

Investing in Alaskans

Presentation to Joint Senate and House State Affairs Committees

April 1, 2025

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IN WHAT CIRCUMSTANCES WAS AIDEA CREATED?

In 1959, Alaska attained statehood, granting it the right to select 103.5 million acres and ownership of subsurface mineral rights.

The goal was for the newly established state to oversee development decisions on its land, manage its natural resources, and generate revenue, enabling Alaska to sustain itself and provide well-paying jobs for its residents.

In early statehood, Alaska was facing many economic challenges:

- Limited capital available
- Very few banks operating in Alaska
- State land selections were yet to be conveyed
- Unemployment was high at 20%

IN WHAT CIRCUMSTANCES WAS AIDEA CREATED?

AIDEA, and the precursor to AIDEA, have been investing in Alaskans since 1961 to strengthen employment opportunities and economic development.

Be it enacted by the Legislature of the State of Alaska:

Article I

Organization of Development Corporation

Section 1. **Purpose.** The purpose of this Act is to create an instrumentality of the state to develop, stimulate, and advance the business prosperity and economic welfare of Alaska and its citizens. This shall be accomplished by providing critically needed investment capital for development loans to encourage and assist the wholesome development of new business and industry in Alaska and to rehabilitate and expand existing business and industry. By providing development loans to all types of business activity, whether of an industrial, agricultural, or recreational nature, the economic stability of the state will be strengthened, the employment opportunities of its citizens enlarged, and their standard of living and general welfare enhanced.

Senate Bill 153 – Precursor to AIDEA

- The Legislature acknowledged that investment capital was “critically needed” to enable jobs and enhance general welfare.
- Approved April 24, 1961



IN WHAT CIRCUMSTANCES WAS AIDEA CREATED?

**Be it enacted by the Legislature
of the State of Alaska:**

Sec. 44.61.140

(a) The real and personal property of the authority and its assets, income, and receipts are declared to be property of a political subdivision of the state and together with any project financed under this chapter and a leasehold interest created in a project occupant or other person under this chapter, devoted to an essential public and governmental function and purpose, ...

House Bill 14 – Creation of AIDEA

- **(4) The establishment of industrial and manufacturing plants in Alaska is essential to the development of the natural resources and the long-term economic growth of the state, and will directly and indirectly alleviate unemployment in the state,**
- **Approved April 4, 1967**



AIDEA's Mission and Purpose

To promote, develop, and advance economic growth and diversification in Alaska by providing various means of financing and investment.

AS 44.88.010. Legislative Finding and Policy.

(a) The legislature finds, determines, and declares that

(1) there exist areas of the state in which seasonal and nonseasonal unemployment exist;

(2) ***this unemployment is a serious menace to the health, safety, and general welfare, not only to the people in those areas, but also to the people of the entire state;***

(3) the state lacks the basic manufacturing, industrial, export, small business, and business enterprises and the other facilities referred to in this subsection necessary to permit adequate development of its natural resources and the balanced growth of its economy;

(4) the establishment and expansion of industrial, manufacturing, export, small business, and business enterprises in Alaska and the other facilities referred to in this subsection ***are essential to the development of the natural resources and the long-term economic growth of the state, and will directly and indirectly alleviate unemployment in the state;***

(11) it is in the state's interest to import private capital to create new economic activity which would not otherwise take place in the state.

(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, 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.

State Constitutional Authorities

Foundational to AIDEA

Article VII – Health, Education, and Welfare

Section 1. Public Education. The legislature shall by general law establish and maintain a system of public schools open to all children of the State, and may provide for other public educational institutions.

Section 4. Public Health. The legislature shall provide for the promotion and protection of public health.

Section 5. Public Welfare. The legislature shall provide for public welfare.

Article VIII – Natural Resources

Section 1. Statement of Policy. It is the policy of the State to encourage the settlement of its land and the development of its resources by making them available for maximum use consistent with the public interest.

