

FINANCING AGREEMENT

between the

ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY

as Lender

and the

INTERIOR ALASKA NATURAL GAS UTILITY

a/k/a INTERIOR GAS UTILITY

as Borrower

_____, 2017

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FINANCING AGREEMENT

THIS FINANCING AGREEMENT, dated as of _____, 2017, is entered into by and between the **ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY**, a public corporation of the State of Alaska with a primary place of business in Anchorage, Alaska, and the **INTERIOR ALASKA NATURAL GAS UTILITY**, which is also known as the **INTERIOR GAS UTILITY**, a public corporation of the Fairbanks North Star Borough with a primary place of business in Fairbanks, Alaska.

RECITALS

A. The Alaska State Legislature, in SB 23 authorized 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 production plant and system and affiliated infrastructure in the State of Alaska that will provide natural gas to Interior Alaska as a primary market and natural gas delivery and distribution systems and affiliated infrastructure that will provide natural gas to Interior Alaska.

B. The financing the Legislature authorized in SB 23 is to be provided partially through the Authority's sustainable energy transmission and supply development program and fund, established under AS 44.88.650 – 44.88.690.

C. IGU is a public corporation and an instrumentality of the Fairbanks North Star Borough that holds a certificate of public convenience and necessity from the Regulatory Commission of Alaska to operate as a public utility distributing natural gas in Fairbanks and North Pole, Alaska.

D. Pentex Alaska Natural Gas Company, LLC, is a Delaware limited liability company, which operates through its Subsidiaries including FNG, an Alaska limited liability company that holds a certificate of public convenience and necessity from the Regulatory Commission of Alaska and distributes natural gas in Fairbanks, Alaska.

E. The Authority previously provided financing to FNG pursuant to a Loan Agreement, dated as of May 19, 2014.

F. The Authority previously provided financing to IGU pursuant to an Amended and Restated Loan Agreement, dated as of April 2, 2015.

G. AIDEA and IGU entered into a non-binding Utility Integration Memorandum of Understanding dated January 25, 2017 (“MOU”), wherein among other things the Parties set forth their mutual understandings with respect to the Authority’s proposed sale of Pentex to IGU, the transfer of the North Slope Pad from the Authority to IGU, the Authority’s financing of IGU, and the establishment of the process and timelines to accomplish the foregoing. This Financing Agreement arises out of the understandings as stated in the MOU.

H. Pursuant to the Purchase Agreement entered into contemporaneously with this Financing Agreement, the Authority is selling to IGU all of the Authority’s right, title, and interest in and to the membership interests in Pentex.

I. The Purchase Agreement and this Financing Agreement are entered into with the ultimate intention of financing the purchase of Pentex by IGU, refinancing the FNG Loan and the IGU Loan, and furthering the establishment and financing of an integrated natural gas utility in the Fairbanks North Star Borough.

NOW, THEREFORE, for and in consideration of the promises and the mutual covenants hereinafter contained, the Parties hereto agree as follows:

1. **DEFINITIONS.** In this Financing Agreement, the following terms shall have the respective meanings set forth below:

1.1 **“Appendices”** means Appendix A, Appendix B, and Appendix C, attached hereto and incorporated herein by reference.

1.2 **“Authority”** means the Alaska Industrial Development and Export Authority, a public corporation of the State of Alaska, its agents, employees, successors, and assignees.

1.3 **“Bond Credit Facility”** means the anticipated Bond financing described in Section 6 of this Financing Agreement.

1.4 **“Bond Issuance Deadline”** means June 30, 2018, or, if the Alaska State Legislature extends the deadline for the Authority to issue Bonds under SB 23, the deadline as extended.

1.5 **“Bonds”** means the Authority’s conduit revenue bonds, secured by a capital reserve fund supported by the State of Alaska’s moral obligation, issued to make a loan or loans to IGU as authorized by, and subject to, SB 23.

1.6 **“Closing”** means the date on which advances on the Term Loan are available in accordance with the terms of this Financing Agreement, subject to the fulfillment of the conditions precedent to Closing contained in this Financing Agreement; the Closing will occur concurrently with the closing under the Purchase Agreement.

1.7 **“Closing Costs”** means all costs incurred by the Authority in order to close the Loan, including, without limitation, attorneys’ fees, title examination fees, title

insurance premiums, appraisal fees, survey costs, and filing and recording fees incurred by the Authority, subject to the limitation set forth in Section 4.1.3A.

1.8 “Closing Date” means the date on which the Closing occurs.

1.9 “Code” means the Federal Internal Revenue Code of 1986, as amended, together with corresponding and applicable final, temporary, or proposed regulations and revenue rulings issued or amended with respect to the Code by the United States Treasury Department or the Internal Revenue Service, to the extent applicable to the Bonds.

1.10 “Collateral” is defined in Section 10.

1.11 “Commercial Security Agreement” means a security agreement or agreements granting the Authority a security interest in the Collateral.

1.12 “CPCN” means a Certificate of Public Convenience and Necessity issued by the RCA.

1.13 “Debt Service” means the principal and interest payments required under the terms of the Loan, the Bonds, the Other Bonds, and any other long term financing of IGU.

1.14 “Default Interest Rate” means three percent (3%) per annum.

1.15 “Deferral Period” means the period of time commencing with the Closing Date and ending fifteen (15) years after the Closing Date.

1.16 “Demand Deferral Period” means the five (5) years of deferral described in Section 4.3.

1.17 “Effective Date” means the date upon which both Parties have signed this Financing Agreement and the Purchase Agreement, which signatures by both

Parties must have been obtained on or before the close of business on November 30, 2017.

1.18 “Event of Default” means those events described in Section 11.1.

1.19 “Financing Agreement” means this agreement between the Authority and IGU.

1.20 “FNG” means Fairbanks Natural Gas, LLC, an Alaska limited liability company, which is one of the Pentex Subsidiaries.

1.21 “FNG Loan” means financing previously provided to FNG pursuant to a Loan Agreement, dated as of May 19, 2014.

1.22 “FNSB” means the Fairbanks North Star Borough.

1.23 “GAAP” means United States generally accepted accounting principles as established by the Government Accounting Standards Board (GASB), as in effect from time to time, consistently applied.

1.24 “IGU” means the Interior Alaska Natural Gas Utility, which is also known as the Interior Gas Utility, a public corporation and instrumentality of the Fairbanks North Star Borough. After Closing, “IGU” shall mean the Integrated Utility that encompasses Pentex and the Subsidiaries, as well as the pre-existing IGU. If, after the Closing, IGU obtains permission from the RCA to merge the two utilities of FNG and IGU under a single CPCN, “IGU” for purposes of this Financing Agreement shall include the merged utilities.

1.25 “IGU Loan” means financing previously provided to IGU by the Authority pursuant to an Amended and Restated Loan Agreement, dated as of April 2, 2015.

1.26 “Integrated Utility” means the combination, under IGU’s sole ownership, of FNG and IGU as the natural gas utilities serving Fairbanks and North Pole, Alaska, together with the LNG production, transportation, refueling, storage, and re-gasification facilities now serving FNG and IGU or hereafter constructed to serve FNG and IGU; the “Integrated Utility” encompasses Pentex and its Subsidiaries and all of their respective assets, properties, facilities, and businesses.

1.27 “Integrated Utility Capital Program” means the utility system developed for the Integrated Utility pursuant to the Appendices and as described in Sections 5.1 and 5.2.

1.28 “Integrated Utility Financing Plan” means the financing program developed for the Integrated Utility pursuant to the Appendices and as described in Section 5.3.

1.29 “Interest Rate” means the rate of interest per annum charged on the Term Loan Note.

1.30 “Investment Grade” shall mean either a BBB- or higher rating by Standard & Poor’s Financial Services LLC, BBB- or higher rating by Fitch Ratings Inc., or a Baa3 or higher rating by Moody’s Investor Services.

1.31 “LNG Storage Tax Credits” means the liquefied natural gas storage facility tax credits established pursuant to AS 43.20.047.

1.32 “Loan” means the Term Loan from the Authority to IGU under the SETS Credit Facility as described in this Financing Agreement and as evidenced by the Term Loan Note.

1.33 “Loan Officer” means the person at the Authority designated to monitor the Project and the use of the proceeds of the Loan.

1.34 “Maturity Date” means the period of time commencing on the Closing Date and ending fifty (50) years after the Closing Date which is the date upon which the full amount of principal and interest owed on the Term Loan Note is fully due and payable.

1.35 “Net Operating Income” means net cash flows from operating activities as set out in the Statement of Cash Flows of the audited financial statements of IGU. Operating inflows shall exclude the proceeds of any debt issuance and operating outflows will exclude Debt Service payments. Net Operating Income will be calculated on a cash basis, not an accrual basis, and shall be as reflected on the annual audited financial statements of IGU.

1.36 “North Slope Pad” means: (a) the leasehold estate in ADL 419409, Right-Of-Way Lease for North Slope Natural Gas Pipeline and LNG Facility, by and between the State of Alaska, Department of Natural Resources, and the Authority, dated July 31, 2014; (b) the gravel pad and other improvements constructed on the leasehold estate; (c) the engineering reports, plans, and analyses that the Authority had prepared regarding the potential development of the gravel pad; and (d) the Authority’s interest in the Material Sale Contract, designated ADL 419991, by and between the State of Alaska, Department of Natural Resources, and the Authority, dated May 2, 2014. The leasehold estate concerns real property described on Exhibit B to ADL 419409, which real property is located in Section 3 of Township 10 North, Range 14

West, Umiat Meridian, Barrow Recording District, Second Judicial District, State of Alaska.

1.37 “Other Bonds” means any Investment Grade revenue bonds that may be issued by IGU or FNSB for IGU’s benefit to finance the Integrated Utility Capital Program.

1.38 “Party” and “Parties” mean the signatories to this Financing Agreement.

1.39 “Payment Default” means failure to make any payment to the Authority on the Term Loan Note within thirty (30) days after the date the payment is due as provided in Section 11.1.1.

1.40 “Pentex” means the Pentex Alaska Natural Gas Company, LLC, a Delaware limited liability company.

1.41 “Permits” means all federal, state, and local permits required to own, construct, operate, and maintain the Project, but does not include IGU’s or FNG’s CPCN.

1.42 “Project” means all properties, facilities, and equipment of IGU’s planned Integrated Utility for the production, transport, storage, re-gasification, and natural gas distribution in the FNSB, all of which shall constitute utility capital improvements and related development costs.

1.43 “Purchase Agreement” means the LLC Membership Purchase and Sale Agreement, executed contemporaneously with this Financing Agreement, between the Authority and IGU, providing, among other things, for the sale and purchase of the membership interests in Pentex.

1.44 “RCA” means the Regulatory Commission of Alaska.

1.45 “Related Documents” means the Term Loan Note, any Commercial Security Agreement, any assignment of contracts, licenses, and permits, and all other contracts, escrow instructions, certificates, applications, affidavits, and other instruments that the Authority, IGU, Pentex, or the Subsidiaries are executing or have executed in connection with the transactions contemplated by this Financing Agreement, including the Purchase Agreement and all documents executed in connection with the Purchase Agreement.

