

HB

363

<target><bill>HB 363</bill><subject>HB
363</subject><comm>SF26</comm></target>

SENATE FINANCE COMMITTEE REPORT

DATE: 4/15/10

FURTHER:

DATE TURNED IN TO OFFICE: 4/18/10

Finance Committee considered CS FOR HOUSE BILL NO. 363(FIN)

HB 363 AIDEA MEMBERSHIP

"An Act relating to the membership of the Alaska Industrial Development and Export Authority."

and recommends:

- be replaced with SCS or CS _____ (_____)
- adopt previous SCS or CS _____ (_____)
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

SENATE BILL:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
<hr/>	
HOUSE BILL:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____


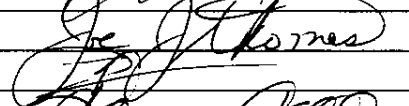
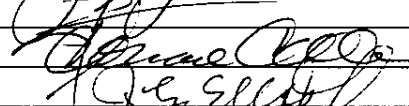
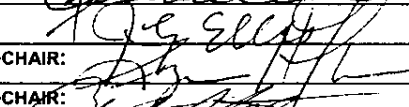
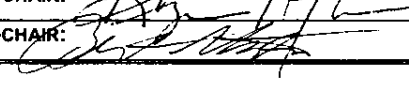


NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
CED	3/24	✓			2

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	THOMAS	✓			
	THOMAS	✓			
	THOMAS	✓			
	THOMAS	✓			
	THOMAS	✓			
CO-CHAIR: 		✓			
CO-CHAIR: 		✓			

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSHB 363(L&C)
 (H) Publish Date: 4/8/10

Identifier (file name): HB363CS(L&C)-CED-AIDEA-3-24-10 Dept. Affected: DCCED
 Title: AIDEA Membership RDU: AIDEA
 Component: AIDEA operations
 Sponsor: Community and Regional Affairs
 Requester: House Finance Committee Component Number: 1234

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
		FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES							
Personal Services	3.0		3.0	3.0	3.0	3.0	3.0
Travel	19.8		19.8	19.8	19.8	19.8	19.8
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	22.8	0.0	22.8	22.8	22.8	22.8	22.8

CAPITAL EXPENDITURES							
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CHANGE IN REVENUES ()							
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FUND SOURCE (Thousands of Dollars)

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1102 AIDEA Corp Receipts	22.8		22.8	22.8	22.8	22.8
TOTAL	22.8	0.0	22.8	22.8	22.8	22.8

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill changes the AIDEA board membership from the Commissioner of Revenue and the Commissioner of Commerce Community and Economic Development and one other commissioner (currently the Commissioner of Transportation) and 2 public members to the Commissioners of Revenue and Commerce Community and Economic Development and five public members each of whom have with expertise in private sector business and possesses demonstrated leadership skills.

Public members of the authority receive \$100 compensation for each day spent on official business of AIDEA and may be reimbursed for actual and necessary expenses at the same rate paid to members of state boards under AS 39.20.180. Two additional public members has an estimated increased costs of 10 official business days * 3 members * (100) = 3,000 for compensation ; (600 + 60) * 10 * 3 for travel and per diem = \$19,800.

Prepared by: Sara Fisher-Goad, Deputy Director - Operations Phone 907-771-3012
 Division: Alaska Industrial Development and Export Authority Date/Time 3/24/10 12:00 AM
 Approved by: Emil Notti, Commissioner Date 3/24/2010
Commerce, Community and Economic Development

ALASKA STATE LEGISLATURE

House Community & Regional Affairs Committee

Rep. Cathy Muñoz, Co-Chair

State Capitol Building, Room 409
Juneau, Alaska 99801-1182
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Sponsor Statement

CS House Bill 363 (FIN), AIDEA BOARD MEMBERSHIP

The Alaska Industrial Development and Export Authority (AIDEA) is a public corporation established by the Legislature with the purpose of promoting, developing, and advancing the general prosperity and economic welfare of the people of Alaska. It is a billion dollar corporation, with assets split in thirds between investments, loans, and development projects.

Currently state law mandates the five-member board consist of the Commissioner of Revenue, the Commissioner of Commerce, Community, and Economic Development, another department head appointed by the Governor (currently the ADOT commissioner), and two public members also appointed by the Governor.

HB 363 changes the makeup of the board of directors of AIDEA to:

- Commissioner of Revenue
- Commissioner of Commerce, Community, and Economic Development
- Five private sector members with expertise in private sector business and demonstrated leadership skills

The goal of the restructure is to put private-sector strategic leadership at the helm of the state's development financing corporation. This will enable AIDEA to engage proactively in the development projects that should occur in the state of Alaska. In addition, the expansion to a 7-member board will allow AIDEA to form subcommittees and to represent a broader spectrum of industries and regions of Alaska.

ALASKA STATE LEGISLATURE

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HB 363, AIDEA BOARD MEMBERSHIP

Changes from HB 363 to CS House Bill 363 (FIN)

P. 1, lines 6-12: intent language added for the Board to be as broadly representative of Alaska's diverse regions as practicable and likewise broadly representative of the industries most important to Alaska.

P. 2, lines 1-6: the board of directors of AIDEA consists of:

- Commissioner of Revenue
- Commissioner of Commerce, Community, and Economic Development
- Five public members

(The original bill: Commissioner of Revenue and four public members)

P. 2, line 6-8

The public members must have expertise in private sector business or Industry, or both.

P. 2, line 18, after "serve"

Inserted: "at the pleasure of the governor for"

BRIEFING PAPER: ECONOMIC DEVELOPMENT IN STATE GOVERNMENT

A review of economic development configuration in Alaska's agencies, models from other states, and potential changes to Alaska's economic development system

Alaska's Department of Commerce, Community and Economic Development includes both **Economic Development** and **Community Development** functions. The department's mission is to "promote a healthy economy, strong communities, and protect consumers in Alaska."

The difference between economic development and community development is not always well-understood. To establish a shared understanding of these terms, the following definition is presented:

Community development is capacity building; economic development is wealth creation.

--Robert Shively, *Economic Development for Small Communities*

To go further, community development often refers to projects that create infrastructure and community capacity. Public works projects, schools, bridges, libraries, community centers and parks... these are community development projects. Economic development projects, on the other hand, would be the construction of a new clinic by a group of private physicians, or the expansion of a metal fabrication shop by a business owner. Community development and economic development are deeply intertwined, because economic development—and the private investors, owners, and entrepreneurs who lead the way—also requires community infrastructure, either to support their businesses or to enable a lifestyle that makes them want to live and stay in a community. At their cores, both community development and economic development are about resilience, the ability of a community or economy to respond to both opportunities and threats, to adapt to change. But the two functions are quite different, *and the appropriate activities and roles for government in economic development are much different than in community development.*

The purpose of this paper is to examine *economic development* activities in state government. While we recognize the interconnectedness of the two functions, the focus of this work is on resources within state government that support private sector investment in Alaska's economy.

Current Resources within State Government and the University System

Alaska's Office of Economic Development (OED), within DCCED

- The mission of OED, as described in the FY10 Governor's Operating budget, is to "Advance successful tourism, film, fisheries, forest products, minerals, and small business assistance programs in order to increase economic activity in Alaska and create new employment opportunities for Alaska."

- Alaska's OED currently has a division head, plus 11 employees in five sub-programs, many of which can be tied to one or more functions in Alaska Statute.
 - The Alaska Film Office (3 employees, one of whom is shared with Tourism) (AS 44.33.231, Film Office)
 - Business Development (2 employees, one of whom is a forest products specialist) (AS 44.33.900 Alaska Forest Products Research and Marketing Program)
 - Office of Fisheries (1) (AS 44.33.065, Regional Seafood Development Associations)
 - Office of Mineral Development (2) (AS 44.33.431, Alaska Minerals Commission)
 - Tourism Program (4, one of whom is shared with Film) (AS 44.33.119, Alaska Division of Tourism)

Alaska Industrial Development and Export Authority (AIDEA), within DCCED

- The mission of AIDEA, as described in the FY10 Governor's Operating budget, is "to provide means of financing to promote economic growth and diversification in Alaska."
- AIDEA's board of directors consists of five individuals
 - The Commissioner of Revenue
 - The Commissioner of Commerce, Community, and Economic Development
 - One other person appointed by the executive branch
 - Two public members appointed by the governor
- AIDEA's economic development programs have approximately 30 staff assigned to it, with 30 who are professional staff (estimate from AIDEA staff, October 2009)
 - AIDEA is a "public corporation of the state and a body corporate and politic constituting a political subdivision within the Department of Commerce, Community and Economic Development, but with separate and independent legal existence," under AS 44.88.010—44.88.159
 - AIDEA has a number of loan participation, revolving loan, and bond programs
 - AIDEA has ownership stakes in several major projects
- AIDEA also is home to another agency, Alaska Energy Authority (AEA) which currently has a community development mission
 - Though the agencies are separate, they share employees and resources

Alaska Division of Investments (DOI), within DCCED

- DOI's "primary responsibility is to administer and service twelve state loan programs under the Department of Commerce, Community, and Economic Development. These programs were primarily designed to promote economic development through direct state lending in industries that are not adequately serviced by the private sector."
- DOI typically interfaces with individual lenders and small businesses (in contrast to AIDEA, which handles significant industrial investments)
- DOI has 44 FTE employees (FY2010 budget)
- Loan programs authorized in statute are not comprehensive across range of Alaska industry

Non-Governmental Economic Development Organizations in Alaska

ARDORs

- Alaska Regional Development Organizations (ARDORs) are established under 44.33.895 (Alaska regional economic assistance program) and is subject to regulations at 3 AAC 57.010-900.
 - Under the statute the department can provide grants of up to \$100,000 annually to match funds from non-state sources.

