



ALASKA'S DEVELOPMENT FINANCE AUTHORITY

AIDEA Overview

John Springsteen, Executive Director

Investing in Alaskans

Mission and Overview



To advance economic growth and diversification in Alaska by providing various means of financing and investment

- AIDEA
 - Semi-independent public corporation
 - 7 member board
 - Self funded
 - Pays an annual dividend to the State of Alaska - \$407 million declared since 1997
- Revolving Fund \approx \$1.32 billion in assets.
- S&P **AA+** credit rating | independent of the State of Alaska

Role in Economic Development

- Objective vetting agent in the development of Alaska's businesses and infrastructure
- Finances projects that have an economic benefit to the state and provide jobs for Alaskans
- Facilitates bringing interested parties together
- An equal partner in projects with private sector developers and their financial partners



AIDEA Governance



Shareholders

- Population of Alaska 735,000



Institutional Shareholders

- Governor & Legislature



AIDEA Board

- Commissioner - Dept. of Revenue
- Commissioner - DCCED
- 5 successful Alaska business leaders



AIDEA Staff

AIDEA – Funds and Special Projects

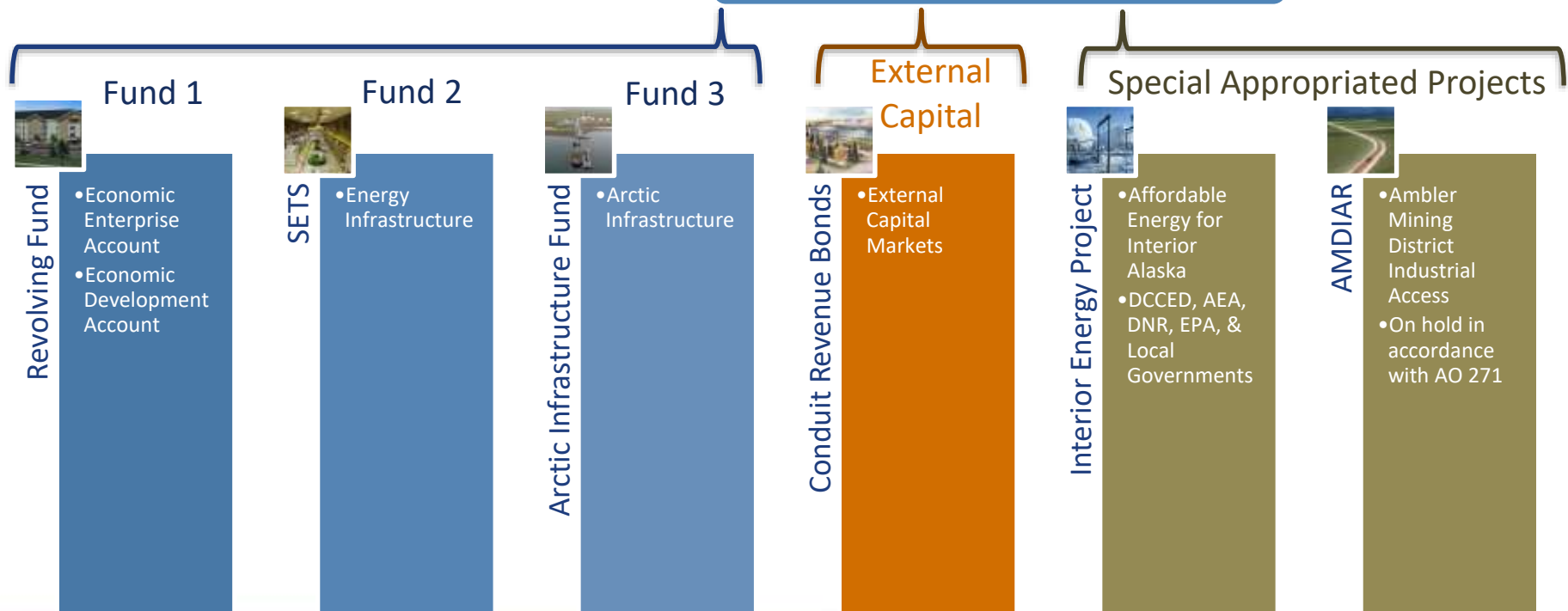


AIDEA Board

- Commissioner - Dept. of Revenue
- Commissioner - DCCED
- 5 successful Alaska business people



AIDEA Staff



What Does AIDEA Do?



