

**QUARTERLY REPORT  
TO  
THE DENALI COMMISSION**

**From**

**ALASKA GROWTH CAPITAL BIDCO, INC.**

**For the Quarter Ended  
June 30, 2006**

ALASKA GROWTH  CAPITAL

## Second Quarter Progress Report – 2006

### DENALI COMMISSION Award # 0095-DC-2003-E1 & 0016-DC-2003-E3

Alaska Growth Capital made significant progress in the second quarter of 2006. Total financing year-to-date is \$19,272,500.

#### FINANCING VOLUME THROUGH SECOND QUARTER

While the total amount of financing disbursements to businesses in communities classified as “Distressed” by the Denali Commission was \$2,400,000, the total amount of financing to all rural communities was \$10,709,742. Total financing volume by market segment is summarized below:

	<b>Total Loan Volume</b>	<b>Rural (off road system)</b>	<b>To Minority businesses</b>	<b>To "distressed" communities</b>
<b>Loans</b>	\$19,272,500	\$10,709,742	\$3,464,742	\$2,400,000
<b>Total Financings</b>	\$19,272,500	\$10,709,742	\$3,464,742	\$2,400,000
<b>% of Total</b>	100%	56%	18%	12%

## ACTUAL PERFORMANCE AGAINST PERFORMANCE MEASURES FOR 2006

The following tables outline the progress made towards the performance measures for 2006. During the first six months of the year, AGC has met the "satisfactory" metric for the three categories measured and significantly exceeded 50 percent of the "outstanding" metric. Reporting consists of the measures identical to the two grants, total financing and technical assistance engagements. The remaining three measures will not be reported on until year-end (4<sup>th</sup> quarter) as financial statements for the borrowers that would allow the reporting of payroll and revenues are not required for submission until 30 days after quarter-end.

**Measure:** *Total annual financing disbursements to businesses in communities defined as "distressed" by the Denali Commission.*

	<u>Minimally Acceptable</u>	<u>Satisfactory</u>	<u>Outstanding</u>
Grant agreement 1	1,342,904	1,549,505	2,169,300
Grant agreement 2 (in addition to #1)	<u>526,767</u>	<u>607,808</u>	<u>850,928</u>
Total	1,869,671	2,157,313	3,020,228
Actual performance through 2006-2nd Qtr.			\$2,400,000
<b>Percentage of "Outstanding"</b>			<b>79%</b>

**Measure:** *Total annual financing disbursements to Alaskan - owned businesses in communities defined as "distressed" by the Denali Commission.*

	<u>Minimally Acceptable</u>	<u>Satisfactory</u>	<u>Outstanding</u>
Grant agreement 1	1,136,304	1,342,904	1,962,707
Grant agreement 2 (in addition to #1)	<u>283,001</u>	<u>334,455</u>	<u>488,819</u>
Total	1,419,305	1,677,359	2,451,526
Actual performance through 2006-2nd Qtr.			\$2,400,000
<b>Percentage of "Outstanding"</b>			<b>98%</b>

**Measure:** *Number of technical assistance engagements provided to businesses that operate in "distressed" communities. A "technical assistance engagement" is defined as a minimum of 8 hours of assistance provided by Alaska Growth Capital. These engagements will cover a broad range of topics, as defined by the needs of the business.*

	<u>Minimally Acceptable</u>	<u>Satisfactory</u>	<u>Outstanding</u>
Grant agreement 1	20	31	42
Grant agreement 2	<u>8</u>	<u>12</u>	<u>16</u>
Total	28	43	58
Actual performance through 2006-2nd Qtr.			43
<b>Percentage of "Outstanding"</b>			<b>74%</b>

## DETAILED PORTFOLIO INFORMATION

The following is a table that outlines detailed information about the loans disbursed during the reporting period. It also outlines approved loans that are about to close and will be disbursed within the next reporting period.

### Funds Disbursed This Quarter on New Loans Closed Defined as “Denali Distressed” Communities.

Amount	Company	Location	Loan Purpose
\$2,000,000	BC Contractors, Inc.	Egegik	Working capital
215,000	I-Land, LLC	Anchor Point	Building improvements, inventory, working capital, refinance existing debt
\$2,215,000	TOTAL		

### New Loans in Closing This Quarter Defined as “Denali Distressed” Communities.

Amount	Company	Location	Loan Purpose
\$185,000	Nome Outfitters	Nome	Refinance existing debt, working capital
360,000	Selawik IRA Council	Selawik	Working capital
\$545,000	TOTAL		

## Management

- Rich Monroe left employment with AGC to return to Wells Fargo.
- Teo Ransum began work on June 30 as a Loan Processor.
- Sherry Selby began work on July 10 as Processing Supervisor/Compliance Officer.

## Staffing

Our staff currently includes the following:

- David Hoffman, CEO
- Jeff Batton, Vice President, Corporate Development
- Patrick Williams, Loan Officer (Alaska Native)
- John Delano, Senior Loan Officer
- Benjie Sumulong, Loan Officer
- Karen Horner, Controller
- Hugh Short, Vice President of Consulting Services
- Jered Stewart, Client Services Associate (Alaska Native)
- Sherry Selby, Processing Supervisor/Compliance Officer
- Teo Ransum, Loan Processor
- Shelly Hutchison, Office Administrator
- Rebecca McMullen, Receptionist (Alaska Native)
- Amber Bowman, Loan Processor
- Lynda Muise, Loan Servicing

## PERFORMANCE DASHBOARD

The following graphs show progress towards internal goals and grant measures. The graphs show total (actual) closed and “in closing” (pending) versus budget. The budget line includes performance measures set by internal goals and grant measures as outlined in the Denali Commission Award.

### PERFORMANCE DASHBOARD ALASKA GROWTH CAPITAL June 30, 2006