1.46 “SB 23” means Chapter 26 of the 2013 Session Laws of Alaska (HCS CSSB 23 (FIN), as it exists on the Effective Date.

1.47 “Scope of Work and Schedule of Advances” is as described on Exhibit C.

1.48 “SETS” means the Authority’s sustainable energy transmission and supply development program and fund, as established under AS 44.88.650 – 44.88.690.

1.49 “SETS Credit Facility” means the Loan that the Authority is extending, or committing to extend, to IGU under SETS. The terms and conditions of the SETS Credit Facility are as set out in this Financing Agreement.

1.50 “Subsidiaries” means the subsidiary entities owned by Pentex, which are: (a) FNG; (b) Polar LNG, LLC, a Delaware limited liability company; (c) Arctic Energy Transportation, LLC, a Delaware limited liability company; (d) Titan Alaska LNG, LLC, a Delaware limited liability company; and (e) Cassini LNG Storage, LLC, a Delaware limited liability company.

1.51 “Term” means the term of this Financing Agreement, which shall be as long as the Term Loan Note or any Bond is outstanding.

1.52 “Term Loan” means the SETS Credit Facility as described in Section 4.

1.53 “Term Loan Note” means the promissory note evidencing the Term Loan in the form attached as Exhibit A.

1.54 “Transaction Costs” means those actual and reasonable costs and expenses incurred by the Authority as a result of the management, monitoring, and administration of the Bonds and the Loan. Transaction Costs during the first three (3) years after Closing (the construction period) are limited to One Hundred Thousand Dollars (\$100,000) per year. During that time period, Transaction Costs will include construction oversight commonly performed by lending institutions, including the use of third-party contractors. Thereafter, Transaction Costs include actual and reasonable costs and expenses incurred by the Authority to manage, monitor, and administer the Loan and Bonds.

1.55 “Unallowable Costs” means those expenses IGU has, may have, or may hereafter incur that are listed on Exhibit B.

2. FINANCING TERMS; SOURCE OF FUNDS; CAPITAL FINANCING. The sources and uses of funds for the financing of IGU’s efforts to create the Integrated Utility shall be as described on the attached Appendix C. Although Appendix C references the issuance of Bonds after the currently existing Bond Issuance Deadline, the dates in Appendix C are based on an expectation that IGU and the Authority will be successful in having the Alaska State Legislature extend the Bond Issuance Deadline. IGU and the Authority shall cooperate with each other and engage in a joint effort to

obtain such extension. However, neither the Authority nor IGU are promising that the Bond Issuance Deadline will be extended, and neither the Authority nor IGU shall have any liability if the Bond Issuance Deadline is not extended.

2.1 Capital Appropriation. The remaining unexpended and unobligated amount of the appropriation the Alaska State Legislature made to the Authority by section 26(b) of the State of Alaska capital budget for FY2014, as set out in HCS CSSB 18 (FIN) (chapter 16, Session Laws of Alaska 2013), shall be made available at Closing for use as a portion of the purchase price for Pentex as described in the Purchase Agreement.

2.2 SETS. The Authority shall lend to IGU amounts available through SETS pursuant to the Loan described in Section 4 of this Financing Agreement.

2.3 Bond Credit Facility. Subject to applicable law and the Authority's Bond issuance requirements, the Authority shall issue Bonds as described in Section 6 of this Financing Agreement.

2.4 LNG Storage Tax Credits. The Integrated Utility will apply for LNG Storage Tax Credits available to it under Alaska State law and utilize the credits or payments received in the business of the Integrated Utility.

3. CLOSING. The Closing shall take place within thirty (30) days after all conditions precedent set forth in Section 7 have been satisfied or waived and in no event after May 31, 2018. The Closing shall be held at such time and place as agreed to in writing by the Authority and IGU. The Parties shall use reasonable efforts to satisfy the conditions precedent to Closing on or before April 30, 2018.

4. SETS CREDIT FACILITY.

4.1 Term Loan. The Authority agrees to lend and IGU agrees to borrow, on the terms and conditions provided in this Financing Agreement and the Related Documents, the sum of One Hundred Twenty-Five Million Dollars (\$125,000,000). Upon the execution of this Financing Agreement, IGU shall execute and deliver to the Authority the Term Loan Note, the form of which is attached to this Financing Agreement as Exhibit A, due in full on the Maturity Date.

4.1.1 Interest Rate. Under the Term Loan Note, interest shall accrue at the rate of zero percent (0%) per annum during the Deferral Period, unless the Default Rate of Interest has been imposed as provided in this Financing Agreement. Commencing upon the expiration of the Deferral Period and continuing until the Maturity Date, the Interest Rate on the principal amount of the Term Loan Note shall be one quarter of one percent (0.25%) per annum, unless the Default Rate of Interest has been imposed as provided in this Financing Agreement.

4.1.2 Payments. Under the Term Loan Note, IGU shall not be required to make any payments during the Deferral Period. In the event that the Demand Deferral Period commences as provided in Section 4.3, IGU shall pay interest only at the Interest Rate commencing on the first day of the first calendar month after commencement of the Demand Deferral Period. Commencing on the first day of the first calendar month after the expiration of the Deferral Period or, if applicable, after the expiration of the Demand Deferral Period, whichever is later, IGU shall pay equal monthly payments on the first day of each month sufficient to fully amortize the Term Loan over a period of thirty (35) years. All payments shall be applied first to interest,

and then to principal. If not sooner paid, the Term Loan shall be paid in full by the Maturity Date.

4.1.3 Initial Advances. Advances shall be made under the Term Loan at Closing equal to the following, all of which shall be considered funds advanced under the Term Loan Note:

A. Closing Costs. The Authority will advance an amount equal to all Closing Costs up to a maximum of Seventy-Five Thousand Dollars (\$75,000).

B. Payment of FNG Loan. The Authority will advance funds necessary to pay all amounts due and payable under the FNG Loan.

C. Payment of IGU Loan. The Authority will advance funds necessary to pay all amounts due and payable under the IGU Loan.

D. Pentex Payment. The Authority will advance funds necessary to pay the purchase price due from IGU to the Authority for Pentex, in accordance with the Purchase Agreement.

4.1.4 Balance of Loan Proceeds. On the Closing Date, the Authority shall set aside monies from the SETS fund in a separate account known as the "IGU Loan Account". The Authority shall deposit into such separate account an amount equal to the difference between the One Hundred Twenty Five Million Dollars (\$125,000,000) Term Loan and the disbursements described in Section 4.1.3. The IGU Loan Account shall be held by the Authority in a segregated account within the SETS fund, shall be committed and obligated to the funding of the balance of the Term Loan, and shall be available to IGU for this purpose only. Monies in the IGU Loan Account will remain committed to and obligated for funding the Term Loan as long as the

Authority is committed to advances under the Term Loan. The Authority shall be entitled to all interest earned on the IGU Loan Account. IGU shall apply to the Authority for disbursements under the IGU Loan Account under the Term Loan, pursuant to a draw request and accounting in a form reasonably acceptable to the Authority, and, following approval by the Authority, the Authority shall disburse the amounts requested pursuant to the following provisions of this Section 4.1.4:

A. IGU must use the Loan funds only to pay costs of the Project and for no other purpose. The Scope of Work and Schedule of Advances shall be used by the Loan Officer to determine the Project schedule, the Project deliverables, and the amount to be advanced for each task defined in that Scope of Work and Schedule of Advances. The Loan Officer shall authorize the payment of Loan advances to IGU for work reasonably determined to be within the Scope of Work and Schedule of Advances. No more frequently than once every three (3) months, IGU shall submit a draw request to the Loan Officer for Project costs based on the projected Scope of Work and Schedule of Advances for the succeeding three (3) month period and for Project costs actually incurred by IGU during the preceding three (3) month period; provided, however, that no funds may be used to reimburse IGU for Unallowable Costs. Each draw request will include copies of all paid invoices, estimates of future work, and other contracts reasonably requested by the Authority.

B. The Loan Officer shall determine, based on the Scope of Work and Schedule of Advances, whether any draw request and/or invoice IGU submits qualifies for an advance or reimbursement under the terms of the Loan. Subject to approval of disbursement requests by the Loan Officer, the Authority will advance to

IGU from the available Loan funds the amount of the approved advance and reimbursement. If any portion of a request for an advance or reimbursement includes expenses that are deemed Unallowable Costs, the Authority will pay the amount of the approved advance and/or reimbursement and withhold only the amount that is an Unallowable Cost. IGU must be in compliance with all financial reporting requirements under this Financing Agreement.

C. Each draw request shall set forth the amount of all prior Loan advances and an accounting of how such Loan advances were applied. If the amounts advanced have not been expended as scheduled, the excess funds shall be deducted from the amount of any future Loan advance. If the Authority reasonably determines that any unexpended portion of prior Loan advances will not be used by IGU under the Scope of Work and Schedule of Advances for a period of 180 days or more, IGU shall return such unexpended portion of the prior Loan advances upon the Authority's written request for the same, the outstanding balance of the Loan will be reduced by the returned amounts, and the Authority will hold the returned amounts in the IGU Loan Account for possible future advancement in accordance with this Section 4.1.4.

D. IGU shall pay upon presentation of an invoice from the Authority all Transaction Costs.

E. The Authority will have no obligation to advance funds on the Loan if the conditions precedent described in Section 7 have not been satisfied or if any Event of Default has occurred and is continuing.

4.1.5 Termination of Commitment to Advances. The Authority will have no obligation to advance funds on the Loan after ten (10) years from the Closing Date, even if the full amount of the monies in the IGU Loan Account have not been advanced.

4.2 Refinance or Prepayment. If required to facilitate issuance of Bonds, but not otherwise, IGU will be prohibited from refinancing the Loan and prepaying the Loan and the Term Loan Note, in whole or in part, and any attempted refinancing or prepayment will not be accepted or given effect.

4.3 Demand Growth Deferral.

4.3.1 In the event that, after the expiration of the Deferral Period and the sale of Bonds, natural gas demand growth does not meet projected levels as set forth in Appendix A, the principal amount of the Term Loan payments due from IGU under the Term Loan Note will be deferred for an additional five years. During such Demand Deferral Period, all accrued interest shall be paid on the scheduled payment dates as provided in the Term Loan Note.

4.3.2 If, after any deferral occurs under this Section 4.3, natural gas demand meets or exceeds projected levels, IGU shall begin payments on the deferred amounts of principal on the next scheduled payment date.

4.3.3 IGU must be in compliance with the covenants set forth in Sections 8.1.1, 8.1.2, 8.1.3, and 8.1.6 before the commencement of and during any deferral of principal under this Section 4.3.

