

President's Report

Keith Meyer, President
November 8, 2018



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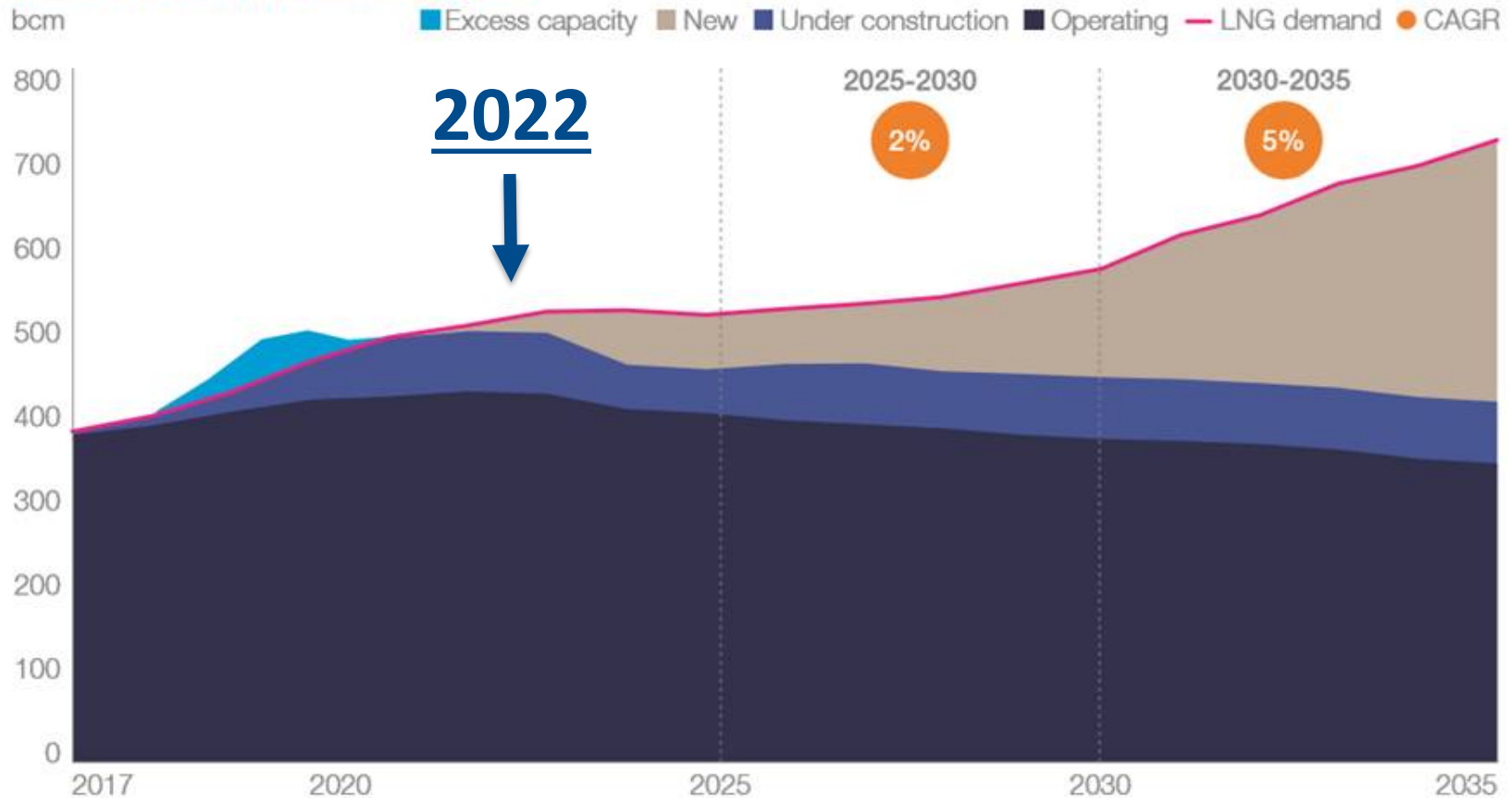
Introduction

- We have positioned ourselves to win against aggressive global competitors.
 - We are building significant in-state and international momentum.
 - 2019: Accelerate on all fronts.
 - Commercial.
 - Regulatory.
 - Technical.
 - Pre-construction.
- 

Accelerating Global Demand

Global supply/demand balance advanced to 2022 from 2025.

Global LNG supply and demand to 2035¹



Source: Energy Insights analysis, Energy Insights Gas Intelligence Model, IHS Vantage

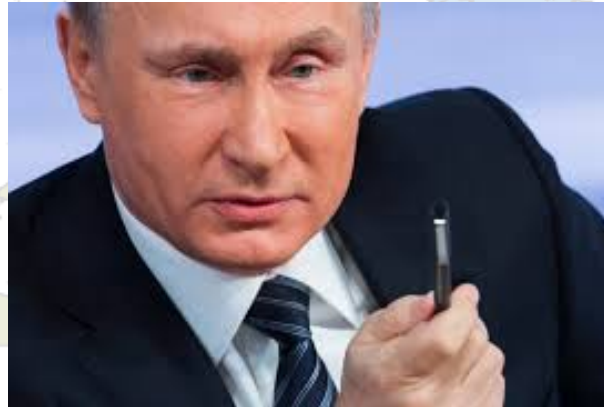
China Serious About Conversion

- China driving global supply/demand imbalance.
- National commitment to convert to gas.
- Lack of domestic supply.
- Rapidly expanding LNG import capacity.



