

**ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY**

**RESOLUTION NO. G19-12**

**RESOLUTION OF THE ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY APPROVING A LINE OF CREDIT OR LOAN FROM THE SUSTAINABLE ENERGY TRANSMISSION AND SUPPLY DEVELOPMENT PROGRAM TO THE INTERIOR GAS UTILITY, OF THE FAIRBANKS NORTH STAR BOROUGH, FOR THE ADVANCEMENT OF A PROPOSED LIQUEFIED NATURAL GAS PRODUCTION SYSTEM AND NATURAL GAS DISTRIBUTION SYSTEM**

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**WHEREAS**, in April 2013, the Alaska State Legislature approved HCS CSSB 23 (SB 23), and in 2015 the Alaska Legislature amended SB 23, to authorize the Alaska Industrial Development and Export Authority (the “Authority”) to provide financing up to a principal amount of \$275,000,000 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 financing authorized under HCS CSSB 23 includes authorization for the Authority to issue bonds up to \$150 million with the remaining financing by the Authority coming from the Authority’s sustainable energy transmission and supply development fund (“SETS”);

**WHEREAS**, in section 26(b) of the State of Alaska capital budget for fiscal year 2014, as set out in HCS CSSB 18(FIN), the Alaska State Legislature appropriated to the Authority an amount not to exceed \$57.5 million to advance the use of North Slope natural gas for a liquefied natural gas production and distribution system;

**WHEREAS**, the Authority entered into a Financing Agreement with the Interior Gas Utility (IGU) in June 2018 providing for \$275 million in financing under the terms of SB 23 (as

amended). The Financing Agreement included a \$125 million loan to IGU through the SETS development program and fund, with the loan being on special financial terms permitted under SB 23 that are not available from commercial lending sources;

**WHEREAS**, the 2014 State capital appropriation has been fully expended and the \$125 million SETS loan is anticipated to be fully expended in the near future;

**WHEREAS**, the proposed LNG production plant and system and the natural gas distribution system in Interior Alaska meets the definition of a “qualified energy development” under the SETS program, AS 44.88.900(16);

**WHEREAS**, the intent and the goal of IGU is to provide natural gas to Interior Alaska;

**WHEREAS**, the IGU seeks additional financing for the LNG production plant and system;  
and

**WHEREAS**, the line of credit or loan requested by the IGU is outside the SB 23 provisions and would be subject to the terms and conditions of the Authority’s regulations, statutes, and policies for SETS loans and financings.

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

Section 1. The Executive Director and Chief Executive Officer of the Authority is authorized to negotiate a line of credit or loan not to exceed \$10 million from the unrestricted, uncommitted balance of the SETS fund in order to augment any loan, which may be called a line of credit, that the IGU may receive from an Alaska financial institution.

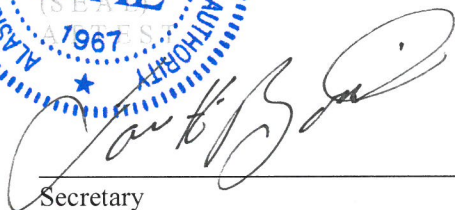
Section 2. Authorization of the Fairbanks North Star Borough for the IGU to enter into a line of credit or loan with the Authority will be a prerequisite condition for any loan.

Section 3. Loan terms will be in conformity with the Authority's statutes, regulations, and policies.

Section 4. The Executive Director shall continue to periodically report to the Board on the Authority's progress with the proposed natural gas distribution system in Interior Alaska.

DATED at Anchorage, Alaska this 26<sup>th</sup> day of June, 2019.



  
Secretary



Chair