

S B

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SENATE COMMITTEE REPORT  
FIRST COMMITTEE OF REFERRAL

DATE: 3/25/91

FURTHER:

Date of 5-Day Notice: \_\_\_\_\_  
(in accordance with Uniform Rule 23)

DATE TURNED  
INTO OFFICE: \_\_\_\_\_

L&C Committee considered SB 226

Revising the loan authority of the Alaska Industrial Development and Export Authority; efd.

and recommended:

replace with \_\_\_\_\_ CS SB 226 (L+C)  same title  
 attached amendment(s)  new title  
 \_\_\_\_\_ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

ATTACHES NEW FISCAL NOTE(S):

Department(s)/Date:

Department(s)/Date:

fiscal note(s) COMMERCE 1/5-3-91  
SO

zero fiscal note(s) COMMERCE 1/5-3-91

appropriation-no fiscal note

Governor's bill w/fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

*[Handwritten signatures: Rick Halford, etc.]*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*[Handwritten signature]*  
Chair: Signature and Recommendation



ALASKA INDUSTRIAL DEVELOPMENT  
AND EXPORT AUTHORITY

---

480 WEST TUDOR • ANCHORAGE, ALASKA 99503-6690 • (907) 561-8050 • FAX (907) 561-8998

April 26, 1991

Honorable Rick Halford  
Alaska State Legislature  
P.O. Box V  
Juneau, Alaska 99811

Dear Senator Halford:

A proposed amendment to SB 226 is attached for your consideration.

Do you need a pilot for the summer?

Sincerely,

Bertram L. Wagnon  
Executive Director

BLW/ss  
attachment

April 15, 1991

Drue -

RE: GREG FAVRETTO

Wanted to meet with you to discuss the merits of SB 206.

He had been by last week to discuss the proposed Oceantrawl legislation. He saw it as a vehicle to amend AIDEA statute to separate topics of interest and term on loans. At the present time AIDEA is locked into the lenders interest rate and term. SB 206 separates these issues allowing AIDEA to use a different term for its loan share. Favretto has had problems in the past obtaining business loans from NBA and First National.

Favretto owns FAVCO, Inc, an Anchorage based seafood processor/distributor.

SB 206 bill history and copy is attached.

A handwritten signature in cursive script, appearing to read "T. Rod".

# Alaska State Legislature

## Senate

Office of The Majority Leader

Official Business

Rick Halford  
P.O. Box V  
State Capitol  
Juneau, Alaska 99811  
Phone (907) 465-4958

P.O. Box 190  
Chugiak, Alaska 99067  
Phone (907) 276-4999

### MEMORANDUM

TO: Senator Drue Pearce  
Chair, Labor and Commerce Committee

FROM: Senator Rick Halford *Rick*

DATE: May 1, 1991

SUBJECT: Senate Bill 226

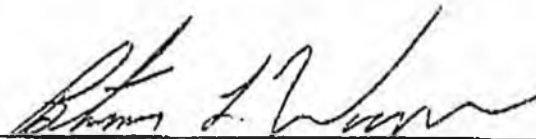
Please accept this request to schedule Senate Bill 226 in Labor and Commerce Committee. I would appreciate a hearing on the bill at your earliest convenience.

Thank you.

Senate Bill 226: An Act revising the loan authority of the Alaska Industrial Development and Export Authority.

The Authority is concerned with the impact that SB 226 will have on the Authority. Page 2, Lines 5-7 would mandate differential loan amortization terms between banks and the Authority. While the Authority realizes that most of the correspondent relationship banks had enjoyed, no longer exist, the Authority feels that absolutely mandating a 10 year maximum term on the banks portion of a loan to be egregious.

The Authority does believe that a statute change to allow differential amortization would be appropriate. Attached is a proposed amendment.



Bertram L. Wagon, Executive Director  
Alaska Industrial Development and  
Export Authority

Date: May 3, 1991

Proposed AIDEA Amendment to HB 226

Section 1. AS 44.88.155(d) is amended by deleting paragraph (4)(B) and inserting a new paragraph (4)(B) to read:

(B) may allow the loan originator to amortize the portion of the loan retained by the loan originator on a shorter amortization schedule than the amortization schedule for the portion of the loan held by the authority when;

(i) in the authority's opinion the project financed can support the increased debt service; and

(ii) the accelerated amortization schedule is required to induce the originator to make the loan.

Fiscal Note - SB 226  
Page 2

Allowing banks to amortize their portion of the loan over a shorter period than the Authority's will most likely increase loan volume some what. The estimate of \$15 million is subjective and will be influenced more by economic conditions than this legislation.

NOTE:

All funds required for this legislation currently are held within the Authority and NO appropriation is required.

FISCAL NOTE

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

BILL NO. CSSB 226 (L.&C.)

Revision Date: May 7, 1991 Department Affected: Commerce and Economic Development  
 Title: An act revising the loan authority of BRU: Alaska Industrial Development and Export Authority  
the Alaska Industrial Development & Export Authority Component: \_\_\_\_\_

Sponsor: Halford

Requestor: Senate Labor and Commerce

| COMPONENT SERIAL NO. | 1 | 2 | 3 | 4 |
|----------------------|---|---|---|---|
|                      |   |   |   |   |

Expenditures/Revenues: (Thousands of Dollars)

| OPERATING         | FY 92 | FY 93 | FY 94 | FY 95 | FY 96 | FY 97 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES |       |       |       |       |       |       |
| TRAVEL            |       |       |       |       |       |       |
| CONTRACTUAL       |       |       |       |       |       |       |
| SUPPLIES          |       |       |       |       |       |       |
| EQUIPMENT         |       |       |       |       |       |       |
| LAND & STRUCTURES |       |       |       |       |       |       |
| GRANTS, CLAIMS    |       |       |       |       |       |       |
| MISCELLANEOUS     |       |       |       |       |       |       |
| TOTAL OPERATING   | -0-   | -0-   | -0-   | -0-   | -0-   | -0-   |

|         |     |     |     |     |     |     |
|---------|-----|-----|-----|-----|-----|-----|
| CAPITAL | -0- | -0- | -0- | -0- | -0- | -0- |
|---------|-----|-----|-----|-----|-----|-----|

|         |     |     |     |     |     |     |
|---------|-----|-----|-----|-----|-----|-----|
| REVENUE | -0- | -0- | -0- | -0- | -0- | -0- |
|---------|-----|-----|-----|-----|-----|-----|

FUNDING: (Thousands of Dollars)

|               |     |     |     |     |     |     |
|---------------|-----|-----|-----|-----|-----|-----|
| GENERAL FUND  |     |     |     |     |     |     |
| FEDERAL FUNDS |     |     |     |     |     |     |
| OTHER         |     |     |     |     |     |     |
| TOTAL         | -0- | -0- | -0- | -0- | -0- | -0- |

POSITIONS:

|           |  |            |  |  |  |  |
|-----------|--|------------|--|--|--|--|
| FULL-TIME |  |            |  |  |  |  |
| PART-TIME |  | -- NONE -- |  |  |  |  |
| TEMPORARY |  |            |  |  |  |  |

Estimate of current year impact:

ANALYSIS: (Attach a separate page if necessary.)  
 This bill will require no appropriation from the Legislature. Any increase in loan volume will be funded by revolving loan funds within the Authority. Any incremental increases in loan guarantys will be provided for by the assets of the Authority and not impact the credit of the state or the general fund.

