



ALASKA'S DEVELOPMENT FINANCE AUTHORITY

Senate Finance Committee
March 2019

1501

PERMANENT JOBS

738

CONSTRUCTION
JOBS

FY2018
HIGHLIGHTS

\$1.33 BILLION
NET POSITION

\$161.98

MILLION

CONDUIT
BONDS ISSUED

\$12.88 million

DIVIDEND PAID

\$88.5

MILLION

TOTAL

GROSS

LOAN PARTICIPATIONS

FUNDED

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 rating)

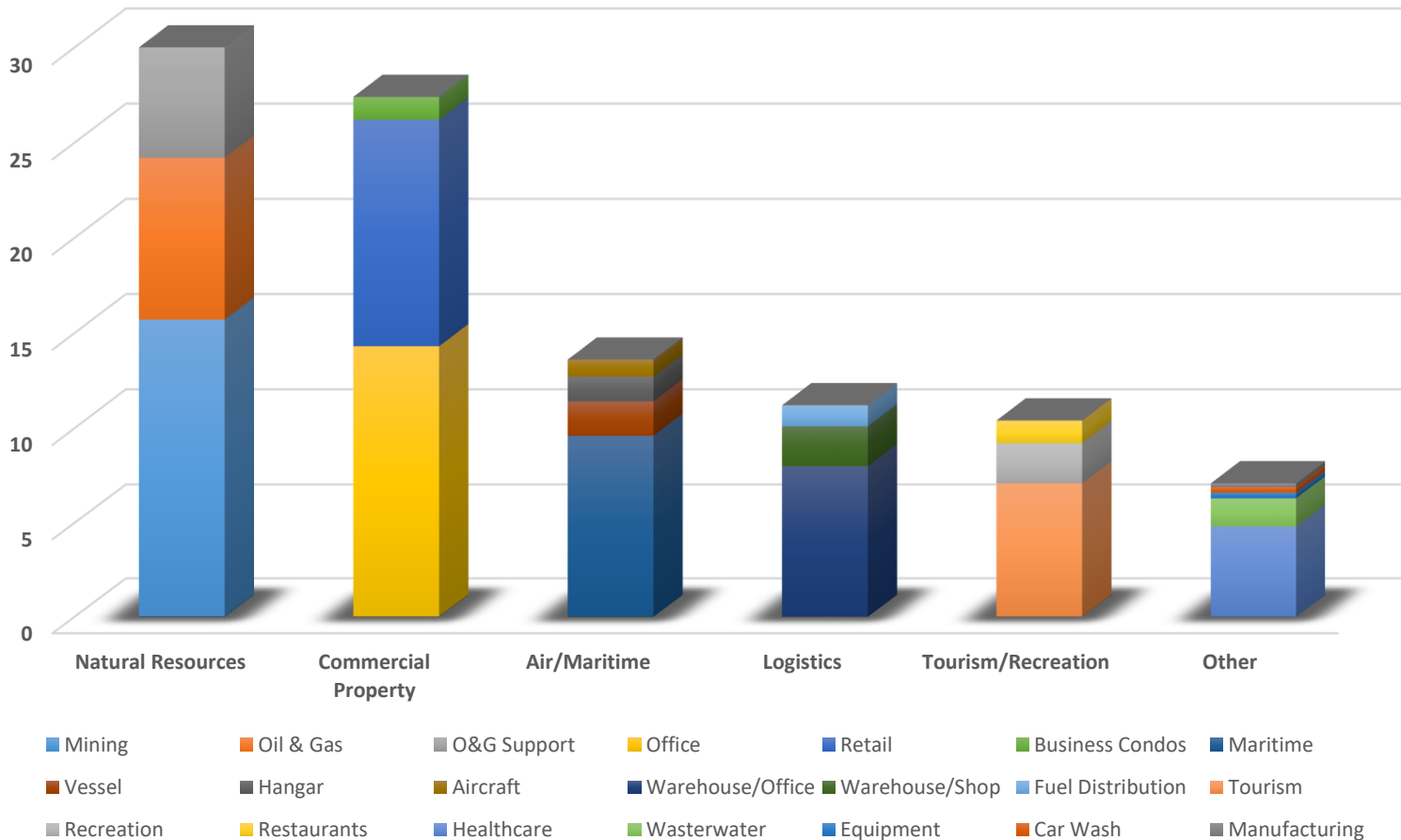
Guiding Principles



- AIDEA's primary goal is to encourage economic growth and diversification, with a focus on encouraging economic activity that is additive to the economy.
- AIDEA is here to make good projects better, not bad projects good.
- AIDEA brings process and pragmatism to development finance opportunities.
- AIDEA does NOT provide grants or incentives.
- AIDEA does not undertake the Field of Dreams notion of “build it and they will come.”

Industry Diversity of Combined Capacity Projects and Loans (%)

