

## Minutes of the November 20, 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 meeting of the AVEC Board of Directors to order at 11:24 a.m. at the AVEC headquarters. A quorum was ascertained with all of the board members in attendance:

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

Others in attendance include:

Meera Kohler	Bill Stamm	Debbie Bullock	Steve Gilbert
Roger Kempel	Amy Murphy	Katie Millen	Brent Petrie
Dean Thompson	Guest: Scott Jones of Ambler		

### 2. Declaration of Conflicts of Interest

Chairman Charlie asked if there were any conflicts 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 of August 7, 2012, were approved as presented.**

### 4. Director Trip Reports

There were no trips to report.

### 5. Committee Reports

**5a. Budget & Audit Committee:** Committee Chairman Walter Sampson said the committee met this morning and reviewed the proposed budget for 2013. AVEC is doing well financially. The committee recommended adoption of the proposed budget.

### 6. President's Report

**6a. Investment Update:** Mark Barnum with UBS gave a brief recap of the status of AVEC's investment report, which was provided in electronic format. Mark referred to a chart on page four that shows the status of the investment account for the first nine months of the year. Numerous issues affected the market, including the elections and concern over the fiscal cliff. Our investments are positive for the year, so far. Returns on stocks are up. We are in good shape due to diversification, but we did lose a little bit since the election. The performance of one of the money managers has improved recently, but they are still on the watch list. Mark gave a brief overview of UBS' outlook for the future of the market.

**6b. Denali Commission Project Update:** Brent Petrie provided a list of AVEC grant-funded infrastructure projects in progress as of September 30, 2012. The total amount spent on active projects is \$42 million. A little over half of that amount is AEA-funded projects (\$22 million). The New Stuyahok bulk fuel tank farm was completed at \$3 million under the award amount, which is good news. The Cosmos Hills hydro feasibility studies look promising. Our first solar photovoltaic project was installed in Kaltag. Work continues on the Old Harbor hydro permitting and design project. We are still pursuing FEMA money to repair the submerged cables in the Brevig Mission – Teller intertie project that were damaged in the storm. Brent mentioned some other projects either under design or consideration.

**6c. Financial Statement:** An copy of the latest financial statement dated 9/30/12 was included in the electronic board packet. Meera said the board reviewed some of this information in the budget and audit committee meeting earlier this morning. Year to date we show a positive margin. Things are tracking fairly closely to the budget.

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6d. Delinquent Account Update: Katie Millen provided several different delinquent account reports. One report lists delinquent accounts with balances over \$2,000, with the city accounts removed. Two of the listed accounts were resolved this morning and the other accounts are all being worked. Another report is a list of delinquent city accounts. Katie has been attempting to contact one of the communities without success. They are having administrative issues. The last report is the Billing Aging Summary for all locations through October. This overview for receivables shows that we had a pretty successful collection season. The situation with Kobuk was discussed.

6e. 2012 Fuel Delivery Status / Recap from Vitus Marine: Vitus Marine provided a recap of the first full season using AVEC's new tugs and barges and the report was included in the electronic board packet. Things worked out well this year and they delivered 4.6 million gallons of fuel on AVEC's behalf. Three villages didn't get their last fuel delivery due to early ice forming. One of those communities, Eek, could be a problem next spring. Vitus Marine offered to pay for the additional costs if fuel is required to be flown in to those three villages. Meera reported that Vitus has been good to work with and they did a good job for us.

6f. Strategic Plan: An electronic copy of the 2012-2015 Strategic Plan was provided. There was some discussion. One new, major project with a high priority is promoting support for the All Alaska Energy Project. The new strategic plan includes steps to accomplish this goal. This is a working plan and will stay on every agenda.

6g. Schedule of Board Meetings: A copy of the schedule of board meetings for 2013 was provided. Meera said this is for reference purposes and meeting dates can be changed.

7. New Business

**7a. Upon a motion duly made and seconded, Resolution 12-21 Director Expenses was tabled until the next meeting.**

**7b. Upon a motion duly made and seconded, Resolution 12-22 2013 Operating Budget was approved.**

**7c. Upon a motion duly made and seconded, Resolution 12-23 Amendment to Retirement Program for Power Plant Operators Policy was approved as presented.** This amendment increases the amount paid into the PERS program from 16% to 22%. The state made this change a couple of years ago but we just learned about it. We are making the increased payments retroactive to January 1, 2012. There was some discussion about laborers working for the city as day labor vs. power plant operators. AVEC only pays into the PERS program for plant operator labor – not village labor.

