

Bristol Bay Economic Development Corporation

P.O. Box 1464 • Dillingham, Alaska 99576 • (907) 842-4370 • Fax (907) 842-4336 • 1-800-478-4370



March 11, 2010

The Honorable Sean Parnell
Office of the Governor
P.O. Box 110001
Juneau, AK 99811-0001

Dear Governor Parnell:

I am writing to thank you and urge your continued support for SB 302 and HB 412 – bills to create a microloan revolving loan fund. As you are no doubt aware from your experiences in rural Alaska, access to start up capital is a key initial component of starting new enterprises and creating jobs in Alaska. Residents of the Bristol Bay region are creative and enterprising and there is no lack of entrepreneurial spirit; however there is a huge lack of supporting capital. Our organization provides technical assistance to entrepreneurs with feasibility studies, business plans and funding searches. By far, the most challenging aspect of starting a small business in our region is a lack of capital; even when it involves a very small amount of money. Traditional sources of capital such as banks and other financial institutes are not viable sources of capital for small entrepreneurs in rural Alaska.

As with many other states, Alaska residents understand that supporting small business development is a key part of their overall economic development. However, Alaska is one of four states in the nation that does not have a microloan program and these bills would resolve that and fill an unmet need that would help small businesses and rural Alaska residents.

We urge your support and thank you in advance for your efforts.

Sincerely,

H. Robin Samuelsen
Chief Executive Officer

Voting Members

Anand Yadapalli ACS
 Bill O'Leary Alaska Railroad Corporation
 Bob Lacher CH2M HILL
 Brian Wenzel ConocoPhillips
 Bruce Bustamante Princess Tours
 Bruce Lamoureux Providence Alaska Medical Center
 Chris Brown AT&T
 Chris Stephens Bond Stephens & Johnson, Inc.
 Claire Fitzpatrick BP Exploration Alaska, Inc.
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 Dale Pittman Exxon Mobil Corporation
 David Hamilton Alaska USA Federal Credit Union
 Dennis Mitchell Lynden International
 Ed Herndon Chugach Alaska Corporation
 Greg Kessler Totem Ocean Trailer Express
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 Joseph Everhart Wells Fargo Bank N.A.
 Lon Wilson The Wilson Agency, LLC
 Mark Liland Northern Air Cargo
 Maria Wellington Continental Airlines
 Michael Prozeralik kpb architects
 Mike Devlin Evergreen Films, Inc.
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 Peter Grunwaldt Premier Alaska Tours
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 Sophie Minich CRI
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 Stewart Osgood DOWL HKM
 Suzanne Cherot Birch, Horton, Bittner & Cherot
 Tim Vig USKH, Inc.

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 Rep. Harry Crawford Alaska State Legislature
 Sen. Johnny Ellis Alaska State Legislature
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 Assemb. Bill Starr Municipality of Anchorage
 Assemb. Dan Coffey Municipality of Anchorage

Ex-Officio Members –

Appointed by the Board

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 Carol Comeau Anchorage School District
 Chris Anderson AIDEA
 Christine Klein Acting Airport Director, State of Alaska
 Elisha Baker University of Alaska Anchorage
 George Vakalis AWWU
 Julie Saupe Anchorage Convention & Visitors Bureau
 Larry Cash RIM Architects
 Mary K. Hughes Past Chairman of the AEDC Board
 Tennyson Owens Artique, Ltd.
 Tony Izzo Anchorage Chamber of Commerce

March 10, 2009

The Honorable Governor Sean Parnell
 State of Alaska
 State Capitol
 P.O. Box 110001
 Juneau, AK 99811-0001

Re: SB302 and HB412 Alaska Micro Loan Program

Dear Governor Parnell:

I write to you today to offer the strong support of the Anchorage Economic Development Corporation for passage of legislation enacting the Alaska Micro Loan Program. The passage of this legislation, important to small businesses across Alaska, will provide a key source of needed capital that is vital to health and growth of our economy.

In reviewing the specifics of the legislation, it is apparent that this modest investment by the state of Alaska could yield significant benefits for communities in every region of the state. The sizes of the loans offered are quite modest, as are the corresponding fees and interest rates charged. The infusion of capital this program offers will help both existing businesses and start-up businesses to bridge short-term funding gaps, purchase new equipment, expand services and employ more Alaska citizens.