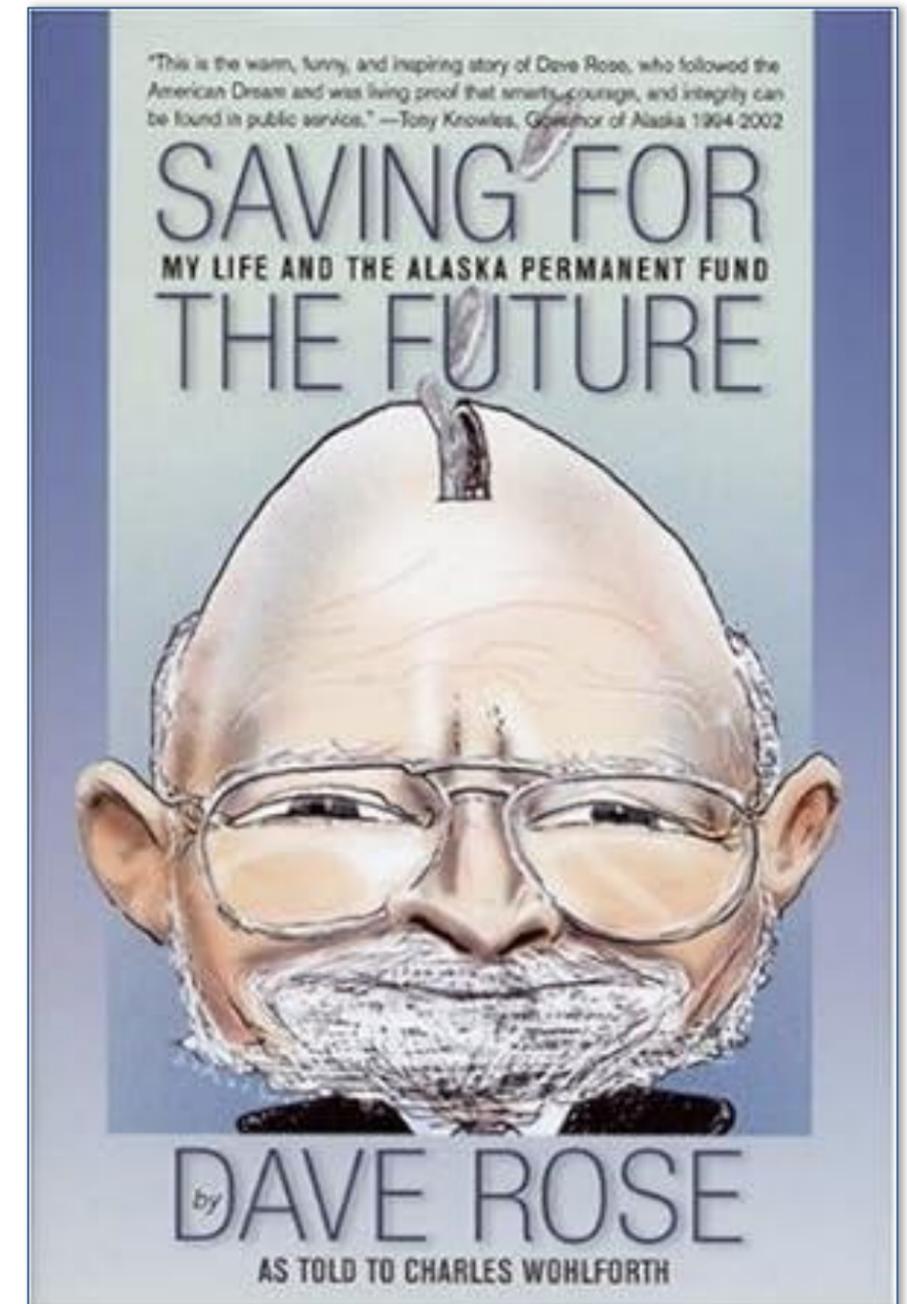
Section 2. General Authority. The legislature shall provide for the utilization, development, and conservation of all natural resources belonging to the State, including land and waters, for the maximum benefit of its people.

Article IX – Finance and Taxation

Section 11. Exceptions. The restrictions on contracting debt do not apply to debt incurred through the issuance of revenue bonds by a public enterprise or public corporation of the State or a political subdivision, when the only security is the revenues of the enterprise or corporation. The restrictions do not apply to indebtedness to be paid from special assessments on the benefited property, nor do they apply to refunding indebtedness of the State or its political subdivisions.

HOW IS AIDEA DIFFERENT FROM THE ALASKA PERMANENT FUND?

- AIDEA's purpose is to "increase job opportunities and...encourage the economic growth of the state..." (AS 44.88.010)
 - The Alaska Permanent Fund "provide[s] a means of conserving a portion of the state's revenue from mineral resources to benefit all generations of Alaskans" (AS 37.13.020)
 - AIDEA protects the Permanent Fund, allowing it to focus on investing the state's resource wealth
 - AIDEA acts as "a shield, absorbing the risk of state lending and deflecting political pressure."
 - Along with other state corporations, like AHFC, "the Permanent Fund probably would not have survived the fate of becoming a development bank itself."
- Dave Rose, first executive director of the Alaska Permanent Fund Corporation



WHAT ARE THE CIRCUMSTANCES AIDEA OPERATES IN NOW?

In the 2020s, the situation has changed for the worse, and more need for support and investment from AIDEA.

Alaska's ability to control its own economic destiny and provide jobs for Alaskans is controlled by federal permit decisions and litigation by environmental groups:

- National Environmental Policy Agency decisions take on average 4.5 years to complete *before* litigation.
- Army Corps 404 decisions for individual permits takes on average 2.5 years *before* litigation.

WHAT ARE THE CIRCUMSTANCES AIDEA OPERATES IN NOW?

Today, Alaska faces intentional economic discrimination against AIDEA and Alaskan families from organized and well-funded environmental non-governmental organizations pursuing a political agenda.

This economic discrimination is not only unfair, it is contrary to science.

- Numerous studies show how Alaska's Arctic ice and snow are being damaged by black soot largely from the burning of coal in China and Southeast Asia – **Not** from Alaska oil and gas production.

WHAT ARE THE CIRCUMSTANCES AIDEA OPERATES IN NOW?

Jobs and access to communities have positive social and health benefits particularly in rural Alaska communities.

- “Suicide prevention researchers working in rural Alaska Native villages offer a number of recommendations for intervention, including enhanced occupational and educational opportunities to alleviate poverty, greater access to mental health treatment services, ...”
- “Inadequate opportunities for socioeconomic advancement were seen as major contributors to suicide, especially among Alaska Native men. ...” (Alaska Native men 400% higher suicide rate than national average).
- “Many Alaska Native communities are off the road system and often lack local providers for counseling or psychiatry services, requiring community members to travel by airplane to a distant location in order to see a physician or counselor. ... These barriers prevent people in crisis from receiving the help they need at the time they most need it.”

Citing: Beliefs about Causal Factors for Suicide in Rural Alaska Native Communities and Recommendations for Prevention, Transcult Psychiatry, 2022 February; 59(1): 78-92. Doi: 10.1177/1363461520963869

WHAT IS THE STATUS OF EMPLOYMENT IN THE UNITED STATES?

