

ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY

RESOLUTION NO. G19-25

RESOLUTION OF THE ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY APPROVING A 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

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 Authority entered into a Financing Agreement with the Interior Gas Utility (IGU) in June 2018 providing for financing under the terms of SB 23 (as amended) and 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;

WHEREAS, in Resolution No. G19-12, adopted on June 26, 2019, the Board of the Authority approved an amendment to the Financing Agreement with IGU that increased the amount of the SETS loan under SB 23 to a total of \$135 million;

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;

WHEREAS, the additional loan requested by the IGU shall be made with similar terms and conditions as the \$10 million approved by the Board in Resolution No. G19-12.

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 and execute an amendment to the Financing Agreement with IGU to increase the total amount of the SETS loan by an additional amount not to exceed \$4 million. Once finalized, the additional loan shall be funded from the unrestricted, uncommitted balance of the SETS fund.

Section 2. The amended loan terms and conditions may allow IGU to use the additional loan proceeds as a construction contingency reserve account. Otherwise, the amended loan terms and conditions will be determined by the Executive Director and Chief Executive Officer in his discretion and may be similar to those contained in the Financing Agreement. In any event, the amended loan terms and conditions must be in conformity with the Authority's statutes, regulations, and policies.

Section 3. 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 4th day of December, 2019.



Secretary

Chair