Secures and deploys capital for economic growth and job opportunities, without the use of grants or incentives

Across all commercial, industrial and infrastructure sectors



Debt

- Loan Participations
- Energy Loans
- Project Finance Loans
- Tax-Exempt Bonds
- Taxable Bonds



Equity

- 100% Ownership of project
- Partner in LLC or Subsidiary Corporation
- Secured and Collateralized
- Equity Equivalent Investments



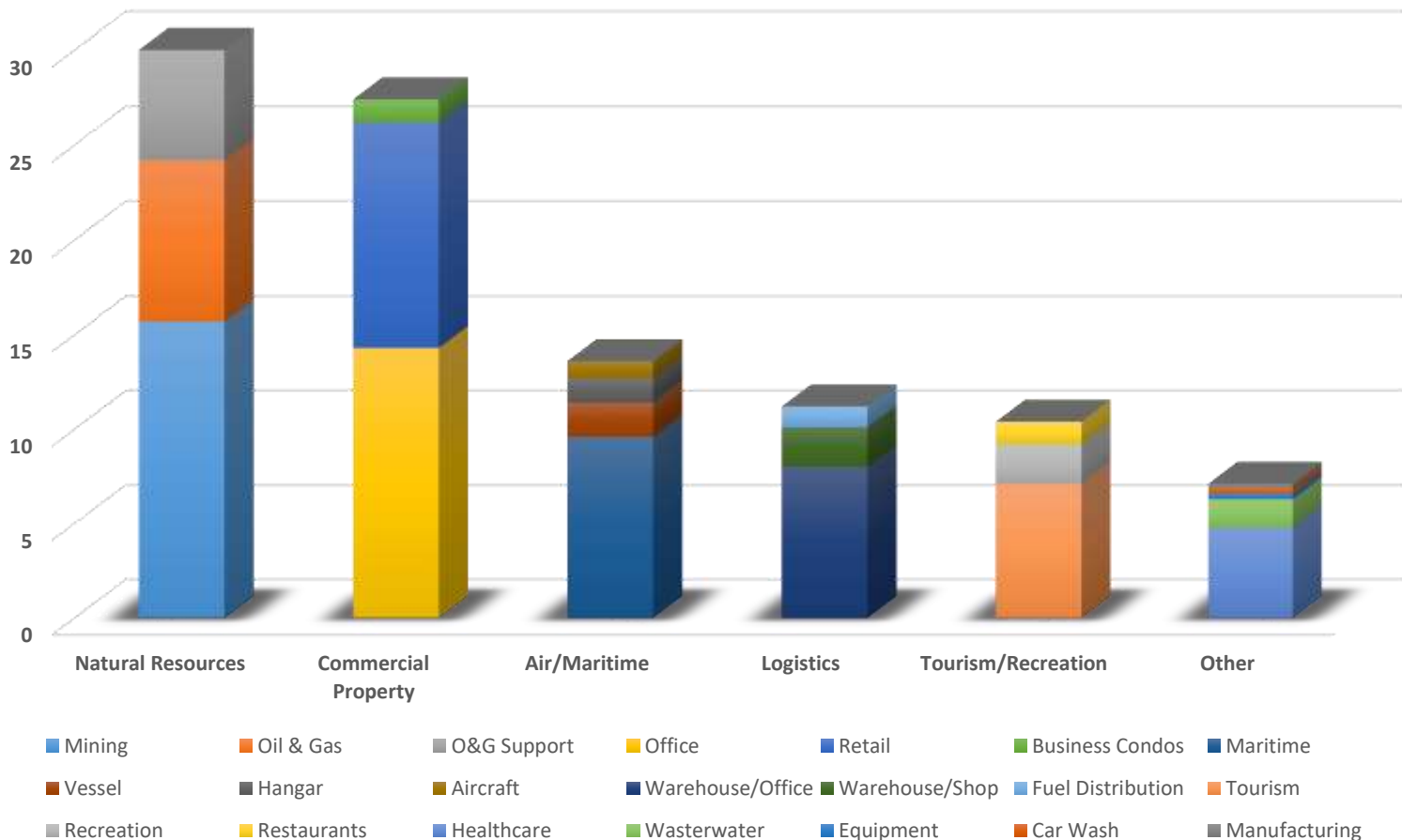
Enhancements

- Loan Guarantees
- Bond Guarantees

Diverse Portfolio

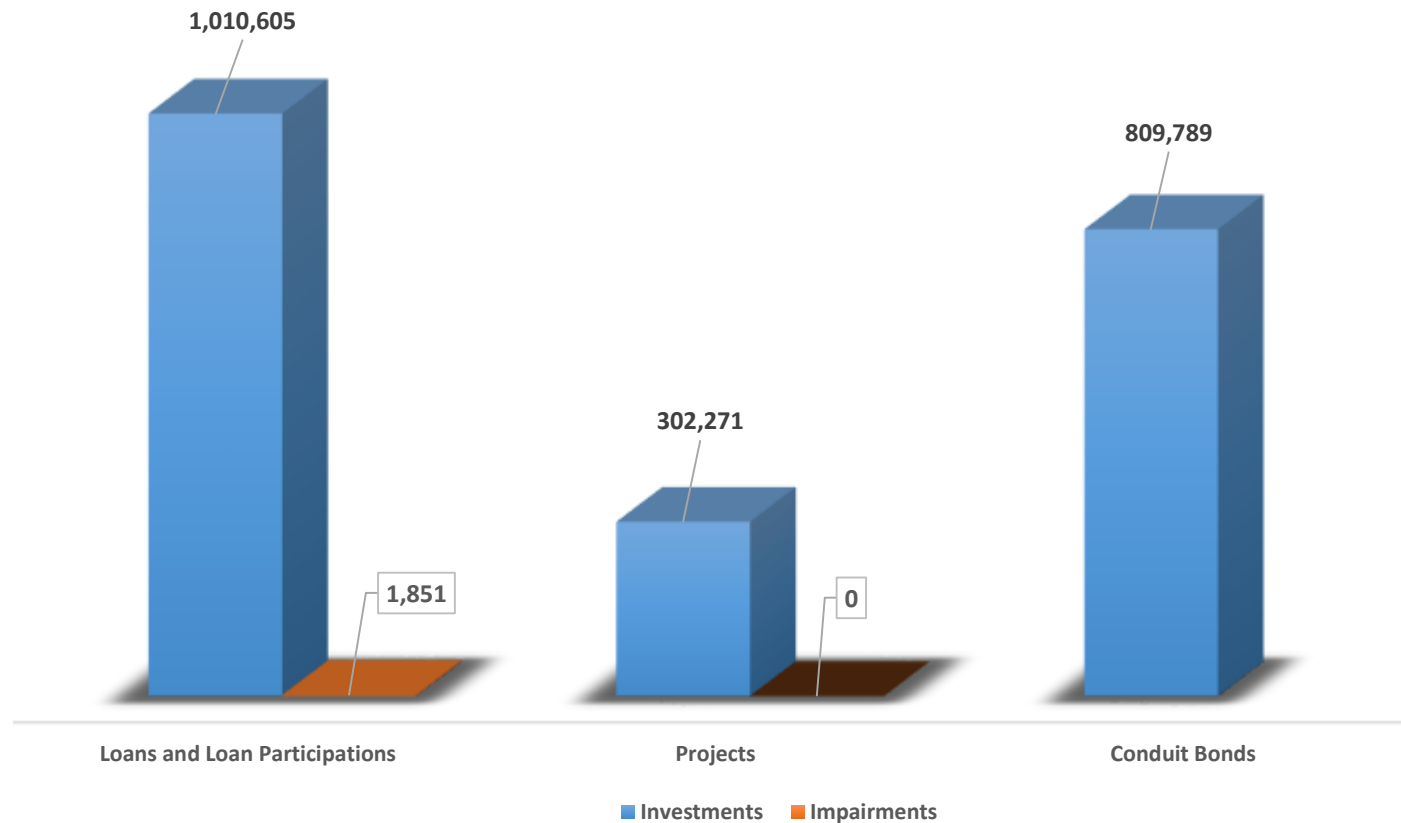
Industry Diversity of Combined Capacity Projects and Loans (%)

As of June 30, 2018



Investments vs Impairments

Loans, Development Project Investments and Bonds vs. Impairments (\$ thousands) Funded Since July 1, 2000



Loan Participation Program



Long-term commercial financing

- Participation may total up to 90% of a loan originated by an eligible commercial lender - not to exceed \$25 million
- Terms up to:
 - 15 years for personal property
 - 25 years for real property
- 75% loan-to-value;
- Fixed or variable interest rates
- \$1,000 application fee is credited towards 1% commitment fee