The formal measure of “unemployment” is misleading.

It does not measure persons who have given up looking for work.

Using “labor participation” as a measure:

- The labor participation rate is 62.5% in the United States. Meaning nearly 4 in 10 Americans have given up hope of finding a job.
- This rate is just 2.4% better than “the labor participation” during COVID years of 2020 and 2021.

[See, U.S. Bureau of Labor Statistics Charts for Economic Releases](#)

Civilian labor force participation rate, seasonally adjusted

Click and drag within the chart to zoom in on time periods

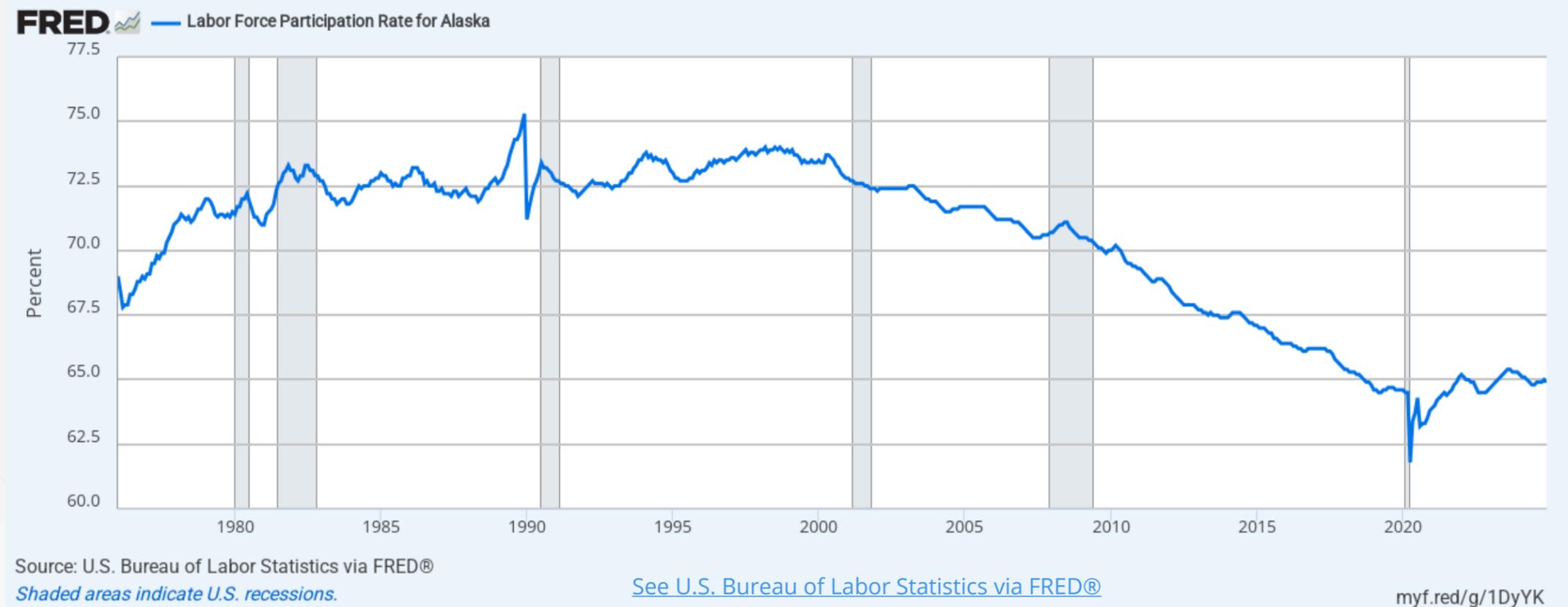


Source: U.S. Bureau of Labor Statistics.

EMPLOYMENT & LABOR FORCE PARTICIPATION IN ALASKA

Labor Participation Rate for Alaska

- Labor participation rate in Alaska is a little better than national average at 65%.
- Job scarcity is one reason labor participation rates are so low in rural areas.



WHY WE DO WHAT WE DO



Watch this informative video: <https://bit.ly/AAPjobsHelp>

“Jobs help.
Jobs help a lot.”

-Fred Sun, Tribal President
Native Village of Shungnak



HAS AIDEA BEEN SUCCESSFUL?

YES!

AIDEA Assets, Projects, Bonds, and Loans

DeLong Mountain Transportation System (DMTS)

