

**ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY**

**RESOLUTION NO. G20-07**

**RESOLUTION OF THE ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY APPROVING A DEVELOPMENT PROJECT FINANCING LOAN UNDER AS 44.88.172 TO HEX LLC TO FINANCE THE ACQUISITION OF THE ENTITIES HOLDING THE NATURAL GAS LEASES AND NATURAL GAS PRODUCTION INFRASTRUCTURE OF THE KITCHEN LIGHTS UNIT AND TO FINANCE ADDITIONAL DEVELOPMENT OF THOSE ASSETS**

---

**WHEREAS**, the Alaska Industrial Development and Export Authority (the “Authority”) under AS 44.88.172 may provide development project financing to development projects in Alaska;

**WHEREAS**, HEX LLC (“HEX”) has applied to the Authority for a loan in an amount not to exceed \$7.5 million to finance HEX’s acquisition of the limited liability companies (Cornucopia Oil & Gas Company, LLC and Corsair Oil & Gas, LLC) that own the natural gas leases and the natural gas production infrastructure of the Kitchen Lights Unit located in Cook Inlet, Alaska;

**WHEREAS**, the proposed loan to HEX would permit the continued production of natural gas from the Kitchen Lights Unit and enable the production of additional natural gas quantities from the unit, with the natural gas be delivered to utilities and other users in the State;

**WHEREAS**, the general terms of the proposed loan to HEX are outlined the “Summary of Terms” that has been provided to the Board;

**WHEREAS**, HEX’s acquisition of the limited liability companies that own the natural gas leases, and the natural gas production infrastructure of the Kitchen Lights Unit is eligible for financing under the Authority’s development finance program (AS 44.88.172) because the acquired companies’ assets meet the definition of a “development project” under AS 44.88.900(6), (13)(A) and (13)(F) in that they constitute a “plant” or “facility” that will be used in connection

with preparing, transporting, or producing products or substances, the developing or utilizing the natural resources of the State, and the development, transportation, conversion, or use of energy resources;

**WHEREAS**, making the proposed loan to HEX will be in furtherance of the Authority's statutory purpose of promoting, developing, and advancing the general prosperity and economic welfare of the people of Alaska, to relieve problems of unemployment, and to create additional employment; and

**WHEREAS**, staff of the Authority recommends entering into a cost reimbursement agreement with HEX for a total amount not to exceed \$200,000 under which HEX would reimburse the Authority for the expenses it incurs in conducting due diligence with respect to the proposed loan or project.

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

Section 1. The development project financing loan to HEX under AS 44.88.172 is approved. The loan to HEX shall not exceed the maximum amount of \$7.5 million and shall be as outlined in the "Summary of Terms" provided to the Board for this Resolution, with additional terms and conditions that the Executive Director, in his discretion, determines to be appropriate.

Section 2. The Executive Director is authorized to execute and deliver a loan commitment letter to HEX. The Executive Director is further authorized to execute and deliver all loan documents necessary to make the loan to HEX. The Executive Director is authorized to disburse money from the Economic Development Account of the Revolving Fund pursuant to the final, executed loan documents to fund the loan. The Executive Director is also authorized to take

all other actions necessary or convenient to perform the Authority's obligations under the loan documents or to implementing the intent of this Resolution.

Section 3. The Authority may enter into a cost reimbursement agreement with HEX on terms and conditions that the Executive Director determines to be appropriate. The cost reimbursement agreement will provide that HEX shall reimburse the Authority for its due diligence expenses with respect the loan to HEX or the project, in a total amount not to exceed \$200,000. If a cost reimbursement agreement is executed with HEX, the Authority may expend up to \$200,000 from the Economic Development Account of the Revolving Fund to pay for due diligence on the loan to HEX and the project.

Dated at Anchorage, Alaska, this 4<sup>th</sup> day of March 2020.



  
Secretary

  
Chair