

AVEC Board of Directors Meeting Friday, January 20, 2017

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

Chairman Beans called the regular meeting of the AVEC Board of Directors to order at 12:40 at the AVEC headquarters. Charlie Curtis provided the invocation. A quorum was declared with all of the board members in attendance: Robert Beans, Charlie Curtis, Walter Sampson, Fred Sagoonick, Peter Demoski, Helena Jones and Phyllis Clough.

Others in attendance include: Meera Kohler, Debbie Bullock, Katie Millen, Bill Stamm, Forest Button, Bill Thomson, Andy Leman (general counsel) and Amy Murphy.

2. Declaration of Conflicts of Interest

Chairman Beans individually asked each board member 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 as presented.

4. Approval of Minutes

4a. Upon a motion duly made and seconded, the minutes of the Board of Directors Regular Meeting, November 18, 2016, were approved as presented.

5. Member Comments

There were no member comments.

6. Director Trip Reports

There were no director trips to report on.

7. Committee Reports

7a. Budget & Audit Committee: Walter Sampson said the committee met earlier this morning and Joy Merriner with BDO gave a brief recap of the Audit Planning report and the Audit Engagement Letter and Agreement to Provide Services. The Budget & Audit Committee recommended board approval of the Engagement Letter and Agreement. **Upon a motion duly made and seconded, the BDO Engagement Letter and Agreement to Provide Services was approved by the Board.**

7b. Nominating Committee: A memo from Nominating Committee Chairman Walter Bauchman was included in the board packet. Andy Leman gave a brief recap of the Nominating Committee's actions, mentioning they adhered to the Bylaws and ensured the potential candidates are bona fide members in good standing. The committee tried to nominate candidates that would provide the widest possible geographic distribution. The Committee submitted the following list of four candidates to run for election for the two board seats that are being vacated: Robert Beans of Mountain Village, David Hicks of Bethel, Robert Hoffman of Bethel and Angela Kamkoff of Emmonak.

8. President's Report

8a. Investment Report: Tammy Head with UBS provided a hard copy of their investment report titled UBS Client Review, as of January 12, 2017. This report is included in the board packet.

8b. Energy Projects Update: Forest Button included a copy of the Energy Projects Update in the board packet for the board to review. Forest mentioned a couple of things that happened recently. The EWT wind turbine agreements have been signed. We should receive the turbines in the spring of 2018. We received two additional

grants from the Denali Commission. One is for \$650,000 for potential small projects in Noatak and Holy Cross and the other grant is \$300,000 for minor projects like fences. We have \$3 million for the St. Mary's/Mt. Village Intertie project and we are seeking another \$3 million.

8c. Financial Statement: The financial statement dated 11/30/17 was included in the packet as well as a draft copy of the financial statement dated 12/31/16. Meera Kohler said she would refer to the draft December financial statement which is basically complete. Our gross revenues and margins are tracking close to the budget. Revenues are down about \$5 million and the cost of fuel similarly decreased. We over-collected on fuel costs but that will even out. Overall we had a good year and ended with positive cash reserves. Last year the legislature assessed a refined fuel surcharge of 1 cent/gallon. We appealed because we believed electric cooperatives were exempt from the surcharge but our appeal was denied. Several cooperatives banded together and engaged KHE to challenge the surcharge with the result that the State of Alaska overruled their initial finding and has now refunded the amounts paid with interest.

At 12:58 p.m. Chairman Beans called for a recess so the Budget & Audit Committee could meet. The board meeting reconvened at 1:20 p.m.

8d. Delinquency Update: Katie Millen provided two documents for the board packet that show the residential delinquent accounts and the city/business delinquent accounts with balances over \$2,000. There is only one delinquent residential account. Katie's department has been very active pursuing the delinquent accounts and encouraging members to make payments to avoid getting charged late fees. The city/business report shows six accounts in four communities have delinquent accounts with a balance over \$2,000. Two of the accounts are for street lights and we can't easily turn them off with the flip of a switch. Some of the cities are looking for state money to help pay their accounts. Katie's department will disconnect what they can.

