

**Minutes of the November 4, 2011 Board of Directors Regular Meeting
Alaska Village Electric Cooperative, Inc.**

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

Acting Chairman Walter Sampson called the regular meeting of the Alaska Village Electric Cooperative Directors to order at 11:00 a.m. A quorum was ascertained with the following board members in attendance:

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| Walter Sampson | Helena Jones | Fred Sagoonick |
| Robert Beans | Phyllis Clough | |

Charlie Curtis was excused.

The following managers/guests were in attendance:

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| Meera Kohler | Mark Teitzel | Debbie Bullock |
| Katie Millen | Andy Leman | Matt Metcalf |
| Anna Sattler | Amy Murphy | |

2. Declaration of Conflicts of Interest

Chairman Sampson 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, August 8, 2011, were approved as presented.

4. Director Trip Reports

Robert Beans said he attended APA's annual meeting in Wasilla and it was very interesting. Attendees heard from the Lt. Governor, whose words sounded very promising about energy issues in the state. The meeting turned out to be very emotional for him as he spent the last day with Julie, just talking. Julie said her husband wanted Robert to go moose hunting with him. He attended the funeral in Anvik and it was very moving to watch the progress. There were about 400 people who came to Anvik. Julie inspired a lot of people throughout her village, the region and the state. Robert also knew Ernie Chase, the pilot, whose funeral service was after Julie's funeral. It was an honor for him to attend Julie's funeral as AVEC's representative. She's laid to rest at the end of their lot and she has a great view. She's resting in a good place. Bob was thankful for all of Meera and AVEC's support. He concurred with the other board members that it's a good idea to leave Julie's vacant board seat open until the annual meeting and let the delegates decide whom they want to elect.

Fred Sagoonick said he also attended the APA meeting in Wasilla and agreed it was a good conference. He felt like the Lt. Governor was buttering up the folks in the Railbelt area. He enjoyed the training session and learned a lot. He's glad he went on the trip to Seward, even though it was snowy. He's proud of AVEC's achievements and is proud of the really nice tug-and-barge sets AVEC built. They are impressive. He also enjoyed the tour of AVTEC.

Phyllis Clough said the APA annual meeting went really well and the pre-conference training class was really good. It reinforced the duties of the board members. The Lt. Governor encouraged utilities to think outside of the box, and that's just what she was thinking. It's always good to network with other utilities to learn what they're doing.

Helena Jones concurred with the other board members' comments. She kind of went blank after the conference as Julie died right afterwards. It was Helena's last time seeing Julie and they had a really nice and peaceful last lunch. She said it was a good meeting.

Walter Sampson said he and Julie stayed in Anchorage the night before the conference and he drove her to Wasilla. On the way there they talked about family, home, and the upcoming school year that she was excited about. Julie was very positive and bubbly and the drive passed quickly. We need to release her, as a board, and need to go on. That's what she would have wanted. Walter agreed that leaving her vacant seat open is the right

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thing to do. He said thank you to Meera for providing assistance to Julie's family and thanks to the AVEC staff for attending the service in Anchorage. He's glad Robert represented AVEC at the service in Anvik.

5. Committee Reports

5a. Budget & Audit Committee: Committee chairman Walter Sampson said the committee reviewed the budget and recommends the full board approve the budget.

6. President's Report

6a. Denali Commission Project Update: Matt Metcalf distributed a copy of a report giving the status of projects funded by the Denali Commission and the state. He expressed his condolences to the board for their loss. He gave a quick overview of the program, starting with the projects that are being closed out. Things have slowed down somewhat due to the big decrease in Denali Commission funding. He gave highlights of some of the projects being worked on, including the Brevig-Teller intertie.

6b. Financial Statement: A copy of the financial statement dated September 30, 2011 was included in the board packet. Some of this information was briefly reviewed during the budget and audit committee meeting. We currently show a \$1 million negative operating margin. This is partly due to costs related to fuel spills and other things. We should make some of that difference up with increased revenue during the fall and winter months.

6c. Delinquent Account Update: Katie Millen provided a copy of the disconnection list dated October 2011. The list is short. Having the AMRs really helps keep the list of disconnected accounts short, especially now that our members are learning we can disconnect meters from the office. Katie also included a list of cities with delinquent accounts. Overall the city accounts are looking good, much better than in previous years, but there is some concern about Brevig Mission.