5. INTEGRATED UTILITY.

5.1 Integrated Utility Capital Program. The Integrated Utility Capital Program is designed to support the projected Integrated Utility Natural Gas Demand Forecast set forth in Appendix A. IGU, in consultation with the Authority, will implement the Integrated Utility Capital Program as set forth in Appendix B to establish an Integrated Utility (inclusive of natural gas purchase, LNG production, transport, storage, re-gasification, and natural gas distribution) in the FNSB, including plans for utility capital improvements, organization, and all required regulatory approvals.

5.2 Integrated Utility Capital Program Staging. The Integrated Utility Capital Program will be implemented in stages as described in the table below:

Stage 1	Stage 2	Stage 3
Funded at Closing with Appropriations and SETS Loan	Funded with remaining SETS Loan and First Bond Sale	Funded with Bonds, Other Bonds, or other funding or financing Demand Driven Work Items
<ul style="list-style-type: none"> • Pentex Acquisition • 5.25mg Fairbanks Storage • Titan 2 FEED (incl. Titan 1 upgrades) • North Pole Storage & Re-gas • Services & meters for existing piped areas 	<ul style="list-style-type: none"> • Titan 2 Completion (incl. Titan 1 upgrades) 	<ul style="list-style-type: none"> • Additional LNG trailers & equipment • Distribution system extension / buildout • Titan 3 • Services & meters in buildout areas

5.3 Integrated Utility Financing Plan. The Integrated Utility will be financed using the capital appropriation and proceeds of the Loan and the Bonds as provided in this Financing Agreement, and set forth in the Sources & Uses of Funds described in Appendix C. As set forth in Section 10, the obligation of, and security for, payment of the Bonds and the Other Bonds, will be superior to the Loan and Collateral for the Loan.

6. BOND CREDIT FACILITY. IGU, in consultation with the Authority, through the Purchase Agreement, this Financing Agreement, and the advancement of the Project, will establish IGU as an Investment Grade municipal utility prior to the issuance of the revenue Bonds described in Section 6.1.

6.1 Bond Issuance. After the Closing but not later than the Bond Issuance Deadline, at IGU's request, the Authority shall issue Bonds, in one or more series, in the form of conduit revenue bonds supported by the State of Alaska's moral obligation; proceeds of such Bonds will be loaned to IGU to finance component parts of the Project. The issuance of the Bonds shall be subject to the terms and conditions of a trust indenture and loan agreement and, including the following:

6.1.1 The aggregate amount of Bonds to be issued may not exceed One Hundred Fifty Million Dollars (\$150,000,000) (which sum is inclusive of debt service reserves and capital reserves), plus the costs of capitalized interest and the actual reasonable bond counsel fees, trustee fees, rating fees, financial advisor fees, escrow fees, and other bond issuance costs actually incurred by the Authority.

6.1.2 In connection with the issuance of the Bonds, or each series of Bonds, IGU shall pay the actual reasonable fees and expenses of the Authority's bond counsel and IGU shall pay the Authority the issuance fee as provided in the Authority's regulations (3 AAC 99.140) then in effect. Unless IGU elects to pay the fees and expenses of the Authority's bond counsel and the issuance fee for the Bonds directly to the Authority, the same shall be paid from the proceeds of the Bonds. After issuance of the Bonds (or a series of Bonds), IGU shall be responsible for any direct, out-of-pocket costs the Authority incurs with respect to the Bonds as provided in the Authority's

regulations (3 AAC 99.140) then in effect, subject to SB 23. The Authority shall not otherwise charge IGU any points or percentage fee with respect to the Bonds.

6.1.3 The Bonds may be issued in one or more series as IGU determines based on its consultation with IGU's financial advisors. The Bonds shall be secured by a capital reserve fund supported by the State of Alaska moral obligation in accordance with SB 23. IGU shall inform the Authority as soon as reasonably possible with respect to all withdrawals from, and all other activity taking place with respect to, the capital reserve fund established for the Bonds.

6.1.4 No Bonds may be issued after the Bond Issuance Deadline. IGU understands and agrees that IGU shall solely be responsible for ensuring that any request IGU makes to the Authority for the issuance of Bonds is made sufficiently in advance of the Bond Issuance Deadline so as to allow the Authority a reasonable period of time to authorize and issue such Bonds.

6.1.5 The Bonds shall be authorized and issued pursuant to the terms and conditions of documents distinct and separate from this Financing Agreement, including a trust indenture, loan agreement, and federal tax certificates if such Bonds are issued on a tax-exempt basis under the Code. IGU acknowledges that the Authority makes no representations with respect to the terms of the Bonds, including interest rates and fees, other than the Authority's own fees as provided for in Section 6.1.2. IGU accepts the risk that the underwriters of the Bonds, or the investors in the Bonds, or the trustee or paying agent appointed with respect to the Bonds, may require interest rates, fees, terms, or conditions that are unacceptable to IGU or that make issuance of the Bonds impossible or commercially unreasonable.

6.1.6 The Bonds shall be issued as conduit revenue bonds; principal and interest on the Bonds will be payable solely from assets and revenues of IGU, secured by a capital reserve fund supported by the State of Alaska moral obligation. The Bonds shall not be a general obligation of the Authority or payable from any assets or revenues of the Authority. Except for funds that the Alaska State Legislature may appropriate to the Authority in accordance with AS 44.88.105(d) to restore the required balance of the capital reserve fund established for the Bonds, the Authority shall not be obligated to fund the capital reserve fund for the Bonds from its own assets or revenues.

6.1.7 At IGU's request, the Authority shall execute any documents necessary to: (1) ensure the Bonds and the Other Bonds have priority of payment over the Loan; and (2) subordinate any lien or security interest the Authority holds against IGU, Pentex, or the Subsidiaries, or their assets or revenues, to any lien or security interest that supports the payment of the Bonds and any Other Bonds.

6.1.8 Issuance of any Bonds is subject to the requirements and restrictions of applicable law, including any amendment to SB 23 that may be made after the Effective Date. Before Bonds in excess of Ten Million Dollars (\$10,000,000) may be issued, the Authority must have received a certified copy of a resolution of the local government in which the facilities to be financed are located consenting to the facilities being located in its jurisdiction in accordance with AS 44.88.095(c).

6.2 Cooperation. IGU and the Authority shall reasonably cooperate with one another with respect to the issuance and placement of the Bonds. IGU, however, shall be principally responsible, in consultation with the Authority, for securing an underwriter

(or underwriters) for the Bonds and for carrying out the tasks necessary to place the Bonds with investors, including: (i) participating in the preparation of, and authorizing the publication of, any official statement or other offering document needed in connection with the issuance of such Bonds; (ii) entering into any continuing disclosure obligation that may be required under Securities and Exchange Commission Rule 15c2-12 with respect to such Bonds; (iii) executing any tax, arbitrage, or similar agreement pertaining to the exemption of interest on such Bonds from gross income for federal income tax purposes, as applicable; (iv) taking such actions as may be necessary to establish or maintain the exemption of interest on such Bonds from gross income for federal income tax purposes; (v) having IGU's legal counsel deliver such legal opinions, in a form acceptable to the Authority and the Bond underwriters, as are required to support the issuance of the Bonds, similar to the opinions required under Section 7.4 of this Financing Agreement and that such opinions were accurate when made and remain accurate as of the date such Bonds are issued; and (vi) such other actions as the Authority's bond counsel may reasonably require in connection with the issuance of such Bonds and consistent with the Authority's standard practice, including review and approval of documents by the Authority's bond and disclosure counsel.

7. CONDITIONS PRECEDENT TO CLOSING AND ADVANCES. The Authority and IGU shall be obligated to consummate the Closing in accordance with the terms of this Financing Agreement only if each of the following conditions precedent has been satisfied in full at or before the Closing Date, unless waived in writing by both the Authority and IGU, in their sole discretion, respectively. The Authority shall have no obligation to make any advances under the Term Loan unless each and every material

requirement and condition of this Financing Agreement, including those set forth in this Section 7 and elsewhere in this Financing Agreement, is satisfied or waived.

7.1 Execution of Documents. This Financing Agreement and the Related Documents shall have been duly executed and delivered to the Authority and IGU by the appropriate persons and all such Related Documents shall be in form and substance satisfactory to the Authority and IGU, in their sole discretion, respectively.

7.2 Other Documents. The Authority and IGU shall each receive such other certificates, documents, and instruments regarding IGU, Pentex, and the Subsidiaries as the Authority and IGU may reasonably require.

7.3 Authority Documents.

7.3.1 The Authority shall have received certificates by an authorized officer or representative of IGU upon which the Authority may conclusively rely, certifying that: (i) all requisite action taken in connection with the Loan has been duly authorized; (ii) the names, signatures, and authority of IGU's authorized signers executing the Related Documents; and (iii) such other documents as the Authority may reasonably require to be executed by, or delivered on behalf of, IGU.

7.3.2 IGU shall have received certificates by an authorized officer or representative of the Authority upon which IGU may conclusively rely, certifying that: (i) all requisite action taken in connection with the Loan has been duly authorized; (ii) the names, signatures, and authority of the Authority's authorized signers executing the Related Documents; and (iii) such other documents as the IGU may reasonably require to be executed by, or delivered on behalf of, the Authority.

7.4 Legal Opinions.

7.4.1 The Authority shall have received the written opinion(s) of legal counsel for the IGU, selected by the IGU and satisfactory to the Authority, dated as of the Closing Date or at such other times as may reasonably be requested by the Authority, and covering the due execution and delivery of the Related Documents and such other matters as the Authority may reasonably require; including, without limitation, the following:

A. IGU is a public corporation and an instrumentality of the FNSB which has been duly created and organized, and is validly existing as a public corporation and government instrumentality in good standing under the laws of the State of Alaska and of FNSB.

B. This Financing Agreement, the Term Loan Note, and the other Related Documents have been duly authorized, executed, and delivered by IGU and constitute valid and binding obligations of IGU, enforceable against IGU in accordance with their terms.

C. Neither the execution and delivery of this Financing Agreement and the Related Documents, nor the performance of IGU's obligations under these documents: (i) violates any provision of the governing instruments of IGU or the FNSB; (ii) breaches or constitutes a default under any agreement or commitment to which IGU is a party; or (iii) violates any statute, law, regulation, or rule, or any judgment, decree, or order of any court or governmental authority applicable to IGU;

D. No consent, approval or authorization of, or declaration, filing or registration with, any governmental authority is required in connection with the

execution, delivery, or performance of this Financing Agreement or the Related Documents; and

E. No litigation, claim, investigation, administrative proceeding, or similar proceeding is pending or threatened against IGU or the Project.

7.4.2 IGU shall have received the written opinion(s) of legal counsel for the Authority, selected by the Authority and satisfactory to IGU, dated as of the Closing Date or at such other times as may reasonably be requested by the IGU, and covering the due execution and delivery of the Related Documents and such other matters as IGU may reasonably require; including, without limitation, the following:

A. The Authority is a public corporation of the State of Alaska which has been duly created and organized, and is validly existing as a public corporation and government instrumentality in good standing under the laws of the State of Alaska.

