

SENATE FINANCE COMMITTEE  
March 19, 2019  
9:01 a.m.

9:01:29 AM

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 9:01 a.m.

MEMBERS PRESENT

Senator Natasha von Imhof, Co-Chair  
Senator Bert Stedman, Co-Chair  
Senator Click Bishop  
Senator Peter Micciche  
Senator Lyman Hoffman  
Senator Donny Olson  
Senator Mike Shower  
Senator Bill Wielechowski  
Senator David Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Tom Boutin, Executive Director, Alaska Industrial Development and Export Authority (AIDEA); Senator Cathy Giessel.

PRESENT VIA TELECONFERENCE

Stephanie Richard, Department of Military and Veterans Affairs, Juneau.

SUMMARY

SB 38        APPROP: SUPP; CAP; DISASTER RELIEF

CSSB 38(FIN) was REPORTED out of committee with four "do pass" recommendations and four "no recommendation" recommendations.

AIDEA: UPDATE ON PROJECTS, INVESTMENTS and CASH FLOW

#sb38

SENATE BILL NO. 38

"An Act making supplemental appropriations for fire suppression activities and restoration projects relating to earthquake disaster relief; capitalizing funds; and providing for an effective date."

[9:02:27 AM](#)

Co-Chair Stedman addressed the history of the bill in the committee. He discussed additional housekeeping.

[9:02:58 AM](#)

Senator Wilson MOVED to REPORT SB 38, Work Draft 31-GS1037\U (Caouette, 3/13/19) from committee with individual recommendations.

[9:03:11 AM](#)

Senator Olson OBJECTED.

[9:03:17 AM](#)

Senator Olson asked about the information that had been requested at a previous meeting concerning sole source contracts. He wondered whether the information had been submitted to the committee.

Co-Chair Stedman said he would check with his staff.

[9:03:50 AM](#)

AT EASE

[9:04:00 AM](#)

RECONVENED

[9:04:05 AM](#)

Co-Chair Stedman announced that the committee had not received the information. He requested further information from the Department of Military and Veterans Affairs (DMVA).

[9:04:28 AM](#)

STEPHANIE RICHARD, DEPARTMENT OF MILITARY AND VETERANS AFFAIRS, JUNEAU (via teleconference), shared that the department was working to gather the information and would follow up with the committee.

[9:05:00 AM](#)

Senator Olson was eager to receive the information.

[9:05:07 AM](#)

Co-Chair Stedman asked whether the department had awarded sole source contracts.

[9:05:13 AM](#)

Ms. Richard replied that she did not know if sole source contracts had been awarded. She relayed that there are strict criteria for sole source contracts and that communities would need to pre-approve them in advance. She said she needed to get the list from the Division of Homeland Security and Emergency Management.

[9:05:48 AM](#)

Co-Chair Stedman queried the timeline expected for the response. He noted the April 1, 2019 deadline for funding.

[9:05:58 AM](#)

Ms. Richard agreed to reach out to the division immediately.

[9:06:17 AM](#)

Senator Olson WITHDREW his OBJECTION. There being NO further OBJECTION, it was so ordered.

CSSB 38(FIN) was REPORTED out of committee with four "do pass" recommendations and four "no recommendation" recommendations.

^AIDEA: UPDATE ON PROJECTS, INVESTMENTS and CASH FLOW

[9:07:15 AM](#)

TOM BOUTIN, EXECUTIVE DIRECTOR, ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY (AIDEA), discussed the presentation, "Alaska's Development Finance Authority" (copy on file).

[9:09:17 AM](#)

Mr. Boutin looked at Slide 2, "FY 2018 Highlights":

- 1501 permanent jobs
- 738 construction jobs
- \$1.33 Billion net position
- \$161.98 million conduit bonds issued
- \$12.88 million dividend paid
- \$88.5 million total gross loan participations funded

Mr. Boutin noted that the \$1.3 billion net position was an audited number. He invited members to refer to the comprehensive annual financial report (CAFR) for further details.

