CONFIRMATIONS 2015: ALASKA GASLINE DEVELOPMENT CORPORATION BOARD OF DIRECTORS

<TARGET><BILL></BILL><SUBJECT>CONFIRMATIONS 2015 ALASKA GASLINE DEVELOPMENT CORPORATION BOARD OF DIRECTORS</SUBJECT><COMM>HRES29</COMM></TARGET>

Halford, Richard
Alaska Gasline Development Corporation Board of Directors

Gasline Development	Rick Halford

General Information

Board/Commission and seat you are seeking:
Gasline Development

Additional Boards/Commissions of interest:
None

State Boards/Commissions on which you have served:

First Name	Middle Name	Last Name
Rick		Halford
Mailing Address [redacted]	City [redacted]	State & Zip [redacted]
Home/Message Phone [redacted]	Business Phone [redacted]	Cell Phone [redacted]
Email Address [redacted]t		Are you a registered voter? Yes
Date of Birth [redacted]	Gender	Ethnicity Other or Decline to Self-Identify
Military Service 7 years in the Alaska National Guard		

Conflict of Interest

Certain boards and commissions require full disclosure of personal financial data under AS39.50.010. If required for the board or commission for which you are applying, are you willing to do so?
Yes

Could you or any member of you family be affected financially by decisions to be made by the board or commission for which you are applying?
No

Please explain the potential financial benefit

Employment History

Employment work history including paid, unpaid, or voluntary.
Consultant

Education, Training, Experience & Qualifications

List both formal and informal education and training experiences:
Alaska Methodist University - Graduated 1968

List any professional licenses, certifications, or registrations and dates obtained that may be used as qualifying criteria:
Commercial Pilot

List any community service, municipal government, and state positions held, and any awards received.
House Representative in Alaska State Legislature (4 years)
Senate Member in Alaska State Legislature (20 years)

Conviction Record

Have you ever been convicted of a misdemeanor within the past five years or a felony within the past ten years?
No

Conviction Circumstances
none

Certification of Accuracy & Completeness

By submitting this online application, I swear the information I have entered on this form is true to the best of my knowledge. I understand that if I deliberately conceal or enter false information on the form my application may be rejected, I may be removed from the list of eligible candidates, or I may be removed from the position. I agree that the Office of the Governor may contact present or former employees or other persons who know me to obtain an additional information about my skills and abilities. I understand that the information on this application is public information and may be released through a legal request for such information.

Type "I certify"
"I certify"

Resume Addendum:

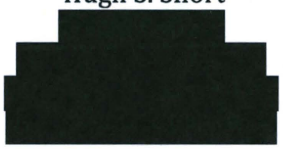
Press Release Wording

Rick Halford of Dillingham has a long history in state government. He served 24 years in the Alaska State Legislature. During that time he chaired a number of committees in both the House and Senate, and retired as Senate President in 2003. Halford is a retired commercial pilot and air taxi operator. He holds a bachelor's degree in political science from Alaska Methodist University.

Submitted: 2/19/2015 12:00:00 AM

Short, Hugh
Alaska Gasline
Development
Corporation Board
of Directors

Hugh S. Short



Objective

To make a positive impact in organizations to help achieve the strategic mission and vision.

Biographical Highlights

- Hugh Short is an Inupiat Eskimo, born and raised in Bethel, Alaska. He has spent his career creating and operating successful businesses in the Arctic. From 2011 to 2013, Hugh served as the Chairman of the Alaska Industrial Development and Export Authority, a $1.5 billion organization that serves as the Alaska Investment Bank, appointed by Alaska Governor Sean Parnell.
- Through his experience as the President and CEO of Alaska Growth Capital BIDCO, Inc. ("AGC" or "Alaska Growth Capital"), a non-depository lender that has deployed over $300 million of alternative debt products (primarily in Alaska) Hugh saw and understood the need for a private equity firm that could finance complex projects and also bring together various stakeholders to move the Arctic forward. Hugh also had the opportunity to see that many operating companies based in Alaska and operating in the Arctic had inefficient and/or insufficient capital structures, which constrained their potential. Additionally, Hugh understood that new ownership structures, partnering with Alaska Native Corporations and global investors, would provide better management and higher overall returns to the owners.
- Extensive leadership experience in rural Alaska, serving as Mayor of Bethel and lead the city government from 2002 to 2004. He also served as the Vice-President, Support Services for the sixth largest employer in the state of Alaska. Managed and lead nine direct reports and over 500 employees in Support Services.
- Worked as a liaison between the rural oil spill affected communities and the Exxon Valdez Oil Spill Trustee Council to educate, inform, and encourage participation in the restoration process. Have extensive state and federal liaison work experience.

Employment

Pt Capital, CEO, Chairman, and Co-Founder – January 2013 to present – Responsible for the fundraising of $6 million in Series A funding for the company; raising of approximately $100 million of a targeted $300 million private equity fund; supervision of the Pt Securities, a FINRA regulated broker/dealer located in Anchorage; and supervision of over 14 employees in Alaska, Washington DC, Toronto, and California.

Alaska Growth Capital - June 2008 to January 2013 – President and CEO –
Responsible the deployment of capital for the shareholder, the Arctic Slope Regional Corporation. Lead debt investments into a variety of companies across the spectrum primarily operating in Alaska. Managed a $300 million portfolio and a staff of up to 12 members of the team.

Alaska Growth Capital - June 2006 to June 2008 – Vice President, Consulting – Responsible for the growth and operation of the consulting practice of the firm. Specialization in strategic planning, financial planning, process improvement, and teambuilding.

Yukon-Kuskokwim Health Corporation - January 2003 to March 2006 - Vice-President, Support Services, Yukon-Kuskokwim Health Corporation - Lead Public Relations, Construction, Facilities, Materials Management, Human Resources, Prematernal Home, Travel Management Center, Grantwriting, and Technology. Served in a lead role for strategic development of the corporation and had significant operational responsibility for a large portion of the corporation.

Yukon-Kuskokwim Health Corporation - February 2002 to January 2003 - Director, Learning Center – Responsible for all training and development functions of the organization, including leadership and succession planning, employee development, and leadership in Human Resources.

Subway of Bethel, LLC, - April 2001 to August 2006– Managing Partner – Co-Founded a Quick Food Service restaurant franchise and commercial real estate development corporation that operated in Bethel, Alaska.

Coastal Villages Region Fund - April 2000 to May 2001, Business Development and Project Planner – initiated the Fisheries Revolving Loan Fund, gained $500,000 from the State of Alaska for the Quinhagak Fish Processing Center, managed sportfishing partnership, and worked on various business development projects in the CVRF region.

Exxon Valdez Oil Spill Trustee Council - May 1996 to March 2000, Community Development Director – Served as the liaison for between the six state and federal trustees on the council and the 21 spill impacted communities in Prince William Sound, Kodiak Island, Kenai Peninsula, and the Alaska Peninsula. Achieved over $4 million in funding for community initiatives in spill affected communities.

Education

Bachelor of Arts, Political Science, University of Alaska Anchorage, 1997

Masters of Science in Organizational Development, Pepperdine University, April 2007 – Coursework completed and thesis under development.

Additional Service

Mayor, City of Bethel, 2002 to 2004
City Council Member, City of Bethel, 2001 to 2002
German Marshall Fellow, Washington DC, 2008
Chairman and Board Member, Alaska Industrial Development and Export Authority, 2011 to 2013
Board Member, Rural Energy Enterprises 2012 to present
Board Member, Alaska Humanities Forum, 2009 to 2012

Paskvan, Joseph
Alaska Gasline
Development
Corporation Board
of Directors

Joe Paskvan

Personal

Born in Fairbanks- in 1952 to Tom and Joyce Paskvan - I am one of nine children all born in Fairbanks.

Married to Barb since 1978; Barb was one of seven all born in Fairbanks
4 children: Nicole, Chelsea, Tom and Ryan

Education

Graduated from Monroe High School - 1970
UAF Degree in 1975 - Political Science with minor in History

Received law degree (Juris Doctorate 1981)- University of Puget Sound School of Law
The law school was subsequently sold to: Seattle University School of Law

Employment

In private practice of law for over 30 years in civil litigation

Community and State Service

I am a member of Finance Committee for Diocese of Northern Alaska for over 20 years.

I am a member of Sunrisers Rotary.

Former Alaska State Senator representing Fairbanks 2009 – 201
Co-chair of Senate Resources Committee focusing on Alaska's oil and gas resources.
Chair of Senate Labor and Commerce Committee and other Senate committee positions.

Sec. 31.25.020. Governing body.

(a) The corporation shall be governed by a board of directors consisting of

(1) five public members; and

(2) two individuals designated by the governor that are each the head of a principal department of the state, except that the commissioner of natural resources and the commissioner of revenue may not be designated to serve on the board.

(b) Public members of the board shall be appointed by the governor and are subject to confirmation by the legislature. When appointing a public member to the board, the governor shall consider an individual's expertise and experience in natural gas pipeline construction, operation, and marketing; finance; large project management; and other expertise and experience that is relevant to the purpose, powers, and duties of the corporation. Public members of the board serve staggered five-year terms. A public member serves at the pleasure of the governor. A vacancy shall be filled in the same manner as the original appointment. Notwithstanding AS 39.05.100 , a public member appointed under (a)(1) of this section is not required to be a registered voter or a resident of the state. If the governor appoints a public member to the board who is not a registered voter in the state or a resident of the state, the governor shall send a written statement to the legislature with the notice of appointment explaining the governor's reasons for making the appointment.

(c) Notwithstanding AS 39.05.055 , the terms of the initially appointed public members of the board shall be set by the governor to be two years for two members, three years for two members, and five years for one member.

(d) The public members of the board receive $400 compensation for each day spent on official business of the corporation and may be reimbursed by the corporation for actual and necessary expenses at the same rate paid to members of state boards under AS 39.20.180 .

Sec. 31.25.030. Meetings of board.

(a) The board shall elect a chair, secretary, and treasurer from among its membership at each annual meeting. A majority of the members constitutes a quorum for organizing the board, conducting its business, and exercising the powers of the corporation. The board shall meet at the call of the chair. The board shall meet at least once every three months.

(b) The board may meet and transact business by electronic media if

(1) public notice of the time and locations where the meeting will be held by electronic media has been given in the same manner as if the meeting were held in a single location;

(2) participants and members of the public in attendance can hear and have the same right to participate in the meeting as if the meeting were conducted in person; and

(3) copies of pertinent reference materials, statutes, regulations, and audio-visual materials are reasonably available to participants and to the public.

(c) A meeting by electronic media as provided in this section has the same legal effect as a meeting in person.

(d) For the purposes of this chapter, public notice of 24 hours or more is adequate notice of a meeting of the board at which the issuance of corporation bonds is authorized.

(e) An affirmative vote of at least four members of the board is required to approve

(1) the sale and issuance of bonds;

(2) the sale or other disposition of a substantial asset or substantial amount of the assets of the corporation; the corporation shall adopt a regulation that defines a substantial asset and a substantial amount of assets for the purposes of this paragraph;

(3) the ownership structure for a pipeline project of which the corporation is a participant;

(4) an action committing the corporation to an additional natural gas pipeline project; and

(5) action on other matters identified in a regulation adopted by the corporation as being subject to this subsection.

Sec. 31.25.035. Minutes of meetings.

The board shall keep minutes of each meeting and send certified copies to the governor and to the Legislative Budget and Audit Committee.

Sec. 31.25.040. Administration of affairs; program directors.

(a) The board shall manage the assets and business of the corporation and may adopt, amend, and repeal bylaws and regulations governing the manner in which the business of the corporation is conducted and the manner in which its powers are exercised. The board

shall delegate supervision of the administration of the corporation to the executive director, appointed in accordance with AS 31.25.045 .

(b) The board shall adopt and publish procedures to govern the procurement by the corporation of supplies, services, professional services, and construction. The procurement procedures must provide for an Alaska veterans' preference that is consistent with the Alaska veterans' preference in AS 36.30.175 .

(c) To the maximum extent practicable, the board shall

(1) maximize the efficient use of state resources; and

(2) establish appropriate separation within the corporation by separating personnel and functions and by other means to the extent that separation may be required by contract or applicable law for the purpose of screening and preventing the exchange of commercially sensitive information when developing an in-state natural gas pipeline, an Alaska liquefied natural gas project, and other transportation mechanisms to deliver natural gas in the state.

(d) The board may appoint a program director for an Alaska liquefied natural gas project. The board may appoint a separate program director for an in-state natural gas pipeline as described in the July 1, 2011, project plan prepared under former AS 38.34.040and defined in AS 31.25.390 . A program director appointed under this section shall

(1) serve at the pleasure of the board; and

(2) report to the executive director of the corporation.

Sec. 31.25.045. Executive director.

The corporation shall employ an executive director who may not be a member of the board. The executive director shall be appointed by the board and serves at the pleasure of the board.

Sec. 31.25.050. Legal counsel.

(a) Except as provided in (b) of this section, the corporation shall retain legal counsel to advise the corporation in legal matters and represent it in litigation.

(b) The attorney general shall

(1) be the legal counsel for the corporation for legal services related to the development of contracts and agreements by the corporation that relate to an Alaska liquefied natural gas project; and

(2) consult with the corporation when procuring outside counsel for legal services for the corporation related to an Alaska liquefied natural gas project.

Sec. 31.25.060. Employment of personnel.

The board may appoint other officers and engage professional and technical advisors as independent contractors. The executive director may hire employees of the corporation and engage professional and technical advisors under contract with the corporation. The board shall prescribe the duties and compensation of corporation personnel, including the executive director.

Alaska Stand Alone Pipeline Report

Project Lead - David Haugen
PJTD Actuals Through - 1/31/2015

Rollup by Functions

Contractor	Budget	Current Commitments	Uncommited Funds (Budget - Current)	% Spent	Physical % Complete	Estimate at Completion	Total Expended Through 2/28/15
Project Management	$5,994,130	$2,094,784	$3,899,346	26%	26%	$5,994,130	$1,584,140
Pipeline	$100,739,382	$45,142,747	$46,596,635	33%	32%	$100,739,382	$33,533,412
Facilities	$96,357,805	$61,273,365	$11,364,129	54%	55%	$96,357,805	$52,312,912
ERL	$23,036,451	$14,117,938	$8,918,513	44%	46%	$23,036,451	$10,217,882
CM&I	$20,066,590	$6,839,000	$14,227,590	21%	23%	$20,066,590	$4,195,046
HSSE	$3,491,400	$172,000	$3,319,400	5%	5%	$3,491,400	$171,428
Project Services	$18,808,793	$12,763,224	$6,045,570	36%	44%	$18,808,793	$6,703,718
Interface	$11,873,800	$4,222,904	$7,550,896	14%	30%	$11,873,800	$1,684,476
State Agencies	$25,000,000	$1,367,600	$23,632,400	1%	1%	$25,000,000	$311,142
TOTAL	$305,368,351	$146,993,563	$125,554,477	36%	38%	$305,368,351	$110,714,156
Prior Years (7/1/2010- 6/30/2013)	*$48,360,000*	*$48,360,000*	*$0*	*100%*	*100%*	*$48,360,000*	*$48,360,000*
Grand Total	*$353,728,351*	*$195,353,563*	*$125,554,477*	*45%*	*46%*	*$353,728,351*	*$159,074,156*

ASAP
Alaska's In-State Gas Pipeline

February 2015 Activities

- **Facilities Design** – Final FEED package complete first week of April; Offtake designs and cost estimates to be complete by mid April. Arctic Solutions demobilizing team and will complete de-staff in mid April.
- **Pipeline Materials** – Small-scale testing complete; starting mid-scale testing program in Edmonton mid March; full-scale tests on hold
- **Civil** – Wetlands delineation for Section 404 permit based on ASAP field data ongoing (half original acreage). DOT&PF Coordination ongoing – Yukon River, Moody, and other bridges
- **Geotechnical Field Program** – Gas Conditioning Facility site complete (31 boreholes). Working 3 different areas: North Slope(156); Denali Fault to Susitna (79); Nenana to Rex(59). Obtained State Parks permit. BLM permit imminent.
- **Material Sites** – Two North Slope sites complete; Additional winter 5-6 sites scheduled
- **Pipeline Design** – Fault Study from AK DGGS due. AKLNG Joint Workshops complete on: Routing, Geotechnical, Liquefaction, APSC Coordination,
- **Waterways** – Identifying designs for new waterways on Route Rev 6.1

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ASAP
Alaska's In-State Gas Pipeline

February 2015 Activities

- **Environmental, Regulatory, & Lands (ERL)** – Acquiring permits for field activities for both ASAP and AKLNG winter programs; continued to push for BLM permit for geotechnical program, record of decision due mid March; continued land research efforts to fully develop land acquisition plan for execution; continued work with 3rd party contractor and Corps of Engineers (COE) to advance Supplemental Environmental Impact Statement (SEIS); on March 2, COE suspended work on the SEIS pending outcome of legislative session.
- **Project Management Systems** – Continued progress on critical management systems for execution viability; Content Management System (Documentum) transition planning completed; prioritized ASAP Quality Program procedures developed and approved; geospatial data management procedures developed
- **Legislative** – Worked on draft legislation to allow natural gas pipeline to go through specific State of Alaska parks, game refuges, and recreational areas along ASAP or AKLNG route.

ALASKA GASLINE DEVELOPMENT CORPORATION

BOARD OF DIRECTORS

MOTION

Moved that: subject to modification of Administrative Order 271 as necessary, the Board of Directors of the Alaska Gasline Development Corporation directs staff of AGDC to further assess the components associated with Resolution No. 2015-01 and prepare a rough order of magnitude cost estimate and impact to the schedule of the ASAP project related to those components.

Moved, seconded, and passed unanimously this 12th day of March, 2015.

John Burns, Chairman

RESOLUTION NO. 2015-01

RESOLUTION OF THE BOARD OF DIRECTORS OF THE ALASKA GASLINE DEVELOPMENT CORPORATION DIRECTING STAFF TO PREPARE A SCHEDULE AND COST ESTIMATE FOR PREPARATION OF A CLASS 3 ESTIMATE FOR THE ASAP PROJECT UNDER CERTAIN SPECIFICATIONS AND APPROVING RELATED MATTERS.

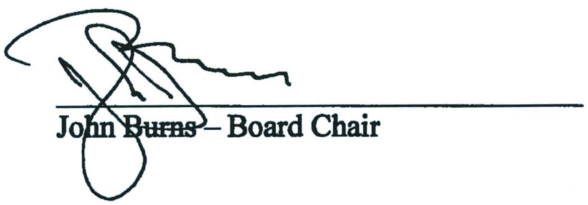
WHEREAS, in order to further develop the benefits to Alaskans of the ASAP project, the Board of Directors (the "Board") of the Alaska Gasline Development Corporation ("AGDC") is interested in having a class 3 estimate of costs and a projected schedule for the ASAP project under each of the following assumptions: (1) 36-inch diameter pipe using American National Standards Institute ("ANSI") class 600 pipe; and (2) 36-inch diameter pipe using ANSI class 900 pipe;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Alaska Gasline Development Corporation as follows:

Section 1. Subject to modification of Administrative Order 271 as necessary, the Board hereby directs staff of AGDC to prepare a work plan for presentation to the Board, including a schedule and an estimate of cost for preparation of a class 3 estimate for the ASAP project, under each of the following assumptions: (1) 36-inch diameter pipe using American National Standards Institute ("ANSI") class 600 pipe; and (2) 36-inch diameter pipe using ANSI class 900 pipe.

Section 2. This Resolution shall take effect immediately upon its adoption.

DATED this 12th day of March, 2015.



John Burns – Board Chair

ASAP

PIPELINE CHEAT SHEET

Pipe Specifications

- Governing United States code: Section 49, Part 192 of the Code of Federal Regulations (49 CFR Part 192)
    - American Society of Mechanical Engineers (ASME) B31.8 - industry guidance for pipeline loads, their evaluation, and the judging of their acceptability
    - American Petroleum Institute (API) – Materials specifications for procurement of linepipe
    - American Society of Mechanical Engineers (ASME) B16.5 – Materials specifications for procurement of valves and fittings
    - American Society of Testing Materials (ASTM) – Material testing procedures for quality assurance
    - American National Standards Institute (ANSI) – Industry standards for maximum pressure and temperature ratings for steel pipe, flanges, and fittings

ASME/ANSI Pressure Class – describes maximum allowable gas pressure

Class 600	1480 psi (maximum gas pressure in the pipe)
Class 900	2220 psi (maximum gas pressure in the pipe)
Class 1500	3700 psi (maximum gas pressure in the pipe)

Material Grade – describes the strength of the pipe steel

X52	52,200 psi
X70	70,300 psi
X80	80,500 psi

Location Class – describes the amount of human activity within 200 yards of the pipeline.

Class 1	Less than 10 buildings for human habitation
Class 2	From 10 to 46 buildings for human habitation
Class 3	Greater than 46 buildings for human habitation
Class 4	Buildings more than 4 stories high are prevalent

- Wall thickness (thickness of pipe steel) is based on internal pressure and proximity to building and people
- Strain based design – Pipeline and Hazardous Materials Safety Administration (PHMSA) requires a special permit for the use of this approach: where the pipe allowed to deform, but can still maintain pressure and not have to be repaired immediately.

Abbreviations

APSC	Alyeska Pipeline Service Company
ASME	American Society of Mechanical Engineers
ASTM	American Standard Testing Materials
CP	Cathodic Protection
GIS	Geographic Information System
HDD	Horizontal Directional Drill
ID	Insider Diameter
LiDAR	Light Detection and Ranging
MAOP	Maximum Allowable Operating Pressure
OD	Outside Diameter
PHMSA	Pipeline and Hazardous Materials Safety Administration
PI	Point of Intersection
psi	Pounds per Square Inch
ROW	Right of Way
SBD	Strain Base Design
SCFD	Standard Cubic Foot per Day
SMYS	Specified Minimum Yield Strength
SPCO	State Pipeline Coordinators Office
TAPS	Trans Alaska Pipeline System
WT	Wall Thickness

Specialized Pipeline Equipment

Figure 1. Sideboom

Figure 2. Chain Trencher

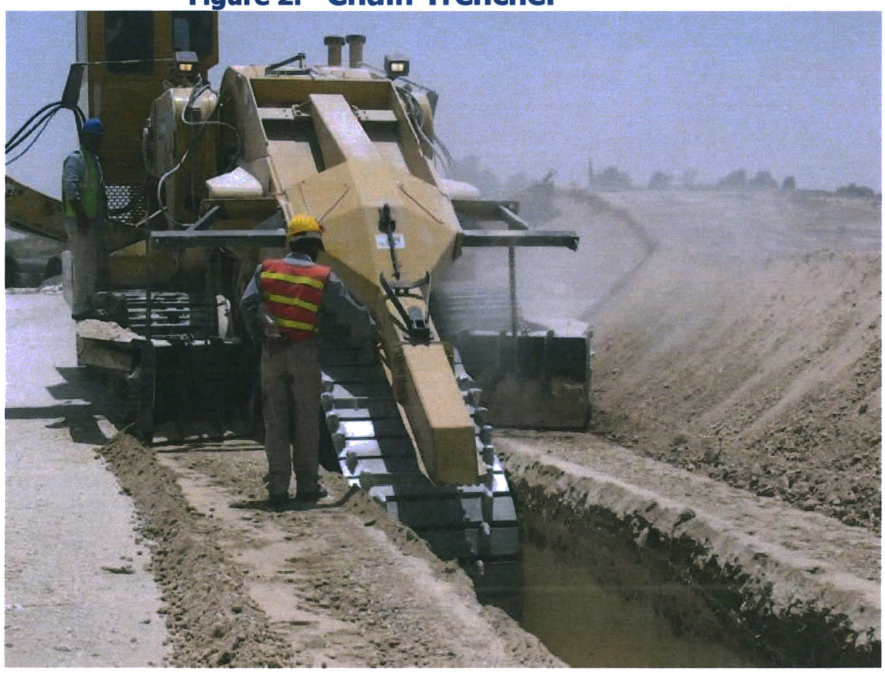


Figure 3. ASAP Typical Right of Way – Rock Ditch

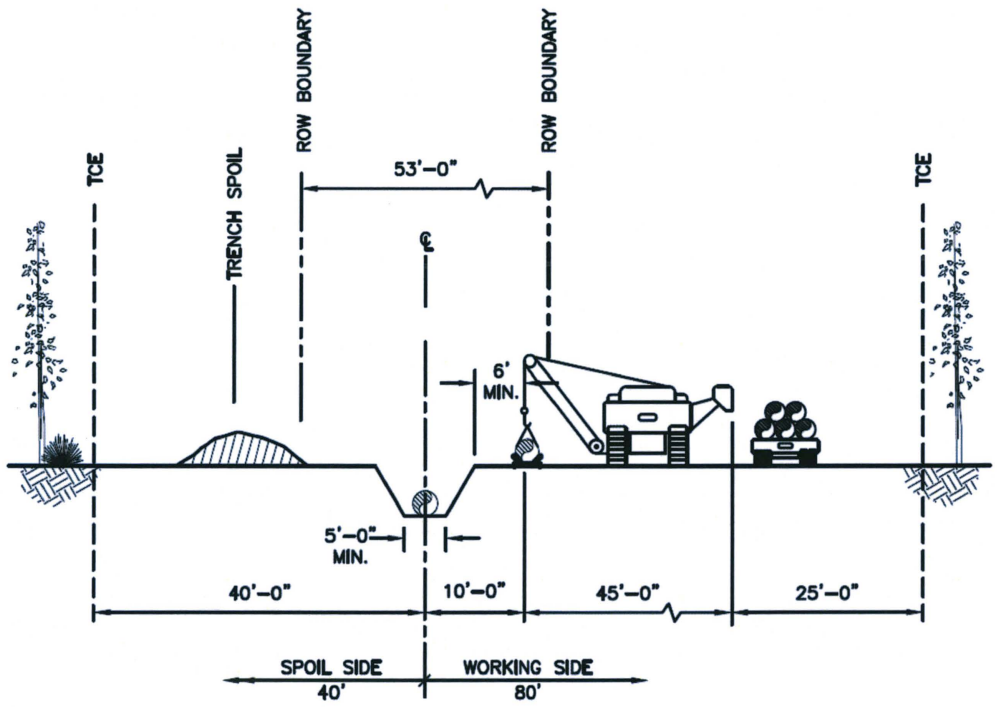
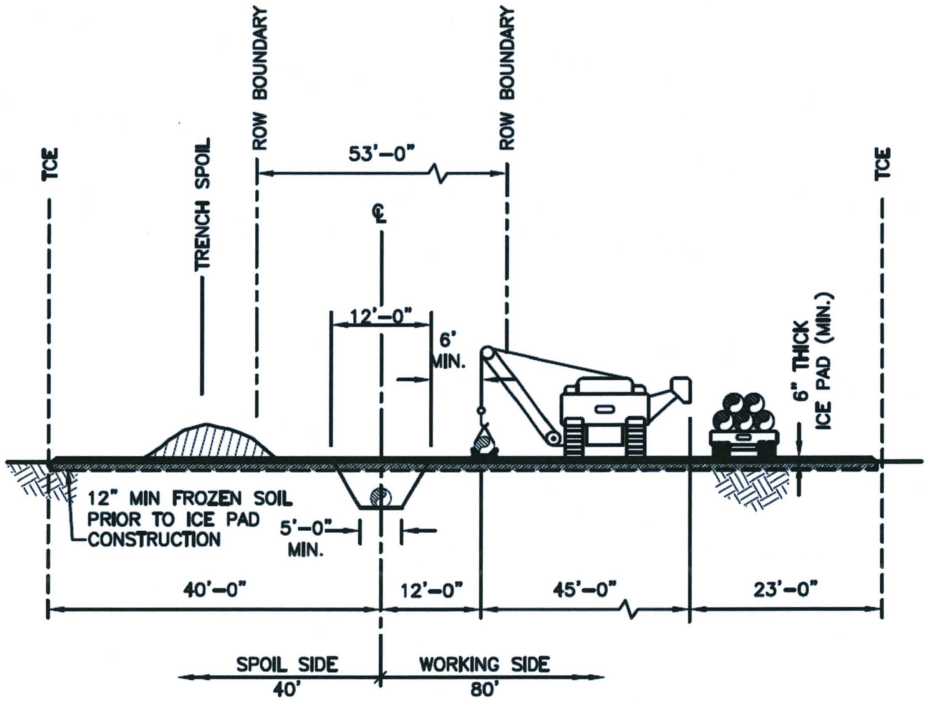


Figure 4. ASAP Typical Right of Way – Tundra Ice Road



ALASKA GASLINE DEVELOPMENT CORPORATION

(A Component Unit of the State of Alaska)
Year to Date Statement of Activitives
(in thousands of dollars)
as of January 31, 2015

	YTD Costs	YTD Budget	Dollar Variance Actual less Budget	Total Revised Budget for FY 15	Percent Expended
ASAP Project Expenditures	41,444	65,373	(23,929)	91,817	45.1%
ASAP AGDC Overhead Allocation	5,515	11,246	(5,731)	18,041	30.6%
AKLNG Project Expenditures	9,553	15,342	(5,789)	34,539	27.7%
AKLNG AGDC Overhead Allocation	1,050	2,142	(1,092)	3,436	30.6%
Total	57,562	94,103	(36,541)	147,833	38.9%
AGDC Total Overhead Allocated	6,565	13,388	(6,823)	21,477	30.6%

ASAP Expenditures:	
FY 14 prior stated	58,078
FY 15 actual expenditures	41,444
FY 15 work in progress	11,192
ASAP FY 14 & FY 15 Total	110,714

ALASKA GASLINE DEVELOPMENT CORPORATION

(A Component Unit of the State of Alaska)
Year to Date Statement of Activitives
(in thousands of dollars)
as of January 31, 2015

General and Administrative by Function

	YTD Costs	YTD Budget	Dollar Variance Actual less Budget	Total Budget for FY 15	Percent Expended
Executive	690	999	(309)	1,462	47.2%
Commercial	1,075	2,654	(1,579)	4,751	22.6%
External Affairs	345	1,222	(877)	1,942	17.7%
Legal	293	1,229	(936)	2,103	13.9%
Finance	573	1,219	(646)	1,869	30.7%
Human Resources	389	638	(249)	1,076	36.1%
Administrative Services	1,730	2,094	(364)	3,281	52.7%
Data Management	1,470	3,333	(1,863)	4,993	29.4%
Total	6,565	13,388	(6,823)	21,477	30.6%

Allocation to Projects

ASAP	5,515	11,246	(5,731)	18,041	30.6%
AKLNG	1,050	2,142	(1,092)	3,436	30.6%
	6,565	13,388	(6,823)	21,477	30.6%

ALASKA GASLINE DEVELOPMENT CORPORATION (AGDC)
MONTHLY OBJECTIVES & TARGETS SCORECARD
MARCH 2015

STRATEGIC AREA	STRATEGIC OBJECTIVE	TARGETS	Executive and Support	AKLNG Actuals	ASAP Actuals	Reporting System
Financial Performance	Execute business operations to optimize financial expenditures	Expenditures <= budget	51%	-2%	37%	AGDC Monthly Financial Report, ASAP Monthly Project Report; AKLNG Monthly Project Report
		Project % Complete >= % Spent	N/A	Not Currently Available	38% > 36%	ASAP Monthly Project Report; AKLNG Monthly Project Report
Schedule	Complete planned work within approved program and project schedules	Critical Path Project Milestones Met = 100%	N/A	100%	100%	AKLNG: The February milestone of submitting the 1st draft of Resource Reports 1-12 to FERC was achieved. The Pre-FEED schedule has been updated now that sub-project engineering contractor control schedules have been received and integrated, with the overall result that the "Enter FEED" milestone has slipped three months to 1 June, 2016. Several other 2016 and 4Q 2015 milestones have also shifted to the right.
HSSE Performance	Achieve health, safety, security, and environmental incidents below AK Oil & Gas industry averages	Lost Time Injuries/200,000 man-hours <= 2.4	0	0	0	AGDC Note: On 2/11/2015 AGDC's Risk Manager determined to evacuate AGDC's offices for a very strong burning smell. Shortly thereafter, building management determined evacuation was unnecessary as auditory and visual alarms were not engaged. Employees sheltered in the adjacent building and after 45 minutes the Risk Manager signaled the all clear after building management conducted a visual inspection of each floor. A full report of the incident has been submitted. The Safety Committee met to debrief on the evacuation procedure.
		Recordable Incidents per 200,000 man-hours = 8.7	0	0	0	
		Near Misses = 0	0	0	0	AKLNG: The following is not part of the AGDC LNG remit, but did occur under the AKLNG project umbrella so is reported. At Prudhoe Bay as part of GTP trenching preparations, about 0.5 gallons of hydraulic oil was spilled onto sea ice. Spill was immediately contained and completely cleaned up, and agencies were notified.
		Reportable Spills = 0	0	1	0	
Development of Commercial Agreements	Advance initiatives and agreements timely to advance projects	Commercial Milestones Met = 100%	N/A	N/A	N/A	AGDC Monthly Commercial Report; AKLNG Monthly Commecial Report
		Term Sheets Finalized = #	#	0	0	
		Documents Drafted & Approved as to Form = #	#	0	0	
		Documents Executed = #	#	0	0	
Compliance	Comply with applicable legislative and legal requirements and corporate commitments	Legislative Reporting Per Stat. Requirements = 100%	100%	N/A	N/A	AGDC Annual Report was published 1/10/2015, SB138 requiredAKLNG Project Briefings to the Legislature were conducted 1/30/2015 & 2/18/2015. A Follow-up was requested and is scheduled for 3/13/2015.
		Regulatory Permit Completion Reports = 100%	N/A	100%	100%	ASAP Monthly Project Report; AKLNG Monthly Project Report
Project Options	Maintain viability of project options to initiate construction start within 2 years of sanction	Project Execution Milestone Completion = 100%	N/A	Not Currently Available	100%	ASAP Monthly Project Report; AKLNG Monthly Project Report
		Technical Team Core Staffing = 100%	N/A	100%	100%	ASAP Monthly Project Report; AKLNG Monthly Project Report

ALASKA GASLINE DEVELOPMENT CORP.
GAS FOR ALASKANS

Meeting Minutes

ALASKA GASLINE DEVELOPMENT CORPORATION
REGULAR BOARD OF DIRECTORS MEETING

January 8, 2015 09:00am

A Regular Board of Directors Meeting of the Alaska Gasline Development Corporation ("AGDC") was held at the Alaska Gasline Development Corporation,3201C Street, Suite 604, Anchorage, Alaska on January 8, 2015 commencing at 09:00am.