B. This Financing Agreement and the other Related Documents have been duly authorized, executed, and delivered by the Authority and constitute valid and binding obligations of the Authority, enforceable against Authority in accordance with their terms.

C. Neither the execution and delivery of this Financing Agreement and the Related Documents, nor the performance of the Authority's obligations under these documents: (i) violates any provision of the governing instruments of the Authority; (ii) breaches or constitutes a default under any agreement or commitment to which the Authority is a party; or (iii) violates any statute, law,

regulation, or rule, or any judgment, decree, or order of any court or governmental authority applicable to the Authority;

D. No consent, approval or authorization of, or declaration, filing or registration with, any governmental authority is required in connection with the execution, delivery, or performance of this Financing Agreement or the Related Documents; and

E. No litigation, claim, investigation, administrative proceeding, or similar proceeding is pending or threatened against the Authority or the Project.

7.5 Security. The Authority shall have received all security instruments necessary to perfect a security interest in the Collateral duly executed by all parties thereto, which security instruments shall have been properly filed or recorded.

7.6 Representations and Warranties. The obligation of the Authority to make any Loan advance shall be subject to satisfaction of the following conditions that, at the date of making such Loan advance, and after giving effect thereto: (i) no Event of Default shall have occurred and continue to exist; and (ii) each representation and warranty set forth in this Financing Agreement and the Related Documents is materially true and correct as if then made.

7.7 Closing on Purchase Agreement. The closing of the Purchase Agreement must occur concurrently with the Closing under this Financing Agreement.

7.8 Transfer of the North Slope Pad. The Authority must execute and deliver the documents necessary to transfer the North Slope Pad to IGU and the Department of Natural Resources must have approved the transfer to IGU.

7.9 Change in Law. The consummation of the transactions contemplated by this Financing Agreement must not be prohibited by any statute, regulation, order, or directive of any government or governmental agency. The source of funds the Authority expects to use as authorized under SB 23 must remain legally available for use in the SETS financing and for paying the Purchase Price for Pentex.

8. COVENANTS OF IGU. IGU covenants and agrees to the following during the Term:

8.1 Investment Grade Integrated Utility Financing. Each Bond financing will be premised on a third party determination that the capital program and pro forma financial projections meet all standards for feasibility as an Investment Grade municipal utility financing on that Bond Financing.

8.1.1 Debt Service Coverage Ratio. In addition to any debt service coverage requirements on any outstanding Bonds or Other Bonds, IGU shall maintain an overall Debt Service Coverage Ratio of not less than 1.0 to 1.0, calculated at the end of each fiscal year of IGU. "Debt Service Coverage Ratio" shall mean the ratio of Net Operating Income to Debt Service. Within the first three (3) months of the fiscal year following any fiscal year in which IGU is unable to maintain the Debt Service Coverage Ratio, IGU shall reset rates and charges as required under Section 8.1.2 and take such other reasonable action as IGU expects in good faith will result in IGU achieving the Debt Service Coverage Ratio.

8.1.2 Rate Covenant. Rates and charges for natural gas and all other services or facilities furnished or supplied by IGU shall be set to generate annual net revenues sufficient to maintain a Debt Service Coverage Ratio of not less than 1.0

to 1.0 for Investment Grade municipal utility financing on the Bonds and the Other Bonds, plus the amount, if any, required to be deposited in any operating, debt service, capital, or other reserves.

8.1.3 Additional Indebtedness. IGU will not enter into any indebtedness in excess of One Million Dollars (\$1,000,000) for any particular indebtedness or more than Five Million Dollars (\$5,000,000) in the aggregate, except for the Bonds, the Other Bonds, and the Loan, without the prior written consent of the Authority.

8.1.4 Operating Covenant. IGU will operate the Integrated Utility consistent with prudent utility practices and maintain IGU's CPCN will be maintained in good standing, as it exists on the Effective Date or as it may be amended thereafter to incorporate FNG's business or service territory. Among other things required by the preceding sentence, IGU will establish and execute policies to operate the Integrated Utility in an efficient manner and at a reasonable cost, to maintain, preserve, and keep the Project and all component parts of the Project in good repair, working order, and condition; and to, from time to time, make or cause to be made all necessary and proper repairs, renewals, and replacements so that the business carried on in connection with the Project will be conducted in a manner consistent with the operations of Investment Grade utilities.

8.1.5 Economically Sound System. IGU will extend utility service and make extensions and improvements to IGU's systems consistent with prudent utility practices. Among other things required by the preceding sentence, IGU will establish and execute policies to ensure its system remains economically sound, to encourage

economic extensions and improvements, and to discourage extensions and improvements financed through additional debt that will hinder the efficient and economical operation of the Integrated Utility overall, unless such extensions or improvements are required for operational or safety purposes, or by law, or by any regulatory body having jurisdiction over IGU.

8.1.6 Sale, Lease, or other Disposition of IGU Assets. IGU will only sell, lease, or otherwise dispose of IGU assets consistent with prudent utility practices and the Commercial Security Agreement. Among other things required by the preceding sentence, IGU will establish and execute policies to limit the sale, lease, or other disposal of IGU assets material to the production of revenues unless the remaining Integrated Utility assets will generate revenues sufficient to result in compliance with the operating and financial covenants.

8.2 Commencement of Construction Work. The Parties agree that the Integrated Utility Capital Program attached as Appendix B, the Integrated Utility Sources & Uses of Funds attached as Appendix C, and the Scope of Work and Schedule of Advances attached as Exhibit C, collectively, constitute a reasonable and adequate financial plan to commence construction of the Stage 1 elements of the Project as presently planned.

Before commencing the construction of any major component part of Stage 2 or Stage 3 of the Project (as referenced in Section 5.2), IGU must have the financial resources in place, as demonstrated by committed funds available to IGU. For this purpose, “construction” includes the ordering of any equipment or materials for the construction of a component part of the Project, clearing, excavation, or other physical

preparation work, and any building work; however, “construction” does not including engineering work, preparing plans and specifications or bid or contract documents, or applying for or otherwise seeking any necessary Permits.

8.3 Permits; CPCN. IGU, Pentex, and the Subsidiaries, as appropriate, shall apply for and obtain federal, state, and local permits, including any CPCN, required to own, construct, operate, and maintain all of the component parts of the Integrated Utility.

8.4 North Slope Pad. IGU covenants to use the North Slope Pad, any revenues derived from the North Slope Pad that are net of the costs of operating and maintaining the North Slope Pad, and the proceeds received from the sale or other disposition of the North Slope Pad net of the cost of selling or disposing of the North Slope Pad only for the following purposes and no other purposes: to advance an Alaska liquefied natural gas production plant, and distribution systems as necessary to serve Interior Alaska as a primary market.

8.5 Financial Statements and Records.

8.5.1 While the Loan is outstanding, IGU, on its own behalf and on behalf of Pentex and the Subsidiaries, will furnish to the Authority within one hundred twenty (120) days after the close of IGU’s fiscal year annual financial statements, on a consolidated and consolidating basis, reporting IGU’s, Pentex’s, and the Subsidiaries’ assets, liabilities, and cash flows, audited by an independent certified public accountant. The financial statements will be prepared in accordance with GAAP, applied on a consistent basis throughout the periods involved, and will fairly present

the financial position of IGU, Pentex, and the Subsidiaries as of their respective dates and the results of operations and cash flows for the periods reported.

8.5.2 To the extent required to be filed, IGU, Pentex, and the Subsidiaries shall annually provide the Authority with copies of their federal and state tax returns thirty (30) days after the same have been completed.

8.5.3 The Authority shall be entitled to rely on the financial statements, tax returns, and other documentation provided in accordance with this Section 8.5 to determine whether an Event of Default has occurred under Section 11 of this Financing Agreement.

8.6 Books and Records. IGU will keep and maintain proper books and accounts with respect to the Project, its operations, and the operations of Pentex and the Subsidiaries, in accordance with GAAP.

8.7 Inspection. IGU will permit employees and agents of the Authority to inspect the Project and IGU's, Pentex's, and the Subsidiaries' business and operations, and their business records, wherever located, during normal business hours or at any other reasonable time agreed to between the Parties.

8.8 Development Process. The development process for the Project is as set forth in the Scope of Work and Schedule of Advances, and any material changes to the Scope of Work and Schedule of Advances must be agreed to by both Parties. In the event either Party desires changes to the Scope of Work and Schedule of Advances due to practical concerns related to the Project, including unforeseen circumstances or events, the Parties shall promptly meet and confer to consider alternatives and determine, if possible, a change to the Scope of Work and Schedule of Advances. For

purposes of this Section 8.8, “material” shall be defined as the lesser of: (i) a change valued at Two Hundred Fifty Thousand Dollars (\$250,000) or more; or (ii) two and one-half percent (2.5%) of any particular line item in the Scope of Work.

8.9 LNG Storage Tax Credits. IGU, Pentex, and the Subsidiaries, as appropriate, shall apply for LNG Storage Tax Credits available to them as a result of the operation of the Project and the Integrated Utility and request a cash payment from the State of Alaska for such LNG Storage Tax Credits, if available under applicable law. IGU, Pentex, and the Subsidiaries, as appropriate, shall perform all required activities to qualify for available LNG Storage Tax Credits.

8.10 Reporting. Until June 30, 2025, IGU, Pentex, and the Subsidiaries shall furnish to the Authority, at its request, the information and reports the Authority reasonably requires in order to provide the quarterly reports to the Alaska State Legislature mandated under section 13 of chapter 39 of the 2015 Session Laws of Alaska (SCS CSHB 105(FIN) am S).

8.11 Transaction Costs. IGU will reimburse the Authority for all Transaction Costs within thirty (30) days of presentation of an invoice from the Authority.

9. REPRESENTATIONS AND WARRANTIES OF IGU. IGU represents and warrants to the Authority that the statements contained in this Article 9 are correct and complete as of the date of this Financing Agreement, will be correct and complete as of the Closing Date (as though made then), and will be correct and complete as of the date of any advance (as though made then):

9.1 Existence. IGU is a public corporation and instrumentality of the FNSB, established by law. IGU is duly organized and validly existing under the laws of the

State of Alaska with full power: (a) to carry on its business as currently conducted and to own, lease and operate all property and assets now owned, leased, or operated by it, (b) to enter into this Financing Agreement and to perform its obligations under this Financing Agreement, and (c) to incur debt and borrow money.

9.2 Authorization. The execution and delivery by IGU of this Financing Agreement, and the performance by IGU of its obligations under this Financing Agreement, have been duly and validly authorized by all necessary organizational action of IGU and the FNSB. This Financing Agreement has been duly executed and validly delivered by IGU and is legally binding on IGU, enforceable against IGU in accordance with its terms, except as may be limited by bankruptcy, insolvency, or other laws affecting the enforcement of creditors' rights generally, by general principles of equity (regardless of whether considered in a proceeding in equity or one at law), and by public policy.

