

Alaska Bankers Association

P.O. Box 241489 • Anchorage, Alaska 99524-1489 • T: 907-261-3525 • F: 907-562-1758

March 29, 2013

The Honorable Bill Stoltze, Co-Chair
The Honorable Alan Austerman, Co-Chair
House Finance Committee
State Capitol
Juneau, AK 99801

RE: Support for HB74 - AIDEA Financing for Development Projects

Dear Representatives Stoltze and Austerman:

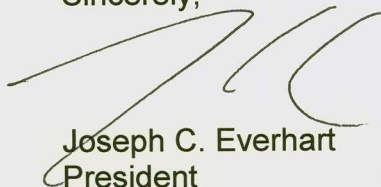
The Alaska Bankers Association (ABA) represents eight member banks, including Alaska Pacific Bank, Denali State Bank, First Bank, First National Bank Alaska, KeyBank, Mt. McKinley Bank, Northrim Bank and Wells Fargo Bank.

The ABA supports enabling the Alaska Industrial Development and Export Authority (AIDEA) to participate in direct development project financing as provided for in HB74. Alaska banks have worked successfully with AIDEA on many commercial business developments where the banks are the initial lender interface with a prospective commercial borrower, and believe that providing AIDEA with this new financing tool would encourage and compliment private sector funding of qualified economic development projects.

There are inherent risks with any development project but such risks can be mitigated by working in conjunction with Alaska's banking sector and allowing certain credit enhancements to attract investors and lenders, alike. For example, the proposed credit enhancements under the Sustainable Energy Transmission and Supply (SETS) Program are expected to leverage AIDEA's capital at a five-to-one ratio, providing up to five times the capital appropriated by the Alaska Legislature in 2012.

Alaska's banks are community-focused and strong; ABA members have ample capital, excess liquidity and all want to lend. HB74 would help enable Alaska banks to participate in the financing of some of Alaska's most pressing economic development challenges. The ABA urges your support for and passage of HB74 in this 2013 legislative session.

Sincerely,



Joseph C. Everhart
President
Alaska Bankers Association