

AGENDA
ALASKA GASLINE DEVELOPMENT CORPORATION (AGDC)
REGULAR BOARD MEETING

August 9, 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 – May 10, 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 - 03 - Veteran's Preference
- 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.

ALASKA GASLINE DEVELOPMENT CORPORATION REGULAR BOARD OF DIRECTORS MEETING

May 10, 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 May 10, 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 Anchorage, AK	Member of the Board
COMMISSIONER HEIDI DRYGAS Telephonic	Member of the Board
WARREN CHRISTIAN Anchorage, AK	Member of the Board
DAVID WIGHT Anchorage, AK	Member of the Board

- I. CALL TO ORDER: Chair Cruz convened the meeting at 9:01am.

Meeting Minutes

- 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 gave a safety moment on the benefits of staying home while you are sick.
- IV. APPROVAL OF AGENDA: Joey Merrick moved to approve the agenda and David Wight second. The approval of the agenda passed unanimously (7-0).
- V. MINUTES: Commissioner Luiken moved to approve Board meeting minutes from April 12, 2018. David Wight second. The approval of the Board meeting minutes from April 12, 2018 passed unanimously (7-0).
- VI. PUBLIC COMMENTS: Boardroom – Dr. William Cox, Richard McGahan and Eugene Haberman; Statewide – None
- VII. PRESIDENT'S REPORT: AGDC President Keith Meyer gave a presentation on the following:
 - Communications – Alaska First
 - i. Community meetings with Department of Labor & Workforce Development (DOLWD)
 - ii. Gasline Workforce Plan
 - iii. Weekly DOLWD calls
 - iv. Labor and Benefits Working Group
- VIII. NEW BUSINESS – AGDC MANAGEMENT/OPERATIONAL ISSUES:
 - A. Committee Chair Updates
 - Technical Committee – Warren Christian said the AGDC team was on track to answer FERC's questions.
 - Commercial Committee – David Wight emphasized the importance that one of the three largest leaseholders of gas on the North Slope committed its gas resources to Alaska LNG and that AGDC continues to work with the other two large producers.

Meeting Minutes

Communications Committee – Commissioner Luiken stated that the committee discussed past and upcoming community meetings. The committee also discussed the outreach meetings and various trade shows.

Governance Committee – Hugh Short stated the committee focused on President performance metrics and Directors/Officers insurance.

- B. External Affairs Update: AGDC VP of Communications Rosetta Alcantra updated the Board about EAGR team activities, which included the following:
 - a. Legislative semi-monthly reports
 - b. Press releases
 - c. Newspaper insert
 - d. Community meetings
 - e. Community outreach
 - f. Social media
 - g. Digital communication
 - h. Project momentum - headlines


- C. 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. USACE 404 application
 - c. Air permits
 - d. PHMSA
 - e. Pipe-in-Pipe special permit application
 - f. Design spill package
 - g. Technical team participation with JDA parties
 - h. Discussions with engineering, procurement and construction firms
 - i. AGDC metallurgy team advancement of pipe procedure scope
 - j. Kenai Spur highway re-route
 - k. Community meetings in Nikiski
 - l. Meetings with Kenai Peninsula Borough Alaska LNG advisory council
 - m. ASAP's Environmental, Regulatory and Land (ERL) and Engineering components

Meeting Minutes

- D. Commercial Update: Lieza Wilcox, VP of Commercial and Economics, gave an update on the commercial team's negotiations on definitive agreements. The team continues to engage the parties of which AGDC has signed MOUs or LOIs. The team also continues negotiations with the upstream producers on gas supply agreements. Last, BP Alaska and AGDC agreed to key terms of a gas sales precedent agreement including price and volume.
 - E. Resolution 2018-02: AGDC Employee Participation in the Public Employees Deferred Compensation Plan of Alaska. David Wight moved to approve the resolution, Joey Merrick second. The motion passed unanimously (7-0).
- IX. FINANCIAL UPDATE: Philip Sullivan, Finance Manager, gave an update on the AGDC operating and capital budget through April 2018. He also presented AGDC's financial performance, including descriptions of Authorizations for Expenditure (AFEs) spending. In addition, Philip asked the Board to extend the previously approved AFEs.
- X. EXECUTIVE SESSION: Chair Cruz called for a motion to go into Executive Session to discuss continuing negotiations with upstream producers on the gas supply agreements. Hugh Short made the motion and Joey Merrick second. None opposed. Executive session convened at 11:30am and ended at 1:04pm.
- XI. ANY OTHER ITEMS TO COME BEFORE THE BOARD: None
- XII. COMMENTS: Commissioner Luiken expressed his appreciation on how AGDC managed its resources so that it can carry on work for another year.
- Hugh Short said Mr. Haberman's comments during public comments were valid and that AGDC would make better attempts to post the Board packets online within a reasonable time before a Board meeting.
- XIII. ADJOURNMENT: David Wight moved to adjourn, Commissioner Luiken second, none opposed. The meeting adjourned at 1:10pm.

Meeting Minutes

XIII. ADJOURNMENT: David Wight moved to adjourn, Commissioner Luiken second, none opposed. The meeting adjourned at 1:10pm.



Dave Cruz, Chair

8-9-18

Date

President's Report

Keith Meyer, President
August 9, 2018



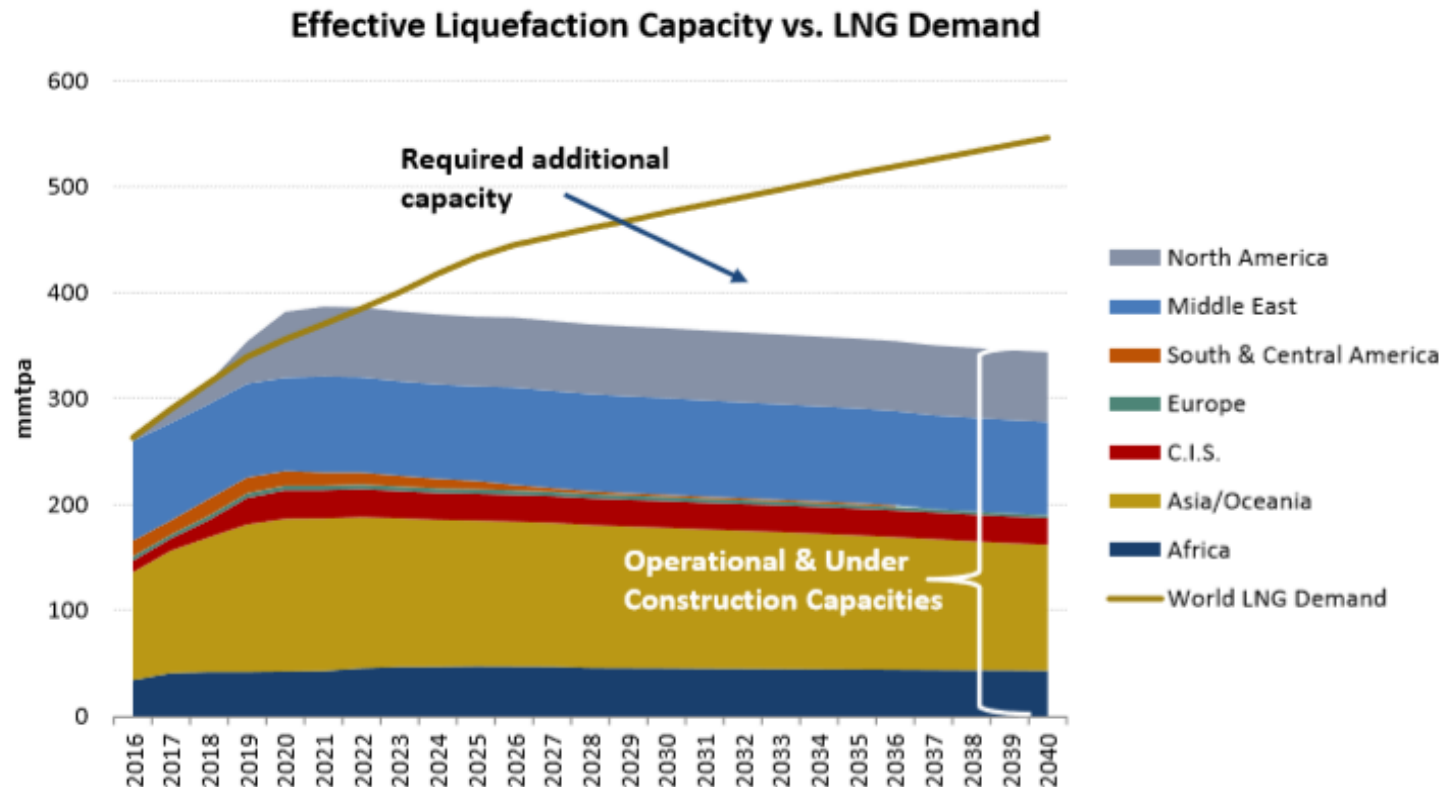
Presentation Overview

- Global Overview.
- AGDC Activities.
- Going Forward.



