

**ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT  
AUTHORITY**

**Resolution NO. G22-15**

**RESOLUTION OF THE ALASKA INDUSTRIAL DEVELOPMENT  
AND EXPORT AUTHORITY DETERMINING DIVIDENDS TO BE  
MADE AVAILABLE TO THE STATE FOR FISCAL YEAR 2024 AND  
PROVIDING A PROCEDURE FOR MAKING DIVIDENDS  
AVAILABLE**

**WHEREAS**, pursuant to AS 44.88.088 (the “Act”), the Alaska Industrial Development and Export Authority (the “Authority”) is required to adopt a policy for the payment of dividends to the State each fiscal year from three of the Authority’s funds;

**WHEREAS**, pursuant to the Act, the dividend may not be less than 25 percent nor more than 50 percent of the statutorily-defined audited net income of the Authority’s Revolving Fund, Sustainable Energy Transmission and Supply Development (SETS) Fund, and Arctic Infrastructure Development Fund (AIDF) for the fiscal year that is two years prior to the fiscal year in which the dividend is to be made available (the “base fiscal year”); provided, however, that the dividend from each respective fund may not exceed the unrestricted net income for the base fiscal year for such Fund;

**WHEREAS**, in enacting the Act, the legislature expressed its intent that the “financial integrity of the Authority remain secure so that the Authority can continue to fulfill its vital economic development mission for the State;

**WHEREAS**, the staff of the authority has recommended that the total sum of cash or assets of \$17,904,000 be made available as a dividend to the State from the Revolving Fund in fiscal year 2024 (the “Revolving Fund Dividend Amount”), which amount is approximately 50% of the Revolving Fund’s net income as defined in the Act;

**WHEREAS**, it is in the best interest of the State and the Authority that the Authority’s staff work with the State Department of Revenue to determine the timing of

when during the 2024 fiscal year the dividend amount should be made available to the State;

**NOW THEREFORE, BE IT RESOLVED**, by the Board of Directors of the Alaska Industrial Development and Export Authority that in accordance with AS 44.88.088, the Authority shall make the sum of \$17,904,000 available to the State in cash or assets, and the staff of the Authority is hereby authorized to work with the Department of Revenue to establish the timing and the assets to be transferred.


The Resolution was declared adopted on this 19th day of December, 2022.



ALASKA INDUSTRIAL DEVELOPMENT  
AND EXPORT AUTHORITY



Chair



Secretary



**To:** Board Members  
Alaska Industrial Development and Export Authority

**From:** Morgan D. Neff  
Interim Executive Director

**Date:** December 19, 2022

**Subject:** Fiscal Year 2024 Dividend Recommendations

## RECOMMENDATION

The Alaska Industrial Development and Export Authority (AIDEA) staff recommends approval to declare dividends at the maximum level under statute to the State of Alaska's Unrestricted General Fund (UGF) for the fiscal year 2024 Operating Budget totaling \$17,904,000, comprised of the following:

- \$17,893,000 from the Revolving Fund, and
- \$11,000 from the SETS Fund.

As one of the largest investors in the State of Alaska, AIDEA has continued to generate positive statutory net income in every year since the Dividend Statute was signed into law on June 27, 1996. Should this dividend declaration be approved, AIDEA will have declared since 1997 in aggregate more than \$464 million in dividends and on average \$16.5 million per year.

## BACKGROUND

Pursuant to AS 44.88.088 (the "Dividend Statute"), the Authority's Board is required to determine the amount of dividends to be made available for appropriation by the legislature annually. Under the Dividend Statute, the dividends are to be not less than 25% nor more than 50% of the Authority's current fiscal year calculated statutory net income for the following AIDEA funds:

- Revolving Fund;
- Sustainable Energy Transmission and Supply Development (SETS) Fund; and
- Arctic Infrastructure Development Fund (AIDF).

Any amounts declared as a dividend are payable to the State's UGF for inclusion in the State's Operating Budget for the fiscal year under deliberation. (For example: AIDEA's FY 2022 statutory net income determines the FY 2024 dividend payments.)

## **DETERMINING FACTORS**

The Dividend Statute gives AIDEA's Board discretion to determine the amount of the dividends. AIDEA's internal policy was developed to provide guidance to the Board within the constraints of AS 44.88.088. The Board also has the authority to determine when, during the fiscal year, dividends should be made available.

In establishing the dividend requirement, the legislature stated its intent that: "the financial integrity of the [Authority] remains secure so the Authority can continue to fulfill its vital economic development mission for the State." (*See* sec.1, ch.11 SLA 1996). Thus, the legislature also made it clear that although dividends were to be made available, the dividends must be determined in a manner that does not impede the Authority's ability to fulfill its primary mission to "promote, develop and advance economic growth and diversification in Alaska by providing various means of financing and investment."

In AIDEA staff recommending and AIDEA's Board determining an annual dividend, both staff and the Board evaluate the balance between these two principles - without breaching any agreement entered into by the Authority, materially impairing the operations or financial integrity of the Authority, or materially affecting the ability of the Authority to fulfill its purposes:

- AIDEA's asset base – our investments, loans, developments and projects within Alaska – are not financial investments that are un-allocated assets or easily liquidated and transferred to serve other purposes. They are committed, encumbered or held in reserve to fulfill our statutory purpose through our programs for job growth and economic development in Alaska.
- Our capital base remains our sole source of funding for these development opportunities covering all regions of the state. AIDEA's partners on these projects rely on our continued financial capacity as a source of financing for these projects.

Any current or future appropriation of our capital base, outside of this recommended annual dividend, is very problematic to sustaining AIDEA's mission and directly impacts AIDEA's capacity to:

- Meet its operating costs,
- Maintain existing project assets and commitments,
- Sustain low-cost capital programs,
- Undertake emergency programs (e.g. programs and loan modifications),
- Advance critical infrastructure development within the state, and
- Maintain the trust of our project and loan program partners on our ability to meet future project capital commitments.

## **DIVIDEND PAYMENT PLAN**

The Dividend Statute requires that "the dividend for a fiscal year be made available before the end

of that fiscal year.” The Authority is to “notify the Commissioner of Revenue when the dividend is available.” Beyond those mandates, the AIDEA Board has the discretion and flexibility to determine when, during the fiscal year, the dividend will be made.

In past years, staff has worked with the Department of Revenue to determine when dividends will be made available. This allows both agencies to better anticipate and meet cash-flow needs. Staff again requests that it be granted the authority to work with the Department of Revenue to determine the timing of when dividends will be made available. Historically, the Authority transfers the dividend in quarterly installments at mid-quarter.

## **CONCLUSION**

The Dividend Statute requires the Board to annually determine dividends based on the current year’s calculated statutory net income. Staff recommends the Board determine and declare dividends totaling \$17,904,000 of cash or assets for fiscal year 2024 as presented through declarations from the Revolving Fund and the SETS Fund.

It is crucial that the private financial market have confidence that AIDEA’s funds are separate and independent of the State of Alaska. Staff believes these proposed dividends are sustainable and will provide the State with the needed and on-going economic return from the Authority without limiting the Authority’s primary mission in this current unprecedented economic environment to “promote, develop and advance economic growth and diversification in Alaska by providing various means of financing and investment.”