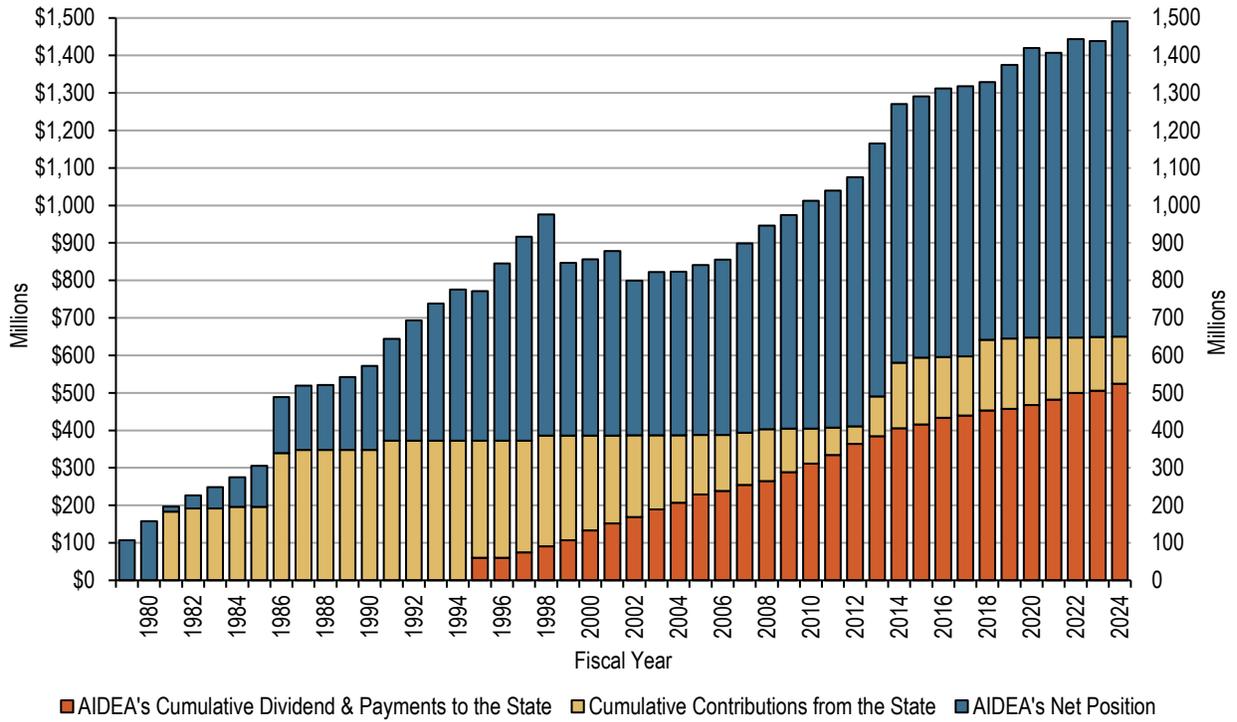
Figure 33. A Comparison of State Contributions to AIDEA Relative to AIDEA’s Payments and Dividends, 1981–2024



Source: Developed by Northern Economics using data from AIDEA Financial Statements.

³⁷ This estimate assumes that AIDEA’s dividend payment from FY 2025–FY 2043 averages \$16.57 million and that the state’s annual contribution averages \$9.91 million during the same period. If these assumptions hold AIDEA’s cumulative payments to the State will be \$838.9 million while the State’s contributions to AIDEA will be \$838.5 million.

Figure 34. AIDEA's Net Position, the Cumulative Contributions from the State, and AIDEA's Cumulative Payments and Dividends to the State, 1979–2024



Developed by Northern Economics using data from AIDEA Financial Statements.

8 AIDEA's Future Direction

This section describes AIDEA's investments in major projects that are still under development but have significant potential economic and fiscal benefits. The projects described below are in various stages of development. The projected economic and fiscal contribution of these projects have been quantified and documented in other studies, and are summarized below.

