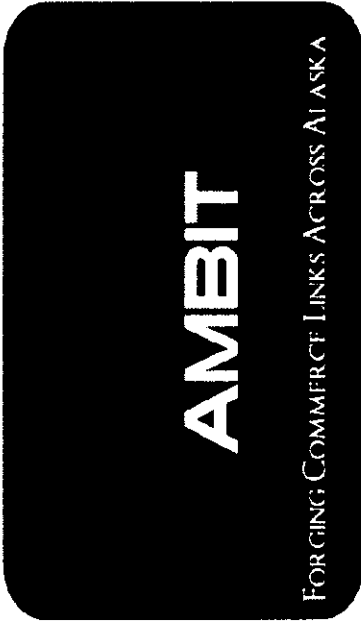


2/16/10

**OVERVIEW:
AK MANUF.
EXTENSION
PARTNER-
SHIP**



AMBIT Venture Capital Program

Funding Alaska's Future



A Project of the:



Goal of AVCF

The Goal of the AVCF is to provide a NON-PREDATORY capital opportunity program that:

- Provides several kinds of funding opportunities to a wide range of Alaskan businesses;
- Provides project support, knowledge, and management to strengthen businesses and promote success;
- Provides in depth market analysis and leverage opportunities within and outside of the state;
- Properly manages, previously under-utilized, Alaskan dollars and reinvests in Alaska's entrepreneurs;
- Promotes economic growth in both urban and rural Alaska with "prolonged residency" as a focus.

Alaska's Problem with Capital

Alaska has a significant difficulty when it comes to capital acquisition because of events that took place in the 1980's.

- There was a wide range of failed investments from internal and external investors due to poor business management;
- There were losses totaling in the hundreds of millions;
- Individual and institutional investors alike were hurt;
- Eventually, in the 1990's, most all investment had left the state and relocated any of the current viable investments to the lower 48;
- It became known in the investor world that Alaska was a "wild west" of business and without direct supervision, ventures would ruin themselves.
- Due to this lack of available funding and management, 9 out of 10 businesses fail within the first 5 year in Alaska, as opposed to the national average of 7 out of 10.
- Lack of personal assets to leverage to acquire funding, especially in rural AK.

Current Situation

Alaska has the following current funding opportunities:

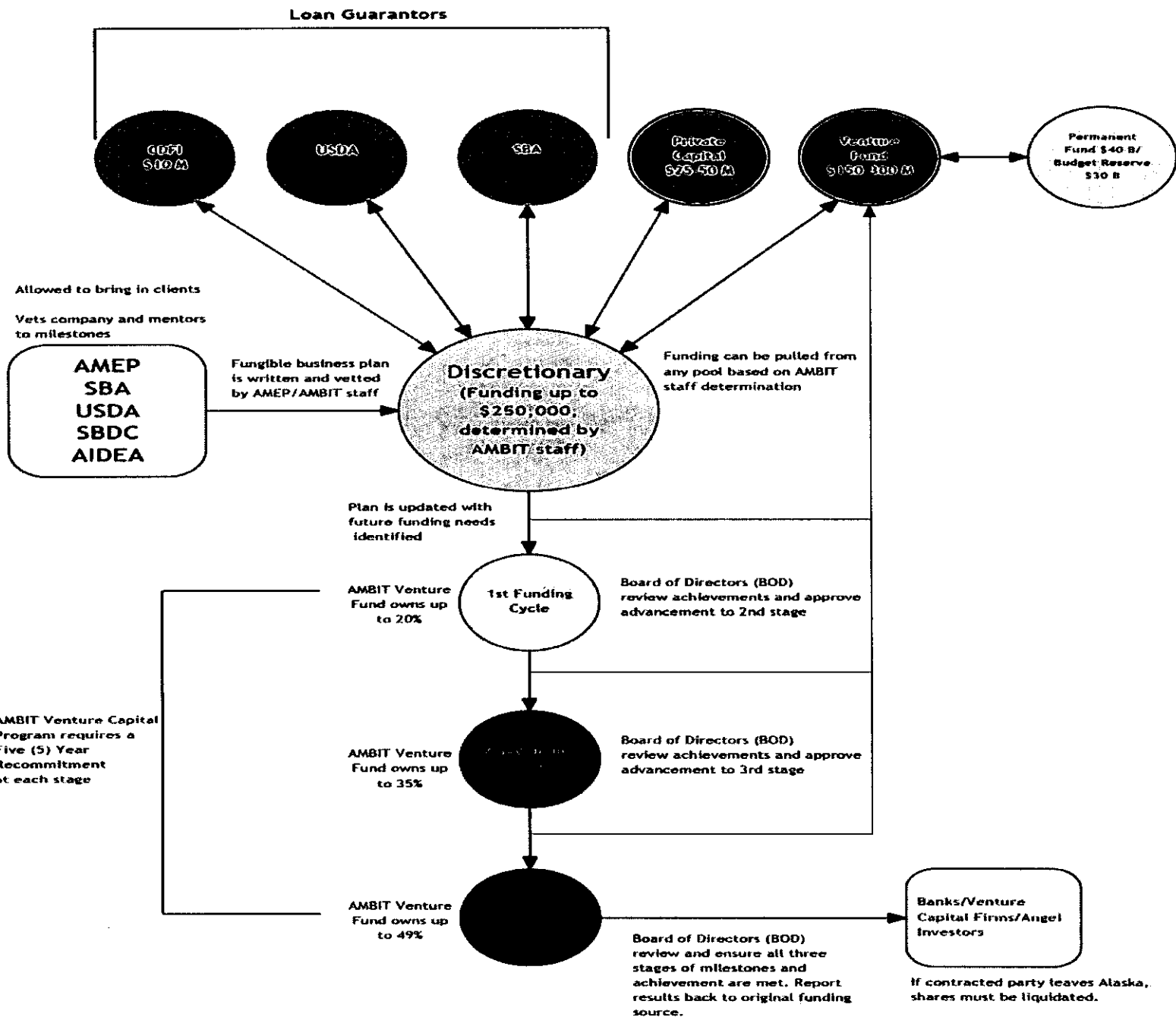
- Grants that require:
 - Diverse and complex experience writing grants.
- Bank loans that require a fully articulated business plan in hand and financial backing from a:
 - Community Development Financial Institutions (CDFI) – Guarantor or;
 - Small Business Association (SBA) – Guarantor or;
 - Co-Signer (afraid to lend).
- Individual Investors that require:
 - Nothing, not management, not a business plan, not even a sound idea.

