



ALASKA'S DEVELOPMENT FINANCE AUTHORITY

Senate Finance Committee March 2019

Investing in Alaskans

1501SolutionFY2018PERMANENT JOBSFIGHLIGHTS

3 B I L L I O N POSITION \mathbf{n} ZEI $\widehat{\mathbf{m}}$ ------

\$161.98 MILLION CONDUIT BONDS ISSUED

\$12.88 million DIVIDEND PAID

\$88.5 MILLION TOTAL GROSS LOAN PARTICIPATIONS NDE



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)



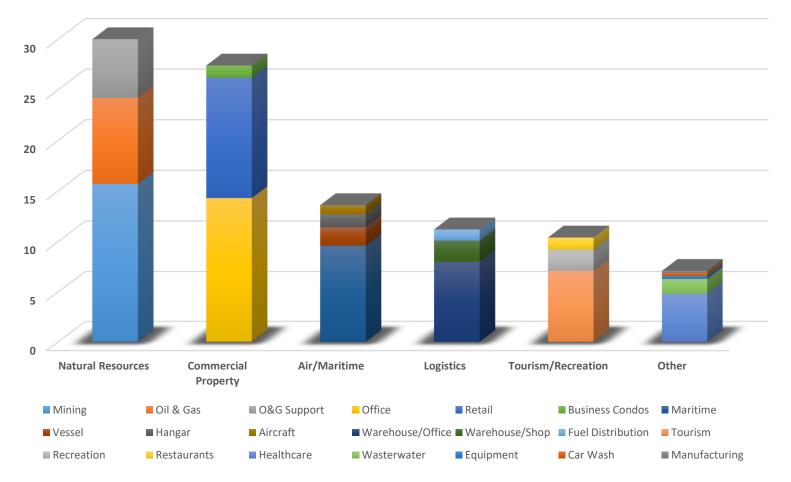
- AIDEA's primary goal is to encourage economic growth and diversification, with a focus on encouraging economic activity that is additive to the economy.
- AIDEA is here to make good projects better, not bad projects good.
- AIDEA brings process and pragmatism to development finance opportunities.
-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

Diverse Portfolio



Industry Diversity of Combined Capacity Projects and Loans (%)

As of June 30, 2018



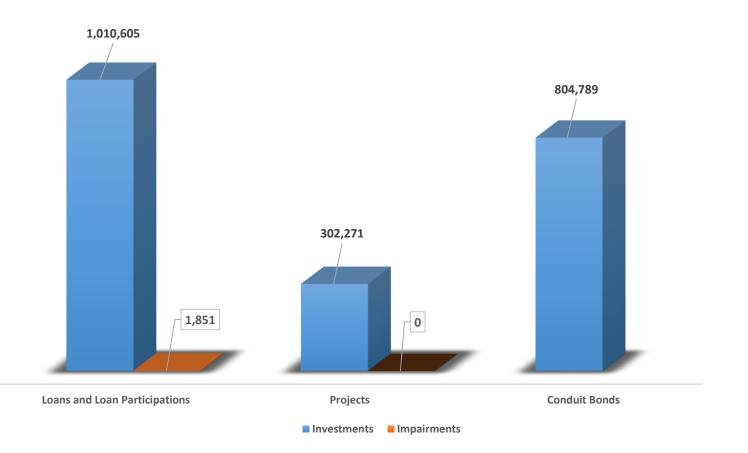
Responsible Stewards of Public Funds



Loans, Development Project Investments and Bonds

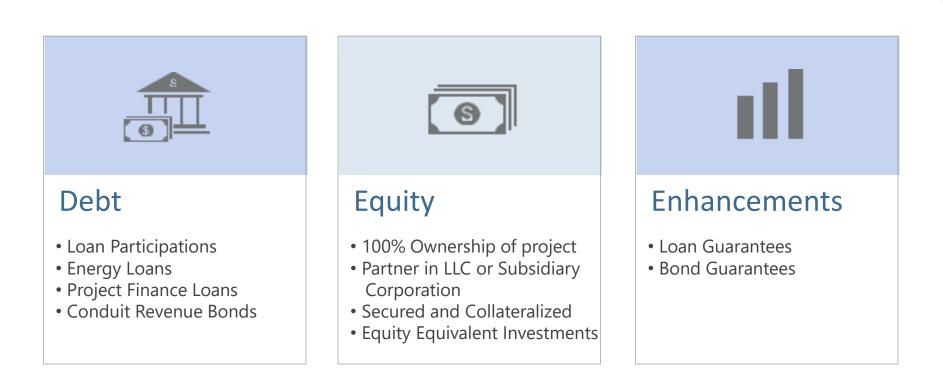
vs. Impairments (\$ thousands)