The following board members were present at the meeting (or attended via teleconference) except as otherwise noted:

JOHN BURNS Fairbanks, Alaska	Chairman of the Board
DAVE CRUZ Palmer, Alaska	Member of the Board
HEIDI DRYGAS Anchorage, Alaska	Member of the Board
FRED PARADY Juneau, Alaska	Member of the Board

ALASKA GASLINE DEVELOPMENT CORP.
GAS FOR ALASKANS

Meeting Minutes

I. CALL TO ORDER. Chairman Burns convened the meeting at 9:00am.

II. ROLL CALL. A quorum was declared present and the meeting was duly and properly convened for the transaction of business.

III. SAFETY MOMENT. Dave Cruz, Board Member, gave the safety briefing.

IV. APPROVAL OF AGENDA. Chairman Burns moved to approve the agenda, Dave Cruz second. Approval of the agenda passed unanimously (4-0).

V. MINUTES. Commissioner Parady moved to approve the meeting minutes from the November 13, 2014 Board meeting. Dave Cruz second. Approval of the minutes passed unanimously (4-0).

VI. PUBLIC COMMENTS. AGDC Boardroom: None
Statewide: None

VII. PRESIDENT'S REPORT. President Fauske gave an overview on the status of the Alaska LNG and ASAP projects. The overview consisted of: Financial Performance; Schedule; Health, Safety, Security and Environmental (HSSE) Performance; Development of Commercial Agreements; Compliance; Project Options and Reputation.

VIII. NEW BUSINESS - AGDC MANAGEMENT/OPERATIONAL ISSUES.

A. AGDC Financial: Bruce Tangeman, VP of Administration and Finance gave an update on AGDC's year-to-date statement of activities.
B. AGDC Compensation Principles: Bruce Tangeman, VP of Administration and Finance provided AGDC's compensation principles to the Board. No action is required at this time, it will be advanced to the Governance Committee the next time they meet.

IX. NEW BUSINESS – ASAP

A. Project Update: Frank Richards, VP of Engineering and Program Management and Fritz Kruzen, VP of AKLNG discussed the status of the two projects given to AGDC by the Alaska State Legislature. AKLNG is about commercialization and export of Alaska's natural resources, whereas AGDC was directed to advance energy delivery for Alaskans using the ASAP line. The two projects are working collaboratively together exchanging data and working on a common route.
B. Financials: Frank Richards, VP of Engineering and Program Management presented an update on the ASAP financials through November of 2014.
C. Class 3 Cost Estimate and Projected Tariff: Final ASAP Class 3 Cost Estimate delivered December 15, 2014 on schedule. The Class 3 Cost Estimate summary report issued documenting methodology, estimate breakdown, and reference to extensive Basis of Estimate (BOE) and supporting records. The GCF, pipeline and owner's costs are fully optimized. The cost estimate is considered +/- 20%.
D. 2015-2016 Work Plan: Frank Richards, VP of Engineering and Program Management, presented the 2015/2016 work

plan that would enable the ASAP project to continue to advance while working within the parameters of Governor Walker's AO 271. After a lengthy discussion, the Board elected to unanimously approve the 2015/2016 Work Plan (4-0).

E. AFE 15-003: Facilities RAM Analysis: Was not discussed. No action taken.

X. NEW BUSINESS – AKLNG

A. Project Update: Joe Dubler, VP of Commercial Operations and Fritz Kruzen, VP of AKLNG gave a truncated update because AGDC is bound by a confidentiality agreement of the AKLNG.

B. Financials: Joe Dubler, VP of Commercial Operations gave an update on the project-to-date budget versus the actual comparison through November of 2014. The breakdown consisted of the AKLNG project expenditures, as well as the AGDC Corporate expenditures.

C. Commercial Business Development Position: Joe Dubler, VP of Commercial Operations, gave an informative overview of a job description for an AKLNG Commercial Business Development position. This position will be tasked with taking the AKLNG project and making it viable for communities within the State.

XI. EXECUTIVE SESSION: None

XII. ANY OTHER MATTERS TO PROPERLY COME BEFORE THE BOARD: None

XIII. BOARD COMMENTS: Chairman Burns asked if there were any other matters to properly come before the Board or comments from the Board members. There were none.

XIV. ADJOURNMENT: Chairman Burns moved to adjourn. Dave Cruz made the motion and Heidi Drygas second the motion, none opposed. The meeting was adjourned at 2:07pm.

_____ _____

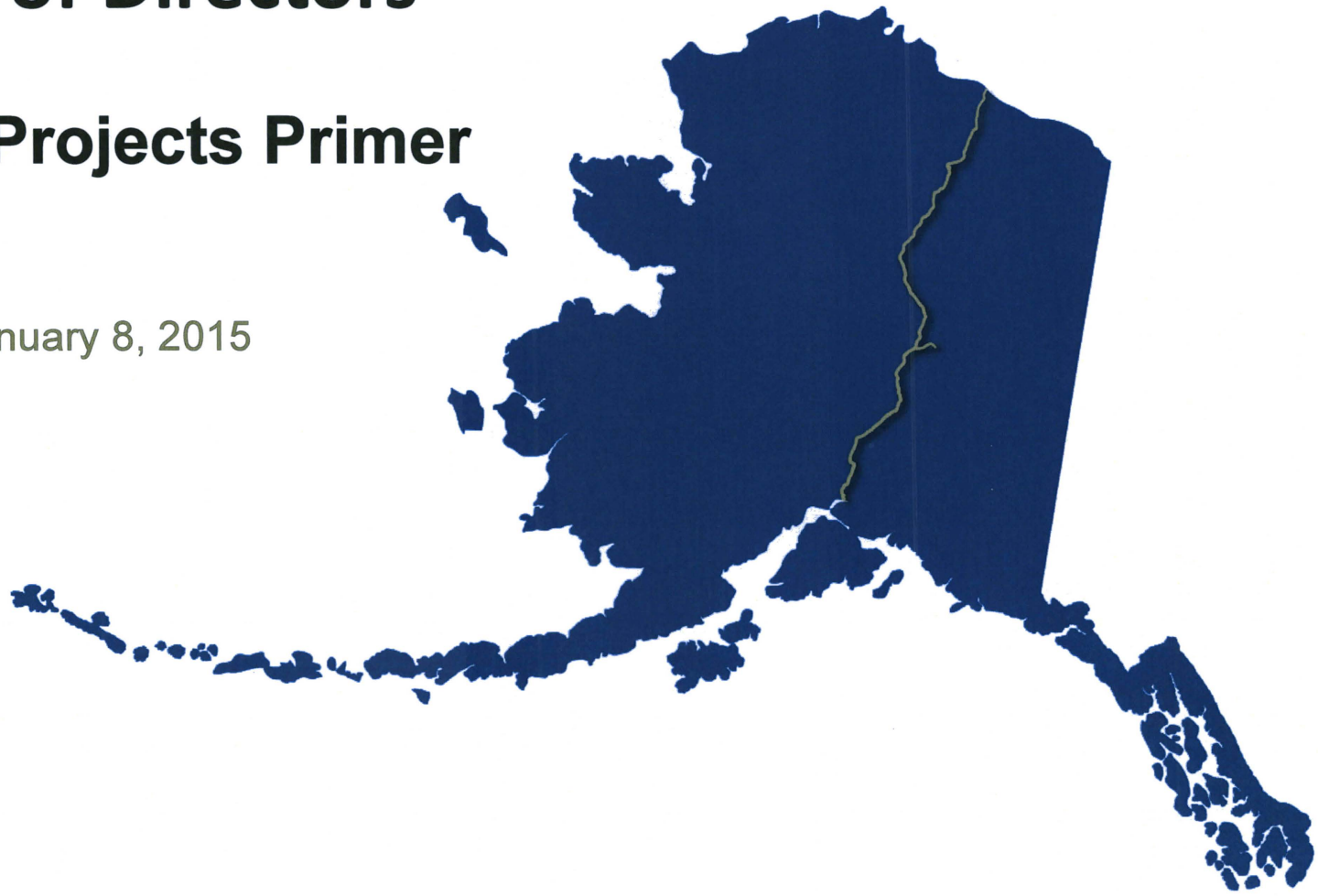
John Burns, Chairman of the Board Date

ALASKA GASLINE DEVELOPMENT CORP.
GAS FOR ALASKANS

Board of Directors

Gasline Projects Primer

January 8, 2015



Corporate Initiatives

	Alaska LNG	ASAP
Project Sponsors	State of Alaska (AGDC), BP, ConocoPhillips, ExxonMobil & TransCanada	State of Alaska (AGDC)
Design Objective	Liquefied Natural Gas (LNG) principally for export markets	Utility grade "lean" gas principally for in-state markets
Facilities		
Gas Treatment	• GTP at Prudhoe Bay *(~200 acres)* • 8 Compressor Stations *(30kHP)*	• GCF at Prudhoe Bay *(~70 acres)* • Compression at Prudhoe Bay
Mainline	800 mile, 42" mainline	727 mile, 36" mainline
Lateral Line	N/A	29 mile, 12" lateral to Fairbanks
LNG Plant	LNG plant, 3 storage tanks and 2 tanker berths at Nikiski *(400-500 acres)*	N/A
Terminus	Nikiski *(Kenai Peninsula)*	Near Big Lake *(ENSTAR's Beluga line)*
Design Capacity	~ 3.3 billion cubic feet/day at GTP ~ 2.2 billion cubic feet/day at LNG plant	500 million cubic feet/day
Cost	~ $45 - $65 bill	~ $9.9 bill *(+/- 20%)*
Workforce	Peak: 9,000-15,000 Operations: ~1,000	Peak: 8,000 Operations: ~150
Construction	5-6 years *(after FID in 2019)*	3.5 years *(after sanctioning in 2016)*
Completion	2025-2026	2021

Accumulated Corporate Assets

- State Right-of-Way - 413 miles
- Final Environmental Impact Statement (FEIS) – Oct 2012
- Supplemental Environmental Impact Statement (SEIS) initiated – Aug 2014:
  - Plan of Development (POD)
  - Environmental Evaluation Document (EED)
  - Public Scoping Report Published
- Along entire pipeline route:
  - River and stream crossings surveys and designs
  - 2-D terrain unit mapping
  - Cultural resource surveys
  - Wetlands delineation and jurisdictional determinations

Accumulated Corporate Assets

- 400+ geotechnical boreholes drilled
- 128 material source sites identified
- Air quality monitoring data and permit for Gas Conditioning Facility
- Purchased Strain Based Design (SBD) pipe for:
  - Small and medium scale material testing
  - Automatic weld procedure validation
- Line-pipe specifications
- Safety and operational stipulations with PHMSA
- Final biologic assessment report
- Final essential fish habitat report
- Project Execution Plan (PEP) including:
  - Construction execution plan
  - Project logistics plan

Alaska LNG Milestones

- Export Application filed with U.S. Department of Energy – Jul 21
  - DoE authorized LNG exports to Free Trade Agreement countries Nov 20
- FERC Pre-Filing Request – Sep 8
  - Prelim Draft of Resource Report #1(Project Description) submitted
  - Statewide Open Houses – Oct 28 to Nov 20
- Project briefing to Joint House & Senate Resources - Sep 29
- Media Tour in Nikiski – Oct 9
- AGDC Board Approves 2015 Budget of $39.7 million – Oct
- 2014 LNGP site geotech and Cook Inlet marine survey programs completed
- Joint workshop with AGDC on sharing data and engineering
  - Historical data exchanged, future activities being coordinated
- Engineering contracts have been awarded and work is underway for:
  - GTP: URS (with CBI and AES) in Denver
  - Pipeline: Worley Parsons in Calgary
  - LNGP: CBI (with Chiyoda and AES) in Houston
  - Marine Facilities: CH2M Hill in Houston (and Anchorage)

ASAP 500 MMscfd Design

- SOA issued TransCanada AGIA license AS 43.90 - Dec 2008
- AGIA statutes limited in-state pipeline capacity to 500 MMscfd
- ASAP project planning, engineering and permitting proceed with 500 MMscfd design constraint
- SOA signs MOU with TransCanada regarding Alaska LNG – Dec 2013
- Seven participating parties in Alaska LNG sign HOA establishing project framework and roadmap – Jan 2014
- Legislature authorizes State participation in Alaska LNG (SB138) – May 2014
- SOA and TransCanada agree that Alaska-Alberta project is uneconomic, abandon the project and terminate AGIA license – Jun 2014
- ASAP is no longer statutorily constrained to 500 MMscfd
- Changes could be made in compression, pipe strength and treatment capacity to improve throughput and project economics

Alaska LNG/ASAP Coordination

All participants are interested in progressing each project in an efficient, cost effective manner and eliminate duplication of effort

Background

- Significant amount of baseline data and engineering exists from previous pipeline projects: *TAPS, APP, Denali* and *ASAP*
- Parties have developed a framework for sharing data and coordinating work efforts going forward

Objectives

- Maximize existing historical data and work product
  - *Geotechnical, hydrological, environmental, cultural* and *routing information*
- Eliminate duplication of work between the ASAP and Alaska LNG projects
- Establish common pipeline route
- Reduce cost, environmental impacts and safety risks
- Save time and advance schedules

Coordination Activities

- ✓ Identifying existing datasets and common work product
- ✓ Establishing data sharing protocols
- ✓ Coordinating 2015 field seasons and work activities
- ✓ Conducting routing workshop to compare pipeline alignments
- ✓ Discussing joint trenching equipment testing program

Corporate Focus – Near Term (1Q16)

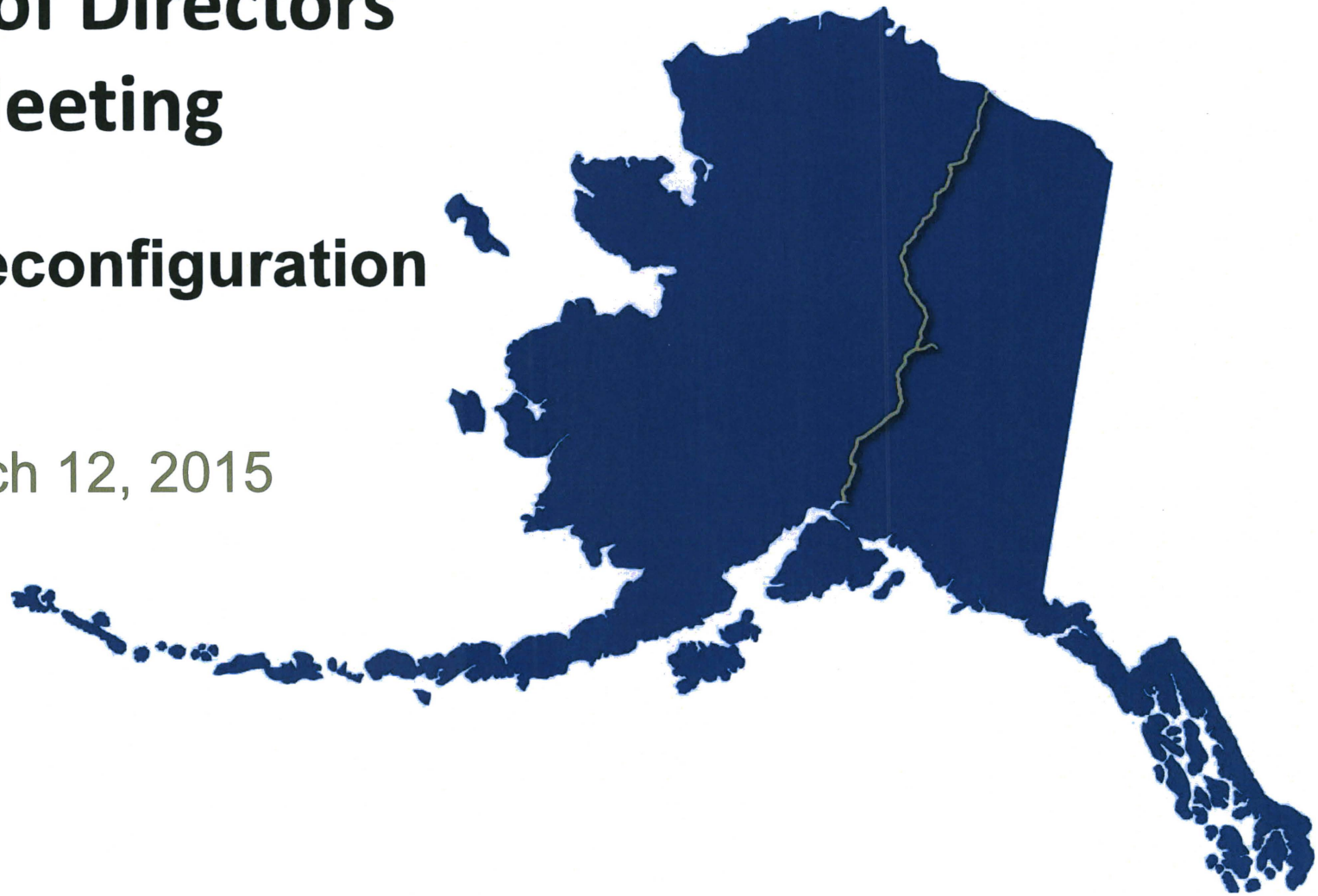
- Progress both initiatives to better inform State's ultimate policy and investment decisions
- Protect the State's interest in the Alaska LNG project – LNG plant, pipeline and GTP
- Adjust work plans, budgets and timelines to bring initiatives into alignment
- Execute cooperation agreements - maximize state resources, eliminate duplication of effort, align work efforts and routing
- Develop durable work and transferable data that can be used on either project
- Maintain State's leverage and continue to build assets the State can bring to either project
- Determine in-state access needs; plan, site and develop off-takes
- Maintain viability and readiness of ASAP as an alternative

ALASKA GASLINE DEVELOPMENT CORP.
GAS FOR ALASKANS

Board of Directors Meeting

ASAP Reconfiguration

March 12, 2015



Primary Objectives

- Build a North Slope natural gas project
- Accelerate development of Alaska LNG
- Ensure Alaska has an economically viable alternative if Alaska LNG falters
- Maximize ultimate benefit for Alaskans – revenue, jobs, affordable energy
- Build on previous work and leverage existing funds
- Explore market-driven financing alternatives

Reconfiguration Strategy

- Increase the State's leverage and options
- Expand ASAP volume and capacity
- Extend terminus to tidewater
- Design for both in-state and export markets
- Explore market participation and financing
- Use existing funds
- Build on existing efforts and work products
- Avoid duplication and competition

Critical Success Factors

- Maintaining alignment between SOA and North Slope producers
- Ensuring SOA's ability to advance independent, economically viable alternative
- Obtaining concurrence of Alaska LNG JVA partners
- Ensuring complementary vs competitive orientation
- Maximizing financial resources to accelerate a FEED decision

Alaska Gasline Development Corporation | 3201 C Street, Suite 200 | Anchorage, AK 99503
P 907.330.6300 | F 907.330.6309 | Toll-Free 855.277.4491 | www.agdc.us

Initial Parameters

- Maintain current 36” diameter pipeline
- Maintain current lean gas specification
- Pursue pipeline and Gas Conditioning Facility (GCF) elements only – no LNG facilities
- Develop Rough Order of Magnitude (ROM) cost and timeline estimates for two increased volume scenarios:
    - 1.4-1.6 Bscfd, ANSI 600
    - 2.4-2.6 Bscfd, ANSI 900
- Present results to AGDC board for review and action

ASAP Potential Design Scenarios

	0.5 Bcfd	1.4 Bcfd	2.4 Bcfd
	ASAP Current	**ASAP Option 1A**	**ASAP Option 1B**
Design Objective	Utility grade "lean" gas; low-cost access for Alaskans	Utility grade "lean" gas; low-cost access for Alaskans with additional gas sales to amortize in-state cost	Utility grade "lean" gas; low-cost access for Alaskans with additional gas sales to amortize in-state cost
Facilities			
Gas Treatment	• Upstream PBU • GCF at PBU *(~70 acres)* • Physical solvent technology	• Upstream PBU & PTU TBD • GCF at PBU *(~200 acres)* • Technology selection required	• Upstream PBU & PTU TBD • GCF at PBU *(~200 acres)* • Technology selection required
Pipeline	• 727 mile, 36" mainline (*1,480 psi*) • 26 mile, 12" lateral to Fairbanks • Compression at GCF	• 740 mile, 36" mainline (*1,480 psi*) • 26 mile, 12" lateral to Fairbanks • 8-15 Compressor Stations	• 740 mile, 36" mainline (*2,220 psi*) • 26 mile, 12" lateral to Fairbanks • 8-15 Compressor Stations
LNG Plant	• N/A	• LNG plant by others	• LNG plant by others
Terminus	Near Big Lake *(ENSTAR Beluga pipeline)*	Tidewater *(Cook Inlet)*	Tidewater *(Cook Inlet)*
Design Capacity	0.5 billion cubic feet per day	Approx. 1.4 – 1.6 billion cubic feet per day; ANSI 600	Approx. 2.4 - 2.6 billion cubic feet per day; ANSI 900
Total Cost to FID	~ $250 million *($150 million expended to date)*	~ 5% of Capital Cost *($150 million expended to date)*	~ 5% of Capital Cost *($150 million expended to date)*
Construction	~ 3.5 years *(after FID in 2019)*	~ 5-6 years *(after FID in 2019)*	~ 5-6 years *(after FID in 2019)*
Completion	2024	2025	2025
Capital Cost	$10 billion *(+/- 20% in 2014)*	TBD	TBD

ALASKA GASLINE DEVELOPMENT CORPORATION

BOARD OF DIRECTORS REGULAR MEETING

March 12, 2015
9:00 a.m.
Anchorage/Juneau/Fairbanks

AGENDA

PROCEEDINGS

(On record - 9:01 a.m.)

BURNS: Madam Clerk, would you call the role, please.

GRAHAM: John Burns?

BURNS: Present.

GRAHAM: Dave Cruz?

CRUZ: Present.

GRAHAM: Fred Parady?

PARADY: Here.

GRAHAM: Heidi Drygas?

DRYGAS: Here.

GRAHAM: Hugh Short?

SHORT: Here.

GRAHAM: Rick Halford?

HALFORD: Here.

GRAHAM: Joe Paskvan?

PASKVAN: Here.

GRAHAM: We have everyone here and we have a quorum.

BURNS: So let the record reflect for the first time in a while we do have a full Board. I want to welcome everybody, all the new Board Members, so appreciate it.

UNIDENTIFIED: Thank you.

BURNS: It's quite a project that we'll all signed up for. So at this time Safety Moment, Gwen or Dan?

FAUSKE: Thank you, Mr. Chairman, and welcome everybody and

to the audience here.

In the event of an emergency, please, evacuate the building using the stairs, in our area they are to the left as you exit Suite 604, AGDC's Board room.

The 6th floor's muster point is the northeast corner of the parking lot next to A Street which is that way. Please evacuate for any alarm, audible or visual.

If you are unable to evacuate, there are four windows in our offices with big red dots. I'm not sure I'd recommend leaping out of these windows, but these indicate breakaway -- the ones with the red dots do indicate --.....

(Simultaneous speech)

FAUSKE: .....do indicate breakaway windows to emergency responders. Please go to one of these offices for assistance and see the map located on the wall at the Board room entry. Where is that? It's on.....

GRAHAM: It's out there.

FAUSKE: Yeah, it's out -- out here. The restrooms are located in the hallway outside of this room to the left.

BURNS: Great. And I would just note, notwithstanding the weather conditions outside, we are entering spring, fingers crossed and so, you know, it's a treacherous time to be walking, so just all exercise extreme

caution as for entering and exiting buildings.

So the next item is the approval of the agenda.

CRUZ: Motion to approve.

BURNS: Question's been made. Any discussion? All right. So call the question, all in favor of approving the agenda?

IN UNISON: Aye.

BURNS: Any opposed? The agenda has been approved.

The next item is the approval of the minutes, January 8th meeting and I believe at that meeting, Madam Clerk, there were just four Board Members, right?

GRAHAM: Correct.

BURNS: So those four who were in attendance, is there a motion to entertain?

PARADY: So moved.

BURNS: So moved.

DRYGAS: Second.

BURNS: All right. Any discussion or revisions, corrections? All right. It's been moved and seconded. All in favor of approval of the minutes?

CRUZ: Aye.

PARADY: Aye.

DRYGAS: Aye.

BURNS: Aye. Okay. The minutes are approved.

At this time, as we always do, at our meetings we

invite Public Comment and so anybody who either present here in Anchorage or who would like to address the Board telephonically, they are certainly invited to come forward, so anybody in Anchorage who would like to come forward and to address the Board, make some public comments? Don't hesitate. All right. Your comments are welcome.

All right, seeing nobody in Anchorage, anybody statewide? Anybody in Fairbanks? All right. Nobody in Fairbanks. Anybody in Juneau? Anybody statewide who would like to address the Board?

All right. So seeing that there are no public comments let's move onto the President's Scorecard. Dan.

FAUSKE: Thank you, Mr. Chairman. For the Board Members you'll see in your packet a -- sort of a large foldout sheet.

BURNS: What item specifically?

DRYGAS: Seven.

FAUSKE: Tab 7.

BURNS: Seven.

FAUSKE: And this is what's known as the President's Scorecard. We had initiated this a few months back. It used to be I'd just, kind of, give a report as to who we met with and the various things and then the

Board, and I thought it was a good move, decided that we wanted to get into more strategic areas and just list to the Board where we currently stand in certain areas.

And so if you look at the upper left, you have Financial Performance. The Strategic Objective is to execute business operations to optimize financial expenditures. The Targets, our expenditures are less than or equal to budget. Project percentage completion is greater than or less than percentage -- or excuse me, greater than percentage spent.

Executive and Support at 51 percent. The AKLNG Actuals at a minus two, that looks weird, but the AKLNG at this time does not supply percent of work complete so it can't be calculated. It's not that we don't have it, but they just don't supply it on a regular basis. We can develop those numbers. It's not an onerous thing, it's just the way the AKLNG spend plan comes through.

The ASAP Actuals are at 37 percent. The AG monthly financial report, ASAP Monthly Report -- or Project Report, AKLNG Monthly Project Report. ASAP at 38 to 36 percent. The ASAP Monthly Project Report and the AKLNG Monthly Project Report.

On the Schedule, complete planned, on the Objective

is to complete planned work within approved program and project schedules. Critical path milestone met equal 100 percent. Actuals at 100 percent. And the February milestone is submitting the first draft of Resource Reports 1-12 to FERC was achieved.

The Pre-FEED schedule has been updated now that sub-project engineering contractor control schedules have been received and integrated with the overall result that the Enter FEED milestone has slipped three months to June 1, 2016. This is on the AKLNG. And several other 2016 and fourth quarter 2015 milestones have also shifted to the right as the schedules have been expanded somewhat.

On the Health and Safety Performance, objective is to achieve health, safety, security and environmental incidents below Alaska Oil and Gas industry averages. Lost time to injuries at 200,000 manhours is less that 2.4. Recordable incidents per 200,000 manhours is 8.7. Near Misses zero. Reportable Spills zero.

Two notes, AGDC's Risk Manager determined to evacuate our building offices for a very strong burning smell. This happened several weeks ago. The alarm system had not worked properly. We did evacuate the building. Employees sheltered in the adjacent building and after 45 minutes the Risk Manager signaled the all

clear after building -- I became concerned that I thought frostbite was more of an issue than what was going on in the building, but we did get that cleared up with Ravnit and our Risk people.

It was troubling because there was absolutely a smell in the building and everybody -- you know, it was pretty strong and we were wondering what the heck's going on.

AKLNG, the following is not part of the AGDC LNG remit, but did occur under the AKLNG project umbrella so is reported. At Prudhoe Bay as part of the Gas Treatment Plant trenching preparation, about a half a gallon of hydraulic oil was spilled on the sea ice. Spill was immediately contained and completely cleaned up and agencies were notified.

Development of Commercial Agreements. The Strategic Objective is to advance initiatives and agreements timely to advance projects. Commercial milestones met 100 percent. Term sheets, documents drafted and approved and documents executed. The AGDC Monthly Commercial Report, AKLNG Monthly Commercial Report are the Reporting Systems.

Compliance, objective is to comply with applicable legislative and legal requirements and corporate commitments. Targets are Legislative reporting per

statutory requirements at 100 percent. Regulatory Permit Completion Reports at 100 percent.

The AGDC Annual Report was published on 1/10/2015, Senate Bill 138 required AKLNG Project Briefings to the Legislature. These were conducted on 1/30/2015 and 2/18/2015. A follow-up was requested and is scheduled for 3/13/2015, that is tomorrow in Juneau. The ASAP Monthly Project Report, AKLNG Monthly Project Report are the reporting systems.

Under Project Options, maintain viability of project options to initiate construction start within two years of sanction. The -- as you read across the Project Execution Milestone Completion at 100 percent. Technical Team Core Staffing at 100 percent and the same reporting systems apply to this report as well.

So that, sir, completes the report card.

BURNS: Are there any questions or comments?

SHORT: I've got a question.

BURNS: Yeah.

SHORT: So under the section of Schedule, and the three month, as you've called it, a slip of three months, is it -- can you talk a little bit about that and what caused that slip and is this something that has happened before or is this the first time in our project schedule Pre-FEED has slipped?

FAUSKE: No, sir, Mr. Short. As a result of the JVA and some of the agreements to get signed was delayed, that dropped the schedule back somewhat just based on the fact that agreements weren't put in place as quickly as they thought, so it slipped that schedule as to the completion of Pre-FEEd from first quarter 2016 to second quarter 2016 and that is currently the schedule we're on.

SHORT: Okay, thank you.

FAUSKE: So we're start- -- it's ramping up much quicker now and as you hear when the AKLNG folks give their report, there's a lot of work going on and it's -- but it's just tough to catchup completely.

SHORT: Thank you.

BURNS: But, Dan, I think that's the first time that has been noted that there's been a slip in the schedule that I understand, is that right?

FAUSKE: And that -- Mr. Burns, that was announced (indiscernible) at the meetings, at the updates that we gave on those dates that I showed in January. The led -- when we testified in front of House and Senate Resources that information was made public that, that schedule had slipped.....

BURNS: Um-hum. (Affirmative)

FAUSKE: .....out to that point.

They also have, from that date forward, one year to -- I think it's September of 2017 where the -- they have a year roughly to make the FEED decision and that's the final engineering and design.

They're currently in Pre-FEED, but once you go to the FEED, that -- they scheduled it out to about 2019 and then they'll make the FID, the Final Investment Decision.

What's significant about FEED is that where some real money starts. I mean, we're already spending real money, but I mean, this is -- gets into the billions of dollars to enter into the FEED. The State would be a 25 percent equity shareholder in that under the current agreements and you can see a State response -- or requirement as high as a billion dollars or eight, 900 million depending on what the FEED estimate costs are and the producers and TransCanada and the others that share in that.

SHORT: Do you expect any associated cost increases because of the slippage or is that negligible?

BURNS: Who are you looking for, Joe?

FAUSKE: I don't so. I mean,.....

SHORT: No (ph)?

KRUSEN: Minimal (ph).

FAUSKE: Minimal. Minimal from -- when Fritz and some of

these folks come up we can get into more of that if you'd like, but we've been.....

BURNS: And, Dan, one just follow-up. On -- I guess, on Friday, tomorrow you're having a presentation, you're giving a presentation what -- what's that about?

FAUSKE: That is about the follow-up to the sponsors. That is also to deal with, in their language, the Governor's Plan or our plan going forward. They delayed us. We were originally scheduled to come down with the plan going forward two weeks ago -- a week ago Monday. And then that -- that schedule slipped at that time.

I know Marty Rutherford and I think Donna Keepers from Revenue were both sick. It just was one of those where they rescheduled us. We were originally scheduled -- we would have testified via phone and then they called us literally at the 11th hour.

You might recall that was the day Governor Walker had his press conference where he was fairly upset over the fact that House Bill 132 had been introduced right across and he had a chance to comment on that Bill. That was also the day we were scheduled. And then they had canceled that hearing. Not because of Governor Walker, but because of just the people that they needed there couldn't be there, so that's what this is about tomorrow.....

BURNS: Okay.

FAUSKE: .....is to lay out the intentions of this Corporation going forward.

BURNS: And who is going to be in attendance at that from AGDC?

FAUSKE: It will be myself, Joe Dubler, Frank Richards.....

GRAHAM: Miles.

FAUSKE: Miles, I think the four of us.

BURNS: Okay.

FAUSKE: We'll have others available by phone if we need depending on what level of detail they want to get into.

BURNS: Any further questions of Dan on the Scorecard? This is -- just for those new Board Members, this is something that we developed in conjunction with the Board and several of the committees just to understand on a monthly basis where the project stands on each of the facets of the project, so, you know, we -- the sense of just, kind of, a performance management matrix. So if you have any comments or as you look though it over time if there's anything you'd like to see enhanced about it let us know, so.....

All right. Next item of business, New Business, AGDC Management/Operational Issues. First is the Financials, so.....

FAUSKE: And for the Board Members, Bruce Tangeman, one of our VPs on the Admin Services side. Former Deputy Commissioner of Revenue you might remember and other things in his career is here to present. So, Bruce, if you would.

TANGEMAN: Thank you, Dan. For the record, Bruce Tangeman, vice president of Finance and Administration. Under Tab 8A you have a two page summary of the Corporation's financials as of January 31st, 2015.

And just to orient you to the first page top to bottom we have the ASAP project expenditures and the corporate allocation section. Below that we'll have the AKLNG project expenditures and the AGDC overhead allocation. And then down at the bottom is a little more detail on the ASAP expenditures to date.

So up top we put in place a cross allocation method when we inherited the AKLNG project, so we have two pots of money that we're drawing from. So we put in a -- with the help of our auditors, BDO, we put in place a cost allocation method in order to spread the corporate costs between the two fund sources.

So left to right we have year to date costs, year to date budgets and variance and the column after that is the revised budget. The only revision that has taken place took place in January when the Board instructed

us to throttle back the ASAP project in order to line up calendar-wise with the AKLNG project. And Frank and Joe will certainly be talking to more details of the two projects, but that's the only budget revision that has taken place.

I think you can see that we're well under budget. It's important to note that every dollar that's not spent on the Corporation's overhead, is a dollar that's available for the projects, so we're very judicious in how we spend out dollars and especially how we fill positions.

