



**BOARD OF DIRECTORS
WORK SESSION & SPECIAL BOARD MEETING**

Tuesday, March 24, 2020 @ 4:00 P.M.
100 Cushman Street, Suite 512, Fairbanks, AK

DRAFT AGENDA

*To participate via teleconference call 1-800-315-6338;
when prompted, enter 47499*

*ATTENTION: The Doors to the Key Bank Building are locked at 5:30pm, for
access to the meeting after hours please call 1-800-315-6338; when
prompted, enter 47499 and request entry.*

*Given the ongoing COVID-19 concerns this meeting will be held
telephonically only. Packets will be available to the public outside
the door of the IGU Office*

I. CALL TO ORDER

- Roll call
- Approval of Agenda
- Public Comment – *limited to three minutes*

II. NEW BUSINESS (Board Discussion & Possible Action)

- Insurance Renewal Approval.....Page 7
- COVID-19 Update and ProtocolPage 14

III. OLD BUSINESS (Board Discussion & Possible Executive Session)

- Marketing Report.....Page 15

IV. CLOSING COMMENTS

- General Manager
- IGU Attorney
- Directors

V. ADJOURNMENT

Insurance Renewal Approval

Interior Alaska Natural Gas Utility
Schedule of Insurance Renewal

| | | FY 21 | | |
|--|--|---------------|------------------------|---|
| | | FY 20 Renewal | Recommended Renewal | Notes |
| <u>Property Coverage</u> | | | | |
| 1 | Limits of Liability* | \$ 15,000,000 | \$ 32,600,000 | *Increased to \$32,600,000 to cover largest single asset |
| 2 | Sublimits (Earthquake) | \$ 5,000,000 | \$ 5,000,000 | |
| 3 | Sublimits (Flood)* | \$ 2,500,000 | \$ 5,000,000 | *Carriers increased Flood to \$5,000,000 |
| 4 | Premiums | \$ 220,963 | \$ 575,658 | |
| <u>5 General Liability Coverage</u> | | | | |
| 6 | Limits of Liability | | | |
| 7 | General Aggregate | \$ 2,000,000 | \$ 2,000,000 | |
| 8 | Products/Completed Operations Aggregate | \$ 2,000,000 | \$ 2,000,000 | |
| 9 | Each Occurance | \$ 1,000,000 | \$ 1,000,000 | |
| 10 | Personal/Advertising Injury | \$ 1,000,000 | \$ 1,000,000 | |
| 11 | Fire Legal Liability | \$ 1,000,000 | \$ 1,000,000 | |
| 12 | Medical Payments | \$ 5,000 | \$ 5,000 | |
| 13 | Employees Benefits | | | |
| 14 | Each Employee | \$ 1,000,000 | \$ 1,000,000 | |
| 15 | Aggregate | \$ 2,000,000 | \$ 2,000,000 | |
| 16 | Employment Practices* | \$ 1,000,000 | | *Moved coverage under D&O. |
| 17 | Cyber | \$ 250,000 | \$ 250,000 | |
| 18 | Premiums | \$ 27,610 | \$ 22,402 | |
| <u>19 Automobile & LNG Transports Coverage</u> | | | | |
| 20 | Limits of Liability | | | |
| 21 | Per Accident Combined Single Injuries & Damage | \$ 1,000,000 | \$ 1,000,000 | |
| 22 | Uninsured/Underinsured | \$ 1,000,000 | \$ 1,000,000 | |
| 23 | Premiums | \$ 35,671 | \$ 37,679 | |
| <u>24 Workers Compensation</u> | | | | |
| 25 | Part I | Statutory | Statutory | |
| 26 | Part II Employers Liability | \$ 1,000,000 | \$ 1,000,000 | |
| 27 | ESTIMATED Annual Premiums: | \$ 56,795 | \$ 54,795 | |
| <u>28 Umbrella</u> | | | | |
| 29 | Premiums | \$ 20,000,000 | \$ 20,000,000 | |
| | | \$ 61,904 | \$ 68,317 | |
| <u>30 Directors & Officers*</u> | | | | |
| 31 | D & O Limits | \$ 5,000,000 | \$ 5,000,000 | *Premium Decreased due to Philadelphia (New Carrier, Admitted) rating off of Revenue, not Assets. |
| 32 | Employment Practices Liability | | \$ 1,000,000 | |
| 33 | Premiums | \$ 35,656 | \$ 8,976 | |
| 34 | Total Premiums FY 19 (Q4) & FY20 (Q1-Q3) | \$ 438,599 | | |
| 35 | Budgeted Premiums FY 19 | \$ 288,369 | | |
| 36 | Total Premiums FY 20 (Q4) & FY21 (Q1-Q3) | | \$ 767,827 | |
| 37 | Budgeted Premiums FY 20 | | \$ 452,512 | |
| 38 | Difference | \$ 150,230 | \$ 315,315 | |
| <u>39 Budget Impacts</u> | | | | |
| 40 | FY 19 Budget (Q4) | \$ 50,077 | | |
| 41 | FY 20 Budget (Q1-Q3) | \$ 100,153 | | |
| 42 | FY 20 Budget (Q4) | | \$ 105,105 | |
| 43 | FY 21 Budget (Q1-Q3) | | \$ 210,210 | |
| 44 | | \$ 150,230 | \$ 315,315 | |