Supply competition increasing:

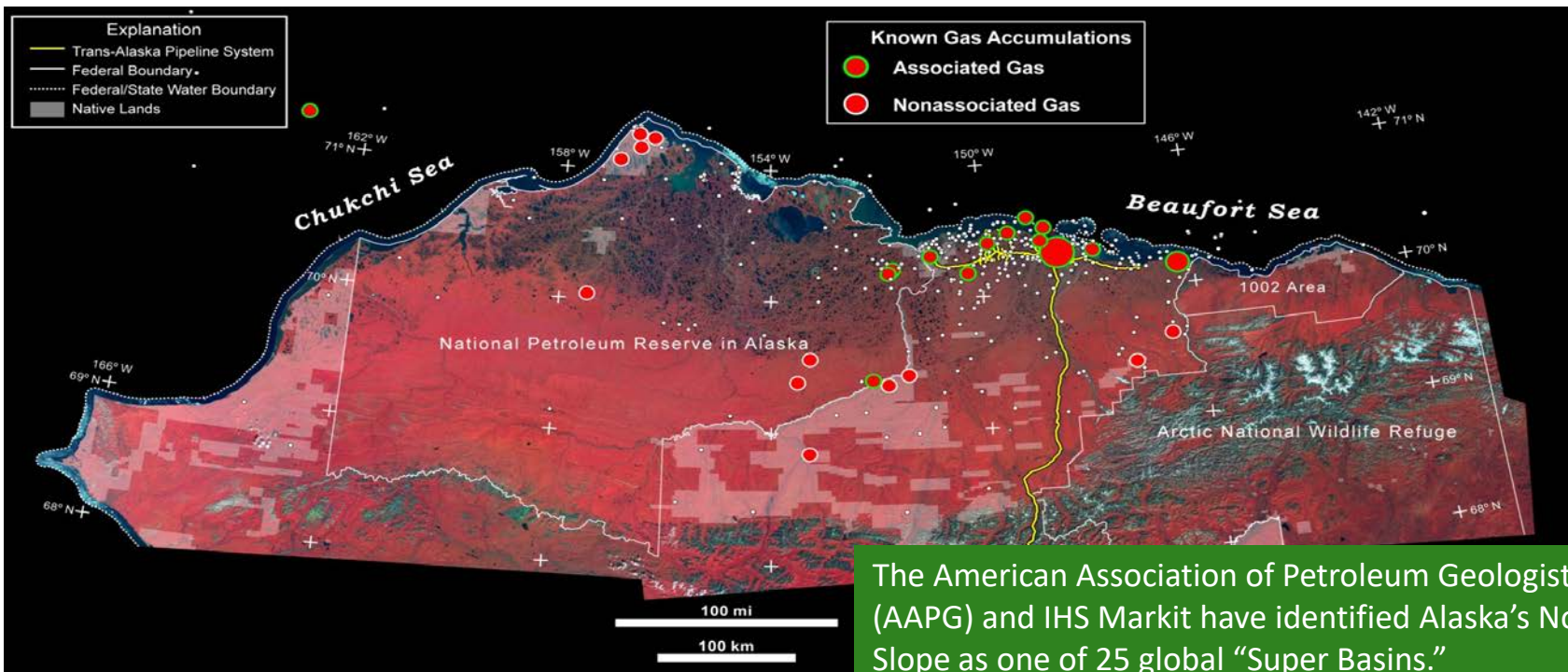
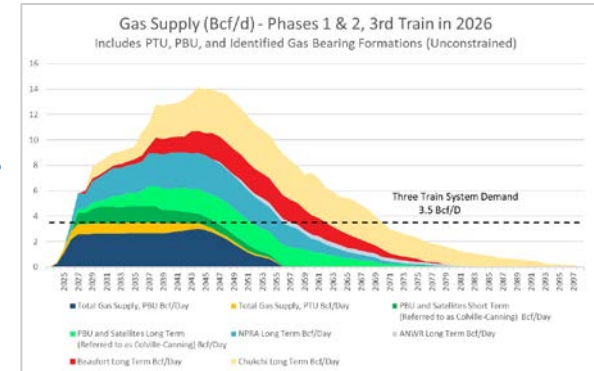
- Canada – launching, slams US supply.
- Russia – advancing, slams Alaska supply.
- Qatar – aggressive, trying to hold top spot.



North Slope – “Super Basin”

Alaska's Super Basin:

- One of only 25 Super Basins in the world.
- Vast 100+ year supply.
- Export revenue and Alaska supply.



The American Association of Petroleum Geologists (AAPG) and IHS Markit have identified Alaska's North Slope as one of 25 global "Super Basins."

Trade Friction



Contending with global trade issues.



**Briefed US Treasury Secretary
Steven Mnuchin two weeks ago.**



Alaska Moving Aggressively

October 22 / Anchorage:

Delegation from Vietnam including Vice Minister of Industry & Trade, Board Member of PetroVietnam, CEO of PVGas, and Governor.



October 22-26 / Anchorage:

Joint Development Agreement parties' top negotiators advancing agreements and conducting upstream resource reviews.

CHINA AND ALASKA REAFFIRM WILLINGNESS TO ADVANCE ALASKA LNG

October 2, 2018 (ANCHORAGE) — Alaska Gasline Development Corporation (AGDC), China Petrochemical Corporation (Sinopec), CIC Capital Corporation (CIC Capital), and Bank of China, signed an agreement supplementing the Joint Development Agreement that was signed November 9, 2017, in the



Not a week goes by without significant interaction.

Alaska in High Gear

“Alaskans First” hiring agreement.

- South Central Building & Trades Council.
- Fairbanks Building & Trades Council.
- Alaska Petroleum Joint Craft Council.



Growing in-state support.

- AFN resolution of support for an Alaska gasline sponsored by ASRC, CIRI, Doyon, and Ahtna.

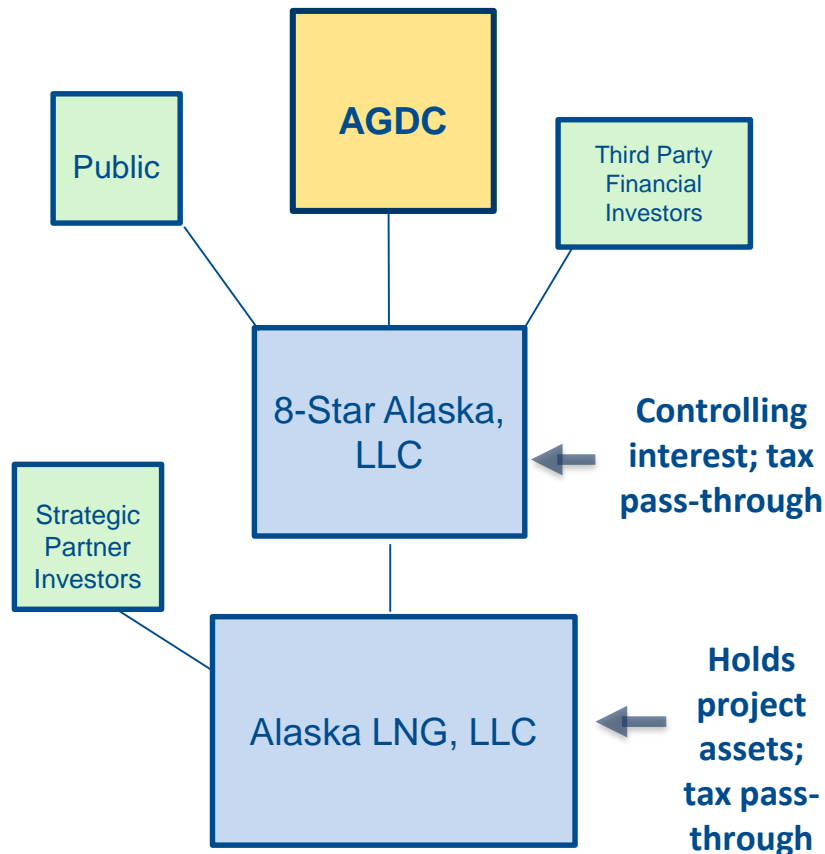
Unanimous Approval.