[9:10:03 AM](#)

Mr. Boutin addressed Slide 3, "Mission and Overview":

**To advance economic growth and diversification in Alaska by providing various means of financing and investment**

- Alaska Industrial Development and Export Authority (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 = \$1.32 billion in assets.
- S and P Co-Chair AA+ credit rating (independent of the State of Alaska Rating)

Mr. Boutin highlighted Slide 4, "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."

[9:11:41 AM](#)

Senator Olson looked at Slide 3. He asked about the annual dividend AIDEA paid to the state. He asked whether a breakdown for payments for the last several years could be made available.

[9:11:58 AM](#)

Mr. Boutin replied that an upcoming slide would address that question.

[9:12:22 AM](#)

Mr. Boutin addressed Slide 5, "Diverse Portfolio." The slide depicted a bar graph illustrating the diversity of AIDEA's combined capacity projects and loans.

[9:13:17 AM](#)

Mr. Boutin discussed Slide 6, "Responsible Stewards of Public Funds." The slide offered a bar graph that showed loans, development project investments and bonds versus impairments since July 1, 2000. He said that there was a low number of problem loans after 2000. He said that before 2000, the Healy project would have skewed the graph due to write-offs.

[9:13:59 AM](#)

Co-Chair Stedman queried the Healy project and the write-offs.

[9:14:03 AM](#)

Mr. Boutin replied that it was the Healy Clean Coal Project that AIDEA had sold; a write-down had been required to achieve an amenable price for the sale.

[9:14:28 AM](#)

Co-Chair Stedman understood that it was a coal generation project in the Fairbanks area that the state had struggled with for decades.

[9:14:59 AM](#)

Mr. Boutin agreed. He said that copious federal dollars had been spent on the project, which had been aggressively advertised for high-tech qualities. He believed that the problem with the project had been that the trial period, required before the state was to take possession, had used a different quality of coal than the plant had intended to use going forward. He said that as soon as the different coal was used - the pollution controls failed.

[9:16:12 AM](#)

Co-Chair von Imhof look to Slide 6. She asked about the definitions for "projects" and "conduit bonds."

Mr. Boutin responded that the Conduit Bond Program was a financing program in which AIDEA did not lend any credit but facilitated the sale of debt. He said that the program had been regularly used by health care providers. He told the story of the creation of Wildflower Court in Juneau, and how the program was used in that instance.

[9:19:01 AM](#)

Mr. Boutin said that "projects" was a subjective. He said that AIDEA owned many projects around the state. He said that AIDEA occasionally financed projects and then eventually took ownership of them or was sometimes such a large part of the project as a lender that the loans would be categorized as projects.

[9:20:26 AM](#)

Mr. Boutin discussed Slide 7, "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 percent Ownership of project
- Partner in LLC or Subsidiary Corporation
- Secured and Collateralized
- Equity Equivalent Investments

**Enhancements**

- Loan Guarantees
- Bond Guarantees

[9:22:27 AM](#)

Co-Chair Stedman asked Mr. Boutin to define "duration" as it pertained to AIDEA loans.

[9:22:29 AM](#)

Mr. Boutin replied that a loan was a fixed-income investment and that a duration was a way to expressed average maturity of a loan.

[9:23:09 AM](#)

Senator Wielechowski queried how AIDEA made investment decisions.

Mr. Boutin shared that over past decades. Investment requests had been made by the executive branch. He detailed several of those investments. He said that all decisions went through the loan committee and then had to be vetted by the board.

[9:25:09 AM](#)

Senator Wielechowski asked whether the board had made the decision to pay oil tax credits, and if so, what was the expected rate of return.

[9:25:24 AM](#)

Mr. Boutin replied that the issue had not been taken to the board. Alternative methods for paying oil tax credits had been under discussion and he believed that AIDEA was near resolution on how to make the payments. He thought that it would take several more weeks to reach resolution but stressed that he believed that the credits were due.

[9:27:31 AM](#)

Co-Chair Stedman admitted that the credits were a liability for the state. He noted preliminary discussions that had occurred on the concept of having AIDEA step in and devise a mechanism to pay the credits. He said that when a proposal was ready it would be presented to the committee.