Location: Northwest Arctic Borough

Ambler Access Project

Location: North of the Arctic Circle

Bonanza Fuel

\$8.2M loan in Nome

FedEx Express MRO Facility

Location: Anchorage

Blood Bank of Alaska

\$8.5M loan in Anchorage

Camp Denali Readiness Center Addition

Location: Joint Base Elmendorf-Richardson

Yukon Kuskokwim Health Corporation

\$162M bond in Bethel

HEX LLC

\$50M loan in Cook Inlet

BlueCrest Energy Drill Rig

\$32M loan in the Kenai Peninsula

Wild Air, LLC

\$1.4M loan in Port Alsworth

Twin Cities Veterinary Clinic

+ 1 other loan totalling \$1.6M in Soldotna

Land's End Aquisition Corp

+ 9 other loans totalling \$15.8M in Homer

Brooks Camp

1 loan totalling \$20M in Deadhorse

Delta Industrial / Petro-Wash

2 loans totalling \$2.3M in Delta Junction

West Susitna Access Project

Location: Mat-Su Borough

Alyeschem

\$70M loan in North Slope Borough

ANWR Section 1002

Location: North Slope Borough

Chief Andrew Isaac Health Center

+ 21 other bonds/loans totalling \$249.5M in Fairbanks

Interior Energy Project

\$139M loan in Fairbanks

Big Lake Lions Club

\$342k loan in Big Lake

Sun Mountain Development Group

+ 58 other bonds/loans totalling \$101.8M in Wasilla

Maple Springs

+ 10 other loans totalling \$14.7M in Palmer

Providence Health & Services

+ 90 other bonds/loans totalling \$32.6M in Anchorage

Artillery Park

+ 9 other loans totalling \$14.1M in Eagle River

Totem Inn

\$8.2M loan in Valdez

Brena Building + 4 loans

totalling \$6.6M in Skagway

Alaska Brewing Company

+ 18 other bonds/loans totalling \$39.2M in Juneau

Seward Wildlife Cruises

\$7.9M loan in Seward

Icy Strait Point

\$20M loan in Hoonah

Allen Marine, LLC

\$11.9M loan in Sitka

Island Air Services

+ 1 other loan totalling \$7.5M in Kodiak

Salmon Landing Outlet Building, Inc

+ 10 other loans totalling \$15.5M in Ketchikan

Icy Strait Point Cruise Ship Facilities

\$13.7M loan in Hoonah

Snettisham Hydroelectric Project

Location: Juneau

Ketchikan Shipyard

Location: Ketchikan

● **AIDEA Assets and Projects**

● **AIDEA Bonds and Loans Funded** in whole numbers
(including an example of one bond or loan and total funded in community)