| | Description | Location | City | Zip | Building | Contents | Equipment | Media | Hardware | Business Income | Amount Insured |
|--|---|-------------------------|--|-------|---------------|--------------|--------------|-----------|-----------|-----------------|------------------|
| 1 | Office | 3408 International Way | Fairbanks | 99701 | - | 500,000.00 | | 50,000.00 | 50,000.00 | | \$ 600,000.00 |
| 2 | Site 1- LNG Storage & Vaporization Facility | 2161 Donald Avenue | Fairbanks | 99701 | 3,000,000.00 | 175,000.00 | | - | - | | \$ 3,175,000.00 |
| 3 | LNG Fueling Station (5,000 gal) | 2161 Donald Avenue | Fairbanks | 99701 | 1,000,000.00 | - | | - | - | | \$ 1,000,000.00 |
| 4 | Site 1 - Boiler Building | 2161 Donald Avenue | Fairbanks | 99701 | 250,000.00 | 150,000.00 | | | | | \$ 400,000.00 |
| 5 | (2) Building Structures | Mile 2.5 Ayrshire Rd. | Big Lake | 99652 | 1,000,000.00 | 500,000.00 | | - | - | | \$ 1,500,000.00 |
| 6 | LNG Processing Plant | Mile 2.5 Ayrshire Rd. | Big Lake | 99652 | 15,000,000.00 | Included | | - | - | | \$ 15,000,000.00 |
| 7 | Garage | Mile 2.5 Ayrshire Rd. | Big Lake | 99652 | Incl #2 | - | | - | - | | \$ - |
| 8 | Site 2- LNG Storage & Vaporization Facility | 2942 Tria Road | Fairbanks | 99701 | 7,500,000.00 | 300,000.00 | | - | - | | \$ 7,800,000.00 |
| 9 | LNG Fueling Station (15,000 gal) | Lot 1, 10160 Parks Hwy | Houston | 99694 | 1,000,000.00 | - | | - | - | | \$ 1,000,000.00 |
| 10 | IGU Office | 100 Cushman St, Ste 501 | Fairbanks | 99701 | | 10,000.00 | | | | | \$ 10,000.00 |
| 11 | Material Storage | 11 Mile Richardson Hwy | Fairbanks | 99737 | | 161,333.00 | | | | | \$ 161,333.00 |
| 12 | Site 3 - LNG Storage & Vaporization | 2942 Tria Road | Fairbanks | 99701 | 32,600,000.00 | | 619,488.00 | | | | \$ 33,219,488.00 |
| 13 | ulti-Purpose Building & Equipment/Control Roc | 2942 Tria Road | Fairbanks | 99701 | 3,103,265.00 | | 1,112,311.00 | 30,000.00 | 50,000.00 | | \$ 4,295,576.00 |
| 14 | BOC Structure & Equipment | 2942 Tria Road | Fairbanks | 99701 | 415,685.00 | | 1,635,774.00 | | | | \$ 2,051,459.00 |
| 15 | Piping | 2942 Tria Road | Fairbanks | 99701 | 3,177,431.00 | | | | | | \$ 3,177,431.00 |
| 16 | Electrical | 2942 Tria Road | Fairbanks | 99701 | 2,401,664.00 | | | | | | \$ 2,401,664.00 |
| 17 | Standalone Equipment | 2942 Tria Road | Fairbanks | 99701 | | | 2,324,138.00 | | | | \$ 2,324,138.00 |
| 18 | Stock in Tank | 2943 Tria Road | Fairbanks | 99701 | | 3,750,000.00 | | | | | \$ 3,750,000.00 |
| 19 | Blanket Business Interruption | | | | | | | | | 5,055,346.00 | \$ 5,055,346.00 |
| | | | | | | | | | | | \$ 86,921,435.00 |
| 20 | Equipment Aggregate | | | | - | - | | - | - | - | \$ 897,008.00 |
| 21 | Auto/Trailer Aggregate | | | | - | - | | - | - | - | \$ 5,149,907.00 |
| | | | | | | | | | | | \$ 92,968,350.00 |
| Property Coverage: | | | | | | | | | | | |