8e. Annual Meeting Update: Katie Millen provided an Annual Meeting Update in the board packet. So far 27 locations have held their meetings and all but two communities have planned meetings in either January or February.

8f. Update on Yakutat, Napakiak and Oscarville: Meera Kohler said Oscarville has new meters and was on our system at the end of October. They now get full PCE funding. The community wanted help and are happy with their reduced electric rates and upgraded services. Napakiak is still a work in progress. We are negotiating the purchase and sale agreement with them. Yakutat has been reimbursing us monthly for the support services we have been providing since their general manager relocated to Cordova. We prepared and filed their annual PCE update. Our RCA filing is going through review. The utility is out of date regarding some safety testing.

8f. APA Legislative Conference (January 31 – Feb 2, 2017)

Meera Kohler, Helena Jones and Phyllis Clough will attend the conference in Juneau.

Teller Update: Bill Stamm said we got a time extension to do a drawdown of the first allotment. A final design has been submitted. The switchgear and engine module bids were accepted and the module should be in place by fall. The engineering department has two new P.E.s. One engineer was already a P.E. when hired and engineer Aimee Chase passed her P.E. exam on her first attempt. We are very proud of her! All the engineers are really stepping up and displaying great teamwork by taking on extra work, which really helps the Operations Department.

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

9. New Business

9a. Upon a motion duly made and seconded, Resolution 17-01 - Consent Agenda, with the following resolutions: 17-02 Director Expenses, 17-03 New Memberships, 17-04 Collections Representatives – Member & Employee Relations Staff and 17-05 Statement of Nondiscrimination was approved as presented.

9b. Upon a motion duly made and seconded, Resolution 17-06 Year-End Consumer Charge Offs was approved as presented. Katie said even though these charges are written off, her department continues to collect the past due accounts when possible.

- 9c. Upon a motion duly made and seconded, Resolution 17-07 Approval of Letters of Credit and Authorization To Execute Loan Documents (AK027-L-9017) was approved as presented.** Andy Leman explained that these CFC letters of credit are for EWT to use towards building the wind turbines we ordered. CFC will pay EWT funds upon request. This action shows our financial status is in good standing and gives security that the turbines will be paid for and our interests are protected. We are getting a good interest rate.
- 9d. Upon a motion duly made and seconded, Resolution 17-08 NRECA, CFC, NWPPA and NRTC Voting Delegate Certification was approved as presented.**

10. Old Business

A copy of the Strategic Plan is located in the BoardPaq library. The board decided to have a Strategic Planning Retreat after the new board members are elected.

11. Executive Session

Chairman Beans moved and Charlie Curtis seconded that the AVEC Board move into Executive Session at 1:50 p.m. to discuss with counsel personnel matters related to issues of potential conflict of interest with one of the board candidates running for election. The Executive Session ended at 2:12 p.m. and the board moved back into the regular board meeting.

12. Board Comments

Phyllis Clough said it was a good meeting and she appreciated Andy Leman's presentation. She is sad for all the loved ones we have lost. Our people are struggling to get help with high costs. We need to continue to fight for PCE to save rural Alaska. Thanks go to Meera Kohler and her staff for working hard to keep the lights on in our communities and to use renewable energy as much as possible.

Helena Jones said it was a good morning. She said thank you to Charlie Curtis for serving AVEC all of these years. She will miss you and your jokes. Thanks to everybody for all they do. She is looking forward to going to Juneau to talk to the legislators.

Walter Sampson said thanks to everybody and welcomed Forest Button to the AVEC family. The board is always open to listening to the issues.

Robert Beans said he will miss Charlie's level headedness.

Charlie Curtis said he plans on attending the annual meeting. He's not through serving on the board yet.

13. Next Meeting Dates

Board Meeting April 4 and Annual Meeting April 5, 2017

14. Adjournment

Upon a motion duly made and seconded, Chairman Beans adjourned the meeting at 2:20 p.m.

Phyllis Clough, Secretary

Robert Beans, Chairman