ALASKA FEDERATION OF NATIVES
2018 ANNUAL CONVENTION
RESOLUTION 18-16

CALLING ON AFN TO WORK WITH THE ALASKA GASLINE DEVELOPMENT CORPORATION (AGDC) TO ENSURE COOPERATION BETWEEN ALASKA NATIVES AND THEIR RESPECTIVE ECONOMIC INTERESTS TO PROVIDE TO AGDC SUBJECT MATTER EXPERTISE AND SUPPORT SERVICES TO ADVANCE AGDC'S WORK



Project Structure



- Alaska's Legislature tasked AGDC with establishing the operating structure for a natural gas pipeline project.
- The Legislature empowered AGDC to create or acquire entities to carry out this task.
- The project has advanced to the point where potential LNG customers, investment bankers, and investors require understanding of the operating structure.
- There will be two new limited liability companies:
 - (1) 8-Star – controlled by AGDC.
 - (2) Alaska LNG – controlled by 8-Star.
- Tax pass-through LLCs preserve AGDC/State of Alaska tax-exempt status for project income.
- 8-Star will allow Alaskans and others to invest in the project at the appropriate time.
- Alaska LNG will construct, own, and operate the project.

Alaska LNG Project - Assets

In order for Alaska LNG, LLC to construct, own, and operate the project, AGDC will need to license, transfer, or enter into use agreements with Alaska LNG, LLC for use of the project data and permits.



- ✓ Pre-FEED JVA Deliverables
- ✓ Pre-FEED JVA Supporting Documents
- ✓ Post-JVA Documents



- ✓ Raster Datasets
- ✓ Discipline Datasets (e.g. wetlands)



- ✓ FERC NGA Section 3 Order
- ✓ Major Federal Permits/ROW
- ✓ State Permits/Authorizations/ROW
- ✓ Local Permits/Authorizations
- ✓ Private ROW

- **Engaging with incoming administration and legislature.**
 - Project status, accomplishments, and strategic recommendations.
- **AGDC's lean structure designed to keep on task in a rapidly changing environment.**



Looking Ahead

- 2019 planning under way.
- Accelerating to deliver benefits for all Alaskans.
- Succeed together as Alaskans.



ALASKA LNG

Online - AGDC.us



@Alaska_LNG



@AKGaslineDevelopmentCorp

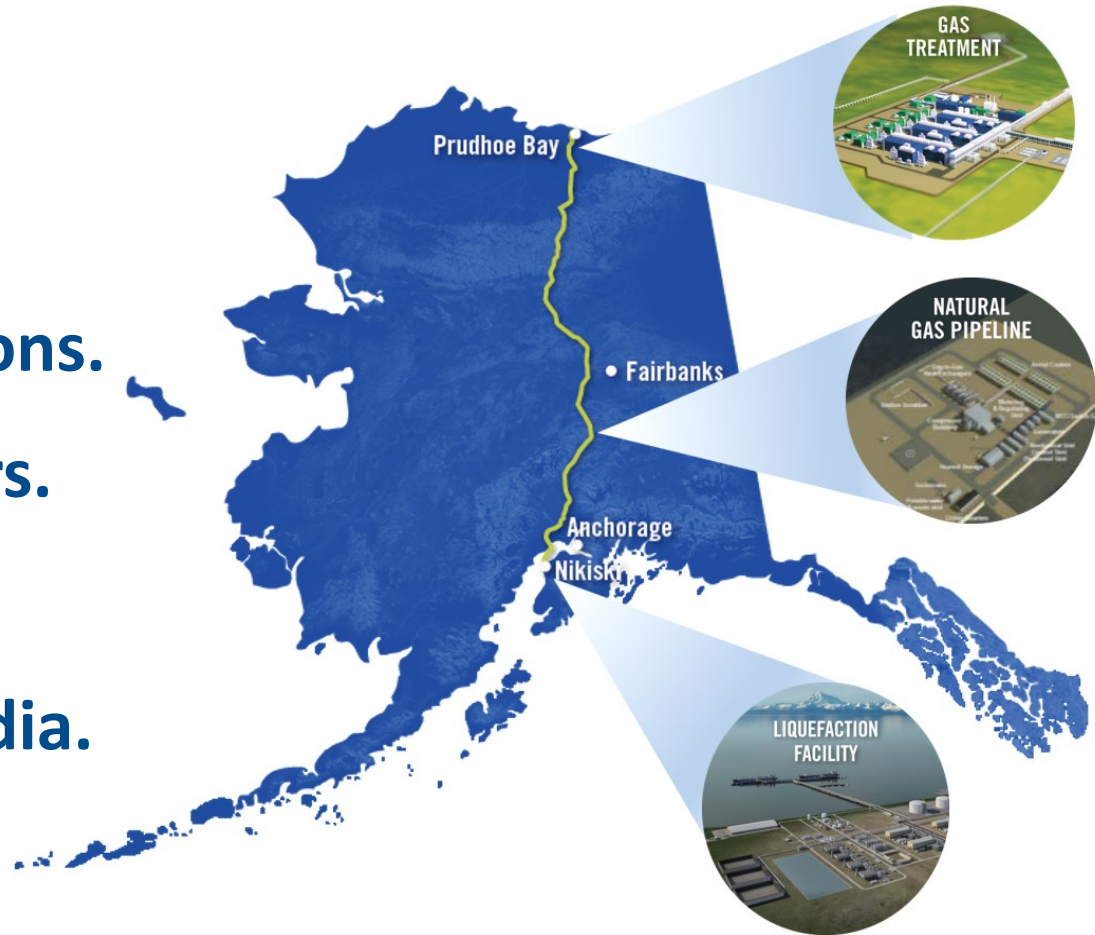


Communications Update

Tim Fitzpatrick, VP External Affairs & Government Relations
Donna Bach, Director of Alaska Native Affairs
November 8, 2018



- Media Relations.
- Marketing.
- Government Relations.
- Alaska Native Affairs.
- Coalition.
- Social & Digital Media.



