



Alaska Industrial Development and Export Authority

**SPECIAL BOARD MEETING**

**Minutes**

**April 8, 2020, reconvened Thu. April 9, 2020**

Anchorage, Alaska

Chair Pruhs called the April 8, 2020 recessed special meeting of the Alaska Industrial Development and Export Authority back to order on April 9, 2020, at 4:02 p.m.

**MOTION: A motion was made by Mr. Fogle to enter into Executive Session to discuss Resolution No. G20-13 in regards to regulation for the Authority. Motion seconded by Ms. Sande.**

**The motion was approved without objection.**

**A. EXECUTIVE SESSION: 4:03 p.m.**

**Discuss confidential financial matters relating to economic stabilization and AIDEA's programs; Emergency Regulations**

The Board reconvened its regular special meeting at 4:46 p.m.

Chair Pruhs advised the Board did not take any formal action on matters discussed while in executive session.

**B. Resolution No. G20-13 Adoption of Emergency Regulations related to AIDEA Emergency Loan & Guaranty Program**

Chair Pruhs requested Jerry Juday, Department of Law, review the regulations and the resolution. Mr. Juday advised the resolution would adopt the publically posted proposed emergency regulations. Mr. Juday reviewed the technical corrections that have been made to the emergency regulations:

- Page two, under 3AAC 104.020, Subsection B., insert the word "Alaska" on the first line between "private and nonprofit." The line would now read, "A private Alaska nonprofit organization is eligible for an emergency loan under the program."
- Under Subsection C., insert the word "Alaska" between "or and nonprofit." The line would now read, "If eligible, an Alaska business or Alaska nonprofit organization must also apply for a loan."
- Page four, under 3AAC 104.040, Subsection A., ninth line, insert the phrase "and with Board approval" after the word "discretion." The line would no read, "If subsidiary in its

discretion and with Board approval may offer forgiveness terms comparable to federal loan programs.”

- Page five, under 3AAC 104.050, Subsection B., first line, insert the article “a” after “is” and before “going.” The line would now read, “The applicant must demonstrate that it is a going business concern but for the public...”
- Page eight, under 3AAC 104.080, Subsection A., second line, delete the article “a” between “as and segregated,” and change the word “account” to “accounts.” The line would now read, “Guaranty account is established as segregated accounts, into which funds may be deposited to...”
- Page eight, under 3AAC 104.080, Subsection A., fourth line, change the word “account” to “accounts,” the verb “is” changed to “are,” the article “an” would be deleted, and the second appearance of “account” is changed to “accounts.” The line would now read, “Made by the Authority or a subsidiary under the program. The accounts are not accounts in the...”
- Page eight, under 3AAC 104.080, Subsection A., fifth line, change the word “account” to “accounts.” The line would now read, “Authority’s revolving fund established under AS 4488.060 funds in the accounts may be used to...”
- Page eight, under 3AAC 104.080, Subsection B., change the word “account” to “accounts.” The line would now read, “...deposited in the accounts may be invested in one to five-year U.S. Treasury...”
- Page nine, under 3AAC 104.090, fourth line, insert the word “and” between the words “reasonably and promptly.” The line would now read, “Participating financial institution, the Authority or its subsidiary will reasonably and promptly issue a...”
- Page 10, under 3AAC 104.110, Subsection B., second line, change the “and” to “or.” The line would now read, “Proceeds from a loan made under the program, the Authority or its subsidiary will notify the...”
- Page 12, under 3AAC 104.130, Subsection D., strike the words “make available.” The line would now read, “A participating financial institution, upon request, must make...”
- Page 13, under 3AAC 104.160, Subsection A., change the word “any” to “an,” and after “amount” insert “not to exceed \$2,500,000.” The line would now read, “An amount not to exceed \$2,500,000.”
- Page 14, under 3AAC 104.900, insert two new subsections, definition of the word “Board” means the Board of the Authority, and insert definition of word “days” means calendar days.

There were no questions regarding the proposed changes to the emergency regulations.

There was no objection to the proposed changes to the emergency regulations.

Chair Pruhs read Resolution No. G20-13 is the resolution of the Alaska Industrial Development and Export Authority adopting emergency regulations creating the Emergency Loan and Guaranty Program, permitting the creation of a subsidiary as a limited liability company to manage and operate the program, authorizing the transfer of funds for the new program, and authorizing the transfer of the AK SAFE Program to be part of the new program.

**MOTION: Mr. Fogle moved to approve Resolution No. G20-13 Adoption of Emergency Regulations related to AIDEA Emergency Loan & Guaranty Program, including the modifications. Motion seconded by Mr. Kendig.**

Chair Pruhs requested Alan Weitzner, Chief Investment Officer, review the red-line version. Mr. Weitzner informed Governor Michael Dunleavy has issued a disaster order that has ordered AIDEA to use its available resources as necessary within its statutory powers and purposes, including the development of programs and regulations to address the financial hardship to small businesses and nonprofit organizations in the state caused by the COVID-19 outbreak.

Mr. Weitzner explained Resolution No. G20-13 is directly attached with the disaster order and has been modified to align with the disaster order. The proposed changes for adoption include;

- The flexibility to create the program within AIDEA or within a subsidiary.
- The alignment of the processes more closely to establish the program and implement the intent within the disaster order.
- The ability for the Executive Director to transfer the AK SAFE Program at the appropriate time into this emergency program.

