



# Interior Gas Utility

## Board of Directors Board Meeting

February 20, 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, February 20, 2018, at the IGU, Fairbanks, Alaska. IGU Board Chairman, Pam Throop, presiding.

Others in attendance were: Jomo Stewart (IGU General Manager), David Prusak (Stantec), Dan Britton (FNG), Zane Wilson (CSG – IGU Attorney), Monique Garbowicz (Stantec), Chris Rutz (Stantec), Gene Therriault (AIDEA - telephonic), Kelly Laurel (Siemens - telephonic), Liz Gregg (public), John Michael Cross (EESI - telephonic), Miguel Yanez (EESI – telephonic).

#### I. Call to Order

- Roll call

##### Board Members Present:

Pam Throop  
Jack Wilbur  
Frank Abegg - telephonic  
Bill Butler – telephonic (4:05 PM)  
Steve Haagenson  
Patrice Lee - telephonic  
Mike Meeks - telephonic

- Approval of Agenda

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

- Public Comment –
  - Liz Gregg, has heard the positive messages about the tank construction. Has continued discussing conversions with her land lord and wondered whom they might call to get information on future conversion. The property is in the City of Fairbanks and FNG's service area so she will provide them with FNG's phone number.

#### II. New Business

- Conversions Update Presentation (Monique Garbowicz)
  - Mr. Stewart introduced Ms. Garbowicz, IGU's Stantec conversions specialist and lead, who would be presenting the update and reminded the Board of the 2017 research and development process underpinning the update.
  - Ms. Garbowicz began by introducing John Michael Cross, Project Manager from EESI. EESI is a non-profit which works with utility cooperatives setting up on-bill systems for conversions. It works in 10 states trying to find the best fit for utilities setting up such programs and is aware of 75 different programs going on in the country.
  - Walked the Board through the power point slide presentation.
    - Successful On-Bill Repayment programs tend to share key attributes: designed for a specific target audience; utility defined underwriting criteria for lending; having strong education and communication components; utility-led program development and administration; and strong relationships and coordination between stakeholder and participant groups – utility, contractors and lending institutions.
    - The law being silent on OBR, it is recommended explicit statutory authorization be obtained. A preliminary bill is in the State Legislature for consideration.
  - OBR plan contains list of defined tasks for implementation and schedule to effectuate.
  - Questions:
    - Director Haagenon asked who the supporters of the on-bill project are, Mr. Stewart indicated he had discussed with Representative Adam Wool's office related to on-bill financing.
    - Director Lee asked who was on the steering committee, Ms. Garbowicz said she would forward the list to her. Secondly, she asked how the Cardno Report was generated, with explanation of process and results given.
    - Director Wilbur discussed differences with on-bill financing compared to on-bill payment. Also discussed how interest rates would work into the process.
    - A variety of possibilities and consideration were discussed for what the program might be (options to be consider).
    - Director Lee believes that funds will be needed to help with conversions and was interested to know how folks would be treated that may have previously converted. Mr. Stewart provided a broad overview. Director Lee was asked to provide suggestions to Mr. Stewart.
- Procurement Manual Presentation (Chris Rutz) (4:52 PM)
  - In introduction of Manual, Mr. Stewart described where we started (original policy, revised and adopted policy) and how we got to where we are (draft of Manual developed by IGU's Stantec procurement specialist and lead Chris Rutz, with input & assistance from IGU management and Board sub-group). The development of the Procurement Manual particularly important in light of the Pentex Acquisition and current project advancement activities. Director's Wilbur and Haagenon worked on a subcommittee to assist in developing the Procurement.

- Discussed the Delegation of Authority and the action necessary from the Board. This delegation was distributed and the Board, who will be asked to take action at the next Board meeting to adopt.
- Mr. Rutz explained that about 90% to 95% of procurements are likely covered with in the manual and the document defines what services must come before the Board no matter the amount associated with them.
- Mr. Rutz explained that this is primarily a tool kit.
- Director Lee asked how executive session materials are handled. Mr. Rutz explained this is not typically found in a procurement manual but such materials are handled to become public.
- Director Wilbur asked how the new manual is adopted verses how the new policy will take effect. Mr. Wilson suggested that when the motion is made, it include statement that the previous policy is being rescinded concurrently.