How the AVCF will Help Alaskan Businesses

The AVCF will combine the following elements to help Alaskan business get ready for, acquire, and properly manage funds:

- Provide access to funds otherwise unavailable and assess potential businesses in an individualized manner.
- Provide access to expert managerial and technical training.
- Guide promising businesses through the process of becoming successful and provide project management skills.
- Develop a real stake in emerging companies through ownership investment.
- Provide comprehensive and measurable support practices when a business is capable of operating successfully on their own.
- Invest in businesses that make sense for Alaska as a whole market.

The Creation of the AMBIT Venture Capital Program



Why the AVCF will be a Successful Solution

- AVCF is Non-Predatory.
- The AVCF will provide an unparalleled level of expertise and support for participating businesses.
- The AVCF will provide several capital-acquisition outlets for a more individualized financing environment.
- The AVCF is based on mentoring, not financing and then leaving businesses to fend for themselves.
- The AVCF will educate businesses on how to succeed and the processes of business development.
- The AVCF will connect business partners in an active way to form synergistic relationships so that all stakeholders are truly invested in a business.
- The AVCF's network of expertise and scrutiny along with the use of guarantors will increase opportunities for bank loans.

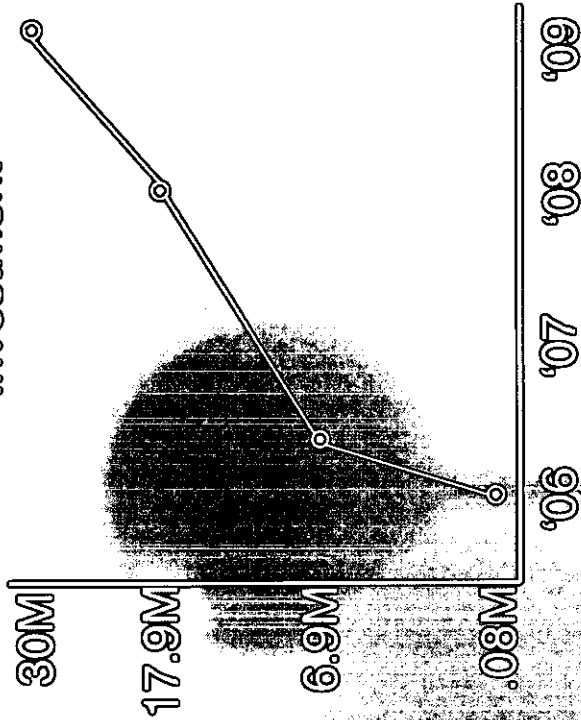
Languished Projects as a Result of a Lack of Funding in Alaska