- The state's contributions to the ARDOR under this program are \$50,000 annually. With the addition of an ARDOR in the last two years, the state's total contribution has increased, but organizations still receive the same amount. (Annual funding since 1992 is flat at \$620,000; except for increase of \$57,000 starting in FY09 with addition of twelfth ARDOR)
- According to the website of OED, ARDORs are intended to
 - *enable communities to pool their limited resources, and work together on economic development issues;*
 - *develop partnerships among public, private and other organizations,*
 - *offer a technical, nonpartisan capacity to develop and implement an economic development strategy,*
 - *often have extensive experience with federal/State programs, and*
 - *provide needed technical assistance via direct links with local citizens.*
- With large service regions and limited funding, some ARDORs have very difficult times attracting experienced staff to run economic development programs
 - Some conversations have been had to establish system-wide capacity-building fund for the ARDORs so that staff of the ARDORs can take advantage of professional development opportunities despite limited budgets

Additional Regional Economic Development Groups

- Regional/local groups also exist, such as Juneau Economic Development Council, Fairbanks Economic Development Corporation, Alaska Village Initiatives.
 - These have more local focus

University Economic Development Resources and Coordination with State Resources

The University of Alaska has several economic development programs doing technical assistance, training, etc.

- **Center for Economic Development, at the Institute of Social and Economic Research, UAA**
 - One of 52 university centers nationally designated by Economic Development Administration
 - Works at level of *municipalities, large non-profits, service-providing for profits (such as Alaska Native Corporations)*
 - 2008 Annual Report includes list of clients:
<http://ced.uaa.alaska.edu/publications/2008AnnualReport.pdf>
 - According to their website, CED "leverages the resources of the university system to support economic development in Alaska, providing technical assistance in the form of information, data, and know-how in evaluating, shaping and implementing specific projects and programs that promote economic development across the state."
(<http://ced.uaa.alaska.edu>)
 - Supported by fee for service in most cases, in order to support program delivery costs; some budget also from State
 - CED helps with local and regional planning, feasibility analysis, strategic planning (organizational and community) financial analysis, market and economic research
 - Recently, CED began coordinating accredited certification courses for the International Economic Development Council, to certify IECD economic development professionals
 - NB: Currently, there is not a single certified economic development professional working in Alaska

- **Small Business Development Centers**
 - Works at level of small, individual entrepreneurs
 - Provide free- and low-cost consulting to small business and micro-enterprise
 - Funded by US Small Business Administration with matching funds from state.
 - Provides consulting services and low-cost educational programs to entrepreneurs
 - Program's "business advisors" are certified through the Alaska SBDC's professional Certification program
 - Has a rural outreach program

How are Other State Governments Doing Economic Development?

Several states are recognized for their innovation in economic development within state government. Some of these are profiled below.

The states profiled below were selected because of their recognition as successful models, or commonalities with Alaska (rural Western). This report profiles North Dakota, Wyoming, Indiana, and Kentucky, which are all recognized for their economic development programs, as well as Oregon, which shares some similarities with Alaska as a Western state with large rural areas. All of these states have advisory and/or policy bodies that primarily comprise private sector leaders.

NB: Descriptions below reference "primary" or "basic" industries. These are industries that bring new dollars into a state's economy. Oftentimes these are because the business outputs are produced for markets outside the state. In some cases federal government programs, which bring dollars into state economies, can also be seen as contributing to the primary/basic sectors. This differs from support sector businesses, which provide services within the state. Primary/basic businesses are the economic pumps for an economy.

North Dakota www.business.nd.gov

- Economic Development & Finance is a division within a department that also houses Tourism and Community Development
 - Tourism is separate because development approach differs significantly from standard "primary/basic" sector activities.
- North Dakota has an Economic Development Foundation, a private foundation established by the Legislature, to provide guidance and private-sector oversight of state economic development efforts. It maintains a strategic plan for economic development.
 - 23 "business leaders," meet quarterly
 - has the ability to raise private funding to support state efforts
- Division heads are professional positions, not appointed
- Majority of staff at Economic Development and Finance Division are certified economic development professionals through the IEDC
- Primary function of division is to work with businesses to identify the state programs and resources that will help them establish, grow, or retain in North Dakota; deal structuring (not technical assistance, which is pointed to university, SBDCs, etc.)
- North Dakota has a development bank, the Bank of North Dakota, which manages nearly all of the state's loan and investment programs, with very few exceptions
- Department *only works on inquiries/investments that are in the Basic sector of the economy* (Basic industries bring new money into the economy from out of state, while secondary industries provide services to support the basic industries)

- Web presence: North Dakota has <http://www.business.nd.gov/>, which is a user-friendly portal to information necessary to do business in North Dakota
- 17 staff for ED&F, including 2 finance people to run loan programs outside the Bank of North Dakota

Wyoming www.wyomingbusiness.org

- Wyoming Business Council is the economic development group in state government
 - It has a corporate structure, incorporates private business practices, regional offices
 - Has a Board of Directors and CEO, though it is within state government
 - Board members are successful business owners from Wyoming
 - Board members appointed by Governor; CEO hired by Board
 - Employees of agency are at-will
 - Board does “business plan” for department
 - Staff of 53 for WBC, plus 19 for Tourism
 - 7-8 administrative staff, all other work on economic development and management of community grant programs
 - History of the WBC: <http://www.wyomingbusiness.org/about/history.aspx>
 - Enabling Legislation: Wyoming Statutes 9-12-101 through 9-12-804 (<http://legisweb.state.wy.us/statutes/statutes.aspx?file=titles/Title9/T9CH12.htm>)
 - WBC focuses on basic industries, with few exceptions in rural areas where basic service infrastructure (grocery stores) do not exist
 - Industries have to produce something sold outside the region to get WBC attention.
 - WBC works closely with university programs, including SBDCs, Intellectual property, incubators, etc.

Kentucky www.thinkkentucky.com

- Primary state agency for economic development is the Cabinet for Economic Development, which is governed by the Kentucky Economic Development Partnership Board
- Kentucky Economic Development Partnership Board
 - Enabled in 1992 by HB 89.
 - Thirteen members representing each of eight congressional districts and different industries, plus secretaries from four cabinets (Econ. Development, Finance and Administration, Environmental and Public Protection, and Tourism), plus Governor
 - Cabinet includes
 - Office of Secretary
 - Department for Business Development
 - “Responsible for coordinating the recruitment and attraction of new companies that will enhance the overall viability of the state’s economy, as well as assisting and encouraging job retention and creation by working with existing Kentucky business. The Department partners with outside agencies and communities to conduct workshops, community assessments, and business surveys to support local development efforts”
 - Department of Financial Incentives
 - Department of Commercialization and Innovation

- “Responsible for developing and implementing a strategy to create, attract, and assist knowledge-based companies to Kentucky.”

Indiana www.in.gov/iedc

- Primary state group for economic development is the Indiana Economic Development Corporation
 - Created in February 2005 to replace the former Department of Commerce
 - Has a board of 12, including governor and 11 private industry participants
 - According to IEDC website, “The IEDC is focused exclusively on economic development and has incorporated all state entities with economic development responsibilities into its organizational structure.”

Oregon www.oregon4biz.com

- Economic development is a division within the Oregon Business Development Department, which also houses community development functions
 - About 25% of department budget goes to economic development
- Economic development overseen by the Oregon Business Development Commission, which is statutorily authorized, and consists of seven private sector individuals (not agency) appointed by the Governor
 - Entity sets policy direction for agency activity
- Department head is appointed, but division heads are professional staff
- 13 people working in field around Oregon, plus five people specializing in international development
- No certification/training requirements specific to department; some perhaps specific to positions, particularly for international development people
- Primary role of business development division is deal structuring, pulling state resources together to support creation or retention of jobs
- Staff only work on primary (basic) sector industries, refer others to university, SBDCs, other partners

Points to Consider about Alaska’s Current System

- State government’s oversight and/or policy direction from private sector is currently limited to two of five seats on the board of AIDEA.
 - There is no private sector input built into OED or DOI
 - Without private sector input it may be difficult to align state programs across divisions with real needs in Alaska economy
- Incentive programs in Alaska Statute are limited
 - New Business Incentive Program (DCCED), established under 45.81.010, is not funded
 - Film Incentive office supported by two staff at OED (DCCED)
 - Exploration Incentive Credits (DNR)
 - AGIA (DNR)
 - Various AIDEA Programs
- Economic Development functions are distributed between several divisions and/or offices, including:
 - Division on Investments (Greg Winegar, Division Director)
 - Office of Economic Development (Joe Austerman, Director)
 - Alaska Industrial Development and Export Authority (Ted Leonard, Executive Director)

