



AGENDA
ALASKA GASLINE DEVELOPMENT CORPORATION (AGDC)
REGULAR BOARD MEETING

May 10, 2018 AGDC Board Room, 3201 C St Suite 604 Anchorage, AK 9:00am

- I. CALL TO ORDER
- II. ROLL CALL
- III. CHAIRMAN'S CHOICE
- IV. APPROVAL OF AGENDA
- V. APPROVAL OF MINUTES – April 12, 2018
- VI. PUBLIC COMMENTS - Boardroom _____ Statewide _____
- VII. PRESIDENT'S UPDATE
- VIII. AGDC MANAGEMENT/OPERATIONAL
 - A. Committee Chair Updates
 - B. External Affairs Update
 - C. Project Update
 - D. Commercial Update
 - E. Resolution 2018-02 – AGDC's Employees Participation in the Public Employees Deferred Compensation Plan of Alaska
- IX. FINANCIALS
- X. EXECUTIVE SESSION
- XI. ANY OTHER ITEMS TO COME BEFORE THE BOARD
- XII. BOARD COMMENTS
- XIII. ADJOURNMENT

The Chair may announce changes in the Order of Business during the meeting.



Meeting Minutes

ALASKA GASLINE DEVELOPMENT CORPORATION REGULAR BOARD OF DIRECTORS MEETING

April 12, 2018

09:00am

A Regular Board of Directors Meeting of the Alaska Gasline Development Corporation ("AGDC") was held at the Alaska Gasline Development Corporation Board Room, 3201 C Street, Suite 604, Anchorage, Alaska, on April 12, 2018, convening at 09:00am.

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

DAVE CRUZ
Anchorage, AK

Chair of the Board

HUGH SHORT
Telephonic

Vice Chair of the Board

JOEY MERRICK
Anchorage, AK

Secretary/Treasurer

COMMISSIONER MARC LUIKEN
Excused Absence

Member of the Board

COMMISSIONER HEIDI DRYGAS
Excused Absence

Member of the Board

WARREN CHRISTIAN
Anchorage, AK

Member of the Board

DAVID WIGHT
Anchorage, AK

Member of the Board

Meeting Minutes

- I. CALL TO ORDER: Chair Cruz 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. CHAIRMAN'S CHOICE: Chair Cruz asked AGDC staff, "What is Alaska really good at?" Rosetta Alcantra answered that Alaska excels at energy exports.
- IV. APPROVAL OF AGENDA: Warren Christian moved to approve the agenda and David Wight second. The approval of the agenda passed unanimously (5-0).
- V. MINUTES: Warren Christian moved to approve board meeting minutes from March 8, 2018. Joey Merrick second. The approval of the board meeting minutes from March 8, 2018 passed unanimously (5-0).
- VI. PUBLIC COMMENTS: Boardroom – Dr. William Cox, Tim Navarre; Statewide – Eric Cohen
- VII. PRESIDENT'S REPORT: AGDC President Keith Meyer gave a presentation on the following:
 - a. AGDC Commercial and Technical work
 - i. Joint Development Agreement (JDA) working team visit
 - ii. Investment bankers and project financing
 - b. Communications
 - c. Finance
 - i. Budgets
 - ii. Project timeline
- VIII. NEW BUSINESS – AGDC MANAGEMENT/OPERATIONAL ISSUES:
 - A. Committee Chair Update

Technical Committee – Warren Christian relayed that the AGDC technical group has continued to respond well to numerous FERC questions, and that FERC has published its schedule for AGDC.

Meeting Minutes

External Affairs Update: AGDC VP of Communications Rosetta Alcantra updated the board about EAGR team activities that included the following:

- a. Legislative semi-monthly reports
- b. Interaction with legislators and staff
- c. Coordination with state agencies
- d. Community outreach and meetings
- e. Press coverage
- f. Press releases
- g. Digital communications
- h. Social media
- i. Newspaper inserts
- j. Upcoming EAGR activities

B. PROJECTS UPDATE: Frank Richards, Senior Vice President of Program Management, focused his update on the following Alaska LNG and ASAP activities:

- a. Federal Energy Regulatory Commission (FERC) Section 3 application & EIS process
- b. United States Army Corps of Engineers (USACE) 404 application
- c. National Oceanic and Atmospheric Administration (NOAA) fisheries – Petition for Incidental Harassment
- d. Air permits
- e. Pipeline and Hazardous Materials Safety Administration (PHMSA)
- f. Technical team participation with JDA negotiations
- g. Kenai Spur Highway re-route
- h. ASAP's Environmental, Regulatory and Land (ERL) and Engineering.

IX. FINANCIAL UPDATE: Philip Sullivan, Finance Manager, gave an update on the AGDC operating and capital budget through February 2018. He also presented AGDC's financial performance, including descriptions of AFE spending.

Meeting Minutes

- X. EXECUTIVE SESSION: None
- XI. ANY OTHER ITEMS TO COME BEFORE THE BOARD: None
- XII. COMMENTS: Joey Merrick requested that the committees share more information with the entire board so that all board members are aware of committee work and tasks. David Wight asked that Alaskans stand together to help make the project work, demonstrate alignment with project objectives, and be more positive about the project and its effect on Alaska. Warren Christian expressed that he believes that AGDC is more than capable of building the pipeline and that AGDC's project management team is impressive.
- XIII. ADJOURNMENT: Joey Merrick moved to adjourn, Warren Christian second, none opposed. The meeting adjourned at 11:00am.

Dave Cruz, Chair

Date



Meeting Minutes

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Dave Cruz, Chair



Date

President's Report

Keith Meyer, President
May 10, 2018

ALASKA
GASLINE
DEVELOPMENT CORP.

The logo for Alaska Gasline Development Corp. features the company name in a blue, sans-serif font. To the right of the text is a stylized representation of the Alaska state flag, consisting of a series of blue stars of varying sizes arranged in a curved pattern. A single, larger blue star is positioned further to the right, above the word 'CORP.'

2018

“Get Ready.” “Alaska First.”

- **Community Meetings:**

- Welcomed Department of Labor (DOL) representatives attendance.
- Provided DOL Job Center and Training Pamphlets to each meeting.
- Incorporated DOL Job Center Information in Outreach Materials (posters).
- AGDC and DOL have provided each other rights publish to photos and graphics for outreach materials and plans.

- **Gasline Workforce Plan:**

- Provided comments on draft Gasline Workforce Plan.

