



Interior Gas Utility

Board of Directors Board Meeting

February 6, 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, February 6, 2018, at the IGU, Fairbanks, Alaska. IGU Board Chair, Pam Throop, presiding.

Others in attendance were: Jomo Stewart (IGU General Manager), Zane Wilson (IGU Attorney (4:06 PM). David Prusak (Stantec), Dan Britton (FNG), Tim Ellis (KUAC radio), Karl Golke (public), Ted Johnson (public), Liz Greer (public).

I. Call to Order

- Roll call

Board Members Present:

Pam Throop
Jack Wilbur
Frank Abegg - telephonic (4:02 PM)
Bill Butler
Steve Haagenson
Patrice Lee
Mike Meeks – excused

- Approval of Agenda and consent Agenda

Director Butler moved to adopt the Agenda, Director Haagenson seconded. Director Wilbur requested that the Minutes for 1/16/18, the Financial Report and General Manager Report be pulled for discussion. The without objection, the Agenda and Consent Agenda were so Amended and Adopted.

Director Wilbur

- He noted that the 1/16 meeting minutes on page 28 of the Board packet in the 5th paragraph, had an unfinished statement. Mr. Stewart said he will correct and present to the Board in the future.
- Financial Reports: on page 39 of the Board packet asked about the statement in II.b.iv., in the budget to actuals are running \$45 to \$50K and if this is being modeled currently. Mr. Stewart explained all expenses are not from the FNG financing or the AIDEA loan, but rather is in the current grant administered by FNSB. This satisfying the question, Director Wilbur moved to accept the December Financial Report as presented. This was seconded by Director Butler and, without objection, the Finance Report was accepted.

- Public Comment – *limited to three minutes*
 - None

II. New Business

- Duties of the Chair
 - Requested by Director Wilber to have staff define this. He was not prepared to lead the discussion, rather he wishes to know how these duties are defined in bylaws, policies or other codified documents. Desires to have formalization of the duties.
 - Mr. Stewart stated he was not prepared to discuss this at this time, so will bring it forward at the next meeting
 - Director Haagenon asked the Chair what her perspective of her role is. Chair Throop will be prepared to discuss this at the next meeting.
 - Director Lee indicated there will be information in the by-laws, ethics and policies.
 - Mr. Stewart did state what is in the current bylaws
 - A document will be prepared and provided to the Board in advance of the next meeting
- Board Role
 - Director Haagenon asked this item be brought up at the same time as the above issue at the next meeting.
- Notice Protocol
 - Mr. Stewart discussed history of publishing in the newspaper. There was a memo prepared by Rene Broker provided earlier when this issue came up before.
 - It is not statutorily required but municipalities have gotten in trouble by not doing this: Safest ground is to publish in News-Miner.
 - Director Butler said the newspaper of record is what the court normally falls upon this and is a safest route to go. He provided examples of how the City of North Pole handles these and felt it is important.
 - Mr. Stewart will distribute to the Board.
 - Mr. Wilson said it is not required but provides the highest level of cover.
 - Director Wilber felt there are other options in the social media and should not be overlooked.
 - Director Wilber suggested it should be incorporated into the procurement manual to cover the IGU. Mr. Stewart said he would take it under consideration.
- Siemens Update
 - Mr. Stewart discussed the presentation at the last meeting where Siemens would be providing a draft unsolicited proposal. He indicated it came in today.
 - Director Lee asked about the difference between a solicited and unsolicited proposal and Mr. Stewart described.
 - Director Butler asked if it will be distributed to the Board, and the answer was yes.

- Director Wilber asked if previously other proposals have been provided. Mr. Stewart indicated he had received a draft development proposal regarding propane in the past but it did not include much depth to it. There was a discussion about the costs associated with the effort that the Chair had seen, this was not been distributed.
- Director Haagenon said there is a working group of the Board to discuss with Siemens. Director Wilber asked if this was done under an action of the Board, and it was not. The Chair asked two other members of the Board to assist in this effort. Director Wilber said he feels it would be appropriate for the entire Board to be aware of this effort and the Board and the information should be shared with the entire Board. There was a discussion as to the timing of when this was set up. Director Wilber primarily wants assignments be made in Board meetings; he is not objecting, just desires it be made at the Board.
- Director Butler pointed out that it might be described as discussions and not negotiations. He indicated it would be best to see the information while it is in the discussion phase and not the negotiating phase to better understand them.
- Director Lee desires to be informed on issues all along the path.
- The proposal is currently held as a confidential document. Mr. Wilson said it would be good to look at the confidentiality agreement and, as has been done once previously, have Directors “agree to be bound” before distributing the Siemens DA.
- Mr. Stewart said he will follow up with AlasConnect and Directors Abegg, Butler to get their email through IGU and not their private emails to receive confidential documents.
- Director Haagenon presented a motion “move to have additional work conducted on the sizing of the Liquefaction plants being proposed for the Interior Energy Project, including all possible component and unit failure modes and repair times to ensure adequate spare parts and procedures are available for repair within the five-day peak demand storage limit, or for events requiring more than five-days of storage have a sustainable alternative LNG.” Seconded by Director Wilber. Mr. Stewart clarified that there is a plan currently in the MOU and how Titan may be advanced. The Siemens proposal, therefore, would be a “Plan B” to be analyzed on a comparative basis to the agreed PSA/FA “Plan A” scope of work. Director Haagenon then discussed his perspective and what this study will entail. Director Butler brought out that this may be vague and suggested there might be some specifics that are to be involved in the study (Siemens and FNG). Chair Throop said that, perhaps, other alternatives should be brought forward as part of this too, such as propane. Director Butler was concerned it may be too open ended. The Board asked for input from Mr. Britton to discuss this perspective. Mr. Britton discussed the two open RFP’s that AIDEA went through in this process and discussed this history. He cautioned the Board they might want to consider the other firms that did propose during that time and that they should not be overlooked. He discussed that a FEED process keeps it open and not leaning toward any one of multiple options which is typically done at FEED. There was discussion of modular aspect of LNG production facilities, which Mr. Britton described, and their availability in the market place. Director Wilbur stated that we have been counting on a modular type of facility for portability in the future.