[9:28:53 AM](#)

Senator Olson wondered about cash on hand versus the governor's proposed payment of the oil tax credits. He worried that paying the credits would drain the funds available for other projects.

[9:29:20 AM](#)

Mr. Boutin responded that AIDEA was seeking alternative ways to pay the credits, while accommodating the projects that were already underway.

[9:30:01 AM](#)

Senator Olson asked whether the stretching of finances should be cause for concern.

[9:30:21 AM](#)

Co-Chair Stedman interjected that there is a statutory requirement to pay a certain amount in oil tax credits each year, which would be reflected, in-full, in the FY 20

budget. He said that if an alternative solution could be agreed upon before the budget was released, that option could be exercised. Otherwise, the statutory minimum would be paid. He hoped that further discussions on the issue could occur but felt that it was not the crux of today's presentation.

[9:31:56 AM](#)

Senator Olson spoke of the Mark Air hangers purchased years ago by a previous administration, through AIDEA.

[9:32:42 AM](#)

Co-Chair Stedman thought that many legislators had hopes that viable, profitable projects would provide dividends to the state to fund robust, job creating, Capital Budgets.

[9:33:14 AM](#)

Mr. Boutin addressed Slide 8, "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 and 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**

[9:33:59 AM](#)

Co-Chair von Imhof wondered whether programs in other states had been investigated to determine best practices when deploying state lending programs.

[9:35:07 AM](#)

Mr. Boutin replied not yet. He said that talks with AIDEA's counterparts in other states were frequent and continuous. He said that he had not read the report from the consulting group in Boston. He felt that this was an area that should be enhanced.

[9:37:40 AM](#)

Senator Wielechowski expressed concern that, in the past, AIDEA had acted at the direction of the Executive Branch. He said that under statute, AIDEA was supposed to be a separate and independent entity. He requested a list of all actions AIDEA had taken at the direction of the Executive Branch.

Mr. Boutin agreed to provide the information.

[9:38:12 AM](#)

Senator Shower asked about the criteria used by AIDEA to determine the 9,260 permit jobs.

[9:39:00 AM](#)

Mr. Boutin replied that the number represented the jobs employed in a project. He felt that the numbers were an accurate representation. He shared that AIDEA was directed by law to provide jobs, which was an important metric, along with return on investment.

[9:40:15 AM](#)

Mr. Boutin addressed Slide 9, "AIDEA Sec. 172 Projects." The slide where the various projects were located on in

Alaska for both unincorporated and incorporated boroughs. He noted that several projects were carried on the books for significant cost but would not reap the same return on investment once those projects were sold.

[9:42:04 AM](#)

Co-Chair von Imhof asked whether AIDEA was still involved in the Interior Energy Project in Fairbanks.

[9:42:13 AM](#)

Mr. Boutin replied yes. He said that AIDEA was set to meet with members of that project to discuss bond participation notes. He said that he did not know very much about the project. He thought that the current status was that \$15 million in bond anticipation notes were going to be sold, which would be taken out by selling bonds.

Mr. Boutin highlighted Slide 10, "Process and Pragmatism." The slide offered a chart that illustrated the four phases in AIDEA's project analysis and decision-making process.

[9:44:24 AM](#)

Co-Chair Stedman asked how much AIDEA had invested in the Fairbanks project.

[9:44:34 AM](#)

Mr. Boutin replied that he would get back to the committee with information on the project.

[9:44:49 AM](#)

Co-Chair von Imhof requested the dollar figure.

[9:44:58 AM](#)

Co-Chair Stedman requested a full write up on AIDEA's involvement in the project

[9:45:05 AM](#)

Mr. Boutin understood that it had been an Executive Branch directed project. He said he would get back to the committee with the information.

[9:45:17 AM](#)

Senator Wielechowski queried the May 2018 request from Co-Chair Stedman for an audit of the loan given for the Mustang Operations Center 1. He wondered whether the loan had been compliant with state statute and if the loan had been offered to other companies.

[9:45:41 AM](#)

Co-Chair Stedman thought that the question should be answered in the requested audit.

