

ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY

RESOLUTION NO. G17-20

**RESOLUTION OF THE ALASKA INDUSTRIAL DEVELOPMENT
AND EXPORT AUTHORITY AUTHORIZING ADDITIONAL
LOAN TO FAIRBANKS NATURAL GAS, LLC FOR LNG
STORAGE FACILITY IN FAIRBANKS AND THE EXTENSION OF
THE MATURITY DATE ON THE LINE OF CREDIT PROVIDED
TO FAIRBANKS NATURAL GAS, LLC**

WHEREAS, the Alaska Industrial Development and Export Authority (the “Authority”) is pursuing the Interior Energy Project to bring additional supplies of natural gas to Interior Alaska;

WHEREAS, one of the planned components of the Interior Energy Project is a large LNG storage facility in Fairbanks, Alaska;

WHEREAS, Fairbanks Natural Gas, LLC (“FNG”) and its subsidiary, Cassini LNG Storage, LLC (“Cassini”), have been working to develop the Fairbanks LNG storage facility;

WHEREAS, proceeding with the development of Fairbanks LNG storage facility is time critical in order to possibly qualify for State of Alaska tax credits that require any such facility to commence commercial operation before January 1, 2020;

WHEREAS, in Resolution No. G17-09, adopted June 29, 2017, the Authority approved the expenditure of up to \$1.5 million for front end engineering and design (FEED) work on the Fairbanks LNG storage facility;

WHEREAS, beyond the FEED expenditures, FNG President Dan Britton has developed a total budget of \$45.5 million to complete the construction of the Fairbanks LNG storage facility;

WHEREAS, through a Loan Agreement made between the Authority and FNG dated May 19, 2014, the Authority made a loan to FNG under the sustainable energy transmission and supply (SETS) program for the expansion of FNG’s gas distribution system in Fairbanks;

WHEREAS, the 2014 FNG Loan Agreement can be amended to increase the amount of the loan by \$45.5 million and to revise the authorized scope of work under the loan to encompass the construction work to complete the LNG storage facility;

WHEREAS, the construction of the Fairbanks LNG storage facility is a “qualified energy development” eligible for financing under the SETS program and fund on the special terms authorized in SB 23 (HCS CSSB 23; ch. 26, SLA 2013);

WHEREAS, if the pending transactions with the Interior Gas Utility (IGU) are closed, the 2014 FNG Loan Agreement, as amended, will be superseded by the financing the Authority is to provide to IGU under the proposed Financing Agreement;

WHEREAS, the maturity date on the line of credit the Authority provided to FNG under 2014 FNG Loan Agreement is December 31, 2017, and this maturity date needs to be extended to allow sufficient time for the proposed Financing Agreement to be closed; and

WHEREAS, if IGU concurs in proceeding with the Fairbanks LNG storage project, the completion of the Fairbanks LNG storage facility will be in the best interests of the Authority.

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

Section 1. If IGU concurs in proceeding with the construction of the Fairbanks LNG storage facility, the Authority’s sub-subsidiaries FNG and Cassini are authorized to proceed with the construction of the proposed Fairbanks LNG storage facility. The budget of \$45.5 million for the completion of the Fairbanks LNG storage facility is approved, which amount is in addition to the \$1.5 million previously authorized for FEED work. On behalf of FNG or Cassini, or both, FNG President Dan Britton, once IGU has concurred in proceeding with the project, is authorized to

negotiate, execute and cause to be performed all construction contracts, purchase orders, and other agreements necessary or convenient to completing the Fairbanks LNG storage facility.

Section 2. Once IGU has concurred in proceeding with the project, the Authority shall lend FNG up to \$45.5 million for the completion of the Fairbanks LNG storage facility. The loan shall be under the SETS program and fund and shall be made through an amendment to the existing 2014 FNG Loan Agreement. The terms for the loan shall be the same as those specified under the existing 2014 FNG Loan Agreement. To the extent that any provision of the amended 2014 FNG Loan Agreement, or any aspect of the procedure the Authority utilized with respect to the amended 2014 FNG Loan Agreement, deviates from the requirements of the Authority's SETS regulations (3 AAC chap. 101), those requirements of the SETS regulations are hereby waived pursuant to Section 11(d) of SB 23.

Section 3. If the proposed Financing Agreement with IGU is executed, the 2014 FNG Loan Agreement shall be amended to extend the maturity date of the line of credit until the closing on the proposed Financing Agreement occurs or until that closing is cancelled.

Section 4. Once IGU has concurred in proceeding with the Fairbanks LNG storage project, the Executive Director is authorized to sign all documents and to take all other actions, necessary or expedient, in fulfilling the purposes of this Resolution.

Dated at Anchorage, Alaska, this 7th day of December 2017.

ATTEST
[SEAL]




Secretary


Chair