- **Gasline Communications Calls:**

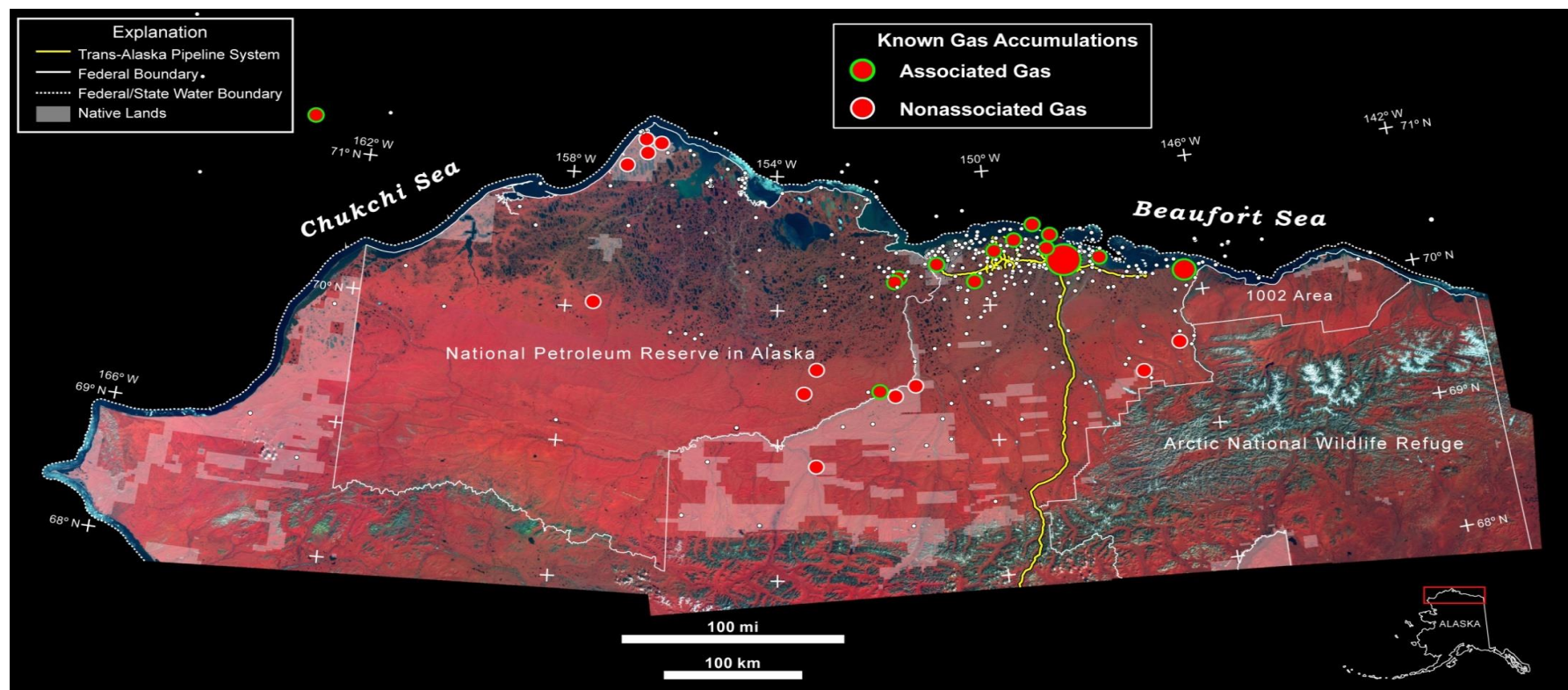
- Hosts DOL on weekly Gasline Communications Calls.
- AGDC hosts Labor and Benefits Working Group related to communications for jobs, training, and programs with DOL.



ALASKA DEPARTMENT OF LABOR
& WORKFORCE DEVELOPMENT

**AGDC and
Department
of Labor
collaborate on
messaging.**

Gas Supply



- The North Slope of Alaska contains 35 Tcf of developed gas resource ready for Alaska LNG.
- Expected *Yet to Find conventional* resources are estimated at 200+ Tcf.
- Unconventional adds 100+ Tcf more.

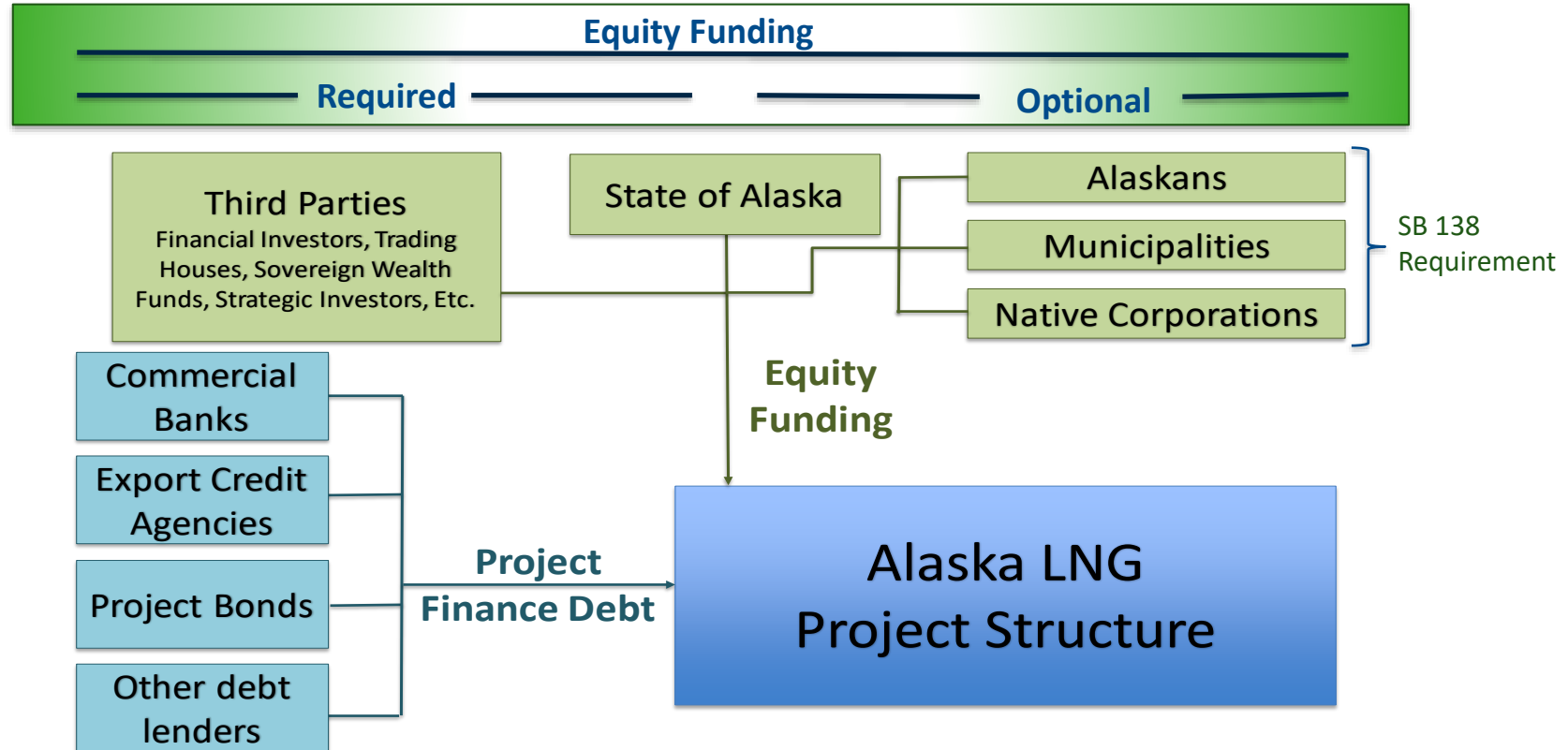
ALASKA GASLINE
DEVELOPMENT CORP.

-



- **Senate Finance Committee has engaged a third party to analyze the economic impacts to the state (i.e. taxes, royalties..):**
 - AGDC will help create a work scope and provide information regarding project economics.
- **Department of Revenue (DOR) is collaborating with AGDC's commercial and finance team:**
 - Analyzing impacts to the State revenue.
 - DOR is advising State on royalty and tax implications of project execution.

Finance: Project Structure



- Bank of China meetings week of May 6.
- Goldman Sachs working team session week of May 7.
- Project structure review for debt and equity road shows.

Finance: Committee on Foreign Investment in the United States (CFIUS)



- Inter-agency committee that reviews national security implications of foreign investments in U.S. companies or operations.
- Recourse to assets by a foreign party may require CFIUS approval.
- Pipelines and energy transmission grids are considered critical infrastructure, and are therefore reviewed by CFIUS.
- Debt financing usually will not be considered foreign control unless it has characteristics of ownership.
- Once an agreement is reached, CFIUS will conduct a forty-five-day investigation.
- An approved project gives parties “safe harbor.”

- **Initiate work on Engineering, Procurement and Construction (EPC) contracts.**
- **Prepare for equity offering.**
- **Begin implementation of project structure:**
 - Determine appropriate legal form of equity.
 - Establish subsidiaries and holding company structure.
 - Develop governance documents and articles of incorporation or membership.

Preparing to raise funds for first gas in 2024/2025.