| 22 | Limits of Liability | 32,600,000.00 | Lost Limit Per Occurrence | | | | | | | | |
| 23 | Sublimits | 5,000,000.00 | in the annual Aggregate seperately for flood and earthquake | | | | | | | | |
| | | | FLOOD Exclusions: | | | | | | | | |
| | | | No Flood Coverage at TRIA Road | | | | | | | | |
| | | | Flood Zones A & V | | | | | | | | |
| 24 | | 5,000,000.00 | Business Interruption (subject to \$500,000 monthly cap) | | | | | | | | |
| 25 | Deductibles | 100,000.00 | per Occurrence EXCEPT | | | | | | | | |
| 26 | | 10,000.00 | at Office Locations 1 and 6 | | | | | | | | |
| 27 | | 5% or \$100k Minimum | Earthquake and Flood | | | | | | | | |
| 28 | | 60 Day Waiting Period | Business Interruption | | | | | | | | |
| 29 | | 10,000.00 | Off-Road Equipment | | | | | | | | |
| General Liability Coverage: | | | | | | | | | | | |
| 30 | Limits of Liability | 2,000,000.00 | General Aggregate | | | | | | | | |
| 31 | | 2,000,000.00 | Products/Completed Operations Aggregate | | | | | | | | |
| 32 | | 1,000,000.00 | Each Occurance | | | | | | | | |
| 33 | | 1,000,000.00 | Pesonal/Advertising Injury | | | | | | | | |
| 34 | | 1,000,000.00 | Fire Legal Liability | | | | | | | | |
| 35 | | 5,000.00 | Medical Payments | | | | | | | | |
| Automobile Coverage: | | | | | | | | | | | |
| 36 | Limits of Liability | 1,000,000.00 | Per Accident Combined Single Limit Bodily Injury and Property Damage | | | | | | | | |
| 37 | | 1,000,000.00 | Uninsured/Underinsured Motorist Per Accident Combined Single Limit Bodily Injury and Property Damage | | | | | | | | |
| 38 | Deductibles | 5,000.00 | Trailer's | | | | | | | | |
| 39 | | 500.00 | Other Auto's | | | | | | | | |
| Workers' Compensation and Employers Liability | | | | | | | | | | | |
| 39 | Limits of Liability | Statutory | Part I | | | | | | | | |
| 40 | | | Part II Employers Liability | | | | | | | | |
| 41 | | 1,000,000.00 | Each Accident | | | | | | | | |
| 42 | | 1,000,000.00 | Each Employee | | | | | | | | |
| 43 | | 1,000,000.00 | Policy Limits | | | | | | | | |
| Umbrella Liability Coverage: | | | | | | | | | | | |
| 44 | Limits of Liability | 20,000,000.00 | Each Occurance Limit | | | | | | | | |
| 45 | | 20,000,000.00 | Personal & Advertising Injury Limit | | | | | | | | |
| 46 | | 20,000,000.00 | Aggregate Limit | | | | | | | | |
| Directors & Officers Coverage: | | | | | | | | | | | |
| 47 | Limits of Liability | 5,000,000.00 | Directors & Officers Limit | | | | | | | | |
| 48 | | 1,000,000.00 | Employment Practices | | | | | | | | |
| 49 | | 6,000,000.00 | Aggregate Limit | | | | | | | | |
| Other Policy Coverage: | | | | | | | | | | | |
| 50 | Cyber | 250,000.00 | Limit | | | | | | | | |
| 51 | Employee Benefits | 1,000,000.00 | Occurrence Claims-Made Coverage Part | | | | | | | | |
| 52 | | 2,000,000.00 | Aggregate | | | | | | | | |
| 53 | ERISA | 200,000.00 | Limit | | | | | | | | |

