



# Interior Gas Utility

## Board of Directors Work Session and Special Board Meeting

July 17, 2018

4:00PM

100 Cushman Street, Ste. 501, Fairbanks, Alaska

### Minutes

A Meeting of the Board of Directors of the Interior Gas Utility was held Tuesday, July 17, 2018, at the IGU, Fairbanks, Alaska. IGU Board Chairman, Pam Throop, presiding.

Others in attendance were: Dan Britton (IGU/FNG), David Prusak (Stantec), Rene Broker (CSG – IGU Attorney), Liz Greig (public), Robert Shields (public), Richard Theilman (public).

#### I. Call to Order

- Roll call

Board Members Present:

Pamela Throop

Jack Wilbur

Frank Abegg – 4:05 PM

Bill Butler

Steve Haagenson

Patrice Lee

Mike Meeks - telephonic

- Approval of Agenda

Director Haagenson moved to adopt the Agenda, Director Lee seconded. The Agenda was adopted.

- Public Comment – *limited to three minutes*

Richard Thielman – comment on last week's meeting, stated that the comment that there was not value from the charrette. Secondly feels that the Board should establish policy and determine which ones they will hear what is going on.

Robert Shields discussed conversions and concern that it be addressed and that the Board continue to look at all energy options including renewable energy sources.

Liz Greig discussed poverty numbers in the community and a document that was used to determine it. Reviewed the document with the Board and will continue to work on determine how many households this includes.

Mr. Britton discussed a sheet that was slipped under the door that Siemens being included for consideration for LNG Supply.

## **II. Special Board Meeting New Business**

- IGU FY 19 Budget Presentation and Approval (Board Action)
  - Mr. Britton presented a IGU draft budget for revenues and expenses not included in the Pentex budgets.
  - Directors asked about various capital expenses and how that may affect the budget and how this will show on the accounting books for debt and assets.
  - Mr. Britton discussed the position of cash and the discussion with AIDEA who is requesting funds to be returned that remain in the account that were drawn from the loan. The Board discussed this perspective.
  - Directors requested to review the budget on a line by line basis.

Director Haagenon moved to approve the FY 19 operating budget on page 7 and capital budget on page 2 of the document submitted, seconded by Director Lee.

Vote:

Abegg	Yes
Butler	Yes
Haagenon	Yes
Lee	Yes
Meeks	Yes
Wilbur	Yes
Throop	Yes
<i>Motion carries 7 - 0</i>	

- BM 2018-07 Amend Stantec Contract (Board Action)  
Moved by Director Haagenon to accept the BM and increase to the Stantec Contract, seconded by Director Wilbur.

Discussion:

- Mr. Britton explained the process completed previously and scaling back of the SOW for Stantec and answered questions by the Board.
- Director Butler asked for a greater presence for public outreach.
- The Board discussed how the costs would be reported and what they would like to see.

Vote:

Abegg	Yes
Butler	Yes
Haagenon	Yes
Lee	Yes
Meeks	Yes
Wilbur	Yes
Throop	Yes
<i>Motion carries 7 - 0</i>	

- BM 2018-08 Purchase Authority related to the 5.25 Large Storage tank project (Board Action)
  - Mr. Britton presented why this should be considered to advance the project forward in a timely matter.
  - Director Wilbur moved to approve the procedure presented in BM 2018-08, seconded by Director Lee.

Discussion:

Directors discussed various reporting desires to have a level of comfort that would allow the project advance by modifying the BM 2018-08.

Directors discussed allowing the GM to proceed by modifying the BM:

Director Butler moved to amend the motion by modifying the BM as follows (lines 22 to 33 on page one and lines 1 and 2 on page two):

“Prior to IGU’s purchase of Pentex the FNG CEO has solicited ~~or awarded~~ the following contracts for goods and services that were in the plan.