9.3 No Conflict. The execution and delivery of this Financing Agreement by IGU, and the performance by IGU of its obligations under this Financing Agreement, do not and will not (a) conflict with IGU's governing ordinances or bylaws, or (b) result in the breach of any of the provisions of, or constitute a default under, any judgment, writ, order, decree, or agreement to which IGU is a party or by which IGU is bound, which breach or default would reasonably be expected to materially adversely affect the transactions contemplated by this Financing Agreement.

9.4 Gas Supply Contract. IGU has been provided with an executed copy of the gas supply contract between Titan Alaska LNG, LLC, a Delaware limited liability company, and Hilcorp Alaska LLC. IGU hereby acknowledges and affirms that this

natural gas supply contract is an acceptable gas supply contract for purposes of due diligence and Closing.

10. PRIORITY OF PAYMENT AND COLLATERAL. The Bonds, the Other Bonds, and the Loan will be secured by all of the following Collateral and with the following payment priority:

10.1 Payment and Collateral Security Priority. The Bonds and the Other Bonds will have priority over the Loan both for payment of debt service and in the Collateral. As necessary, the Authority and IGU each agree to execute any necessary agreements to establish the senior lien position of the holders of the Bonds and the Other Bonds with respect to both revenues and Collateral pledged by IGU for the Loan.

10.2 IGU Assets. The Bonds and the Loan will be secured by all of IGU's revenues and assets, including all bank and investment accounts, the LLC membership interests in Pentex, the assets of Pentex and the Subsidiaries, and the North Slope Pad; excluding, however, any CPCN which cannot be assigned to the Authority. IGU shall cause Pentex and the Subsidiaries to execute and deliver all agreements, documents, and instruments necessary to create and perfect a security interest and lien against their respective assets in favor of the Authority. The Commercial Security Agreement and other documents executed in connection with the IGU Loan, the FNG Loan, and the UCC-1 financing statements filed in connection with the IGU Loan and the FNG Loan shall continue in effect and the collateral pledged under the IGU Loan and the FNG Loan shall continue to be collateral for the Loan.

10.3 LNG Storage Tax Credits. The Authority shall have a security interest in the LNG Storage Tax Credits and the payments received for such LNG Storage Tax

Credits, pursuant to a security agreement in the form required by the State of Alaska and approved by the Authority.

10.4 Permits, Licenses, and Contracts. At Closing, IGU shall assign to the Authority for security purposes all of IGU's rights, title, and interest in and to any Permits, licenses, or contracts concerning or affecting the construction or operation or use of the Project, the assets of Pentex and its Subsidiaries, and the revenue from the operations of IGU, Pentex, the Subsidiaries, and the Integrated Utility.

11. EVENTS OF DEFAULT AND REMEDIES.

11.1 Events of Default. Subject to any obligation of the Authority to defer IGU payment obligations under this Financing Agreement, IGU will be in default under the terms of the Loan if any of the following events occur and continue after any applicable cure period as provided in Section 11.2 of this Financing Agreement, each of which will be an Event of Default:

11.1.1 IGU fails to make any payment to the Authority on the Term Loan Note within thirty (30) days after the date the payment is due (a Payment Default);

11.1.2 IGU fails to pay the Authority any other sum owed under this Agreement within thirty (30) days of the date the Authority has notified IGU that the payment is due;

11.1.3 IGU, Pentex, or any of the Subsidiaries breaches any promise made to the Authority in this Financing Agreement or any Related Documents, or IGU, Pentex, or any of the Subsidiaries fails to comply with or to perform when due any other term, obligation, covenant, or condition contained in this Financing Agreement, including the Appendices and Exhibits attached hereto and incorporated herein, or any

Related Documents, or in any other agreement IGU, Pentex, or any of the Subsidiaries has with the Authority;

11.1.4 IGU, Pentex, or any of the Subsidiaries defaults under any loan, extension of credit, security agreement, or any other agreement, made in favor of any other creditor or person which materially affects such entity's business or any of its properties or assets or the repayment of the Loan or such entity's ability to perform such entity's obligations under this Financing Agreement or any of the Related Documents;

11.1.5 Any representation or statement made or furnished to the Authority by IGU or on IGU's behalf in this Financing Agreement or any of the Related Documents is false or misleading in any material respect either now or at the time made or furnished;

11.1.6 A receiver is appointed for any part of the property or business of IGU, Pentex, or any of the Subsidiaries, or, IGU, Pentex, or any of the Subsidiaries makes an assignment for the benefit of creditors, or any proceeding is commenced either by or against IGU, Pentex, or any of the Subsidiaries under any bankruptcy or insolvency laws;

11.1.7 Any other creditor successfully executes on any property or assets of IGU, Pentex, or any of the Subsidiaries, in which the Authority has a lien or security interest;

11.1.8 IGU, Pentex, or any of the Subsidiaries ceases to operate its business in the normal course or liquidates, dissolves, merges, transfers its assets other than in the ordinary course of business, or consolidates with another entity, with

the exception of a consolidation or merger between IGU, Pentex, and/or any of the Subsidiaries; or

11.1.9 FNSB rescinds or withdraws the authority of the IGU board to set rates and charges for natural gas and all other services or facilities furnished or supplied by IGU, or to independently manage or operate IGU as a public corporation with an existence separate from FNSB, or the FNSB Assembly acts or purports to act to set or approve rates and charges for IGU; provided, however, if FNSB or IGU elects to make IGU's rates and charges subject to RCA regulation, that shall not constitute a default under this Section 11.1.9.

11.2 Cure. A Payment Default may be cured by payment in full of the amount due within thirty (30) days after the date the payment is due. If any Event of Default, other than a Payment Default, is curable, including without limitation failure to meet the covenants contained in Section 8.1, that Event of Default may be cured (so long as no other Event of Default has occurred) if IGU, after receiving written notice from the Authority demanding cure of such default: (1) cures the default within thirty (30) days; or (2) if the cure requires more than thirty (30) days, immediately initiates reasonable steps under the circumstances sufficient to cure the default and IGU thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical; or (3) if IGU disputes the Authority's belief that an Event of Default has occurred, IGU timely initiates the dispute resolution procedures provided under Section 11.4.

11.3 Notice by IGU. As soon as possible after IGU knows of or has reason to know that any Event of Default specified in Section 11.1 (other than a Payment Default),

or any event which with notice or lapse of time or both would become an Event of Default, has occurred, IGU shall furnish to the Authority written notice of such occurrence, together with a statement describing the action, if any, IGU proposes to take with respect to such Event of Default.

11.4 Dispute Resolution with Respect to Events of Default.

11.4.1 Payment Default. In the event of a Payment Default under Section 11.1.1, the Authority shall not be required to participate in dispute resolution under Sections 11.4 or 13.9. In such event, the Authority, at its option and in its sole discretion, shall have all rights and remedies available to it under this Financing Agreement, any Related Document, or applicable law, including, but not limited to, the right to foreclose upon the Collateral or to exercise any other self-help remedies.

11.4.2 In the event of a dispute relating to the Events of Default contained in this Financing Agreement (other than a Payment Default), the Parties shall engage in good faith discussions in an effort to resolve the dispute. If such discussions are not successful in resolving the dispute to the satisfaction of the Parties, the Parties shall attempt to settle the dispute by mediation, administered by the American Arbitration Association (“AAA”) under its Mediation Rules, or by such other method as may be agreed to in writing between the Parties. If settlement is not reached within one hundred twenty (120) days after service of a written demand for mediation, either Party may commence a lawsuit to resolve such dispute. In the event that: (i) the Parties are unable to reach a mutually agreeable resolution of the dispute under the provisions of this Section 11.4; or (ii) one hundred twenty (120) days after service of a written demand for mediation without a settlement of the dispute having been reached,

whichever shall first occur; the Authority shall have all rights granted to it to foreclose upon the Collateral or exercise any other self-help remedies provided to the Authority in this Financing Agreement, any agreements related to the Collateral, any Related Documents, or under applicable law.

11.4.3 Notwithstanding any other provision of this Section 11.4, if any Event of Default occurs that causes or threatens to cause the Authority irreparable harm, or that causes or threatens to cause the loss of or any material impairment or reduction in the value of any Collateral, the Authority, at its option and in its sole discretion, may seek and obtain injunctive relief, a decree of specific performance, the appointment of a receiver, or any other equitable remedy, without the necessity of first engaging in good faith discussions with IGU or participating in any mediation.

11.5 Action on Default. Subject to the terms and conditions of a trust indenture for the Bonds, the Other Bonds, and the terms of this Financing Agreement, including the dispute resolution provisions of Section 11.4, if any Event of Default shall occur, and any applicable cure period has expired, then, and in each and every case during the continuance of the Event of Default, the Authority may take any or all of the actions permitted by law, including the following:

11.5.1 As the holder of the Term Loan Note, the Authority may accelerate IGU's indebtedness and declare the entire principal sum of the Loan (even if then deferred) and all accrued interest then unpaid immediately due and payable;

11.5.2 By suit, action, or proceeding at law or in equity, enforce all rights of the Authority and require IGU, Pentex, or the Subsidiaries, as appropriate, to carry out any agreement with or for the benefit of the Authority and to perform its duties

under this Financing Agreement, provided that any such remedy may be taken only to the extent permitted under this Financing Agreement;

11.5.3 Bring suit upon the Term Loan Note or any of the Related Documents;

11.5.4 By action or suit in equity, to enjoin any acts or things that may be unlawful or in violation of the rights of the Authority and the Authority shall not be required to post any bond or other security for the injunction;

11.5.5 Enforce the Authority's security interest in the Collateral in any manner permitted under any security agreement or applicable law, and, in that event, IGU shall support any RCA application made by the Authority or a purchaser at any foreclosure sale for the transfer of IGU's CPCN to the successor operator of the Integrated Utility;

11.5.6 The Authority shall be entitled, as a matter of right, to the extent permitted by applicable law, to seek to have a receiver appointed for IGU, Pentex, or any of the Subsidiaries, or for all or any part of the Project, or for all or any part of their assets, facilities, or businesses, to seek to take control of the leases, rents, revenues, and contracts, and the proceeds, issues and profits thereof, with the rights and powers referenced below and such other rights and powers as the court making such appointment shall confer. Such appointed receiver shall have all powers and duties prescribed by applicable law, all other powers that are necessary or usual in such cases for the protection, possession, control, management, and operation of the assets, facilities, or businesses or the Project, and such rights and powers as the Authority would have, upon entering and taking possession of the Collateral. IGU will

not oppose any RCA application made by the Authority or a purchaser at any foreclosure sale for the transfer of IGU's CPCN to the successor operator of the Integrated Utility.

