

**BRADLEY LAKE PROJECT MANAGEMENT COMMITTEE
RESOLUTION NO. 26-01**

**APPROVAL OF INITIAL ROUND OF FINANCING FOR
THE BRADLEY LAKE EXPANSION PROJECT**

PURPOSE OF RESOLUTION

This Resolution provides the formal support of the Bradley Lake Project Management Committee ("BPMC") for an Interim Financing, described in the attached term sheet, to advance the Bradley Lake Expansion Project ("BLXP").

The BPMC is responsible for the management, operation, maintenance, and improvement of the Bradley Lake Hydroelectric Project ("Project"), subject to the non-delegable duties of the Alaska Energy Authority (the "Authority"). The BPMC receives its authority under the Bradley Lake Hydroelectric Project Agreement for the Sale and Purchase of Electric Power ("Power Sales Agreement"). Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Power Sales Agreement.

BACKGROUND

The BLXP consists of two integrated improvements to the existing Project: (1) construction of the new Dixon Diversion dam, headworks, and conveyance system to capture flow from the Dixon Glacier area and divert that water into Bradley Lake; and (2) raising Bradley Lake's normal maximum operating elevation through modifications to the existing spillway and dam embankment. Together, these improvements are intended to increase the amount of renewable, dispatchable energy produced by the Project by approximately 40 percent, from about 436,000 megawatt-hours to about 601,000 megawatt-hours annually, while making use of the existing Project's infrastructure and continuing to serve the Railbelt electric system.

The BLXP is currently advancing through licensing, engineering, procurement planning, and financing development. The Authority submitted its Final Amendment Application to the Federal Energy Regulatory Commission ("FERC") in June 2026 and anticipates a FERC license amendment approximately 12 months after filing. The current Class 4 estimate includes approximately \$401.6 million in direct construction costs. Including development and owner costs, but excluding capitalized interest, the current total project budget is approximately \$435.9 million. The Authority has secured approximately \$32.7 million for development and early construction activities, including \$12 million in Bond Series 11 interest earnings allocated to FY27 engineering, three-phase power upgrades, and related owner costs. Based on the current budget, approximately \$403.2 million in additional financing will be required to complete the BLXP.

Accounting for projected expenditures for FY27 and FY28 and after applying currently secured funding, approximately \$150.77 million in additional financing would be required to support work through FY28. The Authority expects to complete 60 percent design and obtain an updated Class 3 estimate in fall 2026, followed by 95 percent design and a Class 2 estimate in spring 2027. Construction procurement may begin as early as summer 2027, with first water currently targeted for 2031. Because financing will be required before the BLXP proceeds beyond the currently funded work, the Authority anticipates issuing debt under the Master Resolution, for which BPMC concurrence is required.

The BPMC has previously taken several actions supporting advancement of the BLXP. In May 2022, the BPMC adopted Resolution No. 22-04, which included Dixon Diversion on its list of required projects. In March 2023, with BPMC support, Chugach Electric Association, Inc. accepted a Renewable Energy Fund grant for the BLXP from the State of Alaska. In February 2025, the BPMC adopted Resolution No. 25-01, acknowledging the use of interest earnings on the proceeds of the Authority's Series 11 Bonds to support the BLXP. In September 2025, the BPMC adopted Resolution No. 25-03, under which the Purchaser conditionally agreed to share costs and output of the BLXP in accordance with their existing Percentage Shares.

In May 2026, the Authority's internal finance working group and the BPMC Finance Subcommittee began working together to identify the best finance option for BLXP. They were assisted by PFM Financial Advisors, LLC, the Authority's municipal advisor, and the Authority's bond counsel, Orrick, Herrington & Sutcliffe LLP.

Given uncertainty regarding tax credits and total construction cost, and based on current interest rates, the selected finance mechanism consists of interim financing in the form of a commercial paper program that would provide access to funds to advance the BLXP through FY27 and FY28. Upon receiving the approval from each Purchaser's governing board and the BPMC, the Authority expects to begin working in the spring of 2028 to secure additional funding for project expenses anticipated in FY29 and beyond.

In October 2025, the State of Alaska Department of Law (the "Department of Law") issued its opinion that the BLXP meets the definition of Required Project Work under the Power Sales Agreement. To qualify as Required Project Work under the Project's Power Sales Agreement, an independent economic and engineering analysis must demonstrate that the proposed project is consistent with sound economics for the Project and national standards for the industry. The Authority hired an independent consultant to perform the economic and engineering analysis. In March 2026, GDS Associates, Inc. found BLXP to be consistent with national standards and sound economics.

