1a) What is your Strategic Vision?
1a) Strategic Vision

• Create an investment-ready project portfolio for the state of Alaska.

• Develop formal project finance banking relationships with strategic investment partners.
1b) What value does your Agency provide to the state of Alaska?
1b) Value to state of Alaska

AIDEA’s mission is established by Statute. The Authority was created by the legislature as a “public corporation” to advance the economic prosperity of Alaskans by diversifying the Alaska economy and promoting the creation and retention of Alaskan jobs (See AS 44.88.070)

With this background in mind, staff believes the Board must counterbalance two competing interests:

- Provide an adequate financial return to the State in the form of a cash dividend, as contemplated by the Statute, versus
- Ensure the Authority retains the financial capability to achieve its economic development mission of the State.
AIDEA provides a sustainable and objective economic development platform on which all opportunities are vetted for their economic and financial feasibility.

AIDEA provides affordable, long-term asset financing for growing and diversifying Alaska’s economy, and for expanding job opportunities for Alaskans.

AIDEA is a prudent caretaker of the state of Alaska’s financial assets, growing the state’s initial revolving fund investment of $332.5 million into $1.67 billion.
2) When was the Agency created and how much state funds were invested?
2) AIDEA Creation

• Created in 1967 with the following legislative intent:

  – AS 44.88.010 “(b) It is declared to be the policy of the state, in the interests of promoting the health, security, and general welfare of all the people of the state, and a public purpose, to increase job opportunities and otherwise to encourage the economic growth of the state, including the development of its natural resources, through the establishment and expansion of manufacturing, industrial, energy, export, small business, and business enterprises and the other facilities referred to in (a) of this section by creating the Alaska Industrial Development and Export Authority with the powers, duties, and functions as provided in this chapter.”

  – (c) “It is further declared to be the policy of the state, in the interests of promoting the health, security, and general welfare of all the people of the state, and a public purpose of the state, to accomplish the objectives set out in (b) of this section through the provision of financial support to a federal, state, municipal, or private entity.”
• AIDEA was funded in the early 1980s with a $166 million loan portfolio and $23 million cash, which provided initial funding for what is now known as the Loan Participation Program.

• In the mid-1980s, to assist in the development of the Red Dog Mine, the Project Development Program was created and AIDEA received a loan portfolio and cash totaling $143.5 million to support financing the DeLong Mountain Transportation System.
3) What is the current level of funding from the Legislature?
3) Current Legislative Funding

• Operating Budget – $0.00
  – AIDEA has historically self-funded its operations.

• Current Legislatively Assigned Projects
  – Interior Energy Project ($57.5 M)
  – Ambler Mining District Industrial Access Project ($17.0 M)

• Other Recent Capital Appropriations
  – Ketchikan Shipyard ($1.18M)
4) What is the management structure of the Agency?
5) How many employees work for the Agency? How are they funded?
5) Organizational Chart

Self - Funded
21 Authorized \ 17 Filled
5) Organizational Chart (cont’d)

Shared Services
- Financial System Analyst
- Loan Servicing
- Administrative Support
- Accounting Systems Analyst
- Accounting Analyst

38 Authorized / 32 Filled
- 30 – 40% AIDEA
- 60 – 70% Alaska Energy Authority

Self - Funded
21 Authorized \ 17 Filled

Executive Director - AIDEA
- AIA
- AEA
- VACANCY

Chief Financial Officer
- Financial System Analyst
- Loan Servicing
- Administrative Support

Human Resources
- Human Resources Director
- First Level Administrator
- MIS Administrator

IT Systems Manager
- MIS Administrator

Infrastructure Development Officer
- Project Manager
- Project Coordinator

Energy Infrastructure Development Officer
- Finance Officer
- Loan Officer I

Loan Servicing/Accounting Technician
- Loan Servicing/Accounting Technician

Accounting Technician II
- Accounts Payable Clerk
- Accounts Payable Clerk

Accountant II
- Accountant II

Assistant Controller
- Assistant Controller

Managing Director
- Managing Director

Project Development Manager
- Project Development Manager

Program Analyst
- Program Analyst

Contracting Officer
- Contracting Officer

External Affairs Officer
- External Affairs Officer

Communications Director
- Communications Director

Business Development Coordinator
- Business Development Coordinator

SHARED SERVICES
AIDEA
AEA
VACANCY
5) Organizational Chart (cont’d)

