

**Alaska Industrial Development
and Export Authority
(AIDEA)**

**Loan Participation Program
— A Closer Look**

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Executive Summary

Our previous report, *AIDEA Cost & Financial Performance — A Long, Hard Look*, found that AIDEA's loan programs have cost the State \$5.8 billion in lost revenues since 1980. What did Alaska get in return? Apparently, not much.

AIDEA's flagship loan program — its Loan Participation Program (LPP) — is highly inefficient. From 2008 to 2023, large loans approved by AIDEA's Board under LPP, created at most 15 new FTE Alaska resident jobs a year. To do this, AIDEA spent \$417,446,271 to purchase participations in commercial loans being made by banks and credit unions.

Public waste is private gain. \$363,788,004 of the money spent on participations served mostly to enrich borrowers, with no increase in Alaska jobs or economic development. AIDEA's mission — not accomplished.

The \$363.8 million serving only to transfer income to borrowers is made up of:

- \$347.0 million of AIDEA participations producing no new jobs, consisting of:
 - \$90.1 million with no jobs claimed;
 - \$54.1 million with only retained jobs claimed;
 - \$180.2 million with construction workers on the job before AIDEA loan approval;
 - \$22.6 million with only tenant jobs, where construction followed loan approval; and,
- \$16.8 million AIDEA overpaid for its \$70.4 million of participations that may have produced jobs.

94 percent of the jobs AIDEA claims it created with its 2008–2023 large loan participations are inflated numbers of jobs that would have been created by bank lending without AIDEA.

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Preface

In September 2022, SalmonState released our study *Alaska Industrial Development and Export Authority (AIDEA), Cost & Financial Performance — a Long, Hard Look*.¹ The report looked at the cost to the State of Alaska of AIDEA and its programs. For AIDEA as a whole, we found that AIDEA had cost the State \$10.0 billion in lost revenues since 1980.²

The study also found that AIDEA's loan programs accounted for \$5.8 billion of the total \$10.0 billion FY 1981–2021 cost of AIDEA.³ What did the State get for that \$5.8 billion?

This report assesses in broad outlines what the benefits, both public and private, of AIDEA's major loan program, the Loan Participation Program (LPP), have been, and where the benefits went.

The principal public benefits for which the State established and funded AIDEA were to create jobs and economic development in Alaska. As [AIDEA's Job Measures](#) on page 18 of this report shows, AIDEA's measures of jobs it claims to create are unaudited claims of borrowers, and are, for the most part, worthless as an objective measure of full-time equivalent jobs created. This is unlike the information which provided the basis for AIDEA's costs, in our 2022 report. Our AIDEA costs were developed from AIDEA's own, annual, audited *Financial Statements*.

There are no such precise, audited accountings of AIDEA jobs and economic development. Nor would any such accountings be governed by standards promulgated by an independent professional body, like the Governmental Accounting Standards Board (GASB). GASB establishes accounting and financial reporting standards for U.S. state and local governments that follow Generally Accepted Accounting Principles (GAAP).⁴

AIDEA does provide a number of reports that claim specific numbers of Alaska jobs have been created by AIDEA. These include AIDEA's *Annual Reports*, *Governor's Operating Budget Reports*, various reports to AIDEA's Board, and other reports. See the [Data](#) section of this report, on page 128, for the full list of AIDEA reports making job creation claims, along with the web addresses of the reports.

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1. MB Barker, LLC et al, *AIDEA Cost & Financial Performance - A Long, Hard Look*, SalmonState, September 27, 2022 at http://salmonstate.org/s/FINAL_AIDEA-Cost-and-Financial-Performance-Report_-2022.pdf.
 2. *Ibid.*, Table 4, page 40.
 3. *Ibid.*, Table 24, page 99.
 4. "GASB standards are recognized as authoritative by state and local governments, state Boards of Accountancy, and the American Institute of CPAs (AICPA)", at <http://www.gasb.org/aboutgasb>.

This report relies on two sets of data about AIDEA loan participations and jobs:

- 2008–2023 large loan participations, in [Appendix B](#), page 141. This study uses the term “large loan participation” to describe a loan participation that must be approved by AIDEA’s Board; and,
- FY 2017–2023 loan participations, in [Appendix C](#), page 146. This data covers all AIDEA loan participations during the last seven fiscal years.

See the [Data](#) section of this report for the descriptions and sources of the data items in these data sets.

AIDEA does not provide any periodic reports of economic development benefits other than jobs. It does not make annual reports of sales, expenses, net operating income or cash flows, capital investment, taxes paid, value added, or gross state product for the loan projects or development projects it finances.

This being the case, this report uses jobs as the proxy for both jobs and economic development benefits that AIDEA may have created. This report’s finding that most of the jobs AIDEA takes credit for would have been created anyway, if AIDEA weren’t providing financing, means that most of the economic development AIDEA says it generates would also have occurred without AIDEA.

It is ironic that AIDEA dismisses concern about the cost of its programs⁵ by stressing that job creation and economic development are its reasons for being. Why then does AIDEA do so little in the way of accounting for the jobs or economic development it may or may not be producing, while generating immense amounts of detail in its annual *Financial Statements*?

The June 30, 2020 AIDEA *Financial Statements* ran to 93 pages. FY 2022 hit 82 pages. However, FY 2023 has been cut back to 58 pages, with a substantial loss of individual development project accounting and historical information.

5. At the same time, OMB’s FY 2023 AIDEA *Performance Details* report, at http://omb.alaska.gov/html/performance/ABS/index_C1234.html, lists “Manage AIDEA’s project development and loan portfolio for best growth of net asset balance while maintaining positive returns” as a core service, albeit second on the list of core services after “create jobs, grow the economy, and promote resource development”.

Introduction

Why does the State of Alaska subsidize investors in commercial real estate (CRE)?

- Is there a shortage of capital for investment in CRE?
- Are CRE investors losing money?
- Is there a shortage of CRE supply in Alaska? Is a lack of office buildings, hotels, warehouses, retail stores, or other CRE depressing Alaska's economy?
- Are CRE rents too high for tenant businesses to make a go of it?
- Are CRE rents too low for CRE investors to make money? Are they going broke?
- If any of the above is true, does this just reflect the normal fluctuations in a market economy?
- Is there any reason to think such fluctuations will not be corrected by the market for CRE property?
- Is there some reason the State of Alaska should subsidize CRE investment, but not other types of investment?
- Is there some reason the State of Alaska should subsidize private enterprise investment rather than directly subsidize job creation via tax credits⁶ or performance contract payments⁷?
- Is there some reason the State of Alaska should subsidize CRE investment, but not business operations in general?
- Is there some reason the State of Alaska should take taxpayer dollars, or dollars that could be paid to Alaskans as Permanent Fund Dividends, to subsidize private investment or private enterprise in a market economy?

6. Steuerle, C. E., "Temporary Wage Subsidies", Urban Institute, February 25, 2002, at <http://www.urban.org/sites/default/files/publication/63346/1000002-Temporary-Wage-Subsidies.pdf>.

7. Barder, O. et al, *Guarantees, Subsidies, or Paying for Success? Choosing the Right Instrument to Catalyze Private Investment in Developing Countries*, Center for Global Development, May 2015, at <http://www.cgdev.org/publication/guarantees-subsidies-or-paying-success-choosing-right-instrument-catalyze-private>.

- If so, should the State of Alaska subsidize the private sector when the State’s budget is in deficit?
- If the reason for subsidies is jobs, are the subsidies actually creating jobs?

These are the questions the reader of this report should keep in mind as we examine the operations of AIDEA’s Loan Participation Program. This report does not try to answer all these questions, but it may shed enough light on what LPP accomplishes to allow the reader to decide — do we really need this program?

Not What You Think

It could be forgiven if one assumed the LPP is a program that tries to boost Alaska’s industrial and export industries. That’s AIDEA’s name — Alaska **Industrial** Development and **Export** Authority (**emphasis added**) — and LPP is an AIDEA program.

In fact, almost none of the LPP loans are for industrial or export business activities.

This is the first mistaken impression people might have about LPP.

Just how mistaken is illustrated in AIDEA’s listing of “repayment” industries in Figure 1 on the next page, from AIDEA’s “11/30/2022 Loan Dashboard Report” to the AIDEA Board. Industrial repayment industries were just 1.04 percent of AIDEA’s outstanding loan participations as of 11/30/22. Adding in mining, oil & gas, and utilities still brings industries that might be considered industrial to only 9.89 percent of the loan participation portfolio. Over 9 in 10 loan participation dollars outstanding were for what appear to be commercial industries or activities.

Figure 1. AIDEA Loan Repayment Industries



REPAYMENT INDUSTRY RISK OF PARTICIPATION LOANS BY REGION

OUTSTANDING BALANCES AS OF 11/30/2022

INDUSTRY	ANCHORAGE	GULFCOAST	INTERIOR	MATSU	NORTHERN	SOUTHEAST	SOUTHWEST	TOTAL	% OF TOTAL	HIGHEST CONCENTRATION
Advertising				\$423,275		\$1,398,291		\$1,821,566	0.47%	SOUTHEAST
Automotive	\$2,588,940	\$1,950,313	\$1,440,047	\$2,198,198				\$8,177,499	2.10%	ANCHORAGE
Aviation	\$393,415					\$3,980,131		\$4,373,546	1.12%	SOUTHEAST
Commercial Fishing		\$4,097,829				\$4,037,205		\$8,135,034	2.09%	GULFCOAST
Construction & Development	\$3,758,564			\$2,950,320				\$6,708,884	1.72%	ANCHORAGE
Education		\$971,685						\$971,685	0.25%	GULFCOAST
Fuel Distribution & Storage				\$1,556,143				\$1,556,143	0.40%	MATSU
Government	\$14,150,867	\$693,331		\$6,201,799		\$5,923,527	\$1,106,763	\$28,076,286	7.20%	ANCHORAGE
Grocery	\$6,406,484			\$2,256,502		\$5,055,457	\$2,081,257	\$15,799,699	4.05%	ANCHORAGE
Healthcare	\$18,982,411	\$1,544,306	\$2,316,909	\$20,811,371		\$518,846		\$44,173,843	11.33%	MATSU
Hotel	\$18,018,929	\$25,491,369	\$5,492,516			\$477,716	\$151,887	\$49,632,417	12.73%	GULFCOAST
Industrial	\$3,329,357			\$720,909				\$4,050,266	1.04%	ANCHORAGE
Legal	\$8,824,830							\$8,824,830	2.26%	ANCHORAGE
Mining			\$2,766,114					\$2,766,114	0.71%	INTERIOR
Oil & Gas	\$2,937,925		\$1,035,962		\$12,520,427			\$16,494,314	4.23%	NORTHERN
Real Estate-Car Wash	\$2,220,615							\$2,220,615	0.57%	ANCHORAGE
Real Estate-Day Care				\$1,134,903				\$1,134,903	0.29%	MATSU
Real Estate-Home Repair	\$781,302			\$1,249,632				\$2,030,934	0.52%	MATSU
Real Estate-Insurance	\$1,042,876							\$1,042,876	0.27%	ANCHORAGE
Real Estate-Other	\$342,174		\$3,705,702	\$909,608		\$1,932,610		\$6,890,093	1.77%	INTERIOR
Real Estate-RE Services	\$9,012,903			\$1,136,119				\$10,149,022	2.60%	ANCHORAGE
Real Estate-Variou	\$23,589,057			\$6,498,767		\$1,154,465		\$31,242,288	8.01%	ANCHORAGE
Recreation	\$16,382,973			\$9,566,771				\$25,949,744	6.66%	ANCHORAGE
Restaurant	\$7,356,070		\$1,511,605	\$7,096,072		\$675,772		\$16,639,519	4.27%	ANCHORAGE
Retail	\$6,158,369	\$2,980,443		\$13,079,726		\$1,629,215		\$23,847,753	6.12%	MATSU
Storage	\$1,954,960			\$4,449,856		\$3,321,233		\$9,726,049	2.49%	MATSU
Tourism	\$527,362	\$601,996				\$39,294,031		\$40,423,389	10.37%	SOUTHEAST
Unknown	\$1,802,935							\$1,802,935	0.46%	ANCHORAGE
Utilities	\$4,328,964	\$307,516	\$2,095,640	\$8,513,263				\$15,245,382	3.91%	MATSU
Total	\$154,892,280	\$38,638,788	\$20,364,495	\$90,753,233	\$12,520,427	\$69,398,499	\$3,339,907	\$389,907,629	100%	
Percentage of Total Portfolio (Rounded)	40%	10%	5%	23%	3%	18%	1%	100%		

* Includes actual expenses, encumbrances, and commitments
 (Does not include OREO, PPF Loans, or Assumptions; Does not include Outstanding Balance to be Funded on Development Project Loans)

The Repayment Industry table is a kind of head fake as to what the LPP does. The invention of a “repayment industry” concept reflects the fact that most LPP borrowers are not operating commercial businesses at the properties financed by the LPP. Instead, most borrowers are owners of the financed property who lease the property to other businesses. It is the industry of the tenant business that determines the repayment industry, except for the minority of properties occupied by the borrower.

Of course, the repayment industries can reflect some of the short-term risk of payment of lease rents to the LPP borrower, and ultimately repayment of the borrower’s debt to AIDEA. In the long-run, industries and the risks reflected in the Repayment Industry table can change with changes in tenants.

Instead of industrial or export activities, LPP is said to provide financing for commercial business activities.

AIDEA’s opening paragraph about the LPP, on its web page for the program, states:

“This program provides permanent financing, both taxable and tax-exempt, to borrowers through a qualified originator for the purpose of developing, acquiring or enhancing Alaska **business enterprises** [. . .] The Loan Participation Program provides the benefit of long-term fixed or variable rate financing on the portion of the loan purchased by AIDEA, which may reduce the **business enterprise’s** debt service.”⁸ (**emphasis added**)

Such language gives rise to the second misguided impression people may have about the LPP. It creates a public image of AIDEA financing business operations. It might lead one to think that AIDEA provides working capital loans, finances inventory, factors (loans against) receivables, or provides business lines of credit. It doesn’t.

Even language used in Alaska Statutes regarding the LPP lends to the confusion. The name of the fund source for the LPP — AIDEA’s **enterprise development** account (**emphasis added**) — might mistakenly lead one to believe that financing commercial activity is a major part of what AIDEA does. It’s not.

AS 44.88.155(c) states, in relevant part:

“Money and other assets of the enterprise development account may be used [...] to purchase participation in the loans for projects [. . .]”

AS 44.88.900(13)(C) defines “project” to include “**commercial activity by a business enterprise**”. (**emphasis added**)

8. <http://www.aidea.org/Programs/Loan-Participation>.

Traditionally, lending for business operating purposes has been the province of commercial banks. AIDEA has not disturbed this.

Nevertheless, misimpressions about what AIDEA does might lead readers perusing AIDEA's website or its statutes to think that they would recognize the names of many of the borrowers who receive LPP loans. Hardly.

LPP borrowers, such as:

- Kiska Properties, LLC;
- Tudor Investors, LLC;
- John C. Schweiger Loving Trust;
- LINA, LLC;
- Island Holdings, LLC;
- Kalinin Partners, LLC;
- Bailey Family Partnership; and,
- Commerce Building, LLC,

are not businesses that a consumer, or some other commercial business, would be likely to place an order with, or sign a contract with for some service.

A few LPP borrowers are recognizable businesses, such as Fairbanks Natural Gas. But for the most part, LPP borrowers are legal entities you've never heard of, created for tax, legal, or business organizational purposes, to hold title to commercial real estate.

Most of the borrower legal entities are necessary, if for no other reason, to share ownership of property among multiple investors. Many are created solely to hold title to one specific piece of business property — a specific office building or warehouse, for example. Single property ownership entities are not unusual because there are shifting compositions of investors and their respective ownership percentages, making up the ownership of given pieces of CRE.

64 out of the 79 loan participations approved by the AIDEA Board during 2008–2023 were either LLCs (Limited Liability Companies) or trusts. Both forms of ownership pass through income from their AIDEA projects to their LLC members or trust beneficiaries. LLCs and trusts avoid the double taxation of project income that would occur with a regular corporation holding ownership of a project. The income of a regular corporation — technically, a C corporation under IRS rules — is subject to the corporate income tax, and its shareholders are subject to personal income tax on any portion of the corporate income paid out as dividends to shareholders.

Sometimes borrower names are the initials of investors, or are the street address of a property being acquired or financed — for example, 433 W 9th, LLC. As legal vessels of ownership, borrower names may be obscure acronyms or anything but what you would see on a business sign, when driving by a place of business. No DBA for many owners.

AIDEA’s Loan Participation Program

The purpose of AIDEA’s Loan Participation Program (LPP) is to create jobs and economic development in Alaska. The Alaska Statutes that authorize the LPP allow AIDEA to purchase up to 90 percent of a loan secured by a mortgage on commercial real estate located in Alaska. If, for example, AIDEA purchases 70 percent of such a commercial mortgage loan, AIDEA is said to have a “70 percent participation” in the loan. In such a case, the lending financial institution (“lender”) would be retaining a 30 percent participation.

Loan participations of less than \$3 million are reviewed and can be approved by AIDEA’s Investment Committee, which is made up of AIDEA staff, including its Executive Director, Deputy Executive Director, Commercial Finance Director, and others. Loan participations greater than \$3 million, or with more than \$5 million of related debt, require AIDEA Board approval of a Loan Resolution for the participation.

There have been a couple instances, during the 2008–2023 time frame, where staff acted to reduce the level of AIDEA’s participation to less than 90 percent, but which still left AIDEA’s participation large enough to bring it before the Board for approval.

AS 44.88.155(d)(7) requires AIDEA’s loan participations to be secured by a “mortgage or other security instrument”. All but a handful of LPP participations are secured by commercial real estate mortgages. A few are secured solely by UCC filings on equipment such as boats, planes, or heavy construction equipment.

Although not required by statute, the LPP has confined itself almost entirely to financing commercial real estate, even though AS 44.88.155(d)(3) allows loan participation proceeds to be used for “uses approved by the authority to finance commercial activity in the state by a business enterprise”.

Through its LPP loan participations, AIDEA seeks to create jobs and economic development by offering lower interest rates and longer terms than commercial lending institutions. Both lower interest rates and longer terms can help the borrower by reducing the monthly payment. However, longer terms do mean that the borrower will pay more in total interest over the life of the loan, than with a shorter-term loan at the same interest rate.

AIDEA offers both fixed and variable interest rates. In many situations, lenders may only offer variable rates. Lenders have to be wary about cementing their interest income on loans into place for years with fixed rates, when the interest they have to pay to keep checking and savings deposits can change dramatically in less than a year’s time.

Particularly when interest rates are low, lenders are not going to want to lock in their loan income for a long period of time with fixed rates. Of course, during times of low interest rates, borrowers will be keen to lock in low loan payments with fixed rates.

AIDEA can see a surge of business in a low interest rate environment, particularly in refinancing existing loans. Conversely, demand for AIDEA loans can wither during periods of high interest rates.

In essence, AIDEA gives put options to lenders to sell loans to AIDEA, without getting a call option to buy loans from lenders. This places control of the volume of AIDEA's loan participation purchases in the hands of lenders and their borrowers.

The analogy to “put options” for lenders is technically faulty because AIDEA must approve each individual participation. But, in practice, at least at the Board level, the setup operates like a put option: out of 79 LPP participations presented to the Board for approval during the years 2008–2023, the Board rejected none. See [Appendix B](#).

At its March 6, 2019 Board meeting, AIDEA Board Vice-Chair Bernie Karl asked about this.

Mr. Karl: “How many loans have you gotten turned down that you’ve brought to the Board, in your tenure? [. . .]”

Chris Anderson, AIDEA Commercial Finance Director: “None. [. . .] But there are some that get turned down before they get to the Board.”⁹

Ms. Anderson’s tenure began before the earliest loan participation in the 2008–2023 database of Board Loan Resolutions, assembled in this study.

There is rarely any dissension among Board members when it comes to a vote on approval of a loan participation. Voting on Loan Resolutions for the 79 participations considered during 2008–2023 never resulted in more than one Nay vote by a Board member. One Nay happened on only four Loan Resolutions.

AIDEA recently acknowledged their asymmetrical position with lenders in their submission to the Office of Management and Budget (OMB) for the State of Alaska *FY 2023 Governor’s Operating Budget*, saying,

“The Federal Reserve continued its quantitative tightening measures to combat 40-year high inflation which has precipitously increased the cost of capital for all residential and commercial real estate borrowers throughout the US. Also, many of AIDEA's eligible financial institutions remain well capitalized and **more inclined to direct loan (emphasis added)** to borrowers. These market conditions resulted in area Lenders submitting 50% fewer projects to AIDEA for consideration.”¹⁰

9. MP3 audio recording of AIDEA Board Meeting on March 6, 2019, at 25:18, at <http://www.aidea.org/Portals/0/2019/030619AIDEA.mp3>.

10. *State of Alaska, FY 2023 Governor’s Operating Budget, Performance Details*, Department of Commerce, Community, and Economic Development, Alaska Industrial

“More inclined to direct loan” to borrowers means lenders wanted to keep 100 percent of CRE loans in house, earning high rates of interest, rather than selling big pieces of them to AIDEA.

Looking ahead to [Chart 5](#) and [Table 15](#), on pages 87 and 89 of this report, one can see that the volume of participations AIDEA purchased in the current period of high interest rates has shrunk 87.5 percent from 40 participations in FY 2017 to five in FY 2023. The dollar amount of participations shrunk 90.0 percent, from \$108.5 million in FY 2017 to \$10.8 million in FY 2023, as shown in [Chart 9](#) and [Table 17](#), on pages 93 and 95 of this report.

Principal payments, prepayments, and payoffs on AIDEA’s loan participation portfolio have exceeded amounts of new participation purchases for the last two years, resulting in AIDEA’s participation portfolio dropping from a June 30, 2021 peak of \$445.3 million¹¹ to \$370.6 million at September 30, 2023.¹²

This roller coaster in loan participation activity is part of the explanation for AIDEA’s subpar earnings on their loan portfolio. As we found in our first AIDEA report — *AIDEA Cost & Financial Performance - A Long, Hard Look* — AIDEA’s FY1987–2021 compound annual average return of 4.6 percent on loans was less than their 5.2 percent on cash (basically, shorter-term, fixed-income investments).¹³

Normally, returns on CRE loans would be greater than returns on cash because the loans are longer-term and are subject to business risk. Of course, the main reason for AIDEA’s loan returns falling short of its cash returns is that AIDEA lends at below-market rates, while it invests its cash at market rates.

However, being the lender of first resort when interest rates are low, but the lender of last resort when interest rates are high doesn’t help matters. This is compounded by borrowers’ natural inclinations to hold on to low-interest loans, but prepay or payoff high-interest loans.

Development and Export Authority, OMB, 2/10/2023, pages 12–13 at http://omb.alaska.gov/html/performance/ABS/index_C1234.html.

11. “Loan Dashboard Report, AIDEA Revolving Fund”, AIDEA Board Meeting, August 12, 2021, Agenda, at http://www.aidea.org/Portals/0/Meeting%20Docs/2021BoardMeetings/081221/7.C_Loan-Dashboard-Report_063021.pdf.
12. “Loan Dashboard Report, AIDEA Revolving Fund”, AIDEA Board Meeting, October 25, 2023, Agenda, at <http://www.aidea.org/Portals/0/Meeting%20Docs/2023BoardMeetings/102523/7. B Loan Dashboard Report 10252023.pdf>.
13. MB Barker, LLC et al, *AIDEA Cost & Financial Performance - A Long, Hard Look*, op. cit., Table 2, page 12.

Does AIDEA’s Political Usefulness Outweigh its Statutory Purposes?

AIDEA’s Board is conflicted about the LPP. On the one hand, the Board has had numerous discussions about lending too much of AIDEA’s money via loan participations. AIDEA actually has set annual target amounts for dollars to be used to buy loan participations.

The Board is concerned that using too much of AIDEA’s cash on the LPP won’t leave enough money to finance development projects. Board members see development projects as providing the best chance for real boosts in jobs and economic development.

AIDEA Board Member Robert Sheldon expressed the concern as AIDEA “using a lot of resources for merely refinancing things”, when there “will be folks knocking on our doors with real projects with real jobs”.¹⁴

AIDEA sees bond proceeds as its prime source of funds for financing development projects. But funding projects from bond proceeds requires ample cash balances to

- fund reserves for specific bond issues;
- subsidize specific bond issues; and,
- have the financial strength to issue bonds at attractive rates, under its Revolving Fund Bond Resolution covenants.

At least, such cash is required for AIDEA to issue general obligation (GO) bonds (Revolving Fund Bonds), based on AIDEA’s own financial strength, rather than the strength of projects financed. The level and liquidity of AIDEA’s assets would not be an issue if AIDEA limited its development project financing to revenue bonds.

Political leaders also get most excited about big development projects. The Board knows this and are aware, directly and indirectly — more directly in the case of cabinet members sitting on the Board — of the goals and plans of the Administration and Legislature. Board members know that support for AIDEA and the Board’s endeavors could skyrocket if they could pull off another Red Dog.

Big projects can provide the biggest political payoffs. Ribbon cuttings, media coverage, rosy job projections, and promises of support industry economic booms and local tax collections (though usually not State taxes) can amp up electoral and campaign support, even if projects ultimately fail.

14. AIDEA Board Meeting Minutes, December 3, 2010, page 3, at http://www.aidea.org/Portals/0/2010/2010_12-3_AIDEA.pdf.

In fact, AIDEA has significant political value even if projects never get off the ground. Project drumbeating galvanizes interest groups that may be aligned with, and cough up for, various political candidates. In some respects, stillborn projects are the most valuable — they serve to keep political support energized without using up major pieces of AIDEA's assets.

This is the value of a slush fund. The mere promise of future developments can keep multiple projects and hopes in the air, as long as AIDEA's common property access can be advertised as open to all comers.

What is a slush fund? It can be a pool of money used as a reserve or for undesignated purposes. Sometimes those can be illicit or corrupt purposes. That's not what we're talking about here. Viewing AIDEA as a slush fund means that its funds might be used outside of the statutes, regulations, or policies that govern the organization or program which has the slush fund.

While AIDEA's cash may not be used in ways that formally violate any of AIDEA's statutes, regulations, or policies, AIDEA has such broad powers and discretion, particularly with regard to development projects, that a determination to pursue a project for political ends is entirely possible, even when it would not otherwise pass muster. AIDEA's speculation on ANWR leases is an example.

This risk is inherent in asset allocation and project selection based on non-market criteria. Sticking to market criteria would not only make for sounder, clearer criteria for moving projects forward, but would go a long way towards weeding out politics from the process.

Market-based decision-making would go a long ways towards stopping money-losing disasters, of which AIDEA has had its share — think the Healy Clean Coal, Alaska International Seafoods, or Mustang projects. As we documented in our September 2022 report, write-offs for these and other projects totaled \$294.1 million as of June 30, 2021.¹⁵ FY 2022 and 2023's respective \$19.0 million and \$10.6 million write-offs for Mustang¹⁶ brought total development project write-offs to \$323.7 million, as of June 30, 2023.

15. MB Barker, LLC et al, *AIDEA Cost & Financial Performance - A Long, Hard Look*, op. cit., page 3.

16. Eide Bailly, LLP, *AIDEA June 30, 2023 Financial Statements*, page 5, at <http://www.aidea.org/About/News-Publications/Publications-Financial-Statements/Financial-Statements>.

AIDEA's Job Measures

For both its Loan Participation Program and its development projects, AIDEA provides job estimates broken down into two categories — construction jobs and permanent jobs. AIDEA's categorization recognizes that construction jobs, as related to AIDEA's financing activities, are temporary. In contrast, permanent jobs last multiple years or indefinitely.

When AIDEA says construction jobs, they are really referring to any hours a person, holding a construction job, spends working on the project AIDEA is helping finance. Many construction workers hold permanent jobs as part of construction companies or those in specialty trades, such as plumbing or electrical outfits, albeit paid by the hours on particular jobs. Few of AIDEA's loan participations have construction companies as the borrower.

To the casual observer, AIDEA's constant touting of construction jobs might seem to imply that construction jobs are new jobs, created by AIDEA's financings. The following page from AIDEA's *FY 2022 Annual Report* could easily leave this impression. But, for the most part these are not new jobs, but additional hours and wages earned by existing construction industry workers. They do not necessarily increase total construction industry employment.

Figure 2. AIDEA FY 2022 Annual Report Job Claims

FY2022 Highlights

Net Income*

 **\$35.8**
MILLION

 **28+** YEARS
OF POSITIVE ANNUAL NET INCOME*

 **+45%** INCREASE ABOVE THE
PREVIOUS 5 YEAR AVERAGE
(FY2017 TO FY2021)

 **+26%** INCREASE ABOVE
THE PREVIOUS 10 YEARS AVERAGE
(FY2012 TO FY2021)

*Statutory Net Income

Annual Dividend

 **\$17.9**
MILLION

 **\$463** MILLION OF
TOTAL DIVIDENDS DECLARED SINCE 1996

 **+67%** INCREASE ABOVE
THE PREVIOUS 5 YEAR AVERAGE
(FY2017 TO FY2021)

 **+47%** INCREASE ABOVE THE
PREVIOUS 10 YEAR AVERAGE
(FY2012 TO FY2021)

Jobs


1,599
PERMANENT JOBS


591
CONSTRUCTION JOBS

Total Net Balance Sheet Position

 **\$1,434**
BILLION

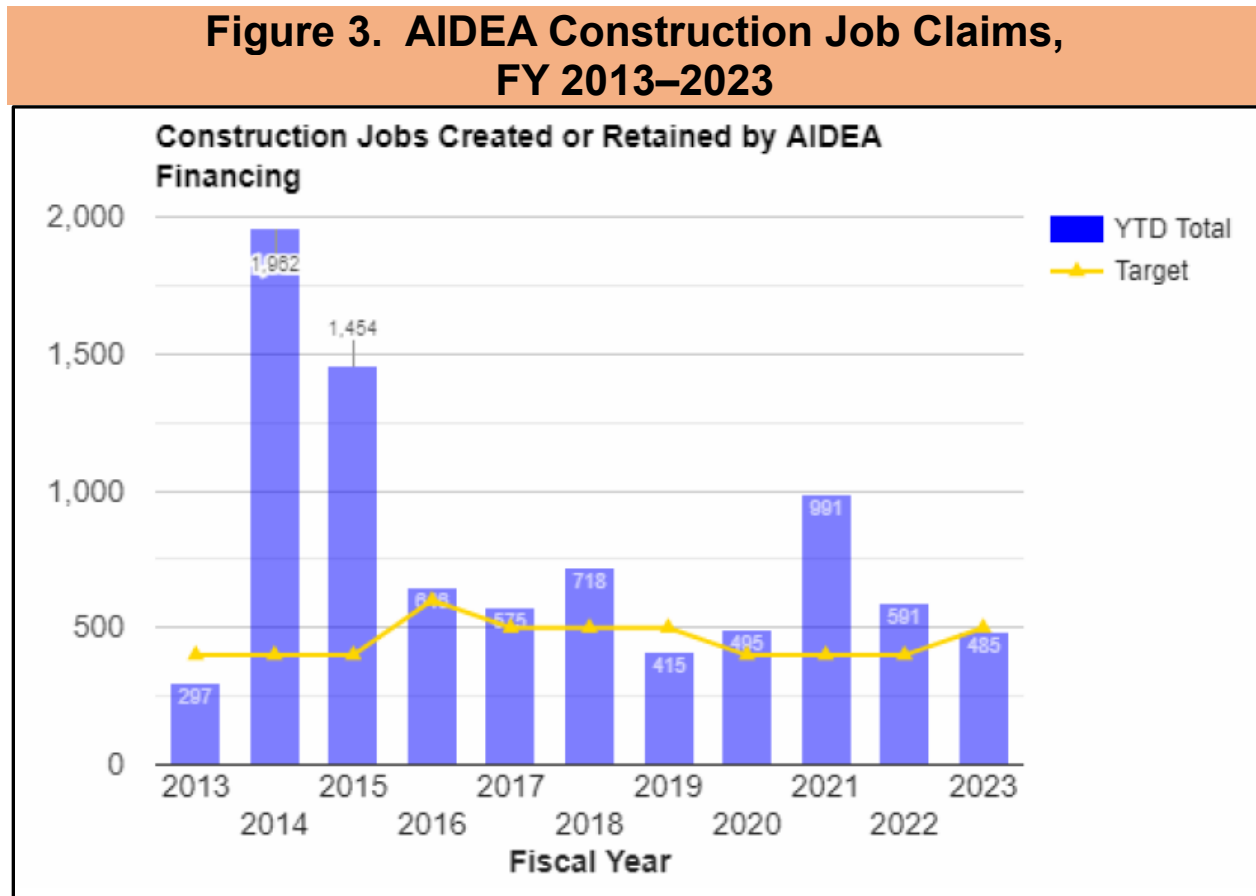

\$560 MILLION
IN LOANS (NET)


\$494 MILLION
IN DEVELOPMENT
PROJECTS


\$45.7 MILLION
IN CAPITAL ASSETS
(NET)

 **+33%** INCREASE OVER 10 YEARS

In AIDEA Board presentations, AIDEA generally characterizes construction jobs more circumspectly as “associated” jobs or “supported” jobs. But for public consumption, AIDEA is happy to claim that it is creating construction jobs, to wit, the chart shown in Figure 3 below, from page 2 of the *State of Alaska, FY 2025 Governor’s Operating Budget, Component Budget Summary* for AIDEA¹⁷.



The *Component Budget Summary* goes on to state:

“In FY 2023 AIDEA’s Loan Participation Program (LPP) originated 10 new loans, supporting the creation or retention of 278 construction jobs and 212 permanent jobs.”

In addition to asserting “creation” of construction jobs, the *Component Budget Summary* appears to wildly inflate the number of jobs “created”. AIDEA’s Loan Dashboard Reports for FY 2023 indicate that only 118 construction jobs and 46 permanent jobs

17. State of Alaska, Office of Management and Budget (OMB), December 14, 2023, at http://omb.alaska.gov/ombfiles/25_budget/DCCED/Proposed/28_comp1234.pdf.

were “supported” by loan participations in FY 2023. See [Table 19](#) and [Table 23](#), on pages 101 and 113 of this report.

Conceivably, some discrepancies in job counts might be due to the Loan Dashboard Report’s tabulation of loans funded during a fiscal year, versus AIDEA’s “origination” of loans in a fiscal year, as stated in the *Component Budget Summary*.

In any event, this all just points up the need for a rigorous, transparent, credible accounting of AIDEA’s job creation.

Full-Time Equivalent Jobs

It is not just that AIDEA’s construction job counts are:

- “temporary”, not permanent; and,
- “supported” or “associated”, not “created” or new,

but that the duration of the work on AIDEA’s projects is less than a year. In other words, one of AIDEA’s “construction jobs” provides far fewer hours of wages than a permanent job.

How much less? It would vary with the project and construction trade the jobholder is employed on. But, we can make ballpark estimates.

In Table 1, we tally the total dollar amount of large loans during 2008–2023 in which AIDEA purchased a participation and in which AIDEA claimed construction jobs were created. We adjusted the total dollar amount of loans to 2022 dollars, using the U.S. Department of Labor’s Urban Alaska CPI.

Direct labor costs (wages) typically account for 20 percent or more of project budgets. Direct plus indirect labor costs such as FICA taxes, unemployment taxes, insurance, paid time off, and other labor costs can push the total labor costs up to 40 percent.

“According to the industry-standard Construction Labor Market Analyzer (CLMA), labor cost percentages in construction lie between 20% and 40% of the total project’s budget.”¹⁸ The CLMA is at <http://www.myclma.com/clma>.

18. "How to calculate labor costs in construction", Bridgit, at <http://gobridgit.com/blog/how-to-calculate-construction-labor-cost/>. Bridgit provides workforce planning software to the construction industry.

Table 1. AIDEA Full-Time Equivalent Construction Jobs

AIDEA Large Loan Participations with Construction Jobs 2008–2023					
<u>Borrower</u>	<u>AIDEA Resolution Approved</u>	<u>Total Loan Amount</u>	<u>Calendar Year</u>	<u>Urban Alaska CPI</u>	<u>Total Loan Amount (2022 \$)</u>
UMED, LLC	1/15/09	14,000,000	2009	191.74	18,722,474
LINA, LLC	7/13/10	3,000,000	2010	195.14	3,942,058
3000 C Street, LLC	11/22/10	24,000,000	2010	195.14	31,536,465
Wasilla Center Development LLC	1/13/11	1,350,000	2011	201.43	1,718,593
C5, LLC	3/2/11	4,000,000	2011	201.43	5,092,128
Allen Marine Tours, Inc.	4/20/11	23,000,000	2011	201.43	29,279,734
Novella Larson Trust	2/2/12	2,405,366	2012	205.92	2,995,353
United Companies, Inc. (Sea Lion Corp.)	5/10/12	570,000	2012	205.92	709,809
Guest South Anchorage, LLC	6/28/12	5,250,000	2012	205.92	6,537,718
Sea Lion Corporation	10/1/12	1,125,000	2012	205.92	1,400,940
Central Alaska Energy, LLC	7/25/13	15,458,400	2013	212.38	18,664,049
Kiska Properties, LLC	10/1/13	6,637,500	2013	212.38	8,013,936
City Center Wasilla, LLC	1/14/14	1,312,500	2014	215.81	1,559,534
Bonanza Fuel, LLC	7/31/14	8,125,000	2014	215.81	9,654,257
Zehrun Living Trust	1/14/15	3,975,000	2015	216.91	4,699,120
Summit Fund, LLC	3/26/15	2,550,000	2015	216.91	3,014,530
X'una Kaawu Annee Corporation	4/30/15	25,000,000	2015	216.91	29,554,214
Westdahl, LLC	9/24/15	6,997,500	2015	216.91	8,272,224
Crescent Key, Inc.	4/28/16	4,624,775	2016	217.83	5,444,148
Eklutna 5th Avenue Properties, LLC	10/27/16	2,600,000	2016	217.83	3,060,643
Juneau I, LLC	12/1/16	5,600,000	2016	217.83	6,592,154
Totem Inn, Inc.	1/11/18	9,150,000	2018	225.55	10,402,671
MSH Enterprises, LLC	5/31/18	7,312,500	2018	225.55	8,313,610
Anchorage MC Holdings, LLC	6/28/18	24,000,000	2018	225.55	27,285,695
City Center Wasilla, LLC	6/28/18	1,312,500	2018	225.55	1,492,186
Maple Springs Palmer MOB LLC	3/6/19	4,200,000	2019	228.68	4,709,618
Sun Mountain Development Group, LLC (Unit A)	5/22/19	4,275,000	2019	228.68	4,793,718
Sun Mountain Development Group, LLC (Unit C)	5/22/19	2,383,000	2019	228.68	2,672,148
Sun Mountain Development Group, LLC (Unit E)	5/22/19	1,130,000	2019	228.68	1,267,112
Lands End Acquisition Corporation	6/26/19	4,700,000	2019	228.68	5,270,287
Debora, LLC	6/26/19	3,345,000	2019	228.68	3,750,874
Seward Wildlife Cruises, LLC	10/23/19	8,754,000	2019	228.68	9,816,189
433 W 9th LLC	5/19/21	870,000	2021	237.19	940,554
Sun Mountain Development Group, LLC (Unit D)	8/3/22	3,255,000	2022	256.42	3,255,000
Artillery Park, LLC (Eklutna)	9/14/22	3,070,895	2022	256.42	3,070,895
Sun Mountain Development Group, LLC (Unit F)	10/26/22	1,343,000	2022	256.42	<u>1,343,000</u>
Total					288,847,636
Direct labor costs, construction project budgets ¹		20%			
Direct labor costs (2022 \$)					57,769,527
2022 Average Monthly Wage, Non-Residential Building Construction, Alaska ²					7,903
Full-Time Equivalent (FTE) jobs					609
AIDEA construction jobs claimed					1,987
FTE construction jobs per AIDEA construction jobs claimed		0.31			= 609 ÷ 1,987
Notes:					
1. "How to calculate labor costs in construction", Bridgit, at http://gobridgit.com/blog/how-to-calculate-construction-labor-cost/ . Bridgit provides workforce planning software to the construction industry.					
2. <i>Quarterly Census of Employment and Wages</i> , "Annual January to December 2022.xlsx", data revised August 2023, Research and Analysis Section, Department of Labor and Workforce Development, State of Alaska, at http://live.laborstats.alaska.gov/sites/default/files/2023-08/Annual%20January%20to%20December%202022.xlsx .					

We estimate the total construction wages, associated with AIDEA's large loan projects, at 20 percent of the total dollar amount of the large loans with construction jobs, adjusted for inflation. Dividing by the \$7,903 average monthly wage in Alaska during 2022 for construction of nonresidential buildings yields an estimated 609 year-long jobs, or FTE (full-time equivalent jobs), as they are called.

This indicates that the 1,987 construction jobs AIDEA claims for these projects, in Table 1, would have worked 3.7 months on average ($609 \div 1,987 = 0.31 \times 12$ months). Each construction job AIDEA claims is equal to 31 percent of a full-time construction job.

Even this 69 percent haircut on AIDEA's construction job claims would not fully recognize construction jobs' lesser earnings impact than that of permanent jobs. Permanent jobs would produce wage and salary earnings year after year — indefinitely or until contraction or termination of a business. Construction jobs end with completion of construction. One could take the different construction versus permanent job tenures into account by estimating the present value of their earnings over, say, the next 10 or more years.

However, we do not pursue the comparison of construction versus permanent jobs further because construction's overall economic impact does extend over time. The physical structures produced by construction are "consumed" over time in the production of other goods and services. The accounting convention of depreciation accounts for this.

Sources of Job Claims

What is the basis for the numbers of jobs AIDEA claims to have a hand in generating? The LPP job claims appear to come from estimates made by prospective borrowers on the AIDEA pre-flight LPP application form and a certification submitted with an LPP application. See yellow highlighted text on AIDEA's Pre-Flight form, in Figure 4 on the next page, and the subsequent borrower job certification, in Figure 5.

The fact that LPP job estimates come from the loan applicant may not instill confidence that the job estimates are unbiased.

Figure 4. AIDEA Pre-Flight Loan Form (3/3/2022)



This is NOT a commitment to lend. Any final decision on a loan request will only be made after the entire loan package has been received and underwritten by AIDEA and completed the full approval process.

Today's date: _____

Please email this form to CommercialFinance@AIDEA.org Attn: Tiffany Janssen/Commercial Finance Director
 Pre-Flight submissions still in process will need to be resubmitted every 6 months or, in the case of construction, every 12 months.

AIDEA PRE-FLIGHT	
Bank/Lender Name: _____ Loan Officer: _____ Phone No.: _____ Email: _____	Borrower: _____ Co-Borrower/Guarantor(s): _____
Participation Loan: Bank/Lender Loan Amt: \$ _____ AIDEA Loan Amt: \$ _____ Total Loan Amt: \$ _____	Loan Term: Bank/Lender [] AIDEA [] Split: Bank/Lender [%] AIDEA [%] New Loan <input type="checkbox"/> OR Refinance <input type="checkbox"/>
Guarantee Loan: Bank/Lender Loan Amt: \$ _____ AIDEA Guarantee %: _____	Loan Term: _____ Bank/Lender [] AIDEA []

Briefly comment/describe the following: Loan purpose along with the use of loan proceeds. Borrower and guarantor background with financial information (liquidity /net worth). Collateral description, SF, rent roll, collateral net operating income, and project and global DSCR. If project is construction, include all applicable construction documents. Describe any complex elements to the transaction, deal structure, and ownership. Provide how this project aligns with AIDEA's mission of job creation/retention and economic development. Include borrower/guarantor's total (\$) exposure of all AIDEA loans. Provide any other pertinent information to assist AIDEA in its pre-review of the transaction.

If supplemental information exceeds space, please attach a separate word document.

Figure 5. LPP Borrower Job Certification

**ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT
AUTHORITY**

JOB CERTIFICATION
(Must be Certified by the Applicant)

One of the major goals of AIDEA is to mitigate the problems of unemployment in Alaska. This policy is clearly stated in the enabling legislation of the Authority. For example, in the legislature findings and policy section of AIDEA's legislation (Alaska Statute 44.88.010) this goal is articulated as follows:

- (b) "It is declared to be the policy of the state, in the interest of promoting the health, security and general welfare of all people of the state, and a public purpose, to increase job opportunities and otherwise to encourage the economic growth of the state,..."

Because of this emphasis, the Authority has been instructed by the AIDEA Board of Directors to collect employment information on all projects involving AIDEA financing. To assist us in this effort, please provide the following information:

(A) Construction Employment

It is estimated that 100 construction jobs will result from this project. We estimate that _____ % of these jobs will be filled by Alaska residents.

(B) Permanent Employment

It is estimated that as a result of this project:

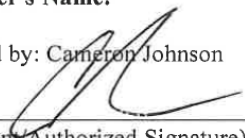
65 new jobs will be created; 90 % to be filled by Alaska residents.

N/A jobs will be continued that otherwise would have been eliminated; _____ % to be filled by Alaska residents.

The undersigned certifies that the above estimates are true and accurate to the best of his (her) knowledge.

Borrower's Name:

Certified by: Cameron Johnson



(Applicant/Authorized Signature)

10-10-22

Date

(Applicant/Authorized Signature)

Date

AIDEA says in its 2023 OMB *Performance Detail* report,

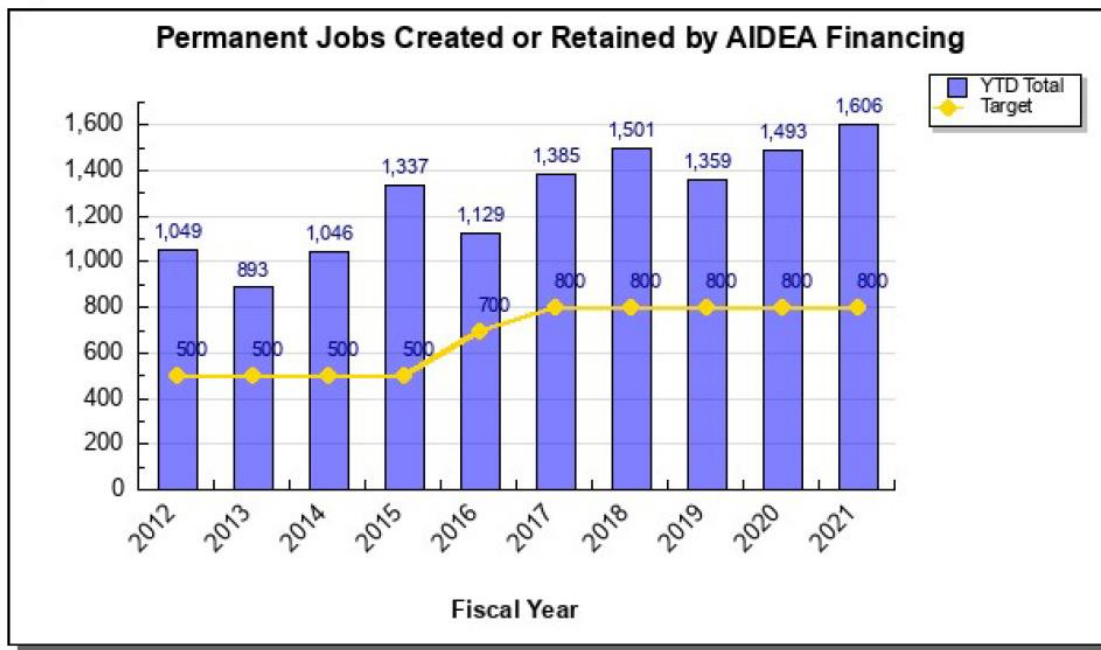
“AIDEA uses job data collected from program participants to provide key performance measures of the economic benefit that AIDEA’s programs provide to Alaska’s economy.”¹⁹

A footnote to the report’s chart for Target #1, shown in Figure 6 below, states:

“Methodology: Compilation of data provided by loan application forms and project reporting requirements.”²⁰

Figure 6. AIDEA Permanent Job Claims, FY 2012–2021

Target #1: Create, and/or retain, 800 permanent jobs annually through AIDEA’s Finance programs..



If the “project reporting requirements” referred to in the Methodology footnote pertain to AIDEA’s development projects, the footnote would suggest that AIDEA has no post-audit procedures to confirm or document the actual number of jobs associated with a loan participation.

19. *State of Alaska, FY2023 Governor’s Operating Budget, Performance Details*, Department of Commerce, Community, and Economic Development, Alaska Industrial Development and Export Authority, OMB, 2/10/2023, page 4, at http://omb.alaska.gov/html/performance/ABS/index_C1234.html.

20. *Ibid.*, page 3.

An example of what could be done post-audit is a chart contained in HEX Cook Inlet LLC's PowerPoint presentation to the AIDEA Board at their August 2, 2023 meeting. The chart, shown in [Figure 8](#) on page 33 of this report, shows both direct employment by HEX's operating subsidiary, Furie Operating Alaska LLC (Furie), and indirect employment with contractors used by Furie. It also shows both Alaska resident and non-resident employment, by both Furie and its contractors.

HEX's Furie job data is for one of AIDEA's development projects. Is there any reason something along these lines couldn't be done for LPP loans? Would there be State of Alaska, Department of Labor and Workforce Development programs that could be utilized to ease the administrative burden on AIDEA and its borrowers? The Department's unemployment insurance or workers' compensation programs or its Quarterly Census of Employment and Wages (QCEW) might be candidates for such data, albeit legislation might be required for AIDEA's use of it.

What AIDEA Tells the Governor

AIDEA's job claims not only:

- are unsubstantiated;
- take credit for retained jobs, CRE tenants' jobs, and other jobs whose creation does not depend on AIDEA financing; and,
- confound temporary, part-time, and seasonal jobs with full-time, year-around jobs,

but they are not transparent or reconcilable at higher reporting levels.

In Table 2, we estimate AIDEA's permanent jobs claimed for development projects during fiscal years 2017–2023 by backing out loan participation permanent job claims, documented in AIDEA's "Loan Dashboard Reports" to AIDEA's Board. We compare AIDEA's permanent, development project jobs "created", to each year's increase in development project total assets.