**7d. Upon a motion duly made and seconded, Resolution 12-24 Adoption of 2012 - 2015 Strategic Plan was approved as presented.**

8. Old Business

There was no old business to discuss.

9. Executive Session

The board moved into Executive Session at 11:25 a.m. to discuss financial matters. The board moved out of Executive Session at 11:42 a.m.

**A motion was made and seconded to authorize the CEO to negotiate and enter into a Purchase and Sale Agreement with Bethel Utilities Corporation. A roll call vote was conducted and the motion carried:**

<b>Phyllis Clough</b>	<b>Yes</b>	<b>Walter Sampson</b>	<b>No</b>
<b>Fred Sagoonick</b>	<b>Yes</b>	<b>Peter Demoski</b>	<b>Yes</b>
<b>Helena Jones</b>	<b>Yes</b>	<b>Robert Beans</b>	<b>Yes</b>

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### 10. Board Comments

Fred Sagoonick said a lineman installed an HPS streetlight on a short pole by the pump house. This light is too low and needs to be elevated. The City Council approved the installation of new LED streetlights. However, some people are not happy about the LED streetlights as they can't be used as a beacon to locate the village. The new lights use less power and output less lumens. The light that is produced focuses downward, making it hard to see from a distance. Fred said that is something for other villages to consider when discussing switching over to the LED streetlights. This was a good meeting. Thanks to the staff for their good work. Have a happy turkey day.

Phyllis Clough called for a moment of silence to pay respect to those who have passed away this past year. Thanks to Meera and her staff and the board of directors for all their hard work. She is proud to serve on AVEC's board of directors. Everything AVEC does is for the communities, to make things better for our members. She is glad AVEC strives to go green. She hopes everybody has a safe flight home and a happy Thanksgiving.

Walter Sampson said thanks to Meera and her staff.

Peter Demoski said thanks to the board and staff. He is learning a lot about AVEC and the commitment it takes to be a board member. He would like a summary of the savings realized by operating the new tugs and barges this first full year of delivering fuel. He would like to present this information at their village annual meeting as he gets numerous questions about the vessels. Happy Thanksgiving.

Helena Jones thanked her husband Scott for spending time to come here and see how the AVEC board conducts their meetings. They recently installed four streetlights in Ambler. It was another good meeting. Thanks to everybody involved and have a safe trip home and happy Thanksgiving.

Robert Beans said thanks for the sympathy card. The family really appreciates it. He said their house in Mountain Village is up for sale and should close within four months. That means he will have to step down from the board. Thanks again for everything. Have a happy Thanksgiving.

Meera Kohler said it's always enlightening and encouraging to meet with the board. She sees other dysfunctional boards and she's glad our board works well together. We are blessed to have a good group of leaders. The AVEC staff is dedicated to our members' welfare. We should celebrate our commitment.

Charlie Curtis also said thanks to everybody. It has been a long time since a member attended one of our board meetings. Thanks and welcome to Scott Jones, Helena's husband. He asked Steve Gilbert to give a brief description of his background.

Steve Gilbert, who will replace Brent Petrie when he retires, said he has 30+ years of experience, including a background in renewable energy. He worked at Chugach Electric for 17 years and was the manager of three of their four power plants. He is excited to be able to return to Alaska and is glad to see the dynamics of this board. He is happy to be part of the AVEC family.

Scott Jones, from Ambler, said it was an interesting meeting. He has been the village chairman for the last few years and has served on the city council. He liked seeing AVEC's budget, to see where the money goes. He saw the Upper Kobuk proposed hydro project sites. He said this past year was a high water year and we were lucky the barge could make a fuel delivery to Ambler and Shungnak. He's a pilot and said Noatak has fuel delivery problems. Moving the fuel fill line, by the mouth of the Ely, would be helpful as the water is deeper there. Fuel in Noatak is \$14/gallon as it has to get flown in.

Charlie Curtis extended his condolences to Robert Beans and his family. They are in his prayers. It's hard to express feelings over the loss of a loved one, especially one so young. You're in our thoughts. Thanks to Meera and the staff. He's excited about the upcoming new year. The All Alaska Energy Plan could take care of rural Alaska's high energy costs. Be thankful every day for your family and friends. Have a safe trip home.

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11. Next Meeting: January 11, 2013

12. Adjournment

**Upon a motion duly made and seconded, Chairman Curtis adjourned the meeting at 3:10 p.m.**

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Charlie Curtis, President

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Phyllis Clough, Secretary