Additional
engineering
work.

Completing
the FERC
regulatory
process.

Structuring for
project
financing.

Securing
funding
commitments.

Building the
organization.

Preparing for
construction
activities.

Get Involved.
Get Ready.
Get Engaged.



agdc.us

 Facebook.com/AKGaslineDevelopmentCorp

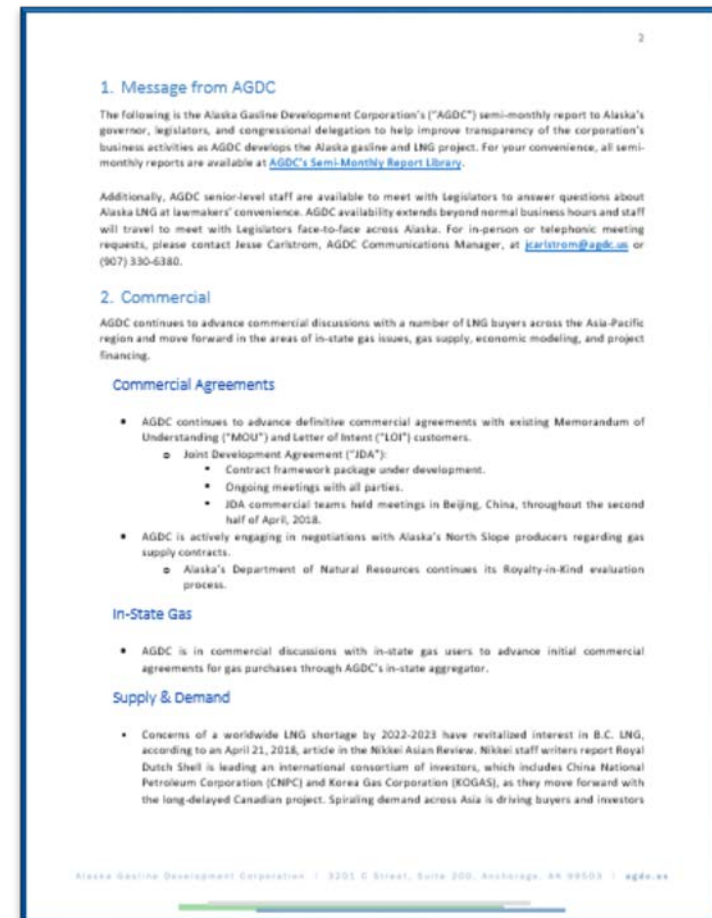
 Alaska Gasline Development Corporation

Communications Update

Rosetta Alcantra, Vice President of Communications
May 10, 2018

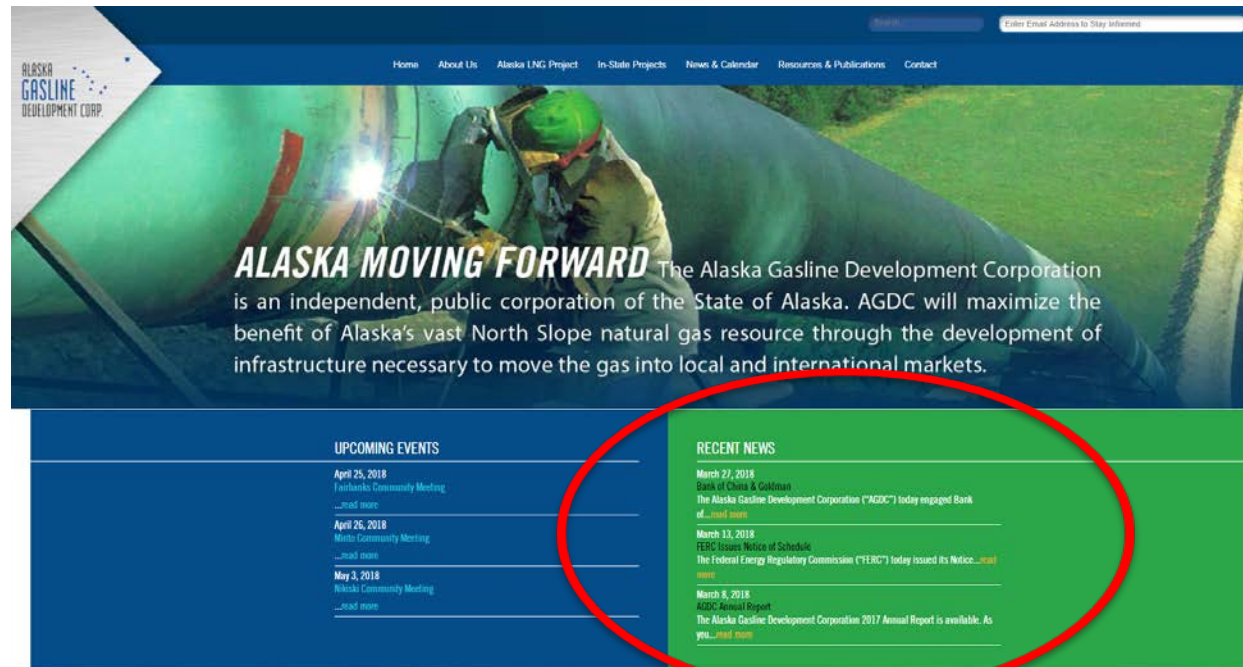


- **Legislative semi-monthly reports:**
 - March 15, March 30, April 13, April 30.



- **Press releases Distributed:**

- May 7: BP and Alaska Gasline Development Corporation Sign Binding Gas Sales Precedent Agreement.
- March 27: Bank of China and Goldman Sachs Selected as AGDC's Lead Global Investment Banks.



Visit agdc.us for all the latest news.

ALASKA GASLINE
DEVELOPMENT CORP.

- APRIL 2018

The Timing Is Right for Alaska LNG.....	2	Alaska LNG Is Great for Alaska.....	3	Solve Your Claim to Alaska's Future.....	4	Get Ready: What Will Own Alaska LNG?.....	7
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Alaska Moving Forward

Delivering Natural Gas to the World

It's time to stake your claim in Alaska's natural gas infrastructure project

During the 1970s, Alaska built the nation's largest energy project — the Trans-Alaska Pipeline System (TAPS) to move oil from the North Slope to Valdez. For example, the TAPS project was one of the largest construction projects of all time and employed thousands of Alaskans across all trades.

For Alaskans who retired in the 1980s and '90s, life was great. The hard work of getting the pipeline built was over; the oil profits started an economic engine that has run for 40 years and will run today.

The heart of the economic engine was the Prudhoe Bay oil and gas field — the largest oil and gas field in all of North America. After 40 years of production from the Prudhoe Bay field has declined, but the enormous natural gas resources have stayed in place.


Meanwhile, the world has been demanding more and more clean-burning natural gas use because for the environment takes a higher priority.

Alaska needs a new economic engine and has been developing that engine in the form of the Alaska gasline (AGL) project we call Alaska LNG. For Alaskans who did the hard work in the 1970s, this is familiar territory: build a pipeline. This time is a gas pipeline. From the heart of Alaska's North Slope at the Prudhoe Bay field, and create an economic engine for future Alaskans.

This time, it is your opportunity. Whether you are a student, a tradesman, or a business, it is time to stake your claim in Alaska's economic future.

Build on Alaska's history and become a part of Alaska's future.

[illegible]



Strong Support for Alaska LNG

AGDC welcomes involvement by all organizations that are committed to Alaska's future. Please contact us if you want to be part of the Alaska LNG support network.

State agencies, including the Departments of Labor, Law, Natural Resources, Transportation, Revenue, and Commerce, Community, and Economic Development are working with AGDC to develop this project. These agencies will play a large role in project planning, permitting, and workforce development.