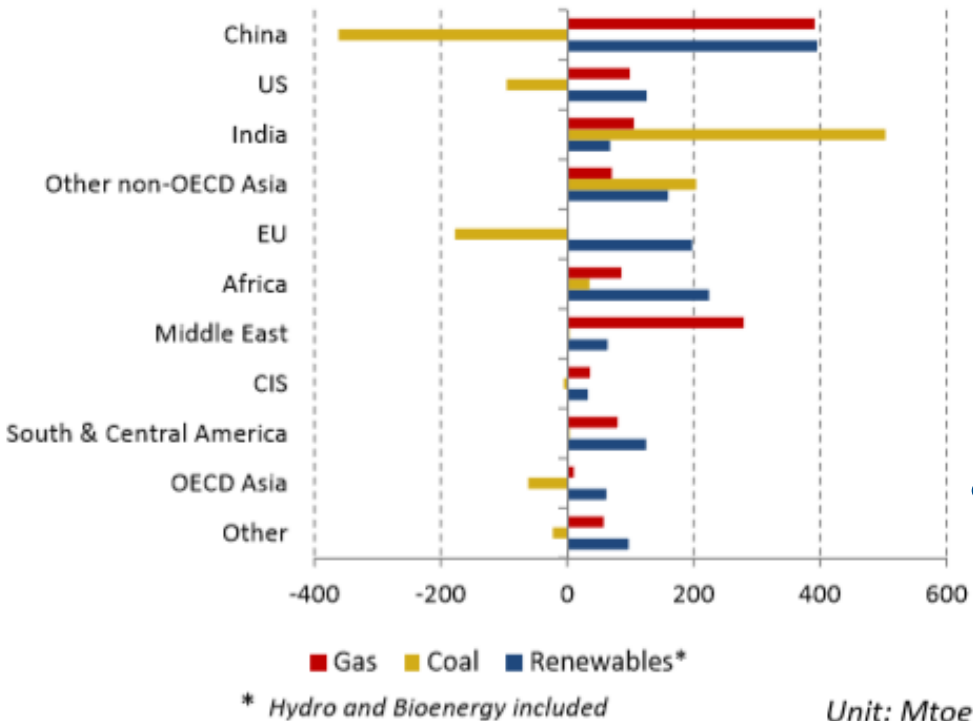
Global LNG Demand Forecast

- Cedigaz, the International Association for Natural Gas, recently forecast that the LNG market may eliminate its surplus supply as early as 2022/2023.



Source: CEDIGAZ LNG Service

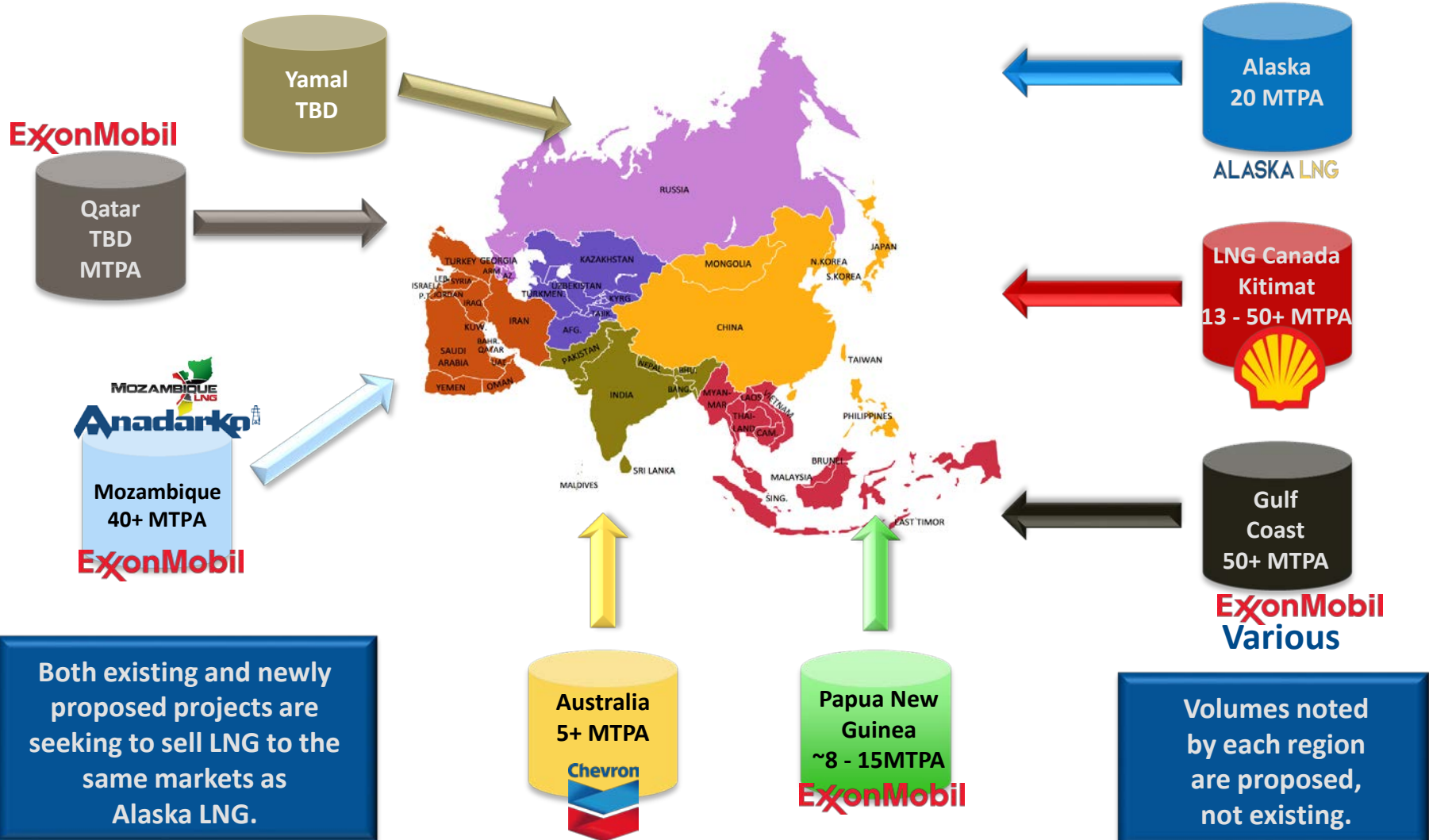
Changes 2016-2040 by zone



- **China overtook South Korea as the world's second largest LNG importer in 2017.**
 - China had the largest annual growth by a single country ever, importing 39 MT in 2017 (12.7 MT or 42.3% year-on-year growth).
 - LNG demand driven by strong environmental policy to promote coal-to-gas switching.
- **China's aggressive demand shows no signs of slowing.**
 - LNG imports experienced a 50% year-on-year growth in 1H2018, according to the country's General Administration of Customs.
- **China has exempted LNG from the tariffs on U.S. products.**

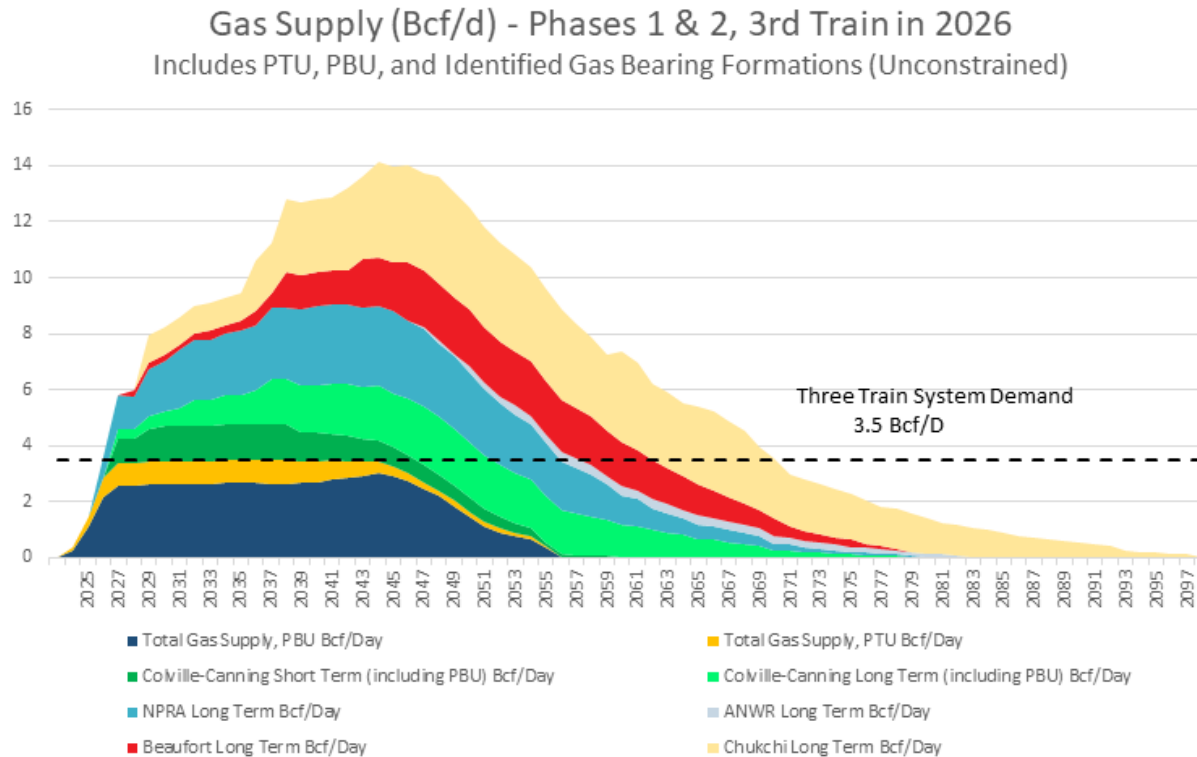
Competition and Tracking

Alaska must compete in a global market.



Alaska's Gas Supply

- AGDC continues to engage in negotiations with Alaska's North slope producers regarding gas supply agreements.
 - Initial agreements are critical for project financing.
- The North Slope holds generations of resource potential.