Loan Participation Program



- The advantage to the borrower is that AIDEA provides long-term fixed rates
- The advantage to the lender is that AIDEA shares in the risk while increasing the lender's liquidity
- Since 1992
 - AIDEA has loaned \$1.08 billion
 - 8,800 construction jobs created
 - 9,260 permanent jobs created /retained
- Loan Participation example
 - Total Loan Amount - \$2,000,000**
 - Lender Portion: \$ 200,000 (10%)
 - AIDEA Portion: \$1,800,000 (90%)
 - Lender Term: 10 Years (associated variable rate)
 - AIDEA Term: 25 Years (associated fixed rate)



Huna Totem Corporation

\$43 million partnership: HTC, City of Hoonah, SOA, Northrim, AIDEA and BIA

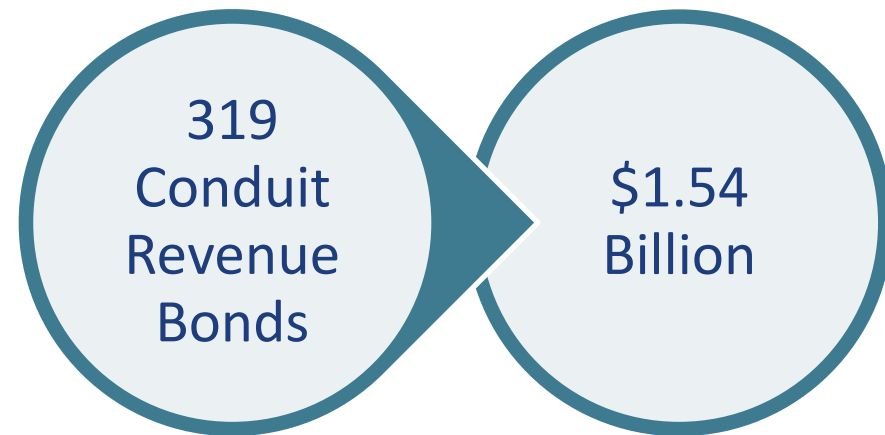
- State of Alaska - \$14 million
 - Huna Totem Corporation - \$4 million
 - **Northrim - \$5 million (20%): 20 years**
 - **AIDEA - \$20 million (80%): 25 years**
- } **BIA Loan Guarantee (90%)**
- Cruise ship dock, new & renovated buildings, and refinancing
 - 52 construction & 35 new jobs



- Bonds are a common form of long-term debt
- Generally issued by a governmental entity
- Three types of bonds:
 - Governmental
 - Private Activity Bonds
 - Corporate (issued by the corporation)
- Bond rates determined by credit quality and duration
 - The higher the credit rating of the issuer or the strength of the project's projected revenues, the lower the rates
 - Bond maturities can range from a day or less to more than 30 years, rates increase with time

Private Activity Bonds

- Tax-exempt bonds issued by a government entity for qualified projects – lots of conditions, few eligible activities
- Used for projects of a private developer, and the government generally does not pledge its credit.
- Issued as municipal bonds because the project serves a public need or enhances the economy of the city, borough or state.
- PABs include:
 - Industrial Development Bonds
 - 501(c)(3)
 - Tax-Exempt Facility



Conduit Revenue Bonds

Access to capital markets for tax-exempt & taxable financing

- Neither the assets nor credit of AIDEA or the State of Alaska are at risk
- Project is underwritten based on the strength of its economic and financial feasibility
- Bonds are repaid from the project's revenues
- Equipment, real estate, construction and rehabilitation



Infrastructure & Project Development



AIDEA works with project partners to finance industrial and infrastructure projects throughout the state.

Variety of financial tools available to support projects including loans, guarantees, preferred equity, bonds, and full ownership or as part of an LLC.

