



Alaska Industrial Development and Export Authority

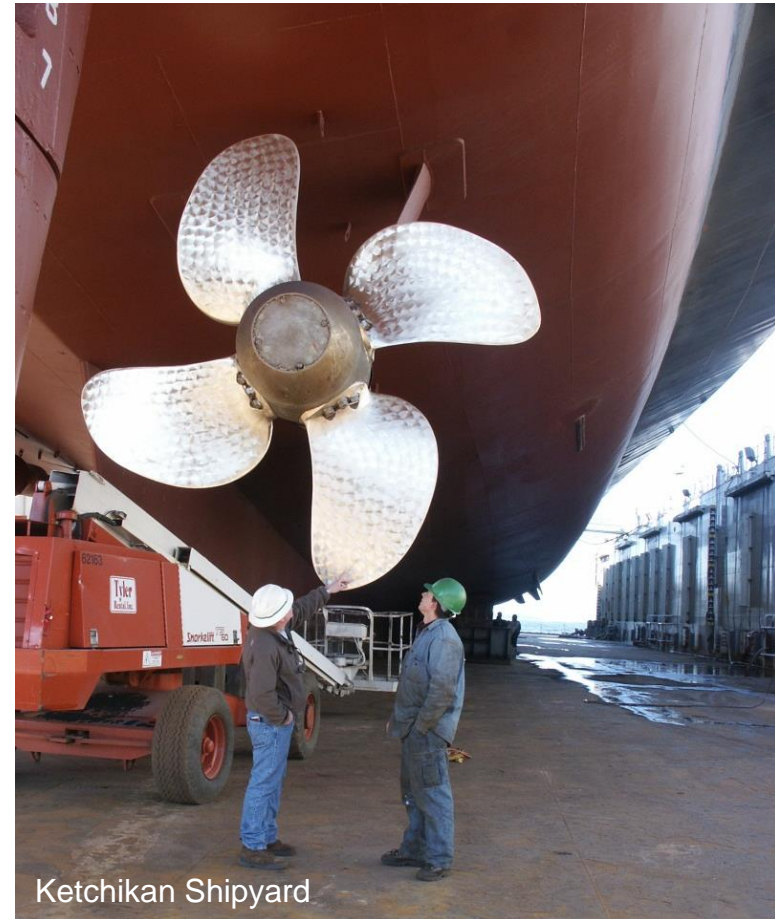
Investing in Alaskans

Ted Leonard | Executive Director | 2013

AIDEA's Mission

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

AIDEA fulfills its mission by providing Alaska businesses, projects and infrastructure with access to long-term commercial and development financing at a reasonable cost through its strong balance sheet and credit rating.



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AIDEA Overview

- **AIDEA was created in 1967.**
- In the early 1980s a \$189 million cash and loan portfolio provided initial funding for the Loan Participation Program.
- Development Finance program funded in the mid-1980s with \$143.5 million cash and loan portfolio to finance the DeLong Mountain Transportation System.
- **AIDEA has repaid the State all of its initial capitalization funds through its annual dividend program. Including FY 14 Dividend, AIDEA has paid the State \$345 million in Dividends.**
- **AIDEA currently has approximately \$1.4 billion in assets under management.**
- AIDEA's has an ownership position in 8 Alaskan projects.
- AIDEA has now issued over \$1.3 billion in Conduit Bonds and have funded over 315 projects through it's bond program.
- AIDEA's loan portfolio balance as of 6/30/13 was over \$433 million.

AIDEA's Dividend

The FY 2014 AIDEA dividend to the State general fund is:

\$20.745 million

This is AIDEA's 18th dividend since the program's inception.

Since the start of the dividend program, and including FY 2013, AIDEA has declared over

\$345 million



AIDEA Assists in Financing

- Urban and rural projects
- All major industry sectors including:
 - Natural Resource Extraction and Processing
 - Federal Facilities and Installations
 - Transportation and Logistics
 - Infrastructure
 - Retail
 - Tourism
 - Energy
 - Services



AIDEA Does NOT...

- Compete with the private sector
- Provide grants
- Exclusively finance large projects



AIDEA's Credibility & Ratings

AIDEA has credibility with the Rating Agencies based on its long-term, proactive ratings approach.

This has yielded reduced borrowing costs and market credibility.



AA+

(August 2012)



Aa3

(Affirmed June 2012)

Key AIDEA Programs



Loan Participation Program

- **Objective:** To provide long-term financing to Alaska businesses.
- **To Qualify:** Participation may total up to 90% of a loan originated by an eligible lending organization (for example, a commercial bank), with total participation not to exceed \$20 million.
- **Terms:** Up to 15 years for personal property or 25 years for real property; 75% loan-to-value; fixed or variable interest rate
- The program has created 4,214 construction jobs and 5,561 permanent jobs