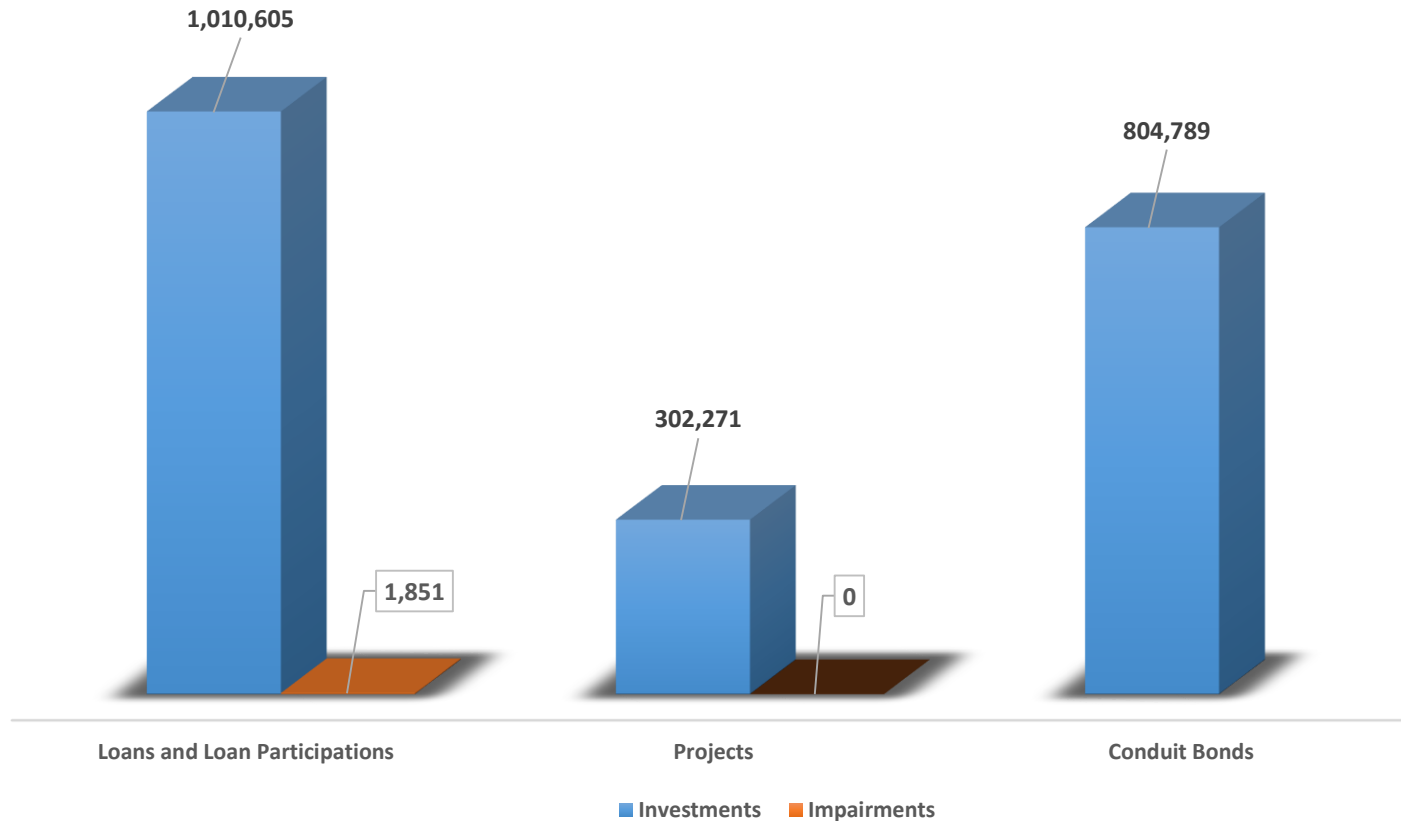
As of June 30, 2018



Responsible Stewards of Public Funds



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



What Does AIDEA Do?

Secures and deploys capital for economic growth and job opportunities across all commercial, industrial and infrastructure sectors



Debt

- Loan Participations
- Energy Loans
- Project Finance Loans
- Conduit Revenue Bonds



Equity

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



Enhancements

- Loan Guarantees
- Bond Guarantees