11.5.7 The Authority, by its agent or any court-appointed receiver, may enter, take possession of, manage, and operate all or any part of the Project or the Collateral, and may also do any and all other things in connection with those actions that the Authority may, in its sole discretion, consider necessary and appropriate to protect the Collateral. Such other things may include: taking and possessing all of IGU's or the then owner's books and records; entering into, enforcing, modifying, or canceling contracts or leases on such terms and conditions as the Authority may consider proper; collecting and receiving any payment of money owing to IGU, Pentex or the Subsidiaries; completing any unfinished construction; and/or contracting for and making repairs and alterations. IGU agrees that it will not oppose any RCA application made by the Authority or a purchaser at any foreclosure sale for the transfer of IGU's CPCN to the successor operator of the Integrated Utility; or

11.5.8 Pursue any other right or remedy available to the Authority in law or equity.

11.6 Default Interest; Remedies on Default.

11.6.1 In the case of a Payment Default or failure to comply with the provisions of Sections 8.1.1, 8.1.2, 8.1.3, or 8.1.6, but only after the applicable cure period under Section 11.2 has ended, the amounts due under the Term Loan Note shall incur interest at the Default Interest Rate from the date of default for as long as such an

Event of Default exists. After such Events of Default are cured, the original terms and conditions of the Term Loan Note shall apply.

11.6.2 In the case of an Event of Default due to non-payment of any other amounts due under this Financing Agreement, other than as a result of a Payment Default, only the amount due shall bear interest at the Default Interest Rate from the date of default, which interest shall be due in full with the payment of any such amount due.

11.6.3 If suit is commenced on the Term Loan Note, IGU shall pay to the holder of said Term Loan Note actual reasonable attorneys' fees and court costs and the costs of any receivership.

11.7 Cumulative Rights; No Marshaling Required.

11.7.1 No remedy of the Authority under this Financing Agreement is exclusive of any other remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Financing Agreement, the Term Loan Note, the Commercial Security Agreement, or any of the Related Documents, or now or hereafter existing at law or in equity.

11.7.2 Under no circumstances shall the Authority be required to marshal assets, collateral, or security for the benefit of IGU, Pentex, the Subsidiaries, or any third persons.

12. DAMAGE OR DESTRUCTION.

12.1 IGU Assumes Risk of Damage or Destruction. Damage to the Project, any portion of the Project, or the Collateral shall not terminate this Financing Agreement or cause any abatement of or reduction in the payments IGU must make to the

Authority, or otherwise affect the obligations of the IGU, Pentex, or the Subsidiaries to the Authority.

12.2 Required Insurance. IGU will maintain fire and extended coverage casualty insurance on the Project up to its full replacement value, which insurance must list the Authority as “Mortgagee Loss Payee” for real property assets and “Lender Loss Payee” for personal property assets. IGU shall maintain public liability insurance on its operations and business, with all such insurance being in the form, amounts, and coverages, and with insurance companies, that are reasonably acceptable to the Authority. The Authority will be named as an additional insured on the public liability insurance. IGU will provide to the Authority copies of all of the required insurance policies. All insurance policies shall require notice to the Authority at least 20 days in advance of any cancellation or reduction in coverage.

12.3 Insurance Proceeds. IGU shall promptly notify the Authority of any loss or damage to the Collateral, whether or not such casualty or loss is covered by any insurance. The Authority may make proof of loss if IGU fails to do so within 15 days of the casualty. IGU shall use all amounts collected by IGU under any fire or other insurance to restore the damaged or destroyed property. All amounts collected by IGU under any fire or other insurance policy that are not used by IGU to restore the damaged or destroyed property shall be payable to or otherwise provided to the Authority and may be applied by the Authority towards the outstanding indebtedness owed on the Loan, and in such order as the Authority may determine. If the Authority reasonably estimates that the amount collected from insurance will not be sufficient to complete the restoration work, the Authority may require that IGU provide adequate

proof that it has the additional funds necessary to fully and completely finish the work necessary to restore the damaged or destroyed property. All work to restore the damaged or destroyed property shall be conducted pursuant to written contracts approved by the Authority in writing. This Section 12.3 will be subject to the terms and conditions of any trust indenture for the Bonds.

13. MISCELLANEOUS.

13.1 No Pledge of the State or FNSB. No obligation of the Authority hereunder shall be deemed to constitute a pledge of the full faith and credit or taxing power of the State of Alaska or of any political subdivision thereof, except that the Bonds shall be secured by a capital reserve fund supported by the State of Alaska's moral obligation. No obligation of IGU hereunder shall be deemed to constitute a pledge of the full faith and credit or taxing power of the FNSB. Under the applicable implementing and creating ordinance that authorized IGU's formation, IGU may contract only on its own behalf and not on behalf of the FNSB. The FNSB is not liable for the debts or liabilities of the IGU unless such debts and/or liabilities are specifically authorized by the FNSB Assembly or law.

13.2 Non-Waiver. No waiver by either Party of any breach of any obligations, agreements, or covenants under this Financing Agreement, or under the Term Loan Note, or under any of the Related Documents, shall be a waiver of any subsequent breach. No delay or omission to exercise any right or power on either Party's part shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

13.3 Severability. Any provision of this Financing Agreement determined to be invalid by a court of competent jurisdiction shall not invalidate the remaining provisions of the Financing Agreement. If any provision of this Financing Agreement is held to be illegal, invalid, or unenforceable under any present or future law, then that provision will be fully severable. This Financing Agreement will be construed and enforced as if the illegal, invalid, or unenforceable provision had never comprised a part of this Financing Agreement, and the remaining provisions of this Financing Agreement will remain in full force and effect and will not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Financing Agreement. Furthermore, in lieu of each illegal, invalid, or unenforceable provision, there will be added automatically, as a part of this Financing Agreement, a provision as similar in terms to the illegal, invalid, or unenforceable provision as may be possible and be legal, valid and enforceable.

13.4 Integration. This Financing Agreement, all exhibits, appendices, addendums, schedules, and amendments to this Financing Agreement, and all of the Related Documents constitute the complete and final agreement of the Parties relating to the subject matter addressed in this Financing Agreement or the Related Documents, and supersede all prior communications, understandings, and agreements between the Parties, whether oral or written. The Parties hereby acknowledge and represent, by executing this Financing Agreement, that said Parties have not relied on any representation, assertion, guarantee, warranty, collateral contract, or other assurance, except those set out in this Financing Agreement or the Related Documents, made by or on behalf of any other Party or any other person or entity whatsoever, prior to the execution of this Financing Agreement.

13.5 Amendment; Assignment. The provisions of this Financing Agreement may only be reformed, altered, or modified by a writing that indicates it is intended to amend the terms of this Financing Agreement and is signed by duly authorized representatives of each Party. This Financing Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns, but IGU shall not assign its rights or delegate its duties under this Agreement without the prior written consent of the Authority, which consent shall not be unreasonably withheld. Any attempted assignment or delegation of IGU's rights or obligations under this Financing Agreement by IGU, or its successors or permitted assigns, without the prior written consent of the Authority shall be absolutely void, not merely voidable, and shall constitute an Event of Default under this Agreement.

13.6 Construction and Interpretation. This Financing Agreement will in all events be construed as a whole, according to its fair meaning, and not strictly for or against a Party because that Party (or the Party's legal representative) drafted the Financing Agreement. The headings, titles, and captions contained in this Financing Agreement are merely for reference and do not define, limit, extend, or describe the scope of this Financing Agreement or any provision of it. Unless the context requires otherwise, the gender (or lack of gender) of all words used in this Financing Agreement includes the masculine, feminine, and neuter, and the word "including" means "including, without limitation."

13.7 Advice of Counsel. The Parties represent and warrant that they have read and fully understand all of the terms and provisions of this Financing Agreement and the Related Documents. The Parties affirm that they have had an opportunity to

review this Financing Agreement and all the transaction documents related to this Financing Agreement with legal counsel of their own choosing, and that they have executed this Financing Agreement based upon their own judgment and advice of independent legal counsel (if sought).

13.8 Notices. Notice shall be given in writing, either by certified mail, to be deemed effective on receipt or by facsimile, addressed as follows:

If to IGU:
Interior Gas Utility
P.O. Box 70200
Fairbanks, AK 99707
Attn: General Manager
Fax: (907) 374-4473
Email: jstewart@interiorgas.com

With a copy to:
Zane D. Wilson, Esq.
Rene A. Broker, Esq.
714 4th Ave., Suite 200
Fairbanks, AK 99707
Fax: (907)452-8154
Email: zane@alasklaw.com
reneb@alaskalaw.com

If to the Authority:
Executive Director
Alaska Industrial Development and Export Authority
813 West Northern Lights Boulevard
Anchorage, Alaska 99503
Fax: (907) 771-3044
Email: jspringsteen@aidea.org

With a copy to:

Jerome H. Juday
Senior Assistant Attorney General
1031 West 4th Avenue, Suite 200
Anchorage, Alaska 99501
Fax: (907) 375-8282
Email: jerry.juday@alaska.gov

Each Party shall notify the other in writing of any change of address.

13.9 Dispute Resolution; Venue; Jurisdiction; Attorneys' Fees.

13.9.1 In the event of a dispute arising out of or relating to this Financing Agreement, other than disputes related to Events of Default as set forth in Section 11.4, the Parties shall engage in good faith discussions in an effort to resolve the dispute. If such discussions are not successful in resolving the dispute to the satisfaction of the Parties, the Parties shall attempt to settle the dispute by mediation, administered by the American Arbitration Association ("AAA") under its Mediation Rules, or by such other method as may be agreed to in writing between the Parties. If settlement is not reached within one hundred twenty (120) days after service of a written demand for mediation, either Party may commence a lawsuit to resolve such dispute.

13.9.2 Venue for any suit, legal action, or other legal proceeding arising out of or relating to this Financing Agreement, including disputes relating to Events of Default, shall be brought exclusively in the Superior Court for the State of Alaska, Third Judicial District, at Anchorage, Alaska, and not in any other court. Each Party irrevocably consents to the jurisdiction of such court in any such suit, action, or proceeding and waives any objection or defense which such Party may have to the laying of venue of any such suit, action, or proceeding in such court, including the defense of an inconvenient forum to the maintenance in such court of such suit, action,

or proceeding. The Parties agree that a final and non-appealable judgment in any such suit, action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or by any other manner provided by law. The prevailing Party in any court proceeding shall be entitled to recover its actual reasonable attorneys' fees in addition to any other relief the court awards.

13.9.3 In the event of unsuccessful mediation under the provisions of Section 11.4 or this Section 13.9, the Authority shall have all rights granted to it to foreclose upon the Collateral or exercise any other self-help remedies provided to the Authority in this Financing Agreement, any agreements related to the Collateral, any Related Documents, or under applicable law.