8.1 Alyeschem

Project description

Alyeschem LLC is a first-of-its-kind methanol and ultra-low sulfur diesel (ULSD) production facility on Alaska's North Slope (Alyeschem 2025). Alyeschem will be built on the North Slope gravel pad formerly owned by AIDEA and offers a 1,000-foot pipeline corridor. The facility will convert North Slope natural gas and waste carbon dioxide into methanol and hydrogen. Methanol is a critical chemical used to prevent pipeline corrosion and freezing in oilfield operations. Hydrogen will be used to refine high-sulfur diesel into ULSD, which results in reduced emissions and improved fuel quality for oilfield operations. Benefits of the project include reducing reliance on imported fuels, reducing transportation costs associated with fuels, and enhancing the resilience of the Trans-Alaska Pipeline System. Additionally, the project will help monetize stranded natural gas, create jobs, reduce fuel imports, reduce traffic on the haul road, and strengthen the state's energy infrastructure (AIDEA 2025k).

Investment information

As of 2023, the estimated CAPEX for the project is expected to be a\$140–150 million [Cashman, 2025]. AIDEA will finance up to \$70 million in the form of a construction loan (AIDEA 2024e). The financing structure is such that AIDEA will match the total invested equity from the other investors, NIF Chemical Holdings (aka McKinley Growth Capital) and BP Energy Partners (BP). The construction loan will convert to a \$50 million term loan when construction is completed, while the other \$20 million will be retired and repaid in the form of a royalty interest payment for both methanol and ULSD for no less than 30 years. The construction loan will have a draw period of no more than 36 months, and interest during construction will accrue and be added to the term loan. The construction loan will be converted to a term loan 2 months after final completion of construction or by July 31, 2027, whichever is sooner. The term loan is a 10-year term. The project is expected to have positive returns generally and for AIDEA's investment, even with limited cost overruns.

The project is anticipated to generate over \$5 million annually in tax and royalty revenue for the state of Alaska and the North Slope Borough. AIDEA expects to receive a minimum of \$2.39 million annually from loan repayment and royalties (AIDEA 2025k).

8.2 HEX, LLC

Project description

HEX CI is the only 100% Alaskan oil and gas company operating in Alaska. HEX acquired subsidiaries Cornucopia, Corsair and Furie on June 30, 2020. HEX owns natural gas leases as well as natural gas production and processing infrastructure for the KLU leases located in Cook Inlet, Alaska. Furie Operating Alaska LLC is the operator of the KLU, which consists of approximately 84,000 acres off shore in upper Cook Inlet. Furie operates the Julius R Production Platform (JRP), a 15-mile subsea gathering line, and an onshore processing facility.

HEX has plans to begin a multi-year development program of the KLU leases and onshore leases in the north Kenai area. Furie has existing long-term contractual agreements with its customers and will be able to sell all of the natural gas it can produce. Furie's current and historical customers provide heat and electricity to over 70% of the state's population. Benefits of the project include increasing local natural gas supply in Southcentral Alaska, ensuring energy reliability for the region, creating jobs for Alaskans, and furthering economic development benefiting the State of Alaska.

Investment information

AIDEA has previously provided a loan to HEX, which demonstrated strong creditworthiness, repaying a \$7.5 million loan from 2020 eight months early. The capital costs for the project are an estimated \$62.7 million in total. AIDEA provided a \$50 million 5-year revolving line of credit at a 10% interest rate, where HEX will fund a minimum of 20% of each draw request. Financial projections suggest that the project will have a positive net present value (NPV) with the expected values of production and base case projections—a sensitivity analysis suggests this would still be the case even in less-than-ideal conditions.

8.3 Ambler Mining District Industrial Access Project (AMDIAP)

Project Description

The Ambler Mining District Industrial Access Project (AMDIAP) consists of building a controlled-access industrial road from the Dalton Highway to the Ambler Mining District located along the southern base of the Brooks Range in interior Alaska (Cardno 2015, University of Alaska Center for Economic Development 2019). The road would be primarily for commercial traffic supporting mineral exploration, development, and mine operation in the region, but could also be used for community-related commercial transportation of goods. AMDIAP would function as a public-private partnership, similar to AIDEA's DMTS.

Mining in the Ambler District is attractive because it is rich in ores containing copper, zinc, lead, silver, gold, and cobalt. There are four major prospects in the district that are in various stages of

development that would benefit from this proposed road project. Construction of the access road itself is expected to support about 3,000 jobs over a four-year period and operations of the road will create an annual average of 141 jobs, including direct employment and additional jobs resulting from a multiplier effect. The preliminary estimates suggest that lifetime operations of the four mining prospects in the district made possible by the road could result in additional direct payments of \$193 million to local municipalities and about \$1.1 billion to the State of Alaska.