Self - Funded
21 Authorized \ 17 Filled

AIDEA & AEA
Filled PCN: 85
Vacancies: 21
Total Authorized: 106

38 Authorized \ 32 Filled
6) Does the Agency generate revenue?
### FY15 FINANCIALS* (IN THOUSANDS)

#### Statements of Net Position

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2015</th>
<th>June 30, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment securities and cash</td>
<td>$683,525</td>
<td>$692,676</td>
</tr>
<tr>
<td>Loans, net</td>
<td>388,075</td>
<td>380,285</td>
</tr>
<tr>
<td>Development projects</td>
<td>216,528</td>
<td>309,448</td>
</tr>
<tr>
<td>Other assets</td>
<td>37,692</td>
<td>74,641</td>
</tr>
<tr>
<td>Sukkwan Project assets</td>
<td>78,761</td>
<td>80,077</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>1,493,549</td>
<td>1,487,107</td>
</tr>
<tr>
<td><strong>Deferred outflows of resources</strong></td>
<td>1,253</td>
<td>363</td>
</tr>
<tr>
<td><strong>Total Assets and deferred outflows of resources</strong></td>
<td>1,494,802</td>
<td>1,487,470</td>
</tr>
</tbody>
</table>

#### Liabilities, deferred inflows of resources and net position:

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2015</th>
<th>June 30, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revolving fund bonds</td>
<td>64,700</td>
<td>73,165</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>69,652</td>
<td>63,466</td>
</tr>
<tr>
<td>Sukkwan Project liabilities</td>
<td>78,419</td>
<td>80,077</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>203,271</td>
<td>216,708</td>
</tr>
<tr>
<td><strong>Deferred inflows of resources</strong></td>
<td>993</td>
<td>—</td>
</tr>
<tr>
<td><strong>Net position</strong></td>
<td>1,290,528</td>
<td>1,270,762</td>
</tr>
<tr>
<td><strong>Total liabilities, deferred inflows of resources and net position</strong></td>
<td>1,494,802</td>
<td>1,487,470</td>
</tr>
</tbody>
</table>

#### Revenues, Expenses and Changes in Net Position

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2015</th>
<th>June 30, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on loans</td>
<td>$17,468</td>
<td>$10,012</td>
</tr>
<tr>
<td>Income from development projects</td>
<td>15,982</td>
<td>14,695</td>
</tr>
<tr>
<td>Sukkwan Project restricted income</td>
<td>3,753</td>
<td>3,876</td>
</tr>
<tr>
<td>Investment interest</td>
<td>10,473</td>
<td>10,037</td>
</tr>
<tr>
<td>Net increase/(decrease) in fair value of investments</td>
<td>(4,916)</td>
<td>2,224</td>
</tr>
<tr>
<td>Income from state agencies and component units</td>
<td>8,856</td>
<td>8,615</td>
</tr>
<tr>
<td>Gain on sale of development project</td>
<td>—</td>
<td>4,188</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td>52,015</td>
<td>64,859</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2015</th>
<th>June 30, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>3,065</td>
<td>3,056</td>
</tr>
<tr>
<td>Sukkwan Project interest expense</td>
<td>3,753</td>
<td>3,876</td>
</tr>
<tr>
<td>General and administrative</td>
<td>7,250</td>
<td>7,280</td>
</tr>
<tr>
<td>Costs reimbursed from State agencies and component units</td>
<td>8,856</td>
<td>8,615</td>
</tr>
<tr>
<td>Provisions for loan losses</td>
<td>(28)</td>
<td>(8,349)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>3,247</td>
<td>3,659</td>
</tr>
<tr>
<td>Project feasibility and due diligence</td>
<td>995</td>
<td>1,901</td>
</tr>
<tr>
<td>Other project expenses</td>
<td>613</td>
<td>2,102</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>27,760</td>
<td>20,070</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>25,355</td>
<td>35,899</td>
</tr>
<tr>
<td>Other revenues, net</td>
<td>13,066</td>
<td>90,663</td>
</tr>
<tr>
<td><strong>Increase in net position, before dividend to State of Alaska</strong></td>
<td>39,021</td>
<td>120,562</td>
</tr>
<tr>
<td>Dividend to State of Alaska</td>
<td>(10,065)</td>
<td>(20,745)</td>
</tr>
<tr>
<td><strong>Increase in net position, after dividend to State of Alaska</strong></td>
<td>$28,956</td>
<td>$105,817</td>
</tr>
<tr>
<td><strong>Net position-beginning of year, as previously reported</strong></td>
<td>1,270,762</td>
<td>1,164,945</td>
</tr>
<tr>
<td>Cumulative effect on prior years of adoption of GASB Statement 68</td>
<td>(8,580)</td>
<td>—</td>
</tr>
<tr>
<td>Net position-beginning of year, as adjusted</td>
<td>1,262,182</td>
<td>1,164,945</td>
</tr>
<tr>
<td><strong>Net position-end of year</strong></td>
<td>1,290,528</td>
<td>1,270,762</td>
</tr>
</tbody>
</table>