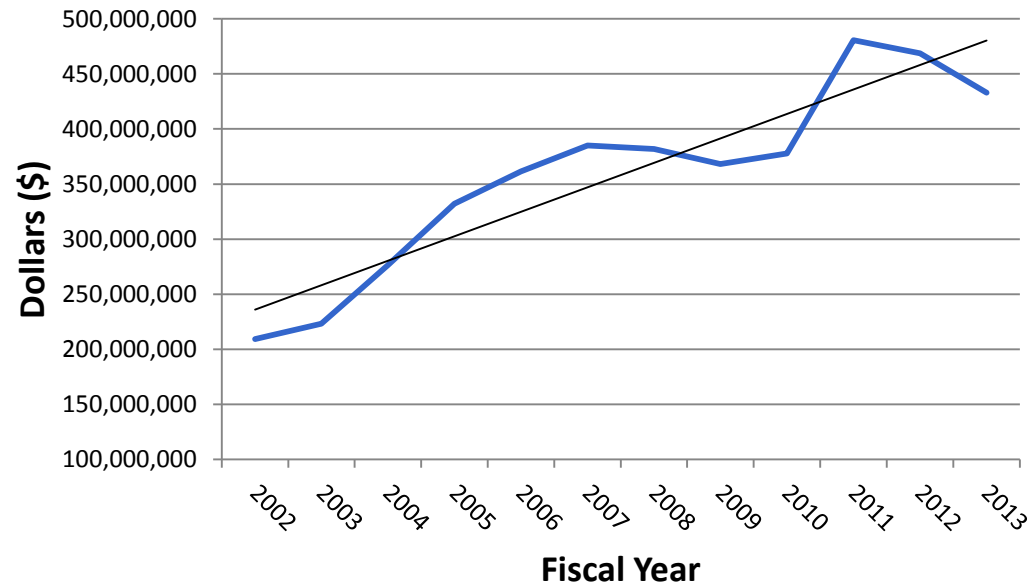


Loan Portfolio

As of June 30, 2013, AIDEA's outstanding revolving fund loan portfolio consisted of **268 loans** with an outstanding principal balance of approximately **\$433 million***

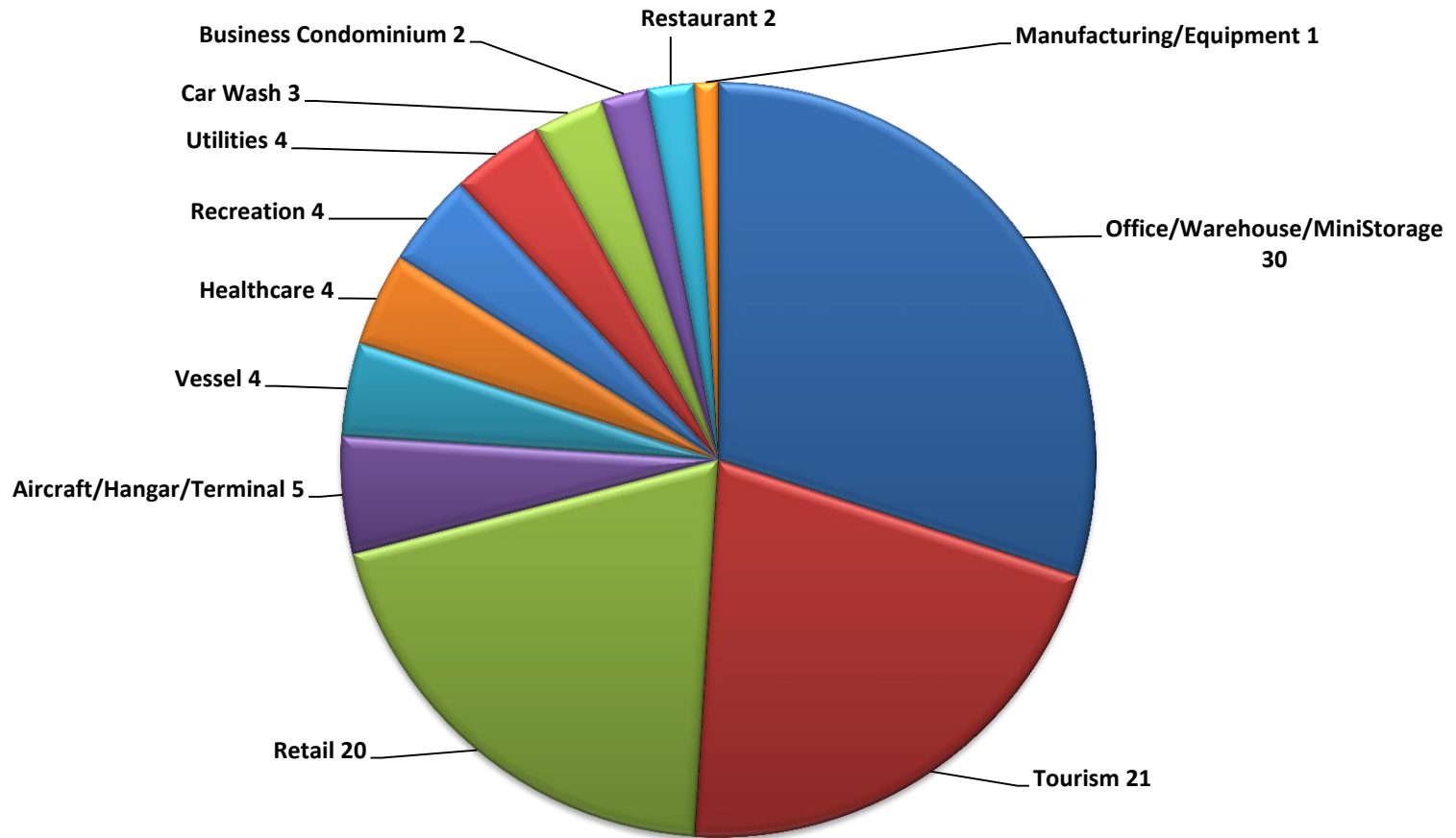
Fiscal Year	TOTAL (\$)
2002	209,094,608
2003	223,265,696
2004	276,365,031
2005	332,067,524
2006	361,467,739
2007	385,155,721
2008	381,761,976
2009	368,208,744
2010	377,656,960
2011	480,691,556
2012	468,824,508
2013	433,091,518

**Loan Portfolio
Historical Principal Balance**










* includes loans that are not part of the Loan Participation Program

Loan Participation Activity by Type



As of June 30, 2013

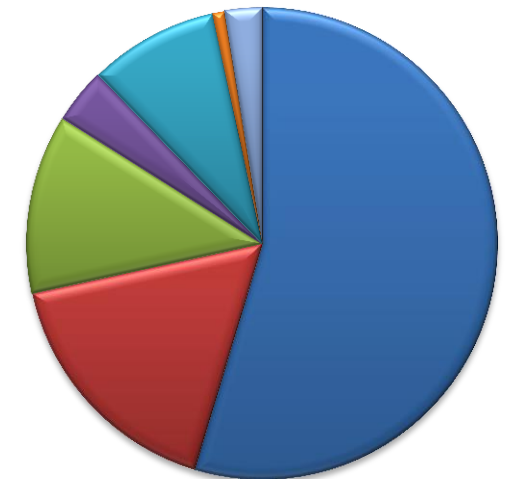
Loan Participations by Geographic Region