| Property: | |
|--|--|
| Higher Deductible Option: | |
| \$250,000 deductible for all locations | |
| Annual Savings: \$35,600 (will be prorated if changed mid-term) | |

| Umbrella Quotes - 3rd Layer: | |
|------------------------------|---|
| Option #1 | \$10,000,000 excess \$20,000,000 |
| Indicated Premium: | \$25,000 minimum premium not including taxes and fees |

Interior Alaska Natural Gas Utility

BROKERAGE SERVICES PROPOSAL

Effective
From: 03/01/2020 To: 03/01/2021

Presented by:

David R. Hale
President



100 Cushman Street, Suite 200
Fairbanks, AK 99701

Phone: (907) 456-6671
Fax: (907) 452-5214

Interior Alaska Natural Gas Utility

Named Insureds

| |
|--|
| First Named Insured: |
| Interior Alaska Natural Gas Utility |
| GL Named Insured: |
| Polar LNG, LLC |
| GL, Auto, Property, WC Named Insured: |
| Arctic Energy Transportation, LLC |
| Titan Alaska LNG, LLC |
| Fairbanks Natural Gas, LLC |
| GL Additional Insured-Controlling Interest form CG 20 05: |
| Pentex Natural Gas, LLC |

*****Please note that All Partnerships, Joint Ventures, & LLC's must be scheduled to be covered.*****

Interior Alaska Natural Gas Utility

Cost Comparison vs. Expiring Program

| Coverages | 2020 - 2021 | 2019 - 2020 | Change |
|---|----------------------|----------------------|-----------------------|
| Property, Equipment, B&M and Business Interruption | \$ 550,343.00 | \$ 195,580.00 | \$ 354,763.00 |
| Engineering Survey & Market Report | \$ 11,000.00 | \$ 13,000.00 | \$ (2,000.00) |
| Jurisdictional Fee | \$ 3,500.00 | \$ 4,625.00 | \$ (1,125.00) |
| SOA Surplus Lines Tax | \$ 7,636.76 | \$ 5,405.54 | \$ 2,231.22 |
| SOA Surplus Lines Fee | \$ 2,828.43 | \$ 2,002.05 | \$ 826.38 |
| Processing Fee | \$ 350.00 | \$ 350.00 | \$ - |
| Total Combined Property Package | \$ 575,658.19 | \$ 220,962.59 | \$ 354,695.60 |
| General Liability | \$ 21,476.00 | \$ 23,257.00 | \$ (1,781.00) |
| Employment Practices Liab | N/A | \$ 3,186.00 | \$ (3,186.00) |
| Cyber | \$ 743.00 | \$ 978.00 | \$ (235.00) |
| TRIA | \$ 183.00 | \$ 189.00 | \$ (6.00) |
| Total Est. General Liability | \$ 22,402.00 | \$ 27,610.00 | \$ (5,208.00) |
| Total Business Auto | \$ 37,679.00 | \$ 35,671.00 | \$ 2,008.00 |
| Workers Compensation | \$ 54,318.00 | \$ 55,505.00 | \$ (1,187.00) |
| TRIA | \$ 204.00 | \$ 176.00 | \$ 28.00 |
| AIGA Surcharge | \$ 273.00 | \$ 1,114.00 | \$ (841.00) |
| Total Est. Workers' Compensation | \$ 54,795.00 | \$ 56,795.00 | \$ (2,000.00) |
| Umbrella - 1st Layer | \$ 41,105.00 | \$ 37,910.00 | \$ 3,195.00 |
| Carrier Processing Fee | \$ 250.00 | \$ 250.00 | \$ - |
| Total Umbrella | \$ 41,355.00 | \$ 38,160.00 | \$ 3,195.00 |
| Umbrella - 2nd Layer | \$ 26,000.00 | \$ 23,744.00 | \$ 2,256.00 |
| SOA Surplus Lines Tax | \$ 702.00 | N/A | \$ 702.00 |
| SOA Surplus Lines Fee | \$ 260.00 | N/A | \$ 260.00 |
| Umbrella - 2nd Layer | \$ 26,962.00 | \$ 23,744.00 | \$ 3,218.00 |
| Directors & Officers/Employment Practices Liability | \$ 8,976.00 | \$ 33,902.00 | \$ (24,926.00) |
| SOA Surplus Lines Tax | N/A | \$ 915.35 | \$ (915.35) |
| SOA Surplus Lines Fee | N/A | \$ 339.02 | \$ (339.02) |
| Processing Fee | N/A | \$ 500.00 | \$ (500.00) |
| Total Directors & Officers | \$ 8,976.00 | \$ 35,656.37 | \$ (26,680.37) |
| | | | |
| TOTAL PREMIUM | \$ 767,827.19 | \$ 438,598.96 | \$ 329,228.23 |