Proactive Outreach:

- “Alaska Hire” MOU.
- AFN resolution.
- Nikiski community meeting.

ANCHORAGE DAILY NEWS

Politics

Treasury secretary gets gas project briefing during stopover in Fairbanks

✍ Author: Associated Press ⓘ Updated: October 15 📅 Published October 15



AGDC Hosting Community Meeting On Kenai Spur Highway Relocation, Tonight

Author: Jennifer Williams | October 17, 2018

ALASKA Journal of Commerce

AGDC navigates trade friction, touts Alaska-hire agreements

By: Elwood Brehmer

NGI NATURAL GAS INTELLIGENCE

News | Data | Prices | Insight... since 1981

Alaska Federation of Natives Passes Resolution in Support of State's LNG Project

Charlie Passut October 23, 2018 | 0 Comments

Rapid Response:

- China trade friction.
- State election candidate and initiative questions.
- 27 media inquiries since prior board meeting (11/1).

Trade shows and events: engage and educate.

- Alaska Federation of Natives:
 - Premium booth at tradeshow; raffle with other state agencies.
- Alaska State Chamber Fall Forum.
 - Program guide sponsorship.
- Upcoming:
 - AMA, AGC, AML, RDC.

65th ANNIVERSARY 1953-2018 ALASKA CHAMBER THE VOICE OF ALASKA BUSINESS

2018 FALL FORUM PROGRAM

Proud to support the 2018 Alaska Federation of Natives Convention.

Together, we can bring innovation to Alaska through the gas pipeline project.

Heda GREENS CREEK ALASKA GASLINE DEVELOPMENT CORP.


ALASKA LNG

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ALASKA GASLINE DEVELOPMENT CORP.

Trade shows and events: engage and educate.

- Department of Labor “Rising to the Challenge” (10/26).
- Pipeline Training Center tour and update (10/29).



OCT
26

**Rising to the Challenge:
Preparing Alaska's Workforce**

by Department of Labor and Workforce
Development

Free

[Register](#)

DESCRIPTION

The Alaska Department of Labor and Workforce Development invites you to a special event with Governor Bill Walker, industry employers and workforce training partners to discuss once-in-a-generation projects on Alaska's horizon, and the opportunities and challenges that presents for Alaska's workforce.

Participants include:

- Commissioner Andy Mack, Department of Natural Resources
- Commissioner Michael Johnson, Department of Education and Early Development
- Commissioner Heidi Drygas, Department of Labor and Workforce Development
- Keith Meyer, President, Alaska Gasline Development Corporation
- Industry Employers from Mining, Oil and Gas, and Construction

DATE AND TIME

Fri, October 26, 2018
1:00 PM – 5:30 PM AKDT
[Add to Calendar](#)

LOCATION

Dena'ina Civic and Convention Center
600 West 7th Avenue
Anchorage, AK 99501
[View Map](#)

Raising in-state awareness of Alaska LNG and AGDC.



**ALASKA'S
OPPORTUNITIES**

RESOURCE DEVELOPMENT

Alaska LNG will be the biggest economic driver in Alaska since the Trans Alaska Pipeline was built. Beyond the direct positive impacts to the construction industry and support sectors, the project will create opportunity for new resource projects including mines, and other commercial opportunities. Alaska LNG will launch economic development and opportunity for the next generation.



ALASKA LNG

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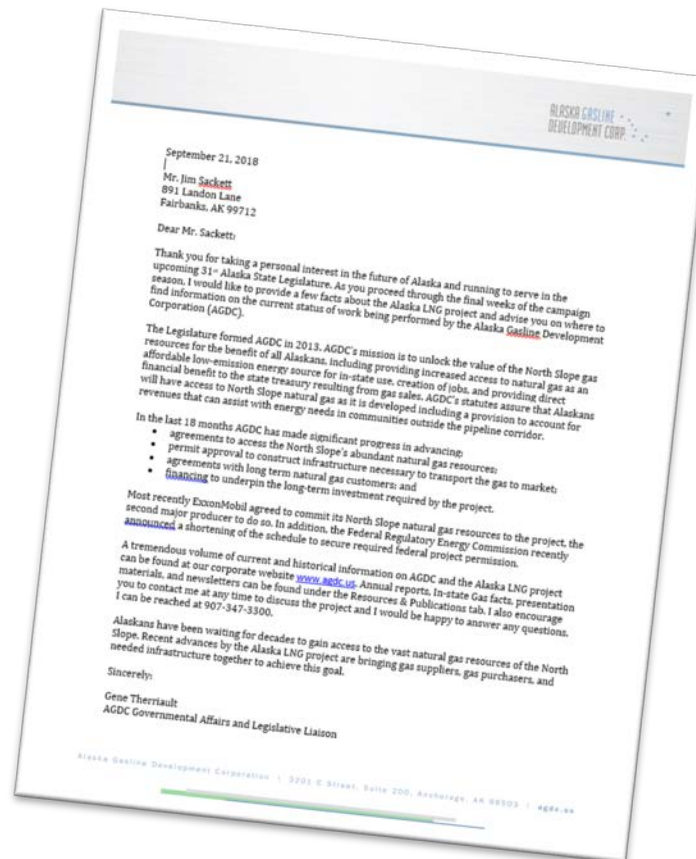
- Alaska Miners Association Magazine.
- Program guide for the Resource Development Annual Alaska Resources Conference.
- Alaska Business Monthly.
 - Bonus distribution at AMA, RDC, AGC, APICC.

- **Federal regulatory engagement and support.**
 - Assist regulatory team with federal agency interaction.
 - Coordinate CODEL comments for AGDC project announcements.
- **Ongoing state legislative engagement.**
 - Apprise Legislative Leaders ahead of
 - project announcements.
- **State intergovernmental relations:**
 - Weekly stakeholder call: AGDC, DOLWD, DOT, DNR and DOR.



