

ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY

RESOLUTION NO. G20-10

**RESOLUTION OF THE ALASKA INDUSTRIAL DEVELOPMENT
AND EXPORT AUTHORITY CREATING THE SUSTAINING
ALASKA'S FUTURE ECONOMY GUARANTEE PROGRAM ("AK
SAFE") TO RESPOND TO THE COVID-19 EMERGENCY
DISASTER**

WHEREAS, the Alaska Industrial Development and Export Authority (the "Authority") has an existing statutory program, the Business and Export Assistance Program (AS 44.88.500 – 44.88.599), that enables the Authority to provide guarantees for business loans;

WHEREAS, Alaska is confronting an economic crisis as a result of the COVID-19 pandemic that threatens Alaska businesses and those working in Alaska businesses;

WHEREAS, the Authority has the ability under the Business and Export Assistance Program to provide guarantees to Alaska's banks and financial institutions for up to \$1 million per borrower that will enable the banks and financial institutions to advance additional loan funds to their borrowers to assist them in surviving and managing the COVID-19 economic crisis; and

WHEREAS, creating the Sustaining Alaska's Future Economy Guaranty Program ("AK SAFE") to provide guarantees to banks and financial institutions so as to assist Alaska's businesses is in furtherance of the Authority's statutory mission of advancing economic development and providing additional employment opportunities in the State of Alaska.

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

Section 1. The Authority hereby creates the Sustaining Alaska's Future Economy Guaranty Program ("AK SAFE"), which shall be a business loan guaranty program under AS 44.88.500 – 44.88.599. The AK SAFE Program shall be made available to Alaska's banks and

financial institutions for the duration of the COVID-19 emergency disaster as proclaimed by Alaska Governor Mike Dunleavy.

Section 2. The Authority shall make up to \$50 million available for loan guarantees under the AK SAFE Program. If the statutory limitation of AS 44.88.540(1) on guarantees under the Business and Export Program is hereafter increased, the Authority shall increase the amount available under the AK SAFE Program to the maximum amount permitted by law, but not in excess of \$1 billion.

Section 3. The Executive Director is delegated the authority to determine the specific business loans the Authority will guarantee under the AK SAFE Program. The guarantees the Authority provides under the AK SAFE Program will be on terms and conditions the Executive Director determines to be necessary or appropriate. Consistent with emergency regulation 3 AAC 99.925, as adopted on this date, the Executive Director is authorized waive or modify any requirements set out in the Authority's regulations for the Business and Export Program in implementing the AK SAFE Program and making loan guarantees under it.

Section 4. The Authority shall make the guarantees of the AK SAFE Program available to banks and financial institutions that provide business loans anywhere in Alaska so that the AK SAFE Program shall be equitably available to benefit all regions of the State.

Dated at Anchorage, Alaska, this 27th day of March 2020.

Chair

ATTEST
[SEAL]

Secretary

**Sustaining Alaska’s Future Economy Guaranty Program
 (“AK SAFE Guaranty”)**

Program Summary:

In response to the COVID-19 economic emergency, a new loan guaranty program to provide Alaska based companies with access to additional capital in order to keep Alaskans employed and put those businesses in a position to recover. In collaboration with Alaska’s banks and financial institutions, AIDEA will provide a loan guarantee up to \$1,000,000 per Borrower to Alaska’s banks and financial institutions for an increased advance rate on the Borrower’s established credit facilities. The objective is to enable Alaska’s banks and financial institutions to immediately provide additional capital to Alaska’s businesses through their existing relationships as they continue to manage terms with those Borrowers.

Terms and Conditions:

Guarantor	The Alaska Industrial Development and Export Authority (“AIDEA” or “the Authority”).
Program Eligibility	<p>Lenders: All state chartered or federally chartered financial institutions doing business in the State of Alaska.</p> <p>Borrowers: Alaska based businesses impacted by the COVID-19 economic emergency with an existing collateralized debt agreement with an eligible Lender. An Alaska based business is defined to be a business enterprise operating in the State of Alaska whose majority interest is held by state residents.</p> <p>The SAFE Guaranty Program is a stand alone program with Lenders and not currently available to supplement a Borrower’s debt agreement under any other AIDEA program, including but not limited to the Loan Participation Program, Rural Development Initiative Fund Loan Program, and the Small Business Economic Development Program.</p>
Statutes	AS 44.88.500 through 44.88.599: Business and Export Assistance Program.
Regulations	3 AAC 99.700 through 3 AAC 99.810.
Distribution of Guarantees	In accordance with AS 44.88.570 Distribution of Loans, the Authority will ensure that all loan guarantees are distributed statewide in an equitable manner.
Program Cap	<p>As currently provided under AS 44.88.540:</p> <ol style="list-style-type: none"> 1. \$50,000,000 in total loan guarantees under the program 2. Sublimit of \$25,000,000 on the total of loan guarantees made in excess of \$500,000 per Borrower <p>Subject to authorization for a statutory change, the Authority will allocate sufficient reserves to increase the program up to a cap of \$1,000,000,000.</p>