Table 2 would indicate that AIDEA claims it created development project permanent jobs at a fairly constant pace of 1,000 to 1,500 jobs annually, even though annual additions to project total assets vary widely. Lags between project investments and permanent hires for project operations could account for some of the discrepancy.

Table 2's steady production of development project permanent jobs looks even stranger if one recognizes that:

- the Ambler and Section 1002 Coastal Plain projects are not in operation and presumably have produced no permanent jobs; and,
- the Mustang project entered cold shutdown in FY 2020 and presumably caused a loss of permanent jobs, which AIDEA may or may not account for in its job creation figures.

Table 3's estimates of construction jobs created by AIDEA development projects do seem to roughly track development project capital expenditures (increases in development project total assets), with a one-year lag. Why jobs should lag expenditures by a year is not clear.

The biggest problem with the estimates of development project jobs in Table 2 and Table 3 may be that AIDEA is including not only direct jobs, but also indirect and induced jobs, in its OMB *Component Budget Summary*. Direct jobs are employees of the project developer. Indirect jobs are jobs of suppliers and contractors providing goods and services to the project. Induced jobs are jobs throughout the economy, induced by direct and indirect jobholders' spending of their additional income from the project.

Indirect and induced jobs do not appear to be included in the Loan Dashboard Reports of loan participation jobs. But, none of AIDEA's published materials shed any light on which, if any, of its job numbers include indirect and induced jobs.

If there are indirect and induced jobs included in any of AIDEA's job numbers, what is the source of these estimates? One would want to know project expenditures on goods and services to estimate indirect and induced jobs. Even with such information, one would need economic input-output analysis or other research to estimate the jobs created in other industries from a project's expenditures on goods and services.

At some points in its activities, AIDEA appears to obtain estimates of indirect and induced jobs. For example, in its discussion of the Ambler project in its OMB *FY 2025 Budget Component Summary*, AIDEA states that Ambler

“provides opportunities for an estimated 5,000 total jobs (**direct, indirect and induced**) during construction of the road and associated mines; and over 4,000 total jobs (**direct, indirect and induced**) during operation of the road and associated mines.”²¹ (**emphasis added**)

Estimates of indirect and induced jobs for development projects are sometimes available as part of economic impact or feasibility studies. But, for loan participations, the only job estimates seem to be estimates of presumably direct jobs provided by borrowers with AIDEA's Pre-Flight or Job Certification forms, shown on pages 24 and 25 of this report.

21. OMB, AIDEA *FY 2025 Budget Component Summary*, page 4, at http://omb.alaska.gov/ombfiles/25_budget/DCCED/Proposed/28_comp1234.pdf.

**Table 2. AIDEA Development Projects,
Permanent Jobs vs. Assets,
FY 2017–2023**

Fiscal Year	Permanent Jobs				Increases in Development Projects' Assets (\$ 000) ³										Total Increase	Percent Change		
	Total ¹	LPP ²	Jobs (Difference)	Percent Change	Mustang ⁴	BlueCrest	Duck Point	Duck Point II	Wilderness Adventure	Drake Investments	HEX Cook Inlet	Ambler	ANWR	Ketchikan Shipyard				
2017	1,385	326	1,059		4,411	5,891								1,536			11,838	
2018	1,501	216	1,285	21%	2,839									1,994			4,833	-59%
2019	1,359	148	1,211	- 6%	754									2,852			3,606	-25%
2020	1,493	195	1,298	7%			8,511		542	1,500	7,500	2,879					20,932	480%
2021	1,606	312	1,294	0%				9,671				1,257	12,913	554			24,395	17%
2022	1,599	264	1,335	3%			1,410					11,566		3,234			16,210	-34%
2023	1,566	46	1,520	14%													NA	
Total	15,963	1,507	9,002		8,004	5,891	9,921	9,671	542	1,500	7,500	22,084	12,913	3,788			81,814	

Notes:

1. State of Alaska, FY2025 Governor's Operating Budget, Component Budget Summary, State of Alaska, Office of Management and Budget (OMB), December 14, 2023, at https://omb.alaska.gov/ombfiles/25_budget/DCCED/Proposed/28_comp1234.pdf, page 2.
2. AIDEA's "Loan Dashboard Reports", spanning the fiscal years shown, are available from web links in the "Agenda" documents listed for AIDEA Board meetings at <https://www.aidea.org/About/Board-Members/Board-Meeting-Schedule> and <https://www.aidea.org/About/Board-Members/Board-Meeting-Archives>.
3. AIDEA, "Projects FY2010 through FY2020". Excludes AIDEA Administrative Building, Infrastructure Held for Sale of \$3,200,000 in FY 2019, and SETS Project Fund - Loans. The SETS Project Fund - Loans had an increase in total assets after FY 2017, but AIDEA's "Loan Dashboard Report" for September 30, 2023 shows no increases in SETS jobs from the number shown in the June 30, 2017 Loan Dashboard Report. FY 2021 and 2022 from AIDEA *Financial Statements* for the fiscal years, at <https://www.aidea.org/About/News-Publications/Publications-Financial-Statements/Financial-Statements>. FY 2023 Financial Statements do not report total assets for individual development projects.
4. Excludes Mustang Development Loan (Capitalized Interest) which is a financial cost that would not result in project expenditures or jobs. Also excludes MOC1 Acquired Loan whose final disbursement of loan proceeds occurred in February 2016, meaning jobs created occurred before FY 2017. AIDEA acquired this loan from the State of Alaska, Department of Revenue on May 28, 2019 by paying DOR the outstanding balance of principal and interest.

Table 3. AIDEA Development Projects, Construction Jobs vs. Assets, FY 2017–2023

Fiscal Year	Construction Jobs				Increases in Development Projects' Assets (\$ 000) ³											Total Increase	Percent Change	
	Total ¹	LPP ²	Jobs (Difference)	Percent Change	Mustang ⁴	BlueCrest	Duck Point	Duck Point II	Wilderness Adventure	Drake Investments	HEX Cook Inlet	Ambler	ANWR	Ketchikan Shipyard				
2017	575	332	243		4,411	5,891								1,536			11,838	
2018	718	285	433	78%	2,839									1,994			4,833	-59%
2019	415	229	186	- 57%	754									2,852			3,606	-25%
2020	495	332	163	- 12%			8,511		542	1,500	7,500	2,879					20,932	480%
2021	991	516	475	191%				9,671				1,257	12,913	554			24,395	17%
2022	591	77	514	8%			1,410					11,566		3,234			16,210	-34%
2023	485	118	367	- 29%													NA	
Total	9,724	1,889	2,381		8,004	5,891	9,921	9,671	542	1,500	7,500	22,084	12,913	3,788			81,814	

Notes:

1. State of Alaska, FY2025 Governor's Operating Budget, Component Budget Summary, State of Alaska, Office of Management and Budget (OMB), December 14, 2023, at https://omb.alaska.gov/ombfiles/25_budget/DCCED/Proposed/28_comp1234.pdf, page 2.
2. AIDEA's "Loan Dashboard Reports", spanning the fiscal years shown, are available from web links in the "Agenda" documents listed for AIDEA Board meetings at <https://www.aidea.org/About/Board-Members/Board-Meeting-Schedule> and <https://www.aidea.org/About/Board-Members/Board-Meeting-Archives>.
3. AIDEA, "Projects FY2010 through FY2020". Excludes AIDEA Administrative Building, Infrastructure Held for Sale of \$3,200,000 in FY 2019, and SETS Project Fund - Loans. The SETS Project Fund - Loans had an increase in total assets after FY 2017, but AIDEA's "Loan Dashboard Report" for September 30, 2023 shows no increases in SETS jobs from the number shown in the June 30, 2017 Loan Dashboard Report. FY 2021 and 2022 from AIDEA *Financial Statements* for the fiscal years, at <https://www.aidea.org/About/News-Publications/Publications-Financial-Statements/Financial-Statements>. FY 2023 Financial Statements do not report total assets for individual development projects.
4. Excludes Mustang Development Loan (Capitalized Interest) which is a financial cost that would not result in project expenditures or jobs. Also excludes MOC1 Acquired Loan whose final disbursement of loan proceeds occurred in February 2016, meaning jobs created occurred before FY 2017. AIDEA acquired this loan from the State of Alaska, Department of Revenue on May 28, 2019 by paying DOR the outstanding balance of principal and interest.

Figure 7. AIDEA Development Projects, Total Assets, FY 2011–2020

ALASKA INDUSTRIAL DEVELOPMENT & EXPORT AUTHORITY
Projects FY2010 THROUGH FY2020

Source: June 30 Audited Financial Statements; Balances at year end; in thousands

Projects:	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Revolving Loan Fund Development Project-Direct Financing Leases:										
Federal Express Project - Aircraft Maintenance Facility	9,266	6,892	4,590	1,599	-	-	-	-	-	-
DeLong Mountain Transportation System (aka Red Dog) Project	206,997	194,951	186,446	171,951	163,817	150,587	135,845	116,727	102,055	80,651
Department of Military and Veteran Affairs (DMVA) project-expansion to National Guard Armory on JBER.	-	-	10,324	14,021	13,874	13,714	13,544	13,362	13,165	12,955
Total Direct Financing Leases	216,263	201,843	201,360	187,571	177,691	164,301	149,389	130,089	115,220	93,606
Investment in Preferred Interest in Operating Company:										
Kenai Offshore Ventures, LLC (KOV). Jack-up rig.	-	20,373	24,390	23,877	-	-	-	-	-	-
Mustang Road LLC	-	-	20,046	15,592	9,731	9,803	10,029	10,194	-	-
MOC 1 LLC	-	-	-	58	29,680	45,818	50,003	52,677	-	-
Total Investment in Preferred Interest in Operating Company	-	20,373	44,436	39,527	39,411	55,621	60,032	62,871	-	-
Revolving Loan Fund Development Project-Loans (net investment):										
Blood Bank of Alaska, Inc	-	-	-	-	-	8,200	4,410	3,972	3,932	3,896
BlueCrest Drill Rig	-	-	-	-	-	26,007	31,898	28,249	22,343	13,198
Mustang Development Loan	-	-	-	-	-	-	-	-	63,625	62,084
Mustang Development Loan (Capitalized Interest)	-	-	-	-	-	-	-	-	6,119	6,119
MOC1 Aquired Loan	-	-	-	-	-	-	-	-	16,367	16,367
Duck Point Development, ISP Uplands II	-	-	-	-	-	-	-	-	-	8,511
Wilderness Adventure	-	-	-	-	-	-	-	-	-	542
Drake Investments	-	-	-	-	-	-	-	-	-	1,500
Hex Cook Inlet	-	-	-	-	-	-	-	-	-	7,500
Total Development Projects - Loans	-	-	-	-	-	34,207	36,308	32,221	112,386	119,717
Total Revolving Fund Projects	216,263	222,216	245,796	227,098	217,102	254,129	245,729	225,181	227,606	213,323
Capital Assets:										
Skagway Ore Terminal (fully depreciated)	-	-	-	-	-	-	-	-	-	-
Healy Project (sold December 2013)	43,775	41,785	39,796	-	-	-	-	-	-	-
Ketchikan Shipyard	43,672	65,562	80,350	82,350	79,426	76,646	73,775	71,108	67,827	66,938
Snettisham Hydroelectric	76,800	74,980	73,052	71,007	68,840	63,307	60,951	58,469	55,863	53,144
AIDEA Administration Building Land CIP	2,176	2,197	2,095	2,792	2,684	2,502	2,622	2,552	2,862	2,827
Ambler Road	-	-	-	4,642	8,834	9,361	10,897	12,891	15,743	18,622
Interior Energy Project	-	-	-	4,993	14,459	14,269	11,240	5,404	-	-
Pentex (sold June 2018)	-	-	-	-	-	62,377	60,542	-	-	-
Infrastructure - held for sale	-	-	-	-	-	-	-	-	3,200	-
Total Capital Assets	166,423	184,524	195,293	165,784	174,243	228,462	220,027	150,424	145,495	141,531
SETS Fund Project - Loans:	-	-	49	12,906	20,924	29,690	27,412	76,849	104,019	125,287
TOTAL	382,686	406,740	441,138	405,788	412,269	512,281	493,168	452,454	477,120	480,141

How good are AIDEA's job claims? Only an audit could answer that. But, consider AIDEA's statement about HEX Cook Inlet LLC:

“HEX provides nearly 50 jobs for local Alaskans and is 100 percent Alaska hire.”²²

A look at the “Furie Employment Data” on the next page, presented by HEX to the AIDEA Board, shows only about 17 direct jobs and another 8 to 10 indirect (contractor) jobs. It also shows that 2 or 3 of the jobs are not Alaska hires.

Overall, the AIDEA job numbers call out for explanation. AIDEA could certainly do better.

Trying to make sense of AIDEA's job claims has even given AIDEA's Board pause. In considering Loan Resolution L16-03, a 90 percent \$2,430,000 participation to refinance a medical office building in Wasilla,

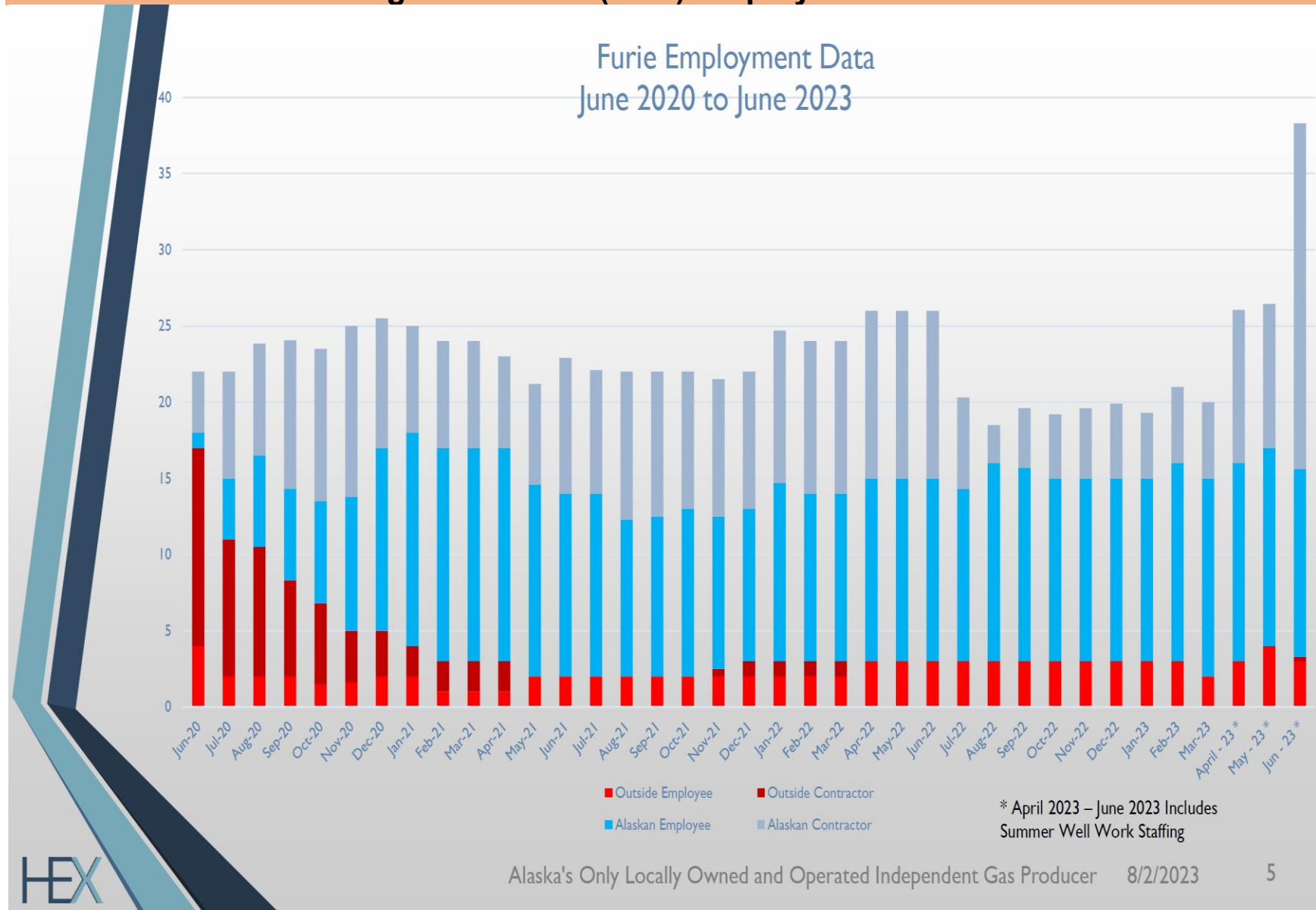
“[Board Member] Mr. [Gary] Wilken asked for additional information on the new jobs created from the approval of this refinance resolution. Todd Nugent stated the existing tenants, with the exception of the Urgent Care, are coincidentally relocating to another facility. Mr. Nugent assumes the new jobs will be created by the new tenants in the medical park. [. . .]

[Board] Vice-Chair [Dana] Pruhs requested Mr. Springsteen determine a way the job creation metric can be reported with more accuracy and diligence. Deputy Commissioner Burnett pointed out Loan Resolution No. L16-03 and No. L16-07 may have overlap in job creation and job retained numbers. He believes the report of the net jobs number would be helpful. Mr. Kennedy stated the total job creation by both loan resolutions may be overstated and the Board's recommendations are fair.”²³

22. *Ibid.*

23. AIDEA Board Meeting Minutes, April 28, 2016, pages 2 and 3, at <http://www.aidea.org/Portals/0/2016/042816AIDEAMinutes.pdf>.

Figure 8. Furie (HEX) Employment Data



Later, at the same meeting, in consideration of Loan Resolution L16-04, authorizing a 90 percent AIDEA participation in a \$7,100,000 loan to refinance a hangar and multiple aircraft in Juneau,

“Mr. Wilken asked for additional information on the new jobs created from the approval of this refinance resolution. Kent Craford stated the jobs are the result of growth, but would not be eliminated if this resolution failed. The process was initiated with FNBA last year and three additional aircraft have been acquired. Mr. Wilken said he does not believe the job creation numbers are being reported accurately in the refinance resolutions. He requested Mr. Springsteen determine a way the job creation metric can be reported to the Board and the public more accurately.

MOTION: Mr. Wilken moved to remove all references in the memorandum and the credit presentation of Resolution No. L16-04 relating to 15 to 30 jobs being created.”²⁴

And later yet in the meeting, after Board approval of Loan Resolution L16-07, authorizing a 90 percent participation in a \$7,800,000 term loan for a new medical office building in Wasilla, Mr. Wilken stated,

“The refi [refinance] up earlier, and this new foundation [inaudible], we’ve represented in public we’ve created 90 new jobs and we’ve retained 95 and that’s just patently not correct. So, not to rehash all this, but we need to change how we handle this, because we are not providing valid information to the public.”²⁵

If jobs are the one measure we have of AIDEA’s achievement of its two main goals of job creation and economic development, the administration and legislature should mandate that AIDEA do better.

24. *Ibid.*, page 3.

25. MP3 audio recording of AIDEA Board Meeting on April 28, 2016, at 1:01:36, at <http://www.aidea.org/Portals/0/2016/042816AIDEA.mp3>.

LPP Job Creation — Where’s the Beef?

Table 4 and Table 5 summarize this study’s findings regarding AIDEA large loan participations during 2008–2023. The main findings are:

- the proportion of LPP large loan dollars that went for creating jobs — 13 percent;
- how many total jobs AIDEA claims large loans created — 3,627;
- how many full-time equivalent (FTE) jobs AIDEA actually created — 277;
- how many of the FTE jobs would be held by Alaska residents — 218;
- the FTE Alaska resident jobs actually created relative to AIDEA’s total job claims — 6.0 percent, meaning AIDEA’s job claims are more than 16 times overstated;²⁶
- how many FTE Alaska resident jobs large loans created per year — 15; and,
- how many LPP dollars went for transferring income to borrowers, without creating any jobs — \$363.8 million, out of total large loan participations of \$417.4 million. 87 percent of LPP dollars.

The \$363.8 million serving only to transfer income to borrowers is made up of:

- \$347.0 million of AIDEA participations producing no new jobs, consisting of:
 - \$90.1 million with no jobs claimed;
 - \$54.1 million with only retained jobs claimed;
 - \$180.2 million with construction workers on the job before AIDEA loan approval;
 - \$22.6 million with only tenants’ permanent jobs, where construction followed loan approval; and,
- \$16.8 million AIDEA overpaid for \$70.4 million of participations that may have produced jobs, i.e., participations with construction workers not yet on the job or with permanent jobs created by the borrower.

26. Even if direct labor costs (wages) were as much as 40 percent of project budgets (see [Full-Time Equivalent Jobs](#)), AIDEA-created FTE Alaska resident jobs would be no more than 349 jobs, or 7.6 percent of AIDEA’s claimed 3,627 large loan jobs created.

Table 4. AIDEA Job Claims, 2008–2023 Large Loan Participations

Loans with	Owner-Occupied	Construction Begun	AIDEA Participation \$ Amount	AIDEA Job Claims Permanent			Total Jobs with Construction @ 0.31 FTE	\$ Weighted Average	
				Construction (Borrower)	New	Retained		Total	AIDEA % Participation
All Loans	All	All	417,446,271	1,987	949	691	3,627	2,256	
No Jobs	All	All	90,061,275	0	0	0	0	0	
Jobs	All	All	327,384,996	1,987	949	691	3,627	2,256	
No New Jobs (retained jobs only)	All	All	54,085,912	0	0	351	351	351	
New Jobs	All	All	273,299,084	1,987	949	340	3,276	1,905	
<u>Construction Jobs</u>	All	All	203,135,194	1,987	669	189	2,845	1,474	
Construction before AIDEA ok	All	Yes	180,238,384	1,747	641	142	2,530	1,325	
Construction after AIDEA ok	All	No	22,896,810	240	28	47	315	149	
Tenant Jobs	No	No	8,984,250	0	20	47	67	67	90% 73%
Borrower Jobs	Yes	No	13,912,560	240	8	0	248	82	90% 90%
<u>No Construction Jobs</u>	All	No	70,163,890	0	280	151	431	431	
Tenant Jobs	No	No	22,649,500	0	100	136	236	236	
Borrower Jobs	Yes	No	47,514,390	0	180	15	195	195	88% 66%
<u>New Borrower Jobs created by AIDEA</u>									
Loans with Construction Jobs	Yes	No	22,896,810	240	8	0	248	82	90% 83%
Loans with No Construction Jobs	Yes	No	47,514,390	0	180	15	195	195	88% 66%
Total with Jobs created by AIDEA			70,411,200	240	188	15	443	277	89% 74%
AIDEA Participation for DSCR = 1.25			68%						
AIDEA 89% Participation in excess of 68% for DSCR = 1.25			16,752,933						
<u>AIDEA Participations Not Creating Jobs</u>									
Participation Amounts			363,788,004						
Percent of All Participation Amounts			87%						
<u>Alaska Jobs created by AIDEA</u>									
Nonresidents' Proportion of Jobs				18.7%	22.6%	22.6%	20.5%	21.5%	
Alaska Jobs created by AIDEA				195	146	12	352	218	
Alaska Jobs created by AIDEA as a Proportion of AIDEA Job Claims				9.8%	15.3%	1.7%	9.7%	9.6%	
FTE Alaska Jobs created by AIDEA as a Proportion of AIDEA Total Job Claims							6.0%		

Table 5. AIDEA Job Claim Proportions, 2008–2023 Large Loan Participations

<u>Loans with</u>	<u>Owner-Occupied</u>	<u>Construction Begun</u>	<u>AIDEA Participation \$ Amount</u>	<u>AIDEA Job Claims</u>			<u>Total Jobs with Construction @ 0.31 FTE</u>
				<u>Construction (Borrower)</u>	<u>New</u>	<u>Retained</u>	
All Loans	All	All	100%	100%	100%	100%	100%
No Jobs	All	All	22%	0%	0%	0%	0%
Jobs	All	All	78%	100%	100%	100%	100%
No New Jobs (retained jobs only)	All	All	13%	0%	0%	51%	10%
New Jobs	All	All	65%	100%	100%	49%	90%
<u>Construction Jobs</u>	All	All	49%	100%	70%	27%	78%
Construction before AIDEA ok	All	Yes	43%	88%	68%	21%	70%
Construction after AIDEA ok	All	No	5%	12%	2%	6%	8%
Tenant Jobs	No	No	2%	0%	2%	6%	2%
Borrower Jobs	Yes	No	3%	12%	0%	0%	6%
<u>No Construction Jobs</u>	All	No	17%	0%	30%	22%	12%
Tenant Jobs	No	No	5%	0%	11%	20%	7%
Borrower Jobs	Yes	No	11%	0%	19%	2%	5%
<u>New Borrower Jobs created by AIDEA</u>							
Loans with Construction Jobs	Yes	No	5%	12%	0%	0%	6%
Loans with No Construction Jobs	Yes	No	11%	0%	19%	2%	5%
Total with Jobs created by AIDEA			17%	12%	20%	2%	12%
AIDEA Participations Not Creating Jobs			87%				
Alaska Jobs created by AIDEA as a Proportion of AIDEA Job Claims				9.8%	15.3%	1.7%	9.7%
FTE Alaska Jobs created by AIDEA as a Proportion of AIDEA Total Job Claims							6.0%

68 percent of new permanent jobs AIDEA claimed for its 2008–2023 large loans were for construction projects where workers were already on the job when AIDEA approved the loan.

49 percent of new permanent jobs AIDEA claimed for its 2008–2023 large loans were on the payrolls of building tenants, not the payrolls of building owners.²⁷ It is the building owners who were the borrowers on the AIDEA loans. They are the ones receiving AIDEA's subsidies.

Eliminating duplication with tenant job counts for construction projects begun before AIDEA's approval, leaves 11 percent of new permanent jobs paid by tenants of existing buildings (no new construction involved).

Together, AIDEA's unduplicated job claims, for construction projects that did not depend on AIDEA and for jobs on tenants' payrolls, account for 80 percent of the new permanent jobs AIDEA would have you believe it created. This is without considering FTE or Alaska resident employment.

The previously cited statement from AIDEA's *FY2023 Governor's Operating Budget* submission to OMB that,

"The Federal Reserve continued its quantitative tightening measures to combat 40-year high inflation which has precipitously increased the cost of capital for all residential and commercial real estate borrowers throughout the US. Also, many of AIDEA's eligible financial institutions remain well capitalized and **more inclined to direct loan (emphasis added)** to borrowers. These market conditions resulted in area lenders submitting 50% fewer projects to AIDEA for consideration."²⁸

suggests a couple things about AIDEA's claims of job creation:

- the idea that during periods of high interest rates, lenders are going to make more loans directly, without AIDEA participation, indicates that in many cases projects don't need AIDEA's assistance. And this is in a high interest rate environment. It would have to be the case that during times of low interest rates, an even greater proportion of projects could be financed without AIDEA's involvement. Essentially, this means that a lot of AIDEA lending just displaces bank lending and doesn't create any more jobs than if AIDEA just stayed out of the picture; and,

27. Tabulated from the data in [Appendix B](#).

28. *State of Alaska, FY 2023 Governor's Operating Budget, Performance Details*, Department of Commerce, Community, and Economic Development, Alaska Industrial Development and Export Authority, OMB, 2/10/2023, pages 12–13 at http://omb.alaska.gov/html/performance/ABS/index_C1234.html.

- given the cyclical nature of interest rates, AIDEA's participation, at least during periods of high interest rates, may do nothing more than move projects forward in time. Some projects and their jobs would still be realized, just delayed until interest rates have fallen, if the LPP didn't exist.

Alaska's Commercial Mortgage Lenders

More generally, a lack of participation by lenders in AIDEA's loan participation program during the most recent seven fiscal years creates a strong suspicion that Alaska missing out on a lot of business activity and jobs, were it not for AIDEA, is bogus.

[Table 15](#), page 89, indicates only half — namely, five — of the ten lenders eligible to sell loan participations to AIDEA did in fact sell any, during FY 2017–2023. One of those five, Wells Fargo, a large national bank, only sold one participation during the last seven years. In FY 2021 and FY 2022 only three lenders participated. And in FY 2023, only two did.

Participations themselves are even more concentrated among lenders than lender participation. Two lenders — Northrim Bank and First National Bank Alaska (FNBA) — sold 89 percent of the participations to AIDEA during the last seven years. See [Table 16](#), page 91 of this report.

Does this mean that Alaska CRE financing is concentrated to this extent? In other words, do FNBA and Northrim do most of the commercial mortgage lending in Alaska? The question is beyond the scope of this study.

But, AIDEA loan participation activity appears to be more concentrated than it was in the past. Figure 9, from AIDEA's website,²⁹ shows that participations were concentrated with FNBA and Northrim in the past, but not as much as the new lending during the last seven years. The number of FNBA and Northrim participations were 83 percent of the AIDEA participations outstanding as of 6/7/2023,³⁰ compared to Table 16's 89 percent of participations sold to AIDEA during 2017–2023.

29. <http://www.aidea.org/Programs/Loan-Participation/AIDEA-Loan-Portfolio-Diversity-and-Performance>, accessed on 6/7/23.

30. FNBA and Northrim's 83 percent share of Figure 9 participations is calculated after removing the 100% AIDEA-owned participations.

Figure 9. AIDEA Participations Outstanding, by Lender, 6/7/2023

(Unaudited figures. Subject to change.)

Financial institution	Number of Loans	Principal Balance (\$000's)	% of Total \$
First National Bank Alaska	136	166,025	37.31%
Wells Fargo Bank Alaska N.A.	15	29,766	6.69%
Northrim Bank	78	171,327	38.5%
100% AIDEA Owned	25	24,128	5.43%
Alaska USA Federal Credit Union	15	22,363	5.25%
Key Bank N.A.	7	9,692	2.18%
First Bank	8	15,316	3.44%
Denali, a division of Nuvision Credit Union	1	3,995	0.93%
Mt. McKinley Bank	1	1,239	0.28%
Matanuska Valley FCU	1	222	0.05%
TOTAL	282	\$444,943	100%

Comparing the concentration of AIDEA loan amounts outstanding in Figure 9 with the dollar originations during the last seven years, shown in [Table 18](#), page 97, we see that during FY 2017–2023, FNBA and Northrim originated about 90 percent of the LPP loan amounts and three other lenders did about 10 percent. This is more concentrated than FNBA and Northrim's 80 percent, and the remaining lenders' 20 percent, shares of participations outstanding, shown in Figure 9.³¹

Subsidized loans may tend to increase concentration of CRE lending activity. Larger lenders with more resources may be able to more speedily and efficiently accomplish the extra work and compliance needed to meet AIDEA's underwriting requirements. AIDEA LPP loans may become a marketing advantage for such lenders. Borrowers with subsidized LPP loans could have an edge over their unsubsidized competition that would lead to additional LPP borrowing.

National Banks

It may be significant that the two largest LPP-eligible lenders — Wells Fargo and Key Bank — sold only one participation between them during the last seven years. Wells and Key are the only two LPP banks that operate outside Alaska. They are both national banks.³² The majority of their CRE lending undoubtedly takes place in other states.

31. FNBA and Northrim's 80 percent, and the remaining lenders' 20 percent, shares of Figure 9 participation dollars are calculated after removing the 100% AIDEA-owned participations.

32. Wells Fargo & Company, the bank's parent corporation, is a multi-national financial services company, operating in 35 countries. http://en.wikipedia.org/wiki/Wells_Fargo.

The risks and returns from commercial mortgages in Alaska, relative to other states, may have something to do with the absence of Wells Fargo and Key Bank from LPP participation during FY 2017–2023. But, given the size of the banks, it is still surprising that Wells sold AIDEA only one participation during the last seven years, and Key sold none.

CMBS

Besides their national scope, another facet of these two banks distinguishes them from all the other eligible LPP lenders. Only Wells Fargo and Key Bank issue Commercial Mortgage-Backed Securities (CMBS).

CMBS divisions of the banks package commercial mortgages as the collateral for securities that are then sold to investors, in public or private markets. Proceeds from the sale of the CMBS's can be plowed back into making new commercial mortgages.

Bank CMBS divisions may originate CRE loans themselves, fold in CRE mortgages originated by their own bank's commercial lending divisions, or buy mortgages originated by other lenders. Bank CMBS divisions may also assist other lenders who might want to issue a CMBS in their own name. AHFC has issued Collateralized Bonds secured by residential mortgages and federal guarantees.

AIDEA could issue CMBS, secured by commercial mortgages. But, AIDEA would have to make its participation loans at market rates, rather than subsidized rates. Otherwise, packaging AIDEA's below-market rate loans into securities sold at market rates would mean AIDEA would lose money by issuing CMBS. AIDEA would have to sell CMBS at a big discount so that CMBS buyers got a market rate of return out of the below-market rates on the commercial mortgages.

For Wells Fargo and Key Bank, packaging commercial mortgages (which are at market rates) into CMBS is likely a better money-maker, than selling pieces of them to AIDEA.

“CMBS lenders are wholesalers (or traders) by nature. They buy (originate) wholesale, and sell (securitize) retail. They are not in the business of buy and hold. The plan is to originate loans at interest rates higher than what they can later be sold at in the bond market. On a ten-year loan, every 14 basis points of interest rate above what the underlying bonds sell for, equates to 1% of lender profit. [. . .] In today's market, the average targeted loan profitability is typically 1-3 percentage points and the average hold period prior to securitization is 1-3 months. If you assume the midpoint of both profitability and hold period, the

average loan should generate an annualized return on investment of 12% ($0.02 \div 2 \times 12$).³³

A 12 percent annual return would be more than the interest rate banks would charge on most commercial mortgages, yet generally involve much less risk. CMBS returns may be even greater than 12 percent. 12 percent is based on selling CMBS for 2 percent more than the amount you loan on the commercial mortgages. Don't get confused here — the fact that CMBS investors pay more for the stream of mortgage payments than the CMBS issuer loans out, to get that payment stream, means that the CMBS investor gets a lower interest rate than the issuer.³⁴

ValueXpress, LLC, a Wall Street mortgage conduit, formed in 1995, provides fixed-rate commercial real estate mortgage loans and issues CMBS. On their July 17, 2017 Market News web page, they reported CMBS net profits on CMBS deals up to three times greater than the 2 percent that translates to a 12 percent annual return:

“Excluding any hedging impact and assuming transaction costs of 0.5%, estimated net profit margin for deals [. . .] ranged from 2.04% to 6.10% for the first half of 2017, well in excess of the target margin of 2.0% expected by issuers.”³⁵

So, maybe it's not surprising that Wells Fargo and Key Bank are participating so little in LPP. They appear to have a more lucrative secondary market for commercial mortgages, in CMBS investors, than in AIDEA. The banks make money, good money, on CMBS, but they make nothing selling participations to AIDEA. Rather, it costs them time and money to sell to AIDEA, as discussed further in this report's [The Real World](#), on page 70.

The out-of-pocket costs to sell a participation to AIDEA are:

- an \$1,100 non-refundable application fee, which is credited to AIDEA's commitment fee if AIDEA approves the loan participation; and,
- a non-refundable commitment fee of one percent of the principal amount of AIDEA's participation³⁶,

33. <http://ushoteladvisors.com/news-articles/three-secrets-your-cmbs-banker-does-not-want-you-know>.

34. Interest rates and the price of an interest-bearing investment have to move in opposite directions.

35. <http://www.valuexpress.com/7-3-17-gross-profit-margins-now-transparent-for-cmbs-issues/>.

36. 3 AAC 99.360(b).

though these costs would be borne by the borrower at some point.

The only way lenders would make any money from AIDEA participations would be servicing of loans in which AIDEA participates. AIDEA does not service loan participations. LPP loans are serviced by the bank or credit union lender.

Well-developed loan servicing, operating efficiently on higher volume transactions associated with larger loan portfolios, may be one reason larger Alaska-based lenders dominate LPP lending, as documented in this report's [LPP — The Last Seven Years](#), on page 86.

We Don't Do Construction Loans

At AIDEA's March 26, 2015 Board Meeting's discussion of Loan Resolution L15-03, AIDEA staff stated that the Resolution would authorize "long-term financing for a newly constructed retail building". AIDEA Board Member, Department of Commerce, Community, and Economic Development (DCCED) Deputy Commissioner, Fred Parady asked:

"Constructed is past tense. So this project is complete. Why would we pursue supporting it with financing when it's already been brought to market? What I'm questioning there is AIDEA's role and our purpose in supporting economic development. This has been accomplished."

Chris Anderson, AIDEA's Director – Commercial Finance, responded,

"The Loan Participation Program is a term loan program. We don't do the construction aspect. It's always after."³⁷

and the discussion moved on.

But the Board member's question wasn't answered. Instead, it just raised the question of why AIDEA's LPP even exists.

[Appendix B](#) indicates that only 5 of 43 Resolutions for large term loans on new facilities were approved by the AIDEA Board before construction began. This is based on Board Minutes, Board Meeting audio recordings, or municipal building permitting agencies' data.

Either developers are confident AIDEA would approve a loan participation, or they are not concerned if AIDEA were to reject one. At its September 24, 2015 Board Meeting, there was this discussion regarding Loan Resolution L15-06 for a retail center in Anchorage that was already under construction:

37. MP3, part 1, audio recording of AIDEA Board Meeting on March 26, 2015, at 29:28, at <https://www.aidea.org/Portals/0/2015/03262015AIDEA-P1.mp3>.

“Board Chair Dana Pruhs: So, they start the construction without the term loan being in place?

Chris Anderson, AIDEA Director-Commercial Finance: Sometimes. Not always. I don’t think they’ll have difficulty getting it financed.

Chair Pruhs: I assume that the sponsoring bank doesn’t have a problem with this if, for some ungodly reason, this doesn’t go through, there would be alternate methods and they’re comfortable with that?

Sue Wolfe, Northrim Bank: The bank approved an in-house term loan under a swap contract in the event AIDEA financing was not available.”³⁸

But, it’s not just that AIDEA avoids the construction risks of a new building. It even avoids the business risks of leasing a building out, where some or all of it is not owner-occupied.

At the AIDEA Board’s May 31, 2018 meeting, Chris Anderson, AIDEA’s Director – Commercial Finance, explained that the loan that would be authorized under Loan Resolution L18-02 was for a new medical office building whose second floor would be occupied by the borrower physician, but whose first floor would be leased out. She stated that “we would not be funding the loan until all of it is leased out”.³⁹

To claim that AIDEA’s loan creates jobs appears dubious, when all development activity must be completed before AIDEA honors its commitment. Would the doctor’s offices be shuttered and the building boarded up, if AIDEA did not approve the participation?

This is not to say that AIDEA’s requirement for lease-up is not prudent underwriting. But, the requirement means that in all likelihood the project has proceeded and will continue to completion, come hell or high water, or cold feet from AIDEA. If AIDEA walks, do you expect the jobs to walk with them?

Jobs Created — Tenant or Landlord?

56 percent of the 79 large loans approved by the AIDEA Board during 2008–2023 financed projects in which the borrower did not occupy the project (or employ the equipment financed, in the case of equipment loans). Yet, AIDEA reported the tenant’s permanent jobs as created or retained by AIDEA’s financing. Even though no AIDEA

38. MP3, part 1, audio recording of AIDEA Board Meeting on September 24, 2015, at 19:24, at <http://www.aidea.org/Portals/0/2015/092415AIDEA-P1.mp3>.

39. MP3, part 1, audio recording of AIDEA Board meeting on May 31, 2018, at 45:33, at <http://www.aidea.org/Portals/0/2018/053118AIDEA-pt1.mp3>.

financial assistance was received by the tenants. Tenant jobs accounted for 49 percent of the new permanent jobs AIDEA claimed it created with LPP large loans during 2008–2023.⁴⁰

AIDEA's claims assume that its financing subsidies flow through to the tenant in the form of below market rents. The AIDEA catechism was preached by Chris Anderson, AIDEA's Director of Commercial Finance, at the AIDEA Board's March 3, 2016 review of Loan Resolution L16-01 for a 90 percent, \$2,062,000 participation in a loan to refinance a multi-tenant retail building in Anchorage.

“The economic benefit of this refinance is to lower the interest rate, lower the monthly payment, elongate the maturity, and eliminate the balloon payment. This benefits the cash flow, which ultimately benefits the small businesses. This is a multi-tenanted property.”⁴¹

Yet, a few sentences later, Ms. Anderson states that,

“In regards to the market, retail rates and rents are expected to be stable.”⁴²

So, in underwriting the loan, even AIDEA discounts the gospel that its subsidies will produce lower tenant lease rates.

It is most likely that tenant leases were and will be negotiated at market rates. At times, teaser rates may be offered to lease up new construction. Such introductory rates may be of limited duration. Most of the time, market forces will push rents toward market rates.

AIDEA's job claims are precisely backwards from input-output economic analyses. Any tenant jobs are direct jobs created by tenant spending and financing. The few, if any, new permanent jobs with the landlord (AIDEA borrower), e.g., building maintenance, would be indirect jobs created by tenants spending on rent.

Tenant jobs are not indirect jobs generated by landlord actions. No payments flow from landlord to tenant. Often, the only jobs created by the landlord are the temporary construction jobs, if there is new construction. In general, no jobs are created when AIDEA's financing is used by the landlord for CRE acquisition or refinancing.

Still, AIDEA subscribes to the “build it, they will come” theory of economic activity.

40. Tabulated from the data in [Appendix B](#).

41. MP3 audio recording of AIDEA Board Meeting on March 3, 2016, at 10:59, at <http://www.aidea.org/Portals/0/2016/030316AIDEA.mp3>.

42. *Ibid.*, at 11:36.

- AIDEA's Loan Summary memorandum attached to Loan Resolution L22-02 lists “indirectly 24 new jobs” being supported by refinance and equity extraction of a non-owner-occupied retail building that is being 100% leased.⁴³
- AIDEA's Loan Summary memorandum attached to Loan Resolution L22-04 also lists “indirectly 24 new jobs” being supported by a term loan for a non-owner-occupied retail building that is 100% leased.⁴⁴

With Loan Resolution L11-02, AIDEA even claimed creation of 62 new permanent jobs for a build-to-suit grocery, in addition to the project's 22 construction jobs. Build-to-suit projects are more of a “they came, so we built it” situation.

The reality is that new job creation by tenants is the product of tenant business and market decisions and finding the working capital to fund expanded operations, including paying rent at new locations. LPP does not provide working capital loans.

New tenant jobs will come from tenants' signing of commercial property leases. The tenants' commitments to signed leases are what allows the landlord's financing and construction of the commercial facilities to move forward. The tenants' jobs depend on the business and financial risks the tenant faces, not the landlord.

The creation and possible disappearance of the tenants' jobs, or the tenant, will not necessarily have any impact on the landlord. It could be but a marginal change in the demand for commercial space in the local real estate market.

43. August 3, 2022 Loan Summary memorandum, attached to Loan Resolution L22-02, at <http://www.aidea.org/About/Board-Members/Board-Meeting-Archives>.

44. October 26, 2022 Loan Summary memorandum, attached to Loan Resolution L22-04, at <http://www.aidea.org/About/Board-Members/Board-Meeting-Archives>.

A Real Economic Development Loan Program — SBA 504 Loans

It is eye-opening that the U.S. Small Business Administration (SBA) does not provide commercial real estate loans for non-owner-occupied facilities. It does not subsidize investors. It subsidizes businesses that create the economic activity occurring at commercial real property locations.

Like AIDEA's LPP, SBA has a loan program — the SBA 504 Loan Program — specifically for the acquisition, construction, or refinancing of commercial real property, as well as the acquisition of personal property (equipment), that a business may need. Like the LPP, most of the 504 loans are mortgage loans for commercial real estate.

Besides limiting financing to owner-occupied structures, the SBA 504 program avoids squandering public resources in a second important way — SBA 504 loans are limited to borrowers who are unable to get conventional financing. It does not subsidize borrowers who don't need it. In the case of SBA lending in Alaska, this means that:

- Alaska still gets the jobs created by borrowers' projects that a bank or other lender will underwrite on their own;
- SBA funds are freed-up for more loans and more jobs, created by borrowers who need a subsidy; and,
- income transfers to borrowers and investors who don't need it are avoided, i.e., public funds are not doled out for no purpose. Private enrichment is not a purpose of the SBA 504 program.

SBA is a lender of last resort. AIDEA is a lender of first resort.

AIDEA's stance as a lender of first resort was in contrast with yet another economic development agency, when the AIDEA Board considered Loan Resolution L10-01. The originating bank and the borrower had applied to the Office of Indian Energy and Economic Development (OIEED), formerly known as the Bureau of Indian Affairs (BIA), for a guarantee for the bank and an interest rate subsidy for the borrower on the loan. "OIEED approved the guarantee but declined to subsidize the interest rate."⁴⁵

Chris Anderson, AIDEA Deputy Director-Credit, explained OIEED's actions,

"Now, I think they are becoming a little more aware of those projects that are actually in need, and I would not put this project as one that is in need. And so, they did decline to do the subsidy."⁴⁶

The Board didn't miss a beat. They approved AIDEA's participation, with all Board members present voting yea. No one asked if the project needed AIDEA's subsidy, or even inquired about reducing AIDEA's participation percentage.

Both SBA and AIDEA offer commercial mortgage loans with terms as long as 25 years. They also both provide below-market interest rates, both variable or fixed, on their portions of a loan.

Unlike AIDEA, SBA's participation is secondary to a bank's portion. It is also guaranteed by SBA. This greatly reduces the risk of recovery on the bank's portion, and results in bank interest rates on their SBA portion more favorable than conventional commercial mortgage loans, often at rates below prime. With AIDEA's LPP loans, by contrast, interest rates on the bank's portion of a loan are generally at market rates, which may be a few percent above prime.

AIDEA can subsidize a greater proportion of bigger projects than SBA. AIDEA's LPP limits AIDEA's participations to \$25 million, except for qualified energy development projects, which can exceed \$25 million with legislative approval. SBA's participations under the 504 loan program are limited to \$5 million, except for certain energy-efficient or manufacturing facilities which can have one or more loans up to \$5.5 million.

SBA's participation is set at 40 percent of project costs. This means projects up to \$12,500,000 ($5,000,000 \div 0.40$) can be financed with the maximum SBA subsidy on 40 percent of project costs.

LPP participations can be up to 90 percent of a total LPP loan. LPP loans can be up to 75 percent of the project value. This means an LPP loan could provide the maximum AIDEA subsidy (90 percent) for projects costing up to \$37,000,000 ($25,000,000 \div 0.90 \div 0.75$).

One would think that larger projects would find more competitors and pathways for financing than smaller ones, all things being equal risk-wise. If being a lender of last resort does not choke off smaller SBA financings, it should work for larger AIDEA ones.

45. AIDEA Board Meeting Minutes, February 17, 2010, page 2, at http://www.aidea.org/Portals/0/2010/2010_2-17_AIDEA.pdf.

46. MP3 audio recording of AIDEA Board meeting on February 17, 2010, at 7:01, at http://www.aidea.org/Portals/0/2010/2010_2-17_AIDEA.mp3.

Jobs Created — for Alaskans?

When looking to see where the benefits of AIDEA's LPP have gone, let's not overlook the fact that many of the jobs AIDEA claims to have created go to nonresidents. The high proportion of Alaska jobs and wages going to outsiders is a problem throughout the Alaska economy. But, when State money is being used to "create" jobs, we should not count jobs going to nonresidents as a benefit of the money being spent.

If anything, because of the "Alaska disconnect", some negative amount of benefits should be tallied for jobs going outside. The State bears increased costs for nonresidents being and working in Alaska without providing any general revenues to the State to offset those costs, as long as Alaska has no state income tax or sales tax.

In Table 6, we estimate that 22.6 percent of any jobs, created by AIDEA's LPP loans outstanding as of November 30, 2022, would be held by nonresidents.

The nonresident job proportions shown in the table are from the Alaska Department of Labor and Workforce Development's annual report on the residency status of Alaska's workforce.

Highlighted in Table 6 are the industries that might be considered industrial. It is worth noting that, with the exception of the utilities industry, the other possible industrial classifications all have very high rates of nonresident employment — 68.2 percent in the case of industrial, which is primarily seafood processing, 37.4 percent in the case of mining, and 28.8 percent in the case of oil & gas.

A related issue — the residency of LPP borrowers — has arisen at AIDEA Board meetings. 7 of the 79 large loan participations approved during 2008–2023 were for non-resident borrowers. One was for property acquisition, two were for non-owner-occupied leased retail space, and one was to refinance a Kansas bank's bridge loan for a hotel property that was already operating. It is questionable whether these latter financings created any jobs for Alaskans. If they only boosted the owners' cash flows, where were the benefits for Alaska?

Table 6. Nonresident Share of AIDEA LPP Job Claims

AIDEA Loan Repayment Industry ¹	AIDEA Participation Balance (11/30/22) ¹	Balance Proportion	AKDOL Industry ²	Nonresident Share of Jobs ²
Advertising	1,821,566	0.5%	Other information services	13.7%
Automotive	8,177,499	2.1%	Motor vehicle and parts dealers	10.1%
Aviation	4,373,546	1.1%	Air transportation	25.1%
Commercial Fishing	8,135,034	2.1%	Fishing, hunting, trapping	66.6%
Construction & Development	6,708,884	1.7%	Construction of buildings	18.7%
Education	971,685	0.3%	Educational services	21.1%
Fuel Distribution & Storage	1,556,143	0.4%	Support activities for transportation	15.1%
Government	28,076,286	7.2%	State and local government	8.1%
Grocery	15,799,699	4.1%	Food and beverage stores	14.4%
Healthcare	44,173,843	11.3%	Health care	13.0%
Hotel	49,632,417	12.7%	Accommodation	43.9%
Industrial	4,050,266	1.0%	Manufacturing	68.2%
Legal	8,824,830	2.3%	Professional, scientific, and technical services	22.0%
Mining	2,766,114	0.7%	Mining	37.4%
Oil & Gas	16,494,314	4.2%	Oil and gas extraction	28.8%
Real Estate-Car Wash	2,220,615	0.6%	Other services, repair and maintenance	15.6%
Real Estate-Day Care	1,134,903	0.3%	Social assistance	10.2%
Real Estate-Home Repair	2,030,934	0.5%	Other services, repair and maintenance	15.6%
Real Estate-Insurance	1,042,876	0.3%	Insurance carriers and related activities	9.6%
Real Estate-Other	6,890,093	1.8%	Real estate	10.1%
Real Estate-RE Services	10,149,022	2.6%	Rental and leasing services	16.6%
Real Estate-Variou s	31,242,288	8.0%	Real estate	10.1%
Recreation	25,949,744	6.7%	Amusement, gambling, and recreation industries	32.9%
Restaurant	16,639,519	4.3%	Food services and drinking places	20.5%
Retail	23,847,753	6.1%	Retail (excluding automotive & grocery)	14.3%
Storage	9,726,049	2.5%	Warehousing and storage	15.0%
Tourism	40,423,389	10.4%	Visitor-related industries	28.0%
Unknown	1,802,935	0.5%	Unknown	31.9%
Utilities	15,245,382	3.9%	Utilities	6.8%
Total	389,907,628	100.0%	Weighted average nonresident share	22.6%

Notes:

1. "Repayment Industry Risk of Participation Loans by Region, Outstanding Balances as of 11/30/2022", page 7 of "AIDEA Loan Dashboard Report for Board Meeting on 1/18/2023", at http://www.aidea.org/Portals/0/Meeting%20Docs/2023BoardMeetings/011823/8._B_Loan_Dashboard_Report_011823.pdf.