Frequently Asked Questions	Will Alaska have an increase in energy?	Will there be a projected labor shortage?	Will Alaska contractors be hired?	Will Alaska have access to jobs at reasonable prices?
Yes	Yes	Yes	Yes	Yes
Is the pipeline a strategic fit to Alaska?	Will large contractors be used?	Will this project generate revenue for the state?	Can Alaska manage large contractors?	Will it be controlled by foreign companies?
Yes	Yes	Yes	Yes	NO!

Next Steps

Get Involved

Visit agdc.us to learn more about who we are, what we do, and what the Alaska LNG project means for Alaska.

Get Ready


Learn more about opportunities and how you can fit by visiting the Alaska Department of Labor at labor.alaska.us. You can also enter your contact information and join interests into the Alaska LNG database at agdc.us/learn-more so contractors can access your information when hiring begins.

Get Engaged


AGDC publishes a quarterly newsletter, issues timely press releases, and hosts community meetings. Attend these community meetings and get your questions answered regarding the benefits of the project and how you can get involved. You can follow AGDC on Facebook at Facebook.com/AGCoftheDevelopmentCorp.

Next Steps

Next steps for the Alaska LNG project involve negotiation with potential customers and investors and continuing work with the Alaska State Legislature and affected state departments. The focus is on determining due diligence so commercial negotiations can progress with Alaska's best interests in mind.



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AGDCoftheDevelopmentCorp



agdc.us

The Alaska LNG project is a public-private partnership between the state of Alaska and private industry.

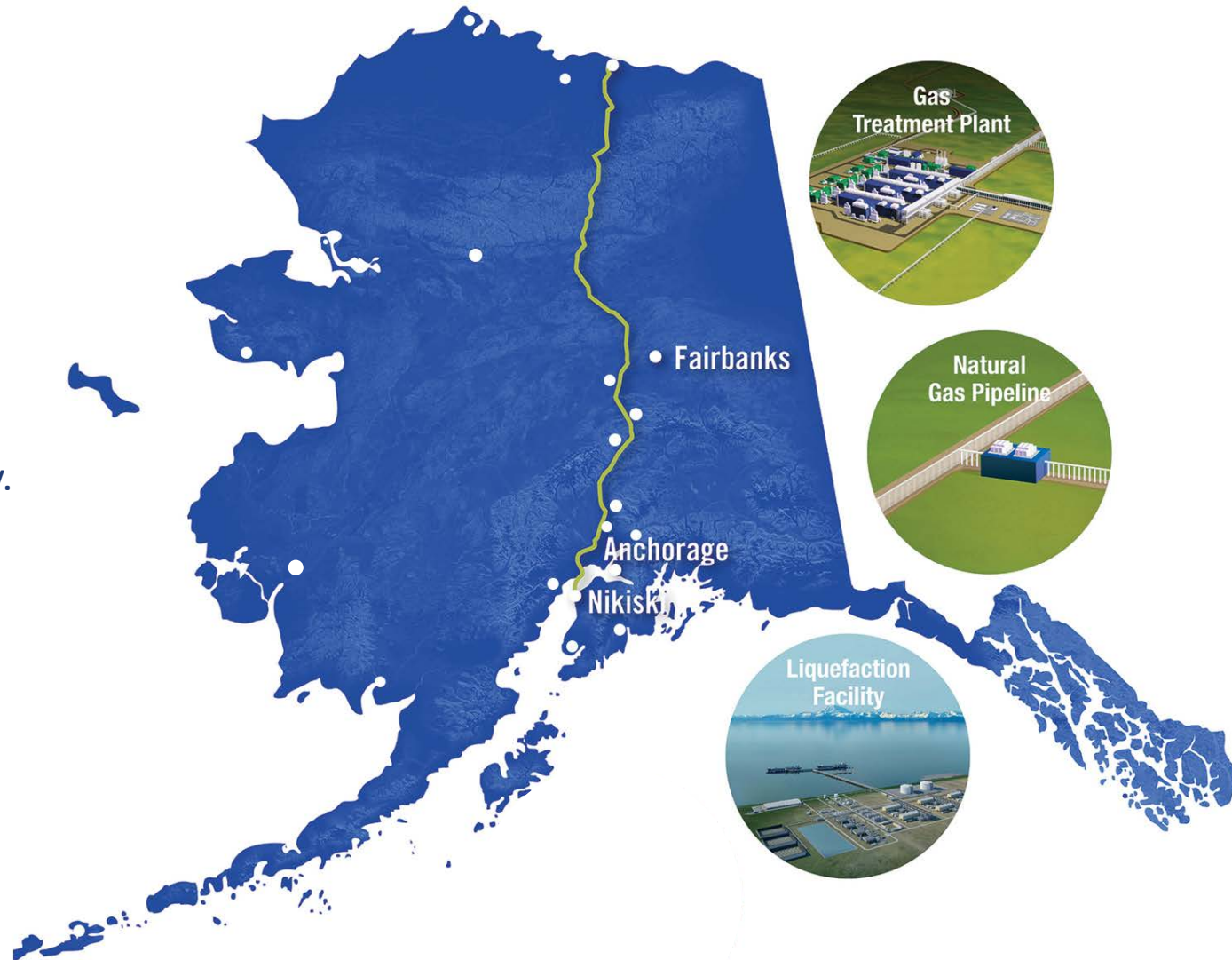
Community Meetings

Since January 2018:

- Tyonek.
- Homer.
- Seward.
- Trapper Creek.
- Nome.
- Dillingham.
- Houston.
- Unalaska.
- Cantwell/Healy.
- Fairbanks.
- Nikiski.
- Anchorage.

Scheduled:

- Wasilla.
- Utqiagvik.
- Nuiqsut.
- Bethel.



Community Outreach

- **Outreach to a variety of audiences:**

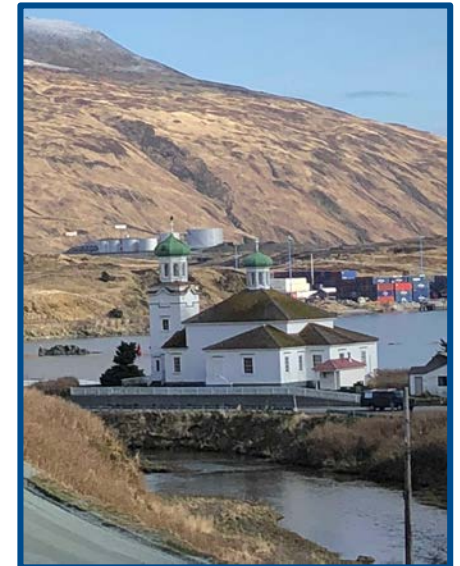
- Valdez Job Fair.
- Arctic Encounters Symposium.
- Anchorage Home Show.
- Kenai Peninsula Sportsman Show.
- Tanana Chiefs Conference Lower Yukon Sub-region.
- Alaska Native Village Corporation Association.
- Eagle River Chamber of Commerce.
- Aleutian Pribilof Island Association.
- Governor's Tribal Advisory Council.
- Alaska Railroad Corporation.
- Anchorage School District.
- Qawalangin Tribe (Unalaska).
- AEDC Investors Council.
- Knik Tribal Council.
- Tyonek Career Fair.
- City of Nome.
- Sitnasauk.



