



Interior Gas Utility

Board of Directors Board Meeting

May 17, 2016

4:00PM

100 Cushman Street, Ste. 501, Fairbanks, Alaska

Minutes

A Meeting of the Board of Directors of the Interior Gas Utility was held Tuesday May 17, 2016, at the IGU, Fairbanks, Alaska. IGU Board Chairman, Mike Meeks, presiding.

Others in attendance were: Jill Dolan (FNSB Attorney), Mindy O'Neill (MWH), David Prusak (MWH), David Carlisle (VISTA), Jeff Stepp, Rocky Riley, Merrick Pierce

I. Call to Order

- Roll call

Board Members Present:

Mike Meeks - present
Frank Abegg - present
Steve Haagenon - present
Aaron Lojewski - present
Jack Wilbur - present
Pamela Throop - present
Bill Butler - present

- Approval of Agenda

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

- Public Comment

Rocky Riley, from community of Minto, contractor requests to wait to sign off on an agreement to trucking LNG and recommends agreeing to a short term agreement as there may be a better source closer to Fairbanks. Firmly believes there is gas and oil that may be available for use soon.

Merrick Pierce addressed the board on ideas he has for funding for the IGU. Discussion revolved around HB 247 which reviews tax credits for oil and gas production. Encourages board to discuss issues with the Interior Delegation on what is best to compete with: fuel oil or firewood. He discussed the ramifications of EPA funds related to poor air quality and PM 2.5 compliance. He does not believe IGU should purchase FNG from AIDEA because it is too much cost and liability for IGU.

II. Committee of the Whole

- FY 17 Operating Budget

Director Meeks reviewed the draft budget noting the CFO hire was moved to March and legal fees line item was increased. The FY 17 Operating Budget will be before the IGU Board for consideration on June 7.

It was requested to provide the projected expenses with the FY 16 budget for consideration on June 7.

- Interior Energy Project

Mr. Stewart discussed IEP project progress noting weekly meetings with FNG and term sheets are being reviewed.

Mr. Stewart and Mr. Haagenson met with Mayor Kassel about the status of the project and the areas where community support will be beneficial to the outcome of the project.

A draft supply term sheet for Cook Inlet supply is under review and the latest iteration will be discussed in an executive session. Salix term sheet is under consideration and discusses the \$15 target as a sustainable price for consumers. Discussions with GVEA for supply is ongoing and term sheets have been exchanged.

AIDEA timelines have been moved back.

At 4:21 Director Haagenson moved 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, utility operator, the purchase of FNG/Pentex from AIDEA, related modeling and financing and agreements under negotiation. Executive session is closed to everyone with the exception of Jomo Stewart, David Prusak, Brown Thornton and Jill Dolan.

Mr. Wilbur seconded and the board entered into executive session.

At 6:40 pm, Mr. Abegg moved to leave executive session, and Mr. Wilber seconded the motion. The executive session was adjourned.

The Board took a 5 minute Recess

At 6:45 pm, Mr. Lojewski moved to enter 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, utility operator, the purchase of FNG/Pentex from AIDEA, related modeling and financing and agreements under negotiation. Executive session is closed to everyone with the exception of Jomo Stewart, David Prusak, Brown Thornton, Bob Shefchik, Nick Symoniak and Jill Dolan. Mr. Butler seconded the motion and an executive session commenced.

At 8:35 pm, Mr. Butler moved to exit executive session, and Mr. Lojewski seconded the motion. The executive session was adjourned.

At 8:37 PM Mr. Haagenson moved 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, utility operator, the purchase of FNG/Pentex from AIDEA, related modeling and financing and agreements under negotiation. Executive session is closed to everyone with the exception of Jomo Stewart, David Prusak, Brown Thornton and Jill Dolan. Mr. Wilbur seconded the motion and the executive session was called to order.

At 8:48 pm, Mr. Lojewski moved to leave executive session, and Mr. Butler seconded the motion. The executive session was adjourned.

- Resolution 2016-03
The board discussed the inclusion of wood burners in the Cardno Report which raised concerns over the validity and application of the report to today's environment.

Mr. Meeks relinquished his chairmanship to Mr. Butler for purposes of discussing the resolution.

The inclusion of third party review of the IEP was discussed. Members felt the resolution provided an unfair advantage based on the timeline requested, and believed the actions within the resolution are being reviewed through teams from AIDEA, FNSB and IGU through their contract with MWH.

The Salix contract was discussed and concluded that IGU has 3rd party review and oversight of this contract through MWH as their contractor.

Mr. Butler returned the gavel to Mr. Meeks to chair the rest of the meeting.

III. Reports

- March Financial and Minutes
Director Meeks reviewed the March financial reports.

- General Manager Report
 - Discussed meeting with Mt. McKinley Bank on capitalization
 - Letter to Governor from Senate Finance Committee was discussed, response letter has been drafted and not sent
 - Consent Agenda proposal information and Draft Policy No.5
 - Discussed the working draft for the Board to consider June 7th
- MWH Report
Contractors, one call, GIS, complimented David Carlisle and explained final report
- MWH Schedule Update
No discussion

IV. Director Comments

Wilbur – Requested written report from GM

V. Adjournment

Next Agenda: FY 17 Operating Budget
 Consent Agenda, P&P No. 5

With no further business before the board, Ms. Throop moved to adjourn at 9:40pm; Mr. Butler seconded and the meeting was adjourned.