* Derived from ADEA's audited financial statements.
### REVENUES, EXPENSES AND CHANGES IN NET POSITION

<table>
<thead>
<tr>
<th>Source of Revenues / Charge</th>
<th>June 30, 2015</th>
<th>June 30, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues:</td>
<td></td>
<td></td>
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<tr>
<td>Interest on loans</td>
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<tr>
<td>Income from development projects</td>
<td>15,862</td>
<td>14,695</td>
</tr>
<tr>
<td>Snettisham Project restricted income</td>
<td>3,753</td>
<td>3,876</td>
</tr>
<tr>
<td>Investment interest</td>
<td>10,473</td>
<td>10,037</td>
</tr>
<tr>
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<tr>
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<td>8,856</td>
<td>8,615</td>
</tr>
<tr>
<td>Gain on sale of development project</td>
<td>—</td>
<td>4,188</td>
</tr>
<tr>
<td>Other income</td>
<td>1,613</td>
<td>2,322</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td><strong>53,115</strong></td>
<td><strong>64,969</strong></td>
</tr>
</tbody>
</table>
7) Does the Agency return a dividend to the state? How much?
7) Dividend History

- AIDEA has declared over $380 million in dividends since 1995.
8) Is the Agency able to receive Federal funds?

Is the Agency able to leverage Federal funds?
AIDEA has the statutory authority to receive federal funds (see AS 44.88.080 - In furtherance of its corporate purposes, the authority has the following powers in addition to its other powers: (9) to accept gifts, grants, or loans from, and enter into contracts or other transactions regarding them with, a federal agency, an agency or instrumentality of the state, a municipality, a private organization, or other source).

Importantly, AIDEA also has the ability to leverage federal tax-exempt financing as well as tax credit programs (e.g. New Markets Tax Credits, Investment and Production Tax Credits).
9) What are your Agency’s capital assets?
9) Audited Net Book Values at 6/30/15

- Development projects – $296,528,000
- Other assets – $37,002,000
- Snettisham Project assets – $78,419,000
10a) Does the Agency have bonding authority? 
10b) What are bonds issued for? 
10c) What is the current outstanding Debt? 
10d) What is the bonding capacity?
10a) Does Agency have bonding authority?

- Yes, taxable and tax-exempt revenue bonds, such as Industrial Development Bonds, 501(c)(3) Bonds, and Private Activity Bonds.

- AIDEA also issues general obligation (GO) bonds.
10b) What are bonds issued for?

• AIDEA may issue bonds to pay the cost of a project or development projects or in order to provide money for the authority’s purposes under statute (AS44.88.080 (7)).
10b) What are bonds issued for (cont’d)?

- **AIDEA has issued 317 conduit revenue bonds for a total of $1.36 billion. Bonds issued under this program include:**
  - Aircraft/Aircraft facilities
  - Bulk Fuel storage and distribution
  - Hotels, motels, and lodges
  - Office space
  - Warehousing/storage
  - Retail
  - Hospitals/clinics
  - Processing/manufacturing facilities
  - Car rental facility
  - Hydroelectric dams
- **Project Revenue Bonds**
  - Snettisham Hydroelectric facility
- **AIDEA General Obligation Bonds**
  - Delong Mountain Transportation System
  - Water and wastewater facility
  - Fedex Hangar
  - Skagway Ore Terminal
10c) What is current outstanding debt?

- **Outstanding Debt as of 6/30/2015:**
  - Total Bonds - $134,655,000
    - Snettisham Hydro
    - Red Dog Port Facility (Refunding)
    - Loan Participation
10d) What is the bonding capacity?

- AS 44.88.095 places a statutory ceiling of $400 million per twelve month period on AIDEA bond issuances, excluding refunding bonds.

- Bonds over $25 million require legislative approval.