6d. 2011 Fuel Delivery Status: A copy of the latest, year-to-date fuel delivery report was distributed. Fuel deliveries are still being made. So far we have received 5.2 million gallons for an average cost of \$4.13 gallon. This report shows invoiced fuel.

6e. Schedule of Board Meetings: A copy of the list of 2012 board meetings was included for informational purposes. These dates can be changed. The next meeting is January 6, 2012.

7. New Business

7a. Upon a motion duly made and seconded, Resolution 11-19 Director Expenses was approved as presented.

7b. Upon a motion duly made and seconded, Resolution 11-20 2012 Operating Budget was approved as presented.

7c. Upon a motion duly made and seconded, Resolution 11-21 Power Project Fund Loan Agreement (Ekwok) was approved as presented.

7d. Upon a motion duly made and seconded, Resolution 11-22 Bylaw Amendment, Propositions #1 through #8 was approved as presented. The proposed bylaw amendments will be presented to the delegates at the annual meeting.

7e. Upon a motion duly made and seconded, Resolution 11-23 Streetlight Tariff Amendment was approved as presented. The board approved forwarding this amendment to the whole membership to be acted upon. A public hearing will be scheduled for January 6th at noon.

7f. Upon a motion duly made and seconded, Resolution 11-24 Revision to the RS Program was approved as presented. Meera explained why these revisions were necessary. They applied mainly to special contract employees who are now back in our plan.

7g. Upon a motion duly made and seconded, Resolution 11-25 Revision to Wage and Salary Policy was approved as presented. Meera said we engaged Winston Tan to do a study of our wage and salary policy and

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job descriptions and she made revisions to the policy based on his recommendations. He will review our benchmarks on an annual basis.

7h. Upon a motion duly made and seconded, Resolution 11-26 Certificate of Resolutions and Incumbency (CFC) was approved as presented. Meera gave a brief explanation of this resolution and said this is a capital investment only and will reimburse capital project costs. We have a good interest rate.

7i. Upon a motion duly made and seconded, Resolution 11-27 to Retire Patronage Capital up to \$500,000 was approved in theory. A formal resolution will be prepared and distributed to the board.

8. Executive Session: Upon a motion duly made and seconded, the board moved into Executive Session at 12:45 p.m. The board moved out of Executive Session at 1:00 p.m. No action was taken.

9. Board Comments

Phyllis Clough said this was a good meeting and she is glad she got to see the tug and barge. She talked to Meera about some concerns they have in Old Harbor. They would like streetlights by the bus stop. They have had some outages the past four weeks and she would like to know why. She's very sad for the loss of Julie and has been saying prayers for the board and Julie's family. Phyllis thanked Walter for the time spent this morning, sharing memories and thoughts about Julie so we can release her. Phyllis thanked Meera for her big efforts helping Julie's family. That was very kind and caring. And thanks to the staff for everything they do.

Helena Jones said this was a good meeting and she really enjoyed yesterday. She is proud of the boats and very sad about losing Julie.

Robert Beans had no comments.

Fred Sagoonick said this is a good meeting. He's sad about losing Julie, even though he didn't know her as well as the other board members did. He thanked the AVEC staff for all their hard work. He looks forward to the two wind turbines going online in Shaktoolik and said thanks to the field guys for all their efforts to get the wind turbine project up and running.

Walter Sampson said thank you to the board for being one big family and working together as a team. If the board has differences, that is part of what we do, but those differences stay in the board room. We have to overcome issues and work with the board and staff as a team to overcome the issues. We need to make informed decisions. This was a good meeting. He said thank you to the entire staff, especially Meera, Debbie, Katie, Mark Teitzel and Amy. He appreciates all the hard work the staff does.

Meera Kohler said she really appreciates this organization. We have an exceptional board of directors and everybody works well together. We have become a successful organization. Thanks for all your help. And thanks to Andy for keeping us all informed about legal issues.

10. Next Meeting: January 6, 2012.

11. Adjournment

Upon a motion duly made and seconded, Chairman Sampson adjourned the meeting at 1:20 p.m.

Phyllis Clough, Secretary

Charlie Curtis, Chairman