

AVEC Board of Directors Regular Meeting Minutes June 20, 2014

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

Chairman Robert Beans called the regular meeting of the AVEC board of directors to order at 12:52 p.m. on June 20, 2014 in the headquarters building in Anchorage, Alaska. Phyllis Clough delivered the invocation. A quorum was determined with all of the board members in attendance:

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

Others in attendance included:

Meera Kohler	Roger Kemppe	Debbie Bullock	Andy Leman
Steve Gilbert	Bill Stamm	Amy Murphy	

2. Declaration of Conflicts of Interest

Chairman Beans asked each board member if they had any conflicts of interest to declare. Robert Beans mentioned that he is a board member of Calista.

3. Consent Agenda – Items for Approval

Upon a motion duly made and seconded, the Consent Agenda with the following items: Approval of Agenda, Minutes of the Regular Meeting dated April 8, 2014 and the Minutes of the Organizational Meeting dated April 9, 2014 were approved.

4. Director Trip Reports

There were no director trips taken to report on.

5. President's Report

5a. Energy Projects Program Update: Steve Gilbert gave a brief recap of the printed report that was included in the board packet. Bids are being opened today for construction of the Stebbins-St. Michael intertie. We worked with the City of Stebbins to apply for CDBG funding to fill a funding gap for the intertie. We expect to start design of the Stebbins/St. Michael wind project in August. After the USDA/RUS funding becomes available for the New Stuyahok/Ekwok intertie project we will begin design and permitting. Construction equipment and materials are arriving in Emmonak for the bulk fuel upgrade project. The tank farm will be installed this summer and the power plant in 2015. The wind study in Scammon Bay indicates a great deal of icing and more data collection is required. Wind studies continue at Eek. FERC officially set a schedule for its public approval process for the Old Harbor hydro project. We expect to apply for Old Harbor design funding this year. We plan on applying for funding through the renewable energy fund for St. Mary's/Pitka's Point wind construction and also expect to apply for funding for the St. Mary's power plant and bulk fuel tank farm improvements in August. We have new funding for several projects: Bethel wind; Stebbins-St. Michael wind design; Stebbins-St. Michael intertie construction (CDBG); Mt. Village wind feasibility; Pilot Station bulk fuel and Bethel metering upgrades.

Fred Sagoonick asked about the status of the Brevig Mission/Teller intertie replacement project. Meera said we still haven't received funding approval from FEMA. Teller is not in favor of the intertie and want their own plant and tank farm. They will try applying for funding for the projects. We have cleaned up some of the exposed wires. Fred asked about the airborne wind turbine and the wind project near Delta. Meera said we are keeping an eye on the testing process. It's an interesting idea and we are watching to see how it develops. We don't implement any new technology until it has been tested and proven to work.

5b. UBS Investment Report: Mark Barnum with UBS participated in the meeting telephonically and gave a recap of the investment report that he provided electronically. He said we unexpectedly realized a good return on our bonds. Our stocks also did fairly well in the first quarter. The international funds also showed a positive return. Overall our investment portfolio realized a fantastic performance for the 12-month period that ended 3/31. Some of the returns were over 20%. However, a couple funds showed a slight decrease. Mark reviewed the asset allocation and said so far our portfolio has outperformed the original benchmark.

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5c. Financial Statement: A copy of the financial statement for the period ending April 30, 2014 was included in the board packet. Meera Kohler said that so far we are having a good year, with revenues tracking the budget. We are slightly under on expenses. We hope to be able to look at returning capital credits later this year. The total plant in service is \$133 million.

5d. Scholarship Applications: Katie Millen prepared a scholarship program report that was included in the board packet. We received over 75 scholarship applications, of which 46 were complete and met the requirements for consideration for our scholarships. The scholarship committee, consisting of Phyllis Clough, Peter Demoski and Helena Jones, met this morning and provided input on the applicants they felt should be awarded scholarships in various amounts, including the \$5,000 Ted Stevens Memorial Scholarship. Deceased and unclaimed capital credits are currently being analyzed and validated in our current system, and when that is complete a true number for the actual current funding level for the scholarship program will be booked.

5e. Delinquent Account Update: A list of delinquent city accounts and a list of delinquent accounts with balances over \$2,000 (excluding cities) was included in the board packet. One city's delinquent account balance is fairly substantial but they usually manage to bail themselves out. The report includes comments about attempts made to contact the cities to get payment. The list of delinquent accounts over \$2,000 includes eight accounts and two of those are personal accounts. There was some discussion. Meera said Katie's department started doing disconnects of delinquent accounts in May and she receives a weekly report. The status of our delinquent accounts has improved greatly the past few years and members are getting better about paying their bills.

5f. Future Meetings – Alaska Power Association Annual Meeting: APA's annual meeting is in Valdez, September 9-11. All of the board members said they plan to attend the conference and the director training. Our board meeting will be on Monday, September 8 and on Tuesday, September 9, the board members can drive or fly to Valdez. The director training is on Wednesday and the annual meeting is Thursday and Friday. The board members were asked to let us know their transportation desires, in case they want to fly instead of drive.

Marilyn Leland, Executive Director of APA, is retiring on August 1. Crystal Enkvist was hired to be her replacement.

Meera received a petition signed by numerous residents in Noatak asking about the sales tax that AVEC collects and where the money goes. Meera researched this issue and said that a village ordinance directed us to collect the sales tax and send it monthly to the Tribal office. It's a revenue source for the village. She contacted the tribal administrator and apprised him of the petition and asked them to let us know what to do.