Investment Information

AIDEA originally reached a development agreement with Ambler Metals in 2021. In early 2025, AIDEA created the Ambler Road Project Development Account to separate the financing of the AMDIAP from other AIDF projects. The account is a distinct account in the Revolving Fund, which will allow funding through the end of June 2026 instead of the original end date at the end of 2024. This extension of the timeline was mostly due to the project facing regulatory challenges in a shifting political landscape. AIDEA's current goal is to provide funding for the necessary data collection that will advance the project. AIDEA approved spending up to \$53 million, with the expectation Ambler Metals would reimburse 50% of costs (AIDEA 2025l).

8.4 Section 1002 Area (Coastal Plain) Oil & Gas Leases

Project Description

Alaska and its congressional delegation have sought to open a small part of Arctic National Wildlife Refuge (ANWR) for oil and gas exploration and production, called the 1002 area (AIDEA 2025m). The 1002 area is about 8% of the total area of ANWR but contains an estimated billions of barrels of oil and large volumes of natural gas. If these resources were developed, it would provide billions of dollars of revenue to the State of Alaska and the federal treasury.

In 2017, the “Tax Cut and Jobs Act” enacted by Congress and signed by President Trump made several relevant provisions related to ANWR. The key impacts of the act were that it explicitly required that the 1002 area be opened for resource development exploration opportunities, including leasing, development, production, and transportation of oil and gas in the 1002 area. Following this act, a sale was held in December 2020 and AIDEA was awarded 7 leases in ANWR. The leases are 10-year agreements totaling 365,775 acres effective on January 1, 2021. However, the US Department of the Interior suspended the leases in 2021 and in 2023 the leases were cancelled (AIDEA 2025n). AIDEA challenged the legality of the lease cancellations in Federal District Court and received a ruling from District Judge Sharon Gleason in favor of their case allowing the leases to stand in March 2025 (Merrill 2025).³⁸AIDEA's goal following this ruling is to provide funding for the necessary collection of data to advance the project, focusing on seismic investigations.

³⁸ AIDEA v. USDOl. Case No. 3:24-cv-00051-SLG. Cited in Brooks 2025.

Investment information

AIDEA authorized \$20 million to evaluate and post bids among the 22 tracts in the 1002 area (AIDEA 2020b, AIDEA 2025m, AIDEA 2025o). As of 2025, AIDEA has spent \$12.8 million on the Section 1002 Area leases, which included the initial bid amount, the first-year lease rental payment due with the bid amount, and a small processing fee. During FY 2025 and 2026, funding will be used for repayment of refunded 2021 bonus bid amounts, annual lease payments, ongoing pre-development permitting activities for exploration and development of AIDEA's leases, and legal support. At this time, the project remains exploratory and AIDEA is working independently to drive the exploration efforts.

8.5 West Susitna Access

Project Description

The West Susitna Access project consists of building a road that will provide safe, reliable, year-round road access to remote public and private lands within the Matanuska-Susitna Borough and areas planned for resource development. In total, the road will be 100 miles long (AIDEA 2025p). AIDEA's project begins where the DOT&PF 22-mile segment ends, extending approximately 78 miles along the Skwentna River and ending at the Whiskey Bravo airstrip.

The Whiskey Bravo airstrip currently serves as the camp facilities of Nova Minerals and US Mining Company. Improved access will be beneficial for public use for fishing, hunting, boating, recreation, and settlement. The road will create better opportunities for commercial use in designated critical mineral and natural resource development areas that are otherwise difficult to access.

The AIDEA road will be an industrial toll road modeled after the Delong Mountain Transportation System, which supports the Red Dog Mine. Advantages of this approach include reduced reliance on state funding by covering construction and maintenance costs over the long-run through toll revenues. The DMTS road project is owned by AIDEA, operated by Teck, and is on land owned by NANA Regional Corporation. As of 2025, AIDEA is in the permitting process for the road.

Investment information

As of 2022, the West Susitna Access Road project had an estimated total project cost of \$356.9 million (McKinley 2022). As of 2023, AIDEA budgeted \$8.7 million for the West Susitna Access project's early stages (AIDEA 2023f). This \$8.7 million was comprised of \$50k for phase 1 and \$162.5k for phase 2 using AIDEA funds only, and \$8.5 million of State funds appropriated by HB 69 in 2021.