AIDEA injects money into the economy utilizing a number of financial tools

- **Commercial Finance**

- AIDEA partners with the state's lending institutions to provide long-term, fixed-rate financing in support of the commercial real estate sector
- Since 1992 AIDEA has loaned \$1.08 billion
- Created and Retained 8,800 construction jobs and 9,260 permanent jobs

- **Conduit Revenue Bonds**

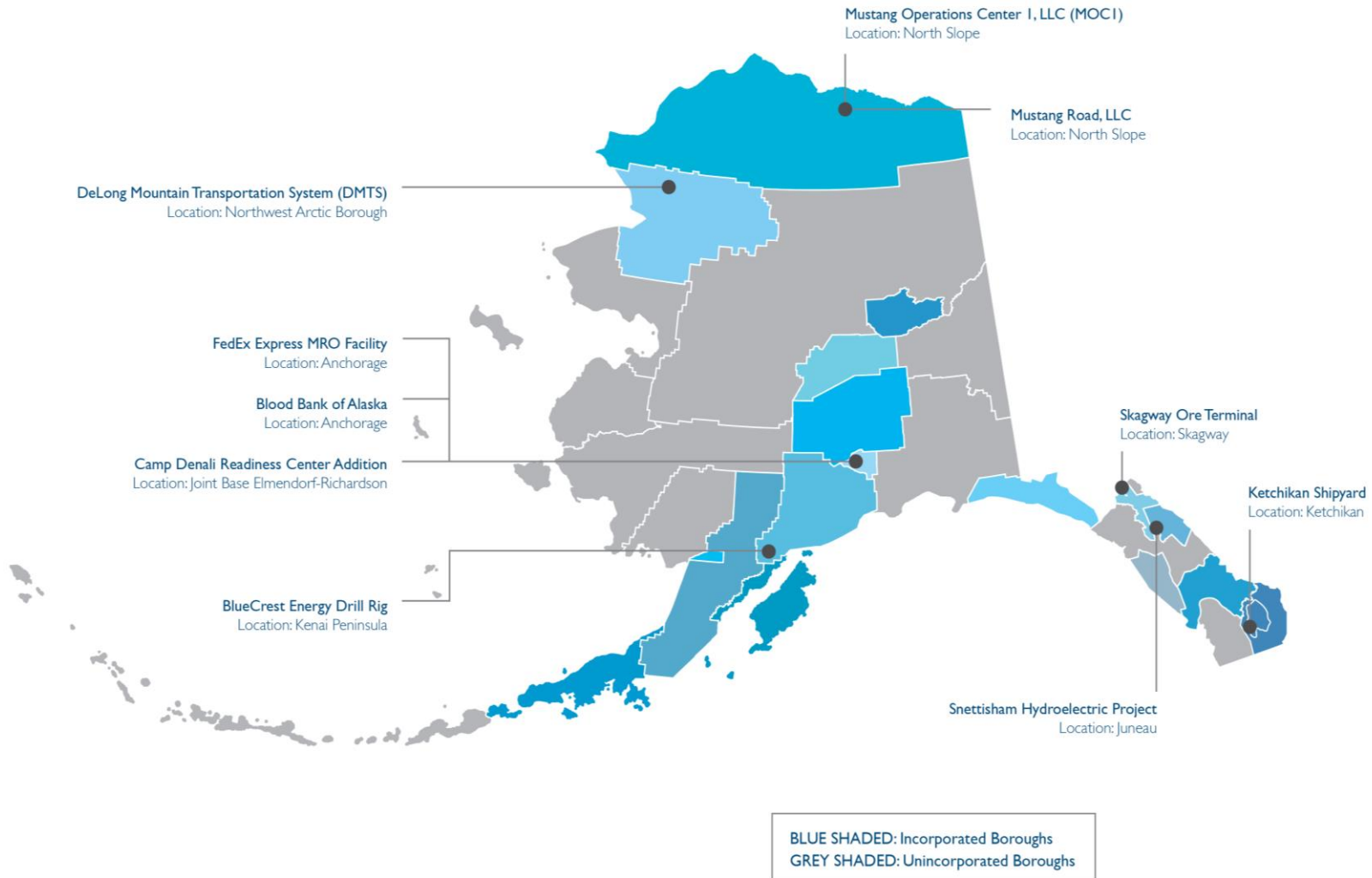
- Issued 319 bonds for a total of \$1.54 billion
- Provides access to external capital markets for non-profits and businesses