The BUC office in Anchorage will be closing this month. Our new reception desk came from the office. We procured space in the AC Building in Bethel for a new office, which will open the beginning of August. The office space is small but is very nice and will have a window. We filed our first-ever ADEC contingency plan for the tank farm in Emmonak. This tank farm will eventually serve Alakanuk as well and the two communities together are a substantial market. The 2013 storm caused damage in Emmonak and Alakanuk but it appears that the State Emergency Services carved us out of the possibility of receiving FEMA funds. We are trying to persuade the Emergency Services office here to reopen the claim so we can get reimbursed for repair costs. Senator Murkowski's office is bird-dogging this issue.

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

6. Action Items

6a. Upon a motion duly made and seconded, Resolution 14-17 Director Expenses was approved as presented.

6b. A motion was duly made and seconded to approve Resolution 14-18 Approval of \$20,500,000 Million Line of Credit and Authorization to Execute Loan Documents (AK027-R-5103). Discussion was called for. Meera gave an overview of Resolution 14-18, which would secure a \$20,500,000 million line of credit with National Rural Utilities Cooperative Finance Corporation ("CFC"). There was some discussion. Legal counsel Andy Lemman reviewed and explained the highlights of the loan document authorizing the revolving line of credit to provide money for operational needs. **Chairman Beans called for a roll call vote. Resolution 14-18 was unanimously approved.**

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- 6c. **A motion was duly made and seconded to approve Resolution 14-19 Approval of \$5 Million Loan and Authorization to Execute Loan Documents (AK027-A-9013).** Legal counsel Andy Leman reviewed the documentation and explained the intent of the loan. **Chairman Beans called for a roll call vote. Resolution 14-19 was unanimously approved.**
- 6d. **A motion was duly made and seconded to approve Resolution 14-20 Proposed Tariff Changes.** Discussion was called for. Meera Kohler said these proposed tariff changes have been discussed in previous board meetings and have been finalized for the board's consideration. If the board concurs moving forward with the tariff changes, we have to select a date and time for a public hearing. The board also has to declare an effective date for the changes, probably January 2015. The public hearing should last at least an hour and we will provide a toll-free number for interested participants to use. The board said holding the public hearing during lunch at the September 2014 board meeting would work well. **The board unanimously approved Resolution 14-20 Proposed Tariff Changes.**
- 6e. **A motion was duly made and seconded to approve Resolution 14-21 Policy 1025 – Retirement health insurance.** Discussion was called for. Meera Kohler explained the proposed changes to this policy, which had been discussed at prior meetings. **The board unanimously approved Resolution 14-21.**
- 6f. Resolution 14-22 Proposed Bylaw Revisions. Roger Kemppe said that these proposed changes have already been discussed at previous meetings. The main revision would change the way AVEC conducts board of director elections, moving to ballot voting with each member getting to cast a vote instead of having the delegates vote for the board members at the annual meeting. A nominating committee will select board candidates based on geographical diversity and a candidate brochure will be put together and mailed to the membership. The candidate(s) receiving the highest number of votes will win. Another major change is reducing the number of delegates to one per village, instead of up to three delegates, based on the number of members in each community. The timing for the revisions was discussed as we have to explain what the revisions are and why we are proposing to make the changes. The bylaw revisions will be voted on by the delegates at the spring 2015 annual meeting. **Upon a motion duly made and seconded, the board approved Resolution 14-22 Proposed Bylaw Revisions. The process to get the bylaw revisions presented to the membership for the delegates to vote on at the next annual meeting will get started.**

6g. CEO Evaluation

The board conducted the annual evaluation of the President and CEO. Staff was asked to leave the room. After the evaluation was over staff was asked to return to the meeting. **Upon a motion duly made and seconded, the board approved extending the contract of the President/CEO for another year, effective June 1, 2014, at the salary as determined by the board.**

7. Unfinished Business

7a. Strategic Plan: A Strategic Plan update will be held at the November 14, 2014 board meeting.

7b. Committee Appointments

Chairman Beans appointed members to two committees. The Scholarship Committee is chaired by Phyllis Clough and Walter Sampson and Fred Sagoonick are members. The Budget committee is composed of Helena Jones, Charlie Curtis and Peter Demoski.

8. New Business

There was no new business to discuss.

9. Executive Session

Upon a motion duly made and seconded, the board moved into Executive Session at 2:32 to discuss financial issues. The board moved back into a regular board meeting at 2:37.

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10. Board Comments

Fred Sagoonick said it was a good meeting. Thanks to Meera and her staff for all they do.

Phyllis Clough expressed condolences to the communities that lost loved ones. Thanks to Meera for her leadership and thanks to the staff for their hard work. She is proud of our efforts to do what we can to keep the cost of electricity down.

Walter Sampson said it was a good meeting. He looks forward to getting more involved with things now that he is retired.

Peter Demoski is looking forward to partnering and cooperating with Bethel. He was elected ex-officio to the TCC board and is looking forward to working with them.

Helena Jones said it was a good meeting and complimented Roger Kempel on a good job. She hopes everybody has a good summer.

Robert Beans hopes everybody has a good, safe summer. He wants to get more fish this fall. He's building a barge and will float down the Yukon on it.

11. Next Meeting Date:

The next meeting date is September 8, 2014.

12. Adjournment

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

Phyllis Clough, Secretary

Robert Beans, Chairman