Program Availability Period	AIDEA is authorized to issue guarantees under the program from the date of approval until the earlier of (i) December 31, 2020, (ii) the end of the Governor’s declared COVID-19 State of Emergency for the State of Alaska, or (iii) the Program Cap is reached.												
Guaranty Limit	up to \$1,000,000 per Borrower (AS 44.88.545) Guarantees issued by AIDEA are for principal only and do not include the guarantee of payment of interest for any payment period.												
Maximum Guaranty Term	In accordance with AS 44.88.535(a)(3), the Authority is authorized to issue loan guarantees under the program up to a term of 10 years from the date of issue. Guarantees requiring a term in excess of 10 years, up to a maximum term of 20 years, are subject to Board review and approval.												
Applicant	Lender For each loan guarantee under the program, Lender will provide with its application the following information from Borrower: <ol style="list-style-type: none">As applicable to meet the requirements defined by the SBA, as amended to address the coronavirus emergency For each loan guarantee under the program, Lender will provide with its application the following information: <ol style="list-style-type: none">A copy of the Lender’s loan approval with modifications including the amount of the loan guaranty with statement on use of proceeds from the loan guaranty; andCopies of information required by AIDEA Regulation 3 AAC 99.720(c), to the extent readily available, to be provided by Lender.												
Program Fees & Transaction Costs	Application Fee: 3 AAC 99.750(a) is waived Fees for guarantees issued under the program: <table border="1" data-bbox="548 1360 1406 1507"> <thead> <tr> <th>Guarantee Amount</th> <th>Annual Service Fee</th> <th>Guaranty Fee</th> </tr> </thead> <tbody> <tr> <td>\$150,000 or less</td> <td>0.5%</td> <td>\$1,000</td> </tr> <tr> <td>\$150,001 to \$500,000</td> <td>0.5%</td> <td>\$2,500</td> </tr> <tr> <td>Greater than \$500,000</td> <td>0.5%</td> <td>\$5,000</td> </tr> </tbody> </table> <p>The Guaranty Fee is payable by the Borrower from the proceeds of the loan. The Annual Service Fee is deferred for the first 36 months from the guaranty issue date.</p>	Guarantee Amount	Annual Service Fee	Guaranty Fee	\$150,000 or less	0.5%	\$1,000	\$150,001 to \$500,000	0.5%	\$2,500	Greater than \$500,000	0.5%	\$5,000
Guarantee Amount	Annual Service Fee	Guaranty Fee											
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Interest Rate on Loans Guaranteed by the Authority	Fixed or Variable as provided for in the Loan Documents, up to a maximum of Prime plus 275 basis points plus the Annual Service Fee with a floor of 3.75% p.a. plus the Annual Service Fee.												
Maximum Advance Rate	Up to 100% of the loan advance to be guaranteed by AIDEA, provided the principal balance of the second note guaranteed by AIDEA does not exceed 80% of												

	<p>the total principal balance owed by Borrower for loans serviced by Lender under the Loan Documents [AS 44.88.535(b)].</p> <p>The ratio of the guarantee to the outstanding principal of the loans owed by Borrower under the Loan Documents may not increase over the term of the loan [AS 44.88.535(b)].</p>
Maximum Loan To Value	As determined by the Authority per asset class, provided the ratio of total loans to aggregate collateral value does not exceed 90%.
Permitted Uses of Guaranteed Funds	<p>Subject to certification by Lender, guarantees for loans may be issued only if the loans:</p> <ol style="list-style-type: none"> 1. Are for commercially reasonable purposes; 2. Will help to stabilize the economic base of the area and create or maintain employment and/or allow the Borrower to create additional economic opportunity; 3. Are additional funding to the Borrower and not being used to refinance existing debt of the Lender; 4. Are for the Borrower's principal business use or to preserve it's workforce and not used to fund a distribution to owner(s) or used similarly with the effect of distributing the funds outside of the Borrower's principal business use.
Administration and Loan Servicing	<p>As already provided by the Lender.</p> <p>Master Loan Agreement with a second Promissory Note in the amount of the funds guaranteed by AIDEA.</p>
Financial Criteria & Covenants	<p>As provided for under the Loan Documents, as modified from time to time by the Lender.</p> <p>The loan guaranteed by AIDEA will not be materially modified or AIDEA's security position materially changed without the prior approval of the Authority.</p> <p>Copy of any notice or required reporting provided or received by Lender and notice of any amendment to the Loan Documents.</p> <p>AIDEA required to be an additional insured under the Borrower's insurance provisions.</p>
Security	As provided under AS 44.88.535 and 3 AAC 99.730, a perfected second lien in the real or tangible personal property of the Borrower already provided as collateral to Lender under the Loan Documents.
Waiver of Requirement(s)	If authorized by the Guarantor's statutes or regulations, Guarantor may waive any requirements in this term sheet to the extent the Guarantor considers it appropriate or prudent to do so.

Disclosures	<p>This term sheet is solely for information purposes. It does not represent an offer or commitment to provide a guarantee and remains subject to the Guarantor's internal approvals.</p> <p>No guarantee will be effective until (i) the loan guarantee agreement is executed by the Lender and returned to AIDEA, and (ii) the terms of the guarantee authorization are met.</p>
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