REGION		BALANCE (\$)	% DOLLARS	# LOANS	% LOANS
Anchorage		211,309,870	53.8	129	54.7
Southeast		82,957,548	21.1	40	16.9
Mat-Su		41,520,112	10.6	29	12.3
Interior		26,075,215	6.6	9	3.8
Gulfcoast		22,616,198	5.8	21	8.9
Northern		2,922,495	0.7	2	0.8
Southwest		5,284,804	1.3	6	2.5
TOTALS		\$392,686,242	100.0%	236	100.0%

As of June 30, 2013



Percent of Dollars



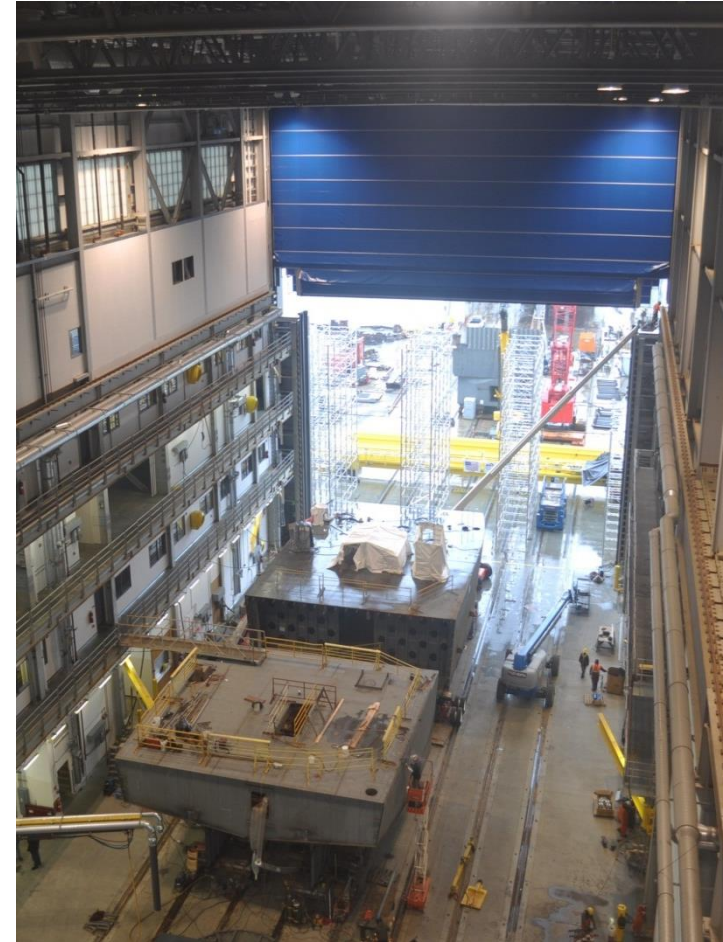
Percent of Loans

Project and Infrastructure Development Programs

Objective: To provide financing for Alaskan projects and infrastructure necessary to support Alaskan economic development.

AIDEA's investment vehicles include:

- Owning all or a part of an economic development or infrastructure project
- Co-Investing in a Corporation or LLC that owns the project or infrastructure.
- Providing direct loans or loan guarantees for development projects.