Arctic Encounters Symposium

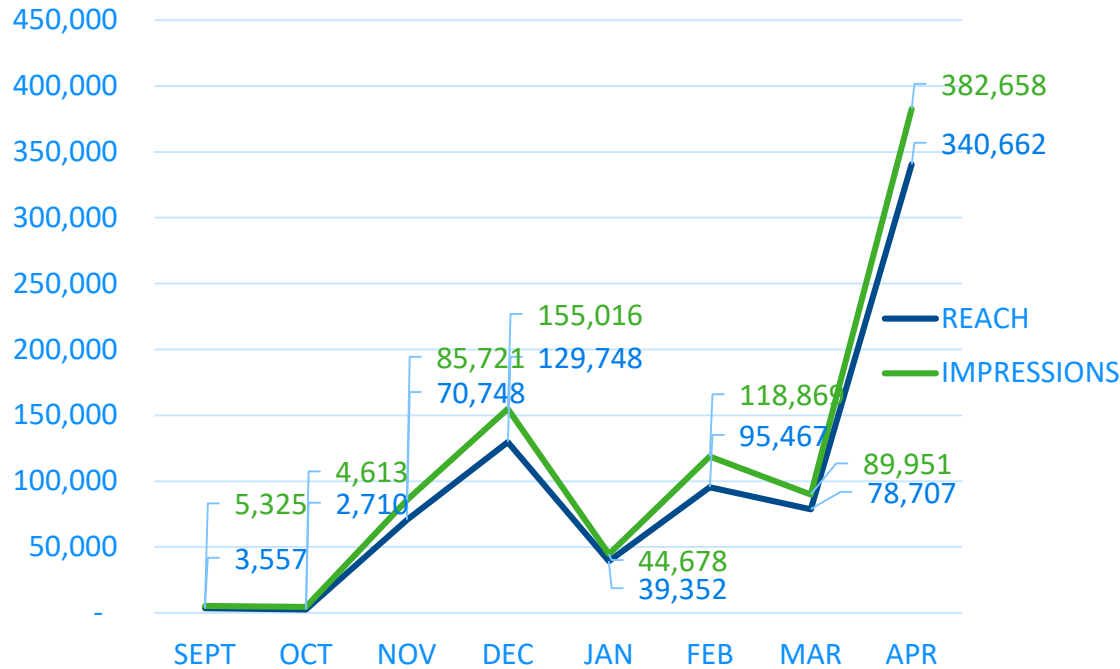


Knik Tribal Council tours Operators #302
Training Center



Unalaska

AGDC Facebook Growth



Facebook:


- From zero to 2,400 “likes”
- Content has reached ~761,000 people.
- Generated ~887,000 impressions.
- Over 23,584 users engaged since inception.
- Content calendar utilized to drive dialogue.

Other platforms (TBD):

- Twitter
- LinkedIn
- Google AdWords ads

- **Weekly LNG World Market Update:**
 - Features LNG news from around the world.
- **Website:**
 - Traffic to agdc.us remains strong.

MONTH	TRAFFIC VISITS
November 2017	4,928
December 2017	3,234
January 2018	3,030
February 2018	2,320
March 2018	2,780
April 2018	4,843



ALASKA MOVING FORWARD:
DELIVERING NATURAL GAS TO THE WORLD

ALASKA GASLINE
DEVELOPMENT CORP.

LNG WORLD MARKET UPDATE

May 3, 2018

Engro Poised to Set Up First Pak Merchant LNG Terminal; Petronas Taking Stake in LNG Canada; India Seeks Japan's Help to Build LNG Facilities; Germany's First LNG Terminal Sparks Customer Interest. Subscription options for this report are available at the bottom of this email. Please contact AGDC External Affairs at externalaffairs@agdc.us with questions.

Natural Gas

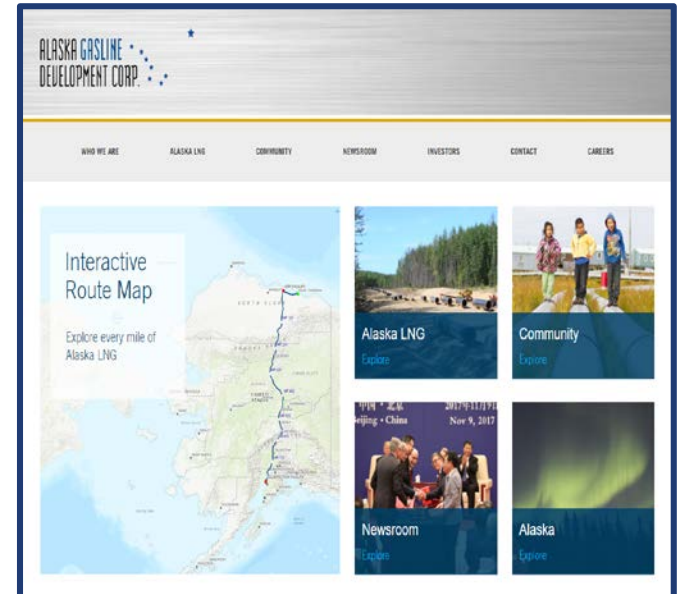
HH Spot Price
\$2.75 (\$/MMBtu)
April 30 close

Engro Poised to Set Up First Pak Merchant LNG Terminal

(Pakistan Today, April 30) - A \$500 million joint venture with Shell, Gunvor, and Fatima Group will allow Engro to import, regasify and sell liquified

Upcoming events

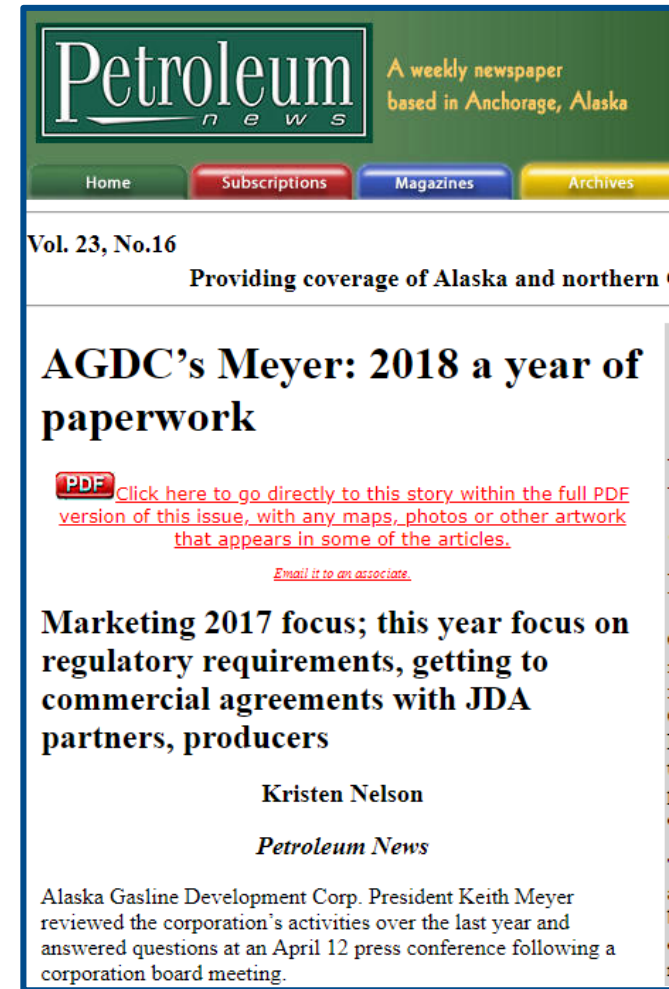
- **Website refresh:**
 - Corporate and projects integrated into one, while maintaining unique urls.
 - Investors tab.
- **New project video:**
 - April 9-11, 2018 filming.
 - Interviews with staff and state department partners.
- **World Gas Conference June 2018.**



Project Momentum - Headlines

Recent Articles:

- 5/7/18 – [BP signs gas sale agreement with Alaska line, moving LNG project forward](#), ADN, Alex DeMarban
- 5/7/18 – [BP in supply pact with Alaska LNG](#), Upstream
- 5/7/18 – [BP agrees to sell natural gas to Alaska LNG project](#), News Miner, Staff Report
- 5/7/18 – [Gas line corporation, BP make progress on Alaska gas deal](#), timesunion, AP
- 5/7/18 – [Alaska LNG Project Clinches Natural Gas Sales Agreement with BP on Prices, Volumes](#), NGI, Carolyn Davis
- 5/7/18 – [BP, Alaska Gasline Development Corp. sign binding gas sales agreement](#), World Oil
- 5/7/18 – [BP, AGDC reach deal on North Slope gas](#), AJOC, Elwood Brehmer



Upcoming Activities

- **In-state:**
 - Refine Communications Plan for upcoming year.
 - Evaluate Social media strategy.
 - Review key messaging.
 - Evaluate community outreach.
- **National:**
 - Review conference/trade show.
 - Identify conference/trade shows of high value.
 - Support Regulatory team as needed.
- **International:**
 - Assist with China Trade Mission scheduled for May 2018.
 - Support Commercial team as needed.

