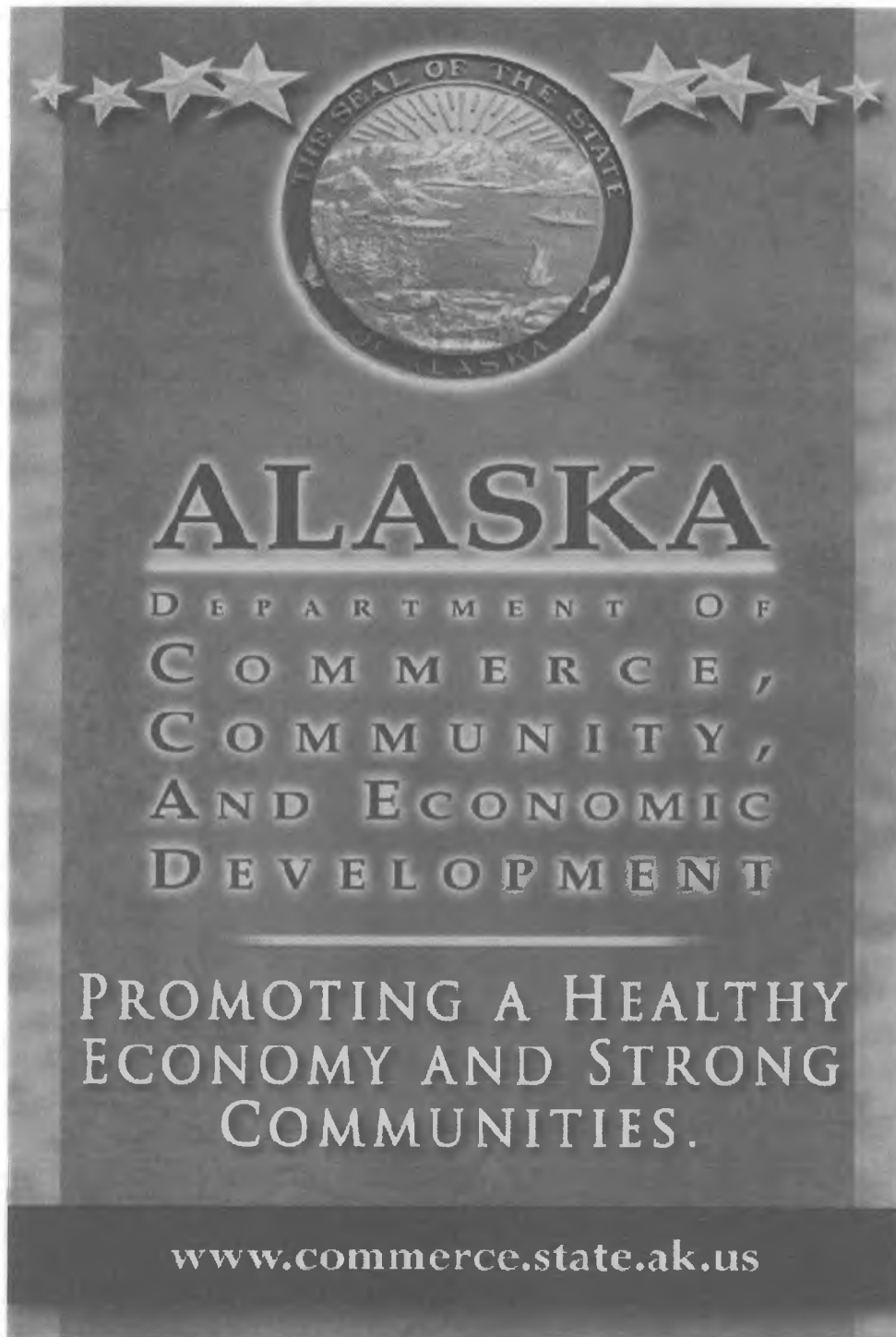


1/25/11

Overview:

DCCED – New
Division of
Economic
Development

<TARGET><BILL></BILL><SUBJECT>1-25-11 Overview DCCED – New
Division of Economic
Development</SUBJECT><COMM>HEDT27</COMM></TARGET>



A presentation to the:

House Committee on Community & Regional
Affairs

House Special Committee on Economic
Development, Trade & Tourism

Susan Bell, Commissioner
Curtis Thayer, Deputy Commissioner
Wanetta Ayers, Division Director

January 25, 2011

Our Mission

“Promote a healthy economy, strong communities and protect consumers in Alaska”

- Coordinate, develop and promote programs for sustainable economic growth.
- Regulate and enforce to protect the consumer and to provide a stable business climate.
- Assist in the development of sustainable energy systems and reduce the cost of energy in rural Alaska.
- Assist communities to achieve maximum local self-government and foster volunteerism statewide.