Dan's mentioned many times that we're not here to put a bureaucracy in place. We have a short window and we know exactly what are game play -- what our jobs are here to do, so we're very judicious in how we spend our dollars on the corporate side.

To that, the second page is more of a breakdown on the executive side of the house. Joe will give more details on the AKLNG spend under one of the future tabs and Frank will do the same for ASAP, but on page two you get a breakdown of the different functions within the Administrative side of the house. And, again, we're underspending our budgets which is good.

There's been no budget variance to date and at the bottom you see a breakdown between the two fund

sources. So, again, we're about 85 percent of the corporate overhead is charged to ASAP and about 15 percent is charged to the AKLNG.

BURNS: Um-hum. Any questions so far?

PARADY: Mr. Chairman?

BURNS: Yeah.

PARADY: Could you restate that last statement? I heard it, but I want to make sure I caught it.

TANGEMAN: Yes, sir, Mr. Parady. The cost allocation method breaks down the corporate overhead expenditures, 85 percent go to the ASAP fund -- instate fund and 15 percent go to the AKLNG fund.

PARADY: Thank you.

BURNS: So, Bruce, the expenditures on the first page, are those -- we've talked about the ASAP project expenditures, my understanding is that at least from a couple Board Meetings back we wanted to ensure that the expenditures that we were doing on ASAP were complimentary to the AKLNG and my understanding is that, that is the case, is that right?

TANGEMAN: Yes, sir and that's reflected in the revised budget where you instructed us to throttle back ASAP to line up with the AKLNG project.

BURNS: And so are the expenditures then that are allocated to ASAP, how do those reflect the fact that those are

complimentary expenditures meaning that they benefit both of the projects? How do you make the determinations as to whether they should be on the ASAP side or the AKLNG side?

TANGEMAN: I'm going to defer that question to Frank because he can speak to how those different types of expenditures are beneficial to both options, so I'll defer to Frank on that.

BURNS: All right. Any questions of Bruce on it, so that the upside of this is we're under budget on everything at this juncture?

TANGEMAN: Yes, sir.

BURNS: Good. All right. So anything -- any further on the AGDC Management/Operational issues. So did you need to talk a moment to talk to Frank?

CRUZ: Yeah. I want to take a little break.

BURNS: Okay. Why don't we take just a five minute break. I think Dave wanted to touch base with Frank, so if you don't mind we'll take just a five minute break.

SHORT: At ease.

BURNS: An at ease.

(Off record - 9:19 a.m.)

(On record - 9:25 a.m.)

BURNS: All right. The next item of business is New Business - ASAP, Frank, at this -- my understanding,

Frank, is this is a primer for the new Board Members bringing everybody up to date as to where we are on ASAP and then a discussion as we move forward -- as you progress forward.

RICHARDS: Mr. Chairman, yes. Frank Richards, vice president of Engineering and Program Management for AGDC. And as you suggested I think that we -- it would be beneficial for the new Board Members to really -- to go over what I'm calling the Gasline Project Primer and this was essentially what we provided to the Board in January, so for those Board Members that have heard me previously I apologize for repeating. It's -- do you all have a copy?

PARADY: Yes.

UNIDENTIFIED: We do.

PARADY: Yes, sir.

RICHARDS: Okay. And then in your Board packets I also would refer you to a Pipeline Cheat Sheet. I believe that was in there also, so if you see.....

DRYGAS: What Tab is that at?

UNIDENTIFIED: It's at the very beginning.

GRAHAM: It's in the front.

RICHARDS: It was a looseleaf cheat sheet.....

BURNS: See Heidi we heard, the Staff heard you. I think it's this one right here.

DRYGAS: (Indiscernible) -- so that -- did I ask for this?

BURNS: Pipeline cheat sheet.

DRYGAS: I wonder -- I -- and yet I -- mine is missing.

BURNS: Here.

RICHARDS: So on the cheat sheet if you hear me.....

BURNS: But I need mine back.

(Simultaneous speech)

CRUZ: I've got one right here.

DRYGAS: Okay.

BURNS: Go ahead, Frank.

RICHARDS: Mr. Chairman, if you hear me falling into acronyms, I apologize. I will try and enunciate all of the acronyms so that new members and the public can understand what I'm talking about, but it's so easy in this arena to fall into the tentacle (ph) jargon, so please, if I stray from that ask me and I will bring it back to where we are.

But on this cheat sheet you see that we talk about the American Society of Mechanical Engineers, ASME B31.8, that's essentially industry guidelines for pipeline loading evaluation. And then I will refer to American Petroleum Institute, API.

Then there's also the -- what's known as the American National Standards Institute or ANSI and this is really where we get the standards for maximum (ph)

pressure and temperature ratings for pipe, as well as their flanges and fittings, so this is some of the guidance that we use in our technical design criteria.

And then you'll see midway down the page is a table of ASME/ANSI or American Society of Mechanical Engineers and American National Standards Institute pressure classes. So Class 600 refers to a maximum pressure of about 1,480 psi, pounds per square inch as opposed to ANSI Class 900 which is 2,220 psi, pounds per square inch maximum gas pressure in the pipe, so there's are some of the key defining pressure requirements.

And then on material grade, when we talk to the strength of the pipe we usually refer to that in X classes. So X70 would be 70,000 pounds per square inch, the strength of the steel as opposed to X80 which would be 80,000 pounds per square inch.

On the back of the page it talks about location class and this is really where the Pipeline Hazardous Safety Administration has identified to us how we should include in areas where there's human habitation and they define it by occupancy in terms of buildings, so we use that as along a pipeline route and then that determines what class we have to -- of class of pipe we have to put into those areas where the pipeline is

running and that's essentially relating to wall thickness.

And then when I talk about strain based design, that is, again, a design criteria requirement by the Pipeline Hazardous Materials Safety Administration otherwise known as PHMSA which talks about in areas across Alaska we have discontinuous permafrost and you have the potential for frost heave or frost settlement and then you have to look at the strain accumulation on that pipe and that's where we exceed the strain capacity or the design requirements in the PHMSA's code then we have to come up with an alternative analysis which is called strain based design.

BURNS: Frank, let me stop here. Can everybody hear Frank's presentation?

UNIDENTIFIED: It's a little difficult.

BURNS: Yeah, if you could speak up, Frank, I'd appreciate it for those in the back.

RICHARDS: I'm sorry, Mr. Chairman, the mic will not move for me, so I will. All right.

BURNS: Speak louder than.

RICHARDS: Under Abbreviations, these are, again, common abbreviations used from pounds per square inch to TAPS which is the Trans Alaska Pipeline System and Alyeska which would be Alaska Pipeline Service Company or APSC.

And then on the -- there's indications on page 3 which are essentially figures identifying common machinery used in pipeline construction. The first one is a sideboom which actually is used to lower the pipe into the trench.

And the bottom one is a chain trencher which is essentially a piece of machinery that with the right ground conditions it's almost like slicing through butter with a hot knife. You can actually get great production, keep the amount -- the trench width to a minimal and produce right next to it a castoff of a good material that you can potentially use then as backfill on the pipe.

And then on the final page is, again, typical sections of what our common right-of-way would look like whether it be a rock ditch which would be rock excavation either blasting and -- drill and blast and then excavation as opposed to an ice road which would be essentially using frost pack or ice to be able to go across the ground and not damage the underlying substrate.

So just typical sections just to give an indication of the right-of-way widths, what the type of machinery is, what it looks like in terms of a spoil pile on one side, the equipment and pipe on the other and then a

travel way to allow for flow around the pipe sections.

BURNS: Yeah. Now, we have ordered and are testing pipe currently, is that right?

RICHARDS: That's correct, Mr. Chairman.

BURNS: We've got what -- in what class and X grade are we currently testing?

RICHARDS: We had put out a solicitation for X70 pipe and this was, again, for areas where we had the strain based design approach to -- in order to prove to PHMSA that our design models were going to be able to withstand the strains that we anticipate from the discontinued -- essentially the thawing of discontinuous permafrost.

So we had pipe mills from Germany, Japan and India that offered or came -- came to us and could meet the criteria of essentially meeting the metallurgy requirements that we had put forward in those specifications.

We are complete now with the small scale testing. And that the -- the individual mills have met the requirements that we gave them for that and that's essentially looking that did they meet the original stress strain curves.

And now we have sent samples into what is known as mid-scale testing and that's being done at Edmonton at the Seafarer facility. So it's very -- it's proving

out that our -- the mills that can provide this type of pipe around the world are able to meet it -- meet the requirements.

Unfortunately there aren't mills in the U.S. or North America that are meeting this standard of pipe at this time, but there's hope that they will be able to meet that metallurgy requirements in the future.

BURNS: So you made a decision on the X70 from the standpoint we've now identified where we were getting it, would be getting it can meet those standards.....

RICHARDS: That's correct,.....

BURNS: .....consistently?

RICHARDS: .....Mr. Chairman, to identify that yes, that there are capabilities around the world to be able to meet the requirement. And, again, this is for the strain based pipe,.....

BURNS: Right.

RICHARDS: .....the location. So we have a pipeline that's approximately 740 miles long. We are trying to define how -- which of those areas are going to actually require this and right now we had thought it was going to be approximately 100 miles, but our analysis is showing now that, that is being reduced significantly between anywhere from five to 20 miles. So that means that those sections of the pipeline would require this

specialized steel, so it's not as large a volume as we had originally intended or thought it would be.

BURNS: And then the ANSI, the ANSI class is the -- is the testing on the six or the nine currently or is it -- have we even.....

RICHARDS: Mr. Chairman, we were going with 1,480 psi pipe, so that would meet the.....

BURNS: The 600.

RICHARDS: .....ANSI 600 pound class.

PASKVAN: Mr. Chair?

BURNS: Yeah.

PASKVAN: If I'm understanding what you're saying on the X70, that may be a maximum of 20 miles. I assume then the other 720 assuming that hypothetical is X52 capacity?

RICHARDS: Through the Chair, Senator Paskvan, old habits. The remaining pipe we decided to go with X70 as well, so.....

PASKVAN: Okay.

RICHARDS: .....that we would be able to have that pressure class and in the anticipation of it provides strength. It's a standard class pipe. The line pipe can be manufactured in the U.S. and we feel would meet our needs.

BURNS: Good. Any questions? All right. Keep going.

RICHARDS: Okay, Mr. Chairman. Now, going back to the Gasline

Project Primer, on page number 2 AGDC is in the fortunate position of having two corporate responsibilities. We were initially geared up by the Alaska Legislature to focus on the ASAP project and then with the passage of Senate Bill 138 we were given the responsibility of also representing the State of Alaska in a 25 percent ownership of the LNG plant for the Alaska LNG project.

So I wanted to take the opportunity to identify the two different initiatives that we are working on currently. And to somewhat show a little bit of the difference between the two because, again, with the stand-up of AGDC with -- under House Bill 4 for the ASAP project, it was really with the intended purpose to provide energy for Alaskans because at that time the AGIA process was underway and TransCanada and Exxon Mobil were advancing a pipeline project for export.

So the Legislature gave us the mandate to provide for energy relief for Alaskans and under that -- at that time the AGIA statute was in place. The AGIA license was in place, so that we were limited on the ASAP project to 500 million standard cubic feet a day. So it was statutorily defined for us, as well as contractually.

Whereas with the evolution now of a new project and

the formation of the Joint Venture that Dan referred to with the Alaska LNG project, we now have the major producers, Conoco, BP and Exxon Mobil, along with TransCanada representing the State's ownership on the midstream or the pipeline and the gas treatment plant and AGDC representing the State's interest in the liquefaction plant. We now have that team working towards export for the large scale commercialization of the North Slope resources.

FAUSKE: If I may, Mr. Chair, on the AKLNG side to give you a scope, the proposed liquefaction plant where they chill the gas and prepare it for tankers to be shipped is 20 times the size of the current plant that you've all driven by in Nikiski and it is at a cost of between 20 and, what, $24 billion for just that plant.

The GTP, gas treatment plant, on the other end is -- someone help me out, 18 -- I think it's 18.....

RICHARDS: Fifteen -- 15 to 18.

FAUSKE: Fifteen to 18 billion for that plant. It, too, is a huge complex. And then the pipe it's hard -- it's not inco- -- but it's a significant cost, but the two big drivers are the gas treatment and the liquefaction on the other end are really the two biggest items in this overall value chain going down in terms of construction.

DRYGAS: Can you repeat again, what was the cost for the LNG plant?

FAUSKE: Between 20 and 24 billion.....

DRYGAS: Yeah.

FAUSKE: .....have been the latest estimates. Those, again, are estimates and that engineering work is going on, but it's a huge, huge complex. And they're purchasing land and there's -- you've seen that in the papers where -- you know, to -- to get the site secured where you would have the ability and then they'll start testing that. They, we're part of that, boreholes and all this other stuff to design it to -- I remember reading one article in the paper just the weight of the plant is unbelievable, so you have to test if the ground can hold that type of -- I mean, it's in the hundreds of millions of tons and so that work is ongoing, so.....

BURNS: Dave and then Hugh.

CRUZ: Yeah. So through the Chair, I want -- for the new Board Members I want you to bear in mind that we are only a partner in 25 percent of the liquefaction process. We're not midstream and we're not in the GTP on the Slope, so there gets to be some misconceptions in the press that we are 25 percent partner in that. We are not, only that item.

BURNS: Hugh.

SHORT: My question is how does this project compare globally to -- let's just talk about liquefaction. You mentioned the 20 to 24 billion, how does that -- the output of the liquefaction, the size of the liquefaction compare globally to other liquefaction projects either built or currently in construction?

RICHARDS: Mr. Chairman, I would like to bring Fritz Krusen to the to stand. Fritz.....

BURNS: Absolutely.

RICHARDS: Fritz was hired specifically as the vice president of the AKLNG coming with 30 plus years of experience with ConocoPhillips in liquefaction.

BURNS: And actually -- I mean, I think this is a good point which we're -- in Frank we're got ASAP. In Fritz we have AKLNG.

SHORT: Sorry to veer off the other project, but this is so darn interesting.....

BURNS: Yeah.

SHORT: .....I've just got to know.

BURNS: No, but, Dan, if you want to clarify just the organizational structure so that, you know, we try to keep things.....

FAUSKE: That's a good question, Mr. Chairman. We've had the ability recently to crossover, to use people on both

sides of AKLNG and ASAP. And there's been some contention on that here recently based on how people perceive it and the sharing of data, but currently Frank has been primarily the ASAP side. Fritz is totally AKLNG, but then supplies guidance on the ASAP. You know, after 36 years with ConocoPhillips and at the end of his career he was a global lead for ConocoPhillips, so he brought a great deal.

We were fortunate that he had two daughters here and wanted to get back to Alaska, so one of the daughters is a psychologist which we plan to use here in the near future. She's offered her services, so.....

And then Frank has been primarily in the ASAP side on the engineering, so we've had this, but there is a distinction as to function and roles. And there is a distinction as to the sharing of data and how you firewall that and how everyone can -- can (indiscernible).

What we've tried to do is maximize the ability of people and minimize the numbers of people. In other words, like I -- I think it was Bruce made a comment that we have limited ourselves to not create a bureaucracy that has to be fed.

Most of the people that we have our consultants that come and go with phases of the project that they work

on and as far as core staff we've kept that to a pretty good minimum which is always going to be the intent because that's just the way it is. This is a project organization. It's a pipeline company basically, so.....

BURNS: So, no, let's get Hugh's question answered first.

UNIDENTIFIED: Okay.

KRUSEN: So, for the record, Fritz Krusen, vice president of LNG for AGDC and then I'm also what's called the Project Steering Committee representative for AGDC on the AKLNG project.

BURNS: Fritz, if you could talk and speak a little louder we'd appreciate it.

KRUSEN: Okay. I was trying to get into the mic, but I'll just.....

BURNS: That mic is over there, that doesn't help us.

CRUZ: No, he's got another mic.

BURNS: Oh, got cha.

KRUSEN: So through the Chair, Mr. Short, we mix units quite a bit so we talk about LNG output in millions of metric tons per anum, so the Kenai LNG plant that Dan referenced earlier is about 1.3 mtpa. World standard these days is around fiveish mtpa and quite often there's two trains, 10 mtpa.

By the time you bring that up to Alaska where it's

colder and we're going to bring the gas in at higher pressure, that's six mtpa per train, 12 mtpa for a two train project, but where AKLNG differs it's a three train project, so it's at least a third bigger, maybe -- maybe approaching 50 -- you know, twice -- 50 percent bigger than the typical two train LNG project in Australia, anywhere else.

FAUSKE: Something that might help and I'd like to -- I always forget the number, but the conversion of billion cubic feet of gas converts to what, about seven.....

KRUSEN: Yeah

FAUSKE: .....tons.

KRUSEN: I can never remember the number. What I do remember is we've got about 900 million coming into each LNG train and we've got about six mtpa going out of each, that's something I can remember.

FAUSKE: And the AKLNG as designed, I think, it at 20 million.

KRUSEN: The license will be for 20 million.

FAUSKE: Twenty million tons per anum produced based on 3.3 billion. After you've netted out the gas to run the pipeline, it's about 2.7 billion feet of gas. And taking out Alaska use to produce 20 million tons of LNG a year.

SHORT: Can I ask a follow-up?

BURNS: Okay.

SHORT: So given the fact that this is 50 percent larger than the typical LNG plant and you mentioned Australia, is that a factor of the amount of known reserves of gas on the North Slope? Is that a fact- -- what's that's a factor of? Why is it 50 percent larger?

KRUSEN: So, yes, it does reflect what the project thinks is the appropriate way to monetize the gas reserves on the North Slope, Point Thomson and Prudhoe Bay. So it seems to be a nice size to efficiently monetize that over a typical 20 year LNG contract.

SHORT: And with known reserves and the known projection of 20 mtpa, how long would we produce LNG given known reserves today based on this liquefaction size?

KRUSEN: So this is maybe a little slippery ground for me because we're supposed to be the downstream guys and we're now talking about upstreamie (ph) stuff, but it would appear that, you know, we're, sort of, at plateau for about 17 years-ish and then we begin to slip off plateau and one, you're still producing from Prudhoe Bay and from Point Thomson, but you have to go out and find other gas to keep the three trains running fully.

FAUSKE: One of the premisses on AKLNG is if you've looked at the financials it's gas to be found as listed. You know, that's recognized within the development of the

project that not all the gas is available to carry it out beyond, I think, it's 20 years or 25. I mean, if you look at long term firm transportation commitments at 20 and 25 years, so that's recognized.

I think we could help -- the large plants currently, Australia, ConocoPhillips is involved, that's a huge complex.

KRUSEN: Two train, 10 (simultaneous speech).....

FAUSKE: Exxon is in New Guinea with another large -- I don't know the number, but we compare -- this would be the largest project in North America, but I'm not sure on a world scale. It's got to be right up -- AKLNG I'm talking about now.

SHORT: Yes, sir.

FAUSKE: There's talk of British Columbia, a couple on the -- not near this size.

KRUSEN: I haven't kept up with those two (ph).

FAUSKE: Yeah.

KRUSEN: My speculation would be they'd be around 10 mtpa.

FAUSKE: Yeah, so this is a large project on a world scale. Whether it's the largest or not, I don't know, but it's right up at the top. We can find that out for -- I mean, get you a ranking

SHORT: I think there's going to be a lot of information over a period of time then. I'll request, just get an

idea of the macro (ph) of how this project scales compared to other projects. At the end of the day, I feel my job is to try and make this the most competitive project in the world so we can get it built.

So the better I understand the overall global completion, the global market and then how we can -- how I can as a Board Member help this project move forward to be competitive will help me do my job.

KRUSEN: I would add, AKLNG did a lot of pre-work as things were coming together for the Joint Venture that, sort of, reinforced in their mind that this 18 to 20 mtpa export and that method of monetizing the North Slope gas, sort of, hit the sweet spot for what they currently know.

BURNS: Um-hum. (Affirmative) Rick.

HALFORD: I would appreciate it if we could somehow we could put together that run-on sentence of comparison so we have a scale that we can use, metric tons per year, billions, trains, you know, so we can convert to the systems that you go back and forth and knowing.

I understand it briefly when you say it and then I come back and try to figure it out and have to figure it out again every time. And if we had a simple scale that we could understand it on would be appreciated.

KRUSEN: So why don't I go away and create an LNG cheat sheet like Frank did for pipeline.

HALFORD: Thank you.

BURNS: I think that would be helpful. Any other questions for Frank? Oh, yes, go ahead, Joe.

PASKVAN: Just one observation because as I understand then with three trains, than the maximum flow rate for the Alaska LNG project is 2.7 Bcf a day?

KRUSEN: You know, we have annual averages and we have maximums and so the maximum is probably higher. The maximum into the LNG plant is probably 2.8 billion, maybe a little bit above that. The annual average is 2.7.

PASKVAN: Okay.

RICHARDS: If I may, the key point is that's into the plant,.....

PASKVAN: Correct.

RICHARDS: .....so then the output is less.

PASKVAN: Correct.

KRUSEN: And just -- I will be back for the -- I think the next agenda item, so.....

BURNS: Yeah.

KRUSEN: .....if there's a lot of AKLNG type questions, perhaps, I can help with that.

RICHARDS: Fritz, why don't you stay 'cause I'm going to

continue on with talking about the Corporation initiatives and if there are question on the LNG that would be great.

KRUSEN: Sure.

BURNS: And just for the new Board Members, we historically structured it so we have a report on both of the projects independently because this is the problem that happens, you get this bleeding over and pretty soon you don't realize what project you're talking about.....

SHORT: Right.

BURNS: .....and so we've had a discreet structure where we move forward with the AK- -- or the ASAP project and then we'll talk about the AKLNG and then there will be, kind of, a lap-up (ph) as to how -- you know, the interrelationship between the two because we -- you know, those of us who started on have the same issues and we've bleeding back and forth quite a bit. Yeah.

CRUZ: You know, for the benefit, I chair the Tech Committee for -- so I'm dealing with Frank and Fritz and all the group together and I asked the same questions you were asking and the average worldwide plant, it produces -- export facility, a little over 900 million cubic feet per day, that's the average when you look at them. There's bigger, there's smaller, but that's the average if that -- it gives you a

perspective of things.

SHORT: Three times bigger (ph).

PARADY: (Indiscernible) trains? I'm just.....

BURNS: The question is how many trains -- based on how many trains? Frank, go ahead, please proceed.

RICHARDS: All right. Mr. Chairman, again, on the design objectives, as I said, Alaska LNG was commercialization of the North Slope resources. What they are doing though is feeding into a liquefied plant in Nikiski so, therefore, that quality of gas is different than the ASAP. So ASAP was, again, lowest cost gas to Alaskans.

So in 20- -- summer 2013 we, within the ASAP project, changed our design premiss to provide for utility grade gas. Meaning gas that would come off the line, could flow into an existing utility and be used without any further conditioning.

So ASAP takes gas from the North Slope, conditions it, brings it down a pipe. Can go into Fairbanks. Can flow into what is now the Enstar system and be used without any further work, so that was a key deciding factor.

So the differences in the gas then is the amount of conditioning that you do on the North Slope to meet those two specs. So for the utility grade gas we're at about three percent CO2, as opposed to the LNG quality

gas which is down to approximately 50 parts per million.

So if I may I'll refer to the charts that we have on the wall. These are depictions of the gas conditioning facility for ASAP on the North Slope. So this is approximately a mile to the west of the central gas facility. An existing gas facility that proces- -- uses -- process the gas on the North Slope to re-inject into the reservoir.

This facility is a two train, 250 million standard cubic foot a day conditioning facility. So that means that we will take the gas from the Prudhoe Bay Unit, we'll condition it down to that utility grade specification and than push it into a pipeline.

So incorporated into this is a compressor station that would pressurize the gas up to the maximum allowable pressure to be able to flow down through the pipe. Two trains or two conditioning units that would then strip out the carbon dioxide and the hydrogen sulfide to be able to meet the -- essentially the Enstar quality gas specification.

So this plant here represents approximately $3.3 billion worth of facility. It's located, again, on a -- would be located on a pad, approximately 70 acres worth of gravel that is the same location that AKLNG

would likely use for their gas conditioning facility as well, but the scale for the AKLNG project is six times larger in terms of the gas flow.

So when we talk about the two projects, we've got so many commonalities, same pad location, proximity to the Prudhoe Bay fields and then ultimately feeding down and providing gas for Alaskans.

BURNS: Um-hum. But that's been the intent, though, is to maximize the symbiotic relationship, if you would, between the two and we've gotten the -- as I understand it, the permit from DNR is for both projects, you know, all of that stuff, so we've sought to do that intentionally?

RICHARDS: You're correct, Mr. Chairman. Actually the land was withheld by DNR for a project, so.....

BURNS: For a project, that's right. And we consented to it because it's going to one of the two?

RICHARDS: That's correct.

BURNS: Now, as I understand that, that design has been -- that's fully designed and a Level 3 cost estimate has been obtained for that, correct?

RICHARDS: That is correct, Mr. Chairman. So that means the last two years we've been working on a design premiss for utility grade gas at 500 million cubic foot a day maximum flow and that's what that plant is designed to

handle.

BURNS: Hugh.

SHORT: Mr. Chairman, so this project is contemplated to deliver gas to the Enstar line and offshoot to Fairbanks with a planned distribution system built-out or expanded in Fairbanks.

What was the discussion or what is the plan for those locations that are off of the road system that currently aren't connected either to the gas infrastructure in Southcentral Alaska or the planned infrastructure that's being contemplated in Fairbanks with the ASAP plan?

Has there been a discussion around how other parts of Alaska benefit from this amount of gas getting to Southcentral Alaska?

RICHARDS: Yes. We were given the charge under HB 4, I believe it was Senator Hoffman who put in the language that identified that AGDC must look at other transportation mechanisms to meet the energy needs of Alaskans that wouldn't be able to connect into this pipeline. So -- but the language is that we contemplate that work once we have a pipeline in place.

So what we have been focusing on is initially design the pipeline and now we're looking at what will be the offtake points, so Fairbanks would be a major offtake

point. And we have a 27 mile lateral leading into Fairbanks connecting into a yet to be built future distribution system across the Fairbanks North Star Borough.

And then we'll have offtake point designs for smaller communities and -- to be able to have access, so -- because the key driver by the Legislature is, again, to maximize access by Alaskans, but in order to do that we need to know the costs.

And the language was other transportation mechanisms, so we are to look at pipelines. We are to look at barge systems. Iso tank (ph) containers. Whatever the mechanism may be to be able to, again, economically provide for future energy delivery to other Alaskans.

BURNS: Okay. Yeah.

CRUZ: So you -- one of the methodologies that -- looked at is very similar to what's done in other parts of the world as ISO containers. That's what you see riding on the back of a truck. You see a forklift taking one, set 'em on a barge or a ship. And basically we are in still in the infantile stages within our Committee dealing with that, but what -- the discussions we've had is going to an intermodal type freight aspect.

So how do we get gas to Tanana, Galena. We have an

offtake point at or near the Yukon River. We fill these ISO containers. They go on a barge. They go down river. You come up, you switch 'em out at the village, you know, that has for power generation or their distribution system for gas within that, those are things to come. And you load the empties up and they go back. Very similar to what's done today with diesel, just done with an intermodal freight type transportation set up. That's what's done in other worldwide places.

FAUSKE: Mr. Chairman, to add to the point. When HB-4 was passed -- House Bill 4 there was a provision also that we were to add a percentage of propane to the mix and so we're currently configured at about one and a half percent propane which is 4,000 barrels a day roughly of propane.

And the intent then was to explore, what Dave Cruz just talked about, is propane down the Yukon, propane down the Richardson Highway and to see what the market was and so that was taken into consideration at the time the Bill was passed.

BURNS: Frank.

RICHARDS: So, again, the terminus of the two different -- of the projects are at two different locations. The ASAP project terminates at Milepost 39 of the Beluga

Pipeline which is one of Enstar's distribution lines that feed into the Mat-Su Borough and into Anchorage.

Whereas, AKLNG project is terminating now at -- the preferred alternative at Nikiski for the new LNG plant.

The design capacities as I said previously 500 million for ASAP and 3.3 billion standard cubic feet a day for AKLNG.

And then when you get down to the cost estimates ASAP with the completion of our Class 3 level work in December our new cost estimate was approximately $10 billion as opposed to the range of 45 to 65 billion for the Alaska LNG project.

Workforce is fairly close, AKLNG, again, is three mega projects wrapped up into one with the gas conditioning facility on the North Slope, a major pipeline project and then a huge LNG plant at Nikiski. So a tremendous amount of work force will be necessary, a tremendous amount of steel will be necessary and will consume a good portion of the world's production.

FAUSKE: Yeah, Frank, if I may. The original estimate that many saw was 7.5 billion, you know, and that was at plus or minus 30 percent which was a Class 5/4 estimates. As you come down in class lower is better. At Class 3 you can see where plus or minus 20 percent. You end up getting to Class 2 before you go into

sanction, you know, as you start it at plus or minus 10.

What we appreciated was the fact that for -- there were many that thought it won't pencil. When we first started -- this was House Bill 369 which was what created the team to write a report to see if it was even feasible. To end up in nominal terms that we stayed within the plus or minus 30 percent that we had told people it would as it climbed up closer to 10 and you can factor in inflation and everything else on that as you're going over a two year period.

On this project every year delays about $220 million as just the normal cost and so that number is pretty significant. And so that number is pretty significant and those estimates now are getting real solid.

And what we did here was we asked contractors and we paid them, not like -- but we paid them for their time to get hard numbers. To really put not just, kind of, a cocktail nap, but to get -- drill down into it.

Dave Cruz was very instrumental in that with our team to bring them in here, a variety of different contractors and asked them to get engaged into these estimates. So you can take a pretty good level of confidence in that Class 3 estimate and as you move it down if this project were, you know, to continue. So

we're staying within the arena that makes it feasible. We're still at a point on the tariff where we're competitive to get gas to Alaskans at a price equal to or less than imported LNG, but where you start getting weak is you only need 250 million feet for instate use, but, you know, plus or minus. That residual, the whole tariff model is based on the fact that you'll see it and that's where you start -- start looking (indiscernible). Can you sell that gas to someone at 10 bucks or 11. Can you sell it to a Donlin creek or an Agrium or some large commercial activity that would buy it and so that's been the pressure on the 500 all along.

BURNS: And let me just make sure that I understand though, Dan. The -- when we've done this and done the Cost 3 estimate, my understanding was that's essentially something that you could put out for bid?

FAUSKE: Correct.

BURNS: I mean, it's at that juncture.

FAUSKE: Yeah.

BURNS: And that, the final Cost 3 estimate had almost a 10 percent contingency in it, if I understood?

FAUSKE: Correct.

BURNS: And the total cost of that was about 10 -- 10 billion I think it is?

RICHARDS: That's correct, Mr. Chairman. So when you're referring to the gas conditioning facility, we essentially -- with the advanced design that had been completed by Arctic Solutions, joint venture of Fluor and WorleyParsons, they went out to vendors and actually got quotes, price quotes for the major process units. So the major process vessels. So they were tangible. These weren't WAGs, wild ask guesses. These were essentially vendor quotes that you could then recognize that you have a level of confidence in you cost estimates.

And as Dan described working with pipeline and civil contractors, as well as Mr. Cruz, we were able to get essentially right-of-way or work crew level estimates from the pipeline side of the house. So we feel that -- we feel that our confidence level in this Class 3 estimate is very good.

CRUZ: Yeah. So to (indiscernible) English (ph) for the new Board Members, if we didn't have AKLNG today and we were going to build a 500 million cubic foot per day pipeline, we are ready to go and have a recourse tariff developed -- or we have -- or submitted to.....

FAUSKE: RCA.

CRUZ: .....Alaska Regulatory Commission. They will come back with a resource tariff. We've been promised 60

day turnaround, Mr. President.

FAUSKE: Yeah.

CRUZ: Sixty day turnaround.

FAUSKE: Yeah, that's what we've -- yeah.

CRUZ: Sixty day turnaround from Alaska Regulatory Commission. At that point we then can go Open Season. So effectively under the schedule that we have that we are still trying to pursue, the long lead items, pipe, heavy equipment, camps and that we need to be ordering in January of 2016 if we are going to build this 500 million cubic foot pipeline today. That's the threshold we are. This is not a WAG. This is hard and fast that can go to bid.

So that's a -- we have a -- we have a huge resource of extremely highly qualified people that came up with these numbers. And I can't thank this Staff and the people that I've had the opportunity to work with to refine this number. It was brought out to Alaska contractors, that's another thing that it's just not a bunch of Lower 48 consulting firms that come up with a number and here's what it is.

It was actually vetted though contractors in Fairbanks. Very well known Fairbanks contractors. Very large contractors based throughout. Peter Kewitt as an example. Major players came in and stepped up to

help in this process and that's how we were able to achieve a real number at less then 10 billion to build this thing, so.....

BURNS: Hugh.

SHORT: So I take a lot of -- I think what you've just stated gives me a lot of comfort.

Where I don't have a lot of comfort and it's my experience -- I spent three years on the AIDEA Board of Directors and as the tail end as Chairman we had a project which was trucking LNG to Fairbanks. And that project had a similar problem to what you just stated, Mr. President, which is about three Bcf was what's needed for the Fairbanks (indiscernible - coughing). Maybe you could push it to four. Maybe on a good day you could push it to five. The project scaled at nine Bcf. That's what the plant was needed to be built at.

Ultimately what happened was you could -- there was a gap between how quickly you could build out distribution, grow the demand in the markets and bring the cost down of the delivered gas to the project.

Now, we know what happened. We can follow, sort of, the process because that project died. It's dead. They're now talking about a different route.

And so I think on the construction side, you know, I think they did a pretty darn good job of cost

estimates on that. They bought in a lot of really good people. Where the project ultimately failed was it came in at -- came in at about $19 when it needed to be about 15.

And so, I guess, as a new Board Member I'm interested to understand the economic side, the tariff side of this.....

FAUSKE: Sure.

SHORT: .....especially if we're counting on Donlin Creek and Agrium and other large consumers of this given the fact that we've had a pre-abysmal track record with developing in Alaska on large projects over the last 20 years, so that's my concern.

FAUSKE: That's a very good concern. As Mr. Cruz pointed out, you do your RCA, your recourse tariff filing. What's key to this project that's different than AKLNG is that there's an Open Season on this project.

SHORT: Um-hum. (Affirmative)

FAUSKE: AKLNG will not have an Open Season because all the owners are present.