Funded Since July 1, 2000





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



AIDEA Programs



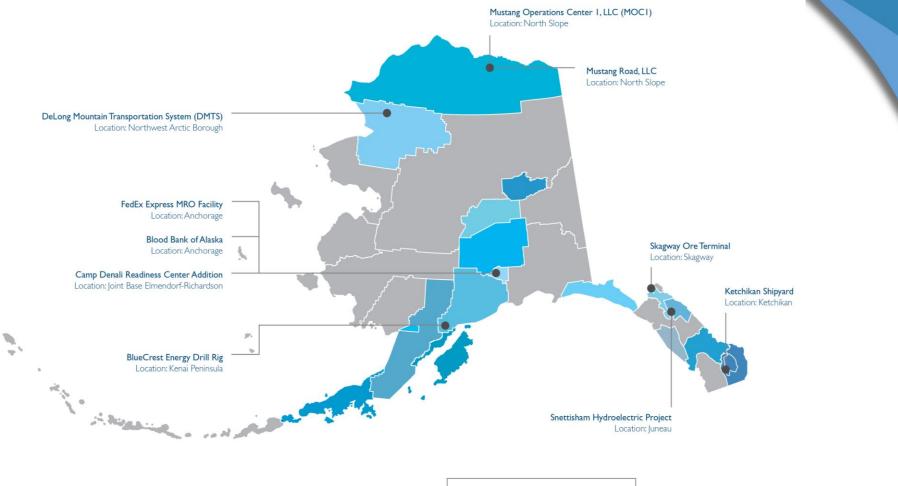
AIDEA injects money into the economy utilizing a number of financial tools

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





BLUE SHADED: Incorporated Boroughs GREY SHADED: Unincorporated Boroughs

Process and Pragmatism



AIDEA Project Analysis and Decision-Making Process

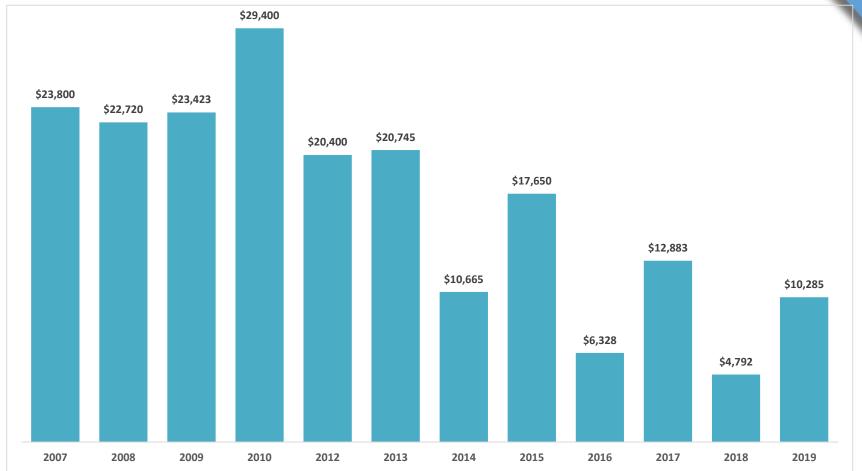
	Phase 1	Phase 2	Phase 3	Phase 4	
	Project Suitability Assessment	Feasibility Analysis	Deal Structuring & Due Diligence	Finalization and Close	
Project	Project description	Business plan	Final operations plan	 Joint work wiith AIDEA to prepare 	
Sponsor	 Sponsor information 	Financing plan	 Final financing plan 	contracts, financial and security agreements, and	
Submittals	Estimated costs	Operations plan	 Final engineering and construction plans 	others as needed	
	• Timing	Preliminary schedule	 Final technology/IP plans 		
	Anticipated AIDEA participation	IP/Technology plan Execution/development plan			
		- Execution/development plan			
AIDEA	Does project fit AIDEA mission?	 Is there a complete business plan? 	 Test business case, technical aspects, 	 Final review and refinement of all documents 	
Process	Is it consistent with AIDEA strategic initiatives?	Is there a complete financing plan?	management, and financial approach	Confirmation of assumptions regarding business	
	What is the total cost of the project?	Is there local community support?	Finalize finance plan, security, equity and capital Consolute due difference should be	plan, source and uses of funds, satisfaction of	
	What are the potential financing options? How complete is the project proposal?	 What is the timing and status for permitting, construction, and operations? 	Complete due diligence checklist Prepare ownership and operating agreements	conditions precedent	Project
	What is the proponent's experience and	What are the needed financing terms and	· Frepare ownership and operating agreements		proceeds to
	capability?	security?			funding, final
	Does AIDEA have the capacity to implement the	What are the planned sources of capital?			design,
	project?	What are the risks?			construction,
	 Is AIDEA the right source of funds? 				and operation
					and operation
Output	Project information form	Feasibility Report	Finance plan	Final Documents	
	Suitability report	- Preliminary term sheet	Ownership and Operating Agreements		
		- Preliminary risk analysis	Due Diligence Checklist		
		Reimbursement Agreement	Board Report Resolution		
AIDEA	Project Suitability Committee	Investment Committee	Investment Committee	Investment Committee	
Decision	 Authorization to go to Feasibility Analysis 	 Review business case, finance and operations 	 Review business case, finance plan, due 	Final review & approval	
Making	Technical Assistance Agreement	plans, and feasibility report	diligence, operating agreements, and deal		
		AIDEA Board	documents Make recommendation to Board 	AIDEA Executive Director	
		Review and authorize to go to Deal Structuring	Make recommendation to Board	Final review Document execution	
		and Due Diligence	AIDEA Board	Closing	
		Approve Reimbursemnt Agreement	Approval of documents substantially in form	• Crosilly	
			Adoption of resolution delegating authority to		
			complete financing		
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Investing in Alaskans