Over a 5 Year Period Needed Funding (in Millions) Jobs that would be Created Financial Impact (in Millions)

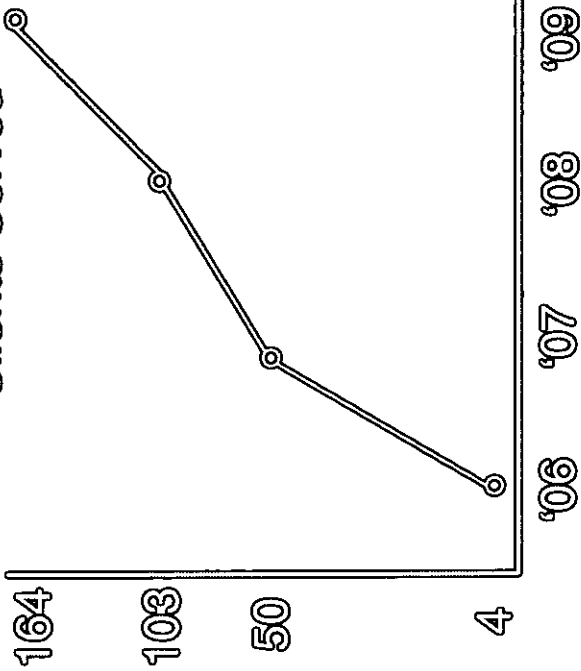
| | Needed Funding (in Millions) | Jobs that would be Created | Financial Impact (in Millions) |
|-------------------------------|------------------------------|----------------------------|--------------------------------|
| Arctic Steel | 15 | 150+ | 750+ |
| Tetrajack | 3 | 25+ | 185+ |
| The Alaska Business Incubator | 10 | 25+ | 250+ |
| Pacific Seafight | 17 | 100+ | 500+ |
| Clearly Alaskan | 2 | 10+ | 75+ |
| Marvin's Boilers | 4.5 | 20+ | 15+ |
| Tednologies | 5 | 30+ | 50+ |
| Icy Straits Lumber | 2.5 | 10+ | 25+ |
| High Torque Engines | 7 | 20+ | 200+ |
| Hockey Puck - Remote Radar | 5 | 40+ | 350+ |
| The Alaskan | 18 | 100+ | 250+ |
| Air Frames Alaska | 9 | 30+ | 100+ |
| Brotar Biotechnologies | 12 | 30+ | 500+ |
| Total | 110M | | |