The Department Consists of the Commissioner's Office plus Six Core Agencies

- Administrative Services
- Banking and Securities
- Community and Regional Affairs
- Corporations, Business and Professional Licensing
- Economic Development
- Insurance

The Department Houses Seven Corporate Agencies

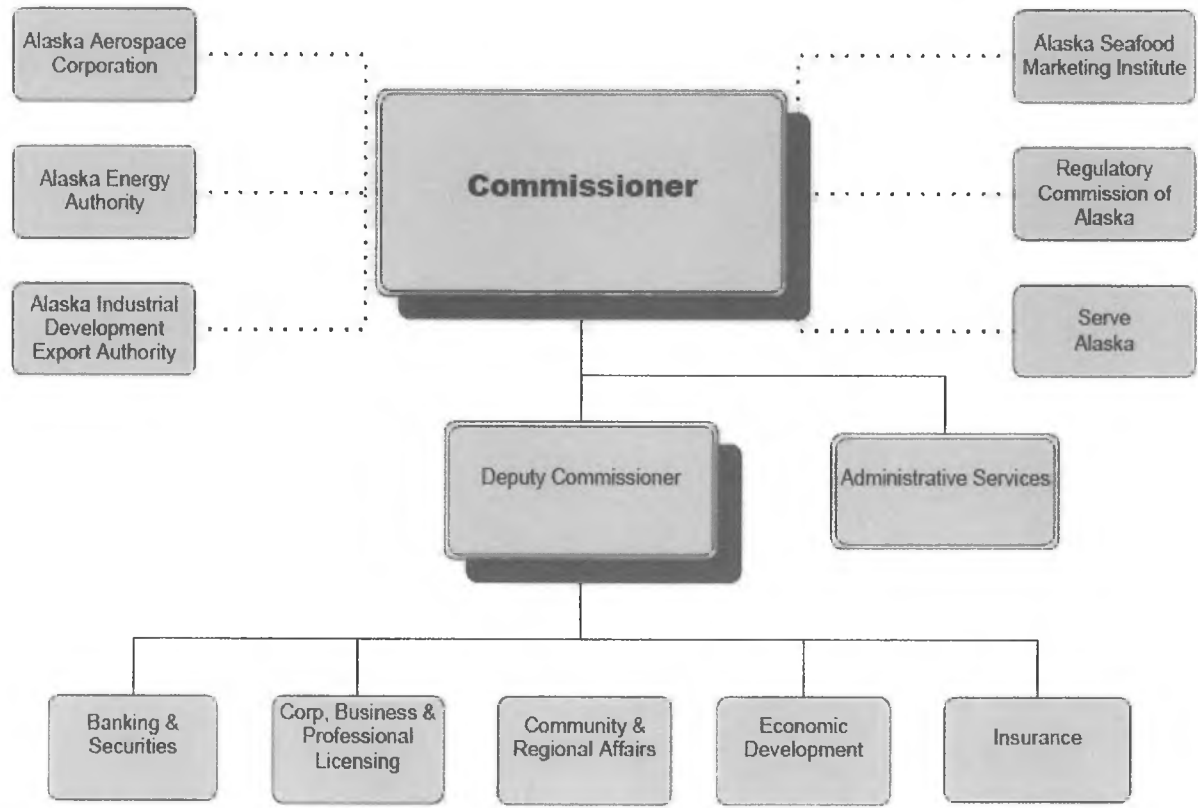
The corporate agencies, although aligned with the department's mission, operate more independently than core state agencies.