\$522,059,965 in Bonds | \$488,107,252 in Loans

AIDEA FISCAL YEAR 2024

FINANCIAL HIGHLIGHTS

\$1.49 B
NET POSITION

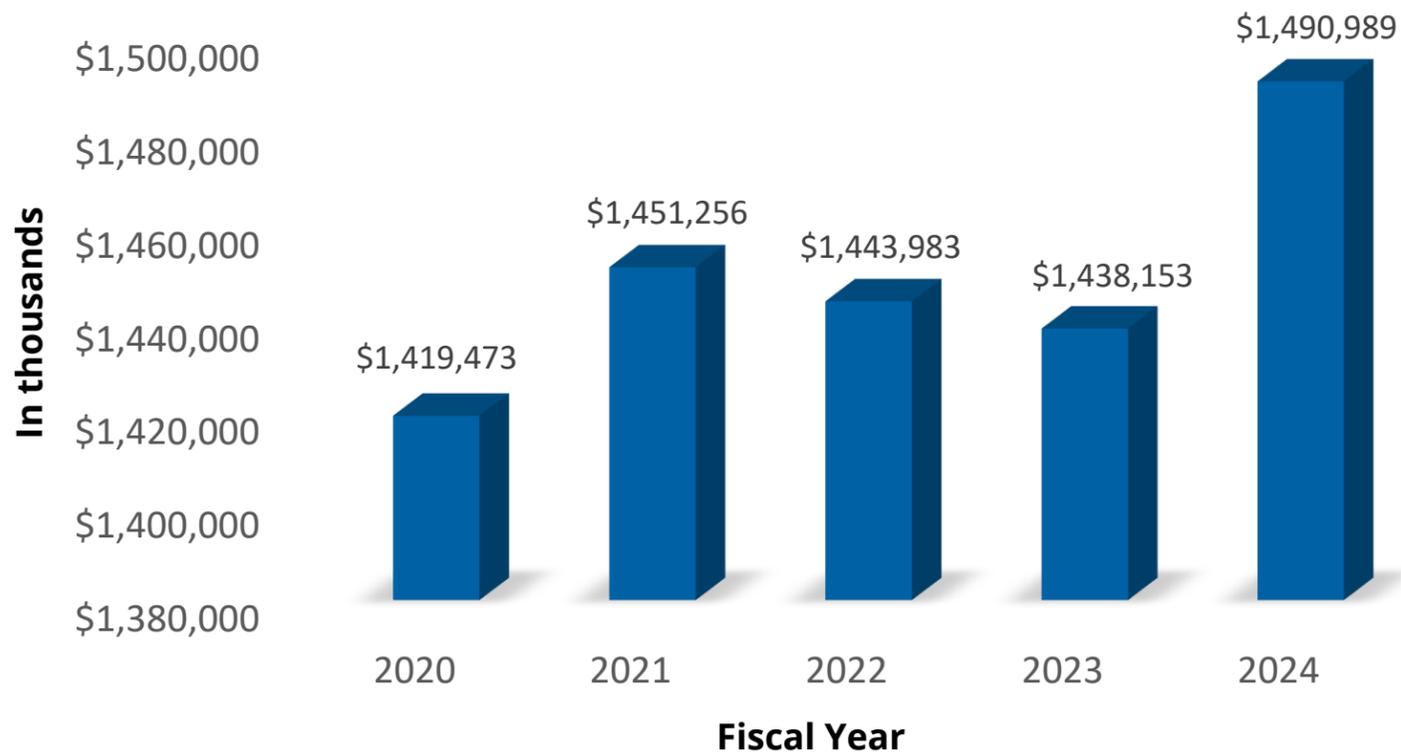
\$52.8 M
INCREASE IN
NET POSITION

\$65 M
HIGHEST
STATUTORY NET
INCOME IN AIDEA
HISTORY

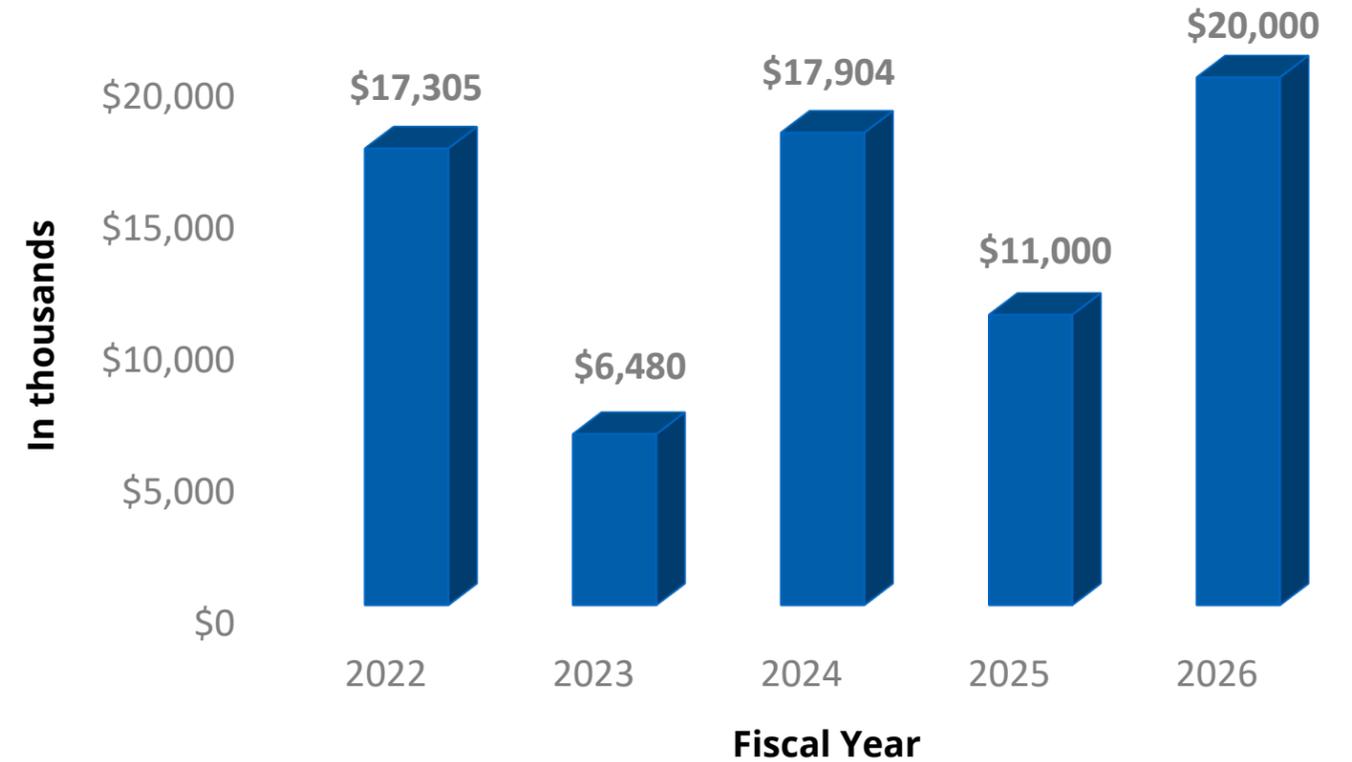
\$495 M
AIDEA DIVIDENDS
APPROVED
CUMMULATIVE
TOTAL

\$20 M
AIDEA DIVIDEND
APPROVED FOR
PAYMENT IN
FY2026

AIDEA NET POSITION



AIDEA DIVIDENDS DECLARED



AIDEA's FINANCIAL TOOLBOX

AIDEA is a catalyst for economic development with a track record for success, utilizing a variety of financial tools such as:



Loan Participation

The Loan Participation program provides long-term fixed and variable rate financing to Alaska's commercial businesses.



Project Finance

AIDEA can finance projects (whole or partial) through its ability to develop & own assets within the State.



Conduit Revenue Bonds

AIDEA is one of the State's Principal issuers of taxable & tax Exempt Conduit Revenue Bonds.



Energy & Resource Development

The Alaska Sustainable Energy Transmission Supply Fund, Arctic Infrastructure Development Fund, & Cook Inlet Reserve-Based Lending Program are programs within AIDEA to meet Alaska's energy resource needs.



Asset Ownership

In addition to traditional financing, AIDEA can directly own assets that generate revenue or enable economic development.



AIDEA Bonds

AIDEA has the authority to issue tax-exempt and taxable bonds.



Strong Investment Relationships & Financial Expertise

AIDEA provides financial expertise and information to assist with projects, job creation, and infrastructure development.

