

**Minutes of the June 1, 2012 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 AVEC board of directors to order at 12:59 p.m. in the conference room at the AVEC headquarters. A quorum was ascertained with the following board members in attendance:

Charlie Curtis	Walter Sampson	Helena Jones	Peter Demoski
Robert Beans	Fred Sagoonick	Phyllis Clough	

Others in attendance include:

Meera Kohler	Mark Bryan	Debbie Bullock
Bill Stamm	Katie Millen	Amy Murphy
Roger Kemppe	Andy Leman	

2. Declaration of Conflicts of Interest

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

3. Approval of Minutes

3a. Upon a motion duly made and seconded, the Minutes of the Regular Meeting, dated March 26, 2012, were approved as presented.

3b. Upon a motion duly made and seconded, the Minutes of the Organizational Meeting, dated March 27, 2012, were approved as presented.

4. Director Trip Reports

All of the board members except for Walter flew to Dillingham the previous day to attend the blessing and christening of the tugs and barges. It was a beautiful day with a good turnout. The new boats are awesome. It's amazing to think that it was nearly two years ago when the board approved building these vessels and now they are floating and delivering fuel to our villages. It is good that we had the vessels blessed with holy water and the brief rain shower blessed everybody.

5. President's Report

5a. Investment Report: Mark Barnum participated telephonically and provided a brief update on the status of our investment portfolio. During the first quarter our portfolio did well, but since then the market hasn't performed as well. Mark discussed the asset allocation and the investment managers. Their outlook is for positive returns for the end of the year and that the economy should do well in the long-term.

5b. Denali Commission Program Update: a one-page document was distributed that showed the status of various projects along with funding received from different organizations. Meera gave a brief recap of some of the projects. The Emmonak-Alakanuk power plant and tank farm projects are a high priority for funding so we can build the new tank farm and power plant. The grand total of total program funding received to date is \$212 million, including an AVEC matching contribution of \$17 million.

5c. Financial Statement: A copy of the latest financial statement, dated April 30, 2012, was included in the board packet. So far we show positive margins this year and show some interest earnings. We are tracking on budget. We're pre-paying for our fuel order with Vitus. There was some discussion about how the state should help all Alaskans with high energy costs – not just urban Alaska. Walter said electric power costs are high across the state – not just in AVEC villages.

5d. Scholarship Applications: Katie Millen prepared a one-page report on the scholarship program and her suggestion on which applicants should receive awards. We received 60 completed applications from students for the fall semester distribution. The committee needs to review and approve the winners by June 30th, 2012.

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5e. Delinquent Account Update: Katie Millen prepared a report detailing delinquent accounts with balances over \$2,000 with cities removed and a list showing the delinquent city accounts. These lists are shorter than they used to be in the past. Katie also prepared a list of the accounts that had meters disconnected after her department went through the first round of collection efforts. They have been actively involved in the collections process, making phone calls, sending faxes, getting DPAs signed, and working with the members to help avoid disconnections. The total number of accounts that were disconnected is 244 and 61 of those were reconnected. Over 800 letters were mailed out to delinquent account owners and a lot of them paid up. It's very helpful to be able to utilize the Elster meter system and do remote disconnects and reconnects of the meters.

5f. Future Meetings – APA Annual Meeting (Juneau, August 9-10): AVEC will have a strategic planning retreat on August 6, and a board meeting on August 7. The APA meetings are August 9-10 in Juneau so board members can use August 8 as a travel date to Juneau. So far these board members said they could go: Robert Beans, Helena Jones and Walter Sampson. Peter Demoski, Charlie Curtis and Phyllis Clough are tentative. They will let Amy know within a week or two whether or not they can attend. Meera reminded the board members that if they register, we do not get a refund if they cancel.

Meera gave a brief recap of the Powerpoint presentation on the "Rural Conundrum" report she co-chaired for the Commonwealth North group. She is sharing the presentation with various organizations throughout the state and it's really generating a lot of awareness of the issue.

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

6. Action Items

6a. Upon a motion duly made and seconded, Resolution 12-15 Director Expenses was approved as presented.

6b. Upon a motion duly made and seconded, Resolution 12-16 CFC Loan Refinancing was approved as presented.

6c. Upon a motion duly made and seconded, the Board approved extending Meera Kohler's contract for another year and increasing her salary by COLA times 2, effective June 1, 2012.

7. Unfinished Business

7a. Strategic Plan Review: A Strategic Planning Retreat is scheduled for August 6, 2012.

8. New Business

There was no new business to discuss.

9. Executive Session (if necessary)

There was no need to hold an executive session.

10. Board Comments

Walter Sampson apologized for not attending the work session on the annual meeting this morning. He's sure the board handled everything well. He's looking forward to the fuel deliveries this year. Our new tug-and-barge sets should make a dent in the competition and hopefully reduce some of the fuel costs for our members.

Helena Jones said yesterday was a lot of fun. It was her first time visiting Dillingham. We had a good-size audience for the blessing, which was excellent. She said this was another good board meeting. Thanks to AVEC for sending the much-appreciated goodies to her mom's funeral.

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Peter Demoski said that for all these years he has just been a consumer and he had a negative attitude towards AVEC. Now that he's on the inside of AVEC, he has a more positive attitude. He enjoyed the trip to Dillingham but sure wouldn't want to live there.

Phyllis Clough said she was excited to see the finished vessels. It filled her with happiness, especially when she saw Father Victor who performed the blessing. She hadn't seen him for many years. She helped with the reading and singing during the blessing ceremony. Thanks to Meera and her fine staff for working so hard for AVEC and its 54 villages. She is glad that Meera thinks out of the box. It was another good board meeting.

Fred Sagoonick said this was a good meeting and thanks for the hard work of the staff putting these meetings together. He was impressed with our boats and is sure the members will be impressed too. He expressed his concern that the cost of the charter plane to Dillingham might be perceived as a bit frivolous and said a couple of board members and a few staff members could have represented us well at the blessing. We need to maintain a constant vigil on unnecessary expenses.

Robert Beans said he saw Robert Walker, who mentioned they are thinking of renaming the Anvik school in Julia's name, to honor her commitment. He said it was a good meeting and he enjoyed the trip to Dillingham.

Charlie Curtis welcomed Peter Demoski to the board and said he's looking forward to working with him over the next three years. He told Fred he took his comments to heart and said he feels the charter expense was justified as this is most likely a once-in-a-lifetime occurrence for AVEC. We represented all of our communities well and these fuel delivery vessels will make a difference to our communities.

11. Next Meeting Dates: August 6-7, 2012

12. Adjournment

Upon a motion duly made and seconded, Chairman Charlie adjourned the meeting at 2:40 p.m.

Charlie Curtis, Chairman

Phyllis Clough, Secretary