- Economic development staffing in these offices are about 15% of total DCCED personnel
 - Viewed alone they are 8%, 2%, and 6% respectively
 - May have difficulty getting strategic focus within larger mission of department
- No certified economic developers currently working in state (compares to other states where professional certification is common among economic development staffers)
 - University's Center for Economic Development has started offering training modules several times per year (the standard for these courses is multi-day intensives) for certification through the International Economic Development Council
 - This is a relatively new service
 - Department estimates cost in training to reach certification goals, before travel and lost work time, is \$3,400 per person
 - Currently there are no practicing certified economic development professionals working in Alaska (in state government or out of state government)
- State government's interaction with University resources may be inefficient; economic development resources may be "siloed"
 - Do OED and AIDEA have regular practice of directing inquiries to existing University resources?
 - Do agencies and universities work closely to avoid duplicating tools and services?
 - What gaps should agencies fill that are not natural to the University?
- State government, through OED, is currently focused on a small set of industries
 - Focus may be broadened to allow room for additional industries/ideas
- Alaska state government does not maintain a web presence focused on attracting or retaining business
 - For contrast, see Oregon, <http://www.oregon4biz.com/>, found in two clicks from the State of OR homepage); North Dakota, <http://www.business.nd.gov>; Kentucky <http://www.thinkkentucky.com/>

Possible Areas of Discussion for Legislature

1. Restructuring economic development functions within state government under alternate models such as public/private partnerships, corporate structures, strengthened divisions, or others.
2. Consideration of creation of a non-governmental (private sector) policy group at head of state economic development. Depending on departmental structure the advisory entity could be modeled on corporate, foundation, policy, or other board structures
3. Establishment or reestablishment of incentive programs to support economic development programs
4. Budgeting for ARDOR programs
5. Budgeting for University programs that support small business development
6. Oversight hearings prior to and within the budget process to assess focus and resources of state offices with economic development missions
7. Establishment of additional loan programs to support small business economic development

Additional Resources

- Alaska Economic Development Programs, prepared by Office of Economic Development
 - Document attached to this transmission
 - Note: This matrix does not differentiate between Economic Development and Community Development programs (see definition on Page 1). True “economic development” programs are fewer than one dozen.
- Department and subunit missions: Office of Management and Budget
 - See <http://gov.state.ak.us/omb/results/agencies.php#10> for missions related to DCCED and its divisions
- Alaska SourceLink www.aksourcelink.com. A web portal hosted by the university that provides information on all economic development support resources in the state

AIDEA

Boards & Commissions Factsheets

Industrial Development / Export

Board: Alaska Industrial Development and Export Authority (AIDEA)

Board identification number: 050

Department: DEPARTMENT OF COMMERCE COMMUNITY AND ECONOMIC DEV

Authority: AS 44.88.030

Status: Active

Sunset date:

Requirements: Financial Disclosure

Prohibitions: None

Term: 2 years

Description: 5 members - 3 appointed by Governor: 2 public members, and 1 head of a principal department of the Executive Branch or designee; plus the commissioners of the Department of Revenue and the Department of Commerce, Community, and Economic Development or their respective designees; members elect chair.

Function: 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, by providing various means of financing and by facilitating the financing of industrial, manufacturing, power transmission intertie, export and business enterprises and other facilities within the state through loan participation and loan guarantee programs, as well as owning specific facilities that create basic sector employment and enhance economic development in the state.

Chair: Members select.

- Special facts: Public corporation; has ability to own and operate public use facilities which advance goals of Authority; quorum-majority; minutes of each meeting to Governor/Legislative Budget and Audit.

Compensation: Standard Travel and Per Diem. Public members receive \$100 per day plus travel and lodging.

Meetings: 12 meetings per year.

For further information contact:

Mr. Ted Leonard

Executive Director

Alaska Industrial Development and Export Authority

813 West Northern Lights Boulevard

Anchorage, AK 99503

Phone: (907) 269-3050, FAX: (907) 269-3044

Industrial Development / Export Roster

Go to the Industrial Development / Export Home page

We appreciate your interest in boards and commissions. For further information contact the boards and commissions staff at (907) 465-3500 or at boards@alaska.gov.

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Board of Directors

- § Statutes
- § Regulations
- § By-Laws
- § Policies
- § FAQs
- § Related Links

AIDEA 2010 Board Meeting Schedule

Wed. March 17, 2010

*meetings will be held on Wednesdays at 10:30 a.m. unless otherwise indicated**

Wed. April 28, 2010

Wed. May 26, 2010

Wed. June 23, 2010

Wed. August 11, 2010

Wed. September 22, 2010

Wed. October 20, 2010

**Friday December 3, 2010*

NOTE: These dates and times are subject to change or cancellation. Please check back frequently for updated information. Meetings are held at the Authority's offices at 813 West Northern Lights Blvd. unless otherwise stated. If you have any questions, please contact Brenda Fuglestad at (907) 771-3008.

AIDEA Board Meeting Minutes Archive

AIDEA and AEA share a five-member Board.



Mr. Patrick Galvin
Commissioner
Department of Revenue
Appointed: 12/4/2006
Elected Chair: 11/10/2008

Member. Chair.

Commissioner, Alaska Department of Revenue. was appointed Commissioner of the Department of Revenue by Governor Sarah Palin effective December 4, 2006. Before his appointment he served as a Petroleum Land Manager for the Alaska Department of Natural Resources, Division of Oil and Gas. His responsibilities included managing the oil and gas leasing and licensing programs, lease administration, and oil and gas permitting for the division. His education background includes a Bachelor's degree in Visual Arts and Quantitative Economics from the University of California, San Diego, a Law Degree from the University of San Diego, and an MBA from San Diego State University. Prior to his position at DNR, Mr. Galvin served as Director of the Division of Governmental Coordination, overseeing the Alaska Coastal Management Program. Previously, Mr. Galvin was a private practice attorney focusing on municipal, corporate, and tribal law.

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patrick.galvin@alaska.gov

Designee for Commissioner Galvin is
Deputy Commissioner for Treasury Jerry Burnett



Mr. Michael T. Felix
(Public Member)
Appointed: 06/25/2009
Expires: 06/30/2010

Member.

Mr. Felix was appointed to the Board on May 29, 2009. Since February 2002, Mike Felix has served as president of AT&T Alascom, a wholly-owned subsidiary of AT&T, Inc. He has almost 35 years experience in various areas of the telecom and high-tech industries, having held several senior management and board positions in public and private companies. He began his career in 1975 at Tampa Electric Company, where he served in various management and engineering roles. In 1982, he was one of the founding employees at what is today Sprint – where he held several technical and management leadership positions. From 1992 to 2001, Mr. Felix served as CEO or COO of several venture capital-backed startups in the telecom and software space. From 1989 to 2001, he also served on the boards of four start-up companies, and three private schools.

Mike is a graduate of the University of South Florida with a B.S. in Electrical Engineering. He and his wife, Bethany, currently reside in Anchorage, Alaska and have three adult children. Mr. Felix currently serves on the University of Alaska Foundation Board, the board of Commonwealth North, the Foraker Group Governing Board, and as an Honorary Commander for the 3rd Wing of the US Air Force at Elmendorf AFB

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Mr. Emil Notti
Commissioner
Department of Commerce,
Community and Economic
Development
Appointed: 12/13/2006

Member.

Commissioner, Department of Commerce, Community and Economic Development, Governor Palin appointed Emil Notti as Commissioner on December 13, 2006. Mr. Notti is an engineer, prominent Alaska Native leader and Alaska public servant.

He graduated from Northrop University with a dual degree in aeronautical and electrical engineering. His extensive background includes first president of the Alaska Federation of Natives during which he was an instrumental player in establishing the state's Native corporations; past president of Doyon Limited; former Commissioner of the Department of Community and Regional Affairs under Governor Sheffield; 30-year board member with the National Bank of Alaska; and Veteran of the United States Navy.

Born in Koyukuk, Notti holds an Honorary Doctorate degree from Alaska Methodist University

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emil.notti@alaska.gov



Mr. Leo von Scheben,
P.E., L.S., M.B.A.
Commissioner
Department of

Member.

Commissioner, Leo von Scheben, 65, is a registered professional engineer and land surveyor who has lived in Alaska since 1963. He received his B.S. degree in Industrial Engineering from the University of Florida in Gainesville, a B.S. degree in Civil Engineering from Bradley University in Peoria, Illinois, and a MBA from the University of Alaska Anchorage. He was one of the four founding partners of an architectural, engineering, land surveying and planning firm with offices in Alaska and the Pacific Northwest.

He has represented the Society of American Military Engineers on the Anchorage Post Industrial Liaison Committee, member of the 2006 S.A.M.E. Executive Group and Commissioner to the Alaska Private Industry Council. He was voted Alumni of the Year by Bradley University.

Transportation and Public
Facilities
Appointed: 01/12/2007
Reappointed: 05/29/2009
Expires: 06/30/2011

He belongs to the American Society of Civil Engineers and the Alaska
Society of Professional Land Surveyors.
Von Scheben was featured in "How to Form a Successful Design/Build
Alliance" in the January 2006 edition of the Professional Services
Management Journal PSMJ).

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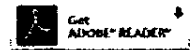


Mr. John R. Winther
(Public Member)
Appointed: 07/01/2003
Appointed Vice-Chair
8/23/2007
Reappointed: 09/21/2007
Expires: 06/30/2009
Reappointed: 05/29/2009
Expires: 06/30/2011

Member, Vice-Chair.

Mr. Winther was appointed to the Board of Directors on July 1, 2003. He was born in Fairbanks and raised in both Fairbanks and Juneau. He is a lifelong Alaskan who graduated from Lathrop High School and has resided in Petersburg since 1972. John has been in the commercial fishing business for 39 years, owning his own business for 35 of those years. He is currently the managing partner of Prowler Fisheries, based in Petersburg, Alaska, and also owns a crab vessel that fishes the Bering Sea. He is the founder and chairman of Winstar Petroleum, an Alaskan owned independent oil company with acreage on the North Slope. John served as director of Iccle Seafoods from 1980-1992 and also served on the North Pacific Fisheries Management Council from 1983-1989.

