



Interior Gas Utility

Board of Directors Work Session

January 20, 2015

4:00PM – 6:00PM

Interior Gas Utility

100 Cushman Street, Suite 501, Fairbanks, Alaska

COW Notes

The Board of Directors of the Interior Gas Utility held a Work Session Tuesday, January 20, 2015 at Interior Gas Utility, Fairbanks, Alaska. IGU Board Vice-Chairman Mike Meeks, presiding. The meeting was called to order at 4:01 pm.

I. Call to Order

- Roll call

Members Present: Frank Abegg, Mike Meeks, Steve Haagenson, Aaron Lojewski, Jack Wilbur (arrived at 4:07)

Members Excused: Bob Shefchik, Bill Butler

Others in attendance were: David Prusak (online), Mindy O'Neill, Merrick Pierce, Ted Johnson, Rene Broker, FNSB Attorney

II. Committee of the Whole

- **Financial Report** – The reports distributed in the board packets were revised to reflect the most recent reports and will be reviewed by the Finance Committee next week and voted on in the February committee of the whole meeting.
- **IEP Update** – Director Haagenson provided a brief history of the IEP happenings of late, including the recent developments ending the concessions agreement with MWH. He provided the spreadsheet that has been developed by the Fairbanks Economic Development Corporation (FEDC) Tuesday morning Energy Meetings. AIDEA is now tasked to populate the matrix, currently being managed by Jomo Stewart at FEDC. A suggestion was made to add a column indicating the likelihood of each plan.

The IGU Board and public members present discussed the goals and principles expected by the utility as follows:

- FOB Fairbanks for \$10/mcf (2015 \$)
- Financing for Phases 1-3 with that provide \$15/mcf at the meter
- 10 year minimum supply agreement

- First gas supply July 2016
- **Schedule Update** – Prusak updated the board on the schedule. The schedule reflects a condensed version of about 300 tasks due to the unknown financing amount and availability. Despite this, project has progressed on task, on schedule and on budget.

The biggest critical path is design and bidding of work. Prusak is pleased with the work of the consultants, though challenges remain with permitting, specifically with AKRR, particularly in how late they provided input for the design and layout. Areas that are parallel between DOT and AKRR ROW have proven to be issues for this process. Backup options are being reviewed at this time to address the possible delay in ROW permitting between these two agencies.

Prusak confirmed that the plans are on target based on the provided schedule, and expects documents to be prepared in time for the bid timeline, pending financial approval. Design teams continue to work together and through the designs so that final review can be conducted expeditiously.

ROW permitting could delay the construction timeline, though Prusak is confident that the project bids can continue amidst the challenges.

Director Haagenson contributed that AKRR is looking to relocate around Lawrence Road.

The project will not do a prequalification request for the construction contractor. This will be updated in the schedule to reflect this change.

Chairman Shefchik has requested that the bidding process be delayed until financing has been received by AIDEA.

- **Gas Operator Update** – Prusak updated the board on the presentations and interviews of the Gas Operator. Intent to negotiate has been extended and is confidential. Contracts should be anticipated to be before the board next month

Ms. Broker clarified that only board members who sit on the selection committee know who is being considered for the Operator. This condition was outlined in the procurement as part of the RFQ documents.

Prusak will obtain the language used in the RFQ which spells this out and send to Board.

- **Financial Models** – tabled until further notice pending scheduling with AIDEA for 2015 application.

- **AIDEA Financing** – Application has been submitted and is being evaluated. AIDEA board meeting has been scheduled for the end of January. Supporting documentation and representation is being requested by AIDEA's loan officer (Jeff San Juan) to present to the AIDEA Board of Directors. \$32.6 million has been requested in the application.

If no financing is granted, IGU will give all work on project to AIDEA, excluding CPCN. Design money only has been granted to IGU, this application includes construction of Phase I, and design for Phase II. Pipe procurement was granted under the initial financing.

Ms. Broker confirmed that the terms of the loan are currently be negotiated.

- **GM Report** – Director Haagenon referred to his report on the IEP.
- **MWH Report** – Prusak addressed the two ROW clearing contracts, Zones A & C will have bids opened tomorrow, Jan. 20. Zone B will is scheduled for a bid opening on Friday. By the next board meeting on Feb. 2, financing for the project should be known to move forward with an Award.

Clearing needs to be done around the Migratory bird nesting considerations which run May 1 -July 15.

Phase II – 35% design set has been received. MBI also has developed pipeline crossings for Alyeska pipeline, which will become standards. This type of standard is new to Alyeska as they have not had a foreign pipeline cross their pipes before.

Phase I completed construction is on schedule for July 2016. Substantial completion (meaning ready for the intended use) is expected to be completed on Oct. 15, 2015. Construction installation of pipe is planned to begin in May.

AIDEA financing is critical to the construction schedule and the project, especially due to the amount of pipe planned to be installed.

III. **Adjournment**

- **Next Agenda – Finance Report, Conversions, IEP Update, Financial Models, AIDEA Financing, GM Report, MWH Status Report, Clearing Contracts (two), Gas Operator Contract**
- **Director Comments - none**

At 5:05 pm, Director Abegg moved to adjourn the meeting, and Director Haagenson seconded, and the meeting was adjourned.