- Alaska Aerospace Corporation
- Alaska Energy Authority
- Alaska Industrial Development and Export Authority
- Alaska Railroad Corporation
- Alaska Seafood Marketing Institute
- Regulatory Commission of Alaska
- Serve Alaska



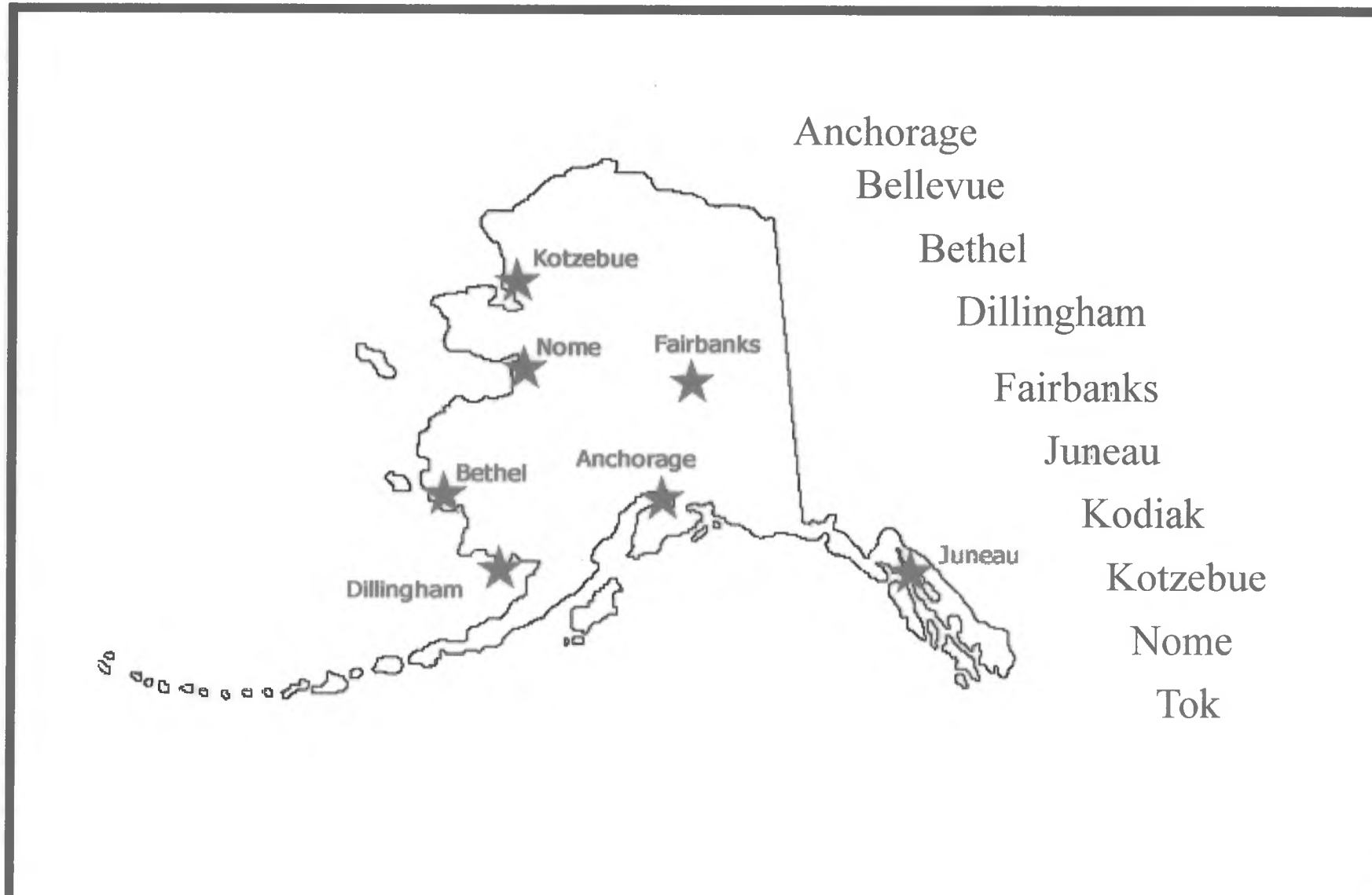
Department Organization

Department of Commerce, Community and Economic Development



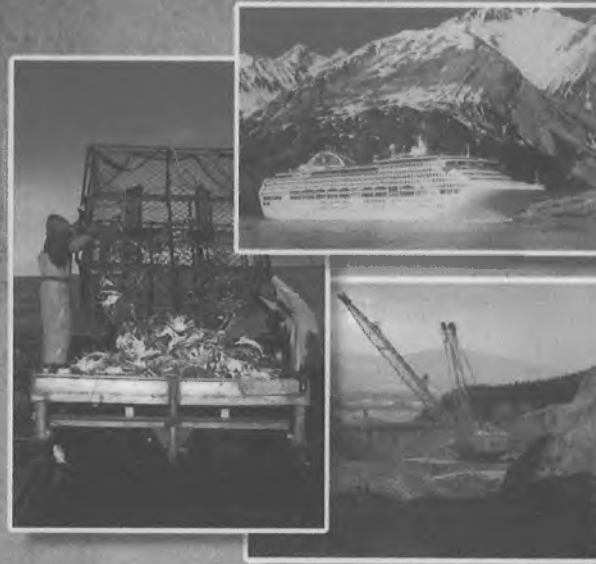
Who We Are

Total employees 538





DIVISION OF ECONOMIC DEVELOPMENT



PROMOTING ECONOMIC OPPORTUNITIES

<http://commerce.alaska.gov/ded>

Economic Development defined . . .

a program, group of policies, or activity that seeks to improve the economic well-being and quality of life for a community by creating and/or retaining jobs that facilitate growth and provide a stable tax base.

- International Economic Development Council (IEDC)

Economic Development defined . . .

What is Economic Development? It:

- takes a long time
- requires a lot of resources
- requires a lot of human capital
- requires consistency and stick-to-itiveness
- requires planning, coordination, and doing

Cluster Development Framework

Figure 5. Economic Foundations of a Cluster-Based Economic Development Framework



Examining Economic Development

December 4, 2009

House Special Committee on Economic Development, Trade and Tourism

- Review of State agencies and corporations
- Analysis of other state's organizational and functional approaches

2010 Legislative Session

- Ongoing inquiries into economic development efforts

Assessment of E.D. System

“The economic development system in Alaska is decentralized and fragmented with little overarching structure . . . to foster a sustainable and resilient economy for the future.

