

**Minutes of the March 23, 2009 Board of Directors Regular Meeting
Alaska Village Electric Cooperative, Inc.**

1. Call to Order, Determination of Quorum, Introduction of Guests

Chairman Charlie Curtis called the meeting of the board of directors of Alaska Village Electric Cooperative to order at 1:50 p.m. A quorum was determined with all of the board members in attendance:

Charlie Curtis, Chairman	Mike Prince, Director
Phyllis Clough, Secretary	Walter Sampson, Treasurer
Fred Sagoonick, Director	Helena Jones, Director
Robert Beans, Vice Chairman	

Others in attendance included:

Mark Teitzel, Vice Pres.& Mgr. of Engineering	Brent Petrie, Mgr. Community Development
Roger Kempel, Legal Counsel	Amy Murphy, Executive Assistant
Meera Kohler, President and CEO	Debbie Bullock, Manager Administrative Services

2. Declaration of Conflicts of Interest

Chairman Curtis called for declarations of conflicts of interest and there were none to declare.

3. Approval of Minutes

Upon a motion duly made and seconded, the AVEC Board of Directors Regular Meeting Minutes dated January 9, 2009 were approved as presented.

4. Approve Audit Report

Upon a motion duly made and seconded, Resolution 09-07 to Approve the Audit Report was approved as presented.

5. Director Trip Reports

Robert Beans presented a written copy of his trip report to attend the Alaska Power Association Legislative Conference in Juneau March 10-11. He said it was a good conference with a lot of discussion on priorities, including PCE funding and continuing the \$1 cap and net metering, which is generally not strongly supported by the leadership. It was a good conference. He said he visited the legislators he wanted to visit and caught an earlier flight out of Juneau. Robert said AVEC is well respected down there and there were discussions regarding fuel in rural Alaska.

Helena Jones gave a verbal report and said the theme of the conference was "Solving Alaska's Energy Puzzle." She went to dinner with Jim Posey of Anchorage ML&P and lots of other people. John Harris, the former Speaker of the House, was given APA's prestigious Dave Hutchens award and was quite pleased. Heather Graham gave a very informative lunch presentation on carbon credits/taxes. Helena and Meera visited different legislators both days. They had a good discussion with Donny Olson and Meera explained negative issues associated with net metering to him.

Fred asked if there were any comments regarding when Pebble and Donlin mines may go into production. Meera said not much was heard about these mines, but finding a power source is a big hurdle. There was some discussion about a natural gas pipeline spur.

6. President's Report

6a. Denali Commission Update: Meera said she attended the Denali Commission quarterly meeting in Juneau last week. The first day was a work session and they discussed their bylaws and strategic plan. During the comment section Meera said that the Denali Commission needs to restore emphasis to the priority mission of the Denali Commission and retain its focus on rural energy, as it was originally intended. There is still a huge statewide backlog of projects with deficiencies that need to be upgraded. Brent Petrie provided copies of a recap of the funding we have received and the projects we are working on. Federal funding for the Denali Commission has been cut 80% the past couple years and projects on the priority list keep moving farther down on the time line. We are still concentrating on completing projects that have been in the works. There is some good news. We received some new funding from the

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state for renewable energy projects in their Round 1 phase, and we applied for more state funding in the Round 2 phase. We also applied for some federal funding for renewable energy projects that could be shovel ready pretty quickly. Brent gave a brief overview of the status of the major projects that we are currently working on. There was some discussion on the Denali Commission projects and various funding options we are pursuing.

6b. Financial Statement – Year End Form 7: Meera distributed copies of the Year End Form 7 and the Financial Statement ending January 31, 2009. So far we are tracking nose to nose with last year. Our investments are doing just a little better than before.

6c. Annual Meeting Update/Agenda: Georgia said the eruption of the volcano has stopped some flights to and from Anchorage. Therefore, her department, along with Jane at Alaska Travel Source, have been busy calling the delegates and telling them the meeting has been postponed and to not leave their villages to fly to Anchorage. Some delegates have already left home and are in Anchorage. We will not have enough delegates to have a quorum so the board discussed their options of when to reschedule the annual meeting. There was consensus to open the annual meeting at 2:00, as it has been noticed in the agenda. Chairman Charlie Curtis will then recess the annual meeting and announce it has been rescheduled to reconvene on April 7. This is okay per our bylaws. The board will vote on a resolution later on to announce the rescheduled annual meeting date. Per diem for the delegates was discussed.

