

Alaska Industrial Development and Export Authority

Investing in Alaskans

Jim Hemsath | Deputy Director | October 2012



AIDEA's Mission

To promote, develop, and advance economic growth and diversification in Alaska by providing various means of financing and investment.



How we do it

AIDEA fulfills its mission by providing Alaska businesses, projects and infrastructure with access to long-term commercial and development financing at a reasonable cost through its strong balance sheet and credit rating (S&P = AA+)



AIDEA Overview

- AIDEA was created in 1967.
- In the early 1980s a \$189 million cash and loan portfolio provided initial funding for the Loan Participation Program.
- Development Finance program funded in the mid-1980s with \$143.5 million cash and loan portfolio to finance the DeLong Mountain Transportation System.
- AIDEA has repaid the State all of its initial capitalization funds through its annual dividend program (\$325 million)
- AIDEA currently has approximately \$1.4 billion in assets under management.
- AIDEA's has ownership in 7 Alaskan projects.
- AIDEA has issued over \$1.3 billion in Conduit Bonds and have funded over 315 projects through it's bond program.
- AIDEA has purchased over 1.2 billion in loan participations. AIDEA's loan portfolio balance as of 6/30/12 was over \$468 million.

AIDEA Does NOT...

- Compete with the private sector
- Provide grants
- Exclusively finance large projects



Key AIDEA Programs



Sustainable Energy Transmission & Supply Development Fund (SETS)

- Provides AIDEA with the authority to finance, or facilitate the financing of, energy infrastructure projects.
- This new fund established in AIDEA, provides new tools for financing Alaska's critical energy infrastructure needs:
 - Direct Loans
 - Loan Guarantees
 - Bond Guarantees
 - Bond Issuances
 - Direct Investment
- Provides for up to 33% of direct financing or up to \$20 million in credit enhancements.
- Capitalized with \$125 million.
- Program is operated under AIDEA's Infrastructure Development Division.



Project and Infrastructure Development Programs

Objective: To provide financing for Alaskan projects and infrastructure necessary to support Alaskan economic development.

- Own all or a part of an economic development or infrastructure project
- Co-Invest in a Corporation or LLC that owns the project or infrastructure.
- AIDEA's current assets provide more than 735 direct jobs annually



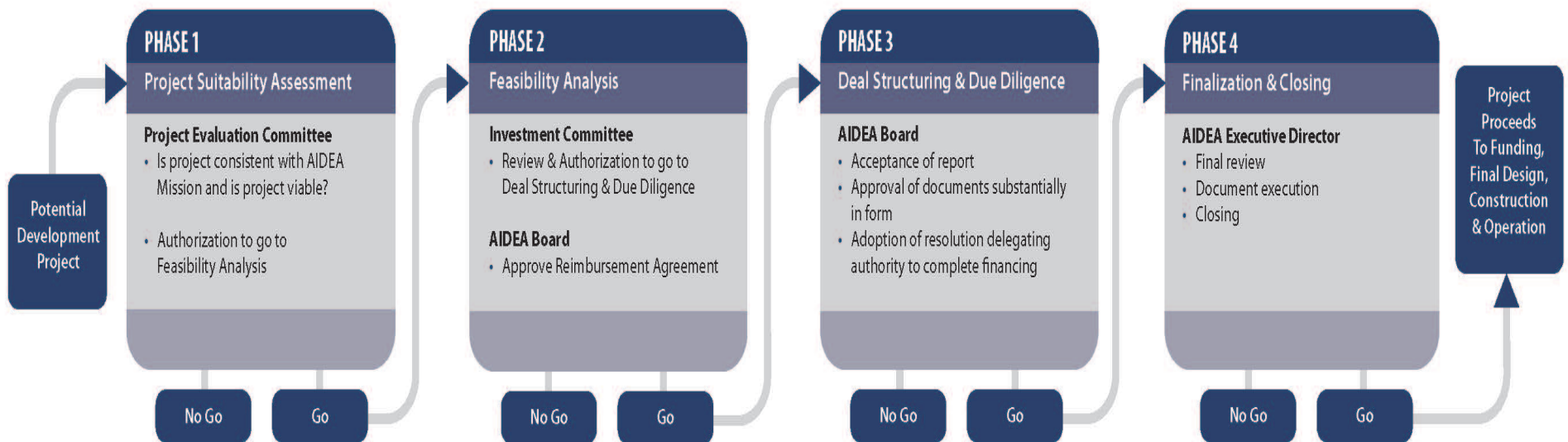
Project and Infrastructure Development Programs

- The project must be **endorsed** by the local government.
- The project and its development must be **economically advantageous** to the state and to the general public welfare.
- The project applicant is **financially responsible**.
- The project must be economically and financially feasible and able to **produce revenue adequate** to repay the investment, bonds or loans with which it is financed.