AMEP's Performance Metric

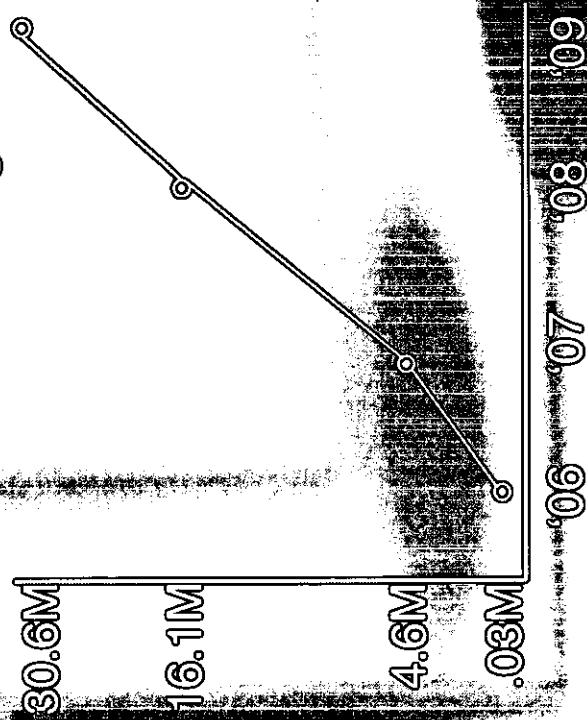
Investment



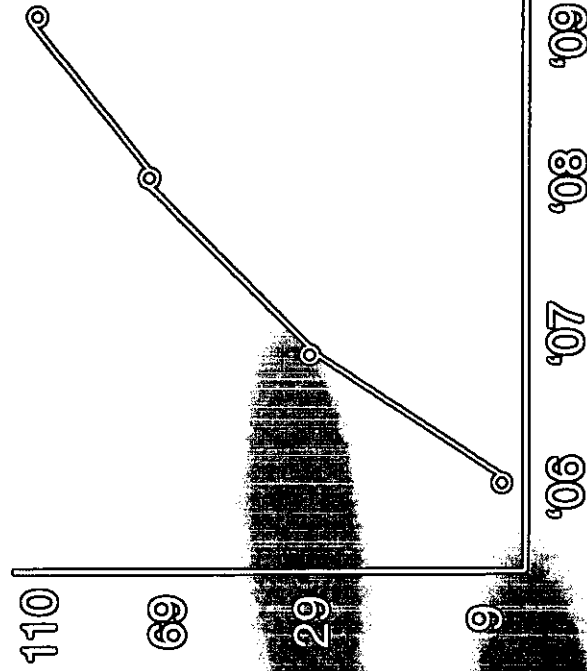
Clients Served



Cost Savings



Jobs Created



AK Preference Statute is Still Ineffective

- No accountability for lack of enforcement.
- Solicitations are often written in a format that excludes Alaskan bidders.
 - Insulfoam, Sequestered Solutions, Continuous Printing and etcetera.
- Little to no effort is given to actively identify viable Alaskan bidders.
- There is no method of tracking in place to assure that due diligence has been performed in relation to identifying viable Alaskan bidders.
- There is an overall lack of interest by the Alaska State Procurement Office to actively promote the success of Alaskan businesses.

AMEP Research Projects

1. E-Commerce – Implantation of businesses that make sense for rural Alaska
2. Alaska Canada Rail-Link – Why connecting the Alaska Railroad to Canadian Rail makes financial and organizational sense.
3. High Latitude Agricultural Project – Does agriculture make sense for high latitude areas such as Alaska and how can it be successful.
4. Enhancing Rural Participation in Alaska Business Environment.
5. AVCF – Creating an investment structure for venture capital in Alaska that is based on best practices.
6. Beyond Oil, Gas, Mining and Fish: Strategic business opportunities that make sense for Alaska.
7. Creating Economic Incentives to Attract Companies to Alaska: Attract new companies to participate in the Alaskan economy and encourage local entrepreneurs to start new businesses.
8. Economic Development Plan for the State of Alaska: The next 5 years + 5 more.

Summary of Key Points

- The AVCF is essential to change the course of economic development in the state of Alaska.
- It is imperative for Alaska's economic success to provide businesses the opportunity to acquire bank loans, venture capital/angel investment, proper management and technical training in order not to languish.
- Alaska has missed out on billions of potential dollars due to poor economic governance and capital flight out of AK.
- The Alaska state legislature must realize the importance of actively pursuing Alaskan businesses and change procurement statute AS 36.30.170.
- Together, with the research accomplished by the Alaska Manufacturing Extension Partnership and the promotion of fiscally conscious projects by the state, Alaska can and will be an economically powerful marketplace.

AS 36.30.170. Contract Award After Bids.

(a) Except as provided in (b) - (h) of this section, the procurement officer shall award a contract based on the solicited bids with reasonable promptness by written notice to the lowest responsible and responsive bidder whose bid conforms in all material respects to the requirements and criteria set out in the invitation to bid. This shall include the cost of shipping to destination for out of state bidders. Procurement officer must demonstrate that multiple Alaska bidders were contacted and given ample chance to submit bids before awarding contract to out of state bidders. If the procurement officer is unable to identify any viable Alaska bidders, they must document their search procedure with names of contacted entities. Any single contract over \$5000 to be awarded to an out of state bidder must be reviewed and signed by the office of the Commissioner of Commerce, Community, and Economic Development or by the State of Alaska's Chief Procurement Officer.

(b) The procurement officer shall award a contract based on solicited bids to the lowest responsive and responsible bidder after an Alaska bidder preference of ten percent and only after procurement officer has ensured that the solicitation was not written in a manner that may exclude Alaska bidders i.e....a contract written for a name-brand, product brand or formulation that can only be procured out of state when there is a suitable Alaskan substitute available, an Alaska products preference as described in AS 36.30.322 - 36.30.338, and a recycled products preference under AS 36.30.337 have been applied. In this subsection, "Alaska bidder" means a person who

(1) holds a current Alaska business license;

(2) submits a bid for goods, services, or construction under the name as appearing on the person's current Alaska business license;

(3) has maintained a place of business within the state staffed by the bidder or an employee of the bidder for a period of six months immediately preceding the date of the bid;

(4) is incorporated or qualified to do business under the laws of the state, is a sole proprietorship and the proprietor is a resident of the state, is a limited liability company organized under AS 10.50 and all members are residents of the state, or is a partnership under AS 32.05 or AS 32.11 and all partners are residents of the state; and

(5) if a joint venture, is composed entirely of ventures that qualify under (1) - (4) of this subsection.

