

**AVEC Board of Directors Regular Meeting Minutes
August 24, 2015**

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

Chairman Robert Beans called the regular meeting of the Alaska Village Electric Cooperative board of directors to order at 9:00 a.m. at the Anchorage headquarters. Charlie Curtis provided the invocation. A quorum was ascertained with all of the board members in attendance:

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

Others in attendance include: Meera Kohler, Roger Kempel, Bill Stamm, Debbie Bullock, Mark Bryan, Steve Gilbert and Amy Murphy.

2. Declaration of Conflicts of Interest

Chairman Beans asked each director if they had any conflicts of interest to declare and there were none.

3. Approval of Minutes

3a. Upon a motion duly made and seconded, the minutes of the AVEC Board of Directors Regular Meeting dated June 5, 2015 were approved as presented.

4. Director Trip Reports: There were no trips taken.

5. President's Report:

5a. Investment Update – UBS: Tammy Head with UBS gave an update on the status of our investment portfolio. A copy of the report was included in the board packet and also shown on the overhead projector. Tammy said that overall the U.S. economy is in a good place today, compared to the rest of the world. AVEC's investment portfolio is diversified in good companies and continues to do well. The value of our portfolio has increased substantially since its inception. Tammy provided background on a new manager that was hired to replace one that wasn't performing well and she gave a recap of other events that happened this past year and what they foresee for the future. Overall, the U.S. economy should remain looking good.

5b. Energy Projects Update: Steve Gilbert provided a report of the Energy Project Program in the board packet. There are two ongoing projects in Emmonak: the new power plant and the bulk fuel tank farm. The power plant building is closed in and mechanical and electrical work is in progress. Two gen sets have been placed. Additional materials are scheduled for arrival on the fall barge. The plant remains on schedule with commissioning spring of 2016. The tank farm is nearly complete with contract close out scheduled for fall 2015. There was discussion of the fire that took place in the power plant. The main portion of replacing the diesel engine progressed well. Meera said the crew did a fabulous job restoring power and the Butler Building looks great, better than before. Hats off to the guys for doing a remarkable job. We lost one unit and the total cost to repair and replace equipment is a little over \$1 million. The controls for the wind turbines are being re-installed. Construction of the Stebbins/St. Michael intertie is complete and the tieline will be energized in late August and the old power plant will be decommissioned after that. Pilot Station design plans are on hold awaiting a go ahead from the Denali Commission as they work on the community portion of the tank farm. We are still scheduling construction for summer 2016. AVEC negotiated a contract for the construction of the New Stuyahok/Ekwok intertie. The Denali Commission provided funding to make the project whole. Final design is scheduled for fall completion with construction starting after the first of the year, provided the winter is cold enough. Stebbins wind permitting and design is on hold pending final selection of a turbine. Engineering has a draft plan and cost estimate for the Teller power plant and BFU in which FEMA funds would be used to design and construct the project. We are awaiting funding approval.

The Denali Commission approached AVEC about funding a new power plant in Togiak before moving forward with the tank farm project. We have responded that we can build the plant in a timely fashion. There was some discussion. Robert Beans mentioned he underwent an interview for possible appointment to a seat on the AIDEA board. They are looking for somebody with knowledge of rural electric power issues. We are working with the City of Bethel on leases for a met tower and wind turbine sites. The City

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Council approved a lease for the met tower at its regularly scheduled meeting Aug 11th. The City of Bethel has also approached us about reconnecting four of its buildings to the recovered heat system. We are evaluating what it will take to reconnect the buildings and how to charge for the service. In Old Harbor the FERC remains on schedule to grant a license before the end of the year. In Round 9 of the Renewable Energy Fund we are developing applications for Old Harbor hydro design, Bethel heat recovery module, Scammon Bay wind feasibility and St. Mary's – Mt. Village intertie.

5c. Financial Statements: A copy of the financial statements dated July 31, 2015 was included in the board packet. AVEC is doing well financially with operating margins over \$1 million, about 2.5 times better than last year. It has really helped to have Bethel online as we are able to spread administrative costs over a larger sales base. Discussion ensued, including talk about the gap in the PCE program between 500 kW and 750 kW, the customer service charge and the need to study our rate structure. Peter asked about the reduced cost of fuel this year and whether that would decrease the electric rates. Meera said Debbie is preparing new rate filings that will reflect the new lower fuel costs.

5d. Delinquent Account Update: Katie Millen uploaded a delinquent account update into the Sharefile folder. One section shows the delinquent accounts with a balance over \$2,000, which is a very short list. The past due accounts used to be huge in the past but now the past-due amount is a lot less. AVEC gets lauded for consistently having a really high collection rate, around 95%. Meera Kohler said the staff is doing a good job collecting money that is owed to AVEC. There was some discussion about a community that isn't paying their street light bill.

5e. Scholarship Update: Katie Millen uploaded a copy of the Scholarship Report dated 08/21/2015 into the Sharefile folder. The August 15 deadline for the spring semester distribution of scholarships has passed and the applications are being reviewed. A list of applicants will be presented to the scholarship committee at the next board meeting. We have processed nearly 350 applications to claim deceased and unclaimed capital credits. Of those applications, we have been able to locate and distribute over \$130,000 of the original \$580,000+ to the rightful recipient. This leaves over \$450,000 to apply according to policy and fund the scholarship program.