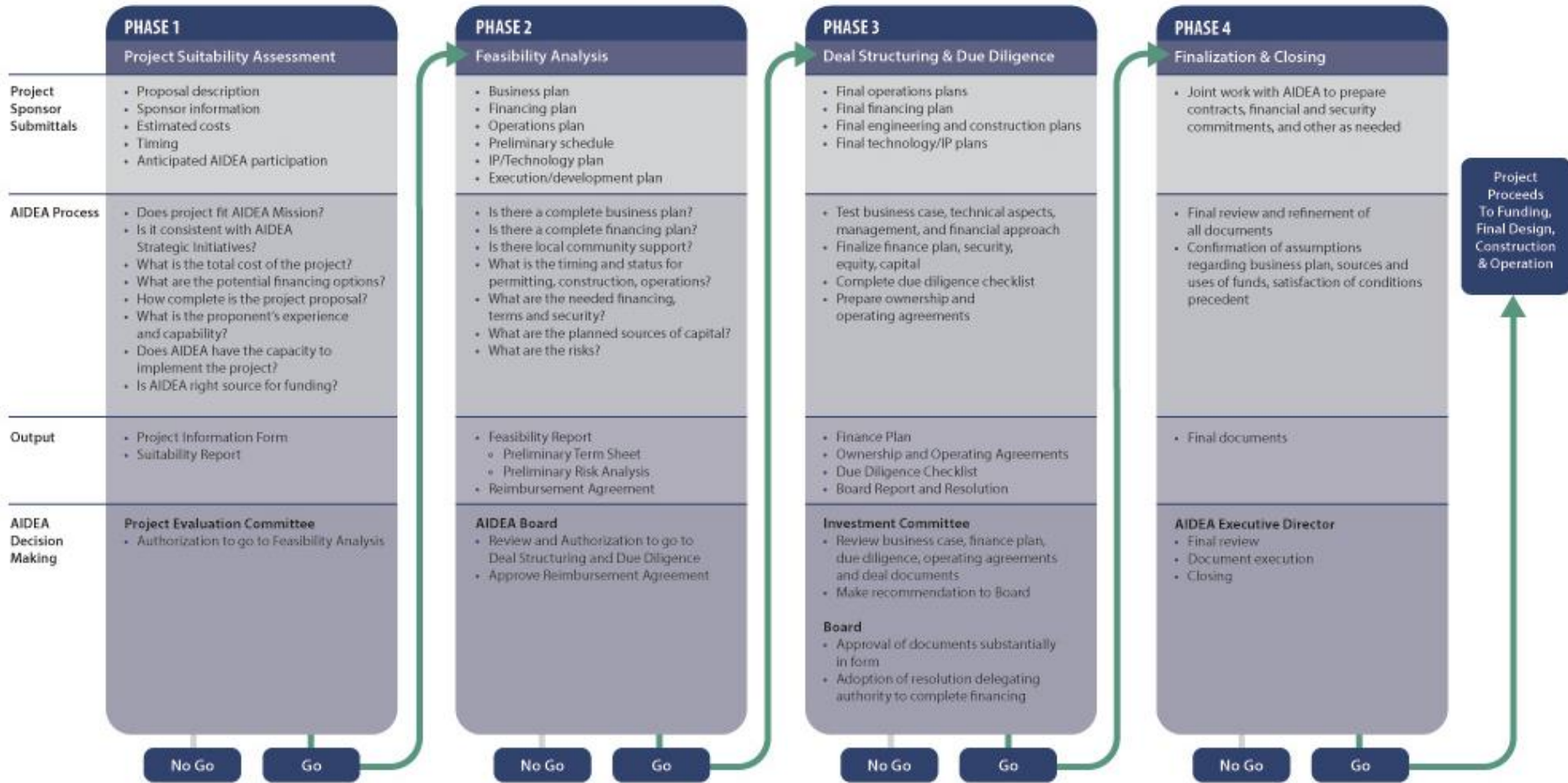


Project and Infrastructure Development Programs

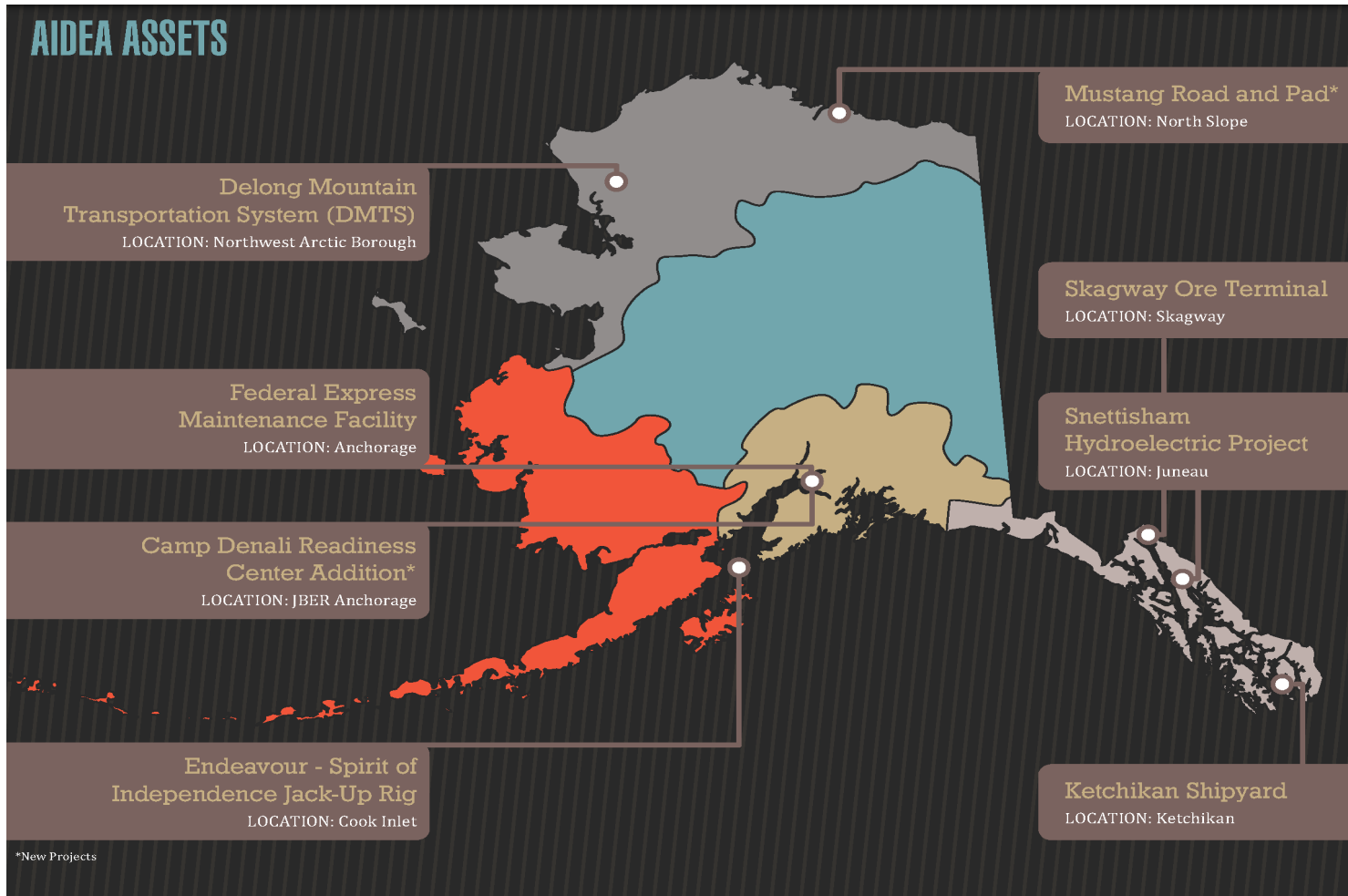
- The project must be **endorsed** by the local government.
- The project and its development must be **economically advantageous** to the state and to the general public welfare.
- The project applicant is **financially responsible**.
- The project must be economically and financially feasible and able to **produce revenue adequate** to repay the investment, bonds or loans with which it is financed.



Decision-Making & Analysis



AIDEA Assets



DeLong Mountain Transportation System

- DMTS connects the Red Dog Mine to the transshipment facility on the coast 52 miles away.
- AIDEA invested \$265 million to be repaid over 50 years with an expected ROI of 6.50%.
- AIDEA is exploring additional use of the DMTS by other mining companies and resource developers.