In this case for ASAP you would -- an Open Season, a bid process.....

SHORT: Sure.

FAUSKE: .....before you would ever start construction or, you know, pre-ordering materials you would have some

firm commitments from the buyers.

When I mentioned Donlin I was just using an example of what's out there. When we originally did the tariff estimates for Fairbanks, we had 'em at 60 million feet of gas a day. They're now down to what we think's about 23, (indiscernible) from all -- part of it's Flint Hills, University, Military and so you need to adjust accordingly.

The sad part about that is that -- and I reminded Anchorage folks of this and when you talk to Fairbanks folks and you get that normal -- you know, the head butting that's gone on forever, is that it's in all our best interest for the most amount of gas possible going into Fairbanks 'cause it drives the tariffs down for everybody and so that's the driver.

And so then the issue was get your local distribution system in place so that when that gas gets, you've got maximum going as quickly as possible to drive those tariffs. So.....

SHORT: Sure.

FAUSKE: .....it's a number we're watching very closely because at 20 to 23 million feet a day that's a different number. Now, will Flint Hills open back up if there's gas coming. You know, that's been -- we have Fairbanks folks here that know that issue far

better and I, that's certainly been an indication.

One of the nice things about Donlin Creek and up they've met with us numerous times. They're getting ready or they were, they were going to spend a billion dollars for their own pipeline, but they never believed that this thing would go anywhere, so they continued those plans, but if you get Donlin Creek in -- and help me out here even if I'm wrong, you've got 100 miles, 110 miles from Bethel.

All of a sudden you've got a whole new arena that could open up and so that's been not only resource development, but the idea of all -- you're still 100 miles away, but you're not 500 miles away. I mean, all that -- that's how that stuff goes. So we're on -- these are numbers that we are watching very closely.

SHORT: Good.

BURNS: But, you know, what the conundrum is -- is -- precisely is you've, kind of, indicated -- I mean, the analysis here was based on the 500 and that was because House Bill 4 had it constrained at 500 because of AGIA. 138 comes in and -- Senate Bill 138 comes in and AGIA is no longer in play, but we have started the analysis and we had progressed quite a ways in that analysis under House Bill 4 with the 500.

And so it's neither prudent nor practical to start

all over because we were uncertain, as I understand it, uncertain as to the viability of the project at all. And so we progressed through the 500, you know, million standard cubic feet analysis and found, you know, pleasantly that it is a viable project. I mean, Frank will walk through the analysis.

The caveat to that though is that you have to find a market for the full 500 as the two of you guys have.....

SHORT: Sure, yeah, yeah.

BURNS: .....indicated. And so the conundrum that we're in and that leads us, you know, as we will be talking a little later is that how do you maximize volumes to bring down the tariff and find a market that you can expand, you know, the purchase for that additional gas. I mean, that's, that fine point. It -- you know, that's going to be the focus of major discussion a little bit later because we've done the analysis and Frank will lead into it, and that the 500 is viable at the 500 tariff assuming you have full 500.

SHORT: Sure.

BURNS: We just don't have it. Even if you factor in the propane and all this other stuff, and so how do you maximize -- how do you maximize the ASAP pipe to increase volumes in a way that you've now, you know,

maximized the benefit for the State of Alaska.

SHORT: And to that point, Mr. Chairman, I think the challenge in the Fairbanks project just as going to what I know about that project, it took about six years to build that demand, so it was a six year build-out. And you did not cross break even until year four, year five, early year six and so that required years one through year four or maybe year five to have some sort of subsidy to offset the loss taken because you didn't have the demand side figured out. And then hopefully year five or year six or seven you cross and then it's past break even and I think that, that's.....

BURNS: Yeah. Nope and that's the same -- that's.....

SHORT: And I think that's.....

BURNS: .....precisely the same dilemma that's here.....

SHORT: Yup.

BURNS: .....because if you're just going to rely on instate use.....

SHORT: Yup. Yup.

BURNS: .....it's not going -- you know, it's going to be very, very difficult. So anyway.....

FAUSKE: Well, one of the terms that might help the Board and I'll be just real quick is you'll hear is anchor tenant.

BURNS: Yeah.

SHORT: Sure.

FAUSKE: A (indiscernible) you know, a major anchor tenant or a utility. It's -- besides residential.

SHORT: Perfect (ph).

BURNS: Frank, we keep going back and forth, sorry. Rick.

HALFORD: Just when you mention 250 as the instate use, that included all of Cook Inlet's gas.....

BURNS: A percentage of it.

HALFORD: .....or not?

FAUSKE: We're talking Railbelt usage.....

RICHARDS: And Fairbanks.

FAUSKE: .....and Fairbanks.

RICHARDS: Exclusive of gas from Cook Inlet.

FAUSKE: Yeah, exclusive of.....

RICHARDS: So we didn't -- we looked at.....

HALFORD: Okay.

RICHARDS: .....what was the need.

FAUSKE: Yeah.

HALFORD: Okay.

BURNS: We're just displacing (ph).

FAUSKE: And we have refined that study now and there's some others that we can have on the -- we just got those, didn't we?

RICHARDS: Yeah, we can -- we're not -- we didn't prepare anything for today's discussion, but we will be glad

then the updated instate need.

FAUSKE: We'll get that to the -- the upstate use -- or Statewide usage. It's just a new report that's been -- people have been working on. I'll get you -- we'll get you that.

BURNS: Good. Frank, please.

RICHARDS: Mr. Chairman, I'll wrap up here quickly on the comparisons. Again, for the ASAP project one compressor station built into the gas conditioning facility. That provides enough pressure for the gas to flow from Prudhoe Bay all the way down through into the Enstar system.

For the Alaska LNG project they have, again, compressors at their gas treatment plant, but then they also have intermittent plants along the route and that's because they are pushing it at a higher volume with a different quality gas, so differing approaches there.

And then one correction I will make and I apologize, on the slide for ASAP under completion date in construction you show old numbers of 2016 and 2021. I gave Gwen an old slide and that's my mistake. We're now looking at final investment decision in 2019 and then completion of construction in 2024.

And the reason why we did this was with the passage

of Senate Bill 138 the focus of the State was that the priority project was the AKLNG project and, therefore, AGDC completed our work efforts for the Class 3 work on ASAP in December, but then we also looked at what was going to be the best use of continuing engineering into the next year while the AKLNG project marched towards a Pre-FEED decision in first quarter 2016, so we reduced our work plan efforts and, therefore, that impacted our schedule.

FAUSKE: I hate -- but these points keep coming up 'cause I remember these are new Board Members and so one you'll find helpful, I think.

When we were run through the funding round a year or so ago there were many that were troubled that we were doing two projects and that people wanted to have a backup. And our response has always been we just don't know enough yet to make an either or decision on which one. And our target date has always been first, second quarter of 2016 whether the large project makes its' FEED decision or not.

And then at that time it's always been the idea that this project would meld into that one and that our goal then was not to duplicate work. That we would work closely with the other project and do work that was beneficial to that project and we did work that was

beneficial to them as well, so we've had this very good relationship.

In fact, right now we're doing the winter work season on borehole testing. ASAP -- or AG- -- ASAP side is doing it for AKLNG.

And then you get to that 2016 date where you go okay, here we are 'cause you're not going to have two projects. I think everyone is in total agreement with that. And so I think we've done a great job of air quality testing and all this stuff where you could have the same tests going on within a mile of each other and totally wasting the State's money. We have not allowed that to occur.

So as you watch this, bearing in mind that a little over a year from now we should be in a position where there's going to be a decision one way or the other as to which project goes.

BURNS: And the only thing I would add to that because I think the -- and Joe can probably later on in the presentation when we get to the AKLNG, our understanding at least from the Board's perspective is that the relationship has been literally exemplary, the cooperation between AGDC and AKLNG and so, you know, that's a huge positive.

The thing that we wanted to ensure though is that,

you know, the recognition that there really would only be one project, okay, is real, but what AGDC always wanted to ensure and the way we understood AK -- I mean, House Bill 4 and Senate Bill 138 is that we need to maintain a viable alternative project if AKLNG does not proceed forward because Alaska has been waiting for -- what are we, nearly 40 years or something.

And so, you know, it's important that we maintain the viability of an alternative project. And in so doing ensure that it truly is a viable project. And so there were some things when AO 271 came out, for example, that really, you know, wanted to make sure that there was a freeze on discretionary, the -- you know, what we did was we tasked some efforts in that, but always maintaining the viability of the ASAP project. Continuing with the supplemental Environmental Impact Statement, moving things forward so we maintain that viability because if you park a project halfway through you lose it.

And so where we're at, at this juncture is we -- you know, we've gone through on the ASAP at the 500 and one of the issues that will come forward to this Board today is -- you know, is evaluating the benefit of expanding volumes through the ASAP 36 inch line. No change in pipe diameter, you know, that sort of thing.

It's just expanding the volumes through that to capture a, you know, market beyond it, but that's been the -- that's been the responsibility of AK -- of AGDC is marshaling -- a shepherd (ph) in two new projects knowing that there will only be one that moves forward. And if AKLNG moves forward which is everybodys' hope that, that then -- you know, then all the things that we are spending on will be -- have been a significant benefit to AKLNG project.

But the flip side of that is if AKLNG does not move forward and the only reason substantively that it would not move forward is if it does -- it would be simple economics. And so either it's going to move forward or it's not going to move forward, but Alaska cannot be left in the position of having no alternative.

That was very clear in House Bill 4. I think it was unchanged in SB 138. And it's been this Board's mission to ensure that, that alternative option exists. The focus has been on AKLNG. The commitment of, you know, the Legislature and the Administration and this Board has been, you know, advancing AKLNG, but we've got to maintain the viability of an alternative.

RICHARDS: Mr. Chairman, if I may then let me just identify to the Board what AGDC has accumulated in regards to what I describe as assets for the State of Alaska. And as

you've heard we have a State right-of-way. Essentially that's a lease that was granted to AGDC by the Department of Natural Resources for the pipeline alignment across State lands.

I'll refer you to the charts over here on my right which depicts the alignment from Prudhoe Bay down through to the terminus of the ASAP project.

Now, as Dan referred to, we have been working with our partners at Alaska LNG and our routing engineers have essentially landed on a common alignment for what I describe as 98.5 percent of the route. So from Prudhoe Bay all the way down through to the crossing of the Susitna River on the Parks Highway Bridge we have essentially a common alignment, so therefore, the asset that AGDC holds for the State is valuable for both the ASAP project, as well as AKLNG.

We have had published in the Federal Register a final Environmental Impact Statement. Again, that was in 2012, but it was on the old design premiss of a high pressure, liquids rich gas stream. And with our concept change to a lean gas in 2013 we've initiated a Supplemental Environmental Impact Statement and that is underway now with the Army Corps of Engineers.

So with that work we've updated what's known as a plan of development which the major land owners, both

State and Federal agencies require that we have. We've completed what is the precursor to the SES and it's called an Environmental Evaluation document. And we have done public scoping now in 16 communities along -- within Alaska to follow the Federal process for public involvement in that Supplemental Environment Impact Statement.

We have continued to do extensive field work along the alignment where we not have completed our waterways site visits so that we now can define the approximately 480 different waterways that the pipeline will be crossing. And we're looking at the best ways to cross those and we'll come up with those typical plans to be able to present to the regulators.

We've conducted a 2-D terrain unit mapping along the entire route. We've conducted what is known as our cultural resource mapping which is the requirement of Section 106 which is the Historic Preservation Act. And then we've also done wetlands delineation and sought jurisdictional determination from the U.S. Army Corps for the wetlands that will be impacted by not only the construction right-of-way, the access roads, but the permanent right-of-way as well.

So that right there in terms of the regulatory world we've done a considerable amount of work.

Now, shifting on to slide what is titled 8 and I apologize for the numbering, we have other hard assets. These are the geotechnical boreholes that we have completed for AGDC along this alignment. As Dan indicated previously, we have work with our partners at AKLNG and we have sought not to duplicate efforts.

So primary where AKLNG and the partners had a tremendous wealth of information north of Livengood, from Prudhoe Bay to Livengood, AGDC did not. And so we elected not to do work there in the hopes of being able to work out an agreement to obtain that information from our partners in AKLNG and we did that in late last year. So we have now received that information to AGDC. And in return we have shared boreholes that we had south of Livengood along the alignment with AKLNG, so it was a win/win for both projects.

As Dan mentioned also air quality monitoring at the gas conditioning facility, we have been doing that and have that in hand. And we've been working on an air permit requirements with the Department of Environmental Conservation for that gas conditioning facility on the Slope, so that is far well (ph) advanced.

The strain based design pipe I talked about earlier, we've completed our line pipe specifications. This is

the main line pipe that would be other than stain based design. And we've completed our -- what's known as a Project Execution Plan. And this is a very detailed document that outlines not only how we'll do the efforts that we've done to date, but also how we will move this through to execution phase, construction and then into operations afterwards. So it's a guideline that would provide essentially a tremendous wealth of information in terms of how to build this project.

FAUSKE: Frank, I think down on the 2nd where their -- the project team is located in the conference room there, we have the -- correct me if I'm wrong. I always get all the names wrong, but the Project Exec- -- the spreadsheets, the gantt chart, aren't there 80.....

RICHARDS: Work breakdown structure.

FAUSKE: Work breakdown structure. I think there's 8,400.....

RICHARDS: Lines.

FAUSKE: .....lines on there of all the -- if you get a chance go down and look at. It's pretty impressive. I mean, when you get to thinking there's a awful lot that goes on to one of these things, but that's all spread across the wall so you can get, kind of, a visual on the amount of work that goes into doing one.

RICHARDS: So the documents that I just referred to is the

information that we hold. We hold that in AGDC and it is literally thousands and thousands of assets, as they're called.

And now we did receive, again, information from our partners in Alaska LNG and under the Cooperation Agreement that limited -- that was limited to the ASAP project at 500 million standard cubic feet a day, so that information was for that project. We've cordon that off and it will not be used on other work efforts going forward other than 500 million.

BURNS: Unless there's -- unless there's an agreement otherwise.

RICHARDS: That's correct, Mr. Chairman. So now I'll turn it back to Fritz and ask him to give an update on the AKLNG milestones.

KRUSEN: Okay. So now we're moving to section.....

RICHARDS: No, no, we're going to go through here, so what's been done to date (ph).

KRUSEN: All right.

BURNS: So before we transition to AKLNG, are there any questions of Frank relative to ASAP? Okay.

People need a break?

UNIDENTIFIED: Yes.

BURNS: Okay. Let's take a five minute break.

(Off record - 10:29 a.m.)

(On record - 10:44 a.m.)

BURNS: All right. Just before the break Fritz was up to bat on the AKLNG.

KRUSEN: Okay. So I'll try to speak a little louder than I did in the past. Everybody hear me okay?

(Simultaneous speech)

KRUSEN: All right. So we're on a slide that is entitled Alaska LNG Milestones and I'm showing page number 5 on the lower right hand side.

GRAHAM: It's not done correctly.

KRUSEN: We're still in Tab 9, Section 9, are we not? Okay. All right. So I'm going to read down this. This is, sort of, the history of getting to where we are today.

Maybe a dot point that isn't there, maybe the very first dot point is the Joint Venture Agreement or JVA was signed on the 30th of June, 2014, so that's what actually bound AGDC, TransCanada, Exxon Mobil, BP and ConocoPhillips in the Pre-FEED effort.

One of the first things they did then -- one of the first things we did was filed an export application with the U.S. Department of Energy, so if we're going to export LNG we've got to get our paperwork in place. And they were very prompt in their response, November 20th they authorized LNG exports to Free Trade Agreement countries and that's a really big deal.

We made an application to FERC, this is a FERC project not -- that's the one thing it differs from ASAP on. This is a FERC led project. You want that. FERC looks after energy, so we -- they've made a prefile request on September 8th and we've been working on the Draft Resource Reports. There's actually 13 Resource Reports that go in. All in all the first 12 -- I guess maybe jump down a little bit, the first 12 were submitted in February of 2015.

We briefed the Joint House and Senate Resource Committees on the 29th of September. There have been subsequent individual briefings.

We've been all over the State, but one of the more interesting sessions was the media tour in Nikiski on the 9th of October. We all got on the news.

Our Board approved our 2015 budget. We were the first of the co-ventures to approve the AKLNG budget, so I certainly appreciate everybody's quick response.

Even though this is a Pre-FEED effort, there's still a lot of real activity going on, so the LNG plant site, geotech work was done and the Cook Inlet site investigations were done, more to come in 2015.

As Frank described, we have signed agreements on how to share information between AGDC and ASAP -- I'm sorry, between AKLNG and ASAP.

And late last year the contracts for the various sub-projects were awarded. So for the gas treatment plant URS or actually they want to be called something else now. I think it's AE COM, but they're the prime contractor in Denver and they've got CBI and AES, ASRC's engineering bunch.....

FAUSKE: Fritz, if I could, CBI is Chicago Bridge and Iron which is a name that's familiar up here and AES is Arctic Slope, maybe you were going to get there, but.....

KRUSEN: Um-hum, right.

FAUSKE: .....Arctic Energy Services.

KRUSEN: The pipeline, that's being done by WorleyParsons in Calgary. The LNG plant, CBI is the lead contractor and they've teamed up with Chiyoda one of the big Japanese EPC firms and AES, that's being done in Houston.

And the marine facilities are being done by an outfit called CH2M Hill in Houston with the Alaska content being provided by the CH2M Hill office in Anchorage. So world class contractors engaged, but also Alaska content involved.

So, I think, back over to you, Frank.

RICHARDS: Yes. Mr. Chairman, the next slide is really, kind of, a history lesson that we've talked about in terms of the 500 million limitation on ASAP and I think we've

talked about that, so maybe I can skip that unless there's questions.

All right. So in regards to the next slide, it's called the Alaska LNG/ASAP Coordination and this is where we've talked about some of the agreements and the cooperation that we have working with our partners at AKLNG. Predominately it was originally around a lot of the information north of Livengood. And as I described to you earlier that information has been shared with us and we in turn shared information that we had with AKLNG, so the information flow is occurring back and forth.

We are continuing to hold workshops with our partners at AKLNG at the technical level in regards to waterways work, geohazards work. We are using, in many cases, the very same contractors because they're world class contractors.

When we talk about geohazards in the Denali Fault Crossing, the paleo seismologist who helped predict that TAPS would experience a major fault and it did in 2002, is the same guy that's now consulting with AKLNG and ASAP. So he's now predicting a fault rupture on the Denali Fault just south of Denali National Park during the life of the ASAP project and the AKLNG project, so we had to make sure that we design

accordingly, so the work is going forward.

We are continuing to foster those relationships. We have agreements in place and we are utilizing the assets then that we have accumulated for ASAP in conjunction with AKLNG.

So the last slide was, again, on the Near Term Focus and I think that's part of the discussions that we'll be having next, Mr. Chairman.

BURNS: Okay. So, Frank, just to clarify for me. I understand the relationship to be exemplary between AGDC and AKLNG. I mean, have I -- have I misstated? I mean, it's a good working relationship, sharing of the data. Are there any issues?

RICHARDS: Well, I think you can have two perspectives here because, again, Fritz is working it from the project side from within AKLNG and I'm looking at it from the project side within ASAP. And as I said, we have.....

BURNS: From your perspective.

RICHARDS: From my perspective, again, ASAP, the technical team has -- is a world class team as well and so we are utilizing very qualified, highly experienced, capable engineers. And so we have essentially a team that has value with the work product that we've developed to the AKLNG partners and they see that, so then they are, again, soliciting work activities with us. And as Dan

said, the AGDC team is out in the field right now doing the field work.

Because under House Bill 4 one of the powers that the Legislature granted to us was that the State agencies, the regulatory agencies have to give priority basis to AGDC project, permit submittals, authorizations, so we rise to the top, so therefore, we are able to get our permits through very quickly because, again, it was a Legislative mandate that AGDC has priority projects.

FAUSKE: I.....

BURNS: And Fritz -- I'm sorry, go ahead.

FAUSKE: I just want to add. I mean, to be tot- -- you know, for the -- it's been a little strained here lately based on some of the announcements and what this organization is going to do and that's normal. It's just been a potential change in pace, you have the Governor's comments and some of the reaction back which has been felt on our side by participation and data and stuff and we're sorting through all that, so -- but it's a good relationship which gives you the ability to sort through some of this stuff because we do talk and communicate all the time, so.....

BURNS: Good. And, Fritz, from your perspective, the relationship?

KRUSEN: I would agree. It's been exemplary up to this point. We do have some things to work through now, but, you know, we're all motivated to make something happen.

BURNS: Okay. Any questions, any comments?

Okay, that leads us to, I think, the primary topic so, Frank, do you want to work forward?

RICHARDS: So, Mr. Chairman, under Tab number 9 essentially we're talking about new business with ASAP. Mr. Cruz identified that we have what is known as a Tech Committee or Technical Committee and that's essentially a subcommittee of the Board of Directors whose focus is to interface with Staff on the technical basis of the projects.

So in those subcommittee meetings we present detailed updates on the major, functional areas that each project is working and provide updates and issues that are coming forward and so we do that on a monthly basis usually the day before the regular Board Meeting and that's just one of several subcommittee meetings, so.....

BURNS: Dave, do you want to add to something (ph)?

CRUZ: Yeah. And so Tech Committee is permitting. First of all, that's the biggest challenge as to any project today. We have cooperation through AGDC of State

agencies. I am reserving my comments for cooperation with Federal agencies in this State, so -- but that's what -- so we have a very good team, so that's one of the things our committee deals with.

The second thing is the engineering side that we're constantly interfacing with our consultants, as well as our own team in the engineering aspects. Why do we chose 36. What pressure is operate is (ph). What capacity is bridges. Multitude. We've got to have good engineering.

And final is construction, how do we built it, what does it look like. What type of equipment are we using. When do we need to order this equipment to met deadlines, so that's -- so it's a very, very active committee.

And I'm glad to see all the new members here because leave your calendars open. Chairman Burns will assign you to a committee and you will be able to participate. This is a Board, as Mr. Fauske will attest to, that does not meet once a month and get a statement and we vote on a few issues going this is (ph) -- because of our Chairman Burns and the way we set this up in the beginning, you will need to be participating on committees. All of you bring expertise into a different field that will help.

And so I had a couple of additional members, they're gone now, so I am definitely looking for some committee members to come in, but that is -- what's different about this is you are truly entrenched in it and you can work together with the Staff and with the consultants.

You can question 'em and you can have just -- like, Mr. Short is saying why are we doing this and you can have some involvement. And it's been a great, great experience to work from because it's good old -- some good old Alaskan engineering.

I know there was one comment one time, I'm going to share this once and I'll get off my -- my stand. So we had a discussion and there was, you know, about who were the Arctic pipeline experts in the world. And I boisterously stood up and said it's the Alaskans 'cause we're the only one that's ever built it and made it work and that is the Arctic pipeline experts and we have great people here. Like I said, I can't say enough.

What Fritz didn't say when he came in here, I want you to understand, Fritz is an employee of AGDC. He is not a consultant. Frank is an employee of AGDC, so great, great people, so anyway that's my little diatribe there.

BURNS: All right.

SHORT: Could I ask.....

BURNS: Yup.

SHORT: .....what committees exists?

BURNS: Yeah. You know, we'll get back to that. It's on the agenda later on, on just committee discussion and assignments.

SHORT: Perfect.

RICHARDS: Chairman Burns, I'll refer you to what's Titled ASAP Reconfiguration, a slide that we prepared. And, again, subcommittee Chairman Cruz, I don't know if you want to give a preface to this.

CRUZ: Okay. Frank, let me get that. Where is -- what Tab is that under, A, B, C?

RICHARDS: It should have been a handout.

FAUSKE: It's a handout, Dave.

BURNS: Yeah, it's a separate handout.

CRUZ: I'm getting a lot of paper up here now, so -- okay, I think I've got it.

BURNS: And so you're on slide 10?

CRUZ: I'm on slide 10, so the reconfiguration. So -- yup, we've go it.

DRYGAS: And Frank, I just wanted to say thank you very much for this.

RICHARDS: You're welcome.

DRYGAS: This -- I needed some help with the alphabet soup, so I appreciate that.

FAUSKE: We'll get you another one on.....

KRUSEN: LNG.

GRAHAM: AKLNG.

FAUSKE: .....LNG stuff.....

DRYGAS: That would be great, thanks.

FAUSKE: .....that Fritz was going to put together, so we'll have that for you. Also have stuff for you from our questions yesterday.

(Simultaneous speech)

BURNS: All right. Go ahead, Frank.

RICHARDS: Well, Mr. Chairman, again, referring to the slide that subcommittee Chairman Cruz tasked the AGDC Staff to look at, reconfiguration for the ASAP project. And, again, with 500 million limit- -- relaxation 500 million, then the concept is what can we do for ASAP project to make it -- or continue to have it to meet its not only Legislative intent, but also the primary objectives and that's really to keep alive a backup plan to the AKLNG project, so that means looking at something other than what we had originally designed to.

And so with that then is, again, we have to live within the intent that the Legislature gave us. The

provisions within Alaska Statute 31.25 that directs us on what our abilities are as an organization to advance a project.

And then make sure that we're looking at the economic viability of a project because as Dan has said for the 500 million we came up with a tariff that beat the price of imported LNG. However, it required additional volume sales to a yet to know large customer.

And we also have to make sure that we maximize the benefit for Alaskans and that means revenue to the treasury, jobs and affordable energy.

And the key is that we continue to work on the assets that we've already built on. The assets that we've accumulated and what we can make sure that we -- what we are going to do into the future will have transferability, will accelerate the development of the Alaska LNG and then utilize the leverage, the existing funds that we have.

And for the Board, we have two different fund sources in statute. One is the instate natural gas pipeline fund that was set up originally for ASAP and then we have the Alaska LNG fund which is there for the Alaska LNG project and our share of that portion of the project.

And then we're also to have commercial discussions with the market, that was part of the other charge that Chairman Cruz gave us.

So moving on to slide 3, the strategy is to look to again leverage, increase the leverage that the State has and the optionality of an ASAP project through extended volume and capacity in the project. And, again, having the project lead to tidewater, so it would be for both instate as well as export markets and then we would build on, as I said, the existing assets that we have and with a key of not wanting to duplicate the work or -- and to avoid competition.

So in terms of success factors.....

BURNS: What do you mean by that -- that bullet, avoid duplication of the AKLNG and competition with AKLNG, is that what you're talking about?

RICHARDS: Avoid duplication of work efforts, so if AKLNG is designing a pipeline route through Atigun Pass, we shouldn't have to -- we can --.....

BURNS: Right.

RICHARDS: .....we don't have to do the same thing for the ASAP project.

BURNS: And that's precisely what we're doing currently, right?

RICHARDS: We are working on a common alignment, correct. So

with that then we want to make sure that we have maximum durability and transferability of our work product.

BURNS: Right. So a status quo moving forward essentially.....

RICHARDS: Correct. And there again, two different.....

BURNS: .....preserving the relationship?

RICHARDS: .....volume -- two different size projects. We are at 36 inch and Alaska LNG is at a 42 inch.

FAUSKE: Frank -- if I may, Mr. Chair. Does that map show where they break off? That's just ASAP, isn't it?

RICHARDS: This is just ASAP. So the departure point from a common alignment is at the Sustina River Crossing on the Parks Highway.

FAUSKE: Yeah. Where AKLNG goes off further to the west and south.....

RICHARDS: Correct.

FAUSKE: .....crossing Cook Inlet and on into Nikiski, that's where -- but other than that we're, what, 99 percent.....

RICHARDS: Yes.

FAUSKE: .....same alignment with the other project.

RICHARDS: So, Mr. Chairman, on slide 4 again what we thought were -- would be critical success factors for a reconfigured ASAP was to maintain that alignment

between the State of Alaska and the North Slope producers.

Again, AGDC has the role of we are partner in the AKLNG project and we have the responsibility for the ASAP project, so we want to make sure that we are ensuring that the State's ability to advance an independent project that's economically viable as an alternative is very, very important.

And then we want to make sure to the best of our ability to obtain concurrence with the AKLNG Joint Venture Agreement partners on that to ensure that we've got complementary as opposed to competitive orientation on the project.

And then lastly maximizing the resources that we have within AGDC to accelerate the FEED. And the FEED is front end engineering and design decision, so that's -- right now for the AKLNG project is scheduled in the second quarter of 2016, so again, what we can do to help advance that or accelerate that, that FEED decision and make it more -- a more robust decision is very key in terms of success.

Switching onto slide number 5, my underst-.....

CRUZ: Frank, so what I wanted to -- for the new Board Members and the press and the audience here today, since I've been on this Board I cringe every time

somebody says oh, this is the bullet line. A 36 inch pipeline in today's world is a major gas transmission line. It is not a bullet line.

So I like to refer jokingly with my Committee members, you mean, the six inch smaller line than the 42, so -- but that's one thing you've got to remember, this is not the bullet line. A 36 inch pipeline in today's world is a major gas transmission line and we all need to remember that, so go ahead, Frank.

RICHARDS: And in that regard I would invite the Board to come down to our lobby where we have a piece of the 36 inch pipe provided to us by Flowline in Fairbanks sitting in our lobby as a reminder of just how large a 36 inch pipe is as opposed to a 42 inch pipe, a six inch difference.

FAUSKE: Can I take just a minute to explain how that.....

BURNS: The difference in six inches?

FAUSKE: Excuse me?

(Off record comments)

FAUSKE: Several years ago we were originally at 24 inch, 2,500 psi and we were hauling liquids meaning NGLs, GTLs and LNG. And there was a great deal of interest or concern by people that wanted all those liquids with the, you know, components that reside within the gas because of offshoot industries that could come.

So as a result, we conducted some -- three, what I view as very good studies on LNG, NGLs, natural gas liquids and GTLs which is gas to liquids such as converting diesel -- or gas to jet fuel, if you will and LNG.

And at the time even though we've kept the door open on all three possibilities, the most likely candidate for commercial success was LNG and I think our studies have proven to be correct.

As a result when you were hauling that high pressure gas with all the liquids in it, to do the offtake at Fairbanks at Dunbar, the Railroad crossing out there which then led -- I think it was a 27 or 35 mile.....

CRUZ: Lateral.

FAUSKE: .....lateral. Thank you. Into Fairbanks, you had to build a straddle plant to pull those liquids off and get the gas down to utility grade, that's straddle plant was 250 million just for the plant. And then you would -- gas would recycle back out. You'd bring it on down to Beluga, Enstar's point.

The Staff, through the Board, made a decision, this no longer makes sense and we converted and we optimized the line and took it up to the 36 inch utility grade because we've always been a gas pipeline. We've never been an LNG project.

And since its inception ASAP has been, we'll get the gas to Beluga and then someone from there will either convert it to this or that or do, but our job is to get it down at the lowest possible cost to benefit Alaskans and then knowing that we'd had to see that residual to help with the tariff model, so this was a decision.

It's been over two years when we optimized to the 36, so I wanted to just give you a little history of how this all came about.

BURNS: Frank.

RICHARDS: Mr. Chairman, on slide 5 the Initial Parameters is a -- as we understood them from Chairman Cruz was to maintain our 36 diameter pipeline, so stay within that size of pipe, work towards, again, pipeline and gas conditioning facilities only, so not include an LNG facility in our work package.

And then the ultimate goal then -- or the near term goal will be to provide to the Board an estimate of what the work activity and the cost to be in order to move forward for increased volumes for two different classes of pipe at this time. And so that would be in the range of from 1.4 to 1.6 billion cubic feet a day for ANSI 600 pound class and about 2.4 to 2.6 billion cubic feet a day for ANSI 900.

And then come back to you with what it would take in

order to complete that work effort likely through a Class 3 effort.

BURNS: Will you (ph) speak to it?

CRUZ: Yeah. So as -- through our Committee we've always -- that's the beauty of this 36 inch pipe and I really applaud this organization because that was done prior to us forming up as the gasline Board, so it was very, very -- somebody is going to say well, it was my idea. I was the 36 inch guy, but it was really -- that is a huge deal to make this project viable.

So the -- in starting to look at some different opportunities there on increasing the volume through this 36 inch line, we don't change our right-of-way width. We do not have substantial chance that would effect an EIS. We are still in the Supplemental EIS.

What we will have to look at is compressor stations, how many of them we truly need. What is the cost for them. So this is our first shot at what does it take to get to -- on an ANSI 600 1.4 to 1.6 and on ANSI 900 36 inch line 2.4 to 2.6. So that is -- that's what our challenges are today and how we're going to move forward in our Committee.

BURNS: So, the -- this is what the Tech Committee is asking Board approval on?

CRUZ: Right. And so what we're asking from the Board is

on our Resolution here.....

BURNS: Well, we'll have Hugh introduce it, but (simultaneous speech).....

CRUZ: Okay.

BURNS: Okay.

CRUZ: Is approval to go ahead and come up with a ROM, what is this going to cost to come up with these two different numbers. And so our Staff were looking at a couple of weeks. We're -- Frank is used to timelines is to produce a ROM, this is what the number is, so that's what we're looking and asking for the Board today from, is allows us the authorization to develop a cost to do both -- both these analysis.

PARADY: Mr. Chairman?

BURNS: Yes.

PARADY: Mr. Chairman, I think given this discussion and background we're ready for the Resolution which I would like to move. I want to read it into the record be- -- for Gwen especially. I have three minor edits as we go in.

So I would like to move Resolution 2015-01. Resolution of the Board of Directors of the Alaska Gasline Development Corporation directing Staff to prepare a schedule and cost estimate for preparation of a Class 3 estimate for the ASAP Project under certain

specifications and approving related matters.

Whereas, in order to further development -- excuse me. I'm going to.....

Whereas, in order to further develop the benefits to Alaskans of the ASAP project. I want to delete those next two words, work plan. So.....

BURNS: Well, just read it as you would propose it to be in the record.

PARADY: Okay. Whereas, in order to further develop the benefits to Alaskans of the ASAP project, the Board of Directors, (the Board) of the Alaska Gasline Development Corporation (AGDC) is interested in having a Class 3 estimate of costs and a projected schedule for the ASAP project under each of the following assumptions: (1) 36 inch diameter pipe using American National Standards Institute (ANSI) class 600 pipe and (2) 36 diameter pipe using ANSI class 900 pipe.