2. *Nonresidents Working in Alaska 2021*, Research and Analysis Section, Alaska Department of Labor and Workforce Development, February 2023, at <http://live.laborstats.alaska.gov/reshire/nonres.pdf>.

AIDEA's Participation Percentage

As mentioned, AIDEA's goal is to create jobs and economic development. If a borrower can get a loan for their business without AIDEA, yet AIDEA does participate in the loan, AIDEA is not creating any jobs or economic activity. It is merely transferring income to the borrower, via AIDEA's below-market rates or terms.

Even when LPP is not necessary for a business to get a loan, proponents of the program will say that by making the borrower's net cash flow greater and more certain, AIDEA's subsidies make the borrower's business more likely to stay in business.

Yet, there is no direct, demonstrable connection between making an enterprise more profitable and seeing an increase in, or retention of, that enterprise's employment or sales. It certainly can't hurt, but it is at best an indirect, second-order, trickle-down effect. Handing out cash on the street might have just as pronounced, if not greater effect, on jobs and sales.

A general idea of how much AIDEA is transferring income to borrowers, rather than triggering economic activity, can be seen in AIDEA's participation percentages.

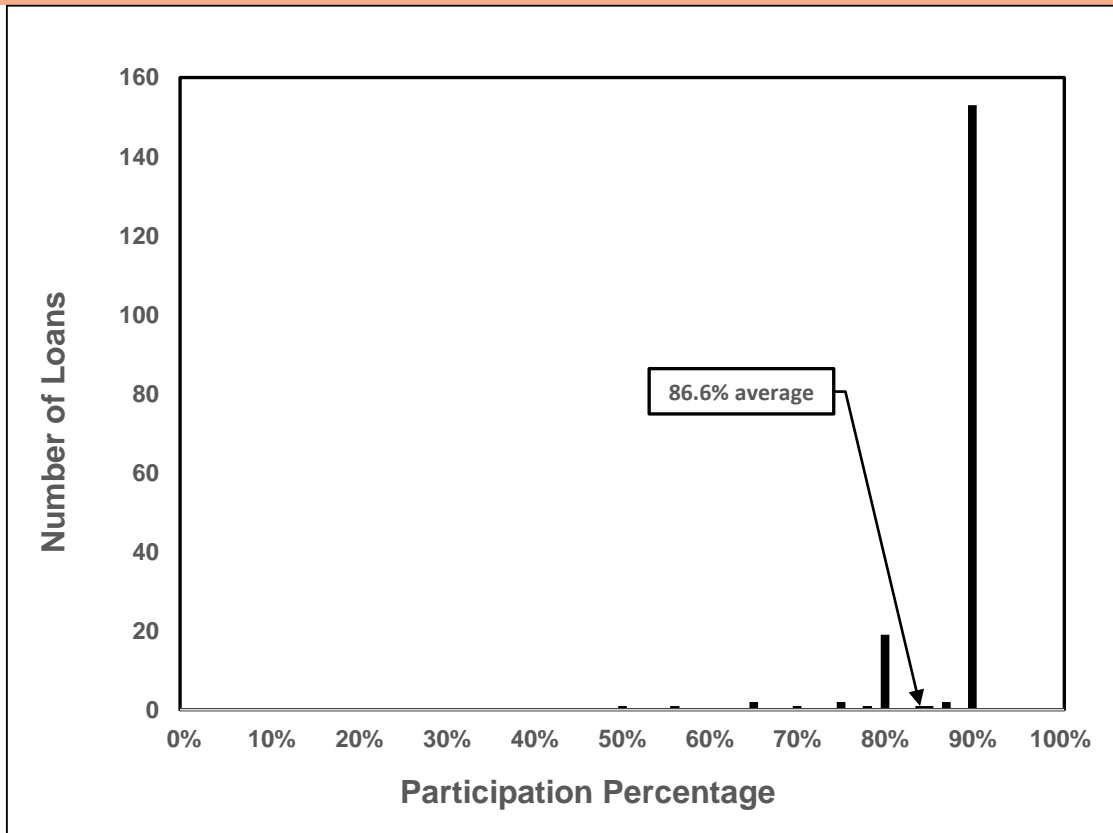
AIDEA can buy up to 90 percent of a commercial loan from a lender. The portion AIDEA buys will be at AIDEA's interest rate and term, while the rest of the loan will be at the lender's rate and term. The greater the portion AIDEA buys, the lower will be the overall debt service.

If AIDEA only purchased enough of a loan to make it creditworthy, the need for help from AIDEA could vary randomly from zero percent to 90 percent. Without any knowledge about the cash flows from borrowers' businesses, the underwriting policies of AIDEA or lenders, the current Alaska economy, the level of interest rates, and other factors, one might suppose that AIDEA would be buying 45 percent of a loan, on average.

Instead, the actual distribution, by AIDEA participation percentage, of all AIDEA loan participations during FY 2017–2023 looks like Chart 1. There were 184 participations during this period, including both large loans that went to the Board for approval, and the smaller loans that AIDEA's Investment Committee OK'd.

The dollar-weighted actual average participation for AIDEA's FY 2017–2023 loans was 86.6 percent.

**Chart 1. Number of AIDEA Loans,
by Participation %,
FY 2017–2023**



The difference between AIDEA’s actual average 86.6 percent participation and the average possible participation of 45 percent raises the question: Is AIDEA overpaying for the jobs it claims to be producing by buying loan participations? If so, how much?

The answer to this is tied to one of the primary underwriting criteria used by the lending industry, as well as AIDEA, to decide on whether a borrower gets a loan — the debt service coverage ratio (DSCR).

Debt Service Coverage

What does a business or project need to get a lender's approval on a loan? "Cash flow is king", a banker told me. There are other underwriting criteria that come into the picture, but a business' or project's net operating income (after expenses, but before debt service) is critical.

For a bank to make a commercial loan, the business or project has to be able to provide a net operating income (NOI) equal to some multiple of the debt service on the loan. In other words, the business has to have enough earnings to make the payments on the loan, plus have a cushion over and above the loan payments, to cover unforeseen expenses.

How much of a cushion is needed? AIDEA requires net cash flow to be 1.25 times the size of the debt service payments on loans.⁴⁷ At least one Alaska lender that sells loan participations to AIDEA also requires a minimum cash flow multiple of 1.25.⁴⁸ A cash flow multiple is usually referred to as a debt service coverage ratio (DSCR, or DCR). "For the most part, lenders look for a DCR well above 1, typically 1.2 or more."⁴⁹

When a business hasn't enough cash flow to provide the debt service coverage required by the bank's terms, AIDEA can come to the rescue. By lowering the interest rate and stretching out payments over a longer period of years on AIDEA's portion of a loan, AIDEA's participation reduces the annual debt service payments. With a large enough AIDEA participation, a business may be able to provide the coverages deemed prudent by the bank and AIDEA.

Besides cash flow and DSCR, other factors that enter into the underwriting process of determining the terms and conditions of a commercial loan include:

- amount of loan and its relation to:
 - the value of the collateral property — loan to value (LTV);
 - the cost of the property — loan to cost (LTC);
 - net operating income (NOI) — debt yield (NOI ÷ loan amount);

47. AIDEA Board Meeting, Draft Minutes, May 22, 2019, page 4 at <http://www.aidea.org/About/Board-Members/Board-Meeting-Archives#2019>.

48. Telephone conversation with the author.

49. Bardzik, S. J., *Capital Markets Bureau Primer, Commercial Mortgage Loans*, National Association of Insurance Commissioners (NAIC) and Center for Insurance Policy & Research, at <http://content.naic.org/sites/default/files/capital-markets-primer-commercial-mortgage-loans.pdf>.

- loan structure:
 - fixed vs. variable rate;
 - payment provisions:
 - term (maturity) of loan;
 - amortization period or schedule;
 - balloon payment or call provisions;
 - prepayment limits or penalties
- creditworthiness of the business or project, based on location, market, business model, competition, and economy;
- creditworthiness of the borrower, based on experience, track record, and financial strength; and,
- financial strength of any guarantors.

Many of these same factors enter into underwriting for construction loans. In fact, construction loans commonly use a 1.25 DSCR and a 75% LTV, just like take-out permanent loans.⁵⁰

Commercial lending rates typically start at the prime rate and can be up to six percentage points higher, or more, depending on the above factors.

For the week of August 28, 2023, AIDEA's interest rate on a fixed rate 25-year loan was 5.90 percent.⁵¹ The latest prime rate was 8.50 percent.⁵²

The following example shows how AIDEA's participation can, or should, play out. Using the current interest rates just cited, assume a business or project provides just enough cash flow to pay the debt service on a loan. There is no cash flow cushion.

In this example, we actually include loans of various sizes to illustrate the scope of income that AIDEA would transfer to borrowers. In Table 7, you can see that for loan amounts from \$1 million up to \$25 million, if cash flow just equals debt service, the DSCR is 1.00:1. In this table, titled "Lender Financing", AIDEA does not participate and there is no subsidy.

50. "How Are Commercial Construction Loans Underwritten?", at <http://www.c-loans.com/underwriting-commercial-construction-loans>.

51. AIDEA Loan Participation Program interest rates at <http://www.aidea.org/Programs/Loan-Participation/Interest-Rates>, on August 29, 2023.

52. Wall Street Journal, Money Rates at <http://www.wsj.com/market-data/bonds/moneyrates> on August 29, 2023.

Table 7. Lender Financing, DSCR & Subsidy, by Loan Size

Lender	<u>Participation</u>	<u>Interest Rate</u>	<u>Term (years)</u>
Lender	100%	8.5%	12.5
AIDEA	0%	5.9%	25.0

<u>Loan Amount</u>	<u>Business Cash Flow</u>	<u>Debt Service</u>		<u>Present Value (PV)</u>	<u>Subsidy</u>	
		<u>Annual Payments</u>	<u>DSCR</u>		<u>Dollars (Loan - PV)</u>	<u>Percent of Loan</u>
1,000,000	130,146	130,146	1.00	1,000,000	0	0%
5,000,000	650,730	650,730	1.00	5,000,000	0	0%
10,000,000	1,301,460	1,301,460	1.00	10,000,000	0	0%
25,000,000	3,253,651	3,253,651	1.00	25,000,000	0	0%

Table 8 shows how things look if AIDEA provides the typical 90 percent of project financing. With the bulk of the loan funds coming from AIDEA, at an interest rate 2.6 percent lower than the bank's, and a 25-year term twice as long as the bank's 12.5-year term, the debt service drops by 37 percent. The same cash flow, as in Table 7, now represents a coverage ratio, or DSCR, of 1.59, in comparison to the much-reduced debt service.

Table 8. 90% AIDEA Participation, DSCR & Subsidy, by Loan Size

Lender	<u>Participation</u>	<u>Interest Rate</u>	<u>Term (years)</u>
Lender	10%	8.5%	12.5
AIDEA	90%	5.9%	25.0

<u>Loan Amount</u>	<u>Business Cash Flow</u>	<u>Debt Service</u>		<u>Present Value (PV)</u>	<u>Subsidy</u>	
		<u>Annual Payments</u>	<u>DSCR</u>		<u>Dollars (Loan - PV)</u>	<u>Percent of Loan</u>
1,000,000	130,146	81,940	1.59	813,317	186,683	19%
5,000,000	650,730	409,702	1.59	4,066,585	933,415	19%
10,000,000	1,301,460	819,405	1.59	8,133,171	1,866,829	19%
25,000,000	3,253,651	2,048,512	1.59	20,332,927	4,667,073	19%

What is the value to the borrower of the below-market rates AIDEA provides in Table 8? It's like not having to pay back 19 percent of the loan. The present value (PV) of the debt service the borrower would pay is only 81 percent of the amount of the loan.⁵³ This 19 percent of the loan not paid back, and its dollar value for different size loans, is shown in Table 8 under "Subsidy".

It is worth reflecting that, with current interest rates, a typical AIDEA participation of 90 percent could be paying almost 20 percent of a business' or project's investment costs, willy-nilly. This is no small subsidy.

If we stick with our example where a business' or project's cash flow is just enough to cover debt service on a bank loan, i.e., a DSCR of 1.00, how much of a participation would AIDEA have to buy to get DSCR to 1.25?

Table 9 shows that it would require AIDEA to take on about half what it usually does — a 49 percent participation. Doing so would get DSCR to 1.25, and it would cut the AIDEA subsidy almost in half — to 10 percent of the loan amount.

Table 9. AIDEA Participation % for 1.25 DSCR & Subsidy, by Loan Size

Lender	<u>Participation</u>	<u>Interest Rate</u>	<u>Term (years)</u>		
		51%	8.5%	12.5	
AIDEA	49%	5.9%	25.0		

<u>Loan Amount</u>	<u>Business Cash Flow</u>	<u>Debt Service</u>			<u>Subsidy</u>	
		<u>Annual Payments</u>	<u>DSCR</u>	<u>Present Value (PV)</u>	<u>Dollars (Loan - PV)</u>	<u>Percent of Loan</u>
1,000,000	130,146	104,035	1.25	898,883	101,117	10%
5,000,000	650,730	520,177	1.25	4,494,414	505,586	10%
10,000,000	1,301,460	1,040,354	1.25	8,988,829	1,011,171	10%
25,000,000	3,253,651	2,600,885	1.25	22,472,071	2,527,929	10%

Of course, our examples in Table 7 through Table 9 may well be unrealistic: a business or project with no cash flow cushion over and above market-rate debt service might not

53. The present value of AIDEA's portion is figured at the market discount rate (the bank's prime rate) over the 25-year term of the AIDEA portion of the loan. Generally, this would overestimate the PV of the debt service, and underestimate the subsidy, because the interest rate on a 25-year loan would normally be greater than the 8.5 percent we are assuming on a 12.5-year loan.

even get in the door at a lending institution. So, before relieving our poor reader from this torture, let's tweak our example to consider varying levels of cash flow — from 1.00 to 1.25 times debt service — and keep the loan size constant, at \$1 million.

Table 10 shows cash flow amounts selected to provide DSCRs from 1.00 to 1.25, in 0.05 increments, for a \$1 million loan, without any AIDEA financing. With no AIDEA financing, there is no subsidy.

Table 10. Lender Financing, DSCR & Subsidy, by Cash Flow

Lender	<u>Participation</u>	<u>Interest Rate</u>	<u>Term (years)</u>	<u>Debt Service</u>		<u>Subsidy</u>		
				<u>Annual Payments</u>	<u>DSCR</u>	<u>Present Value (PV)</u>	<u>Dollars (Loan - PV)</u>	<u>Percent of Loan</u>
	100%	8.5%	12.5					
AIDEA	0%	5.9%	25.0					
<u>Loan Amount</u>	<u>Business Cash Flow</u>							
1,000,000	130,146	130,146	1.00	1,000,000	0	0%		
1,000,000	136,653	130,146	1.05	1,000,000	0	0%		
1,000,000	143,161	130,146	1.10	1,000,000	0	0%		
1,000,000	149,668	130,146	1.15	1,000,000	0	0%		
1,000,000	156,175	130,146	1.20	1,000,000	0	0%		
1,000,000	162,683	130,146	1.25	1,000,000	0	0%		

Table 11 shows the DSCR levels attained with typical AIDEA financing. DSCRs of 1.00 to 1.25 at market rates become DSCRs of 1.59 to 1.99 at a typical 90 percent AIDEA participation, at its below-market rate. As before, the current AIDEA 5.90 percent interest rate on 90 percent of the loan provides a subsidy equal to 19 percent of the loan amount. In this case, a \$1 million dollar loan would get a \$186,683 subsidy, regardless of the business' cash flow and its DSCR.

Table 11. 90% AIDEA Participation, DSCR & Subsidy, by Cash Flow

	<u>Participation</u>	<u>Interest Rate</u>	<u>Term (years)</u>		
Lender	10%	8.5%	12.5		
AIDEA	90%	5.9%	25.0		

<u>Loan Amount</u>	<u>Business Cash Flow</u>	<u>Debt Service</u>			<u>Subsidy</u>	
		<u>Annual Payments</u>	<u>DSCR</u>	<u>Present Value (PV)</u>	<u>Dollars (Loan - PV)</u>	<u>Percent of Loan</u>
1,000,000	130,146	81,940	1.59	813,317	186,683	19%
1,000,000	136,653	81,940	1.67	813,317	186,683	19%
1,000,000	143,161	81,940	1.75	813,317	186,683	19%
1,000,000	149,668	81,940	1.83	813,317	186,683	19%
1,000,000	156,175	81,940	1.91	813,317	186,683	19%
1,000,000	162,683	81,940	1.99	813,317	186,683	19%

Table 12 shows how big an AIDEA participation would have to be to provide a 1.25 DSCR. As the cash flow of the business walking in the lender’s door increases from 1.00 times, on up to 1.25 times, the lender’s market-rate debt service, we can see that AIDEA’s participation would drop from a 49 percent participation, previously shown as required to get to 1.25 DSCR when cash flow started at 1.00 DSCR, and drop down to nothing when the business’ cash flow is already at 1.25 DSCR.

Table 12. AIDEA Participation % for 1.25 DSCR & Subsidy, by Cash Flow

		<u>Interest Rate</u>	<u>Term (years)</u>		
Lender		8.5%	12.5		
AIDEA		5.9%	25.0		

<u>Loan Amount</u>	<u>Business Cash Flow</u>	<u>AIDEA Participation</u>	<u>Debt Service</u>			<u>Subsidy</u>	
			<u>Annual Payments</u>	<u>DSCR</u>	<u>Present Value (PV)</u>	<u>Dollars (Loan - PV)</u>	<u>Percent of Loan</u>
1,000,000	130,146	49%	104,163	1.25	899,378	100,622	10%
1,000,000	136,653	39%	109,320	1.25	919,348	80,652	8%
1,000,000	143,161	29%	114,612	1.25	939,843	60,157	6%
1,000,000	149,668	19%	119,748	1.25	959,734	40,266	4%
1,000,000	156,175	10%	124,947	1.25	979,868	20,132	2%
1,000,000	162,683	0%	130,146	1.25	1,000,000	0	0%

As AIDEA's participation required to get to 1.25 DSCR shrinks from 49 percent down to nothing, the subsidy AIDEA is handing over to the borrower shrinks from \$101,638 down to zero.

But, to get back to the question of whether AIDEA is buying bigger pieces of loans than it needs to, for the loan to go through, what do we know about actual coverage ratios on the participations AIDEA has bought?

How Much Does AIDEA Overpay for Jobs?

The actual DSCRs and other data for AIDEA's large loan participations during 2008–2023 is contained in [Appendix B](#). DSCRs range from 1.25 to 6.52 for the 64 out of 79 loan participations (81 percent) for which we were able to obtain coverage ratios.

One of the other pieces of data for the large loans is the loan to value (LTV) ratio. This is the ratio of the total dollar amount of a loan divided by the appraised value of its collateral.

The LTV ratio has an inverse effect on the DSCR ratio. The larger a loan, the larger the debt service payments on the loan will be. For whatever cash flow is expected from a borrower's project, the coverage ratio (DSCR) will shrink as the debt service gets larger. Larger loan, larger LTV, larger debt service, smaller DSCR.

We did a statistical regression analysis of AIDEA's 2008–2023 large loan participations. The analysis asked: If we know AIDEA's participation percentages and the LTV ratios for a sample of these large loans, can we reliably estimate what the average DSCR will be for them?

The regression analysis produced the following formula⁵⁴ for estimating the average DSCR of a group of these large loans:

$$\text{DSCR} = 0.484^{\text{LTV}} \times 3.052^{\text{Participation}}$$

where,

LTV = the loan to value ratio, e.g., a 75 percent LTV = 0.75;

Participation = AIDEA's participation percentage, e.g., a 90 percent participation = 0.90; and,

54. The formula for DSCR has an r-squared, or r², value of 90.3 percent. The r² of 0.903 indicates that slightly over 90% of the variance in DSCR is explained by the variances in LTV and AIDEA's participation percentage.

^ is the exponent sign, e.g., 5^2 is five squared, or 25.

If we apply the regression formula to the sample of 53 large loans for which we have all three pieces of data — DSCR, LTV, and AIDEA Participation % — we have,

$$\text{DSCR} = 0.484^{0.69} \times 3.052^{0.87}$$

where,

0.69 = the average loan to value ratio for the 53 loans; and,
0.87 = AIDEA's average participation percentage for the 53 loans.

With these LTV and participation percent values, the formula estimates that the average DSCR for the 53 large loan sample would be 1.59. This is close to the actual average DSCR of 1.63 for the group of 53 large loans.

More to the point of this exercise, What does the formula say AIDEA's participation percentage needs to be to have a DSCR of 1.25, the minimum underwriting threshold?

Plugging 1.25 into the formula for the value of DSCR, along with the 53 large loans' average LTV of 69 percent, we find that an AIDEA participation of 65 percent would have been sufficient to produce the DSCR of 1.25. Instead, the actual average AIDEA participation for these 53 large loans was 87 percent.

In other words, AIDEA put 33 percent more dollars (87% ÷ 65%) into buying these 53 loan participations than it needed to, for the loans to make the cut.⁵⁵ It also means AIDEA got nothing for 25 percent of the dollars it put into these participations (87% participation – 65% participation = 22% wasted participation, and then, 22% wasted ÷ 87% spent = 25%).

If we apply this estimated 25 percent waste of loan dollars to AIDEA's total \$417,446,271 in **large** loan participations during **2008–2023**, we have \$104,361,568 of participations that could not hope to add any public benefit, even before considering whether jobs were tenant-created or tied to construction that was already underway.

Likewise, 25 percent of **all** AIDEA's \$367,278,625 loan purchases during **FY 2017–2023**, or \$91,819,656, is the amount AIDEA overpaid to get whatever jobs the LPP, in its entirety, produced during those years.

55. In [Table 4](#), we calculate AIDEA's excessive participation to be 24 percent of the dollars AIDEA put into the subset of eight large loans that claimed to "create" new borrower jobs. These large loans had an actual average AIDEA participation of 89 percent, but only needed AIDEA participation of 68 percent, to get to 1.25 DSCR. (89% - 68%) ÷ 89% = 24%.

Keep in mind that the jobs AIDEA claims the LPP is adding to the Alaska economy are grossly overstated, like 16 times overstated.

What is the flip side of this coin . . . or these dollars, which AIDEA overpaid for loan participations? There may have been no public benefits, but it's not like there were no benefits. Where did they go?

Into borrowers' pockets. Loans at below-market rates produce higher net income for borrowers. Below-market rates reduce a major expense, in fact, the major expense, for commercial real estate investments — debt service on the loan used to acquire, build, or refinance CRE. Only AIDEA's few loans made to regulated utilities could count on any of the general public (utility customers) receiving the benefits of AIDEA's largesse.

The end result of the LPP, at least in the case of the 2008–2023 large loan participations, is the handing over to borrowers of \$363,788,004, or 87 percent, of the \$417,446,271 AIDEA sank into large loans, with nothing to show for it. The remaining \$53,658,267, or 13 percent, of the \$417,446,271 produced 218 jobs for Alaska residents, or 6 percent, of the 3,627 jobs that AIDEA would like to claim resulted from the LPP.

The amount of loan money AIDEA tied up per new FTE Alaska resident job is \$1,914,891 ($\$417,446,271 \div 218$).

Given that LPP created few jobs that Alaska would not otherwise have gotten, what can we say is the major effect of the LPP? Clearly, the major effect of LPP is income transfer to borrowers. Job creation is a distant second.

An LPP Means Test

If LPP is an income transfer program, shouldn't there at least be a means test? Government income transfer programs generally incorporate means tests. The exception to this in Alaska is, of course, the Permanent Fund Dividend program. But, other income transfers to a limited part of the population almost all employ means tests.

If a means test is good enough for those with limited resources or income, surely it's good enough for those with sufficient resources and income to own commercial property. If a means test is good enough for handing out daily bread, wouldn't it make sense for handing out millions of dollars?

A means test for the LPP could be to limit AIDEA's:

- participation percentage, to less than 90 percent;
- interest rate subsidy; or,
- amortization period, to less than 25 years,

such that the DSCR (debt service coverage ratio) is no more than 1.25. In practice, one might want a DSCR limit somewhat higher than 1.25 to balance risks or problems with other underwriting criteria.

This begs the question of whether LPP would need to purchase any loan participations at all. “In general, commercial lenders look for DSCRs of at least 1.25 to ensure adequate cash flow.”⁵⁶ So, before a loan participation request even comes to AIDEA, the project has already penciled out at 1.25 or better DSCR.

Do lenders bring commercial loans that don’t make the lender’s underwriting cut to AIDEA, hoping to get them to pencil out with AIDEA’s easy terms? Apparently not. Why would they? If AIDEA were to reject the loan, the lender has spent all that time and underwriting expense with nothing to show for it. More importantly, failing the lender’s underwriting exam is telegraphing, both the lender and AIDEA, that the deal involves more risk than either of them want to take on.

This is corroborated every time Board members have asked lenders whether a project would get a loan if AIDEA declines to participate. The answer was always yes for the large loan participations the Board considered during 2008–2023.

At its September 24, 2015 Board meeting, in considering Loan Resolution L15-06, authorizing a 90/10 loan participation with Northrim Bank on a \$6,997,500 term loan for a retail center in Anchorage,

“[AIDEA Board] Chair [Dana] Pruhs commented he assumes the sponsoring bank is comfortable without the term loan being in place. Sue Wolfe stated the bank approved an in-house term loan under a swap contract in the event AIDEA financing was not available.”⁵⁷

At its May 22, 2019 Board meeting, in considering Loan Resolution L19-04, authorizing a 90/10 loan participation with Alaska USA Federal Credit Union on a \$1,746,000 refinance of an office building in Anchorage, AIDEA Board Member

56. Folger, J., “Commercial Real Estate Loan”, at <http://www.investopedia.com/articles/personal-finance/100314/commercial-real-estate-loans.asp>.

57. AIDEA Board Meeting Draft Minutes, September 24, 2015, page 3, at <http://www.aidea.org/Portals/0/2015/092415AIDEAMinutes.pdf>.

“Deputy Commissioner [Greg] Samorajski asked if Alaska USA would be able to finance this loan at **100% (emphasis added)** at a five-year variable rate. Mr. [David] Bennett [Alaska USA FCU] agreed.”⁵⁸

At the same meeting, regarding Loan Resolution L19-05, authorizing a 90/10 loan participation with Alaska USA Federal Credit Union on a \$2,115,000 refinance of an office building in Anchorage,

“Deputy Commissioner Samorajski asked Mr. Bennett if AIDEA were to charge for their 25-year fixed rate the same rate Alaska USA is charging for their five-year variable rate, would Alaska USA be able to underwrite their portion of the loan. Mr. Bennett agreed.”⁵⁹

And again at the same meeting, regarding Loan Resolution L19-06, authorizing a 90/10 loan participation with Northrim Bank on \$3,847,000 for a newly constructed fitness center in Wasilla, Deputy Commissioner Samorajski asked Sue Wolfe, Northrim Bank,

“if Northrim Bank would have had the capacity to approve this entire loan. Ms. Wolfe stated Northrim has capacity to approve the entire loan, however, this particular borrower has an ongoing relationship with Northrim for future development and will reach capacity at some point.”⁶⁰

For the few, if any, commercial loans AIDEA sees that can't meet a lender's underwriting criteria, an LPP means test would limit AIDEA's assistance to only that which might be necessary for a loan to meet the lender's and AIDEA's underwriting criteria. So, the loan goes ahead, AIDEA gets any jobs or economic development the loan might create, and AIDEA wastes no extra funds on the project. AIDEA — a lender of last resort. And maybe, not a lender at all.

Board Discomfort with Handing out Money

A means test could meet one of the AIDEA Board's concerns that AIDEA maximize the economic impact of the money committed to LPP. AIDEA could fund more loan participations if it weren't ladling out more money than needed for a loan to pass muster. And, it would have more money for the headline development projects it and political leaders so ardently push.

58. AIDEA Board Meeting Draft Minutes, May 22, 2019, page 5, at <http://www.aidea.org/Portals/0/2019/052219AIDEAMinutes.pdf>.

59. *Ibid.*, page 6.

60. *Ibid.*, page 7.

In that light, enactment of Chapter 73, Session Laws of Alaska 2003, seems a little strange. Until June 13, 2003, AIDEA could not purchase, under the LPP, more than 80 percent of a loan. Ch. 73, SLA 2003 amended AS 44.88.155(d)(2)(B) to increase AIDEA's maximum LPP loan participation percentage to 90 percent.

In any event, by December 3, 2010, there were records in AIDEA Board Meeting Minutes of Board members having problems with the fecklessness of many of AIDEA's loan participations. Board Member Robert Sheldon had these misgivings:

“Mr. Sheldon said the Authority is tasked with encouraging economic development and general wellness in the State of Alaska. With cash dear, he stated that the Authority should conserve it for uses that create, rather than merely retain, jobs. [. . .]

It would become abundantly clear very quickly that we are using a lot of resources for merely refinancing things. If local commodity prices continue to rise, there will be folks knocking on our doors with real projects with real jobs. [. . .]

Mr. Sheldon said he felt AIDEA has shifted its qualification for new loans from economic growth and job creation to refinancing and job retention. [. . .]

Mr. Sheldon pointed out then that since refinancing is so dear these days that we should be more selective on what we approve and keep the goal of job creation the main factor.”⁶¹

Mr. Sheldon's, and possibly others' concerns, appears to have led to some shift in AIDEA's generosity towards refinancings.

At its March 2, 2011 meeting, the Board reviewed Loan Resolution L11-02, a refinancing of a warehouse owned by a furniture retailer. The originating bank had modified AIDEA's participation from 90 percent to 70 percent.

Board member Ron Arvin asked,

“If the change in participation percentage from 90% to 70% was because of a new direction the board is taking regarding refinancing. It was discussed that the board and staff did not make a formal direction change, but refinancing loans are now lower on the priority.”

61. AIDEA Board Meeting Minutes, December 3, 2010, pages 2 and 3, at http://www.aidea.org/Portals/0/2010/2010_12-3_AIDEA.pdf.

AIDEA Executive Director Ted Leonard stated that,

“AIDEA has started asking banks to take a larger amount of the participation on refinance loans”.

Board member Hugh Short stated that,

“He thinks the board and staff owe the public a definitive policy statement. Mr. Short stated that AIDEA needs to come up with a policy that is clear and concise that the banks in Alaska can look at and know that is the expectation. Mr. Short indicated he hopes to be able to spend some time on this in the board’s April meeting.”⁶²

This did not happen at the April meeting, but the Board did continue in the same vein, approving participation in another major refinancing loan of \$23 million at a 70 percent level. Mr. Leonard stated that “the 70/30 percent came from prior discussions”.⁶³

At the Board’s January 14, 2014 meeting, Board Vice-Chair Russell Dick voiced concern more generally about 90 percent participations. In deliberations on Resolution L14-01, under which AIDEA would purchase \$1,181,250, or 90 percent, of a \$1,312,500 First National Bank of Alaska (FNBA) term loan for a recently constructed retail project, he stated,

“in terms of how you delineate FNBA taking only \$131,000 of this note versus AIDEA taking the rest of it. [. . .] I think it’s just something that we can address in our strategic planning session. I just need to understand a little bit more about how we made that allocation and I think a lot of it just comes to, you know, the allocation we have for loans as we go forward, whether or not that’s gonna diminish and as we use up the, as we start encumbering those funds, what’s gonna be available for other potential projects that ***absolutely need AIDEA.***”
(***emphasis added***)

Executive Director Leonard responded,

“the statute states that it can be up to 90%. So as the banks present to us, what they would like us to purchase, then we go through the risk analysis and negotiations with the bank on the participant. But this is a question that has come up to the board. And if for new projects, would you go at a different ratio versus refi’s [refinances]? And those are definitely questions that we can answer

62. AIDEA Board Meeting Minutes, March 2, 2011, pages 3 and 4, at http://www.aidea.org/Portals/0/2011/2011_3-2_AIDEA.pdf.

63. AIDEA Board Meeting Minutes, April 20, 2011, page 2, at http://www.aidea.org/Portals/0/2011/2011_4-20_AIDEA.pdf.

in the financial or the strategic planning session and also change in regulation if the board desires to go a different direction.⁶⁴

Eventually, the AIDEA Board held a discussion on refinancing participations on December 1, 2016. [Appendix A](#) is a transcript of the discussion. It's worth noting that there would have been just as much reason to include loan participations for CRE acquisitions in the discussion, as there was for discussing refinancing participations. In most situations, neither is accompanied by any new jobs.⁶⁵

AIDEA's opening statement at the strategy session was not promising. It extolled refinancings for stabilizing CRE prices, giving borrowers below-market interest rates, and diversifying AIDEA's investments:

“AIDEA staff believes the authority's participation in refinancing improves stability in the market and provides affordable financing options for borrowers, while deploying AIDEA capital in a diversified risk-managed portfolio that earns a fair rate of return.”⁶⁶

essentially advocating refinancings for their financial benefit to the borrower and to AIDEA. It is a little odd to characterize below-market rates of return as “fair”.

But, the initial remarks by AIDEA Executive Director, John Springsteen, made no mention of jobs, or whether AIDEA's participation percentage should be different for refinancings. Nor did the ensuing detailed presentation by AIDEA Commercial Finance Director, Chris Anderson, or the Board's discussion.

Starkly so, the discussion was a total bust regarding what AIDEA's participation percentage for refinancings should be. The subject never came up.⁶⁷ Nor were any individual or aggregate dollar limits on refinancings discussed, other than to kick the can down the road:

“So, I would say, we haven't addressed the problem of, well ok, well how much, how high is that, and how much capacity? And I don't think any of us have that

64. MP3 audio recording of AIDEA Board Meeting on January 14, 2014, at 9:29. at <http://www.aidea.org/Portals/0/2014/20140114AIDEA.mp3>.

65. The same goes for assumptions of loan participations, but AIDEA does very few of them.

66. MP3 audio recording of AIDEA Board Meeting on December 1, 2016, at 39.21. at <http://www.aidea.org/Portals/0/2016/120116AIDEA.mp3>.

67. Board Member Russel Dick was present, still Vice-Chair, almost three years after voicing concerns about AIDEA's participation levels at the January 14, 2014 meeting.

answer, but I think all of us, as the agency and as collectively as a board, when we see that number, we'll probably recognize it and we'll deal with it.”⁶⁸

Furthermore, no mention was made of the fact that refinancings do not produce new jobs. AIDEA staff finessed the question in their presentation by asserting that job retention was also important, without recognizing that most refinancings have nothing to do with job retention or downsizing. It's about the money. And no one suggested actually limiting refinancings to those that would retain jobs.

To finesse the question altogether, AIDEA gave carte-blanc justification to refinancings because they enrich the investor or borrower:

“There's a trickle-down effect from the net cash flow to the borrower which often results in more spending in the local economy.”⁶⁹

Did the AIDEA Board's December 2016 session on refinancing result in any perceptible changes in direction? If it did, it was to head in the other direction from what was advertised.

Perusal of Table 13 shows that refinancings became a greater, rather than lesser, proportion of the large loan participations approved by the Board after December 1, 2016. Refinancings went from 24 percent of large loans approved before the meeting, to 32 percent afterwards.

68. MP3 audio recording of AIDEA Board Meeting on December 1, 2016, at 47:59. at <http://www.aidea.org/Portals/0/2016/120116AIDEA.mp3>.

69. MP3 audio recording of AIDEA Board Meeting on December 1, 2016, at 44:17, at <http://www.aidea.org/Portals/0/2016/120116AIDEA.mp3>.

70. MP3 audio recording of AIDEA Board Meeting on December 1, 2016, at 40:33, at <http://www.aidea.org/Portals/0/2016/120116AIDEA.mp3>.

**Table 13. AIDEA Large Loans at 90%,
by Purpose**

<u>Loan Purpose</u>	<u>Loans</u>	<u>% of Loans</u>	<u>90% Loans</u>	<u>90% Proportion</u>
<u>Before 12/1/16 Refinancing Discussion</u>				
Refinance	12	24%	8	67%
Acquisition	8	16%	5	63%
Term & other ¹	<u>29</u>	<u>59%</u>	<u>25</u>	<u>86%</u>
Subtotal	49	100%	38	78%
<u>After 12/1/16 Refinancing Discussion</u>				
Refinance	9	32%	7	78%
Acquisition	6	21%	3	50%
Term & other	<u>13</u>	<u>46%</u>	<u>12</u>	<u>92%</u>
Subtotal	28	100%	22	79%
Total	77		60	78%
1. Excludes the Valley Utilities, LLC loan, which was an AIDEA-owned wastewater facility for the Goose Creek Correctional Facility, financed 100% by AIDEA tax-exempt bonds. Also, excludes the Brooks Camp, LLC loan for which AIDEA's participation amount was not available.				

The proportion of large refinancing loans that had 90 percent AIDEA participation also increased from 67 percent to 78 percent.

Worse, the proportion of all large loans with little or no job impacts — namely, refinancings and acquisitions — went from 40 percent of all large loans before the AIDEA Board confab to 53 percent after.

Executive Director Leonard’s statement at the March 2, 2011 Board meeting — that AIDEA had started asking banks to take a larger amount of the participation on refinance loans — seems to have had no lasting effect. As Table 13 shows, seven out of nine refinancing participations since 2016 have been at the maximum 90 percent participation level.

Nor, to our knowledge, has AIDEA ever instituted the definitive policy statement that Board Member Hugh Short said, at the March 2, 2011 Board meeting, that the board and staff owe the public.

Was there ever serious interest by the AIDEA Board, or even individual members of the Board, in limiting AIDEA’s participation percentage on refinancings? Suffice it to say,

review of the Board Minutes of the Board’s actions on 79 large loan participations during 2008-2023 found zero instances of any Board member making a motion to reduce AIDEA’s participation percentage.

Impact on Commercial Real Estate Market

In rather opaque terms, AIDEA’s December 1, 2016 Board presentation on refinancings cites refinancings’ role in propping up commercial real estate prices — or values, to use AIDEA’s terminology:

“Refinances offer stability especially in a downturn market. This impacts value and gives options for long-term success.”⁷⁰

But, is this helping businesses or real estate investors? Is it forestalling downward adjustments in commercial rents that would be a boon to economic development?

LPP’s main impact is to make ownership of CRE more profitable. But, there is a downside to this. Richer cash flows from commercial property financed at below market rates can lead the investors who can get AIDEA backing, to bid up prices for commercial property. Higher prices or rents for commercial property would be a drag on economic development and job creation.

The overall effect of LPP’s enriching CRE ownership is uncertain and could depend on:

1. how much and how quickly higher property prices translate into higher rents for tenants. AIDEA loans might sustain higher property prices for the subsidized properties themselves, without increasing rents, just because of the reduced debt service expense. But, competition for a short-term fixed supply of commercial space can be expected to put upward pressure on rents; and,
2. whether LPP results in new CRE being built that would not otherwise have been built.

Nowadays, investors usually don’t plan on building “see-throughs”.⁷¹ As we pointed out in this report’s [Jobs Created — Tenant or Landlord?](#), there generally have to be

71. “See-throughs” was a term often heard in the 1980s, when the first Reagan tax cut legislation allowed offsetting real estate losses against ordinary income for federal income tax purposes. This led to construction of office buildings without tenant leases in place. Or tenants — you could see through the buildings. They were built for tax losses. Subsequent amendments to the tax code largely ended such offsets.

commitments by commercial enterprises to business expansion or entry into new markets before new construction will occur. LPP below-market interest rate subsidies are generally not going to cause commercial property to be constructed that would not otherwise be constructed.

Growing or stagnant population and markets, new or relocated industries, the local and national economy, and where we are in the interest rate cycle are what decide if and when new CRE gets built.

The Real World

Does the idea of AIDEA rescuing business or project loan proposals from oblivion reflect reality, for real? Based on conversations with CRE lenders and minutes of AIDEA Board meetings, here's how the process seems to really work.

When a potential borrower approaches a lender about a loan, many businesses or projects can already meet the underwriting criteria that it's cash flow equal or exceed 1.25 times debt service on the loan, under the lender's likely interest rate and amortization period. Lenders indicate that it would be unusual for AIDEA's buy-in to make a difference in whether or not the lender makes the loan.

One situation mentioned by lenders where AIDEA's involvement can be decisive is when a lender would otherwise have to reject or limit the amount of its loan because of bank policy or regulatory limits on concentration of lending to a single borrower.⁷² An example of this is AIDEA's 90 percent participation in a \$3,255,000 loan approved in AIDEA Board Resolution No. L22-02 to Sun Mountain Development Group, LLC,

“Chair Pruhs noted that the loan before the Board today is structured that Northrim participates in 10% of the loan. He requested additional information on the reason that Northrim is only participating in 10%, given that the Valley is busy and the borrowers seem to be strong. Mr. Breeden discussed that under other circumstances, the bank would probably desire to have more of the participation percentage ... The bank is approaching the legal limit with this particular borrower on this project plus other future lending opportunities that are in Pre-Flight status.”⁷³

72. Other types of loan portfolio concentrations in CRE, construction loans, tenant, industry, market, geography, or loan parameters such as fixed vs. variable rate, DSCR, or LTV could also conceivably limit a lender's approval of a loan that otherwise met underwriting criteria.

73. AIDEA Board Meeting Minutes, August 3, 2022, page 9, at [http://www.aidea.org/Portals/0/Meeting%20Docs/2022BoardMeetings/091422/AIDEA%20Meeting Minutes 3 AUGUST 2022 Signed.pdf](http://www.aidea.org/Portals/0/Meeting%20Docs/2022BoardMeetings/091422/AIDEA%20Meeting%20Minutes%203%20AUGUST%202022%20Signed.pdf).

But, if most loan requests that walk in a lender's door could gain the lender's approval, without running into concentration limits, why would a lender seek AIDEA's participation in the loan?

Well, the biggest reason is because the borrower pushes for, or insists, on it. Lenders may feel like they have a gun to their head, because if they don't bring in AIDEA, the borrower may head over to the competition. Sometimes, a lender might initiate consideration of AIDEA as a way to cement a banking relationship with an important client.

A few of Alaska's banks or credit unions mention AIDEA financing on their web site, though most don't. Regardless, almost all eligible AIDEA Loan Participation Program lenders represented to me that they do or would sell participations to AIDEA. As we will see in this report's [LPP — The Last Seven Years](#), not all eligible lenders have, in practice, participated in the AIDEA Loan Participation Program in recent years.

Why wouldn't lenders be enthusiastic sellers of loan participations to AIDEA? The biggest complaint is that the lender has to do 100 percent the underwriting work it would normally do, but is then left with, usually, only 10 percent of the loan that it is earning interest on.

If participation was at 90 percent on all of a lender's loans sold to AIDEA, the lender would incur 10 times the underwriting time and expense it would normally incur to have a loan portfolio of a given size on its own books. Except that, the lender's underwriting costs would be more than 10 times greater, because bringing in AIDEA means additional paperwork, communications, meetings, etc. that the lender could otherwise avoid.

Lenders and borrowers also chafe at the additional time it takes to make a loan with AIDEA's participation. In the real world, time means money. The additional time required to underwrite, approve, and process an AIDEA participation adds risk that interest rates may move against the lender or borrower before the loan is funded.

Lack of flexibility in AIDEA's procedures, such as restrictions on financial changes after submission of a participation application, can limit mitigation of, or adjustment for, such risks. See Figure 10.

Figure 10. Changes after LPP Application Submission



MEMORANDUM

To: Participation Program Lenders

From: Tiffany Janssen
Commercial Finance Director

Date: October 26, 2022

Subject: Changes After Application Submission

Dear Participating Lender,

Effective November 1, 2022, upon submission of a loan application to AIDEA, all financial information related to the borrower and guarantors (including the Lender's approved interest rate) cannot be changed. If the Lender wishes to change any financial information (including the Lender's approved interest rate) after submission, the loan will need to be subsequently underwritten and again follow AIDEA's standard approval process.

If you have any questions, please contact our Loan Participation department at (907) 771-3038.

Best Regards,

A handwritten signature in black ink, appearing to read "Tiffany Janssen", written over a white background.

Tiffany Janssen
Commercial Finance Director

AIDEA is a competitor to lenders in the market for commercial real estate mortgages. AIDEA's delusion that it can earn higher rates of returns on mortgages than on its cash holdings (true at any point in time, but not over time) helps explain persistent features of LPP lending that might otherwise go by the boards:

- the purchase of participations for refinancings, acquisitions, and equity extraction;
- the ubiquity of 90 percent participations;
- participating in loans to non-resident borrowers;
- participations for non-owner-occupied properties; and,
- participations where construction is already underway or completed.

If AIDEA were just trying to maximize job creation and economic development, it wouldn't keep doing these kinds of participations, which either don't create jobs or in which the jobs would still happen, if AIDEA took a pass.

The irony is that AIDEA's FY1987–2021 compound annual average return of 4.6 percent on loans was less than their 5.2 percent on cash.⁷⁴ AIDEA's mistaken belief that it earns more on loans than on cash is belied by:

- AIDEA's below-market rates on loans vs. market rates on cash;
- put options for lenders to sell participations, without AIDEA getting call options to buy, leading to a land office business when rates are low, but "No Sales" when rates are high; and,
- borrowers' natural inclinations to hold on to low-interest loans, but prepay or payoff high-interest loans.

Related Debt

Most developers of, or investors in, commercial real estate (CRE) in Alaska are likely to be aware of AIDEA's Loan Participation Program (LPP). Certainly, if they are Alaskan developers or investors they probably are. Nonresident developers or investors may be unlikely to know about LPP, unless they have already waded into the Alaska commercial property market in the past.

Even if they are aware of LPP, some loan participation applicants may feel they can push harder, with both their lender and AIDEA, to get the maximum AIDEA participation.

74. MB Barker, LLC et al, *AIDEA Cost & Financial Performance - A Long, Hard Look*, op. cit., Table 2, page 12.

Two factors that may be proxies for how much leverage an LPP applicant feels they can exert to maximize AIDEA's participation are:

- Whether this is their first LPP rodeo — denoted by AIDEA's term "related debt". Borrowers who have loan balances outstanding on one or more previous AIDEA participations are said to have "related debt". Would-be borrowers with more than \$5,000,000 of related debt outstanding must get a new loan participation approved by the AIDEA Board.

Borrowers with related debt are likely to be investors. Those with no related debt are more likely to be operating businesses, whose main attention will be focused on the business and market decisions they face. For investors, on the other hand, subsidy maximization can be the name of the game.

- Whether a possible conflict of interest exists among AIDEA Board members or AIDEA staff. This is not to say that there even is any conflict of interest, or, if there is, that proper recusal from deliberations on the loan participation did or did not occur.

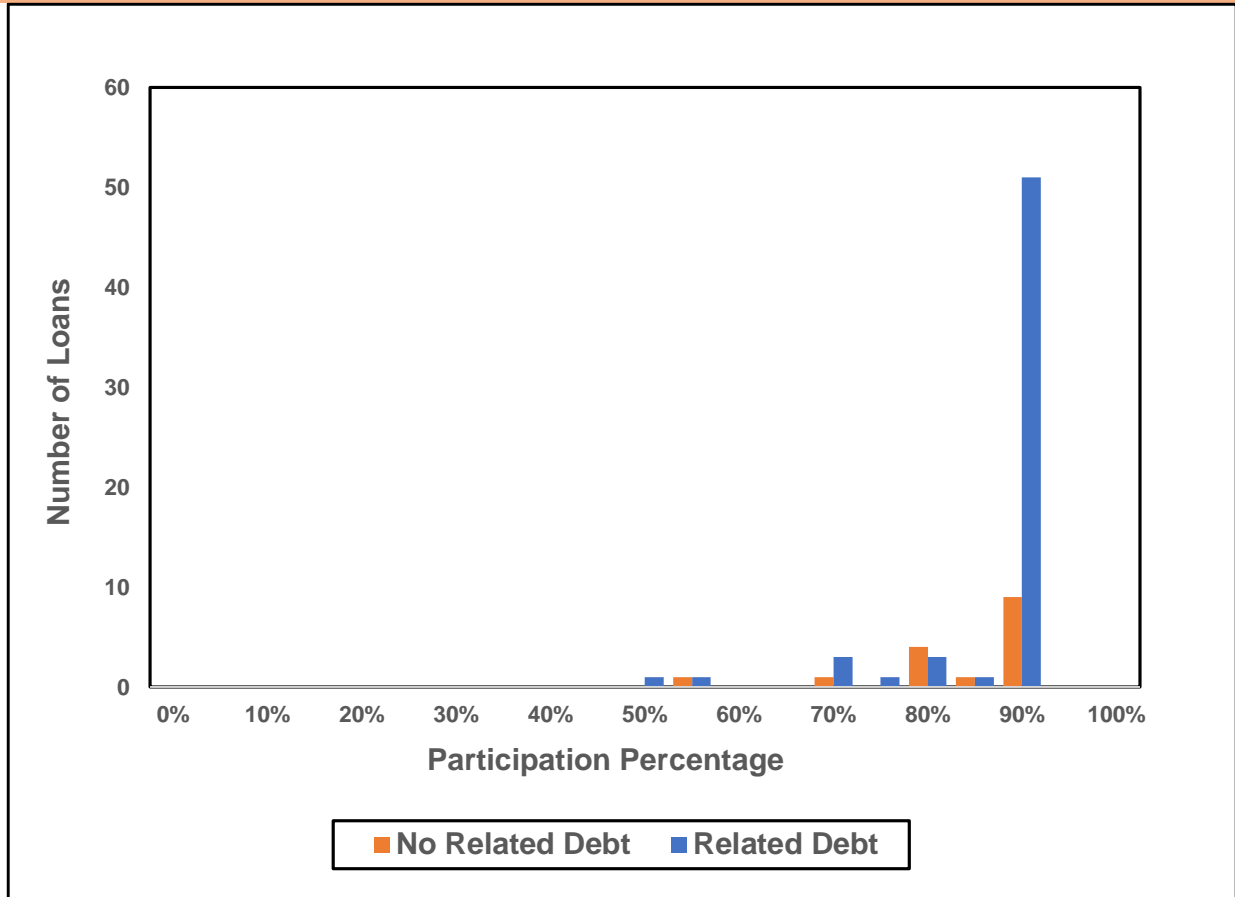
Rather, the existence of a potential conflict is an indication that the borrower and AIDEA representative have some relationship that could make it likely that they may have had conversations or shared information about the LPP in the past, either casually or regarding the loan under consideration, but before coming to the AIDEA Board. As a result, the borrower could have a greater degree of understanding and confidence in how loan participation approval works.