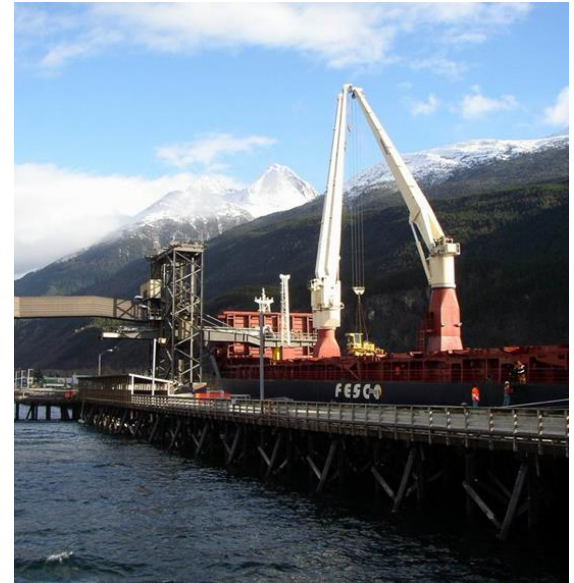
FedEx MRO

- Created 20 permanent, highly-skilled jobs
- Strengthens Alaska's role as an international air crossroads
- Capital cost of the facility \$30.5 million (1992)
- AIDEA financed upgrade in 2008
- FedEx 20 year lease scheduled to end 2015



Skagway Ore Terminal

- 100,000 sq. ft. ore concentrate storage facility and ship loader.
- AIDEA recently made approximately \$14 million in improvements to the facility. This investment has been paid back through user fees by the current tenant.
- SOT supports family wage year-round jobs and the expanding mining sector in the Yukon Territory.
- AIDEA is in preliminary planning for a major expansion of the terminal and has legislative authorization to issue up to \$65 million in bonds to fund expansion.



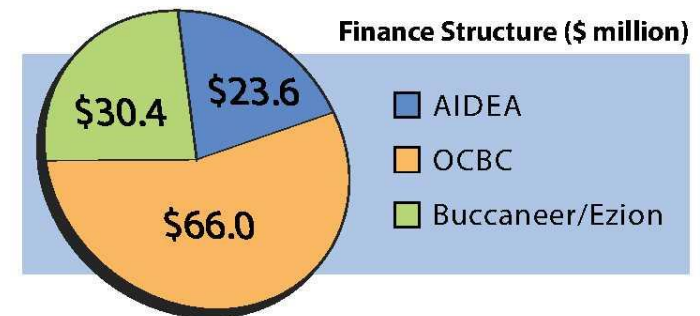
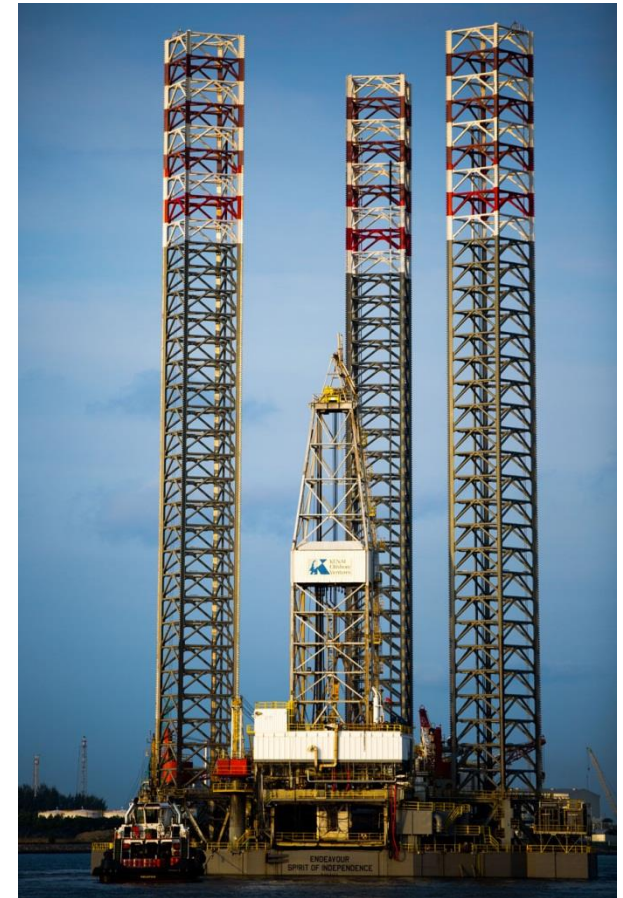
Ketchikan Shipyard

- AIDEA has received an FY2013 state appropriation for the shipyard, which will be used for the design and construction of a steel fabrication shop, adjacent to the new Assembly Hall/Production Center.
- A \$77 million expansion of the shipyard is substantially completed, including: an Operations Office, Assembly Hall, Production Center, and a relocated Oily Water Separator.
- The shipyard facility provides between 50 and 150 direct jobs in Ketchikan.
- Vigor Industrial purchased the shipyard operator, Alaska Ship & Drydock, in March 2012. AIDEA retained ownership of the Ketchikan Shipyard.



Endeavor – Spirit of Independence

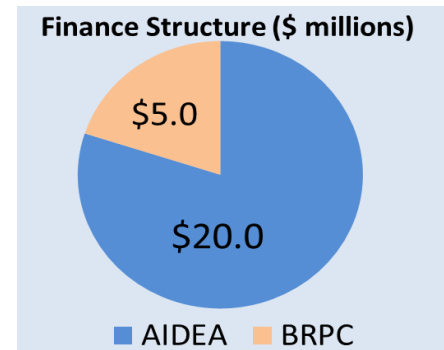
- Oil and gas jack-up rig for Cook Inlet exploration.
- AIDEA investment is \$23.6 million with an ROI of 8.0% over a 5 year period through a preferred ownership interest with partners Buccaneer Energy and Ezion Holdings, Ltd.
- The project cost, including refurbishment, is \$120 million.
- AIDEA's investment leveraged an additional \$96.4 million in private investment.
- Rig began drilling at the Cosmo site in Spring 2013 and moved to the Southern Cross site in August 2013.