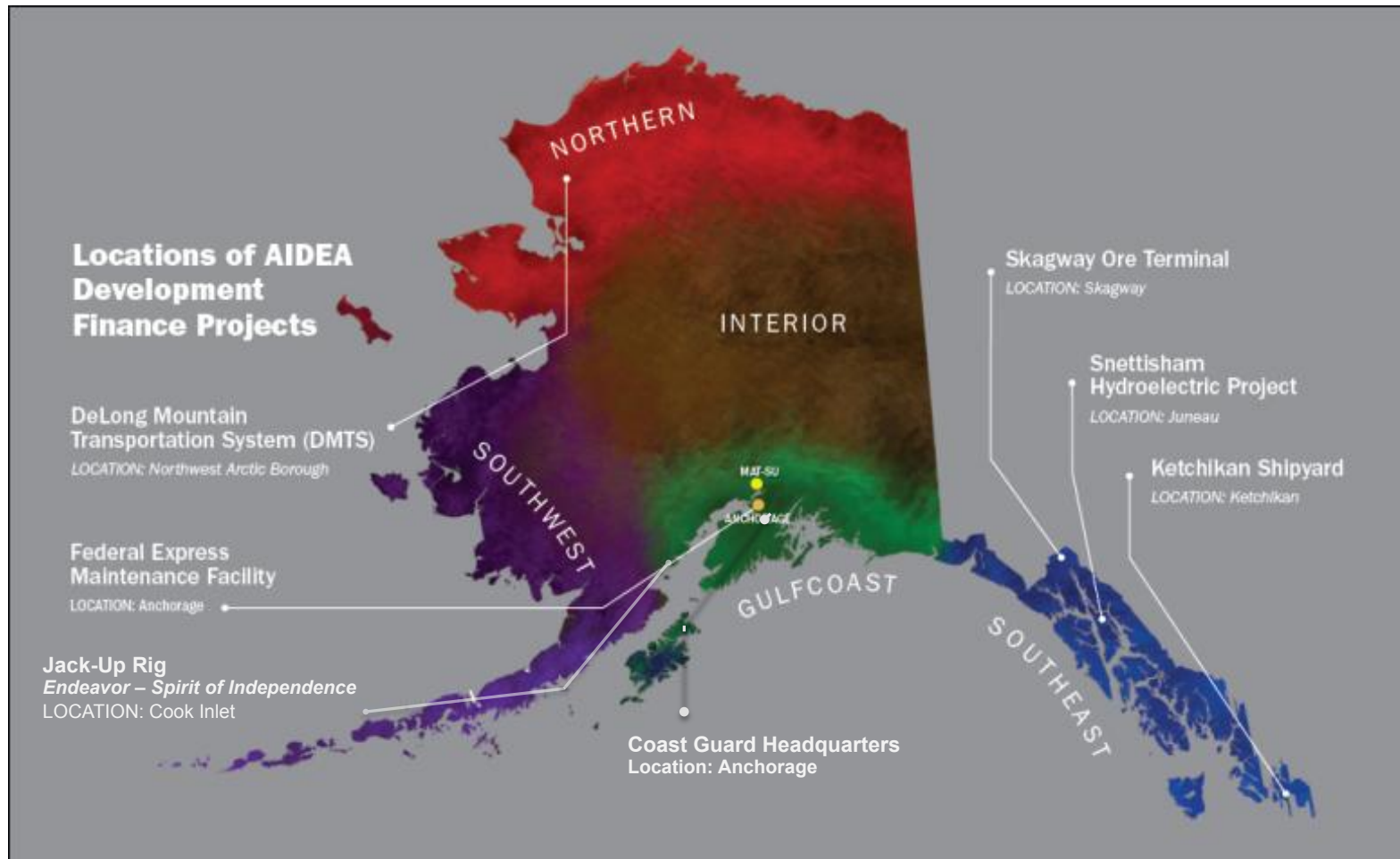


AIDEA Process

AIDEA Development Project Analysis & Decision-making Process



AIDEA Assets



DeLong Mountain Transportation System

- DMTS connects the Red Dog Mine to the transshipment facility on the coast 52 miles away.
- AIDEA invested \$267 million to be repaid over 40 years with an expected ROI of 6.38%.
- AIDEA is exploring additional use of the DMTS by other mining companies and resource developers.
- DMTS supports 550 direct year-round jobs at Red Dog Mine.