In Resolution No. 25-03, the BPMC stated that the Purchasers would accept and pay for the increased energy output from the BLXP in accordance with their respective Percentage Shares

under the Power Sales Agreement, subject to three conditions: (1) the Dixon Diversion being determined to constitute Required Project Work under the Power Sales Agreement; (2) that determination being supported by any necessary engineering and economic opinions; and (3) each Purchaser's governing board authorizing the financing.

At the time of adoption of this Resolution, the Department of Law has determined that the BLXP constitutes Required Project Work under the Power Sales Agreement and the required engineering and economic opinions have been obtained. The BPMC acknowledges that future estimates and cost information may require further review of financing assumptions and project economics.

Condition (3) shall be deemed satisfied only after the BPMC has reviewed and accepted the Class 3 cost estimate and each Purchaser has obtained any required governing board approvals for its participation in the financing.

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WHEREAS, at the request of the Authority, the Department of Law has reviewed the BLXP and has determined that the BLXP constitutes Required Project Work consistent with the Power Sales Agreement, subject to the approval of all of the Purchasers and the delivery of an opinion from an independent expert that the BLXP is necessary to keep the Project in good and efficient operating condition, consistent with (1) sound economics for the Project and the Purchasers, and (2) national standards for the industry.

WHEREAS, the Authority retained an independent economic and engineering consultant to review the BLXP, and the consultant has issued its opinion determining that BLXP constitutes Required Project Work pursuant to the Power Sales Agreement.

WHEREAS, the BPMC has determined that the BLXP is Required Project Work in that it constitutes repairs, maintenance, renewals, replacements, improvements or betterments necessary to keep the Project in good and efficient operating condition, consistent with sound economics for the Project and the Purchasers, and national standards for the industry.

WHEREAS, the BPMC desires the BLXP to be operational as soon as reasonably possible.

WHEREAS, the Authority requires financing to fund continued development, procurement, and construction of the BLXP.

WHEREAS, the Authority has proposed an interim financing program to fund BLXP activities through FY27 and FY28 pending development of a long-term financing plan.

WHEREAS, the closing costs and annual letter of credit fees for the interim financing may be paid using interest earned on proceeds from AEA's sale of its series 11 bonds;

WHEREAS, any IRC § 48E tax credits received by the Authority in association with the BLXP should be used to pay down construction costs for the BLXP.

WHEREAS, the BPMC supports the establishment of an interim financing program (the "Interim Financing Program") to fund BLXP activities through FY27 and FY28, provided that the principal amount outstanding under the program does not exceed \$150,770,000 and that the final financing terms remain substantially consistent with the proposed Term Sheet attached as Exhibit 1. Any material modification to the financing structure, security, purchaser obligations, maturity, repayment terms, or aggregate financing costs shall require further BPMC approval.

WHEREAS, BPMC concurrence is required for the Authority to issue bonds under the Master Resolution.

WHEREAS, the BPMC wishes to preserve its authority to review additional information that becomes available regarding project costs, engineering design, regulatory approvals, tax credit eligibility, financing costs, procurement results, and other material matters affecting the BLXP, and the BPMC will provide its approval of the Interim Financing Program, if given, pursuant to a subsequent resolution of the BPMC.

THEREFORE, BE IT RESOLVED THAT the BPMC incorporates the above recitals into this resolution as if fully set forth herein.

BE IT ALSO RESOLVED THAT, consistent with the opinions and determinations of the Department of Law and the independent economic and engineering consultant retained by the Authority, the BLXP constitutes Required Project Work as that term is used in the Power Sales Agreement.

BE IT ALSO RESOLVED THAT, the BPMC provides its approval of the Interim Financing Program described in the proposed Term Sheet included in Exhibit 1, subject to the limitations set forth in this Resolution. Such approval shall be limited to an aggregate principal amount not to exceed \$150,770,000 and shall not constitute approval of any material change to the financing structure, security provisions, purchaser obligations, maturity, repayment terms, or aggregate financing costs without subsequent BPMC concurrence.

BE IT ALSO RESOLVED THAT, notwithstanding BPMC approval herein of the Interim Financing Program: (a) within forty-five (45) days of the Purchasers' receipt of the Class 3 cost estimate, the Purchasers shall obtain any required approvals from their governing board for participation in the financing and determination that BLXP constitutes RPW; (b) upon BPMC receipt of all required governing board approvals from the Purchasers, the BPMC shall consider a final resolution with a final term sheet to approve the Interim Financing Program; and (c) upon BPMC

approval of such final resolution and final term sheet the Authority shall be authorized to proceed with closing the Interim Financing Program on terms consistent with the BPMC's final resolution and term sheet.

BE IT ALSO RESOLVED THAT, any IRC § 48E tax credits received by the Authority in association with the BLXP shall be used to pay down construction and finance costs for the BLXP.

