



# Interior Gas Utility

## Board of Directors Work Session

January 17, 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 on Tuesday, January 17, 2017, at the IGU, Fairbanks, Alaska. IGU Board Chairman, Mike Meeks, presiding.

Others in attendance were: Jomo Stewart (IGU General Manager), Jill Dolan (FNSB Attorney), Kimberly Templeton (MWH), Ted Johnson (citizen). Telephonically Present: David Prusak (MWH), Mark Premo (MWH), Brown Thornton (MWH), Robin Brena (Attorney) and Chris Wilde (OPS.)

#### I. Call to Order

- Roll call

Board Members Present:

Mike Meeks

Jack Wilbur

Frank Abegg – Excused

Bill Butler - Absent

Steve Haagenson

Aaron Lojewski – 4:02PM

Pamela Throop

- Approval of Agenda

Director Haagenson 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 Public Comment

#### III. Committee of the Whole

- General Manager

Mr. Stewart requested to combine the General Manager Report with the Interior Energy Project updated. The Board accepted this request and Mr. Stewart continued by stating that the MOU was approved by AIDEA on Wednesday, January 11, 2017.

Mr. Stewart outlined the items that are being advanced forward under the direction of the Utility Integration Memorandum of Understanding:

- Development of executable documents for the purchase and sale of Pentex assets to IGU.
- Development of a comprehensive plan for the establishment of an integrated natural gas utility.
- Development of executable agreements for the financing by AIDEA of the integrated natural gas utility.
- Development of detailed plans and timelines for the purchase and sale, development and financing contemplated by the MOU.

Per the MOU, all items are to be completed no later than March 31, 2017, however, Mr. Stewart predicts that these items will be ready for preliminary review by mid-February.

AIDEA's plan was to have HB105 certified last week. However, it has not yet been certified. It is possible AIDEA is waiting for a Gas Sales Agreement (GSA) to be completed prior to certifying HB105.

Mr. Stewart lastly informs the Board that the Legislative session has begun and that he will be following closely.

- Stantec / MWH Americas, Inc.

Fully anticipate the business plan to be complete by the end of March 31, 2017 with a draft coming to the Board by the middle of February.

Integration plan is advancing, other activities are focused on support of the General Manager.

There has been significant work done with regards to procurement policy and procedures.

Additional work done with the financial model however, will be discussed more thoroughly within in executive session with GSA.

The FNSB Monthly Report has been submitted for the month of December as part of the grant requirements that the FNSB administers.

Begun preparation of fourth quarter reporting documents for the AIDEA line of credit that of which is due in mid-February.

- Project Schedule Update
  - No comments

Declaration of conflict: Director Throop and Jill Dolan discussed that the Code of Ethics the Board adopted July 7, 2015 says that the Board must rule on declared conflicts by Directors by vote of the Board, not a simple ruling by the Chair. Therefore, per the code of ethics, Director Throop disclosed a potential conflict to the board, stating she and some of her business partners have had loans with AIDEA, previously, and are in the process in requesting a couple of loans from AIDEA, currently. It occurred to Director Throop that this might be, or be perceived as, a conflict of interest. Director Throop contacted the lender and spoke with an AIDEA financial officer to find out if the loans would need to be brought to the AIDEA Board. If so that would potentially appear as a conflict. During their discussions, it was determined by the AIDEA Loan Officer that the loan request will not go before the AIDEA Board but it will go in front of the AIDEA Finance Committee. Director Throop continued to state that AIDEA has certain criteria that all applicants must meet in order to get a loan; should they not meet the criteria, they will not get the loan, the terms do not change.

For further clarification Director Meeks read P&P No.06 IGU Board Code of Ethics section (6)(c)(1) that stated:

*“IGU Board members shall place the public interest above any financial or private interest when taking official action. If a Board Member’s private relationships or interests prevent the member from placing the public interest above a financial or private interest, the Board member shall disclose this fact on the record. Prior to comment, deliberation or decision on a matter coming before the IGU Board, a member shall disclose any financial or private interest in the matter, including the financial interest or personal involvement of an immediate family member as defined in FNSBC6.32.010. The nature of the financial or private interest shall be disclosed in sufficient detail to permit the other members of the IGU Board to determine if the financial interest is substantial or the personal involvement is prejudicial. If the other members of the IGU Board, by majority vote, determine that a financial interest is substantial or the personal involvement is prejudicial, the member may not participate in the matter coming before the IGU Board.”*

Director Wilbur stated his opinion that the situation described by Director Throop appears neither a conflict of substantial financial interest nor of a personal involvement and moved that the Board declare her not in conflict. Director Lojewski seconded and the board moved into discussion.

