

**AVEC Board of Directors Meeting
Friday, June 2, 2017**

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

Chairman Beans called the AVEC Board of Directors Regular Meeting to order at 1:00 p.m. on June 2, 2017 at the AVEC Headquarters. An invocation was given. A quorum was ascertained with all of the board members in attendance: Robert Beans, Phyllis Clough, Helena Jones, Peter Demoski, Walter Sampson, Fred Sagoonick, Robert "Bob" Hoffman. Others in attendance included Meera Kohler, Bill Stamm, Forest Button, Debbie Bullock, Andy Leman and Amy Murphy.

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

Chairman Beans asked each board member if they had any conflicts 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

Upon a Motion duly made and seconded, the Board approved the Regular Meeting Minutes dated April 4, 2017.

5. Director Trip Reports

There were no director trips to report on.

6. President's Report

6a. Investment Report: Tammy Head with UBS provided a copy of the 1st Quarter 2017 Executive Summary investment report and gave a brief report of the status of AVEC's investments. Some asset classes have really picked up and overall our portfolio is doing better than last year. The asset allocation is in compliance with the investment policy. Political volatility continues to affect the market and interest rates. UBS is predicting a good year.

6b. Energy Projects Program Update. Forest Button provided a copy of the Energy Projects Program update and gave a brief review of the information. The Emmonak project is winding down. A little work is being done on the standby generator module in Alakanuk. We moved the plant in Pilot Station and received fuel in the tank farm. The tanks for the BFU project in Togiak have been ordered and received in Seattle. The Teller module is under construction at Steel Fab here in town. After the module is built up it will be taken apart and shipped to Teller where it will be reassembled. The New Stuyahok – Ekwok intertie project is done and the standby generator module at Ekwok is being worked on. The location of the Bethel wind tower had to move about 2,000' from the road which has increased the project cost. It's hard to find land in Bethel to place the turbine on. Migratory birds are a prime concern. The project will go out for public comment. Coffman has completed about 35% of the design for the Bethel heat recovery project. We are close to receiving full funding for the St. Mary's and Mountain Village intertie project. We have about \$200,000 available for fencing projects.

6c. Financial Statement: A copy of the latest financial statement dated April 30, 2017 was included in the board packet. Meera Kohler said that so far we are tracking close to the budget. Our margins have decreased a little bit but should improve as the year goes on. There are no significant items to point out. The cost of fuel is lower this year than last year. Bethel's fuel is a wild card.

6d. Update on Yakutat: Yesterday, 06/01/17, paperwork was signed by AVEC and Yakutat officials making Yakutat the newest member of AVEC. We now have 58 communities. Yakutat has four employees that we have taken on for a six month period per the purchase agreement. We will evaluate long term staffing needs during that time. AVEC will do the May billing for Yakutat and we will receive the revenue that we have already paid Yakutat for. So far things are going smoothly.

6e. Scholarship Applications: Katie Millen provided a list of the top ten scholarship applicants to the Scholarship Committee for their review and approval. The committee needs to approve the winners by June 30, 2017 at the latest. A total of \$15,000 was award last year and she suggests the same amount be split up between the fall and spring semester distributions for this year. The committee met and selected the award recipients.

6f. Delinquent Account Update: The list of Business/City Accounts with a balance over \$2,000 is less than a page, with just a few cities. The city of Selawik is the highest with multiple accounts past due. The city signed a resolution to have the state revenue sharing payment go to AVEC to pay their accounts. There are no personal accounts over \$2,000. Our delinquent accounts are in good shape. Disconnects started in April. Katie and her staff continue to work with our members to collect past due accounts.

6g. Future Meetings – Next Board Meeting and Alaska Power Association Annual Meeting (Kodiak, September 12-15, 2017): The board decided the next board meetings will be August 14 and 15 with a Strategic Planning session in the morning on the 14th followed by Andy's Board Fiduciary Presentation. The board also wants to discuss potential 50th Anniversary celebration options.

Meera reported on a recent meeting in Cordova organized by the Canadian Off Grid Utility Association. Presentations covered a lot of "off the grid" utility issues, including successes and failures. Some utilities in Alaska joined the organization. The Association may have to change their name. Meera flew to Washington, D.C. to participate in a conference with Senator Murkowski on Clean Energy in America. The conference was organized by ClearPath, an organization spearheaded by Jay Faison to find ways to create cleaner, cheaper and reliable energy. Meera participated in a discussion on clean energy including nuclear. A major topic was the energy outlook of the federal government. Senator Murkowski and Senator Cantwell will visit Alaska soon as the Energy Committee has a hearing scheduled in Cordova.

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

7. Action Items

7a. Upon a motion duly made and seconded, Resolution 17-16 Director Expenses was approved.

7b. Upon a motion duly made and seconded, Resolution 17-17 Statement of Non Discrimination was approved.

7c. Upon a motion duly made and seconded, Resolution 17-18 Resolution of the Board of Directors Authorizing the Amendment and Restatement of The Retirement Security and/or 401(K) Pension Plan for Alaska Village Electric Cooperative, Inc., REA(s) 02-027 was approved.

7d. CEO Evaluation

A motion duly made and seconded by the Board approved providing Meera Kohler a 10% increase in salary and extending her contract one year effective 06/01/2017.

7e. Chairman Appoints Committee Members

Chairman Beans appointed the following committee members: Budget and Audit Committee, Fred Sagoonick – Chair, members Helena Jones and Walter Sampson; and Scholarship Committee, Phyllis Clough – Chair, members Peter Demoski and Bob Hoffman. The Nominating Committee will be appointed in August.

8. Unfinished Business

8a. A copy of the Strategic Plan is included in the BoardPaq library. A strategic planning session will be held a day before the next board meeting.

9. New Business

There was no new business.

10. Executive Session

An executive session was not required.

11. Board Comments

Helena Jones said it was a great meeting and she welcomed Bob Hoffman to the board.

Peter Demoski said he doesn't have much to say. He said somebody in Minto called him and faxed a resolution and a letter requesting AVEC participate in a DERA grant application. That was delegated and is being worked on.

Phyllis Clough welcomed Bob Hoffman to the board and thanked the staff and board for their hard work. She congratulated Meera Kohler on another great year and for continuing to help our people and build a sustainable system for future generations. She's glad we make efforts to "go green." She also thanked Andy and said it was another good meeting.

Walter Sampson welcomed Bob Hoffman to the board. He said thanks to the staff for their good work. A lot of folks speak positively about AVEC. Congratulations to Meera for another good year and good meeting.

Bob Hoffman said he is glad he found a place where things are going in the right direction in all ways possible. AVEC's operation is unique. AVEC has hard-working employees. There are numerous employees and board members with long tenure with the organization. It's impressive. Nothing seems left out. He is glad to be part of this operation.

Robert Beans said the last 50 years of AVEC's existence has been an interesting trip.

12. Next Meeting Dates: August 14 and 15, 2017

13. Adjournment

Upon a motion duly made and seconded, Chairman Beans adjourned the meeting at 2:00 p.m.

Phyllis Clough, Secretary

Robert Beans, Chairman