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IGU Board to Discuss Memorandum of Understanding with AIDEA for Acquisition of Pentex Alaska and the Financing and Integration of the FNSB Natural Gas Utilities

Fairbanks, AK – Consistent with the goals of the Interior Energy Project (IEP), Interior Gas Utility's ("IGU") mission is: *"to provide low-cost, clean-burning, natural gas to the most people in the Fairbanks North Star Borough as soon as possible"*, the Interior Gas Utility and the Alaska Industrial Development and Export Authority (AIDEA) are negotiating a Memorandum of Understanding (MOU) for the Acquisition of Pentex Natural Gas Company (Pentex) and for the financing of the integration and development of a consolidated natural gas utility serving the Fairbanks North Star Borough. The IGU Board is to consider the terms of a proposed MOU with AIDEA.

In June 2015, AIDEA made an investment with the acquisition of the Pentex Alaska Natural Gas Company, LLC (Pentex), which includes: Fairbanks Natural Gas (FNG), an integrated liquid natural gas (LNG) storage and re-gas facility, LNG transportation facilities and an (LNG) production facility. The intended result of this acquisition was to assist the community in the creation of a single, integrated, transparent and cost-efficient utility, able to serve the residents and business of the City of Fairbanks, City of North Pole and broader Fairbanks North Star Borough (FNSB).

These negotiations have resulted in the creation of a Memorandum of Understanding (MOU) for IGU's acquisition of Pentex and the financing of natural gas from Cook Inlet through liquefaction to LNG, transport of the LNG to FNSB and regasification and distribution of natural gas to IGU / FNG customers. This MOU will ultimately form the basis of purchase, sale and further agreements once both parties have accepted and adopted the MOU. The MOU is available for review on the IGU website at www.interiorgas.com.

Additionally, this MOU commits the State of Alaska through AIDEA to finance over \$330 million of new infrastructure over the next 12 years. The terms of the sale of Pentex and the financing committed by both parties within this MOU are structured to meet the goals of the IEP by supplying low price gas to significantly more customers in the Fairbanks North Star Borough and providing a new option for improving air quality in the region's most sensitive areas.

Prior to the IGU Board of Directors resolving and accepting this MOU, the Board wishes to receive comments and input from the community. Therefore, the public is invited to participate in the following meetings and presentations of the MOU under consideration.

Tuesday, January 3, 2017, during a scheduled IGU Board meeting, at 6:00 PM AST to be held in the City Council Chambers at the City of Fairbanks, Alaska located at 800 Cushman St,



Fairbanks, Alaska; and, **Thursday, January 5, 2017** during the FNSB Committee of the Whole Meeting that immediately follows the Finance Committee Meeting starting at 5:30 PM AST to be held in the Mona Lisa Drexler Assembly Chambers at the FNSB located at 907 Terminal Street, Fairbanks, Alaska.

For information regarding the MOU, as well as the other meeting schedules and a list of the IGU Board of Directors, please visit the IGU Website at www.interiorgas.com.

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