

NOTICE OF PROPOSED CHANGES TO LOAN PARTICIPATION
REGULATIONS OF THE ALASKA INDUSTRIAL DEVELOPMENT AND
EXPORT AUTHORITY

The Alaska Industrial Development and Export Authority proposes to adopt regulation changes in Title 3 of the Alaska Administrative Code that pertain to the Loan Participation Program in order to update five regulations to reflect current standards. These changes include:

(1) 3 AAC 99.250(d)(1)(B) and 3 AAC 99.350(e)(1)(B) reference the Federal Home Loan Bank of Seattle used as AIDEA's loan interest index. That bank merged with another branch in 2015 necessitating a name change to the Federal Home Loan Bank of De Moines.

(2) 3 AAC 99.220(b)(12)(B), 3 AAC 99.320(b)(12)(B), and 3 AAC 99.720(C)(8)(A)(ii) use the term "self-contained appraisal" which was eliminated in 2015 under the Uniform Standards of Professional Appraisal Practice in favor of a more detailed standard for commercial appraisals. The proposed changes would apply the more detailed standard in these regulations.

You may comment on the proposed regulation changes, including the potential costs to private persons of complying with the proposed changes, by submitting written comments to Tiffany Janssen, Commercial Finance Director AIDEA, 813 West Northern Lights Boulevard, Anchorage, Alaska 99503. Comments must be received no later than 4:00 p.m. on May 18, 2023.

Oral or written comments may also be submitted at a hearing to be held on May 16, 2023 in the Board Room, AIDEA, 813 West Northern Lights Boulevard, Anchorage, Alaska, 99503. The hearing will be held from 10:30 a.m. to 11:30 a.m. and might be extended to accommodate those present before 11:30 a.m. who did not have an opportunity to comment. You may participate in the hearing via teleconference by dialing 1-888-585-9008 and when prompted enter code 212-753-619#.

If you are a person with a disability who needs a special accommodation in order to participate in this process, please contact Raymie Hamann, CCEP, Executive Assistant | Board Administrator AIDEA |, 813 W Northern Lights Blvd, Anchorage, AK 99503 907) 771-3017 no later than May 12, 2023 to ensure that any necessary accommodation can be provided.

A copy of the proposed regulation changes is available on the Alaska Online Public Notice system, on the AIDEA website at <http://www.aidea.org/About/Regulations.aspx>, or by contacting Raymie Hamann, CCEP, Executive Assistant Board Administrator, 813 W Northern Lights Blvd, Anchorage, AK 99503 (907) 771-3017

After the public comment period ends, AIDEA will either adopt the proposed regulation changes or other provisions dealing with the same subject, without further notice, or decide to take no action. The language of the final regulations may be different from that of the proposed regulations. **You should comment during the time allowed if your interests could be affected.**

Statutory Authority: AS 44.88.080; AS 44.88.085; AS 44.88.095; AS 44.88.150; AS 44.88.155; AS 44.88.159; AS 44.88.510; AS 44.88.520

Fiscal Information: The proposed regulation changes are not expected to require an increased

appropriation.

AIDEA keeps a list of individuals and organizations interested in its regulations. Those on the list will automatically be sent a copy of all of AIDEA Notices of Proposed Regulation Changes. To be added to or removed from this list go to <http://list.state.ak.us/soalists/aidea-regulations-notices/jl.htm> enter your email address, choose join or leave and click "Submit Request."

DATE: 5/1/2023



Randy Ruaro, CEO/Executive Director

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DATE: _____

Randy Ruaro, CEO/Executive Director

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 DEMOINES

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 De 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 1st day of March 2023

ALASKA INDUSTRIAL DEVELOPMENT
AND EXPORT AUTHORITY


Chair


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 De 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,”

3 AAC 99.220(b)(12)(B) is amended to read:

(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];

(In effect before 1988; am 1/11/88, Register 106; am 11/30/90, Register 118; am 7/19/91, Register 119; am 9/25/92, Register 124; am 2/11/99, Register 150; am 11/1/99, Register 153; am 2/8/2001, Register 158; am 12/3/2010, Register 197; am 4/25/2013, Register 207; am 6/28/2018, Register 227; am ___/ ___/ ____, Register ____)

Authority: AS 44.88.080 AS 44.88.095 AS 44.88.155
 AS 44.88.085 AS 44.88.150

Editor's note: Even though the amendment of 3 AAC 99.220 was effective 4/25/2013, it was not published until Register 207, October 2013.