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Last updated: 2/23/10



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AIDEA's Response to Representative Herron's Office Inquiries Regarding HB 363

1. Comment on advantages and disadvantages of the proposed board make-up:

The advantage of the board composition set out in HB 363 is that AIDEA would have more private sector and industry input into its decision making processes. Moreover, new public members can bring their expertise and business and industry experience to bear when asked to approve a particular loan, authorize the expenditure of funds, or approve the issuance of a bond to finance development. This input makes for better decision making. AIDEA's own solution to gaining more business and industry input as set forth in its Strategic Plan is to setup two new committees of business and industry experts (Business and Technical) to advise the board and management on policy and project investment decisions. An alternative to the advisory board concept would be to add more public members to the Board and then have the full board to appoint subcommittees to explore new policies and work with management on issues and then report back to the board. Either alternative would create a vehicle for creating better public-private partnerships which is the goal set forth in AIDEA's Strategic Plan.

The disadvantage of the board composition as set forth in HB 363 is that its one commissioner configuration would mean that board would lose needed expertise in state economic and infrastructure development. While AIDEA agrees that it is important to the board to have the expertise and experience of the Commissioner of Revenue on the board for his or her experience in finance and investment, AIDEA's mission is broader than these two areas. AIDEA is an economic development finance authority and needs to have a cabinet level officer with knowledge of state economic development policies and directions such as the Commissioner of Commerce, Community and Economic Development.

2. What are the advantages of private sector membership on a board of this nature:

As noted above, the advantage of having private board members on a public economic development finance authority's board is to bring private sector expertise and experience to AIDEA's decision making process. AIDEA makes loans, serves as a conduit for revenue bonds, and finances large scale development projects. It, therefore, can benefit in making its investment and development decisions by utilizing the expertise of knowledgeable business people and industry experts who have a broad base of experience.

It is also important that state sponsored economic development be, in essence, a public/private partnership. Best practices of economic development agencies throughout the United States are to include both public and private persons into the economic development decision process. Some of the best known models for economic development agencies make use of this public/private partnership concept, such as Kentucky's Economic Development Cabinet and the Indiana Development Corporation.

3. What kinds of private sector member qualifications best serve the board:

The best private sector members on an economic development finance corporation, such as AIDEA, are ones that have a broad range of business experience and who understand the role of state funded economic development. This usually will mean persons who have worked with commercial and business development financing, bank financing, commercial real estate development, and local or state sponsored economic development programs in their business careers. An understanding of the various methods of financing projects, as well as a knowledge of Alaska local government and boroughs is also desirable. Board members who have a wide range of experience in natural resource extraction, logistics, energy, tourism and other targeted sectors listed in AIDEA's strategic plan would provide guidance and sound decision making to support AIDEA's missions and measures.

4. Talk about what kinds of decisions the Board makes:

The board is responsible for the governance of the corporation and must approve of and vote on all major loans in which AIDEA participates, as well as approve of all investments in projects financed directly or by the use of bonds. Equally important is that the board is responsible for deciding when and how to divest of currently owned projects and at what price and terms. The board also makes the decisions on how large a reserve AIDEA should have and has to approve all litigation and court settlements.

In corporate governance terms, the AIDEA board hires the executive director to run the day-to-day operations of the Authority, but any organic decisions (i.e. those that could affect the financial position of the corporation or affect its future performance) must have board approval.

As noted above, the AIDEA board runs the agency. While management may make recommendations on these matters, it is the board which must vote to approve them and who has the right to modify or deny proposals put forward by management. The board also establishes all major policies such as AIDEA's recent Strategic Plan. The Board is responsible for adopting regulations used in the operation of all the major programs of the authority.

5. Right now the fishing and high tech/communications industries are represented through the private sector members of the AIDEA board. How would you like to see the board diversified if there were two more private members:

AIDEA currently has two very knowledgeable well-rounded private sector board members with a broad range of business experience and management skills. If more such members were added, AIDEA would suggest that persons be chosen who have financial management experience, commercial and investment banking experience, commercial development experience, financial analyst experience, legal experience, economic development experience or infrastructure experience.

Additionally, board members should probably have experience with local governments, regional development organizations, chambers of commerce and other local economic development stakeholders. It would be desirable to have board members who have experience in natural resource extraction, logistics, energy, tourism and other targeted sectors listed in the Strategic Plan.

6a. Why is there a joint AIDEA/AEA board:

AEA and AIDEA have a shared board because this is mandated by statute.

6b. Any advantages or disadvantages of this:

There is value in having members shared between the AEA and AIDEA boards. AIDEA has bonding authority, which can be utilized to provide financing for large-scale AEA initiatives. AEA alternatively can analyze for AIDEA whether an energy-related development project is feasible. Another example of fruitful agency coordination is that recently AIDEA and AEA submitted a joint application to the Federal Department of Energy which makes use of each authority's expertise.

The main challenge is in finding board members that have the experience and working knowledge in both economic development and energy related fields. Additionally, the AEA board needs to be conversant with AEA's grant programs, as well as with federal Department of Energy funding programs.



Southwest Alaska Municipal Conference

3300 Arctic Boulevard, Suite 203 Anchorage, AK 99503 p: 907.562.7380 f: 907.562.0438 www.swamc.org

Alaska Peninsula
Aleutian Chain
Bristol Bay
Kodiak Island
Pribilof Islands

March 16, 2010

Representative Kurt Olson, Chair
House Labor & Commerce Committee

Re: Support of HB 363

Dear Representative Olson,

Please accept this letter of support for House Bill 363, which would rearrange the composition of the AIDEA/AEA board membership. Most successful economic development initiatives occur because of strong public/private partnerships, and one of the keys to this success lies in valuable private sector input.

Passage of HB 363 would increase the number of AIDEA's public board members from two to four, with the possibility of a fifth public member currently in the bill's amendment. Raising this level of private sector involvement would lead to more fruitful and informed discussions about current economic conditions and desires among the business community.

AIDEA is meant to promote and advance economic growth and diversification in the state of Alaska. True economic development is best served by private investment and public knowledge and innovation. By changing the board composition to more accurately reflect this sentiment, the state's economic development organization can have a more direct line to industry needs and private sector capacity.

I would urge you to consider the value of HB 363 and what it could mean for the State of Alaska's role in economic development.

Regards,
SOUTHWEST ALASKA MUNICIPAL CONFERENCE

A handwritten signature in black ink, appearing to read "Andy Varner", with a long horizontal flourish extending to the right.

Andy Varner
Executive Director

Economic development and advocacy for Southwest Alaska
Economic Development District (EDD) and Alaska Regional Development Organization (ARDOR)



March 16, 2010

Representative Kurt Olson, Chair
House Labor & Commerce Committee
Alaska State Capitol Building
Juneau, Alaska 99801

RE: HB363 "An Act relation to the membership of the Alaska Industrial Development and Export Authority.

Southeast Conference strongly supports House Bill 363. The private sector is the backbone of Alaska's economy. The State economic development process has historically had little private sector input. This legislation will allow flexibility within the makeup of AIDEA to incorporate more private sector participation in State economic development decisions.

Southeast Conference is a private membership organization that works to advance the collective interests of the people, communities, and businesses of Southeast Alaska. It is the Alaska Regional Development Organization (ARDOR), Federal Economic Development District (EDD), and USDA Resource Conservation and Development (RC&D) Council for the region. The Conference's Mission is to help develop strong economies, healthy communities, and a quality environment in Southeast Alaska.

Please adopt HB363 for the future of our communities and our state.

On Behalf of the Board of Directors,

Shelly Wright
Executive Director



The Entrepreneurs and Mentors Network Inc.
Mentors empowering Entrepreneurs

Colin V. Palmer
Executive Director

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Allan R Johnston
Chief Encouragement Officer

(907) 727-1187
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March 16th, 2010

Re: House Bill 363 AIDEA Board

Representative Kurt Olson, Chair
House Labor & Commerce Committee
Juneau, Alaska

Dear Representative Olson,

Please accept this letter of support for HB 363. I believe that AIDEA needs to become more proactive in evaluating and implementing new programs to nurture innovation and entrepreneurship in Alaska. We are the only state that doesn't have an organized Angel Investor network. We are one of only a few states that doesn't have a Small Business Investment Corporation, a business incubator or a business accelerator. Including more private sector experts with been-there-done-that experience will significantly enhance AIDEA's opportunity in identifying our financial infrastructure problems and addressing our needs.

If the Milken Risk Capital and Entrepreneurial Infrastructure Composite Index were considered a reasonable proxy of our Aspiration Index, which I believe that it does, then Alaskans are in last place nationally in dreaming dreams for our own destiny. AIDEA should be a more important and relevant player in addressing this problem. If we do not see our last place standing as a problem then there is no solution. I believe a more private sector oriented AIDEA Board would be more effective in diversifying the Alaska economy and empowering innovative entrepreneurs.

Respectfully,

Allan R. Johnston
Chief Encouragement Officer
The Entrepreneurs and Mentors Network Inc

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Enabling mentors to empower entrepreneurs
www.teamak.com



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State Technology and Science Index

Enduring Lessons for the Intangible Economy
June 2008

Risk Capital and Entrepreneurial Infrastructure Composite Index

This measures the stock of capable entrepreneurs and risk capital available to support the conversion of research into commercially viable technology products and services. Eleven indicators are included in this Composite Index, listed at the bottom of this page. Click on an indicator to see further data comparisons at the individual indicator level.