If the road is constructed and financed in a similar manner to the DMTS (Arcadis 2017), AIDEA would finance the project at a market interest rate at the time of financing, and may see payments based on high road throughputs (contingent tonnage fees) or contingent escalators if mineral prices increase. On DMTS, these additional payments were counted as additional payments on the lease shortening the payback period on AIDEA's project financing.

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Section 3:

Summary and Conclusions

This section contains a summary of Key takeaways from the report as well as the list of references cited and a series of appendices providing additional information on legislation regarding AIDEA, the methodology used in our analysis, and aggregated tables with additional details on AIDEA's Direct Investment and LPP projects.

This section contains four chapters:

10. Key Findings

11. References

Appendix 1: Methodologies Used in the Economic and Fiscal Analyses

Appendix 2: Alaska Statute on AIDEA's Dividend Payments

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9 Key Findings

9.1 Section 1: AIDEA's Role and Function

AIDEA's purpose is to promote, develop, and advance the general prosperity and economic welfare of the people of Alaska. Its core mission is the creation and expansion of industrial, manufacturing, export, small business, and other enterprises that are critical to the development of Alaska's natural resources and long-term economic growth. AIDEA's investment and support of Alaska businesses through direct project financing, issuing bonds, and providing loans in partnership with other lending institutions have created jobs, wealth, and economic diversity across the various regions in the state.

AIDEA and the Permanent Fund

AIDEA was designed to take on investments other lenders might deem too risky. AIDEA was empowered and mandated by the legislature to be the agency to take on the risk of financing Alaska development projects to stimulate the economy. This designation effectively created a shield for the Permanent Fund, which could then be used for long-term wealth-generating investments. Despite the inherently risky nature of many of its investment projects, however, AIDEA's net position has grown at a compound annual rate of **+5.9%**.

“The Permanent Fund is a Trust Fund for the People of Alaska.

... AIDEA was established to help finance Alaska development projects...which are often very risky and sometimes fail completely.”

Eric Wohlforth

Former Alaska commissioner of Revenue and two-time chairman of the Alaska Permanent Fund Corporation board

Transcribed from a phone conversation with Northern Economics, February 19, 2024

What Makes AIDEA Unique as a DFA/How it differs from other DFAs

AIDEA has a bigger role in Alaska state economics than a typical DFA. It takes on a much more hands-on, visible role as a partner in many projects it finances than is typical for most development fund agencies. This visibility can lead to increased scrutiny. AIDEA is also unique as a development finance agency in that it pays dividends back to the state.

9.2 Section 2: The Economic and Fiscal Impacts of AIDEA

AIDEA's project values go beyond their initial investment.

AIDEA projects have generated \$60.1 billion (2022\$) in total economic output over time. Of that, \$49.1 billion comes from its direct investments. The DMTS/Red Dog project has been the biggest contributor since it is relatively large, and has been adding to the total output since FY 1987.

AIDEA's Dividends have a significant fiscal impact.

AIDEA began paying dividends to the state in 1997 after a large special payment in 1995. Those dividends go into the state's General Fund and continue to generate multiplier effects as they are respent around the state. Since 1995 with its \$60 million special payment to the state and its annual dividend (which from 1997–2024 has averaged \$16.6 million), AIDEA has provided a total of \$524 million to the state's general fund.

AIDEA's cumulative dividend payments to the state are overtaking the state's cumulative contributions to AIDEA.