Prepared By: Bertram L. Wagnon, Executive Director Phone: (907) 561-8050

Division: \_\_\_\_\_ Date: May 7, 1991

Approved by Commissioner: [Signature] Alaska Ind. Dev. Auth. Comm.

Agency: \_\_\_\_\_ Date: 5-1-91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

FISCAL NOTE

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

BILL NO. SB 226

Revision Date: \_\_\_\_\_ Department Affected: Commerce & Economic Development  
 Title: An Act revising the loan authority of the BRU: AK Industrial Development & Export Authority  
AK Industrial Development & Export Authority Component: \_\_\_\_\_  
 Sponsor: Halford  
 Requestor: Labor & Commerce Committee COMPONENT SERIAL NO. 

|   |   |   |   |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
|---|---|---|---|

Expenditures/Revenues: (Thousands of Dollars)

| OPERATING         | FY 92 | FY 93 | FY 94 | FY 95 | FY 96 | FY 97 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES |       |       |       |       |       |       |
| TRAVEL            |       |       |       |       |       |       |
| CONTRACTUAL       |       |       |       |       |       |       |
| SUPPLIES          |       |       |       |       |       |       |
| EQUIPMENT         |       |       |       |       |       |       |
| LAND & STRUCTURES |       |       |       |       |       |       |
| GRANTS, CLAIMS    |       |       |       |       |       |       |
| MISCELLANEOUS     |       |       |       |       |       |       |
| TOTAL OPERATING   |       |       |       |       |       |       |

|         |        |        |        |        |        |        |
|---------|--------|--------|--------|--------|--------|--------|
| CAPITAL | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 |
|---------|--------|--------|--------|--------|--------|--------|

|         |        |        |        |        |        |        |
|---------|--------|--------|--------|--------|--------|--------|
| REVENUE | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 |
|---------|--------|--------|--------|--------|--------|--------|

FUNDING: (Thousands of Dollars)

|               |        |        |        |        |        |        |
|---------------|--------|--------|--------|--------|--------|--------|
| GENERAL FUND  |        |        |        |        |        |        |
| FEDERAL FUNDS |        |        |        |        |        |        |
| OTHER         | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 |
| TOTAL         | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 |

POSITIONS:

|           |  |  |             |  |  |  |
|-----------|--|--|-------------|--|--|--|
| FULL-TIME |  |  |             |  |  |  |
| PART-TIME |  |  |             |  |  |  |
| TEMPORARY |  |  | <i>NONE</i> |  |  |  |

Estimate of current year impact: NONE

ANALYSIS: (Attach a separate page if necessary.)

SEE ATTACHED

Prepared By: Bertram L. Wagnon, Executive Director Phone: (907) 561-8050  
 Division: AK Industrial Development And Export Authority Date: May 3, 1991  
 Approved by Commissioner: GLENN A. CLAS *[Signature]* Asst. Comm.  
 Agency: DCED Date: 5-3-91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

# Alaska State Legislature

Senator Drue Pearce, Chair  
Senator Virginia Collins, Vice Chair  
Senator Dick Ellason  
Senator Rick Halford  
Senator Jay Kerttula



WHILE IN JUNEAU  
P.O. BOX V  
JUNEAU, ALASKA 99811  
(907) 465-3844

3111 C STREET, SUITE 150  
ANCHORAGE, ALASKA 99504  
(907) 561-2018

## SENATE LABOR AND COMMERCE COMMITTEE

TO: Tam Cook, Director  
Division of Legal Services

FROM: Rod Mourant, Legislative Aide  
Senate Labor & Commerce Committee

DATE: May 6, 1991

RE: SB 226

A handwritten signature in cursive script, appearing to read "Rod", written in dark ink.

Working from draft 7-LS1000\A, please produce a committee substitute with the following changes:

- 1) Amend the title to read:  
"An Act revising the loan authority and extending the business assistance program of the Alaska Industrial Development and Export Authority; and providing for an effective date."
- 2) Insert a new section to read:  
Section 4, Ch 162, SLA 88 is repealed and reenacted to read:  
"AS 44.88500 - 44.88.599 are repealed July 1, 1993."
- 3) Pg 2 delete lines 5 - 7 and insert:  
"(B) may allow the loan originator to amortize the portion of the loan retained by the loan originator on a shorter amortization schedule than the amortization schedule for the portion of the loan held by the authority when;  
(i) in the authority's opinion the project financed can support the increase debt service; and  
  
(ii) the accelerated amortization schedule is required to induce the originator to make the loan."

This bill was passed from committee and should be read across to Rules on Wednesday, May 8, 1991.

Thanks.

Greg Favretto

3:30 ~~at~~ Cafe de Mundo

- 248-0881 hmw

278-1525

FANCO INC.

WILL BE AFFECTING HIS CO. DIRECTLY

RE: SB200

REAL PROP.

SECURITY INVESTMENTS

WOULD LIKE TO TALK OVER THE PHONE OR LUNCH IN ANCH. THIS WEEKEND.

SB 226

Roof -  
Ph set  
up.  
find out as  
much as you  
can on  
phone

A12A

amortization term cannot differ from  
participating bank.

allowed to participate with outside banks.