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
Revenues 1007 I/A Receipts (Other)	FY2019 Mgmt Plan 6,513.7	FY2020 Gov 6,494.6	Change -19.1
1007 I/A Receipts (Other)	6,513.7	6,494.6	-19.1
1007 I/A Receipts (Other) 1061 CIP Receipts (Other)	6,513.7 436.5	6,494.6 433.8	-19.1 -2.7

AIDEA FY19 Highlights



Commercial Loans Funded:

- \$37,292,000

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

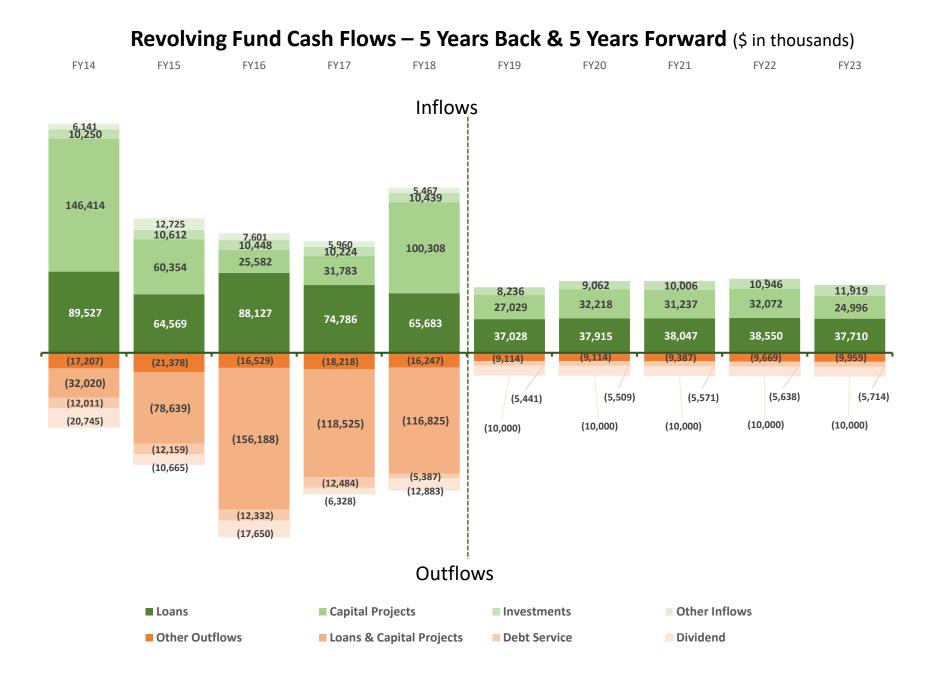
- \$45,509,000

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

- \$20,561,000

Project Finance Fundings (projected):

- \$30,000,000



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.



Alaska Industrial Development and Export Authority





(888) 300-8534 (Toll Free in Alaska)



www.aidea.org