- **Project Finance & Infrastructure Development (Sec. 172)**

- AIDEA works with industrial and commercial partners to build out much needed infrastructure that supports economic development

- **Energy and Arctic Infrastructure Development**

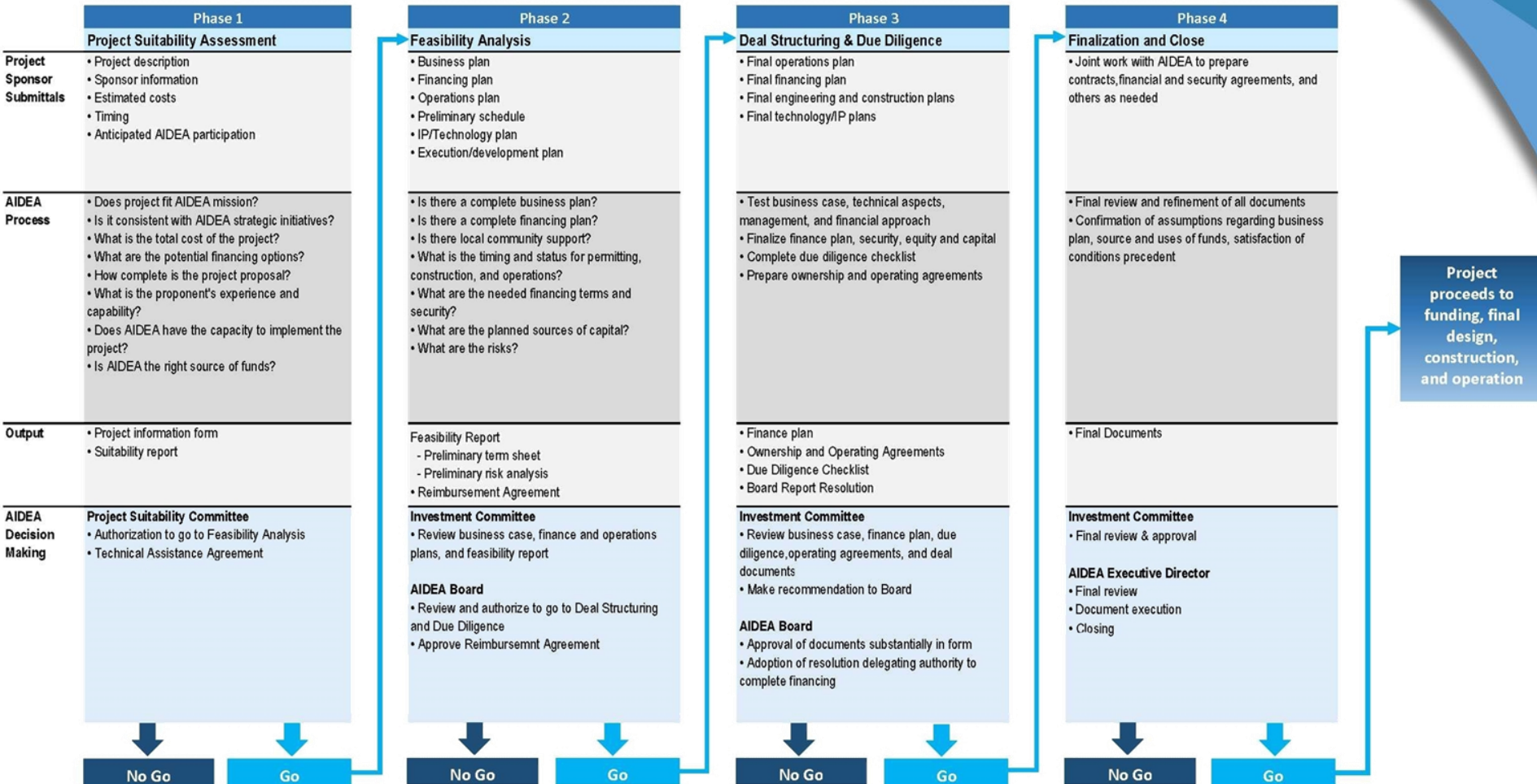
AIDEA Sec. 172 Projects



Process and Pragmatism



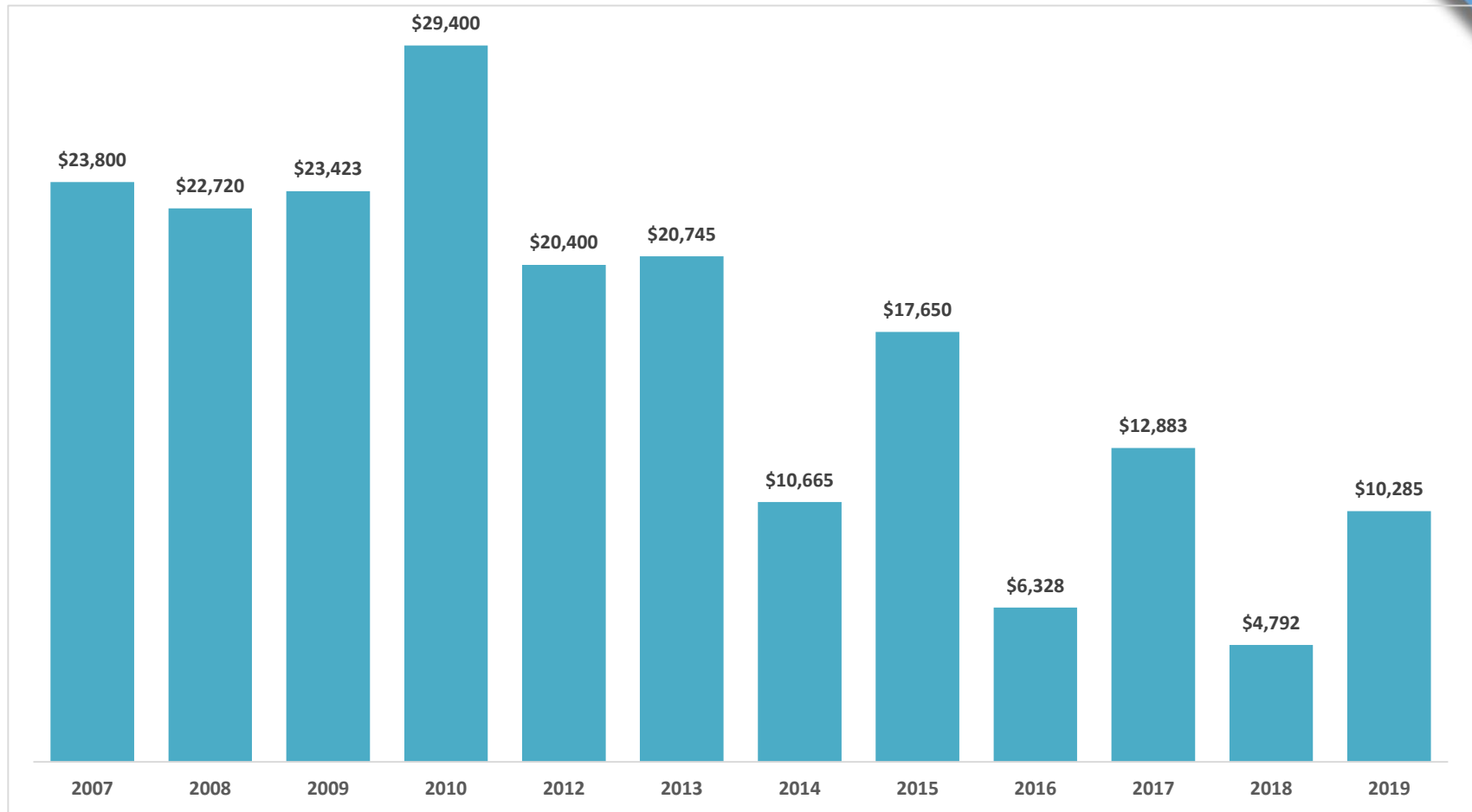
AIDEA Project Analysis and Decision-Making Process