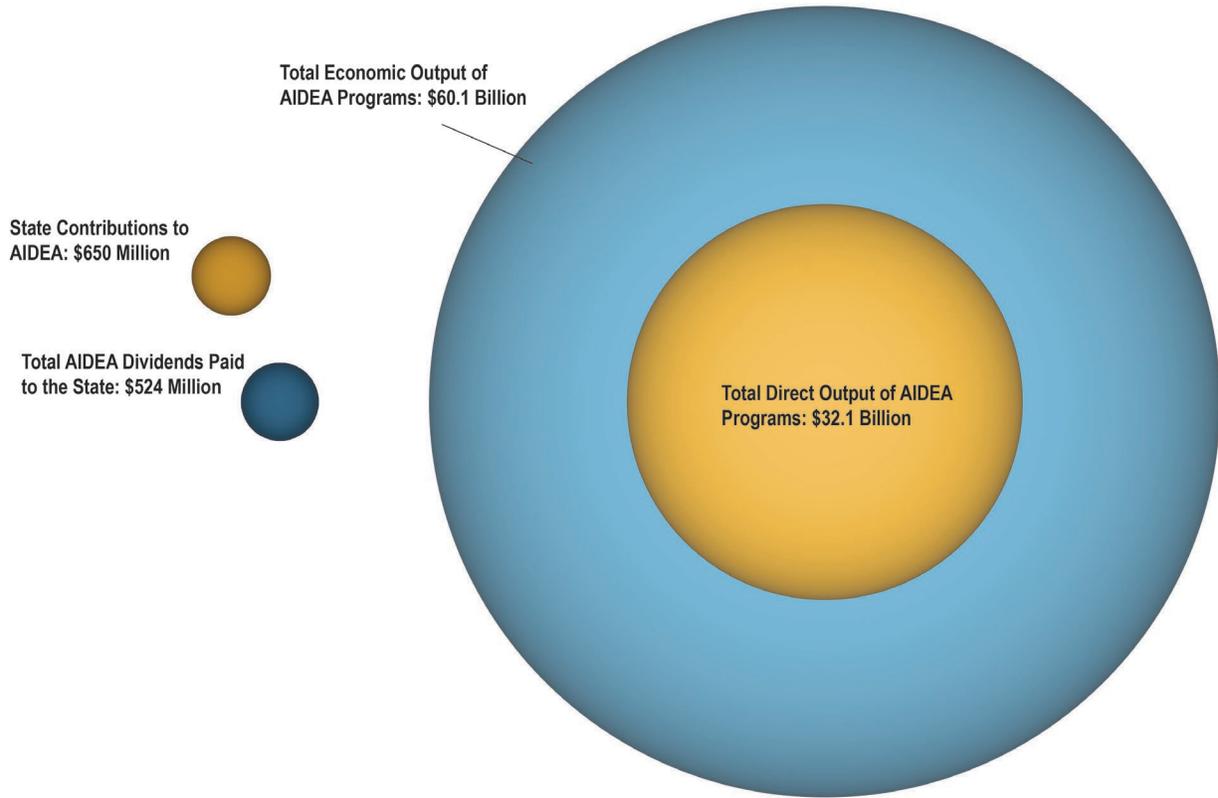
From FY 1997 through FY 2024 AIDEA's dividend has averaged \$16.6 million per year. During that same period, state of Alaska contributions to AIDEA have averaged \$9.57 million. If those average amounts hold into the future, AIDEA' cumulative payments into Alaska's general fund would be greater than the state of Alaska's cumulative contributions to AIDEA by FY 2043.

A Recap of the Numbers:

- Total Economic Output (through 2025): **\$60.1 Billion**
- AIDEA's Current Net Position (in FY2024): **\$1.49 Billion**
- Total State Contributions to AIDEA (through FY 2024): **\$650 Million**
- Total Dividends/payments to the state (through FY 2024): **\$524 Million**
- Total Taxes paid to the State and the Northwest Arctic Borough by the operators of Red Dog mine (through FY 2024) are estimated to exceed **\$1 Billion**

Figure 35 shows the total state contributions to AIDEA, AIDEA's total dividends paid to the state, total direct output (direct project spending by AIDEA and others) and total economic output of AIDEA direct investment and LPP projects.

Figure 35. Total State Contributions to AIDEA and Total Economic Outputs of AIDEA Programs through 2024



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Appendix 1: Methodologies Used in the Economic and Fiscal Analyses

This Appendix summarizes: 1) the methodologies used in the economic and fiscal analyses.

Economic Analysis Methodology

The IMPLAN™ model of the Alaska economy was used to estimate the total economic contribution of each of the projects that received direct investment or LPP funding from AIDEA. The IMPLAN model is an input-output model that is widely used to measure the direct, indirect, and induced effects of economic activity in a particular region. This input-output model is a matrix that tracks the dollar flow between the industries within the region. The model measures how many times a dollar is re-spent in, or “ripples” through the economic region before it leaks out. The I-O model yields multipliers that are used to calculate the indirect and induced economic effects (also known as multiplier effects) with respect to jobs, income, and business sales/economic output generated per dollar of spending (associated with the new project) on various types of goods and services in the study area.

Economic impacts are driven by the amount of spending generated by project investments. Project spending creates stimulus effects in the regional economies where the projects are located as well as in other areas of the state where workers live, and where businesses are located that supply materials and services for construction and operations of the project. Spending during the development or construction phase of the projects increases economic activity and creates temporary jobs. Subsequently, the infrastructure built supports local industries that rely on the infrastructure for continued operations and provides more permanent or long-term seasonal and year-round jobs across the state.