Skagway Ore Terminal

- 100,000 sq. ft. ore concentrate storage facility and ship loader.
- AIDEA recently made approximately \$14 million in improvements to the facility. This investment has been paid back through user fees by the current tenant.
- SOT supports family wage year-round jobs in Skagway and allows for the expansion of the Yukon Territory's mining sector.
- AIDEA is in preliminary planning for a major expansion of the terminal and has legislative authorization to issue up to \$65 million in bonds to fund expansion



Endeavor – Spirit of Independence

- Oil and gas jack up rig for Cook Inlet exploration.
- AIDEA investment is \$23.6 million with a 5 year payback.
- The total project cost (including refurbishment) is \$104.5 million.
- AIDEA's investment leveraged an additional \$80.9 million in private investment.
- Rig will start drilling a well in October at Northwest Cook Inlet unit, then move to the Cosmopolitan project to drill a another well in winter.
- Projected to drill 5 wells over the next 2 years.
- The project will create approximately 80-100 direct local jobs.



Ketchikan Shipyard

- AIDEA has received an FY2013 state appropriation for the shipyard, which will be used for the design and construction of a steel fabrication shop, adjacent to the new Assembly Hall/Production Center.
- A \$77 million expansion of the shipyard is substantially completed, including: an Operations Office, Assembly Hall, Production Center, and a relocated Oily Water Separator.
- The shipyard facility provides between 50 and 150 direct jobs in Ketchikan.
- Vigor Industrial purchased the shipyard operator, Alaska Ship & Drydock, in March 2012. AIDEA retained ownership of the Ketchikan Shipyard.



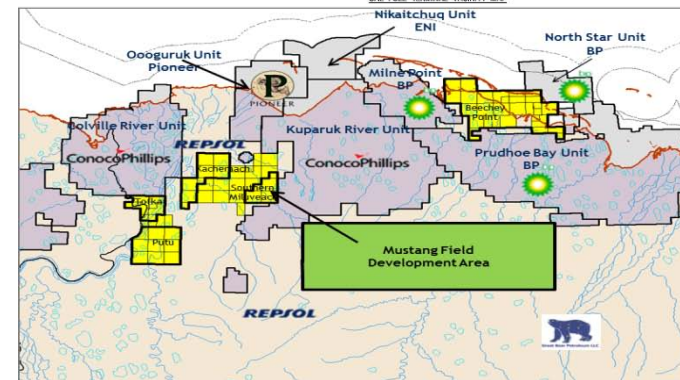
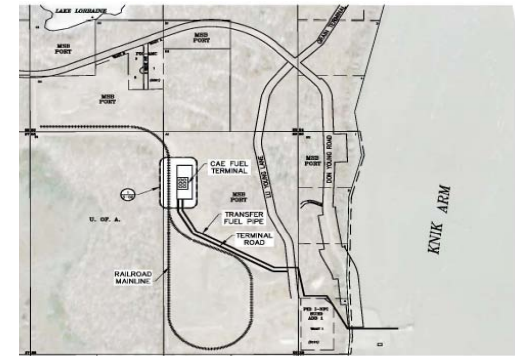
DMVA/USCG Headquarters

- Alaska Department of Military and Veteran Affairs, the US Coast Guard, JBER and the Department of the Air Force
- AIDEA will finance a \$15 million expansion of the National Guard Armory for USCG Sector Anchorage Headquarters
- 25 year amortization
- Provide needed space and allows important mission coordination as well as maintaining existing jobs and provide the potential for expansion
- Design – Build Contract
- Davis Constructors & Engineers
- Official groundbreaking next week



Projects in Process

- North Slope Processing Facility
- Fuel Storage/Tank Farm at Port Mackenzie
- Precision Dredging System
- Skagway Ore terminal expansion
- Expansion of DMTS to accommodate new development in the area



AIDEA's Development Pipeline

- Analysis of a potential Arctic port in partnership with a resource developer.
- Assisting DOT, NANA, NovaCopper and Andover Mining in an analysis of potential transportation access to Ambler Mining District.
- Assisting in the analysis and potential development of a new boat harbor for a fishing fleet
- AIDEA has 12 other projects in its development pipeline. These projects cover a broad range of industry sectors throughout Alaska's economy.



Conclusions

- Development of Alaskan resources
- Value adds
- Infrastructure in the broadest sense
- Multimodal import and export
- Potential cooperative activities related to Arctic resource development
- Look to the future of a changing industry and a changing environment

“The road is long, supplies are costly, seasons are short, fortune is fickle.”



*Our **Mission** is to promote, develop and advance economic growth and diversification in Alaska by providing various means of financing and investment*

*With the **vision** to be an active partner with Alaskans and a dynamic resource in Statewide economic development*

AIDEA

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