

**ALASKA INDUSTRIAL DEVELOPMENT  
AND EXPORT AUTHORITY**

**RESOLUTION NO. L24-06**

**RESOLUTION OF THE ALASKA INDUSTRIAL DEVELOPMENT  
AND EXPORT AUTHORITY REGARDING PURCHASE BY THE  
AUTHORITY OF A PARTICIPATION IN JT INVESTMENTS  
ALASKA, LLC**

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**WHEREAS**, Northrim Bank has filed an application with the Alaska Industrial Development and Export Authority (the “Authority”) requesting that the Authority purchase a participation in a loan to JT Investments Alaska, LLC (the “Loan”) under the Authority’s loan participation program (AS 44.88.155 et seq., “Enterprise Development Account”);

**WHEREAS**, the nature, purpose and terms of the Loan and the Authority’s participation are described in the attached Memorandum (the “Memorandum”) from Authority staff;

**WHEREAS**, staff of the Authority has recommended that the Authority purchase participation in the Loan, subject to certain conditions, as described in the Memorandum;

**WHEREAS**, the Authority’s participation in the Loan is consistent with all requirements for such participation provided in AS 44.88.155 et seq. and the applicable regulations of the Authority related to such participations provided in 3 AAC 99.390(c);

**WHEREAS**, it is the Authority’s policy that the purchase of the loan participation be approved by the Authority’s Board if the Authority’s participation in the loan will equal or exceed \$3,000,000, or if the aggregate amount of the Authority's participation in loans to any borrower or guarantor will exceed \$5,000,000; and

**WHEREAS**, the dollar amount of the Authority’s subject participation in the Loan is

\$3,600,000, and the aggregate amount of the Authority's participation in loans or project investments to companies owned or controlled by the guarantors is \$4,590,323, thereby requiring approval by the Authority's Board;

**WHEREAS**, Northrim Bank requests that the Authority purchase \$3,600,000 (90%) of the \$4,000,000 Loan; and

**WHEREAS**, it is in the best interest of the Authority that the Authority purchase the participation in the Loan, subject to the covenants and conditions recommended by staff as described in the Memorandum.

**NOW, THEREFORE, BE IT RESOLVED BY THE ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY AS FOLLOWS:**

Section 1. The Authority's purchase of the participation in the Loan as described in the Memorandum is approved, subject to the conditions recommended by staff as set forth in the Memorandum. The Executive Director is authorized to approve such non-material changes in the terms and conditions of the Loan and the Authority's participation as the Executive Director, in his discretion, determines appropriate.


Section 2. The Executive Director and the Chief Lending Officer of the Authority are authorized to take such actions as may be necessary or convenient to consummate the purchase of the participation in the Loan including, without limitation, issuing a commitment with respect to the Authority's participation in the Loan.

DATED at Anchorage, Alaska, this 4th day of December 2024.

ALASKA INDUSTRIAL DEVELOPMENT  
AND EXPORT AUTHORITY



  
Chair

  
Secretary



## MEMORANDUM

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

**From:** Randy Ruaro  
Executive Director

**Date:** December 4, 2024

**Subject:** Loan Summary – JT Investments Alaska, LLC  
Resolution No. L24-06

Loan Request Northrim Bank (Northrim) has requested AIDEA’s participation of \$3,600,000 (90%) in a \$4,000,000 loan.

Term

Lender	Amount	Term	Structure
Northrim	\$400,000	15 Years	5 yr Variable rate (FHLB-Boston) +3.50%), adjusting every 5 years
AIDEA	\$3,600,000	25 Years	Fixed rate (6.39%)
Total	\$4,000,000		No accelerated amortization

Borrower JT Investments Alaska, LLC  
Golden Heart Waste Management, LLC

Guarantor John Thies

Use of Proceeds Construct new building for Golden Heart Waste Management, LLC in Fairbanks, AK.

Project 3859 Peger Road and 3860 Tibor Street, Fairbanks, AK 99701.

