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Alaska Mariculture Cluster Revolving Loan Fund

The **AMC Revolving Loan Fund (RLF)** addresses lending barriers within the industry and leverages capital to support rural and underserved communities interested in entering or expanding within the industry. Because the mariculture industry is relatively young in the state, it is considered as a moderately high-risk investment due to long grow-out periods for some species, learning curves with new operational techniques, number of new business operators, and an underdeveloped market (particularly for seaweed).

It has been determined that a complimentary, diversified loan fund, established within the economic development goals and priorities of the regional stakeholders, is needed to provide sustainable financial resources for all levels of operators and participants within mariculture. The **RLF** addresses this need and offers flexibility in its collateralized loan program and by maximizing borrowing amounts, complementing current funding programs around the State of Alaska, and creating partnerships to grow the mariculture industry in Alaska. It will also prioritize the borrower's position and abilities to support them, apply solution-based approaches to hardships which will create a level of trust and confidence within the industry between lenders and borrowers.

How do I apply? Who do I contact to get things started?

Please email the Revolving Loan Fund Officer, **Jamey Young**, at jamey@southeastconference.org. Visit alaskamariculturecluster.org for more information.

What kind of loans are offered?

The RLF offers **collateral support** to loans originated from other lenders. Other loan products may be considered in the future.

Will Southeast Conference be originating the loans?

Not at the moment. The current focus is collateral support through outside lending partners. Initial lending partners include **Northrim Bank, Tongass Federal Credit Union, and Spruce Root**, with additional partners expected to join in the future. Prospective borrowers can encourage their current lenders, if preferred, to talk to SEC about joining this RLF program.

What are the interest rates?

The interest rates are set by each lending partner based on current market conditions and overall credit quality and risk factors. The interest rate offered by partnering lenders should be lower than what would be offered without collateral support, given that a portion of the collateral is essentially cash and represents the lowest risk to the lender.

In accordance with EDA requirements, the interest rate may not be less than the lower of four percent (4%) or 75 percent (75%) of the prime interest rate listed in the Wall Street Journal.

How much money is in Southeast Conference's AMC Revolving Loan Fund?

The AMC RLF has a corpus of \$8 million.

What's the timeline? How long will I have to spend?

The AMC RLF will launch in September 2024. The RLF will continue after the AMC grant sunsets in September 2026.

Who is eligible to apply?

Eligible businesses include for-profits, start-up businesses, Alaska Native owned start-ups and businesses, and cooperatives. Loans may be intended for production and processing of mariculture products, business expansions, business retention, farms and producers, retail, commercial, service, industrial, and manufacturer operations in relation to the Alaska mariculture industry.

Are there special requirements for startups?

Start-ups and first-time farmers may be required to provide additional information including personal financial statements, business plans and projections, and resumes; approved technical training courses may also be required.

How much preference is given to underserved communities and Alaska Natives?

At least 25% of funds and services are targeted directly towards underserved communities and an additional 25% to Alaska Native entities. If there is insufficient demand to meet these lending targets, the RLF will redirect funds with preference continuously being given to Alaska Native entities, underserved communities, and the broader mariculture industry – in this order. The RLF will conduct outreach and awareness efforts to help stimulate demand.

Can the AMC RLF be leveraged for other funding opportunities?

- **Mariculture Matching Grant Program – Alaska Mariculture Alliance (AMA):** RLF will work with AMA to encourage alignment between loans and grants for growing mariculture businesses, with the aims of creating leverage for all and bringing new partners and expertise to the ventures.
- **BBBRC Alaska Mariculture Cluster (AMC) Programs** – The AMC RLF may be used to complement other BBBRC AMC programs including grants for studies, equipment, workforce development and research & development projects. See SEC staff for more information.