

ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY

RESOLUTION NO. G23-04

A RESOLUTION OF THE ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY TO PERMANENTLY AMEND LOAN PARTICIPATION REGULATIONS 3 AAC 99.320(b)(12)((B) and 3 AAC 99.350(e)(1) (B) TO UPDATE THE REGULATIONS TO CONFORM TO INDUSTRY STANDARDS AND REFLECT THE USE OF INTEREST RATES BY THE BY THE FEDERAL HOME LOAN BANK OF DES MOINES

WHEREAS, the Alaska Industrial Development and Export Authority (the “Authority”) has loan, guarantee, and financing programs including the Loan Participation Program (AS 44.88.155 et. seq. “Economic Development Account”);

WHEREAS, two of the regulations that govern the Loan Participation Program are out-of-date;

WHEREAS one regulation references a self-contained appraisal report that is no longer used for appraisals;

WHEREAS a second regulation references interest rates set by the Federal Home Loan Bank of Seattle, which is no longer in operation; and the Authority is using rates set by the Federal Home Loan Bank of Des Moines instead;

WHEREAS, amending requirements established in the regulations to conform to industry standards and to conform to changes in the Federal Home Loan Bank system will allow the Loan Participation Program to operate using updated information which will benefit the economic needs of Alaskans and Alaska businesses and ensure the orderly operation of the program.;

WHEREAS, the Authority is authorized to adopt regulations and amend regulations under

AS 44.88.085 to carry out the purposes of the Loan Participation Program including setting loan guidelines and methods for determining loan interest rates;

WHEREAS, the Authority is authorized to adopt regulations and amend regulations by motion or by resolution or in any other manner permitted by its bylaws;

WHEREAS, the Authority has followed its administrative procedures, AS 44.88.085(d), in order to permanently adopt the amended regulations by fulfilling the requirements of public notice, hearing, and consideration thereof;

WHEREAS the time period for public comment has passed with no comments being made at the hearings, and written comments have been considered; and.

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

Section 1. The Board finds that the adoption of permanent regulations allowing the Authority to modify the requirements regarding the use of loan appraisals and the setting of interest rates for its Loan Participation Program will bring the regulations up to date and in conformity with industry standards.

Section 2. In accordance with AS 44.88.085(d), the Authority hereby adopts 3 AAC 99.320(b)(12)(B) in the form presented to the Board as a permanent regulation.

Section 3 In accordance with AS 44,88,085(d), the Authority adopts 3 AAC 99.350(e)(1)(B) in the form presented to the Board as a permanent regulation.

Section 4 The Executive Director is hereby authorized and directed to file the regulations with the Lieutenant Governor and to take any other steps necessary or desirable to make the regulation effective.

Section 5 This Resolution shall become effective immediately upon its adoption.

DATED at Anchorage, Alaska this ____ day of March 2023

ALASKA INDUSTRIAL DEVELOPMENT
AND EXPORT AUTHORITY

Chair

ATTEST
[SEAL]

Secretary

Register, 2023 COMMERCE, COMMUNITY, AND EC. DEV.

: 3 AAC 99.320(b)(12)(B) is amended to read:

3 AAC 99.320a9b)912)(b) - Application for authority participation (B) if the total loan amount is greater than \$1,000,000, the appraisal must be a detailed appraisal describing the information analyzed, the appraisal procedures followed, and the reasoning that supports the analysis, opinions expressed, and conclusions in conformity with current professional standards. [SELF-CONTAINED APPRAISAL REPORT].

3 AAC 99.350(e)(1)(B) is amended to read:

3 AAC 99.350(3)(1)(B) Participation requirements (B) if the authority uses authority assets to fund a participation in a loan, the rate identified on the daily Federal Home Loan Bank of Des Moines' [SEATTLE'S] Fixed-Rate Advances Index which most closely matches the term of the loan, and whether the type of loan has a fixed or variable interest rate, as determined by the authority, with the following adjustments:



MEMORANDUM

To: Board Members
Alaska Industrial Development and Export Authority

From: Randy Ruaro
Executive Director

Date: March 1, 2023

Subject: Adoption of Amendments to AIDEA's Loan Participation Regulations-
Resolution No. G23-04

ISSUE

AIDEA regulations have not been updated to reflect current standards in several years. Specifically, the Federal Home Loan Bank of Seattle used as AIDEA's loan interest index merged with another branch in 2015 necessitating a name change to the Federal Home Loan Bank of Des Moines. Additionally, the term "self-contained appraisal" was eliminated in 2015 under the Uniform Standards of Professional Appraisal Practice in favor of a more detailed standard for commercial appraisals.

The Alaska Industrial Development and Export Authority proposes to adopt regulation changes in Title 3 of the Alaska Administrative Code.

RECOMMENDATION

To address this issue, we recommend amending the following regulations:

3 AAC 99.320(b)(12)(B) and 3 AAC 99.220(b)(12)(B) are amended to read:

"if the total loan amount is greater than \$1,000,000, the appraisal must be a detailed appraisal describing the information analyzed, the appraisal procedures followed, and the reasoning that supports the analysis, opinions expressed, and conclusions in conformity with current professional standards." [SELF-CONTAINED APPRAISAL REPORT].

3 AAC 99.720(C)(8)(A)(ii) is amended to read:

"if the total loan amount is greater than \$1,000,000, the appraisal must be a detailed appraisal describing the information analyzed, the appraisal procedures followed, and the

reasoning that supports the analysis, opinions expressed, and conclusions in conformity with current professional standards.”[SELF-CONTAINED APPRAISAL REPORT]

3 AAC 99.250(d)(1)(B) and 3 AAC 99.350(e)(1)(B) are amended to read:

“if the authority uses authority assets to fund a participation in a loan, the rate identified on the daily Federal Home Loan Bank of Des Moines’ Fixed-Rate Advances Index which most closely matches the term of the loan, and whether the type of loan has a fixed or variable interest rate, as determined by the authority,”