5f. Fuel Delivery Update: A copy of the most recent fuel delivery report was included in the board packet, which shows that villages that have received fuel this year are showing a decrease in the cost of fuel over last year's cost. Debbie Bullock is preparing filings with the most recent fuel costs.

5g. ACRE/CARE membership: All of the board members agreed to make a contribution to Alaska Power Association's AK CARE PAC program. Robert Beans made a contribution of \$200, with all of it going to AK CARE and the rest of the board members contributed \$50, split 50/50 between ACRE and AK CARE. The contributions will be deducted from the board members' per diem.

5h. APA Annual Meeting and Director Training: Meera Kohler and all of the board members traveled to Ketchikan, August 26-28, to attend this annual meeting and board training session.

5i. Gambell Resolution to Declare Economic Disaster: A copy of this resolution was included in the board packet. There was some discussion. Meera will contact Gambell to express support for the resolution.

5j. Appoint nominating committee for board candidates: A list of potential nominees for the new Nominating Committee for Board Candidates was included in the board packet. There was some discussion. The board agreed to appoint the following seven people to the Nominating Committee for Board Candidates: Peter Atchak, Bethel; Darrell Vent, Sr., Huslia; Ben Atoruk, Kiana; Walter Bachman, Jr., Minto; Albert Ningeulook, Shishmaref; Herbert Lockuk Jr., Togiak; Clarence Dull, Toksook Bay.

Meera said Joanne Emerson with NRECA is having health issues and is in a hospital. The impact of her condition isn't known. NRECA is dealing with the situation and Jeff Connor is the "acting" CEO during her absence. The NRECA board is very involved and the staff has rallied to show support. Please keep her in your prayers. Meera briefly spoke about her upcoming three-month sabbatical. Mark Bryan will be in

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charge while she's gone. There was some discussion. Meera said we should look at a board policy regarding board travel to limit the amount of board members and managers traveling together on the same flight. Meera, Robert and Doug Johnson will get together to talk about the next Strategic Plan. Meera met a couple of guys at the hydro power conference who are testing a suspended hydro-kinetic wheel that provides about 500 watt of power at a reasonable price. There's a possibility that this product could work in some of our communities.

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

6. Action Items

6a. Upon a motion duly made and seconded, Resolution 15-17 Director Expenses was approved as presented.

6b. Upon a motion duly made and seconded, Resolution 15-18 Capital Credit Retirement Expenses was approved as presented.

6c. Upon a motion duly made and seconded, Resolution 15-19 2015-2016 Schedule of Board Meetings Expenses was approved as presented.

6d. Upon a motion duly made and seconded, Resolution 15-20 Nominating Committee Policy was approved as presented.

6e. Upon a motion duly made and seconded, Resolution 15-21 Patronage Capital Allocation Expenses was approved as presented.

7. Unfinished Business

7a. Patronage Capital Allocation Policy. This issue was already discussed and taken care of under Resolution 15-21, which the board approved.

7b. Strategic Plan – posted in Sharefile for review purposes.

8. Executive Session

There was no need to hold an Executive Session.

9. Board Comments

Helena Jones said this was a good meeting and she's looking forward to the APA meetings in Ketchikan.

Peter Demoski said the governor is pushing for a natural gas pipeline but that doesn't help the residents in the interior of Alaska. He's glad we're pushing for the All Alaska grid project that Meera supports.

Walter Sampson said this was a good meeting.

Phyllis Clough said it was a good meeting and asked for a moment of silence to honor the loss of loved ones. She thanked the board and staff for their hard work. She asked why businesses can't pay their bills with a credit card and Meera said the fees are too high. Our policy allows residential consumers to pay with a credit card and we absorb those fees, which aren't as high. Phyllis is proud to report that she has heard some positive feedback about how people are happy with AVEC.

Fred Sagoonick said it was a good meeting and thanks to all for their hard work.

Charlie Curtis said it was a good meeting. He's glad to hear the Alaska Grid project is making progress. It's proof that individuals can make a difference and persistence can make things happen. AVEC strives to promote projects that are beneficial to all, not just certain municipalities. We are concerned about all of Alaska. We should be proud and communicate more about our efforts. Meera does a good job at the board

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level. Some folks are just narrow minded and we need a paradigm shift to promote projects that are beneficial to all. It's always good to see all of you.

Robert Beans said that with regards to a paradigm shift, during his interview for the AIDEA board seat he was asked if he supports the Susitna dam project. He said no as that is an expensive project that only benefits one group of people, not all the people. As an AVEC board member, and personally, he supports projects that benefit the biggest group of people; we look at the big picture. One interviewer told him she likes how AVEC thinks.

10. Next Meeting: November 13, 2015

11. Adjournment

Upon a motion duly made and seconded, Chairman Beans adjourned the meeting at 11:15 a.m.

Robert Beans, Chairman

Phyllis Clough, Secretary