



Interior Gas Utility

Board of Directors Board Meeting

May 5, 2015

4:00PM – 6:00PM

100 Cushman Street, Ste. 501, Fairbanks, Alaska

Minutes

A Meeting of the Board of Directors of the Interior Gas Utility was held Tuesday May 5, 2015, at the IGU, Fairbanks, Alaska. IGU Board Chairman, Mike Meeks, presiding. The meeting was called to order at 4:03 pm.

Others in attendance were: Rene Broker (FNSB Attorney), Mindy O'Neill, David Prusak, Ted Johnson, Mayor John Eberhart, and Representative Tammie Wilson

I. Call to Order

- Roll call

Board Members Present:

Frank Abegg

Bill Butler

Steve Haagenson

Aaron Lojewski

Mike Meeks

Jack Wilbur

Nadine Winters

- Approval of Agenda

Director Butler moved to approve the agenda. Director Winters seconded the motion and the meeting agenda was approved.

- Approval of April Minutes

Amendments were offered to 4/7 and 4/21 meeting minutes.

Director Abegg moved to approve the minutes as amended. Seconded by Director Lojewski.

- Approval of February Financial Reports

Director Butler made the motion to accept the February 2015 Financial statements; Director Haagenson seconded the motion and the February 2015 Financials were approved.

It was requested to provide the Capital budget information to board members to assist in their decisions as to how the capital project budget information is being encumbered from the Line of Credit. It was recommended to provide a fiscal explanation with each contract and contract amendment that impacts the capital funds.

- **Public Comment**

Ted Johnson –would like to see a grant program be implemented, such as a \$2500 home grant, to provide help, assistance and incentives to homeowners to convert to natural gas.

Rep. Tammie Wilson expressed her disappointment with the IGU for handling the North Pole community. She was frustrated with maps that were provided and not getting called back promptly. There were claims that people were taking the wood. She has suggested people to get quotes on the damages to send to IGU. Suggests a “what we learned” postcard after the construction and better communication in the future. Thinks there could have been a better way to do it and not hurt feelings.

Mayor John Eberhart discussed a Town Hall meeting on May 12 at 6pm at Pioneer Park Civic Center to discuss the acquisition of Pentex by AIDEA.

II. New Business

- **MBJ Contract (BM 2015-10)**

Director Winters moved to approve the Amendment No. 2 to MBJ, Inc. in the not to exceed amount of \$480,266 for a total contract amount not to exceed \$1,455,882.00 subject to AIDEA’s written approval to commit to funding to advance the design of Phase 2 beyond 65%. Additionally requested is change order authority without Board approval, for the General Manager, for a not to exceed amount of \$25,000 to address unforeseen needs for purposes of benefiting the project. This change order authority amount represents approximately 5% of the value for contract Amendment No. 2.

Director Butler seconded.

Discussion:

It was requested to provide the current spending amount for construction.

Director Wilbur requested that the Board be provided a detailed contract Scope of Work with amounts assigned to each task to refer to before approving contract amendments. This would include monthly reports that provide a breakdown by task and dollars associated, spent and remaining within each task (discussion in Monthly Status Reports).

In BM 2015-10, lines 37 through 40 describe a revised amount that was developed after the public notice was published prior to having an updated Scope of Work.

While MBJ has reported that they are 100% complete in the 65% design effort, their scope of work includes other aspects and tasks that are involved for their work to be complete specifically related to ROW and permitting.

Some Board members desired to see the entire SOW breakdown of the contracts; others discussed an interest to see budget impacts as compared to the estimates use in developing the Line of Credit. Since the Amendment does not have an immediate effect on the progress of the work and is tied to AIDEA providing written acceptance to proceed with the work, it was determined to delay a vote on the contract amendment.

After the discussion, Director Winters rescinded her motion. Seconded by Director Butler.

This item was added to the Work Session agenda for action.

- Monthly Status Reports
MWH

The full amount of the MWH contract has not been fully funded, so budgets reflect actuals at this time. It was requested to include an “estimated % complete” column based on the original contract proposal.

Director Wilbur voiced his preference of the MWH Progress report format with the addition of a % complete column. The GM will provide a standard format for contractor reporting.

All monthly reports should now include: Task, Description, Authorized Budget, Monthly Expenditure, Expenditure to Date, % Expended and % Complete.

- General Manager Update
Conversion and service line installation has been estimated at 1500 per year and is a challenge to meet the demand needed for the IGU cash flow model to work. Director Haagenon has requested MWH look at the cost to increase this number in an attempt to meet cash flow demands.

AIDEA/AEA meeting May 12 at Pioneer Park Civic Center.

Discussions with AIDEA concerning an MOU for combined utility support is being reviewed and will be forthcoming to the board.

The Conversions Status Update was provided to board members and includes reviews of the market analysis and research done to outline a path forward for the 2015 year to address conversions numbers and fiscal issues.

- **MWH Update**

First of three construction contracts have been signed. The hope is that by the end of the week all contracts will be executed. Zone A should begin construction next week on the Alaska Railroad Crossings. The current plan is for the fusers of the gas pipe to qualify on the procedures next week. One contractor has intentions to directional bore next week, but may be restricted due to permafrost ground conditions.

Each zone is anticipating 6 crews to focus on drilling, trenching, fusing, and testing. Inspectors will be required to cover all crews within each zone to collect information that ensure the safety and quality of the work being done, the alignment of pipe to locate, permitting obligations and timely response to homeowner requests.

Phase II – 65% design review process expected by the end of the month.

Draw #4 to AIDEA is being prepared for submittal. The submittal is a detailed document that is submitted to audit for reimbursement of all AIDEA funds for this Draw.

AIDEA has hired ENSTAR to draft a hydraulic model including FNG service territory to optimize the efficiency for the community. The FNG gas system information has remained confidential. Conversations regarding the costs is expected soon, as well as storage conversation anticipated to come to adapt to new possible projections.

A letter was sent to Phase 1 property owners this week about upcoming construction and What to Expect.

Brochure to be sent home with over 2500 school kids in the FNSB – North Pole Districts. Letter has been sent to Phase 1 Property owners alerting them of the work scheduled to being done. Efforts will be made such that door hangers will be hung at least 24 hours in advance, and the Project Team aims to post notice 3-7 days prior, when possible.

III. Old Business

- **ROW/Clearing/Outreach Issues**

All public contacts are being tracked through an electronic diary shared between the Project Team and consultants. IGU believes it has operated within the limitations of the ROW in all cases that are under legal attention.

III. Adjournment

- **Next Agenda**

1. Special Board Meeting: BM 2015-10 Contract to MBI
2. Procedure & Policy Development
3. IEP Update – Bob Shefchik to present
4. Conversions
5. Project Schedule Update
6. Ethics Policy

- Director Comments

Director Abegg welcomed new Director Winters, and noted that he heard that the FNG gas meters currently in use for natural gas have cold weather defaults that IGU should avoid when making material purchases.

Director Winters offered to work on budget documents for the board.

Director Wilbur asked if board members can attend a public meeting. It was discussed that a public meeting allows for members of the public to attend, and cannot restrict members from attending. He is waiting to work with Rene on Bylaws for board consideration.

- Adjourn

Director Butler moved to adjourn. Director Winters seconded and the meeting was adjourned at 6:15pm.