

ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY

RESOLUTION NO. G22-14

RESOLUTION OF THE ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY AUTHORIZING THE AMENDMENT AND SUPPLEMENT OF THE INDENTURE OF TRUST ENTERED INTO IN CONNECTION WITH THE ISSUANCE OF ITS VARIABLE RATE REVENUE BONDS (AKBEV GROUP, LLC PROJECT), SERIES 2014A; DELEGATING CERTAIN AUTHORITY TO THE CHAIR, THE VICE CHAIR, THE EXECUTIVE DIRECTOR, THE DEPUTY DIRECTORS, AND THE ASSISTANT SECRETARIES; AND PROVIDING FOR RELATED MATTERS.

WHEREAS, the Alaska Industrial Development and Export Authority (the “Authority”) is authorized by Title 44, Chapter 88, of the Alaska Statutes, as amended, to issue revenue bonds for the purpose of providing funds to finance the cost of acquiring, constructing, improving and equipping projects in the State of Alaska, provided that the user thereof agrees to pay the Authority an amount at least sufficient to pay the principal of, and premium, if any, and interest on, said bonds and other expenses incurred by the Authority in connection therewith; and

WHEREAS, the Authority adopted its Resolution No. G14-20 on November 6, 2014 authorizing, among other things, the issuance of the Authority’s Variable Rate Revenue Bonds (AKBEV Group, LLC Project), Series 2014A (the “Bonds”) in the aggregate principal amount of \$4,285,000, pursuant to an Indenture of Trust, dated as of December 1, 2014 (the “Indenture”), between the Authority and Wells Fargo Bank, National Association, as trustee (the “Trustee”), and the loan of the proceeds of the Bonds to AKBev Group, LLC (the “Borrower”), pursuant to a Loan Agreement, dated as of December 1, 2014 (the “Loan Agreement”), between the Authority and the Borrower for the purpose of paying the costs of financing (a) warehouse construction projects and the acquisition and installation of certain manufacturing and processing equipment by the Borrower in Juneau, Alaska and (b) the payment of certain costs incurred in connection with the issuance of the Bonds; and

WHEREAS, the Bonds were purchased by Wells Fargo Bank, National Association (the “Purchaser”), pursuant to the terms and conditions set forth in the Continuing Covenant Agreement, dated as of December 1, 2014, between the Borrower and the Purchaser; and

WHEREAS, the Borrower requests that the Trustee and the Issuer supplement and amend the Indenture pursuant to a First Supplemental Indenture of Trust (the “First Supplemental Indenture”), to be entered into by the Authority and the Trustee which shall be in substantially the form presented to and made part of the records of this meeting, to reflect certain amendments to the determination of interest on the Bonds in connection with the discontinuance of the London Inter-Bank Offer Rate (the “LIBOR Amendments”); and

WHEREAS, the Indenture is permitted to be amended and supplemented as contemplated by the First Supplemental Indenture with the consent of the Borrower and the Purchaser; and

WHEREAS, prior to the execution and delivery by the Authority of the First Supplemental Indenture, any conditions precedent thereto shall have been met; and

WHEREAS, the Authority hereby finds and determines that it is in the public interest and will further the purposes of the Authority to execute and deliver the First Supplemental Indenture; and

WHEREAS, there has been presented to this meeting the draft form of the First Supplemental Indenture, which the Authority proposes to finalize in connection with the LIBOR Amendments substantially in the form presented at this meeting; and

WHEREAS, it appears that the First Supplemental Indenture, which is now before the members of the Authority, is in appropriate form and is an appropriate instrument for the purposes intended;

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

Section 1. That the form and content of the First Supplemental Indenture be and the same hereby are in all respects authorized, approved, and confirmed, and the Chair, Vice Chair, Executive Director, any Deputy Director, or any Assistant Secretary of the Authority (each, an “Authorized Officer”) be and they hereby are in all respects severally authorized, empowered, and directed to execute and deliver the final First Supplemental Indenture for and on behalf of the Authority to the Trustee to give effect to the LIBOR Amendments, including necessary counterparts, in substantially the form now before this meeting, but with such changes, modifications, additions, and deletions therein as shall to them seem necessary, desirable, or appropriate, the execution thereof to constitute conclusive evidence of their approval of any and all changes, modifications, additions, or deletions thereto from such form, and after the execution and delivery of the First Supplemental Indenture, each Authorized Officer be and they hereby are authorized, empowered, and directed to do all such acts and things and to execute all such documents as may be necessary or convenient to carry out and comply with the provisions of the Indenture, as supplemented and amended by the First Supplemental Indenture as executed.

Section 2. That the Authorized Officers be, and each of them hereby is, authorized to execute and deliver for and on behalf of the Authority any and all additional certificates, documents, opinions, or other papers and perform all such other acts as they may deem necessary, desirable or appropriate in order to implement and carry out the intent and purposes of this Resolution.

Section 3. That this Resolution does hereby incorporate by reference, as though fully set out herein, the provisions of the Act and the documents presented to this meeting.

Project, is within the Authority's statutory powers, is in the public interest, and is for a public purpose;

WHEREAS, the Staff of the Authority anticipate that it will incur up to \$6.18 million, included contingency, in costs related to the preservation and prudent development of the Section 1002 Area Leases.

NOW, THEREFORE, BE IT RESOLVED BY THE AUTHORITY AS FOLLOWS:

Section 1. The Authority is authorized to continue to expend or encumber up to \$20,000,000 previously allocated by Board Resolutions G20-31, G21-18 and G31-33 to the Project's subaccount within the Arctic Infrastructure Development Fund in furtherance of the Project activities described herein and in the attached Memorandum.

