

**Minutes of the January 8, 2010 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 regular meeting of the Alaska Village Electric Cooperative Board of Directors to order at 11:05 a.m. A quorum was ascertained with the following board members in attendance:

Charlie Curtis, Chair	Helena Jones, Treasurer
Walter Sampson, Vice Chair	Julia Walker, Director
Fred Sagoonick, Director (telephonically)	Phyllis Clough, Secretary (telephonically at 11:30 a.m.)
Robert Beans, Director (11:09 a.m.)	

Others in attendance include:

Meera Kohler, President/CEO	Mark Teitzel, V.P./Mgr. of Engineering
Debbie Bullock, Mgr. Administrative Svcs.	Amy Murphy, Executive Assistant
Andy Lehman, Legal Counsel	Tim Ridenour, RIM Architects
Brent Petrie, Mgr. Key Accounts	

2. Declaration of Conflicts of Interest

Chairman Curtis asked if there were any conflicts of interest to declare and there were none.

3. Approval of Minutes

**Upon a motion duly made and seconded, the minutes of the AVEC Board of Directors Regular Meeting, November 6, 2009 were approved as presented.**

4. Director Trip Reports

There were no director trips to report.

5. Committee Reports

5a. Scholarship Committee: Walter Sampson said the committee met this morning to discuss the scholarship program. Georgia will prepare a revised set of criteria to evaluate scholarship applications for the committee to review at their next meeting. The committee proposed making a revision to the Scholarship Program regarding the composition of the committee and a new resolution was drafted to present to the board for approval. The next committee meeting is in March. Discussion ensued. Amy prepared a new, full-color brochure containing information about the scholarships and potential careers at AVEC to be mailed with the scholarship packets or handed out at career fairs.

5b. Budget & Audit Committee: Walter Sampson said the committee listened to a presentation about the IRS 990 form by Joy Mariner with Mikunda Cottrell. She explained the process of filling out the form. The form's purpose is to ensure transparency and tax compliance. AVEC staff will prepare a draft copy of a whistleblower policy to present to the board at the next meeting. The committee will review the 990 form at the August board meeting, before it's filed.

6. President's Report

6a. Denali Commission Project Update: Brent Petrie distributed a copy of a list that recaps the amount of funding AVEC has received from various sources. We have spent almost \$17 million on projects this year. Almost \$18 million has been invested in the amalgamated projects in Chevak. It's a big, expensive project. Funding from the Denali Commission is still in a decline and now we have received almost a 50/50 split in financial assistance from the Denali Commission and Alaska Energy Authority renewable energy funds. We used to get very little money from the state for our projects. So far we have received about \$161 million from different entities since 2001, plus AVEC has contributed about \$15 million. There was some discussion about the different ongoing projects and proposed projects.

6b. Financial Statement: A copy of the latest financial statement was distributed. So far our year-to-date figures show that we have operating margins of about \$4 million this year, which is why Meera feels we can afford to implement a 2 cent/kwhr rate decrease. All of the grant funding we have received caused a big change in depreciation, plus we are realizing an increase in operating efficiency and a decrease in operating costs, which

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results in higher operating margins. The 2 cent/kwhr decrease will result in about a \$1.4 million loss in revenue. So far we are tracking right on line with the budget. We are \$1 million ahead on interest earnings this year.

6c. Building Addition Update: Tim Ridenour of RIM Architects distributed a copy of a letter that provided a brief recap of what has taken place to date. He also included information from several different contractors that will be interviewed. We will pick one to do the expansion to AVEC's building using the design/build concept. This project is going to be expedited as quickly as possible and is expected to cost between \$500,000 and \$650,000.

6d. APA Legislative Conference: Meera and the following board members will attend APA's Legislative Conference in Juneau March 9-10: Walter Sampson, Robert Beans and Helena Jones. Phyllis Clough could go as an alternate if somebody can't make it, but she needs two weeks' notice. Amy reserved four hotel rooms at the Baranof.

6e. Markley & Company Lobbying Agreement: Meera included a copy of this agreement in the board packet so the board members could see it. This lobbying fee is a part of AVEC's budget every year and we're getting a good deal. Meera will ask Larry to submit written quarterly reports so they know what he is doing for AVEC.

6f. LYSD Donation Request: Meera included a copy of this donation request from the Lower Yukon School District to go towards the purchase of a vehicle driving simulator in the board packet as she feels that it is a worthy request. A lot of jobs require a driver's license and this simulator would be beneficial to a lot of students that don't have the opportunity to learn how to drive in the villages. She suggested making a \$1,000 donation out of funds set aside for our scholarship program. There was some discussion about this issue and how we should treat all of the school districts equitably when making donations. The board will revisit this issue at the next meeting.

6g. ACRE/CARE Membership: All of the board members agreed to join ACRE/CARE at the \$50 level, so once again AVEC's board will have 100% participation. The ACRE/CARE membership donation will be deducted from the next meeting fee the board members receive.

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## **PUBLIC HEARING**

**Chairman Charlie Curtis called the Public Hearing to order at 12:30 p.m. to discuss the proposed 2 cent/kWhr decrease.** A notice was published, sent to all the villages and posted around town, and was posted on our Website. The rate decrease was also mentioned in the Ruralite magazine. The Notice of Public Hearing requested folks to notify us by 5:00 p.m. last night (January 7) if they wish to participate. Nobody contacted us, therefore there will be no telephone calls coming in and nobody attended to speak in person. This rate will be effective beginning in January and will be reflected in the bills that are issued around the 10<sup>th</sup> of February. We notified the RCA and asked to have the PCE rate adjusted for the communities. So far only positive feedback has been heard. Meera said this rate decrease will result in a \$1.4 million reduction in revenues and is possible due to the large influx of grant money we have received the past few years. Some board members asked whether AVEC could absorb this revenue reduction now and in the future. Meera said it only affects the non-fuel rate.