AIDEA Dividend



Total Dividend Declared - **\$407 million** since 1997



FY2018 and FY2019 dividends calculated from Revolving and SETS Funds

FY2020 Operating Budget



Expenditures	FY2019 Mgmt Plan	FY2020 Gov	Change
Personal Services	11,982.6	11,982.6	0.0
Travel	150.0	111.5	-38.5
Services	3,390.5	3,390.5	0.0
Commodities	68.9	68.9	0.0
Capital Outlay	35.5	35.5	0.0
Total	15,627.5	15,589.0	-38.5

Revenues	FY2019 Mgmt Plan	FY2020 Gov	Change
1007 I/A Receipts (Other)	6,513.7	6,494.6	-19.1
1061 CIP Receipts (Other)	436.5	433.8	-2.7
1102 AIDEA Receipts (Other)	8,677.3	8,660.6	-16.7
Total	15,627.5	15,589.0	-38.2

Positions	82	82	0
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AIDEA FY19 Highlights



Commercial Loans Funded:

– **\$37,292,000**

Commercial Loan Commitments & Pending Applications (1/31/19):

– **\$45,509,000**

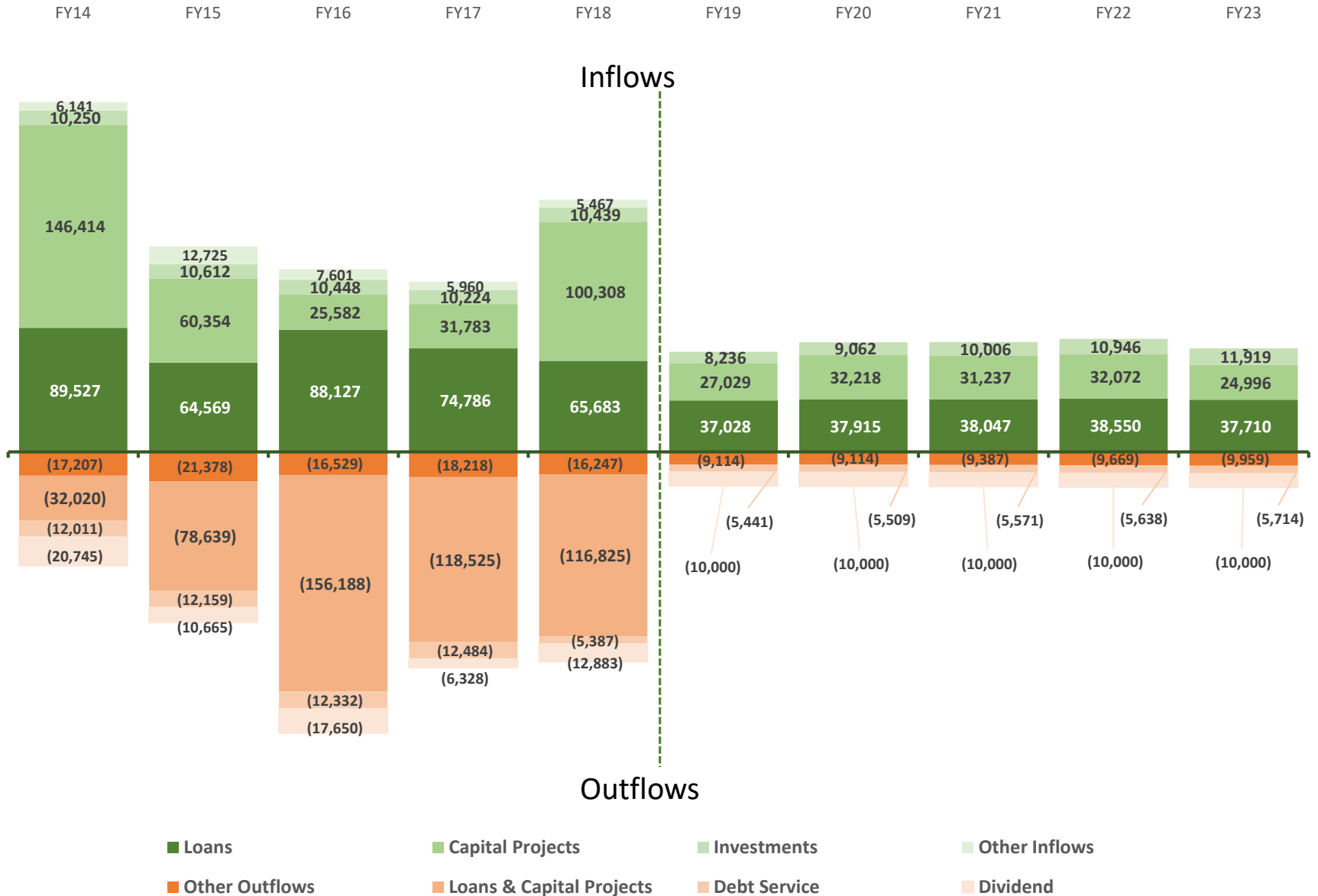
Commercial Loan Cash Inflows (P&I, net of fees):

– **\$20,561,000**

Project Finance Fundings (projected):

– **\$30,000,000**

Revolving Fund Cash Flows – 5 Years Back & 5 Years Forward (\$ in thousands)



Notes – Revolving Fund Cash Flows



- (1) Inflows from loans are net of all fees and expenses. Projections include all loans outstanding as of June 30, 2018.
- (2) Project inflows from existing Authority development projects and those under agreement, including two projects accounted for as loans.
- (3) Historical capital projects cash flows include federal and state funding. Projected cash flows do not include federal and state funding.
- (4) Other projected outflows include operating costs per the enacted FY2019 budget, and the proposed FY2020 budget with a 3% increase thereafter.
- (5) Debt service outflows represents requirement for bonds outstanding at June 30, 2018.
- (6) Assumes \$10 million annual dividend is within statutory requirements and is used for projection purposes only.
- (7) Cash flows exclude Snettisham activity and cash flows from Pentex Alaska Natural Gas Company, LLC.
- (8) Projected cash flows do not include impact of AEA personnel services provided by AIDEA.



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