

**AVEC Board of Directors Regular Meeting Minutes  
November 14, 2014**

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

Vice Chairman Charlie Curtis called the meeting to order at 10:20 a.m. Chairman Robert Beans arrived shortly after and asked Charlie Curtis to give the invocation. Roll call was taken. A quorum was ascertained with all of the board members in attendance:

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

Others in attendance included:

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

2. Declaration of Conflicts of Interest

There were no conflicts of interest to declare.

3. Approval of Minutes

**3a. Upon a motion duly made and seconded, the minutes of the AVEC Board of Directors Regular Meeting dated September 8, 2014 were approved as presented.**

4. Director Trip Reports

There were no director trips to report on.

5. Committee Reports

5a. Budget & Audit Committee: Charlie Curtis said the committee met earlier this morning and reviewed the 2015 Budget. Charlie said the committee recommends the board approve the budget as presented.

6. President's Report

6a. Investment Report: Mark Barnum (via telephone) and Tammy Head from UBS addressed the board. Their report was uploaded to Sharefile and also displayed on the overhead projector. Mark Barnum announced that he was awarded a promotion within UBS and starts his new job in early January. He will no longer work on AVEC's account. He introduced Tammy Head who will be primarily working with us from now on. Tammy gave an overview of the status of our investments and the current U.S. economy, an overview of global events, and UBS's economic outlook for the future. Overall our account is performing well. Mark made a recommendation for AVEC to revise its investment policy to include only the managed funds and not all of the cooperative's cash accounts. A draft revised policy will be presented to the board at the next meeting in January.

6b. Energy Projects Update: Steve Gilbert gave a brief recap of the status of our energy projects. His report was uploaded to Sharefile. The Emmonak tank farm is complete and is AVEC's largest bulk fuel storage facility. The Emmonak power plant is out for bid. Materials for the St. Michael-Stebbins intertie were delivered and are in storage in Stebbins. The Pilot Station bulk fuel tank farm replacement and power plant relocation design is almost 50% complete. There was discussion about the transfer of the City of Bethel's \$3.2 million renewable energy grant. The AEA asked for additional information on our REF application for an assessment of the heat recovery system in Bethel. We responded to the ADF&G's 18 pages of comments on the Old Harbor hydro FERC license. In September we submitted nearly \$7 million in applications to the Renewable Energy Fund. Steve enumerated the new funding that we received in 2014.

6c. Financial Statement: A detailed overview of the financial statement and budget was given during the committee meeting earlier this morning that was attended by all of the board members. Pages 3 and 4 of the financial statement show the total sales breakdown by month. Our sales change drastically between summer and winter.

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The financial statement looks good and there are no surprises. We should end up having a decent year and everybody should be happy. We plan to distribute the capital credit checks in December.

6d. Delinquent Account Update: Katie Millen distributed a copy of the delinquent account reports and provided an update. The reports are very short, with only one city listed with a delinquent account and only four accounts with balances over \$2,000 (with city accounts removed). Katie said disconnections in Bethel are fairly easy. Bethel Utilities used to do disconnections year round so we will do that as well, based on tariff limitations. We plan to install some pre-pay meters in Bethel.

6e. 2014 Fuel Delivery Status: A copy of the fuel delivery status to date was included in the board packet. Mark Bryan said the fuel deliveries went smoothly and they were done before November this year. We received slightly more than 5 million gallons at an average cost per gallon of \$4.1718 (excluding Bethel). Bethel received a little more than 1 million gallons at a cost of \$4.96 per gallon. Crowley supplies fuel for the Bethel plant. A question was asked about fuel delivery to Upper Yukon communities and Meera stated we are happy with Ruby Marine. There was discussion of how much fuel we order compared to how much is delivered. Meera said deliveries are adjusted to match our actual consumption.