Interior Alaska Natural Gas Utility

Cost Comparison vs. Expiring Program

Notable Changes/Notes:

Property:

- Increased Property TIV from \$35,583,341 and loss limit of \$15,000,000 to Property TIV \$87,818,443 and loss limit of \$32,600,000.
- Will need value of property from town being moved to North Pole. Any additional equipment to add?
- Option to Increase Deductible to \$250,000. Annual savings of \$35,600 (will be prorated if changed mid-term)

General Liability:

- Removed Subcontractor Costs
- Increased Payroll

Business Auto:

- No changes in number of units

Workers' Compensation:

- Increased payroll
- Experience Mod went from 1.37 to 1.77
- Premium paid through 2/1/20: \$77,479.10

Excess:

- Excess Increased due to increase in payroll exposure and auto rates going up
- Indication for another \$10,000,000 excess limits: \$25,000 minimum premium not including taxes/fees

Directors & Officers:

- Premium Decreased due to Philadelphia (New Carrier) rating off of Revenue, not assets. Also, on admitted paper so there are no surplus lines taxes and fees.
- Homeland Ins Co of NY quoted \$40,289.69. (Expiring Carrier)
- Philadelphia Indemnity Insurance Company quoted \$8,976.00 (New Carrier)

Interior Alaska Natural Gas Utility

Coverages Checklist

| INSURANCE COVERAGE CHECKLIST | | |
|-------------------------------------|--|---|
| <input checked="" type="checkbox"/> | Commercial General Liability | In Force |
| <input checked="" type="checkbox"/> | Business Auto | In Force |
| <input checked="" type="checkbox"/> | Equipment Coverage Rented/ from others option | In Force |
| <input checked="" type="checkbox"/> | Workers Compensation | In Force |
| <input checked="" type="checkbox"/> | Commercial Property Coverage | In Force |
| <input checked="" type="checkbox"/> | Business Income/ Extra Expense | In Force |
| <input checked="" type="checkbox"/> | Flood/Earthquake | In Force |
| <input checked="" type="checkbox"/> | Umbrella Coverage | In Force |
| <input type="checkbox"/> | Professional Liability | Protects you in the event a client is harmed from a service or advice that you provide for which you are held legally liable. |
| <input checked="" type="checkbox"/> | Employment Practices Liability | In Force |
| <input checked="" type="checkbox"/> | Cyber Liability | In Force - \$250,000 |
| <input checked="" type="checkbox"/> | Employee Dishonesty | In Force - Employee Theft: \$200,000 |
| <input checked="" type="checkbox"/> | Directors & Officers Liability | In Force |
| <input type="checkbox"/> | Fiduciary Liability | Targeted at protecting businesses' and employers' assets against fiduciary-related claims of mismanagement of a company's employee benefit plans. |
| <input checked="" type="checkbox"/> | ERISA Bond | In Force - \$200,000; Fairbanks Natural Gas 401K Savings and Retirement Plan |
| <input type="checkbox"/> | Pollution Liability | |
| <input type="checkbox"/> | Life/ Key Persons Coverage | |
| <input type="checkbox"/> | Other | |

