AVEC Board of Directors Regular Meeting Minutes
April 7, 2015

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

Chairman Beans called the regular meeting of the Alaska Village Electric Cooperative board of directors to order at 9:55 a.m. on April 7, 2015 at the Anchorage headquarters. A quorum was ascertained with all of the board members in attendance:

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

Others in attendance included

Meera Kohler	Debbie Bullock	Mark Bryan	Bill Stamm
Katie Millen	Steve Gilbert	Amy Murphy	Roger Kemppel
Lenny Welch	Bev Hoffman (Delegate)	Gene Peltola (Delegate)	

Chairman Beans asked Charlie Curtis to deliver the invocation.

2. Declaration of Conflicts of Interest, if any (Policy 2024)

Chairman Beans asked each director if they had 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: January 9, 2015

Upon a motion duly made and seconded, the minutes of the regular board of directors meeting dated January 9, 2015 were approved as presented.

5. Budget & Audit Committee Report

Charlie Curtis said Joy Merriner with BDO provided an Audit Report and once again we received another clean audit. The committee recommended that the board approve the 2014 Audit Report as presented**. Upon a motion duly made and seconded, Resolution 15-07 2014 Audit Report was approved as presented.**

6. Director Trip Reports

No director trip reports were given.

7. President's Report

7a. Energy Project Update: An energy project update was included in the board packet. Meera said that while we had projects forwarded for funding through the REF program, the Senate Finance Committee's proposed budget zeros out funding for REF. That means our projects would not receiving any funding. Steve Gilbert said the Emmonak tank farm is 97% complete. The contractor needs to finish some punch list items. This is the largest tank farm AVEC has ever owned. The Emmonak power plant foundation and superstructure, Phase 1, should be complete by June 15th. Phase II, structural, mechanical and electrical, is scheduled to begin June 15th, depending on the barge. The design for the Pilot Station tank farm and relocation of the existing power plant is 35% complete with the bid design done by July 31. We plant to solicit bids in late September. The New Stuyahok, Eek and Scammon Bay CDR and wind feasibility reports are scheduled for completion by July and the Teller wind feasibility report is due in mid-May. The Stebbins wind permitting and design is due in the fall. Engineering has a draft plan and estimate for the Teller power plant and bulk fuel tank farm. FEMA funds will be used to design and construct the project. All of the AVEC Renewable Energy Fund (REF) applications are recommended to receive at least partial funding: St. Mary's/Pitka's Point wind construction - $1.5 million; Goodnews Bay wind CDR; Bethel heat recovery assessment and Old Harbor hydro design. In Old Harbor we received the Kodiak Island Borough conditional use permit for the power plant. We reduced the potential wetlands impact from 15 acres to less than

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an acre. Hopefully the legislature will vote to fund the REF program. Meera said Moses Paukan of Saint Mary's announced his retirement after 40+ years working as a power plant operator. Moses will receive a special present and recognition, including a coat and plaque.

7b. UBS Flash Report and Market Outlook: A copy of the UBS Flash Report dated April 6, 2015 was included in the board packet for reference. In 2014 we had a good year with our investments showing a good return.

7c. Financial Statements – Year End Form 7 and February 2015 Form 7: Copies of these two Form 7s were included in the board packet for reference. Meera said the financial statements mirror our audit report. We added a lot of new services last year, due to the acquisition of Bethel. We are now one of the bigger utilities in the state. The year-end Form 7 shows our service interruptions are ½ of the previous five years. We are making progress!

7d. Investment Policy Revisions: Draft Comprehensive Cash Flow Policy and Draft Long-Term Corporate Reserve Policy. Draft copies of these proposed polices were included in the packet for review. The board will act on these policies at the next meeting.

7e. Annual Meeting Update/Agenda: Katie Millen said we have 13 new delegates this year. She reviewed the agenda and mentioned the new delegate orientation later that afternoon and the open house that starts at 4:00 p.m. at the hotel. We have 79 delegates scheduled to travel. So far two delegates can't make it to the meeting. Katie uploaded all of the community meeting minutes and the resolutions to Sharefile. Her department is excited about the meeting and they have been working really hard to get everything ready. Two communities didn't hold meetings: Wales and Selawik. If all of the delegates make it to the meeting we will have the largest gathering in our history.