bdg project at airport  
seafood distribution facility

## Comparison of AIDEA Bills

| <u>Subject</u>                                     | <u>CSSB-410(STA) @ Rodey</u>   | <u>CSHB-417(L&amp;C) @ Choquette</u>  |
|--|--|---|
| Sunset:  | Restores bonding ability without Legislative oversight up to \$10 million.   | Same bonding ability sunsets on June 30, 1995.  |
| Size of loan allowed without Legislative approval: | Allows the Authority to participate in any size of loan/participation while limiting the Authority's exposure to \$10 million.   | Allows the Authority to participate in any size of loan/participation while limiting the Authority's exposure to \$7 million. |
| Size of loan allowed with Legislative approval:    | Legislative approval is required on any bond issue of \$10 million or more.  | Legislative approval is required on all bond issues of \$7 million or more.   |
| Direct participation in loans:                     | Allows the Authority to use money and/or assets from the Enterprise Development Account to secure bonds or to directly finance participation in loans.   | Same as CSSB-410(STA) @ Rodey.  |
| Provision for floating interest rates:             | Provides for interest rates that are tied to fluctuations of the prime interest rate.  | "   |
| Expansion of activities:                           | Redefines "project" to include tourism destination facilities that have no existing competition. Grants Legislative approval for up to \$50 million in loans for an air cargo/air transport support facility at Anchorage International Airport. | "   |
| New definitions:                                   | Defines "loan participation" as the purchase of a portion of an existing loan from a bank.   | "   |
| Small uncollateralized loans:                      | Not addressed.   | "   |
| Interest guarantees:<br>*****                      | Not addressed.<br>*****  | "<br>*****  |
| <u>Subject:</u>                                    | <u>Work Draft for CSSB-226 (2d L&amp;C)</u>  | <u>Present AIDEA statute</u>  |
| Sunset:  | Same as CSHB-417(L&C) @ Choquette.   | Sunsetted as of January 1, this year.   |
| Size of loan allowed without Legislative approval: | Same as CSSB-410(STA) @ Rodey.   | AIDEA can guarantee up to 80%, up to a \$10 million dollar loan.  |
| Size of loan allowed with Legislative approval:    | "  | AIDEA can bond up to \$400 million in a 12 month period.  |
| Direct participation in loans:                     | "  | Not presently allowed.  |
| Provision for floating interest rates:             | Same as CSSB-410(STA) @ Rodey, but without the interest rate ceiling.  | Fixed at the time the loan is made.   |
| Expansion of activities:                           | Same as CSSB-410(STA) @ Rodey, but eliminates competition clause.  | N/A.  |
| Small uncollateralized loans:                      | Increases the limit of unsecured loan guarantees to \$100,000.   | Limited to \$50,000.  |
| Interest guarantees:                               | Guarantees interest on federal Small Business Administration guaranteed loans.   | Not presently allowed.  |

## Comparison of AIDEA Bills

| <u>Subject</u>                                     | <u>CSSB-410(STA) @ Rodey</u>   | <u>CSHB-417(L&amp;C) @ Choquette</u>  |
|--|--|---|
| Sunset:  | Restores bonding ability without Legislative oversight up to \$10 million.   | Some bonding ability sunsets on June 30, 1995.  |
| Size of loan allowed without Legislative approval: | Allows the Authority to participate in any size of loan/participation while limiting the Authority's exposure to \$10 million.   | Allows the Authority to participate in any size of loan/participation while limiting the Authority's exposure to \$7 million. |
| Size of loan allowed with Legislative approval:    | Legislative approval is required on any bond issue of \$10 million or more.  | Legislative approval is required on all bond issues of \$7 million or more.   |
| Direct participation in loans:                     | Allows the Authority to use money and/or assets from the Enterprise Development Account to secure bonds or to directly finance participation in loans.   | Same as CSSB-410.   |
| Provision for floating interest rates:             | Provides for interest rates that are tied to fluctuations of the prime interest rate.  | "   |
| Expansion of activities:                           | Redefines "project" to include tourism destination facilities that have no existing competition. Grants Legislative approval for up to \$50 million in loans for an air cargo/air transport support facility at Anchorage International Airport. | "   |
| New definitions:                                   | Defines "loan participation" as the purchase of a portion of an existing loan from a bank.   | "   |
| Small uncollateralized loans:                      | Not addressed.   | "   |
| Interest guarantees:<br>*****                      | Not addressed.<br>*****  | "<br>*****  |
| <u>Subject:</u>                                    | <u>CSSB-226(L&amp;C) @ Halford</u>   | <u>Present AIDEA statute</u>  |
| Sunset:  | Sunsets bonding ability, without Legislative oversight, on July 1, 1993.   | Sunsets as of January 1, this year.   |
| Size of loan allowed without Legislative approval: | Same as present AIDEA statute.   | AIDEA can guarantee up to 80%, up to a \$10 million dollar loan.  |
| Size of loan allowed with Legislative approval:    | "  | AIDEA can bond up to \$400 million in a 12 month period.  |
| Direct participation in loans:                     | "  | Not presently allowed.  |
| Provision for floating interest rates:             | "  | Fixed at the time the loan is made.   |
| Expansion of activities:                           | "  | N/A.  |
| Small uncollateralized loans:                      | "  | Limited to \$50,000.  |
| Interest guarantees:                               | "  | Not presently allowed.  |

FISCAL NOTE

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

BILL NO. CSSB 226

Revision Date: 3/23/92

Department Affected: Commerce & Econ. Dev.

Title: An Act revising the loan authority  
of AIDEA

BRU: \_\_\_\_\_

Component: AIDEA

Sponsor: Senator Halford

Requestor: Senate Labor & Commerce

COMPONENT SERIAL NO. 

|   |   |   |   |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
|---|---|---|---|

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING         | FY 93 | FY 94 | FY 95 | FY 96 | FY 97 | FY 98 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | 0     | 0     | 0     | 0     | 0     | 0     |
| TRAVEL            | 0     | 0     | 0     | 0     | 0     | 0     |
| CONTRACTUAL       | 0     | 0     | 0     | 0     | 0     | 0     |
| SUPPLIES          | 0     | 0     | 0     | 0     | 0     | 0     |
| EQUIPMENT         | 0     | 0     | 0     | 0     | 0     | 0     |
| LAND & STRUCTURES | 0     | 0     | 0     | 0     | 0     | 0     |
| GRANTS, CLAIMS    | 0     | 0     | 0     | 0     | 0     | 0     |
| MISCELLANEOUS     | 0     | 0     | 0     | 0     | 0     | 0     |
| TOTAL OPERATING   | 0     | 0     | 0     | 0     | 0     | 0     |

|         |   |   |   |   |   |   |
|---------|---|---|---|---|---|---|
| CAPITAL | 0 | 0 | 0 | 0 | 0 | 0 |
|---------|---|---|---|---|---|---|

|                        |   |   |   |   |   |   |
|------------------------|---|---|---|---|---|---|
| REVENUE FUND RESOURCE: | 0 | 0 | 0 | 0 | 0 | 0 |
|------------------------|---|---|---|---|---|---|

FUNDING: (Thousands of Dollars)

|               |   |   |   |   |   |   |
|---------------|---|---|---|---|---|---|
| GENERAL FUND  | 0 | 0 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS | 0 | 0 | 0 | 0 | 0 | 0 |
| OTHER         |   |   |   |   |   |   |
| FUND SOURCE:  | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL         | 0 | 0 | 0 | 0 | 0 | 0 |

POSITIONS:

|           |   |   |   |   |   |   |
|-----------|---|---|---|---|---|---|
| FULL-TIME | 0 | 0 | 0 | 0 | 0 | 0 |
| PART-TIME | 0 | 0 | 0 | 0 | 0 | 0 |
| TEMPORARY | 0 | 0 | 0 | 0 | 0 | 0 |

Estimate of current year impact: \_\_\_\_\_

ANALYSIS (Attach a separate page if necessary.)

The bill will have no additional fiscal impact on the Authority.

