



Introduce on: June 20, 2017
Reconsidered on: December 5, 2017
Amended on: December 5, 2017
Approved on: December 5, 2017

Amended RESOLUTION # 2017-06R

A RESOLUTION AUTHORIZING THE GENERAL MANAGER OF THE INTERIOR GAS UTILITY TO EXECUTE A PURCHASE & SALES AND FINANCE AGREEMENT WITH THE ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY FOR THE ACQUISITION OF PENTEX and FINANCING OF DEVELOPMENT OF THE INTERIOR ENERGY PROJECT

WHEREAS, the Fairbanks North Star Borough through Ordinance 2012-52 titled *An Ordinance Acquiring an Areawide Natural Gas Utility Power By Transfer From The Cities of Fairbanks And North Pole, Establishing the Interior Alaska Natural Gas Utility and Providing For Its Management* to action to create an areawide natural gas utility empowered to ensure its citizens affordable access to natural gas and/or propane; and

WHEREAS, the Interior Alaska Natural Gas Utility (IGU) 6-Year Plan dated May 20, 2014, states that the 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; and

WHEREAS, IGU Board through unanimous approval of Resolution 2017-01 titled *A Resolution Requesting Authorization for the General Manager of Interior Gas Utility to Execute a Non-Binding Memorandum of Understanding With the Alaska Industrial Development Export Authority for Acquisition of Pentex* authorized the General Manager to execute a non-binding Memorandum of Understanding (MOU) for the acquisition of Pentex Alaska Natural Gas Company, LLC (Pentex) and financing of development of the Interior Energy Project with Alaska Industrial Development and Export Authority (AIDEA), and to negotiate in good faith to finalize executable agreements with respect to the purpose of the MOU; and

WHEREAS, the MOU for the acquisition of Pentex and financing of development of the Interior Energy Project was executed by the IGU General Manager and Executive Director of the AIDEA on January 25, 2017; and

WHEREAS, the Fairbanks North Star Borough, through Ordinance 2017-25 titled *An Ordinance Amending FNSBC 11.04.020 Management of the Interior Alaska Natural Gas Utility*, took action clarifying the IGU enabling ordinance to expressly provide IGU with the power to borrow money, retroactive to the date of enactment; and further resolved that IGU has the authority to borrow money and, as evidence of that borrowing, to enter into loan agreements and issue bonds, notes or other obligations, and may pledge any of its assets or revenues to pay or secure the payment of any such borrowing; and

WHEREAS, the IGU and AIDEA negotiating teams have agreed to a LLC Membership Purchase and Sale Agreement, a Financing Agreement and other agreements for the acquisition

49 of Pentex by IGU and financing of associated development of the Interior Energy Project in
50 conjunction with AIDEA. (Attachments No. 1 and No. 2.); and

51 Whereas, to facilitate closing under the Agreements, the date of conversion (expiration of
52 Line Time Period and loan Maturity Date) under the Amended and Restated Loan Agreement
53 Number 1314002 between AIDEA and IGU is to be extended to Closing on Agreements and the
54 loan further modified to allow for Pentex acquisition due diligence and disclosure review
55 expenses.

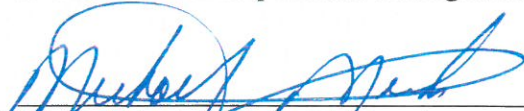
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57 NOW, THEREFORE, BE IT RESOLVED BY THE IGU BOARD OF DIRECTORS AS
58 FOLLOWS:

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60 Section 1) The General Manager is authorized to execute the LLC Membership Purchase
61 and Sale Agreement, the Financing Agreement and other related agreements with Alaska
62 Industrial Development and Export Authority for the acquisition of Pentex Alaska Natural Gas
63 Company, LLC and financing of the development of the Interior Energy Project.


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65 Section 2) The Authorization to execute is contingent upon the IGU Amended and
66 Restated Loan Agreement Number 1314002 being modified to:

- 67 a) Extend the date of conversion (expiration of Line Time Period and loan Maturity Date) under
68 the IGU Amended and Restated Loan Agreement Number 1314002 to Closing on
69 Agreements; and
70 b) Allow for use of proceeds to pay for due diligence and disclosure review expenses.

71 Section 3) This authorization further requires the General Manager to bring a Final
72 Investment Decision (FID) recommendation to the Board at least 14 days prior to close. The FID
73 recommendation shall outline: the status of the Conditions Precedent of the PSA and whether or
74 not they have been satisfied; the status of the Disclosure Schedules and their acceptability; any
75 occurrences of Material Adverse Effect; and any additional information necessary to support the
76 recommended action. A vote of the IGU Board will be required to authorize the General Manager
77 to execute the final purchase closing documents.

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81 Michael Meeks- Chair, IGU Board

12/6/17
Date

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83 
84 David Prusak- Secretary to the IGU Board of Directors

12/6/17
Date

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