Questions?



Project Report

Frank Richards, Senior Vice President of Program Management
May 10, 2018

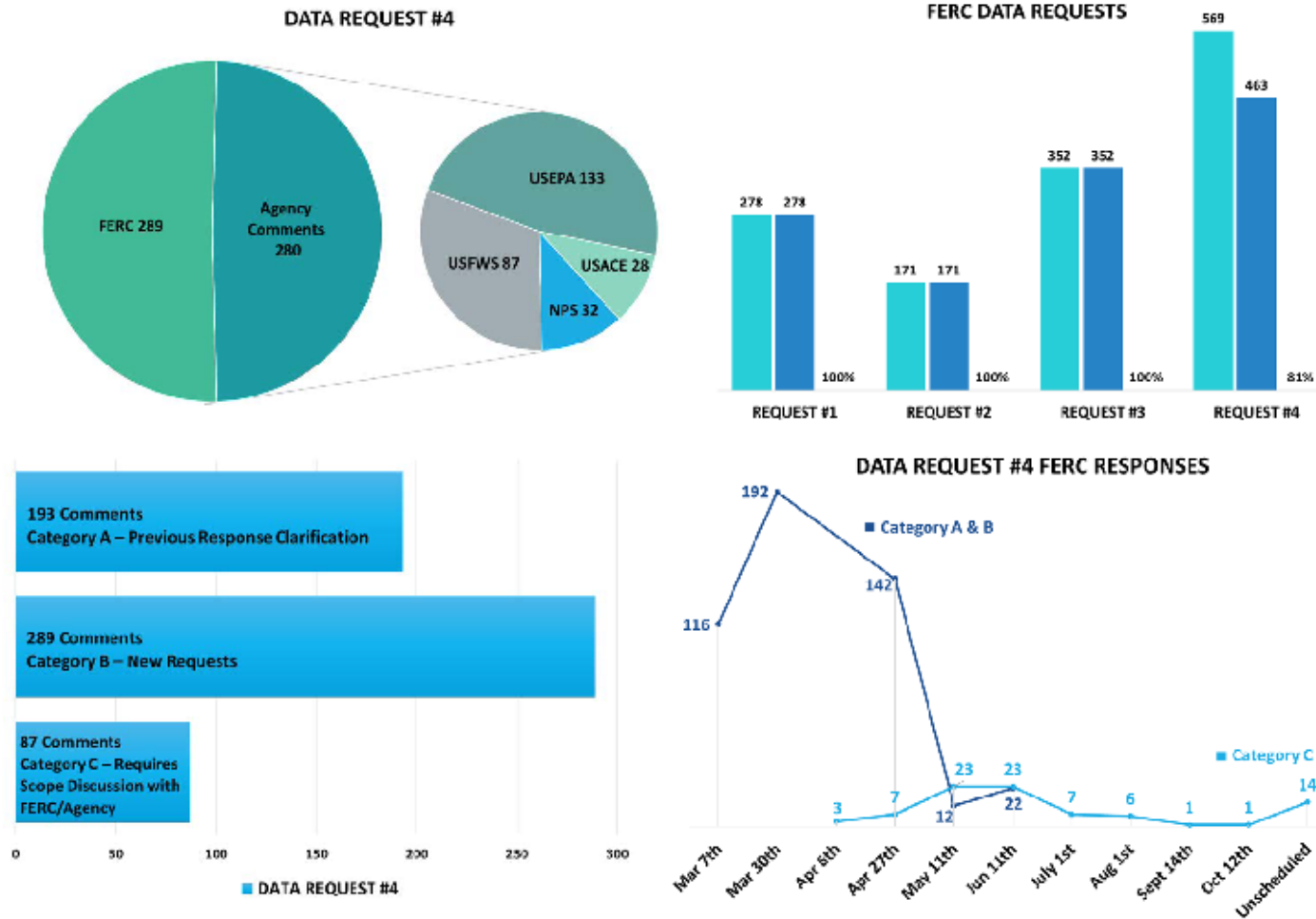


FERC Section 3 Application & EIS Process

- **FERC published Notice of Schedule in Federal Register, March 21, 2018:**
 - Draft Environment Impact Statement (DEIS) – March 2019.
 - Final Environmental Impact Statement (FEIS) – December 2019.
 - Right-of-Way (ROW) – March 2019.
 - Final Authorization/Record of Decision from FERC – March 2020.
- **FERC Environmental Data Request #4:**
 - 288 FERC comments with 279 Federal agency comments.
 - 463 responses submitted.
 - Additional submittals planned for May 11, 2018 and June 11, 2018.
- **FERC Engineering Data Request:**
 - Two requests – pipeline hydraulics and modeling.
 - Requested on April 23, 2018 – response completed May 1, 2018.
- **FERC drafting Preliminary Administrative EIS (PAEIS).**
- **Consultations underway with Environmental Protection Agency (EPA), National Park Service (NPS) and U.S. Fish & Wildlife Service (USF&WS):**
 - Meeting held to discuss agency comments.
 - Written comments provided to FERC.

Updated: 4/30/2018

FERC Data Requests – Dashboard



USACE 404 Application:

- All 117 responses completed and submitted on March 21, 2018.

Air Permits:

- Application for GTP submitted to ADEC December 2017.
- Department of Environmental Conservation provided 16 RFIs; AGDC provided responses on May 1, 2018.
- Application for LNG submitted to ADEC May 1, 2018.

PHMSA:

- Responses to questions on the four pipeline special permits submitted for AGDC approval May 1, 2018.

Pipe-in-Pipe Special Permit Application.

- Final tranche of responses to be submitted May 18, 2018.
- Environmental Assessment submitted April 30, 2018.

Design Spill Package:

- Responses to be submitted May 4, 2018.
- Data request received March 9, 2018.

Technical team participating with JDA negotiations.

Advancing discussions with Engineering, Procurement and Construction (EPC) firms.

AGDC Metallurgy Team advancing pipe procurement scope:

- Planning two additional mill evaluations; Nanjing and Baoji Steel.
- Planned evaluation of TGRI, the Chinese National Testing Laboratory as a potential test location.
- Rank mills and request Manufacturing Procedure Specifications, Inspection and Test Plans from candidate mills.
- Continued planning of welding, small scale and large scale tests.

Kenai Spur Highway Re-route:

- Public comments being reviewed and alternate route modifications being considered.
- Alternative re-evaluation including resident alternative to be completed summer 2018.
- Community meeting presenting final alternative to be held summer 2018.

Meetings to discuss LNG plant process safety with:

- Nikiski Fire Chief – Meeting held April 10, 2018.
- Nikiski community meeting – held April 12, 2018.
 - Well attended meeting – Approximately 250 individuals.
 - Passionate and intelligent audience; provided answers to good questions.
 - Received 75 written comments and 16 comments posted to project maps.

Meeting held with Kenai Peninsula Borough Alaska LNG Advisory Council on April 30, 2018.

- Topic: LNG Plant Water Supply.
- Explained 2014 – 2016 investigation.
- Provided rationale for extending City of Kenai water supply versus onsite water well.