Prepared By: Katelyn Carrigan, Development Specialist Phone: (907) 561-8050

Division: AIDEA Date: 3/23/92

Approved by Commissioner: Glenn A. Olds *[Signature]*

Agency: Department of Commerce & Economic Development Date: 3.24.92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., and Impacted Agency(ies).

Page 1 of 1

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WORK DRAFT

WORK DRAFT

WORK DRAFT

7-LS1000P  
Chenoweth  
3/24/92

CS FOR SENATE BILL NO. 226 ( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY

Offered:  
Referred:

Sponsor(s): SENATOR HALFORD

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the financing authority of the Alaska Industrial Development and  
2 Export Authority and to a project for which the legislature has approved the Authority's  
3 issuance of bonds; and providing for an effective date."

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

5 \* Section 1. PURPOSE. The purpose of this Act is to

6 (1) eliminate a blanket prohibition against the Alaska Industrial Development and Export  
7 Authority's ability to issue bonds, other than refunding bonds, without securing the prior approval of the  
8 legislature and to restore, until June 30, 1995, a provision of law giving the Authority the ability to issue  
9 its bonds to assist in the financing of a development project without prior legislative approval if the  
10 proposed bond issue does not exceed \$10,000,000;

11 (2) modify the requirements and restrictions imposed on the use of money in the Alaska  
12 Industrial Development and Export Authority's enterprise development account to permit the Authority  
13 to improve its capacity to serve as the primary source of secondary project financing in the state;

14 (3) modify the interest rate restriction applicable to the loans guaranteed by the Alaska

1 Industrial Development and Export Authority;

2 (4) improve the Alaska Industrial Development and Export Authority's ability to support  
3 the state's expanding tourism industry; and

4 (5) amend the project approval given by sec. 25, ch. 123, SLA 1990 to express legislative  
5 project approval for the Alaska Industrial Development and Export Authority's participation in the  
6 financing of a more versatile aircraft facility at the Anchorage International Airport as presently  
7 contemplated by the project's principal sponsor.

8 \* Sec. 2. AS 44.88.095(g) is repealed and reenacted to read:

9 (g) Without prior legislative approval, the authority may not issue bonds in an amount  
10 greater than \$10,000,000 to assist in the financing of a development project under AS 44.88.172 -  
11 44.88.177.

12 \* Sec. 3. AS 44.88.095(g) is repealed and reenacted to read:

13 (g) Without prior legislative approval, the authority may not issue bonds, except  
14 refunding bonds.

15 \* Sec. 4. AS 44.88.155(c) is amended to read:

16 (c) Money and other assets of the enterprise development account may be used to secure  
17 bonds of the authority issued to finance the purchase of loans for projects or may [SHALL] be  
18 used to purchase participation in the loans for projects.

19 \* Sec. 5. AS 44.88.155(d) is amended to read:

20 (d) A loan participation purchased [IN WHOLE OR IN PART] by the authority with  
21 assets of the enterprise development account or with proceeds of bonds secured by assets of the  
22 enterprise development account [, OTHER THAN A LOAN WHICH IS FINANCED WITH THE  
23 PROCEEDS OF BONDS OF THE AUTHORITY AND SECURED ONLY BY A PROJECT  
24 APPLICANT OR A PROJECT,]

25 (1) may not exceed \$10,000,000 without prior legislative approval;

26 (2) may not be purchased unless

27 (A) the project applicant is not, or, if the applicant is not a single  
28 proprietorship, all members of the business enterprise or enterprises constituting the  
29 project applicant are not, in default on another loan made by the state or by a  
30 public corporation of the state; and

31 (B) at least 20 percent of the principal amount of the loan is retained

1                   by the loan originator;

2                   (3) may not be purchased if the loan to be purchased exceeds [EXCEED] the  
3 cost of the project or 75 percent of the appraised value of the project, whichever is less, unless  
4 the amount of the loan in excess of this limit is federally insured or guaranteed or is insured by  
5 a qualified mortgage insurance company;

6                   (4) [(3)] may not be purchased if the participation in the loan to be purchased  
7 is for a term longer than three-quarters of the authority's estimate of the life of the project or 25  
8 years from the date the loan is made, whichever is earlier;

9                   (5) [(4)] shall be made only if the participation in the loan to be purchased  
10 contains [CONTAIN] amortization provisions; the amortization provisions

11                   (A) must be complete and satisfactory to the authority and require periodic  
12 payments by the borrower;

13                   (B) may allow the loan originator to amortize the portion of the loan  
14 retained by the loan originator using a shorter amortization schedule than the amortization  
15 schedule for the portion of the loan held by the authority if (i) in the authority's opinion,  
16 the project financed can support the increased debt service; and (ii) the accelerated  
17 amortization schedule is required to induce the originator to make the loan;

18                   (6) [(5)] shall be made only if the participation in the loan to be purchased  
19 is in the form and contains [CONTAIN] the terms and provisions with respect to insurance,  
20 repairs, alterations, payment of taxes and assessments, default reserves, delinquency charges,  
21 default remedies, acceleration of maturity, secondary liens, and other matters the authority  
22 prescribes; and

23                   (7) [(6)] shall be made only if the participation in the loan to be purchased  
24 is secured as to repayment by a mortgage or other security instrument in the manner the authority  
25 determines is feasible to assure timely repayment under a loan agreement entered into with the  
26 borrower [;

27                   (7) MAY NOT BE MADE UNLESS

28                   (A) THE PROJECT APPLICANT IS NOT, OR, IF THE APPLICANT IS  
29 NOT A SINGLE PROPRIETORSHIP, ALL MEMBERS OF THE BUSINESS  
30 ENTERPRISE OR ENTERPRISES CONSTITUTING THE PROJECT APPLICANT ARE  
31 NOT, IN DEFAULT ON ANOTHER LOAN MADE BY THE STATE OR BY A

1 PUBLIC CORPORATION OF THE STATE; AND

2 (B) WITH RESPECT TO THE LOAN, (i) AT LEAST 20 PERCENT OF  
3 THE PRINCIPAL AMOUNT OF THE LOAN IS RETAINED BY THE LOAN  
4 ORIGINATOR; OR (ii) 100 PERCENT OF THE PRINCIPAL AMOUNT OF THE  
5 LOAN IS GUARANTEED BY THE UNITED STATES OR AN AGENCY OR  
6 INSTRUMENTALITY OF THE UNITED STATES;

7 (8) MUST BE

8 (A) FINANCED FROM THE PROCEEDS OF BONDS; OR

9 (B) EXPECTED BY THE AUTHORITY TO BE FINANCED FROM THE  
10 PROCEEDS OF BONDS].

11 \* Sec. 6. AS 44.88.155(h) is amended to read:

12 (h) The provisions of this section apply only with respect to a loan participation  
13 [LOANS] purchased [OR MADE] by the authority for projects under AS 44.88.155 - 44.88.159.

14 \* Sec. 7. AS 44.88.159(d) is amended to read:

15 (d) The provisions of this section apply only to a loan participation purchased [LOANS  
16 FINANCED] under AS 44.88.155 - 44.88.159.