FNG LCRFP#01-2018	<del>Pumps and related materials</del>	<del>\$603,350.00</del>
FNG LCRFP#02-2018	Boil Off Compressors Pending negotiations	
FNG LCRFP#03-2018	<del>LNG Vaporizers and related Materials</del>	<del>\$225,996.00</del>
FNG IFB#04-2018	Phase 3 A Balance of Plant Foundations & Multipurpose Building Core and Shell	Pending Review of Bids
Due July 11, 2018		
FNG LCRFP#05-2018	Natural Gas Heater Module	Proposals Due July 17, 2018
FNG RFP#06-2018	WPG Heaters	Proposals Due July 26, 2018

~~It is expected that over the course of the project 5 – 10 more contracts over \$50,000 may be solicited and awarded.~~

It is recommended that in order to continue timely processing of **these** contract documents in order to meet critical project deadlines and minimize administrative costs that the FNG CEO/IGU General Manager be delegated authority to continue executing **these** contracts ~~and contract amendments~~ without soliciting prior Board approval, ~~but following all other IGU Procurement Policies,~~ up to the **\$47\$4 M** project budget dollars as authorized by the Board subject **to** the FNG CEO/IGU General Manger keeping the Board apprised ~~of the status of the project contracts costing or estimated to cost over \$50,000~~ on a monthly basis.”

Seconded by Director Haagenson, Chair Throop called for the vote on the motion and amendment:

Vote:

Abegg	Yes
Butler	Yes
Haagenson	Yes
Lee	Yes

Meeks            Yes  
Wilbur           Yes  
Throop           Yes  
*Motion carries 7 - 0*

- Combined Utility GM/President Contract and Deferred Compensation Contract (Board Action)
  - Chair Throop informed the Board this is not yet ready to present to the Board as she has not yet met with Dan. Move this item to the next meeting.

The Board suspended the rules after making a motion to extend the meeting for an additional 30 minutes beyond 7:00 PM

Upon return the Chair modified the agenda to have a report on Gas Supply:

Director Butler moved to enter into Executive Session. Director Butler seconded and without objection the Board moved into Executive Session at 7:06 PM.

*Move to go into executive session to discuss matters that if discussed in public would violate IGU's non-disclosure agreements and matters involving ongoing negotiations which if immediately known would clearly have an adverse effect on IGU finances related to gas supply. Information covered by non-disclosure agreements will be discussed. In addition to Corporate Counsel, those to remain for Executive Session include Dan Britton and David Prusak.*

Director Butler moved to leave the Executive Session and continue the Board meeting, Director Wilbur seconded at 7:30 PM. Without objection, the board so moved.

Director Butler moved to extend the meeting for 30 minutes more, seconded by Director Abegg. . Without objections, the board so moved.

Director Butler moved to enter into Executive Session for the same reasons stated above, seconded by Director Abegg at 7:32 PM.

Director Butler moved to leave the Executive Session and continue the Board meeting, Director Wilbur seconded at 7:53 PM. Without objection, the board so moved.

- IGU Website Postings (Board Action)

Recording can be placed on the web site.

Director Lee moved to post the audio recordings on the IGU website as soon as possible, and that the GM bring a proposal back to the Board concerning the website, seconded by Director Butler and without objection so moved.

**III. Unfinished Business** – At 8:07 PM, Directors requested to not take action on these items until the next meeting

- IGU Policies (Board Discussion)
  - Authority and Functions of Directors
  - Relationship between Board of Directors and General Manager
  - Delegation of Authority from Board of Directors and General Manager
    - Enable Direction of Utility Operations
    - Specify Reporting Requirements from GM to Board
- IEP Update (Board Discussion)
  - Storage Projects
  - North Slope Pad
  - Liquefaction Development Process Update/ Siemens Questions
  - Other Items

**IV. Executive Session – Gas Supply**  
Amended: discussed above:

**V. Other Business**

- Next Agenda (August 7, 2018)
  - Combined Utility GM/President Contract and Deferred Compensation Contract (Board Action)
  - IGU Policies
    - Authority and Functions of Directors
    - Relationship between Board of Directors and General Manager
    - Delegation of Authority from Board of Directors and General Manager
      - Enable Direction of Utility Operations
      - Specify Reporting Requirements from GM to Board
  - IEP Update (Board Discussion)
    - Storage Projects
    - North Slope Pad
    - Liquefaction Development Process Update/ Siemens Questions
    - Other Items

**VI. Director Comments**

Director Abegg: announced his resignation from the Board at the next meeting.

Director Lee: concerned about debt, AQ and being constrained by the Board Policy to do so.

Director Wilbur: thanked Director Abegg, expressed concern with issues raised by Director Lee.

**VI. Adjournment**

Director Haagenson moved to adjourn at 8:15 PM. This was seconded by Director Abegg and without objection, the meeting Adjourned.