Coverage options reviewed on _____

By: _____
Client: Name/title

Date: _____

Additional Services

| ADDITIONAL SERVICES LIST | |
|---|--|
| Return to Work Program | |
| Business Continuity Planning | |
| Experience Mod Reduction & Management | |
| Employee Manuals & Handbooks | |
| OSHA Benchmarking, Compliance Guides & Programs | |
| Toolbox Talks (Safety Meetings) | |
| Fleet & Driver Safety Policies | |
| Workplace Visitor Guides | |
| Ergonomics Policies | |
| Drug Free Workplace Policies | |
| Whistleblower Policies | |
| Industry Specific Risk Insight | |
| Data Breach Response Policy | |
| Telecommuting Policy | |
| Policy & Coverage Review | |
| SubContract Agreement | |
| Bonding | |
| Consulting | |
| | |



Insured: Interior Alaska Natural Gas Utility
3408 International Way
Fairbanks, AK 99701

Proposed Term: 03/01/2020 - 03/01/2021

Line of Business: All Lines

Marketing Summary

| Marketing Summary | | |
|---|----------|------------|
| Company | Coverage | Response |
| Associated Electric & Gas Insurance Services Limited | Property | Declined |
| AIG Specialty Insurance Co | Property | Declined |
| Aspen Specialty Insurance Company | Property | Declined |
| Underwriters at Lloyd's, London | Property | Indication |
| <p>TIV too small for underwriting appetite</p> <p>Does not fit underwriting appetite for Oil & Gas Program</p> <p>We primarily write operational property power gen, water utilities and select heavy industry classes of business.</p> <p>Marketed to the London marketplace via BMS brokerage:</p> <p>All Risks EQ sublimited to USD 5m FGU Flood sublimited to USD 2.5m FGU</p> <p>Deductibles: USD 100,000 per occurrence plus 30 days for BI Flood and Earthquake: 5% of TIV per location affected minimum USD 100k per occurrence</p> <p>Limit: Primary USD 10M Premium: USD 775,000 (100%) ANNUAL Capacity: KLN 510 / TMK 18800 20% (Split tbag)</p> <p>If the client can take a higher AOP deductible if USD 250,000 per occurrence then the UW would offer us a 10% credit off the annual premium, ie USD 696,500 (100%) annual.</p> | | |



| | | | |
|---|------------------------------|--------------|--|
| Westport Insurance Corporation | Property | Declined | Does not fit underwriting appetite for energy team. |
| Ironshore Specialty Insurance Company | Property | Submitted | Outside of appetite |
| Liberty Surplus Ins Corp | Property | Quoted/Bound | 50% LIU (Incumbent) |
| ACE American Insurance Company | Property | Quoted/Bound | 50% Starr |
| Zurich American Insurance Co | Property | Declined | Does not fit underwriting appetite for Oil & Gas Program |
| CHUBB | Property/GL/Auto/WC/Umb | Declined | Does not fit underwriting appetite for Oil & Gas Program |
| Travelers | Property/GL/Auto/WC/Umb/D&O | Declined | Does not fit underwriting appetite for Oil & Gas Program |
| Liberty Mutual Insurance (admitted) | GL/Auto/WC | Declined | Experience Mod/Cannot Compete |
| Great American Insurance Company | Property | Declined | Outside of underwriting appetite for Oil & Gas exposures |
| Umialik Insurance Company | Property/GL/Auto/WC/Umb | Declined | Experience Mod/Cannot Compete |
| Homeland Ins Co of NY (Incumbent) | Directors & Officers | Quoted | Rated on Total Assets |
| Alaska National Insurance Company (Incumbent) | GL/Auto/WC | Quoted/Bound | |
| Philadelphia Insurance Company | Directors & Officers | Quoted/Bound | Rated on Total Revenue |
| RSUI Indemnity Company (Incumbent) | 1 st Layer Excess | Quoted/Bound | |
| Endurance American Specialty Ins Co (Incumbent) | 2 nd Layer Excess | Quoted/Bound | |
| | | | |

COVID-19 Update and Protocol

Marketing Report

Marketing Report

Suggested Motion

(If Executive Session is Needed):

MOVE TO ENTER INTO EXECUTIVE SESSION TO DISCUSS THE MARKETING REPORT; THE PUBLIC KNOWLEDGE OF WHICH WOULD HAVE AN IMMEDIATE IMPACT ON THE FINANCES OF IGU.

INCLUDED PARTIES: IGU BOARD OF DIRECTORS, DAN BRITTON-GM & IGU ATTORNEY

CLOSING COMMENTS

-General Manager

-IGU Attorney

-Directors

ADJOURNMENT