17 \* Sec. 8. AS 44.88.190(c) is amended to read:

18 (c) A loan participation purchased or financed by the authority [IN WHOLE OR IN  
19 PART] is exempt from the provisions of AS 45.45.010. A guarantee extended under  
20 AS 44.88.300 or insurance provided under AS 44.88.390 does not constitute insurance for the  
21 purposes of AS 21.03.010.

22 \* Sec. 9. AS 44.88.535(a) is amended to read:

23 (a) The authority may guarantee a loan under AS 44.88.500 - 44.88.599 if the

24 (1) loan

25 (A) is commercially reasonable;

26 (B) contains amortization provisions satisfactory to the authority;

27 (C) is secured by adequate collateral; however, the authority may waive  
28 on a case-by-case basis the requirement of collateral for a loan guarantee of \$100,000  
29 [\$50,000] or less for which the proposed loan amortization period does not exceed five  
30 years, but the ability to waive the requirement of this subparagraph or the grant of a  
31 waiver does not prevent the financial institution that holds the loan guaranteed by the

- 1 authority from requiring reasonable collateral for the loan;
- 2 (2) net cash flow from the borrower provides adequate coverage for the debt
- 3 service on the loan;
- 4 (3) term of the loan does not exceed 20 years;
- 5 (4) loan is originated with and serviced by a state chartered or federally chartered
- 6 financial institution;
- 7 (5) portion of the loan not guaranteed by the authority is held by the originating
- 8 financial institution or another financial institution approved by the authority;
- 9 (6) loan is made to a business with a majority interest held by state residents; and
- 10 (7) loan guarantee provides a benefit to the borrower.

11 \* Sec. 10. AS 44.88.535(c) is amended to read:

12 (c) For a loan guaranteed under AS 44.88.500 - 44.88.599 that is also guaranteed by

13 the federal Small Business Administration, the authority may guarantee interest on the loan

14 and the fees and expenses attributable to the inception and servicing of the loan to the

15 extent authorized by the federal Small Business Administration. Except for those loan

16 guarantees, the [THE] authority may not guarantee the payment of interest on the guaranteed

17 portion of a loan.

18 \* Sec. 11. AS 44.88.550 is amended to read:

19 Sec. 44.88.550. INTEREST ON GUARANTEED LOAN. The maximum interest rate

20 on a loan guaranteed by the authority is

21 [(1) FOR A LOAN GUARANTEE THAT EXCEEDS 65 PERCENT OF THE

22 LOAN, ONE AND ONE-HALF PERCENTAGE POINTS ABOVE THE PRIME RATE ON THE

23 DAY THE LOAN GUARANTEE IS MADE; AND

24 (2) FOR A LOAN GUARANTEE THAT IS EQUAL TO OR LESS THAN 65

25 PERCENT OF THE LOAN,] two and three-quarters percentage points above the prime rate [ON

26 THE DAY THE LOAN GUARANTEE IS MADE].

27 \* Sec. 12. AS 44.88.550 is amended by adding a new subsection to read:

28 (b) If provision is made in the loan guarantee agreement, the interest rate on a loan

29 guaranteed by the authority may increase or decrease in accordance with the changes in the prime

30 rate.

31 \* Sec. 13. AS 44.88.900(9) is amended to read:

1 (9) "project" or "development project" means

2 (A) a plant or facility used or intended for use in connection with making,  
3 processing, preparing, transporting, or producing in any manner, goods, products, or  
4 substances of any kind or nature or in connection with developing or utilizing a natural  
5 resource, or extracting, smelting, transporting, converting, assembling, or producing in any  
6 manner, minerals, raw materials, chemicals, compounds, alloys, fibers, commodities and  
7 materials, products, or substances of any kind or nature;

8 (B) subject to (E) of this paragraph, a plant or facility used or intended  
9 for use in connection with a business enterprise;

10 (C) commercial activity by a small enterprise;

11 (D) a plant or facility demonstrating technological advances of new  
12 methods and procedures and prototype commercial applications for the exploration,  
13 development, production, transportation, conversion, and use of energy resources;

14 (E) a new tourism destination facility or the expansion of a tourism  
15 destination facility if the new facility or expanded facility will not compete with an  
16 existing hotel, motel, or restaurant;

17 \* Sec. 14. AS 44.88.900 is amended by adding a new paragraph to read:

18 (15) "loan participation" means the purchase of a portion of an existing loan from  
19 a bank.

20 \* Sec. 15. Section 25, ch. 123, SLA 1990 is amended to read:

21 Sec. 25. The Alaska Industrial Development and Export Authority may issue bonds to  
22 finance the acquisition, design, and construction of an [A MULTI-BAY] aircraft maintenance/air  
23 cargo/air transport support facility located at Anchorage International Airport, to be owned by  
24 the Authority. The principal amount of the bonds may not exceed \$50,000,000. This section  
25 grants the legislative approval required by AS 44.88.095.

26 \* Sec. 16. AS 44.88.900(4) is repealed.

27 \* Sec. 17. Section 3 of this Act takes effect July 1, 1995.

28 \* Sec. 18. Except for sec. 3 of this Act, this Act takes effect immediately under AS 01.10.070(c).

# National Bank of Alaska



Juneau Office P.O. Box 1189 Juneau, Alaska 99802-1189 (907) 586-3324

March 25, 1992

Senator Rick Halford  
The Alaska State Senate  
Juneau, Alaska 99801

Reference: The Alaska Industrial Development and Export  
Authority

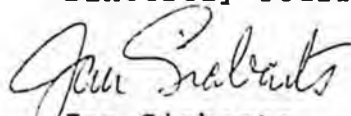
Dear Senator Halford,

AIDEA has become an important tool in providing long term capital for economic development with the results of stability in employment in the state. To businesses in the State the sources of long term funds have shrunk in recent years. The enterprise development account of AIDEA was established to assist the economic needs of business in partnership with other institutions.

We have reviewed a recent draft of Senate bill 226 which we believe will add to the versatility and effectiveness of AIDEA. The loan guarantee program and the loan participation (bank participation) programs will be improved with the bill.

It seems reasonable that the legislature be called upon to fine tune AIDEA from time to time. The banking industry which we are most familiar is in a constant state of change. Changes in the national economy and finance industry sometimes are not in the best interest of Alaska. When possible we should make adjustments so as to promote, develop, and advance the general prosperity and economic welfare of the people, to relieve problems of unemployment, and to create additional employment.

Sincerely Yours,

  
Jan Sieberts

Side by Side Comparison of  
CSSB 226 () and CSSB 410 (STA)

Both bills are identical except for the following sections that are not contained in Senator Rodey's bill:

- Section 3: This section becomes effective 7/1/95 and does not allow AIDEA to issue **any** bonds (except refunding bonds) without legislative approval.
- Section 9: Increases from \$50K to \$100K the maximum amount of a loan in which the Authority may waive collateral requirements and require other provisions as they see fit.
- Section 11: Sets the maximum interest rate on a loan guaranteed by the authority at 2 3/4% above prime. Rodey's SB 410, Section 8 allows for 1 1/2% above prime, on loans that exceed 65% of the loan and 2 3/4% on loans at or below 65%.
- Section 17: Effective Date for Section 3.
- Section 18: Excludes Section 3 from immediate effective date.