Director Wilbur requested that Director Throop state for the record that she can go forward without prejudice. Director Throop stated that she can continue on without prejudice.

Director Meeks clarified that a “yes” vote would mean the Board members do not believe Director Throop has a conflict of substantial financial interest or of a personal involvement and, therefore, may continue to participate in discussions and vote. A “no” vote would indicate the adverse.

Roll Call Vote:

Director Wilbur – Yea  
Director Haagenson – Yea  
Director Lojewski – Yea  
Director Meeks – Yea

With Director Throop abstaining, and the Board voting 4 – 0 in the Affirmative, Motion passed.

#### **IV. Special Business Meeting**

- Interior Energy Project Update

Director Throop moved to enter into Executive Session. Director Lojewski seconded and, without objection, the Board moved into Executive Session at 4:34 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 negotiation of contracts for natural gas supply, LNG production, transportation, delivery, storage of LNG, gas operator, transfer of control of FNG/Pentex assets from AIDEA, gas sales, and modeling, financing and other negotiations related to the Interior Energy Project. Executive Session is closed to everyone with the exception of Jomo Stewart, David Prusak, Jill Dolan, Mark Premo, Brown Thornton, Chris Wilde and Robin Brena.*

Director Wilbur moved to leave the Executive Session and continue the Board meeting, Director Butler seconded at 5:15 PM. Without objection, the board so moved.

- General Manager

Director Haagenson moved to enter into Executive Session. Director Throop seconded and without objection the Board moved into Executive Session at 5:20 PM.

*Discussion regarding General Manager Evaluation, with a possible Executive Session if needed to discuss a subject that would tend to prejudice the reputation and character of a person. Executive Session is closed to everyone with the exception of Jill Dolan.*

Director Haagenson moved to leave the Executive Session and continue the Board meeting, Director Throop seconded at 6:02 PM. Without objection, the board so moved.

Director Wilbur moved that the Board relay the following General Manager Performance Evaluation items to Mr. Jomo Stewart:

1. The general assessment of the IGU Board is that General Manager, Jomo Stewart has met the expectations of the Board with regards to his:

- i. Job knowledge
  - ii. Performance
  - iii. Personal Interactions
  - iv. Work Habits
  - v. Initiative and Innovation
  - vi. Decision Making and Judgement
  - vii. People Management and Leadership
- 2. Mr. Stewart does not meet the criteria for a raise at this time.
- 3. Chair, Mike Meeks and Vice Chair, Jack Wilbur will meet with the General Manager soon to discuss in more detail the General Manager strategies and short comings.

Director Lojewski seconded and at 6:03 PM, without objections, the board so moved.

- Policy and Procedure Review and Recommendations

Mr. Stewart outlines that it is the GM's responsibility to review the Policies once a year and planned to review the suggested modifications for the Board to consider.

Policy No 1.

- Mr. Stewart discussed suggested changes to the policy, which included noting a revision date and how a policy can be brought before the Board.
- Director Haagenon discussed his concern for the policy by stating that there are procedures included which invite micromanagement. In order to keep things in check, he suggest removing any discussion of procedures. After further discussion, the Board agreed not to include procedures and directed the General Manager to make the necessary changes, to be brought to the by the Work Session of February 21, 2017.

Director Wilbur moved to bring the modifications before the Board at the next Work Session and Director Lojewski seconded. Without objection, the Board so moved.

## **V. Other Business**

- Next Agenda
  - Executive Session narrowed to a focused areas
  - Two meeting a month
  - Monthly Status reports
  - Conversions Update

## **VI. Director Comments**

Director Throop discussed the possibility of bringing in a company from Houston about gas

issues. She will put this company in touch with Mr. Stewart to make the determination when the appropriate time would be for a presentation.

Director Throop asked when the AIDEA IEP project personnel will no longer be charged to the project. Director Haagenson explained that AIDEA will be engaged until IGU concludes the purchase of FNG.

## **VII. Adjournment**

Director Lojewski moved to adjourn at 6:37 PM. This was seconded by Director Haagenson and, without objection, the meeting Adjourned.