

## **AVEC Board of Director Meeting Minutes April 9, 2013**

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

Chairman Charlie Curtis called the Alaska Village Electric Cooperative board of directors meeting to order at 10:02 a.m. at the AVEC Headquarters in Anchorage, Alaska. Robert Beans' absence was excused. A quorum was ascertained with the following board members present:

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

Others in attendance include:

Meera Kohler	Steve Gilbert	Debbie Bullock
Katie Millen	Bill Stamm	Mark Bryan
Roger Kemppe	Amy Murphy	

### 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 Agenda

**Upon a motion duly made and seconded, the agenda was approved as presented.**

### 4. Approval of Minutes

**Upon a motion duly made and seconded, the Minutes of the AVEC Board of Directors meeting on November 20, 2012 were approved as presented.**

**Upon a motion duly made and seconded, the Minutes of the AVEC Board of Directors meeting on January 11, 2013 were approved as presented.**

**Upon a motion duly made and seconded, the Minutes of the AVEC Board of Directors meeting on March 18, 2013 were approved as presented.**

### 5. Approve Audit Report

**Upon a motion duly made and seconded, Resolution 13-11 Approve Audit Report was approved as presented.**

### 6. Director Trip Reports

Helena Jones said she attended the APA Legislative Conference in Juneau, which lasted two days. As usual, it was a good meeting.

Peter Demoski said it was his first time attending the Legislative Conference and it was very interesting and intense. All the legislative directives seem to target the Railbelt areas. It seems like they forget about the rural areas. He was impressed with Meera's presentation on the All Alaska Energy Project. He said the legislators need to get out of Juneau more often and spend more time visiting and learning more about all of Alaska, especially the rural areas. Robert Beans attended the conference and said he stayed at the APA meeting while Helena, Charlie and Peter went to listen to Meera's presentation to the legislature, which was very well attended. It was good that AVEC's board members were there showing support for the All Alaska Energy Project. AVEC was the only rural presence showing support, everybody else was from the Railbelt area. The whole House Energy Committee was there and Rep. Charisse Millett seemed happy with the presentation. Charlie said the atmosphere is still "us vs. them" (rural vs. urban) and the legislature needs a paradigm shift to learn to work together better. The All Alaska Energy Plan makes sense. It needs the support of mature, reasonable people. The "us vs. them" politics needs to change. Strong leadership is required. We need to have dialogues to exchange ideas, not debates where folks try to outdo somebody else. We need to do what is best for all of us.

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Charlie is proud of Meera and what she has done so far. She is opening a lot of eyes to the reality of Alaska's situation. There is an abundance of natural gas just sitting up there. We need to use it wisely. The politicians need to show more maturity and work together to improve things for everybody, not just a select few. The legislative conference is well attended every year and good ideas are exchanged.

Meera said the legislative session ends soon, on April 14. One of the key energy issues is providing \$95 million in funding for the Susitna Watana hydro project. The capital budget is smaller than in the past. The oil tax change bill is the #1 issue. Lots of lobbying is taking place. There are two versions of a natural gas pipeline being proposed. The bullet line delivers no value and is a stop-gap measure. There appears to be lots of promise for drilling gas in Cook Inlet. Tim Bradner wrote a really good article about natural gas demand and supply, and predictions that Southcentral Alaska will need to import gas by 2015. We were lucky this winter and got through without depleting the reserves. The Governor supports the project to truck LNG from the North Slope to Fairbanks. The project received a \$50 million grant and \$325 million in low-interest loans. The Alaska Energy Authority (AEA) sees the All Alaska Energy Plan (AAEP) as a threat as they are promoting other projects that are very capital-intensive and would cost the state a huge amount of money. The AAEP doesn't require a state subsidy like the other projects that are being promoted that only serve a small area in the state. Meera can't get through to them that the AAEP group just wants the state as a partner, to help with obtaining permits and right-of-ways. The AAEP group meets regularly. The project needs to change its approach to move forward. Alaska desperately needs this grid that would benefit the whole state.

### **7. President's Report**

7a. Investment Report: Mark Barnum with UBS provided an electronic and gave a brief update on the status of AVEC's investment program. One of the investment managers whose performance has been slipping is being replaced. This firm has been on the watch list for a while. Mark expects a positive outlook for the economy. Overall AVEC's investment accounts have done well and show a positive return. Mark discussed potential market scenarios for the next 12 months and explained UBS's future market outlook.