3 AAC 99.250(d)(1)(B) is amended to read:

(B) if the authority uses authority assets to fund a participation in a loan, 65 percent of 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:

(i) for a fixed rate loan, the rate during any fiscal year may not be lower than the five year return on the investment funds of the authority, expressed as an annual interest rate, as determined in the authority's review of its investments at the end of the third quarter of the prior fiscal year and, for a variable rate loan, the rate during any fiscal year will not be lower than 475 basis points;

(ii) for a variable rate loan, 200 basis points will be added to the rate;

(In effect before 1988; am 1/11/88, Register 106; am 11/30/90, Register 118; am 7/19/91, Register 119; am 9/25/92, Register 124; am 11/1/99, Register 153; am 8/8/2003, Register 168; am 9/9/2010, Register 197 [not printed]; am 12/3/2010, Register 197; am 12/15/2010, Register 197; am 1/13/2011, Register 198; am 1/31/2011, Register 198; am 3/8/2011, Register 198; am 4/25/2013, Register 207; am ___/ ___/ ____, Register ____)

Authority: AS 44.88.080 AS 44.88.155 AS 44.88.159
 AS 44.88.085

Editor's note: Even though 3 AAC 99.250 was amended effective as an emergency regulation on 9/9/2010 and amended effective as a permanent regulation on 12/3/2010, it was not published until Register 197, April 2011. Even though the amendment of 3 AAC 99.250 was effective 4/25/2013, it was not published until Register 207, October 2013.

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

(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];

(In effect before 1988; am 1/11/88, Register 106; am 11/30/90, Register 118; am 7/19/91, Register 119; am 9/25/92, Register 124; am 2/11/99, Register 150; am 11/1/99, Register 153; am 2/8/2001, Register 158; am 12/3/2010, Register 197; am 4/25/2013, Register 207; am 6/28/2018, Register 227; am ___/ ___/ ____, Register ____)

Authority: AS 44.88.080 AS 44.88.085 AS 44.88.155

The introductory language of 3 AAC 99.350(e)(1)(B) is amended to read:

(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:

(In effect before 1988; am 1/11/88, Register 106; am 11/30/90, Register 118; am 7/19/91, Register 119; am 9/25/92, Register 124; am 2/11/99, Register 150; am 11/1/99, Register 153; am 8/8/2003, Register 168; am 9/9/2010, Register 197 [not printed]; am 12/3/2010, Register 197; am 12/15/2010, Register 197; am 1/13/2011, Register 198; am 1/31/2011, Register 198; am 3/8/2011, Register 198; am 4/25/2013, Register 207; am 6/28/2018, Register 227; am ___/ ___/ ____, Register ____)

Authority: AS 44.88.080 AS 44.88.150 AS 44.88.159
 AS 44.88.085 AS 44.88.155

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

(ii) 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** [SHALL BE A SELF-CONTAINED APPRAISAL REPORT PREPARED IN ACCORDANCE WITH THE MOST CURRENT EDITION OF THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE ESTABLISHED BY THE APPRAISAL STANDARDS BOARD OF THE APPRAISAL FOUNDATION];

(Eff. 8/1/88, Register 107; am 11/30/90, Register 118; am 7/19/91, Register 119; am 9/25/92, Register 124; am 12/2/94, Register 134; am 10/23/96, Register 141; am 2/11/99, Register 150; am 2/8/2001, Register 158; am ___/ ___/ ____, Register ____)

Authority: AS 44.88.080 AS 44.88.510 AS 44.88.520
 AS 44.88.085