CSSB 226: "An Act revising the loan and loan guarantee authority of the Alaska Industrial Development and Export Authority; and providing for an effective date."

The Authority supports CSSB 226.

The bill, as proposed, reinstates the Authority's ability to issue bonds up to \$10,000,000 for projects which enhance Alaska's economy and provide job opportunities for Alaskans; modifies interest rate restrictions of the Authority's guarantee loan programs and allows the Authority to participate in business development or enhancement loans of any size while limiting the Authority's participation or exposure to \$10,000,000; improves the Authority's ability to develop infrastructure and superstructure to support Alaska's expanding tourism industry while not competing with the private sector; allows the Authority to invest assets of the Authority directly into the Alaskan economy without selling bonds; and diversifies the use of an aircraft facility at the Anchorage International Airport approved by the Legislature in 1990.

While many sections of the proposed legislation are technical amendments, the Authority believes that CSSB 226 is critical to our continued success. All sections of the proposed bill support and enhance the Authority's mission to promote, develop, and advance the general prosperity and economic welfare of the people of Alaska, to relieve problems of unemployment and to create additional employment. The Alaskan banking industry has expressed an interest in increasingly utilizing the Authority's programs with the modifications to the guarantee loan programs and participation loan programs proposed in CSSB 226, which include increasing the limit of unsecured loan guarantees from \$50,000 to \$100,000 and provides for a ceiling of 2-3/4 points over the prime rate on the day a loan guarantee is made.

Staff of the department and the Authority recommend support of this bill.



Glenn A. Olds, Commissioner

Date: 3.15.92

7-LS1000V.  
Chenoweth  
4/2/92

CS FOR SENATE BILL NO. 226 (2d L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered:  
Referred:

Sponsor(s): SENATOR HALFORD

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the financing authority of the Alaska Industrial Development and  
2 Export Authority and modifying the description of a project for which the legislature has  
3 previously approved the Alaska Industrial Development and Export Authority's issuance of  
4 bonds; and providing for an effective date."

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

6 \* Section 1. PURPOSE. The purpose of this Act is to

7 (1) eliminate a blanket prohibition against the Alaska Industrial Development and Export  
8 Authority's ability to issue bonds, other than refunding bonds, without securing the prior approval of the  
9 legislature and to restore, until June 30, 1995, a provision of law giving the Authority the ability to issue  
10 its bonds to assist in the financing of a development project without prior legislative approval if the  
11 proposed bond issue does not exceed \$10,000,000;

12 (2) modify the requirements and restrictions imposed on the use of money in the Alaska  
13 Industrial Development and Export Authority's enterprise development account to permit the Authority  
14 to improve its capacity to serve as the primary source of secondary project financing in the state;

1 (3) eliminate the interest rate restriction applicable to the loans guaranteed by the Alaska  
2 Industrial Development and Export Authority;

3 (4) improve the Alaska Industrial Development and Export Authority's ability to support  
4 the state's expanding tourism industry; and

5 (5) modify the project approval given by sec. 25, ch. 123, SLA 1990 to express  
6 legislative project approval for the Alaska Industrial Development and Export Authority's participation  
7 in the financing of a more versatile aircraft facility at the Anchorage International Airport as presently  
8 contemplated by the project's principal sponsor.

9 \* Sec. 2. AS 44.88.095(g) is repealed and reenacted to read:

10 (g) Without prior legislative approval, the authority may not issue bonds in an amount  
11 greater than \$10,000,000 to assist in the financing of a development project under AS 44.88.172 -  
12 44.88.177.

13 \* Sec. 3. AS 44.88.095(g) is repealed and reenacted to read:

14 (g) Without prior legislative approval, the authority may not issue bonds, except  
15 refunding bonds.

16 \* Sec. 4. AS 44.88.155(c) is amended to read:

17 (c) Money and other assets of the enterprise development account may be used to secure  
18 bonds of the authority issued to finance the purchase of loans for projects or may [SHALL] be  
19 used to purchase participation in the loans for projects.

20 \* Sec. 5. AS 44.88.155(d) is amended to read:

21 (d) A loan participation purchased [IN WHOLE OR IN PART] by the authority with  
22 assets of the enterprise development account or with proceeds of bonds secured by assets of the  
23 enterprise development account [, OTHER THAN A LOAN WHICH IS FINANCED WITH THE  
24 PROCEEDS OF BONDS OF THE AUTHORITY AND SECURED ONLY BY A PROJECT  
25 APPLICANT OR A PROJECT,]

26 (1) may not exceed \$10,000,000 without prior legislative approval;

27 (2) may not be purchased unless

28 (A) the project applicant is not, or, if the applicant is not a single  
29 proprietorship, all members of the business enterprise or enterprises constituting the  
30 project applicant are not, in default on another loan made by the state or by a  
31 public corporation of the state; and

1 (B) at least 20 percent of the principal amount of the loan is retained  
2 by the loan originator;

3 (3) may not be purchased if the loan to be purchased exceeds [EXCEED] the  
4 cost of the project or 75 percent of the appraised value of the project, whichever is less, unless  
5 the amount of the loan in excess of this limit is federally insured or guaranteed or is insured by  
6 a qualified mortgage insurance company;

7 (4) [(3)] may not be purchased if the participation in the loan to be purchased  
8 is for a term longer than three-quarters of the authority's estimate of the life of the project or 25  
9 years from the date the loan is made, whichever is earlier;

10 (5) [(4)] shall be made only if the participation in the loan to be purchased  
11 contains [CONTAIN] amortization provisions; the amortization provisions

12 (A) must be complete and satisfactory to the authority and require periodic  
13 payments by the borrower;

14 (B) may allow the loan originator to amortize the portion of the loan  
15 retained by the loan originator using a shorter amortization schedule than the amortization  
16 schedule for the portion of the loan held by the authority if (i) in the authority's opinion,  
17 the project financed can support the increased debt service; and (ii) the accelerated  
18 amortization schedule is required to induce the originator to make the loan;

19 (6) [(5)] shall be made only if the participation in the loan to be purchased  
20 is in the form and contains [CONTAIN] the terms and provisions with respect to insurance,  
21 repairs, alterations, payment of taxes and assessments, default reserves, delinquency charges,  
22 default remedies, acceleration of maturity, secondary liens, and other matters the authority  
23 prescribes; and

24 (7) [(6)] shall be made only if the participation in the loan to be purchased  
25 is secured as to repayment by a mortgage or other security instrument in the manner the authority  
26 determines is feasible to assure timely repayment under a loan agreement entered into with the  
27 borrower [;