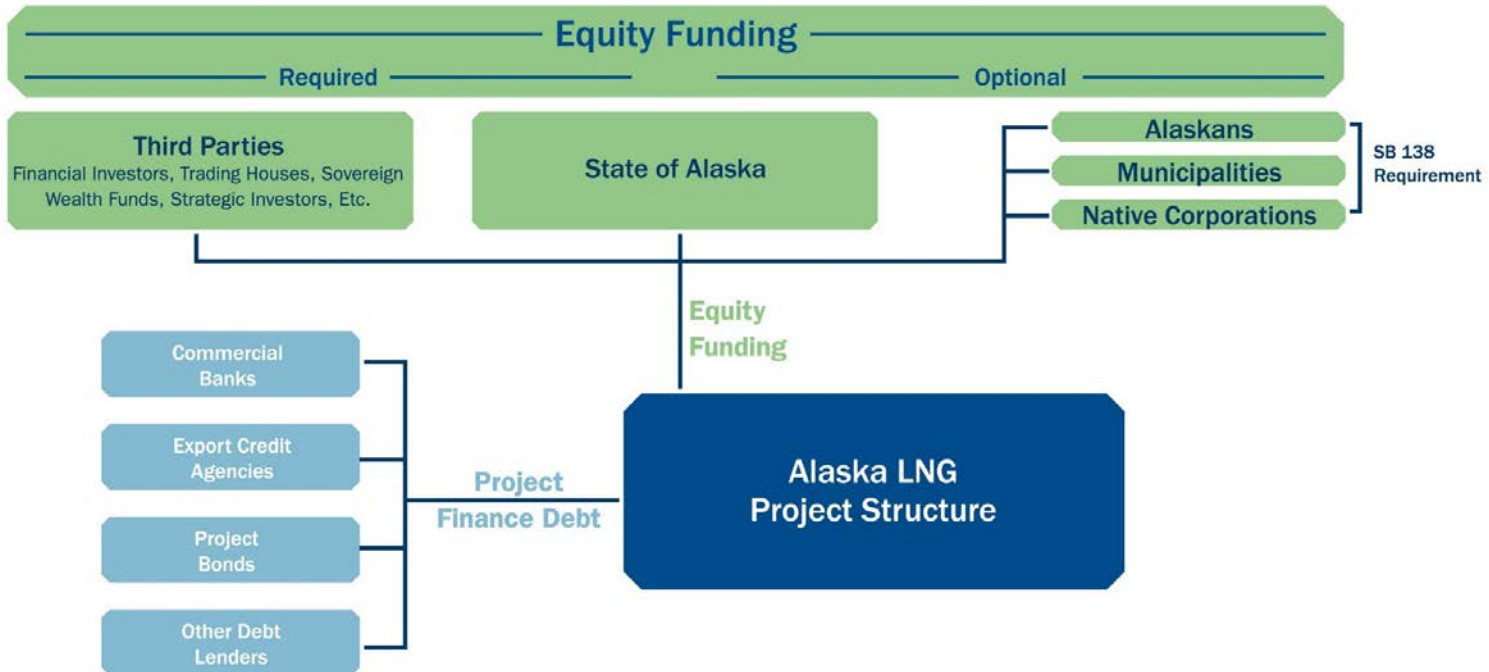


- **Progressing anchor capacity under negotiation with Joint Development Agreement parties (Sinopec, China Investment Corporation, Bank of China).**
- **Advancing definitive agreements and optimal sale and financing arrangements for the entire project.**
 - At least 5 MTPA reserved for a strategic regional transactions.

ALASKA LNG



- 15 LOIs/MOUs concluded, moving to SPA.
- Strategic participation opportunities.
- Seeking portions of financing connected to offtake.
- Project structure to allow segment investment.



Target Timing for Alaska LNG Equity:

- **4th Quarter 2018:** Initial road show describing the Alaska LNG investment opportunity to financial markets. Non-confidential equity book will be available to the Legislature.
- **1st Quarter 2019:** Seek equity commitments.

Foreign investment may require approval from the Committee on Foreign Investment in the United States (CFIUS) and upcoming Foreign Investment Risk Review Modernization Act (FIRRMA).

- Greater weighting of economic security factors.
- Mandatory review for transactions with State-owned enterprises.
- CFIUS will be required to consider whether the transaction:
 - Reduces the U.S. technical or industrial dimension relative to “countries of special concern” or,
 - Increases the cost to the U.S. government of acquiring or maintaining defense systems.

U.S. Dept. of Commerce representatives have provided preliminary indication that our proposed transaction with Sinopec et. al. should not be a problem with CFIUS, and in fact, we are being encouraged to accelerate the conclusion.

Significant progress made on Alaska Stand Alone Pipeline (ASAP):



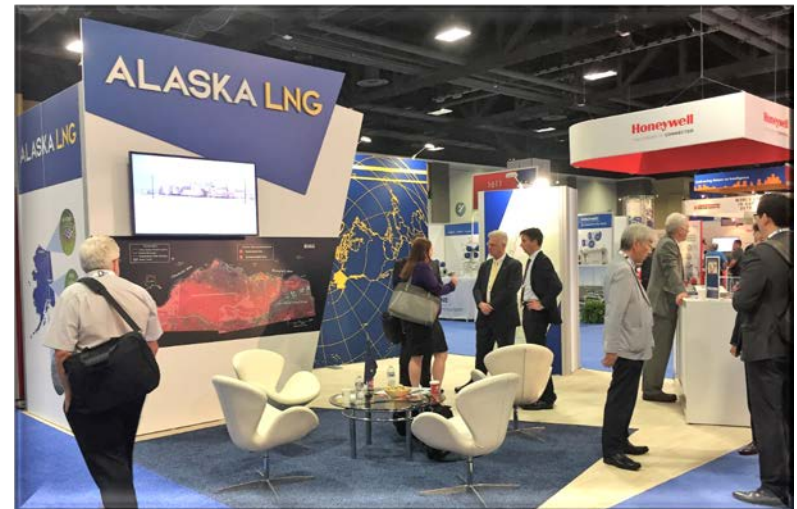
- Final Supplemental Environmental Impact Statement (SEIS) issued by U.S. Army Corps of Engineers (USACE) on June 22.
- Record of Decision (ROD) expected by August 22.

Final SEIS for the ASAP project helps position the Alaska LNG Project for success. Both projects share similar characteristics:

- Common alignment for over 80% of the mainline pipeline route.
- State of Alaska right-of-way (granted by Alaska statute to AGDC).
- Federal Bureau of Land Management (BLM) right-of-way (expected to be granted on September 30, 2018).
- Evaluation of underground pipeline on the North Slope.
- Evaluation of Denali National Park alternative.

World Gas Conference (June 25-29):

- Significant visibility for Alaska:
 - Alaska LNG mentioned by Senator Murkowski.
 - Two Alaska LNG break out sessions.
 - Ads placed in conference dailies + national magazines.
 - Media interviews with Upstream, Reuters, and others.
 - Booth on trade show floor + private meeting room.



- **July 9** – Alaska LNG update provided to the Governor’s Tribal Advisory council.
- **July 24** – Alaska LNG update provided to the Alaska Eskimo Whaling Commission 2018 Summer Meeting.
- **August 6** – Outreach to Kenai/Nikiski:
 - Media Outreach:
 - KSRM “Sound Off”; 2-hour interview + listener call-ins.
 - Peninsula Clarion, Ben Boettger; KDLL, Shaylon Cochran.
 - Community leaders Luncheon.
 - Presentation:
 - KPB Alaska LNG Project Advisory Committee.



July 11: Quarterly Project Update to Joint House & Senate Resources Committees.

- AGDC received questions in advance of the hearing and addressed the questions during the hearing.
- Additional questions were sent to AGDC and DOR following the hearing; responses have been sent.

- **Advancing Engineering, Procurement and Construction (EPC) contracts.**
- **Moving commercial discussions to definitive agreements.**
- **Advancing financing discussions and interface with financial markets.**
- **Increasing community and “Alaska First” interaction.**

Get Involved.
Get Ready.
Get Engaged.



agdc.us

 Facebook.com/AKGaslineDevelopmentCorp

 Alaska Gasline Development Corporation

Communications Update

August 9, 2018



- Legislative semi-monthly reports:

May 15

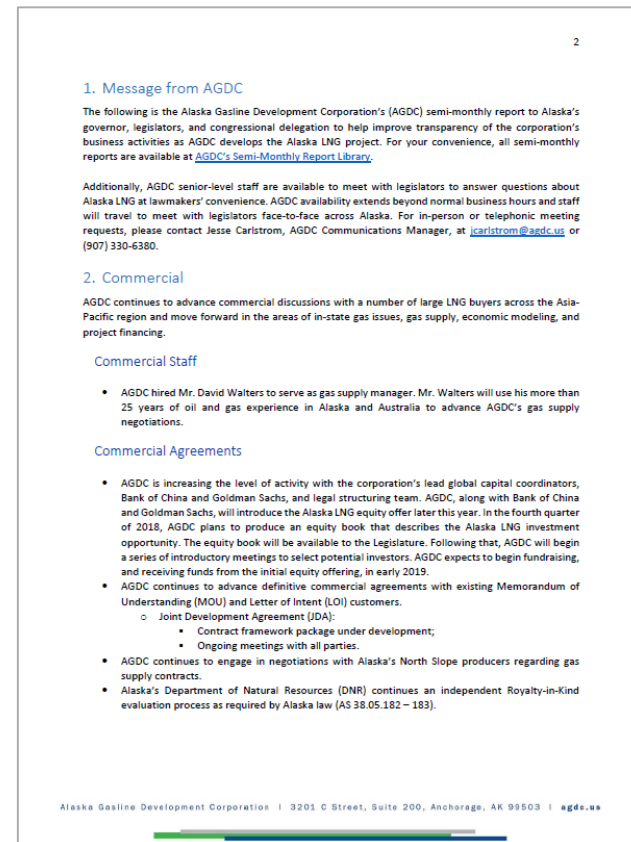
May 31

June 15

June 29

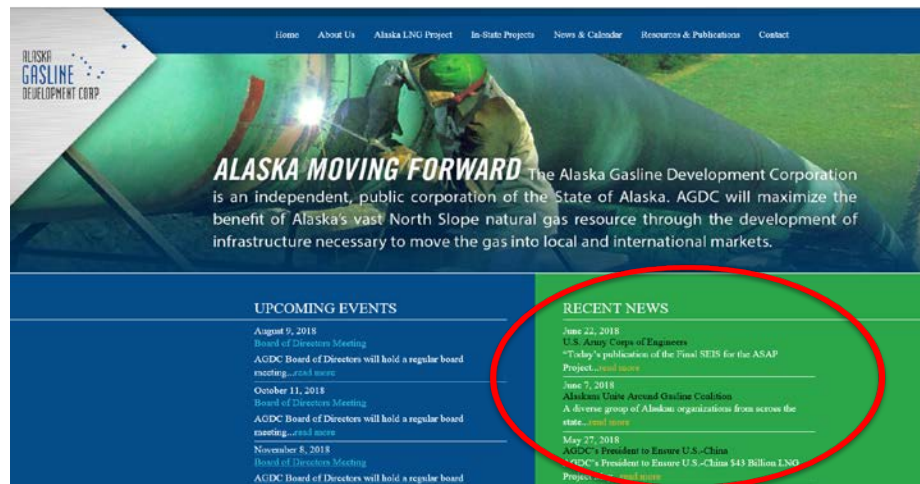
July 13

July 31



Press Releases / Talking Points

- **Press releases Distributed:**
 - June 22: U.S. Army Corps of Engineers Releases Final Supplemental Environmental Impact Statement for Alaska Stand Alone Pipeline Project.
 - June 7: Alaskans Unite Around Gasline Coalition.
- **Talking Points Developed:**
 - China Tariffs.
 - FERC 3rd Party Private Contractors.
 - Joint House & Senate Resources Alaska LNG Project Update.
 - Port MacKenzie Alternatives Analysis.



*Visit agdc.us
for all the
latest news.*

- **Gasline Communications Group:**
 - Weekly meetings are led by AGDC staff.
 - Meeting minutes are circulated after meetings.
 - Goal is to ensure cross-departmental collaboration.
 - Participation includes Departments of Labor, Transportation, and Natural Resources.

- **Recent activities:**
 - Communications plan, communications checklist, and one-page briefs are being used to encourage:
 - Greater synergy among group members,
 - Consistent messaging, and
 - Clarity on roles when media briefings, legislative hearings, and other events/activities are taking place.

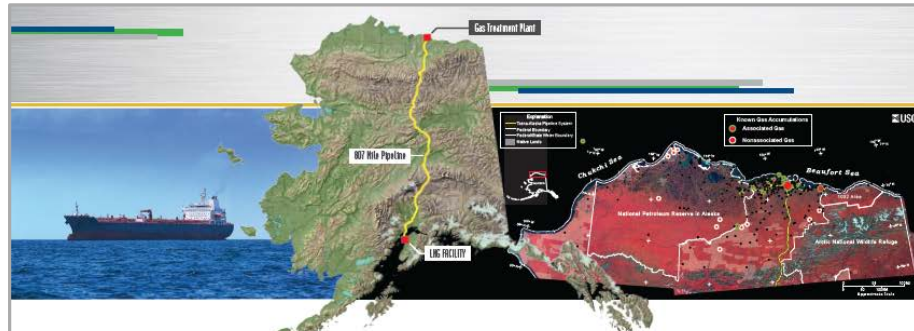
- Brochure highlights competitive advantages of Alaska LNG project and is intended for international audience.

ALASKA LNG

A STRATEGIC RESOURCE FOR THE
ASIA-PACIFIC REGION



ALASKA-LNG.COM



Global Position And Supply Security

Alaska's global position is advantageous for shipments to Asia-Pacific markets:

- North America's closest and most direct LNG supply.
- Alaska is strategically located on a key maritime shipping lane to Asia, without canal transits or third country involvement.
- Transport time is seven-to-nine days from Alaska.
- Access to the largest concentration of proven, conventional, stranded gas in North America.
- Alaska gave birth to the U.S.-Japanese LNG trade and is poised to be the strategic supplier to the Asia-Pacific region.

Schedule Certainty And Price Stability

Providing direct and unrestricted access to Asian markets as well as offering unprecedented level of price stability:

- Alaska's North Slope can provide supply security, with at least 100 years of supply to meet Asian demand for clean-burning fuel.
- At Prudhoe Bay and Point Thomson, there are 35 trillion cubic feet of proven natural gas.
- Alaska can deliver an average daily capacity of 3.5 billion cubic feet.
- Alaska holds title to most of the land where Alaska's LNG is located, which provides project certainty.
- Stable infrastructure-style pricing can increase regional stability.

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Competitive Advantage

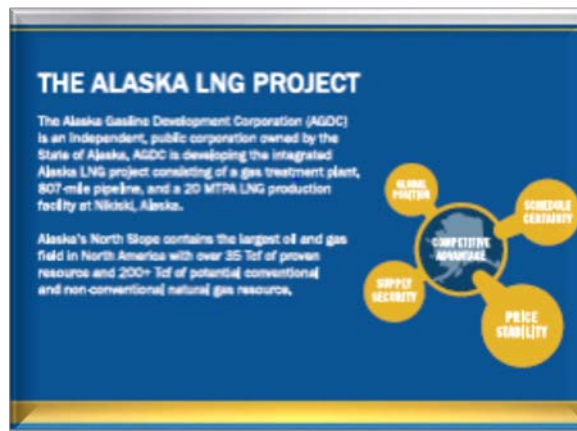
Alaska LNG provides customers with a sustainable competitive advantage through economic reliability and stability.

Our commitment to providing dependable, clean-burning natural gas to Asian markets, has been shown through significant federal support for the project and negotiations and agreements with a variety of buyers in Vietnam, Japan, China, and South Korea.



New Promotional Video

- **5-minute video includes:**
 - On-camera interviews with the Governor, AGDC officers, various state employees;
 - Highlights competitive advantages of the Alaska LNG project.
- **Memorable take-away item that maximizes exposure of Alaska LNG's message** (portable and rechargeable).






- Newsletter distributed in August.
- Highlights World Gas Conference, Gas Sales Agreement with BP, Statewide Coalition, and Community Meetings.



GLOBAL POSITION

Visit us at the
WORLD GAS CONFERENCE
BOOTH #1515



Alaska LNG is North America's closest and most direct LNG supply to Asian markets.

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- **Upstream**


- Series of five ads placed in daily newspaper at WGC.

- **LNG Industry**

- June issue: Distributed during WGC (Washington DC).
- Nov issue: Distributed at World LNG Summit (Lisbon).
- April issue: Distributed at LNG 2019 (Shanghai).

SUPPLY SECURITY

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BOOTH #1515



Alaska LNG provides access to the largest concentration of proven, conventional, stranded gas in North America.


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SCHEDULE CERTAINTY

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Alaska LNG provides direct and unrestricted access to Asian markets.

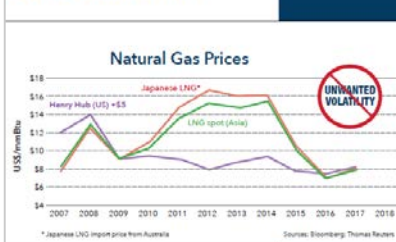
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PRICE STABILITY

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BOOTH #1515



Natural Gas Prices

US\$/mmBtu

2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018

Japanese LNG*
Henry Hub (US) +\$5
LNG spot (Korea)

* Japanese LNG import price from Australia

Sources: Bloomberg, Thomas Reuters

Alaska LNG offers an unprecedented level of price stability.


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COMPETITIVE ADVANTAGE

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GLOBAL POSITION

SCHEDULE CERTAINTY

PRICE STABILITY

SUPPLY SECURITY

NORTH TO THE FUTURE

Alaska LNG provides customers with a sustainable competitive advantage through economical reliability and stability.

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- **Petroleum News/The Explorers** (May)
- **AOGA Conference** (May)
- **American Gas Association** (June)
- **Alaskan Spirit Magazine** (Sept/Oct)



**ALASKA'S
OPPORTUNITY
IS NOW**

Alaska is building a natural gas pipeline and this project means jobs for Alaskans. In fact, there will be 12,000 construction jobs and 1,000 jobs to operate the pipeline. Now is the time to get ready for jobs that Alaska LNG will create. Vocational technical schools and other programs can help you get ready to work on America's largest energy project.

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**AMERICA'S ORIGINAL
GAS EXPORT SOLUTION**

The US first exported LNG to Asia from Nulato, Alaska in 1969 and continued uninterrupted for more than 40 years. Now, with Alaska LNG, Asia can once again look to Alaska as a reliable supplier.

Alaska's North Slope holds the largest proven, conventional, but stranded gas resource in the country. Being America's closest export point to Asia and with conventional gas not connected to rest of the country, means America can be a reliable and confident supplier to Asia.