Select a Composite			Select a State			2002		
State	Rank	Average Score	State	Rank	Average Score	State	Rank	Average Score
Nebraska	44	38.60	Alabama	44	30.22	Alaska	44	29.33
Montana	45	38.57	Iowa	45	28.67	Kentucky	45	27.56
North Dakota	46	36.25	Montana	46	27.56	Wyoming	46	27.33
Iowa	47	34.22	Alaska	47	24.67	Arkansas	47	18.44
West Virginia	48	32.18	Kentucky	48	23.78	West Virginia	48	18.00
Mississippi	49	30.40	Mississippi	49	22.22	South Dakota	49	15.33
Alaska	50	21.71	North Dakota	50	16.22	North Dakota	50	9.78

Average Annual SBIC Funds Disbursed per \$1,000 of GSP

Increase in Number of Companies Receiving VC Investment

IPO Proceeds as Percent of GSP

Number of Business Incubators per 10,000 Business Establishments

Number of Business Starts per 100,000 People

Number of Companies Receiving VC Investment per 10,000 Business Establishments

Patents Issued per 100,000 People

Total Venture Capital Investment Growth

VC Investment in Clean Technology per \$1,000 of GSP

VC Investment in Nanotechnology per \$1,000 of GSP

Venture Capital Investment as Percent of GSP

<http://www.milkeninstitute.org/tech/tech.taf?sub=rcic>

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FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: CSHB 363(L&C)
(H) Publish Date: 4/8/10

Identifier (file name): HB363CS(L&C)-CED-AIDEA-3-24-10 Dept. Affected: DCCED
Title: AIDEA Membership RDU: AIDEA
Component: AIDEA operations
Sponsor: Community and Regional Affairs
Requester: House Finance Committee Component Number: 1234

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES								
Personal Services	3.0		3.0	3.0	3.0	3.0	3.0	3.0
Travel	19.8		19.8	19.8	19.8	19.8	19.8	19.8
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	22.8	0.0	22.8	22.8	22.8	22.8	22.8	22.8

CAPITAL EXPENDITURES								
-----------------------------	--	--	--	--	--	--	--	--

CHANGE IN REVENUES ()								
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
1102 AIDEA Corp Receipts	22.8		22.8	22.8	22.8	22.8	22.8	22.8
TOTAL	22.8	0.0	22.8	22.8	22.8	22.8	22.8	22.8

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

This bill changes the AIDEA board membership from the Commissioner of Revenue and the Commissioner of Commerce Community and Economic Development and one other commissioner (currently the Commissioner of Transportation) and 2 public members to the Commissioners of Revenue and Commerce Community and Economic Development and five public members each of whom have with expertise in private sector business and possesses demonstrated leadership skills.

Public members of the authority receive \$100 compensation for each day spent on official business of AIDEA and may be reimbursed for actual and necessary expenses at the same rate paid to members of state boards under AS 39.20.180.

Two additional public members has an estimated increased costs of 10 official business days * 3 members * (100) = 3,000 for compensation ; (600 + 60) * 10 * 3 for travel and per diem = \$19,800.

Prepared by: Sara Fisher-Goad, Deputy Director - Operations
Division: Alaska Industrial Development and Export Authority
Approved by: Emil Notti, Commissioner
Commerce, Community and Economic Development

Phone 907-771-3012
Date/Time 3/24/10 12:00 AM
Date 3/24/2010

BRIEFING PAPER: ECONOMIC DEVELOPMENT IN STATE GOVERNMENT

A review of economic development configuration in Alaska's agencies, models from other states, and potential changes to Alaska's economic development system

Alaska's Department of Commerce, Community and Economic Development includes both **Economic Development** and **Community Development** functions. The department's mission is to "promote a healthy economy, strong communities, and protect consumers in Alaska."

The difference between economic development and community development is not always well-understood. To establish a shared understanding of these terms, the following definition is presented:

Community development is capacity building; economic development is wealth creation.

--Robert Shively, *Economic Development for Small Communities*

To go further, community development often refers to projects that create infrastructure and community capacity. Public works projects, schools, bridges, libraries, community centers and parks... these are community development projects. Economic development projects, on the other hand, would be the construction of a new clinic by a group of private physicians, or the expansion of a metal fabrication shop by a business owner. Community development and economic development are deeply intertwined, because economic development—and the private investors, owners, and entrepreneurs who lead the way—also requires community infrastructure, either to support their businesses or to enable a lifestyle that makes them want to live and stay in a community. At their cores, both community development and economic development are about resilience, the ability of a community or economy to respond to both opportunities and threats, to adapt to change. But the two functions are quite different, *and the appropriate activities and roles for government in economic development are much different than in community development.*

The purpose of this paper is to examine *economic development* activities in state government. While we recognize the interconnectedness of the two functions, the focus of this work is on resources within state government that support private sector investment in Alaska's economy.

Current Resources within State Government and the University System

Alaska's Office of Economic Development (OED), within DCCED

- The mission of OED, as described in the FY10 Governor's Operating budget, is to "Advance successful tourism, film, fisheries, forest products, minerals, and small business assistance programs in order to increase economic activity in Alaska and create new employment opportunities for Alaska."

- Alaska's OED currently has a division head, plus 11 employees in five sub-programs, many of which can be tied to one or more functions in Alaska Statute.
 - The Alaska Film Office (3 employees, one of whom is shared with Tourism) (AS 44.33.231, Film Office)
 - Business Development (2 employees, one of whom is a forest products specialist) (AS 44.33.900 Alaska Forest Products Research and Marketing Program)
 - Office of Fisheries (1) (AS 44.33.065, Regional Seafood Development Associations)
 - Office of Mineral Development (2) (AS 44.33.431, Alaska Minerals Commission)
 - Tourism Program (4, one of whom is shared with Film) (AS 44.33.119, Alaska Division of Tourism)

Alaska Industrial Development and Export Authority (AIDEA), within DCCED

- The mission of AIDEA, as described in the FY10 Governor's Operating budget, is "to provide means of financing to promote economic growth and diversification in Alaska."
- AIDEA's board of directors consists of five individuals
 - The Commissioner of Revenue
 - The Commissioner of Commerce, Community, and Economic Development
 - One other person appointed by the executive branch
 - Two public members appointed by the governor
- AIDEA's economic development programs have approximately 30 staff assigned to it, with 30 who are professional staff (estimate from AIDEA staff, October 2009)
 - AIDEA is a "public corporation of the state and a body corporate and politic constituting a political subdivision within the Department of Commerce, Community and Economic Development, but with separate and independent legal existence," under AS 44.88.010—44.88.159
 - AIDEA has a number of loan participation, revolving loan, and bond programs
 - AIDEA has ownership stakes in several major projects
- AIDEA also is home to another agency, Alaska Energy Authority (AEA) which currently has a community development mission
 - Though the agencies are separate, they share employees and resources

Alaska Division of Investments (DOI), within DCCED

- DOI's "primary responsibility is to administer and service twelve state loan programs under the Department of Commerce, Community, and Economic Development. These programs were primarily designed to promote economic development through direct state lending in industries that are not adequately serviced by the private sector."
- DOI typically interfaces with individual lenders and small businesses (in contrast to AIDEA, which handles significant industrial investments)
- DOI has 44 FTE employees (FY2010 budget)
- Loan programs authorized in statute are not comprehensive across range of Alaska industry

Non-Governmental Economic Development Organizations in Alaska

ARDORs

- Alaska Regional Development Organizations (ARDORs) are established under 44.33.895 (Alaska regional economic assistance program) and is subject to regulations at 3 AAC 57.010-900.
 - Under the statute the department can provide grants of up to \$100,000 annually to match funds from non-state sources.

- The state's contributions to the ARDOR under this program are \$50,000 annually. With the addition of an ARDOR in the last two years, the state's total contribution has increased, but organizations still receive the same amount. (Annual funding since 1992 is flat at \$620,000; except for increase of \$57,000 starting in FY09 with addition of twelfth ARDOR)
- According to the website of OED, ARDORs are intended to
 - *enable communities to pool their limited resources, and work together on economic development issues;*
 - *develop partnerships among public, private and other organizations,*
 - *offer a technical, nonpartisan capacity to develop and implement an economic development strategy,*
 - *often have extensive experience with federal/State programs, and*
 - *provide needed technical assistance via direct links with local citizens.*
- With large service regions and limited funding, some ARDORs have very difficult times attracting experienced staff to run economic development programs
 - Some conversations have been had to establish system-wide capacity-building fund for the ARDORs so that staff of the ARDORs can take advantage of professional development opportunities despite limited budgets

Additional Regional Economic Development Groups

- Regional/local groups also exist, such as Juneau Economic Development Council, Fairbanks Economic Development Corporation, Alaska Village Initiatives.
 - These have more local focus

University Economic Development Resources and Coordination with State Resources

The University of Alaska has several economic development programs doing technical assistance, training, etc.