Only 2.5% of the respondents . . . felt that economic development efforts have been very effective and only 6% felt that the economic outlook over the next 10 years was very good.

Interviews with economic development professionals and business leaders produced a more detailed diagnosis of the situation, but overall painted a consistent picture of generally ineffective economic development efforts and concern about the longer term outlook for the state's economy.”

Alaska Forward: Phase I – Situational Analysis



Economic Priority

"Jobs for Alaskans Requires Positioning our Economy for Growth with a Solid Investment Climate."

- Governor Parnell



Sean Parnell
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

October 12, 2010

ADMINISTRATIVE ORDER NO. 257

I, Sean Parnell, Governor of the State of Alaska, under the authority of Art. III, Secs. 1 and 24, of the Alaska Constitution, establish the Division of Economic Development within the Department of Commerce, Community, and Economic Development.

PURPOSE AND DIRECTIONS

I direct the Department of Commerce, Community, and Economic Development to merge, consistent with State law, the Office of Economic Development and the Division of Investments into a single division called the Division of Economic Development.

Combining these divisions under a single umbrella and making any necessary regulation changes would create a one-stop shop that can assist an existing or proposed business entity with financing, marketing, business assistance, and governmental coordination. The newly unified division, operating from State offices in Anchorage, Fairbanks, and Juneau would be better able to serve the business community and leverage other economic development programs and services.

EFFECTIVE DATE

This Order takes effect immediately.

DATED at Juneau, Alaska this 12th day of October, 2010.