7f. Delinquent Updates: Katie Millen uploaded two separate files relating to delinquent accounts into the board packet in the Sharefile folder. One file contains a long list of delinquent accounts as of last week's billing. Katie's staff is moving through the collection process, diligently trying to collect on past-due accounts. Katie is in constant contact with the cities to get payments. A copy of the collection schedule is included in the packet. Collection season runs April 1 through October 1.

7g. Board Candidate Statements: Statements from two board candidates, Angela Kamkoff and Shirlene Wells, were included in the board packet for reference purposes. Three board seats are up for election: Peter Demoski, Helena Jones and Phyllis Clough.

8. Action Items

8a. **Upon a motion duly made and seconded, Resolution 15-08 Consent Agenda containing Resolution 15-09 Director Expenses, Resolution 15-10 Year-End Records Cut Off, and Resolution 15-11 2014 AVEC Annual Report, was approved as presented.**

9. Unfinished Business

9a. Strategic Plan (included in packet for review purposes).

9b. Proposed Bylaw Changes: previously included in a board packet. The delegates will vote during the annual meeting and the membership had the opportunity to vote by mail on the changes they needed to vote on. We received approximately 1,350 ballots by mail.

10. New Business

10a. Appoint Ballot Counting Committee: Chairman Beans appointed Peter Atchak (Bethel delegate), Leonard Bell Sr. (Hooper Bay delegate), Debbie Bullock (staff) and Katie Millen (staff) to serve on the ballot counting committee.

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10b. Chairman Beans appointed Walter Sampson, Fred Sagoonick and Charlie Curtis to serve on the board of directors nominating committee.

11. Executive Session

Upon a motion duly made and seconded, the board moved into Executive Session at 10:45 a.m. to discuss financial matters. The board moved out of Executive Session and back into the regular meeting at 11:23 a.m.

12. Board Comments

Fred Sagoonick said he has some concerns. After learning more about the fiscal climate in Juneau with the state government facing huge budget cuts, are we expecting an increase in delinquent accounts? Meera said that is a good question. She hasn't heard much about the revenue sharing program. We might not see many more delinquent accounts until winter. We have to stay vigilant and hope for low fuel prices. There was some discussion on revenue sharing. Significant cuts to this program could be a health and safety issue. Fred said during the last solar storm there was intermittent internet connection. Does this bother the performance of our wind turbines? Mark Bryan said yes, there are some communication issues. The wind turbines shut down if they lose communication through the internet. Radios are not affected though and we remotely control the wind turbines through a radio. Northern Power can remotely access the wind turbines and work on them. Fred said this was a good meeting.

Phyllis Clough said thank you to Meera, her staff and the board for all their hard work. She worries about the sustainability of all of our communities and is proud of our efforts to do what we can to control our costs. She is up for election and would like to run for election again.

Walter Sampson said this was a good meeting. It was nice to see the Bethel delegates here and he said welcome to Lenny, the operations manager in Bethel.

Peter Demoski said he shares the same concerns as Fred. The cost of living is high in the rural villages as they are located so far away from everything, especially fuel. The costs are lower in the cities than in the villages and the cities have benefited from the drop in fuel prices. Peter is running for election again.

Helena Jones said welcome to the Bethel representatives. She is happy they are part of the AVEC family. It was a good meeting and thanks to all. She is up for election and would like to run again.

Charlie Curtis said this was a good meeting and he is looking forward to tomorrow. It's good to have Bethel here, joining the AVEC family and making it stronger. When we all work together politically we have a powerful voice. He would like to commend the staff as people do make a differences. We are preparing for the challenges we have to face and deal with. Thank you to all. This is the best organization he has been associated with. The staff and board have a good relationship and all have the same end in mind, to reduce the cost of power. He said good luck tomorrow to Peter, Phyllis and Helena.

Robert Beans said he would like to echo all that was said. He said good luck to the three board members whose seats are up for election. He said welcome to Bethel. He said we need to do more to toot our horn and celebrate our successes.

13. Next meeting: The next board meeting is June 5, 2015.

14. Adjournment

Upon a motion duly made and seconded, Chairman Beans adjourned the meeting at 11:35 a.m.

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Phyllis Clough, secretary Robert Beans, Chairman