State of Alaska
FY2008 Governor's Operating Budget

Dept of Commerce,Community,& Economic Development
Alaska Industrial Development and Export Authority
Component Budget Summary

Component: Alaska Industrial Development and Export Authority

Contribution to Department's Mission

The mission of the Alaska Industrial Development and Export Authority (AIDEA) is to provide means of financing to promote economic growth and diversification in Alaska.

Core Services

Loan Participation Program

Conduit Revenue Bond Program

Business and Export Assistance Program

Rural Development Initiative Fund and Small Business Economic Development Revolving Loan Fund (AIDEA statutory programs, partially funded by AIDEA, managed by DCED)

Development Finance Program – AIDEA –owned projects

Staffing and administrative overhead for the Alaska Energy Authority

End Results	Strategies to Achieve Results
A: Economic growth in Alaska is Promoted Target #1: 500 Permanent jobs annually created or retained in Alaska by AIDEA financing Measure #1: Number of permanent jobs annually created or retained in Alaska by AIDEA financing Target #2: 400 Construction jobs annually created or retained in Alaska by AIDEA financing Measure #2: Number of construction jobs annually created or retained in Alaska by AIDEA financing	**A1: Maintain/improve existing "A" credit rating** Target #1: Keep loan delinquencies (over 90 days) at or below Alaska financial industry levels. Measure #1: Loan delinquency percentages compared to performance of Alaska banks Target #2: 1:1 ratio of cash to General Obligation debt outstanding Measure #2: Ratio of cash to outstanding General Obligation debt Target #3: Percent of loan portfolio to one type of industry limited to 50% Measure #3: Percent of loan portfolio by industry type

Major Activities to Advance Strategies	
• Issue loans • Manage loan portfolio and mitigate risk through industry and geographic diversification • Invest funds • Manage AIDEA-owned projects •	• Facilitate business development opportunities • Evaluate business proposals • Perform project feasibility studies • Participate in public outreach programs •

FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: $8,435,100

Personnel:	
Full time	66
Part time	0
Total	66

Performance Measure Detail

A: Result - Economic growth in Alaska is Promoted

Target #1:500 Permanent jobs annually created or retained in Alaska by AIDEA financing
Measure #1: Number of permanent jobs annually created or retained in Alaska by AIDEA financing

Number of Permanent Jobs Created or Retained in Alaska by AIDEA Financing

Fiscal Year	YTD Total
FY 2003	542
FY 2004	630
FY 2005	1026
FY 2006	813

Analysis of results and challenges: The Loan Participation Program provides long-term financing to Alaska businesses for new or existing projects, or for the refinancing of existing loans. The Loan Participation Program has been highly successful since its inception in the early 1980's, as it mirrors the overall health of the real estate market. AIDEA's participation in financing loans helps businesses create jobs for Alaskans.

Target #2:400 Construction jobs annually created or retained in Alaska by AIDEA financing
Measure #2: Number of construction jobs annually created or retained in Alaska by AIDEA financing

Number of Construction Jobs Created or Retained in Alaska by AIDEA Financing

Fiscal Year	YTD Total
FY 2003	471
FY 2004	310
FY 2005	390
FY 2006	610

Analysis of results and challenges: AIDEA measures it's success by creating jobs and distinguishes the types of jobs created. Since AIDEA's loan participation program is used to finance commercial real estate projects and businesses, it is important to distinguish permanent jobs created from construction jobs which although temporary in nature are important in measuring economic growth.

A1: Strategy - Maintain/improve existing "A" credit rating

Target #1: Keep loan delinquencies (over 90 days) at or below Alaska financial industry levels.
Measure #1: Loan delinquency percentages compared to performance of Alaska banks

% Loan Delinquencies (over 90 days) at June 30

Year	Alaska Financial Inst	AIDEA %Delinquent
2003	NA	4.75%
2004	NA	.77%
2005	2.10%	.20%
2006	2.82%	.16%

Analysis of results and challenges: Since AIDEA's loan portfolio is primarily commercial real estate and AIDEA does not have the ability to diversify to other types of loans, such as residential or multifamily real estate, it is important for AIDEA's delinquency rate to remain below the banking industries level of delinquencies.