13.10 Authority Liability. In all circumstances, the Authority's liability to IGU, or its successors or assigns, for the Authority's failure to perform or fulfill any obligation created under or arising out of this Financing Agreement shall be limited to the SETS fund established under AS 44.88.660, or the assets the Authority holds in the SETS program or fund, or any specific appropriation the Alaska State Legislature made to the Authority for the purpose of satisfying the Authority's liability to IGU. IGU shall have no recourse against the Authority's revolving fund established under AS 44.88.060 to enforce or compensate for any liability of the Authority to IGU. The restrictions of this Section 13.10 apply to a monetary award of damages, an equitable recovery of restitution, any other type of compensation, a decree of specific performance, and any other relief or remedy that may be available to IGU under applicable law. IGU shall have a right of offset against any amount owed under the Loan for any liability the Authority has to IGU for breach or non-performance of this Agreement. Prior to

exercising the right of offset, IGU must give the Authority written notice of the claimed breach or non-performance and IGU must afford the Authority an opportunity to cure the breach or non-performance consistent with Section 11.2. If the Authority disputes the breach or non-performance, the Parties must comply with the dispute resolution process provided for in Sections 11.4 or 13.9 before IGU may exercise the right of offset.

13.11 Time of the Essence. Time is of the essence in the performance of this Financing Agreement, the Term Loan Note, and all the Related Documents.

13.12 Counterparts. This Financing Agreement may be signed in counterparts all of which when taken together shall constitute one and the same documents. Signature pages for this Financing Agreement may be delivered and exchanged by electronic means, which shall be effective for purposes of binding the Parties to this Financing Agreement.

IN WITNESS WHEREOF, the Parties have caused this Financing Agreement to be executed by the duly authorized representatives as of the day and year first hereinabove set forth.

[Signature Pages Follow]

THE AUTHORITY:

**THE ALASKA INDUSTRIAL DEVELOPMENT
AND EXPORT AUTHORITY**, a public
corporation of the State of Alaska

Date

By: _____

Its:

IGU

**THE INTERIOR ALASKA NATURAL GAS
UTILITY d/b/a INTERIOR GAS UTILITY**, a
public corporation and an instrumentality of the
Fairbanks North Star Borough

Date

By: _____

Its:

EXHIBIT A

FORM OF TERM PROMISSORY NOTE

\$125,000,000

[_____]
Fairbanks, Alaska

Promise to Pay. The **INTERIOR ALASKA NATURAL GAS UTILITY d/b/a INTERIOR GAS UTILITY**, a public corporation and instrumentality of the Fairbanks North Star Borough (“IGU”), promises to pay to the Alaska Industrial Development and Export Authority (the “Authority”), or order, the principal sum of One Hundred Twenty-Five Million Dollars (\$125,000,000) or so much of that amount as may be advanced under the Financing Agreement, together with interest (if any) on the unpaid principal balance. This note (the “Term Loan Note”) is executed and delivered pursuant to the provisions of the Financing Agreement between the IGU and the Authority of even date herewith. Capitalized terms in this Term Loan Note shall have the meaning ascribed to them in the Financing Agreement. In the event of differences between the terms of this Term Loan Note and the Financing Agreement, the Financing Agreement shall control.

Interest Rate; Payments. Under this Term Loan Note, interest (the “Interest Rate”) shall accrue as described in Section 4.1.1 of the Financing Agreement. Payments under this Term Loan Note shall be made according to the provisions of Section 4.1.2 of the Financing Agreement. Commencing on the first day of the first calendar month after the expiration of the Deferral Period or the Demand Deferral Period, whichever is later, IGU shall pay equal monthly payments on the first day of each month sufficient to fully amortize the Term Loan by the Maturity Date. All payments shall be applied first to interest, and then to principal. If not sooner paid, the Term Loan shall be paid in full by the Maturity Date.

Default. IGU will be in default if any of the Events of Default under the Financing Agreement have occurred and continue after any applicable cure period has expired. Upon the occurrence of an Event of Default and after any applicable cure period has expired, the Authority, at its sole option, may declare the entire unpaid principal balance on this Term Loan Note and all accrued unpaid interest immediately due, without notice, and exercise such remedies and take such actions as are provided for in the Financing Agreement.

Holder’s Rights. IGU is personally obligated and fully liable for the amount due under this Term Loan Note. The holder of this Term Loan Note has the right to sue on this Term Loan Note and obtain a personal judgment against IGU for satisfaction of the amount due under this Term Loan Note either before or after a judicial foreclosure of the Deed of Trust, Security Agreement, and Fixture Filing under AS 09.45.170 – 09.45.220. Also, the holder of this Term Loan Note, at its sole option, has the right to sue on this Term Loan Note either before or after the exercise by the holder of any other right or remedy it may have to proceed against any of the collateral securing this Term Loan

Note. The holder of this Term Loan Note may hire or pay someone else to help collect this Term Loan Note if IGU does not pay. The holder of this Term Loan Note shall be entitled to collect all reasonable resulting costs and expenses, including but not limited to reasonable attorney's fees, whether or not there is a lawsuit.

Governing Law; Forum Selection. This Term Loan Note has been delivered to the Authority and accepted by the Authority in the State of Alaska. If there is a lawsuit, IGU shall submit to the jurisdiction of the Alaska state courts in the Third Judicial District, at Anchorage, in accordance with the provisions of the Financing Agreement. This Term Loan Note shall be governed by and construed in accordance with the laws of the State of Alaska.

Collateral. This Term Loan Note is secured by the Collateral described in the Financing Agreement.

General Provisions. The holder of this Term Loan Note may delay or forgo enforcing any of its rights or remedies under this Term Loan Note without losing them. IGU and any other person who signs, guaranties, or endorses this Term Loan Note, to the extent allowed by law, waive presentment, demand for payment, protest, and notice of dishonor. Upon any change in the terms of this Term Loan Note, and unless otherwise expressly stated in writing, no party who signs this Term Loan Note, whether as maker, guarantor, accommodation maker, or endorser, shall be released from liability. All such parties agree that the holder of this Term Loan Note may renew or extend (repeatedly and for any length of time) the Loan represented by this Term Loan Note, or release any party or guarantor or collateral; or impair, fail to realize upon or perfect the holder's security interest in the collateral; and take any other action deemed necessary by the holder without the consent of or notice to anyone. All such parties also agree that the holder may modify the loan represented by this Term Loan Note without the consent of or notice to anyone other than IGU and the party with whom the modification is made.

PRIOR TO SIGNING THIS TERM LOAN NOTE, IGU HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS TERM LOAN NOTE. IGU AGREES TO THE TERMS OF THIS TERM LOAN NOTE AND ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS TERM LOAN NOTE.

IGU

THE INTERIOR ALASKA NATURAL GAS UTILITY d/b/a INTERIOR GAS UTILITY, a public corporation and an instrumentality of the Fairbanks North Star Borough

Date

By: _____

Its:

EXHIBIT B – UNALLOWABLE COSTS

1. Bad debts of IGU, including IGU's expenses of collection.
2. Bonuses, commissions, and similar compensation under any other name, which provide compensation to an employee or agent of IGU in excess of reasonable compensation for the services rendered, or are in connection with obtaining or negotiation for a State of Alaska loan or grant, or a modification thereto.
3. Contingency reserves and provisions.
4. Entertainment expenses. All entertainment expenses are disallowed without regard to the purpose. State employees are not to be entertained by IGU for any business or social purpose.
5. Fines and penalties, including assessed interest, resulting from violation or failure of IGU to comply with federal, state, or local laws or regulations.
6. Insurance premiums (including any provision of a self-insurance reserve) on the life of any person.
7. Legal, accounting, and consulting services and related costs incurred in connection with prosecution of claims of IGU against the Authority or the State of Alaska or contesting actions or proposed actions of the Authority or State of Alaska against IGU.
8. Lobbying expenses of IGU and agents of IGU.
9. Maintenance, depreciation, and other costs incidental to IGU's idle or excess facilities (including machinery and equipment) other than reasonable standby facilities.
10. Membership in trade, business, and professional organizations.
11. Patronage capital credits or other capital distributions of IGU.

12. Payment to any board member or employee of IGU, except for documented reimbursement of actual out-of-pocket expense relating solely to the Project and approved by the Authority.

13. Expenses incurred prior to April 3, 2014.

EXHIBIT C – SCOPE OF WORK AND SCHEDULE OF ADVANCES

Scope of Work

The scope of work (SOW) is detailed in the following documents:

- A. Utility Integration Memorandum of Understanding (MOU) as approved by AIDEA and IGU dated January 25, 2017 including MOU Appendix A and B
- B. Financing Agreement Appendix B, Integrated Gas Utility Capital Program
 - a. Work items include Titan 2 LNG Plant, Titan 3 LNG Plant, High-Capacity LNG Trailers & Equipment, Fairbanks Storage Facility, North Pole Storage Facility, IGU Phase 1, 2 & 3 Distribution, FNG Distribution Infill, FNG Peak Shaving Plant, Services and Meters, Program Management, and Customer Conversion Program
- C. Scope of work and costs for Titan 2 construction activities (to be provided after contracts are executed)
- D. Scope of work and costs for FNG storage facility construction activities in Fairbanks (to be provided after contracts are executed)
- E. Scope of work and costs for IGU storage facility construction activities in North Pole (to be provided after contracts are executed)
- F. Scope of work for other work items included in B. a. above shall be provided after contracts are executed

Costs directly billed to the specific tasks identified in the scope of work documents (and verified by IGU as appropriate and reasonable to the SOW) are considered eligible expenses of the Project. Costs directly billed to conduct due diligence in conjunction with the Purchase Agreement and this Financing Agreement are considered eligible expenses of the Project only if Closing occurs and may be advanced under the Loan after Closing pursuant to the provisions of this Financing Agreement.

IGU will not assign any additional tasks or modify the statement of work without written authorization of the Authority. Authorization for task additions and modifications shall not be unreasonably withheld as long as the changes do not exceed the \$125,000,000 SETS financing and \$150,000,000 Bond financing as authorized in SB 23.