[9:45:56 AM](#)

Mr. Boutin agreed to provide a response to the question in writing.

[9:46:21 AM](#)

Senator Wilson asked whether the cuts to the Alaska Marine Highway System (AMHS) would negatively affect the Ketchikan Shipyard.

[9:46:53 AM](#)

Mr. Boutin replied that the two ferries were complete. He said that AMHS was a prospective customer.

Co-Chair Stedman argued that AMHS was more than a prospective customer.

[9:46:59 AM](#)

Mr. Boutin said he was unaware of the effects of the FY 20 budget on the AMHS related to the shipyard in Ketchikan. He said that the shipyard had several projects planned, but that the shipyard needed to ensure confidentiality, because of possible competitors. He remarked that the viability for the shipyard would have more specific written explanations in June 2019. He stated that various industries would utilize that shipyard.

[9:49:53 AM](#)

Co-Chair Stedman clarified that the shipyard was called the Alaska Ship and Drydock and that the shipyard had been

constructed to facilitate the maintenance of AMHS vessels. The marine highway vessels were the shipyards base customer. He requested information on the financial impact to the shipyard from the proposed elimination of the AMHS. He specified that he wanted information related to the amount invested in the shipyard by AIDEA, the amount AIDEA currently carried on the books, and the estimate of the final buildout. He believed that losing its base tenant would have a significant effect on the viability of the shipyard.

Mr. Boutin was glad to provide the information.

Co-Chair Stedman reiterated that the committee would find the information useful. He stressed that the committee was working to craft a budget that provided for year-round ferry service, at a reduced schedule, and that part of the collateral damage of the elimination of the marine highway would be the shipyard.

Mr. Boutin was happy to provide the information.

[9:52:39 AM](#)

Mr. Boutin addressed Slide 10, "Process and Pragmatism," which showed the process that AIDEA undertook for projects and loan applications. There was a table entitled 'AIDEA Project Analysis and Decision-Making Process.' The slide showed that 4 Phase process used prior to funding, final design, construction, and operation.

[9:53:59 AM](#)

Senator Wielechowski requested details for the process used for the issuance of payment for oil tax credits.

[9:54:04 AM](#)

Mr. Boutin replied in the affirmative.

[9:54:07 AM](#)

Co-Chair Stedman thought that the conversation should be held once an oil tax policy was under discussion at the table.

[9:54:56 AM](#)

Mr. Boutin agreed.

[9:55:02 AM](#)

Co-Chair von Imhof asked whether an operator of a project was expected to share its financial information with AIDEA on a periodic basis.

[9:55:27 AM](#)

Mr. Boutin replied no. He said that project financings included thorough information. He said AIDEA did not have a way to access financial information for large companies that operated nationally.

[9:56:41 AM](#)

Co-Chair von Imhof understood that AIDEA had the ability to monitor the books for AIDEA specific projects and the operators of those projects.

[9:56:56 AM](#)

Mr. Boutin agreed. He stated that he had reviewed financial information for most of the large AIDEA operations. He lamented that the information was often incomplete.

[9:57:34 AM](#)

Mr. Boutin discussed Slide 11, "AIDEA Dividend." The slide showed the dividend history from 2007. He noted that the aggregate dividend amount was \$407 million since 1997.

[9:58:04 AM](#)

Co-Chair Stedman asked about the decrease in the dividend numbers in 2010 and 2019.

Mr. Boutin replied that the calculation was set in statute. He cited a letter from January 10, 2019 that stated:

"The authority determines that the amount of excess unrestricted assets that may be available for FY 2020 is \$10,285,000 under A.S. 44.88.088. This is 31 percent of the FY 2018 statutory net income."

Mr. Boutin relayed that the letter contained a substantial amount of background on the AIDEA dividend calculation.

[9:58:07 AM](#)

Co-Chair Stedman wondered about the decline in statutory net income, and why the dividend portion for the FY 20 budget was 31, not 50 percent.

[9:58:28 AM](#)

Mr. Boutin said that he would submit a comprehensive written response to the committee.

