



Interior Gas Utility

Board of Directors Special Board Meeting
July 16, 2019 @ 4:00 PM
100 Cushman Street, Suite 512, Fairbanks, Alaska
*To participate via teleconference, call 1-800-315-6338;
when prompted, enter 47499*

DRAFT AGENDA

- I. Call to Order**
 - Roll call
 - Approval of Agenda
 - Public Comment – *limited to three minutes*

- II. Unfinished Business**
 - Election for Vice Chair
 - GM Appraisal - Board Participation, Format, Goal Approval, & Schedule
 - Accept GM Appraisal format
 - Accept 2020 Goals for GMPage 2

- III. New Business**
 - Location of Liquefaction Expansion

- IV. Other Business**
 - Bond Financing Plan
 - Action Items List.....Page 27

- V. Closing Comments**
 - General Manager
 - IGU Attorney
 - Directors

- VI. Adjournment**

GM APPRAISAL

One of the main duties of the Board is to evaluate the General Manger's performance and to set goals and objectives for the coming year.

SCHEDULE: The attached schedule shows the required timeline to execute a GM contract prior to the October 1, 2019 expiration of the existing contract.

JULY 16th ACTION ITEMS:

- 1) Acceptance of the GM Appraisal format.
- 2) Acceptance of the 2020 Goals including additions at the meeting.

GM APPRAISAL FORMAT:

Part One: Accomplishments on Previous Goals

The attached 2019 GM Accomplishments List identifies major accomplishments and will be supplemented by the GM with narrative to report on the outcome and status of each area.

Part Two: Performance Appraisal Standards

The previously submitted questionnaire will be used for director comments and rating for these global management areas. The General Manager Competency Model is referenced in paragraph #3 of the First Amendment to the Employment Agreement.

Part Three: Next Year Goals and Performance Summary

The 2020 GM Goals and Objectives provides an initial list for consideration and approval with the expectation of additions or deletions at the July 16th meeting.

2019 IGU GENERAL MANAGER APPRAISAL SCHEDULE TRACKER

		7/2/2019	7/9/2019	7/16/2019	7/23/2019	7/30/2019	8/6/2019	8/13/2019	8/20/2019	8/27/2019	9/3/2019	9/10/2019	9/17/2019	9/24/2019
1	Initial GM Appraisal Discussion	★												
2	Initial GM Accomplishment / Goals													
3	Board Conceptual Approval of Appraisal/ Accom./ Goals			★										
4	GM Fills out 2019 Accomplishments													
5	Directors provide additional 2020 Goals			★										
6	Board Reviews and Approves the GM Appraisal Packet						★							
7	Attorney issues GM Appraisal to each Director						★							
8	Directors provide comments to the 2019 Appraisal							★						
9	Attorney collects GM Appraisal								★					
10	Director input consolidated by Attorney									★				
11	Board mtg with GM to discuss ratings and evaluate GM (open & executive session)										★			
12	Attorney develops 3-yr Employment Contract with GM													
13	Chair/ Attorney Negotiate final terms of Contract													
14	MacMillan Compensation Report for GM													
15	Board determines GM Compensation from MacMillan Report													
16	Board Reviews and Approves the GM Appraisal and Contract												★	
17														
18														
19														
	Scheduled Meetings			✕			✕		✕		✕		✕	

LEGEND:				
		Not Completed	Completed	
On schedule, within costs, meeting quality.		★	★	Intermediate Milestone
Caution - there are areas of concern that must be resolved for successful completion.		☆	★	Completion Milestone
Alert - This activity will need major attention for successful completion.		□	■	Activity with specific time

Interior Gas Utility
General Manager
Appraisal

Prepared by

(July 16, 2019)