Mustang Road Development Project

The project consists of a 4.5 mile access road and production pad for Brooks Range Petroleum Company (BRPC) drill site and production facility. The project connects the existing Tarn Road to the proposed Mustang Development field.

- The Mustang Road, LLC with was formed with AIDEA/AVCG/Ramshorn to finance and own the road
- 25 – 30 million barrel proven (1P) reserves
- The project will be repaid over 15 years at 8.0%.
- Road was completed in April 2013



DMVA/USCG Headquarters

- AIDEA is financing a \$15 million expansion of the National Guard Armory
- The Camp Denali Readiness Center Addition Project (CDRCAP) includes a new 29,000 square foot facility, relocation and replacement of an antenna array, a new access road and expanded parking.
- AIDEA will own the project, which will be operated by the Alaska Department of Military & Veterans Affairs (DMVA).
- 25 year amortization
- Scheduled to open in late 2013



Ambler Mining District Industrial Access Road

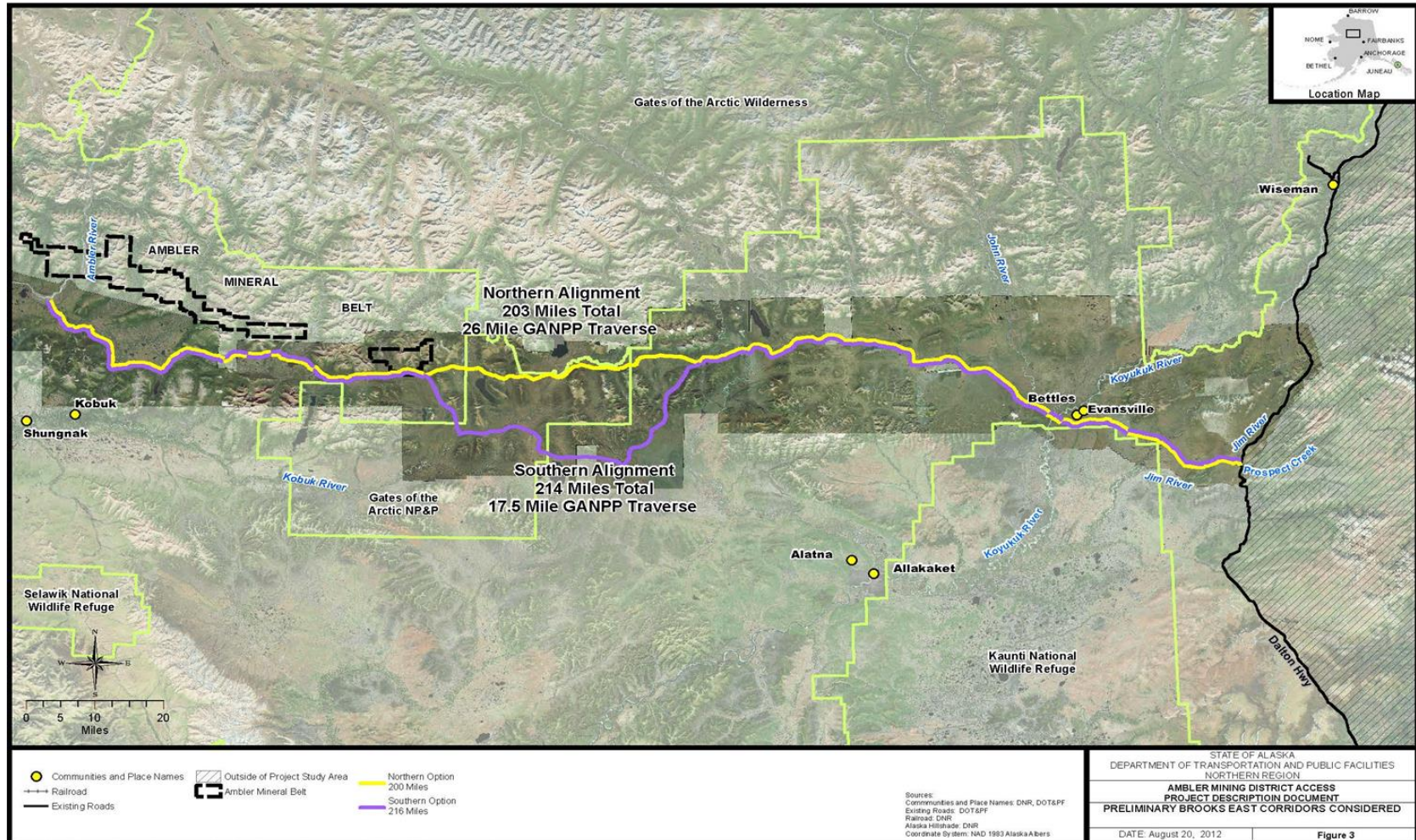
The Ambler Mining District is an area with rich mineral resources including Cu, Pb, Zn, Au & Ag. There are currently large exploration projects underway at a number of potential sites including Arctic, Bornite, Smucker & Sun. The major issue limiting development of these sites is surface transportation infrastructure.

The Project Scope:

- Approximately 200 mile road with four maintenance stations
- 15 large bridges (>150 feet)
- Least caribou impacts with no endangered species impacts
- Corridor through gates of the Arctic National Park & Preserve was written into ANILCA.
- Most of the proposed road alignment lies on State land with smaller portions on ANSCA corporation and Federal BLM/NPS lands



Ambler Mining District Industrial Access Road



Sustainable Energy Transmission & Supply Development Fund (SETS)

- Provides AIDEA with the authority to finance, or facilitate the financing of, energy infrastructure projects.
- This new fund established in AIDEA, provides new tools for financing Alaska's critical energy infrastructure needs:
 - Direct Loans
 - Loan Guarantees
 - Bond Guarantees
 - Bond Issuances
 - Direct Investment
- Provides for up to 33% of direct financing or up to \$20 million in credit enhancements.
- Capitalized with \$67.5 million.
- Program is operated under AIDEA's Infrastructure Development Division.