Jobs Supported 10 jobs created and 12 retained.

## Management

Mr. Thies is 100% owner of the borrowing entity, JT Investments Alaska, LLC, which was created on 3/14/17 to hold title to the subject property. This entity also holds title to all of his other real estate except his personal residence. His other real estate holdings include his existing shop that he built, as well as vacant land, and multifamily property.

Mr. Thies is 100% owner of the operating entity which will occupy the subject property; Golden Heart Waste Management, LLC (GHWM), which was created 3/29/19. This entity is a co-borrower on the subject loan. Mr. Thies will be a Guarantor on the proposed loan.

His business provides Waste Management service in Fairbanks. His operations continue to grow and this expansion will allow him an additional 13,317 SF. The property will be a single tenant building and will be leased to his operating company. Mr. Thies currently operates his business out of two adjacent buildings (10,000 SF) Office/Warehouse that he constructed in 2021. To facilitate the purchase timeline, Northrim has completed a short-term bridge loan for the subject collateral.

## Collateral and Value

A 1<sup>st</sup> Deed of Trust with an Assignment of Rents will secure the loan. An Assignment of Leases will also be required. The subject site consists of three adjacent lots (*lot 2 does not have an address*) totaling 5.22 acres on the corner of Peger Rd. and Frank Avenue. The improvements will be located on lots 1 and 2. Improvements will include a 23,317 SF wood-framed office/warehouse (96 SF arctic entry, 4,200 SF office area, 19,021 SF warehouse/shop). The shop will include two garage sections with four pull-through overhead doors to accommodate 16 vehicles. A separate garage section will be designated for medical waste. There will be two overhead doors and one loading dock.

The second level mezzanine will consist of 523 SF breakroom and 1,143 SF storage which will be accessed via the office area. Heating will be provided by radiant floor heat with Lockinvar boilers and all utilities are available to the site. Office area will have HRV, providing heating and cooling. The shop will also have backup overhead gas boilers. Two locker rooms with sinks are included with toilets and shower stalls.

The subject's access and exposure are considered average, as it is accessed via two entrances off of Peger Rd. All lots have exposure and frontage along Frank Ave., and Lot 3 has frontage along Tibor Street.

Lydia Larson, MAI, with Rikrland Valuation Services, LLC appraised the project as of February 21, 2024. Appraiser concluded the project has a market value of \$5,530,000 resulting in a 72% loan to value.

The appraiser estimates the remaining economic life of the collateral at 55 years. AIDEA regulations state the proposed note's term cannot exceed 75% of the life of the collateral, therefore the term of the proposed note is within regulations.

The project is 100% owner occupied with the utilities as the primary repayment source. The projected net operating income to proposed debt service exceeds the minimum required standard of 1.25:1.

Related Debt

<b>Loan</b>	<b>Balance</b>
BAT Investments, LLC	\$990,323
Proposed Note	\$3,600,000
<b>Aggregate Exposure</b>	<b>\$4,590,323</b>

Financial Information

Specific confidential financial information has been provided to Board members under separate cover.

Environmental

No issues noted. 3-Tier Alaska prepared a Phase I Environmental assessment in July 2024 and no environmental conditions on or offsite were identified. No further investigation or action was recommended.

AIDEA staff will visit the property when it has been completed prior to funding.

Market

Federal infrastructure investment and Jobs Act monies are starting to flow in and job growth is expected due to a handful of new developments. New retail /office-warehouse construction in Fairbanks includes RWC Group, Harley Davidson retail-shop and North Pole Coffee. In addition, the Manh Choh gold mine near Tok is an active project. There are no active listings for industrial or warehouse space for lease in Fairbanks and most new projects are owner-built.

Mark Filipenko, a local broker/agent, reported (April 2023) that the industrial market vacancy estimate is currently trending at or below 2.5%. The main factors for the low vacancy can be partially attributed to an undersupplied market and the high cost of new construction.