### **III. Old Business**

- IEP Update (5:08PM)
  - Mr. Stewart discussed:
    - RCA: comments are coming in. Counsel recommends response so he is working with the Brena Office to prepare same.
    - Due Diligence of disclosure schedules is moving forward, with load having been divided among subject-area specialists.
    - North Slope Pad: Mr. Stewart has provided Board recommended-comments and questions to the agreement to AIDEA, who is discussing them with sub-lessee.
    - AIDEA Bond Authority extension is moving through the legislature.
  - Chair Throop said she was recently invited to meet with the Governor. Said she was told at this meeting that the Governor's office supports looking at alternatives. Options include Siemens and propane and IGU is exploring options to fund this effort. She indicated she is continuing to work on this issue. The funding source was not specified at this time.
    - Mr. Stewart distributed a white paper he had developed to look at a possible Scope of Work and possible funding (to include use of SETS proceeds) for this effort.
    - Director Wilbur asked if a proposal has already been received for propane. Mr. Stewart said no but a vendor has said they would like to present one. Mr. Wilbur went on to ask if the propane proponents will be given an opportunity to present to the Board. Chair Throop said it will likely not be competing with the same areas as natural gas areas, but rather outlying areas.
- Siemens Update (5:33 PM)
  - Michael Rand and Kelly Laurel of Siemens were invited to provide an update. Said they have worked on a plan of development, feel it will be beat the current prices anticipated, and provided IGU with a development agreement to command future effort for its consideration. Reimbursement would be

benchmarked to various city gate price thresholds, meeting milestones and capped. Feels they can hit their targets within 6 months. Said the development agreement has already been distributed to the Board. Described a four-tiered development agreement to cover all the areas, with the intention of having a Liquefaction production facility that would be sold back to IGU. They stated they have a facility they have commissioned in Dawson Creek Canada. They indicated the gas would come out of a coal bed methane source in the Houston, Alaska area and committed to send the Board information on general CBM development.

- Director Meeks asked about a price point, especially considering that IGU has fixed costs, and wondered how this may be taken into account. Ms. Laurel described how they may be able to address these issues. Director Meeks asked if someone is working with AIDEA so they are aware of this. Mr. Stewart said they are aware.

Director Haagenson moved to enter into Executive Session. Director Butler seconded and without objection the Board moved into Executive Session at 5:53 PM.

*Move to go into executive session to discuss the Siemens Development Agreement that if discussed in public would violate IGU's non-disclosure agreements (NDA). Invited to stay are Jomo Stewart, David Prusak, Zane Wilson and Chris Rutz (Mr. Rutz was subsequently excused as his input, though pertinent to discussion of the executive session material, would not violate NDA if discussed in open session).*

Director Wilbur moved to leave the Executive Session and continue the Board meeting, Director Haagenson seconded at 6:43 PM. Without objection, the board so moved.

Mr. Rutz was invited back. He discussed unsolicited proposals, and how they may be treated and handled. He encouraged the utility define its own criteria(s) of need and set requirements on Scope for proposal(s), and either consider a public solicitation related to the work or document why it would consider single-source contracting to meet it needs. Directors discussed purchasing a service and how best to accomplish this. After Board Discussion, the Board decided that they will submit their comments relative to the offered Development Agreement to Mr. Stewart by COB this Friday. He is to then go through a process to determine if a sole source contract will work for this process.

- Duties of the Chair & Board Roles (7:35 PM)
  - Reviewed document provided in the Board packet – breakout of stated Chair Duties within IGU Bylaws.
  - Director Wilbur focused discussion stating his belief the Chair, or any Director, should not receive information which is not shared to the rest of the Board - every Board member has the right to be informed. He noted also that though it is appropriate that Directors, or subsets of Directors, might assist management on specific items via direct engagement or sub-groups, such individuals or groups should be identified to and before the Board and should, either regularly or as appropriate, provide update to the full Board regarding their efforts and findings. General Director concurrence was expressed of these opinions.

#### **IV. Other Business**

- Integration Plan

#### **V. Director Comments**

Director Lee – The public is counting on IGU providing air quality.

Director Meeks – Interested to hear from Dan Britton about what happens if Titan 1 goes down.

#### **VI. Adjournment**

Director Haagenson moved to adjourn at 8:07 PM. This was seconded by Director Lee and without objection, the meeting Adjourned.

## **Finance Committee Report**