Part One

Accomplishments on Previous Goals

**General Manager
Accomplishment of Previous Goals
Part 1**

Goal # -1- OPERATIONS

- Titan operated continuously with only short periods of reduced production related to a motor failure. Failures were corrected quickly.
- LNG transported safely with no at-fault accidents and no release of LNG during transport.
- FNG supplied all firm customers with uninterrupted gas.
- Minimal interruptions to limited Large Volume Interruptible customers.
- Completed 3 LNG pilot deliveries from LNG supplier in Alberta.
- All major units for production and storage maintained; upgraded SSI traffic flow for continued reliability and safety for our contractors. Added upgraded operation tools for distribution maintenance that increased the safety for our operators and decreased damage to customer sites.
- Completed major equipment overhauls per manufacturer recommendations.

Board Member Response:

Do You Agree With the GM's Report? Yes No

If "No," Why:

Other Comments:

**General Manager
Accomplishment of Previous Goals
Part 1**

Goal # -2- SAFETY

- 1 Lost Time Accident
- 1 Recordable Injury
- 1 Preventable Vehicle Accident

Board Member Response:

Do You Agree With the GM's Report? Yes No

If "No," Why:

Other Comments:

**General Manager
Accomplishment of Previous Goals
Part 1**

Goal # -3- HUMAN RESOURCES

- Hired Executive Assistant to assist GM and IGU Board of Directors.
- Hired Customer Service / Conversion Manager to spearhead customer growth.
- Hired Director of Operations in preparation for further expansion and additional operational depth.
- Completing IBEW Union Negotiations for FNG Distribution Operators.
- Employee turnover maintained below 10%.

Board Member Response:

Do You Agree With the GM's Report? Yes No

If "No," Why:

Other Comments:

**General Manager
Accomplishment of Previous Goals
Part 1**

Goal # -4- FINANCIAL

- FY 2018 audits completed for Pentex and IGU with Unqualified Opinion (Clean Audit).
- Managed revenue and expenses to maintain adequate Utility financial performance during a warm fiscal year.
- Issued RFP, and contracted a Financial Advisor to guide IGU Bond Offering, including scheduling of a Credit Rating with FITCH.
- IGU Pro Forma and Capital Plan updated and approved.
- 2020 Budgets prepared and approved.
- Financing options under development.
 - Mt. McKinley Bank commitment
 - FNSB LOC
 - AIDEA Board approval for additional \$10MM of SETS funds

Board Member Response:

Do You Agree With the GM's Report? Yes No

If "No," Why:

Other Comments:

**General Manager
Accomplishment of Previous Goals
Part 1**

Goal # -5- MAJOR CONTRACTS

- Finalized AIDEA/IGU Purchase and Finance Agreements.
- Managed AIDEA Finance Agreement, including all draw requests related to capital projects.
- Issued RFP for LNG Transportation Contractor and made final selection resulting in cost reductions.
- Executed Siemens MOU, developed LNG Sale and Purchase Agreement Term Sheet and completed negotiations. Finalized termination of MOU after unsuccessful Term Sheet negotiations.
- Managed contract with Stantec related to ongoing services and capital projects.
- Managed contract with PDC related to North Pole Storage.
- Finalized contract with Braemar related to LNG FEED.

Board Member Response:

Do You Agree With the GM's Report? Yes No

If "No," Why:

Other Comments:

**General Manager
Accomplishment of Previous Goals
Part 1**

Goal # -6- LEGISLATIVE

- Advanced IGU legislative priorities including request for Storage Tax Credit time extension, resulting in Legislature approving a \$4MM capital appropriation for LNG storage (Vetoed by Governor at time of report).
- Received concurrence from Department of Revenue regarding IGU eligibility for Storage Tax Credits.

Board Member Response:

Do You Agree With the GM's Report? Yes No

If "No," Why:

Other Comments:

**General Manager
Accomplishment of Previous Goals
Part 1**

Goal # -7- REGULATORY

- Filed CPCN modification applications for IGU and FNG to allow the provision of LNG storage (Required to qualify for storage tax credits).
- PHMSA audits complete with no violations.