The identification of loan participation applications with possible conflicts of interest is based on disclosures of the conflicts in AIDEA Board Meeting Minutes. In all the instances we came across, persons disclosing potential conflicts appeared to remove themselves from further involvement in the Board's deliberations.

Of the 79 large loan participations approved during 2008–2023 by the AIDEA Board, 57, or 72 percent, had related debt and 11, or 14 percent, had potential conflicts. 7 participations had both related debt and conflicts, making 61 participations, or 77 percent, that had either related debt or a potential conflict.

Chart 2 shows the distribution of large loans with and without related debt or a potential conflict, by AIDEA participation percentage. It is easy to see that loans with related debt or conflicts (in blue) are by far the majority of participation applications.

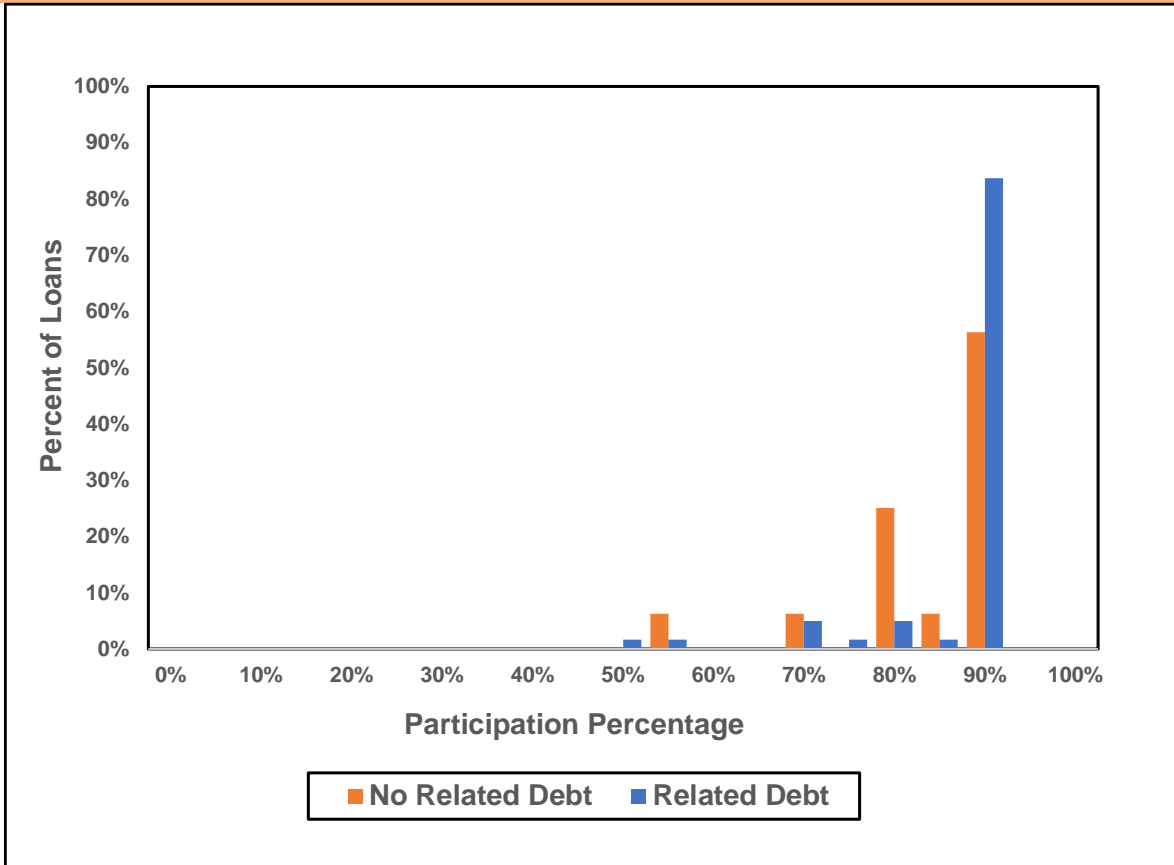
Chart 2. AIDEA Large Loans & Related Debt, by Participation %, 2008–2023



One can kind of tell in Chart 2 that more of the loans with related debt or conflicts wind up at the 90 percent AIDEA participation level, than do loans without either related debt or conflicts. Chart 3, which shows the percentage distribution of loans, by AIDEA participation level, makes it clearer that loans with related debt (or conflicts) are more concentrated at the 90 percent AIDEA participation level.

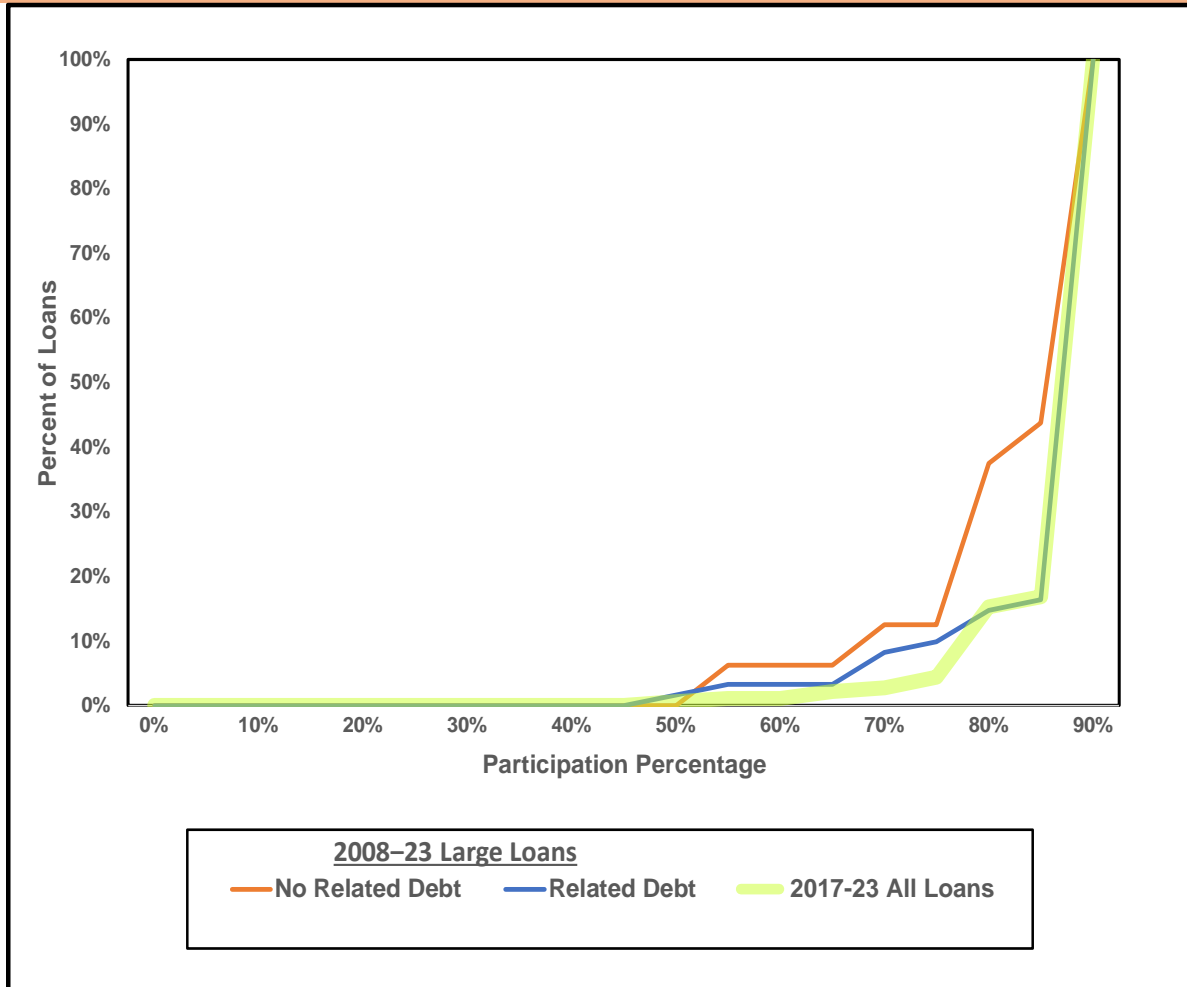
Notice that none of the other blue columns approach the height (proportion) of blue (related debt) loans with a 90 percent participation. 84 percent of loans with related debt or conflicts were at 90 percent participation. In contrast, only 56 percent of loans with no related debt or conflicts were at the 90 percent level.

Chart 3. AIDEA Large Loans & Related Debt, Percentile Distribution, 2008–2023



In one way or another, connections seem to push up the proportion of a borrower’s loan that AIDEA buys. But, Chart 4 may display another dimension to borrower’s interests predominating over AIDEA’s — maximizing AIDEA’s subsidies (participation level) may be increasing over time.

Chart 4. AIDEA Loans, by Participation %, Cumulative Percentile Distribution



In regards to the 2008–2023 large loans, Chart 4 shows Chart 2 and Chart 3’s effect of connections pushing a greater percentage of loans toward the 90 percent maximum participation.

But Chart 4 also shows that the percentage of loans crammed into the 90 percent participation level increases when we look at all loan participations during the last seven fiscal years, FY 2017–2023 (the green line). Either there is a learning curve over time, as borrowers to learn how to capture the greatest AIDEA subsidy; or, AIDEA buys bigger pieces of the small loans under \$3,000,000 in which it participates.

Although we do not have any data on small loans prior to FY 2017, we can break the large loans down into loans before and after FY 2017. When we do that, we can see, in Table 14, that the 90 percent participation percentage has increased over time. For

large loans as a whole, the concentration at 90 percent participation has increased from 76 percent before FY 2017 to 81 percent afterwards.

Table 14. AIDEA 90% Participations & Related Debt

	<u>Loans</u>	<u>90% Loans</u>	<u>90% Proportion</u>
<u>2008–FY2016 Large Loans</u>			
Related Debt	34	28	82%
No Related Debt ¹	<u>11</u>	<u>6</u>	<u>55%</u>
Total	45	34	76%
<u>FY2017–2023 Large Loans</u>			
Related Debt	27	23	85%
No Related Debt	<u>5</u>	<u>3</u>	<u>60%</u>
Total	32	26	81%
<u>FY2017–2023 Small Loans</u>	152	127	84%
<p>1. Excludes the Valley Utilities, LLC loan, which was an AIDEA-owned wastewater facility for the Goose Creek Correctional Facility, financed 100% by AIDEA tax-exempt bonds. Also, excludes the Brooks Camp, LLC loan for which AIDEA's participation amount was not available.</p>			

Table 14 also shows what happens when we net out the FY2017–2023 large loans, from the 184 total FY 2017–2023 loans, to see the proportion of FY 2017–2023 small loans that are at 90 percent participation. As Table 14 then shows, 84 percent of the last seven years' small loans are at 90 percent. This is similar to the 82 and 85 percent concentrations, respectively, of older and newer large loans that have related debt or conflicts.

We do not have data on small loans before FY2017 to see if their concentration at high participation levels has increased over time. We also do not have any data on related debt or conflicts for small loans to see if business connections play as important a role for small borrowers as they do for large ones, in benefitting from LPP.

The one salient thing we know about small loans is that their participations do not go to the AIDEA Board in order to get the OK, but rather, are approved in-house by the AIDEA Investment Committee, made up of AIDEA staff. Without additional data, it is not possible to say whether placing lending authority at a staff, rather than Board, level helps account for small borrower loan participations being at levels on par with connected large borrowers.

No AIDEA — No Commercial Loans?

If AIDEA's Loan Participation Program closed up shop, would no more office buildings be built in Alaska? Or hotels? Or retail stores or shopping centers? Apparently, most, if not all, of the commercial loans AIDEA sees could meet lender underwriting criteria and would be willingly funded by lenders without AIDEA.

LPP applicants recognize this. We did not find mention in any 2008–2023 Board Minutes of any applicants for large loans making arguments that their project, refinancing, or acquisition would not move forward without AIDEA's easier terms.

The only statements we came across, to the effect that AIDEA's backing would make or break a project, were quotations on AIDEA's website from borrowers for 3 of 36 participations listed on AIDEA's web page for Loan Participation Success Stories. One such AIDEA endorsement, from the developer of the Extreme Fun Center in Wasilla, reads:

“The Extreme Fun Center and the Valley Cinema have provided some much needed entertainment options for the residents of the Valley and beyond. AIDEA's involvement and support was critical to the completion and success of both projects.

John C. Schweiger
Executive Chairman & CEO
Coming Attractions Theatres, Inc.”⁷⁵

The Extreme Fun Center was an LPP loan participation. Valley Cinema was funded by an AIDEA tax-exempt revenue bond purchased by Northrim Bank.

It is interesting that the latest (11/16/2023) version of AIDEA's Pre-Flight loan participation form, shown in Figure 11 on the next page, adds to the items the applicant is asked to comment/describe:

“Is this project contingent upon AIDEA's financing?”⁷⁶

If the answer is no, why would AIDEA consider participation in the loan? What would be the public benefit? Or, is improving investor/developer cash flow reason enough? If not, would there be any point in an investor or developer submitting an application that

75. <http://www.aidea.org/Programs/Loan-Participation/Success-Stories/Extreme-Fun-Center-and-Valley-Cinema-Wasilla>.

76. http://www.aidea.org/Portals/0/PDF%20Files/Loan%20Participation%20Program/Pre-Flight%20Rev.%20111623%20-%20Fillable%201.pdf?ver=PlzVNRcyO_yjienUGoByOA%3d%3d.

Figure 11. AIDEA Pre-Flight Loan Form (11/16/2023)



This is NOT a commitment to lend. Any final decision on a loan request will only be made after the entire loan package has been received and underwritten by AIDEA and completed the full approval process.

Today's date: _____

Please email this form to CommercialFinance@AIDEA.org Attn: Tiffany Janssen/Chief Lending Officer

Pre-Flight submissions still in process will need to be resubmitted every 6 months or, in the case of construction, every 12 months. AIDEA will respond to pre-flights within 3 business days.

AIDEA PRE-FLIGHT	
Bank/Lender Name: _____ Loan Officer: _____ Phone No.: _____ Email: _____	Borrower: _____ Co-Borrower/ Guarantor(s): _____
Participation Loan: Bank/Lender Loan Amt: _____ AIDEA Loan Amt: _____ Total Loan Amt: \$ 0.00	Loan Term: Bank/Lender [] AIDEA [] Split: Bank/Lender [%] AIDEA [%] <input type="checkbox"/> Refinance <input type="checkbox"/> New Constr. <input type="checkbox"/> Acquisition <input type="checkbox"/> Assumption
Guarantee Loan: Bank/Lender Loan Amt: _____ AIDEA Guarantee %: _____	Loan Term: _____ Bank/Lender [] AIDEA []

**AIDEA loan amount greater than \$3,000,000 individually or \$5,000,000 aggregate must go through AIDEA Executive Director for approval which may result in longer processing times.*

Briefly comment/describe the following (processing time will be faster if ALL the following below are answered):

- Loan purpose along with the use of loan proceeds.
- Borrower and guarantor background with financial information (liquidity /net worth).
- Collateral description, SF, rent roll, collateral net operating income, and project and global DSCR.
- If project is construction, include all applicable construction documents.
- Describe any complex elements to the transaction, deal structure, and ownership.
- Provide how this project aligns with AIDEA's mission of job creation/retention and economic development. Include borrower/guarantor's total (\$) exposure of all AIDEA loans.
- Provide any other pertinent information to assist AIDEA in its pre-review of the transaction.
- **Is this project contingent upon AIDEA's financing?**

says the project is not contingent on AIDEA financing? Is AIDEA a lender of last resort?

Even if most loan participation projects could have gone ahead without AIDEA, would they have? Here's a lender making the most comprehensive and detailed response to this question that we found in the 2008–2023 Board Meeting record:

Board Chair Dana Pruhs: So, I have a question for Northrim. What percentage of your commercial loan portfolio do you bring to AIDEA?

Sue Wolfe, Northrim Bank: You know, I can't answer that. I don't know percentage-wise. Typically, for new construction projects, most of our borrowers and developers prefer to go to AIDEA.

Mainly because as they're trying to attract tenants to their properties, a lot of times they have to negotiate pretty good deals starting out. And, a variable interest rate over a large portion [*lender's portion*] could become problematic from a cash flow standpoint. One of the attractive features of an AIDEA loan is that it helps the borrower manage their cash flow, because they know a large portion of their loan is going to be a fixed interest rate.

And so, you know, it kind of goes back to some of the questions you were asking Mr. Bennett. It's . . . while the bank would prefer to hold loans on their books, because it's an earning asset for the bank, the reality is that for some developers, depending on how the deals are structured coming in, they may not get done otherwise, without the ability to do a 25-year fixed-rate loan.

Chair Pruhs: Greg.

Board Member, Deputy Commissioner, Department of Revenue, Greg Samorajski: Well, along this same line, is it the 20-year piece that's important and fixed fees, or is it the actual below-market rate? And, the second part of my question will be the same as I asked Mr. Bennett, would Northrim Bank have been able to do this entire loan on their own? Or would you have needed a co-lender for this? In other words, would you have had the capacity to have done this loan on your own?

Sue Wolfe: We have the capacity. However, this particular borrower — we have an ongoing relationship with, for additional future development and at some point the bank reaches capacity. So, in order to be able to do new construction loans, for future projects, being able to lay off, if you will, a good portion of the permanent loan is very beneficial. So, yes, we could have done it, but from a long-range planning standpoint for this particular customer, it doesn't make sense. And the other side of it is, the borrower may not have wanted to continue

pursuing the project because the bank would not be able to do a fixed-rate, 25-year loan. You know, we do have the ability to, typically the maximum term we will do is 10 to 15 years, and we fix the rate in 5-year increments.

We are able to do, we do quite a bit of swap financing, where we're able to go out and the borrower is able to secure a fixed rate and the bank still earns the floating rate. But typically, those are also only on a 10-year term.

Now, the amortization period is longer to facilitate the monthly payment. But the reality is the borrower would be forced to look at a refinance in 10 years, which is, again gets back to, how you negotiate your tenant leases going in, what that's going to look like from a long-term cash flow standpoint, not knowing what rates are going to be in 10 years. I mean that, those are all things, business decisions that the borrower and developer have to make. And, it's hard to predict, you know, where that's going to be. Whereas, going in, if you're able to secure a fixed rate for the majority of the transaction, you know, helps them make better long-range plans and negotiations with tenants.

Chair Pruhs: So, just so I understand your answer in the first part of the question, was it the fixed-rate feature, rather than the below-market feature, that was important to your borrower?

Sue Wolfe: I would say it's a combination.

Chair Pruhs: Could the borrower have done this had there not been a below-market interest rate?

Sue Wolfe: They probably could have done it, but whether they chose to do that with those kinds of risks, they may have decided not to.

Member Samorajski: So, this is a program that Northrim uses on a regular basis . . .

Sue Wolfe: Yes, sir.

Member Samorajski: . . . for their customers, and it's about taking care of the customers and opportunity. Is that a fair statement?

Sue Wolfe: I mean, we have to look at our customers and we look at them as relationships. They're not just loans. They're not deals. And so, if that particular

deal makes more sense for them to go with AIDEA, then that's certainly what we're going to do because it's in their best interest to do that.⁷⁷

Here's what was being said:

- private lenders (banks and credit unions) generally limit the maturity of commercial real estate loans to 10 to 15 years.
- but, they will amortize CRE loans over periods as long as 25 years.
 - this reduces the monthly debt service payment the borrower must make, compared to amortizing over the loan term of 10 to 15 years.
 - but, it means that there is a loan balance outstanding at maturity, often referred to as a balloon payment that must be made.⁷⁸
 - were it not for AIDEA's below-market interest rates, borrowers would face the same monthly payment, whether or not AIDEA participated;
- below-market interest rates are a big reason borrowers like AIDEA;
- borrowers also like AIDEA because they offer fixed-interest rates, which private lenders typically do not. Lenders' rates are usually variable or adjustable — they are periodically reset to the current market rate;
- lenders do interest rate swaps which allow borrowers to pay fixed rates, while the lender receives a variable rate. This offsets the advantage that AIDEA's fixed rates offer, but:
 - typically, a swap only lasts for 10 years; and,
 - they cost the borrower money.⁷⁹
- AIDEA's below-market rates are not necessary for the deal to go forward;

77. MP3 audio recording of AIDEA Board Meeting on May 22, 2019, at 1:39:08. at <http://www.aidea.org/Portals/0/2019/052219AIDEA.mp3>.

78. Some testimony before the AIDEA Board has referred to a balloon payment at maturity as a "call". But generally, a "call" refers to a lender's ability or option to demand payment before the loan maturity is reached. A loan maturity is also often referred to as the term of a loan. This can be confusing, because the term "terms" is also used to refer to a collection of any or all features of a loan.

79. Interest rate swaps are available out to 30 years. See <http://www.commlan.com/research/rate-calculator/>. But they become extremely expensive the farther out the maturity of the swap agreement. Most CRE borrowers deal with longer-term interest rate risk some other way.

- but, without AIDEA, the risk of having to pay higher interest rates:
 - when the lender's variable rate changes, prior to maturity; or,
 - when the balloon payment comes due at maturity in 10 or 15 years

could cause a borrower to can the project.

Now, there may be some developers for whom the lack of a long-term, fixed-interest rate would lead them to cancel a project. But, is interest rate risk really likely to scare off most developers? A risk-averse developer is a bit of an oxymoron. It's usually the bank that gets squeamish first.

The first thing to observe is that interest rate risk cuts two ways — interest rates can go down, as well as up, and fatten a project's cash flow.

Possibly a bigger effect than interest rates on a borrower's debt service after a refinancing is that a loan will have been paid down. Refinancing just the original loan's balloon payment would ordinarily reduce debt service, compared to the original loan, even if interest rates are higher.

Then, there are the cushions provided by the debt service coverage ratios (DSCRs) of 1.25 or more, required to underwrite the loan. The cash flow in excess of debt service may be able to cover any increase in rates during the life of a loan.

Just as important may be the use of the excess cash flow to prepay the loan. There are usually limitations or penalties for prepayment during the early years of a loan, but prepayment penalties can be an item of negotiation. At worst, excess cash flow can be channeled into a sinking fund that, together with investment earnings on the fund, can be used for prepayment when there are no longer penalties attached.

An example of what happens if excess cash flow is used to prepay a mortgage loan, with a 25-year amortization at a 9.0 percent interest rate, shows that, in a simplified situation with no prepayment penalties or limits, net cash flows (NOI) at a debt service coverage ratio of:

- 1.25 DSCR pays off the loan in the 15th year;
- 1.50 DSCR pays off the loan in the 11th year; and,
- 1.75 DSCR pays off the loan in the 9th year.

These calculated payoffs assume no growth in cash flow over time. They all put payoff within a possible maturity of a bank or credit union commercial real estate loan.

But, everyone knows that inflation reduces debtors' burdens. Most businesses expect and plan to keep up with inflation. Even if a business' cash flow has no growth in real dollars, a cash flow that keeps up with inflation is likely to provide a steadily increasing ratio of coverage for its debt service. This would mean an accelerating ability to pay down debt.

Prices go up. Cash flow goes up. Loan payments remain the same. If there is a variable rate adjustment, interest can go up or down, while principal remains the same. If there is a loan refinancing, interest can go up or down, but principal will go down.⁸⁰ With inflation a fact of life, interest rate risk may not really be such a deal killer. Especially when a borrower expects or realizes net cash flows that grow faster than inflation.

It would be a far-sighted investor or developer who walks away from a deal over concern about the level of interest rates ten or more years out. Commercial real estate loans, at both the construction loan stage and the permanent, term loan stage, require appraisals. Many appraisals analyze a project's cash flow and value for only the first year of operations, or possibly a year or so later as well, when cash flows are expected to have stabilized with lease-up of space or build-up of customers.

In a CRE appraisal, even when significant changes in a business are expected over some period of time, "Discrete cash flows are forecasted for as many periods as necessary until a stabilized earnings stream could be anticipated (commonly in the range of 3-10 years)."⁸¹ Most people do not make decisions based on possible events more than 10 years down the road.

Probably most real estate owners' or developers' strategizing about things 10 years hence centers around paying off the loan, refinancing it, or selling the property. First National Realty Partners states,

"The holding period varies by investment, but the average commercial property holding period is 5-10 years."⁸²

80. Technically, with fixed-rate mortgage amortization, or variable-rate mortgage amortization between adjustments, the total loan payment stays the same, while the interest portion declines over time, and the principal portion of the payment increases.

81. "Understand the Income Approach in a Business Valuation", Mercer Capital, at <http://mercercapital.com/article/understanding-the-income-approach-in-a-business-valuation/>.

82. <http://fnrpusa.com/blog/holding-period-in-cre/>.

Payoffs, refinancings, and property sales are probably what explain AIDEA's Chris Anderson's comment that,

"The length of AIDEA's average loan on the books is seven to eight years".⁸³

LPP — The Last Seven Years

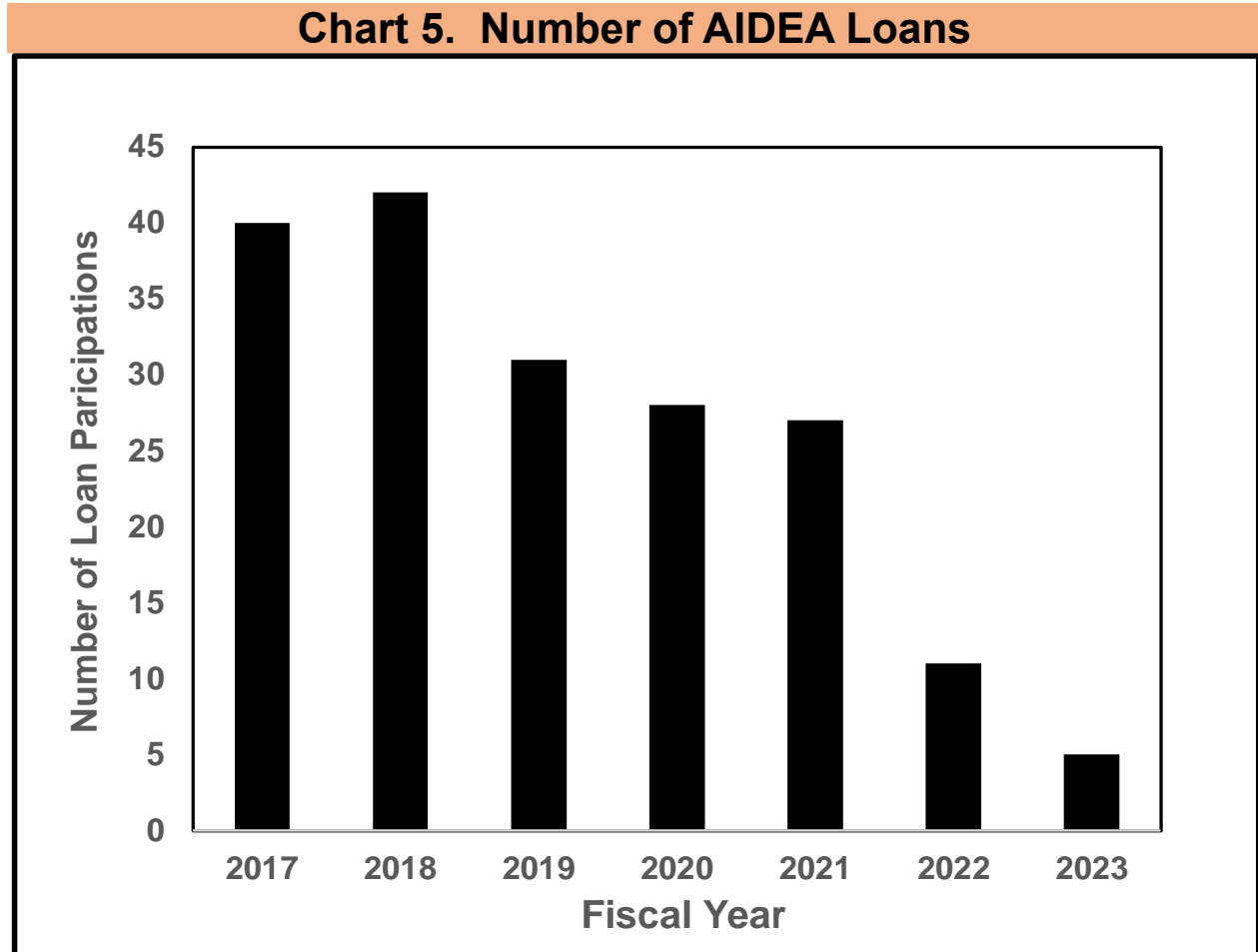
AIDEA's activity under its main lending program — the AIDEA Loan Participation Program — has fallen dramatically over the last seven fiscal years, FY 2017–2023. From 40 loan participations in FY 2017, AIDEA's lending fell to just 5 participations in FY 2023, a fall-off of 87.5 percent.

In this section, we trace various facets of the last seven years' activity in charts and tables.

83. AIDEA Board Meeting Minutes, March 26, 2015, page 4, at <http://www.aidea.org/Portals/0/2015/032615AIDEAMinutes.pdf>.

Number of Loans

Chart 5 shows the drop in LPP loan participations purchased by AIDEA over the last seven years.



Ten banks or credit unions are currently eligible to sell loan participations to AIDEA. Chart 6 breaks out AIDEA's total loan participations among the five financial institutions doing the selling during the last seven years.

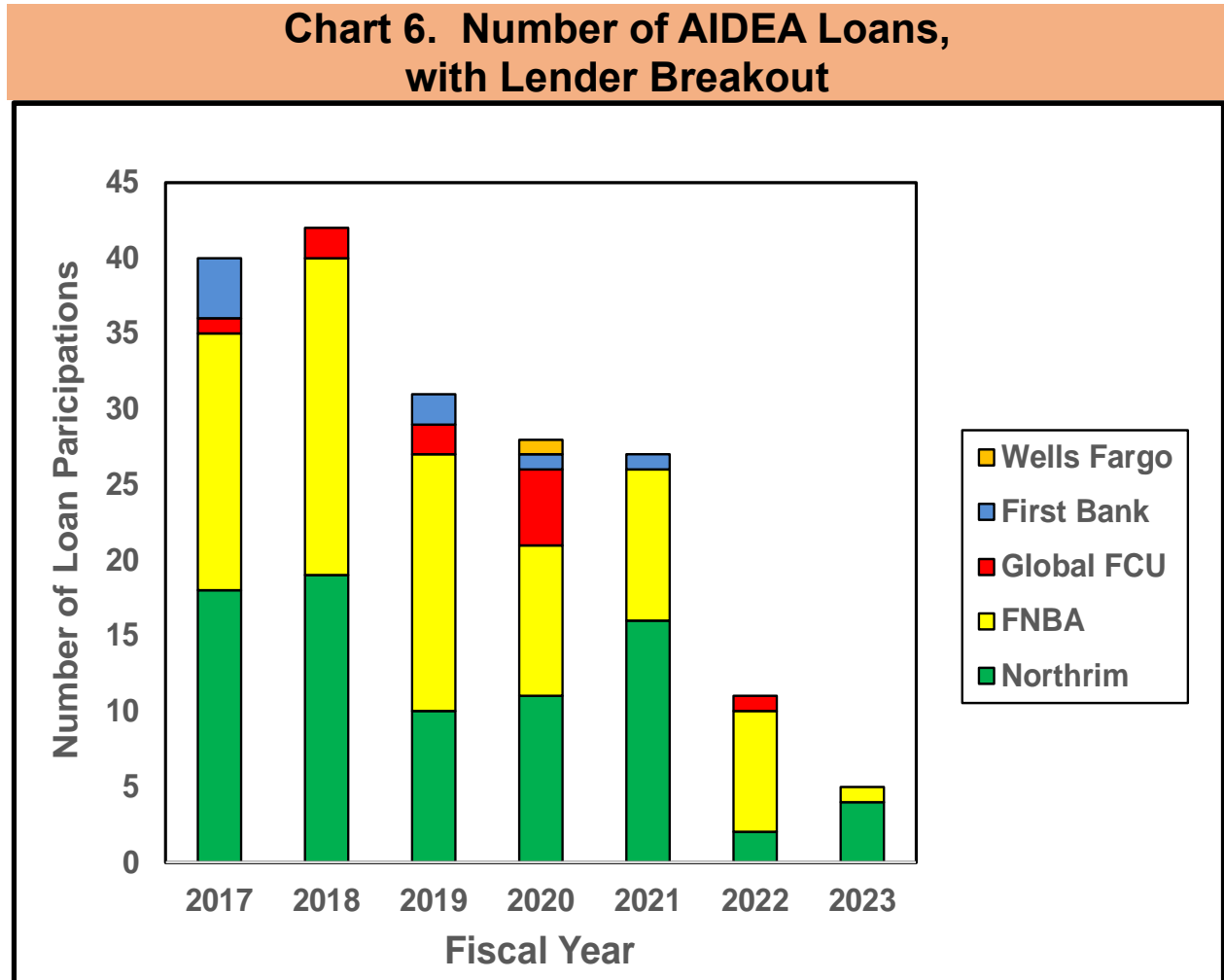


Table 15 indicates, in green, the years and lenders selling loan participations to AIDEA during FY 2017–2023, and shows how many participations they sold in those years. The table also shows the eligible lenders who did not sell any participations in a given year.

Lender	Fiscal Year							2017-23
	2017	2018	2019	2020	2021	2022	2023	
Northrim Bank	18	19	10	11	16	2	4	80
FNBA	17	21	17	10	10	8	1	84
Global FCU	1	2	2	5	0	1	0	11
First Bank	4	0	2	1	1	0	0	8
Wells Fargo	0	0	0	1	0	0	0	1
Key Bank	0	0	0	0	0	0	0	0
Mt. McKinley Bank	0	0	0	0	0	0	0	0
Denali State Bank	0	0	0	0	0	0	0	0
Nuvision FCU	0	0	0	0	0	0	0	0
Matanuska Valley FCU	0	0	0	0	0	0	0	0
Total number of loans	40	42	31	28	27	11	5	184

Northrim Bank and First National Bank of Alaska (FNBA) were by far the two biggest sellers of loan participations. During the last three fiscal years, there were only two loan participations bought by AIDEA from any other lenders.

Chart 7 pictures Table 15’s loans each year for each lender graphically, including the eligible lenders who did not sell any participations.

As Table 15 and Chart 7 show, half (five) of the eligible lenders did not participate in the Loan Participation Program at all during the last seven years. In FY 2021 and 2022 only three participated. And, in 2023, only two lenders were participants.

Chart 7. Number of AIDEA Loans, by Lender

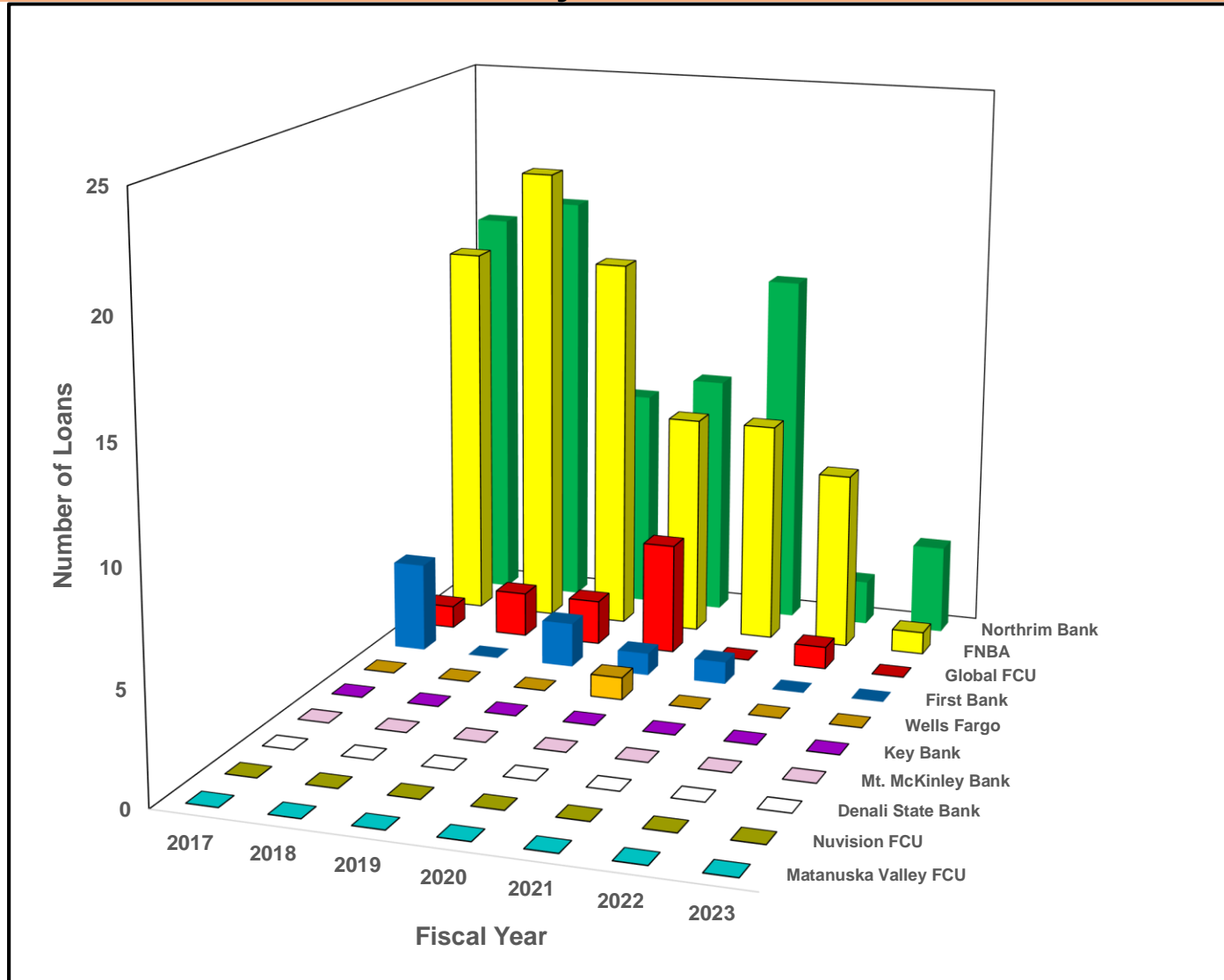
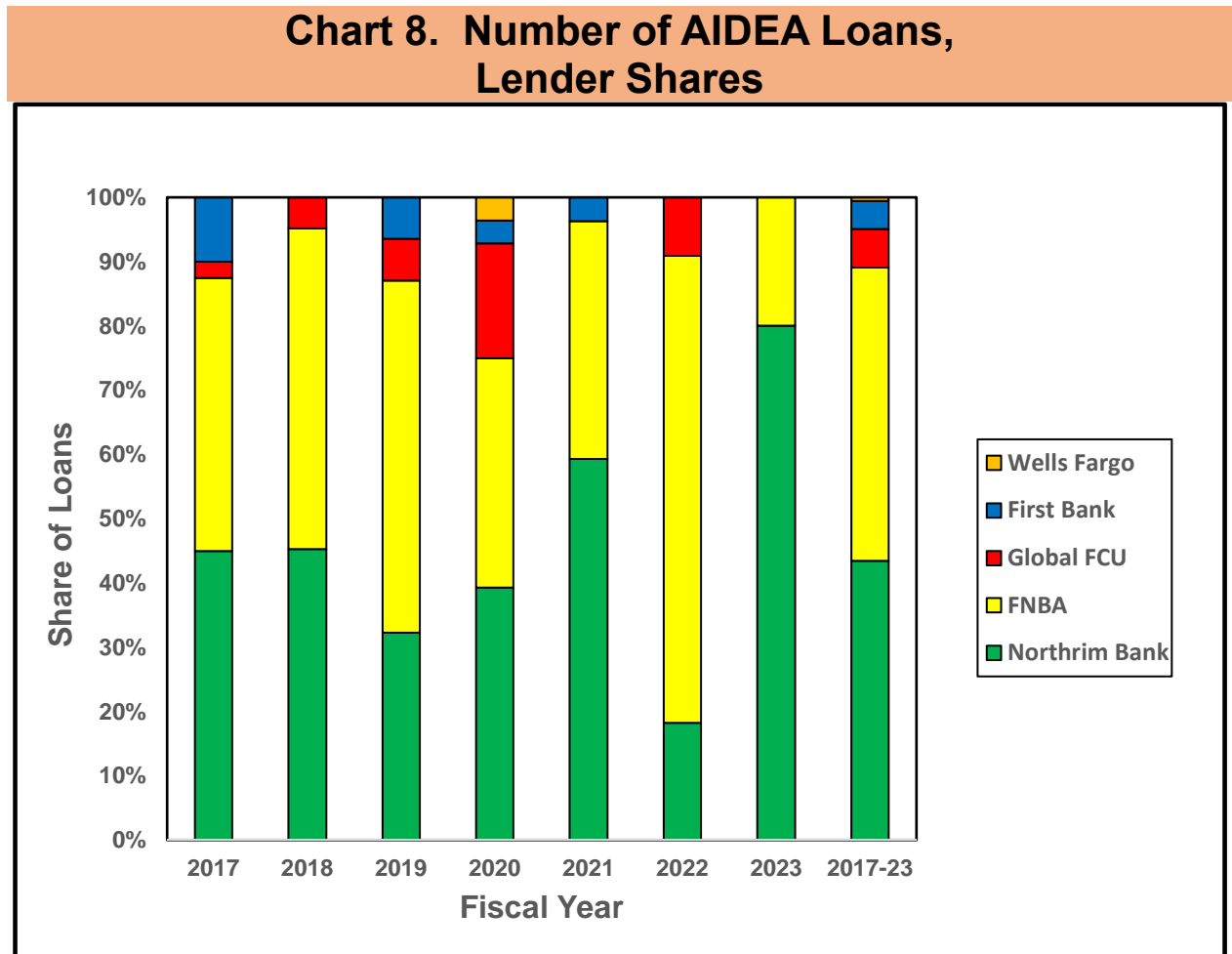


Table 16 shows each lender’s share of the total loans sold during the last seven years. The two top lenders, Northrim and FNBA, did 89 percent of the business with AIDEA over the last seven years.

Table 16. Number of AIDEA Loans, Lender Shares								
<u>Lender</u>	<u>Fiscal Year</u>							
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2017-23</u>
Northrim Bank	45%	45%	32%	39%	59%	18%	80%	43%
FNBA	43%	50%	55%	36%	37%	73%	20%	46%
Global FCU	3%	5%	6%	18%	0%	9%	0%	6%
First Bank	10%	0%	6%	4%	4%	0%	0%	4%
Wells Fargo	0%	0%	0%	4%	0%	0%	0%	1%
Key Bank	0%	0%	0%	0%	0%	0%	0%	0%
Mt. McKinley Bank	0%	0%	0%	0%	0%	0%	0%	0%
Denali State Bank	0%	0%	0%	0%	0%	0%	0%	0%
Nuvision FCU	0%	0%	0%	0%	0%	0%	0%	0%
Matanuska Valley FCU	0%	0%	0%	0%	0%	0%	0%	0%
Total number of loans	100%	100%	100%	100%	100%	100%	100%	100%

Chart 8 shows the Table 16 lender percentage shares graphically, for the lenders that did participate.



Amount of Loans

When we look at the dollar amounts of loan participations purchased by AIDEA, over the last seven years, the patterns are similar to those for the numbers of loans purchased. AIDEA's invested only 10.0 percent as many dollars in loan participations in FY 2023, as they did in FY 2017. In FY 2017 dollars, 2023's participations were only 8.4 percent of the 2017 dollar level.

Chart 9 shows the drop in loan participation dollar amounts purchased by AIDEA over the last seven fiscal years.

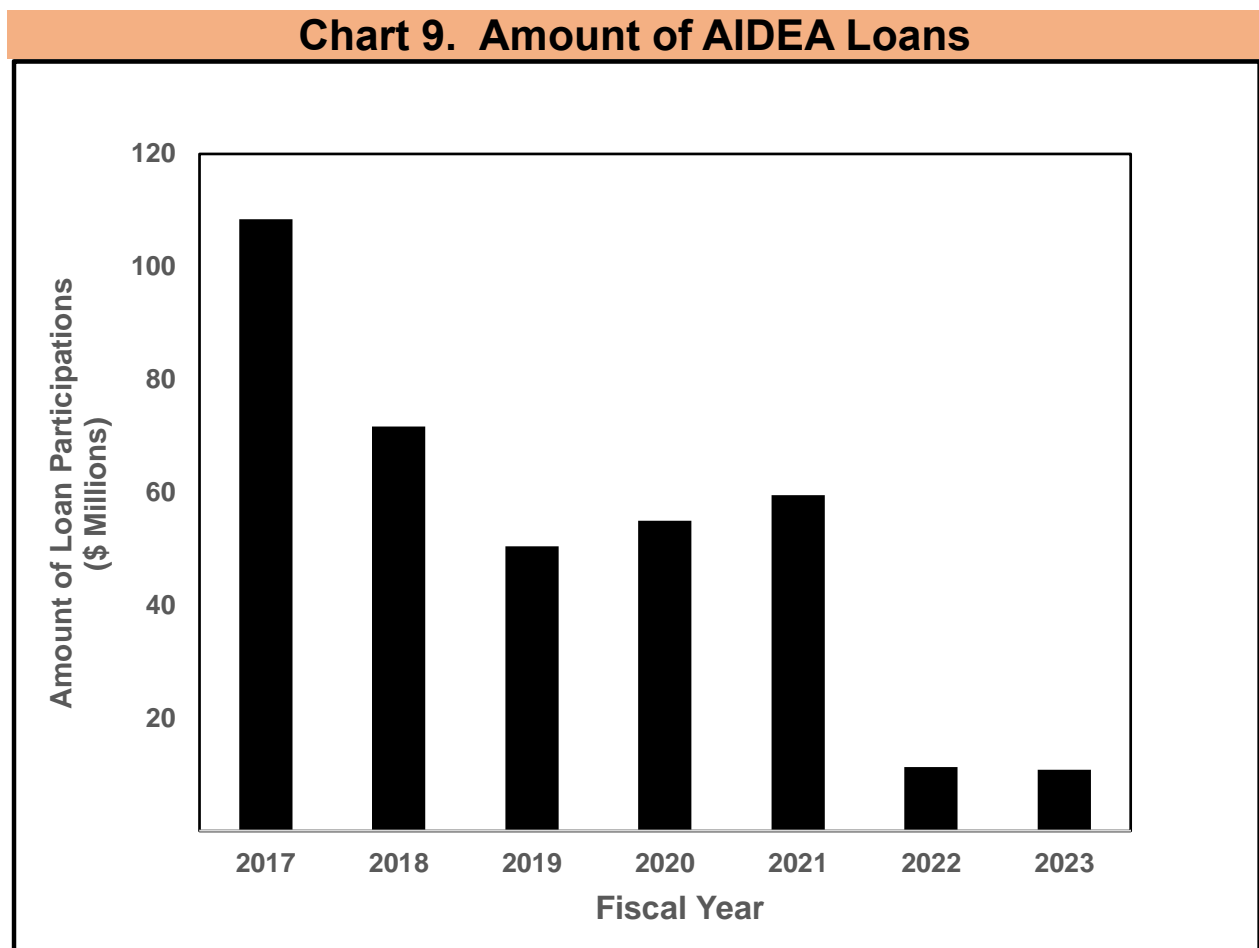


Chart 10 breaks out AIDEA’s total dollar amounts invested in loan participations, during the last seven years, among the financial institutions doing the selling.

