

1 By: Karl Kassel, Mayor
2 Introduced: 03/09/2017
3 Advanced: 03/09/2017
4 Adopted: 03/23/2017
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7 FAIRBANKS NORTH STAR BOROUGH

8
9 ORDINANCE NO. 2017-25

10
11 AN ORDINANCE AMENDING FNSBC 11.04.020 MANAGEMENT OF THE INTERIOR
12 ALASKA NATURAL GAS UTILITY
13

14 WHEREAS, The enabling ordinance creating the Interior Alaska Natural
15 Gas Utility (IGU) is intended to grant the utility all powers necessary or convenient to the
16 operation of the utility unless such authority is expressly withheld by law or ordinance;
17 and
18

19 WHEREAS, It is implied that IGU has the authority to borrow money,
20 including to enter into loan agreements and issue bonds, notes or other obligations, and
21 to pledge its assets or revenues as security; and
22

23 WHEREAS, In order to comply with federal regulations and to ensure the
24 ability of IGU to secure tax exempt financing, it is desirable to clarify the enabling
25 ordinance to expressly provide IGU with the power to borrow money, retroactive to the
26 date of enactment.
27

28 NOW, THEREFORE, BE IT ORDAINED by the Assembly of the Fairbanks
29 North Star Borough:
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31 Section 1. Classification. This ordinance is of a general and permanent
32 nature and shall be codified.
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34 Section 2. FNSBC 11.04.020, Management, is hereby amended as
35 follows:
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37 11.04.020 Management

38 A. There is hereby created a seven-member independent and nonpartisan Interior
39 Alaska Natural Gas Utility board of directors who shall oversee the work necessary to
40 achieve the purpose of the utility which specifically may include management and
41 operation of a natural gas utility. Board member compensation shall not exceed the
42 compensation paid to assembly members. The board shall annually elect a chair and
43 may elect other officers from among its members. The board shall have the authority to
44 adopt and amend bylaws subject to assembly approval. The board shall report to the
assembly at least quarterly and shall provide an annual report which must include

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45 financial statements audited by independent outside auditors. These reports shall be
46 available to the public.

47 B. The initial appointments to the board shall be made as follows: three by the
48 borough mayor, one by the assembly presiding officer, one by the city of North Pole and
49 two by the city of Fairbanks, each confirmed by the respective governing body.
50 Appointments shall be made for staggered terms (in a manner that ensures each city
51 has an appointment on the board) with two members serving for two years, two serving
52 for three years and three serving for four years with their terms ending when their
53 successors are elected or appointed. Upon the expiration of the first four initial
54 appointed terms of office, their successors shall be elected at large by the voters of the
55 Fairbanks North Star Borough. Upon expiration of the last three initial appointed terms,
56 their successors shall be appointed, one by the borough mayor, one by the city of North
57 Pole mayor and one by the city of Fairbanks mayor, each subject to confirmation by the
58 respective governing body. After the expiration of their initial terms all shall thereafter
59 serve a term of three years.

60 C. The utility shall be independently managed and operated by the board of
61 directors in accordance with prevailing industry practices and general standards
62 common to utilities providing the same utility service. The board, not the Fairbanks
63 North Star Borough, shall oversee the management of the utility and shall have the
64 powers necessary or convenient to the management and operation of the utility
65 including the authority to borrow money and, as evidence of that borrowing, to enter into
66 loan agreements and issue bonds, notes or other obligations. The utility may pledge any
67 of its assets or revenues to pay or secure the payment of any such borrowing. The
68 borough intends that the board shall have full authority respecting the utility unless that
69 authority is specifically withheld by law or ordinance. During its first year of operation the
70 board may request and use, at the discretion of the mayor, available borough resources
71 such as staff and equipment. Thereafter, the board may not utilize the resources of the
72 borough except as authorized by the assembly. The fee for administering grant funds
73 awarded to the utility or awarded to the borough for gas utility projects may not exceed
74 one-fourth of one percent. The board may contract or act only on behalf of the utility and
75 not on behalf of the Fairbanks North Star Borough. The Fairbanks North Star Borough
76 shall not be liable for the debts or liabilities of the utility without specific authorization by
77 the Fairbanks North Star Borough assembly. No general obligation bonds may be
78 issued without voter approval. The board shall maintain a separate account for the utility
79 which shall be kept and classified in accordance with uniform accounting standards
80 generally prescribed for public utilities providing the same utility service. The board may
81 acquire and dispose of capital assets. No part of the funds of the utility may inure to the
82 benefit of, or be distributed to, its employees, officers, board of directors, or any private
83 individual, except that the utility is authorized to pay reasonable compensation for
84 services rendered and to reimburse its board members for reasonable and necessary
85 expenses related to their duties as board members. Upon dissolution of the utility, any
86 assets of the utility remaining after the utility satisfies its obligations will be distributed to
87 the borough or to an instrumentality of the borough for a public purpose. Private

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88 individuals or entities are prohibited from receiving any of the utility's assets upon its
89 dissolution.


90 D. Manager. The board of directors may enter into contracts or other agreements to
91 provide for the management and operation or any aspect thereof of the natural gas
92 utility and shall have the authority to appoint a manager which may be an individual or a
93 private entity.

94 E. The board shall have a separate capital and operating budget. Provided that total
95 utility annual budgeted revenues at least equal total annual budgeted expenses, no
96 further borough assembly approval is required. If required, the borough assembly shall
97 have approval only over the total budget amount and may not raise or lower any other
98 line item. Earnings shall be retained by the utility to enable the utility to meet its purpose
99 of providing affordable natural and/or manufactured gas to the largest number of people
100 in the borough in the shortest amount of time.

101 F. During the term for which elected and for one year thereafter, no local elected
102 municipal official may be directly or indirectly employed by the utility in any paid position
103 or nominated, elected or appointed to the board if the board was created or the salary,
104 compensation or emoluments of the board were increased during the elected official's
105 term of office. "Indirectly employed" for purposes of this section means subcontracts
106 with the utility, other payments from a third party arising from or related to a third party's
107 contract with the utility, or any other contractual or consulting arrangement between the
108 utility and a business entity partially or wholly owned by the elected municipal official or
109 in which the elected municipal official has a substantial financial interest.

110
111 Section 3. Effective Date. The Assembly expressly intends that the
112 effective date of this ordinance shall be retroactive to October 11, 2012 upon passage
113 and approval by the Assembly.

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115 PASSED AND APPROVED THIS 23RD DAY OF MARCH, 2017.

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118 
119 Kathryn Dodge
120 Presiding Officer
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122
123 ATTEST:

124 
125
126 Nanci Ashford-Bingham, MMC
127 Borough Clerk
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129
130 Yeses: Tacke, Cooper, Quist, Roberts, Gray, Sattley, Lawrence, Dodge, Davies
131 Noes: None

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