Now, therefore, be it resolved by the Board of Directors of the Alaska Gasline Development Corporation as follows:

Section 1. Subject to modification of Administrative Order 271 as necessary, the Board hereby directs Staff of AGDC to prepare a work plan for presentation to the Board including a schedule and an estimate of cost for preparation of a class 3 estimate

for the ASAP project under each of the following assumptions: (1) 36 diameter pipe using American National Standards Institute (ANSI) class 600 pipe and (2) 36 diameter -- 36 inch diameter pipe using ANSI class 900 pipe.

Section 2. This Resolution shall take effect immediately upon its adoption. Dated this date.

BURNS: All right.

PARADY: So let me pass this to Gwen.

BURNS: And that's the -- that is the motion. Is there a -- I mean, it's been moved. Is there a second?

CRUZ: I'll second it.

BURNS: All right. Open for discussion. Why don't we just go around.....

DRYGAS: Fred, I just.....

BURNS: .....all the way through. Joe, do you want to start off?

PASKVAN: Sure. As I understand the three changes are: in the first line take out work plan. In Section 1 on the second line add right after the comma, for presentation to the Board. And then the last sentence in Section 1 is eliminated.

PARADY: Yes, sir.

PASKVAN: I don't have a problem with that at all.

BURNS: Okay. Any discussion on the Resolution itself?

Okay.

PASKVAN: No.

BURNS: Heidi.

DRYGAS: I'm just making sure I have the correct -- okay. So the second one, okay. I just wanted to make sure I had the correct language. No.

BURNS: Rick.

HALFORD: No questions.

BURNS: (Simultaneous speech).....

CRUZ: No questions.

PARADY: I'm good.

BURNS: Fred? Hugh?

SHORT: I guess my only question is the 600 class ANSI pipe versus the 900 class ANSI Pipe would facilitate what is contemplated in the ASAP reconfiguration of one and a half Bscfd versus two and a half Bscfd?

BURNS: That's what the intent is, is to.....

SHORT: That's what the intent is.

BURNS: Yeah.

SHORT: Okay.

BURNS: Joe.

PASKVAN: Yes, the question that I have and I don't have a problem with this is, is there a reason why we wouldn't look at a Class 1,500? In other words, I don't know what the difference in magnitude of the pricing of the

pipe itself. I assume everything else, installation cost is the same, but in this pipeline cheat sheet they -- it just shows a class 1,500.

CRUZ: Just pretend you didn't see that.

PASKVAN: So I was just wondering why --.....

BURNS: Which isn't a question (ph).....

PASKVAN: .....why we wouldn't have the same -- you know, three options, class 600, class 900 and class 1,500, that's my sole.....

RICHARDS: Mr. Chairman, Senator Paskvan, when we look at an ANSI class 1,500 you're essentially looking at definitely increased wall thickness in order.....

PASKVAN: Um-hum. (Affirmative)

RICHARDS: .....to handle the increased pressure. So then you look.....

PASKVAN: Um-hum. (Affirmative)

RICHARDS: .....at the issue of constructability. So with that increased wall thickness if you're approaching an inch or greater than an inch, than you've got a major challenge with the weld ability of that. More steel, heavier equipment, constructability issues. It's really -- that's part of the issue.

And then it was the direction by the Chairman to look within the volume parameters of the two smaller classes.

CRUZ: Joe, the pipelines -- that would be over one inch thick.....

PASKVAN: Um-hum. (Affirmative)

CRUZ: .....which is -- now that's a huge ordeal in attainability.....

PASKVAN: As a practical matter (ph).....

CRUZ: .....in the weld process, everything else, so it's very -- very uncommon.

PASKVAN: And what prompted that question was is that I understand Point Thomson is one of the highest pressure gas fields in the planet and wondering whether this pipe -- in other words, I understand the pressure that comes out of the gas treatment facilities is different than the pressure that's in the.....

CRUZ: The reservoir.....

PASKVAN: .....Point Thomson Unit itself,.....

CRUZ: The Reservoir.....

PASKVAN: .....but I just want to make sure that we're not missing.....

CRUZ: No,.....

PASKVAN: .....that. Okay.

CRUZ: .....we can take their gas with no problem.....

PASKVAN: No. I just -- making sure that it's there.

CRUZ: Yeah.

BURNS: Okay. Any further discussion? Any further

discussion?

(Side conversation)

BURNS: Is there any further discussion? Rick?

HALFORD: The -- this question basically is just limited to the pipe itself. Does it imply an up-scaling of the gas conditioning plant and everything else or is it only the pipe?

CRUZ: Only the pipe at this point.

BURNS: Right. And it's a process of identifying a work plan that ultimately -- we're looking at Class 3 estimate. My understanding is Class 3 estimate relative to the pipe, but the work plan we'll have to identify what other things are necessary to achieve what that is -- what goes along with it.

FAUSKE: It'll have -- I'm sorry, but it will have to include.....

BURNS: Yeah.

FAUSKE: .....some work on the plan (ph).

BURNS: Yeah.

FAUSKE: I mean, -- correct?

DRYGAS: It's just that this.....

CRUZ: Well, no, not -- not.....

DRYGAS: ..... Resolution is limited.

CRUZ: .....entirely, so -- that's something we haven't really vetted though our Committee as -- all I'm

looking for is, what does it take to get this pipe to move these two different volumes.

Then we're going to get into Ford and Chevy. Is AIM Technology better than the Fluor process on that. And those are things that I think we can get there if the Board would like to see that on the gas treatment facility, but right now I'm specific just wanting this information.

BURNS: So -- but let me ask, kind of, following up on it. Why just limit it to this? I mean, knowing that -- as I understand from Frank, there's no way that you can put the volumes through assuming that you're either at the 1.4 or the 2.4, you can't generate sufficient volumes to the (ph) existing treatment plant, so why wouldn't the work plan look at, you know, all the -- identify all of the steps that might be necessary, but focusing predominately on cost estimates relative to the six and 900?

But it would be important for the Board to know in order to achieve these volumes what other steps have to be taken along the way? I mean, that would be, kind of, what I'd -- I guess I'd like to see, not just a part of it, because then we're -- then we're -- naturally we're onto the question that Rick says is that okay, what else?

CRUZ: So.....

BURNS: So -- okay.

CRUZ: Frank and I have discussed and that, that would be a total re-engineering of the gas treatment facility as it currently stands. And that's going to take longer than two weeks to come up how much does that cost, so that's -- that is a lot bigger undertaking right now.

Some of the different ideas you have on this is what would the producers like to see for a gas treatment facility. Would they want three of their own and re-injecting and handling their own gas the way they do? There's a lot of different variables.

So if you look at the Alyeska Pipeline model for discussion purposes, Pump 1 is a pump station and a metering station. The producers that are feeding that have a spec that they have to meet. It comes over there. They take care of their own processing to get it to a pipeline spec to come down the Trans Alaskan. That's why I didn't want to wade into this as a Committee right now until we found out, you know, what would be the best methodology.

Right now what we were saying we would -- if we go to that extent, well, this is the prefect model for everyone. I don't know it is. I like Ford trucks. John likes GM. So I'm not -- I can't speak for them.

All this is, is a transmission line remember, that's.....

BURNS: Rick.

HALFORD: Well, I don't mind separating it out. I, kind of, think that's a smaller bite to take and it's faster and it's better, but I just wanted to make sure that's what it actually did because -- I mean, you can go 600 or 900 and if you go the heavier pipe you don't have to use it initially if you don't have the use. I mean, there's lots of options along the way, so I have no problem with asking the question.

BURNS: Um-hum. (Affirmative)

HALFORD: And I think the gas treatment plant is a huge issue, but that's another issue totally separate.

BURNS: Um-hum. (Affirmative) Hugh.

SHORT: Let's take the gas treatment plant aside and say that's another issue completely. That still leaves the eight to 15 compressor stations that need to contemplate different volumes and is that part of this as well?

BURNS: Yes.

SHORT: It is?

CRUZ: Yes.

SHORT: Okay. So we're including in his two week cost estimate increased compression.

CRUZ: Increased compression to meet that volume through the 36 inch line.

PARADY: Mr. Chairman?

BURNS: Yeah.

PARADY: I just want to note that in working with this language I don't believe we're under a two week cost estimate. We're under the time necessary to get a quality job done and.....

BURNS: Um-hum.

VASSAR: Mr. Chair, if I could.....

(Telephone interference)

BURNS: Excuse me, however is on the line, if you could mute your phone it would be appreciated. So, Frank, let me ask you this, the.....

FAUSKE: Get to the mic, Ken.

VASSAR: Mr. Chair -- Mr. Chairman, could I.....

BURNS: Yeah. Sure.

VASSAR: Of course the Board can ask Staff to do what you want us to do, but whatever that ends up being we want the written language in the Resolution to be clear of what you're asking us to do. So I'm going to point out that what the current iteration of the Resolution asks for is a work plan for the ASAP project. The ASAP project is not just pipeline.

BURNS: Um-hum. (Affirmative)

VASSAR: So if you want to narrow that down, we're going to want to change the language a little bit.

BURNS: So let me ask you this question, Frank. Is it -- are you able to just identify quickly what the necessary steps are along the way if you're going to increase from six to -- you know, from the existing to six or nine, okay? So would you have -- is it that difficult of a job to say okay, you're going to have to do something on the treatment plant. You're going to have to put in 14 compressors. You're going to have to, you know, up-size the -- or increase the ANSI on it, you know, all the things to identify.

And then also to say okay, if you do that, you're going to have to go back for a Supplemental EIS, you know, that sort of thing. So that, you know, to me I guess I was thinking that, that what was going to happen in the context of the plan, but then focusing on predominately what the cost would be on a Class 3 estimate of up-sizing the pipe from six to nine, that sort of thing in pressuring it.

RICHARDS: Mr. Chair,.....

BURNS: I mean, we could do it in two steps. We could actually come back and if you said here's the cost estimate on the six and the nine. Then we could at that point in time, you know, sanction moving forward

or sanction, you know, doing the cost estimate on the other aspects of it.

We could do it in a two step process, but I -- you know, I guess I'm trying to get a sense from you as to, you know, in developing a work plan, you know, how difficult would it be to say that aside from this, you also need to look at the following six or seven additional points.

RICHARDS: Mr. Chairman, the three major work tasks that I see for the ASAP project in looking at reconfiguration is going to be work on the pipe. We've already designed the 36 inch ANSI 600 pound class without compressor station.

So the second major focus is going to be on the facilities. And the facilities are not only a new gas treatment facility, but also the compressor stations necessary to allow that volume to flow through to a terminus.

And then the third would be the environmental, regulatory and lands aspect in regards to work that we would have ongoing in our Supplemental Environmental Impact Statement and other major Federal and State authorizations.

So key for the work plan that I envisioned providing back to you was going to be identifying those three

major areas and the work that would be necessary to conduct those two of (ph) Class 3 level estimate.

BURNS: See that's what I.....

UNIDENTIFIED: Yeah.

BURNS: .....anticipated as a result of this, that -- that -- you know, they are tasked -- we're asking them to do this, but as part of that, to do an identification. Exactly what Frank is saying is, what are the steps that are necessary along the way to achieve that, not to go and do the actual engineering and all that other stuff, but to tell us so that we as a Board can be informed that if you do X these are the things that have to be also addressed. If you do Y, you know, here's the other issues. And then we'll have that in the context of the full discussion.....

RICHARDS: Correct.

BURNS: .....and then we'll make the determination as to what's the next step.

RICHARDS: So with that then would be development of authorization for expenditure at that (ph) next point.

BURNS: Yup.

RICHARDS: So if you choose one versus the other, then you wanted us to immediately start the work, it would take Board action to authorize those expenditures, so we need to be able to provide that to the Board as well.

BURNS: Um-hum. (Affirmative)

PARADY: Mr. Chairman.

BURNS: Yes.

PARADY: Mr. Chairman, I'd like to move to discussion of the Resolution and just piggyback on Mr. Halford and Mr. Vassar's comments and Frank's which is that in reading the language we have before us it's directing AGDC to prepare a work plan, so we're directing our President and his Staff to give us this work plan and this boundary between pipe, compression and gas -- what's the word I want.....

KRUSEN: Gas treatment plant.

BURNS: Conditioning.....

PARADY: Thank you, conditioning plant. I trust his judgment in bringing the necessary options back to us for further consideration.

BURNS: So let me ask you, let me clarify. What I understand you to just be saying is that you believe that this Resolution is sufficiently broad enough to accomplish precisely what Frank is --.....

PARADY: Yes, sir, I do.

BURNS: .....is indicating?

PARADY: And it's constrained by common sense, so.....

BURNS: Now, I mean, we -- let's -- further discussion on it, you know, because Rick -- you know, Rick asked the

question, does this -- is what this is doing just asking us to cost the six and the nine. And the response from another Board Member was yes, that's all that's being asked, but what I'm hearing from Frank is that in the context of this, he would identify all the different -- all the different components, not necessarily to do the cost estimate of 'em.

RICHARDS: Um-hum. (Affirmative)

BURNS: And so I'm hopeful that as I read it part and parcel with the plan is to do exactly what Frank indicated that he'd be doing, but an added focus on that was to delve into a cost estimates relative to six and nine. Identify all the other issues that are -- you know, are ancillary to it and then focusing on as -- as -- you know, the primary purpose, the up-sizing of the six and nine.

SHORT: Could -- could.....

BURNS: So let's go through and -- yeah.

SHORT: So I've got two -- two questions. Question 1 would be what is the timeline to have a cost estimate between 600 and 900?

And then my second question is I find that somewhat helpful, but I don't find it completely helpful to make a informed decision.

Back to your truck, you know, I want the 5.7 liter

versus the 6.3 liter or 6.5 liter. That's somewhat helpful, but it doesn't get me to the answer that I need which is you've got pipe, which we're talking about and that seems to be the lowest hanging fruit here. Then you've got facilities which seems to be the hairiest part of this deal.

All right. And then the environmental, regulatory and lands issues which I'm going to make an assumption that those are the least of our concerns in this part of this conversation initially, so -- of the three.

And so how do I get to the point where you can give me a cost estimate contemplating what is in the presentation that I saw which is one and a half versus two and a half and what's the timeline for that?

BURNS: Well, so let me paraphrase what I understand your question to be. So a timeline generally for the pricing, but then also the -- is that you believe that, that's just a tip of the iceberg. You want to know what else would be necessary to really -- to make an informed decision on a go forward basis.

SHORT: Yeah.

BURNS: Okay. And so.....

RICHARDS: Mr. Chairman, when we talked about the options that would be available for reconfiguration, it was -- again, we were looking at standard 36 inch pipe.

Normally in a project you'd be looking at your market to define what is the market --.....

BURNS: Um-hum. (Affirmative)

RICHARDS: .....want does the market want and then with those commercial discussions you would define the throughputs that you would want to design to.

Here we're talking about what can be, not what should be,.....

BURNS: Um-hum. (Affirmative)

RICHARDS: .....so we really need to make sure we have an understanding then of the end use of that gas.

So my intention, again, based on conversations with Chairman Cruz was give me the options available of what can be at this point.

BURNS: Rick.

HALFORD: And to that end, if it's driven by the economics, not the politics and all the other things. If we -- I mean, we may come back with something that says the difference in the higher pressure pipe is not that much and that's the thing that you can't -- if you don't have the pressure of the pipe, you can't add the compressor stations, you can't upgrade the plant, you can't do anything else.

So if you just got the capacity at some future date to make the project more economically feasible by

adding things later when you have the market developed, I just thought that, that was.....

BURNS: Um-hum. (Affirmative)

HALFORD: .....a more limited question within the realm of maybe political and economic reality to give us the other decisions further down the line,.....

BURNS: Okay. So.....

HALFORD: .....that's all I was.....

BURNS: Okay. Now -- and I appreciate it. So let me make sure that I understand what -- I think it's crystallizing for me.

The purpose of doing this assessment is just to see what's available. Okay. From the standpoint of, you now, is it possible to up-size it to get to these volumes.

All right. And then the second stage, the second question is okay, now, if it's possible what else has to go and what other steps are necessary because you've got -- as Rick is saying, you've got the economic side of it, but unless you know the universe of possibilities you got -- you're limited.

So let's make sure that -- let's, you know, go back on this because as I understand it, the Resolution is requesting Staff to identify what would be part of an up-sizing project in this regard, but to focus

primarily on the cost analysis of increasing the ANSI from six to nine, that's -- I under- -- I see it as two part.

I see it.....

DRYGAS: So this is Phase 1 bec-.....

BURNS: Well, what I see -- yeah. What I see in this Resolution -- this Resolution is asking Staff, and maybe it's not as artfully drafted as it ought to be, but what I see.....

PARADY: It serves its purpose.

BURNS: Yeah. Is that the Resolution says Staff go forth on our behalf, identify what -- you know, in order to get to six and nine, increasing to the 1.5 to 2.5 and that, give us a cost estimate associated with the pipe, so that identifies the universe.

As a corollary to that, tell us also what are the steps in a work plan, what are the other things that we might have to also address down the road.

So step 1 as Heidi is saying is this, once we see what the universe is, then we look at, you know, marketability and all these other things and then we make the determination as to what the next step is, so it's a multi-phased approach.

FAUSKE: If I may, you already know what the next step is, don't you? If you go a bigger pipe, you have to have

a bigger GTP. So we come back and say here's your bigger pipe. What's next? Bigger GTP, so how.....

BURNS: Um-hum. And the question is do we want --.....

FAUSKE: .....long do we want to take on this,.....

BURNS: .....I guess, is what I'm asking?

BURNS: .....market it first or do we do the GTP.....

FAUSKE: Excuse me?

BURNS: Yeah. Do we market it first to see if there's customers before you do that, you know, that sort of thing. I mean,.....

FAUSKE: Okay.

BURNS: .....those are the issues I think. Once you have a -- once you've got the sequence. First is identify the breadth of the universe and then say, okay, you know, we can do this. Now, should be do it and what's associated with doing it. You know, should we do it. Is there market for it, you know.

And all that is doing -- I mean, the irony of it really is all this is doing is ensuring the viability of an alternative project because we're not going to do any of this if the AKLNG project, as everybody is hopeful, moves forward.

Okay. But if it doesn't move forward, you know, it's very clear to us -- at least to me as a member of AGDC, that my responsibility as a Board Member is to

ensure the best interest of the State of Alaska and the state residents are looked after and that's the viability (ph) of an alternative.

FAUSKE: I'd like to ask a.....

DRYGAS: So then.....

FAUSKE: .....question if I may?

BURNS: Yeah.

FAUSKE: What level is AKLNG at right now in their pipe design?

RICHARDS: They are in Pre-FEED, so pre-front end engineering and design. They are working.....

FAUSKE: On a 42 inch.....

RICHARDS: 42 inch, ANSI 900?

KRUSEN: ANSI 900.

RICHARDS: Pound Class, so they are working towards a Class 4 estimate.

FAUSKE: Okay. So in a perfect world that could be information we could achieve, right?

RICHARDS: Yes.

KRUSEN: Yeah (ph).

DRYGAS: I think it would.....

BURNS: Heidi.

DRYGAS: .....be prudent to make sure -- there's enough questions on the Resolution as drafted, but it sounds like we should be careful that this reflects the intent

of the Board and it sounds like it's close, but we can do better. And I think I'd feel comfortable if we took time to make sure if we vote on this, we give a clear directive to Staff in this Resolution, not necessarily just what's on the record. I think that's probably a wiser course of action.

BURNS: Yeah, I think that is probably a perfect time to take a break.

SHORT: Could I ask a quick question?

BURNS: Yeah, Hugh.

SHORT: What is ASAP right now, a Class 600?

RICHARDS: ANSI 600.

FAUSKE: ANSI 600, yes.

SHORT: ANSI -- okay, all right.

FAUSKE: But the -- it's been designed to 500 feet.....

UNIDENTIFIED: The volume.

FAUSKE: The volume has.

SHORT: But the pipe itself is.....

FAUSKE: The pipe -- the pipe.....

SHORT: .....600.

BURNS: ANSI 600, right.

FAUSKE: Correct.

SHORT: Okay.

BURNS: No compression, so.....

SHORT: Yeah, got it.

BURNS: So let me -- so, we'll.....

SHORT: Ten minutes.....

BURNS: .....take a break for lunch. We'll take an early lunch, but do I have a couple volunteers to work on this Resolution? Hugh.

SHORT: Sure.

BURNS: So we'll have Fred and Hugh.....

PARADY: Yeah.

BURNS: .....and I'll work with you guys on it, so the three of us and that way we don't have a meeting. All right. We'll take an hour break until 1:30 --.....

RICHARDS: 1:30, Mr. Chairman?

(Simultaneous speech).....

BURNS: .....or 12:30, I'm sorry.

(Off record - 11:38 a.m.)

(On record - 12:30 p.m.)

BURNS: Back on the record after a very nice lunch. We're back on record. Where we left it prior to the break was the Resolution. And so the group that was working on it, what's the decision? Do you have something different or.....

PARADY: Mr. Chairman, I think our three member discussion centered around -- after going back and forth that we use the Resolution as it's currently worded.

BURNS: All right. Any further amendment to it? Rick?

HALFORD: Well, just as I understand it then the primary purpose is to look at the pipe quality and get a number. And we recognize that other things may be affected by that, but we get that number and that's part of all the alternative data we have if it ever needs to be utilized and pursued in the hope that we don't have to go forward with it, but at least we know.

BURNS: Right. So the focus is simply on the numbers on the six and the nine and that will be what Staff will be directed to through the Resolution and the Tech Committee will work with Staff in conjunction with that.

Okay. So any further discussion on the Resolution?

SHORT: Question, I'll.....

CRUZ: No.

BURNS: Yes. Okay. Question's been called. All in favor?

IN UNISON: Aye.

BURNS: Let's -- we actually have to have a roll -- roll call, so let's go ahead.

GRAHAM: John Burns?

BURNS: Yes.

GRAHAM: Dave Cruz?

CRUZ: Yes.

GRAHAM: Fred Parady?

PARADY: Aye.

GRAHAM: Heidi Drygas?

DRYGAS: Yes.

GRAHAM: Hugh Short?

SHORT: Yes.

GRAHAM: Rick Halford?

HALFORD: Yes.

GRAHAM: And Joe Paskvan

PASKVAN: Yes.

GRAHAM: Thank you.

BURNS: So the Resolution is read into the record. It passes unanimously.

All right. Next item, Frank.

RICHARDS: Mr. Chairman, I'm walked in late for the -- was there change to the Resolution or is the direction to work solely on the pipe question?

BURNS: Yup, that's the focus of the Resolution.

RICHARDS: All right.

BURNS: So Dave can work with you after.....

CRUZ: So we'll work it out, Frank. We know we're going to have another component to this. We'll come back at our next Board Meeting and address the other components.

RICHARDS: If I may, Mr. Chairman,.....

BURNS: Sure.

RICHARDS: .....can I just articulate some of the challenge with that?

Well, I'm going to present to you in my next presentation the ASAP update and in that it identifies where we are essentially with our facility's contractor and they are now completing their work efforts that we have provided to them at the end of a two year process.

BURNS: Um-hum. (Affirmative)

RICHARDS: And they will be done with their work efforts first part of April and then they are disbanded. So if we then in the next Board Meeting want to come back and start doing a facility's work effort, we have to restart a whole new team, so there is a major challenge there.

If we want the continuity of the project to be able to advance the work utilizing the folks that have put together the work product that has allowed us to reach this point, we need to retain that team.

BURNS: Okay. So let me make sure that I understand. I -- so we are at a position of potentially losing part of the team that has worked so diligently on ASAP?

FAUSKE: Correct.

RICHARDS: That's correct, Mr. Chairman.

CRUZ: On the GTF.

RICHARDS: On the gas conditioning facility, so that --.....

BURNS: All right. (Simultaneous speech).....

RICHARDS: .....that includes.....

BURNS: Is that okay?

RICHARDS: .....the services of Arctic Solutions who has done the major lift. They are the major design contractor, as well as our individual project management contractors who have been overseeing their work. So that's an additional four bodies who have been overseeing as AGDC's representatives in the Arctic Solutions' offices.

BURNS: Do you have a.....

SHORT: I have a comment.

BURNS: .....question?

SHORT: I think in -- thanks for pointing this out, Frank. And, I think, given the Resolution it would be prudent for the Board to provide the ability for the continuity of that group to move forward and not disband to slow down the work, but to keep the continuity there because we don't want to have to hit reset on that portion of this should there be some project we need to look at.

BURNS: Is there any way to do that in the context of this Resolution? I mean, because it's critical that the continuity of that team continue is what I understand you to be saying.

RICHARDS: That is true, Mr. Chairman. We had -- again, with the Administrative Order overlying us and the issue regarding discretionary versus non-discretionary work,

we had developed work plans that, that team would -- could perform for us. And that includes some looking at the work of Point Thomson gas and the impacts of Point Thomson gas.

We have not yet kicked them loose on compressor stations, but that's the next evolution because anything that we do on the reconfiguration of ASAP, the critical path for us to move forward is going to be through the facilities. It's going to be through that gas conditioning facility redesign and the compressor stations, so that's where the facility's teams are most warranted.

BURNS: Okay. So what I hear you to be saying is that if we just focus on the pipe, we lose that team because that team will have nothing to do?

RICHARDS: That is correct, Mr. Chairman.

FAUSKE: They'll go elsewhere in the world and we're -- which is a heavy demand. There's a lot of work going on.

HALFORD: Well, that's a totally different question and that combined with the Administrative Order 271 -- I mean, that is a change that is definitely going to take something, so I would suggest we -- if we're going to address that, we address it with another resolution that starts out with the same thing, subject to the withdrawal or modification of Administrative Order 271

as necessary, Staff is directed to take whatever appropriate actions there are to maintain that team for future use.

I don't know what -- I don't know -- I mean, how do you get from here to there, but I think the Administrative Order -- basically if it's not teeing, kind of, says a big project that's not ongoing it's a -- it's a big change, that's the big money project, but it's driven by the Administrative Order more than anything else.

PARADY: Mr. Chairman?

BURNS: Yeah, go ahead.

PARADY: I just want to read from the Administrative Order. It says, to the extent spending is non-discretionary. This is B, such as contractually required spending and salaries of existing agency personnel continue to work on the project till further notice. We may need a modification, but there's also this idea that we not stop cold in the middle of the stream and lose the benefit of what's been built.

BURNS: Um-hum. (Affirmative)

PARADY: The Order is straddling both sides of this. We're in a fiscal crisis. We've got to half discretionary spending, but we also have a duty to Alaska's future to sort some of these project options out and I think

that's resolvable with some dialogue with the Governor and somewhat within the meaning of the Order as it currently exists, but I -- so I like your language that's -- picks up the same thread and then takes it into this topic area.

BURNS: Thanks. Go ahead.

SHORT: And I would just suggest that we do that in a separate motion from the Resolution. Come up with a motion that directs....

PARADY: We've adopted (simultaneous speech).....

SHORT: .....our resolution (ph).

PARADY: So let's develop some language that puts that in motion with our executive (ph).....

BURNS: So let me ask Frank. What is it that you are.....

PARADY: Wanting (ph).

BURNS: .....needing, okay, to ensure the continuity of that team and to use them in a way that benefits the ASAP project? I mean, we're not -- we don't want to just pay, you know, for them to tread water.

RICHARDS: No, I would -- it would be beneficial for the project, as well as for the State to be able to do work that is, again, going to be able to advance the project.

So in that, if you remember -- for the new Board Members, at the last Board Meeting we presented to the

Board a decision tree that essentially we use when looking at authorizing work expenditures for the ASAP project under Administrative Order 271, so that it meets the intent of what our interpretation of that Administrative Order was, so that we are making sure that we are doing non-discretionary work. That we are not doing discretionary work that has transferability, durability, viability to the ASAP project so to, again, meet the intent of the Administrative Order.

I'm going to ask Ken to join me because, again, we -- when we go through our process for authorization of work expenditures, we get a legal review who then looks at the intent of the Administrative Order for -- to make sure that we are complying with the law.

BURNS: So, Ken, let me ask you, is the -- because you're going to be giving us a legal analysis on AO 271, is it appropriate to go into Executive Session to have that discussion?

VASSAR: Mr. Chairman, I do not believe it is.

BURNS: Okay. All right. So what is -- so I just need to understand, Frank. What is it that you need from this Board relative to that team?

FAUSKE: I'd like -- can I help here? What we're saying is that without continuing work -- this isn't a threat. It's just the reality of the world you're in. We were

downsizing that work prior to the AO 271. We had already -- we were so far ahead AKLNG that you folks and -- you know, the Board, made a conscious decision to go we're going to hold our spend plan down because it's -- we've got to let AKLNG catch up.

Then the Order came out and we were way ahead of that. As you know we met with the Governor and we briefed him, but subsequent to that we cut the spending by $90 million. We went down to a $60 million spend to do work conducive to both projects with the idea of melding them by second quarter 2016 and to comply to AO 271.

What happens then is we had already decided knowing that we were trying to keep that A team together, but that there had to be some work and then all this stuff about new plans and.....

BURNS: Um-hum. (Affirmative)

FAUSKE: .....what we're going to do.

What's going to end up happening is if we don't have work for them, they're doing to disband and go off and do what they do. They're high priced, very qualified people. They're WorleyParsons and Fluor. They're.....

BURNS: So no, I understand.....

FAUSKE: .....well known in the industry and that's -- and that's just common.

Now, if we decide we want to try and keep 'em, they're going to do the work on the gas treatment plant. That would be probably -- but we're not going to do the gas treatment plant, so what we're suggesting to you we stand a chance here of loosing that A team. And what that means is your scheduled gets -- 'cause it takes a while to ramp that stuff back up again. Now if, in fact, they do disband and send people off.

It's, kind of, like AKLNG, as you get more familiar with it. These oil companies have sent their A -- they have people from all over the world they've sent in here to concentrate on that. This is the same thing. They've pulled them off of Mozambique or New Guinea or wherever they're at and they have focused a lot of them here.

The same thing will happen on the other side, call us when you've got something and we love working with you, but we're going to -- four of.....

BURNS: Okay. So -- so.....

FAUSKE: .....our people are going over here and three going --.....

CRUZ: Let me ask a technical question (ph) (simultaneous speech).....

BURNS: Yeah, go ahead.

FAUSKE: .....so that's where we're at.

CRUZ: Okay. So, Frank, the Fluor technology that we got, is this more just bumping up more trains, is that -- on our GTF or -- I understand where we're going with this to meet 2. -- can we get to that or do we have to go to a AIM process, that's -- and so what I'm saying is, are you going to -- are we totally going to reconfigure that and the only the same as the -- 'cause the.....

RICHARDS: It's the pad.

CRUZ: The pad gets bigger, so that's relatively easy. Is it just more trains?

RICHARDS: It's going to larger -- larger scale on the processing units, larger utilities associated with larger compressors, so that's one part of it. We have to make a decision ultimately in terms of what gas composition we want to drive forward to, but my goal -- or my understanding what you'd asked of us was to come back to you and identify what is -- what it's going to take to conduct the next step.

And that next step would be up-sizing of the pipe, but the pipe is a component of an integrated system which is the gas conditioning facility. In order for more volume to flow through that pipe, you need compressors, so that compressor work needs to be identified. And you need to then look at the optionality of where those compressors are going to be

and the horsepower associated with those for the lowest cost of service.

CRUZ: So what you're telling -- we're not constrained having to switch to an AIM tech -- AIM process. We can still say -- stay the Fluor process, so we're not reinventing the wheel there, that's all I'm trying to get is bigger pad expansion. I understood, you know, a few other items.

What I don't want to get to and I don't want -- I want to be able to pass the test with you guys is like, oh, yeah, well, that's another nine million, I should have told you that, you know, that's what I'm concerned about is the market dictates, but we have two options there.

What we're asking to do 1.5, 2.5, okay. So we have to look at a cost -- if we're going to do that let's just say that the producers don't want to build a GTF for this, you know, don't want to follow the Alyeska model or whatever you want to call and they want -- they come on board and say well, you guys do this and you guys do this and we'll do this on the -- on the other end. You guys do all the input in.

So I just want to know walking into this that it's not reinventing the wheel, is probably my biggest thing. That's my biggest concern 'cause it's a big

plant and as long as I have a comfort feeling with that than I can say to you well, this is a really good -- good, smart move.

FAUSKE: But Dave, if it's (ph) the intent that the design of the pipe is to get a cost estimate as to what that cost, the next logical step is you have to have a gas treatment. You have to have that. So we've got the pipe and we go, okay, now we've got to go -- and if I go back to the Governor's comments and others, schedule.

CRUZ: Right.

FAUSKE: Everybody is trying to compress this because of all the desires. So we're handcuffing ourselves from one regard is that we can do this, but it just takes more time -- more time. Time is money. And then I'll finish.

(Simultaneous conversation)

FAUSKE: Just one other question. Tomorrow, as I was reminded, we're in front of House Resources. This Corporation is sitting on $200 million that -- and I used to joke with my friend Senators, it's a time when they'll take your lunch money down in Juneau when you're -- it's tough time. I think we need to be prepared to what is the money going to be used for. I know we can't answer it all tomorrow, but when we start

looking at this schedule, I think we need to be helping ourselves now. Well, we think it's going to be this and here's the time frame.

CRUZ: So here's a quick question for Fritz. You don't see an issue in a global market place, Fluor versus AIM technology that somebody is going to say well, why the hell did you guys do it that way?

KRUSEN: Well, thanks for inviting me up 'cause I do have an opinion on that.

CRUZ: Okay.

KRUSEN: And it seems to me that as we -- so the Fluor solvent was an excellent solution for ASAP 500 million a day and we were selling Enstar type gas to the users and where you're supplying some base load industrial tenant. Great, great, great selection for that.

As you go bigger if you aspire to supply an LNG project with your pipe and I don't know what you'd be doing if it wasn't that, the Fluor solvent begins to have two problems. The richer stuff that you want in the gas gets stuck in the Fluor solvent, so it's not so good for that. Point Thomson has got richer gas. You want that Point Thomson gas to move down.

Prudhoe Bay is using immiscible injectant to wash oil off rocks, but maybe the day comes when you want to ship that out and sell it. You can't do easily with

the Fluor solvent. So as you go big, I think, it almost forces you to switch to an Aiming technology.

You could always fall back to a Fluor solvent if we end up being, you know, a 500 million a day project, but I think that's the sweet spot for it. If you aspire to supply LNG you really need to go to Aiming.

FAUSKE: A question to help. Fritz, the Aiming technology could be done at this end? I mean, that's what.....

KRUSEN: You would have to do it on the North Slope and then the question is would you also choose to do it at this end. Or would.....