(c) Except as otherwise provided under (e) or (f) of this section, if a bidder qualifies under (b) of this section as an Alaska bidder, is offering services through an employment program, and is the lowest responsible and responsive bidder with a bid that is not more than 15 percent higher than the lowest bid, the procurement officer shall award the contract to that bidder. This subsection does not give a bidder who would otherwise qualify for a preference under this subsection a preference over another bidder who would otherwise qualify for a preference under this subsection.

(d) The procurement officer shall award an insurance-related contract based on solicited bids to the lowest responsive and responsible bidder after an Alaska bidder preference of five percent. In this subsection, "Alaska bidder" means a person who meets the criteria set out in (b)(1) - (5) of this section and who is an Alaska domestic insurer.

(e) If a bidder qualifies under (b) of this section as an Alaska bidder, is a qualifying entity, and is the lowest responsible and responsive bidder with a bid that is not more than 10 percent higher than the lowest bid, the procurement officer shall award the contract to that bidder. This

subsection does not give a bidder who would otherwise qualify for a preference under this subsection a preference over another bidder who would otherwise qualify for a preference under this subsection or (f) of this section. In this subsection, "qualifying entity" means a

- (1) sole proprietorship owned by a person with a disability;
- (2) partnership under AS 32.05 or AS 32.11 if each of the partners is a person with a disability;
- (3) limited liability company organized under AS 10.50 if each of the members is a person with a disability; or
- (4) corporation that is wholly owned by individuals and each of the individuals is a person with a disability.

(f) If a bidder qualifies under (b) of this section as an Alaska bidder, if 50 percent or more of the bidder's employees at the time the bid is submitted are persons with a disability, and if the bidder is the lowest responsible and responsive bidder with a bid that is not more than 10 percent higher than the lowest bid, the procurement officer shall award the contract to that bidder. The contract must contain a promise by the bidder that the percentage of the bidder's employees who are persons with a disability will remain at 50 percent or more during the contract term. This subsection does not give a bidder who would otherwise qualify for a preference under this subsection a preference over another bidder who would otherwise qualify for a preference under this subsection or (e) of this section.

(g) The division of vocational rehabilitation in the Department of Labor and Workforce Development shall add to its current list of qualified employment programs a list of individuals who qualify as persons with a disability under (e) of this section and of persons who qualify under (f) of this section as employers with 50 percent or more of their employees being persons with disabilities. A person must be on this list at the time the bid is opened in order to qualify for a preference under (e) or (f) of this section.

(h) A preference under (c), (e), or (f) of this section is in addition to any other preference for which the bidder qualifies, including the preference under (b) of this section; however, a bidder may not receive a preference under both (c) and (e), (c) and (f), or (e) and (f) of this section for the same contract.

(i) This section applies to all insurance contracts involving state money. In this subsection, "state money" includes state grants and reimbursement to municipalities, school districts, and other entities.

(j) In order to qualify for a preference under (c), (e), or (f) of this section, a bidder must add value by actually performing, controlling, managing, and supervising the services provided, or a bidder must have sold supplies of the general nature solicited to other state agencies, governments, or the general public.

(k) In this section, "person with a disability" means an individual

(1) who has a severe physical or mental disability that seriously limits one or more functional capacities in terms of employability; in this paragraph, "functional capacities" means mobility, communication, self-care, self-direction, interpersonal skills, work tolerance, or work skills;

(2) whose physical or mental disability

(A) results from amputation, arthritis, autism, blindness, burn injury, cancer, cerebral palsy, cystic fibrosis, deafness, head injury, heart disease, hemiplegia, hemophilia, respiratory or pulmonary dysfunction, mental retardation, mental illness, multiple sclerosis, muscular dystrophy, musculo-skeletal disorders, neurological disorders, paraplegia, quadriplegia, other spinal cord conditions, sickle cell anemia, specific learning disability, or end stage renal disease; in this subparagraph, "neurological disorders" include stroke and epilepsy; or

(B) is a disability or combination of disabilities that are not identified in (A) of this paragraph and that are determined on the basis of an evaluation of rehabilitation potential to cause substantial functional limitation comparable to a disability identified in (A) of this paragraph; and

(3) whose vocational rehabilitation can be expected to require multiple vocational rehabilitation services over an extended period of time.

(4) Failure to comply with this statute by the procurement officer will make said officer liable for the entire cost of contract and may lead to termination.