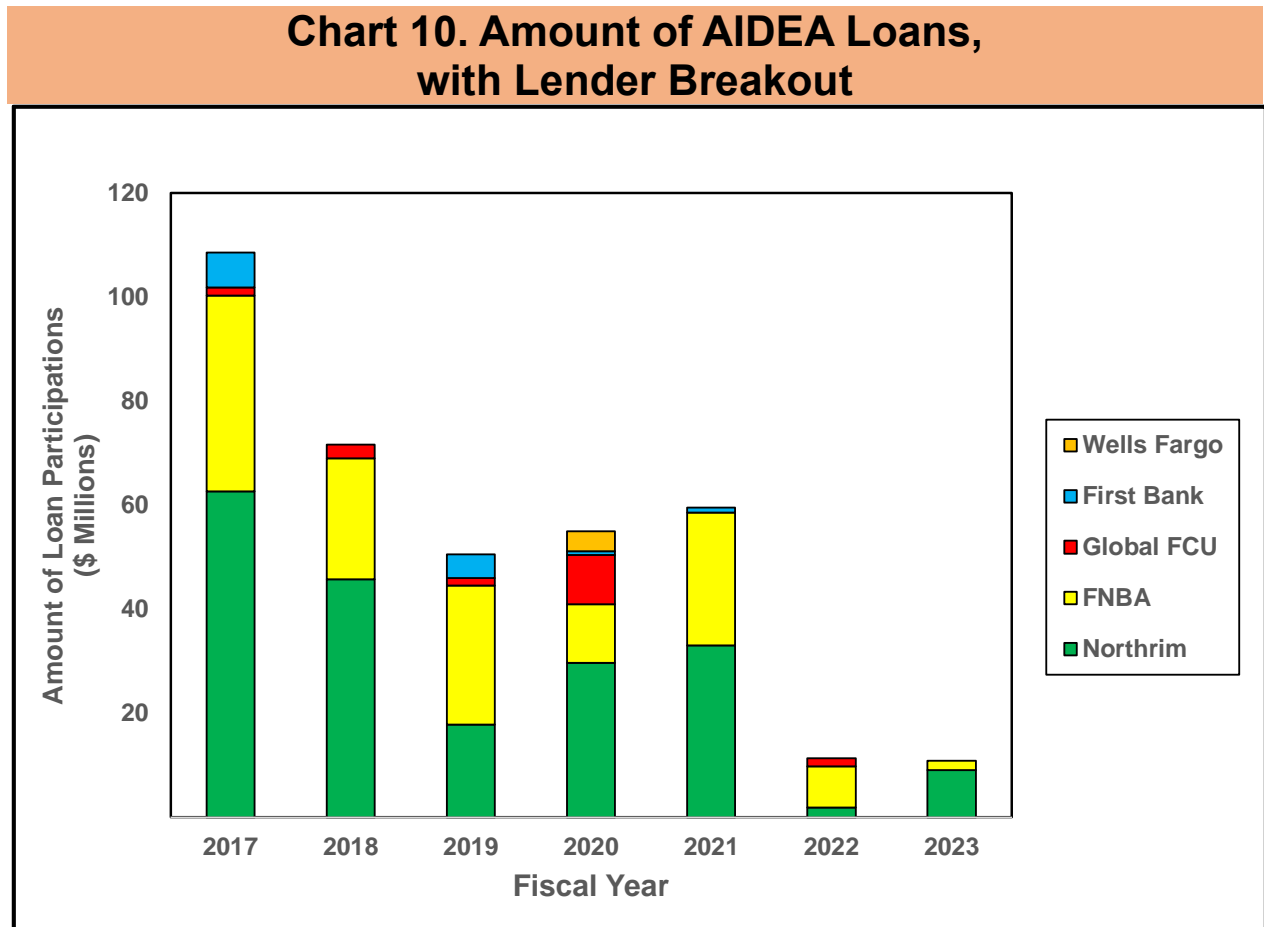


Table 17 indicates, in green, the years and lenders selling loan participations to AIDEA during FY 2017–2023, and shows the dollar amount of participations they sold in those years. The table also shows the eligible lenders who did not sell any participations in a given year.

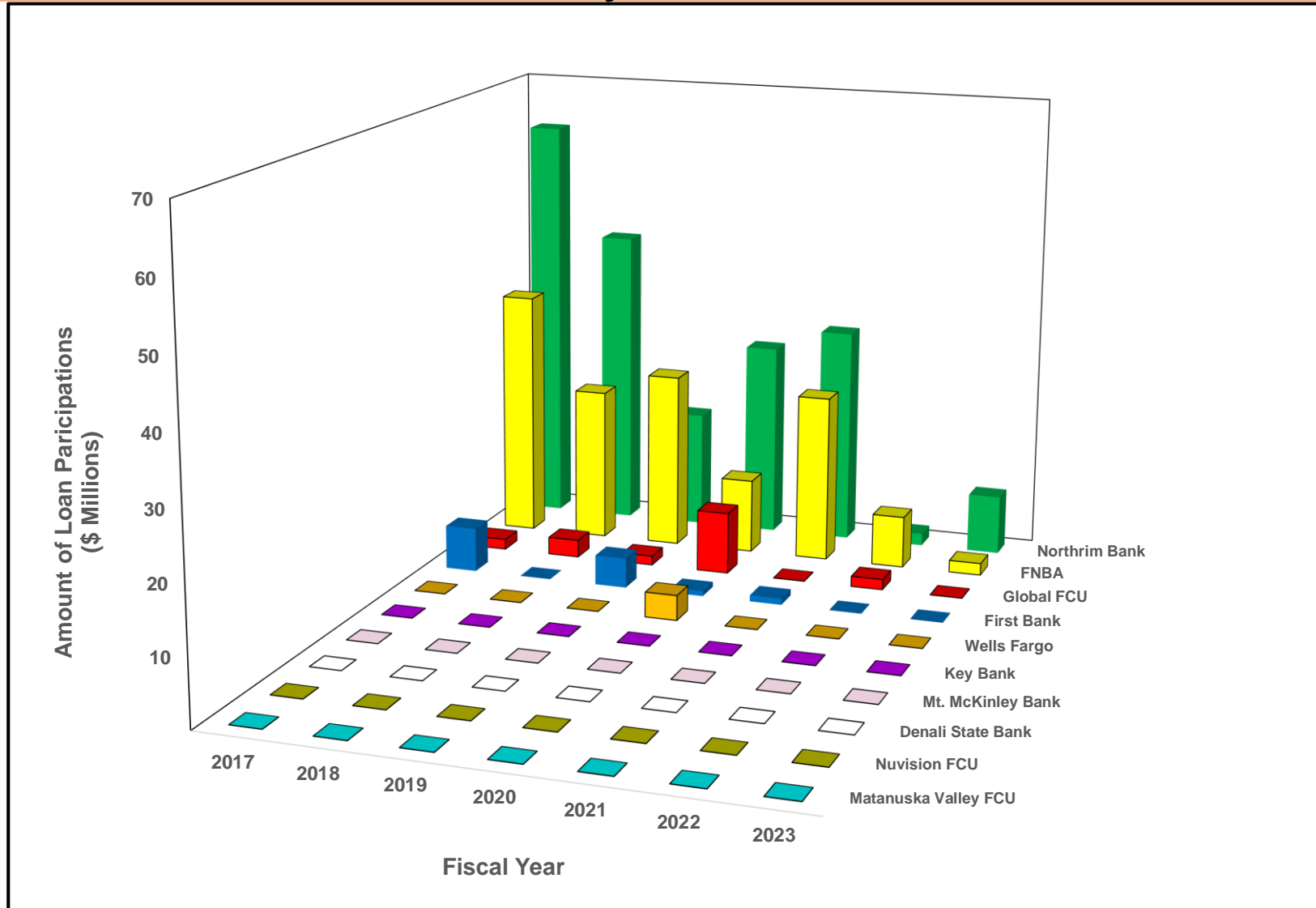
Northrim and FNBA were again by far the two biggest sellers of loan participations, when looking at dollar amounts of loans, as opposed to number of loans.

Chart 11 shows Table 17’s loans sold each year, in dollars, for each lender graphically. It includes eligible lenders who did not sell any participations.

Table 17. Amount of AIDEA Loans, by Lender

<u>Lender</u>	<u>Fiscal Year</u>							<u>2017-23</u>
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	
Northrim	62,674,104	45,682,388	17,792,625	29,654,325	33,042,884	1,850,625	8,993,326	199,690,277
FNBA	37,595,615	23,302,440	26,785,768	11,314,500	25,506,623	7,893,060	1,822,500	134,220,506
Global FCU	1,575,000	2,670,034	1,390,500	9,423,900	0	1,584,000	0	16,643,434
First Bank	6,679,358	0	4,540,000	776,250	948,800	0	0	12,944,408
Wells Fargo	0	0	0	3,780,000	0	0	0	3,780,000
Key Bank	0	0	0	0	0	0	0	0
Mt. McKinley Bank	0	0	0	0	0	0	0	0
Denali State Bank	0	0	0	0	0	0	0	0
Nuvision FCU	0	0	0	0	0	0	0	0
Matanuska Valley FCU	0	0	0	0	0	0	0	0
Total loan amounts	108,524,077	71,654,862	50,508,893	54,948,975	59,498,307	11,327,685	10,815,826	367,278,625

Chart 11. Amount of AIDEA Loans, by Lender



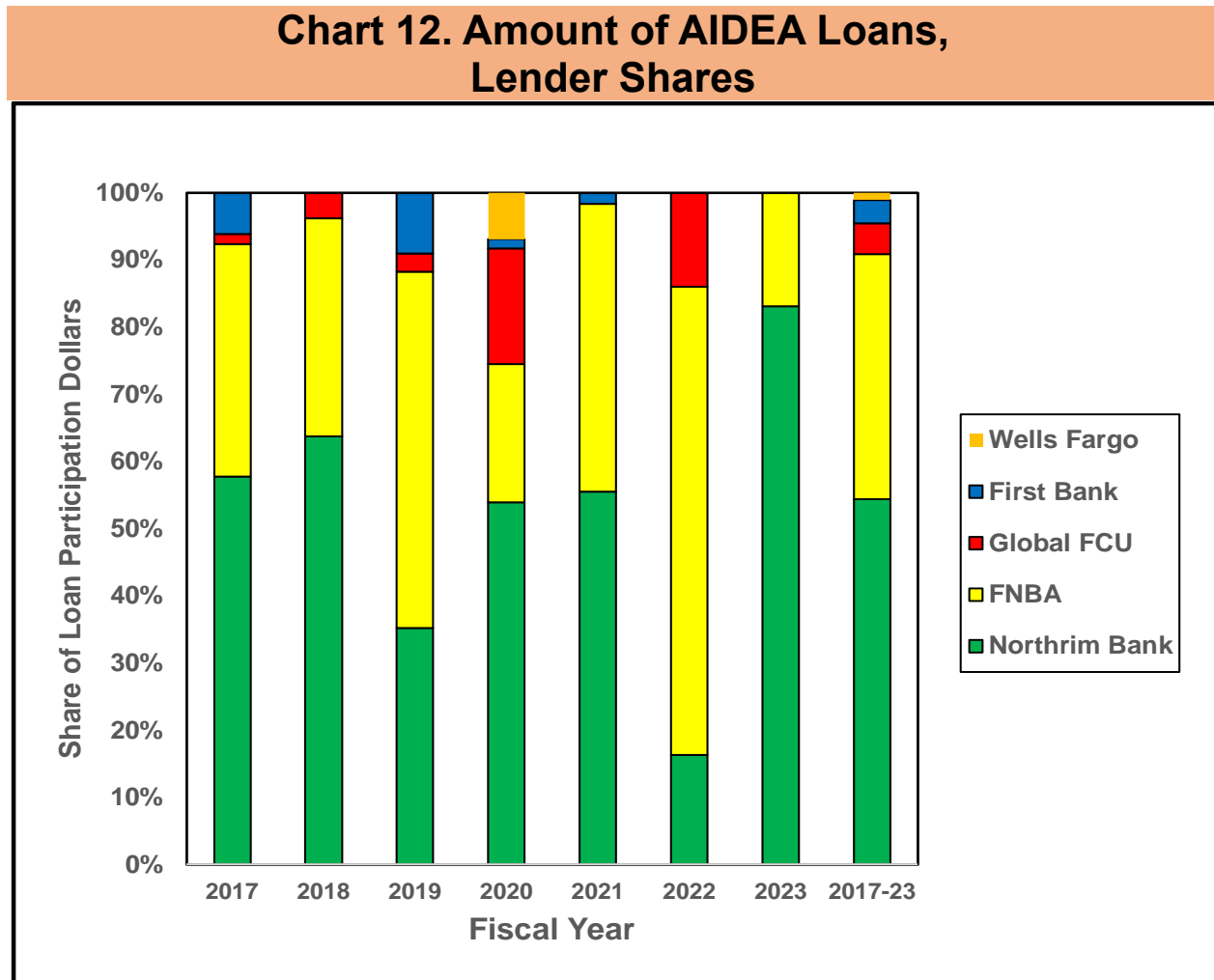
Again, Table 17 and Chart 11 show that half (five) of the eligible lenders did not participate in the Loan Participation Program at all during the last seven years. In FY 2021 and 2022 only three participated. And, in FY 2023, only two lenders were participants.

Table 18 shows each lender’s share of the total loan participations sold during the last seven years. The two lenders, Northrim and FNBA, sold AIDEA 91 percent of the dollar amount of loans it purchased, over the last seven years.

Table 18. Amount of AIDEA Loans, Lender Shares

Lender	Fiscal Year							2017-23
	2017	2018	2019	2020	2021	2022	2023	
Northrim Bank	58%	64%	35%	54%	56%	16%	83%	54%
FNBA	35%	33%	53%	21%	43%	70%	17%	37%
Global FCU	1%	4%	3%	17%	0%	14%	0%	5%
First Bank	6%	0%	9%	1%	2%	0%	0%	4%
Wells Fargo	0%	0%	0%	7%	0%	0%	0%	1%
Key Bank	0%	0%	0%	0%	0%	0%	0%	0%
Mt. McKinley Bank	0%	0%	0%	0%	0%	0%	0%	0%
Denali State Bank	0%	0%	0%	0%	0%	0%	0%	0%
Nuvision FCU	0%	0%	0%	0%	0%	0%	0%	0%
Matanuska Valley FCU	0%	0%	0%	0%	0%	0%	0%	0%
Total loan amounts	100%	100%	100%	100%	100%	100%	100%	100%

Chart 12 shows the Table 18 lender percentage shares graphically, for the lenders that did participate.



Construction Jobs

The foregoing numbers and dollar amounts of AIDEA loan participations are clear, unambiguous measures of AIDEA’s loan participation activity. Not so, for AIDEA’s claims of jobs created, saved, or otherwise dependent on AIDEA’s loan participations.

AIDEA’s construction job numbers suffer from three main defects:

- jobs may be part-time, seasonal, or temporary. This is the case with just about any construction job. To compare jobs between projects or to permanent, full-time jobs that are part of an operating business, all jobs should be counted in

terms of full-time equivalents. See [AIDEA’s Job Measures](#), on page 18 of this report;

- most construction projects began before AIDEA loan approval, and their completion did not depend on AIDEA financing. See [Table 5](#), on page 37 of this report, for the data on AIDEA’s 2008–2023 large loans. Also see [We Don’t Do Construction Loans](#) on page 43 off this report;
- AIDEA includes jobs going to nonresidents. In 2021, nonresidents held 18.7 percent of Alaska jobs in the “construction of buildings” industry. See [Table 6](#), on page 50 of this report.

Construction jobs that AIDEA claims to have created with its loan participations were down markedly in fiscal years 2022 and 2023, compared with FY 2017–2021. Claimed construction jobs dropped 85 percent from their seven-year peak of 516 in 2021, to their low of 77 in 2022.

Chart 13 shows AIDEA’s construction job claims, over the last seven years.

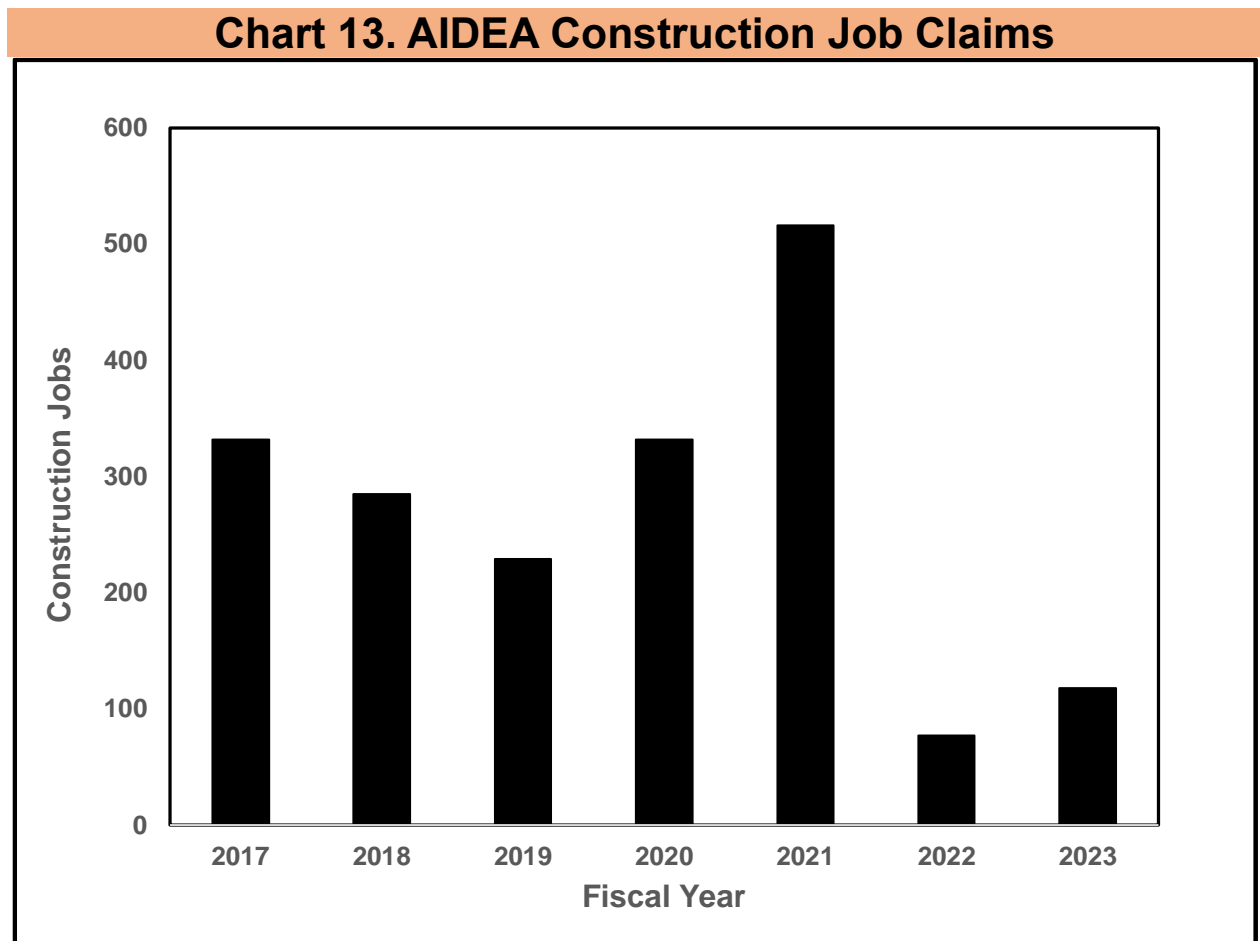


Chart 14 breaks out AIDEA's construction job claims, during the last seven years, among participating financial institutions.

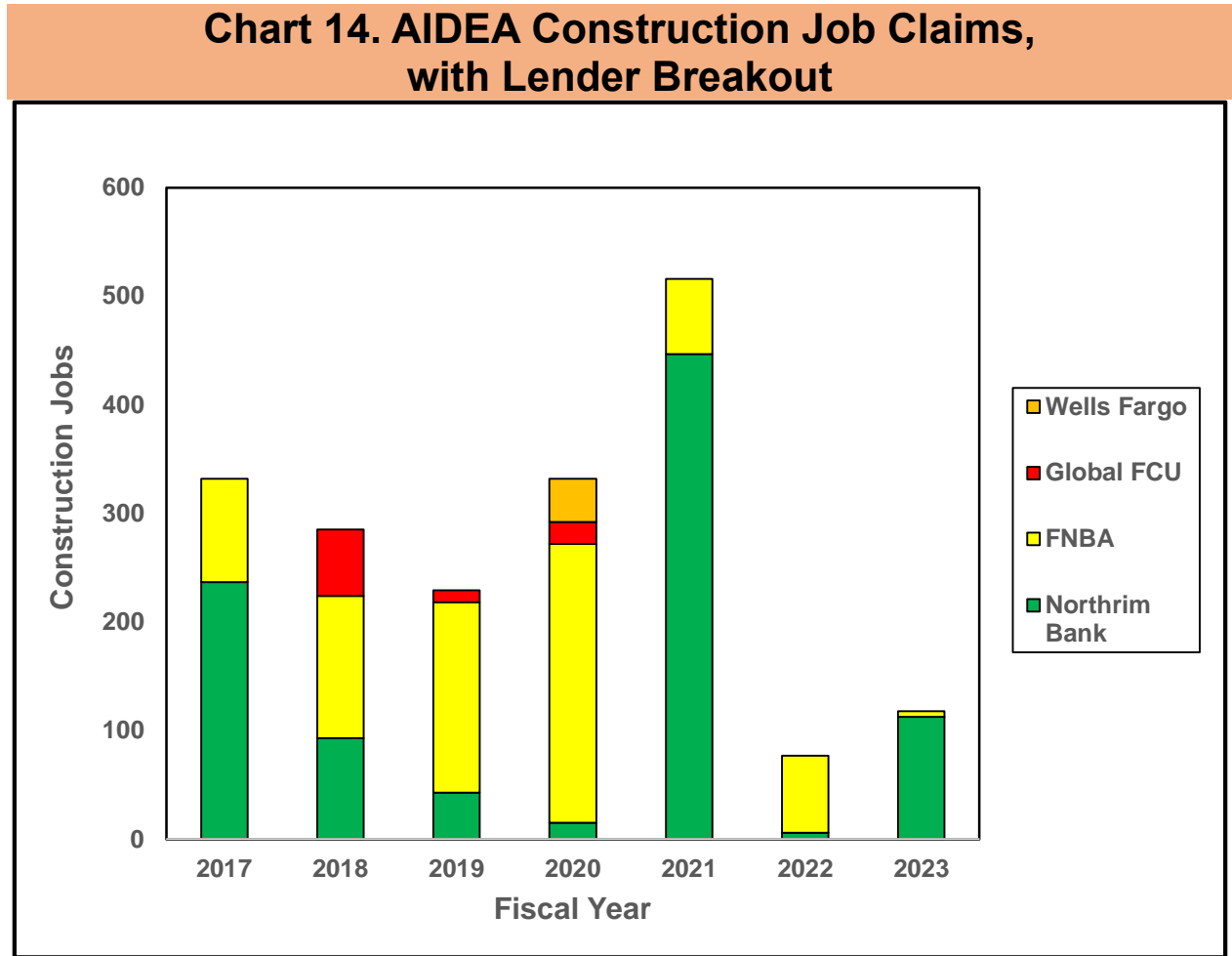


Table 19 indicates, in green, the years and lenders selling loan participations to AIDEA during FY 2017–2023, and shows the number of construction jobs AIDEA claims the loans created. The table also shows the eligible lenders who did not sell any participations in a given year.

Table 19. AIDEA Construction Job Claims, by Lender								
<u>Lender</u>	<u>Fiscal Year</u>							
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2017-23</u>
Northrim Bank	237	93	43	15	447	6	113	954
FNBA	95	131	175	257	69	71	5	803
Global FCU	0	61	11	20	0	0	0	92
First Bank	0	0	0	0	0	0	0	0
Wells Fargo	0	0	0	40	0	0	0	40
Key Bank	0	0	0	0	0	0	0	0
Mt. McKinley Bank	0	0	0	0	0	0	0	0
Denali State Bank	0	0	0	0	0	0	0	0
Nuvision FCU	0	0	0	0	0	0	0	0
Matanuska Valley FCU	0	0	0	0	0	0	0	0
Total construction jobs	332	285	229	332	516	77	118	1,889

Unsurprisingly, Northrim and FNBA were, by far, the two biggest producers of construction jobs that AIDEA claims LPP created.

Chart 15 shows Table 19’s construction jobs each year, for each lender, graphically. It includes eligible lenders who did not sell any participations.

Table 19 and Chart 15 show that, except for one loan participation from Wells Fargo, only three lenders, out of ten, brought any loans to AIDEA that involved any construction jobs, during the last seven years.

Chart 15. AIDEA Construction Job Claims, by Lender

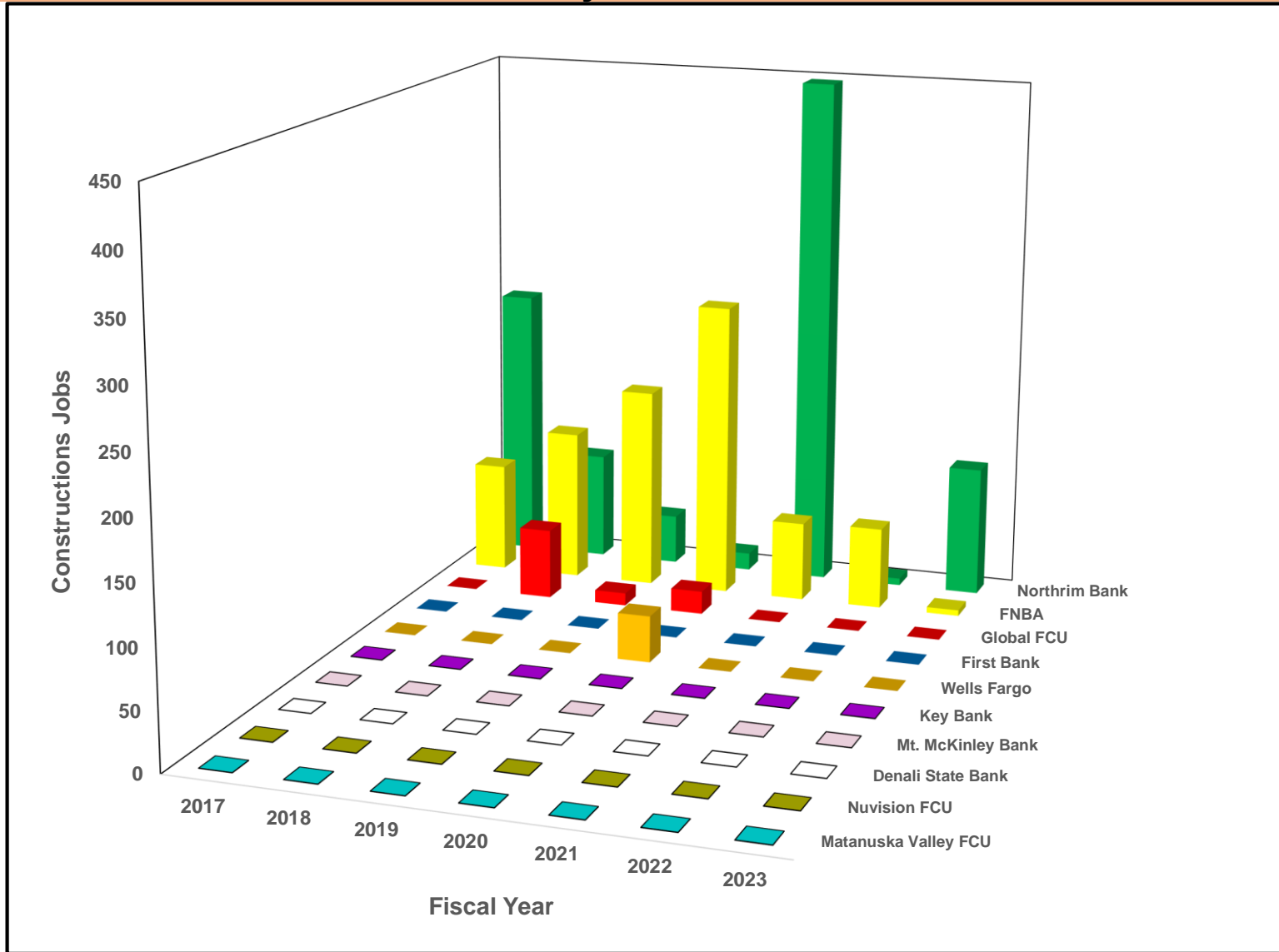
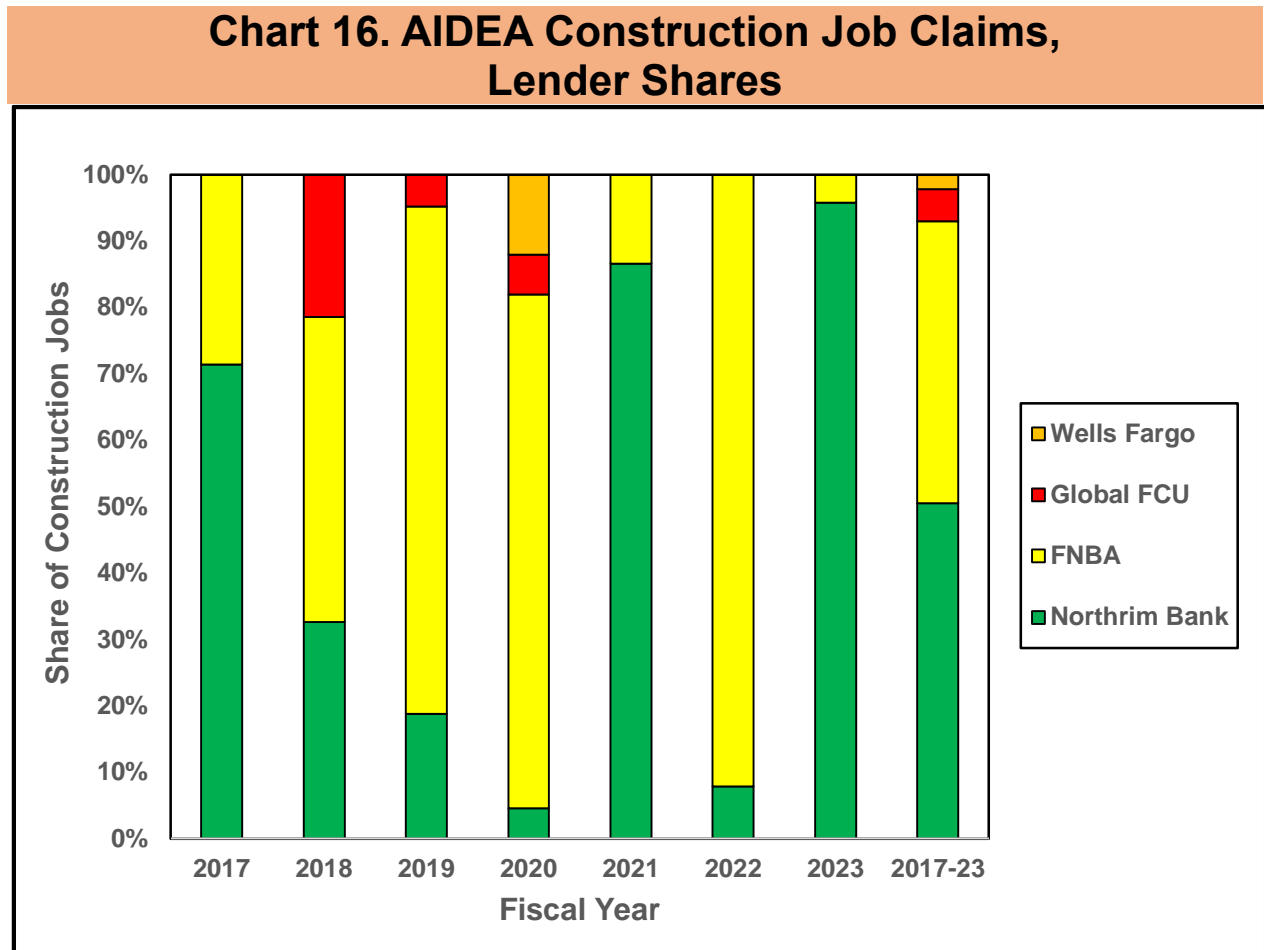


Table 20 shows each lender’s share of the total construction jobs created during the last seven years. The two lenders, Northrim and FNBA, created 94 percent of construction jobs.

Table 20. AIDEA Construction Job Claims, Lender Shares								
<u>Lender</u>	<u>Fiscal Year</u>							
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2017-23</u>
Northrim Bank	71%	33%	19%	5%	87%	8%	96%	51%
FNBA	29%	46%	76%	77%	13%	92%	4%	43%
Global FCU	0%	21%	5%	6%	0%	0%	0%	5%
First Bank	0%	0%	0%	0%	0%	0%	0%	0%
Wells Fargo	0%	0%	0%	12%	0%	0%	0%	2%
Key Bank	0%	0%	0%	0%	0%	0%	0%	0%
Mt. McKinley Bank	0%	0%	0%	0%	0%	0%	0%	0%
Denali State Bank	0%	0%	0%	0%	0%	0%	0%	0%
Nuvision FCU	0%	0%	0%	0%	0%	0%	0%	0%
Matanuska Valley FCU	0%	0%	0%	0%	0%	0%	0%	0%
Total construction jobs	100%	100%	100%	100%	100%	100%	100%	100%

Chart 16 shows the Table 20 lender percentage shares of construction jobs graphically, for the lenders that did participate.



Because AIDEA’s job claims are dubious, there is some imprecision, if not serious misstatement, in tallies of AIDEA’s loans and dollars that provide jobs.

Nevertheless, based on AIDEA’s reporting of loans with construction jobs, Chart 17 shows the numbers of loans providing construction jobs, each of the last seven years, for each lender that participated in the Loan Participation Program. Chart 17 also shows the number of each lender’s loans that provided no construction jobs, by AIDEA’s own count.

Chart 17. AIDEA Loans with & without Construction Jobs, by Lender

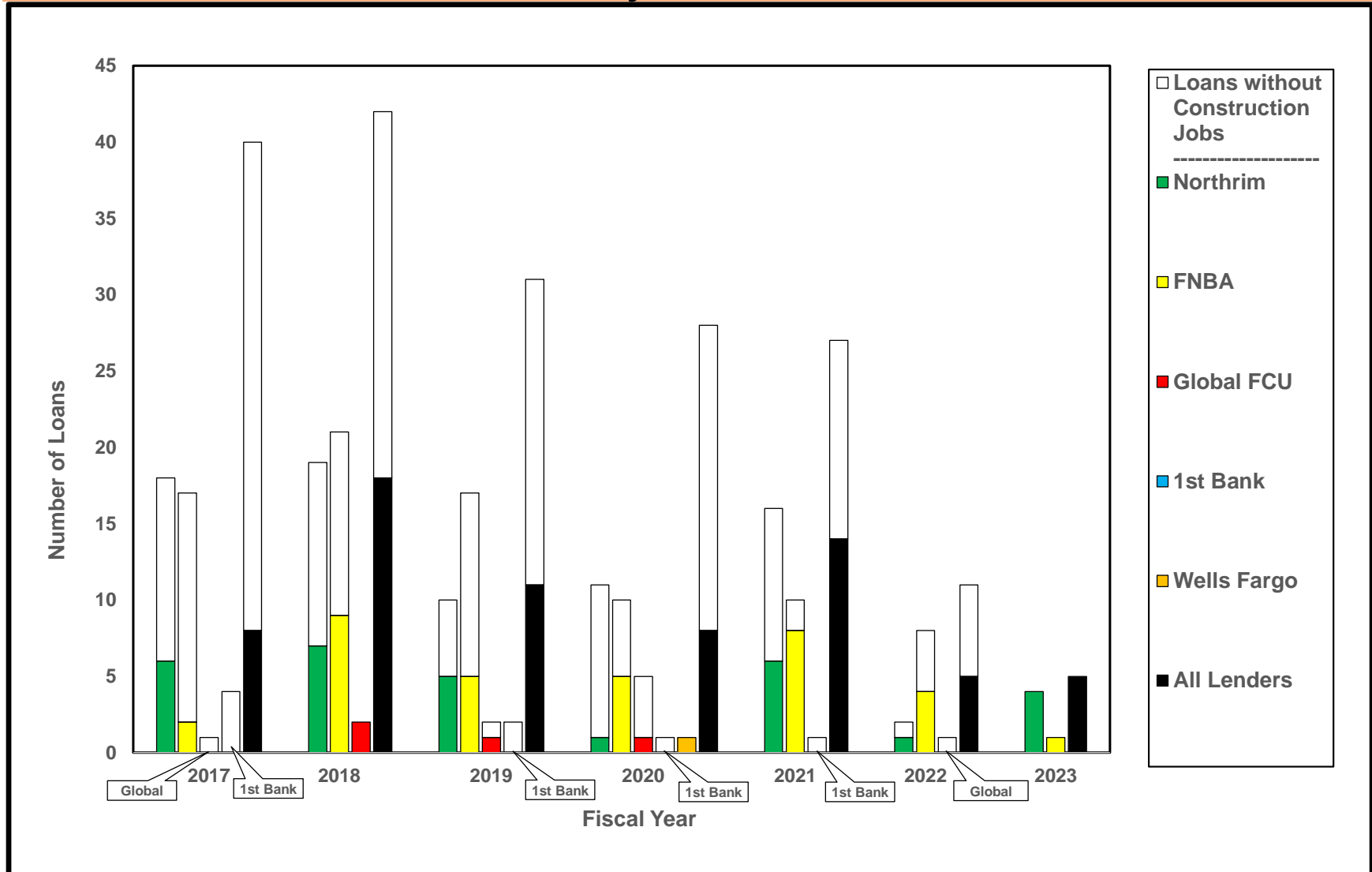


Table 21 calculates the proportion of loans, by lender, that had construction jobs. Only 38 percent of all loan participations during FY 2017–2023 had construction jobs as part of the package.

Table 21. Proportion of AIDEA Loans with Construction Jobs, by Lender

Lender	Fiscal Year							
	2017	2018	2019	2020	2021	2022	2023	2017-23
Loans with Construction Jobs								
Northrim Bank	6	7	5	1	6	1	4	30
FNBA	2	9	5	5	8	4	1	34
Global FCU	0	2	1	1	0	0	0	4
First Bank	0	0	0	0	0	0	0	0
Wells Fargo	0	0	0	1	0	0	0	1
Key Bank	0	0	0	0	0	0	0	0
Mt. McKinley Bank	0	0	0	0	0	0	0	0
Denali State Bank	0	0	0	0	0	0	0	0
Nuvision FCU	0	0	0	0	0	0	0	0
Matanuska Valley FCU	0	0	0	0	0	0	0	0
All lenders	8	18	11	8	14	5	5	69
Loans without Construction Jobs								
Northrim Bank	12	12	5	10	10	1	0	50
FNBA	15	12	12	5	2	4	0	50
Global FCU	1	0	1	4	0	1	0	7
First Bank	4	0	2	1	1	0	0	8
Wells Fargo	0	0	0	0	0	0	0	0
Key Bank	0	0	0	0	0	0	0	0
Mt. McKinley Bank	0	0	0	0	0	0	0	0
Denali State Bank	0	0	0	0	0	0	0	0
Nuvision FCU	0	0	0	0	0	0	0	0
Matanuska Valley FCU	0	0	0	0	0	0	0	0
All lenders	32	24	20	20	13	6	0	115
Proportion with Construction Jobs								
Northrim Bank	33%	37%	50%	9%	38%	50%	100%	38%
FNBA	12%	43%	29%	50%	80%	50%	100%	40%
Global FCU	0%	100%	50%	20%	0%	0%	0%	36%
First Bank	0%	0%	0%	0%	0%	0%	0%	0%
Wells Fargo	0%	0%	0%	100%	0%	0%	0%	100%
Key Bank	0%	0%	0%	0%	0%	0%	0%	0%
Mt. McKinley Bank	0%	0%	0%	0%	0%	0%	0%	0%
Denali State Bank	0%	0%	0%	0%	0%	0%	0%	0%
Nuvision FCU	0%	0%	0%	0%	0%	0%	0%	0%
Matanuska Valley FCU	0%	0%	0%	0%	0%	0%	0%	0%
All lenders	20%	43%	35%	29%	52%	45%	100%	38%

Chart 18 shows the dollars of loans providing construction jobs, each of the last seven years, for each lender that participated in the Loan Participation Program. Chart 18 also shows the dollar amount of each lender's loans that provided no construction jobs, per AIDEA's reporting.

Chart 18. AIDEA Loan Amounts with & without Construction Jobs, by Lender

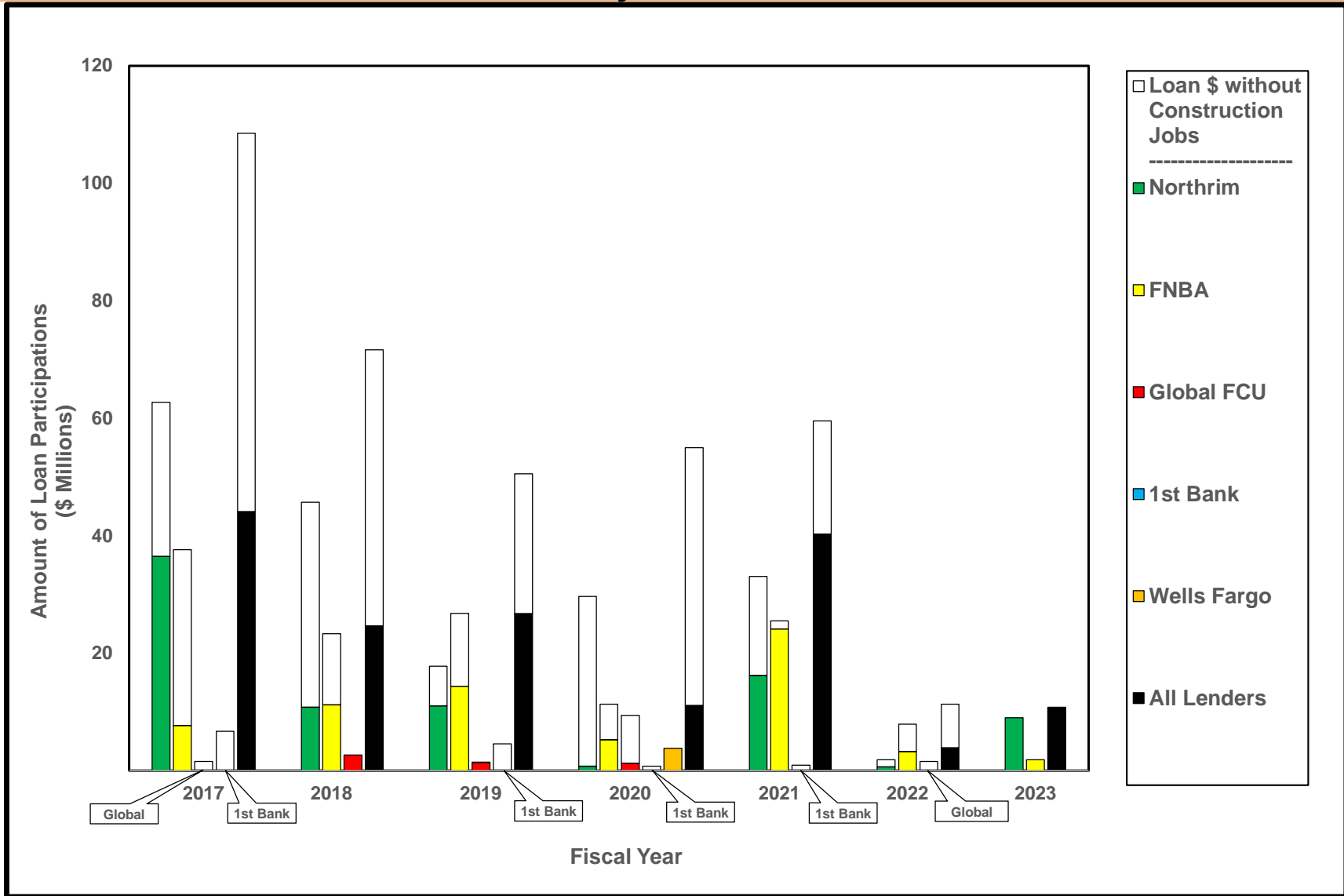


Table 22 calculates the proportion of loan dollar amounts that had construction jobs. 56 percent of all loan dollars during FY 2017–2023 did not involve construction.

Table 22. Proportion of AIDEA Loan Amounts with Construction Jobs, by Lender

Lender	Fiscal Year							2017-23
	2017	2018	2019	2020	2021	2022	2023	
Loan \$ with Construction Jobs (\$ millions)								
Northrim Bank	36.4	10.8	11.0	.7	16.2	.7	9.0	84.8
FNBA	7.6	11.2	14.3	5.3	24.1	3.2	1.8	67.6
Global FCU	.0	2.7	1.4	1.3	.0	.0	.0	5.3
First Bank	.0	.0	.0	.0	.0	.0	.0	.0
Wells Fargo	.0	.0	.0	3.8	.0	.0	.0	3.8
Key Bank	.0	.0	.0	.0	.0	.0	.0	.0
Mt. McKinley Bank	.0	.0	.0	.0	.0	.0	.0	.0
Denali State Bank	.0	.0	.0	.0	.0	.0	.0	.0
Nuvision FCU	.0	.0	.0	.0	.0	.0	.0	.0
Matanuska Valley FCU	.0	.0	.0	.0	.0	.0	.0	.0
All lenders	44.1	24.6	26.7	11.1	40.3	3.9	10.8	161.5
Loan \$ without Construction Jobs (\$ millions)								
Northrim Bank	26.2	34.9	6.8	28.9	16.9	1.2	.0	114.9
FNBA	30.0	12.1	12.4	6.1	1.4	4.7	.0	66.6
Global FCU	1.6	.0	.0	8.1	.0	1.6	.0	11.3
First Bank	6.7	.0	4.5	.8	.9	.0	.0	12.9
Wells Fargo	.0	.0	.0	.0	.0	.0	.0	.0
Key Bank	.0	.0	.0	.0	.0	.0	.0	.0
Mt. McKinley Bank	.0	.0	.0	.0	.0	.0	.0	.0
Denali State Bank	.0	.0	.0	.0	.0	.0	.0	.0
Nuvision FCU	.0	.0	.0	.0	.0	.0	.0	.0
Matanuska Valley FCU	.0	.0	.0	.0	.0	.0	.0	.0
All lenders	64.4	47.0	23.8	43.9	19.2	7.4	.0	205.8
Proportion with Construction Jobs								
Northrim Bank	58%	24%	62%	3%	49%	35%	100%	42%
FNBA	20%	48%	54%	46%	94%	41%	100%	50%
Global FCU	0%	100%	98%	14%	0%	0%	0%	32%
First Bank	0%	0%	0%	0%	0%	0%	0%	0%
Wells Fargo	0%	0%	0%	100%	0%	0%	0%	100%
Key Bank	0%	0%	0%	0%	0%	0%	0%	0%
Mt. McKinley Bank	0%	0%	0%	0%	0%	0%	0%	0%
Denali State Bank	0%	0%	0%	0%	0%	0%	0%	0%
Nuvision FCU	0%	0%	0%	0%	0%	0%	0%	0%
Matanuska Valley FCU	0%	0%	0%	0%	0%	0%	0%	0%
All lenders	41%	34%	53%	20%	68%	34%	100%	44%

During FY 2017–2023, AIDEA put \$161.5 million into loans involving construction jobs. But, during these years they put \$205.8 million into loans that provided no construction

jobs. The \$161.5 million in loan dollars going into construction projects was only 44 percent of the \$367.3 million AIDEA pumped into loan participations during these years.

This raises the question of whether the overall effect of AIDEA's being in the commercial real estate (CRE) financing market was to bid up prices of commercial real estate with easy financing for property acquisitions, as opposed to bringing prices down by additions to the supply (construction) of commercial real estate.

Loans with construction involved tended to be larger than those without construction. The 38 percent of loans with construction jobs (Table 21) accounted for 44 percent of loan dollar amounts (Table 22). But, the overall impact was that 56 percent of participation dollars did nothing to boost the CRE supply.

Permanent Jobs

AIDEA's permanent job numbers suffer from four main defects:

- jobs may be seasonal, part-time, or temporary. In some industries, and in Alaska's economy in general, employment rises in the summer. In 2022, Alaska's average employment in manufacturing, about two-thirds of which is seafood processing, was only 54 percent of peak employment. In leisure and hospitality, two tourism-impacted industries, average monthly jobs were 81 percent of peak summer jobs.⁸⁴ AIDEA's job numbers need to be full-time equivalents to have any hope of assessing their economic impact. See [AIDEA's Job Measures](#), on page 18 of this report;
- most construction projects began before AIDEA loan approval, and their completion did not depend on AIDEA financing. See [Table 5](#), on page 37 of this report, for the data on AIDEA's 2008–2023 large loans. Also see [We Don't Do Construction Loans](#) on page 43 of this report;
- AIDEA counts jobs on the payrolls of CRE tenants. See [Table 5](#), on page 37 of this report, for the data on AIDEA's 2008–2023 large loans. Also see [Jobs Created — Tenant or Landlord?](#), on page 44 of this report; and,
- AIDEA includes jobs going to nonresidents. For the amounts of AIDEA participations outstanding as of November 30, 2022, for all industries except "construction of buildings", we estimate nonresidents held 22.6 percent of Alaska jobs claimed by AIDEA. See [Table 6](#), on page 50 of this report.

84. Alaska Monthly Employment Statistics, 2022, Research and Analysis, Alaska Department of Labor and Workforce Development, at <http://live.laborstats.alaska.gov/labforce/000000/01/ces.html>.

Permanent jobs that AIDEA claims to have created with its loan participations were down markedly in FY 2023, compared with previous years. Permanent jobs dropped 86 percent from their seven-year peak of 326 in FY 2017, to their low of 46 in FY 2023.

Chart 19 shows AIDEA’s claims of permanent jobs they created, over the last seven fiscal years.