- **Center for Economic Development, at the Institute of Social and Economic Research, UAA**
 - One of 52 university centers nationally designated by Economic Development Administration
 - Works at level of *municipalities, large non-profits, service-providing for profits (such as Alaska Native Corporations)*
 - 2008 Annual Report includes list of clients:
<http://ced.uaa.alaska.edu/publications/2008AnnualReport.pdf>
 - According to their website, CED "leverages the resources of the university system to support economic development in Alaska, providing technical assistance in the form of information, data, and know-how in evaluating, shaping and implementing specific projects and programs that promote economic development across the state."
(<http://ced.uaa.alaska.edu>)
 - Supported by fee for service in most cases, in order to support program delivery costs; some budget also from State
 - CED helps with local and regional planning, feasibility analysis, strategic planning (organizational and community) financial analysis, market and economic research
 - Recently, CED began coordinating accredited certification courses for the International Economic Development Council, to certify IECD economic development professionals
 - NB: Currently, there is not a single certified economic development professional working in Alaska

- **Small Business Development Centers**

- Works at level of small, individual entrepreneurs
- Provide free- and low-cost consulting to small business and micro-enterprise
- Funded by US Small Business Administration with matching funds from state.
- Provides consulting services and low-cost educational programs to entrepreneurs
- Program's "business advisors" are certified through the Alaska SBDC's professional Certification program
- Has a rural outreach program

How are Other State Governments Doing Economic Development?

Several states are recognized for their innovation in economic development within state government. Some of these are profiled below.

The states profiled below were selected because of their recognition as successful models, or commonalities with Alaska (rural Western). This report profiles North Dakota, Wyoming, Indiana, and Kentucky, which are all recognized for their economic development programs, as well as Oregon, which shares some similarities with Alaska as a Western state with large rural areas. All of these states have advisory and/or policy bodies that primarily comprise private sector leaders.

NB: Descriptions below reference "primary" or "basic" industries. These are industries that bring new dollars into a state's economy. Oftentimes these are because the business outputs are produced for markets outside the state. In some cases federal government programs, which bring dollars into state economies, can also be seen as contributing to the primary/basic sectors. This differs from support sector businesses, which provide services within the state. Primary/basic businesses are the economic pumps for an economy.

North Dakota www.business.nd.gov

- Economic Development & Finance is a division within a department that also houses Tourism and Community Development
 - Tourism is separate because development approach differs significantly from standard "primary/basic" sector activities.
- North Dakota has an Economic Development Foundation, a private foundation established by the Legislature, to provide guidance and private-sector oversight of state economic development efforts. It maintains a strategic plan for economic development.
 - 23 "business leaders," meet quarterly
 - has the ability to raise private funding to support state efforts
- Division heads are professional positions, not appointed
- Majority of staff at Economic Development and Finance Division are certified economic development professionals through the IEDC
- Primary function of division is to work with businesses to identify the state programs and resources that will help them establish, grow, or retain in North Dakota; deal structuring (not technical assistance, which is pointed to university, SBDCs, etc.)
- North Dakota has a development bank, the Bank of North Dakota, which manages nearly all of the state's loan and investment programs, with very few exceptions
- Department *only works on inquiries/investments that are in the Basic sector of the economy* (Basic industries bring new money into the economy from out of state, while secondary industries provide services to support the basic industries)

- Web presence: North Dakota has <http://www.business.nd.gov/>, which is a user-friendly portal to information necessary to do business in North Dakota
- 17 staff for ED&F, including 2 finance people to run loan programs outside the Bank of North Dakota

Wyoming www.wyomingbusiness.org

- Wyoming Business Council is the economic development group in state government
 - It has a corporate structure, incorporates private business practices, regional offices
 - Has a Board of Directors and CEO, though it is within state government
 - Board members are successful business owners from Wyoming
 - Board members appointed by Governor; CEO hired by Board
 - Employees of agency are at-will
 - Board does "business plan" for department
 - Staff of 53 for WBC, plus 19 for Tourism
 - 7-8 administrative staff, all other work on economic development and management of community grant programs
 - History of the WBC: <http://www.wyomingbusiness.org/about/history.aspx>
 - Enabling Legislation: Wyoming Statutes 9-12-101 through 9-12-804 (<http://legisweb.state.wy.us/statutes/statutes.aspx?file=titles/Title9/T9CH12.htm>)
 - WBC focuses on basic industries, with few exceptions in rural areas where basic service infrastructure (grocery stores) do not exist
 - Industries have to produce something sold outside the region to get WBC attention.
 - WBC works closely with university programs, including SBDCs, Intellectual property, incubators, etc.

Kentucky www.thinkkentucky.com

- Primary state agency for economic development is the Cabinet for Economic Development, which is governed by the Kentucky Economic Development Partnership Board
- Kentucky Economic Development Partnership Board
 - Enabled in 1992 by HB 89.
 - Thirteen members representing each of eight congressional districts and different industries, plus secretaries from four cabinets (Econ. Development, Finance and Administration, Environmental and Public Protection, and Tourism), plus Governor
 - Cabinet includes
 - Office of Secretary
 - Department for Business Development
 - "Responsible for coordinating the recruitment and attraction of new companies that will enhance the overall viability of the state's economy, as well as assisting and encouraging job retention and creation by working with existing Kentucky business. The Department partners with outside agencies and communities to conduct workshops, community assessments, and business surveys to support local development efforts"
 - Department of Financial Incentives
 - Department of Commercialization and Innovation

- “Responsible for developing and implementing a strategy to create, attract, and assist knowledge-based companies to Kentucky.”

Indiana www.in.gov/iedc

- Primary state group for economic development is the Indiana Economic Development Corporation
 - Created in February 2005 to replace the former Department of Commerce
 - Has a board of 12, including governor and 11 private industry participants
 - According to IEDC website, “The IEDC is focused exclusively on economic development and has incorporated all state entities with economic development responsibilities into its organizational structure.”

Oregon www.oregon4biz.com

- Economic development is a division within the Oregon Business Development Department, which also houses community development functions
 - About 25% of department budget goes to economic development
- Economic development overseen by the Oregon Business Development Commission, which is statutorily authorized, and consists of seven private sector individuals (not agency) appointed by the Governor
 - Entity sets policy direction for agency activity
- Department head is appointed, but division heads are professional staff
- 13 people working in field around Oregon, plus five people specializing in international development
- No certification/training requirements specific to department; some perhaps specific to positions, particularly for international development people
- Primary role of business development division is deal structuring, pulling state resources together to support creation or retention of jobs
- Staff only work on primary (basic) sector industries, refer others to university, SBDCs, other partners

Points to Consider about Alaska’s Current System

- State government’s oversight and/or policy direction from private sector is currently limited to two of five seats on the board of AIDEA.
 - There is no private sector input built into OED or DOI
 - Without private sector input it may be difficult to align state programs across divisions with real needs in Alaska economy
- Incentive programs in Alaska Statute are limited
 - New Business Incentive Program (DCCED), established under 45.81.010, is not funded
 - Film Incentive office supported by two staff at OED (DCCED)
 - Exploration Incentive Credits (DNR)
 - AGIA (DNR)
 - Various AIDEA Programs
- Economic Development functions are distributed between several divisions and/or offices, including:
 - Division on Investments (Greg Winegar, Division Director)
 - Office of Economic Development (Joe Austerman, Director)
 - Alaska Industrial Development and Export Authority (Ted Leonard, Executive Director)

- Economic development staffing in these offices are about 15% of total DCCED personnel
 - Viewed alone they are 8%, 2%, and 6% respectively
 - May have difficulty getting strategic focus within larger mission of department
- No certified economic developers currently working in state (compares to other states where professional certification is common among economic development staffers)
 - University's Center for Economic Development has started offering training modules several times per year (the standard for these courses is multi-day intensives) for certification through the International Economic Development Council
 - This is a relatively new service
 - Department estimates cost in training to reach certification goals, before travel and lost work time, is \$3,400 per person
 - Currently there are no practicing certified economic development professionals working in Alaska (in state government or out of state government)
- State government's interaction with University resources may be inefficient; economic development resources may be "siloeed"
 - Do OED and AIDEA have regular practice of directing inquiries to existing University resources?
 - Do agencies and universities work closely to avoid duplicating tools and services?
 - What gaps should agencies fill that are not natural to the University?
- State government, through OED, is currently focused on a small set of industries
 - Focus may be broadened to allow room for additional industries/ideas
- Alaska state government does not maintain a web presence focused on attracting or retaining business
 - For contrast, see Oregon, <http://www.oregon4biz.com/>, found in two clicks from the State of OR homepage); North Dakota, <http://www.business.nd.gov>; Kentucky <http://www.thinkkentucky.com/>

Possible Areas of Discussion for Legislature

1. Restructuring economic development functions within state government under alternate models such as public/private partnerships, corporate structures, strengthened divisions, or others.
2. Consideration of creation of a non-governmental (private sector) policy group at head of state economic development. Depending on departmental structure the advisory entity could be modeled on corporate, foundation, policy, or other board structures
3. Establishment or reestablishment of incentive programs to support economic development programs
4. Budgeting for ARDOR programs
5. Budgeting for University programs that support small business development
6. Oversight hearings prior to and within the budget process to assess focus and resources of state offices with economic development missions
7. Establishment of additional loan programs to support small business economic development

Additional Resources

- Alaska Economic Development Programs, prepared by Office of Economic Development
 - Document attached to this transmission
 - Note: This matrix does not differentiate between Economic Development and Community Development programs (see definition on Page 1). True “economic development” programs are fewer than one dozen.
- Department and subunit missions: Office of Management and Budget
 - See <http://gov.state.ak.us/omb/results/agencies.php#10> for missions related to DCCED and its divisions
- Alaska SourceLink www.aksourcelink.com. A web portal hosted by the university that provides information on all economic development support resources in the state

AIDEA

Boards & Commissions Factsheets

Industrial Development / Export

Board: Alaska Industrial Development and Export Authority (AIDEA)

Board identification number: 050

Department: DEPARTMENT OF COMMERCE COMMUNITY AND ECONOMIC DEV

Authority: AS 44.88.030

Status: Active

Sunset date:

Requirements: Financial Disclosure

Prohibitions: None

Term: 2 years

Description: 5 members - 3 appointed by Governor: 2 public members, and 1 head of a principal department of the Executive Branch or designee; plus the commissioners of the Department of Revenue and the Department of Commerce, Community, and Economic Development or their respective designees; members elect chair.

