



Interior Gas Utility

Board of Directors Work Session and Special Business Meeting

March 17, 2014

4:00PM – 6:00PM

Interior Gas Utility

100 Cushman St., Suite 501 Fairbanks, Alaska

Approved Notes

The Board of Directors of the Interior Gas Utility held a Work Session Tuesday, March 17, 2015 at Interior Gas Utility, Fairbanks, Alaska. IGU Board Chairman Michael Meeks, presiding. The meeting was called to order at 4:00 pm.

I. Call to Order

- Roll call

Members Present: Frank Abegg, Aaron Lojewski, Jack Wilbur, Steve Haagenson, Mike Meeks, Bill Butler

Others in attendance were: David Prusak, Mindy O'Neill, Rene Broker, FNSB Attorney, Eric Chase, Karl Gohlke, Sam Trotzke.

Without objection the board approved the agenda.

II. Committee of the Whole

- January Financials

Sam Trotzke reviewed the financial process employed by the IGU for monthly financials. He reviewed the process of converting over the financials to a utility-based structure.

The board discussed the two month lag in reviewing the monthly reports. This will be the normal rate of review, to accommodate the meeting schedule and finalization of monthly reports with bank statements being received seven to ten days after the calendar month end.

Aaron Lojewski will become a member of the finance committee, as the bylaws call for at least two board members to be on standing or temporary committees. Mr. Meeks will also remain as chair on the finance committee.

- Bill Pay Presentation

Sam Trotzke reviewed the process of Bill.com, a software that is set up to review and pay bills. This requires a two person process to authorize a check to be released.

The board discussed internal controls and separation of duties to execute the review process based on positions within the board as Mr. Shefchik was one of the authorizers for paying bills through this system and at least one new board member will be needed to take his place in processing payments.

Action will also be taken for signature authority on the bank accounts at the next board meeting.

ACTION: Fiscal Policy and Signature Authority to be created by MWH Staff.

- CFO/Staffing

David Prusak reported that IGU will begin the process of finding an accounting-type person to review the finances in lieu of a CFO. They are looking for someone to do bill review for the CFO until the position can be filled, sometime after a General Manager is hired. It is anticipated that a half time person will be needed to support this role.

IGU is looking to RJG to be active with the IGU board on a regular basis in explaining the financial statements for the work sessions.

- Conversions

Mindy O'Neill provided an overview of the Conversions Program, highlighting the complexity of the process and reviewing key elements of design (presentation attached).

The Board will receive full written report within two weeks to review and discuss at length at the April work session.

- Schedule Update

David Prusak reviewed the schedule and the critical path noting that the critical path has shifted trucking projections based on the delivery of gas.

Design of Phase III should take 18 months to complete the design, ROW and permitting activities and is shown in the schedule to begin this summer, the delays outlined in the LOC could potentially hold up this work to begin.

- General Manager Update

Steve Haagenon discussed a plan to review a Request for Expression of Interest (RFEI) for gas supply through AIDEA – similar to one that led to the selection of a North Slope partner. This would allow consideration of approaches and selection of 2-4 potential partners who are interested and capable of bringing natural gas to the Interior under the IEP. Supply chain could be focused on gas delivery from

SouthCentral, with an accommodation of a long term opportunity to be supplied from the North Slope or another alternative.

The hiring process for the General Manager has been updated with changes from Steve and Frank. Updated process was included in the board packet.

AIDEA has not provided the LOC, which is considered a risk to the IGU construction activities, work for a renewed MWH contract, and other contracts that are dependent on this funding.

Amendment number 4 has been requested for the remainder of the funds granted from FNSB.

AEA/ADIEA requested support on Legislative bills, HB 105/SB 50 (Financing Authorization for the IEP from AIDEA), and HB 118/SB 56 (PACE).

Signatory positions for the bank accounts and other fiscal policy is forthcoming and needs to be addressed by the board.

Fairbanks Daily News Miner (FNM) has changed deadlines for noticing meetings. Discussion ensued as to the laws regarding public notices and how to notice meetings with enough information to be compliant and meet the deadlines for awarding bids and contracts.

- **MWH Update**
Prusak reviewed the schedule of the bid openings for Zones A, B and C and the pipe fittings bid. The first shipment of pipe was received on Monday by rail and clearing has begun in the Phase I.

III. Special Business Meeting

At 6:07pm Director Abegg moved for the IGU work session enter into a Special Board meeting for the purpose reviewing an award for Phase I, Zone A pipe installation contract.

Director Butler seconded and without objection the motion was accepted.

Director Wilbur noted a conflict of interest because Design Alaska may be an affected subcontractor based on the outcome of the award. While there is no personal financial conflict, FNSB Attorney Broker did not consider having a conflict.

The IGU Board took a vote and ruled 3-2 to excuse Director Wilbur from voting on the following motion.

Board discussion ensued to call a special meeting on March 30 at 10am or March 27 to address the Zone contracts within Phase I. The meeting will be publically noticed in the newspaper five days prior to the meeting.

While the Special Board meeting was noted in the paper in compliance with the IGU Board regulations, it was the opinion of the FSNB attorney that the notice did not include specific enough information to include the contract award amount and contractor name. The IGU Board decided to postpone action to a Special Business Meeting where the award amount and contractor will be publically identified for Zones A, B and C as well as to take into consideration of awarding the contract of the purchase of pipe fittings, valves and appurtenances. This meeting is to be held on Friday, March 27 at 10am at the IGU. The ad is planned to run on Sunday, March 22.

IV. Adjournment

- Next Agenda
 - Adoption of temporary Financial Policy regarding Signature authorities
 - March Minutes
 - Monthly Status Report
 - January Financials
 - General Manager Update
- Director Comments

Director Haagenson is working with AIDEA on LOC finalization.

Director Abegg noted an article of world LNG prices.

- Adjourn

Director Butler moved to adjourn at 6:48. Director Abegg seconded the motion and the meeting was adjourned.