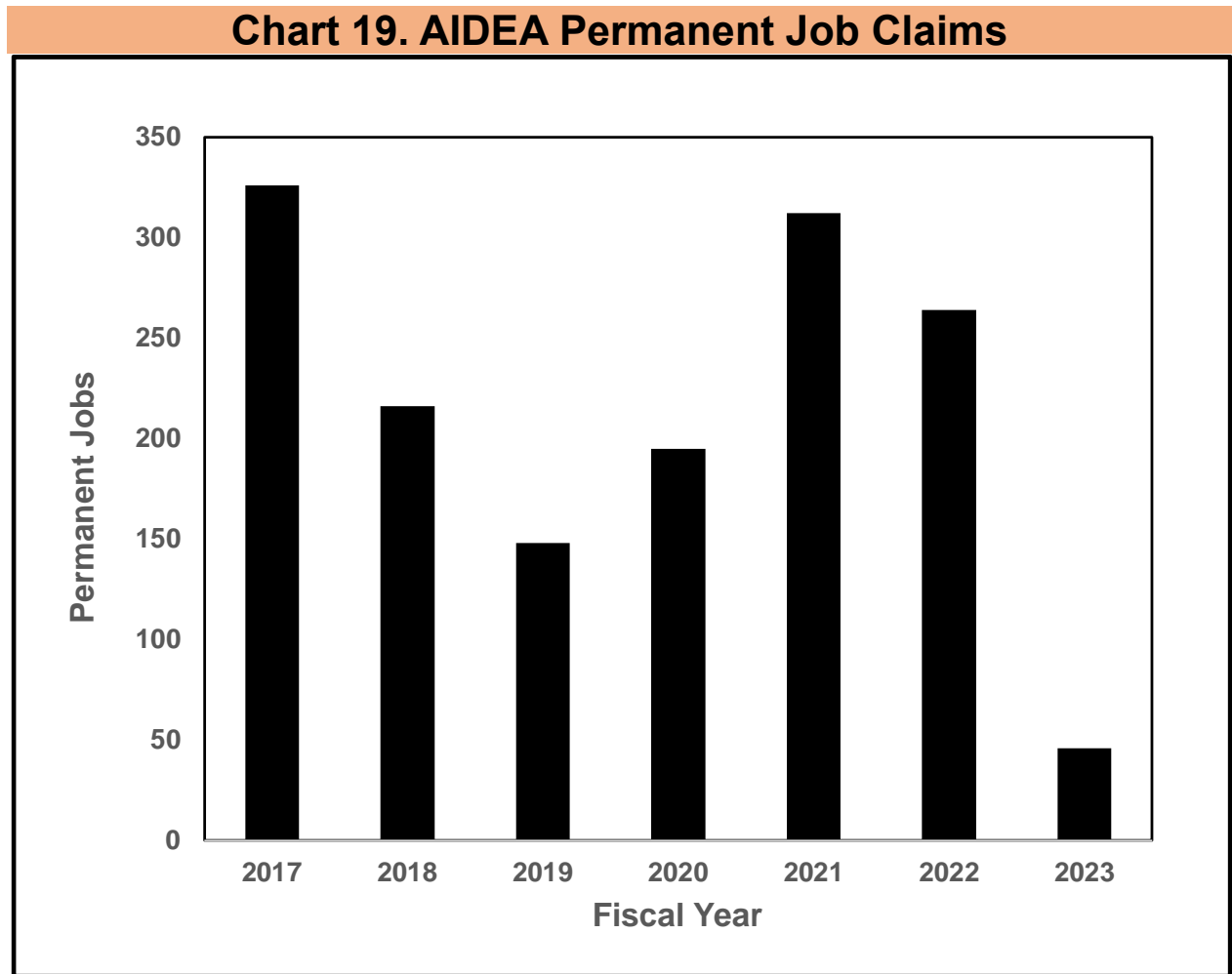


Chart 20 breaks out AIDEA's permanent job claims, during the last seven years, among participating financial institutions.

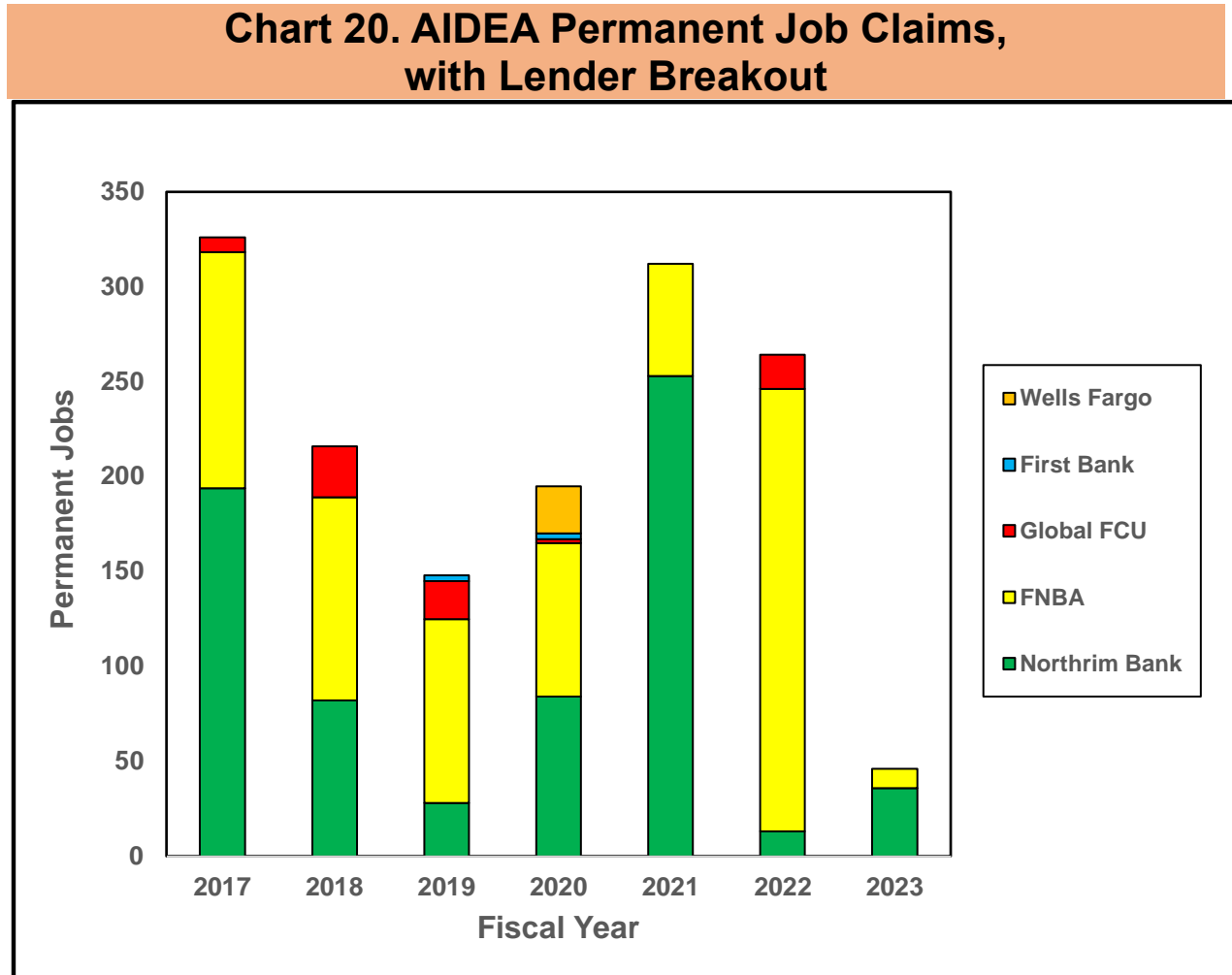


Table 23 indicates, in green, the years and lenders selling loan participations to AIDEA during FY 2017–2023, and shows the number of permanent jobs AIDEA claims the loans created. The table also shows the five eligible lenders who did not sell any participations in any year.

Table 23. AIDEA Permanent Job Claims, by Lender								
Lender	Fiscal Year							2017-23
	2017	2018	2019	2020	2021	2022	2023	
Northrim Bank	194	82	28	84	253	13	36	690
FNBA	124	107	97	81	59	233	10	711
Global FCU	8	27	20	2	0	18	0	75
First Bank	0	0	3	3	0	0	0	6
Wells Fargo	0	0	0	25	0	0	0	25
Key Bank	0	0	0	0	0	0	0	0
Mt. McKinley Bank	0	0	0	0	0	0	0	0
Denali State Bank	0	0	0	0	0	0	0	0
Nuvision FCU	0	0	0	0	0	0	0	0
Matanuska Valley FCU	0	0	0	0	0	0	0	0
Total permanent jobs	326	216	148	195	312	264	46	1,507

But for Wells Fargo’s one loan, lenders credited with permanent job creation by AIDEA would have been four in number. Two lenders, Northrim and FNBA, dominated permanent job creation, as they did construction job creation.

Chart 21 shows Table 23’s permanent jobs each year, for each lender, graphically. It includes eligible lenders who did not sell any participations.

Chart 21. AIDEA Permanent Job Claims, by Lender

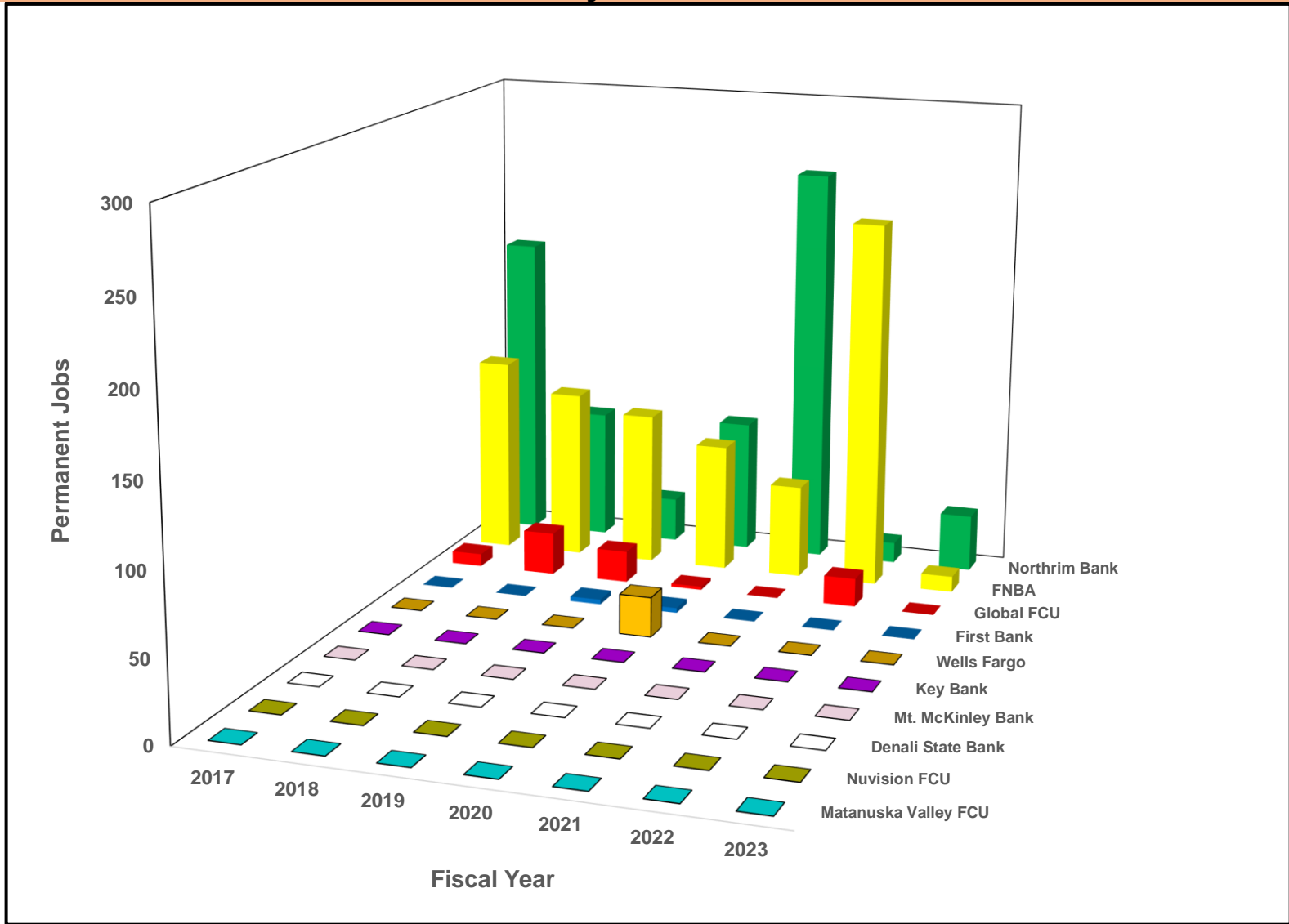
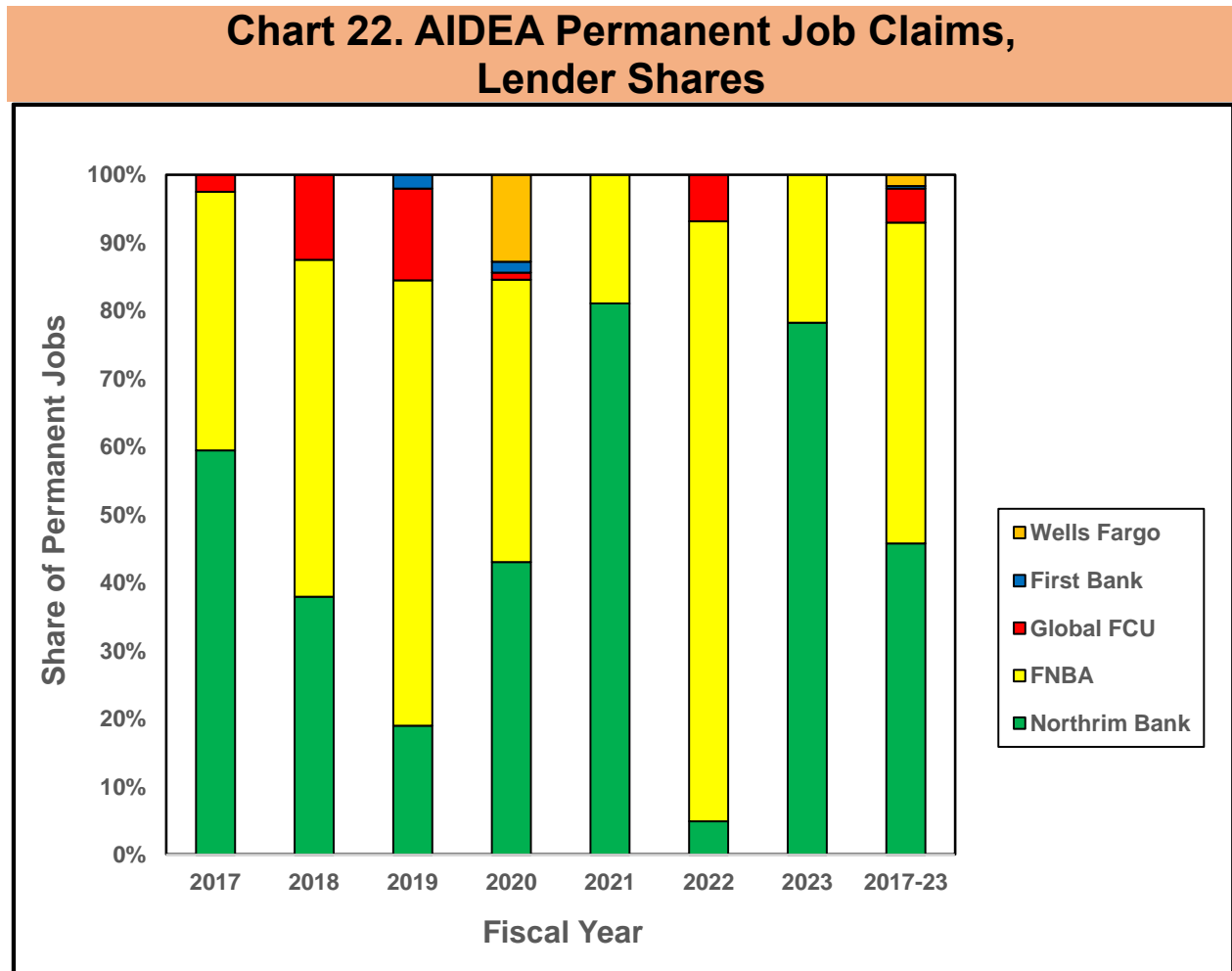


Table 24 shows each lender’s share of the total permanent jobs “created” during the last seven years. The same two lenders, Northrim and FNBA, created almost all of the permanent jobs — 93 percent.

Table 24. AIDEA Permanent Job Claims, Lender Shares

Lender	Fiscal Year							2017-23
	2017	2018	2019	2020	2021	2022	2023	
Northrim Bank	60%	38%	19%	43%	81%	5%	78%	46%
FNBA	38%	50%	66%	42%	19%	88%	22%	47%
Global FCU	2%	13%	14%	1%	0%	7%	0%	5%
First Bank	0%	0%	2%	2%	0%	0%	0%	0%
Wells Fargo	0%	0%	0%	13%	0%	0%	0%	2%
Key Bank	0%	0%	0%	0%	0%	0%	0%	0%
Mt. McKinley Bank	0%	0%	0%	0%	0%	0%	0%	0%
Denali State Bank	0%	0%	0%	0%	0%	0%	0%	0%
Nuvision FCU	0%	0%	0%	0%	0%	0%	0%	0%
Matanuska Valley FCU	0%	0%	0%	0%	0%	0%	0%	0%
Total permanent jobs	100%	100%	100%	100%	100%	100%	100%	100%

Chart 22 shows the Table 24 lender percentage shares graphically, for the lenders that did participate.



Because AIDEA’s job claims are not from disinterested parties, are not audited, and are not rigorously measured or tallied, there is some imprecision, if not major distortions, in AIDEA’s loans and dollars that provide jobs.

Nevertheless, based on AIDEA’s reporting of loans with permanent jobs, Chart 23 shows the numbers of loans providing permanent jobs, each of the last seven years, for each lender that participated in the Loan Participation Program. Chart 23 also shows each lender’s loans that provided no permanent jobs, by AIDEA’s own count.

Chart 23. AIDEA Loans with & without Permanent Jobs, by Lender

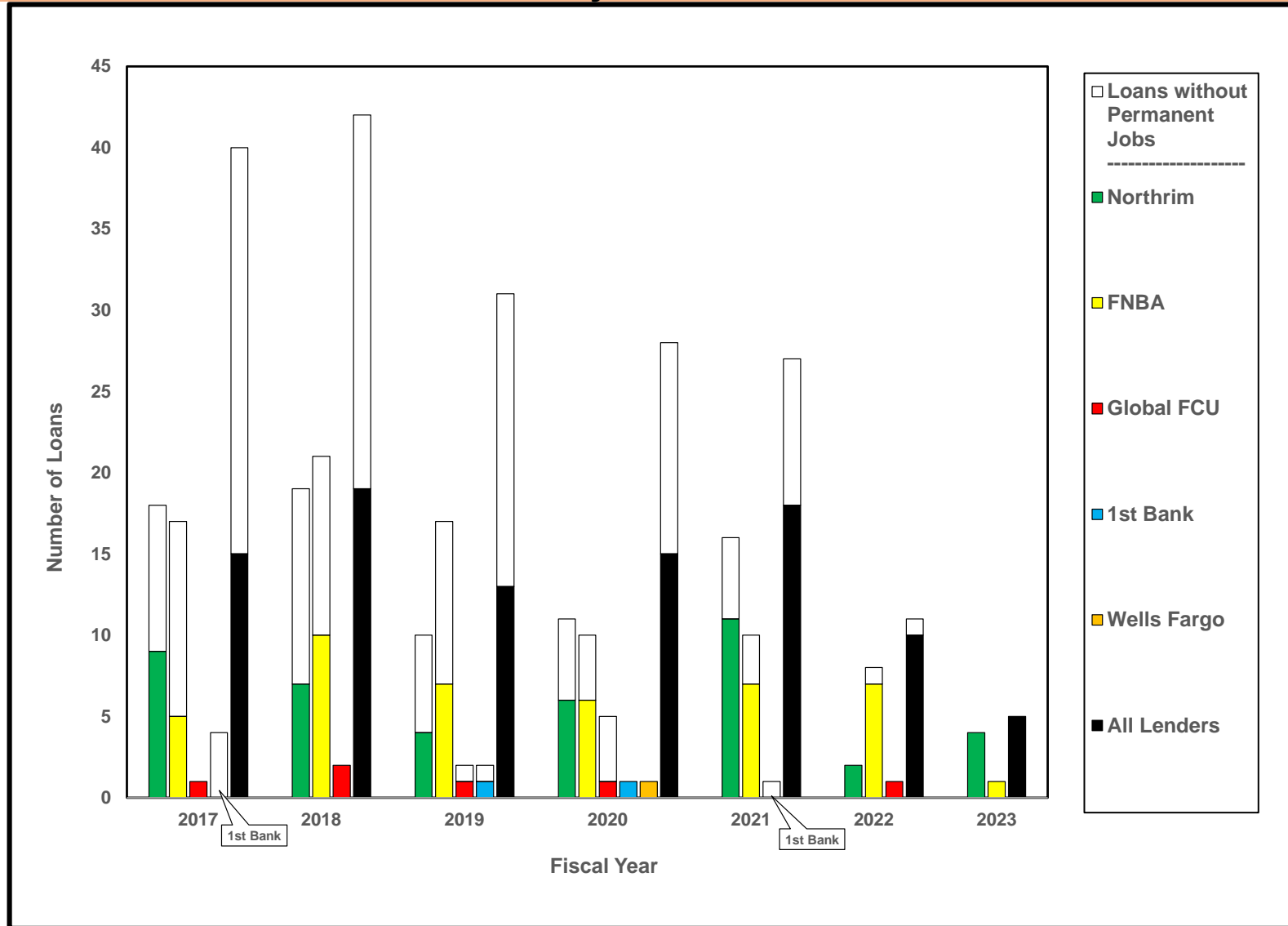


Table 25 calculates the proportion of loans that each lender sold to AIDEA that had permanent jobs. Just over half, 52 percent, of all loan participations during FY 2017–2023 had permanent jobs.

Table 25. Proportion of AIDEA Loans with Permanent Jobs, by Lender

Lender	Fiscal Year							
	2017	2018	2019	2020	2021	2022	2023	2017-23
Loans with Permanent Jobs								
Northrim Bank	9	7	4	6	11	2	4	43
FNBA	5	10	7	6	7	7	1	43
Global FCU	1	2	1	1	0	1	0	6
First Bank	0	0	1	1	0	0	0	2
Wells Fargo	0	0	0	1	0	0	0	1
Key Bank	0	0	0	0	0	0	0	0
Mt. McKinley Bank	0	0	0	0	0	0	0	0
Denali State Bank	0	0	0	0	0	0	0	0
Nuvision FCU	0	0	0	0	0	0	0	0
Matanuska Valley FCU	0	0	0	0	0	0	0	0
All lenders	15	19	13	15	18	10	5	95
Loans without Permanent Jobs								
Northrim Bank	9	12	6	5	5	0	0	37
FNBA	12	11	10	4	3	1	0	41
Global FCU	0	0	1	4	0	0	0	5
First Bank	4	0	1	0	1	0	0	6
Wells Fargo	0	0	0	0	0	0	0	0
Key Bank	0	0	0	0	0	0	0	0
Mt. McKinley Bank	0	0	0	0	0	0	0	0
Denali State Bank	0	0	0	0	0	0	0	0
Nuvision FCU	0	0	0	0	0	0	0	0
Matanuska Valley FCU	0	0	0	0	0	0	0	0
All lenders	25	23	18	13	9	1	0	89
Proportion with Permanent Jobs								
Northrim Bank	50%	37%	40%	55%	69%	100%	100%	54%
FNBA	29%	48%	41%	60%	70%	88%	100%	51%
Global FCU	100%	100%	50%	20%	0%	100%	0%	55%
First Bank	0%	0%	50%	100%	0%	0%	0%	25%
Wells Fargo	0%	0%	0%	100%	0%	0%	0%	100%
Key Bank	0%	0%	0%	0%	0%	0%	0%	0%
Mt. McKinley Bank	0%	0%	0%	0%	0%	0%	0%	0%
Denali State Bank	0%	0%	0%	0%	0%	0%	0%	0%
Nuvision FCU	0%	0%	0%	0%	0%	0%	0%	0%
Matanuska Valley FCU	0%	0%	0%	0%	0%	0%	0%	0%
All lenders	38%	45%	42%	54%	67%	91%	100%	52%

Chart 24 shows the dollars of loans providing permanent jobs, each of the last seven years, for each lender that participated in the Loan Participation Program. Chart 24 also shows the dollar amount of each lender's loans that provided no permanent jobs, per AIDEA's reporting.

Chart 24. AIDEA Loan Amounts with & without Permanent Jobs, by Lender

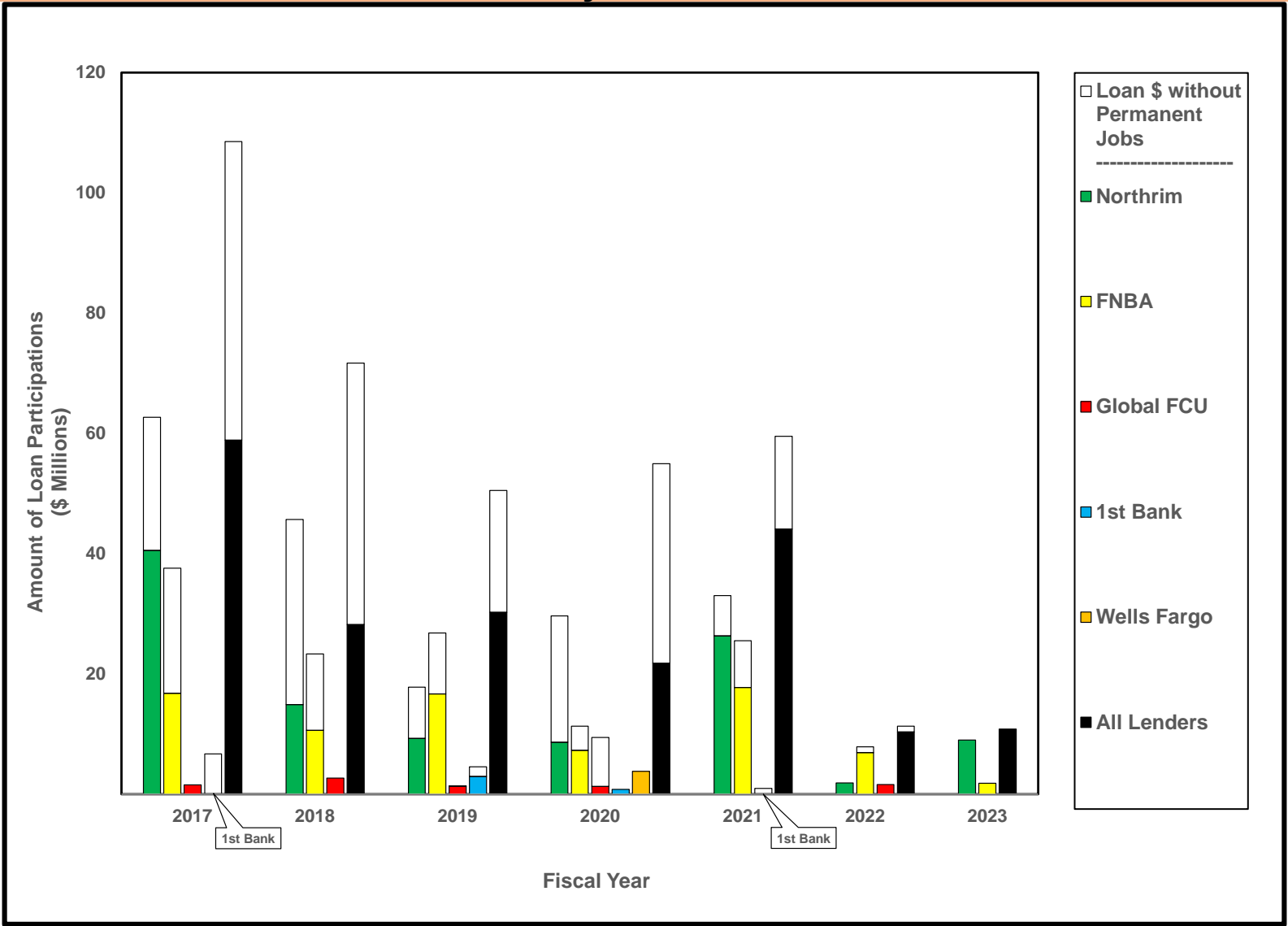


Table 26 calculates the proportions of AIDEA’s participation dollar amounts that were paid for loans which it claims created or saved permanent jobs.

Table 26. Proportion of AIDEA Loan Amounts with Permanent Jobs, by Lender

Lender	Fiscal Year							2017-23
	2017	2018	2019	2020	2021	2022	2023	
Loan \$ with Permanent Jobs (\$ millions)								
Northrim Bank	40.5	14.9	9.3	8.6	26.3	1.9	9.0	110.5
FNBA	16.8	10.6	16.7	7.3	17.8	6.9	1.8	77.8
Global FCU	1.6	2.7	1.4	1.3	.0	1.6	.0	8.5
First Bank	.0	.0	2.9	.8	.0	.0	.0	3.7
Wells Fargo	.0	.0	.0	3.8	.0	.0	.0	3.8
Key Bank	.0	.0	.0	.0	.0	.0	.0	.0
Mt. McKinley Bank	.0	.0	.0	.0	.0	.0	.0	.0
Denali State Bank	.0	.0	.0	.0	.0	.0	.0	.0
Nuvision FCU	.0	.0	.0	.0	.0	.0	.0	.0
Matanuska Valley FCU	.0	.0	.0	.0	.0	.0	.0	.0
All lenders	58.9	28.2	30.2	21.7	44.1	10.4	10.8	204.3
Loan \$ without Permanent Jobs (\$ millions)								
Northrim Bank	22.2	30.8	8.5	21.0	6.7	.0	.0	89.2
FNBA	20.8	12.7	10.1	4.1	7.7	1.0	.0	56.4
Global FCU	.0	.0	.0	8.1	.0	.0	.0	8.2
First Bank	6.7	.0	1.6	.0	.9	.0	.0	9.2
Wells Fargo	.0	.0	.0	.0	.0	.0	.0	.0
Key Bank	.0	.0	.0	.0	.0	.0	.0	.0
Mt. McKinley Bank	.0	.0	.0	.0	.0	.0	.0	.0
Denali State Bank	.0	.0	.0	.0	.0	.0	.0	.0
Nuvision FCU	.0	.0	.0	.0	.0	.0	.0	.0
Matanuska Valley FCU	.0	.0	.0	.0	.0	.0	.0	.0
All lenders	49.7	43.5	20.3	33.2	15.4	1.0	.0	163.0
Proportion with Permanent Jobs								
Northrim Bank	65%	33%	52%	29%	80%	100%	100%	55%
FNBA	45%	45%	62%	64%	70%	88%	100%	58%
Global FCU	100%	100%	98%	14%	0%	100%	0%	51%
First Bank	0%	0%	65%	100%	0%	0%	0%	29%
Wells Fargo	0%	0%	0%	100%	0%	0%	0%	100%
Key Bank	0%	0%	0%	0%	0%	0%	0%	0%
Mt. McKinley Bank	0%	0%	0%	0%	0%	0%	0%	0%
Denali State Bank	0%	0%	0%	0%	0%	0%	0%	0%
Nuvision FCU	0%	0%	0%	0%	0%	0%	0%	0%
Matanuska Valley FCU	0%	0%	0%	0%	0%	0%	0%	0%
All lenders	54%	39%	60%	40%	74%	92%	100%	56%

The 52 percent of loans with permanent jobs (Table 25) accounted for 56 percent of loan dollar amounts (Table 26). Loans with permanent jobs tended to be larger than

those without permanent jobs. Still, 44 percent of all loan dollar amounts during FY 2017–2023 were for projects not involving permanent job creation.

Any Jobs

Because construction jobs are predominately temporary or part-time, it makes little sense to add them and permanent jobs together, to measure the economic impact of AIDEA's Loan Participation Program. One AIDEA "construction job" would almost always be some fraction of a year-round, full-time job.

Changes in the total of construction and permanent jobs would not even necessarily point in the same direction as the change in economic impact. The total of construction and permanent jobs is a meaningless number, a chimera. Apples and oranges.

Nevertheless, in this section of the report, we look at the number of loans and the dollar amounts of loans that have any jobs associated them, either construction jobs or permanent jobs. This serves to measure to what extent AIDEA is attempting to fulfill its stated mission objective of creating jobs.

Even so, these purchases of loan participations, labelled by AIDEA as creating or saving jobs, are spurious measures of whether AIDEA is actually doing so, as discussed throughout this report.

Chart 25 shows the numbers of loans providing any jobs, whether construction or permanent, each of the last seven years, for each lender that participated in the Loan Participation Program. Chart 25 also shows each lender's loans that provided no jobs, by AIDEA's own count.

Chart 25. AIDEA Loans with & without Jobs, by Lender

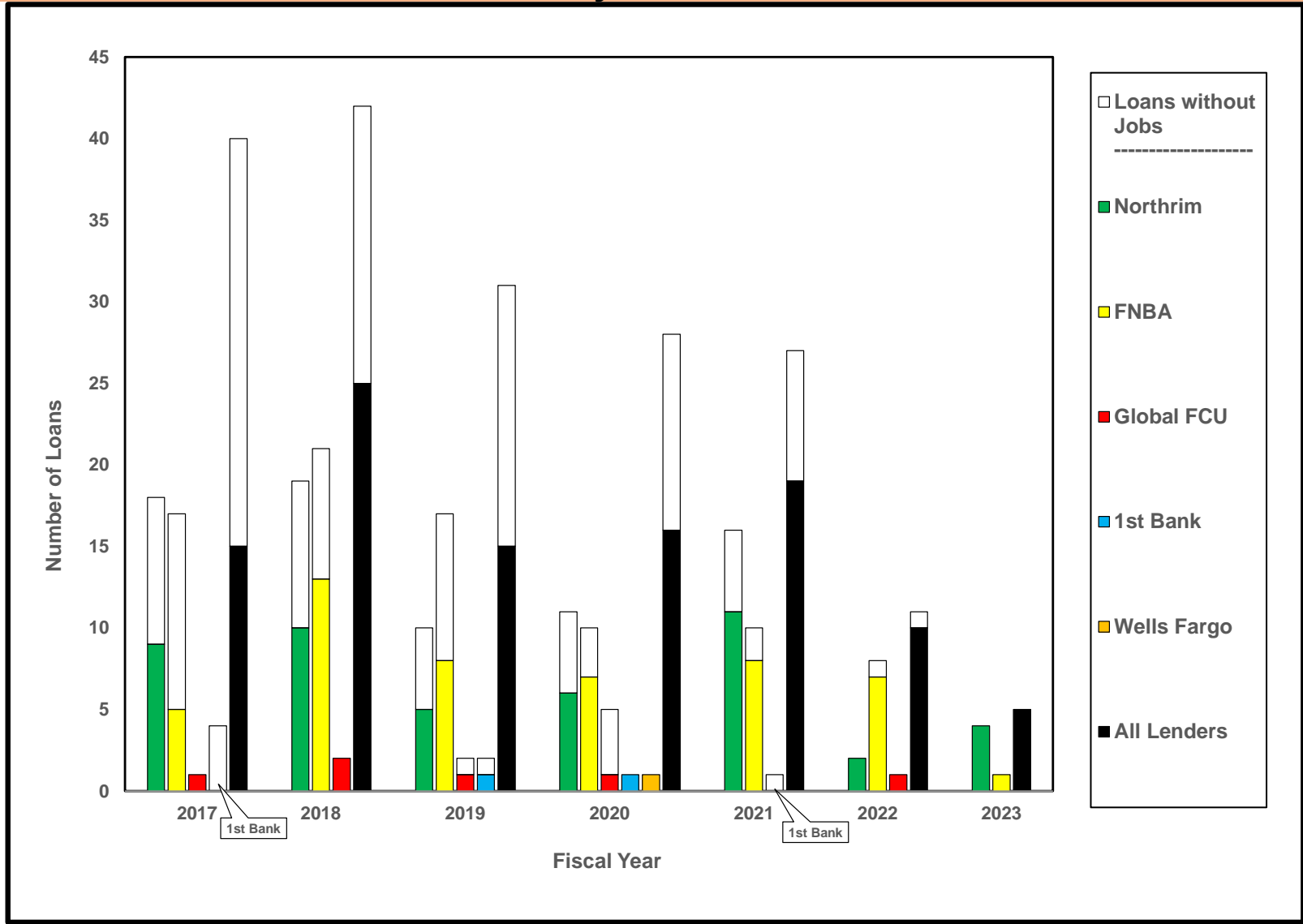


Table 27 shows the number of loans, with and without jobs, by fiscal year and by lender, that are graphically displayed in Chart 25. It also shows that only 57 percent of loans provided any jobs. 43 percent provided none, by AIDEA's own count.

Table 27. Proportion of AIDEA Loans with Any Jobs, by Lender

Lender	Fiscal Year							2017-23
	2017	2018	2019	2020	2021	2022	2023	
Loans with Any Jobs								
Northrim Bank	9	10	5	6	11	2	4	47
FNBA	5	13	8	7	8	7	1	49
Global FCU	1	2	1	1	0	1	0	6
First Bank	0	0	1	1	0	0	0	2
Wells Fargo	0	0	0	1	0	0	0	1
Key Bank	0	0	0	0	0	0	0	0
Mt. McKinley Bank	0	0	0	0	0	0	0	0
Denali State Bank	0	0	0	0	0	0	0	0
Nuvision FCU	0	0	0	0	0	0	0	0
Matanuska Valley FCU	0	0	0	0	0	0	0	0
All lenders	15	25	15	16	19	10	5	105
Loans with No Jobs								
Northrim Bank	9	9	5	5	5	0	0	33
FNBA	12	8	9	3	2	1	0	35
Global FCU	0	0	1	4	0	0	0	5
First Bank	4	0	1	0	1	0	0	6
Wells Fargo	0	0	0	0	0	0	0	0
Key Bank	0	0	0	0	0	0	0	0
Mt. McKinley Bank	0	0	0	0	0	0	0	0
Denali State Bank	0	0	0	0	0	0	0	0
Nuvision FCU	0	0	0	0	0	0	0	0
Matanuska Valley FCU	0	0	0	0	0	0	0	0
All lenders	25	17	16	12	8	1	0	79
Proportion with Any Jobs								
Northrim Bank	50%	53%	50%	55%	69%	100%	100%	59%
FNBA	29%	62%	47%	70%	80%	88%	100%	58%
Global FCU	100%	100%	50%	20%	0%	100%	0%	55%
First Bank	0%	0%	50%	100%	0%	0%	0%	25%
Wells Fargo	0%	0%	0%	100%	0%	0%	0%	100%
Key Bank	0%	0%	0%	0%	0%	0%	0%	0%
Mt. McKinley Bank	0%	0%	0%	0%	0%	0%	0%	0%
Denali State Bank	0%	0%	0%	0%	0%	0%	0%	0%
Nuvision FCU	0%	0%	0%	0%	0%	0%	0%	0%
Matanuska Valley FCU	0%	0%	0%	0%	0%	0%	0%	0%
All lenders	38%	60%	48%	57%	70%	91%	100%	57%

Note that FY 2022 and FY 2023 are markedly different from the preceding five years. This is most easily seen in Chart 25.

The five loans purchased in FY 2023, all had associated jobs, both construction, as shown in Chart 17 and Table 21, and permanent, as shown in Chart 23 and Table 25.

In FY 2022, AIDEA claimed jobs for all but one of the eleven participations it purchased that year. In the preceding five years, FY 2017–2021, only 54 percent of participations had jobs associated with them. 46 percent had none.

Some questions:

- Did AIDEA change its loan participation policy or underwriting criteria in FY 2022 to require that loans must have jobs?
- If so, is this a principal reason for the collapse in participations purchased in FY 2022 and 2023?
- Or, did AIDEA change their definition of what loan situations create or save jobs? In other words, did AIDEA claim jobs for participations for which they would not have claimed jobs if the participation had been purchased in a prior year?

These are questions we leave to Legislative Budget & Audit, or other policymakers, to follow up.

Suffice it to note that the last participation without jobs was purchased on July 6, 2021 — the first week of FY 2022. Thereafter, AIDEA has purchased no participations without jobs, or at least claims of jobs.

Possibly, this absence of participations without jobs is a random fluctuation, made more likely by the smaller number of participations, sixteen, bought during FY 2022 and FY 2023, versus the 168 participations purchased during FY 2017–2021.

However, one lender has commented that AIDEA is now “doing their own underwriting”, a recent change in procedures, apparently without providing lenders any written criteria or guidelines for AIDEA’s approval process, beyond the criteria set out in Alaska Statutes. Reportedly, participation requests from lenders are being rejected more frequently.

Chart 26 shows the dollar amounts of loan participations providing any jobs, construction or permanent, the last seven years, for each lender. Chart 26 also shows each lender’s loan participation amounts that provided no jobs.

Chart 26. AIDEA Loan Amounts with & without Jobs, by Lender

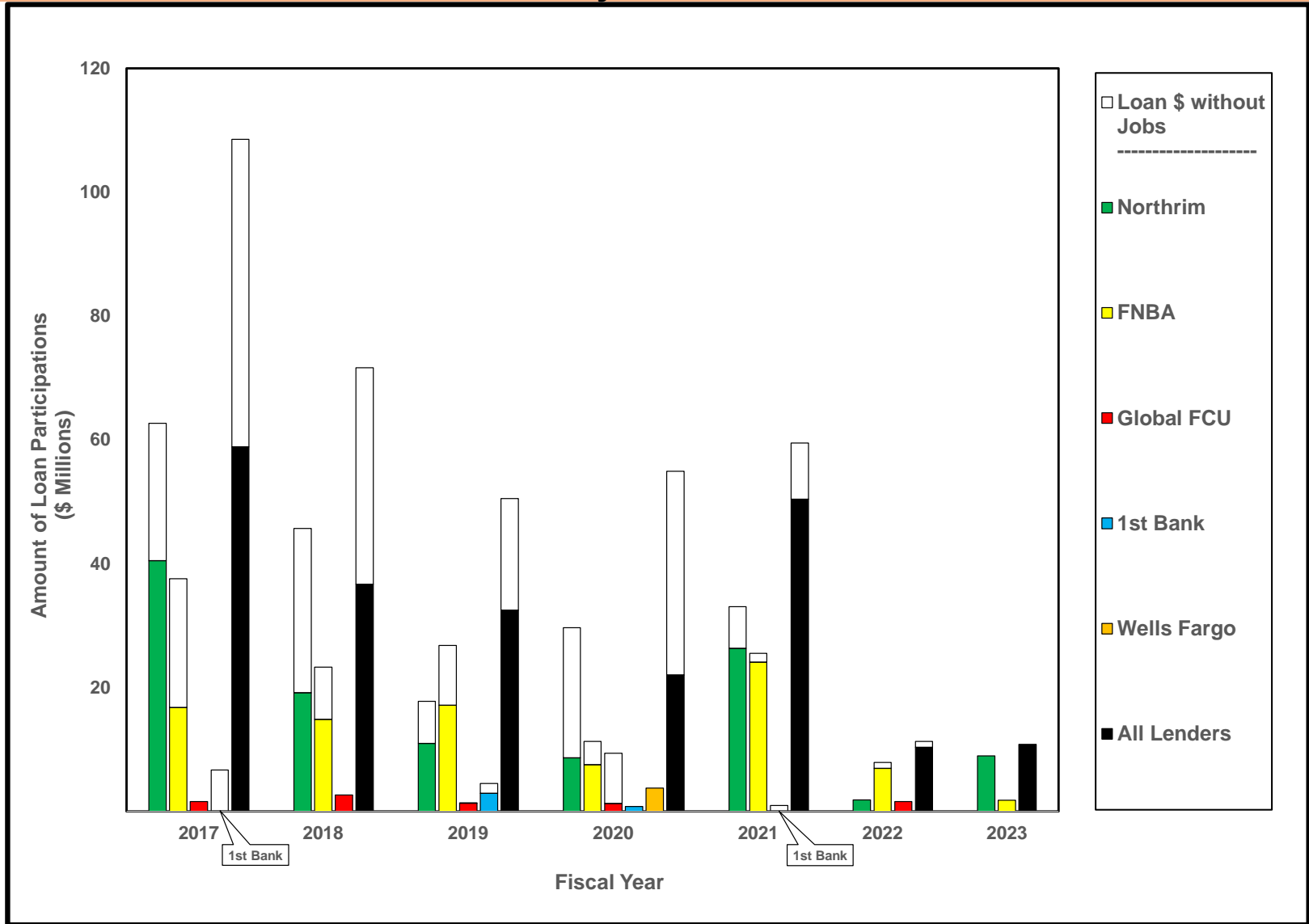


Table 28 shows the dollar amounts of loan participations, with and without jobs, by fiscal year and by lender, that are graphically displayed in Chart 26. Table 28 shows that 60 percent of loan dollars during 2017–2023 entailed jobs. 40 percent provided none.

Mirroring the numbers of loans, participation dollar amounts without jobs virtually disappeared during FY 2022 and became non-existent during FY 2023. This is easily seen in Chart 26.

The \$10.8 million of participations AIDEA purchased in FY 2023, all had associated jobs, both construction, as shown in Chart 18 and Table 22, and permanent, as shown in Chart 24 and Table 26.

In FY 2022, AIDEA claimed jobs for all but one of the eleven participations it purchased that year. In dollars, AIDEA bought \$1.0 million, or only 9 percent of its participations, with no job creation included in the package. out of \$11.4 million in total. See Table 28.

In the preceding five years, FY 2017–2021, only 58 percent of participation dollars had jobs associated with them. 42 percent had none.

Still, six of eleven FY 2022 loans had no construction jobs. See Table 21. This resulted in AIDEA laying out \$7.4 million, out of a total \$11.4 million, that year on loans with no construction jobs. This is 66 percent of the dollar amounts AIDEA loaned in FY 2022. See Table 22.

Table 28. Proportion of AIDEA Loan Amounts with Any Jobs, by Lender

Lender	Fiscal Year							2017-23
	2017	2018	2019	2020	2021	2022	2023	
Loans with Any Jobs (\$ millions)								
Northrim Bank	40.5	19.2	11.0	8.6	26.3	1.9	9.0	116.5
FNBA	16.8	14.8	17.2	7.5	24.1	6.9	1.8	89.2
Global FCU	1.6	2.7	1.4	1.3	.0	1.6	.0	8.5
First Bank	.0	.0	2.9	.8	.0	.0	.0	3.7
Wells Fargo	.0	.0	.0	3.8	.0	.0	.0	3.8
Key Bank	.0	.0	.0	.0	.0	.0	.0	.0
Mt. McKinley Bank	.0	.0	.0	.0	.0	.0	.0	.0
Denali State Bank	.0	.0	.0	.0	.0	.0	.0	.0
Nuvison FCU	.0	.0	.0	.0	.0	.0	.0	.0
Matanuska Valley FCU	.0	.0	.0	.0	.0	.0	.0	.0
All lenders	58.9	36.7	32.5	22.0	50.4	10.4	10.8	221.6
Loans with No Jobs (\$ millions)								
Northrim Bank	22.2	26.5	6.8	21.0	6.7	.0	.0	83.2
FNBA	20.8	8.5	9.6	3.8	1.4	1.0	.0	45.0
Global FCU	.0	.0	.0	8.1	.0	.0	.0	8.2
First Bank	6.7	.0	1.6	.0	.9	.0	.0	9.2
Wells Fargo	.0	.0	.0	.0	.0	.0	.0	.0
Key Bank	.0	.0	.0	.0	.0	.0	.0	.0
Mt. McKinley Bank	.0	.0	.0	.0	.0	.0	.0	.0
Denali State Bank	.0	.0	.0	.0	.0	.0	.0	.0
Nuvison FCU	.0	.0	.0	.0	.0	.0	.0	.0
Matanuska Valley FCU	.0	.0	.0	.0	.0	.0	.0	.0
All lenders	49.7	35.0	18.0	32.9	9.1	1.0	.0	145.6
Proportion with Any Jobs								
Northrim Bank	65%	42%	62%	29%	80%	100%	100%	58%
FNBA	45%	64%	64%	67%	94%	88%	100%	66%
Global FCU	100%	100%	98%	14%	0%	100%	0%	51%
First Bank	0%	0%	65%	100%	0%	0%	0%	29%
Wells Fargo	0%	0%	0%	100%	0%	0%	0%	100%
Key Bank	0%	0%	0%	0%	0%	0%	0%	0%
Mt. McKinley Bank	0%	0%	0%	0%	0%	0%	0%	0%
Denali State Bank	0%	0%	0%	0%	0%	0%	0%	0%
Nuvison FCU	0%	0%	0%	0%	0%	0%	0%	0%
Matanuska Valley FCU	0%	0%	0%	0%	0%	0%	0%	0%
All lenders	54%	51%	64%	40%	85%	92%	100%	60%

Data

AIDEA reports, which claim creation of specific numbers of jobs by AIDEA, include:

- *AIDEA Annual Reports*, at [http://www.aidea.org/About/News-Publications/Annual-Reports](http://www.aidea.org/About/News-Publications/Annual-Reports;);

- State of Alaska, Office of the Governor, Office of Management and Budget (OMB) reports for AIDEA:
 - AIDEA annual *Governor's Operating Budget Reports*, at http://omb.alaska.gov/ombfiles/24_budget/DCCED/Proposed/27_comp1234.pdf;⁸⁵ and,
 - AIDEA *Performance Details*, at http://omb.alaska.gov/html/performance/ABS/index_C1234.html;⁸⁶
- AIDEA Loan Dashboard Reports, for the AIDEA Board, available via weblinks in AIDEA Board Agenda PDF documents at <http://www.aidea.org/About/Board-Members/Board-Meeting-Schedule> and <http://www.aidea.org/About/Board-Members/Board-Meeting-Archives>;
- AIDEA Development Project Financing Reports, for the AIDEA Board, available via weblinks in Agenda PDF documents at <http://www.aidea.org/About/Board-Members/Board-Meeting-Schedule> and <http://www.aidea.org/About/Board-Members/Board-Meeting-Archives>;
- Project Fact Sheets for individual AIDEA development projects, listed on the drop-down menus for “Project Finance”, “Infrastructure Development”, “Owned Assets”, “Arctic Infrastructure Development Fund (AIDF)”, and “Sustainable Energy Transmission and Supply (SETS)”, at <http://www.aidea.org/Programs>; and,
- Loan Summary memorandums to the AIDEA Board, available as part of Loan Resolution PDF documents via weblinks at <http://www.aidea.org/About/Board-Members/Board-Meeting-Schedule> and <http://www.aidea.org/About/Board-Members/Board-Meeting-Archives>.

This report relies, in part, on two sets of data about AIDEA loan participations and the jobs that AIDEA claims the participations have created or retained:

85. Reports for Fiscal Years 2002 through FY 2025 are available at <http://omb.alaska.gov/budget-reports/>, with further drilling down through each Fiscal Year's “Fiscal Year 20__ Proposed Budget” link, then the “Commerce, Community, and Economic Development” link under Operating and Capital Details by Department, then the “Alaska Industrial Development and Export Authority” Component link under Governor's Proposed Operating Budget. FY 2001 is listed at the outset of this web navigation, but only other types of reports are available, not this one.