AIDEA METRICS AND CONSIDERATIONS FOR PROJECT-UNDERTAKING

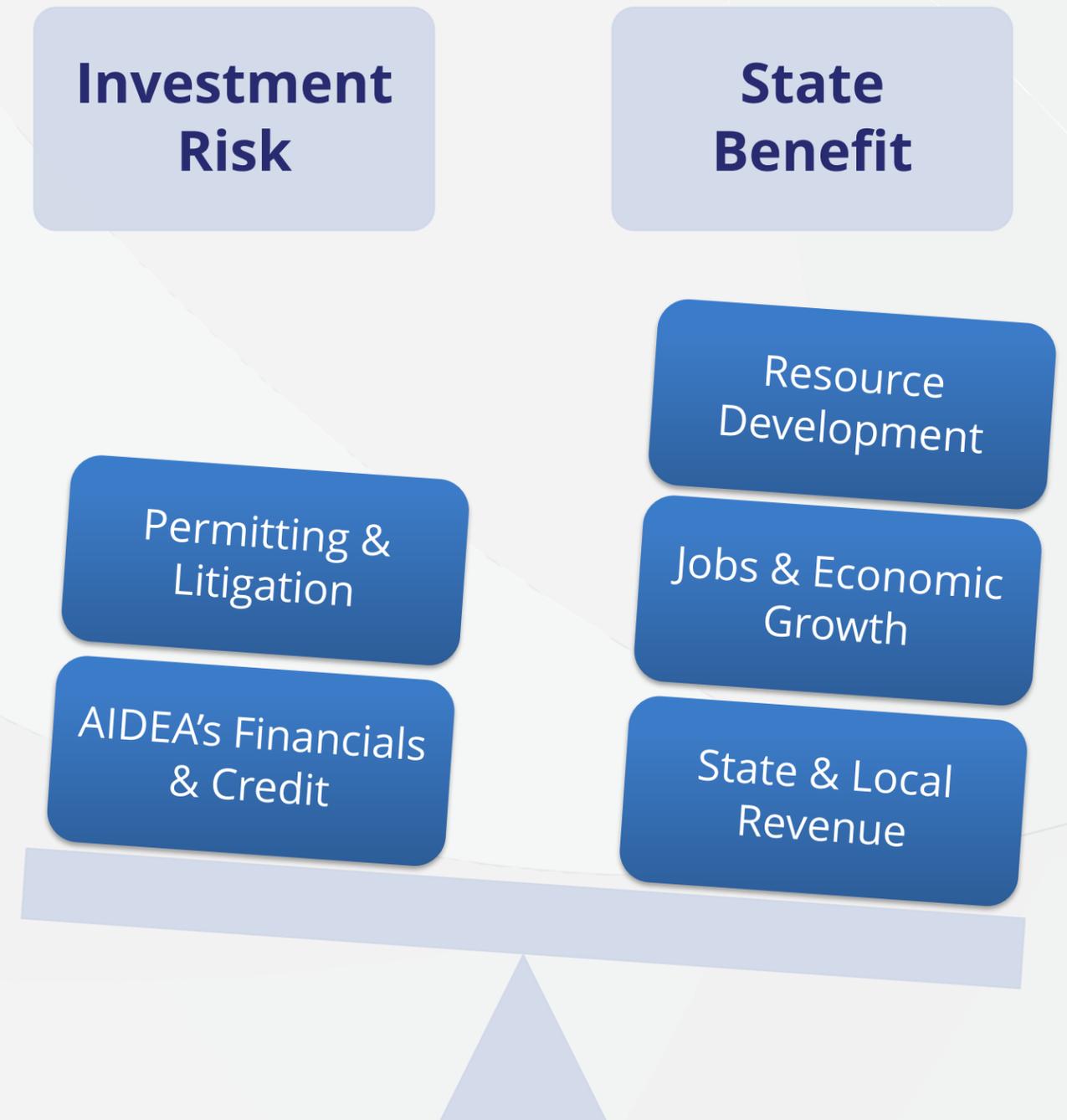
Every AIDEA investment undergoes a thorough due diligence process that weighs investment risk and benefit to the State.

Risks Addressed:

- Financial Considerations
- Permitting Delays
- Litigation Costs

Benefits Weighed:

- New Jobs for Alaskans
- State & Local Economic Growth
- AIDEA Return on Investment
- Natural Resource & Infrastructure Development



HOW DOES AIDEA ENGAGE WITH THE PUBLIC?

Public Meetings

- Regular AIDEA Board Meetings
- Occasional Special Board Meetings
- All meetings include public comment period

Routine Community Engagement

- Routine Tradeshow Attendance
- State and Local Chamber Memberships

Consistent Stakeholder Involvement

- Community Council Updates
- Project Stakeholder Committees (e.g. Ambler Subsistence & Workforce Advisory Committees)
- Input is incorporated in design of projects, mitigation measures, etc.



West Susitna Access Project update at the Skwentna Roadhouse – June 2024

Project supporters met to share an informative update and great discussion with local property owners in the project area at a gathering at the Skwentna Lodge.

AIDEA PROJECTS CONTRIBUTING TO STATE SUCCESS

DeLong Mountain Transportation System (DMTS) Red Dog Mine (Northwest Arctic Borough)

- AIDEA-owned asset.
- In 1985, the Alaska Legislature, the Governor, and AIDEA agreed that some public support was needed to make Red Dog go forward. After many hearings, SB 279 and SB 280 were passed by the Legislature and signed into law.
- In 1986, AIDEA & Cominco (Teck) signed a 50-year agreement for the financing, construction, use, operation, and maintenance of the DMTS. Payments commenced on July 1, 1990, and the initial term will conclude on June 30, 2040.
- In 1987, funds for the road and port were \$180 M. (Part of the financing involved issuing \$130,250,000 in tax-exempt revenue bonds based on a 50-year agreement with Cominco (Teck)).
- AIDEA expanded port facilities in 1997 by funding an additional \$85 million for port expansion and amended and reinstated the DMTS agreement.
- Project continues to yield significant dividends for the Alaska Native Corporation, NANA (royalty of \$255 M in 2021 and shares ~60% of the royalty with other Regional Corporations).
- Future opportunities also exist (Aktigiruaq prospect could be one of the largest undeveloped zinc deposits in the world).