General election candidate outreach.

- Following up with individual candidate inquiries.



Alaska Federation of Natives resolution supporting AGDC passes unanimously.

- Resolution sponsored by ASRC, CIRI, Doyon and Ahtna.

November tele-town hall & listening sessions:

- NANA & Affiliates – Nov. 13, 11:00 am
- Bering Straits & Affiliates – Nov. 13, 1:30 pm
- Bristol Bay Native Corp & Affiliates – Nov. 14, 11:00 am
- Sealaska & Affiliates – Nov. 14, 1:00 pm
- Aleut Corp & Affiliates – Nov. 20, 11:00 am
- Chugach & Affiliates – Nov. 20, 1:00 pm

Building Support and Engagement

- Coalition of 20 business & labor groups, additional members expected by year-end.
- Supporting Community Advisory Council.

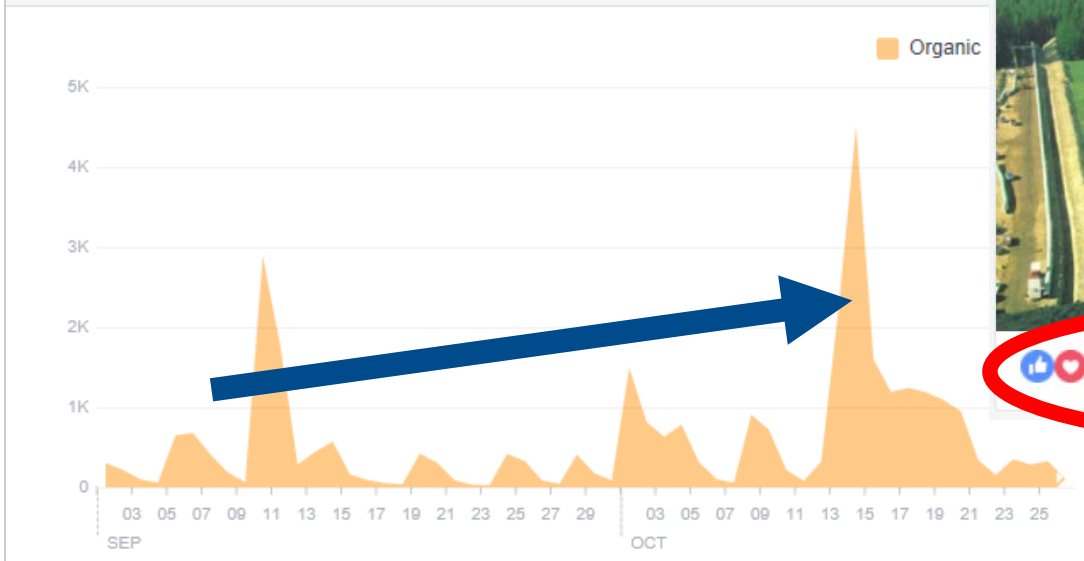


Social Media - Facebook

- Audience up 23%
- Engagement up 74%

Post Reach

The number of people who had any posts from your Page enter their screen.



Small but growing influence.

Social Media - Twitter

- Audience growth – 27%
- Engagement growth – 180%
- Mentions – 383%

Top Tweet earned 2,965 impressions

AGDC Pres Keith Meyer, along with @AkGovBillWalker, briefed US Treas Sec @stevenmnuchin1 on #aklng economic potential, including multi-billion dollar trade impact and creation of thousands of permanent new jobs, as part of his AK visit yesterday. pic.twitter.com/boUJKZt1fL



28 day summary with change over previous period

Tweets

19 ↑375.0%



Tweet impressions

9,627 ↑179.6%



Profile visits

267 ↑181.1%



Mentions

29 ↑383.3%



Followers

131 ↑28



Small but growing influence.

Get Involved.
Get Ready.
Get Engaged.