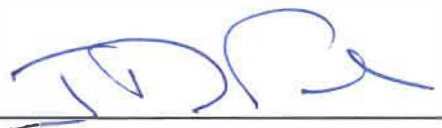
Section 2. The Executive Director is authorized to sign all other documents and instruments and to take other actions as may be necessary or convenient in implementing this Resolution.

Dated at Anchorage, Alaska, this 19th day of December, 2022.



The seal is circular with a dotted border. The outer ring contains the text "ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY" at the top and "1967" at the bottom, separated by a small star. The center of the seal features the word "CORPORATE" above the word "SEAL".


Secretary


Chair



MEMORANDUM

To: Board Members
Alaska Industrial Development and Export Authority

From: Morgan Neff
Interim Executive Director

Date: December 19, 2022

Subject: AKBEV Group, LLC Conduit Revenue Bond Modification
Resolution No. G22-14

PROPOSAL

Alaska Industrial Development and Export Authority (AIDEA or the Authority) staff is requesting the Board's authorization to amend and supplement the Bond Indenture entered into with the AKBEV Group, LLC (the Borrower) as authorized via Resolution No. G14-20.

Included in the Board's packet of materials for this meeting is Resolution No. G22-14, the First Amendment to the Continuing Covenant Agreement, the First Supplemental Indenture and the TEFRA Meeting Notice posted on December 13, 2022 as required by Section 147(f) of the Internal Revenue Code of 1986 for the scheduled December 20, 2022 TEFRA Meeting to be held in the AIDEA offices at 12:30pm AK.

Passage of the Resolution will authorize staff to complete the necessary modifications to the Bond documents.

BOND HISTORY

On November 6, 2014, through Resolution No. 14-20, the AIDEA board approved the issuance of conduit revenue bonds (the "Bonds") in an amount not to exceed \$8,000,000. Subsequent to the approval, \$4.285 million Series A Variable Interest Rate Revenue Bonds and \$3.297 million Series B Fixed Interest Rate Revenue Bonds were issued representing \$7.582 million in aggregate issuance. The principal, purchase price and interest on the Bonds are payable solely from the revenues of the Borrower, pledged for the Bonds benefits pursuant to the indenture. The Bonds do not constitute an indebtedness or other liability of the State of Alaska or AIDEA. Neither the full faith and credit nor the taxing power of the State of Alaska or AIDEA is pledged for the payment of the Bonds.

The Borrower was required to use proceeds of the Bonds to (a) construct a warehouse of approximately 14,710 square feet, with an approximately 5,100 square foot mezzanine connecting existing warehouses owned by the Borrower and located on Shaune Drive in Juneau, Alaska (the Warehouse); (b) purchase four new Mueller 1,400 barrel stainless steel tanks for storing packaged beer and install the tanks with a Brewmaxx process control system; (c) purchase approximately 4,380 new stainless steel kegs; and (d) pay costs and provide reserves as required in connection with the financing.

BOND DESCRIPTION

The Variable Rate Revenue Bonds, Series 2014A, that were issued in the aggregate amount of \$4,285,000 (the Bonds), purchased by Wells Fargo Bank, National Association (the Purchaser), used the London Inter-Bank Offer Rate (LIBOR) for the determination of interest on the Bonds.

AIDEA has assigned its interest in the Loan Agreements and other security documents to the purchasers of the Bonds as security for the Bonds. The result is that the bondholders have been and will continue to receive interest income from the Bonds that is excluded from gross income for federal income tax purposes, which reduces the interest rate charged to the Borrower.

The Indenture of Trust for the Bonds currently relies on LIBOR to govern certain interest rate calculation mechanics for the Bonds. Beginning in 2021, the British regulator that publishes the various interest rate benchmarks of LIBOR began discontinuing the publication of the benchmarks, with the final benchmark to be discontinued in 2023. The Borrower and Purchaser have requested that AIDEA approve the execution and delivery by AIDEA of the First Supplemental Indenture in order to remove interest rate calculation mechanisms based on LIBOR and replace them with calculations based on the Secured Overnight Financing Rate (SOFR), which is a market-accepted rate based on the costs of transactions in the overnight repo market and calculated by the Federal Reserve Bank of New York.

Due to the amendments needed to replace LIBOR with SOFR, the Bonds will be technically reissued and will require a Tax Equity and Fiscal Responsibility Act (TEFRA) hearing. The TEFRA hearing is currently schedule for December 20, 2022, at 12:30 pm at AIDEA's office located at 813 W Northern Light Blvd, Anchorage, Alaska. The required minimum 7 day advanced notification was posted on December 13, 2022

A TEFRA hearing is a public hearing required by federal tax regulations as a form of public approval. The hearing provides a reasonable opportunity for interested individuals to express their views, either orally or in writing, on the proposed issue of bonds, location, and nature of the project to be financed.

AIDEA STATUTORY AUTHORITY & MISSION

AIDEA is an independently governed, public corporation of the State of Alaska established by the Alaska State Legislature in 1967 as the state's development finance authority to engage with Public and private institutions with a mission to promote, develop, and advance the general prosperity and economic welfare of Alaskans. By the end of fiscal year 2022, AIDEA had issued conduit revenue bonds for 321 projects whose original issue amounts total \$1.68 billion.

AIDEA is authorized by Title 44, Chapter 88, of the Alaska Statutes, as amended, to issue revenue bonds for the purpose of providing funds to finance the cost of acquiring, constructing, improving and equipping project in the State of Alaska, provided the user thereof agrees to pay the Authority an amount at least sufficient to pay the principal of, and premium, if any, and interest on, said bonds and other expenses incurred by the Authority.

RECOMMENDATION

AIDEA staff recommends approval of Resolution No. G22-14.