Thank you for introducing this important legislation. AEDC supports the passage of this legislation as an important step to grow and diversify the economy of Alaska.

Sincerely,



Bill Popp
 President & CEO

March 2, 2010

Dear Governor Parnell,

We appreciate your continued interest in developing jobs and opportunity in Alaska. The recent legislation submitted by your office, Senate Bill 302 and House Bill 412, creating an Alaska microloan revolving fund is a good example of your continued efforts.

Here at the Fairbanks Economic Development Corporation we recognize the need for this legislation and offer our support as you move this legislation forward.

Thank you,

A handwritten signature in blue ink, appearing to read "Jim Dodson".

Jim Dodson
President & CEO
Fairbanks Economic Development Corporation



Southwest Alaska Municipal Conference

3300 Arctic Boulevard, Suite 203 Anchorage, AK 99503 p: 907.562.7380 f: 907.562.0438 www.swamc.org

Alaska Peninsula
Aleutian Chain
Bristol Bay
Kodiak Island
Pribilof Islands

March 11, 2010

Governor Sean Parnell
State of Alaska
PO Box 110001
Juneau, AK 99811

Re: Support for SB 302 and HB 412

Dear Governor Parnell,

Thank you for submitting SB 302 and HB 412, two bills aimed at creating a microloan revolving fund for the State of Alaska. By introducing this legislation, you have proven your awareness that access to startup and working capital is a key component of starting new enterprises and creating jobs in Alaska.

In Southwest Alaska, a revolving loan fund could help boat owners or smaller fish processors with equipment purchases. It could assist bed and breakfast owners with upgrades to their homes and business. Or it could provide much-needed construction capital to mechanics, day care providers, and a host of other small business startups and entrepreneurs.

Alaska is one of four states in the nation that do not have a microloan program and these bills would resolve that and fill an unmet need that would help small businesses, which is why SWAMC supports them.

Again, thank you for introducing these bills. I hope they can help add to Alaska's efforts to support our small businesses and entrepreneurs.

Sincerely,
SOUTHWEST ALASKA MUNICIPAL CONFERENCE

A handwritten signature in blue ink, appearing to read "Andy Van", followed by a horizontal line.

Executive Director



State Office

430 West 7th Avenue, Suite 110
Anchorage, AK 99501
TEL 907.274.7232
FAX 907.274.0565
www.aksbdc.org

March 4, 2010

Office of Governor Sean Parnell
Susan K. Bell
Special Staff Assistant
P.O. Box 110001
Juneau, AK 99811-0001

RE: SB302 & HB412

Dear Susan,

The Alaska Small Business Development Center (SBDC), with its 7 statewide locations, supports the governor's introduction of bills SB302 and HB412. As an organization that was initiated, nationwide, in the 80's by the U.S. Small Business Administration, we have helped Alaska businesses locate loan opportunities for almost 25 years.

Micro-lending is an opportunity for many small businesses who typically do not find the lending options with banks due to the small amount of their loan request. Many lending institutions prefer loan applications with values of \$100,000 or more. The micro-lending bill that the governor has introduced will assist many small businesses move their operations to the next level.

In 2009, the Alaska SBDC assisted over 4,000 clients, by providing free and confidential one on one business counseling and low cost workshops. In addition to these services, we also have formal agreements in place to serve as Technical Assistance (TA) providers to many SBA loan recipients. This process requires loan recipients to have specific counseling and training based on their individual needs as a condition of the loan. These needs can run the gamut from business planning/development, marketing, to financial management, as well as many training opportunities.

The approval of the micro-lending bills will significantly impact and support many small businesses throughout Alaska, including the clients we assist in rural villages and communities through our Rural Outreach Program for Entrepreneurs (ROPE). We offer our support and look forward to many future business successes as a result of this initiative.