86. This report appears to be available online only for FY 2023.

- 2008–2023 large loan participations. This study uses the term “large loan participation” to describe a loan participation that must be approved by AIDEA’s Board. If AIDEA’s participation in a loan would equal or exceed \$3,000,000, or if the total amount of AIDEA participations with any borrower or guarantor on the loan would exceed \$5,000,000, the loan participation requires AIDEA Board approval. Approval occurs by a majority vote of Board members in favor of adoption of a Loan Resolution authorizing the loan.

PDF copies of Loan Resolutions are available on AIDEA’s website at <http://www.aidea.org/About/Board-Members/Board-Meeting-Schedule> and <http://www.aidea.org/About/Board-Members/Board-Meeting-Archives>, beginning with calendar year 2017.

The sources of large loan participations’ data are:

- AIDEA Board Meeting Minutes, available at the two preceding web links for AIDEA meeting schedules and archives;
 - audio recordings of AIDEA Board meetings, available at the two preceding web links for AIDEA meeting schedules and archives;
 - Loan Summary memorandums to the AIDEA Board, available as part of Loan Resolution PDF documents for calendar years 2018, 2019 and 2022 and Loan Resolution 20-01 in 2020; and,
 - municipal building permitting agencies including:
 - Municipality of Anchorage, Development Services;
 - Matanuska-Susitna Borough, Fire and Life Safety;
 - Wasilla Planning Department; and,
 - City and Borough of Juneau, Community Development Department.
- FY 2017–2023 loan participations. This data covers all AIDEA loan participations during the last seven fiscal years. It includes both the large loan participations during this period, which are also in the 2008–2023 data, as well as all other loan participations below the \$3,000,000 and \$5,000,000 thresholds that would trigger Board review.

The FY 2017–2023 data’s source is AIDEA’s Loan Dashboard Reports to the AIDEA Board. The Loan Dashboard Reports were first published on AIDEA’s website in FY 2017.

The 2008–2023 large loan participations data includes the following items, where available:

1. borrower;
2. lender — the bank or credit union that would sell AIDEA the loan participation;

3. total loan amount in dollars, including both the lender's and AIDEA's participations in dollars;
4. AIDEA's participation, in dollars;
5. project location — generally the municipality in which the real property loan collateral is located or, in a few instances, a geographical region in which personal property (equipment, such as marine vessels or construction equipment) serving as loan collateral operates;
6. jobs that AIDEA claims were created or retained by its loan participation, broken down into:
 - a. construction jobs;
 - b. new permanent jobs; and,
 - c. retained permanent jobs;
7. AIDEA's participation percentage — the dollar amount loaned by AIDEA, divided by the total amount loaned by AIDEA and the lender;
8. DSCR (debt service coverage ratio) — the net operating income (NOI) of the borrower divided by the borrower's total debt service, including principal and interest on both the lender's and AIDEA's LPP participations, as well as on any other borrower debt, including leases. NOI is before expenses for interest, taxes, depreciation, and amortization;⁸⁷
9. LTV (loan to value) — the total loan amount divided by the value of the collateral, upon project completion;
10. owner-occupied — whether or not, or the extent to which (a percentage), a commercial real estate project is occupied by the borrower; or, equipment pledged as collateral is used by the borrower;
11. construction begun — whether or not construction of real estate collateral had begun at the time of the AIDEA Board's approval of a loan participation;
12. loan use — whether the LPP loan proceeds are used for:
 - a. a term loan for "new construction". This is actually a loan to refinance (take-out) a construction loan that was usually made by the lender applying for the LPP participation. The term loan is often called the permanent loan or permanent financing;
 - b. refinancing an existing term loan on commercial property;
 - c. equity extraction — Alaska Statutes (AS), AS 44.88.155(d)(3), and regulations, the Alaska Administrative Code (AAC), 3 AAC 99.330(c), require any amounts extracted to be "restricted to uses approved by the authority to finance commercial activity in the state by a business enterprise". In practice, AIDEA has delegated approval to the lender by requiring the lender to certify that the extracted equity is used to finance commercial activity in the state. One such certification is shown in Figure 12.

87. NOI is also known as EBITDA — earnings before interest, taxes, depreciation, and amortization.

Figure 12. Lender Certification for Equity Extraction



October 27, 2022

Mrs. Tiffany Janssen
AIDEA
813 W Northern Lights Blvd.
Anchorage, AK 99503

Re: Sun Mountain Development Group, LLC – Unit D (Tacos Cancun Building)
2101 E. Sun Mountain Avenue, Wasilla, AK 99654

Dear Mrs. Janssen:

As per your August 5, 2022 commitment letter, item 9.f., please accept this letter as Bank's certification that the funds received by the equity extraction will only be utilized for Alaskan projects that promote jobs and economic development.

If you need any further information, please let me know.

Respectfully,

A handwritten signature in blue ink, appearing to read "Timothy R Breeden", with the initials "UP" written to the right.

Timothy R Breeden
Vice President
Commercial Loan Officer

- d. acquisition of commercial property; or,
 - e. construction — AIDEA has approved construction loan participations for qualified energy developments, as authorized by AS 44.88.670, under the Sustainable Energy Transmission and Supply (SETS) Development Program.⁸⁸ Otherwise, AIDEA doesn't do construction loans for commercial real estate. AS 44.88.155(d)(7) requires loan participations to be secured by a mortgage or "other security instrument in the manner the authority determines is feasible to assure timely repayment".
13. related debt — AIDEA's term for outstanding loan balances, on one or more previous AIDEA participations, that is owed by LPP application borrowers or guarantors. The amount cited in the data set may or may not include the new loan amount, proposed in an application before the AIDEA Board;
 14. Resolution — the loan resolution considered or adopted by the AIDEA Board in approving a loan participation;
 15. Minutes — the date the AIDEA Board considered or adopted a loan resolution;
 16. nays — the number of AIDEA Board members voting against adoption of a loan resolution; and,
 17. possible conflict — any statement by an AIDEA Board or staff member about there being a possible conflict of interest in consideration or approval of a loan resolution.

The 2017–2023 all loan participations data includes the following items, where available:

1. borrower;
2. lender — the bank or credit union that would sell AIDEA the loan participation;
3. total loan amount in dollars, including both the lender's and AIDEA's participations in dollars;
4. AIDEA's participation, in dollars;
5. funded — the date AIDEA transferred loan funds to the borrower;
6. project location, generally the municipality in which the real property loan collateral is located or, in a few instances, a geographical region in which personal property (equipment, such as marine vessels or construction equipment) serving as loan collateral operates;
7. jobs that AIDEA claims were "supported" by its loan participation, broken down into:
 - a. construction jobs; and,
 - b. permanent jobs.

"Supported" is not defined. "Retained" permanent jobs from the 2008–2023 large loan data set are inconsistently included or excluded from this 2017–2023 all loan data set; and,

88. Loan Resolutions L13-01, Central Alaska Energy, LLC; and L14-02, Fairbanks Natural Gas, LLC/Cassini LNG.

8. AIDEA's participation percentage — the dollar amount loaned by AIDEA, divided by the total amount loaned by AIDEA and the lender.

This report relies, in part, on AIDEA Board Meeting Minutes and transcriptions of audio files. Due diligence and careful examination of AIDEA Board Meeting Minutes and audio files were conducted in the identification of AIDEA Board Members and staff, and public persons, to whom statements and questions are attributed in this report. The identification of each listed speaker is accurate to the best of this report's authors' knowledge, and any misidentification of speakers is neither intentional nor known to the authors.

All Meeting Minutes and audio files of AIDEA Board Meetings relied upon in this report are available on the AIDEA website. The authors of this report encourage readers to read and listen to said Meeting Minutes and audio.

**Appendix A.
AIDEA Board Discussion on Participations for Refinancing**

December 1, 2016

[MP3 audio recording of AIDEA Board Meeting, December 1, 2016, at 38:50, at <http://www.aidea.org/Portals/0/2016/120116AIDEA.mp3>]

Chairman Dana Pruhs: And next up for discussion, 7B. Refinancing Commercial Real Estate Loans as an AIDEA Participation – Discussion. I see Chris is going to stay with us.

John Springsteen, Executive Director, AIDEA: Item 7B regards refinancing commercial real estate loans as an AIDEA participation. Over the past year, there's been ongoing discussion of AIDEA's participation in refinancing of commercial real estate loans on a loan by loan basis.

As a result, the board requested a public discussion of AIDEA's participation in refinancing. AIDEA staff believes the authority's participation in refinancing improves stability in the market and provides affordable financing options for borrowers, while deploying AIDEA capital in a diversified risk-managed portfolio that earns a fair rate of return.

And I'll ask Chris Anderson to take it.

Chris Anderson, Commercial Finance Director, AIDEA: Thank you. Well, in thinking through the subject, we kind of divided it into three subcategories, the first of which is stability and affordability.

So would you like me to just walk through my comments? Per regulation, refinancing for equity extraction purposes can only be for a business purpose, such as facility enhancement to improve economic value and function of the property. And the proof [*use*] of [*equity extraction*] proceeds is always certified by the lender. So, the use of equity for making investment is in Alaskan businesses.

If payments are lowered, a company has a better chance to survive. They may reduce their costs and pass on competitive rates to their tenants. Keeping a company successful is important. Sometimes this requires refinancing to lower operating costs. Cash flow improvement allows a business to succeed even in hard times. Refinances offer stability especially in a downturn market. This impacts value and gives options for long-term success.

AIDEA provides consistency, flexibility, stability, due diligence, and currently we have a very low delinquency pattern.

Refinance is enhanced with longer terms. And lower rates make market values more stable. With this, AIDEA is stabilizing our portfolio and keeps the money moving within the economy in order to fulfill our mission, AIDEA's mission of growing and diversifying the Alaskan economy.

So, the second subcategory was risk management and diversification.

Chairman Pruhs: Well, Chris, let me see if we have any questions on section one.

Chris Anderson: Ok.

Board Member Fred Parady: Mr. Chairman?

Chairman Pruhs: Fred.

Member Parady: Yeah, I wanted the regulatory citation.

Chris Anderson: Right now?

Member Parady: Now or later. I just want the reg.

Chris Anderson: We can get back to you on that.

Member Parady: Yes.

Chris Anderson: Ok. Risk management and diversification. Banks are not passing through risk when the loan is well underwritten by AIDEA. I know there's been some concern in that regard. Also, if a lender reaches a 5% delinquency rate on their portfolio with AIDEA, they have to discontinue participating with AIDEA until that rate is again below 5%.

The correct underwriting discipline stays intact regardless of the use of proceeds. So, the analysis of commercial real estate is based on capitalizing the net operating income of the property and part of the cap rate incorporates the interest rate, the debt service.

Therefore, resetting the debt service is a benefit for competitiveness and viability and value of the real estate. Refinancing existing commercial real estate loans often carries few risks due to the fact that the economic viability of the project is established and known in the marketplace. Revenue flows from leases are typically seasoned and tenant credit quality is known. And the historical operating cost information is used in the underwriting and also the appraisal process.

Refinances can help diversify the loan participation portfolio by spreading loan balances between a wider range of collateral types and locations. Additionally, for those smaller lenders in the market, being able to participate pyramids their effectiveness by creating a more level playing field, considering varying legal limits involved within the institutions. Do you want me to pause there?

Chairman Pruhs: Let's see if there any questions. Go ahead.

Chris Anderson: Thirdly, returns and deployment of capital. Loan participations, of which refinances are a part, generate a return on investment to AIDEA that is above the rates paid on government bonds, which is AIDEA's investment alternative.

[This assertion is not correct. AIDEA's FY 1987–2021 compound annual average return of 4.6 percent on loans was less than their 5.2 percent return on cash.⁸⁹ Cash includes AIDEA's government bonds, as well as lower-earning money market investments. See the last three paragraphs of [AIDEA's Loan Participation Program](#), in this report, to understand why AIDEA earns more on cash than on its loan participations.]

The footings and earning assets of AIDEA would potentially be negatively affected without refinancings. They are critical to long-term financial and economic markets in Alaska.

89. MB Barker, LLC et al, *AIDEA Cost & Financial Performance - A Long, Hard Look*, op. cit., Table 2, page 12.

Low interest rates are driving the desire to refinance now. AIDEA was created at a time of market instability, and it helped stabilize that market.

AIDEA has the potential to bond against its loan portfolio to recapitalize the revolving fund if necessary. I know we haven't done this in several years, but it is an option. However, AIDEA currently has room to lend.

The job creation or support measure, in my view, is too narrow of a scope when looking at lending for economic development purposes. Retaining jobs is also important in keeping a business viable. Funds used to pay interest costs on refinancings stay in the local economy.

There's a trickle-down effect from the net cash flow to the borrower which often results in more spending in the local economy.

And finally, I know you're aware of this but AIDEA's a for-profit corporation and we generate a healthy dividend back to the state from the net income.

Chairman Pruhs: Thank you Chris. Questions?

Board Member Dan Kennedy: Mr. Chair.

Chairman Pruhs: Dan first.

Member Kennedy: Yeah, I had a question under item 3i. So, that room to lend is at capacity?

Chris Anderson: Yeah.

Member Kennedy: OK. I mean, we discuss capacity frequently at the Board, so.

Chris Anderson: Right,

Chairman Pruhs: Fred.

Member Parady: Mr. Chairman, I just wanted a brief thought around: "the loan participations, of which refinances are part, generate a return that is above the rate paid on government bonds, AIDEA's investment alternative". And what I'm asking is, just a thought around, is that the proper benchmark for our rate of return from our commercial loan portfolio? I don't know that we have a policy that anchors it against rates on government bonds. And bond markets, generally speaking, are at historic lows. And I, I just wanted to pose the question, not really out of any problem or concern, just with the idea that, hey, what do we think about that?

Chris Anderson: Well, I think that the purpose of the comment is that the return that you're gaining from loan participations exceeds the investing for liquidity from the government. You know, I mean, if it were reversed, you might be making a different decision, you might be investing for liquidity, if you're just taking it from a, a business perspective.

Member Parady: As opposed to a development perspective.

Chris Anderson: Right.

Member Parady: Fair enough. Thank you.

Chris Anderson: Thank you.

Board member Gary Wilken: Well, we've footballed this thing around now for over a year. And so, I wanted to say thank you for the concise summary. I read through this and, and I really learned something. And I know that that shouldn't be an indication, in my case, of value.

But, but I will say that, no, I didn't know in 1A that the proof [use] of [equity extraction] proceeds had to be certified by the lender. So that's something that I like. 2A, I didn't realize that if the lender reaches a 5% delinquency rate, they have to stand down. I didn't know that. And I thought that the paragraph on returns and deployment was really a good paragraph.

So with that, I would make a couple, I would recommend that, John [Springsteen] that this page here, as concise as it is, and how important it is, it should be part of any new board member's packet, because it really explains a lot. And with that, I would also say to Chris, thank you for diving in.

And I would also recognize Joe and the good people at Northrim. You know, the old saying — no interest, no conflict — you're interested and you're conflicted and I'm very glad that you are because you take advantage of this program for the benefit of your customers and us, through you, benefit of Alaskans. So thank you, for the highest levels of Northrim helping us work through this. And I think the record would reflect that. And pass that on to your board.

So, I would say, we haven't addressed the problem of, well ok, well how much, how high is that, and how much capacity? And I don't think any of us have that answer, but I think all of us, as the agency and as collectively as a board, when we see that number, we'll probably recognize it and we'll deal with it. But this page here is really a good foundation and I appreciate very much the response from the agency and from industry helping us work through it, not only for us seven, but for the people that follow us. Thank you.

John Springsteen: Thanks, Gary.

Chris Anderson: Just as a quick comment, we also do have members from First National and they are here,

Public person: Thank you so much. We appreciate being here as much as you appreciate us.

Member Wilken: That's the way it ought to be.

Member Parady: Chris, item number 2iii, you make the statement, you know, refinancing business, commercial real estate loans often carries fewer investment risks. And so my question is, do you price the risk differently on a new facility versus a refinance?

Chris Anderson: We do not, we have not gotten into that level of sophistication. So we, we do not risk rate.

Member Parady: Does the lending institution do it? Institutions like the banks.

Chris Anderson: John [Springsteen] wants to jump in.

John Springsteen: Mr. Chair, if I could. One of the basics is that the risk is managed to the point where it earns the rate that AIDEA has to offer. So, is that a fair statement?

Chris Anderson: Um-hum.

Member Parady: So you, so you don't? And so, I'm just trying to correlate this statement of fewer investment risks ... of refinance versus new.

Chris Anderson: Well, meaning that the loan is an investment that AIDEA is making, if that's where you're coming from. I think the, the purpose of that comment is that when you're refinancing, you have an existing, an historical existing building; and if you're turning out a construction loan, you know, you still underwrite it certainly, but it doesn't have that history.

Member Parady: So, do the traditional lending institutions differentiate between the two?

Chris Anderson: The lending institutions price their loans on a lot of different levels. But they're different from AIDEA in that you know, AIDEA is bank-like, but they're not a bank, they don't have a relationship with the borrower. And so, you know, a lender will have a financial relationship with that borrower, which means they usually gain their deposits. And so, there are a lot of different things that go into a risk-adjusted interest rate.

Member Parady: Do you see more, more on a refinance versus a new facility? Do you see the banks taking a larger percentage of the loan, on either? Or are they the same?

Chris Anderson: They're pretty much the same.

Member Parady: Are their interest rates similar?

Chris Anderson: Again, it's borrower based. So, I don't think the differential in interest rate is between like a buy, sell transaction. I think there are other factors.

Member Parady: Do you take a look at the interest rates — if there is a difference that the bank can use for their portion of the loan — as a heads up on the risk of the loan if you see it's up a few points, or whatnot versus...?

Chris Anderson: Yeah, we always, we always look at the interest.

Member Parady: But that doesn't affect our rates?

Chris Anderson: No, it doesn't affect how we price it. It affects to some degree the overall gross rate. No, not how we price it, not how we price our participation.

Member Parady: Do you think we should?

Chris Anderson: I think we should have another discussion on that.

Member Parady: Why?

Chris Anderson: We're going to get a little deeper...

Member Parady: and I'm just curious,

Chris Anderson: It's a good question. But it's not a quick answer.

Member Parady: I look forward to that future discussion.

Member Kennedy: Can I add to the future discussion agenda items? And I want to come back briefly to the capacity and I'm trying to fully understand our lending activity for AIDEA and from my chair, I'm looking at at least 100 years of really successful banking experience over here. And when the banks have, to use your words, Chris, room to lend in the private sector, we see rates come down more attractive. And so, the crux of my question is, I'd like to know what our room to lend or what our capacity is, and I know it's proprietary because the banks don't share it. And so that might be an additional item to get that piece of information if you don't mind, Mr. Chairman.

Chairman Pruhs: Ok.

Member Kennedy: You know, just a range, you know, is it 10 million or is it 100 million?

Chris Anderson: Somewhere in between.

Chairman Pruhs: Any further questions from the board for Chris? Thank you very much.

53:30

**Appendix B.
2008-2023 AIDEA Large Loan Participations**

2008-2023 AIDEA Large Loan Participations

<u>Borrower</u>	<u>Lender</u>	<u>Total Loan</u>	<u>AIDEA Participation</u>	<u>Project Location</u>	<u>AIDEA Job Claims</u>			<u>Participation %</u>	<u>DSCR</u>	<u>LTV</u>
					<u>Construction</u>	<u>Permanent</u>				
						<u>New</u>	<u>Retained</u>			
S.L.S., LLC; LINA, LLC	FNBA	5,130,000	3,591,000	Anchorage				70%	1.77	75%
Palmer Tower, LLC et al	FNBA	1,500,000	1,350,000	Anchorage				90%	1.38	74%
UMED, LLC	Wells Fargo	14,000,000	12,650,000	Anchorage	100	100		90%		64%
Pacific Alaska Leasing Co.	Wells Fargo	6,000,000	5,400,000	Anchorage		2		90%		67%
LINA, LLC	Northrim	3,913,500	3,522,150	Anchorage				90%		
LINA, LLC	Northrim	1,706,249	1,535,623	Anchorage				90%		
2000 East 88th LLC	FNBA	3,450,000	3,105,000	Anchorage				90%	1.51	
2000 East 88th LLC										
Wasilla Center Development LLC	FNBA	1,087,500	978,750	Wasilla				90%	1.37	75%
Wasilla Center Development LLC	FNBA	1,200,000	1,080,000	Wasilla				90%	1.45	75%
Wasilla Center Development LLC	FNBA	1,031,250	928,125	Wasilla				90%	1.26	75%
LINA, LLC	Northrim	3,000,000	2,699,000	Anchorage	30	5		90%		75%
B&L Motels, Inc.	FNBA	6,000,000	5,400,000	Anchorage		35		90%	1.85	59%
Dimond & Victor, LLC	FNBA	4,000,000	3,600,000	Anchorage				90%		75%
Tudor Storage, LLC	Northrim	8,925,000	8,032,000	Anchorage				90%		
3000 C Street, LLC	Alaska USA	24,000,000	20,000,000	Anchorage	36	1	4	83%	1.70	73%
Valley Utilities, LLC (start-up)	AIDEA	20,000,000	20,000,000	Mat-Su				100%		100%
Wasilla Center Development LLC		1,350,000	1,215,000	Wasilla	10			90%		75%
C5, LLC	FNBA	4,000,000	3,600,000	Wasilla	22	62		90%	1.43	75%
Bailey Family Partnership	FNBA	8,370,000	5,859,000	Anchorage			80	70%	1.85	49%
Allen Marine Tours, Inc.	Wells Fargo	23,000,000	16,100,000	SE Alaska	10	6	35	70%		46%
Novella Larson Trust	FNBA	2,405,366	2,164,829	Anchorage	60	15	5	90%	1.41	73%
Juneau Residences LLC	Sterling SB	4,784,000	3,827,200	Juneau		14		80%	1.92	53%
Alaska Seafood Holdings, Inc.	Key Bank	7,500,000	5,250,000	Juneau			63	70%		75%
United Companies, Inc. (Sea Lion Corp.)	FNBA	570,000	513,000	Aniak	20		3	90%		75%
Guest South Anchorage, LLC	Alaska USA	5,250,000	2,625,000	Anchorage	90		14	50%	1.79	46%
Sea Lion Corporation	FNBA	1,125,000	1,012,500	Anchorage	15		5	90%	1.85	
Central Alaska Energy, LLC	FNBA	15,458,400	13,912,560	Pt MacKenzie	50	8		90%	>1.25	90%
Robert C. & Novella S. Larson	FNBA	2,025,000	1,822,500	Anchorage		2	4	90%	1.41	72%
Orcas Capital Group LLC	FNBA	2,250,000	2,025,000	Anchorage				90%	1.46	70%
Kiska Properties, LLC	Northrim	6,637,500	5,973,750	Anchorage	90		47	90%	1.35	75%
City Center Wasilla, LLC	FNBA	1,312,500	1,181,250	Wasilla	5		2	90%	1.61	65%
Fairbanks Natural Gas, LLC/Cassini LNG	Northrim	35,000,000	20,000,000	Fairbanks		5		57%		
Bonanza Fuel, LLC	Northrim	8,125,000	7,312,500	Nome	15	3		90%	6.52	73%
John C. Schweiger Loving Trust	Northrim	6,000,000	5,400,000	Wasilla		50		90%	1.48	69%
Zehrunge Living Trust		3,975,000	3,415,500	Anchorage	30		30	90%	1.51	52%
Summit Fund, LLC	Wells Fargo	2,550,000	2,295,000	Wasilla	50	12		90%	1.39	75%
Brooks Camp, LLC (co-borrower)	Northrim	21,075,000		Deadhorse		36			2.32	75%
X'una Kaawu Annee Corporation	Northrim	25,000,000	20,000,000	Hoonah	52	35		80%		71%
Westdahl, LLC	Northrim	6,997,500	6,297,750	Anchorage	20	90		90%	1.40	75%

2008-2023 AIDEA Large Loan Participations

<u>Borrower</u>	<u>Owner-occupied</u>	<u>Construction Begun</u>	<u>Loan Use</u>	<u>Related Debt</u>	<u>Resolution</u>	<u>Minutes</u>	<u>Nays</u>	<u>Possible Conflict</u>
S.L.S., LLC; LINA, LLC	yes	yes	acquisition	12,330,300	L08-02	6/12/08	0	yes
Palmer Tower, LLC et al	no	yes	refinance	6,009,905	L08-04	8/29/08	0	yes
UMED, LLC	yes	yes	term		L09-01	1/15/09	0	yes
Pacific Alaska Leasing Co.	no	yes	term	9,016,453	L09-02	1/15/09	0	
LINA, LLC	yes	yes	term	12,048,715	L09-03	10/12/09	0	
LINA, LLC	yes	yes	acquisition/renovate	12,048,715	L09-04	10/12/09	0	
2000 East 88th LLC	yes	yes	acquisition		L09-05	12/9/09	0	yes
2000 East 88th LLC					L10-01	2/17/10	0	
Wasilla Center Development LLC	no	yes	term	2,986,875	L10-02	3/17/10	0	
Wasilla Center Development LLC	no	yes	term	2,986,875	L10-03	3/17/10	0	
Wasilla Center Development LLC	no	yes	term	9,316,437	L10-04	7/13/10	0	
LINA, LLC	yes	yes	term	3,591,000	L10-05	7/13/10	0	
B&L Motels, Inc.	yes	yes	term		L10-06	5/4/10	0	
Dimond & Victor, LLC	no	yes	refinance	1,200,000	L10-07	10/20/10	0	
Tudor Storage, LLC	no	yes	acquisition		L10-08	12/3/10	1	
3000 C Street, LLC	no	yes	refi/eq ext		L10-09	11/22/10	1	
Valley Utilities, LLC (start-up)			ownership		L10-10	12/3/10	0	
Wasilla Center Development LLC	no	yes	term	9,222,684	L11-01	1/13/11	0	
C5, LLC	no	yes	term	5,040,000	L11-02	3/2/11	0	
Bailey Family Partnership	yes	yes	refinance	1,903,300	L11-03	3/2/11	1	yes
Allen Marine Tours, Inc.	yes	yes	refinance	1,700,820	L11-04	4/20/11	0	
Novella Larson Trust	no	yes	term	3,500,000	L12-01	2/2/12	0	
Juneau Residences LLC	yes	yes	term	1,300,000	L12-02	2/2/12	0	
Alaska Seafood Holdings, Inc.	50%	yes	acquisition		L12-03	3/30/12	0	
United Companies, Inc. (Sea Lion Corp.)	no	yes	term	5,300,000	L12-04	5/10/12	0	
Guest South Anchorage, LLC	yes	yes	term	6,047,990	L12-05	6/28/12	0	
Sea Lion Corporation	no	yes	term	5,700,000	L12-06	10/1/12	0	
Central Alaska Energy, LLC	yes	no	construction & term		L13-01	7/25/13	0	
Robert C. & Novella S. Larson	no	yes	term	5,475,748	L13-02	8/9/13	0	
Orcas Capital Group LLC	no	yes	term for acq.	4,306,950	L13-03	8/9/13	0	yes
Kiska Properties, LLC	no	no	acq + term	12,800,000	L13-04	10/1/13	0	yes
City Center Wasilla, LLC	no	yes	term	4,900,000	L14-01	1/14/14	0	
Fairbanks Natural Gas, LLC/Cassini LNG	yes	no	term		L14-02	1/14/14	0	
Bonanza Fuel, LLC	yes	yes	term	6,637,500	L14-03	7/31/14	0	yes
John C. Schweiger Loving Trust	yes	no	term	yes	L14-04	11/6/14	0	
Zehrunge Living Trust	no	yes	acquisition		L15-01	1/14/15	0	
Summit Fund, LLC	no	yes	term	8,100,000	L15-03	3/26/15	0	
Brooks Camp, LLC (co-borrower)	yes	yes	term		L15-04	4/30/15	0	
X'una Kaawu Annee Corporation	yes	yes	term	yes	L15-05	4/30/15	0	
Westdahl, LLC	no	yes	term	yes	L15-06	9/24/15	0	

2008-2023 AIDEA Large Loan Participations

<u>Borrower</u>	<u>Lender</u>	<u>Total Loan</u>	<u>AIDEA Participation</u>	<u>Project Location</u>	<u>AIDEA Job Claims</u>			<u>Participation %</u>	<u>DSCR</u>	<u>LTV</u>
					<u>Construction</u>	<u>Permanent</u>				
						<u>New</u>	<u>Retained</u>			
Tudor Investors, LLC	Northrim	2,291,111	2,062,000	Anchorage		3		90%	2.29	50%
SHB. LLC	Denali FCU	4,757,000	4,249,920	Anchorage				89%	1.66	67%
Erickson Investments, LLC	FNBA	2,700,000	2,430,000	Wasilla		60	15	90%	1.65	75%
Kalinin Partners, LLC	FNBA	7,100,000	6,390,000	Juneau		30	15	90%	3.11	72%
Crescent Key, Inc.	First Bank	4,624,775	4,162,250	Ketchikan	25	1	3	90%	1.57	75%
City Center Wasilla, LLC	FNBA	1,200,000	1,080,000	Wasilla		2		90%	1.62	75%
Meridian Park, LLC	FNBA	7,800,000	7,020,000	Wasilla		30	70	90%	1.55	68%
O'Malley Ice & Sports Center, LLC	Northrim	8,899,800	7,119,840	Anchorage				80%	1.94	67%
Aleutian Pribilof Islands Assoc., Inc.	FNBA	9,375,000	8,437,500	Anchorage			117	90%	1.29	75%
Spur Development, LLC	Northrim	3,625,000	3,262,500	Anchorage				90%	1.58	54%
Eklutna 5th Avenue Properties, LLC	Northrim	2,600,000	2,340,000	Anchorage	3			90%	1.64	70%
Juneau I, LLC	Northrim	5,600,000	5,040,000	Juneau	50	5		90%		48%
Allen Marine, Inc.	Northrim	21,490,866	12,077,867	SE Alaska				56%	1.96	49%
Seven C Investments, Inc.	Northrim	3,375,000	3,037,500	Anchorage				90%	1.69	68%
Fairbanks Hospitality, LLC	Northrim	6,750,000	6,075,000	Fairbanks			26	90%	1.55	75%
EHESE Investment, LLC	Northrim	6,037,500	5,433,750	Anchorage			4	90%	1.67	75%
Totem Inn, Inc.	FNBA	9,150,000	8,200,000	Valdez	75	14	7	90%	2.29	68%
MSH Enterprises, LLC	Alaska USA	7,312,500	6,581,250	Anchorage	105	25		90%	1.51	75%
Anchorage MC Holdings, LLC	Northrim	24,000,000	19,200,000	Anchorage	285	60	5	80%	1.7	72%
City Center Wasilla, LLC	FNBA	1,312,500	1,181,250	Wasilla	10		3	90%	1.47	75%
Commerce Building, LLC	Northrim	4,275,000	3,420,000	Anchorage				80%	1.33	75%
Maple Springs Palmer MOB LLC	Wells Fargo	4,200,000	3,780,000	Palmer	40	25		90%	1.49	75%
Mt Four LLC	Northrim	21,757,500	17,406,000	Anchorage			51	80%	1.43	75%
RSD Properties, LLC	Alaska USA	3,650,000	3,285,000	Anchorage				90%	1.7	68%
RSD Properties, LLC	Alaska USA	1,940,000	1,746,000	Anchorage				90%	1.69	69%
RSD Properties, LLC	Alaska USA	2,350,000	2,115,000	Anchorage				90%	1.66	68%
Sun Mountain Development Group, LLC (Unit A)	Northrim	4,275,000	3,847,500	Wasilla	125	25		90%	1.48	75%
Sun Mountain Development Group, LLC (Unit E)	Northrim	1,130,000	1,017,000	Wasilla	115	45		90%	2.35	50%
Sun Mountain Development Group, LLC (Unit C)	Northrim	2,383,000	2,144,700	Wasilla	125	25		90%	1.68	64%
Debora, LLC	Northrim	3,345,000	3,010,500	Eagle River	100	20		90%	1.63	69%
Lands End Acquisition Corporation	Northrim	4,700,000	4,230,000	Homer	48		8	90%	4.01	35%
Seward Wildlife Cruises, LLC	FNBA	8,754,000	7,878,600	Seward	30	35		90%	1.95	73%
Island Holdings, LLC	FNBA	7,219,100	6,497,190	Kodiak		10		90%	1.98	72%
Eklutna Services, LLC	Northrim	959,000	863,100				3	90%	3.1	68%
600 E. Railroad Avenue LLC	Northrim	4,350,000	3,915,000	Wasilla		3	47	90%	1.88	74%
433 W 9th LLC	Northrim	870,000	652,500	Anchorage	6		9	75%	2.08	
Allen Marine loan modification										
Allen Marine loan modification										
824 NW 52nd, LLC	Northrim	4,331,250	3,681,562	Fairbanks			5	85%	1.3	75%
Sun Mountain Development Group, LLC (Unit D)	Northrim	3,255,000	2,929,500	Wasilla	65	24		90%	1.62	
Artillery Park, LLC (Eklutna)	Northrim	3,070,895	2,763,805	Eagle River	10	4	9	90%	1.96	
Sun Mountain Development Group, LLC (Unit F)	Northrim	1,343,000	1,208,700	Wasilla	65	24		90%	1.25	

2008-2023 AIDEA Large Loan Participations

<u>Borrower</u>	<u>Owner-occupied</u>	<u>Construction Begun</u>	<u>Loan Use</u>	<u>Related Debt</u>	<u>Resolution</u>	<u>Minutes</u>	<u>Nays</u>	<u>Possible Conflict</u>
Tudor Investors, LLC	no	yes	refinance	8,031,417	L16-01	3/3/16	0	
SHB. LLC	no	yes	refinance		L16-02	3/31/16	0	
Erickson Investments, LLC	no	yes	refinance	9,931,461	L16-03	4/28/16	0	
Kalinin Partners, LLC	yes	yes	refinance		L16-04	4/28/16	0	
Crescent Key, Inc.	50%	yes	term & refinance		L16-05	4/28/16	0	
City Center Wasilla, LLC	no	yes	term	10,035,832	L16-06	4/28/16	0	
Meridian Park, LLC	no	yes	term	6,680,329	L16-07	4/28/16	0	
O'Malley Ice & Sports Center, LLC	yes	yes	acquisition		L16-08	6/23/16	0	
Aleutian Pribilof Islands Assoc., Inc.	yes	yes	refinance		L16-09	9/22/16	0	
Spur Development, LLC	no	yes	refinance	11,899,440	L16-10	10/27/16	1	
Eklutna 5th Avenue Properties, LLC	no	yes	refinance	2,954,966	L16-11	10/27/16	0	
Juneau I, LLC	no	yes	term	276,368	L16-12	12/1/16	0	
Allen Marine, Inc.	yes	yes	refinance	11,870,435	L17-01	3/30/17	0	
Seven C Investments, Inc.	no	yes	refinance	4,131,750	L17-02	6/29/17	0	
Fairbanks Hospitality, LLC	yes	yes	refinance	4 prior loans	L17-03	6/29/17	0	
EHESE Investment, LLC	no	yes	acquisition	2,193,750	L17-04	9/21/17	0	
Totem Inn, Inc.	yes	yes	term		L18-01	1/11/18	0	
MSH Enterprises, LLC	50%	yes	term	6,875,597	L18-02	5/31/18	0	
Anchorage MC Holdings, LLC	yes	yes	term		L18-03	6/28/18	0	
City Center Wasilla, LLC	no	yes	term	10,353,621	L18-04	6/28/18	0	
Commerce Building, LLC	no	yes	acquisition		L18-05	8/8/18	0	
Maple Springs Palmer MOB LLC	yes	yes	term	15,514,215	L19-01	3/6/19	0	
Mt Four LLC	yes	yes	refinance	23,257,639	L19-02	4/17/19	0	
RSD Properties, LLC	no	yes	refinance	7,146,000	L19-03	5/22/19	0	
RSD Properties, LLC	no	yes	refinance	7,146,000	L19-04	5/22/19	0	
RSD Properties, LLC	yes	yes	refinance	7,146,000	L19-05	5/22/19	0	
Sun Mountain Development Group, LLC (Unit A)	no	yes	term	10,956,825	L19-06	5/22/19	0	
Sun Mountain Development Group, LLC (Unit E)	no	yes	term	10,956,825	L19-07	5/22/19	0	
Sun Mountain Development Group, LLC (Unit C)	no	yes	term	10,956,825	L19-08	5/22/19	0	
Debra, LLC	no	no	term	5,018,990	L19-09	6/26/19	0	
Lands End Acquisition Corporation	yes	yes	term	6,642,260	L19-10	6/26/19	0	yes
Seward Wildlife Cruises, LLC	yes	yes	term		L19-11	10/23/19	0	yes
Island Holdings, LLC	yes	yes	equity extraction		L20-01	1/15/20	0	
Eklutna Services, LLC	yes	unclear	equipment	4,527,451	L20-02	9/16/20	0	
600 E. Railroad Avenue LLC	no	yes	acquisition		L20-03	9/16/20	0	yes
433 W 9th LLC	yes	yes	acquisition	5,036,329	L21-01	5/19/21	0	
Allen Marine loan modification					L21-02			
Allen Marine loan modification					L21-04			
824 NW 52nd, LLC	no	yes	acquisition	5,442,131	L22-01	4/13/22	0	
Sun Mountain Development Group, LLC (Unit D)	no	yes	term/equity extract	13,323,208	L22-02	8/3/22	0	
Artillery Park, LLC (Eklutna)	no	yes	refinance	7,546,319	L22-03	9/14/22	0	
Sun Mountain Development Group, LLC (Unit F)	no	yes	term	14,531,908	L22-04	10/26/22	0	

**Appendix C.
FY 2017-2023 AIDEA Loan Participations**

Table C1
FY 2017-2023 AIDEA Loan Participations
Loan and Job Totals by Fiscal Year

<u>Borrower</u>	<u>Lender</u>	<u>Total Loan</u>	<u>AIDEA Participation</u>	<u>Funded</u>	<u>Project Location</u>	<u>AIDEA Job Claims</u>		<u>AIDEA % Participation</u>
						<u>Construction</u>	<u>Permanent</u>	
FY 2017								
Southeast Furniture Warehouse, Inc	First Bank	795,000	636,000	7/6/16		0	0	80%
Erickson Investments, LLC	First National Bank Alaska	2,700,000	2,430,000	7/6/16		0	60	90%
Crescent Key, Inc	First Bank	4,437,750	3,993,975	7/20/16		0	0	90%
8300 Homer Holdings, LLC	Northrim Bank	1,702,500	1,532,000	7/26/16		65	20	90%
The Duane & Eunice Hedrick 2006 Trust	Northrim Bank	848,000	763,200	7/26/16		0	1	90%
Ingrim Jr, William Paul	First National Bank Alaska	521,000	468,900	8/19/16		0	0	90%
Yuk, Jay & Hee	First National Bank Alaska	1,500,000	1,350,000	8/19/16		0	0	90%
City Center Wasilla, LLC	First National Bank Alaska	1,200,000	1,080,000	9/1/16		0	0	90%
Magnum Opus Enterprises, LLC	First National Bank Alaska	678,750	610,875	9/15/16		0	0	90%
Senate Properties, LLC	First Bank	1,882,229	1,505,783	9/26/16		0	0	80%
Ketchikan Bear Falls Property, LLC	Northrim Bank	1,023,266	920,939	9/30/16		0	0	90%
Kalinin Partners, LLC	First National Bank Alaska	7,100,000	6,390,000	10/5/16		0	12	90%
Denali Materials, Inc	First National Bank Alaska	2,680,206	2,412,185	10/5/16		0	0	90%
X'Una Kaawu Annee Corporation (XKA)	Northrim Bank	25,000,000	20,000,000	10/20/16		52	35	80%
Danger Island, LLC	First Bank	604,000	543,600	10/27/16		0	0	90%
BP Investment Group LLC	First National Bank Alaska	1,500,000	1,350,000	11/2/16		0	0	90%
Q105, LLC	First National Bank Alaska	300,000	270,000	11/8/16		0	0	90%
Sandventure, LLC	Northrim Bank	1,181,250	1,063,125	11/15/16		0	0	90%
Centennial Plaza, LLC	Alaska USA FCU	1,750,000	1,575,000	11/18/16		0	8	90%
O'Malley Ice and Sports Center, LLC	Northrim Bank	8,899,800	7,119,840	11/30/16		0	0	80%
Aleutian Pribilof Islands Association, Inc	First National Bank Alaska	9,375,000	8,437,500	12/15/16		0	0	90%
Eklutna 5th Avenue Properties, LLC	Northrim Bank	2,600,000	2,340,000	2/3/17		0	0	90%
EP Holdings, LLC	First National Bank Alaska	1,043,700	939,330	2/15/17		0	0	90%
Williams, Inc (R/E)	Northrim Bank	1,590,000	1,431,000	2/21/17		20	6	90%
Williams, Inc (Equip)	Northrim Bank	3,210,000	2,889,000	2/21/17		0	0	90%
Westdahl, LLC	Northrim Bank	6,997,500	6,297,750	2/27/17		20	90	90%
SKS Commercial, LLC	Northrim Bank	2,400,000	2,160,000	2/28/17		0	3	90%
7941, LLC	Northrim Bank	2,947,500	2,652,750	2/28/17		0	0	90%
Juneau I LLC	Northrim Bank	5,600,000	5,040,000	3/9/17		50	5	90%
Old School 1925 LLC	Northrim Bank	2,370,000	2,133,000	3/17/17		30	30	90%
Alpine Dental Center, LLC	First National Bank Alaska	356,250	320,625	3/22/17		0	7	90%
Hae Won Investment Co LLC	First National Bank Alaska	1,124,250	1,011,825	3/23/17		0	0	90%
Raspberry Jewel LLC	First National Bank Alaska	1,800,000	1,620,000	3/31/17		0	0	90%
Spur Development, LLC	Northrim Bank	3,625,000	3,262,500	4/24/17		0	0	90%
Meridian Park Mob, LLC	First National Bank Alaska	7,800,000	7,020,000	4/25/17		90	30	90%
Golden Properties, Inc.	Northrim Bank	1,130,000	1,017,000	5/4/17		0	0	90%
Delta Commercial Properties LLC	Northrim Bank	1,005,000	904,500	5/5/17		0	0	90%
Independence Park Investment, LLC	Northrim Bank	1,275,000	1,147,500	5/15/17		0	4	90%
Southside Properties, LLC	First National Bank Alaska	693,750	624,375	5/30/17		5	15	90%
Tudor Applette, LLC	First National Bank Alaska	1,400,000	1,260,000	6/14/17		0	0	90%

Table C1

FY 2017-2023 AIDEA Loan Participations

Loan and Job Totals by Fiscal Year

<u>Borrower</u>	<u>Lender</u>	<u>Total Loan</u>	<u>AIDEA Participation</u>	<u>Funded</u>	<u>Project Location</u>	<u>AIDEA Job Claims</u>		<u>AIDEA % Participation</u>
						<u>Construction</u>	<u>Permanent</u>	
2017 Summary Statistics								
Total loan and participation amounts		124,646,701	108,524,077					
Total jobs						332	326	
Number of loans								
Total						40	40	
With jobs						8	15	
Percent of loans with jobs						20.00%	37.50%	
Loan amounts with jobs								
Total loan amounts						51,753,750	68,183,000	
Loan participation amounts						44,078,125	58,864,450	
Loan amount per job								
Loans with jobs						155,885	209,150	
Total loans						375,442	382,352	
AIDEA loan participation amount per job								
Loans with jobs						132,765	180,566	
Total loans						326,880	332,896	
FY 2018								
Todd, Philip	Northrim Bank	765,000	688,500	7/26/17	Anchorage	0	0	90%
HCH, Inc	First National Bank Alaska	640,000	576,000	8/8/17	Anchorage	0	2	90%
Allen Marine, Inc	Northrim Bank	21,149,633	11,886,094	8/17/17	Sitka	0	0	56%
Greer Holdings, LLC	Northrim Bank	2,032,500	1,829,250	8/31/17	Anchorage	10	10	90%
Emerton Investments, LLC	Northrim Bank	975,000	877,500	9/5/17	Anchorage	0	0	90%
Support Vessels of Alaska, Inc	First National Bank Alaska	764,600	688,140	9/8/17	Homer	10	5	90%
Airport Park, LLC - Peger Rd	Northrim Bank	1,068,000	961,200	9/20/17	Fairbanks	0	0	90%
Fairbanks Hospitality, LLC	Northrim Bank	6,750,000	6,075,000	9/26/17	Fairbanks	0	0	90%
TD Investments, LLC	Northrim Bank	1,048,050	943,245	9/28/17	Wasilla	15	0	90%
Seven C Investments, Inc	Northrim Bank	3,375,000	3,037,500	10/11/17	Anchorage	0	0	90%
Harren, Richard L	First National Bank Alaska	2,550,000	2,295,000	10/16/17	Wasilla	8	0	90%
Harren, Richard L	First National Bank Alaska	250,000	225,000	10/16/17	Wasilla	2	0	90%
Lupine Properties LLC	First National Bank Alaska	993,750	894,375	10/30/17	Wasilla	10	10	90%
Airport Park, LLC - Airport Way	Northrim Bank	2,977,000	2,679,300	11/9/17	Fairbanks	0	0	90%
Quality Investments No 1, LLC	First National Bank Alaska	697,500	627,750	11/28/17	Anchorage	2	2	90%
Universal Financing Corp	Northrim Bank	2,437,500	2,193,750	11/28/17	Anchorage	0	3	90%
Gold Canyon Properties I, LLC	First National Bank Alaska	1,725,000	1,552,500	12/7/17	Anchorage	0	0	90%
Ehese Investments, LLC	Northrim Bank	6,037,500	5,433,750	1/16/18	Anchorage	0	4	90%
SS & Sons, LLC	First National Bank Alaska	527,000	474,300	1/25/18	Anchorage	0	0	90%
M & C Investment Properties, LLC	First National Bank Alaska	875,000	787,500	1/26/18	Wasilla	0	0	90%
Bringas, Charilyn	First National Bank Alaska	731,250	658,125	1/26/18	Anchorage	0	50	90%

Table C1

FY 2017-2023 AIDEA Loan Participations

Loan and Job Totals by Fiscal Year

<u>Borrower</u>	<u>Lender</u>	<u>Total Loan</u>	<u>AIDEA Participation</u>	<u>Funded</u>	<u>Project Location</u>	<u>AIDEA Job Claims</u>		<u>AIDEA % Participation</u>
						<u>Construction</u>	<u>Permanent</u>	
Nordvast Foretag, LLC	First National Bank Alaska	1,140,000	1,026,000	2/2/18	Palmer	35	10	90%
Inaba, LLC	First National Bank Alaska	1,100,000	990,000	2/9/18	Wasilla	0	6	90%
Gentlecare Dental Center, LLC	First National Bank Alaska	1,925,000	1,732,500	2/26/18	Anchorage	20	0	90%
Will-O, LLC	Northrim Bank	1,480,000	1,332,000	3/29/18	Juneau	1	0	90%
Jordan Creek Center, LLC	Northrim Bank	2,176,000	1,958,400	4/2/18	Juneau	1	0	90%
Greer Tank Inc dba Greer Tank & Welding R/E-Surrey	Northrim Bank	1,140,000	1,026,000	4/4/18	Fairbanks	10	2	90%
Greer Tank Inc dba Greer Tank & Welding (Equip)	Northrim Bank	210,000	189,000	4/4/18	Fairbanks	0	0	90%
Pacific Tudor 2011, LLC	First National Bank Alaska	2,700,000	2,430,000	4/6/18	Anchorage	4	2	90%
Raven Perch, LLC	First National Bank Alaska	1,575,000	1,417,500	4/6/18	Eagle River	0	2	90%
Delta Commercial Properties, LLC - R/E	Northrim Bank	3,360,000	2,184,000	4/6/18	Delta Junction	6	1	65%
Delta Commercial Properties, LLC - Equip	Northrim Bank	200,000	130,000	4/6/18	Delta Junction	0	0	65%
Hae Won Strawberry Co LLC	First National Bank Alaska	1,170,000	1,053,000	4/17/18	Anchorage	0	0	90%
Grand Northern, LLC	Alaska USA FCU	2,610,124	2,351,434	4/19/18	Anchorage	59	25	90%
KND Properties, LLC	Alaska USA FCU	354,000	318,600	4/24/18	Anchorage	2	2	90%
Harrison Properties, LLC	First National Bank Alaska	1,350,000	1,215,000	5/17/18	Anchorage	0	0	90%
TD Investments, LLC	Northrim Bank	1,657,500	1,491,750	5/23/18	Wasilla	50	60	90%
Taku Glacier Lodge, Inc	First National Bank Alaska	775,000	697,500	5/30/18	Juneau	0	0	90%
KI Transalaska Building, LLC	Northrim Bank	851,276	766,149	6/4/18	Wasilla	0	2	90%
Eagle River Buildings, LLC	First National Bank Alaska	1,770,000	1,593,000	6/7/18	Eagle River	0	0	90%
GKS Properties #1, LLC	First National Bank Alaska	1,432,500	1,289,250	6/14/18	Wasilla	40	18	90%
Regan Building, LLC	First National Bank Alaska	1,200,000	1,080,000	6/28/18	Wasilla	0	0	90%
<u>2018 Summary Statistics</u>								
Total loan and participation amounts		88,545,683	71,654,862					
Total jobs						285	216	
Number of loans								
Total						42	42	
With jobs						18	19	
Percent of loans with jobs						42.86%	45.24%	
Loan amounts with jobs								
Total loan amounts						28,311,524	32,255,000	
Loan participation amounts						24,642,694	28,191,823	
Loan amount per job								
Loans with jobs						99,339	149,329	
Total loans						310,687	409,934	
AIDEA loan participation amount per job								
Loans with jobs						86,466	130,518	
Total loans						251,421	331,735	

Table C1
FY 2017-2023 AIDEA Loan Participations
Loan and Job Totals by Fiscal Year

