



Interior Gas Utility

Board of Directors Work Session

April 25, 2017

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, April 25, 2017, at the IGU, Fairbanks, Alaska. IGU Board Vice-Chairman, Mike Meeks, presiding.

Others in attendance were: Jomo Stewart (IGU General Manager), Zane Wilson (IGU Attorney), David Prusak (MWH) and Dan Britton (Pentex).

I. Call to Order

- Roll call

Board Members Present:

Mike Meeks

Jack Wilbur

Frank Abegg – 4:08 pm telephonically until 5:15 pm

Bill Butler - absent

Steve Haagenson

Aaron Lojewski

Pamela Throop

- Approval of Agenda

Director Lojewski moved to adopt the Agenda and the Consent Agenda. Director Wilbur seconded and the meeting agenda was adopted.

- Public Comment- *limited to three minutes*
 - No Comment

II. Special Board Meeting

- Resolution 2017-04

A Resolution authorizing the General Manager of the Interior Gas Utility to amend the non-binding Memorandum of Understanding with the Alaska Industrial Development and Export Authority for the Acquisition of Pentex to extend the effective date.

Jomo Stewart introduced the Resolution, noting that the proposed version differed from the last MOU-extension resolution through inclusion of additional language authorizing the General Manager to, upon necessity, negotiate further extensions beyond May 31, 2017 without Board approval. Mr. Stewart notes that AIDEA does not have this topic on their agenda at this time but that he'd received word of its intent to take up a similar item. Mr. Stewart recommended that the Board do take the action of doing the extension.

Board members inquired as to what precipitated the need for further extension and the language relative to possible extensions beyond May 31, 2017. Thereafter, Director Wilbur moved to amend the resolution to change the last portion of Section 1 from, "to May 31, 2017 or an alternative date mutually agreeable to the IGU and AIDEA Board to its authorized designee," to "to date no later than May 31, 2017;" second by Director Haagenson;

Unanimous vote of the Board to approve the amendment.

Haagenson discussed the area of expenses under section 6 of the MOU. David Prusak described the discussions with AIDEA, and he and Mr. Stewart describe allowable and unallowable expenses. Thereafter, the Board discussed whether modification of the MOU is necessary at this time and whether the present resolution is the right vehicle to accomplish this.

There being no further amendments offered and no further items for discussion, the vote was called.

Unanimous vote of the Board to approve Resolution 2017-04 as amended.

III. Committee of the Whole

- Interior Energy Project Update
 - Brena's office has begun drafting the RCA filing to move this forward.
- Gas Supply Agreement Options
 - Various discussions are occurring, additional modeling is needed to determine impact going forward.
 - Regarding immediate needs, Mr. Stewart reminded the Board of Pentex's previously stated need to secure gas supply, soon, to ensure service to the FNG customer base as its current contract runs out at the end of March, 2018. Mr. Stewart discussed with John Springsteen that, per the MOU, IGU was willing to grant consent to allow Pentex to negotiate and, within limitations, contract for gas supply – had, in fact, drafted a letter to this effect, transmission awaiting Board discussion and direction.
- Purchase Sales / Finance Agreement for Pentex from AIDEA Update
 - The red lines have been sent to AIDEA, a meeting occurred covering only the PSA and was generally positive. The FA is next and will be discussed this Thursday.
- Integration Update
 - Integration planning is moving forward, including the previously noted site visits and meetings with Dan Britton. Due Diligence efforts continue both for corporate and assets, with reports, already being developed, targeted for completion in June.

- Integration planning covering both corporate and capital components is also underway, with the early-stage corporate plan, scheduled for Board review May 2, near completion.
- At 5:21 pm, Director Throop

Moved to go into executive session to discuss matters that if discussed in public would violate IGU's non-disclosure agreements and/or matters involving ongoing negotiations which if immediately known would clearly have an adverse effect on IGU finances. This includes negotiation of contracts for natural gas supply, Purchase Sales Agreement and IGU/FNG utility integration. Included to participate are Jomo Stewart, Zane Wilson, David Prusak and Dan Britton (Gas Supply negotiations only)

Seconded by Director Haagenon

At 6:45 pm, Director Haagenon moved to leave executive session, seconded by Director Throop and the motion carried.

After receiving input from Pentex President Britton and counsel, and open and executive session discussion, the Board directed Mr. Stewart to contact AIDEA telephonically to alert them to IGU's consent to Pentex entering into gas supply negotiations.

IV. Reports

- General Manager
- Stantec Consulting Services Inc.
- Project Schedule Update

V. Other Business

- Next Agenda
 - Integration Presentation
 - IEP and MOU related updates

III. Director Comments

No comment.

IV. Adjournment

Director Wilbur moved to adjourn at 7:00 PM. This was seconded by Director Throop and without objection, the meeting Adjourned.