Sincerely,

Debi Fowler
Associate State Director
Alaska Small Business Development Center

STATEWIDE CENTERS: Anchorage, Fairbanks, Juneau, Kenai Peninsula, Mat-Su Valley

FAMILY PROGRAMS: PTAC - Procurement Technical Assistance Centers of Alaska, APEX - Alaska Performance Excellence, TREND - Technology Research and Development Center of Alaska, ROPE - Rural Outreach Program for Entrepreneurs, and our Buy Alaska Program



March 2, 2010

Office of the Governor
PO Box 110001
Juneau, AK 99811-0001

Dear Governor Parnell,

Thank you for introducing HB 412 & SB 302 – Microloan Revolving Fund. Please let me elaborate on what this would mean for me and my business.

I have an unusual situation that can be only be categorized as very “Alaskan”. I am a small summer seasonal business. I buy strictly Alaskan king crab, Dungeness Crab & Opilio crab and try to support local vendors. I am going into my 5th year of business. I have approximately 10 employees over the course of the summer. I have finally achieved a decent net profit as of last year.

However, every year, I scramble with the banks to be able to purchase enough crab at reasonable rates, to get through my season. As with most fisheries, the Crab fishery is a cash business.

Here in lies the problem:

- I have to purchase my crab in October (during crab season) which is at the end of my season.
 - This causes hardship as I am trying to pay down my loans at the end of the season, pay sales & Federal taxes and save enough money to get through the winter.
 - I am having to pay interest and storage on crab for 6 months before I reopen
- My sales have increased each year by 60-78%. That is pretty exceptional for a down economy. However, that means my inventory needs to increase.
 - Because I can't get enough money up front to buy crab, the price of crab goes up. This can mean a difference of \$7,000 - \$15,000 in would be profits that just disappear.
 - This money could be used to buy down my loans with the bank & buy inventory.
 - This doesn't give the required equity position in my business because I'm on a “treadmill”.
- Banks hesitate to loan on a perishable inventory. The most I have been able to get is 60% LTV ratio, (I have to provide 40%) on enough crab that only lasts me 6 weeks.
 - This makes coming up with 40% difficult because the above problems.
 - Banks want more collateral, but because I am currently banking with **FIVE** institutions, they all have 1st or 2nd position on everything I have. None of them are willing to take crab as full

collateral even though the price goes up, there is a market for it and it is the only thing I need money for.

- If I get an unsecured loan, the interest rates are so high that once again, it negates the margin of profit.
- SBA & JEDC loans only tend to support start-up businesses. I have not been successful in applying for a line of credit for inventory, especially in the amount that I need and on a perishable product. (Approx \$200,000). I have found that:
 - There is money for start ups. (Most of which fail)
 - Money for “bush” or rural areas or disadvantaged sector
 - Money for larger businesses that need \$1m or more
 - Absolutely no help for businesses that only need money for inventory in the (\$100-\$500k range)

Even though I have proven over and over that I pay back my lines of credit or working capital loans, (to the tune of \$150,000 each year) I scramble to get enough money to keep up with the increase in business.

While I also struggle with typical “Alaskan” hurdles such as the high cost of shipping, high costs of rent, and lack of cold storage, I have continued to be a staunch supporter of Alaska and Alaska products. I have chosen to take a smaller profit margin to keep my business in Alaska, but this is proving harder each year.

Granted I am a seasonal business that depends on the cruise ship sector, but I NEVER thought that being successful would present the obstacles it has. Businesses such as mine are in desperate need of way to get capital at a low cost for “unusual” situations to continue to stay in state and in business.

While I would like to see the dollar amount of the bill be higher, I support and applaud the idea of offering a low cost way for businesses to grow.

Thank you for your efforts.

Sincerely,



Tracy LaBarge, Owner
PO Box 21082
Juneau, AK 99802
907.723.2004

To whom it may concern;

My name is Ted Ragains and I am young entrepreneur in Anchorage. The reason I am writing this letter is to inform all who will listen of the plight of small business owners across Alaska. As everyone knows we are in a recession, which has impacts for all businesses. I believe that small businesses have especially been impacted because of the limited credit available for business operation and expansion.

As a small business owner, I depend on credit to place orders for inventory, expansion, advertising and payroll during slow times. Availability of this credit has allowed many businesses to weather economic slow downs in the past and even to emerge stronger when the economy recovers. This recession is different; all forms of available credit have dried up, especially those for small businesses.