FAUSKE: Okay. Because currently.....

KRUSEN: .....you do it only one time at the Slope.

FAUSKE: I was trying to help out with -- yeah, all right.

KRUSEN: I mean, in my own mind there was a time when I thought we could do the Flour solvent at the Slope, finish it off with Aiming down here, not if you're trying to ship Point Thomson gas, not if you're trying to supply an LNG project, not if you want to keep the hope of possibly moving MI off the Slope some day, you've got to switch to Aiming on the Slope.

CRUZ: And you guys are curr- -- currently doing the AIM.

KRUSEN: Yes. We're doing Aiming and the (simultaneous speech).....

FAUSKE: AKLNG, is.

KRUSEN: Yeah, AKLNG, yes.

CRUZ: Okay. So that's my only hesitation from our Committee is, okay, step in Frank. We're scraping that plant. To go to a billion and a half we've got to go to Aiming which may not be a difficult deal because there's people -- that's well accepted and all we're looking for is we asked -- we asked them a level 3, that's a pretty detailed -- we paid a lot of money to get that design right there, so what does that cost to get a billion and a half plant or a two and a half billion? I have no idea, so.....

RICHARDS: And that's what the work plan would identify for you.

CRUZ: Okay.

RICHARDS: We'll come back to you and say here's the work that would take you to a new technology at a larger volume, that's what we'd come back, so again, I'll come back with that suite of -- of work packages for gas conditioning, compression, pipe, (indiscernible).....

CRUZ: So and this.....

RICHARDS: .....and then.....

CRUZ: .....would be adaptable -- so say the producers liked this, you know, market changes and whatever and the producers are coming on board. We can share this. Hey, there's a GTF for you that's AIM Technology that

works, so we're -- so from that sense we're not.....

FAUSKE: They're currently doing it.

CRUZ: Right. But they're doing it at a different volume then what we're looking at, so that's all I'm saying is -- and I -- okay. So I have a good perspective. I don't want to belay it. I just don't want to get a surprise that well, we need 210 million now to do that so you've got to go ask the Legislature for another $10 million.

FAUSKE: But I.....

CRUZ: That's what I'm concerned about.

FAUSKE: And I share that. I think we're going to get that anyway tomorrow because -- I just can't imagine a legislative body, and I've sat in front of many of 'em, accepting our cha- -- you know, and they'll hear us out and what are we changing. There's always the question is any idea what this costs. And you folks -- well, yeah, maybe, kind of or we're going to have to fine tune it and that might be a good enough answer, I don't know, but I --.....

CRUZ: Well, okay.....

FAUSKE: .....you know, I just -- they're going to ask the question I would -- I can't imagine them not asking it.

CRUZ: So Frank is right and Fritz is right. So I would support whether we use Mr. Halford's resolution or

modification, that we at least get this data, what it costs, so we're not sitting there assuming someone else is going to do this. That this is the next step that we're going to do.

FAUSKE: For the GTP?

CRUZ: For the GTP, so (simultaneous speech).....

FAUSKE: Okay.

BURNS: So Frank, I want to make sure that I understand what you're asking for. You're asking for the work plan to encompass not simply the pipe, but also the GTP.....

RICHARDS: And compressors.

FAUSKE: And compressors.

BURNS: Okay. And -- and.....

RICHARDS: Fac- -- I call 'em facilities.

BURNS: Okay. And so unless we do that you lose the team. Unless.....

RICHARDS: Correct, right, so.....

BURNS: .....we do that you lose the team?

RICHARDS: That's correct, Mr. Chairman.

BURNS: Okay.

CRUZ: And we'd lose the time.

BURNS: Rick.

HALFORD: Question on timing, would you go over what you said about when they're going to have the completion of the phase they're on at the 500 level and when you have to

make this commitment to go forward?

RICHARDS: Yes, Senator, the work that they -- that's depicted by these charts is the Class 3 level work. And, again, that Class 3 is from the American Association of Cost Estimators. And it's a level that defines approximately 30 percent design effort.

HALFORD: Yes.

RICHARDS: They completed that work and provided to us their Class 3 estimate in December. They are now finishing up essentially their documentation. They're wrapping a ribbon around all of their product and that will be to us the first week of April, that's the completion of the FEED effort, front end engineering and design for the gas conditioning facility.

They are now working on offtake point designs for us and that work will be wrapped up the second week of April. And once that is done, the work product that we have coming from Fluor is complete.

FAUSKE: But see, if I may, what troubles me about that and we've had this discussion internally, if we're going to change, which is fine, that's good. We're now spending money on offtake facilities that I don't know that they're compatible.

RICHARDS: For both. Well, we -- they did it -- we had two packages with them. They completed the one for ASAP

and they will soon complete the one for the AKLNG.

FAUSKE: So we're not blowing money on.....

HALFORD: No, no (Simultaneous speech).....

RICHARD: This is AG- --.....

FAUSKE: Okay, good, I.....

RICHARDS: .....this is AGDC's -- one of our roles is offtake point design, so we did it for both ASAP and AKLNG because they're going to be different based on the gas composition.

FAUSKE: So that design of work at 1.5 or 2.5 billion.

RICHARDS: It's based on the gas composition.

FAUSKE: Okay, got cha, all right.

RICHARDS: Yeah.

BURNS: And so, Frank, is there a possibility or a likelihood of being able to share data with AKLNG as we move forward, you know, assuming that the Board were to sanction a work plan to develop these other cost estimates, is there a possibility to share the data and to provide benefit to the AKLNG project as well?

RICHARDS: I'll talk first to the gas conditioning facility. And Fritz in his previous life worked on gas treatment plant on the Slope based on probably two iterations ago and so they have done a tremendous amount of work already on gas conditioning on the North Slope and they have that.

Now, they're advancing that or combining all their efforts and advancing that, so in regards to an ASAP project starting over on an Aiming process, we'd be starting from square one and then advancing, so AKLNG is on the facilities design far in advance of where we are.

On compressors, we have none no -- we have essentially done no work on compressor stations as well, but the AKLNG has. And they've already, I believe, you know, designed their kit which is essentially they've optimized what the turbines would be and the -- based on the horsepower and the cost of service.

We'd be starting again anew (ph), but we're going to need compressor stations in any event on any of the design premiss that you've given me,.....

FAUSKE: In the past.....

RICHARDS: .....so we have to start.....

FAUSKE: In the past, John, they have been very clear that they would not share data if they felt we were a competitive.....

BURNS: Um-hum. (Affirmative)

FAUSKE: .....project. If they felt. Whether we feel it or not, if they feel this is competition they've said that publicly. We need to work with them. Maybe we can get

through this. I don't know, but they have said it, so I'm just bringing the Board up to speed on comments that have been make.

BURNS: No. And I appreciate that. And, you know, let's maybe talk about that a little bit because, you know, from -- at least, you know, from my perspective having been on this Board from inception the -- the focus has always been on, you know, having a primary AKLNG -- after 138 was passed, a primary as AKLNG and having a viable alternative secondary.

And if AKLNG moves forward, as you said, there's going to be a point of convergence at some point, hopefully, in the very near future and a decision will be made. And the decision, presumably, you know, will be made on pure economics and if the AKLNG line, as we are all hopeful, moves forward then all of this becomes, you know, essentially meaningless, but the risk is that if it does not move forward, than we really are stuck without an alternative.

And I would hope that the producers would see the ASAP line, particularly if it's able to be increased in volumes, as a viable benefit to them if the AKLNG does not move forward. And to me, you know, I would hope that the parties could share the data in that respect because there is a symbiotic relationship and there

should be a mutual, you know, desire to achieve the objective which is gas to market.

FAUSKE: I'm not -- I'm not the head of the fan club for the petroleum industry, but I'm going to tell you this, that is not how they view the world. This is information they've spent billions of dollars on. Some of it, I think, they probably do overact on their ability to protect it, but it's their call and that's what I'm getting at.

Whether we think it's right or not, I've said this for years, we're asking people for their stuff and you just -- it's just frustrating.....

BURNS: No, and.....

FAUSKE: .....I know, but I share your belief (ph).....

BURNS: But my understanding.....

FAUSKE: I hope we can get there.

BURNS: Yeah.

FAUSKE: I'm just saying.....

BURNS: Yeah. My understanding.....

FAUSKE: .....there have been bumps.....

BURNS: .....is that we have data that -- is there data that we have data that they have asked for?

FAUSKE: We just transferred some- -- go ahead.

RICHARDS: No, Mr. Chairman, when we -- we each presented data that we felt -- or was available to essentially

exchange and we provided a very detailed list of the work products that ASAP had generated including, you know, the gas conditioning, but that was certainly something they didn't want.

They elected to only take a very small percentage of the option that we gave them. They felt becaus- -- the reason why -- one of the reasons is because they felt that we were to advanced. The information that we had was FEED quality. They're in the Pre-FEED effort. They don't want to expend money because they're budget constrained in Pre-FEED and they don't necessarily need the detail that we were offering to them.

FAUSKE: But they liked the information.

RICHARDS: The information was -- yeah, met industry standards, done by world class folks and they offered to buy it on the cheap, but I said no 'cause that wasn't in the best interest of the State.

BURNS: Um-hum. Well, I -- you know, I would hope that there would be a way that we could ensure (ph) the sharing of the data because there's nothing -- and I'm just speaking individually. There's nothing that I think that we have that I would not want the AKLNG project to not -- you know, that I would not want them to have because honestly -- you know, and speaking as an Alaskan, I want to see a gas line go.

And if we have to -- and, you know, everything that we have developed have to give it over to AKLNG, I'm all for that as long as there's a symbiotic relationship that we -- we are receiving the information relative to allow us to have that alternative option because I think there -- unless I'm mistaken, everybody is focused on ensuring to the best that we can the viability of AKLNG, but, you know, the world being what it is, you know, sometimes the things that we want don't come to reality and we waited for 40 years and we should not have to wait any longer for a gas line.

I mean, we are 3.5 billion deficit. We've got to be able to figure out ways to increase some revenue, so.....

RICHARDS: I can assure you, Mr. Chairman, that we have -- we are working cooperatively, diligently to be able to advance the -- as you just suggested. We are not withholding information back, but again, the issue would be if they've offered up something that we feel is of value, they want -- they want recompense for it and vise versa.

FAUSKE: We will be, you know, be aggressively pursing the very thing that you suggest. I'm just warning the Board, it's going to be bumpy ride and so.....

SHORT: So can I ask a question now (simultaneous speech).....

FAUSKE: .....so maybe we can get there.

BURNS: Hugh.

SHORT: So we're the second largest member of AKLNG.

FAUSKE: Correct.

SHORT: Correct. Let's assume AKLNG moves down the path. Let's assume we're to next June and we need to make a decision and it's a no go. All right. We're not moving this to FEED. At that point in time, who owns the data that has been produced by AKLNG?

RICHARDS: Come on up (ph).

FAUSKE: Joe. This is a comp- -- good question, but is a complicated issue.

SHORT: And let me just preface my question with this, we are the second largest member and we, under the Chairman's statement, are sharing data and I'm assuming Exxon, BP, ConocoPhillips are sharing data to the collective good of the project.

And we have a data room that's accessed by everyone who's members and then you have everyone having their own data room of what we're going to share as a member of AKLNG. Who -- at what point in time -- when it does not go into FEED, should it not go into FEED, who owns that data and what's done with that data?

DUBLER: Through the Chair, Mr. Short, that's a seemingly simple, but realistically complicated question because while it's true that the State parties combined own the second largest portion of the AKLNG project, the State parties are, in fact, two separate parties. One being TransCanada in the midstream which is comprised of the two lines from the respective fields to the gas treatment plant and the main pipeline down to Nikiski. So TransCanada represents the State in that portion of the project.

AGDC represents the State in the LNG portion of the project which is comprised of the LNG and marine terminal, so it's two different pieces.

The overriding, I guess, principle that applies to data is if you pay for it, you have ownership of it. So with regard to the LNG plant and marine terminal, AGDC would have a right to the data that was generated for that portion of the project.

TransCanada would have a right to the data for the midstream portion of the project which, again, is the pipeline and the GTP and the two lines from the respective fields.

So what that means for AGDC is that the -- and this is where it gets a little tricky. For ASAP, AGDC is by statute forbidden from building an LNG plant. So in

the event AKLNG goes away, we would have data to build an LNG plant, but not statutory authority to build an LNG plant. We would not have data to build a GTP and a pipeline, but we would have the statutory authority to do so.

SHORT: That doesn't make sense to me.

(Indiscernible)

SHORT: Yeah, I just said it doesn't make sense 'cause if we are contemplating a gasline and a GTP in a (ph) liquefaction and ASAP -- or not liquefaction, but the other two components. And in the other project we don't have the ability to have data on the pipeline and from field (ph) to GTP, then we're investing all this money into data that's not going to get us any further along the way, is that how you see this?

DUBLER: Through the Chair, Mr. Short, yes, that is -- I mean -- and, again, the overriding principles were and always have been if you pay for data you get to keep data.

Now, having said that I don't know what the agreement is between the State of Alaska and the other party that's representing the State in the midstream, TransCanada. They may well have the ability to get that data if AKLNG goes away and we have not see those agreements, so that -- it may be available through the

State of Alaska. I do not have the answer to that question though. We're not a party to those agreements.

BURNS: Okay (ph).

FAUSKE: The sharing of data has always been one where if they didn't view us or fear us as competition everyone was comfortable and especially if we were doing work that was of benefit to the other project.

I said this earlier this morning, back and forth, where we're not duplicating work, double spending State money. That's been the issue.

The issue that's always been the sticker is volume. Go above the volume (ph) sometimes it's arb- -- but it's always been this 500 which is a trailer from AGIA, but then it's just stopped and it's always been the trigger point if you go above that and that's where the debate then begins and just -- just letting the Board know that, that's where the argument will be.

CRUZ: Right.

FAUSKE: We'll have to see how we -- how we fare on that.

SHORT: So could I ask you a question. Let's assume you're a king -- you've king for a day, Mr. President, and.....

FAUSKE: You need to let my wife know if that happens, so.....

SHORT: Well, good luck with that. What would you do in the situation? What would you do in the situation?

FAUSKE: What would I do?

SHORT: What would you do?

FAUSKE: I would work very hard to try and figure out a way to share data and protect the State's interests so that we don't end up standing around the curb with our clothes gone, if you know that old saying, if they don't go to Pre-FEED. Meaning, we can't end up with the -- the finest design 500 million feet gas pipeline in the world that isn't used, but if there was a way to share that data, not get everybody riled up and end up at the end of the day that they decided not to go -- they, we're part of they. We're 25 percent on the -- but Dave's point is, we're 25 percent of the whole thing if you include the State.

AGDC's 25 percent of liquefaction, but the cumulative aggregate, 25 percent -- State's 25 percent owner. If they decide not to go, we want to be able to pick up the pieces and go. That's, I know, what the Governor and others have been -- have intended and that's a good goal. The trouble is getting there.

I mean, you know, the sharing of the data, the trusting of each other. So if I were king for a day I'd set up a system which I think we're trying to do.

We're troubled with where we get to share the data 'cause I think I sense from the Board it's data sharing -- and data sharing's key. It's expensive stuff, but if we could get to a point where we could do that and Pre-FEED fails. FEED fails for AKLNG. The State of Alaska is left in a good position where it has valuable data and could then determine through marketing efforts with -- on a merchant (ph) based program where marketers -- you market your gas. Buyers come in, which can be done, you at least have all this information that can be used. That would be, to me, ideal 'cause you haven't lost all the time or energy or money.

BURNS: So Dan, let's -- I mean, for certain we -- and I think you guys have been doing this, continue those efforts to get that data sharing,.....

FAUSKE: Sure.

BURNS: .....but in the meantime, in order to preserve the State's best interest, okay -- I mean, what I'm hearing from Frank is that in order to do that, in order to serve our best interest, that we need to move forward and authorize the -- you know, the evaluation in the work plan to address these other items, the GTP -- you know, not just the pipe, because, you know, that gets resolved. If you guys are successful in having the

dialogue and having a pure sharing of the data, then, you know, we're not in a position of having to, you know, do the funding in order to ensure that we've got a viable project up.....

FAUSKE: Um-hum. (Affirmative)

BURNS: .....until that Pre-FEED, but until that happens the longer we delay on that, the more behind and handicapped the State of Alaska.....

FAUSKE: Oh, yeah.

BURNS: .....becomes. And so.....

FAUSKE: But back to Hugh, that's the worst place to end up in my.....

BURNS: Yeah, yeah. And -- and -- but that -- we're.....

FAUSKE: That would be horrible to end up there. That would just be bad.

BURNS: .....we're, kind of, right there. The problem is we're, kind of, right there is what I'm sensing. And so -- and I'll reserve the decision on the motion.

Yes, Dave.

CRUZ: So too much wording is focused on competition. These producers are not our competition. These are our clients. They're the ones that's going to ship whether it's an ASAP line, it's an AKLNG line, they're still -- you know, and they are a customer of ours, so I don't view it as a competing line.

We're not selling -- never once have we said well, we're going to sell our own gas over here to whoever. We've never, ever got to that, that's not the State's place. All we're doing is providing a highway to get gas to, so someone else can sell their product. So I think too much focus is on that word competition and what -- we've got to get by that, so.....

FAUSKE: And, Dave, all due respect, I couldn't agree with you more. They don't care about -- I'm not being crass here. This is.....

CRUZ: Well, they should care about it.

FAUSKE: But -- but -- I'm not saying they don't care. I'm saying, they're separate companies that own the gas and all this. And Joe, you've dealt with (indiscernible). I couldn't believe -- I couldn't agree with you more. It's just we're not in control of that decision. We don't get to go in and tell 'em you will do that. We don't get to.

So what you have to do then is negotiate and.....

UNIDENTIFIED: Um-hum. (Affirmative).....

FAUSKE: .....work with and give a little bit, take a little bit.

CRUZ: So it's down to my original point,.....

FAUSKE: It takes forever.

CRUZ: .....my -- and it gets down to my original point is,

it's just a -- it's a commercial deal on a tariff per SCUF (ph) move down this line. If we are -- can offer a better price at a faster turnaround, all we're doing is providing a service. We're not competition. We are not taking and drilling our own wells up there and saying our gas is going in before yours. We're not gas balancing (ph). I know that. I know what you're saying, Dan,.....

FAUSKE: Yeah.

CRUZ: .....so I agree that we do need -- I'm supporting Frank. We are -- we have to know -- we have to have an idea on the ROM (ph) cost to do this GTF to handle a billion five and 2.5. We have to have that 'cause we cannot speak.....

FAUSKE: Joe, want to (indiscernible).....

BURNS: Yeah, Joe.

PASKVAN: I'm trying to get up to speed with a lot of information that the Board has obviously dealt with in the past, but as I am perceiving from what Frank has said is, is that the design team that put together this gas treatment facility has been in place, know what they're doing. They have industry standards as far as what's come out of that process and they're expecting to be fully done with a couple of weeks.

RICHARDS: Yes.

PASKVAN: So they -- that team was anticipating that they would disband, so to speak, 'cause they will have done they're job.

BURNS: Um-hum. Affirmative)

PASKVAN: Ultimately the question is, is that -- and I'm trying to -- in the event it's -- what I'm hearing you say is that these -- this team because they are specialized knowledge and work very well together as a team, can provide this information that you say would be necessary to get to the 1.5 or the 2.5 that has been addressed, can do that most efficiently and that data would be information usable by AKLNG also, is that --.....

BURNS: If they want it.

PASKVAN: .....is that accurate?

And then the second point is, is to the extent that they were not maintained and you were to have to try and assemble a team later, is that -- and I assume it's doable, but I assume it's doable at a hell of a increased price?

BURNS: Well, and.....

PASKVAN: And so I -- yeah, in other words, I'm just trying to figure out what are the real parameters that we have to make a decision.

FAUSKE: Arctic Solutions -- and I know Frank -- Arctic

Solutions is also working on AKLNG.

RICHARDS: WorleyParsons is, Fritz, defined as the pipeline engineer for AKLNG. Fluor is doing some work for them, but to a lesser extent.

If I may I'll take your second question first.

PASKVAN: Okay

RICHARDS: If we terminated work right now and then in a month's time you said go forward and design me some pressure stations or revamp this gas conditioning, we would have to go out for solicitation. We would have to find out, you know, the -- the pool of candidates to take this on at this level with Arctic experience is extremely small.

AKLNG our other priority project has the main competition already wrapped up and they're doing the work for them, so that's part of the challenge.

Your first question yes, the team that we have available is probably going to be the most efficient of the (ph) least costly to be able to do additional work. And as we talked about -- when we saw that we were going to be doing -- we had to ramp down our work and we were going to be reducing our work scope for the ASAP project by $90 million over the next year.

We ramped it from about 150 million spend down to 60, it included work that was going to be beneficial to

keeping that design team working on durable, transferrable work product that would be helpful to ASAP in its next evolution.

So we need to -- as ASAP evolves and if it were going to be providing gas not only from Prudhoe Bay Unit because this plant is only designed to take Prudhoe Bay gas. We haven't considered -- because Point Thomson when we initiated this work was not -- had not been resolved, hadn't been under construction.

Now, we've got Point Thomson, so one of the work products that we have on the books ready to go is looking at the Point Thomson gas stream and how that will then impact the processed units, so that's work that we could have Arctic Solutions do for us, looking at the compressor stations is the next evolution of work, that's work Arctic Solutions can do for us.

That's why I raise the issue because they're an efficient team, they're a quality team and they can get it done on a schedule that we want.

BURNS: Okay.

PASKVAN: Mr. Chair, if I.....

BURNS: Yeah.

PASKVAN: What is the time limit that you would expect that they would take to put together the gas treatment facility and compressors component that you are

recommending at this time, is that two weeks, three weeks?

And then as I'm understanding what you're saying, at the end of that period of time whether it's two weeks or a month or whatever it is, than that team will disband anyway.

RICHARDS: That's right, unless we evolved into the next phase, so we that -- we'd already been -- begin the discussions with Arctic Solutions in terms of what it would take to look at work products and so I was cavalierly saying two weeks. And I'll give you a rough -- rough order of magnitude because that was my direction, give me a rough number in terms of what that next traunch of work is going to be. If that's acceptable to the Board and we can put that into an authority for expenditure, than we'll be advancing.

If you want defined work that identifies clearly.....

PASKVAN: Um-hum. (Affirmative)

RICHARDS: .....every single work activity and develop that work breakdown structure to design a Class 3 level estimate for this, it's going to take a lot longer than that, but I can get you a rough order of magnitude within a couple weeks to define the work flow (ph).

FAUSKE: But if -- which is really important to have a budget

anyway. I mean, we've got a finite amount of money.

BURNS: Yup.

FAUSKE: We're not asking for any money this Legislative Session, so I think the Board would find that helpful anyway to know.....

BURNS: Yup.

FAUSKE: .....all right, what are we dealing with here. How much is going to go out. You know, you, the Board, to give us good direc- -- I mean, it's obvious you have to know -- you have to know what kind of money, you know, you have at your disposal.

BURNS: Okay. So let me end (ph) some discussion. I'll entertain a motion.

PARADY: Mr. Chairman, and Members of the Board, for discussion as I've listened to where my colleague, Mr. Halford, started this discussion off some half hour ago or 45 minutes ago and then to the back and forth and I appreciate -- I mean, this has been a deep dialogue we've had going.

So I'd like to offer some language that is certainly open for amendment, but I would like to move that subject to modification of Administration Order 271 as necessary, the Board directs the Staff of AGDC to further assess the components associated with Resolution number 2015-01. And develop a rough order

of magnitude cost estimate and impact to the schedule of the ASAP project.

What I'm trying to do there is open the door to the concern that's been expressed, but not obligate us to.....

BURNS: Future expense.

PARADY: .....expenses we're not prepared to deal with in this meeting.

BURNS: All right. So that's the motion. Is there is second?

CRUZ: I'll second.....

PASKVAN: I'll second it.

BURNS: All right. It's been moved and seconded. Any discussion? Hugh.

SHORT: I've got a tactical question. Is there any legal reason that we cannot move forward with the Resolution and the motion that was passed?

And back to the competitive -- the word that you've been using and others have been using competitive, is there any legal reason that we cannot move forward with reconfigured ASAP?

FAUSKE: The only legal reason would be -- and we've discussed earlier, was the interpretation of AO 271,.....

BURNS: Um-hum. (Affirmative)

FAUSKE: .....discretionary versus non-discretionary. I think we'll get that sorted out.

The competitive is a subjective debate. We have -- we can --.....

BURNS: (Simultaneous speech) two projects.....

FAUSKE: .....we, this Board has the right to do whatever they want and, you know, what I'm saying. Those that would be handled through negotiations, but there's certainly no legal impediment to -- I mean, I'm not a lawyer, but I -- I do know one and.....

GRAHAM: Two, three, four.

FAUSKE: I know several, Mr. Chairman.

VASSAR: Mr. Chairman, Members of the Board, for.....

BURNS: Give a smile, come on, Ken, smile.

VASSAR: .....for the first time in three attempts I'm going to introduce myself, Ken Vassar, general counsel.

I agree with Dan (ph). I believe that a modification of AO 271 is necessary, but apart from that I don't think there is any other legal impediment.

BURNS: Yeah, okay.

SHORT: I mean, from a -- just to follow-up on that. I mean, I'm sitting here trying to get up to speed as quickly as possible. And I feel like I have a beautiful date for the prom. All right. She's beautiful. I like her. She thinks -- seems to like

me. We've got a date. She's bought the dress, I think. I've rented the tux, but I also want to make sure that I go to the prom. And so I need to make sure that in case she's so beautiful maybe -- maybe she -- maybe she doesn't go with me, but I still make it to the prom. Okay.

(Simultaneous speech)

BURNS: So you're going to drive yourself, I got it. Okay. I knew there was a moral to this story. Holy cow.

FAUSKE: You need the keys to Dad's car, that's what you need,.....

BURNS: Yeah, that's right, that's right.

FAUSKE: .....as we all did (ph).

SHORT: Ken just gave me the keys because Dad said I could take the car, okay. So I'm trying to figure out there's no legal reason to not move forward with the reconfigured ASAP line that has more capacity. And there's legislation through HB 132 that would limit it to one Bcf -- one T- -- Bcf.

PARADY: Under consideration.

SHORT: Under consideration.....

BURNS: Under consideration.

SHORT: .....that's -- in the Legislature. So I'm just trying to get a lay of the landscape here. The language that we put together through 2015-01, as well

as the language that Commissioner Parady just read, provides a path forward for you to go out and explore this further utilizing the team that you have so that they don't disband.

RICHARDS: Correct.

FAUSKE: Correct.

SHORT: Okay.

BURNS: All right.

SHORT: That's just (simultaneous speech).....

FAUSKE: Just for one -- just two seconds.

BURNS: Yeah.

FAUSKE: When we were at the real peak of this, we had, I think, 110 people working in California.

RICHARDS: 130.

FAUSKE: 130 to give you an idea and we've scaled that way back, but it's -- it's a major operation and they were headquartered there and that's where the work came out of, but.....

RICHARDS: 200,000 person hours.

DRYGAS: What are we at now?

FAUSKE: Seven -- we're down to how many, 30 or.....

RICHARDS: A handful.....

FAUSKE: Yeah, it's.....

RICHARDS: We are -- we are down to probably 15 wrapping that up, plus the four that we have on retainer.

BURNS: Well,.....

FAUSKE: But they're prepared to.....

DRYGAS: Why California?

FAUSKE: .....continue. They've enjoyed the work.

CRUZ: 'Cause that's the only place you'll find them.

FAUSKE: We've got a great relationship with them, but, you know, it's just business. If we don't have something for them, they're going to utilize -- so we're open. We -- if we're -- to do the Board's work, you know, bidding, we're hoping that we can, you know, maintain that to expedite the schedule and get you the answers back sooner rather than later.

BURNS: Okay.

DRYGAS: Why California?

FAUSKE: It's mission -- what's the.....

RICHARDS: Well, Fluor is headquartered in California and their process engineers are located there, so in order for them to be able -- actually Fluor and WorleyParsons both have project offices down there. And so in this particular case Arctic Solutions is a Joint Venture between those two entities and they do the preponderance of the work on the North Slope for the oil producers in terms of process engineering. They've combined two offices in this -- and this particular project they headquartered it in their Aliso Viejo

office in California.

BURNS: All right.

FAUSKE: Do you want to say something?

BURNS: So -- Joe, did you have something to add to the motion, the underlying motion?

DUBLER: Mr. Chairman, just to add to the answer to Mr. Short about legal problems with the motion. I just want to ensure that you weren't talking about contractual.....

SHORT: Um-hum. (Affirmative)

DUBLER: .....because there are contractual issues with going above 500 and those are the con- -- some of the contracts we have with AKLNG if we go over 500, and I can't really go into too many details, but the gist of it is if we go over 500 the data we've received from AKLNG won't be able to be used on the ASAP project.

BURNS: Oh, I see what you're saying.

DUBLER: So that -- I mean, that's a contractual -- I just want to make sure the Board was aware of that, that when you said legal, that technically that isn't a legal issue, but that is a consequence of the action that the Board's contemplating.

FAUSKE: I'm glad you said something (ph).

CRUZ: That works both ways.

DUBLER: You're right, it does.

BURNS: Yeah. Yeah. And, you know -- I mean, honestly as

I understand the whole rationale here, ideally we don't get into this situation because it should be open sharing of the data. Unrestricted, open sharing of the data because it's a -- it truly ought to be a symbiotic relationship and so that would be really what we would urge that you, you know, continue.

I know, you've been beating those drums, but in the meantime, you know, Alaska is -- our Board is responsible for marshaling these two projects and we've done a dog gone good job to date of it and we're not going to deviate the focus. You know, we're advancing and we've committed lots of, you know, effort on the AKLNG and, you know, anything that is necessary we've tried to bend over backwards on that, but at the same time we've got to preserve the optionality on the ASAP.

And so, any further discussion on the motion? Okay. All in favor? If you would you take a roll call, please.

GRAHAM: John Burns?

BURNS: Yes.

GRAHAM: Dave Cruz?

CRUZ: Yes.

GRAHAM: Fred Parady?

PARADY: Yes.

GRAHAM: Heidi Drygas?

DRYGAS: Yes.

GRAHAM: Hugh Short?

SHORT: Yes.

GRAHAM: Rick Halford?

HALFORD: Yes.

GRAHAM: Joe Paskvan?

PASKVAN: Yes.

GRAHAM: Okay.

BURNS: All right.

GRAHAM: Unanimous.

BURNS: Okay. The next -- you guys want to take a break or do we want to.....

UNIDENTIFIED: Break.

BURNS: Take a five minute -- let's take a 10 minute break.

(Off record - 1:26 p.m.)

(On record - 1:44 p.m.)

BURNS: All right. We're back on record and we are on 9b, Project Update. Boy, we've been -- we've been slugging away for a lot of hours and we've got a lot left to go, so I apologize to everybody. It's taken a lot longer, but, you know, it's important that we have a real candid dialogue on these issues because it's -- you know, I mean, we just -- it's critical to the State.

Anyway, so 9b, Frank, you're still up. This is, kind of, the Frank show.

RICHARDS: Thank you, Mr. Chairman, I really appreciate that. I'm almost done. Some of these items we've talked in great detail. The facilities design specifically with Arctic Solution. They will be done and demobilizing their team and completing their work efforts by mid-April.

BURNS: Okay. You're specifically to reference -- to orient everybody you're in Tab 9b then, February 2015 activities?

RICHARDS: That is correct.

UNIDENTIFIED: This?

RICHARDS: That's correct, Mr. Chairman, page 1.

BURNS: Okay.

RICHARDS: What I define -- usually provide in an update of ASAP is the key functional areas of the project, so for instance, the first one is Facilities Design. That, again, is Arctic Solutions and they're work on the gas conditioning.

On the Pipeline Materials, this has to do with the testing of the pipe to make sure that it's meeting the design parameters. As I said earlier, the small scale testing is complete. We're now migrating on to the mid-scale testing. At the direction of the Board, we have put on hold the full scale testing until a future date.

Within the Civil work items we've been primarily working back and forth with our folks in environmental, regulatory and lands making sure that we've got good delineation for the Army Corps Section 404 permit.

And then also coordinating with the Department of Transportation and Public Facilities for use of the highway bridges. So the goal is to deal with utilize existing infrastructure to the maximum extent possible and we have been doing that through -- for instance, on the Yukon River bridge we'd applied for a utility permit because the issue on the Yukon River bridge was one concern on security related issues. So that's a process that we're now working with DOT, but also with the State Pipeline Coordinator's Office.

The Geotechnical Field Program, this is where we're drilling geotechnical holes to essentially assess the ground conditions. Work is underway today as we speak. We've completed the work in the Prudhoe Bay area with 31 additional holes in the gas conditioning site.

Doing 156 more holes on the North Slope. This is essentially delineating not only the centerline, but also in regards to work on materials sites because material for bedding and padding and work pad is going to be very important for the construction of this project.

I talked to you earlier about our pipeline design regarding geohazards and we have worked on a Fault Study that was now complete by the Geologic and Geophysical Survey, part of DNR. And we're also conducting joint workshops with AKLNG on liquefaction coordination with Alyeska Pipeline Service Company and our routing workshops.

And then for our waterways work we've identified new waterways designs for what we're -- what we call Revision 6.1 of our alignment which is the joint or common alignment with AKLNG.

So moving on to page 2 under Environmental, Regulatory and Lands we've been doing a tremendous amount of permitting for the borehole and winter field program and that's work that AGDC is doing for both work for ASAP, as well as work for AKLNG.

And we've been working with the Army Corps of Engineers and our third party contractor on our Supplemental Environmental Impact Statement, but I would like to point out that on March 2nd the Army Corps suspended work on they SEIS pending the outcome of the Legislative season because as Alaskans they read the newspaper.

They have seen the stories that are going back and forth between the Legislative and the Administration

and they were concerned that -- where ASAP was going to go and what it was going to become, so rather than continue the work, they identified that they would suspend it for two months pending the outcome of the Legislative process.

BURNS: So did you hear that directly from them?

RICHARDS: Yes.

FAUSKE: Yes.

BURNS: That's incredible. So essentially the politics that are going back and forth has stopped the SEIS process?

FAUSKE: Yes (ph).

RICHARDS: Mr. Chairman, part of the challenge that the regulatory world has is that they -- for ASAP we've been working with them and on the State side we have priority. On the Federal side they see this as a project, but there's also another project that they're also working on and that's AKLNG. So they wonder which project is real, which project is going forward.

