

ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY

RESOLUTION NO. G20-13

RESOLUTION OF THE ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY ADOPTING EMERGENCY REGULATIONS CREATING THE EMERGENCY LOAN AND GUARANTY PROGRAM, AUTHORIZING 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 FUNDS FOR THE AK SAFE PROGRAM TO BE PART OF THE NEW PROGRAM AND SUBSIDIARY

WHEREAS, on March 11, 2020, Governor Mike Dunleavy issued a declaration that a public health disaster emergency exists statewide in Alaska with respect to the COVID-19 pandemic;

WHEREAS, SB 241, passed the Alaska State Legislature on March 28, 2020, extended the public health disaster emergency to November 15, 2020;

WHEREAS, the COVID-19 pandemic has caused serious economic harm to the businesses and nonprofit organizations of the State, resulting in many businesses laying off employees;

WHEREAS, the Alaska Industrial Development and Export Authority (the “Authority”) has the statutory purposes to, among other things, promote, develop, and advance the general prosperity and economic welfare of the people of the State and to relieve problems of unemployment;

WHEREAS, the federal government has created various programs available to the State to assist in responding to the COVID-19 crisis, and the creation of a new Emergency Loan and Guaranty Program by the Authority may enable some of these federal programs to be utilized for the benefit of Alaskans;

WHEREAS, proposed regulations to create a new Emergency Loan and Guaranty Program (designated as 3 AAC 104.010 – 3 AAC 104.900) have been presented to the Board;

WHEREAS, establishing a subsidiary of the Authority as a limited liability company ~~should permit taking advantage~~ could maximize access and benefit of ~~the~~ federal programs and funds ~~to the extent possible~~;

WHEREAS, transferring \$25 million from the Authority's Revolving Fund to the new ~~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~~ program will provide the resources necessary to create and implement this program;

WHEREAS, the Authority has the ability to adopt emergency regulations under AS 44.88.085(e) on a temporary basis if the Authority finds that the adoption of emergency regulations is necessary for the immediate preservation of the orderly operation of the Authority's programs;

WHEREAS, it is in the best ~~interests~~ interest of the Authority that the Emergency Loan and Guaranty Program be established as set out in the proposed regulations, ~~that a subsidiary limited liability company be set up to operate and manage the new program~~, and that the Authority provide funding to the subsidiary program; and

WHEREAS, 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.

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

Section 1. The Board finds that an emergency exists based on the Governor's declaration of March 11, 2020, as extended by SB 241, and based on the severe economic

consequences that have resulted from the COVID-19 pandemic, ~~which economi~~these consequences include businesses and nonprofits ~~shutting down and~~reducing services or permanently closing causing significant numbers of employees being laid off. ~~The or separated from employment. These~~ businesses and nonprofits ~~shutting down or being~~ adversely affected by the COVID-19 pandemic include borrowers under the Authority's loan participation and development finance programs, which thereby creates the risk of defaults and other serious disruptions in those programs of the Authority. The Board finds that the adoption of emergency regulations to create a new Emergency Loan and Guaranty Program in order to get economic relief to the Authority's own borrowers, as well as to other businesses and nonprofits in the State, is needed for the immediate preservation of the orderly operation of the Authority's programs.

Section 2. In accordance with AS 44.88.085(e), the Authority hereby adopts 3 AAC 104.010 – 3 AAC 104.900, in the form presented to the Board, as emergency regulations. The emergency regulations shall be effective immediately. The emergency regulations shall remain in effect for a period not to exceed 120 days unless the Authority, before the expiration of that time period, adopts the regulations as permanent regulations in accordance with the governing procedures for permanent regulations.

Section 3. The Executive Director, within 10 days of the date of this Resolution, shall publish notice of the adoption of the emergency regulations to the public and give notice of the adoption of the emergency regulations to any person who has requested notice of proposed regulations.

Section 4. The Executive Director ~~is authorized and directed to~~may cause a new subsidiary of the Authority to be created under the Alaska Revised Limited Liability Company Act, AS 10.50. ~~The subsidiary is not part of the Authority's Revolving Fund. The subsidiary is hereby charged with to operate and delegated the authority for operating and managing~~manage the

Emergency Loan and Guaranty Program in accordance with 3 AAC 104.010 – 3 AAC 104.900.

~~The~~If the subsidiary is established, it shall not be part of the Authority's Revolving Fund. If a subsidiary is created the Board of the Authority shall act as the management board for the new subsidiary and the Executive Director shall select and appoint a team of employees, consultants, and contractors to handle the day-to-day business for the new subsidiary. ~~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.~~

Section 5. The Executive Director is authorized and directed to cause ~~the new subsidiary to establish~~ an account to be established outside of the Authority's Revolving Fund for ~~the subsidiary's~~ use in operating the Emergency Loan and Guaranty Program. The Executive Director is authorized and directed to cause ~~the Authority to transfer~~ \$25 million to be transferred from the Revolving Fund to the new ~~subsidiary's~~ account. 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 in operating the Emergency Loan and Guaranty Program. The Executive Director is ~~further~~ authorized and directed to ~~cause the Authority to transfer \$500,000 from the Revolving to the new subsidiary for its use in paying~~ 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 expenses in accordance with a budget that costs of the Emergency Loan and Guaranty Program.

Section 6. 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 subsidiary adopts. 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.

DATED at Anchorage, Alaska on this ~~8th~~9th day of April, 2020.

Chair

(SEAL)
ATTEST

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Secretary