Function: 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, by providing various means of financing and by facilitating the financing of industrial, manufacturing, power transmission intertie, export and business enterprises and other facilities within the state through loan participation and loan guarantee programs, as well as owning specific facilities that create basic sector employment and enhance economic development in the state.

Chair: Members select.

Special facts: Public corporation; has ability to own and operate public use facilities which advance goals of Authority; quorum-majority; minutes of each meeting to Governor/Legislative Budget and Audit.

Compensation: Standard Travel and Per Diem. Public members receive \$100 per day plus travel and lodging.

Meetings: 12 meetings per year.

For further information contact:

Mr. Ted Leonard

Executive Director

Alaska Industrial Development and Export Authority

813 West Northern Lights Boulevard

Anchorage, AK 99503

Phone: (907) 269-3050, FAX: (907) 269-3044

Industrial Development / Export Roster

Go to the Industrial Development / Export Home page

We appreciate your interest in boards and commissions. For further information contact the boards and commissions staff at (907) 465-3500 or at boards@alaska.gov.

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- § Statutes
- § Regulations
- § By-Laws
- § Policies
- § FAQs
- § Related Links

Board of Directors

AIDEA 2010 Board Meeting Schedule

Wed. March 17, 2010

*meetings will be held on Wednesdays at 10:30 a.m. unless otherwise indicated**

Wed. April 28, 2010

Wed. May 26, 2010

Wed. June 23, 2010

Wed. August 11, 2010

Wed. September 22, 2010

Wed. October 20, 2010

*Friday December 3, 2010

NOTE: These dates and times are subject to change or cancellation. Please check back frequently for updated information. Meetings are held at the Authority's offices at 813 West Northern Lights Blvd. unless otherwise stated. If you have any questions, please contact Brenda Fuglestad at (907) 771-3008.

AIDEA Board Meeting Minutes Archive

AIDEA and AEA share a five-member Board.



Mr. Patrick Galvin
Commissioner
Department of Revenue
Appointed: 12/4/2006
Elected Chair: 11/10/2008

Member. Chair.

Commissioner, Alaska Department of Revenue. was appointed Commissioner of the Department of Revenue by Governor Sarah Palin effective December 4, 2006. Before his appointment he served as a Petroleum Land Manager for the Alaska Department of Natural Resources, Division of Oil and Gas. His responsibilities included managing the oil and gas leasing and licensing programs, lease administration, and oil and gas permitting for the division. His education background includes a Bachelor's degree in Visual Arts and Quantitative Economics from the University of California, San Diego, a Law Degree from the University of San Diego, and an MBA from San Diego State University. Prior to his position at DNR, Mr. Galvin served as Director of the Division of Governmental Coordination, overseeing the Alaska Coastal Management Program. Previously, Mr. Galvin was a private practice attorney focusing on municipal, corporate, and tribal law.

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Juneau, Alaska 99811-0400
907-465-2300
(fax) 907-465-2389
patrick.galvin@alaska.gov

Designee for Commissioner Galvin is
Deputy Commissioner for Treasury Jerry Burnett



Mr. Michael T. Felix
(Public Member)
Appointed: 06/25/2009
Expires: 06/30/2010

Member.

Mr. Felix was appointed to the Board on May 29, 2009. Since February 2002, Mike Felix has served as president of AT&T Alascom, a wholly-owned subsidiary of AT&T, Inc. He has almost 35 years experience in various areas of the telecom and high-tech industries, having held several senior management and board positions in public and private companies. He began his career in 1975 at Tampa Electric Company, where he served in various management and engineering roles. In 1982, he was one of the founding employees at what is today Sprint – where he held several technical and management leadership positions. From 1992 to 2001, Mr. Felix served as CEO or COO of several venture capital-backed startups in the telecom and software space. From 1989 to 2001, he also served on the boards of four start-up companies, and three private schools.

Mike is a graduate of the University of South Florida with a B.S. in Electrical Engineering. He and his wife, Bethany, currently reside in Anchorage, Alaska and have three adult children. Mr. Felix currently serves on the University of Alaska Foundation Board, the board of Commonwealth North, the Foraker Group Governing Board, and as an Honorary Commander for the 3rd Wing of the US Air Force at Elmendorf AFB

505 East Bluff Drive
Anchorage AK 99501
907-264-7659
mfelix@alascom.att.com



Mr. Emil Notti
Commissioner
Department of Commerce,
Community and Economic
Development
Appointed: 12/13/2006

Member.

Commissioner, Department of Commerce, Community and Economic Development, Governor Palin appointed Emil Notti as Commissioner on December 13, 2006. Mr. Notti is an engineer, prominent Alaska Native leader and Alaska public servant.

He graduated from Northrop University with a dual degree in aeronautical and electrical engineering. His extensive background includes first president of the Alaska Federation of Natives during which he was an instrumental player in establishing the state's Native corporations; past president of Doyon Limited; former Commissioner of the Department of Community and Regional Affairs under Governor Sheffield; 30-year board member with the National Bank of Alaska; and Veteran of the United States Navy.

Born in Koyukuk, Notti holds an Honorary Doctorate degree from Alaska Methodist University

P.O. Box 110800
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9th Floor State Office Building
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Fax: (907) 465-5442
emil.notti@alaska.gov



Mr. Leo von Scheben,
P.E., L.S., M.B.A.
Commissioner
Department of

Member.

Commissioner, Leo von Scheben, 65, is a registered professional engineer and land surveyor who has lived in Alaska since 1963. He received his B.S. degree in Industrial Engineering from the University of Florida in Gainesville, a B.S. degree in Civil Engineering from Bradley University in Peoria, Illinois, and a MBA from the University of Alaska Anchorage. He was one of the four founding partners of an architectural, engineering, land surveying and planning firm with offices in Alaska and the Pacific Northwest.

He has represented the Society of American Military Engineers on the Anchorage Post Industrial Liaison Committee, member of the 2006 S.A.M.E. Executive Group and Commissioner to the Alaska Private Industry Council. He was voted Alumni of the Year by Bradley University.

Transportation and Public
Facilities
Appointed: 01/12/2007
Reappointed: 05/29/2009
Expires: 06/30/2011

He belongs to the American Society of Civil Engineers and the Alaska Society of Professional Land Surveyors.

Von Scheben was featured in "How to Form a Successful Design/Build Alliance" in the January 2006 edition of the Professional Services Management Journal PSMJ).

3132 Channel Drive
Juneau, Alaska 99801-7898
(907) 465-3900
Fax: (907) 586-8365
leo.vonscheben@alaska.gov



Mr. John R. Winther
(Public Member)

Appointed: 07/01/2003
Appointed Vice-Chair
8/23/2007
Reappointed: 09/21/2007
Expires: 06/30/2009
Reappointed: 05/29/2009
Expires: 06/30/2011

Member. Vice-Chair.

Mr. Winther was appointed to the Board of Directors on July 1, 2003. He was born in Fairbanks and raised in both Fairbanks and Juneau. He is a lifelong Alaskan who graduated from Lathrop High School and has resided in Petersburg since 1972. John has been in the commercial fishing business for 39 years, owning his own business for 35 of those years. He is currently the managing partner of Prowler Fisheries, based in Petersburg, Alaska, and also owns a crab vessel that fishes the Bering Sea. He is the founder and chairman of Winstar Petroleum; an Alaskan owned independent oil company with acreage on the North Slope. John served as director of Iclde Seafoods from 1980-1992 and also served on the North Pacific Fisheries Management Council from 1983-1989.

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Last updated: 2/23/10

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AIDEA's Response to Representative Herron's Office Inquiries Regarding HB 363

1. Comment on advantages and disadvantages of the proposed board make-up:

The advantage of the board composition set out in HB 363 is that AIDEA would have more private sector and industry input into its decision making processes. Moreover, new public members can bring their expertise and business and industry experience to bear when asked to approve a particular loan, authorize the expenditure of funds, or approve the issuance of a bond to finance development. This input makes for better decision making. AIDEA's own solution to gaining more business and industry input as set forth in its Strategic Plan is to setup two new committees of business and industry experts (Business and Technical) to advise the board and management on policy and project investment decisions. An alternative to the advisory board concept would be to add more public members to the Board and then have the full board to appoint subcommittees to explore new policies and work with management on issues and then report back to the board. Either alternative would create a vehicle for creating better public-private partnerships which is the goal set forth in AIDEA's Strategic Plan.

The disadvantage of the board composition as set forth in HB 363 is that its one commissioner configuration would mean that board would lose needed expertise in state economic and infrastructure development. While AIDEA agrees that it is important to the board to have the expertise and experience of the Commissioner of Revenue on the board for his or her experience in finance and investment, AIDEA's mission is broader than these two areas. AIDEA is an economic development finance authority and needs to have a cabinet level officer with knowledge of state economic development policies and directions such as the Commissioner of Commerce, Community and Economic Development.