FAUSKE: They're also balancing the use of their resources at this time and maybe a bit of an overreaction, but that's -- it is what it is.

BURNS: Okay.

FAUSKE: We have a great relationship with them and we'll -- that will get -- I think, as soon as some of the dust settles or -- we'll be right back in stride with them,

but that's the action they took.

BURNS: Okay. So they can put it back on? If.....

FAUSKE: Yes.

BURNS: .....there's a sense of a direction they can put it back on. Okay, good.

RICHARDS: Absolutely, Mr. Chairman.

CRUZ: Remember that's an arbitrary decisions they made.

BURNS: Um-hum. (Affirmative)

RICHARDS: So, again, with all the assets that we have gained within AGDC, we are putting in place a Content Management System which is essentially a commercial product to be able to do electronic document management, so that's all of our drawings, all of our files, all of our specifications that are coming in from our contractors as we've completed our Class 3 work. And then we are continuing to prioritize our ASAP Quality Program procedures and approval process.

And then in the Legislative world there have been a couple of Bills that were dropped last week. SB-70 was a Bill by the Administration seeking authorization for a natural gas pipeline through State park lands or Title 41 lands where those lands had been withdrawn from the public domain and we really need to be -- the State needs to have the authority by the Legislature to allow a natural gas pipeline to flow across those

lands.

There was a companion Bill that was also drafted by Representative Talerico and is now in House Resources with hearings starting next week. As we have two companion Bills that are out there ongoing, but both of which will benefit either project, ASAP or AKLNG because of our common alignment crossing those State park lands.

CRUZ: So -- you know, so, Frank, for the benefit of the new members explain what we're crossing in the State parks. This is going down the road right-of-way and where else?

RICHARDS: Well, we're actually crossing Denali State Park, about 38 miles of the park, so we're not actually in the road right-of-way. We're outside the road right-of-way and we're in many instances on the west side. And from our Public Hearings, that's where folks wanted us to be, but when the Legislature under House Bill 4 directed DNR to provide us a right-of-way, they provided us right-of-way on Title 38 lands which were in the public domain, but DNR didn't -- felt they didn't have the ability to provide a lease across Title 41 lands and so this will provide us that.

Besides Denali State Park, we are crossing Willow Creek recreational area. We are crossing -- or we

included in the language a description for Captain Cook State Park which is for the AKLNG route. So when AGDC represented to the Administration and to the Legislature, we combined the State lands that we saw that either project or both projects would need to be able to have the authority to do. So that work is ongoing and we continue those hearings.

BURNS: Okay.

RICHARDS: Moving on to Tab number C, Mr. Chairman, is a monthly update on the expenditures of the ASAP project. And as Dan reported in his President's Report one of the key matrix is the percent spend versus percent complete. So through the end of January we had spent 36 percent of the monies appropriated to AGDC for the ASAP project with the physical percent completion of 38 percent.

So since January 1 of 2013 on the totals line, the far right hand number is 110,714,156, that's the amount of money that we have spent essentially since passage of HB-4.

The bottom line in the tinier font the grand total of 159 million is essentially the money that AGDC has spent since the inception of House Bill 369 up through House Bill 4, so it's all the work that we've done to date representing a total.....

BURNS: During AHFC then. When AGDC was under the purview of AHFC?

RICHARDS: Yes, sir.

FAUSKE: Correct. 369, Mr. Chair, remember.....

BURNS: Right.

FAUSKE: .....when we wrote a report and did that work.....

RICHARDS: And that concludes my report, Mr. Chairman.

PARADY: Mr. Chairman?

BURNS: Yup.

PARADY: Mr. Chairman, Frank, I just want to open the door to a conversation later today about some of those right-of-way issues as to pertains to work I'm involved with in the context of the Cook Inlet gas supply to Fairbanks. I just want to chat about the lay of the land, so.....

RICHARDS: Be glad to.

BURNS: On record or off? It's not part of this.

PARADY: After the meeting.

BURNS: Yeah, okay, got it.

FAUSKE: Mr. Chairman?

BURNS: Yeah.

FAUSKE: You asked me to remind you, I was wondering if this might be an opportune time. Senator Halford had asked us a question yesterday on the work that was done in the past on a small diameter, eight inch, steel line

coming off, I believe, it's Pump Station 4 that would have supplied gas to Fairbanks. Mike Thompson worked on that project so I called Mike yesterday and asked him to prepare a brief statement to bring the Senator up to speed if -- with the Board's permission, Mike's here if we want to hear that information.

BURNS: It's not on the agenda, but if everybody would entertain, we'd go off script and let Mike come in.

FAUSKE: All right.

BURNS: Okay.

FAUSKE: Thank you. This should be quick, so we'll.....

THOMPSON: Yeah.

FAUSKE: Thank you, Mr. Chairman.

BURNS: Yeah. Go ahead, Mike, state your name for the record, please.

THOMPSON: Thank you, Mr. Chairman. Mike Thompson, I'm the ASAP Environmental, Regulatory and Land Manager and.....

FAUSKE: Mike, just give them some of your history, so -- I know that most of them probably know you.

THOMPSON: Yeah, I've been in Alaska all my life, lived in many different locations around the State mostly in areas associated with fisheries. I'm a fisheries biologist.

And in about 1991 I moved from Kodiak to Anchorage, joined the State Pipeline Coordinator's Office and from

about '91 until 2012, thereabouts, 2013 I worked in and out of that office, so a fair amount of experience on permitting and regulating pipelines.

And as part of that job, actually that's a good segue, when of the things we were looking at a few years ago and it was very high level, conceptual work, was the -- what was the opportunity to use the Trans Alaska Pipeline System fuel gasline which goes from Pump Station 1 to Pump 4, a distance of about 145 miles to extend that pipeline down into the Fairbanks area to provide gas there. And it was being eval- -- this project was being evaluated simultaneously with the LNG trucking project everybody probably remembers.

So what I did was I -- Dan asked me about that yesterday. I put these few bullets together just to describe the high level evaluation process we went through.

And we did determine that there was excess capacity in the pipeline itself. It's a 10 inch pipeline that's downsized to an eight inch pipeline at Milepost 21. There's a pig launcher receiver there, so there is excess capacity in the pipeline.

It supplies Pump Station 3 and Pump Station 4 and their peak loads are during the winder months as you can imagine. And so what we looked at was taking that

excess capacity and how do you deliver that to Fairbanks. And we landed on one compressor station which would be at the -- near the Chandalar DOT site just south of Atigun Pass. And taking the eight inch steel pipeline and extending that down into the Fairbanks area.

Some of the things we found were that during the peak winter use months we'd need storage in the Fairbanks area.

The pipeline itself was fairly expensive for an eight inch pipeline to run about 240 to 250 miles. In other words, the cost per mile of pipe related as a function of capacity seemed somewhat high when we were looking at a potential larger in diameter gas pipeline in the future. In other words, why would you invest in that if there's another larger pipeline coming at a later date.

And the other things that became apparent were that it's not a common carrier pipeline. It's considered an ancillary feature of the TAPS pipeline and, therefore, we didn't know how we would develop a tariff structure for that pipeline. What would be charged to ship the gas, so we never resoled that issue, but it was identified as an issue.

The other thing is, in working with Alyeska, Alyeska

was quite clear that their needs had to be met first if there was any pressure on the capacity itself. And that they may have had some future needs for that gas at Pump Station 5 where they were going to provide additional heat into the crude stream, so I think since then they've determined that they're going to use diesel and probably are actually heating the oil there, so those are some things we learned.

One of the key issues and we were under some timing constraints and the air permitting itself for the compressor station was going to take up to three years to do and that just really was difficult in trying to meet a schedule that we had.

So that's just a quick summary.

BURNS: Thanks. Rick.

HALFORD: The reason I asked the question was that when I heard what came out as a real Fairbanks demand it was so low that I thought it might be something to look back at. What was the capacity of a 10 inch line at the part that you're talking about?

THOMPSON: That I couldn't answer here today. So this -- this was put together just totally on memory. Those bullet -- I mean, the work was done three or four years ago, so.....

FAUSKE: Do you have any idea on that, Dave?

HAUGEN: No (ph).

FAUSKE: We'll get -- we'll get that answer. That's a good question.

THOMPSON: Well, what I would.....

HALFORD: (Simultaneous speech) question for -- I was just looking for an immediate response to a problem or a more immediate response than the other things we're talking about, that's all.

FAUSKE: If I could on that, we looked at it because -- and tell me if the work got done, but they did a bunch of work on that because frost heave keeps messing with that line. And we knew they were going in to work on it, so we explored well, why don't -- maybe there's an opportunity here while they're doing the work to talk about running it further down. It involved and -- you know, some of our funding, work with 'em, see if we couldn't get a line down and.....

THOMPSON: So -- you know, I don't want to minimize the work that was done. I mean, we met with DEC. We met with Alyeska Pipeline. Alyeska was very involved in these discussions. I'm not sure how supportive they were, but they didn't oppose the idea outright and those numbers were wrong. They actually modeled, you know, the hydraulics of the system and so I know that information is out there and available and it

might.....

FAUSKE: But we'll get it.

THOMPSON: .....be publicly available if we're go -- if we were to go to the State Pipeline Coordinator's Office.

FAUSKE: You know, the way things go, it still could be -- it could be viable again, you know. This thing.....

HALFORD: Yeah. I just wanted.....

FAUSKE: .....keeps morphing.

HALFORD: .....to look again.

FAUSKE: Yeah.

PASKVAN: Mr. Chairman?

BURNS: Yeah.

PASKVAN: My question along the line of Senator Halford's was not just capacity, but what the excess capacity was that you had determined existed, you know, so that we would.....

THOMPSON: No, and that was seasonally driven as you can imagine. In the summer months excess capacity was higher and how do you capture that, you know, through storage obviously.

And another idea that was floated, if we are going to build a larger diameter gas pipeline, let's build that south of Atigun.....

PASKVAN: Um-hum. (Affirmative)

THOMPSON: .....and, you know, 36 or whatever that is and then

we'll use this line. We'll actually pack the larger line. The larger line then becomes your storage, you know,.....

PASKVAN: Um-hum. (Affirmative)

THOMPSON: .....for Fairbanks area or other downstream users. So there were a lot of ideas that were being floated to try and economically bring this gas to Fairbanks and we just couldn't get it quite to work at that time anyway.

BURNS: Fred.

PARADY: Mr. Chairman, Members of the Board, and Mr. Halford, I'd like to offer that the AIDEA project team lead on this project is Bob Shevik (ph) and I'll take this communication to him and just fold it into the discussions that are hard work. They're -- it's well beyond discussions that are ongoing on this effort.

FAUSKE: That's a good idea, thank you. All right. Thank you,.....

BURNS: Good. All right. Thanks, Mike.

FAUSKE: .....Mike. Any.....

BURNS: I'm good (ph).

FAUSKE: Mr. Chairman, again, thanks for letting us get that in there.

BURNS: No, absolutely, appreciate it. Joe, AKLNG. Joe, Fritz, come on up, thanks. So this is item 10 in your packet.

KRUSEN: Okay. Ready to begin. So I think we're on Tab 9 and Section A of Tab 9. I'm just opening that up.

BURNS: I think we're on Tab 10A.

KRUSEN: Ten. Oh, 10, I'm sorry, Tab 10, there we are. 10, Section A, so I'm going to talk about the Alaska LNG technical activities in the month of February. You call got, kind of, caught up earlier on what we did last year.

I think you've heard a lot already about the AKLNG/AGDC cooperation and interface. Frank described how AGDC is doing the boreholes for both AKLNG and ASAP along the northern bit of the line, the southern bit of lone along Cook Inlet, so won't go over that.

And then, I think, Frank touched upon the fact that AGDC is responsible for offtake facility design for both projects, so we're working that and they're pretty far along on the ASAP version which is a bit of a leaner gas. And then once we get that done, we're going to plug in something to take care of the AKLNG richer gas, so we'll know more about that in a couple of weeks.

AKLNG is divided into sub-projects, so it's a massive project and the first sub-project as we go from north to south is the gas treatment plant, what's happening at Prudhoe Bay Unit to make it ready for

AKLNG and what's happening at Point Thomson Unit to make it ready to export gas.

Really the news there is that for the gas treatment plant there was a design review held last month where the experts, the gas treating experts, the Aiming experts from the three producers Exxon Mobil, BP and ConocoPhillips got together and really augured in on some of the details of the Aiming system design that they're going to do, so that was a good session.

Pipeline also held what's a CoV, Co-Venture workshop where everybody is invited. Frank and I and another person from AGDC went to that. Results from there, a little bit analogous to what you heard on ASAP. They've decided to lock in on the X70 grade of pipe and use a .72 design factor for the strain based portions of the route. That is, the parts of the route that are in discontinuous permafrost or in, sort of, slumping soils, that kind of thing.

They presented their work where they, sort of, (indiscernible) a little closer on pipeline capacity. They, kind of, had this notion at the start of Pre-FEED that the 42 inch line operating ANSI 900, 2075 maximum pressure with eight compression stations was the right way to do, but they looked at alternatives and they came out of that, once again, feeling that for the

AKLNG project that 42 inch ANSI 900, eight compressor stations is the right pick for them.

With that said it's not out of consideration that you would do a 48 inch. The State has some interest in -- in fact we're obligated to look at 48 inch and so we've asked that they try to keep alive any optionality for 48 inch so that can go into the Resource Reports if it comes to past that, that's what everybody lands on instead of 42, but meanwhile the work continues, the engineering work continues on the 42 inch case.

We talked a little bit about the Cook Inlet Crossing. There's an eastern crossing, kind of, up by Point Mac and there's a western crossing that begins a little bit west of the Village of Tyonek and then comes into the Kenai Peninsula at the Boulder Point.

And looking to routes, there was just, boy, that whole Point Mac looked a little messy so we came to the conclusion that we'll focus on the western route, the Tyonek to Boulder Point. And that's where we'll do the sensing and then the boreholes and stuff like that, the offshore boreholes for the summer 2015 program and will just keep the eastern route alive as an option in the permit request and that's saving money, so.....

BURNS: Fritz, Hugh has a question.

KRUSEN: Yes.

SHORT: Fritz, could you explain the messiness of Point MacKenzie then?

KRUSEN: Yes, several things going on there. It would appear that the bottom conditions are not stable, so there was some bathymetry work done five years ago. They did some last summer and there -- boy, it looks like things have moved around. So it looks like there is a lot shifting sands at the bottom up there. Whereas we don't see that same feature for the western route, much more stable.

There's also just a lot of things happening up there. There's, sort of -- if you will, it's almost like an offshore version of an on shore pipeline pinch point. So you've got the fiber optic cables coming in. You've got the -- what do you call it, the --.....

CRUZ: Chugach's power.

KRUSEN: .....the fairway into the Port of Anchorage and some other things going on. Oh, you've got the power cable, so what -- how do you anchor your pipe lay (ph) vessel with all this stuff going on and that was a big concern, too. How do you anchor a pipe lay vessel and move it down without breaking something.

SHORT: Has the Beluga issue been contemplated, discussed?

KRUSEN: Yes, yes. And both routes will, sort of, trigger considerations, but, you know, on think on the map.....

(Telephone interference)

BURNS: Anyway, if you're on the phone if you could, please, mute your phones, please.

KRUSEN: So yes, both -- both areas will trigger investigations into the Beluga situation. However, I think it's generally acknowledged that the upper bit is more serious then the western bit.

SHORT: And that was taken into consideration.....

KRUSEN: Yes.

SHORT: .....in your decision?

KRUSEN: Yes. Yes. And then our favorite acronym, PHMSA, Pipeline and Hazardous Materials Safety Administration, when you do things like do a pipeline to a strain based design, something that's different than what they do in the Lower 48, you have to get a special permit.

One of the conditions of that special permit was it has to be renewed every five years, so the AKLNG project team met with PHMSA and got them to say okay, we're not going to force that upon you, so that was a good thing. That's progress. It's nice to have your permit in place and not to know that five years later somebody could change the rules of the road.

Moving down to the LNG plant, we, the Project Steering Committee folk, haven't seen a lot of the results yet. They've been working hard, sort of,

churning doing their project team stuff. We will be exposed to their work for the first time next week, so I'll be going down and some others will be going down to participate in the -- as LNG presents their workshops.

Marine, they also held a workshop in February and a lot of things discussed there, but maybe the most interesting thing is the jetty locations. They will have two jetty lo- -- two jettys.

As you go, sort of, from the Kenai River -- gosh, which direction is -- I guess, north. Yes, north, you come to the LNG -- the AKLNG plant site and then to the Agrium jetty, the existing ConocoPhillips LNG jetty and then the Tesoro KPL jetty.

And so you get -- the closer you -- the further you are away from the mouth of the Kenai River and the closer you get to that Agrium jetty, the sooner you're into deep water and that's good.

But the problem is that if Agrium goes back into operations, there have some times been ships that got away from their jetty, so until we get all that figured out we're actually going to be as far south as we can, that will be the reference case. And then we'll, sort of, hold this optimistic upside case of being close to the Agrium jetty if we're able to work things out.

So those are the four sub-projects, but there's a team called the Integration Team that, sort of, is the glue that holds everything together. So I think -- I think we talked a little bit about the Pre-FEED master schedule. It's been reissued. I don't know if it's official yet, but it's awful close to official.

So -- I mean, they had a schedule going in, but as you heard the JVA got signed late, project team got stood up late, contractors kicked off late, so contractor said, you know, get all your schedules together. We'll integrate them and the bottom line is that the milestone for making a decision going into Pre-FEED has shifted to the right by three months from March 1st, 2016 to June 1st. Now, that's just a diamond on the map. There's actually a band around it when you make the decision, but that's the milestone.

And there's a lot of things that went into that, but basically it's a recognition that with the late start, lots to do, LNG is going to take another month. The task of integrating all the sub-projects is going to take another month and then just a recognition that a lot of this is going to be happening over the 2015 to 2016 winter holidays and that's going to slow things down, so there's a lot more going on than that, but that's, sort of, the short version.

We talk about what a big engineering project is and I think as Mr. Cruz said, but it's also a huge permitting project for ASAP, ditto for AKLNG, but as I mentioned before the first draft of Resource Reports 1 through 12 which are required for the FERC EIS methodology, those went in, in February.

There's going to be a second draft once we're done with all the Pre-FEED stuff. All those results go into the second draft and that will be February of 2016. And then good news from that submittal FERC have already issued their Notice of Intent to start work on the AKLNG Environmental Impact Statement, that was -- that's March business, but we thought that was so important that we wanted to get it into this.

And comments on that, Joe?

DUBLER: No, no (ph).

KRUSEN: Yup. So anyway it's a big -- once again, it is a sign that the Federal Government is taking this project seriously. So, you know, when you think about how quickly they granted the DOE, granted the Fair Trade Agreement countries export license, when you think about how quickly FERC turned this around, we think that's a positive sign.

So, you know, normally I speed through this stuff pretty fast and I realize that we've got some new folks

here, so I just -- you know, can I ask this with any -- answering any questions on AKLNG?

BURNS: Anybody any questions on AKLNG?

PASKVAN: Just.....

BURNS: Yeah.

PASKVAN: I mean, it's -- as far as countries under the Free Trade Agreement,.....

KRUSEN: Yeah.

PASKVAN: .....I assume India is still one of those and that's a.....

KRUSEN: I don't know about -- I think India might be and, you know, it could be a target. I think South Korea is.....

DUBLER: South Korea is.

KRUSEN: .....and -- and I don't know about India though.

DUBLER: Japan is not. I know South Korea is and Japan is not.

KRUSEN: Yes.

DUBLER: I do not know about India.

KRUSEN: Yeah.

FAUSKE: On that, did you -- are you talking about the pipe? Some -- when we ordered the pipe that you referenced earlier Japan is not.....

KRUSEN: Right (ph).

FAUSKE: .....and so when we're done testing the pipe it has

to be destroyed under the terms of the Free Trade.....

DUBLER: Or we day large duty.

FAUSKE: Yeah. In other words, you have to destroy the pipe. You can't cut it up into little -- it has to be destroyed. Just a little tidbit you'd find handy in your.....

PASKVAN: Well, I didn't know we are -- my question was going to lead us down this path, but, I mean, I guess that's.....

KRUSEN: But, yeah, South Korea is the only one I know of, maybe India. Unfortunately, you know, the other folks that we'd like to talk to that's yet to come.

PASKVAN: And what is the process that this Board needs to understand about getting.....

KRUSEN: I'll have to get.....

PASKVAN: .....those people in line so that we can talk to them?

KRUSEN: I'll have to get you -- get back to you. I know that Senator Murkowski is trying to get after the DOE on this and keep them -- I did see a press release on that.

DUBLER: And just for clarification, that will be an issue for whoever is marketing the gas. And at this point in the project it hasn't been determined whether that will be AGDC, whether the State Department of Natural

Resources will market the gas since they're technically the owner, technically they are the owner of any gas that would come through this project or whether they would assign that to the producers for the producers to market the gas on their behalf.

So -- and that determination hasn't been made, but whoever ends up doing it would be concerned with what countries they could market it to.

BURNS: Any other questions? Okay, great. The next item is on b.

DUBLER: Mr. Chairman, the budget numbers you have in front of you are actually budget versus actual comparisons. There's three columns. The first set of -- actually there's nine columns. The first set of columns of numbers are the Prior Cumulative. Those were the numbers through December of 2014.

The current month of January, 2015 we had a budget for LNG facilities and, again, we're back to -- all we're showing is LNG and Marine which is the only portion of the project that AGDC participates. LNG facilities had a budget for January of $1.5 million and change and the actual was $1,013,000 for a $500,000 variance.

The marine facilities also had a positive variance. And I noticed when -- and I believe it was -- Bruce was

earlier discussing variances on the project and under spending on a project is generally considered a positive variance, that's only if it's not significantly underspending because that means you're not getting enough work done.

I mean, so you want to be close to a budget. You want to be hitting your targets 'cause otherwise like Fritz said earlier, we got a little bit of a slow start on the project and you can see with the year to date actuals, we have a $5 million underspend so far to date. That means we're not doing nearly as much work as we had intended to and we are catch- -- we are catching up though, I will say that.

There -- the numbers coming in February and March are looking better. They're spending more money. They've got more people on board and they're getting more things done.

So the overall participating interest for AGDC for January, we had $2.24 million budget and 1.63, so we're about 50 percent under budget for January.

And the year to date actual we're a little bit lower than that, 12.7 budget and we've spent 7.6 with a variance of 5.1.

The numbers down below are the Corporate expenditures and Bruce talked about those earlier as

well. The operating budget and the CAM, is the Corporate Allocation Method is the acronym they came up with, and that was a method that was approved by the Board of Directors to allocate things like the computer system, the phone system, the -- you know, the overhead, the accountants, that kind of -- and actually Bruce, I think, is in there, too. He's, kind of, overhead, but allocate all of those kinds of costs, G&A basically.

So what -- and what it does, Bruce talk -- I mean, Bruce, it was 85/15 ASAP and AKLNG. And the reason for that is that most of the Staff and contractors we've got in this building work on ASAP.

AKLNG dedicated employees Fritz, I think, Jenny (ph) is and part of my time, part of Daryl's time, part of the Commercial Team's time and then some SMEs or subject matters experts from the Technical Team work on AKLNG as well, but the whole rest of the Staff are either Admin Overhead or they are ASAP.

So that's why -- it sounds like a big difference, 85 to 15, but it has to do with the amount of money that comes through here and the amount of people, so that's why that number may seem out of whack to you, but the budget to date for AGDC corporate expenditures $4.7 million total. Yeah to date actual 2.9 with a variance

of 1.7, so those are lower as well.

And with that, Mr. Chairman, if you have any questions I'd be happy to address them.

BURNS: Fred.

PARADY: Mr. Chairman, and I might direct this either to you or to our President, but if you do percentages on those numbers, the project expenditures year to date are at 60 percent of budget. The Corporate are at 62. The total's 60. The monthly Corporate -- or, excuse me, monthly project are at 52 percent and the monthly Corporate are at 63. So we're popping along at a slow -- I'm speaking to your point that we're popping along at a slow rate of activity and I just would like some discussion about that rate compared to our overall goals in terms of alignment, et cetera 'cause, you're right, that's an opportunity cost here (ph). Times a wasting (ph) and in -- in some respects depending on what you're trying to do with time.

FAUSKE: If I may on that and I know Joe can add, but in the work on the AKLNG side I'm part of what's known as the Sponsor's Group, that's the presidents on down.

PARADY: That's the big overhead.

FAUSKE: Yeah. Well, yeah.

PARADY: I'm sorry, I should have restrained myself. I hope.....

FAUSKE: I pale -- I pale in.....

PARADY: .....that was taken in good fun.

FAUSKE: .....comparisons to some those guys. The work -- we spend an awful lot of time -- and I'm going to say this in a complimentary manner, these are three corporations, TransCanada being, kind of, a separate entity. When we gather and we meet it is not always -- it's -- it's time consuming and there's a lot of decisions that take a great deal of time to make which does have an affect, in my opinion, on expenditure levels and the amount of work getting done.

There is still an unbelievable amount of work to be done in regards to the gas balancing, governance, commercial terms and a variety of issues. And so that is part of the explanation and I think that's an accurate one and Joe -- it's just things -- things that you think are going to go lickety-split get hung up because corporates are fighting over who's the L one, the lead or who answers to who, what piece of that goes, but I -- it's getting better. You know, they're -- I mean, we're spending money. You know, they -- you know -- but it could be getter I would think and.....

DUBLER: We had expected to kick off the effort earlier in 2014 than actually happened. It didn't really get going until July 1 of 2014, so we did miss part of 2014

summer field season.

What that means is that instead of a normal ramp up like this and then some work and then a ramp down, it was more like this and then ramping up fast and spending more fast and then it's going to drop faster.

So, I mean, we're in the phase right, and Fritz, correct me if I'm wrong, but all the major contractors have been named. They have all staffed up and they're all working full time on their component -- their particular components of the project and they still expect -- I don't think any of the end dates have shifted, have they? They're just going to get more. I mean, they haven't pushed any.....

KRUSEN: LNG did shift a month. Everything else.....

DUBLER: A month, okay.

KRUSEN: Yeah, yeah. So and I would just say from the Technical side we are at pace. We're beginning to get confidence in the burn rate that we're seeing. You know, I think next month we can say this is the monthly burn rate and just be -- you know, feeling real good about that.

At the same time with the $50 barrel oil, we're all trying to figure out ways we can reduce the costs of the AKLNG project spend and so there are deliberate steps taken to move out scope -- or remove scope if you

really don't need it so the Cook Inlet east crossing versus west crossing, well, come on guys, let's do our homework now and see if we can maybe not do twice a much field work. So yes, we're going to run a little longer, three months, but we're trying to take scope out to bring the burn rate down.

BURNS: Um-hum. Let me -- do you have another follow-up?

PARADY: No, sir.

BURNS: You know, if you look at our -- from the ASAP -- at what we have required you guys to do on the ASAP, there's a percent spent versus percent completion. That's not in this one. And, I think, it would be beneficial to know that the money that's being spent, how that tally's to the completion -- the project completion. And I think it would be very helpful to have something similar to what's on 9c because I -- these numbers are meaningless to me.

PARADY: Um-hum, 'cause you can't orient them (ph).

FAUSKE: Let's just go back,.....

BURNS: Yeah.

FAUSKE: .....if I may, Mr. Chairman, to what I said this morning on the corporate scorecard -- the scorecard.

DUBLER: Yes, yes, that's exactly what it is.

FAUSKE: Well, that data is not supplied and so.....

KRUSEN: We do in the monthly report get to see the spend co

(ph) and how it's doing against the target and they're supposed to put a new -- you know, reduced target on it, so we can -- we can see a tracking, but thus far that, you know, translated into 35 percent actual versus 37 percent planned or something, that hasn't been done. I can certainly ask.....

FAUSKE: We will work on getting that.

DUBLER: Well, no, what he's asking about he -- what you're talking about are both financial numbers.

KRUSEN: Yes.

DUBLER: He's talking about percentage complete number versus percentage spent numbers.....

KRUSEN: Oh.

DUBLER: .....to show you a ratio. Basically a -- what do they call it. A earned -- earned.....

KRUSEN: Yeah, earned value.....

DUBLER: Yeah, earned value, that's what it is. So you can say are we -- have.....

BURNS: Because we spent a lot of time in developing.....

DUBLER: Yes.

BURNS: .....the charts that's on 9c and it has value. I mean, we know.....

DUBLER: Yes.

BURNS: .....you know, it's performance management.

DUBLER: Yes.

BURNS: And it's great that you guys are -- maybe it's bad. It sounds like that you guys are underspending on the AKLNG, but you may be way over spending in comparison to -- to.....

DUBLER: To the work that's being done,.....

BURNS: .....get it completed (ph).

DUBLER: .....that's correct. And, Mr. Chairman,.....

BURNS: And -- and I -- yeah.....

DUBLER: .....we have asked them about that in Pre-FEED, but the response I got was Pre-FEED they don't do that. In FEED and EPC (ph) they do. It's the part of the project that they're in right now, they typically don't do percentage complete of work. We can ask again and see if they -- if they.....

BURNS: See what we can do. You know, why that would also be of benefit because this -- for the first time I've seen a slip of three months. You know, I've never seen a slip prior to that and there's a slip of three months and I think it helps us to evaluate things in context. You know, if we see where the spend rate is compared to completion rate, that sort of think.

Anyway, I guess, my only -- my desire is if you guys could mirror the one similar to this one and if that -- if the Boards.....

SHORT: No, I agree.

PARADY: Yeah.

BURNS: Okay.

PARADY: I agree.

BURNS: Yeah, okay.

PARADY: Sign us up.

BURNS: Sign -- anything else on AKLNG financials?

DUBLER: None from me, Mr. Chairman.

BURNS: Anything further on AKLNG?

DUBLER: (Shakes head in the negative)

BURNS: The next item was a -- we were hoping to have a representative from DNR. And I guess what I would suggest, Dan -- I mean, and leave it to the Board to see if they're in line with this, I would like there to be a standing invitation to DNR, DOR and to AKLNG, you know, Steve Butts. It's my understanding that Steve is, kind of, the lead on the AKLNG side of it. And, you know, to have them, you know, be participants and attend the AGDC, so we can have those candid dialogues and make sure that there are any questions or concerns that they have. I'm assuming that you've already been inviting.

FAUSKE: Marty is out.....

GRAHAM: She's in Juneau.

FAUSKE: She's in Juneau testifying. We were even going to try and attempt -- I think she's testifying, to try to

set up a call and it just got too complicated, but yeah, she's.....

BURNS: You know, the other thing, it harkens back to the prior Administration, I understood that DOR was tasked with doing the research to determine whether or not Alaskans could invest in the gas pipeline. And, I mean, I see Bruce -- Bruce, if you want to comment on that. What is the status of that evaluation?

TANGEMAN: So that is called the Lazard Report. That's a company that came on to study just that part. They've rolled out their preliminary report, presented it to the Legislature in late January. A lot of it is 101 type financing issues. They're due to roll out the final report in October of this year and part of that --.....

BURNS: What were the preliminary.....

TANGEMAN: .....part of that operating expenditure is under AKLNG that Joe is speaking to is being fund- -- it's a two and a half million dollar study that is being funded through us from that fund.

FAUSKE: We were -- this is a -- goes back to a House Finance meeting. I had the question of me. Other times I did some work years ago for Governor Hickel on the idea of creating a fund back in the days when the State didn't have -- you know, and how could we raise money. And so

it was a specific request of us that we include in our analysis, when we get to the financing stage, the ability to create a mutual fund or some type of -- some type of instrument that Alaskan citizens could use to invest in the fund.

And when you look at it if you -- let's say, AKLNG goes and you've got this fund that's going to pay a return on equity of probably 11 to 13 percent, I know many will go well that -- I'm in. Your -- your partners are BP, Exxon, ConocoPhillips, TransCanada and Alaska -- the State of Alaska that has the makings of the creation of a pretty unique fund.

The theory being that people could say I want to -- I'm just -- I don't want to, you know, just get -- just a theory. People could say well, I want for the next 10 years take my permanent fund. I want to roll it into that mutual fund with a guaranteed rate of return and then we know -- that was discussed openly at a House Finance and even a Senate Finance 'cause they Alaskans to have the opportunity to invest. And then through financial firms and others would be to create -- well, we've met with several banks and the idea of be thinking down the road of how to create.....

BURNS: So that's -- that's ongoing?

FAUSKE: That's ongoing.

TANGEMAN: And I -- and.....

BURNS: Okay. And that applies to both projects I'm assuming. I mean, the principle is the same I would imagine.

FAUSKE: Absolutely.

TANGEMAN: And I think the initial report that Lazard rolled out was more of a 101 general look and I think they got a lot of feedback, especially in the committees they were in that were more geared towards that type of how Alaska wants to treat this, so I think that's some of the takeaways they took out of this and will be rolled into the October final report.

BURNS: Okay, great.

FAUSKE: So that's ongoing.

DRYGAS: Can you send the Board Members a copy of that.

TANGEMAN: Absolutely.

DRYGAS: Thanks.

TANGEMAN: Um-hum. (Affirmative)

BURNS: Good. So we are at the end of New Business. Is there anything for discussion in Executive Session? Don't see any.

Other Matters to Come Before the Board. The only matter that I am aware of is committee assignments and rather than me do the assignments unilaterally, there are three committees.

GRAHAM: Four.

BURNS: Four committees. We've got -- just read through them if you would. Governance, we've got Governance. We've got what Dave refers.....

GRAHAM: Commercial.

BURNS: .....to as the Tech Commercial, the Commercial and the Audit, okay, and those are the four. And we are, because we are subject to the Opens Meeting Act, limited to three Board Members on each of those committees.

And so what I would appreciate if you would do is to shoot me an e-mail as to which committee you would like to be on and then I will call and talk about it because some may have more strength in Commercial even through they may want to work on the Tech side of it. I mean, we want to -- we'd really like to get the maximum benefit of your expertise in the appropriate committees.

PARADY: Mr. Chairman?

BURNS: Yeah.

PARADY: Might I ask Gwen that she e-mail us that detailed list and who's where so that we can.....

GRAHAM: No problem.

PARADY: .....respond to her?

GRAHAM: Um-hum. (Affirmative)

BURNS: Okay.

PARADY: To you through her.

