



Interior Gas Utility

Board of Directors Board Meeting

November 3, 2015

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 November 3, 2015, at the IGU, Fairbanks, Alaska. The meeting was called to order at 4:00 pm by IGU Board Chairman, Mike Meeks, presiding.

Others in attendance were: Rene Broker (FNSB Attorney), Mindy O'Neill, David Prusak, Doug Smith, Pamela Throop, Jomo Stewart, Merrick Pierce, Gene Therriault

I. Call to Order

- Roll call

Board Members Present:

Mike Meeks

Frank Abegg

Steve Haagenson

Aaron Lojewski

Jack Wilbur

Nadine Winters

Bill Butler

- Approval of Agenda

Director Haagenson moved to approve the agenda. Director Wilbur seconded and the meeting agenda was approved.

- Approval of Oct. Minutes – 10/6, 10/20

Director Winters moved to approve the minutes from 10/6 Board of Directors Meeting. Aaron Lojewski seconded.

The minutes were amended and with no objection, the minutes were approved as amended.

Director Winters moved to approve the minutes from the 10/20. Director Wilbur seconded.

The minutes were amended and with no objection, the minutes were approved as amended.

- Public Comment – *limited to three minutes*
Merrick Pierce, Alaska Gasline Port Authority.
Stated his concern about the fundamental issues with the current price of alternative fuels being lower than what the IGU target price of natural gas is at \$15/mcf. Recommends enlisting in the help of the Governor to subsidize the cost of natural gas delivery or changing the progress.

REI is interested to provide a facility to the Interior and in working on the mission of this project. They are solely focused on the Japanese market at this time and feel there is an opportunity to include gas in Alaska.

Doug Smith, candidate for General Manager

Expressed his regrets not to accept the offer of GM and volunteers his time for the Board should they have an interest.

Jomo Stewart, FEDC

Town Hall Meeting with the finalists of AIDEA proposals, November 4, 2015 from 5:30 – 8:30pm. Two open houses will be held at the beginning and end of the presentations. Each presenter is given 20 minutes to present. It is understood that public comment will be taken in the form of comment cards and will be considered in the final determination.

II. Reports

- Approval of August Financial Reports
 Director Wilbur moved to approve the financial reports. Director Winters seconded and the reports were approved.
- General Manager
 Director Haagenon gave a verbal update on General Manager activities.

The year-end audit was delivered to board members and the audit review is scheduled for the next work session. Three recommendations were made:

1. to create a “sweep account”
2. to capitalization policy
3. accounting procedures for internal controls

Cook & Haugeberg will be at the next meeting (work session) to review the audit with board members.

○ IEP / LCE Update

A draft term sheet has been developed, though not released yet. Haagenon signed the non-disclosure agreement which allows access to the FNG data. The examination of the data will transpire after an initial review and assessment determining what depth and approach to take moving forward. Due to the non-disclosure for IGU, some information may be considered confidential and could be discussed only in an executive session.

- FNG Acquisition

The integration model charrette has been postponed due to the delay in the hydraulic model review of integrating the two natural gas systems. At that time, the phase build-out will be reconsidered for distribution expansion spanning through all existing Phases, though these phases could change.

Haagenson discussed the chart on page 20 of the board packet and emphasized the importance of the IEP finding a supply and to make the Board aware of all the issues in motion at this time.

- MWH

David Prusak provided an update on MWH activities.

Closed field office this week and drove several of the roads with the inspectors before snow fall to see where problems may arise next spring.

811 Call before You Dig subscription is underway. This service allows a call for a locate, and IGU will have to locate the pipe within 48 hours from the time of notification. The services to provide the gas main locates for IGU is currently being investigated.

Conversions tactical plan is being developed and the board can expect a draft at the end of December. A review will be presented at the next work session.

Hydraulic modeling is underway. Charrette is likely to occur the week of November 16.

- Monthly Status Reports

Prusak reviewed the monthly status reports that were included in the board packet.

AHFC campaign launched through radio ads on commercial and public radio, 10,000 mailers sent to residents in the FNG and IGU territories, social media outreach, and letters to financial institutions and the existing energy auditors. The board requested measurable outcomes to be included in board information after the campaign.

It is not yet determined if PDC will request a change order for services delivered due to their projection of 90% complete, though billed at 93%.

- Temporary Committees

- GM Hiring Committee

GM advertisement revised and is ready to be re-advertised.

The board requested advertising the position to a much broader audience, including online employment sites and trade journals. The closing date is estimated to be 30-45 days after publication.

III. Unfinished Business

- Potential Purchase of AIDEA gas facility

There was no further comment.

- Approval of Sunset Resolution

Winters moved to approve the Resolution 03-2015. Wilbur seconded the motion.

Amendment #1 was offered by Director Wilbur.

***WHEREAS**, IGU has not advanced to the point where it is appropriate that any IGU operations be transferred to the private sector;*

The amendment was approved by Winters, seconded by Lojewski.

Amendment #2 was offered by Director Wilbur to reinstate the bullet point:

- *Developing public outreach programs and relationships on the benefits of natural gas;*

Director Wilbur moved to approve amendment #2, seconded by Director Winters.

The resolution as amended was approved with no objection.

IV. New Business

- Increase the Change Order Authority for IFB 2015-G-02 Phase 1, Zone B construction contract by \$85,176.00

Director Haagenson and Prusak reviewed the board memo to install telemetry in the 16 existing service lines.

Director Winters moved to approve BM 2015-15. Director Wilbur seconded the motion.

With no objection, the Change Order Authority for IFB 2015-G-02 Phase 1, Zone B construction contract for \$85,176.00 was approved.

V. Adjournment

- Next Agenda
 - September Financials
 - Finance Audit Presentation
 - Conversions Report
 - Schedule Update
 - GM Update
 - LCE Update
 - IEP Update

VI. Director Comments

Haagenson was observing the bad smoke conditions while driving through North Pole recently, which further supports the need for development of the next phase in that area.

Haagenson asked Gene Therriault to clarify the use of federal fund availability options for conversions.

Abegg thanked Merrick Pierce for his comments and talked about the place of the utility is to be here for competition.

Meeks expressed his concern about not building out in North Pole next year. Meeks is gone until Nov. 8, and Nov. 13 -22. Director Abegg will chair the next meeting.

VII. Adjourn

Director Winters moved to adjourn and Director Wilbur seconded the motion. The meeting was adjourned at 5:17 pm.