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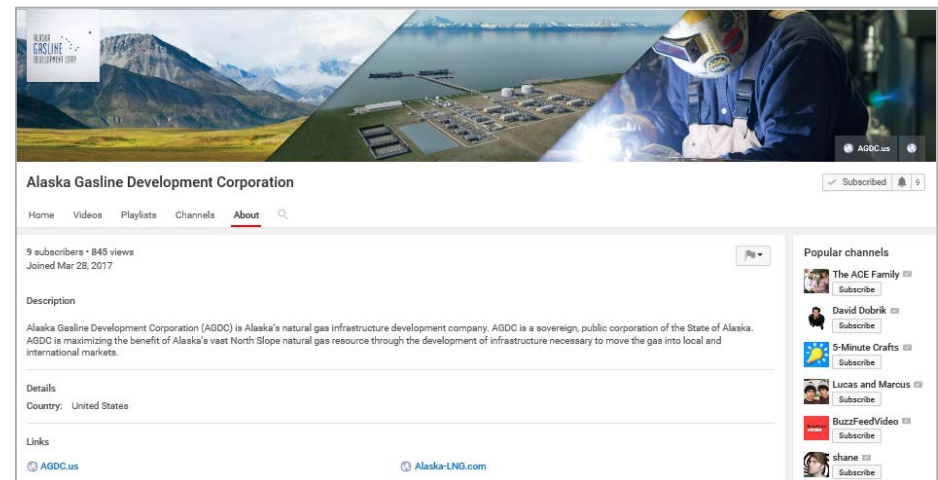
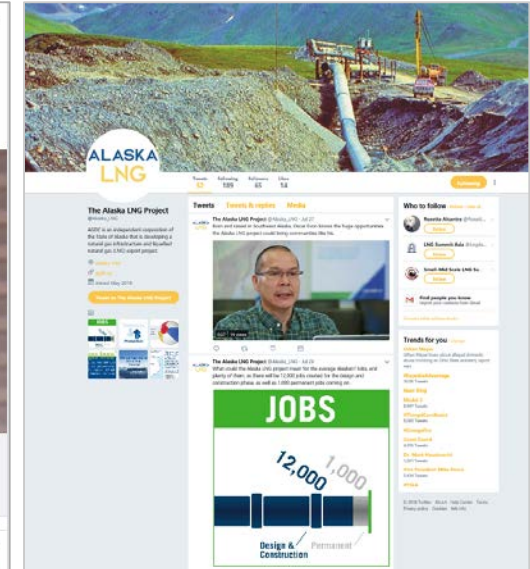
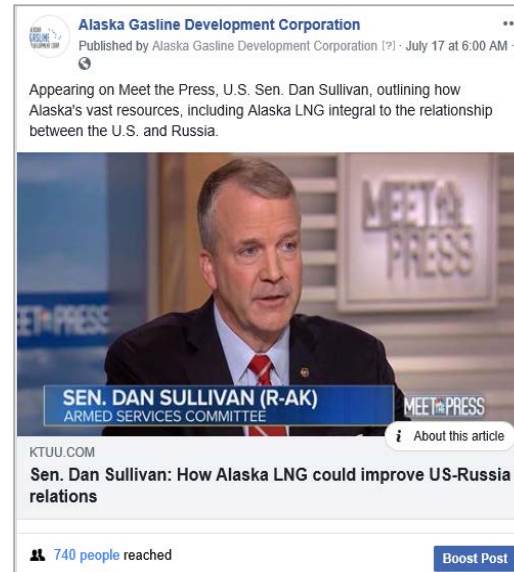
ALASKA'S OPPORTUNITY

The Alaska LNG project means 12,000 construction jobs and 1,000 long-term operations jobs for Alaskans. Alaska needs the positive economic impacts of this major project, which will benefit small to large businesses in our state.

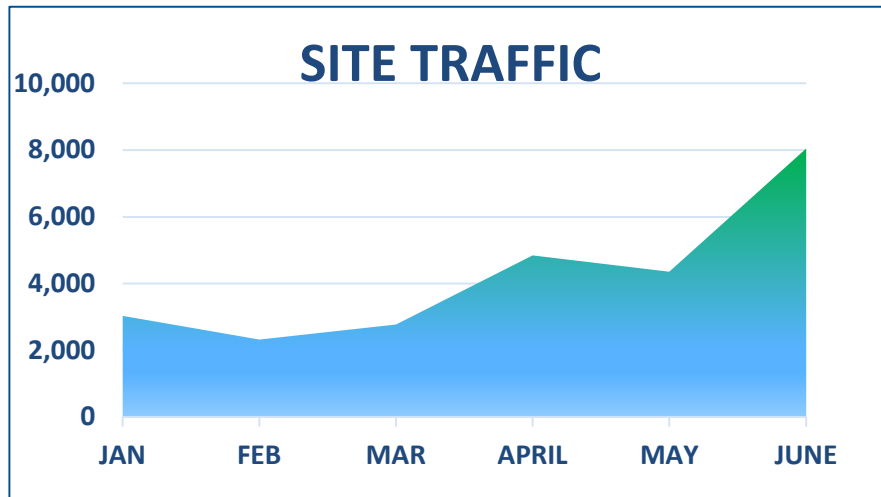
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- **AGDC platforms:**
 - Facebook (2,861 followers).
 - Twitter (59 Followers).
 - YouTube (829 views).
 - Linked In.
- **New Contractor:**
 - Yuit Communications leading social media.
 - Content calendars being developed.



- **Weekly LNG World Market Update:**
 - Features LNG news from around the world.
- **Website:**
 - Traffic to agdc.us is growing.
 - Tracking numbers from U.S. and Asia.



MONTH	U.S.	ASIA
JAN	2,033	171
FEB	1,317	131
MAR	1,662	173
APR	3,200	176
MAY	2,526	305
JUNE	4,927	344

ALASKA GASLINE DEVELOPMENT CORP. ALASKA MOVING FORWARD. DELIVERING NATURAL GAS TO THE WORLD

LNG WORLD MARKET UPDATE

July 16, 2018

Total is No 2 in LNG on Engie acquisition; US LNG exports up on week to six cargoes; Shell seeking permit to import LNG into Indonesia; LNG Terminal Poised to Boost Struggling Canadian Gas Producers. 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
\$2.86 (\$/MMBtu)
July 13 close

Weekly Change
↓\$0.05 (1.72%)

Trend

SOURCE: EIA

Total is No 2 in LNG on Engie acquisition

(LNG World Shipping - July 17) The Paris-based energy major, Total, has completed the acquisition of Engie's portfolio of LNG assets in a deal valued at \$1.5 billion, with additional payments up to \$550 million if the oil markets improve in the coming years. The portfolio includes participating interests in liquefaction plants, notably a 16.6% stake in the soon-to-be-commissioned Cameron LNG project, long-term LNG sales and purchase agreements, an 18-ship LNG tanker fleet, and access to regasification capacities in Europe. The transaction will provide Total with a market share of 10%, managing a portfolio of about 40 MPTA and liquefaction capacity of 23 MTPA by 2020. [Read more.](#)

LNG Import Price

Japan
\$9.40 (\$/MMBtu)
June 2018

Trend

US LNG exports up on week to six cargoes

(LNG World News, July 20) - Six LNG carriers with a combined capacity of 21.7 Bcf departed the United States from July 12 through July 18, marking a rise in LNG exports. All of the carriers were dispatched from Cheniere's Sabine Pass liquefaction terminal. The natural gas feedstock during the reported week averaged 3.3 Bcf/d. [Read more.](#)

Shell seeking permit to import LNG into Indonesia

Upcoming Activities

- **In-state:**

- Aug 18: Kenai Peninsula Fair.
- Aug 23: Alaska State Fair/Energy Day.
- Aug 25: KPEDD 2018 Industry Appreciation Day.
- Sept 20: UAF Job and Internship Fair.
- Sept 20: Kenai Peninsula Builders Assn.
- Oct 23-25: State Chamber Fall Forum.

- **National:**

- Sept 18-20: OGIF (Houston, TX).

- **International:**

- Nov 5-10: CIIE (Shanghai).
- April 1-5: LNG 2019 (Shanghai).
- Support Commercial team with visiting delegations as needed.



Questions?

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 outline of the state of Alaska, composed of several blue stars of varying sizes arranged to form the state's shape.

Project Report

Frank Richards, Senior Vice President of Program Management
August 9, 2018



FERC Section 3 Application & EIS Process

- **FERC schedule has not changed from the March 2018 Notice of Schedule dates:**
 - 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.
 - Probabilistic assessment of 8 LNG export projects indicates that the March 2020 Authorization target is better than P50.
 - Major Federal permits and authorization for COE Wetlands and BLM ROW will be tied to FERC ROD schedule.
 - FERC currently drafting Preliminary Draft EIS (PDEIS) for internal/agency review.
- **FERC Environmental Data Request #4:**
 - 288 FERC comments with 279 Federal agency comments (569 total).
 - 555 responses submitted through July 2018 (98% complete).
 - Port Mackenzie response focused on 20 MTPA project. MatSu Borough objection published as intervener.
 - Remaining submittals planned for Aug. 15, 2018, Sept 12. and Oct. 30, 2018.
- **FERC projecting additional smaller data request batches forthcoming.**

FERC Section 3 Application & EIS Process (Cont.)