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Project Report

Frank Richards, Senior Vice President of Program Management
November 8, 2018

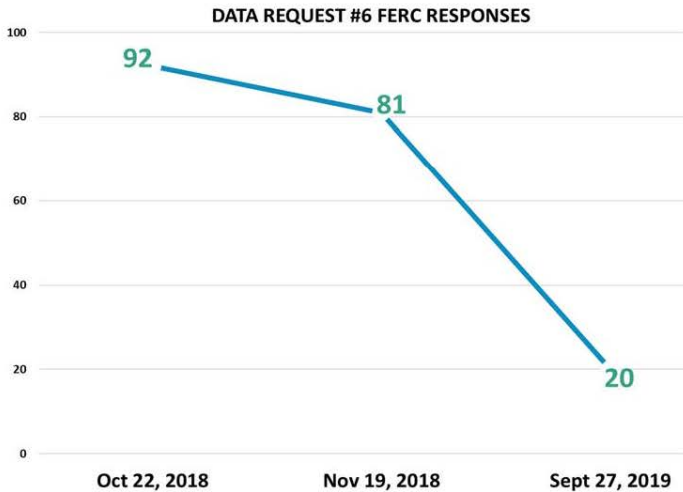
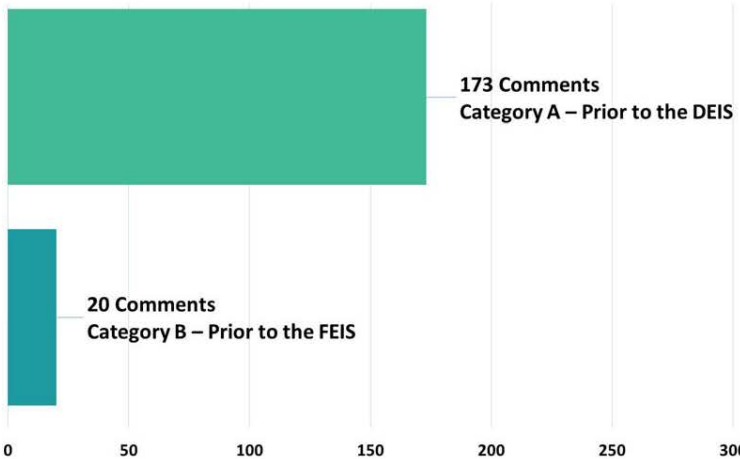
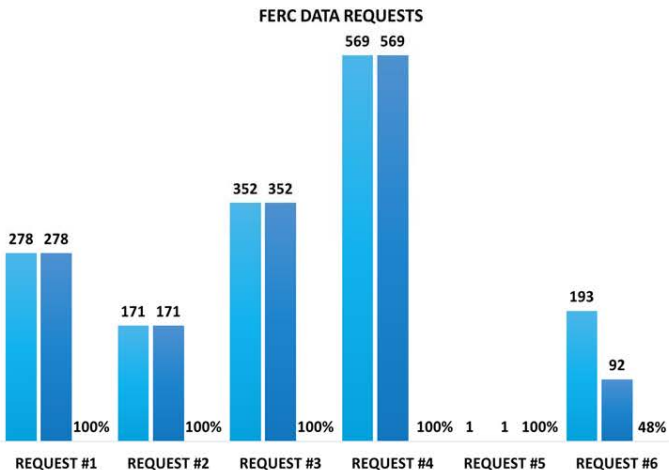
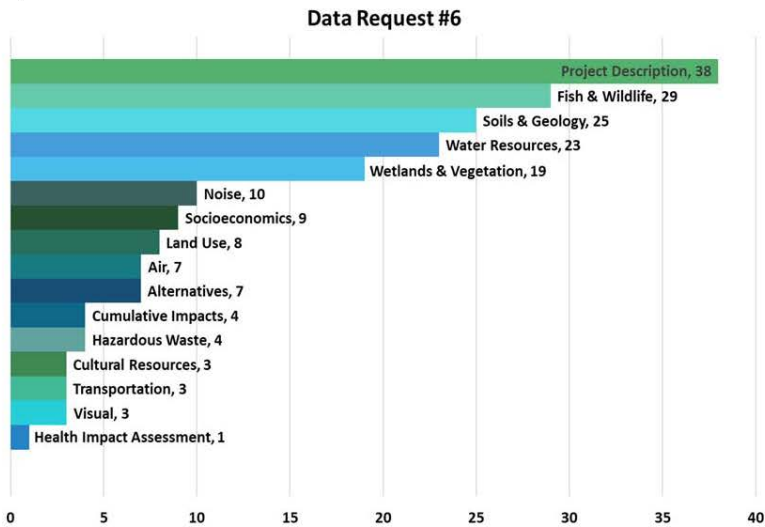


FERC Section 3 Application & EIS Process

- FERC Environmental Data Request #4:
 - 569 FERC and Federal agency comments.
 - 569 responses submitted through October 2018 (100% complete).
 - Final submittal on October 30, 2018.
- FERC Environmental Data Request #5 – hydraulic modeling request – complete.
- FERC Environmental Data request #6 – delivered October 2, 2018.
 - 193 FERC comments; 173 requests are due prior to the Draft EIS, 20 due prior to Final EIS.
 - Face to face meeting held October 18.
 - October 22 filing provided 92 Pre-DEIS completed responses, schedule for remainder DEIS responses by November 19; FEIS responses scheduled for September 2019.
- FERC Draft EIS – February 2019.

Updated: 10/25/2018

FERC Data Requests – Dashboard



FERC Section 3 Application & EIS Process (Cont.)

- Procurement for 3rd Party Fire Protection review underway with proposals received October 4th.
 - Proposals reviewed and scored by AGDC and submitted to FERC October 12, 2018.
 - FERC reviewing proposals and AGDC recommendation for final contractor selection.

Summer 2018 Field Work

- Completed ichthyoplankton field events at LNG Marine Terminal.
 - Report finalized and filed to FERC on October 31, 2018.

Air Permits:

- Draft air permit for GTP expected May 2019 and LNG expected August 2019.
- Application for minor permits (compressor & heater stations) completed for future use.

PHMSA:

- Federal Register publication of conditions for 4 special permits expected April 2019.
- Pipe-in-Pipe special permit expected December 31, 2018.
- Design Spill Package detailed response provided to PHMSA September 21; Permit expected February 2019.

Marine Mammals:

- Cook Inlet ITR being processed by NMFS; Prudhoe Bay ITR/IHA application being developed.

USCG Bridge Permits:

- Agency meeting held October 17, 2018; Public Notice of Applications expected March 2018.

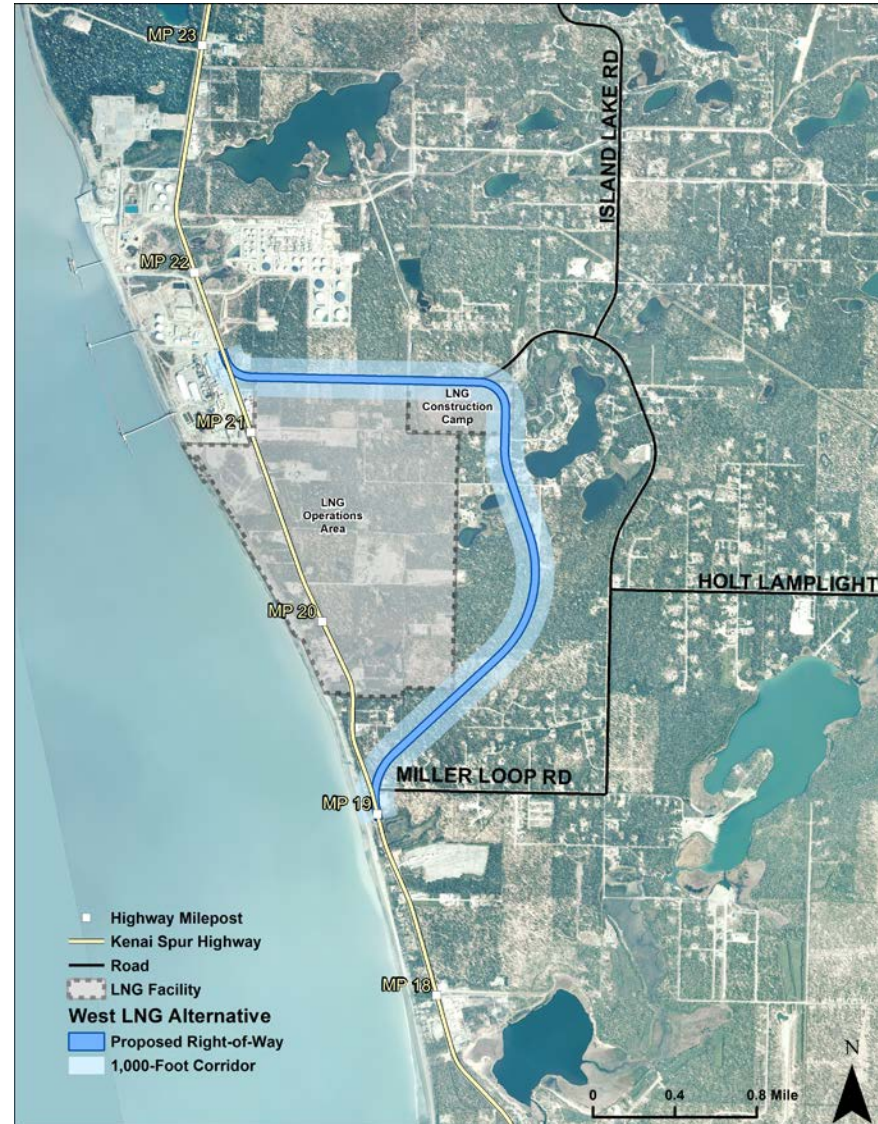
Federal Grants of ROW.

