

Introduced by: Council Member David Pruhs
Council Member Perry Walley
Date: March 9, 2015

RESOLUTION NO. 4661, AS AMENDED

A RESOLUTION SUPPORTING THE ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY PURCHASE OF PENTEX AND FAIRBANKS NATURAL GAS

WHEREAS, the Fairbanks North Star Borough, the City of Fairbanks, and the City of North Pole created the Interior Gas Utility to expedite the delivery of natural gas at the lowest possible price to residents of the Fairbanks community; and

WHEREAS, Fairbanks Natural Gas (FNG) received its utility license in 1993 and has only delivered natural gas to 1000 locations in its defined area to date; and

WHEREAS, private enterprises have had decades to invest private capital to bring low-cost energy solutions to the Interior; and

WHEREAS, in 2013, the Governor and Alaska Legislature approved and funded the Alaska Industrial Development and Export Authority (AIDEA) to form the Interior Energy Project (IEP) with initial focus on trucking natural gas to Fairbanks from the North Slope ; and

WHEREAS, in December 2013, the AIDEA board of directors considered natural gas supply options from the North Slope and Cook Inlet and decided that neither option was suitable to meet IEP goals; and

WHEREAS, in 2014, AIDEA began exploring options to build a North Slope liquid natural gas (LNG) processing plant, and ultimately, AIDEA determined the North Slope LNG plant concept was cost prohibitive in December 2014; and

WHEREAS, considering the non-viability of the North Slope LNG plant option, AIDEA shifted focus back on Cook Inlet as an alternative source for Fairbanks' natural gas supply and identified PENTEX FNG as an economically viable option that will meet IEP natural gas project goals; and

WHEREAS, AIDEA's proposed purchase announcement of PENTEX demonstrates meaningful commitment toward resolving Interior Alaska's energy crisis; and

WHEREAS, strong support and commitment by Governor Walker's administration of AIDEA's efforts are greatly appreciated by Interior Alaska residents; and

WHEREAS, AIDEA's letter of intent to purchase PENTEX FNG is non-binding and not valid until the due diligence process has been completed; and

WHEREAS, the pending PENTEX/Hilcorp transaction is part of the due diligence process and subject to regulatory and administrative review; and

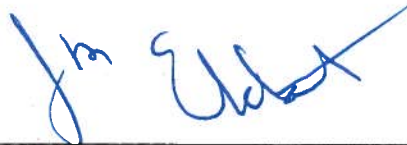
WHEREAS, options to source natural gas for the IEP are not dependent on the outcome of the due diligence process.

NOW, THEREFORE, BE IT RESOLVED by the Fairbanks City Council;

1. That the City of Fairbanks supports and appreciates the Alaska Industrial Development and Export Authority's continued commitment and support for Interior Alaska; and

2. Upon successful completion of the due diligence process, the City of Fairbanks supports the proposed Alaska Industrial and Export Authority's purchase of PENTEX and Fairbanks Natural Gas, as this action will assist in meeting the goals of the Interior Energy Project.

PASSED, APPROVED, and EFFECTIVE this 9th day of March 2015.



John Eberhart, City Mayor

AYES: Gatewood, Walley, Pruhs, Matherly, Cleworth

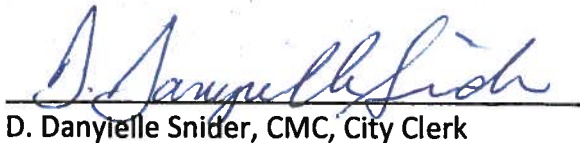
NAYS:

ABSENT: Staley

APPROVED: March 9, 2015

ATTEST:

APPROVED AS TO FORM:



D. Danyielle Snider, CMC, City Clerk



Paul Ewers, City Attorney