

ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY

RESOLUTION NO. G17-01

**RESOLUTION OF THE ALASKA INDUSTRIAL
DEVELOPMENT AND EXPORT AUTHORITY
APPROVING A NON-BINDING UTILITY INTEGRATION
MEMORANDUM OF UNDERSTANDING WITH THE
INTERIOR GAS UTILITY**

WHEREAS, in 2013 the Alaska State Legislature approved HCS CSSB 23 (“SB 23”) and in 2015 the Alaska State Legislature amended SB 23 to authorize the Alaska Industrial Development and Export Authority (“the Authority”) to provide financing for the development, construction, and installation of, and the start-up costs of operation and maintenance for, a liquefied natural gas (“LNG”) production plant and system and affiliated infrastructure and a natural gas delivery and distribution systems and affiliated infrastructure to serve Interior Alaska as a primary market;

WHEREAS, the project the Authority is authorized to finance under SB 23 is known as the Interior Energy Project;

WHEREAS, in furtherance of the Interior Energy Project, the Authority purchased Pentex Alaska Natural Gas Company, LLC (“Pentex”), a Delaware limited liability company that is the 100% owner of various subsidiaries, including Fairbanks Natural Gas, LLC (a natural gas utility for Fairbanks, Alaska), and Titan Alaska LNG, LLC (the operator of the LNG plant in the Matanuska Susitna Borough);

WHEREAS, in purchasing Pentex, the Authority expected to own the company only for a limited period of time, until Pentex could be transferred to a local control entity for the Fairbanks area;

WHEREAS, the staff of the Authority have negotiated with the Interior Gas Utility (“IGU”) for IGU to purchase Pentex from the Authority, with the Authority financing IGU’s purchase of Pentex under SB 23, and a proposed non-binding Utility Integration Memorandum of Understanding (attached) has been prepared to outline the transaction; and

WHEREAS, having IGU acquire Pentex will further the goals of the Interior Energy Project by, among other things, facilitating the integration of the natural gas utility systems of IGU and Fairbanks Natural Gas and thereby lowering costs for ratepayers.

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

Section 1. The non-binding Utility Integration Memorandum of Understanding between the Authority and the Interior Gas Utility is hereby approved. In the name of and on behalf of the Authority, the Executive Director is authorized to sign the non-binding Utility Integration Memorandum of Understanding.

Section 2. The Executive Director is authorized and directed, with the assistance of the Authority's staff and advisors, to negotiate with the Interior Gas Utility to prepare definitive agreements for the proposed transaction. The Executive Director shall present the definitive agreements to the Board for its consideration and approval before the same are executed or are binding on the Authority.

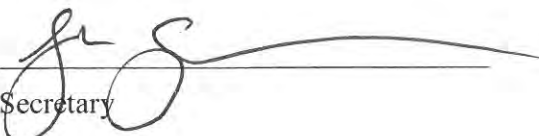
DATED at Anchorage, Alaska this 11th day of January, 2017.

ALASKA INDUSTRIAL DEVELOPMENT
AND EXPORT AUTHORITY





Chair



Secretary