6f. Bethel Community Annual Meeting: This is Bethel's first year having an annual meeting so there is no chairman or delegate. Meera said she or another manager will probably go there to conduct the meeting and will invite appropriate people to take leadership roles. Bethel members can elect three delegates for a one-year term, due to the governance changes that will be taking place. Meera asked Robert Beans if he would like to come. No date has been set yet. There was some discussion.

Meera said she recently visited Yakutat to look at their system. The city owns the power system and has concerns about the utility operations. Meera gave a brief overview of the system. Mark Bryan and Bill Stamm will travel to Yakutat to do a more thorough system assessment. There's a possibility we may add them as a member.

Once again the community of Tuluksak is out of power and they are requesting assistance. AVEC has been contacted. Meera said we will go and assess their system but only if we are reimbursed for the costs associated with the trip as we already performed an assessment a few years ago. Their system needs to be brought up to our standards before we would consider adding them as a member.

We are looking at developing limits on co-generation on our system. More consumers are looking at renewable energy projects, like solar and wind. We need to place a cap on what can go into our system.

Bill Wood has been working with Mark Bryan and some of his staff to revise part of the Operating Agreement and require skills assessment for the power plant operators coupled with a tiered compensation plan. While we do have some direct employees, most of the plant operators are hired by the local city and there is no oversight from us on their performance. Bill's report is nearly complete. Mark is excited about the new program and hopes to launch it in March with a pilot project. We need to look at a wholesale revision of the Operating Agreement.

Fred asked if we have spill response plans onsite. Meera said yes, we have SPCCs and FRPs at all of our sites. The Coast Guard has good reports for AVEC and has recommended RAFS to other users to help implement compliance.

After the Public Hearing was over Meera received a phone call from a member in Chevak who wanted more information about the wind surcharge. Chevak is our biggest consumer of wind power.

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

7. New Business

7a. **Upon a motion duly made and seconded, Resolution 14-28 Director Expenses was approved as presented.**

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**7b. Upon a motion duly made and seconded, Resolution 14-29 2015 Operating Budget was approved as presented.**

**7c. Upon a motion duly made and seconded, Resolution 14-30 2014 USDA Rural Business Enterprise Grant was approved as presented.**

**7d. Upon a motion duly made and seconded, Resolution 14-31 Tariff Changes (pertaining to a Wind Surcharge and LED Street Lights) was approved as presented.**

8. Old Business

The board held a Strategic Planning Retreat yesterday. The Strategic Plan will be e-mailed and uploaded to Sharefile once it is complete.

9. Executive Session

Upon a motion duly made and seconded, the board moved into Executive Session at 12:21 to discuss legal issues. The board moved out of Executive Session and back into a regular meeting at 12:30 p.m.

10. Board Comments

Walter Sampson said it was a good meeting.

Peter Demoski said he is sorry he missed the Strategic Planning Retreat yesterday. He was put on the TCC as an Elder Advisor and they had a delegate convention that they wanted him to attend. Peter said they don't schedule their meetings in advance like we do.

Phyllis Clough said she was sorry she couldn't make it yesterday due to bad weather. She's happy that we are investing in renewable energy projects. Thanks to Meera, the staff and the board for continuing to help AVEC grow and improve services and work to keep electric costs affordable.

Fred Sagoonick said thanks to the staff for putting together the meetings. He was amazed to see how similar the 2000 Strategic Plan and the 2015 Strategic Plan are. We are continuing to follow the goals and strategies set more than 10 years ago.

Charlie Curtis said it's good to look forward and think of the possibilities. Our organization has come a long ways. We need to look at the long-term issues and review our progress. He hopes the All Alaska Energy Plan will be put in place during his lifetime. The new administration needs to focus on what provides benefits to all of Alaska, not just the urban areas.

11. Next Meeting

The next board meeting is January 9, 2015.

12. Adjournment

**Upon a motion duly made and seconded, Chairman Beans adjourned the meeting at 12:35 p.m.**

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Phyllis Clough, Secretary

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Robert Beans, Chairman