Let me give you some details about my situation. I started my first business as a senior project while working toward my Bachelors Degree in Marketing and Finance. My first business, Solara Skin and Laser Center, does all sorts of cosmetic procedures. Our services include laser treatments, Botox, Juvederm, and medical grade facials. Our lasers can get rid of unwanted hair, tattoos, sunspots, spider veins, rosacea and can also give you a mini face lift. Solara has been a great success for the last five years because we identified a niche in the marketplace and successfully capitalized on it.

Just twelve months ago my sister and I started Off the Rack, a men's clothing store that specializes in high-end clothing at a fraction of the price of department stores. In addition to selling new men's clothing we also will take gently used clothes on consignment. We are the only store in Alaska that is oriented exclusively to men's fashion clothing. The response to our store has been amazing and I am looking forward to growing as the buzz spreads.

Our two companies and our personal credit is excellent with the exception of having too much individual revolving credit which has been necessary for business operation. Our credit cards started cutting our credit limits to the exact amount that we had on the card. This was not only happening to cards that carried a balance from month to month but also cards that we paid in full every month. Cards that we had faithfully paid in full cut our available limits from \$25,000 to \$500. In one month we lost nearly \$60,000 in available credit. In addition, the banks cut our working lines of credit to virtually nothing and the credit cards raised their rates by approximately 15% across the board on cards with or without a balance.

This has put small businesses like mine in a difficult position with many owners laying off employees or closing their doors altogether. We have gone to banks and have been told that we have great credit scores but our credit cards and lines of credit are all maxed. We have explained that the credit card companies and banks have lowered the limits to the exact amount that we have on the card but it doesn't seem to change anything. With available credit being cut by half to three quarters of what we originally had. Interest rates are being changed without warning and banks are unwilling to extend credit to small businesses. We are left with no viable options for operating let alone expanding our businesses.

Small businesses are the backbone of the American economy providing nearly 60 percent of employment opportunities in the Country. I have spoken with many small businesses owners in Anchorage and with trade groups including the chamber of commerce and

have found that I am not alone in this difficulty. One colleague, who represents 450 small businesses in the municipality, said that she talks to business owners every day who say they are either going to have to do major layoffs, sell or go bankrupt because they can't order enough inventory to keep their doors open.

Alaska has weathered this financial crisis fairly well compared to the lower 48 but I fear that it may change if something is not done to free up a credit source for business owners. As small businesses we are people who have put everything on the line to succeed including our homes, retirement plans and land. It doesn't seem right that we are being punished for the irresponsible lending of the very banks and credit card companies who are now denying the responsible and credit worthy individuals and businesses access to the credit they need to stay afloat.

With oil being at higher than average rates Alaska is in a position that most of the other states are not. Alaska and Governor Parnell have a unique opportunity to help small business owners get access to a line of credit at a reasonable interest rate. This would keep the unemployment numbers down and keep very viable businesses afloat through the storm. The state can actually help small businesses while at the same time earning a respectful interest rate on the money lent.

I am asking the powers that be to act with urgency. Establish a fund for small businesses so that we can lock in interest rates for 3-4 years that would beat bank loans and credit cards (10%-12%). This would allow us to order the inventory that we need to operate, minimize layoffs, finish expansion efforts, and have a stable interest rate for business forecasting. In addition, the state would be making an interest rate that is enviable to most other options and certainly involves less risk than some of the other options. I can assure you that small business owners are tenacious and will fight to keep their businesses afloat. We just need to be given weapons to fight with.

Sincerely,

Ted Ragains



From: Made In Mat-Su Association
March 18, 2010
1100 E. Dan Street
Wasilla, Alaska 99654

To: The Honorable members of the 2010 Alaska State Legislature

The Made In Mat-Su Association lends the full support of its members and affiliates to SB302/HB 412. The Association supports the proposed Small Business Micro Loan program as the most important small business legislation in many years.

This bill when passed will create opportunities for Alaskan small businesses of all kinds to acquire needed funding for capital improvements, raw materials, inventory, marketing and a variety of other needs. This potential funding will allow small businesses to become more competitive, more financially viable and thus allow for a greater share of the Alaska Market.

We ask for your consideration and support of this extremely important bill.

Thank You
Mike A. Borgford
Executive Director
Made In Mat-Su Association