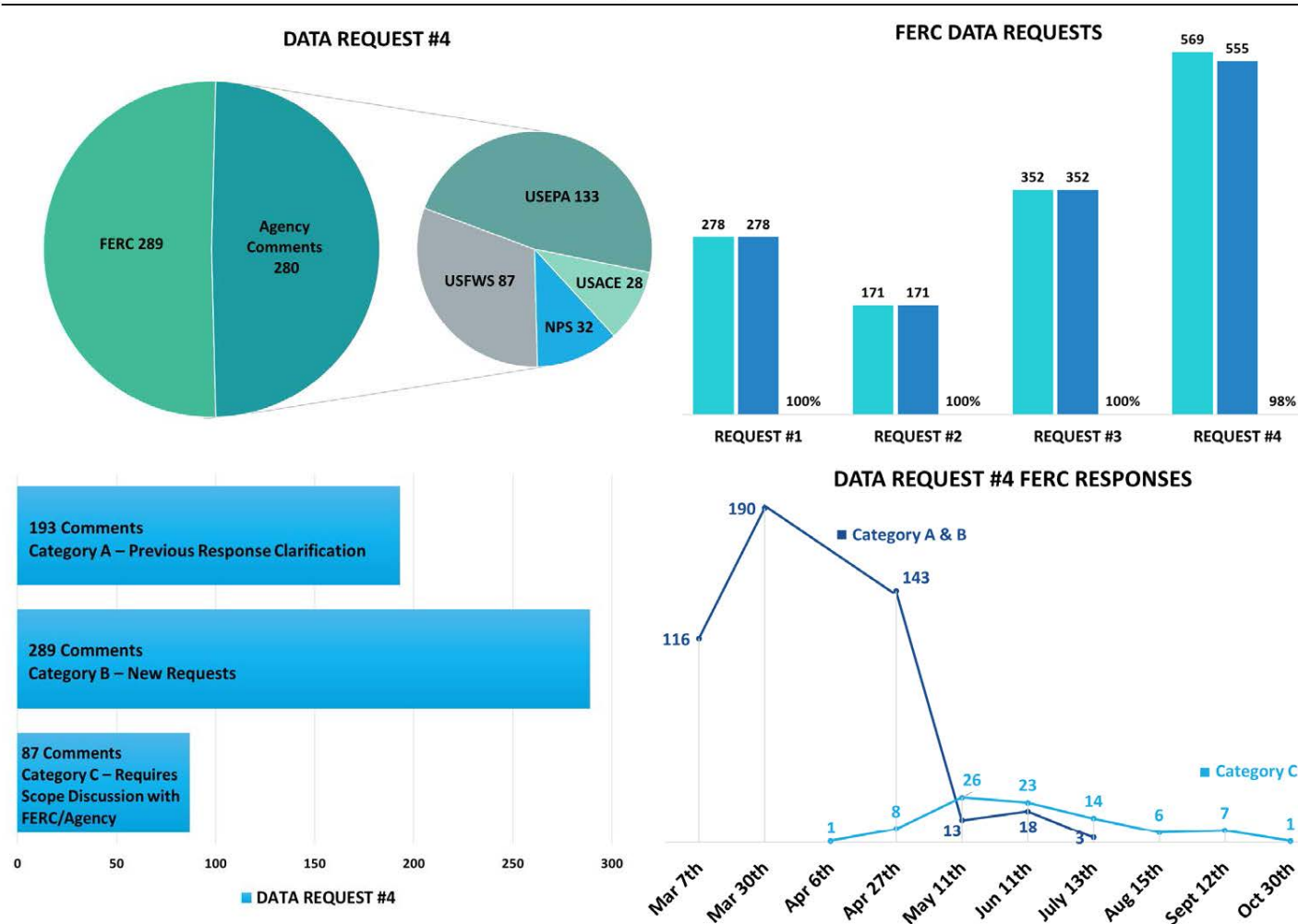
- **FERC Engineering Data Request**
 - AGDC seeking 3rd Party LNG Fire Protection Review Contractor to maintain schedule; submitting draft RFP to FERC on August 3.
 - FERC engineering review process will focus on facility siting for DEIS development and detailed process review prior to FERC Order.
- **Agency consultations required for FERC responses completed for:**
 - Environmental Protection Agency (EPA), National Park Service (NPS), U.S. Fish & Wildlife Service (UFWS), and Knik Tribal Council.

Summer 2018 Field Work

- **Completed Kenai Spur Highway noise monitoring data collection.**
 - Finalizing report for August 15th submittal.
- **Completed Denali National Park & Preserve alternative cultural, wetland, and visual surveys.**
- **Completed 3rd of 5 monthly ichthyoplankton field events at LNG Marine Terminal.**
 - Two field events remaining with report to be final in October 2018.

Updated: 7/19/2018

FERC Data Requests – Dashboard



USACE 404 Application:

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

Air Permits:

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

PHMSA:

- PHMSA is considering the revised environmental conditions and assessments for the four pipeline special permits.

Pipe-in-Pipe Special Permit Application.

- Final tranche of responses to be submitted August 24, 2018.

Design Spill Package:

- Data request received March 9, 2018.
- Responses submitted May 25, 2018.

Technical team participated in meetings in Anchorage with two potential LNG buyers and site visits in Prudhoe Bay and Nikiski.

Lands team is researching and preparing for National Park Service Right-of-Way Permit application for Denali National Park and Preserve.

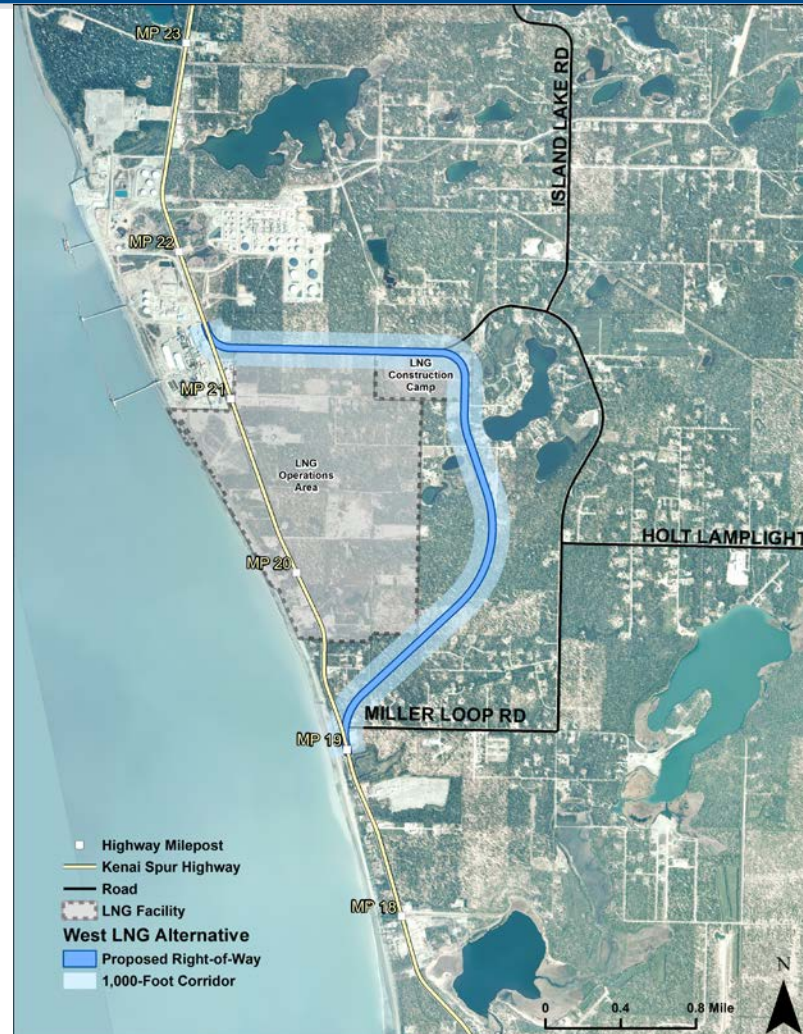
Technical team providing scenarios and CAPEX profiles for Commercial team's economic models.

AGDC Metallurgy Team advancing pipe procurement scope:

- Visited Welspun pipe mill in Little Rock, Arkansas to review spiral weld pipe manufacturing capabilities.
- Steel coil producer, ArcelorMittal was also present.
- Initial trial tests indicate ArcelorMittal/Welspun can produce X80, stress based (non-strain based design (SBD)) pipe.
- Continued planning of welding, small scale and large scale tests.

Kenai Spur Highway Re-route:

- Finalized the reroute for the Kenai Spur Highway.
- Presented the reroute in a well-attended community meeting in Nikiski.
- RFP for design services for the KSH reroute.
- First phase of reroute design will be plan set that will be used for construction bid in next phase.



Marine Transportation Modeling (MTM):

- Contracted Ausenco to update pre-FEED MTM in accordance with current AGDC LNG marketing plans.



Potential LNG buyers are requesting upstream assurance, which AGDC is developing:

- Compiled and provided publicly available PBU and PTU data to Sinopec.
- Working with BP (PBU) and ExxonMobil (PTU) to enable Sinopec access to proprietary reservoir models.
- Contracted Petrotechnical Resources of Alaska (PRA) to develop simple PBU reservoir model, initial output confirms reported 24 TCF of recoverable resource.
- Developing electronic library of public and confidential data to improve confidence of asserted 200 TCF undiscovered resource.
- Met with University of Alaska Fairbanks (UAF) Petroleum Engineering Department to discuss how they could assist with upstream assurance.

Presentations:

- Kenai City Council – May 16
- Nikiski Community Meeting (Kenai Spur Highway) – June 20
- Fairbanks City Council – July 9
- Governor’s Tribal Advisory Council – July 9
- Joint House Senate Resources Committee – July 11
- Alaska Eskimo Whaling Commission – July 24

Meetings:

- Matanuska Susitna Borough
- Alaska Department of Transportation and Public Facilities
- U.S. Coast Guard
- Kenai Peninsula Borough
- KPB Alaska LNG Project Advisory Committee

Commercial Update

Lieza Wilcox, VP of Commercial & Economics
August 9, 2018



- World Gas Conference is held every three years and is the premier gathering of the international gas industry and draws attendees from around the globe.
 - Over 12,000 delegates from more than 100 countries representing the entire gas value chain participated in this year's event in Washington, D.C.
- AGDC presented the project's ability to offer long-term price stability to LNG buyers – a key consideration for utilities that seek to mitigate price volatility for their customers.