BURNS: Yeah. Now, that will just list the four that are currently on it.

GRAHAM: Um-hum. (Affirmative)

BURNS: Okay, good. So the three new ones.....

GRAHAM: Yes.

BURNS: .....if you can just let us know. And we can shuffle assignments around, too. I mean, if -- you don't necessarily have to be (indiscernible).....

PASKVAN: Are we.....

BURNS: Yeah.

PASKVAN: .....picking two committees or.....

BURNS: Yeah.

PASKVAN: .....just -- okay.

BURNS: Well, you know, some people can -- because Tech Committee is very intense, okay. And -- and -- I mean, you're -- there's the task master right there.

CRUZ: Ouch.

GRAHAM: Three or four hours at a time.

BURNS: Other committees, you know, get canceled and he just drives 'em hard, but you can see the results of it and so that's a -- that's a very labor intensive committee. And the Commercial Committee, kind of, ebbs and flows. There will be a lot of flow as we move forward here.

The Governance Committee, we're getting pretty well situated with all the governance documents, but we essentially started from ground zero. We've got to work on -- I think, Miles, we still have the Communication Policy that we need to develop. And there are -- there are a couple others.

FAUSKE: (Indiscernible) Governance.....

TANGEMAN: Yeah, (ph) level two policies.....

FAUSKE: Level two policies and we can work -- that's ongoing, but when we get everybody up and running here that will help and we'll get that done, John.

BURNS: Okay.

CRUZ: And one thing I want to add to the committees, you need to be present at the committee. Do not call in because it's just disruptive to the flow of our work, so.....

BURNS: And the Committees generally are the day before.

CRUZ: Right, so we try -- we try -- you know.....

BURNS: But they'll be -- you know, I mean, the Tech Committee is many hours. Governance -- I mean, the Financial Committee, you know, like I said, that ebbs and flows, but you know, it's two and three hours.

FAUSKE: Mr. Chair, I think for the members, I think this would be an area that you'll enjoy in reference to some of the experts we have. You really get down in the

weeds. I mean, they -- you know, we cover a lot here, but you can -- you can really get down and meet the folks that are making sense out of the madness, if you will, but they're why it's designed this way, why it does that.

BURNS: And the other thing is, you know, as a Board we just can't know it all and so we are critically dependent on those committees to delve into the details and then to report back because we've got the fiduciary responsibility. And as great as the Staff is, you know, we've got to also -- you know, it's a series of checks and balances and so we rely on the Board Members.

Now, you know, we still have to get through this issue of the confidentiality agreements in the context of the Committees. And, you know, we're -- I'll work with Ken on that because there are only two Board Members who have signed confidentiality agreements and a lot of the data that is discussed in these, like in the Tech and the Commercial Committees, is subject to confidentiality agreements, so -- yeah.

PARADY: Mr. Chairman, I had being going to bring that subject up under Other Matters to Come Properly Before the Board. It was my understanding that Mr. Vassar and Mr. Juday were revisiting those confidentiality

agreements to consider what modifications might be appropriate such that we can have some further discussion at the Board level and in our respective roles, if you will, as to what we can sign or what's necessary to be signed.

I would like for those confidentiality agre- -- I understand the need for confidentiality, so does the Governor, but it's to be as limited as possible.

And then I also wanted to offer -- I offered extensive commentary to the Governance documents as they currently exist, but on a conceptual level for just the joy of discussion and dialogue as we get in the harness with each other, I think it would be interesting to consider not a confidenti- -- in addition to a confidentiality policy, a transparency policy.

The hallmark of this Administration is transparency and to the degree we can establish the criteria we intend to govern around transparency, it's the flip side of the confidentiality coin and I just think it leads to an interesting discussion at the Board level. Again, responsive to your thought about our fiduciary duties and our responsibilities to supervise this operation.

BURNS: Okay. Ken, can I impose on you to, kind of, give

the overview as to where you and Jerry landed relative to the series of questions that were asked regarding the confidentiality agreement because what we're -- in the committee assignments that are going to happen and you're aware of those committees and some of the comm-- you know, two of the committees specifically are dealing with often very confidential information particularly when we are asking contractors to put low (ph) numbers, you know, these sorts of things.

And so, you know, if a Board Member is participating in that committee, okay, without a CA, okay, there is no Board Meeting and so there's no Executive Session that applies to that Committee.

VASSAR: Right.

BURNS: Now, we can deal with the confidentiality in the context of an Executive Session at the Board level, but that doesn't help us at the committee level, so where did you guys land on giving us a road map forward?

VASSAR: If I could, Mr. Chairman, Members of the Board, just a couple of things about the Committees. First, because it does feed into this, but two things especially for the new members of the Board. We've been through this before.

The committees are sized at three members or less because, as the Chairman says, if -- whenever four of

-- four of you are together that's a meeting and the public is entitled to participate in that meeting, so the committee meetings -- the committees are set at three members. That makes it not a meeting. It's not subject to the Open Meeting Act and you can talk about anything you want.

We have had on a previous occasion, in all innocence, a Board Member who felt like rotating around and listening into meetings even though they weren't a member of the meeting and when that happens now you've got four in a room and it's a meeting, so please keep it to three or less.

Also committees cannot take action. The committees are for the purpose of gathering information. If the committee takes an action such as, for example, telling Staff to conduct some kind of study or some other action, now that's a meeting. As long as you -- the committees cannot take actions. You can report back to the Board. Committees cannot take actions.

On the issue of confidentiality as Mr. Parady has -- Commissioner Parady has alluded, in essence what the letter that we've put together suggests is that the Board should consider a regulation going forward or at least a policy that, number one, identifies the kinds of information that we need to keep confidential. And

the -- up until this point the default position has been that all of our information is confidential and we only make it public through some deliberate action.

What we're proposing which, I think, is consistent with the Governor's desire for transparency is that the Board would consider a regulation or a policy that would say -- that would define what kinds of information need to be kept confidential and then the default would be that everything else would be available to the public.

We are aware that the Board Members are not planning to sign the confidentiality agreements and, again, in the past we've used confidentiality agreements for one of two reasons; either to protect the information that AGDC has gathered or because we have to have confidentiality agreements to protect the information that other people have given to us.

Commissioner Parady.

PARADY: Yeah, Mr. Chairman, and I apologize to interrupt, but I want to correct a mis-impression you just stated. I would not say that I'm not intending to sign a confidentiality agreement. I am awaiting the work necessary to narrow that confidentiality agreement sufficiently that I can sign it. It's a view of the Administration that those agreements are overly broad.

Now, I don't know that we can get to a middle ground that suffices, but I'm intensely interested in that work and reaching a reasonable balance of the peoples' interest and the projects' interests, but under the proprietary nature of confidential information, I -- that's reasonably acceptable, we just have to work out some of these different perspectives, but I -- it's not that I don't in- -- or any of us don't intend to sign it. It's that it's -- in its current form it's not workable.

BURNS: Now, let me make sure that I understand this because that's a different paradigm than what we had all been operating under. The prior paradigm, and I think you guys as the lawyers who have been looking at this, was that there was not going to be a CA. So if it's a matter of narrowing.....

PARADY: (Simultaneous speech).....

BURNS: .....the CA -- if it's a matter of narrowing the CA, that puts us down to a different -- that moves us in a different direction and so I think we need to get some clarity on that.

PARADY: The understanding I had, Mr. Chairman, and with all due respect, was that the confidentiality agreement in its current form was not signable from my perspective, but I think there's room for discussion of an

appropriate balance there. And it may not be in a place that's acceptable to our partners. I'm not sure how that resolves itself,.....

BURNS: Right.

PARADY: .....but I believe it's open to further work, hard work. And I would like to ask my colleague, Mr. Short, who has substantial experience in this area given his financial industry experience just for his thoughts.

SHORT: I was going to say it's not a paradigm, it's a parody.

BURNS: Yeah, it is a parody.

SHORT: No, bad joke.

BURNS: Parody.

SHORT: So I believe that I think it's going to be very difficult -- and it's my personal opinion, that it's going to be very difficult to navigate AKLNG and ASAP without some sort of confidentiality agreement in place.

BURNS: Yeah.

SHORT: Now, how that takes form and how that looks through the drafting and development of it is very important. I think it bears a longer discussion at the Board level and probably some direction and some work for our general counsel to embark.

Now, again, that's my personal opinion. I think

that -- I think it's an area that we need to address. I do -- I am interested in what -- executive sessions, how those can substitute CAs in conversations and how those can be used as another tool along side a CA, so those are my comments.

BURNS: Okay. So just parking the question for a moment. I mean, what I'd like to -- I'd like to request that the two -- our AKLNG attorney and our ASAP attorney to do is look at the existing CA because we cannot -- I understand that you haven't looked at it to see if it can be somehow re-crafted at this juncture, is that correct?

DRYGAS: I'm.....

VASSAR: It can -- it can be re-crafted, although the difference --.....

BURNS: I'd ask you to do that.

VASSAR: .....the difference be-.....

BURNS: I mean, subject to the will of the Board, if that's -- if that truly is an option that we ought to look at.....

VASSAR: The difference between.....

BURNS: .....potentially crafting.....

VASSAR: .....what I was suggesting and what Commissioner Parady said is very minimal. It's a very thin difference. In each case it comes down to how do you

want us to define what's confidential, that's the issue.

BURNS: Um-hum. (Affirmative)

VASSAR: That's the key factor.

BURNS: Um-hum. (Affirmative)

VASSAR: Once we have an idea of what it is you want to keep confidential then we will work a confidentiality agreement to fit that. I'm not sure that the existing one wouldn't fit that. If we have a definition of what's confidential, the confidentiality agreement only requires you to keep confidential what's confidential.

BURNS: Um-hum. (Affirmative)

FAUSKE: But if I may, we don't always get to determine what's confidential.

VASSAR: Well, this gets.....

FAUSKE: Some other company comes and says this is confidential.

VASSAR: And that would be part of our definition.

FAUSKE: All right.

DRYGAS: I'd suggest, and what I had understood, is that the CA was to be discussed by general counsel and the Attorney General because I think that would be the best way to proceed.

BURNS: Which is what we got. The AKLNG is the AG's office.

DRYGAS: Well, I guess I realize that. I was actually hoping

that the Attorney General would be involved himself. And I had actually hoped that, that would have happened prior to this meeting.

VASSAR: Do you want to address that (ph)?

DRYGAS: I realize we all have other things to do, but I -- I agree with Commissioner Parady is I don't think that it's necessarily that we wouldn't be able to sign anything. It's the limiting the scope and if that means we have to define what confidentiality means, then I think it's incumbent upon general counsel and the Administration to, kind of, work together to define that because transparency is, kind of -- is paramount.

And understanding that there are certain things that we have to keep -- we have to keep confidential, but there's got to be a way, I would think, to be able to strike that balance to where the Administration and the Board Members would feel comfortable signing it.

FAUSKE: If -- do you happen to know, Commissioner Drygas, did the same embargo, if you will or prohibition -- 'cause as the Governor had announced, he thought they were too broad and the AG that he applied to his Commissioners -- his Commissioners won't sign it. Does that apply to Mr. -- Senators Halford and Paskvan, are they -- and Mr. Short? I don't know the answer to the question.

BURNS: The three public?

DRYGAS: Um-hum. (Affirmative)

FAUSKE: Yeah, I don't know if that's been stated.

DRYGAS: I -- I couldn't speak to that. I don't know what conversations they've had with the Governor.

FAUSKE: We need to glean that out, too.

SHORT: Could I make a.....

BURNS: Sure.

SHORT: .....suggestion for a path forward? And you just had a conversation around our committees and it would seem that this --.....

BURNS: Governance Committee.....

SHORT: .....this could be in the Governance Committee. We should make this a priority of the Governance Committee with our two general counsels and it should be completed and some recommendations put forth prior to next Board Meeting as to.....

BURNS: Okay.

SHORT: .....the next -- the direction in this (ph).

BURNS: Okay. In the meantime though, you know, we're going to have a very busy next couple of -- I mean, busy committees coming up.....

DRYGAS: Um-hum. (Affirmative)

BURNS: .....and so we're obviously not going to be able to work through the CA between now and then. And I'm,

kind of, wanting to understand how on the Tech side and the Commercial side we can navigate through because on the AKLNG we're bound by numerous confidentiality agreements. And AGDC itself is bound by various confidentiality agreements even though Board Members may not be. And so I'm just asking for, you know, a process. Just walk us through -- navigate us through the concerns? Fred.

PARADY: Well, Mr. Chairman, I'm frankly a little bit surprised. I -- and I obviously had a mis-impression, but coming out of the dialogue over Commissioner Drygas -- between Commissioner Drygas and myself when we were appointed prior to the last meeting and I was in attendance at the last meeting by phone,.....

BURNS: Um-hum. (Affirmative)

PARADY: .....but I understood that we had work proceeding on these confidentiality agreements between the two gentlemen sitting in front of us. I feel like we've lost a month. So you're speaking to we're under the gun in the need to get our committee work going.

I'd like a draft prepared and I'd like to see it next week. I mean, I don't know if that's reasonable. Maybe it's two weeks, but let's get this show on the road and get some ideas on the table. I don't know how it will turn out, but I know we have to think our way

through it in order to be able to work together effectively.

BURNS: Um-hum. (Affirmative)

CRUZ: So on the Governance Committee, my suggestion is to limit it to only two attorneys 'cause we're going to have -- isn't there some weird Alaskan law you've got five attorneys in one room something bad happens, you know.

DRYGAS: And I'll add to that, that as of right now I believe that it is John Burns, myself and Fred Parady on the Governance Committee, so this.....

BURNS: No, I'm off. I'll -- I'll.....

DRYGAS: Oh, you're off, okay.

BURNS: .....step off.

DRYGAS: 'Cause there are already -- there's.....

BURNS: Yeah, (simultaneous speech).....

DRYGAS: .....already two attorneys on.....

PARADY: I'm not an attorney.

DRYGAS: John and I are.

CRUZ: But I'm going to -- the next big one we've got is that Commercial Committee because that's -- we've got to have some good sales people.

BURNS: Anyway, I guess we're not going to resolve it here, but, you know, Ken, if the two of you guys can give us some guidance on -- and we want to be able to -- I

mean, the reality is, we understand the balancing, but, you know, the practical reality is work's got to get done and we need to be able to move it forward.

And to do so to ensure that all the information that's necessary to be reviewed, can be reviewed, so that the Board can made appropriate decisions. And that we're not violating AGDC's confidentialities, that we've not violating the relationships with AKLNG, all of that stuff.

FAUSKE: But I have a concern there, if I may just state it quickly. Mr. Juday is with the Attorney General's Office. It was the Attorney General of the State that determined that the confidentiality agreements were too broad. So Ken can write till he is blue in the face. If -- it's the Attorney General that needs to, I think, determine the breadth of the confidentiality agreements that the Governor is willing to allow his Commissioners to sign, correct?

JUDAY: I don't know that, that's correct.

FAUSKE: Well, I -- again, I stand corrected then. I just wondering who....

BURNS: Yeah. Jerry, do you want to comment?

JUDAY: The Attorney General -- we have been working with the Attorney General, to answer Commissioner Drygas' question. We've developed some draft documents.

They're in process.

BURNS: Okay.

JUDAY: It's just not completed yet and.....

BURNS: Okay.

JUDAY: .....so we can attempt to advance that to get it to some sort of completed level to where we'd recommend something to Governance Committee to look at it.

FAUSKE: All right.

JUDAY: This is a confidentiality policy or regulation and then you guys can take it from there.

DRYGAS: Well, I guess I would just echo Commissioner Parady's concern, it's been two months, so I, kind of, hoped that we'd have something before this, so I'd say the sooner the better.

BURNS: But I guess.....

JUDAY: Understood.

BURNS: But I guess what I hear you to be saying, Jerry, is it's a regulation? It's not a modification of the existing CA, a narrowing of the CA. It's a regulation, then it's got to go through the whole administrative process.

JUDAY: Chair, when you say CA you're confusing me 'cause there is many different CAs. There is a CA that AGDC has in place itself that it had been using that you signed,.....

BURNS: Yup.

JUDAY: .....that and Mr. Cruz signed. And if you're talking about narrowing that CA, yes, we can do that. Ken can rewrite it and revise it to appropriate correl it, however it needs to be.

There are many other CAs in place for the AKLNG project which we cannot unilaterally modify and we'd have to negotiate with our partners about that and that would be a difficult undertaking, not that it's impossible.

BURNS: Yeah, and nobody is -- nobody is anticipating that we would modify anything other than at this juncture I believe is the CA that relates to the Board, the Board's ability to see the documents, to participate in, you know, the candid discussions relative to the documents with the parties and ensure that confidentiality.

VASSAR: And this is the very first time that I have heard that signing confidentiality agreements was an option.

JUDAY: Same here.

VASSAR: This was not.....

BURNS: Yeah.

VASSAR: .....the option, as I understood it, so if that's an option that's fine, but as I said not at all sure that the existing CA doesn't work if you have a policy or a

regulation that narrows down what the confidential information is and that's what we've been working on. We've been working with the Attorney General on that and nothing that the Board has done has violated any existing confidentiality agreements.

PARADY: Mr. Chairman?

BURNS: Yeah.

PARADY: Mr. Chairman, again and with respect, but I want to push back at that. On February 3rd I sent an e-mail to the Board Chairman, the President. I did not include Mr. Vassar, but Mr. Tangeman and it says under Item 9, I had substantial comments to the Governance Policies which I took -- I labored over. It took a long time to put that together.

Said, I would like to discuss with the Board's attorney and the Attorney General. Perhaps, it's a place to have a deeper discussion of the confidentiality agreements being required of the Board as to their scope and applicability and any possible revisions. The confidentiality policy discussion could also be turnaround to discuss transparency. Maybe we need a transparency policy as well.

This is five weeks past that date. This isn't news and it's work that needs to be done and I just want to get on with it.

BURNS: No. And I appreciate it. So we -- if you guys can advance that process, we will put together the Governance Committee and we will that Committee scheduled soon.

SHORT: And just.....

BURNS: Yeah.

SHORT: .....one comment and this is something the.....

BURNS: Thanks, Fred.

SHORT: .....President said, but I don't --.....

BURNS: (Simultaneous speech) that again, would you (ph)?

SHORT: .....I'm not entirely sure how we can forecast or understand what's going to be confidential and what's -- you're going to put a list together and it's going to have a lot of buckets and those buckets are going to be this -- you know, commercial bucket -- I don't know, Tech- -- technical budget and there's going to be some other existing documents.

Going forward there's going to be things that are going to hit us on a daily, weekly, monthly basis that will have to be assigned into a bucket and then a confidentiality agreement will either have to apply or not apply. And so I think that the exercise of going through and cataloguing everything is great and I encourage it, but that -- that's less than half the problem.

The problem is going to be next week we get a letter from a partner that requires a decision to be made. We have to move forward on some sort of a confidentiality agreement, how do we handle that? That's going to be the real business decision we're going to have to make. It doesn't necessarily help looking in the rear-view mirror as to what's confidential or not, so that's what I'm really interested in.

BURNS: And that's the reality of how some things have happened. You get agreements at the last minute and, you know, the Special Board Meeting or something that you're approving, you're looking at an agreement, then having to make a determination.

VASSAR: Well, there would definitely be a definition of what kinds of information is confidential. So as I mentioned to Mr. Fauske, if we receive information that is given to us under a Confidentiality Agreement from an outside party and that information is confidential pursuant to that Confidentiality Agreement that we've ready signed, well, I mean, that's pretty easy. That's confidential information.

If we develop information, if ASAP develops information, we may want to keep that information confidential because it has cash value and it looses cash value if we make it public and we have a

responsibility to the State to preserve the value of the State's assets, so that might be a category of information that we would say in this regulation would be confidential.

Hopefully we could develop those kinds of buckets, as you say, that are clear enough that as the information is developed, we can assign them as we get it, but there may be instances -- I mean, it's difficult to cover every possible circumstance and there may be instances where we do have to ask the Board to make a decision.

BURNS: Okay. So rather than belabor this further, if you guys -- as I understand it, there is something that you're dealing with. If you could advance that, in the mean- -- and look at the existing CA to see if there can be -- you know, to -- in the context of what -- you know, the transparency issues and the public -- the concerns that have been discussed here, if we can -- if there's a way to narrow the CA just as relates to the Board.

And then in the meantime Gwen, we'll try to get the Governance Committee staffed up and then have a Governance Committee meeting within the next two weeks.

GRAHAM: Okay.

BURNS: That will hopefully get us resolved before the Tech

and the Commercial Committees, you know, that will be the day before the next Board Meeting, so -- okay.

Any Other Matters to Come Before the Board? Anyone? Joe.

PASKVAN: Just an information matter is -- and we can do this after the meeting, is to get a list of who is on what Committees currently, so that we know where we need to pigeon hole our number one and number two pick, so to speak, if we can do that? I mean, I'm just trying to figure out.....

BURNS: Sure. And you can.....

PASKVAN: It's obvious I know who --.....

BURNS: .....just shoot an e-mail?

GRAHAM: I will.

PASKVAN: .....what Committee Dave's on, so.....

BURNS: Yup. Okay. Anything else to come before the Board?

SHORT: Just.....

BURNS: Yup.

SHORT: .....at least three of us have confirmation hearings and any support --.....

BURNS: Miles, do you want to address this?

SHORT: .....any support from Miles to help.....

BURNS: Confirmation hearing process.

SHORT: .....coordinate this confirmation process and, sort of, give us -- give us some administrative support, as

well as just a heads up and communication as to dates, times, where we need to be, would be greatly appreciated on my behalf.

I know that March 23 seems to be a date coming up here pretty quick for House Resources, Senate Resources, but again, just that whole process over the next six or eight weeks is.....

BAKER: Sure.

SHORT: Yeah, happening real time.

BAKER: Sure.

BURNS: Yeah. Miles, before -- Fred.

PARADY: I just wanted to offer Mikayla Fowler is DCCED's Legislative liaison. She's in Juneau. She's intently involved with the process in confirmation hearings and giving that AGDC is administratively local -- what's the word I want, located.

FAUSKE: Located.

PARADY: Thank you. In our department, I'd like to offer her assistance. She's particularly helpful in chasing your schedule. The normal process -- well, Miles can elaborate, but you've got a lot of meetings in your future.

BAKER: Sure. Mr. Chairman, to Mr. Short's question. The new appointees of the Board have been referred to two committees. In the House.....

FAUSKE: You need to speak up, Miles.

BAKER: In the House they were referred to the Resources Committee and the Labor and Commerce Committee. In the Senate they were referred to the Resources Committee and the Finance Committee. Neither of the first two committees have publicly posted yet the schedule, but through conversations I know individually and I've had conversations with the Chairman's office for both House and Senate Resources Committee, that there was at least -- currently the intent is to start that process the week of the 23rd. Monday the 23rd.

I believe the House Resources Committee plan currently is to ask all three, Mr. Short, Mr. Halford and Mr. Paskvan to be prepared to testify at the confirmation hearing on Monday the 23rd at 1:00 o'clock. Their intent -- my understanding is that if they can't conclude that on Monday, they would pick up again at Wednesday's hearing.

So I know -- I know Mr. Paskvan has some scheduling challenges with Wednesday and so I've expressed that to the Committee. And I'm perfectly willing to offer my services to help coordinate any or all of that. I could step away and let individual members deal directly with the Committees on that at your choice.

On the Senate side right now Senator Giessel has

talked to Mr. Short about testifying on the 23rd and the Senate Resource Committee has not confirmed whether they want the other two appointees on that same agenda.

I have communicated a request from Mr. Paskvan to also testify that day since he will be in Juneau, so I spoke with her Committee aide this afternoon and they're still considering that request along with the rest of the stuff they've got scheduled for that date.

I believe I for- -- if I didn't I apologize, but I had prepared, sort of, a brief, like, one pager that I had given the previous Board Members -- the first slate of Board Members on just the confirmation process in general. I don't know if I forw- -- I think I forwarded that. And beyond that, we're happy to prepare, you know, any background information you might need or if we get any indication on the types of questions they expect to ask, we'll be happy to pass that along.

BURNS: So, Miles, I guess I would just ask, if you could keep the three regularly updated.....

BAKER: Absolutely.

BURNS: And likewise, to the extent that you have any questions or need information run it through Miles and Miles will coordinate with Dan.

BAKER: And the ques-.....

FAUSKE: We will -- we'll follow-up tomorrow because we will be in Juneau tomorrow.....

BAKER: Yes.

FAUSKE: .....and we'll do a little follow-up tomorrow on that.

BAKER: And the question that had come up also whether the Corporation would cover travel expenses for those appointees to go to those hearings and we will do that.....

BURNS: Yeah.

BAKER: .....so Gwen can coordinate how that works in terms of reimbursement.

FAUSKE: Yeah, and 604 in the Baranof is the room that we'll get you in.

BURNS: Gwen, the other thing is from some housekeeping matters, if you could send the reimbursement, the financial reimbursement.....

GRAHAM: Expense report.

BURNS: .....expense report out, circulate it to everybody, so everybody knows how to provide the data and in the format which we landed on to make sure that it crosses the T's. All receipts to the extent that you have, taxi fare or something, everything has got to be accompanied by receipts, airplane, everything. So there are no -- there are no exceptions to it.

So are there any other administrative things that we need to deal with before.....

HALFORD: Yeah.

BURNS: .....we move on? Yeah, Rick.

HALFORD: Just a question on, we all have a conflict of interest obligation and there's -- March 15th is annual report and then it says 15 da- -- 30 days after either, you know, accept the first payment for anything or you take the Oath of Office. I don't know -- and somebody has also said that it depends on the date of appointment. What is governing of all those choices just to make sure that we get those in on time obviously?

PARADY: Question.

BURNS: Great question. Yeah, Frank.

PARADY: Well, Mr. Chairman, I have some unfortunate personal experience with this. I -- my appointment letter was signed July 17th, but I didn't come to work till August 25th and APOC recommended a fine to me. And I ended up not hitting September 25th. I wasn't aware of this. I submitted October 3rd or something, so I missed it by eight or 10 days. They wanted to go back to my date of appointment letter and I objected saying I wasn't a State employee till August 25th. And they ended up using a date, August 8th, when I stopped into the

office and signed -- signed up for my coming start date. So I just urge you to get the report filed the sooner the better because I have reduced the fine, but it's still $227 and it's no end of irksome 'cause I --.....

BURNS: Yeah.

PARADY: .....I don't believe there was any -- there was certainly no intent on my part to avoid reporting. I was happy to do so, but I just wasn't aware of it.

BAKER: Well, we can -- I can work with Mr. Vassar and we can make the request of the APOC to just clarify those dates.

FAUSKE: We can deal with it on our end is what I'm.....

BURNS: Yeah. And I guess, Gwen, if you would just send out to every Board Member, we need to know what our obligations are. We have to sign a Conflict of Waiver -- don't we all have to sign a Conflict of Waiver report, AGDC?

CRUZ: You have an annual due the 15th.

BURNS: Yeah.

CRUZ: You got yours done, didn't you?

BURNS: Yeah.

HALFORD: Then you have an individual, too.

CRUZ: So that's due.....

BAKER: That's in three days.

BURNS: Three days, yeah.

HALFORD: Well, yeah, the 15th is one date, that's if you don't have to file a new one. If you have to file a new one, that may be overridden by the 30 days from sign -- we signed an Oath of Office today, so that's obviously one point. My appointment was, I think, the 19th of February, that's another point you would take 30 days. And the other thing is if none of those applied then -- then first payment would apply and the regulation is pretty clear, but those three things are not exactly the same thing.

BURNS: Well, just cut a check for 255 like Fred did. Okay. Yeah.

PASKVAN: Well, my preference is, is that they try to solicit from, like, myself -- in other words, from APOC that we have 30 days, for example, from today to get this information in.

BURNS: When do the new Board Members -- when do the newly appointed Board Members have to submit it? That's the simple question to ask.

PASKVAN: Yeah.

BURNS: Yeah.

DRYGAS: One more?

BURNS: Yes, Ma'am.

DRYGAS: Can we get a copy of the Resolution that the -- I

guess the two, but I was thinking the first one as amended by Commissioner Parady, can we get a copy of that even --.....

BURNS: Yup.

DRYGAS: .....at the.....

PARADY: Just to clarify,.....

DRYGAS: .....close of business today?

PARADY: .....Mr. Chairman, we.....

BURNS: Yes.

PARADY: .....didn't -- we adopted a Resolution and then we made a motion. It didn't amend the Resolution. It was a separate motion.

DRYGAS: Okay.

GRAHAM: But you can get a copy.

DRYGAS: Thank you.

BURNS: Yeah, if you can just shoot an e-mail to (ph).....

GRAHAM: Sure.

BURNS: .....everybody. I just signed 'em (ph). Okay. Board comments, let's start with our newest member, Joe.

PASKVAN: I'm just looking forward to working hard and I -- it's very apparent to me that the other Committee Members are wanting to work hard to get this work done, so that's why I want to be here.

BURNS: Good.

PASKVAN: I want to work hard.

BURNS: Commissioner?

DRYGAS: There's a lot of passion, not just at this table, but in this room on this project and, you know, there's some difference of opinion, but there's so much more that we have in common that it's exciting. I mean, this could actually -- this should happen. This needs to happen and I feel pretty fortunate that I get to be a part of this and I want to make it happen.

BURNS: Good. Rick?

HALFORD: A lot to learn and a lot at stake.

BURNS: Yeah, boy that's true. Dave?

CRUZ: I just, again, want to welcome all the new members here. We've got a real good breadth of knowledge that's coming in and I really appreciate you guys jumping in and getting right in the middle of it, so that's all I have.

BURNS: Fred?

PARADY: Mr. Chairman, I just wanted to speak to -- I don't think any of us are unaware of the current back ad forth between the branches and the temporary tension that might exists in different perspectives on this project, but what unites everyone around the project is far greater than what divides them.

I mean, there's nothing that's been brought up that

can't be sorted out and the ultimate goal of building the pipeline is shared by every person that gives voice to their thoughts and their passions. And I just want to stay focused on what can be accomplished by harnessing that passion and sort through all these details. They're vital, critical and important. Devil's in the details, but I don't want to let us get derailed by some -- again, some of the temporary tensions that might exists.

We can get this done and I'm just honored to be joining this team in the sense of trying to get there. Alaska has been at this a long time and we're not going to get there except by pulling together.

BURNS: Um-hum. Huge?

SHORT: You know, I sat -- I sat there listening to the Chairman and a reporter talk during our break and the reporter made the comment that stories about LNG put people to sleep, that people don't read 'em. And the gentleman spent most of the day here.

But I think -- I think one of the things that I'm hoping to do is raise the profile of this project. I don't think people realize the pressure we have on the State budget. That fact that our education system could crumble in the next five years. The fact that an income tax or a sales tax or your PFD being capped.....

PARADY: Or all of the above (ph).

SHORT: Or all of the above happening if we don't figure out a new revenue source. And the best revenue source we have and the best time in the history of the State is gas and we've got to get it to market and we've got to put our differences aside. And people in the public need to understand that as interesting as someone getting shot or some celebrity getting in trouble, that LNG is the future of the State for our education and for our State government to provide the services.

And I'm honored to be here. Honored to be in this process and look forward to serving.

BURNS: Good. Well, I just want to say welcome to everybody. It's -- you know, Dave and I have been at it for a while and the amount of work is enormous, but the reward is incredible because, you know, if you look back at House Bill 4 and I think, you know, Rick made a comment earlier, it's probably the most expansive, enabling legislation that Alaska put out, you know, maybe ever. And it speaks to one objective and that is to get a gasline done.

And so when you couple House Bill 4 with 138, it's not -- it really is not if we are going to get a gasline. I think it's when. And it's incumbent upon AGDC's Board to really focus and ensure that -- you

know, that we do the business that's necessary for the State of Alaska.

And it troubles me, you know, frankly that there's this friction between this AKLNG and the ASAP because, you know, there's going to be convergence as Dave -- I mean, as Dan had said repeatedly. And there's a point where either the -- you know, one project moves forward or it doesn't, but, you know, we can't as a State allow ourselves to be left without an option if the AKLNG does not move forward.

And I am confident with the effort that everybody has put forward on the AKLNG -- I mean, I -- I've had the opportunity to speak with Steve in the past and -- Steve Butts and that the producer group and our group and -- you know, I'm very optimistic and hopeful regarding the AKLNG, but, you know, Alaska can't wait any more.

I mean, we are facing $3.5 billion deficit. You know, the horror stories that you just alluded to, I mean, might happen unless we find alternative revenues. And, you know, we can't let this opportunity fail. And so Dan, when you go to Juneau, make it happen.

FAUSKE: Yes, sir.

PARADY: Make it so.

BURNS: Yeah, make it so. And, you know, I want to

compliment the Staff, I mean, it's -- as you guys got the sense that -- the Board Members, it's incredible. It's a -- we're very, fortunate to have the caliber of the people that we do, so thanks guys.

SHORT: Mr. Chairman?

BURNS: We're off?

GRAHAM: Well, no, you didn't adjourn.

BURNS: Oh. So I.....

SHORT: Move to adjourn.

BURNS: .....would entertain a motion to adjourn.

SHORT: Move to adjourn.

CRUZ: Motion to.....

PARADY: Second.

BURNS: Moved, seconded and unanimously.....

PARADY: Agreed to.

BURNS: .....accepted. All right.

(Adjourned - 3:17 p.m.)

C E R T I F I C A T E

UNITED STATES OF AMERICA)
) ss
STATE OF ALASKA)

I, Suzan K. Olson, Notary Public in and for the State of Alaska, residing at Anchorage, Alaska, and Electronic Reporter, do hereby certify:

THAT the annexed and foregoing ALASKA GASLINE DEVELOPMENT CORPORATION, BOARD OF DIRECTORS REGULAR MEETING was taken before Suzan Olson on the 12th day of March, 2015, commencing at the hour of 9:00 o'clock a.m., and recorded at the offices of Alaska Gasline Development Corporation, 3200 C Street, Anchorage, Alaska, pursuant to Notice;

THAT this Transcript, as heretofore annexed, is a true and correct transcription of said Public Meeting taken by and thereafter transcribed by Suzan K. Olson to the best of her ability;

THAT the original of the Transcript will be lodged with the Alaska Gasline Development Corporation;

THAT I am not a relative, employee or attorney of any of the parties, nor am I financially interested in this action.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal this 23rd day of March, 2015.

Notary Public in and for Alaska
My Commission Expires: 08/01/15