Sustainable Energy Transmission & Supply Development Fund (SETS)

Qualified Energy Development Projects:

- Transmission, generation, conservation, storage, or distribution of heat or electricity;
- Liquefaction, regasification, distribution, storage, or use of natural gas except a natural gas pipeline project for transporting natural gas from the North Slope or Cook Inlet to market;
- Distribution or storage of refined petroleum products.

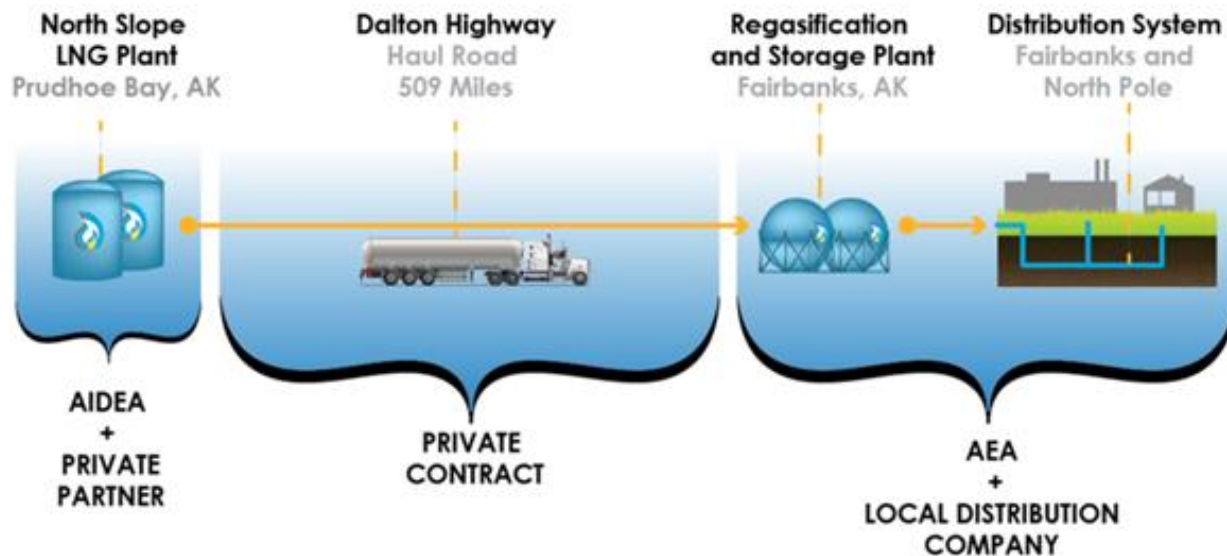


Interior Energy Project

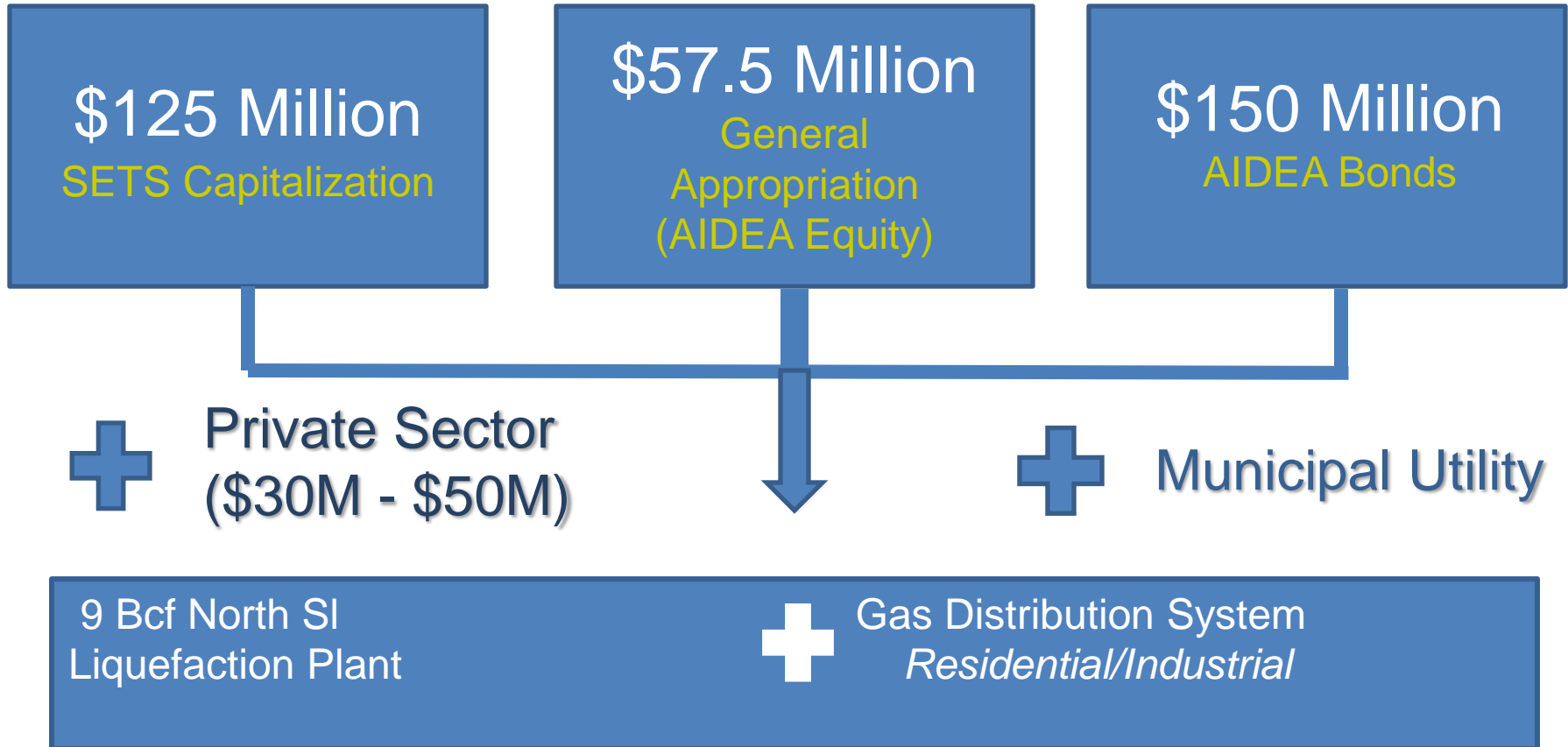


Goals:

- Provide affordable energy to Interior Alaska customers as soon as possible.
- After providing the Interior with natural gas, assure long-term access to natural gas and propane for all Alaskans.
- Use private-sector mechanisms as much as possible.