- Relinquished portions of ASAP and Alaska LNG applications on Ahtna Inc. selected lands.

DOT&PF Highway Use Agreement:

- AGDC finalized draft Highway Use Agreement.
- Draft has been transmitted with agenda for discussions with DOT&PF.
- Exhibits for the following have been reviewed and approved by DOT&PF:
 - Traffic Control,
 - Driveway Permits,
 - Material Sites,
 - Safety,
 - Geotech,
 - MS/CRF.

- Lounsbury and Associates advancing KSH 30% design package.
- Initial roadway design completed:
 - Horizontal/Vertical Alignment,
 - Optimized highway curves,
 - Refinement to reduce ROW impacts.
- AGDC held KSH Public Meeting on October 17 presenting progress, highlights and design considerations to the community.
- Detailed alignment refinement and engineering continue into November with all deliverables complete by December 20, 2018.



Environmental, Regulatory and Land (ERL) and Engineering:

- U.S. Army Corps of Engineers (USACE) published Final Supplemental Environmental Impact Statement (SEIS) – June 22, 2018.
- Cultural Resources working group meeting held October 19, 2018 required significant re-work on the ASAP Programmatic Agreement (PA).
- ADNR State Historic Preservation office (SHPO) to sign the PA mid November 2018.
- USACE and BLM to sign joint Record of Decision (ROD) mid November 2018.
- Bureau of Land Management (BLM) anticipates issuance of a Federal Grant of Right-of-Way (ROW) early November 2018.

Presentations:

- Kenai Spur Highway Public Meeting – October 17, 2018.
- Arctic Technology Conference – November 7, 2018.

Meetings:

- FERC Technical Meeting held in Washington, D.C.
- Multiple BLM meetings on ASAP ROW Mitigation Measures and Lease Stipulations.
- USACE, SHPO, BLM, and NPS met regarding Cultural Resources and the Programmatic Agreement.
- Kenai Peninsula Borough City Managers.
- Alaska LNG Project Advisory Committee.
- Community Advisory Council – October 16, 2018.
- Upstream Assurance team attended meetings hosted by BP (PBU) and ExxonMobil (PTU) providing Sinopec with AGDC's perspectives.

Commercial Update

Lieza Wilcox

VP, Commercial and Economics



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Agreement Negotiations Update

- Joint Development Agreement (JDA):
 - Chinese parties visited Alaska in October to advance agreements.
- Sales and Purchase Agreements (SPAs):
 - Ongoing negotiations for SPAs with key parties with multi-day page-turn workshops planned in November.
 - In October, PVGas furthered their commitment to the project with visit by the Vice Minister of Industry and Trade and President & CEO of PVGas.



- AGDC has recently worked with the Department of Revenue (DOR) and the Department of Natural Resources (DNR) to align each entity's project economic model assumptions.
 - AGDC provided both departments with the assumptions for a two-train and a phased three-train scenario.
 - DNR is using their project economic model for their royalty best interest finding process.
- AGDC will meet with Legislative Budget & Audit (LB&A) consultants in Houston and present their models in December in preparation for legislative review.

Financial Update

November 8, 2018



Expenditures and Projected Funds

Reporting Period January 2017 to June 2019

Quarterly Project Spend (\$0,000) Major Activities	Actuals	FCST 2Q FY19	FCST 3Q FY19	FCST 4Q FY19	Total Spend
	(Jan17-Sep18) 21-Months				
Regulatory (FERC)	29,516	3,600	5,200	6,200	44,516
Commercial	11,917	2,400	2,400	2,400	19,117
Project Finance	1,106	450	850	850	3,256
Communications	1,943	420	450	600	3,413
AGDC Corporate (Operating)	16,058	2,500	2,500	2,500	23,558
Total Monthly	60,540	9,370	11,400	12,550	93,860
Period Monthly Burnrates	2,883	3,123	3,800	4,183	

Estimated Spend.



Projected Fund Balance Fund	(Sep CY18)	FCST 2Q FY19	FCST 3Q FY19	FCST 4Q FY19
	Ending Balance			
AKLNG Total	45,600	36,230	24,830	12,280
ASAP Total	0			
Remaining Balance	45,600	36,230	24,830	12,280

Estimated Balance.



Notes:

Operating Budget Variance Analysis

Actuals Reporting Period July 2018 to September 2018 (FY19)

Operating Expenditures (\$000s)	Full FY19 Budget	FY19 YTD Actuals	FY19 YTD Budget	FYTD Variance (Under)/Over	Percent Spent
Account					
Personal Services	6,096	1,329	1,524	(195)	22%
Travel	500	43	125	(82)	9%
Services	3,240	653	810	(157)	20%
Commodities (Office/IT Supplies etc.)	550	103	138	(35)	19%
Depreciation		3	-	3	-
Operating Total	\$ 10,386	\$ 2,131	\$ 2,597	\$ (466)	21%

Operating Expenditures (\$000s)	Full FY19 Budget	FY19 YTD Actuals	FY19 YTD Budget	FYTD Variance (Under)/Over	Percent Spent
Department					
Executive Team	3,189	692	797	(105)	22%
Commercial Team	854	169	214	(45)	20%
External Affairs Team	1,386	215	347	(132)	15%
Legal Team	275	27	69	(42)	10%
Finance Team	1,269	241	317	(76)	19%
Admin Services Team	2,147	510	537	(27)	24%
IT Data Mgmt Team	1,266	278	317	(39)	22%
Operating Total	\$ 10,386	\$ 2,131	\$ 2,597	\$ (466)	21%

Variance Drivers

Personal Services- AGDC in-house full time PCN headcount is 20 verses budgeted headcount of 25.