Environmental, Regulatory and Land (ERL) and Engineering:

- U.S. Army Corps of Engineers publishes Final Supplemental Environmental Impact Statement – May 2018.
- USACE issued Record of Decision.
- Bureau of Land Management Grant of ROW and State ROW leases.
- ESA Sec. 7 consultation resolved in April 2018.
- Draft 2 Compensatory Mitigation Plan submitted May 2, 2018.
- Sec. 106 working groups and Programmatic Agreement finalizing in July/August 2018.
- 404/10 Permit and BLM Grant of ROW expected late August/September 2018.

Next Two Months

Advance talks with Engineering, Procurement and Construction (EPC) contractors.

Finalize FEED to Lump Sum Turn Key (LSTK) strategy.

Coordinate with Goldman Sachs on Equity Participation Offering.

Work with Joint Development Agreement (JDA) partners to finalize framework.

Complete summer cultural resources field program.

Advance Kenai Spur Highway (KSH) alternatives.

Finalizing ASAP wetland compensatory mitigation plan.

FERC Engineering Data Request.

Presenting at World Gas Conference in Washington, D.C., June 2018.

Commercial Update

Lieza Wilcox, VP of Commercial & Economics
May 10, 2018



Commercial: Negotiations Update

- Commercial team focused on definitive agreements by the end of 2018.
- AGDC April trip to China.
- AGDC continues to engage the parties with which AGDC has signed Memoranda of Understanding (MOUs) or Letters of Intent (LOIs) in other parts of Asia.
- Continuing its negotiations with the upstream producers on Gas Supply Agreements.
 - Gas supply contracts are the next key step to monetizing North Slope gas through definitive offtake agreements and securing financing.



- **BP Alaska and AGDC have agreed to key terms of a Gas Sales Agreement (GSA) including price and volume.**
 - The terms are captured in a Gas Sales Precedent Agreement signed May 4, 2018.
- **BP Alaska is the first North Slope producer in history to commit their gas to an Alaskan gas project.**
- **The parties anticipate finalizing a long-term GSA in 2018 for AGDC to purchase BP Alaska's share of 30 trillion cubic feet (TCF) of gas from the Prudhoe Bay and Point Thomson units.**
 - BP operates the Prudhoe Bay field and owns a 26 percent share of Prudhoe Bay as well as a 32 percent share of the nearby Point Thomson field.



Goldman Sachs in the State of Alaska

INVESTMENT BANKING
DIVISION

Goldman Sachs has served the State of Alaska, its development and housing authorities and local Alaska governments for over 30 years

- Since 1983, served as senior manager on over 50 negotiated issues with an aggregate par of over \$4.4 billion
- High profile financings include the Beluga River gas field acquisition, Bradley Lake, Red Dog Mine Infrastructure, Healy Clean Coal Plant, FedEx Anchorage Transloading Facility, and AHFC - Military Housing Project in Fairbanks

<p>\$59mm</p>  <p>Lead</p> <p>Certificates of Participation 2017 Series A (Taxable)</p> <p>Dec-2017</p>	<p>Municipal Light & Power</p>  <p>Advisor</p> <p>Advisor to ML&P on its potential asset sale</p> <p>July-2017</p>	<p>\$32mm</p>  <p>Senior Manager</p> <p>General Obligation Bonds, 2017 Series Two</p> <p>April-2017</p>	<p>\$156mm</p>  <p>Senior Manager</p> <p>Revenue Refunding Bonds, Series 2016A & 2016B</p> <p>Jan-2016</p>
<p>\$66mm</p>  <p>Co-Senior Manager</p> <p>Revenue Refunding Bonds, 2015 Series</p> <p>Aug-2015</p>	<p>\$176mm</p>  <p>Senior Manager</p> <p>General Obligation Refunding Bonds, Series 2012A</p> <p>Jan-2012</p>	<p>\$105mm</p>  <p>Senior Manager</p> <p>State Capital Project Bonds, 2011 Series A</p> <p>Feb-2011</p>	<p>\$87mm/\$14mm</p>  <p>Lead / Sole Manager</p> <p>Revolving Fund Bonds, Series 2010A & 2010B</p> <p>Feb-2010 / Dec-2010</p>
<p>\$81mm</p>  <p>Senior Manager</p> <p>Home Mortgage Revenue Bonds, 2008 Series A</p> <p>Sep-2008</p>	<p>State of Alaska</p>  <p>Advisor</p> <p>Advisor to the State on its AGIA expert review team</p> <p>2008-2009</p>	<p>\$75mm</p>  <p>Senior Manager</p> <p>Inaugural Commercial Paper Program for the Port of Anchorage</p> <p>Jun-2008</p>	<p>\$151mm</p>  <p>Senior Manager</p> <p>New Money and Refunding Bonds for the Water and Wastewater Utilities</p> <p>Jun-2007</p>

Thank you!

ALASKA
GASLINE
DEVELOPMENT CORP.



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 Alaska Gasline Development Corporation

RESOLUTION 2018-02

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ALASKA GASLINE DEVELOPMENT CORPORATION AUTHORIZING THE PARTICIPATION OF ITS EMPLOYEES IN THE PUBLIC EMPLOYEES' DEFERRED COMPENSATION PLAN OF ALASKA AND THE PAYMENT OF THE REQUIRED CONTRIBUTIONS, PURSUANT TO AS 39.45 ET SEQ

WHEREAS, Alaska Gasline Development Corporation ("AGDC"), located for administrative purposes in the Department of Commerce, Community, and Economic Development, wishes to complement the benefits of its employees by adoption of a deferred compensation program;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ALASKA GASLINE DEVELOPMENT CORPORATION THAT:

1. Pursuant to AS 39.45.010 et. seq., the AGDC Board of Directors ("Board") requests permission for AGDC to become a participating employer of the Public Employee's Deferred Compensation Program of Alaska.
2. All regular full-time and part-time employees of AGDC may participate as members of the Public Employees' Deferred Compensation Program of Alaska.
3. AGDC acknowledges the Public Employees' Deferred Compensation Program of Alaska is a voluntary plan which accepts employee contributions on either a pre-tax or post-tax basis through payroll deduction. No employer contributions may be made to the program.
4. The Board authorizes and directs the President, corporate officers, staff, attorneys, and other agents of AGDC to:
 - a. take any and all steps necessary to enroll AGDC and its participating employees in the Public Employee's Deferred Compensation Program; and
 - b. initiate a Participation Agreement between AGDC and the State of Alaska, Department of Administration.
5. The Board further requests that participation in the Public Employee's Deferred Compensation Program of Alaska be made effective July 1, 2018.

PASSED AND ADOPTED THIS 10th DAY OF MAY, 2018.

**BOARD OF DIRECTORS OF THE ALASKA
GASLINE DEVELOPMENT CORPORATION**

By: _____

Chair

Dave Cruz

Financial Update

Philip Sullivan, Finance Manager
May 10, 2018



Annual Expenditures and Fund Draw

Reporting Period January 2017 to December 2018

Expenditures by Major Activity (\$000s)	AFE Annual Expenditure Totals		
	CY 2017 Total	CY 2018 Total (w/FCST)	AFE Total
Communications	928	1,113	2,041
Commercial (Agreements and Marketing)	5,474	6,873	12,347
Project Finance	297	812	1,109
Regulatory (FERC Effort)	18,021	19,641	37,661
AGDC Corporate (Operating)	8,877	9,450	18,327
Total Expenditures	33,597	37,889	71,486
Average monthly burn rates for period	2,800	3,157	2,979

Projected Fund Balance (\$000s)		Annual Draw Down Totals			Remaining
		2017 Draw Down	2018 Draw Down	Total Draw Down	2018 December
AKLNG Total	79,720	(25,893)	(29,200)	(55,093)	34,644
ASAP Total	26,410	(7,705)	(8,689)	(16,393)	
Remaining Balance	106,130	(33,597)	(37,889)	(71,486)	34,644

Notes:

Calendar year 2018 annual spend and remaining balance is estimated based upon current monthly burn rates.