(Per a recent appraisal report dated September 1, 2023 by North Pacific Advisors) Industrial rents rose 7.0% for the first quarter of 2023 and averaged 6.3% over the past three years. Vacancies have been decreasing from 4% in 2021, to 2% in 2022, and were at 1.9% for the 1<sup>st</sup> quarter of 2023. According to the appraiser, the Fairbanks market stabilized in 2022 with the onset of higher interest rates; however demand has remained strong into early 2024. The market has generally remained stable over this time and certain segments have showed improvement.

“Nationwide, the long-term outlook for the industrial real estate market remains positive, driven by factors such as the lasting impact of e-commerce and robust construction spending.”<sup>1</sup>

Alaska is expected to receive more than \$6 billion for various infrastructure projects over the next five years, including roads, runways, and broadband internet for rural areas. The Johnson River bridge replacement (*located between Tok and Delta Junction*) is also expected to begin this year. Unfortunately, Fairbanks joins the nation in the constraints of a national labor shortage.<sup>2</sup>

Portfolio Diversification as of: October 31, 2024

**Prior to Proposed Loan:**

Interior Region:	\$23,469,573	6.59%
Collateral (Warehouse-Office):	\$44,097,512	12.38%
Repayment Industry (Utilities):	\$10,783,265	2.97%
Aggregate Exposure:	\$ 990,323	0.27%

**After Proposed Loan:**

Interior Region	\$27,069,573	7.52 %
Collateral (Warehouse-Office):	\$47,697,512	13.26%
Repayment Industry (Automotive):	\$14,383,265	3.92%
Aggregate Exposure:	\$ 4,590,323	1.25%

Lead Underwriter Comments:

The Lender approved this loan based on the positive banking experience with this customer over the past four years. As his business continues to grow, the bank sees additional financing opportunities in the future. This project would not cashflow at the bank’s typical 240 month interest rate terms.

**Recommendation:**

This loan will meet AIDEA’s mission of economic development and job creation by providing a local utility to expand and compete with the nationally owned Alaska Waste. This expansion

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<sup>1</sup> March 2024 NAR – Commercial Real Estate Market Insight  
<sup>2</sup> January 2024 Alaska Economic Trends Magazine

will add more office space which will require more administrative staff in addition to shop space which will allow for an in-house mechanic. They will be processing their own medical waste, saving a significant amount of cost. AIDEA staff recommend approval of the loan participation as proposed with the following conditions:

Covenants:

- 1) Annual Lender Certification of Compliance of Loan Covenants.
- 2) Borrower DSCR to be maintained at a minimum of 1.25 at all times.
- 3) Global DSCR to be maintained at a minimum of 1.25 at all times.
- 4) Financial Statements from the Borrower (to include Rent Roll and Debt Service Schedule)/Tax returns are to be provided on an annual basis to AIDEA within 60 days of filing.
- 5) Tax returns from Guarantor and personal financial statements (to include debt service schedule) are to be provided annually within 60 days of filing.

Conditions:

1. 1st DOT with assignment of Rents on 3859 Peger Rd; 3860 Tibor St.; Fairbanks, AK 99701
2. Assignment of Lease
3. Lease agreement acceptable to the Authority
4. All leases shall be subordinate to Lender's Deed of Trust
5. Satisfactory site inspection by AIDEA staff prior to AIDEA funding
6. Subordination Non-Disturbance/Attornment Agreements (SNDA) with Tenant Estoppel Certificate
7. Borrower to place signage, provided by AIDEA, on subject property for a period of 60 days. The sign will read "Financed by AIDEA"
8. Certification from appraiser that the project is complete and revalued at \$5,530,000. AIDEA must receive appraiser's report of revalue at completion.
9. Bank certification that all of Mr. Thies' entities are self-sustaining.
10. Prior to funding co-borrower to provide a Balance Sheet and Profit and Loss Statements (within 90 days) acceptable to the Authority.
11. Job certification is required prior to AIDEA funding.
12. Key Man Life Insurance securing AIDEA loan amount for Golden Heart Waste Management, LLC.