28 (7) MAY NOT BE MADE UNLESS

29 (A) THE PROJECT APPLICANT IS NOT, OR, IF THE APPLICANT IS  
30 NOT A SINGLE PROPRIETORSHIP, ALL MEMBERS OF THE BUSINESS  
31 ENTERPRISE OR ENTERPRISES CONSTITUTING THE PROJECT APPLICANT ARE

1 NOT, IN DEFAULT ON ANOTHER LOAN MADE BY THE STATE OR BY A  
2 PUBLIC CORPORATION OF THE STATE; AND

3 (B) WITH RESPECT TO THE LOAN, (i) AT LEAST 20 PERCENT OF  
4 THE PRINCIPAL AMOUNT OF THE LOAN IS RETAINED BY THE LOAN  
5 ORIGINATOR; OR (ii) 100 PERCENT OF THE PRINCIPAL AMOUNT OF THE  
6 LOAN IS GUARANTEED BY THE UNITED STATES OR AN AGENCY OR  
7 INSTRUMENTALITY OF THE UNITED STATES;

8 (8) MUST BE

9 (A) FINANCED FROM THE PROCEEDS OF BONDS; OR

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11 PROCEEDS OF BONDS].

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19 (c) A loan participation purchased or financed by the authority [IN WHOLE OR IN  
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21 AS 44.88.300 or insurance provided under AS 44.88.390 does not constitute insurance for the  
22 purposes of AS 21.03.010.

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25 (1) loan

26 (A) is commercially reasonable;

27 (B) contains amortization provisions satisfactory to the authority;

28 (C) is secured by adequate collateral; however, the authority may waive  
29 on a case-by-case basis the requirement of collateral for a loan guarantee of \$100,000  
30 [\$50,000] or less for which the proposed loan amortization period does not exceed five  
31 years, but the ability to waive the requirement of this subparagraph or the grant of a

1 waiver does not prevent the financial institution that holds the loan guaranteed by the  
2 authority from requiring reasonable collateral for the loan;

3 (2) net cash flow from the borrower provides adequate coverage for the debt  
4 service on the loan;

5 (3) term of the loan does not exceed 20 years;

6 (4) loan is originated with and serviced by a state chartered or federally chartered  
7 financial institution;

8 (5) portion of the loan not guaranteed by the authority is held by the originating  
9 financial institution or another financial institution approved by the authority;

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13 (c) For a loan guaranteed under AS 44.88.500 - 44.88.599 that is also guaranteed by  
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16 extent authorized by the federal Small Business Administration. Except for those loan  
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18 portion of a loan.

19 \* Sec. 11. AS 44.88.550 is repealed and reenacted to read:

20 Sec. 44.88.550. INTEREST ON GUARANTEED LOAN. If provision is made in the  
21 loan guarantee agreement, the interest rate on a loan guaranteed by the authority may increase  
22 or decrease in accordance with the changes in the prime rate.

23 \* Sec. 12. AS 44.88.900(4) is amended to read:

24 (4) "development project" has the meaning given to "project" in (9)(A), (D), and  
25 (E) of this section;

26 \* Sec. 13. AS 44.88.900(9) is amended to read:

27 (9) "project" means

28 (A) a plant or facility used or intended for use in connection with making,  
29 processing, preparing, transporting, or producing in any manner, goods, products, or  
30 substances of any kind or nature or in connection with developing or utilizing a natural  
31 resource, or extracting, smelting, transporting, converting, assembling, or producing in any

1 manner, minerals, raw materials, chemicals, compounds, alloys, fibers, commodities and  
2 materials, products, or substances of any kind or nature;

3 (B) a plant or facility used or intended for use in connection with a  
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5 (C) commercial activity by a small enterprise;

6 (D) a plant or facility demonstrating technological advances of new  
7 methods and procedures and prototype commercial applications for the exploration,  
8 development, production, transportation, conversion, and use of energy resources;

9 (E) a new tourism destination facility or the expansion of a tourism  
10 destination facility;

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15 Sec. 25. The Alaska Industrial Development and Export Authority may issue bonds to  
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17 cargo/air transport support facility located at Anchorage International Airport, to be owned by  
18 the Authority. The principal amount of the bonds may not exceed \$50,000,000. This section  
19 grants the legislative approval required by AS 44.88.095.

20 \* Sec. 16. Section 3 of this Act takes effect July 1, 1995.

21 \* Sec. 17. Except for sec. 3, this Act takes effect immediately under AS 01.10.070(c).

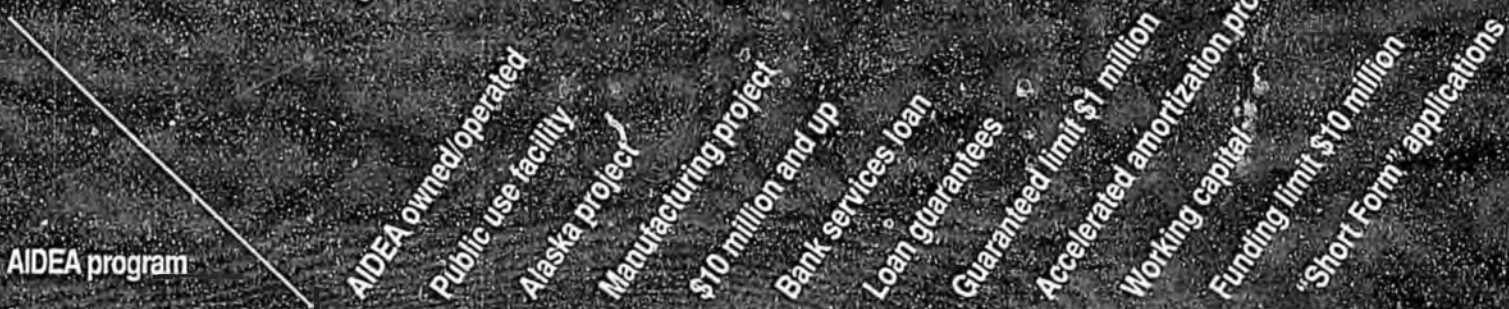
UMBRELLA BOND PROGRAMS

BUSINESS ASSISTANCE PROGRAM

DEVELOPMENT FINANCE

Which AIDEA program is right for you?