“The Alaska LNG project is designed to move more than 20 million metric tons of natural gas each year. We’re working hard to get that project going. Global access to sustainable energy is finally within our reach.”

– Alaska U.S. Senator
Lisa Murkowski at WGC

- During WGC, AGDC held commercial discussions with 17 potential buyers, with some expressing interest in project investment.
 - AGDC's message on the potential stability and security of Alaska LNG was well-received.
 - AGDC met with representatives from a majority of the companies with a LOI/MOU to plan negotiations of binding commercial agreements.
 - AGDC met with several other potential LNG buyers who expressed renewed interest in Alaska LNG.



Buyers Engaging in Due Diligence

- Two delegations visited Alaska in July to conduct due diligence on the Alaska LNG Project.
 - AGDC discussed LNG offtake volumes as well as potential project investment opportunities.
 - One delegation was able to visit Prudhoe Bay and Nikiski.



Due Diligence Meetings, July 2018



Site Visit to Nikiski, July 2018



Site Visit to Prudhoe Bay, July 2018



- Team members will be visiting counterparties in Asia over the next several months for LNG sale and purchase contract negotiations.
 - Joint Development Agreement (JDA) discussions progressing, with members expected to visit Alaska in mid-August.
- Negotiations on binding upstream gas supply agreements are ongoing.

- Multi-day session with legal team and Goldman Sachs (June 19-22) to discuss:
 - Project structuring – how structure will optimize investment and return.
 - Model inputs and assumption agreements.
 - Draft legal documents including sales and purchase.
 - Equity Road Show:
 - 4Q 2018: Introduction.
 - 1Q 2019: Active Engagement.
- Continuous engagement with AGDC's global capital coordinators, Goldman Sachs and Bank of China.

Thank you!

ALASKA
GASLINE
DEVELOPMENT CORP.



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 Alaska Gasline Development Corporation




Alaska Veteran Bidder Preference Policy

July 26, 2018

AGDC-70-POL-BBB-DOC-00001

Alaska Gasline Development Corporation

3201 C Street, Suite 200
Anchorage, Alaska 99503
T: 907-330-6300
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	Alaska Veteran Preference Policy	AGDC-70-POL-BBB-DOC-00001
		Revision No. 0
	Public	July 26, 2018 Page 2


REVISION HISTORY

Rev	Date	Description	Originator	Reviewer	Approver
0	July 26, 2018	For Use	J. Iverson	Board of Directors	Board Chairman, Dave Cruz
Approver Signature*					

*This signature approves the most recent version of this document.

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1. PURPOSE

The Alaska Gasline Development Corporation (“AGDC”) is committed to providing an Alaska veteran preference (“Veteran Preference”) to Qualifying Entities that directly and competitively bid for AGDC services under any Request for Proposal (“RFP”) that AGDC issues. The Veteran Preference shall be similar to the veteran preference that the State of Alaska grants under AS 36.30.321.

2. SCOPE

All directors, executives, employees, and contractors shall comply with this Veteran Preference.

3. POLICY

3.1. Award Considerations

Provided that the competitive bidder is an Alaska Bidder and Qualifying Entity, AGDC shall award the Veteran Preference to a competitive bidder by applying the Maximum Veteran Preference. AGDC shall not award more than one Veteran Preference per bidder for the same bid and/or RFP.

3.2. RFPs and Competitive Bids

AGDC is only required to award a Veteran Preference in instances when AGDC exercises its discretion to directly contract with a Qualifying Entity through a competitive bid or formal RFP.


4. POLICY VIOLATION

Any person found to have violated this policy may be subject to disciplinary action, up to and including termination of employment or contract.

5. DEFINITIONS

Alaska Bidder – means a person who

- (A) holds a current Alaska business license;
- (B) submits a bid or proposal for goods, services, or construction under the name appearing on the person’s current Alaska business license;
- (C) has maintained a place of business in Alaska staffed by the bidder or offeror or an employee of the bidder or offeror for a period of six months immediately preceding the date of the bid or proposal;
- (D) is incorporated or qualified to do business under the laws of Alaska, is a sole proprietorship and the proprietor is a resident of Alaska, is a limited liability company organized under AS 10.50 and all members are residents of Alaska, or is a partnership under former AS 32.05, AS 32.06, or AS 32.11 and all partners are residents of Alaska; and
- (E) if a joint venture, is composed entirely of ventures that qualify under (A) – (D) of this definition.

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Alaska Veteran – means an individual who is both a resident of Alaska and a veteran.

Maximum Veteran Preference – means a preference that AGDC applies to the bid or offer of a Qualifying Entity to the price in the Qualifying Entity’s bid or proposal; the preference shall be 5% of the bid price, provided it shall not be more than \$5,000 total.

Qualifying Entity – means a

- (A) sole proprietorship owned by an Alaska veteran;
- (B) partnership under AS 32.06 or AS 32.11 if a majority of the partners are Alaska veterans;
- (C) limited liability company organized under AS 10.50 if a majority of the members are Alaska veterans; or
- (D) corporation that is wholly owned by individuals, and a majority of the individuals are Alaska veterans.

Request for Proposal (“RFP”) – means a request for proposal, or any other similar request, which AGDC issues to potential contractors on a competitive basis and at AGDC’s discretion.

Veteran – means an individual who

- (A) served in the
 - (i) armed forces of the United States, including a reserve unit of the United States armed forces; or
 - (ii) Alaska Territorial Guard, the Alaska Army National Guard, the Alaska Air National Guard, or the Alaska Naval Militia; and
- (B) was separated from service under a condition that was not dishonorable.

6. REFERENCES

AGDC. 2018. Bidder Preference Questionnaire. AGDC-20-FRM-BBB-DOC-00007.

RESOLUTION 2018-03

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ALASKA GASLINE DEVELOPMENT CORPORATION APPROVING AN ALASKA VETERAN PREFERENCE FOR RFPS AND COMPETITIVELY BID CONTRACTS

WHEREAS, AGDC recognizes the importance of engaging Alaska veterans to advance its purpose under AS 31.25.005; and

WHEREAS, AGDC, as permitted by law, seeks to adopt an Alaska veteran preference policy for contracts that it awards through its formal Request for Proposal (“RFP”) and competitive bid process;

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

1. The AGDC Alaska Veteran Bidder Preference Policy, as presented to the Board today, is approved.
2. The President and his or her designee(s) are hereby authorized and directed to take all actions and to execute and deliver any and all papers, documents, forms and instruments, and to carry out all acts necessary to effectuate and support this Resolution.
3. This Resolution shall take effect immediately.

PASSED AND ADOPTED THIS 9th DAY OF AUGUST, 2018.

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

By: _____

Chair
Dave Cruz

Financial Update

August 09, 2018



Expenditures and Projected Funds

Reporting Period January 2017 to June 2019

Quarterly Project Spend (\$0,000)	Actuals (Jan17-Jun18) 18-Months	FCST 1Q FY19	FCST 2Q FY19	FCST 3Q FY19	FCST 4Q FY19	Total Spend
Major Activities						
Communications	1,685	515	605	465	605	3,876
Commercial	9,792	2,341	2,379	2,379	2,379	19,271
Project Finance	734	858	858	858	858	4,166
Regulatory (FERC)	26,262	5,031	5,001	5,267	6,239	47,799
AGDC Corporate (Operating)	13,961	2,490	2,490	2,490	2,490	23,921
Total Monthly	52,434	11,234	11,333	11,459	12,572	99,032
Period Monthly Burnrates	2,913	3,745	3,778	3,820	4,191	

Estimated Spend.



Projected Fund Balance	(Jun FY18) Beginning Balance	FCST 1Q FY19	FCST 2Q FY19	FCST 3Q FY19	FCST 4Q FY19
Fund					
AKLNG Total	39,162	42,460	31,127	19,668	7,096
ASAP Total	14,532				
Remaining Balance	53,695	42,460	31,127	19,668	7,096

Estimated Balance.



Notes:

Fiscal Year (FY) is July 1 to June 30. June actuals are preliminary. The June period remains open. AGDC follows the State's FY close schedule. The state keeps June open to allow for late FY18 transactions. June will close in late August.

Operating Budget Variance Analysis

Actuals Reporting Period July 2017 to June 2018 FY2018

Operating Expenditures (\$000s)	Full FY18 Budget	FY18 YTD Actuals	FY18 YTD Budget	FYTD Variance (Under)/Over	Percent Spent
Account					
Personal Services	6,165	5,031	6,165	(1,134)	82%
Travel	500	492	500	(8)	98%
Services	3,146	3,144	3,146	(2)	100%
Commodities (Office/IT Supplies etc.)	575	562	575	(13)	98%
Depreciation		28	-	28	-
Operating Total	\$ 10,386	\$ 9,257	\$ 10,386	\$ (1,129)	89%

Variance Drivers

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

Operating Expenditures (\$000s)	Full FY18 Budget	FY18 YTD Actuals	FY18 YTD Budget	FYTD Variance (Under)/Over	Percent Spent
Department					
Executive Team	3,111	2,801	3,111	(310)	90%
Commercial Team	872	731	872	(141)	84%
External Affairs Team	1,329	1,200	1,329	(129)	90%
Legal Team	360	359	360	(1)	100%
Finance Team	1,230	967	1,230	(263)	79%
Admin Services Team	2,101	1,872	2,101	(229)	89%
IT Data Mgmt Team	1,383	1,327	1,383	(56)	96%
Operating Total	\$ 10,386	\$ 9,257	\$ 10,386	\$ (1,129)	89%

Variance Commentary –

AGDC currently has six PCN vacancies. The vacant positions account for 90% of the operating budget underrun (\$1.13 MM). The remaining 10% of the underrun is due to timing of travel and commodities (26K). AGDC expects to fill the vacancies when project financing is obtained.