<u>Borrower</u>	<u>Lender</u>	<u>Total Loan</u>	<u>AIDEA Participation</u>	<u>Funded</u>	<u>Project Location</u>	<u>AIDEA Job Claims</u>		<u>AIDEA % Participation</u>
						<u>Construction</u>	<u>Permanent</u>	
FY 2019								
Bullwinkle's, Inc	First National Bank Alaska	630,000	567,000	7/2/18	Juneau	0	0	90%
Goldrush-Wasilla, LLC	First National Bank Alaska	1,200,000	1,080,000	7/25/18	Wasilla	0	0	90%
Conquest Park LLC	First National Bank Alaska	887,000	798,300	8/3/18	Wasilla	0	5	90%
The Gold Claim, LLC	First National Bank Alaska	562,500	506,250	8/7/18	Anchorage	15	0	90%
Eagle River Car Wash LLC - R/E	First National Bank Alaska	2,250,000	2,025,000	8/22/18	Eagle River	50	12	90%
Eagle River Car Wash, LLC - Equip	First National Bank Alaska	532,500	479,250	8/22/18	Eagle River	0	0	90%
Habermann, Mark S	First National Bank Alaska	2,500,000	2,250,000	8/22/18	Anchorage	0	0	90%
Dimond Jewel Lake Center LLC	First National Bank Alaska	2,700,000	2,430,000	8/24/18	Anchorage	0	0	90%
Diamond Pine, LLC	First National Bank Alaska	1,612,500	1,451,250	9/5/18	Wasilla	0	10	90%
City Center Wasilla, LLC	First National Bank Alaska	1,312,500	1,181,250	9/5/18	Wasilla	10	3	90%
Best Investments, LLC	First National Bank Alaska	626,000	563,400	9/28/18	Anchorage	0	3	90%
Lee, Ae Kyong	Northrim Bank	2,010,000	1,740,000	10/10/18	Anchorage	10	0	87%
6333 B St, LLC	Northrim Bank	1,481,250	1,333,125	10/10/18	Anchorage	0	0	90%
Hamilton Construction LLC	Northrim Bank	2,065,425	1,791,000	10/22/18	Anchorage	2	2	87%
Banderas Bay Development, LLC	Northrim Bank	1,950,000	1,755,000	11/2/18	Fairbanks	5	15	90%
Tyler Rental, Inc	First Bank	3,500,000	2,940,000	11/28/18	Juneau	0	3	84%
HK Enterprises LLC - R/E	Alaska USA FCU	1,508,000	1,357,200	12/7/18	Anchorage	11	20	90%
HK Enterprises LLC - Equip	Alaska USA FCU	37,000	33,300	12/7/18	Anchorage	0	0	90%
Wolverine Supply, Inc	Northrim Bank	1,250,000	1,125,000	12/24/18	Wasilla	0	0	90%
Royal Blue Alaska, LLC	First Bank	2,000,000	1,600,000	1/7/19	Ketchikan	0	0	80%
Totem Inn, Inc	First National Bank Alaska	9,150,000	8,200,000	1/8/19	Valdez	75	14	90%
Adlib Holdings, LLC	First National Bank Alaska	517,500	465,750	1/15/19	Wasilla	0	0	90%
Frontier Properties, LLC	First National Bank Alaska	1,800,000	1,620,000	1/23/19	Juneau	0	0	90%
Commerce Building, LLC	Northrim Bank	4,275,000	3,420,000	2/11/19	Anchorage	1	1	80%
1901 Eagle Eye Cir, LLC	Northrim Bank	2,925,000	2,047,500	3/28/19	Wasilla	0	0	70%
Big Lake Lions Club, Inc	First National Bank Alaska	380,000	342,000	3/29/19	Big Lake	0	0	90%
L92, LLC	Northrim Bank	1,590,000	1,431,000	4/10/19	Anchorage	0	0	90%
Milo, LLC - R/E	First National Bank Alaska	3,046,725	2,437,380	4/25/19	Skagway	25	50	80%
Milo, LLC - Equip	First National Bank Alaska	486,172	388,938	4/25/19	Skagway	0	0	80%
Curzie North Investments, LLC	Northrim Bank	950,000	855,000	4/26/19	Anchorage	0	0	90%
See Forever, LLC	Northrim Bank	2,550,000	2,295,000	5/2/19	Fairbanks	25	10	90%

Table C1

FY 2017-2023 AIDEA Loan Participations

Loan and Job Totals by Fiscal Year

<u>Borrower</u>	<u>Lender</u>	<u>Total Loan</u>	<u>AIDEA Participation</u>	<u>Funded</u>	<u>Project Location</u>	<u>AIDEA Job Claims</u>		<u>AIDEA % Participation</u>
						<u>Construction</u>	<u>Permanent</u>	
<u>2019 Summary Statistics</u>								
Total loan and participation amounts		58,285,072	50,508,893					
Total jobs						229	148	
Number of loans								
Total						31	31	
With jobs						11	13	
Percent of loans with jobs						35.48%	41.94%	
Loan amounts with jobs								
Total loan amounts						30,680,150	34,733,150	
Loan participation amounts						26,708,080	30,214,780	
Loan amount per job								
Loans with jobs						133,974	234,683	
Total loans						254,520	393,818	
AIDEA loan participation amount per job								
Loans with jobs						116,629	204,154	
Total loans						220,563	341,276	
<u>FY 2020</u>								
Settler's Bay Central Land, LLC	Northrim Bank	2,443,000	2,198,700	7/2/19	Wasilla	0	3	90%
H3 Investment Group, LLC	Northrim Bank	1,943,250	1,748,925	7/11/19	Wasilla	0	42	90%
C Sycks, LLC	Northrim Bank	3,300,000	2,970,000	8/9/19	Anchorage	0	25	90%
Martorell, LLC	First National Bank Alaska	600,000	480,000	9/26/19	Wasilla	7	17	80%
Rsd Properties, LLC Lake Otis	Alaska USA FCU	3,650,000	3,285,000	10/8/19	Anchorage	0	0	90%
Rsd Properties, LLC N St	Alaska USA FCU	2,350,000	2,115,000	10/8/19	Anchorage	0	0	90%
Rsd Properties, LLC W 2nd Ave	Alaska USA FCU	1,940,000	1,746,000	10/8/19	Anchorage	0	0	90%
Mt Four, LLC R/E	Northrim Bank	20,377,500	16,302,000	10/10/19	Anchorage	0	0	80%
Mt Four, LLC Equip	Northrim Bank	1,380,000	1,104,000	10/10/19	Anchorage	0	0	80%
Delker Properties, LLC	First National Bank Alaska	1,312,500	1,050,000	11/13/19	Soldotna	25	4	80%
Narino Investments, LLC	Northrim Bank	472,500	425,250	11/21/19	Wasilla	0	8	90%
Alyeska Realty Advisors, Inc 200 2nd Ave	First National Bank Alaska	1,352,000	1,216,800	12/19/19	Skagway	0	0	90%
Alyeska Realty Advisors, Inc 240 2nd Ave	First National Bank Alaska	2,210,000	1,989,000	12/19/19	Skagway	0	0	90%
Alyeska Realty Advisors, Inc 280 2nd Ave	First National Bank Alaska	622,000	559,800	12/19/19	Skagway	0	0	90%
Vantage Point View, LLC	Northrim Bank	825,000	742,500	1/8/20	Wasilla	15	5	90%
Newby Revocable Trust	First National Bank Alaska	1,950,000	1,755,000	1/16/20	Homer	75	33	90%
KG Enterprises, LLC	First National Bank Alaska	1,875,000	1,687,500	1/16/20	Palmer	100	20	90%
R&D Investments, LLC	First Bank	862,500	776,250	1/24/20	Ketchikan	0	3	90%
Maple Springs Palmer Mob, LLC	Wells Fargo NA	4,200,000	3,780,000	1/31/20	Palmer	40	25	90%
Hae Won Shimchung, LLC	First National Bank Alaska	840,000	672,000	2/12/20	Eagle River	0	6	80%
Sleek, LLC	First National Bank Alaska	360,000	288,000	3/18/20	Wasilla	50	0	80%
Tag Development, LLC	Alaska USA FCU	1,100,000	990,000	4/7/20	Anchorage	0	0	90%

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FY 2017-2023 AIDEA Loan Participations

Loan and Job Totals by Fiscal Year

<u>Borrower</u>	<u>Lender</u>	<u>Total Loan</u>	<u>AIDEA Participation</u>	<u>Funded</u>	<u>Project Location</u>	<u>AIDEA Job Claims</u>		<u>AIDEA % Participation</u>
						<u>Construction</u>	<u>Permanent</u>	
Bilikin Properties, LLC	Bragaw Northrim Bank	1,555,000	1,399,500	4/13/20	Anchorage	0	0	90%
Bilikin Properties, LLC	Soldotna Northrim Bank	620,500	558,450	4/17/20	Soldotna	0	1	90%
Valkyrie Commercial Realty, LLC	Alaska USA FCU	1,431,000	1,287,900	5/5/20	Palmer	20	2	90%
Dimond Mini Storage, Inc	R/E Northrim Bank	2,000,000	1,800,000	5/11/20	Anchorage	0	0	90%
Dimond Mini Storage, Inc	Equip Northrim Bank	450,000	405,000	5/11/20	Anchorage	0	0	90%
Clyde V. Brummell, LLC	First National Bank Alaska	1,796,000	1,616,400	5/12/20	Anchorage	0	1	90%
<u>2020 Summary Statistics</u>								
Total loan and participation amounts		63,817,750	54,948,975					
Total jobs						332	195	
Number of loans								
Total						28	28	
With jobs						8	15	
Percent of loans with jobs						28.57%	53.57%	
Loan amounts with jobs								
Total loan amounts						12,553,500	24,471,250	
Loan participation amounts						11,070,900	21,748,875	
Loan amount per job								
Loans with jobs						37,812	125,494	
Total loans						192,222	327,271	
AIDEA loan participation amount per job								
Loans with jobs						33,346	111,533	
Total loans						165,509	281,790	
<u>FY 2021</u>								
Land's End Acquisition Corp.	Northrim Bank	4,700,000	4,230,000	7/2/20	Seward	48	8	90%
Sun Mtn Development Group, LLC	Sonic Northrim Bank	1,130,000	1,017,000	7/6/20	Wasilla	115	65	90%
Sun Mtn Development Group, LLC	Planet Fitness Northrim Bank	4,275,000	3,847,500	7/8/20	Wasilla	125	25	90%
Island Holdings, LLC	First National Bank Alaska	7,036,937	6,333,243	7/30/20	Kodiak	10	0	90%
Alaska Red Dog Saloon, LLC	Northrim Bank	2,322,000	1,741,500	7/30/20	Ketchikan	0	0	75%
Sun Mtn Development Group, LLC	Krispy Kreme Northrim Bank	2,383,000	2,144,700	7/31/20	Wasilla	150	60	90%
Salmon Landing Outlet Building, LLC	Northrim Bank	1,516,400	1,364,760	7/31/20	Ketchikan	0	0	90%
Royal Blue Alaska, LLC	First Bank	1,186,000	948,800	8/3/20	Ketchikan	0	0	80%
Dean Investments, LLC	First National Bank Alaska	2,200,000	1,980,000	8/28/20	Wasilla	3	8	90%
EBH Investments	Northrim Bank	2,705,000	2,434,500	9/25/20	Anchorage	0	0	90%
Debora, LLC	Northrim Bank	3,345,000	3,010,500	10/30/20	Eagle River	0	2	90%
Eklutna Services, LLC	Northrim Bank	959,000	863,100	11/3/20	Eagle River	0	0	90%
Tesla Electric, LLC	Northrim Bank	393,000	353,700	11/24/20	Anchorage	0	5	90%
JBL, LLC	First National Bank Alaska	637,500	573,750	12/8/20	Wasilla	9	9	90%
Juneau Lodge No. 700	Northrim Bank	656,600	328,300	12/8/20	Juneau	0	0	50%

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FY 2017-2023 AIDEA Loan Participations

Loan and Job Totals by Fiscal Year

<u>Borrower</u>	<u>Lender</u>	<u>Total Loan</u>	<u>AIDEA Participation</u>	<u>Funded</u>	<u>Project Location</u>	<u>AIDEA Job Claims</u>		<u>AIDEA % Participation</u>
						<u>Construction</u>	<u>Permanent</u>	
4161 Seldon Rd, LLC	Northrim Bank	2,395,000	2,155,500	12/22/20	Wasilla	0	1	90%
600 E Railroad Avenue, LLC	Northrim Bank	4,350,000	3,915,000	2/19/21	Wasilla	4	47	90%
Little Ruda Enterprises, LLC - R/E	First National Bank Alaska	975,000	877,500	3/8/21	Palmer	20	7	90%
Little Ruda Enterprises, LLC - Equip	First National Bank Alaska	70,000	63,000	3/8/21	Palmer	0	0	90%
The Kenneth & Roseleen Moore AK Comm Prop Trst	First National Bank Alaska	2,267,356	2,040,620	3/17/21	Homer	2	2	90%
3BS7CS, LLC	Northrim Bank	3,732,400	2,900,000	3/23/21	Anchorage	0	20	78%
125 West Evergreen LLC	First National Bank Alaska	1,600,000	1,440,000	3/25/21	Palmer	2	24	90%
Seward Wildlife Cruises, LLC	First National Bank Alaska	8,754,000	7,878,600	3/31/21	Seward	16	8	90%
Hunter Plaza, LLC	First National Bank Alaska	1,499,900	1,349,910	5/7/21	Wasilla	0	0	90%
MABCO Investments LLC	Northrim Bank	1,897,165	1,707,449	5/12/21	Anchorage	0	15	90%
Avanti Corporation	First National Bank Alaska	3,300,000	2,970,000	5/25/21	Wasilla	7	1	90%
5007 W Reliance Road, LLC	Northrim Bank	1,143,750	1,029,375	6/15/21	Wasilla	5	5	90%
<u>2021 Summary Statistics</u>								
Total loan and participation amounts		67,430,008	59,498,307					
Total jobs						516	312	
Number of loans								
Total						27	27	
With jobs						14	18	
Percent of loans with jobs						51.85%	66.67%	
Loan amounts with jobs								
Total loan amounts						44,752,543	49,478,171	
Loan participation amounts						40,277,288	44,071,194	
Loan amount per job								
Loans with jobs						86,730	158,584	
Total loans						130,678	216,122	
AIDEA loan participation amount per job								
Loans with jobs						78,057	141,254	
Total loans						115,307	190,700	
<u>FY 2022</u>								
Alaskan Investments LLC	First National Bank Alaska	1,065,000	958,500	7/6/21	Eagle River	0	0	90%
433 W 9Th LLC	Northrim Bank	870,000	652,500	10/14/21	Anchorage	6	9	75%
Rvin AK, LLC - 3151/3251 E Palmer Wasilla Hwy	First National Bank Alaska	790,000	632,000	10/27/21	Wasilla	5	2	80%
Rvin AK, LLC - 3081/3083 E Cottle LP	First National Bank Alaska	930,000	744,000	10/27/21	Wasilla	0	15	80%
Special Events Alaska LLC	First National Bank Alaska	1,080,000	972,000	12/2/21	Wasilla	0	2	90%
K & G Enterprises, LLC	Northrim Bank	1,331,250	1,198,125	1/3/22	Wasilla	0	4	90%
J & M Green Properties LLC	Alaska USA FCU	1,760,000	1,584,000	1/26/22	Anchorage	0	18	90%
The Kenneth & Roseleen Moore AK Comm Prop Trust R/E	First National Bank Alaska	1,945,527	1,750,974	2/4/22	Homer	18	100	90%
The Kenneth & Roseleen Moore AK Comm Prop Trust Eq	First National Bank Alaska	550,651	495,586	2/4/22	Homer	18	100	90%

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FY 2017-2023 AIDEA Loan Participations

Loan and Job Totals by Fiscal Year

<u>Borrower</u>	<u>Lender</u>	<u>Total Loan</u>	<u>AIDEA Participation</u>	<u>Funded</u>	<u>Project Location</u>	<u>AIDEA Job Claims</u>		<u>AIDEA % Participation</u>
						<u>Construction</u>	<u>Permanent</u>	
Galloway Holdings, LLC	First National Bank Alaska	450,000	360,000	6/8/22	Wasilla	30	4	80%
Mat-Su Health Services, Inc	First National Bank Alaska	2,200,000	1,980,000	6/22/22	Wasilla	0	10	90%
<u>2022 Summary Statistics</u>								
Total loan and participation amounts		12,972,428	11,327,685					
Total jobs						77	264	
Number of loans								
Total						11	11	
With jobs						5	10	
Percent of loans with jobs						45.45%	90.91%	
Loan amounts with jobs								
Total loan amounts						4,606,178	11,907,428	
Loan participation amounts						3,891,060	10,369,185	
Loan amount per job								
Loans with jobs						59,820	45,104	
Total loans						168,473	49,138	
AIDEA loan participation amount per job								
Loans with jobs						50,533	39,277	
Total loans						147,113	42,908	
<u>FY 2023</u>								
Mountainview Building, LLC	First National Bank Alaska	2,025,000	1,822,500	7/11/22	Anchorage	5	10	90%
BC Rentals, LLC	Northrim Bank	2,422,500	1,938,000	10/27/22	Juneau	4	2	80%
824 NW 52nd, LLC	Northrim Bank	4,331,250	3,681,562	11/1/22	Fairbanks	5	5	85%
Bilikin Properties, LLC	Northrim Bank	2,405,627	2,165,064	5/8/23	Wasilla	40	5	90%
Sun Mountain Development - Building F	Northrim Bank	1,343,000	1,208,700	5/31/23	Wasilla	64	24	90%

Table C1
FY 2017-2023 AIDEA Loan Participations
Loan and Job Totals by Fiscal Year

<u>Borrower</u>	<u>Lender</u>	<u>Total Loan</u>	<u>AIDEA Participation</u>	<u>Funded</u>	<u>Project Location</u>	<u>AIDEA Job Claims</u>		<u>AIDEA % Participation</u>
						<u>Construction</u>	<u>Permanent</u>	
<u>2023 Summary Statistics</u>								
Total loan and participation amounts		12,527,377	10,815,826					
Total jobs						118	46	
Number of loans								
Total						5	5	
With jobs						5	5	
Percent of loans with jobs						100.00%	100.00%	
Loan amounts with jobs								
Total loan amounts						12,527,377	12,527,377	
Loan participation amounts						10,815,826	10,815,826	
Loan amount per job								
Loans with jobs						106,164	272,334	
Total loans						106,164	272,334	
AIDEA loan participation amount per job								
Loans with jobs						91,660	235,127	
Total loans						91,660	235,127	
<u>FY 2017-2023 Summary Statistics</u>								
Total loan and participation amounts		428,225,019	367,278,625					
Total jobs						1,889	1,507	
Number of loans								
Total						184	184	
With jobs						69	95	
Percent of loans with jobs						37.50%	51.63%	
Loan amounts with jobs								
Total loan amounts						185,185,022	233,555,376	
Loan participation amounts						161,483,973	204,276,133	
Loan amount per job								
Loans with jobs						98,033	154,980	
Total loans						226,694	284,157	
AIDEA loan participation amount per job								
Loans with jobs						85,486	135,552	
Total loans						194,430	243,715	

Table C2
FY 2017-2023 AIDEA Loan Participations
Lender Totals by Fiscal Year

<u>Borrower</u>	<u>Lender</u>	<u>Total Loan</u>	<u>AIDEA Participation</u>	<u>Funded</u>	<u>Project Location</u>	<u>AIDEA Job Claims</u>		
						<u>Construction</u>	<u>Permanent</u>	<u>Participation %</u>
FY 2017								
Southeast Furniture Warehouse, Inc	First Bank	795,000	636,000	7/6/16		0	0	80%
Erickson Investments, LLC	First National Bank Alaska	2,700,000	2,430,000	7/6/16		0	60	90%
Crescent Key, Inc	First Bank	4,437,750	3,993,975	7/20/16		0	0	90%
8300 Homer Holdings, LLC	Northrim Bank	1,702,500	1,532,000	7/26/16		65	20	90%
The Duane & Eunice Hedrick 2006 Trust	Northrim Bank	848,000	763,200	7/26/16		0	1	90%
Ingrim Jr, William Paul	First National Bank Alaska	521,000	468,900	8/19/16		0	0	90%
Yuk, Jay & Hee	First National Bank Alaska	1,500,000	1,350,000	8/19/16		0	0	90%
City Center Wasilla, LLC	First National Bank Alaska	1,200,000	1,080,000	9/1/16		0	0	90%
Magnum Opus Enterprises, LLC	First National Bank Alaska	678,750	610,875	9/15/16		0	0	90%
Senate Properties, LLC	First Bank	1,882,229	1,505,783	9/26/16		0	0	80%
Ketchikan Bear Falls Property, LLC	Northrim Bank	1,023,266	920,939	9/30/16		0	0	90%
Kalinin Partners, LLC	First National Bank Alaska	7,100,000	6,390,000	10/5/16		0	12	90%
Denali Materials, Inc	First National Bank Alaska	2,680,206	2,412,185	10/5/16		0	0	90%
X'Una Kaawu Annee Corporation (XKA)	Northrim Bank	25,000,000	20,000,000	10/20/16		52	35	80%
Danger Island, LLC	First Bank	604,000	543,600	10/27/16		0	0	90%
BP Investment Group LLC	First National Bank Alaska	1,500,000	1,350,000	11/2/16		0	0	90%
Q105, LLC	First National Bank Alaska	300,000	270,000	11/8/16		0	0	90%
Sandventure, LLC	Northrim Bank	1,181,250	1,063,125	11/15/16		0	0	90%
Centennial Plaza, LLC	Alaska USA FCU	1,750,000	1,575,000	11/18/16		0	8	90%
O'Malley Ice and Sports Center, LLC	Northrim Bank	8,899,800	7,119,840	11/30/16		0	0	80%
Aleutian Pribilof Islands Association, Inc	First National Bank Alaska	9,375,000	8,437,500	12/15/16		0	0	90%
Eklutna 5th Avenue Properties, LLC	Northrim Bank	2,600,000	2,340,000	2/3/17		0	0	90%
EP Holdings, LLC	First National Bank Alaska	1,043,700	939,330	2/15/17		0	0	90%
Williams, Inc (R/E)	Northrim Bank	1,590,000	1,431,000	2/21/17		20	6	90%
Williams, Inc (Equip)	Northrim Bank	3,210,000	2,889,000	2/21/17		0	0	90%
Westdahl, LLC	Northrim Bank	6,997,500	6,297,750	2/27/17		20	90	90%
SKS Commercial, LLC	Northrim Bank	2,400,000	2,160,000	2/28/17		0	3	90%
7941, LLC	Northrim Bank	2,947,500	2,652,750	2/28/17		0	0	90%
Juneau I LLC	Northrim Bank	5,600,000	5,040,000	3/9/17		50	5	90%
Old School 1925 LLC	Northrim Bank	2,370,000	2,133,000	3/17/17		30	30	90%
Alpine Dental Center, LLC	First National Bank Alaska	356,250	320,625	3/22/17		0	7	90%
Hae Won Investment Co LLC	First National Bank Alaska	1,124,250	1,011,825	3/23/17		0	0	90%
Rasperry Jewel LLC	First National Bank Alaska	1,800,000	1,620,000	3/31/17		0	0	90%
Spur Development, LLC	Northrim Bank	3,625,000	3,262,500	4/24/17		0	0	90%
Meridian Park Mob, LLC	First National Bank Alaska	7,800,000	7,020,000	4/25/17		90	30	90%
Golden Properties, Inc.	Northrim Bank	1,130,000	1,017,000	5/4/17		0	0	90%
Delta Commercial Properties LLC	Northrim Bank	1,005,000	904,500	5/5/17		0	0	90%
Independence Park Investment, LLC	Northrim Bank	1,275,000	1,147,500	5/15/17		0	4	90%
Southside Properties, LLC	First National Bank Alaska	693,750	624,375	5/30/17		5	15	90%
Tudor Applette, LLC	First National Bank Alaska	1,400,000	1,260,000	6/14/17		0	0	90%

Table C2
FY 2017-2023 AIDEA Loan Participations
Lender Totals by Fiscal Year

<u>Borrower</u>	<u>Lender</u>	<u>Total Loan</u>	<u>AIDEA Participation</u>	<u>Funded</u>	<u>Project Location</u>	<u>AIDEA Job Claims</u>		
						<u>Construction</u>	<u>Permanent</u>	<u>Participation %</u>
2017 Lender Statistics								
	<u>Loans</u>	<u>Total Amount</u>	<u>AIDEA</u>	<u>Loans with Jobs</u>		<u>Jobs</u>		
				<u>Construction</u>	<u>Permanent</u>	<u>Construction</u>	<u>Permanent</u>	
Northrim Bank	18	73,404,816	62,674,104	6	9	237	194	85%
First National Bank Alaska	17	41,772,906	37,595,615	2	5	95	124	90%
Alaska USA FCU	1	1,750,000	1,575,000	0	1	0	8	90%
First Bank	4	7,718,979	6,679,358	0	0	0	0	87%
Wells Fargo NA	0	0	0	0	0	0	0	0%
Total	40	124,646,701	108,524,077	8	15	332	326	87%
FY 2018								
Todd, Philip	Northrim Bank	765,000	688,500	7/26/17	Anchorage	0	0	90%
HCH, Inc	First National Bank Alaska	640,000	576,000	8/8/17	Anchorage	0	2	90%
Allen Marine, Inc	Northrim Bank	21,149,633	11,886,094	8/17/17	Sitka	0	0	56%
Greer Holdings, LLC	Northrim Bank	2,032,500	1,829,250	8/31/17	Anchorage	10	10	90%
Emerton Investments, LLC	Northrim Bank	975,000	877,500	9/5/17	Anchorage	0	0	90%
Support Vessels of Alaska, Inc	First National Bank Alaska	764,600	688,140	9/8/17	Homer	10	5	90%
Airport Park, LLC - Peger Rd	Northrim Bank	1,068,000	961,200	9/20/17	Fairbanks	0	0	90%
Fairbanks Hospitality, LLC	Northrim Bank	6,750,000	6,075,000	9/26/17	Fairbanks	0	0	90%
TD Investments, LLC	Northrim Bank	1,048,050	943,245	9/28/17	Wasilla	15	0	90%
Seven C Investments, Inc	Northrim Bank	3,375,000	3,037,500	10/11/17	Anchorage	0	0	90%
Harren, Richard L	First National Bank Alaska	2,550,000	2,295,000	10/16/17	Wasilla	8	0	90%
Harren, Richard L	First National Bank Alaska	250,000	225,000	10/16/17	Wasilla	2	0	90%
Lupine Properties LLC	First National Bank Alaska	993,750	894,375	10/30/17	Wasilla	10	10	90%
Airport Park, LLC - Airport Way	Northrim Bank	2,977,000	2,679,300	11/9/17	Fairbanks	0	0	90%
Quality Investments No 1, LLC	First National Bank Alaska	697,500	627,750	11/28/17	Anchorage	2	2	90%
Universal Financing Corp	Northrim Bank	2,437,500	2,193,750	11/28/17	Anchorage	0	3	90%
Gold Canyon Properties I, LLC	First National Bank Alaska	1,725,000	1,552,500	12/7/17	Anchorage	0	0	90%
Ehese Investments, LLC	Northrim Bank	6,037,500	5,433,750	1/16/18	Anchorage	0	4	90%
SS & Sons, LLC	First National Bank Alaska	527,000	474,300	1/25/18	Anchorage	0	0	90%
M & C Investment Properties, LLC	First National Bank Alaska	875,000	787,500	1/26/18	Wasilla	0	0	90%
Bringas, Charilyn	First National Bank Alaska	731,250	658,125	1/26/18	Anchorage	0	50	90%
Nordvast Foretag, LLC	First National Bank Alaska	1,140,000	1,026,000	2/2/18	Palmer	35	10	90%
Inaba, LLC	First National Bank Alaska	1,100,000	990,000	2/9/18	Wasilla	0	6	90%
Gentlecare Dental Center, LLC	First National Bank Alaska	1,925,000	1,732,500	2/26/18	Anchorage	20	0	90%
Will-O, LLC	Northrim Bank	1,480,000	1,332,000	3/29/18	Juneau	1	0	90%
Jordan Creek Center, LLC	Northrim Bank	2,176,000	1,958,400	4/2/18	Juneau	1	0	90%
Greer Tank Inc dba Greer Tank & Welding R/E-Surrey	Northrim Bank	1,140,000	1,026,000	4/4/18	Fairbanks	10	2	90%
Greer Tank Inc dba Greer Tank & Welding (Equip)	Northrim Bank	210,000	189,000	4/4/18	Fairbanks	0	0	90%
Pacific Tudor 2011, LLC	First National Bank Alaska	2,700,000	2,430,000	4/6/18	Anchorage	4	2	90%

Table C2
FY 2017-2023 AIDEA Loan Participations
Lender Totals by Fiscal Year

<u>Borrower</u>	<u>Lender</u>	<u>Total Loan</u>	<u>AIDEA Participation</u>	<u>Funded</u>	<u>Project Location</u>	<u>AIDEA Job Claims</u>		
						<u>Construction</u>	<u>Permanent</u>	<u>Participation %</u>
Raven Perch, LLC	First National Bank Alaska	1,575,000	1,417,500	4/6/18	Eagle River	0	2	90%
Delta Commercial Properties, LLC - R/E	Northrim Bank	3,360,000	2,184,000	4/6/18	Delta Junction	6	1	65%
Delta Commercial Properties, LLC - Equip	Northrim Bank	200,000	130,000	4/6/18	Delta Junction	0	0	65%
Hae Won Strawberry Co LLC	First National Bank Alaska	1,170,000	1,053,000	4/17/18	Anchorage	0	0	90%
Grand Northern, LLC	Alaska USA FCU	2,610,124	2,351,434	4/19/18	Anchorage	59	25	90%
KND Properties, LLC	Alaska USA FCU	354,000	318,600	4/24/18	Anchorage	2	2	90%
Harrison Properties, LLC	First National Bank Alaska	1,350,000	1,215,000	5/17/18	Anchorage	0	0	90%
TD Investments, LLC	Northrim Bank	1,657,500	1,491,750	5/23/18	Wasilla	50	60	90%
Taku Glacier Lodge, Inc	First National Bank Alaska	775,000	697,500	5/30/18	Juneau	0	0	90%
KI Transalaska Building, LLC	Northrim Bank	851,276	766,149	6/4/18	Wasilla	0	2	90%
Eagle River Buildings, LLC	First National Bank Alaska	1,770,000	1,593,000	6/7/18	Eagle River	0	0	90%
GKS Properties #1, LLC	First National Bank Alaska	1,432,500	1,289,250	6/14/18	Wasilla	40	18	90%
Regan Building, LLC	First National Bank Alaska	1,200,000	1,080,000	6/28/18	Wasilla	0	0	90%

2018 Lender Statistics

	<u>Loans</u>	<u>Total Amount</u>	<u>AIDEA</u>	<u>Loans with Jobs</u>		<u>Jobs</u>		
				<u>Construction</u>	<u>Permanent</u>	<u>Construction</u>	<u>Permanent</u>	
Northrim Bank	19	59,689,959	45,682,388	7	7	93	82	77%
First National Bank Alaska	21	25,891,600	23,302,440	9	10	131	107	90%
Alaska USA FCU	2	2,964,124	2,670,034	2	2	61	27	90%
First Bank	0	0	0	0	0	0	0	0%
Wells Fargo NA	0	0	0	0	0	0	0	0%
Total	42	88,545,683	71,654,862	18	19	285	216	81%

FY 2019

Bullwinkle's, Inc	First National Bank Alaska	630,000	567,000	7/2/18	Juneau	0	0	90%
Goldrush-Wasilla, LLC	First National Bank Alaska	1,200,000	1,080,000	7/25/18	Wasilla	0	0	90%
Conquest Park LLC	First National Bank Alaska	887,000	798,300	8/3/18	Wasilla	0	5	90%
The Gold Claim, LLC	First National Bank Alaska	562,500	506,250	8/7/18	Anchorage	15	0	90%
Eagle River Car Wash LLC - R/E	First National Bank Alaska	2,250,000	2,025,000	8/22/18	Eagle River	50	12	90%
Eagle River Car Wash, LLC - Equip	First National Bank Alaska	532,500	479,250	8/22/18	Eagle River	0	0	90%
Habermann, Mark S	First National Bank Alaska	2,500,000	2,250,000	8/22/18	Anchorage	0	0	90%
Dimond Jewel Lake Center LLC	First National Bank Alaska	2,700,000	2,430,000	8/24/18	Anchorage	0	0	90%
Diamond Pine, LLC	First National Bank Alaska	1,612,500	1,451,250	9/5/18	Wasilla	0	10	90%
City Center Wasilla, LLC	First National Bank Alaska	1,312,500	1,181,250	9/5/18	Wasilla	10	3	90%
Best Investments, LLC	First National Bank Alaska	626,000	563,400	9/28/18	Anchorage	0	3	90%
Lee, Ae Kyong	Northrim Bank	2,010,000	1,740,000	10/10/18	Anchorage	10	0	87%
6333 B St, LLC	Northrim Bank	1,481,250	1,333,125	10/10/18	Anchorage	0	0	90%
Hamilton Construction LLC	Northrim Bank	2,065,425	1,791,000	10/22/18	Anchorage	2	2	87%
Banderas Bay Development, LLC	Northrim Bank	1,950,000	1,755,000	11/2/18	Fairbanks	5	15	90%
Tyler Rental, Inc	First Bank	3,500,000	2,940,000	11/28/18	Juneau	0	3	84%

Table C2

FY 2017-2023 AIDEA Loan Participations

Lender Totals by Fiscal Year

<u>Borrower</u>	<u>Lender</u>	<u>Total Loan</u>	<u>AIDEA Participation</u>	<u>Funded</u>	<u>Project Location</u>	<u>AIDEA Job Claims</u>		
						<u>Construction</u>	<u>Permanent</u>	<u>Participation %</u>
HK Enterprises LLC - R/E	Alaska USA FCU	1,508,000	1,357,200	12/7/18	Anchorage	11	20	90%
HK Enterprises LLC - Equip	Alaska USA FCU	37,000	33,300	12/7/18	Anchorage	0	0	90%
Wolverine Supply, Inc	Northrim Bank	1,250,000	1,125,000	12/24/18	Wasilla	0	0	90%
Royal Blue Alaska, LLC	First Bank	2,000,000	1,600,000	1/7/19	Ketchikan	0	0	80%
Totem Inn, Inc	First National Bank Alaska	9,150,000	8,200,000	1/8/19	Valdez	75	14	90%
Adlib Holdings, LLC	First National Bank Alaska	517,500	465,750	1/15/19	Wasilla	0	0	90%
Frontier Properties, LLC	First National Bank Alaska	1,800,000	1,620,000	1/23/19	Juneau	0	0	90%
Commerce Building, LLC	Northrim Bank	4,275,000	3,420,000	2/11/19	Anchorage	1	1	80%
1901 Eagle Eye Cir, LLC	Northrim Bank	2,925,000	2,047,500	3/28/19	Wasilla	0	0	70%
Big Lake Lions Club, Inc	First National Bank Alaska	380,000	342,000	3/29/19	Big Lake	0	0	90%
L92, LLC	Northrim Bank	1,590,000	1,431,000	4/10/19	Anchorage	0	0	90%
Milo, LLC - R/E	First National Bank Alaska	3,046,725	2,437,380	4/25/19	Skagway	25	50	80%
Milo, LLC - Equip	First National Bank Alaska	486,172	388,938	4/25/19	Skagway	0	0	80%
Curzie North Investments, LLC	Northrim Bank	950,000	855,000	4/26/19	Anchorage	0	0	90%
See Forever, LLC	Northrim Bank	2,550,000	2,295,000	5/2/19	Fairbanks	25	10	90%

2019 Lender Statistics

	<u>Loans</u>	<u>Total Amount</u>	<u>AIDEA</u>	<u>Loans with Jobs</u>		<u>Jobs</u>		
				<u>Construction</u>	<u>Permanent</u>	<u>Construction</u>	<u>Permanent</u>	
Northrim Bank	10	21,046,675	17,792,625	5	4	43	28	85%
First National Bank Alaska	17	30,193,397	26,785,768	5	7	175	97	89%
Alaska USA FCU	2	1,545,000	1,390,500	1	1	11	20	90%
First Bank	2	5,500,000	4,540,000	0	1	0	3	83%
Wells Fargo NA	0	0	0	0	0	0	0	0%
Total	31	58,285,072	50,508,893	11	13	229	148	87%

FY 2020

Settler's Bay Central Land, LLC	Northrim Bank	2,443,000	2,198,700	7/2/19	Wasilla	0	3	90%
H3 Investment Group, LLC	Northrim Bank	1,943,250	1,748,925	7/11/19	Wasilla	0	42	90%
C Sycks, LLC	Northrim Bank	3,300,000	2,970,000	8/9/19	Anchorage	0	25	90%
Martorell, LLC	First National Bank Alaska	600,000	480,000	9/26/19	Wasilla	7	17	80%
Rsd Properties, LLC Lake Otis	Alaska USA FCU	3,650,000	3,285,000	10/8/19	Anchorage	0	0	90%
Rsd Properties, LLC N St	Alaska USA FCU	2,350,000	2,115,000	10/8/19	Anchorage	0	0	90%
Rsd Properties, LLC W 2nd Ave	Alaska USA FCU	1,940,000	1,746,000	10/8/19	Anchorage	0	0	90%
Mt Four, LLC R/E	Northrim Bank	20,377,500	16,302,000	10/10/19	Anchorage	0	0	80%
Mt Four, LLC Equip	Northrim Bank	1,380,000	1,104,000	10/10/19	Anchorage	0	0	80%
Delker Properties, LLC	First National Bank Alaska	1,312,500	1,050,000	11/13/19	Soldotna	25	4	80%
Narino Investments, LLC	Northrim Bank	472,500	425,250	11/21/19	Wasilla	0	8	90%
Alyeska Realty Advisors, Inc 200 2nd Ave	First National Bank Alaska	1,352,000	1,216,800	12/19/19	Skagway	0	0	90%
Alyeska Realty Advisors, Inc 240 2nd Ave	First National Bank Alaska	2,210,000	1,989,000	12/19/19	Skagway	0	0	90%
Alyeska Realty Advisors, Inc 280 2nd Ave	First National Bank Alaska	622,000	559,800	12/19/19	Skagway	0	0	90%

Table C2

FY 2017-2023 AIDEA Loan Participations

Lender Totals by Fiscal Year

<u>Borrower</u>	<u>Lender</u>	<u>Total Loan</u>	<u>AIDEA Participation</u>	<u>Funded</u>	<u>Project Location</u>	<u>AIDEA Job Claims</u>		
						<u>Construction</u>	<u>Permanent</u>	<u>Participation %</u>
Vantage Point View, LLC	Northrim Bank	825,000	742,500	1/8/20	Wasilla	15	5	90%
Newby Revocable Trust	First National Bank Alaska	1,950,000	1,755,000	1/16/20	Homer	75	33	90%
KG Enterprises, LLC	First National Bank Alaska	1,875,000	1,687,500	1/16/20	Palmer	100	20	90%
R&D Investments, LLC	First Bank	862,500	776,250	1/24/20	Ketchikan	0	3	90%
Maple Springs Palmer Mob, LLC	Wells Fargo NA	4,200,000	3,780,000	1/31/20	Palmer	40	25	90%
Hae Won Shimchung, LLC	First National Bank Alaska	840,000	672,000	2/12/20	Eagle River	0	6	80%
Sleek, LLC	First National Bank Alaska	360,000	288,000	3/18/20	Wasilla	50	0	80%
Tag Development, LLC	Alaska USA FCU	1,100,000	990,000	4/7/20	Anchorage	0	0	90%
Bilikin Properties, LLC Bragaw	Northrim Bank	1,555,000	1,399,500	4/13/20	Anchorage	0	0	90%
Bilikin Properties, LLC Soldotna	Northrim Bank	620,500	558,450	4/17/20	Soldotna	0	1	90%
Valkyrie Commercial Realty, LLC	Alaska USA FCU	1,431,000	1,287,900	5/5/20	Palmer	20	2	90%
Dimond Mini Storage, Inc R/E	Northrim Bank	2,000,000	1,800,000	5/11/20	Anchorage	0	0	90%
Dimond Mini Storage, Inc Equip	Northrim Bank	450,000	405,000	5/11/20	Anchorage	0	0	90%
Clyde V. Brummell, LLC	First National Bank Alaska	1,796,000	1,616,400	5/12/20	Anchorage	0	1	90%

2020 Lender Statistics

	<u>Loans</u>	<u>Total Amount</u>	<u>AIDEA</u>	<u>Loans with Jobs</u>		<u>Jobs</u>		
				<u>Construction</u>	<u>Permanent</u>	<u>Construction</u>	<u>Permanent</u>	
Northrim Bank	11	35,366,750	29,654,325	1	6	15	84	84%
First National Bank Alaska	10	12,917,500	11,314,500	5	6	257	81	88%
Alaska USA FCU	5	10,471,000	9,423,900	1	1	20	2	90%
First Bank	1	862,500	776,250	0	1	0	3	90%
Wells Fargo NA	1	4,200,000	3,780,000	1	1	40	25	90%
Total	28	63,817,750	54,948,975	8	15	332	195	86%

FY 2021

Land's End Acquisition Corp.	Northrim Bank	4,700,000	4,230,000	7/2/20	Seward	48	8	90%
Sun Mtn Development Group, LLC Sonic	Northrim Bank	1,130,000	1,017,000	7/6/20	Wasilla	115	65	90%
Sun Mtn Development Group, LLC Planet Fitness	Northrim Bank	4,275,000	3,847,500	7/8/20	Wasilla	125	25	90%
Island Holdings, LLC	First National Bank Alaska	7,036,937	6,333,243	7/30/20	Kodiak	10	0	90%
Alaska Red Dog Saloon, LLC	Northrim Bank	2,322,000	1,741,500	7/30/20	Ketchikan	0	0	75%
Sun Mtn Development Group, LLC Krispy Kreme	Northrim Bank	2,383,000	2,144,700	7/31/20	Wasilla	150	60	90%
Salmon Landing Outlet Building, LLC	Northrim Bank	1,516,400	1,364,760	7/31/20	Ketchikan	0	0	90%
Royal Blue Alaska, LLC	First Bank	1,186,000	948,800	8/3/20	Ketchikan	0	0	80%
Dean Investments, LLC	First National Bank Alaska	2,200,000	1,980,000	8/28/20	Wasilla	3	8	90%
EBH Investments	Northrim Bank	2,705,000	2,434,500	9/25/20	Anchorage	0	0	90%
Debra, LLC	Northrim Bank	3,345,000	3,010,500	10/30/20	Eagle River	0	2	90%
Eklutna Services, LLC	Northrim Bank	959,000	863,100	11/3/20	Eagle River	0	0	90%
Tesla Electric, LLC	Northrim Bank	393,000	353,700	11/24/20	Anchorage	0	5	90%
JBL, LLC	First National Bank Alaska	637,500	573,750	12/8/20	Wasilla	9	9	90%
Juneau Lodge No. 700	Northrim Bank	656,600	328,300	12/8/20	Juneau	0	0	50%

Table C2

FY 2017-2023 AIDEA Loan Participations

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<u>Borrower</u>	<u>Lender</u>	<u>Total Loan</u>	<u>AIDEA Participation</u>	<u>Funded</u>	<u>Project Location</u>	<u>AIDEA Job Claims</u>		
						<u>Construction</u>	<u>Permanent</u>	<u>Participation %</u>
4161 Seldon Rd, LLC	Northrim Bank	2,395,000	2,155,500	12/22/20	Wasilla	0	1	90%
600 E Railroad Avenue, LLC	Northrim Bank	4,350,000	3,915,000	2/19/21	Wasilla	4	47	90%
Little Ruda Enterprises, LLC - R/E	First National Bank Alaska	975,000	877,500	3/8/21	Palmer	20	7	90%
Little Ruda Enterprises, LLC - Equip	First National Bank Alaska	70,000	63,000	3/8/21	Palmer	0	0	90%
The Kenneth & Roseleen Moore AK Comm Prop Trst	First National Bank Alaska	2,267,356	2,040,620	3/17/21	Homer	2	2	90%
3BS7CS, LLC	Northrim Bank	3,732,400	2,900,000	3/23/21	Anchorage	0	20	78%
125 West Evergreen LLC	First National Bank Alaska	1,600,000	1,440,000	3/25/21	Palmer	2	24	90%
Seward Wildlife Cruises, LLC	First National Bank Alaska	8,754,000	7,878,600	3/31/21	Seward	16	8	90%
Hunter Plaza, LLC	First National Bank Alaska	1,499,900	1,349,910	5/7/21	Wasilla	0	0	90%
MABCO Investments LLC	Northrim Bank	1,897,165	1,707,449	5/12/21	Anchorage	0	15	90%
Avanti Corporation	First National Bank Alaska	3,300,000	2,970,000	5/25/21	Wasilla	7	1	90%
5007 W Reliance Road, LLC	Northrim Bank	1,143,750	1,029,375	6/15/21	Wasilla	5	5	90%

2021 Lender Statistics

	<u>Loans</u>	<u>Total Amount</u>	<u>AIDEA</u>	<u>Loans with Jobs</u>		<u>Jobs</u>		
				<u>Construction</u>	<u>Permanent</u>	<u>Construction</u>	<u>Permanent</u>	
Northrim Bank	16	37,903,315	33,042,884	6	11	447	253	87%
First National Bank Alaska	10	28,340,693	25,506,623	8	7	69	59	90%
Alaska USA FCU	0	0	0	0	0	0	0	0%
First Bank	1	1,186,000	948,800	0	0	0	0	80%
Wells Fargo NA	0	0	0	0	0	0	0	0%
Total	27	67,430,008	59,498,307	14	18	516	312	88%

FY 2022

Alaskan Investments LLC	First National Bank Alaska	1,065,000	958,500	7/6/21	Eagle River	0	0	90%
433 W 9Th LLC	Northrim Bank	870,000	652,500	10/14/21	Anchorage	6	9	75%
Rvin AK, LLC - 3151/3251 E Palmer Wasilla Hwy	First National Bank Alaska	790,000	632,000	10/27/21	Wasilla	5	2	80%
Rvin AK, LLC - 3081/3083 E Cottle LP	First National Bank Alaska	930,000	744,000	10/27/21	Wasilla	0	15	80%
Special Events Alaska LLC	First National Bank Alaska	1,080,000	972,000	12/2/21	Wasilla	0	2	90%
K & G Enterprises, LLC	Northrim Bank	1,331,250	1,198,125	1/3/22	Wasilla	0	4	90%
J & M Green Properties LLC	Alaska USA FCU	1,760,000	1,584,000	1/26/22	Anchorage	0	18	90%
The Kenneth & Roseleen Moore AK Comm Prop Trust R/E	First National Bank Alaska	1,945,527	1,750,974	2/4/22	Homer	18	100	90%
The Kenneth & Roseleen Moore AK Comm Prop Trust Eq	First National Bank Alaska	550,651	495,586	2/4/22	Homer	18	100	90%
Galloway Holdings, LLC	First National Bank Alaska	450,000	360,000	6/8/22	Wasilla	30	4	80%
Mat-Su Health Services, Inc	First National Bank Alaska	2,200,000	1,980,000	6/22/22	Wasilla	0	10	90%

Table C2
FY 2017-2023 AIDEA Loan Participations
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<u>Borrower</u>	<u>Lender</u>	<u>Total Loan</u>	<u>AIDEA Participation</u>	<u>Funded</u>	<u>Project Location</u>	<u>AIDEA Job Claims</u>		
						<u>Construction</u>	<u>Permanent</u>	<u>Participation %</u>
<u>2022 Lender Statistics</u>								
	<u>Loans</u>	<u>Total Amount</u>	<u>AIDEA</u>	<u>Loans with Jobs</u>		<u>Jobs</u>		
				<u>Construction</u>	<u>Permanent</u>	<u>Construction</u>	<u>Permanent</u>	
Northrim Bank	2	2,201,250	1,850,625	1	2	6	13	84%
First National Bank Alaska	8	9,011,178	7,893,060	4	7	71	233	88%
Alaska USA FCU	1	1,760,000	1,584,000	0	1	0	18	90%
First Bank	0	0	0	0	0	0	0	0%
Wells Fargo NA	0	0	0	0	0	0	0	0%
Total	11	12,972,428	11,327,685	5	10	77	264	87%
<u>FY 2023</u>								
Mountainview Building, LLC	First National Bank Alaska	2,025,000	1,822,500	7/11/22	Anchorage	5	10	90%
BC Rentals, LLC	Northrim Bank	2,422,500	1,938,000	10/27/22	Juneau	4	2	80%
824 NW 52nd, LLC	Northrim Bank	4,331,250	3,681,562	11/1/22	Fairbanks	5	5	85%
Bilikin Properties, LLC	Northrim Bank	2,405,627	2,165,064	5/8/23	Wasilla	40	5	90%
Sun Mountain Development - Building F	Northrim Bank	1,343,000	1,208,700	5/31/23	Wasilla	64	24	90%
<u>2023 Lender Statistics</u>								
	<u>Loans</u>	<u>Total Amount</u>	<u>AIDEA</u>	<u>Loans with Jobs</u>		<u>Jobs</u>		
				<u>Construction</u>	<u>Permanent</u>	<u>Construction</u>	<u>Permanent</u>	
Northrim Bank	4	10,502,377	8,993,326	4	4	113	36	86%
First National Bank Alaska	1	2,025,000	1,822,500	1	1	5	10	90%
Alaska USA FCU	0	0	0	0	0	0	0	0%
First Bank	0	0	0	0	0	0	0	0%
Wells Fargo NA	0	0	0	0	0	0	0	0%
Total	5	12,527,377	10,815,826	5	5	118	46	86%
<u>FY 2017-2023 Lender Statistics</u>								
Northrim Bank	80	240,115,142	199,690,277	30	43	954	690	83%
First National Bank Alaska	84	150,152,274	134,220,506	34	43	803	711	89%
Alaska USA FCU	11	18,490,124	16,643,434	4	6	92	75	90%
First Bank	8	15,267,479	12,944,408	0	2	0	6	85%
Wells Fargo NA	1	4,200,000	3,780,000	1	1	40	25	90%
Total	184	428,225,019	367,278,625	69	95	1,889	1,507	86%