6d. Delinquent Updates: Georgia said so far the delinquent accounts are looking pretty good, thanks to the EAPs and some Native Corporations that are helping out with some of the bills. Selawik still isn't doing well and has a substantial account built up, but she's not real worried right now.

6e. PCE Update: This will be an interesting year in the legislation. Net metering is becoming more important and there has been some discussion about the issue. Most interested parties agree that the RCA should determine when and how to implement net metering as it would not work well out in rural Alaska. One bill being proposed would fund an Emerging Technology Development organization, which we don't have any more. This could be customized to pertain to Alaska issues. There seems to be a lot of support for investing in renewable energy. There was more discussion about renewable energy bills and high energy costs. The Governor introduced a bill to merge the railbelt utilities into one organization, which isn't receiving a lot of support. Nels Anderson wrote letters to the governor encouraging the state to invest in rural development, not just urban development, to help reduce the cost of living in rural areas. There seems to be support for extending the higher cap on the PCE rate, which will expire at the end of June without Legislative approval.

Meera said we have been working on the fuel hedging issue and it has been very time consuming setting up a system to ensure we're credit worthy. We will do fuel hedging a couple of times soon to see how things work. We went out for bids on our fuel purchases for the coming year and Crowley, Delta West and Ruby Marine responded. The cost for transportation has doubled over last year. The average bid was over \$1/gallon just for transportation.

Meera was invited to travel to Kobuk on April 13 to speak with them about their delinquent account, potential membership in AVEC, and their grant for a backup generator. She might take Helena with her. Georgia said they owe quite a bit of money but they have paid some of what they owe us. The problem is they don't charge enough for their rates to pay for what they owe us and they don't apply for PCE.

6f. Strategic Plan Review: A copy of the Strategic Plan was included in the board packet for review purposes.

6g. Schedule of board meetings: A copy of the schedule of 2009 board meeting dates was distributed.

Upon a motion duly made and seconded, the President's Report was approved as presented.

7. Action Items

7a. Upon a motion duly made and seconded, Resolution 09-08 Consent Agenda, including 09-09 Director Expenses; 09-10 Year-End Records Cut Off; and 09-11 2008 AVEC Annual Report were approved as presented.

7b. Upon a motion duly made and seconded, Resolution 09-14 Reschedule AVEC Annual Meeting to April 7, 2009 was approved as presented.

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8. Unfinished Business

There was no unfinished business to discuss.

9. New Business

9a. Appoint Nominating Committee: Chairman Charlie Curtis appointed Walter Sampson, Fred Sagoonick and Georgia Shaw to the Nominating Committee, with Walter designated committee chair. Three seats are up for election: Helena Jones; Phyllis Clough and Mike Prince.

10. Executive Session

There was no need for an Executive Session.

11. Board Comments

Walter Sampson had no comments.

Robert Beans asked about the schedule for tomorrow. Meera said there is no Suggestions for Improvement Session. We will meet at 2:00 p.m. at the hotel, when the annual meeting is scheduled to start.

Fred Sagoonick asked about the outcome of the Kotzebue area Energy Authority meeting. Meera said the Northwest Arctic Energy Authority met to look at energy issues for the region. They have a lot of grandiose ideas. Meera wrote a letter and submitted it to them to let them know that we want to be part of the solution, but she outlined AVEC's duties and made it clear we won't back down.

Helena Jones said it was a good meeting and she hopes they don't get stuck in Anchorage. She plans to run for re-election to the board and hopes she wins.

Mike Prince said it was a good meeting and he feels the past three years of meetings have been successful. During his tenure as a board member we started out with Robert as the chairman and then it switched and Charlie became chairman and he is doing well. AVEC is very solvent and is running good.

Phyllis Clough said she hopes she gets elected again. She is still very concerned about the PCE program and the high cost of living in the rural communities. It's good to continue with the consistency of the board. We need to continually review the strategic plan and make sure we are working towards meeting our goals. The board is doing a wonderful job. She was sorry to hear about the loss of Charlie's wife. Old Harbor recently lost an elder. She is proud of Meera, who is always thinking ahead and she said thanks to all of the staff and Roger Kempfel.

Charlie Curtis said the staff is doing a superb job and they have tough jobs and work hard. It's good to review the strategic plan to make sure we stay on track.

12. Adjournment

Upon a motion duly made and seconded, Chairman Curtis adjourned the meeting at 3:45 p.m.

Phyllis Clough, Secretary

Charlie Curtis, Chairman