Board Member Response:

Do You Agree With the GM's Report? Yes No

If "No," Why:

Other Comments:

**General Manager
Accomplishment of Previous Goals
Part 1**

Goal # -8- INTEGRATION / ADMINISTRATION

- Facilitated IGU Board meetings including Finance Committee.
- Additional IGU Policies and Procedures developed and adopted.
- Ongoing policy development.
- Facilitated IGU Board development.

Board Member Response:

Do You Agree With the GM's Report? Yes No

If "No," Why:

Other Comments:

**General Manager
Accomplishment of Previous Goals
Part 1**

Goal # -9- CAPITAL PROJECTS

- Large Storage Tank: nearing completion 10/2019, will increase sales capacity in excess of 0.4 BCF/year.
- North Pole Storage: Rebid to control price and looking at options for earlier gas availability.
- Liquefaction Expansion: FEED progressing for two step expansion of Titan plant.

Board Member Response:

Do You Agree With the GM's Report? Yes No

If "No," Why:

Other Comments:

**General Manager
Accomplishment of Previous Goals
Part 1**

Goal # -10- CUSTOMER ADDITIONS

- Residential Assistance: Identifying methods of partnering to finance existing boiler conversion including on-bill financing.
- Working with FNSB to ensure natural gas conversion is a priority for solid fuel exchange program grant funds.
- Schedule to First Gas: 2019- 0.4 bcf/yr with tank completion on-line.
- Fairbanks/North Pole Services: Onboarding effort has begun prior to completion of Marketing Plan. Customer demand driven.
- Customer Onboarding: Procedures are being formalized by staff.
- Communications and Marketing: RFP issued, Evaluation and selection of Porcaro Group.
 - Develop branding, messaging and marketing strategies.
 - Web Page design (Board Data Interface)
- Commercial users list being developed.
- Drafting GVEA Term Sheet.
- Participation in community events (presentations).
 - FEDCO, Chamber, Alliance, Rotary, Clean Air Conference
- Customer outreach via Renewable Energy Conference and booth at the Tanana Valley State Fair.

Board Member Response:

Do You Agree With the GM's Report? Yes No

If "No," Why:

Other Comments:

Part Two

Performance Appraisal Standards

**General Manager
Performance Appraisal Standards
Part 2**

Organizational Vision

Standards:

- ❑ Demonstrates ability to effectively guide the organization through the use of a clear vision.
- ❑ Plans strategically and articulates the organization's corporate mission, goals and strategies.
- ❑ Adjusts to changing environmental factors in a timely manner.

_____ Meets Standards _____ Exceeds Standards _____ Needs

Improvement

Explanation/Comments:

Business Leadership

Standards:

- ❑ Follows sound business principles in managing the organization's business.
- ❑ Demonstrates willingness to collaborate with others in the gas utility network.
- ❑ Accepts leadership roles and carries out responsibilities in a professional manner.

_____ Meets Standards _____ Exceeds Standards _____ Needs

Improvement

Explanation/Comments:

**General Manager
Performance Appraisal Standards
Part 2**

Board Relations

Standards:

- ❑ Keeps Board informed of important industry issues and the performance of the utility.
- ❑ Brings well-thought-out recommendations for the board's consideration.
- ❑ Actively builds the trust and support of the board. Encourages the board to work together effectively.
- ❑ Encourages innovative thinking on the part of the board.

_____ Meets Standards _____ Exceeds Standards _____ Needs

Improvement

Explanation/Comments:

Gas System Operations

Standards:

- ❑ The gas system is designed and maintained on a planned, systematic basis.
- ❑ New service requests are handled promptly.
- ❑ Outages are kept to acceptable minimums and service is restored promptly.
- ❑ Gas delivery benchmark measures are within normal levels.