Mr. Weitzner read the requested specific language changes into the record.

- The word “authorizing” in the title is to be replaced by the words, “permitting related to the creation of the subsidiary as a limited liability company.”
- The words “funds for” in the title is to be replaced by “the AK Safe Program to be part of the new program” and strike the words “and the subsidiary.”
- Page two, the second Whereas will strike the words “taking advantage,” add “could maximize access and benefit,” strike “the”, and strike “to the extent possible.”
- Page two, the third Whereas will strike the words “subsidiary will allow it to get the new program established and transferring an additional \$500,000 to the subsidiary will enable it to pay its administrative costs,” and add “program will provide the resources necessary to create and implement this program.”
- Page two, the fifth Whereas will insert the word “is” as a clarification, strike the “interests,” add the word “interest,” strike the words “that a subsidiary limited liability company be set up to operate and manage the new program,” strike the words “other subsidiary,” and add the word “program.”

- Page two, the last Whereas is added, “Governor Mike Dunleavy signed a Disaster Order, dated April 8, 2020, directing the Authority to use its available resources to address the financial hardship to small businesses and nonprofit organizations in the state caused by the COVID-19 outbreak.”
- Page three, Section 1. will strike the words “which economics,” add “these consequences,” strike “shutting down and,” add “reducing services or permanently closing causing,” strike “the,” and add “or separated from employment.” Create a new sentence beginning “These businesses and nonprofits,” and strike “shutting down or being adversely affected.”
- Page three, Section 4. will strike the words “is authorized and directed to,” and change to the word “may.” Strike “the subsidiary is part of the Authority’s Revolving Fund,” strike “the subsidiary is hereby charged with,” creating new language “to operate and manage,” strike “delegated the Authority for operating and managing.” add new language, “If a subsidiary is established it shall not be part of the Authority’s Revolving Fund. If a subsidiary is created, the Board of the Authority,” and continue existing language, and strike “the Executive Director is authorized and directed to prepare and execute on behalf of the Authority as member a limited liability company operating agreement for the subsidiary.”
- Page four, Section 5. will strike the words “the new subsidiary to establish,” add new language after “account” “to be established outside of the Authority’s Revolving Fund,” strike the word “the subsidiaries,” strike the words “the authority to transfer,” add new language after “\$25 million” “to be transferred from the Revolving Fund to the new,” strike “subsidiary’s account,” add new language “investment returns and revenues earned on the new program may be held in the account for use under the Emergency Loan and Guaranty Program or transferred into the Revolving fund, as the Executive Director determines to be appropriate. The Authority may deposit into the new account other funds obtained from any available outside sources to utilize and operating the Emergency Loan and Guaranty Program.” “The Executive Director is,” strike the words “further”, continue “authorized and directed to,” strike the words “cause the Authority to transfer \$500,000 from the Revolving Fund to the new subsidiary for its use in paying,” create new language “implement the direct loan portion of the Emergency Loan and Guaranty Program utilizing funds from any available third-party source. Available third-party funds may also be used to pay for administrative,” strike the word “expenses in accordance with a budget that,” and add “costs of the Emergency Loan and Guaranty Program.”
- Page four, create Section 6. stating “The Executive Director is authorized, when he determines it to be appropriate, to transfer the AK SAFE Program, established pursuant to Resolution No. G20-10, adopted March 27, 2020, into the new Emergency Loan and Guaranty Program, inclusive of the \$50 million set aside for the AK SAFE Program and the terms, conditions, operating procedures and forms adopted under the AK SAFE Program.”

**MOTION: Mr. Fogle moved to approve the modifications to Resolution No. G20-13.  
Motion seconded by Mr. Kendig.**

Commissioner Anderson expressed appreciation to the Board for working through the improvements to the resolution, which will provide Alaskans the ability to quickly access funds.

Ms. MacKinnon noted a public comment made yesterday requested the removal of the requirement that small businesses qualify for the small business loan. Ms. MacKinnon acknowledged the concern for the record. She explained there is great need in the community and the Board is trying to facilitate the access of the anticipated federal money for as many organizations as possible, which is the reason the stipulation is included in the emergency regulation.

**A roll call was taken, and the motion to approve Resolution No. G20-13, including the modifications was passed with members Pruhs, Karl, Anderson, Fogle, Kendig, MacKinnon, and Sande voting yea**

#### **7. DIRECTORS COMMENTS**

Tom Boutin, Executive Director, informed there is a Board meeting next week, which will contain a more comprehensive agenda.

#### **8. BOARD COMMENTS**

Vice-Chair Karl expressed appreciation for the additional work in crafting the resolution.

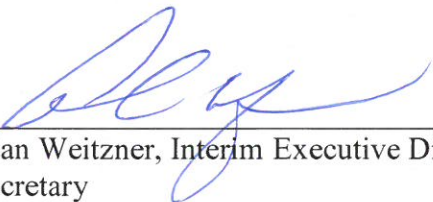
Ms. Sande echoed Vice-Chair Karl's comments of appreciation.

Commissioner Anderson expressed appreciation to all. She looks forward to the program implementation as quickly as possible.

Chair Pruhs thanked the Board members and staff for their patience, indulgence, and time to create a program that hopefully will make a difference in today's economy and environment.

#### **9. ADJOURNMENT**

There being no further business of the Board, the meeting was adjourned at 5:27 p.m.

  
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Alan Weitzner, Interim Executive Director  
Secretary