

**GOVERNOR'S AGRIMUM TASK FORCE**  
**First Meeting**  
**February 25, 2005**  
**Kenai Job Center**

1. The first meeting of the Governor's Agrium Task Force began at 9:30 a.m., facilitated by Deputy Commissioner Bill Noll, DCED.

Attendees: Bill Noll, Deputy Commissioner, DCED; Dave Carey, Soldotna Mayor; Pat Cowan; George Ford; Bill Popp, KPB Oil & Gas and Mining Liaison; Rick Ross, Kenai City Councilman; Gary Superman, KPB Assembly President; Roy Wells.

Kenai Staff: Susan Davis, Office of the Governor; Diana Spann, DOLWD Regional Manager; Pascale Dilley, DOLWD, Rapid Response staff

Members of the Public: John Parker, KPB-EDD; and Mike O'Toole, R&K Industrial Oilfield Service

Attendees by Teleconference:

Commissioner Greg O'Claray and staff: Corine Geldhof and Shawna Harper; McHugh Pierre, Communications Staff, Office of the Governor; Rep. Kurt Olson and staff Konrad Jackson; Senator Tom Wagoner and staff Amy Seitz; Jim Carter; Bob Favretto; Lisa Parker, Agrium Government Relations

Not in Attendance:

Department of Natural Resources

3. Commissioner O'Claray and Deputy Commissioner Noll expressed Governor Murkowski's strong interest and support for the task force in addressing the needs of affected Alaskans, as well as the Kenai Peninsula and Alaska economies.

4. The task force members summarized the Agrium issues into three major categories:

- a. Matters affecting people and families.
- b. The Agrium situation.
- c. Current and future options.

5. People and Families.

- a. The Alaska Department of Labor and Workforce Development (DOLWD) has committed strong staff support to do everything they can to support the employees. They are working hand in hand with Agrium local HR. Following are many of the tools devoted to the task.

- b. Trade Adjustment Assistance programs and funds are available. Application by Agrium is not yet done but is a pending task.
- c. The Agrium workforce members are journeyman class. DOLWD R&D is working with Agrium to develop the complete workforce demographic.
- d. An Agrium-DOLWD labor-management team structure is a recommended addition to the present effort.
- e. Find local placement with local companies for the work force with their transferable skills. Alaska mining projects are potential markets for workers. Clint Hall, a Peninsula contractor, is another possibility.
- f. There is a need for improved external communications. There is too much bad information being circulated. Maximize good information; reduce rumors and bad information.
- g. DOLWD is conducting resume writing, interviewing, mock employment interviews, and one on one vocational counseling.
- h. DOLWD Rapid Response and TAA programs will kick in only when Agrium actually lays off employees or files a Worker Adjustment and Retraining Notification Act (WARN) notice.
- i. There is very strong support from the DOLWD from the Commissioner down.

6. The Agrium situation.

- a. Lisa Parker of Agrium was in attendance. She herself is a great supporter of Alaska, KPB, the industry, and the people who live here.
- b. Many task force members expressed a lack of clarity from Agrium or felt they were receiving mixed messages from Agrium. What are the true causes of the Agrium situation?
- c. Agrium has set a shut down schedule that will have the plant button down by year end 2005.
- d. Agrium managers have cited widely different prices at which they could buy gas and possibly continue operations. (E.g., \$2.00 to \$3.50 range.) have been thrown out for gas prices.
- e. Pipeline tariffs, RCA decisions, treating of the pipeline as a common carrier -- each of these is an important issue that must be considered obstacles to continued operations or restarting operations.
- f. The profit margin needed by independents is likely to be less than what is needed by the majors. This is an area that needs additional research.
- g. Agrium naturally wants to fill its existing orders, so they are being cautious with layoffs.

- h. A positive point: Agrium is letting employees bank vacation time and cash out. Agrium wants to finish strong, keep the employees so they can fill orders.

7. Current and Future Options.

- a. CIGG (Cook Inlet Gas Gathering system) – situation is that they have 125 million cubic feet per day capacity. Current usage is 85 to 90 million cubic feet per day. Capacity could be increased if new compressors are installed. Can it be turned into a common carrier? Who would own, operate and/or finance it?
- b. Task force member, Rick Ross attended the December 15, 2004 Agrium Investor Conference. He states he heard Agrium CEO, Mike Wilson say that the future of nitrogen was off shore. He also cites the 12-17-04, Whistler Conference on the Agrium web site as stating the same.
- c. What else is out there?
- d. The coal fired power plant in the Beluga.
- e. The common carrier pipeline issue is a chokepoint on the gas market. The independent producers are not able to get their gas to market. The major players control the pipelines. RCA issues for common carrier of pipeline.

8. Chairs and Next Meeting.

- a. Bill Popp and Bob Favretto were elected Task Force Co-Chairs, and Bill Noll was named Facilitator.
- b. Next Meeting: Friday, March 18, 2005, 9:00 am – 12:00 pm, at the Peninsula Job Center.