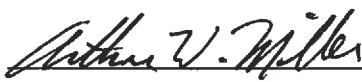
BE IT ALSO RESOLVED THAT, nothing in this Resolution shall be construed as limiting the BPMC's authority to review the BLXP and associated financing as additional project information becomes available. Further, the BPMC's approval shall not be deemed approval of any subsequent financing of the BLXP by the Authority, any long-term refinancing of the BLXP by the Authority or any increase in authorized borrowing by the Authority, or material modification of the terms approved herein. The Authority shall submit for BPMC review the following project milestones and updated financial information in a timely manner:

- 95% design and Class 2 cost estimate - anticipated in March 2027
- Results of the License Amendment Application currently under review by FERC - anticipated in Summer 2027
- Summary of the financial structure and total costs of the final proposals received in response to the RFP for construction of the BLXP - anticipated in Fall 2027
- Updates regarding eligibility for IRC § 48E tax credits

The BPMC acknowledges that the purpose of these submissions is to evaluate material developments affecting the BLXP, including scope, schedule, cost, financing, regulatory approvals, and tax credit assumptions. Nothing in this Resolution shall be construed as limiting the BPMC's authority under the Power Sales Agreement to take such future actions as it deems appropriate in response to information contained in these submissions.

DATED at Anchorage Alaska, this 24th day of September, 2026.

**BRADLEY LAKE PROJECT
MANAGEMENT COMMITTEE**


Chair, Arthur Miller

Attest: 
Secretary, Curtis Thayer

EXHIBIT 1

PROPOSED TERM SHEET

Alaska Energy Authority
Up to \$150,770,000 in Interim Financing Program

SUMMARY OF TERMS AND CONDITIONS

Issuer	Alaska Energy Authority ("AEA")
Bradley Lake Project Power Purchasers	Chugach Electric Association, Inc. Golden Valley Electric Association, Inc. Matanuska Electric Association, Inc. Alaska Electric and Energy Cooperative, Inc., (acting on behalf of Homer Electric Association, Inc.) City of Seward
Purpose	Note proceeds shall be used to finance the Bradley Lake Expansion Project determined by the State of Alaska Department of Law as qualified Required Project Work under the Power Sales Agreement which is the main agreement governing the Bradley Lake Project. The Bradley Lake Expansion Project will be competitively bid.
Finance Mechanism	Commercial paper program (the "Interim Financing Program") structured to permit draws to be issued on either a taxable or tax-exempt basis, as determined at the time of each draw
Interim Financing Program Amount	Not to exceed \$150,770,000.00 ¹
Bank Bond Amount	Not to exceed \$170,000,000 ²
Closing	Following satisfaction of the conditions precedent established in Resolution 26-XX, including BPMC acceptance of the Class 3 estimate and receipt of required governing board approvals from the Purchasers.
Term	Term of the Interim Financing program: June 30, 2032
Security	Secured under AEA's Power and Revenue Bond Resolution adopted September 7, 1989 (as supplemented, the "Bond Resolution") on a parity with all other outstanding bonds related to the Bradley Lake

¹ Funding for FY27 and FY28 BLXP costs.

² Such amount is authorized to provide security to the letter of credit bank of the repayment of any extension of credit by the letter of credit bank to repay the commercial paper notes and is calculated based on the note to exceed amount of the Interim Financing Program, plus 270 days of interest at the maximum rate. Such amount is not duplicative of the authorized principal amount of the interim financing program.

	Hydroelectric Project by a pledge of (i) the revenues from the Bradley Lake Hydroelectric Project, including all payments made under the Agreement for the Sale and Purchase of Electric Power, dated as of December 8, 1987, by and among AEA, Chugach Electric Association, Inc., Golden Valley Electric Association, Inc., Matanuska Electric Association, Inc., Alaska Electric and Energy Cooperative, Inc., (acting on behalf of Homer Electric Association, Inc.), and the City of Seward; (ii) the assignment of the Power Contract to the trustee; and (iii) the Capital Reserve Fund (a debt service reserve fund, which the State Legislature is authorized to replenish in the event of draw on the Capital Reserve Fund to pay debt service). AEA will obtain a direct-pay letter of credit to provide credit and liquidity support to the Commercial Paper program.
Interest Rate and Payment Dates	Each draw will bear interest at a fixed rate based on market rates at the time. Interest shall be capitalized.
Refinancing	AEA shall refinance all funds drawn under the Interim Financing Program before the maturity date of said funds and under terms approved by the BPMC.
Closing Costs	Closing costs and annual letter of credit fees to be paid using interest earned on proceeds from AEA's sale of series 11 bonds.