Target #2:1:1 ratio of cash to General Obligation debt outstanding
Measure #2: Ratio of cash to outstanding General Obligation debt

Ratio of Cash to GO Debt Outstanding at June 30

Year	YTD Total
2002	1.53
2003	1.67
2004	1.54
2005	1.88
2006	1.86

Analysis of results and challenges: At least one dollar of cash is available for every dollar of General Obligation debt AIDEA has outstanding. On June 30, 2006 AIDEA had $1.86 in cash for every dollar of debt outstanding. Debt coverage is an important measure used by rating agencies to determine AIDEA's credit strength.

Target #3: Percent of loan portfolio to one type of industry limited to 50%
Measure #3: Percent of loan portfolio by industry type

Loan Portfolio
Diversification by Industry as of June 30, 2006

Industry	% of Total Outstanding Principal Balance
Hospital/Clinic/Day Care	1.59%
Restaurant	1.29%
Aviation	2.77%
Office/Warehouse	14.02%
Recreation	6.78%
Office/Business Condo	13.80%
Retail	27.69%
Tourism: Hotel/Lodge	21.70%
Warehouse/Shop	7.33%
Other	3.03%
	100.00%

Analysis of results and challenges: The loan participation program has helped diversify the Alaskan economy by providing financing for a large variety of commercial facilities ranging from office buildings, warehouses and retail establishments to hotels, fishing vessels and manufacturing facilities. AIDEA, unlike commercial banks, is limited in its loan participations to the category of commercial real estate and tangible personal property. AIDEA manages the commercial real estate portfolio for maximum diversification in conjunction with market needs.

Key Component Challenges

Start-up and operation of the Healy Clean Coal Project.

Increase the loan portfolio while maintaining the highest credit quality and generating increased earnings.

Significant Changes in Results to be Delivered in FY2008

No significant changes.

Major Component Accomplishments in 2006

Funded 33 loans for a total of $60.9 million as compared to 40 loans for a total of $66.4 million in Fiscal Year 2005

Received 43 applications for loan participations totaling $98.5 million as compared to 24 applications for loan participations totaling $ 46.6 million in Fiscal Year 2005

AIDEA closed a conduit bond issue in August 2006 for an $11.7 million Sportsplex Facility located in Anchorage.

AIDEA is part of a three-member group, known as ANERTL, that is paying for a feasibility study related to a potential 80,000 barrel/day Fischer-Tropsch facility at Beluga that would produce clean burning transport fuels from coal.

AIDEA is working on a conduit bond issue known as AGLAD (Anchorage Global Logistics Airpark Development), which is an $80 million cargo warehousing and transfer facility located near Fed Ex and UPS at the Ted Steven Anchorage International Airport. We anticipate this transaction coming together in 2007.

The Ketchikan Shipyard is an AIDEA-owned development finance project that provides 50 to 150 direct jobs in Ketchikan. A new long-term intergovernmental Memorandum of Understanding between AIDEA, the City of Ketchikan and the Ketchikan Gateway Borough, describing each party's contribution supporting the shipyard development was executed in September 2005. A new shipyard operating agreement between AIDEA and Alaska Ship and Drydock went into effect December 1, 2005.

Recent strengthening of coal and base-metal prices has brought new interest in mining properties that would ship bulk commodities through the Skagway Ore Terminal, an AIDEA-owned industrial waterfront facility. AIDEA continues to perform due diligence under its Project Reimbursement Agreement with Sherwood Copper Corporation for the potential future use of this facility.