AIDEA's Return on Investment: \$296 Million

Benefits from AIDEA's Investment to the State and NWAB Economy

Tax Revenue (thru '18) \$1.3 B	NWAB PILT (thru '21) \$269 M	7(i) Payments (through '21) \$1.6 B
FY2020 Employment 1,500 Jobs	FY20 Wages \$120 M	AIDEA Dividend 50% of DMTS Income

LOAN PARTICIPATION PROGRAM (LPP) HIGHLIGHTS & REGIONAL DIVERSITY

Learn more about the
Loan Participation Program
<https://bit.ly/AIDEAlpp>



FY2024 LPP HIGHLIGHTS

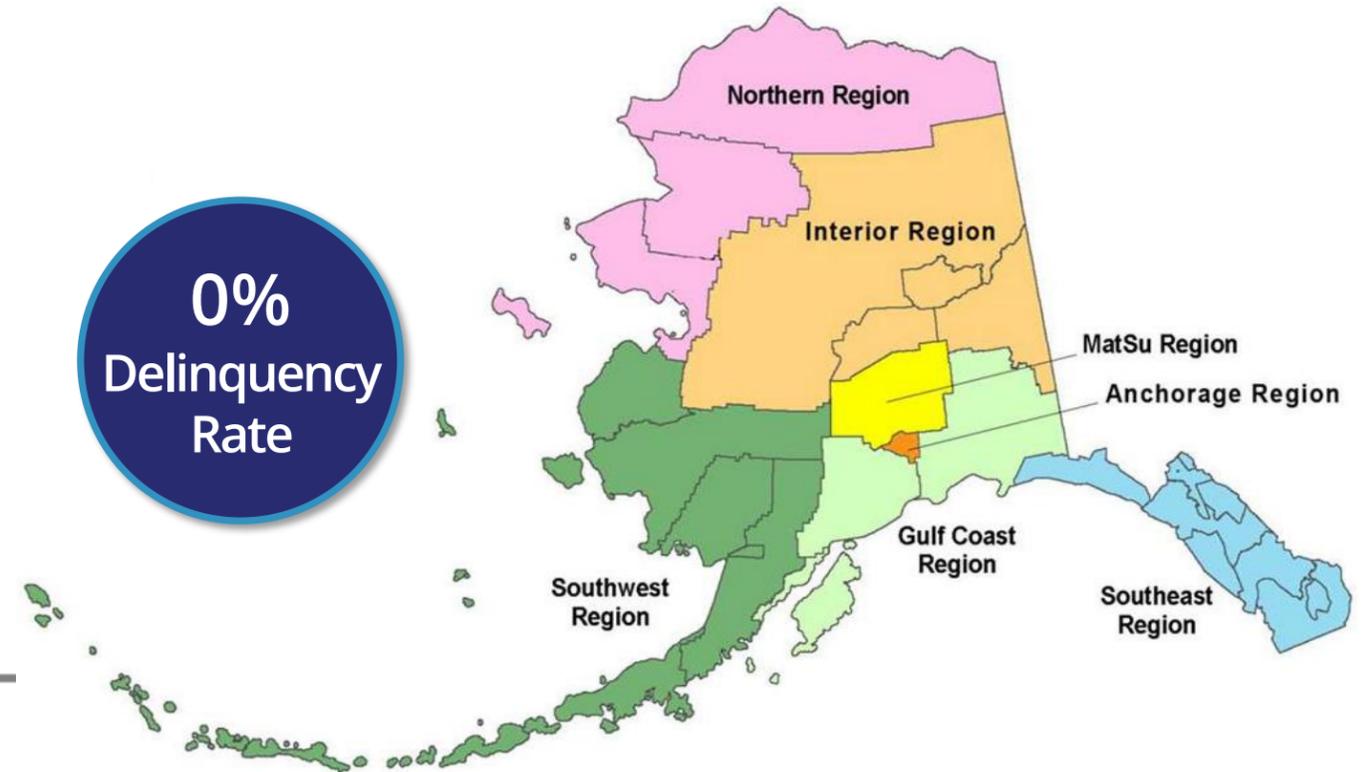
\$21.1 M
with AIDEA's
participation of
\$18.3 M

60
construction jobs
79
permanent jobs
supported

813
loans funded since
1992 with AIDEA's
participation of
\$1.2 B

11,579
construction jobs
since 1992 with
9,998 permanent
jobs supported

0%
Delinquency
Rate



REGIONAL DIVERSITY OF PARTICIPATION LOANS IN WHOLE NUMBERS
OUTSTANDING BALANCES AS OF 12/31/2024

REGION	LOAN PARTICIPATIONS CURRENT MONTH END BALANCE	LOAN PARTICIPATIONS PREVIOUS MONTH END BALANCE	MONTH OVER MONTH PERCENTAGE CHANGE	CURRENT MONTH % OF TOTAL
ANCHORAGE	\$141,531,389	\$140,686,647	0.60%	39.99%
MATSU	\$84,225,711	\$84,488,803	-0.31%	23.80%
SOUTHEAST	\$56,908,638	\$57,789,443	-1.52%	16.08%
GULFCOAST	\$36,408,215	\$36,530,719	-0.34%	10.29%
INTERIOR	\$23,231,952	\$23,406,435	-0.75%	6.56%
NORTHERN	\$9,718,980	\$9,835,408	-1.18%	2.75%
SOUTHWEST	\$1,922,773	\$1,935,244	-0.64%	0.54%
STATEWIDE TOTALS	\$353,947,658	\$354,672,698	-0.20%	