Representatives of business enterprises, financial institutions and communities will find this chart helpful in determining which AIDEA program works best for your project:



| AIDEA program            | AIDEA owned/operated     | Public use facility      | Alaska project           | Manufacturing project    | \$10 million and up      | Bank services loan       | Loan guarantees          | Guaranteed limit \$1 million | Accelerated amortization program | Working capital          | Funding limit \$10 million | "Short Form" applications |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|------------------------------|----------------------------------|--------------------------|----------------------------|---------------------------|
| Development Finance      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |                          |                          |                              |                                  |                          |                            |                           |
| Business Assistance      |                          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>     | <input type="checkbox"/>         | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/>  |
| Tax-Exempt Umbrella Bond | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |                          |                          | <input type="checkbox"/>     |                                  | <input type="checkbox"/> |                            |                           |
| Taxable Umbrella Bond    | <input type="checkbox"/> |                          |                          | <input type="checkbox"/> | <input type="checkbox"/> |                          |                          | <input type="checkbox"/>     |                                  | <input type="checkbox"/> |                            |                           |
| Revenue Bond             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |                          |                          |                              |                                  |                          |                            |                           |
| Export Assistance        | <input type="checkbox"/> |                          |                          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |                              |                                  | <input type="checkbox"/> |                            |                           |

**AIDEA**  
Financing Alaska's Future



Alaska Industrial Development and Export Authority (AIDEA)  
480 West Tudor Road  
Anchorage, Alaska 99503  
Phone: (907) 561-8050 • Fax: (907) 561-8998  
William H. Scott, Executive Director



Alaska Industrial Development and Export Authority

## AIDEA'S MISSION

"To promote, develop and advance the general prosperity and economic welfare of the people of Alaska, to relieve problems of unemployment and to create additional employment." This was the mandate given to the newly created Authority by the Alaska Legislature in 1967. Twenty years later, in 1987, legislators expanded the powers of the Authority to provide financing guarantees for Alaska exports and changed the name to the "Alaska Industrial Development and Export Authority."

AIDEA accomplishes its mission by facilitating the financing of industrial, manufacturing, export and business enterprises and facilities within the state. AIDEA also has the ability to own and operate facilities which advance its mission.

AIDEA is a public corporation of the State of Alaska, a political subdivision of the Department of Commerce and Economic Development, but with separate and independent legal existence.



### DEVELOPMENT FINANCE

Scope: AIDEA assists Alaskans through its ability to develop, own and operate basic installations and facilities within the state, especially those which advance the prosperity of a region.

Eligible projects: Roads, ports, airports, utilities and other public use facilities which are essential for the economic well being of an area and are able to produce

adequate revenues to repay the bonds sold to finance the project.

How it works: Communities or private entities approach AIDEA to develop or acquire projects important to the economy of a region. AIDEA works closely with the local government to ensure that each project is compatible with the local economy and supported by the community. Legislative approval is required for projects requiring more than \$10 million in bonds. AIDEA development and ownership have contributed to these successful projects:

- DeLong Mountain Transportation System (at Red Dog Mine near Kotzebue)
- Skagway Ore Terminal
- Ballyhoo Dock at Unalaska

Contact AIDEA for additional information.

### BUSINESS ASSISTANCE PROGRAM

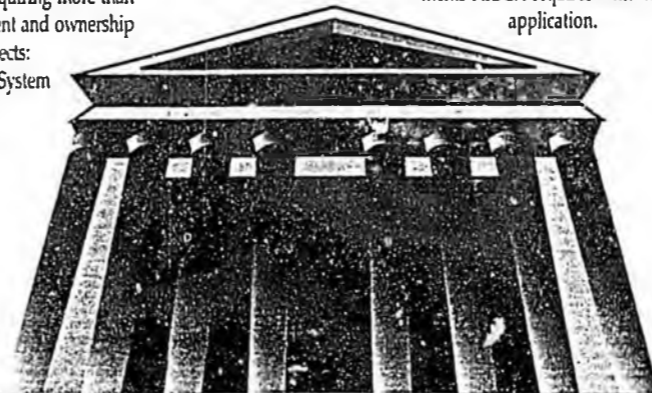
Scope: AIDEA guarantees up to 80% of the principal balance of the loan to the financial institution providing the financing. AIDEA's support can make project financing, refinancing and working capital loans available for projects that might not otherwise be financed.\*

Eligible loans: To Alaska business enterprises for real property, equipment or working capital for projects that stabilize the economic base or create or maintain employment.

How it works: An Alaska business applies to a financial institution (bank) for a loan. The bank then submits an application to AIDEA. Loan guarantees may not exceed 20 years, and loans for working capital and those secured by inventory or accounts receivables have shorter terms. A guarantee may be made for up to \$1 million.

Costs: \$100 application fee, 2% fee on amount guaranteed.

\*AIDEA also offers a streamlined approval process for guarantees on unsecured loans of \$50,000 or less. These loans are available to all Alaska businesses but targeted especially to assist entrepreneurs in rural areas. A loan summary with the bank's approval and credit verification are the only documents AIDEA requires with the application.



### UMBRELLA BOND PROGRAMS

#### TAX EXEMPT UMBRELLA BOND PROGRAM

Scope: AIDEA provides up to 80% in permanent financing for loans secured through a financial institution. Available for project financing up to \$10 million.

Eligible loans: For the development or purchase of manufacturing facilities, including equipment and fixtures, and public use facilities such as ports, airports and docks.

How it works: Borrowers apply at a financial institution (bank) for a loan financed through the issuance of tax exempt bonds. The bank in turn applies to AIDEA. The bank retains 20% share in the loan, although that share may be amortized more rapidly than AIDEA's. Terms: 15-25 years based on a 75% loan to value ratio.

Costs: \$200 application fee; 1% commitment fee on AIDEA portion of loan; 2% bond issuance costs escrow.

#### TAXABLE UMBRELLA BOND PROGRAM

Scope: AIDEA provides up to 80% in permanent financing for loans secured through a financial institution by the issuance of taxable bonds. Available for project financing up to \$10 million.

Eligible loans: Newly constructed, acquired or refinanced business enterprises such as fishing boats, shopping centers, office buildings, warehouses, dealerships and airplanes.

How it works: Borrowers apply at a financial institution (bank) for a loan financed through the issuance of taxable bonds. The bank applies to AIDEA for participation in the loan. The bank retains a 20% share in the loan, although that share may be amortized more rapidly than AIDEA's. Terms: 15 to 25 years based on a 75% loan to value ratio.

Costs: \$200 application fee; 1% commitment fee on AIDEA portion; 1.5% bond issuance costs escrow.

### EXPORT/REVENUE BOND PROGRAMS

#### REVENUE BOND PROGRAM

AIDEA acts as a conduit to facilitate financing transactions between borrowers and willing purchasers of the bonds. This type of financing can be advantageous to both the borrower and the purchaser of the bonds. Financial institutions interested in using this program should contact AIDEA for additional information.

#### EXPORT PROGRAM

Scope: AIDEA guarantees loans secured from a financial institution to provide working capital for an eligible export transaction up to \$1 million.

How it works: An Alaska business requiring pre- or post-export shipment working capital applies to a financial institution (bank) for a loan. The bank applies to AIDEA for a guarantee on the loan. Terms: Up to 90% of the transaction plus interest, up to \$1 million; for 180 and 270 days, with extensions allowed.

Costs: \$100 application fee, 1% fee on guaranteed amount of loan, .25% guarantee fee for export insurance, .25% guarantee fee for extensions.