- Director Butler called the question to end discussion
 - Throop Yes
 - Wilbur No.
 - Abegg Yes
 - Butler Yes
 - Haagenson No
 - Lee No

The motion for cloture having failed, discussion continued.

- Board continued discussion
 - Director Wilbur asked if Director Haagenson wanted to stop work on the path currently being pursued or if the desired analysis would cause delay. Director Haagenson indicated he hoped not.
 - Original motion was called for a vote:
 - Lee yes
 - Haagenson yes
 - Butler yes
 - Abegg yes
 - Wilbur yes
 - Throop yes

The motion carried.

- IEP Update
 - Mr. Stewart said he was invited last week in Juneau to provide an IEP Update to the House Special Committee on Energy. He did so and also testified on SB 25 - an Act extending AIDEA's IEP bonding authority for 5 years.
 - Mr. Stewart also presented to the Rotary last week and to FEDC today.
 - The RCA application is moving through the process. There are letters of opposition including a letter appending the Memo Director Abegg had written to the IGU Board on 12/4/17 explaining his impending "no" vote on the PSA/FA. Director Lee asked if the RCA has access to the due diligence documents. Mr. Stewart stated he was not certain but indicated the RCA normally is not focused on the actual assets but, rather, if the new owner is fit, willing and able to act in an ownership role. Director Butler said the RCA is looking for very specific things, and due diligence information regarding the purchased asset(s) is unlikely to be one of them. The Board then discussed the due diligence reports, the confidentiality agreements entered into to allow their creation, what has been made public and what more can, should and might be.
 - Mr. Britton presented an update of the LNG Large Storage Project.
 - Full containment and benefits associated with it.
 - Schedule and completion date of Fall 2019
 - EPC Procurement process, signed contract on December 22, 2018.
 - Project Team for owner and contractor
 - General plan review
 - Next steps
 - Regular updates will be provided to the Board.

III. Old Business

- North Slope Pad Sub-lease
 - Mr. Wilson discussed and reviewed some of the areas of concern about the lease and that IGU will provide recommendations to AIDEA before they take action. He is working with them to provide that to them before AIDEA takes action in March.
 - Mr. Therriault (AIDEA), dialed in, made himself available to answer questions. He stated that rent income is anticipated to be \$240,000/ year and lease payment is \$90,000/ year to DNR. He discussed how access is preserved to all potential sub-lessees. About 1/3 of the pad will be sublet and, in doing so, will preserve the entire lease, ensuring it does not lapse back to the ADNR.

IV. Reports

- General Manager
 - Director Wilbur recommends the report not be placed on the consent agenda.
 - He asked about the CS&G comments and asked if these are normal ongoing activities. Mr. Stewart replied in the affirmative.
 - On Gas-Supply asked about the actions that are pending as described in the report. Mr. Stewart explained the actions taken by himself and the gas supply consultants under previous Board guidance. Noted the status of the referenced term sheet and that it awaits re-advancement to the Board at their discretion.
 - Asked if the Storage costs were going to be funded through SETS. Mr. Britton was invited to respond in the affirmative and that these funds were going to be from the capital funds and not operating funds.
 - Asked about GVEA storage site and GVEA involvement for joint storage. Mr. Stewart explained discussions involve land use and possible fuel purchase but that GVEA has not yet express an interest to jointly fund the storage.
 - Director Lee asked about the use of “regularize” which Mr. Stewart explained means “put under contract”.
- Stantec consulting Services, Inc.

V. Other Business

- Next Agenda
 - i. Conversions Presentation
 - ii. Possibly Procurement Manual

V. Director Comments

Steve Haagenson thanked Dan Britton for the presentation tonight
Director Wilbur asked that we present the IEP in a more positive light via more positive messaging.

VI. Adjournment

Director Butler moved to adjourn at 7:38 PM. This was seconded by Director Haagenon.
Without objection, the meeting Adjourned.