Variance Commentary –

AGDC currently has five full time PCN vacancies. The vacant positions account for 45% of the operating budget underrun (\$0.195 MM). The remaining 55% of the underrun is due to timing of travel and services (271K). AGDC expects to fill the vacancies when project financing is obtained.

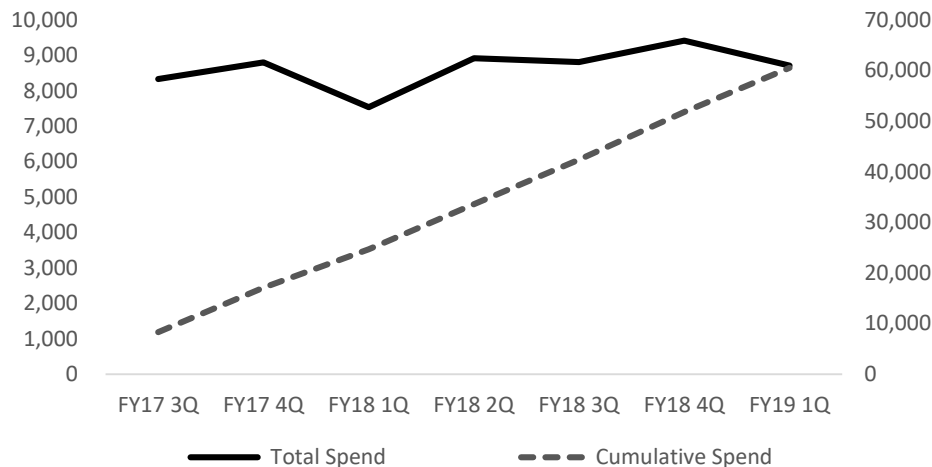
Notes:

Expenditure Variance Analysis

Reporting Period January 2017 thru September 2018

AFE Expenditures (\$000s)	AFE ITD Actual Spend 21-Months	AFE ITD Budget 21-Months	Variance
Regulatory/Program Management	29,516	31,119	(1,603)
Commercial	13,023	14,457	(1,434)
Communications	1,943	2,146	(203)
Operating (Non-AFE)	16,058	16,524	(466)
AGDC Total	\$ 60,540	\$ 64,246	\$ (3,706)

Quarterly Spend Profile (\$0,000)



Notes:

AFE-Authorization For Expenditures (Board Approved).

ITD-Inception To Date. Budget values include contingency

Variance Drivers

Significant austerity program was implemented to extend use of allocated funding.

Regulatory Variance Drivers:

- Timing of FERC related activities (-\$0.386 MM)
- Timing of Core Regulatory activities (-\$1.22 MM)

Efficiency Gains:

- Use of internal resources for FERC comment responses.
- Continuity of effort with no work stoppages.

Commercial Variance Drivers:

- Timing of Core activities (-\$0.245 MM)
- Timing of Financing activities (-\$1.18 MM)

Efficiency Gains:

- Use of internal resources for drafting of key agreements.
- Continuity of effort with no work stoppages.

AFE Budget Adjustments

AFE	Original AFE Budget	Revised AFE Budget	Adjustments Increase/(Decrease)
Regulatory	53,552	52,900	(652)
Commercial	30,635	30,000	(635)
Communications	2,220	3,507	1,287
Net Total	86,407	86,407	0

- AGDC Board extended the original AFE term by 12-months in May 2018.
- Revised AFE term January 2017 to June 2019
- Communications met budget during original AFE term. Needs additional budget for term extension.
- Transfer budget from Regulatory and Commercial to Communications
- AGDC Internal Controls policy requires Board approval of budget transfer of >10% of total budget

Expenditure Detail

Quarterly Reporting Period January 2017 thru September 2018

Authorization For Expenditure			Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
Major Activity	Activity Group	Business Plan Element	FY17 3Q	FY17 4Q	FY18 1Q	FY18 2Q	FY18 3Q	FY18 4Q	FY19 1Q	ITD Total
Regulatory	Regulatory Core Activities	FERC	1,338	3,195	2,427	3,770	2,845	2,657	2,054	18,285
		AK LNG Cash Calls	1,179	55	0	119	(4)	0	0	1,349
		AKLNG Physical Asset Mgmt.	34	49	11	14	7	6	5	126
		Core Embedded Technical Team	1,086	1,164	956	972	984	1,211	863	7,236
		Supplemental Environmental Impact	345	741	302	264	360	24	485	2,520
Regulatory Total			3,981	5,203	3,696	5,140	4,191	3,897	3,407	29,516
Commercial	Business Development	Agreements	1,099	527	871	672	1,191	1,041	2,379	7,779
		In-State-Gas	29	16	32	36	57	77	63	310
		Internal Legal	0	0	0	250	125	327	(281)	421
		Project Marketing	456	469	453	565	461	513	490	3,407
	Business Development Total		1,584	1,012	1,355	1,523	1,833	1,958	2,651	11,917
	Project Finance	Project Financing / Analysis	71	161	75	(11)	183	410	217	1,106
	Project Finance Total		71	161	75	(11)	183	410	217	1,106
Commercial Total			1,655	1,173	1,431	1,512	2,016	2,368	2,868	13,023
Communications	Collateral	Marketing Material	0	28	65	71	62	271	210	708
	Outreach	Engagement	260	113	217	(11)	51	57	46	733
	Tradeshows	AGDC LNG Promotions & Outreach	0	14	107	64	99	162	56	502
Communications Total			260	154	390	124	212	490	312	1,943
AGDC Operating (Non AFE)			2,435	2,269	2,027	2,146	2,390	2,660	2,131	16,058
Total Spend			8,331	8,800	7,543	8,922	8,810	9,416	8,718	60,540

Notes:

Get Involved.
Get Ready.
Get Engaged.



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 Alaska Gasline Development Corporation