Industrial roads, ports, harbors, logistics and industrial facilities



Strategic Sectors

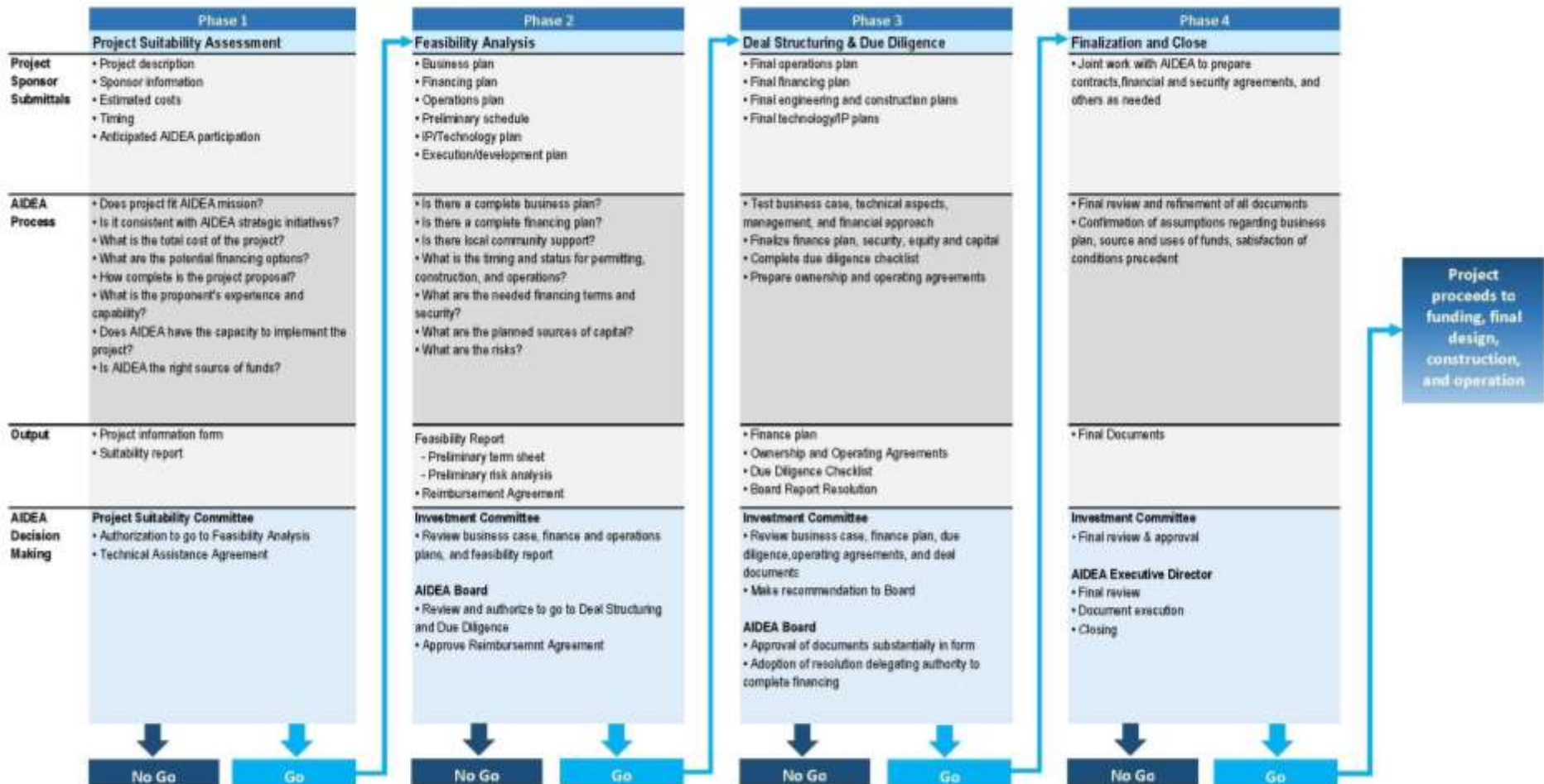
- Natural Resource Extraction
- Fisheries
- Agriculture & Forestry
- Health Care
- Aerospace
- Energy
- Communications
- Logistics/Transportation
- Federal Facilities
- Tourism Infrastructure