**Chairman Curtis closed the Public Hearing at 12:36 p.m.**

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6h. Delinquency Update: Georgia distributed copies of the latest delinquent account information she and Jeri Lynn prepared. There was discussion about the village of Kobuk, which has defaulted on its payment agreement and still has a sizeable delinquent account. They are not being responsive and their bill keeps creeping up. Some of the other problem accounts were discussed.

6i. Annual Meeting Update: Georgia Shaw said 16 villages have already held their meetings and she has certified the paperwork. Twelve other villages have had meetings but the paperwork has not been certified yet. Her department has been busy calling village chairmen to encourage them to have meetings and those efforts have helped. There has been positive feedback to the boxes of door prizes sent out and especially for the larger cash door prize(s). Folks have said thanks to the board for increasing the amount of the cash door prize. The annual

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meeting is at the same hotel as last year and they are working with us to ensure another good meeting. Georgia attached a copy of this year's draft agenda. Brent Petrie will prepare a slide show of the Denali Commission projects, especially the wind energy projects, to share with the membership.

6j. Scholarship Program Update: The scholarship program was already discussed earlier this morning. Georgia provided a copy of the charge offs for last year. The list shows a breakdown of the past years' charge offs for comparison. Discussion ensued. Meera and Georgia both said that even though some accounts may be charged off, they still active pursue payment. People cannot get reconnected if they owe us any money.

6k. NRECA Board Report: Meera provided a copy of her written report for the board members to review. The board meets four times per year.

6l. APA Resolutions Approved December 2009: A copy of these resolutions was included in the board packet for the board members to review. The resolutions that are the most important to AVEC members are up front.

Meera will be on vacation for two weeks starting next Monday, January 11.

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

7. New Business

**7a. Upon a motion duly made and seconded, Resolution 10-01 Consent Agenda with the following Resolutions, 10-02 Director Expenses; 10-03 Collections Representative, Georgia Shaw and Jeri Lynn Tallant; 10-04 Statement of Nondiscrimination; was approved as presented.**

**7b. Upon a motion duly made and seconded, Resolution 10-05 Year-End Consumer Charge Offs was approved as presented.**

**7c. Upon a motion duly made and seconded, Resolution 10-06 Implementing a Two Cent per Kilowatt-hour Rate Decrease was approved as presented.**

**7d. Upon a motion duly made and seconded, Resolution 10-07 Investment Policy Revisions was approved as presented.**

**7e. Upon a motion duly made and seconded, Resolution 10-08 Scholarship Program Revision was approved as presented.**

8. Old Business

8a. Strategic Plan Comments: A copy of the Strategic Plan was included in the board packet. There were no comments, other than to plan another Strategic Planning Retreat in August.

9. Executive Session

**Upon a motion duly made and seconded, Chairman Curtis moved the board into Executive Session at 1:20 p.m. to discuss a legal issue. The board moved out of Executive Session at 2:07 p.m.** No action was taken.

10. Board Comments

Fred Sagoonick said he called Georgia regarding some electrical surges at the ANICA store to see whose fault it is. They have lost all their freezers and electrical appliances three or four times in the past four or five months. This has been very costly and they would like somebody to come check things out to see where the problem is. Meera said we would send a lineman in to check it out right away.

Fred also mentioned that even though the policy says board members won't receive a meeting fee if they don't leave their village and participate in a board meeting via telephone. He doesn't feel this is fair if the board members get stuck at home due to weather and it's not their fault they can't fly to Anchorage. He feels they should still receive a meeting fee, especially if the meeting lasts several hours. Chairman Charlie asks how the board feels about this. There was consensus among the board members that Phyllis Clough and Fred Sagoonick should

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receive a meeting fee for this meeting as they couldn't fly here due to weather and they still spent a few hours participating in the meeting even though they were at home.

Fred said their two little wind turbines are working well and sometimes produce over 100 kW/day. The company is testing an upgraded version that could produce a 30% increase from the same unit. This has really helped reduce their electric bills.

Phyllis Clough said Merry Russian Christmas to everybody. She hopes we continue doing what we can to help our people with low-cost, affordable electric rates. Thanks for the information about the public hearing. She spoke about it with people in her community and they supported the rate decrease. She said thanks for all the help and support the staff and board give to her and our members. She'll call Cynthia Berns, a former scholarship award winner, to see if she would come to our annual meeting. Happy New Year and God bless everybody.

Robert Beans said he was glad to attend the Commonwealth North dinner that honored Willy Hensley with a prestigious award. It was a good dinner and a nice way to honor Willy, whom he holds in high regard.

Walter Sampson said he had no comments.

Helena Jones said it was a good meeting. Happy New Year and she'll see everybody next time.

Julia Walker said it was a good meeting and 2010 looks like it will be a good year financially. It would be great if fuel competition could occur as that would greatly benefit our members and rural Alaska.

Charlie Curtis said Happy New Year. He complimented the staff for the wonderful work they do and said keep it up.

11. Next Meeting Dates

The next board meeting is March 29 and the Annual Meeting is March 30, 2010.

12. Adjournment

**Upon a motion duly made and seconded, Chairman Curtis adjourned the meeting at 2:18 p.m.**

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Charlie Curtis, Chairman

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Phyllis Clough, Secretary