* New Loans include Pending Commitments and Anticipated Fundings.
(Does not include OREO, PPF Loans, or Assumptions; Does not include Outstanding Balance to be Funded on Development Project Loans)

AIDEA SMALL BUSINESS LOANS DCCED MANAGED PROGRAMS



For more information on the RDIF Program, visit <https://bit.ly/AIDEArdif>

\$1.86 M
FUNDED
IN FY 2024

37
JOBS CREATED
IN FY 2024

\$46.3 M
APPROVED
SINCE
INCEPTION

2,392
JOBS CREATED
SINCE
INCEPTION



For more information on the SBED Program, visit <https://bit.ly/AIDEAsbed>

RURAL DEVELOPMENT INITIATIVE FUND (RDIF) PROGRAM HIGHLIGHT

DENALI ZIPLINE TOURS

Anchorage

STONEY CREEK CANOPY ADVENTURES

Owner Mark Wildermuth describes their RDIF loan as **“the best loan I have ever received,”** praising its favorable terms and long-term benefits, which made excellent business sense.

With the funding in hand, the Wildermuths launched Denali Zipline Tours with a bang, employing 15 people. The DCCED, impressed by the significant impact of the loan, noted the exceptional return on investment. Their loan created 15 Alaskan jobs, demonstrating the program’s value to the state and its residents.

Check out this video at <https://youtu.be/hmnvV0WLoao>

For information, please visit: www.denaliziplanetours.com

SMALL BUSINESS ECONOMIC DEVELOPMENT (SBED) PROGRAM HIGHLIGHT

ALASKAN
OUTLAW ADVENTURES

Visit the Alaskan Outlaw Adventures website: www.alaskanoutlawadventures.com

Dream of Alaskan Adventure, Now A Reality

Benefiting from a low-interest, long-term Small Business Economic Development Loan helped turn Brandon’s childhood dream into a reality. Funding that was made possible with the SBED Program was instrumental in his ability to develop operations and create local jobs.

The loan not only helps to provide exceptional experiences for visitors but also ensures that local talent and resources are utilized, fostering a thriving local economy.

Financing Approved for Alyeschem North Slope Project

- Project goal: Utilize Alaska's natural gas for economic and environmental benefits.
- Facility to produce methanol & ultra-low sulfur diesel from North Slope gas.
- Economic impact:
 - 80 construction jobs and 15 permanent jobs.
 - Estimated \$5 M in annual tax & royalty revenue for the state.
 - Increased demand for North Slope natural gas supports local producers.
 - Environmental benefits: Cleaner-burning fuels align with global emission reduction efforts.
 - Public-private partnership drives economic growth and sustainability.
 - Project to break ground soon, marking a step toward energy innovation in Alaska.



INTERIOR ENERGY PROJECT FAIRBANKS, AK

- **Trailer Deployment:** All 15 large-capacity Liquefied Natural Gas (LNG) trailers have been received and are now in operation.
- **LNG Plant Construction:** Harvest Midstream North Slope LNG Plant is advancing as planned and is expected to ensure a reliable gas supply for Interior Alaska.
- **Future Commitment:** Interior Gas Utility remains dedicated to providing affordable, clean energy while strengthening long-term operational capabilities.
- **Financial Performance:** Strong financial health with credit rating improvement through sound fiscal management and operational efficiency.
- **Operational Progress:** Steady growth in operations, financial stability, and project execution.



RAILBELT ENERGY SOLUTIONS HEX COOK INLET LLC LEADS THE WAY



HEX CI's Financial Milestone & Strategic Investment

- Repaid its \$7.5 M AIDEA loan eight months early in 2023.
- Enabled HEX LLC's acquisition of the Kitchen Lights Unit (KLU).
- Secured energy delivery and created nearly 40 local jobs.

Meeting Alaska's Energy Needs

- AIDEA approved a \$50 M revolving credit line in late 2024.
- Plans include sidetracking underperforming wells, drilling new wells, and expanding production.
- Expected to create up to 100 temporary construction jobs and five permanent positions.



ALASKA WILDBIRCH HOTEL

Downtown Anchorage

Loan Highlights:

- 70% AIDEA Participation
- 147 Construction Jobs
- 245 New Jobs
- \$25 M AIDEA Funding Commitment
- Loan Closing in Early 2025

Slated to open in the spring of 2025 in the heart of Anchorage's downtown Mushing District, The Wildbirch Hotel will usher in a new era for the city's hospitality scene as its first Hyatt JdV boutique property and the most significant lodging addition in two decades.

The Wildbirch Hotel is part of a broader effort to revitalize downtown Anchorage.



"When you work with AIDEA, it's not just another bank loan. Our efforts to redevelop downtown matched **AIDEA's goal of economic revitalization, job creation**, and making downtown Anchorage a better place for tourists and locals alike.

We are grateful AIDEA was willing to work with us to make the Wildbirch Hotel a reality and improve downtown Anchorage for generations to come."

- Former U.S. Senator Mark Begich



AIDEA's FUTURE OPPORTUNITIES

- **A.I. Computing and Data Centers**
- **Petrochemical Manufacturing**
- **Critical Mineral Processing for National Defense (e.g. Antimony)**
- **ANWR Oil Lease Development**
- **Ambler Access Project**
- **West Susitna Access Project**



Thank you for your support of AIDEA's services and programs.

**Together we are enabling long-term jobs
and economic opportunities for Alaskans.**



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