



Interior Gas Utility

Board of Directors Work Session

August 16, 2016

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, August 16, 2016, at the IGU, Fairbanks, Alaska. IGU Board Chairman, Mike Meeks, presiding.

Others in attendance were: Jomo Stewart (IGU General Manager), Jill Dolan (FNSB Attorney), David Prusak (MWH) and Kimberly Templeton (MWH), Ted Johnson (public)

I. Call to Order

- Roll call

Board Members Present:

Mike Meeks

Jack Wilbur – 4:01

Frank Abegg

Bill Butler - 4:01

Steve Haagenson

Aaron Lojewski

Pamela Throop

- Approval of Agenda

Chairman Meeks advised the Board that, contrary to the published notice, consideration of a Resolution had been removed for the finalized agenda and asked for adoption of the meeting agenda so finalized. Director Lojewski moved to adopt the agenda. Director Haagenson seconded and the meeting agenda was adopted.

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

II. Reports

- General Manager

Discussions on Gas Supply and the Gas Supply Agreement are ongoing. IGU anticipates an acceleration in the near future. It was Mr. Stewart's understanding that the latest version

of the Gas Supply Agreement from the seller would be provided to IGU by August 17th, 2016.

Liquefaction discussions with Salix are also on going regarding the LNG Facility.

With regards to Integration, there have been ongoing discussions between AIDEA and IGU pursuant to the Resolution 2016-05, passed by the Board on July 26th, 2016. Additionally, there have been continued interaction between IGU and Pentex, specifically regarding due diligence and reception of the due diligence information related to possible purchase of Pentex assets.

Regarding conversations, Monique Garbowicz (MWH) has had communications with a nonprofit organization, Environmental & Energy Studies Institute (EESI), which provides assistance to public utilities and co-ops on a free of charge basis. One of their programs of interest relates to on-bill financing. There will be an introductory conversation with them on Thursday, August 18th, 2016, to see if there is valuable assistance that they can provide and under what system they may be able to assist the Interior Gas Utility.

- MWH America, Inc.
Predominantly working in support of the General Managers.

On Monday, August 15, 2016, there was progress with regards to Due Diligence after having a call with the AIDEA staff that is responsible for providing information pertaining to the Pentex assets. Previously, AIDEA provided information related to the Pentex Corporation but not the assets themselves. IGU is most interested in the Pentex Assets. It has been brought to our attention that there are two Data Banks listing the Pentex Assets, one of which is maintained by AIDEA and the other by Pentex. Mr. Prusak has been granted access to one of the two Data Banks on Wednesday, August 16th, 2016, and has not yet had the chance to review the contents. The assessment of the Pentex assets will be moving forward.

In the Phase 1 construction areas, two of the three contractors have been out checking mechanical fittings in the areas where some pressure losses have been identified. The current lose is approximately 1/10th of a pound per week and the primary cause of the loss is due to the end caps and mechanical fittings. Therefore, these efforts will continue.

III. Committee of the Whole

- Interior Energy Project Update
AIDEA held a Board meeting and received an IEP update. The update was essentially the same as a previous presentation given by Gene Therriault before the Borough Assembly, which was based upon the AIDEA IEP Quarterly Report to the Alaska State Legislature dated July 5, 2016. During their Board meeting, AIDEA touched on supply, integration, conversions and gave updates on those items.

Director Throop moved to enter into Executive Session. Director Butler seconded and without objection the Board moved into Executive Session at 4:12 PM.

Move 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 consideration and action on the Interior Energy and Utility Integration Plans including adoption of Board strategies and goals for negotiating the purchase of FNG/Pentex assets from AIDEA, negotiating of contracts for natural gas supply, LNG production, transportation, delivery, storage of LNG, gas operator, transfer of control of FNG/Pentex from AIDEA, gas sales, and modeling, financing and other negotiations related to the Interior Energy Project..

Director Wilbur moved to leave the Executive Session and continue the Board meeting, Director Butler seconded at 6:22 PM. Without objection, the board so moved.

IV. Other Business

- Next Agenda
 - Results of the AIDEA meeting on Thursday, August 25, 2016.
 - Executive Session
 - Reports
 - Monthly Status Report

V. Director Comments

Director Butler suggested that Reports that are provided during the Monthly Board meetings be presented during the Work Sessions.

VI. Adjournment

Director Wilbur moved to adjourn at 6:25 PM. This was seconded by Director Butler and without objection, the meeting Adjourned.