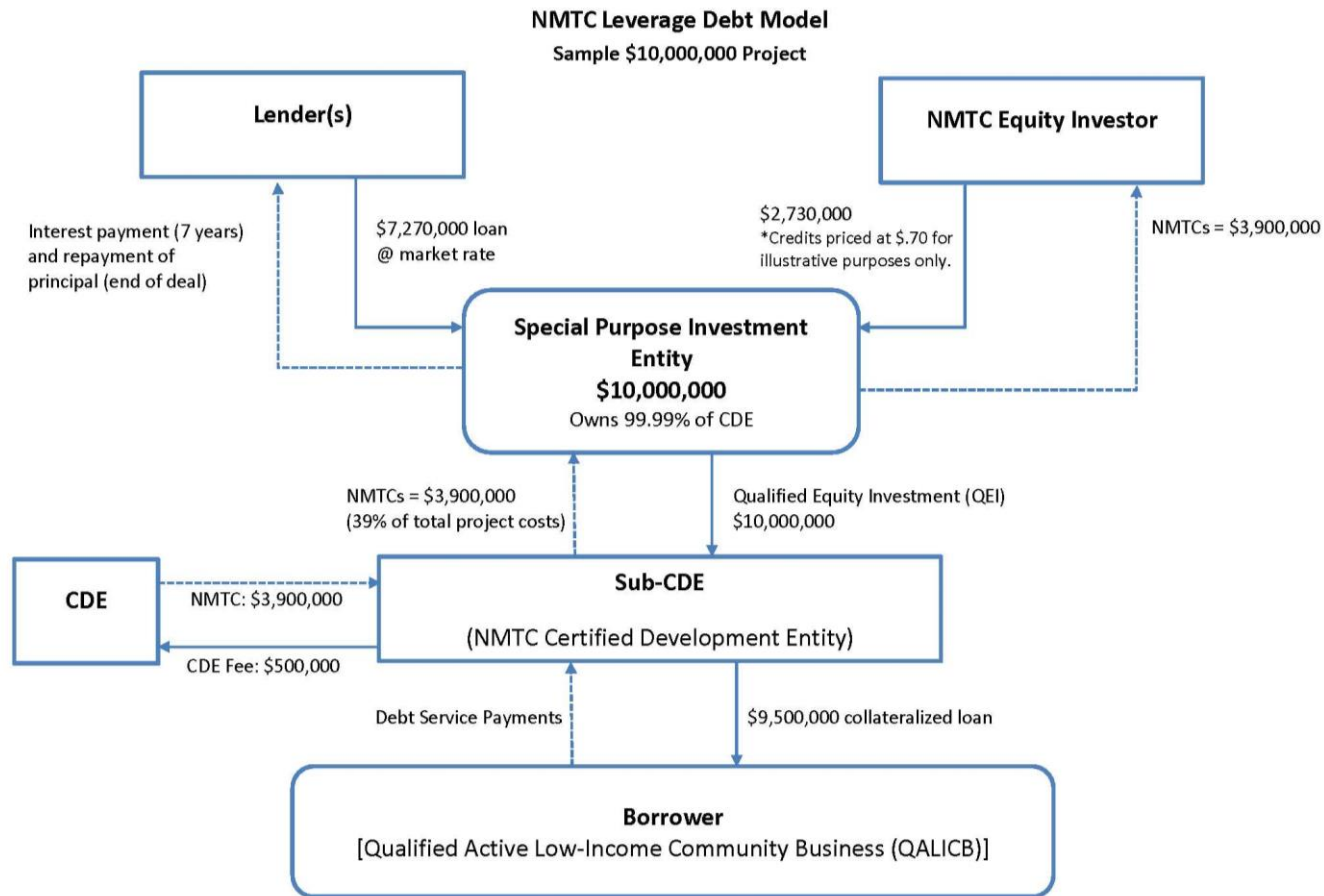
IEP Finance Package



New Markets Tax Credits Loans and Guarantees

- Provides AIDEA with ability to incentivize the use of the federal New Markets Tax Credit (NMTC) program in underdeveloped and poverty-stricken areas of the state.
- Incentivizes economic development opportunities in those areas with the most need.
- Provides AIDEA with the authority to guarantee leveraged loans, by commercial lenders, in a NMTC transaction.
- Provides AIDEA with the authority to make direct leveraged loans in a NMTC transaction if the project proponent cannot secure financing from a commercial lender.
- Allows for a \$40 million rolling cap in loans and guarantees.

New Markets Tax Credits Loans and Guarantees



Conduit Revenue Bond Program

Provides financing where AIDEA acts as a conduit for the issuance of taxable and tax-exempt bonds.

- Neither the assets nor credit of AIDEA or the State of Alaska are at risk;
- the creditworthiness of the project; and
- credit enhancements offered by the applicant are essential to underwriting and placement of bonds.



Conduit Revenue Bond Program

AIDEA has issued revenue bonds for 315 projects as of June 30, 2013. Total bonds issued since the inception of the program in 1978 is more than \$1.3 billion.

AIDEA issued tax-exempt “conduit” revenue bonds for \$122.7 million for Providence Health & Services to finance:

- construction of the Providence Alaska Extended Care Center, a 96 bed long-term care facility; and
- capital improvements at the Providence Alaska Medical Center – Maternity Center

This project created 85 new permanent jobs and 403 construction jobs.



AIDEA

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