- Bonds over $10 million require local support.
11a) Can you identify any other state entities or private corporations in Alaska that may provide the same or similar services as your Agency?
11) Similar Agencies

• There are no state agencies or authorities that provide the same set of financing tools as AIDEA.

• On a national basis, AIDEA is unique in its ability to:
  – Work with banks
  – Issue its own bonds
  – Participate in public-private partnerships through multiple methods
11b) Is your agency subject to the state procurement code?
Procurement Regulations

• Yes in a limited fashion. The state procurement code, AS 36.30.015(f) reads:
  
  – “…the membership of the Alaska Industrial Development and Export Authority, notwithstanding AS 44.88.085, ...shall adopt regulations under AS 44.62 (Administrative Procedure Act) …to govern the procurement of supplies, services, professional services, and construction for the respective public corporation and board. The regulations must reflect competitive bidding principles and provide vendors reasonable and equitable opportunities to participate in the procurement process and must include procurement methods to meet emergency and extraordinary circumstances. Notwithstanding the other provisions of this subsection, …the Alaska Industrial Development and Export Authority, …shall comply with the five percent preference under AS 36.30.321(a).”

• As directed by the state procurement code AIDEA has established regulations under the Alaska Administrative Code Title 3 Chapter 100
12) Does the Agency have any outstanding liabilities the Legislature should be aware of?
Outstanding Liabilities

• Total Liabilities at 6/30/2015 – $205,271,000
  – Bonds
  – Pension Liability
  – Advances from State of Alaska
  – Liabilities from restricted assets
  – Operational liabilities
  – Loan Guarantees (contingent liability)

• Commitments to fund projects and loans at 2/29/2016 – $66,506,000
## Analysis & Decision-Making

### Phase 1: Project Suitability Assessment

**Project Sponsor Submittals**
- Project description
- Sponsor Information
- Estimated costs
- Timing
- Anticipated AIDEA participation

**AIDEA Process**
- Does project fit AIDEA mission?
- Is it consistent with AIDEA strategic initiatives?
- What is the total cost of the project?
- What are the potential financing options?
- How complete is the project proposal?
- What is the proponent’s experience and capability?
- Does AIDEA have the capacity to implement the project?
- Is AIDEA the right source of funds?

**Output**
- Project information form
- Suitability report

**AIDEA Decision Making**
- Authorization to go to Feasibility Analysis
- Technical Assistance Agreement

### Phase 2: Feasibility Analysis

**Feasibility Analysis**
- Business plan
- Financing plan
- Operations plan
- Preliminary schedule
- PIP/Technology plan
- Execution/development plan

**Feasibility Report**
- Preliminary financial analysis
- Preliminary capital analysis
- Reimbursement agreement

**AIDEA Board**
- Review and authorize to go to Deal Structuring and Due Diligence
- Approve Reimbursement Agreement

**Investment Committee**
- Review business case, finance and operations plans, and feasibility report

### Phase 3: Deal Structuring & Due Diligence

**Deal Structuring & Due Diligence**
- Final operations plan
- Final financing plan
- Final engineering and construction plans
- Final technology/IP plans

**Investment Committee**
- Review business case, finance plan, due diligence, operating agreements, and deal documents
- Final recommendation to board

**AIDEA Board**
- Approval of documents substantially in form
- Adoption of resolution delegating authority to complete financing

### Phase 4: Finalization and Close

**Finalization and Close**
- Joint work with AIDEA to prepare contracts, financial and security agreements, and others as needed

**Final Documents**
- Final review and refinement of all documents
- Confirmation of assumptions regarding business plan, source and uses of funds, satisfaction of conditions precedent

### Project workflow

- **Go** indicates a successful step in the process.
- **No Go** indicates a step that requires reevaluation or redocumentation.

---

**Investing in Alaskans**
AIDEA - Best Fit Projects

- OPERATING EXPERIENCE
- CAPITAL CONTRIBUTION
- FINAL DESIGN (Plans and Specifications)
- COMPLETE PERMITS
- SIGNED PURCHASE AGREEMENTS
- SIGNED SALES AGREEMENTS

Risk and Cost of Capital

- HIGH
  - SEED CAPITAL
  - VENTURE FINANCE
  - PRIVATE EQUITY
- LOW
  - CONSTRUCTION LOAN
  - LONG TERM DEBT / BONDS

Area of AIDEA Involvement

Project Stage