7b. Denali Commission/Energy Projects Update: Steve Gilbert said we have received funding to develop several projects. The new power plant modules for Stebbins are being prepared for shipping. A site has been located for the Emmonak bulk fuel tank farm. We have been collecting wind data in various areas. We now have to provide backup wind data information to the AEA. Project applications for Round 7 of the Renewable Energy Fund are due in September. We need to improve our application scores to improve our success in receiving grant funds. There is heavy competition for these grants. Meera said it would be interesting to see a recap of the total amount AVEC has received through these REF grants compared to the total amount awarded. Steve said so far AVEC has received about \$214 million in total grants, from the Denali Commission, the State, RUS, etc. We are working on the FERC application for the hydro project in Old Harbor. It generally takes two years to get a license through FERC. We are working with the Old Harbor Native Corporation on this project. Fred asked about tidal power. Steve said the feasibility of tidal power in Alaska is being investigated, but this technology is in very early developmental stages and still needs to be tested. We're keeping an eye on it.

7c. Financial Statement – Year End Form 7: A copy of this report was included in the electronic board packet. Joy Merriner with Mikunda Cottrell already reviewed a lot of the information during the committee meeting earlier this morning. Meera mentioned the total plant value, which is broken down by category. This is a very informative document that shows things like total outage time, miles of line, employee stats, and capital credits. We didn't distribute capital credits last year. Our revenue was reduced by \$1.5 million per year due to the rate decrease and our cash is very constrained.

7d. Annual Meeting Update/Agenda: Katie Millen circulated the Annual Meeting agenda and went over the schedule. Later this afternoon a new delegate presentation will be held in the downstairs conference room, with a tour of the building following. An open house and registration will be held at the hotel. The annual meeting starts tomorrow at 8:00 a.m., with breakfast available at 7:00 a.m. The first timers will receive an extra day of per diem and hotel as they flew in a day earlier than the other delegates.

7e. Delinquent Updates: Documents related to delinquent accounts were circulated through Sharefile. One report shows a list of accounts that are \$2,000 or more. Her department is actively involved in collections and

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sending out notices that disconnections will start soon. Katie also provided a list of delinquent city accounts and said we are working with all of them on collections. The amount due is higher than normal.

7f. Delegate Training Overview: Meera and Katie showed the Powerpoint presentation that will be given to the new delegates. It provides a brief overview of the cooperative and the management structure. Each manager will talk about the responsibilities of their department.

7g. Scholarship Update: Katie Millen said the April 15 deadline is rapidly approaching. Applications are available on our Website. She will provide copies of the applications to the Scholarship Committee so they can select whom to award scholarships to.

7h. Board Meeting Schedule: The next board meeting is June 7. The August board meeting was re-scheduled to September 23<sup>rd</sup>, right before the APA Annual Meeting in Girdwood.

Meera said she visited Twin Hills at their request and Anna Sattler accompanied her. This village is close to Togiak, making an intertie between the two communities a cost-effective possibility. There was a good turnout of community members. AEA also participated by teleconference. They have significant line loss and a huge accounts receivable. Their rates are too low. They would like to join AVEC, but Meera explained that a thorough review needs to be performed first. If AVEC takes over, rates would have to be raised to meet expenses and a grant would be required to upgrade facilities.

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

### 8. Action Items

**8a. Upon a motion duly made and seconded, Resolution 13-12 Consent Agenda, including Resolutions 13-13 Director Expenses, 13-14 Year-End Records Cut Off, and 13-15 2012 AVEC Annual Report was approved as presented.**

### 9. Unfinished Business

9a. Strategic Plan Review – for information.

### 10. New Business

There was no new business.

### 11. Executive Session

**Upon a motion duly made and seconded, the board moved into Executive Session at 11:45 a.m. to discuss legal issues.** The board moved back into open session at 12:05 p.m.

### 12. Board Comments

Charlie said the board seats of Walter Sampson and Fred Sagoonick are up for election and they have both expressed interest in running for election. **Charlie appointed Peter Demoski to chair the nominating committee and appointed Phyllis Clough and Helena Jones as members of the nominating committee.** Please notify the committee if you hear of anybody else interested in running for election to the board.

Fred Sagoonick asked about the outlook for the Brevig Mission – Teller intertie. Meera said we are in a holding pattern, waiting for FEMA to approve funding to rebuild the project. It is a big, expensive job and we will have to re-do the spit and the submerged portion of the line. FEMA is dragging their feet and keeps asking for more information, including proof to show who actually owned the line. Repairs will start if and when we are notified of approval for funding, but nothing can happen this summer. It's too late.

Peter Demoski said a nearby village approached him to see how they would go about becoming a member of AVEC. Meera said she met with Patrick Madros, who represented the village of Koyukuk, and they talked. It's a very small

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community and the numbers may not work out. If we could interconnect with that nearby village then it might be more feasible. The small villages also need to push for tielines themselves.

Phyllis Clough said thanks to Meera and her staff for all their hard work to sustain life in the villages. Thanks to the board for all their efforts too.

13. Adjournment

**Upon a motion duly made and seconded, Chairman Charlie adjourned the meeting at 12:15 p.m.**

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Charlie Curtis, Chairman

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Phyllis Clough, Secretary