/s/Sean Parnell
Governor

Division of Economic Development

- Combines development and financing activities into one cohesive unit
- Facilitates the functional restructuring of economic development
- Creates operational and cost efficiencies
- Lays the foundation for improvements in:
 - Business outreach and technical assistance
 - Marketing and promotion of financing tools
 - Outreach and development of traditional targeted industries
 - Development of emerging growth industries
- Paves the way for future improvements in:
 - Overarching marketing and branding of Alaska
 - Expanded business outreach & technical assistance
 - Expanded financing programs
 - Coordination of multiagency, multidisciplinary development response

Division of Economic Development

Staffing by Duty Station and Section:

| Duty Station | Director's Office | Development Section | Financing Section |
|--------------|-------------------|---------------------|-------------------|
| Anchorage | 3 | 4 | 5 |
| Fairbanks | | 2 | |
| Juneau | 1 | 6 | 31 |
| Tok | | 4 | |
| TOTAL | 4 | 17 | 37 |

Annual State Loan Fund Report FY2010

AS 37.05.035
(Dollars in Thousands)

| Fund | Total # of Loans Closed | Average Statutory Interest Rate | Total Principal on Loans Closed |
|-------------------------------------|-------------------------|---------------------------------|---------------------------------|
| Commercial Fishing (all other) | 177 | 5.500% | 13,304.6 |
| Com Fish (Product Quality) | 15 | 3.000% | 365.4 |
| Com Fish (Fuel Efficiency) | 13 | 3.000% | 566.4 |
| Fisheries Enhancement* | 3 | 5.000% | 1,951.0 |
| Small Business Economic Development | 8 | 4.000% | 797.5 |
| Rural Development | 2 | 6.000% | 84.0 |
| Capstone Avionics | 2 | 4.000% | 76.5 |
| TOTAL | 220 | | 17,145.4 |

* Interest forgiven and principal payment deferred for first six years

FY2010 Loan Servicing Summary

| SUMMARY | |
|--|------------------|
| Total No. of Outstanding Loans | 1,921 |
| Total Principal Amount Outstanding | 147,398.4 |
| Average Loan Amount | 76.7 |
| | |
| Total No. Other Accounts | 640 |
| Total Principal Amounts of Other Accounts | 50,093.2 |
| | |
| Delinquency and Default Statistics <i>(based on balances outstanding)</i> | |
| Delinquent | 0.4% |
| Foreclosure | 0.3% |
| | |
| TOTAL LOANS AND OTHER ACCOUNTS | 2,561 |
| TOTAL PRINCIPAL OUTSTANDING | 197,491.6 |

what types?

New Financing Tools

Alaska microloan revolving loan fund

- \$3.5MM new capitalization
- \$35K individual/\$70K two or more
- Six year term
- prime plus one percentage point, but not less than six percent per year and not more than eight percent per year

Commercial charter fisheries revolving loan fund

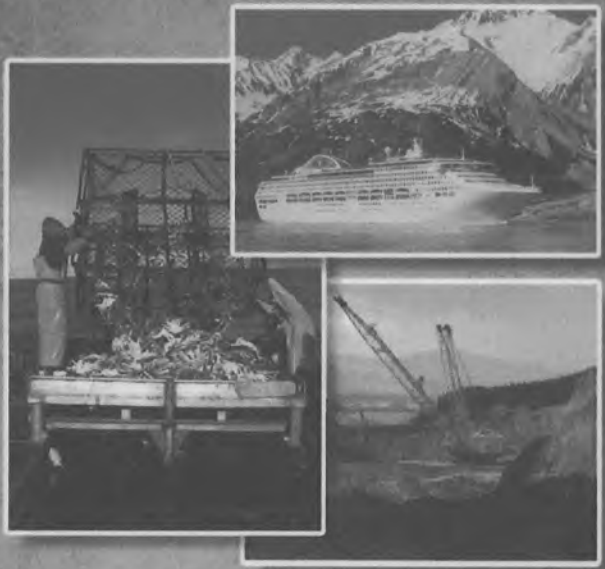
- \$5MM new capitalization
- \$100K loan limit
- 15 year term
- prime plus two percentage points, but may not be less than three percent per year and not more than 10½ percent per year

Mariculture revolving loan fund

- \$3MM new capitalization
- \$100K loan limit
- 20 year term
- Option for interest only payments years 1 – 6
- prime plus one percentage point, but not less than five percent per year and not more than nine percent per year



DIVISION OF ECONOMIC DEVELOPMENT



PROMOTING ECONOMIC OPPORTUNITIES

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