Statutory and Regulatory Authority

AS 44.88	Alaska Industrial Development and Export Authority
3 AAC 99	Alaska Industrial Development and Export Authority

Contact Information

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Alaska Industrial Development and Export Authority
Component Financial Summary

All dollars shown in thousands

	FY2006 Actuals	FY2007 Management Plan	FY2008 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	5,486.9	6,246.0	7,258.4
72000 Travel	36.2	68.2	68.2
73000 Services	1,157.0	1,139.4	1,054.1
74000 Commodities	49.5	38.9	38.9
75000 Capital Outlay	103.3	15.5	15.5
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	**6,832.9**	**7,508.0**	**8,435.1**
Funding Sources:			
1007 Inter-Agency Receipts	2,902.7	2,789.2	3,039.5
1061 Capital Improvement Project Receipts	0.0	163.6	186.4
1102 Alaska Industrial Development & Export Authority Receipts	3,930.2	4,555.2	5,209.2
Funding Totals	**6,832.9**	**7,508.0**	**8,435.1**

Estimated Revenue Collections

Description	Master Revenue Account	FY2006 Actuals	FY2007 Management Plan	FY2008 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		**0.0**	**0.0**	**0.0**
Restricted Revenues				
Interagency Receipts	51015	2,902.7	2,789.2	3,039.5
Capital Improvement Project Receipts	51200	0.0	163.6	186.4
AK Industrial Dev. Export Auth. Receipts	51406	3,930.2	4,555.2	5,209.2
Restricted Total		**6,832.9**	**7,508.0**	**8,435.1**
Total Estimated Revenues		**6,832.9**	**7,508.0**	**8,435.1**

Summary of Component Budget Changes
From FY2007 Management Plan to FY2008 Governor

All dollars shown in thousands

	General Funds	Federal Funds	Other Funds	Total Funds
FY2007 Management Plan	**0.0**	**0.0**	**7,508.0**	**7,508.0**
Adjustments which will continue current level of service:				
-FY 08 Health Insurance Increases for Exempt Employees	0.0	0.0	11.9	11.9
Proposed budget increases:				
-FY 08 Internal Dept Cost Increase due to Retirement Systems Rate Increases	0.0	0.0	14.7	14.7
-FY 08 Retirement Systems Rate Increases	0.0	0.0	900.5	900.5
FY2008 Governor	**0.0**	**0.0**	**8,435.1**	**8,435.1**

Alaska Industrial Development and Export Authority
Personal Services Information

Authorized Positions	FY2007 Management Plan	FY2008 Governor	Personal Services Costs	
			Annual Salaries	4,486,826
Full-time	66	66	Premium Pay	70,637
Part-time	0	0	Annual Benefits	3,229,719
Nonpermanent	0	0	*Less 6.79% Vacancy Factor*	(528,782)
			Lump Sum Premium Pay	0
Totals	**66**	**66**	**Total Personal Services**	**7,258,400**

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant	2	0	0	0	2
Accountant II	1	0	0	0	1
Accounting Technician	3	0	0	0	3
Accounting Technician II	2	0	0	0	2
Admin Assistant	1	0	0	0	1
Administrative Assistant	1	0	0	0	1
Administrative Clerk III	1	0	0	0	1
Administrative Clerk IV	2	0	0	0	2
Administrative Manager	1	0	0	0	1
Assistant Project Manager	2	0	0	0	2
Circuit Rider Technician	1	0	0	0	1
Contract/Grants Administrator	1	0	0	0	1
Controller	2	0	0	0	2
Credit Administrator	1	0	0	0	1
Data Systems Specialist	1	0	0	0	1
Dep Dir-Bus Dev-Rural Energy	1	0	0	0	1
Deputy Director	3	0	0	0	3
Deputy Director Finance	1	0	0	0	1
Development Manager	1	0	0	0	1
Executive Director	1	0	0	0	1
Finance Assistant	3	0	0	0	3
Financial Analyst	1	0	0	0	1
Loan Officer II	2	0	0	0	2
Loan Services Supervisor	1	0	0	0	1
Loan Servicing Technician II	2	0	0	0	2
Mgr Training & Rural Outreach	1	0	0	0	1
Operations Manager	1	0	0	0	1
Procurement Manager	2	0	0	0	2
Program Manager	3	0	0	0	3
Project Assistant	1	0	0	0	1
Project Development Manager	1	0	0	0	1
Project Development Specialist	1	0	0	0	1
Project Manager	8	0	0	0	8
Project Manager II	3	0	0	0	3
Rural Electric Utility Worker	3	0	0	0	3
Technical Engineer II	3	0	0	0	3
Warehouse Manager	1	0	0	0	1
Totals	**66**	**0**	**0**	**0**	**66**