The initial spending causes an increase in economic activity called the Direct Effect. The initial spending then causes a ripple effect in the economy that further increases economic activity, resulting in the multiplier effects (indirect and induced effects).

Indirect effects are those associated with a change in economic activity due to spending on goods and services directly tied to the new facility. During construction, these are the changes in the local economy occurring because construction firms purchase goods (e.g., cement, wood, and nails) and related services (e.g., landscaping, accounting, and legal). As construction firms make purchases, this creates an increase in purchases across the supply chain. Once the facility is operational, the indirect effects are changes in the economy due to spending to run the facility, such as electricity, medical supplies, and laundry services.

Induced effects are those associated with a change in economic activity due to spending by the employees of businesses (labor) and by households. These are economic changes related to spending by people directly employed to construct the facility. Once operations begin, spending by employees

of the facility will drive induced effects. Induced effects also include household spending related to indirect effects. Indirect and induced impacts only reflect spending within the study area.

The economic contribution of AIDEA's activities were quantified with respect to economic output, employment, and labor income.

Economic Output is a measure of the value of economic activity (value of goods and services produced in an economy). The local spending associated with direct investments in projects and the loans received by LPP applicants created a stimulus effect in the economy and resulted in an increase in economic activity.

Employment is measured in terms of average number of part-time and full-time jobs. The IMPLAN model provides estimates of the number of jobs required to meet the demand based on level of spending associated with the projects. Jobs during construction phase are temporary and last for the duration of the activity while jobs during operations phase are long-term and reported on an annual basis.

Labor income is the sum of employee compensation (wages and benefits) and proprietor income; it represents the combined cost of total payroll paid to employees and payments received by self-employed individuals and/or unincorporated business owners across the economy. Estimates of labor income are based on information on average Alaska wages and salaries in the various sectors of the economy.

Note that the IMPLAN model is a static model. The IMPLAN datasets are a snapshot in time of the economy and can only capture the monetary market transactions between industries in a given time period. This means that the estimates are based on prevailing economic conditions and linkages in the economy. The model estimates impacts assuming that the relationships of the current data year are maintained. For this analysis, we used historical IMPLAN data sets through 2022 (the latest available model at the time the analysis was being conducted). All historical results were then converted to 2022 dollars using the GDP deflators.

The total direct investments in the 20 identified projects represent the direct spending in Alaska (economic output). This direct spending was the input to the IMPLAN model and drove the multiplier effects. Data used in the analysis were derived from various published sources including project fact sheets and 3rd party economic impact studies. The annual O&M jobs for some of the facilities that are still operating were obtained from ADOLWD and some of the data were confirmed by facility operators. Cumulative effects during the operations phase were calculated by multiplying the annual effects by the number of operations years to date.

The economic contribution of the LPP was estimated using the following methodology and assumptions:

Construction-related direct jobs were derived from data provided to AIDEA by banks that originated the loan. Direct wages were estimated using average construction sector wages in Alaska from ADOLWD. Indirect and induced effects were estimated using the loan amounts with construction associated activities as inputs into IMPLAN model. IMPLAN model's Alaska construction sector multipliers (=average multipliers for all types of construction activities and maintenance type activities for each year) were used to generate estimates of the indirect and induced jobs and wages. The regional effects were calculated based on the amount of construction spending that occurred in each of the regions per year.

Operations phase direct jobs were obtained from the "permanent" jobs data (# of jobs supported/retained). Direct wages were estimated using average wages across selected impacted economic sectors for each impacted region for each year. Indirect and induced jobs were estimated using IMPLAN model's average regional employment multipliers (across all economic sectors, except manufacturing sectors for each region). Associated wages were estimated using average private sector wages from ADOLWD for each region for each year.

Wages were adjusted from nominal \$ to 2022\$ using GDP deflators.

The investment amount for LPP (including investment from third parties/partnerships) were based on two datasets:

- 2010-2024 LPP data provided by AIDEA which includes loan details on a per loan basis, including participation amount and total amount, sector, loan type, region, and jobs retained/created.
- 1992-2010 LPP data (the full dataset is 1992-2017, but more detail is available from 2010-2017 from the first data set). This dataset includes an annual aggregate of loan volume participation amount, number of loans, and region. It does not include sector or loan type.

