

**AVEC Board of Directors Regular Meeting Minutes
June 7, 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 12:53 a.m. Peter Demoski's absence was excused. A quorum was ascertained with the following board members in attendance:

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

Others in attendance include:

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

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.

4. Approval of Minutes

4a. Upon a motion duly made and seconded, the Minutes of the Regular Meeting, dated April 9, 2013 were approved as presented.

4b. Upon a motion duly made and seconded, the Minutes of the Organizational Meeting, dated April 10, 2013 were approved as presented.

5. Director Trip Reports

There were no director trips to report on.

6. President's Report

6a. Energy Projects Program Update: Steve Gilbert provided a recap of all of the Alaska Energy Authority Renewable Energy Fund (AEA REF) Grant Awards won by AVEC, by round. Steve reviewed the status of projects that were awarded during various application periods (or rounds). In Round 1 we were awarded \$9.8 million dollars while in Round 5 we were only awarded \$985,239. It looks like we may receive \$1.3 million in Round 6 grant awards, but that is still to be determined. Some of the projects funded include wind turbines and controls, wind feasibility studies, a solar project, hydro and heat recovery. So far AVEC has been awarded \$24.5 million in AEA REF Grant awards and AVEC has put up \$2.5 million in matching funds.

We received funding for the Emmonak tank farm and power plant through the Denali Commission. That project should be completed in 2014 or 2015 and then we can use the whole intertie system. The Old Harbor hydro project application was submitted on time. The Cosmos Hills feasibility study is still underway. We have worked in conjunction with ANTHC to obtain funding for heat recovery projects and two more projects in Shungnak and Ambler were recently completed. Steve said they held preliminary meetings with the AEA and Denali Commission to discuss our applications. We submitted 11 applications to the REF last year and weren't successful in getting projects funded. In the future we will decrease the number of applications and focus harder on the applications to get better scores and be more successful garnering funding. The Denali Commission program still continues to receive (and award) less funding every year. This has caused us to change our focus and now we will look at improvements at tank farms and power plants to fix them up and extend the life of our existing assets instead of building whole new projects.

6b. Financial Statement: Meera Kohler said a copy of the financial statement for the period ending April 30, 2013 was included in the electronic board packet. So far things are tracking fairly closely to budget. We need to beef up our margins by reducing costs and/or increasing revenue. We may have to institute a rate increase. We need to be very conservative with our expenditures.

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6c. Scholarship Applications: Katie Millen distributed a copy of a report she prepared for the scholarship committee. We received 62 scholarship applications, of which 26 were completed and met the requirements for consideration for our scholarship award program. She developed a list that shows the ID number of the applicant, their GPA, field of study and essay high points. Everything is color coded. She asked the Scholarship Committee to review and approve the winners by June 30, 2013. \$15,000 was awarded last year and Katie suggested the same award level this year, with the full amount split between the fall and spring semester distributions.

6d. Delinquent Account Update: Katie Millen distributed copies of the most recent list of delinquent city accounts. One city is problematic and has not been making consistent payments and the amount they owe is becoming rather substantial. We may have to start disconnecting meters to some of the city's accounts in order to receive payment on their bills. Katie also provided a list of consumers with delinquent account balances over \$2,000 and that list is very short. This is a huge improvement over past years and shows successful collection efforts on the part of Katie's staff. The electronic meters have proven very beneficial and cost effective.

6e. Twin Hills Update: Meera covered this topic in the work session earlier in the morning. This is a small community and an intertie would be the best option. A community meeting is scheduled soon.

6f. Koyukuk Update: Meera covered this topic in the work session earlier in the morning. This is a small community and an intertie would be the best option if we add this village. A community meeting got postponed due to flooding and another meeting is scheduled soon.

Meera posted a copy of a presentation containing talking points given to the U.S. EPA on Sharefile. It's pretty interesting and contains some good information about Alaska's rural energy challenges. It's very expensive to produce energy in rural Alaska and the presentation includes a breakdown of the operating costs, which average about \$360,000 per village. We carry a large amount of debt per each meter. There are no economies of scale in the village.

Once again the Yukon River flooded and caused some damage in Alakanuk and Emmonak. Our tanks floated but didn't tip as they were banded together. Some good news is that there was no fuel spilled! Meera has been talking with the SEOC emergency center to keep everybody apprised of the situation and the damage. Governor Parnell will add Emmonak and Alakanuk to the Disaster Relief Declaration. We issued a contract to RAFS to clean and repair tanks and any spills and we will receive FEMA funds to cover that cost. The hardest hit village is Galena, which lost quite a few homes. A group called Yukon River Rescue is soliciting donations and assistance for the folks in Galena. Meera helped facilitate donation of some storage space in a warehouse owned by GVEA in Fairbanks.

Nuvista now has new bylaws that separate the organization from Calista. Meera is now an officer and serves on the board of directors.

We received a letter from Apaay Campbell in Gambell, who recently beat the world record in the kneel jump in the Native Youth Olympics in Anchorage. She asked for a donation to help her and her coach (her mom) attend WEIO in Fairbanks. Meera donated 15,000 airline miles from AVEC's account and 15,000 miles from her personal mileage account to purchase tickets for Apaay and her mom to fly to Fairbanks. They were very excited and thankful for the donation. We hope she does well in the competition, which is in July.

6g. Future Meetings – Alaska Power Association Annual Meeting: This meeting is in Girdwood, September 24-26 and the rural electric cooperatives are sponsoring it. The goal of raising \$70,000 in sponsorships has been met. The following board members said they can attend: Helena, Phyllis, Walter, Robert and Charlie. Fred and Peter are tentative attendees.

7. Action Items

7a. Upon a motion duly made and seconded, Resolution 13-18 Director Expenses was approved as corrected.

7b. CEO Evaluation

Based on her performance evaluation, a motion was duly made and seconded to give the President and CEO a 3% increase on her annual salary and extend her contract for one year, effective June 1, 2013.

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8. Unfinished Business

8a. Strategic Plan Review: The Strategic Plan is permanently downloaded in the Sharefile folder for review.

9. New Business

There was no new business to discuss.

10. Executive Session

Upon a motion duly made and seconded, the board approved moving into Executive Session at 1:40 p.m. The board moved back into regular session at 2:00 p.m.

11. Board Comments

Fred Sagoonick said that we always start our annual meeting with an invocation and asked why we don't do this in the board room. Meera Kohler said that decision is up to the chairman. Chairman Charlie approved and said we will add an invocation to the agenda. Fred said it was a good meeting.

Helena Jones said congratulations to Charlie Curtis on his upcoming marriage.

Phyllis Clough said thanks to Meera and the staff for doing a good job. It's really sad to see more and more people moving out of the villages and into bigger towns and cities because they can't afford the high cost of living anymore. We need to keep doing everything we can to keep the costs of electric power down and help decrease the number of people moving out of our communities.

Meera Kohler said this was a full day and very productive. She appreciates how the board members fully participate in the meeting. Thank you for the engaged performance evaluation. Some boards are not keen on doing performance evaluations but she appreciates it. Congratulations to Charlie.

Charlie Curtis said thanks for the congratulations. It looks like summer is finally here and he hopes everybody has a good summer.

12. Next Meeting Date

The next board meeting date is September 23, 2013, with a work session from 9 to 11 a.m. and a board meeting after that.

13. Adjournment

Upon a motion duly made and seconded, Chairman Charlie adjourned the meeting at 2:30 p.m.

Charlie Curtis, Chairman

Phyllis Clough, Secretary