

Department of Commerce, Community, and Economic Development
Investments Revolving Loan Fund Analysis

Alternative Energy Revolving Loan Fund (AERLF) Fund-1071

Program Summary: The AERLF was passed by the Legislature in 2010 under AS 45.88.010-090 and regulations for the fund were effective September 2012. This legislation established the public policy goal of making financing available to small businesses that may not be able to get financing elsewhere for the construction and installation of alternative energy systems or energy conservation improvements in commercial buildings. There are currently no loans in this portfolio.

There are currently no outstanding loans, with \$2.7 million available to lend. The Governor's FY2019 amended budget reappropriates this fund balance to the general fund.

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Loans Outstanding	\$0	\$0	\$0	\$0	\$0
Cash with Treasury	\$2,744,687	\$2,744,687	\$2,744,687	\$2,744,687	\$2,744,687
Projected Principal Repayment	\$0	\$0	\$0	\$0	\$0
Projected Interest & Fees Repayment	\$0	\$0	\$0	\$0	\$0
Projected Loan Demand	\$0	\$0	\$0	\$0	\$0
Operating Appropriation	\$0	\$0	\$0	\$0	\$0
Foreclosure Reserve	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Net Cash Available to Lend	\$2,644,687	\$2,644,687	\$2,644,687	\$2,644,687	\$2,644,687
Total Assets	\$2,744,687	\$2,744,687	\$2,744,687	\$2,744,687	\$2,744,687
Liquidity Ratio	0%	0%	0%	0%	0%

Cash with Treasury: The cash with treasury represented in FY2018 is the amount of cash at the end of FY2017. Cash Available to Lend plus Foreclosure Reserve constitutes Cash with Treasury the following year.

Repayments: None projected. Repayments are separated into the Principal and Interest and Fees components of loan repayments.

Foreclosure Reserve: The AERLF reserve rate is a static \$100,000. This reserve adjustment is currently based on the age of the fund and the high amount of liquidity. However, this reserve will be adjusted if the fund is amended by the proposed legislation, or as more loans are granted.

Total Assets: Loans Outstanding plus Cash with Treasury.

Liquidity Ratio: The ratio is the percentage of cash to outstanding loans, and is a measure of how loaned out the fund is. Once a fund reaches 80% loaned out, DED monitors incoming loan demand to ensure the fund is not over extended and remains solvent.

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Mining Revolving Loan Fund - 1067

Program Summary: The mining revolving loan fund was created in 1980 to make loans to underwrite advanced mineral exploration, development, or mining in Alaska. The fund is currently inactive.

There are currently no active loans from this fund, but the division does hold one remaining foreclosed property. The remaining \$200,000 in the account is the foreclosure reserve related to that property. The division annually receives approximately \$1,800 in lease payments for the remaining foreclosed property. The Governor's FY2019 amended budget reappropriates this fund balance to the general fund.

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Loans Outstanding	\$370,000	\$370,000	\$370,000	\$370,000	\$370,000
Cash with Treasury	\$201,800	\$203,600	\$205,400	\$207,200	\$209,000
Projected Principal Repayment	\$0	\$0	\$0	\$0	\$0
Projected Interest & Fees Repayment	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800
Projected Loan Demand	\$0	\$0	\$0	\$0	\$0
Operating Appropriation	\$0	\$0	\$0	\$0	\$0
Foreclosure Reserve	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Net Cash Available to Lend	\$3,600	\$5,400	\$7,200	\$9,000	\$10,800
Total Assets	\$571,800	\$573,600	\$575,400	\$577,200	\$579,000
Liquidity Ratio	65%	65%	64%	64%	64%

Cash with Treasury: The cash with treasury represented in FY2018 is the amount of cash at the end of FY2017. Cash Available to Lend plus Foreclosure Reserve constitutes Cash with Treasury the following year.

Repayments: Repayments are separated into the Principal and Interest and Fees components of loan repayments.

Foreclosure Reserve: This reserve adjustment is for environmental risk and costs associated with collection efforts.

Total Assets: Loans Outstanding plus Cash with Treasury.

Liquidity Ratio: The ratio is the percentage of cash to outstanding loans, and is a measure of how loaned out the fund is. Once a fund reaches 80% loaned out, DED monitors incoming loan demand to ensure the fund is not over extended and remains solvent.