_____ Meets Standards _____ Exceeds Standards _____ Needs

Improvement

Explanation/Comments:

**General Manager
Performance Appraisal Standards
Part 2**

Organizational Effectiveness

Standards:

- ❑ Takes initiative to ensure that the organization is designed and staffed to meet a changing competitive environment.
- ❑ Effectively employs the use of technology.
- ❑ The organization is evaluated and benchmarked against peers.
- ❑ The General Manager has developed a structure and workforce where individuals can reach their potential.

_____ Meets Standards _____ Exceeds Standards _____ Needs

Improvement

Explanation/Comments:

Customer/Community Relations

Standards:

- ❑ Sets the tone for the utility as being responsive to its customers.
- ❑ Stays in touch with customer concerns and ensures that useful informational and educational programs are developed and carried out.
- ❑ Uses objective methods to measure customer expectations and satisfaction.
- ❑ Works with local leaders and civic organizations to increase awareness of the utility's value to the communities it serves.

_____ Meets Standards _____ Exceeds Standards _____ Needs

Improvement

Explanation/Comments:

**General Manager
Performance Appraisal Standards
Part 2**

Competitiveness

Standards:

- ❑ Demonstrates knowledge of current and emerging competitive issues.
- ❑ Identifies and implements specific strategies to ensure that the system is rate competitive.
- ❑ Creativity and innovation are used to find new solutions, services and products that enable the utility to compete effectively.

_____ Meets Standards _____ Exceeds Standards _____ Needs

Improvement

Explanation/Comments:

Financial

Standards:

- ❑ A long-range financial plan has been adopted.
- ❑ Meaningful budgets are developed in a timely manner.
- ❑ Expenses are accurately tracked and reported.
- ❑ Cash reserves are prudently invested.
- ❑ Financial targets are met.
- ❑ Cost-benefit analyses are conducted and sound financial principles are followed.

_____ Meets Standards _____ Exceeds Standards _____ Needs

Improvement

Explanation/Comments:

**General Manager
Performance Appraisal Standards
Part 2**

Employee Relations

Standards:

- ❑ Creates a positive work environment for employees and encourages teamwork.
- ❑ Delegates effectively to key staff.
- ❑ Keeps employees informed about industry issues and trends and influences them to adapt to change.
- ❑ Assures that competent individuals are hired, trained and promoted.
- ❑ Empowers employees to make decisions that will improve the performance of the company.

_____ Meets Standards _____ Exceeds Standards _____ Needs

Improvement

Explanation/Comments:

Subsidiaries/Other Businesses (if applicable)

Standards:

- ❑ Ensures that board members and consumers understand and support any diversification activities.
- ❑ Ensures that clearly written business plans are prepared to justify and support any diversified business.
- ❑ Manages such businesses effectively.
- ❑ Ensures that board members receive timely financial reports and results.

_____ Meets Standards _____ Exceeds Standards _____ Needs

Improvement

Explanation/Comments:

**General Manager
Performance Appraisal Standards
Part 2**

Other Comments:

Overall Evaluation

- _____ **Meets Performance Standards**
- _____ **Exceeds Performance Standards**
- _____ **Needs Improvement**

This appraisal has been discussed with me.

General Manager Date

On behalf of the Board of Directors:

Board Chair Date

Part Three

Next Year Goals

**General Manager
Goals for the Next Appraisal Period
Part 3**

The Board and GM should agree to a set of goals that include the 2020 GM Goals. Record additional ideas below for consideration:

Goal # 1 BOARD-

- Develop Scorecard and Focused Board Packets (First Priority)
 - Develop Board Budget
 - Participate in drafting Board Policy, prioritized by importance and need
 - Participate in Web-based Board Development tools and Data Interface
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Goal # 2 PROCESSES