AFE-Authorization For Expenditures (Board Approved).

Table assumes funds are combined end of 2Q 2018.

ITD-Inception To Date.



Expenditures and Projected Funds

Reporting Period January 2017 to December 2018

	Actuals						
Expenditures by Major (\$000s)	Full Year 2017	YTD March 2018	Total Actuals	Latest Estimate (LE)			Total LE
				2Q CY18	3Q CY18	4Q CY18	
Communications	928	213	1,141	360	270	270	2,041
Commercial (Agreements and Marketing)	5,474	1,833	7,307	1,800	1,620	1,620	12,347
Project Finance	297	182	479	210	210	210	1,109
Regulatory (FERC Effort)	18,021	4,191	22,211	6,450	4,500	4,500	37,661
AGDC Corporate (Operating)	8,877	2,390	11,267	2,410	2,325	2,325	18,327
Total Expenditures	33,597	8,809	42,406	11,230	8,925	8,925	71,486
Average monthly burn rates for period	2,800	2,936	2,827	Estimated Spend			

Estimated Spend.



Projected Fund Balance (\$000s)	Fund Balance (Dec 2016)	Fund Draws			Latest Estimate (LE)		
		Full Year 2017	YTD March 2018	Total Draws			
					2Q CY18	3Q CY18	4Q CY18
AKLNG Total	79,720	(25,893)	(6,789)	(32,681)	38,384	43,569	34,644
ASAP Total	26,410	(7,705)	(2,020)	(9,725)	14,110		
Remaining Balance	106,130	(33,597)	(8,809)	(42,406)	52,494	43,569	34,644

Estimated Balance.



Notes:

AFE-Authorization For Expenditures (Board Approved).

Table assumes funds are combined end of 2Q 2018.

ITD-Inception To Date.



Operating Budget Variance Analysis

Actuals Reporting Period July 2017 to March 2018 FY2018

Fiscal Year					
Operating Expenditures (\$000s)	Full FY18 Budget	FY18 YTD Actuals	FY18 YTD Budget	FYTD Variance (Under)/Over	Percent Spent
Account					
Personal Services	6,365	3,668	4,774	(1,106)	58%
Travel	600	358	450	(92)	60%
Services	2,821	2,111	2,116	(5)	75%
Commodities	600	401	450	(49)	67%
Depreciation		25	-	25	-
Operating Total	\$ 10,386	\$ 6,563	\$ 7,790	\$ (1,227)	63%

Variance Drivers

Personal Services- AGDC in-house full time PCN headcount is 20 verses budgeted headcount of 26.

Fiscal Year					
Operating Expenditures (\$000s)	Full FY18 Budget	FY18 YTD Actuals	FY18 YTD Budget	FYTD Variance (Under)/Over	Percent Spent
Department					
Executive Team	3,111	1,951	2,333	(382)	63%
Commercial Team	872	572	654	(82)	66%
External Affairs Team	1,129	758	847	(89)	67%
Legal Team	260	166	195	(29)	64%
Finance Team	1,360	735	1,020	(285)	54%
Admin Services Team	2,171	1,358	1,628	(270)	63%
IT Data Mgmt Team	1,483	1,023	1,112	(89)	69%
Operating Total	\$ 10,386	\$ 6,563	\$ 7,790	\$ (1,227)	63%

Variance Commentary –

AGDC currently has six PCN vacancies. The vacant positions account for 90% of the operating budget underrun (\$1.10 MM). The remaining 10% of the underrun is due to timing of travel and commodities (146K). AGDC expects to fill the vacancies when project financing is obtained.



Expenditure Variance Analysis

Reporting Period January 2017 thru March 2018

Capital Expenditures (\$000s)	AFE ITD Actual Spend	AFE ITD Budget	Variance
Regulatory/Program Management	22,212	42,183	(19,971)
Commercial	7,787	22,950	(15,163)
Communications	1,141	1,754	(613)
Capital Total	\$ 31,140	\$ 66,887	\$ (35,747)

Expenditures by Fund (\$000s)		Actual Spend	Budget	Variance
AKLNG (1235)		28,175	60,719	(32,543)
ISG (1229)		2,965	6,170	(3,205)
Capital Total		\$ 31,140	\$ 66,887	\$ (35,747)
AKLNG (1235)	40% of Operating	4,506	5,193	(687)
ISG (1229)	60% of Operating	6,760	7,790	(1,030)
Total Operating		\$ 11,266	\$ 12,983	\$ (1,717)
AKLNG (1235)		32,681	65,912	(33,230)
ISG (1229)		9,725	13,960	(4,235)
AGDC Total		\$ 42,406	\$ 79,870	\$ (37,464)

Notes:

AFE-Authorization For Expenditures (Board Approved).

ITD-Inception To Date.

Variance Drivers

Significant austerity program was implemented to extend potential use of allocated funding.

Regulatory Variance Drivers:

- Deferred EPC contractor selection (-\$7.2MM)
- Timing of FERC related activities (-\$8.2MM)
- Deferred Core Regulatory activities (-\$4.5MM)

Efficiency Gains:

- Use of internal resources for FERC comment responses.
- Continuity of effort with no work stoppages.

Commercial Variance Drivers:

- Deferred Legal support(-\$8.9MM)
- Deferred Investment Banker selection(-\$4.8MM)
- Deferred Core Commercial activities (-\$1.4MM)

Efficiency Gains:

- Use of internal resources for drafting of key agreements.
- Continuity of effort with no work stoppages.

Capital Expenditure Detail

Reporting Period January 2017 thru March 2018

Authorization For Expenditure			Actual	Actual	Actual	Actual	Actual	Actual
Major Activity	Activity Group	Business Plan Element	CY17 1Q	CY17 2Q	CY17 3Q	CY17 4Q	CY18 1Q	ITD Total
Regulatory	Regulatory Core Activities	FERC	1,338	3,195	2,427	3,770	2,845	13,574
		AK LNG Cash Calls	1,179	55	0	119	(4)	1,349
		AKLNG Physical Asset Mgmt.	34	49	11	14	7	115
		Core Embedded Technical Team	1,086	1,164	956	972	984	5,162
		Supplemental Environmental Impact	345	741	302	264	360	2,012
Regulatory Total			3,981	5,203	3,696	5,140	4,191	22,212
Commercial	Business Development	Agreements	1,015	462	803	599	1,135	4,015
		In-State-Gas	29	16	32	36	57	170
		Internal Legal	0	0	0	250	125	375
		Project Marketing	540	534	520	638	516	2,748
	Business Development Total		1,584	1,012	1,355	1,523	1,833	7,307
	Project Finance	Project Financing / Analysis	71	161	75	(11)	183	480
	Project Finance Total		71	161	75	(11)	183	480
Commercial Total			1,655	1,173	1,431	1,512	2,016	7,787
Communications	Collateral	Marketing Material	0	28	65	71	62	227
	Outreach	Engagement	158	(7)	107	(63)	99	294
	Tradeshows	AGDC LNG Promotions & Outreach	102	134	217	116	51	620
Communications Total			260	154	390	124	212	1,141
Grand Total			5,896	6,531	5,516	6,776	6,420	31,139

- Division of Legislative Audit is conducting a Financial and Performance Audit of AGDC.
- Entrance Conference was held on April 25th.
- Audit includes Interviews with key AGDC staff.
- AGDC has provided current and historical: Policies and delegations, AGDC Board minutes, AGDC bylaws, organizational charts, and financial records.
- Final Audit Report will be made public in late 2018.
- AGDC will be transparent and cooperative during the audit process.

- The AGDC Board approved the Current AFEs in January 2017.
- The Original AFE period was January 2017 to June 2018.
- Under austerity AGDC has underspent the AFEs by \$35.7-Million.
- This revision will phase the underspend into FY19 and extend the AFE Period to June 2019.
- The AFE Scope and Budgets Remain unchanged.

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