Notes:

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Expenditure Variance Analysis

Reporting Period January 2017 thru June 2018

Capital Expenditures (\$000s)	AFE ITD Actual Spend	AFE ITD Budget	Variance
Regulatory/Program Management	26,264	53,551	(27,287)
Commercial	10,524	30,635	(20,111)
Communications	1,685	2,220	(535)
Capital Total	\$ 38,473	\$ 86,406	\$ (47,933)

Expenditures by Fund (\$000s)		Actual Spend	Budget	Variance
AKLNG (1235)		34,787	78,376	(43,588)
ISG (1229)		3,686	8,031	(4,345)
Capital Total		\$ 38,473	\$ 86,406	\$ (47,933)
AKLNG (1235)	40% of Operating	5,584	6,232	(647)
ISG (1229)	60% of Operating	8,377	9,347	(971)
Total Operating		\$ 13,961	\$ 15,579	\$ (1,618)
AKLNG (1235)		40,371	84,607	(44,236)
ISG (1229)		12,063	17,378	(5,316)
AGDC Total		\$ 52,434	\$ 101,985	\$ (49,551)

Notes:

AFE-Authorization For Expenditures (Board Approved).

ITD-Inception To Date. Budget values include contingency

Variance Drivers

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

Regulatory Variance Drivers:

- Deferred EPC contractor selection (-\$8.7MM)
- Timing of FERC related activities (-\$8.9MM)
- Deferred Core Regulatory activities (-\$5.0MM)
- Contingency (-\$4.8MM)

Efficiency Gains:

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

Commercial Variance Drivers:

- Deferred Legal support(-\$9.2MM)
- Deferred Investment Banker selection(-\$6.2MM)
- Deferred Core Commercial activities (-\$1.8MM)
- Contingency (-\$2.8MM)

Efficiency Gains:

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

Capital Expenditure Detail

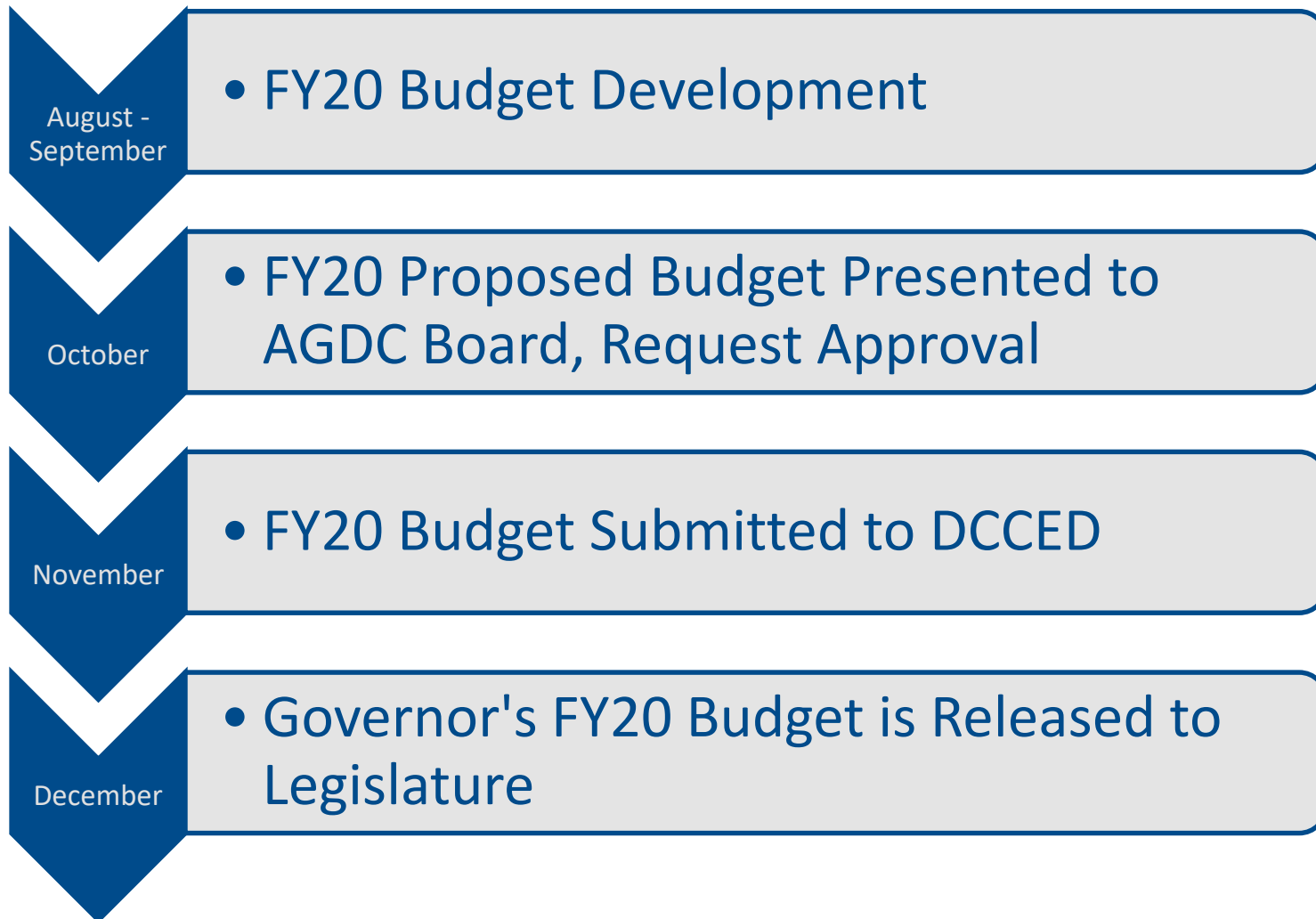
Quarterly Reporting Period January 2017 thru June 2018

Authorization For Expenditure			Actual	Actual	Actual	Actual	Actual	Actual	Actual
Major Activity	Activity Group	Business Plan Element	CY17 1Q	CY17 2Q	CY17 3Q	CY17 4Q	CY18 1Q	CY18 2Q	ITD Total
Regulatory	Regulatory Core Activities	FERC	1,338	3,195	2,427	3,770	2,845	2,470	16,044
		AK LNG Cash Calls	1,179	55	0	119	(4)	0	1,349
		AKLNG Physical Asset Mgmt.	34	49	11	14	7	5	120
		Core Embedded Technical Team	1,086	1,164	956	972	984	1,211	6,372
		Supplemental Environmental Impact	345	741	302	264	360	365	2,377
Regulatory Total			3,981	5,203	3,696	5,140	4,191	4,050	26,262
Commercial	Business Development	Agreements	1,015	462	803	599	1,135	1,689	5,704
		In-State-Gas	29	16	32	36	57	76	245
		Internal Legal	0	0	0	250	125	125	500
		Project Marketing	540	534	520	638	516	596	3,343
	Business Development Total		1,584	1,012	1,355	1,523	1,833	2,485	9,792
	Project Finance	Project Financing / Analysis	71	161	75	(11)	183	254	734
	Project Finance Total		71	161	75	(11)	183	254	734
Commercial Total			1,655	1,173	1,431	1,512	2,016	2,739	10,526
Communications	Collateral	Marketing Material	0	28	65	71	62	302	529
	Outreach	Engagement	158	(7)	107	(63)	99	167	460
	Tradeshows	AGDC LNG Promotions & Outreach	102	134	217	116	51	76	696
Communications Total			260	154	390	124	212	545	1,685
Grand Total			5,896	6,531	5,516	6,776	6,419	7,334	38,473

Notes:

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FY20 Budget Planning Milestones



Vendors over \$1-MM less than \$5-MM

VENDORS	SERVICES PROVIDED	FY16-FY18 AMOUNT
FLUOR ALASKA INC	ENGINEERING SUPPORT	\$ 1,000,000
PETROTECHNICAL RESOURCES OF AK	CONTRACT STAFF	\$ 1,500,000
AXIOM ENVIRONMENTAL	CONTRACT STAFF	\$ 1,500,000
SJ&JL CALAIS OFFICE I LLC	ANCHORAGE LEASE	\$ 1,800,000
COMPETENTIA, INC	CONTRACT STAFF	\$ 2,000,000
CH2M HILL	CONTRACT STAFF	\$ 2,200,000
MICHAEL BAKER, JR. - ENGINEERING	CONTRACT STAFF, ENGINEERING SUPPORT	\$ 3,000,000
ERM ALASKA	ENVIRONMENTAL IMPACT STATEMENT SUPPORT ASAP AND AKLNG	\$ 4,400,000
EXP ENERGY SERVICES INC	PROJECT MANAGEMENT, FERC RESPONSES, PERMITTING	\$ 4,500,000
HAWK CONSULTANTS LLC	CONTRACT STAFF	\$ 4,500,000
SOA - DEPT OF LAW	OUTSIDE LEGAL SUPPORT	\$ 4,500,000

- AGDC Amended and Restated Bylaws require Board notification of expenditures Reasonably Expected to be over \$1-Million and Board approval for expenditures over \$5-Million.
- Total expenditures to the vendors listed above are likely to exceed \$1-million but are under \$5-million.
- Approval will be sought for expenditures exceeding \$5-million

Get Involved.
Get Ready.
Get Engaged.



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