

**Minutes of the March 29, 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 2:00 p.m. at the AVEC headquarters. A quorum was ascertained with the following board members in attendance:

Charlie Curtis, Chair

Walter Sampson, Vice Chair

Fred Sagoonick, Director

Robert Beans, Director

Helena Jones, Treasurer

Julia Walker, Director (arrived at 2:10)

Phyllis Clough, Secretary

Others in attendance include:

Meera Kohler, President/CEO

Debbie Bullock, Mgr. Administrative Svcs.

Roger Kempel, Legal Counsel

Mark Teitzel, V.P./Mgr. of Engineering

Amy Murphy, Executive Assistant

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 Regular Meeting dated January 8, 2010 and the teleconference meeting dated Feb. 8, 2010 were approved as presented.

4. Approve Audit Report

Upon a motion duly made and seconded, Resolution 10-09 to Approve the Audit was approved as presented.

5. Director Trip Reports

Robert Beans distributed a copy of a written report about his trip to Juneau to attend APA's legislative conference. He said that once again APA put on a good conference and it's beneficial to visit with the legislators in person. Helena Jones also attended the conference and concurred with Robert's report. They visited with Sen. Lesil McGuire and she is supportive of the Bush and wants to help. A lot of people seemed happy about AVEC getting into the barge business. Overall there was a good feeling in Juneau among the legislators and it seems like a lot of them want to help rural Alaska. Charlie asked if there were any areas of concern. Meera said that energy is a critical issue and it is very high profile with lots of thoughts and proposed bills pertaining to energy being discussed. The end of the session is April 19. Overall the conference was very productive. Phyllis wasn't able to attend the conference due to bad weather.

6. President's Report:

6a. Investment Report – Mark Barnum: Mark Barnum with UBS distributed copies of the 4th Quarter 2009 investment report. Mark provided a brief recap and said last year was a good year overall. Cascade has performed extremely well over the years and Mark suggested considering reallocating the investment funds to a higher percentage of investment funds to this firm. Historically our investment portfolio has done well since UBS was hired to manage the portfolio.

Upon a motion duly made and seconded, the board approved adopting the UBS recommendation to change the large cap allocation as proposed in Addendum A to the Investment Policy.

6b. Denali Commission Update: There is not much to add since the January meeting. The Denali Commission received the budgeted RUS funding and approved \$8 million in funding for the wind projects at Emmonak and Alakanuk and we received the balance of funding for the Brevig Mission tieline. We have received \$145.6 million in funding from the Denali Commission since 2002. We will receive \$10 million this year.

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6c. Financial Statement – Year End Form 7: A copy of this report was included in the board packet. The Part G section is empty as we haven't finalized the outage time per consumer. We will re-do the financial statement to include that information and will distribute it when completed. Year-end financial information is also included in the annual report.

6d. Annual Meeting Update/Agenda: Georgia distributed copies of the annual meeting packet, including an agenda. 73 delegates were elected during the village meetings, and 69 were scheduled to attend although three are not able to make it to due to weather. Things are going smoothly so far. Georgia's retirement reception will be held this evening at the Coast hotel.

6e. Delinquent Updates: Georgia introduced Katie Millen, who is her replacement. Copies of delinquent account reports were distributed. The situation in Kobuk was discussed. Kobuk has hired somebody to work for them and started sending out bills and they have been making some headway in their payments. The school has paid their electric bill directly to AVEC. Once the weather warms up they will be given a disconnect notice for the end of May as they have ignored our bills for a year. Other city accounts discussed include Selawik, Emmonak and Brevig Mission. Collections are ramping up.

6f. PCE Update: The annual report from AEA was published but Meera said it's flawed. She is questioning some of the numbers pertaining to the PCE program. PCE is fully funded for FY11 in the Operating Budget.

6g. Strategic Plan Review: A copy of the Strategic Plan was included in the board packet for review. Meera said we are making process in meeting the goals the board set related to renewable energy.

6h. Schedule of board meetings: A copy of the board meeting schedule was included in the board packet. The August board meeting dates were changed to August 9 and 10, in order to dovetail with the APA annual meeting in Fairbanks.

6i. Director Fees: A copy of the proposed changes to the Director Fees policy was included in the board packet. The delegates set the actual fee and the proposed change is to add a fee for board members who participate in board meetings via teleconference, with the maximum daily amount not to exceed the limit set by the delegates.

6j. Revised Scholarship Policy and Procedure: This was tabled until a future meeting.

6k. Lower Yukon School District donation request: A copy of the donation request was included in the board packet along with information about previous donations AVEC has made that have been special exceptions to the donation policy. **Upon a motion duly made and seconded, the AVEC board approved making a \$500 donation from the scholarship fund to the Lower Yukon School District's purchase of a Virtual Driver Interactive training simulation program. Also, upon another motion duly made and seconded, the AVEC board approved making a \$100 donation to the Upallret Dance Group that is traveling to the Smithsonian Institute to perform.** There was some discussion on other donation requests AVEC has received.

6l. Proposed Whistleblower Policy: This was postponed until the next meeting.

6m. Letter from City of Selawik regarding old tanks and building: A copy of this letter was included in the board packet as this issue will come up during the annual meeting, again. Fred mentioned Shaktoolik's concern about the tank farm and power plant being so close to the river. There are flooding issues that get worse every year. Meera said we are actively pursuing funding to relocate plants and tank farms as erosion and flooding issues affect a lot of our facilities but we just don't have the money right now.

Meera said she has heard from lots of people who are happy to hear that AVEC is getting into the fuel barging business. She hasn't heard from Crowley yet. Mark Smith will be at the annual meeting to share the barge designs with our delegates.

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

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7. Action Items

7a. Upon a motion duly made and seconded, Resolution 10-10 Consent Agenda, Resolutions 10-11 Director Expenses; 10-12 Year-End Records Cut Off; and 10-13 2009 AVEC Annual Report was approved as presented.

7b. Upon a motion duly made and seconded, Resolution 10-14 Director Fees was approved as presented.

Resolution re Scholarship Policy: This issue/resolution was postponed.

8. Unfinished Business

There was no unfinished business.

9. New Business

9a. Appoint Nominating Committee: Chairman Charlie appointed Phyllis Clough, Robert Beans and Helena Jones to the Nominating Committee with Robert serving as the chair.

10. Executive Session

There was no need to conduct an Executive Session.

11. Board Comments

Walter Sampson suggested naming the board room after Sven Haakanson.

Phyllis Clough said thanks to the board and staff for all their hard work and dedication. She is glad to hear there is more support for rural Alaska and the PCE program among the legislators.

Julia Walker said she's happy to be here. It will be her first annual meeting in a long time.

12. Adjournment

Upon a motion duly made and seconded, the meeting adjourned at 3:55 p.m.

Charlie Curtis, Chairman

Phyllis Clough, Secretary