2. What are the advantages of private sector membership on a board of this nature:

As noted above, the advantage of having private board members on a public economic development finance authority's board is to bring private sector expertise and experience to AIDEA's decision making process. AIDEA makes loans, serves as a conduit for revenue bonds, and finances large scale development projects. It, therefore, can benefit in making its investment and development decisions by utilizing the expertise of knowledgeable business people and industry experts who have a broad base of experience.

It is also important that state sponsored economic development be, in essence, a public/private partnership. Best practices of economic development agencies throughout the United States are to include both public and private persons into the economic development decision process. Some of the best known models for economic development agencies make use of this public/private partnership concept, such as Kentucky's Economic Development Cabinet and the Indiana Development Corporation.

3. What kinds of private sector member qualifications best serve the board:

The best private sector members on an economic development finance corporation, such as AIDEA, are ones that have a broad range of business experience and who understand the role of state funded economic development. This usually will mean persons who have worked with commercial and business development financing, bank financing, commercial real estate development, and local or state sponsored economic development programs in their business careers. An understanding of the various methods of financing projects, as well as a knowledge of Alaska local government and boroughs is also desirable. Board members who have a wide range of experience in natural resource extraction, logistics, energy, tourism and other targeted sectors listed in AIDEA's strategic plan would provide guidance and sound decision making to support AIDEA's missions and measures.

4. Talk about what kinds of decisions the Board makes:

The board is responsible for the governance of the corporation and must approve of and vote on all major loans in which AIDEA participates, as well as approve of all investments in projects financed directly or by the use of bonds. Equally important is that the board is responsible for deciding when and how to divest of currently owned projects and at what price and terms. The board also makes the decisions on how large a reserve AIDEA should have and has to approve all litigation and court settlements.

In corporate governance terms, the AIDEA board hires the executive director to run the day-to-day operations of the Authority, but any organic decisions (i.e. those that could affect the financial position of the corporation or affect its future performance) must have board approval.

As noted above, the AIDEA board runs the agency. While management may make recommendations on these matters, it is the board which must vote to approve them and who has the right to modify or deny proposals put forward by management. The board also establishes all major policies such as AIDEA's recent Strategic Plan. The Board is responsible for adopting regulations used in the operation of all the major programs of the authority.

5. Right now the fishing and high tech/communications industries are represented through the private sector members of the AIDEA board. How would you like to see the board diversified if there were two more private members:

AIDEA currently has two very knowledgeable well-rounded private sector board members with a broad range of business experience and management skills. If more such members were added, AIDEA would suggest that persons be chosen who have financial management experience, commercial and investment banking experience, commercial development experience, financial analyst experience, legal experience, economic development experience or infrastructure experience.

Additionally, board members should probably have experience with local governments, regional development organizations, chambers of commerce and other local economic development stakeholders. It would be desirable to have board members who have experience in natural resource extraction, logistics, energy, tourism and other targeted sectors listed in the Strategic Plan.

6a. Why is there a joint AIDEA/AEA board:

AEA and AIDEA have a shared board because this is mandated by statute.

6b. Any advantages or disadvantages of this:

There is value in having members shared between the AEA and AIDEA boards. AIDEA has bonding authority, which can be utilized to provide financing for large-scale AEA initiatives. AEA alternatively can analyze for AIDEA whether an energy-related development project is feasible. Another example of fruitful agency coordination is that recently AIDEA and AEA submitted a joint application to the Federal Department of Energy which makes use of each authority's expertise.

The main challenge is in finding board members that have the experience and working knowledge in both economic development and energy related fields. Additionally, the AEA board needs to be conversant with AEA's grant programs, as well as with federal Department of Energy funding programs.



Southwest Alaska Municipal Conference

3300 Arctic Boulevard, Suite 203 Anchorage, AK 99503 p: 907.562.7380 f: 907.562.0438 www.swamc.org

Alaska Peninsula
Aleutian Chain
Bristol Bay
Kodiak Island
Pribilof Islands

March 16, 2010

Representative Kurt Olson, Chair
House Labor & Commerce Committee

Re: Support of HB 363

Dear Representative Olson,

Please accept this letter of support for House Bill 363, which would rearrange the composition of the AIDEA/AEA board membership. Most successful economic development initiatives occur because of strong public/private partnerships, and one of the keys to this success lies in valuable private sector input.

Passage of HB 363 would increase the number of AIDEA's public board members from two to four, with the possibility of a fifth public member currently in the bill's amendment. Raising this level of private sector involvement would lead to more fruitful and informed discussions about current economic conditions and desires among the business community.

AIDEA is meant to promote and advance economic growth and diversification in the state of Alaska. True economic development is best served by private investment and public knowledge and innovation. By changing the board composition to more accurately reflect this sentiment, the state's economic development organization can have a more direct line to industry needs and private sector capacity.

I would urge you to consider the value of HB 363 and what it could mean for the State of Alaska's role in economic development.

Regards,
SOUTHWEST ALASKA MUNICIPAL CONFERENCE

A handwritten signature in black ink that reads "Andy Varner". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Andy Varner
Executive Director

Economic development and advocacy for Southwest Alaska
Economic Development District (EDD) and Alaska Regional Development Organization (ARDOR)



March 16, 2010

Representative Kurt Olson, Chair
House Labor & Commerce Committee
Alaska State Capitol Building
Juneau, Alaska 99801

RE: HB363 "An Act relation to the membership of the Alaska Industrial Development and Export Authority.

Southeast Conference strongly supports House Bill 363. The private sector is the backbone of Alaska's economy. The State economic development process has historically had little private sector input. This legislation will allow flexibility within the makeup of AIDEA to incorporate more private sector participation in State economic development decisions.

Southeast Conference is a private membership organization that works to advance the collective interests of the people, communities, and businesses of Southeast Alaska. It is the Alaska Regional Development Organization (ARDOR), Federal Economic Development District (EDD), and USDA Resource Conservation and Development (RC&D) Council for the region. The Conference's Mission is to help develop strong economies, healthy communities, and a quality environment in Southeast Alaska.

Please adopt HB363 for the future of our communities and our state.

On Behalf of the Board of Directors,

Shelly Wright
Executive Director



The Entrepreneurs and Mentors Network Inc.

Mentors empowering Entrepreneurs

Colin V. Palmer
Executive Director

(907)-862-5160
colinvpalmer@yahoo.com

Allan R Johnston
Chief Encouragement Officer

(907) 727-1187
allanrjohnston@yahoo.com

March 16th, 2010

Re: House Bill 363 AIDEA Board

Representative Kurt Olson, Chair
House Labor & Commerce Committee
Juneau, Alaska

Dear Representative Olson,

Please accept this letter of support for HB 363. I believe that AIDEA needs to become more proactive in evaluating and implementing new programs to nurture innovation and entrepreneurship in Alaska. We are the only state that doesn't have an organized Angel Investor network. We are one of only a few states that doesn't have a Small Business Investment Corporation, a business incubator or a business accelerator. Including more private sector experts with been-there-done-that experience will significantly enhance AIDEA's opportunity in identifying our financial infrastructure problems and addressing our needs.

If the Milken Risk Capital and Entrepreneurial Infrastructure Composite Index were considered a reasonable proxy of our Aspiration Index, which I believe that it does, then Alaskans are in last place nationally in dreaming dreams for our own destiny. AIDEA should be a more important and relevant player in addressing this problem. If we do not see our last place standing as a problem then there is no solution. I believe a more private sector oriented AIDEA Board would be more effective in diversifying the Alaska economy and empowering innovative entrepreneurs.

Respectfully,

Allan R. Johnston
Chief Encouragement Officer
The Entrepreneurs and Mentors Network Inc

P.O. Box 244821, Anchorage, Alaska 99524-4821

Enabling mentors to empower entrepreneurs

www.teamak.com



The Entrepreneurs and Mentors Network Inc.
Mentors empowering Entrepreneurs

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State Technology and Science Index

Enduring Lessons for the Intangible Economy
June 2008

Risk Capital and Entrepreneurial Infrastructure Composite Index

This measures the stock of capable entrepreneurs and risk capital available to support the conversion of research into commercially viable technology products and services. Eleven indicators are included in this Composite Index, listed at the bottom of this page. Click on an indicator to see further data comparisons at the individual indicator level.

Select a Composite			Select a State					
State	2008 Rank	Average Score	State	2004 Rank	Average Score	State	2002 Rank	Average Score
Nebraska	44	38.60	Alabama	44	30.22	Alaska	44	29.33
Montana	45	38.57	Iowa	45	28.67	Kentucky	45	27.56
North Dakota	46	36.25	Montana	46	27.56	Wyoming	46	27.33
Iowa	47	34.22	Alaska	47	24.67	Arkansas	47	18.44
West Virginia	48	32.18	Kentucky	48	23.78	West Virginia	48	18.00
Mississippi	49	30.40	Mississippi	49	22.22	South Dakota	49	15.33
Alaska	50	21.71	North Dakota	50	16.22	North Dakota	50	9.78

Average Annual SBIC Funds Disbursed per \$1,000 of GSP

Increase in Number of Companies Receiving VC Investment

IPO Proceeds as Percent of GSP

Number of Business Incubators per 10,000 Business Establishments

Number of Business Starts per 100,000 People

Number of Companies Receiving VC Investment per 10,000 Business Establishments

Patents Issued per 100,000 People

Total Venture Capital Investment Growth

VC Investment in Clean Technology per \$1,000 of GSP

VC Investment in Nanotechnology per \$1,000 of GSP

Venture Capital Investment as Percent of GSP

<http://www.milkeninstitute.org/tech/tech.taf?sub=rcic>

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