Schedule of Advances

The term “advances” only applies to Term Loan (SETS financing)

Lender will advance amounts under the Term Loan according to the schedule below, which amounts are an estimate, based on a May 31, 2018 Closing, to be adjusted as of the Closing Date:

	Elements	Timing / Period	SETS Loan	Capital Appropriation	Total
Advanc e-1	IGU LOC		\$27,412,000		\$27,412,000
	FNG LOC		\$14,806,000		\$14,806,000
	Pentex Purchase		\$20,694,010	\$40,597,381	\$61,291,391
	Total - Advance 1	At Closing (5/31/18)	\$62,912,010	\$40,597,381	\$103,509,391

Advance	Elements	Timing / Period	SETS Loan	% of SETS Balance
2	Costs - Quarter 1 Post-Closing	6/1/18 thru 8/31/18	\$9,313,199	15%
3	Costs - Quarter 2 Post-Closing	9/1/18 thru 11/30/18	\$9,313,199	15%
4	Costs - Quarter 3 Post-Closing	12/1/18 thru 2/28/19	\$15,521,998	25%
5	Costs - Quarter 4 Post-Closing	3/1/19 thru 5/31/19	\$15,521,998	25%
6	Costs - Quarter 5 Post Closing	6/1/1 thru 8/31/19	\$12,417,598	20%
	Total of SETS Loan Advances		\$125,000,000	

\$62,087,990 SETS Balance After Advance 1

* Assumes May 31, 2018, Closing Date

** Based on Capital Program, Appendix B

APPENDIX A

INTEGRATED UTILITY NATURAL GAS DEMAND FORECAST

Natural Gas Demand Estimated Forecast (BCF/YR)

Item	2017	2018	2019	2020	2021	2022	2023	2024
IGU Phase 1-3	-	-	-	0.07	0.22	0.40	0.58	0.76
FNG	0.75	0.75	0.75	1.12	1.61	2.15	2.67	3.14
Total Demand	0.75	0.75	0.75	1.19	1.83	2.55	3.25	3.90

Item	2025	2026	2027	2028	2029	2030	2031	2032
IGU Phase 1-3	0.89	0.98	1.04	1.09	1.12	1.14	1.14	1.14
FNG	3.53	3.77	3.90	4.02	4.08	4.12	4.14	4.15
Total Demand	4.41	4.75	4.95	5.11	5.20	5.26	5.29	5.29

APPENDIX B – Integrated Utility Capital Program

APPENDIX B-1				
INTEGRATED GAS UTILITY CAPITAL PROGRAM				
Item	Stage 1	Stage 2	Stage 3	Total
LNG Supply				
Titan 2 LNG Plant (inc. Titan 1 upgrades)	\$ 24,350,000	\$ 21,850,000	\$ -	46,200,000
Titan 3 LNG Plant	-	-	25,000,000	25,000,000
ST - LNG Supply	\$ 24,350,000	\$ 21,850,000	\$ 25,000,000	71,200,000
Transportation				
LNG High-capacity Trailers & Equip	\$ 1,095,000	\$ 730,000	\$ 2,920,000	4,745,000
Storage and Vaporization				
FBKS 5.2mgal Storage	\$ 42,000,000	\$ -	\$ -	42,000,000
NP 150kgal Storage	10,000,000	-	-	10,000,000
ST - Storage	\$ 52,000,000	\$ -	\$ -	52,000,000
Pentex Acquisition				
IGU Acquisition of Pentex from AIDEA	\$ 59,575,000	\$ -	\$ -	59,575,000
Distribution				
Phase 1 IGU Buildout	\$ 23,400,000	\$ -	\$ -	23,400,000
Phase 2 IGU Buildout	-	-	25,670,000	25,670,000
Phase 3 IGU Buildout	-	-	38,290,000	38,290,000
FNG Expansion - Gas Mains	15,000,000	-	8,000,000	23,000,000
FNG - Future Peak Shaving Plant	-	-	2,000,000	2,000,000
IGU & FNG - New Services and Meters	-	1,141,400	18,007,600	19,149,000
ST - Distribution	\$ 38,400,000	\$ 1,141,400	\$ 91,967,600	\$ 131,509,000
Program Management				
Program Management	7,200,000	500,000	1,500,000	9,200,000
Customer Conversion Program	125,000	250,000	2,625,000	3,000,000
ST - Program Management	\$ 7,325,000	\$ 750,000	\$ 4,125,000	\$ 12,200,000
Total Capital Program	\$ 182,745,000	\$ 24,471,400	\$ 124,012,600	\$ 331,229,000
Sources of Funds				
	Stage 1	Stage 2	Stage 3	Total
Appropriations	\$ 42,440,000	\$ -	\$ -	\$ 42,440,000
SETS	125,000,000	-	-	125,000,000
AIDEA Bonds	-	19,451,400	121,092,600	140,544,000
Commercial Financing (bridge & LNG trailers)	15,305,000	(13,480,000)	2,920,000	4,745,000
Storage Credits	-	18,500,000	-	18,500,000
Total Sources of Funds	\$ 182,745,000	\$ 24,471,400	\$ 124,012,600	\$ 331,229,000

APPENDIX B-2

INTEGRATED GAS UTILITY CAPITAL PROGRAM

Item	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total
LNG Supply														
Titan 2 LNG Plant (inc. Titan 1 upgrades)	\$ -	\$ -	\$ 2,500,000	\$ 21,850,000	\$ 21,850,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,200,000
Titan 3 LNG Plant	-	-	-	-	-	-	12,500,000	12,500,000	-	-	-	-	-	25,000,000
ST - LNG Supply	\$ -	\$ -	\$ 2,500,000	\$ 21,850,000	\$ 21,850,000	\$ -	\$ 12,500,000	\$ 12,500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,200,000
Transportation														
LNG High-capacity Trailers & Equip	\$ -	\$ -	\$ 1,095,000	\$ -	\$ 730,000	\$ 730,000	\$ 730,000	\$ 730,000	\$ 730,000	\$ -	\$ -	\$ -	\$ -	\$ 4,745,000
Storage and Vaporization														
FBKS 5.2mgal Storage	\$ -	\$ -	\$ 21,000,000	\$ 21,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,000,000
NP 150kgal Storage	-	-	5,000,000	5,000,000	-	-	-	-	-	-	-	-	-	10,000,000
ST - Storage	\$ -	\$ -	\$ 26,000,000	\$ 26,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,000,000
Pentex Acquisition														
IGU Acquisition of Pentex from AIDEA	\$ -	\$ 59,575,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,575,000
Distribution														
Phase 1 IGU Buildout	\$ 23,400,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,400,000
Phase 2 IGU Buildout	-	-	-	-	-	500,000	5,917,500	12,835,000	6,417,500	-	-	-	-	25,670,000
Phase 3 IGU Buildout	-	-	-	-	-	-	500,000	11,072,500	17,145,000	9,572,500	-	-	-	38,290,000
FNG Expansion - Gas Mains	15,000,000	-	-	-	-	2,000,000	2,000,000	2,000,000	2,000,000	-	-	-	-	23,000,000
FNG - Future Peak Shaving Plant	-	-	-	-	-	-	2,000,000	-	-	-	-	-	-	2,000,000
IGU & FNG - New Services and Meters	-	-	-	-	1,141,400	2,574,000	3,096,600	3,109,600	3,036,800	2,459,600	1,742,000	1,170,000	819,000	19,149,000
ST - Distribution	\$ 38,400,000	\$ -	\$ -	\$ -	\$ 1,141,400	\$ 5,074,000	\$ 13,514,100	\$ 29,017,100	\$ 28,599,300	\$ 12,032,100	\$ 1,742,000	\$ 1,170,000	\$ 819,000	\$ 131,509,000
Program Management														
Program Management	4,000,000	1,200,000	1,000,000	1,000,000	500,000	500,000	500,000	500,000	-	-	-	-	-	9,200,000
Customer Conversion Program	-	-	-	125,000	250,000	500,000	500,000	500,000	500,000	250,000	125,000	125,000	125,000	3,000,000
ST - Program Management	\$ 4,000,000	\$ 1,200,000	\$ 1,000,000	\$ 1,125,000	\$ 750,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 500,000	\$ 250,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 12,200,000
Total Capital Program	\$ 42,400,000	\$ 60,775,000	\$ 30,595,000	\$ 48,975,000	\$ 24,471,400	\$ 6,804,000	\$ 27,744,100	\$ 43,247,100	\$ 29,829,300	\$ 12,282,100	\$ 1,867,000	\$ 1,295,000	\$ 944,000	\$ 331,229,000
Sources of Funds														
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Totals
Appropriations	\$ -	\$ 42,440,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,440,000
SETS	42,400,000	18,335,000	29,500,000	34,765,000	-	-	-	-	-	-	-	-	-	125,000,000
AIDEA Bonds	-	-	-	-	19,451,400	6,074,000	27,014,100	42,517,100	29,099,300	12,282,100	1,867,000	1,295,000	944,000	140,544,000
Commercial Financing (bridge & LNG trailers)	-	-	1,095,000	14,210,000	(13,480,000)	730,000	730,000	730,000	730,000	-	-	-	-	4,745,000
Storage Credits	-	-	-	-	18,500,000	-	-	-	-	-	-	-	-	18,500,000
Total Sources of Funds	\$ 42,400,000	\$ 60,775,000	\$ 30,595,000	\$ 48,975,000	\$ 24,471,400	\$ 6,804,000	\$ 27,744,100	\$ 43,247,100	\$ 29,829,300	\$ 12,282,100	\$ 1,867,000	\$ 1,295,000	\$ 944,000	\$ 331,229,000

APPENDIX C
INTEGRATED UTILITY SOURCES & USES OF FUNDS

Item	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Totals
SOURCES OF FUNDS														
Capital Appropriation	\$ -	\$ 42,440,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,440,000
SETS Loans	42,400,000	18,335,000	29,500,000	34,765,000	-	-	-	-	-	-	-	-	-	125,000,000
Bond Financing - Capital [1]	-	-	-	-	19,451,400	6,074,000	27,014,100	42,517,100	29,099,300	12,282,100	1,867,000	1,295,000	944,000	140,544,000
Storage Credits	-	-	-	-	18,500,000	-	-	-	-	-	-	-	-	18,500,000
Commercial Financing	-	-	1,095,000	14,210,000	(13,480,000)	730,000	730,000	730,000	730,000	-	-	-	-	4,745,000
Utility Revenues [2]	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total - Sources of Funds	\$ 42,400,000	\$ 60,775,000	\$ 30,595,000	\$ 48,975,000	\$ 24,471,400	\$ 6,804,000	\$ 27,744,100	\$ 43,247,100	\$ 29,829,300	\$ 12,282,100	\$ 1,867,000	\$ 1,295,000	\$ 944,000	\$ 331,229,000
USES OF FUNDS														
Pentex Acquisition	\$ -	\$ 59,575,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,575,000
Liquefaction Development	-	-	2,500,000	21,850,000	21,850,000	-	12,500,000	12,500,000	-	-	-	-	-	71,200,000
Transportation	-	-	1,095,000	-	730,000	730,000	730,000	730,000	730,000	-	-	-	-	4,745,000
Storage and Regasification	-	-	26,000,000	26,000,000	-	-	-	-	-	-	-	-	-	52,000,000
Distribution	42,400,000	1,200,000	1,000,000	1,125,000	1,891,400	6,074,000	14,514,100	30,017,100	29,099,300	12,282,100	1,867,000	1,295,000	944,000	143,709,000
Bond Reserves [3]	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost of Financing [4]	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total - Uses of Funds	\$ 42,400,000	\$ 60,775,000	\$ 30,595,000	\$ 48,975,000	\$ 24,471,400	\$ 6,804,000	\$ 27,744,100	\$ 43,247,100	\$ 29,829,300	\$ 12,282,100	\$ 1,867,000	\$ 1,295,000	\$ 944,000	\$ 331,229,000

Notes:
 [1] Actual bond financing amounts and timing to be determined; up to \$150 million plus capitalized interest, bond council fees, trustee fees, rating fees, financial advisor fees, escrow costs, and other bond issuance costs
 [2] Utility revenues to be used as needed, if available
 [3] Bond reserve requirement to be determined at time of bond issue
 [4] Cost of financing to be determined at time of financing