

INVESTING IN ALASKANS

FINANCING TOOLS FOR LUTAK DOCK

Haines Borough, Lutak Dock Town Hall Part 2

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Alan Weitzner, Executive Director

Morgan Neff, Chief Investment Officer

Jesse Peterson, Senior Manager for Project Finance and Asset Management

AIDEA MISSION

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

Investments

- Revenue generated by AIDEA's investments go to two places:
 1. reinvested in AIDEA programs and projects and
 2. issued as dividends to the State of Alaska.
- AIDEA listens to Alaska's communities and businesses to understand your economic priorities.
- Potential projects must meet two important criteria:
 1. be a good financial investment and
 2. have community support.

AIDEA OVERVIEW

- ✓ Investing in Alaskans since 1967
- ✓ Alaska's Development Finance Authority
- ✓ Financially Self-Sustaining Public Corporation (no GF by statute AS 44.88.190(b))
- ✓ \$439.7 million in Dividends to Alaska since 1997
- ✓ Directed over \$3 billion into economic development in Alaska

FINANCING TOOLS

Grants are funds awarded to an entity or individual for a specific purpose, typically linked to public benefit. Unlike loans, grants do not have to be paid back.

GRANTS

Advantages

- State, federal, and private options
- “Free” funds
- Some matching or gap-fill options
- Short-term injection of funds
- “Proof of concept” for non-grant sources

Considerations

- Highly competitive; high rejection rate
- Strict criteria and eligibility
- May have long turn-around to award
- May come with “strings attached” for reporting, achieving milestones, etc
- Not a sustainable source of funds

FINANCING TOOLS

The Alaska Municipal Bond Bank Authority generates funding by selling bonds on the national market and using the proceeds to purchase bonds from authorized borrowers within Alaska.

ALASKA MUNICIPAL BOND BANK

Advantages

- Access to the financial markets
- Lower cost of capital
- Moral obligation of the State of Alaska
- Administrative, financial, and legal expertise
- Decision goes to a community vote

Considerations

- Borough incurs debt as borrower
- Borough is responsible for paying the full principal and interest expense of the debt
- Review and approval process analyzes the financing structure of the project and the borrower's financial condition

FINANCING TOOLS

Conduit revenue bonds are municipal securities designed for private, for-profit, or non-profit borrowers to raise capital for revenue-generating projects that benefit the public.

AIDEA CONDUIT REVENUE BOND

Advantages

- Access to tax-exempt financing for private, for-profit, or non-profit borrowers
- Can provide private companies a lower cost of capital vs. other forms of financing
- Incentivizes private capital investments into revenue generating projects for public benefit
- Borrower assumes debt; not the community

Considerations

- Long-term commercial arrangement between private borrower and municipality
- Borrower and project are subject to IRS eligibility and limitations
- Financing is underwritten and secured by the project and its revenues

FINANCING TOOLS

AIDEA's ability to develop, own (in whole or in part) and finance facilities within Alaska, especially those that advance economic development within a community, borough, or region of the state.

AIDEA DEVELOPMENT PROJECT FINANCE

Advantages

- Tools to enhance public-private partnerships (PPP or P3) opportunity for best-fit solution
- Patient (long-term) capital
- More flexible financing options to meet Alaska's unique project needs

Considerations

- Not a grant; debt incurred by the borrower
- Borrower is responsible for paying the full principal and interest expense of the debt
- Must have a feasible repayment structure to cover the costs of financing

KEY TAKEAWAYS

- Lutak Dock is a critical lifeline for Haines. It is deteriorating rapidly and requires urgent attention.
- Costs to maintain, repair, renovate, and/or replace Lutak Dock will be expensive.
- Expansion and modernization of the existing Lutak Dock would improve the commercial function of the dock. This would enhance Haines' economic diversity and provide greater year-round employment, all of which were identified as key objectives in the 2025 Haines Comprehensive Plan.
- Environmental preservation and responsible economic development can co-exist.
- AIDEA is open for business! Share your vision, approach to achieve it, and identify what you need to finance it. By statute and regulation, AIDEA investments or approved bonding must have a feasible repayment structure to cover the costs of financing.
- Haines has the ability to pursue financing that aligns with the community's priorities—creating year-round employment, generating tax revenue, establishing conditions for development, etc.

DISCUSSION

Thank you

Alan Weitzner

Executive Director

aweitzner@aidea.org

Morgan Neff

Chief Investment Officer

mneff@aidea.org

Jesse Peterson

Senior Manager for Project Finance and

Asset Management

jpeterson@aidea.org