- Complete List of Capital Projects that provides optimum secure, utility grade service within the constraints of the approved scope of work, schedule and budget:
 - Tria Road 5.25M Gallon Storage Tank - Completion
 - North Pole LNG Storage and Regasification (First Priority)
 - Titan Liquefaction Facility Expansion
 - New Service Connections
 - Phase II and III Distribution: Planning
 - Secure long-term Gas Supply Contract
 - Determine financial and business targets
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**General Manager
Goals for the Next Appraisal Period
Part 3**

Goal # 3 CUSTOMER

- Develop a web-based Customer Service Interface program
- Develop Service Connection Standards
- Implement PACE conversion program
- Implement Residential Conversion Financing Program
- Develop a Customer Communication Engagement Program
- Develop and deploy the oil vs. gas “kitchen table” decision guide
- Develop Financial assistance with On-bill financing.
- Investigate means to expedite gas to new consumers.
- Develop GVEA term sheet.
- Develop gas options to support EIS for Fort Wainwright Fuel Supply.
- Develop “Top 10” List of significant probable New Customers

Goal # 4 FINANCIAL

- Secure Long-term Financing and Bond Sale (First Priority)
- Develop a Conversion Assistance Plan to drive sales and revenue
- Complete Financial and Cash Flow Analysis of Integrated Operations

**General Manager
Goals for the Next Appraisal Period
Part 3**

Goal # 5 INTERRELATIONS

Seek input and participation from the public

Advance utility project needs and goals with the public and local, state and federal officials.

Activate a “Tiger Team” for information truthing and engagement.

Establish and maintain relations with:

- 1) Local and state media
- 2) Local clubs and organizations
- 3) Local Governments and Interior Delegation

Goal # 6 ORGANIZATION

Integrate utility into a Community wide integrated municipal gas utility

IGU ACTION ITEM LIST

Item	Action	Responsible Person	Date Initiated	Due Date	Status	Notes
1	Ethical Procedures Developed, Change of Code of Ethics, Policy No. 05 (Ethics & Conflicts of Interest) updated, Policy No. 05 Disclosure form created	Madam Chair, Director Nordale & IGU Attorney	1/8/2019		Completed	
2	Global Plan going forward with the Utility, Update Capital Plan and Proforma	Dan Britton & Brown Thornton & Wesley Smith			Completed	
3	Confirmation of Mat-Su Permitting - part of FEED work	Dan Britton	2/5/2019		Have identified future permits needed	
4	List of Commercial Buildings for Natural Gas Conversion UPDATE	Michelle Hollowell	2/12/2019	8/1/19	In development	
5	Policy Drafted on Public Records Retention	IGU Attorney	12/13/2018	9/1/19	In progress	
6	New Schedule	Mark Rockwell	1/22/2019	10/1/19	In progress	
7	GM Employment Review	IGU Board			Pending Board Action	See item specific schedule
8	IGU Policy 09 Relationship Between the IGU Board of Directors and the General Manager	IGU Board	9/4/2018		Tabled on 9/4/18	
9	IGU Policy 10 Delegation of Authority by the IGU Board of Directors to the General Manager	IGU Board	9/4/2018		Tabled on 9/4/18	
10	Alternatives for North Pole Storage	Dan Britton	4/23/2019	8/31/19		
11	GVEA Term Sheet	Dan Britton & Robin Brena	4/23/2019	9/1/19		
13	Entity Integration - Recommendation with a schedule	Dan Britton, IGU Attorney, FA, Accounting		10/29/19		
14	Duties and Powers of the IGU Board of Directors Chair	IGU Board	4/23/2019			
15	First Gas	Dan Britton	7/2/2019			
16	Porcaro deadline to schedule meeting with Board of Directors	Michelle Hollowell	7/2/2019	7/26/19		
17	Financial Advisor - Bond Issuance Closing	Wes Smith	7/2/2019	10/17/19	In progress	7/29-8/2 Fitch rating visit
18	FEED	Dan Britton	7/2/2019	10/1/19	In progress	
19	New Project Manager hire	Mark Rockwell	7/2/2019	10/1/19	In progress	