The regional employment effects only include the recent LPP data. Data prior to 2010 (1992 to 2009) do not have enough specificity to determine the regional employment effects; however, they are specific enough to make statewide estimates.

Fiscal Assessment Methodology

The fiscal assessment of AIDEA relied primarily on AIDEA's audited financial statements. The fiscal assessment summarizes: 1) AIDEA's Net Position from FY 1979–2024; 2) the contributions from the state of Alaska to AIDEA for FY 1979–2024, noting the that first contribution from the state occurred in FY 1981; 3) AIDEA's payments and dividends from FY 1995–2024 back to the state. In addition, the fiscal assessment provides estimates of taxes paid to the state by the operators of the Reg Dog mine from 1989 to 2024. These estimates were provided by the ADOR. In summary, the fiscal assessment of AIDEA simply summarized existing data and did not require additional methodologies.

Appendix 2: Alaska Statute on AIDEA's Dividend Payments

The statute language below is available online at <https://law.justia.com/codes/alaska/title-44/chapter-88/article-3/section-44-88-088/>.

2024 Alaska Statutes
Title 44. State Government
Chapter 88. Alaska Industrial Development and Export Authority
Article 3. Financial Provisions.
Sec. 44.88.088. Payment of dividend to state

(a) The authority shall adopt a policy for payment of a dividend from the revolving fund, the Alaska Industrial Development and Export Authority sustainable energy transmission and supply development fund (AS 44.88.660), and the Arctic infrastructure development fund (AS 44.88.810) to the state each fiscal year. The dividends for a fiscal year shall be made available by the authority before the end of that fiscal year. The authority shall notify the commissioner of revenue when the dividends for a fiscal year are available for appropriation. The amount of the dividend payable from the

(1) revolving fund for a fiscal year may not be less than 25 percent nor more than 50 percent of the net income of the revolving fund for the base fiscal year; however, in no event, may the dividend payable from the revolving fund for a fiscal year exceed the total unrestricted net income of the revolving fund for the base year;

(2) Alaska Industrial Development and Export Authority sustainable energy transmission and supply development fund (AS 44.88.660) for a fiscal year may not be less than 25 percent nor more than 50 percent of the net income of the Alaska Industrial Development and Export Authority sustainable energy transmission and supply development fund for the base fiscal year; however, the dividend payable from the Alaska Industrial Development and Export Authority sustainable energy transmission and supply development fund for a fiscal year may not exceed the total unrestricted net income of the Alaska Industrial Development and Export Authority sustainable energy transmission and supply development fund for the base year;

(3) Arctic infrastructure development fund (AS 44.88.810) for a fiscal year may not be less than 25 percent nor more than 50 percent of the net income of the Arctic infrastructure development fund for the base fiscal year; however, the dividend payable from the Arctic infrastructure development fund for a fiscal year may not exceed the total unrestricted net income of the Arctic infrastructure development fund for the base year.

(b) In this section,

(1) "base fiscal year" means the fiscal year ending two years before the end of the fiscal year in which the payment is made;

(2) "mark-to-market fair value" means fixing the value of an investment as its market value as of the financial reporting date;

(3) "net income" means the change in net position, or the equivalent term under generally accepted accounting principles, of the revolving fund, the change in net position of the Alaska Industrial Development and Export Authority sustainable energy transmission and supply development fund (AS 44.88.660), or the change in net position of the Arctic infrastructure development fund (AS 44.88.810) as set out in the audited financial statements of the authority for the base fiscal year, excluding amounts attributable to intergovernmental transfers, capital contributions, grants, losses on a project or development to the extent financed with state or federal grants or appropriations, mark-to-market fair value based accounting entries, and noncash accounting entries related to retirement obligations;

(4) "project or development" means

(A) an Arctic infrastructure development;

(B) a development project;

(C) a project; or

(D) a qualified energy development;

(5) "unrestricted net income" means the unrestricted change in net position, or the equivalent term under generally accepted accounting principles, of the revolving fund, the Alaska Industrial Development and Export Authority sustainable energy transmission and supply development fund (AS 44.88.660), or the Arctic infrastructure development fund (AS 44.88.810) as set out in the audited financial statements of the authority for the base fiscal year, excluding amounts attributable to intergovernmental transfers, capital contributions, grants, losses on a project or development to the extent financed with state or federal grants or appropriations, mark-to-market fair value based accounting entries, and noncash accounting entries related to retirement obligations.