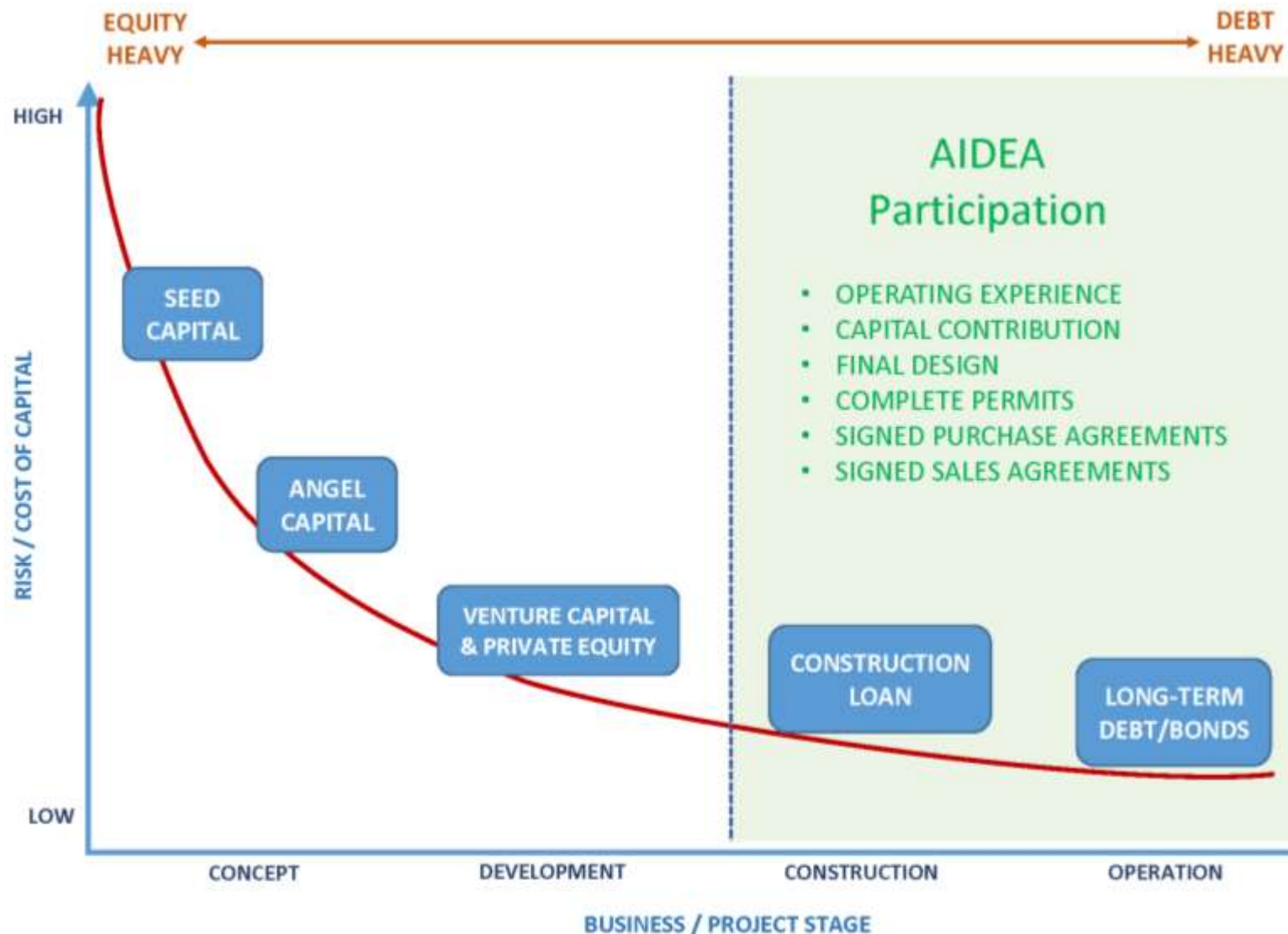
Analysis & Decision-Making



AIDEA Project Analysis and Decision-Making Process



AIDEA - Best Fit Projects



AIDEA Six Factor Model



1. **Operating Experience:** The developer has a demonstrated background and history in successfully building and operating the type of project for which they are seeking financing from AIDEA.
2. **Capital Contribution:** The developer will invest funds in tandem with AIDEA for the construction of the project.
3. **Plans and Designs:** The developer has complete plans, designs, and specifications for the project they wish to develop.
4. **Permits:** The developer has the necessary permits for the project.
5. **Purchase Contracts:** The developer has access to key materials and equipment.
6. **Sales Contracts:** The developer has revenues under contract from credible entities.

1501

PERMANENT JOBS

738

CONSTRUCTION
JOBS

FY2018
HIGHLIGHTS

\$1.32 BILLION
NET POSITION

\$161.98
MILLION

CONDUIT
BONDS ISSUED

\$12.88 million
DIVIDEND PAID

\$88.5
MILLION

TOTAL
GROSS

LOAN PARTICIPATIONS

FUNDDED



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www.aidea.org