[9:59:58 AM](#)

Co-Chair Stedman hoped that the response could include an explanation for the downward trend over the past decade. He expressed concern with the decreasing numbers and hoped for a reversal in the numbers.

[10:02:36 AM](#)

Senator Micciche asked whether AIDEA was diversifying Alaska's economy with solid, sustainable projects that might not have occurred without the organization. He asked whether Mr. Boutin had a different vision for AIDEA than the current "lackluster" performance reflected in the return to the state on investments in recent years.

[10:03:36 AM](#)

Mr. Boutin disagreed that AIDEA's performance in the past had been "lackluster". He cited the creation of the Delong Mountain Transportation Revenue Bond Financing Documents, which was a project that returned at 6.5 percent. He noted that the project had allowed for the formation of a borough, which relied on the financial support of The Red Dog Mine. He spoke of AIDEA having objectives beyond maximizing return for risk. He explained that AIDEA has a patient capital objective; it was private equity without the clear objective to simply maximize return in dollars. He provided the example of the Constantine Mine, outside of Haines. He said that AIDEA would likely provide seed capital for the project and the return on investment would result in a different result than if they were an investor in minerals or equities of mining companies. He felt that

the completion of the returns received by AIDEA showed that the state was earning in its liquidity 1.7 percent in short-duration treasuries. The Commercial Lending Program had \$439 million in outstanding commercial loans and was showing a return of 4.5 percent. He noted other projects and their respective rates of return.

[10:07:33 AM](#)

Co-Chair Stedman said that details on the financial trends could be submitted to the committee in writing.

[10:08:11 AM](#)

Senator Wielechowski asked about ADIEA's \$1.32 billion in assets and the dividend percentages for 2018 and 2019. He surmised that the dividend was less than half a percentage in 2018, and 1 percent in 2019.

[10:08:55 AM](#)

Co-Chair Stedman interjected that a return on asset analysis could be submitted to the committee that clarified the dividend percentage.

[10:09:31 AM](#)

Mr. Boutin looked at Slide 12, "FY 2020 Operating Budget." He shared that the travel amounts had been submitted before the administration had cut travel by 50 percent. He related that AIDEA had recently had 82 positions, 33 which were shared between ADIEA and the Alaska Energy Authority (AEA).

[10:10:41 AM](#)

Co-Chair Stedman requested a historic lookback for the travel expenses line item.

[10:11:01 AM](#)

Senator Wielechowski understood that AIDEA funded 18 positions with the \$11,982.6 in personal services.

[10:11:14 AM](#)

Mr. Boutin said no. He said that the line item reflected the 82 positions, half of which were shared between AEA and AIDEA.

[10:11:51 AM](#)

Mr. Boutin displayed Slide 13, "AIDEA FY19 Highlights":

Commercial Loans Funded:  
**\$37,292,000**

Commercial Loan Commitments and Pending Applications  
(1/31/19):  
**\$45,509,000**

Commercial Loan Cash Inflows (P and I, net of fees):  
**\$20,561,000**

Project Finance Fundings (projected):  
**\$30,000,000**

[10:13:05 AM](#)

Senator Wielechowski asked how much of AIDEA's assets were not currently loaned or invested for statutory purposes.

[10:13:21 AM](#)

Mr. Boutin said that the response to the question was multi-faceted.

[10:13:30 AM](#)

Co-Chair Stedman stated that the response could be submitted to the committee later. He assumed that the four categories listed on Slide 13 included the majority AIDEA's revenue stream.

[10:13:49 AM](#)

Mr. Boutin replied no. He said that he could provide a breakdown.

[10:13:53 AM](#)

Co-Chair Stedman requested that he roll the breakdown into the response to the earlier question on the decline of the dividend.

[10:14:01 AM](#)

Mr. Boutin agreed to provide that information.

[10:14:12 AM](#)

Mr. Boutin addressed Slide 14, "Revolving Fund Cash Flows - 5 years back and 5 Years Forward (\$ in thousands)." The slide charted, in thousands, the inflows and out flows of the following:

- Loans
- Other Outflows
- Capital Projects
- Loans & Capital Projects
- Investments
- Debt Service
- Other Inflows
- Dividend

Mr. Boutin shared that Slide 15 included footnotes to Slide 14:

- (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 percent 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 flow 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.

Mr. Boutin said that more comprehensive cash-flow projections had been done for purposes of examining oil tax credits.

[10:16:08 AM](#)

Co-Chair Stedman expected that all the data generated by today's questions would be brought forward as cash-flow analysis for future oil tax credit policy discussions.

[10:16:28 AM](#)

Senator Wielechowski looked at Slide 14 and noted in the five years ahead, reduced activity was expected.

[10:16:41 AM](#)

Mr. Boutin replied that there would be projects, but none were reflected, because they had not yet been approved by the board. He remarked that in many cases, projects were quite far from being approved by the board. He categorized the projection on the slide as a "shutter down" projection, as opposed to a "going concern" projection.

[10:17:45 AM](#)

Senator Wilson asked about proposed projects not yet considered by the board, namely, the South Denali Project.

[10:17:54 AM](#)

Mr. Boutin replied that there were discussions ongoing about the project.

[10:18:11 AM](#)

Senator Bishop requested clarification on the term "shutter down."

[10:18:22 AM](#)

Mr. Boutin replied that projects that had not been approved by the board had not been included in the budget cash-flow.

[10:18:40 AM](#)

Senator Bishop asked what AIDEA's vision was under the current administration, and a list of AIDEA's top 3 priority projects.

[10:18:54 AM](#)

Mr. Boutin replied that the first likely project was the Constantine Palmer Project, outside of Haines. He said that a draft Environmental Impact Statement would be released in August 2019 for a project in Ambler. He said that AIDEA will have put \$17 million, cash, into the project by December; the project would either require more cash or would become a revenue bond funded project. He shared that the project was large enough to attract litigation but was on schedule. He admitted that the project could take several years. He stated that a smaller project was a possible second dock at Icy Strait Point.

[10:21:16 AM](#)

Senator Olson asked about the Ambler district and the graphite deposit between Nome and Teller.

[10:21:41 AM](#)

Mr. Boutin did not believe that an application for the project had been received by AIDEA.

[10:21:49 AM](#)

Co-Chair von Imhof said that the passage of HB 119, in 2018, had changed the way AIDEA's dividend was calculated, the intent being that the dividend would better reflect the cash based, realized net income of the funds from which the dividend was paid. She said that the bill added a definition for "mark to market" and amended the definition of "net-income" and "unrestricted net-income." She asked whether projections for future fiscal years reflected the intent of HB 119.

[10:22:37 AM](#)

Mr. Boutin replied that he did not believe so. He felt that the \$10 million was a "place holder," and did not reflect the changes from HB 119.

[10:23:10 AM](#)

Co-Chair von Imhof requested a new cash flow estimate using the factors in HB 119.

[10:24:06 AM](#)

Mr. Boutin agreed to provide that information. He warned that cash-flow and market rates of return used two different metrics.

[10:24:25 AM](#)

Co-Chair Stedman requested that Mr. Boutin detail any problems AIDEA could encounter with the implementation of HB 119.

[10:24:47 AM](#)

Mr. Boutin thought that mark to market was a worthwhile exercise. He said the Blue Crest Energy Drill Rig and the Blood Bank of Alaska were loans but were listed as projects under AIDEA Section 172 Projects.

[10:26:07 AM](#)

Senator Hoffman asked about assurances, or collateral, for the loan for the Blue Crest Energy Drill Rig on the Kenai Peninsula.

[10:26:31 AM](#)

Mr. Boutin replied that the loan was on the books for \$22.8 million but needed to get back to the committee on the collateral given for the loan.

[10:26:57 AM](#)

Mr. Boutin agreed to provide that information.

[10:27:19 AM](#)

Co-Chair Stedman thanked the presenter. He discussed housekeeping.

#

ADJOURNMENT

10:28:24 AM

The meeting was adjourned at 10:28 a.m.