

**Minutes of the June 4, 2010 Board of Directors Regular Meeting
Alaska Village Electric Cooperative, Inc.**

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

Chairman Charlie Curtis called the meeting to order at 1:04 p.m. with all of the board members in attendance: Charlie Curtis; Walter Sampson; Helena Jones; Phyllis Clough; Fred Sagoonick; Julia Walker; and Robert Beans.

Others in attendance included: Meera Kohler; Mark Teitzel; Andy Leman; Mark Smith; Roger Kemppe; Brent Petrie; Amy Murphy. Katie Millen joined the meeting later in the afternoon.

2. Declaration of Conflicts of Interest

Chairman Charlie Curtis called for declaration of conflicts of interest and there were none to declare.

3. Approval of Minutes

Upon a motion duly made and seconded, the minutes of the AVEC Board of Directors Regular Meeting, March 29, 2010 and the Organizational Meeting, March 30, 2010 were approved.

4. Director Trip Reports

There were no director trips taken.

5. President's Report

5a. Denali Commission Update: Brent Petrie distributed a copy of photos of the Chevak tank farm and a list of AVEC grant-funded construction projects as of April 30, 2010, broken down by AEA-funded projects and DC-funded projects. The AEA provided funds for renewable energy projects, including wind turbines in Mekoryuk, Quinhagak, Shaktoolik and Toksook Bay. Brent said the hydro project in Old Harbor is moving along and the solar projects are suspended for various reasons, including the inability to find good sites and problems with vandalism in the villages. Some of the ongoing Denali Commission projects include Brevig Mission, Chevak, Hooper Bay, and Mekoryuk. Work continues on plans for the Emmonak-Alakanuk intertie project. Total grant funding received from various entities is \$173.3 million. AVEC's matching contributions are \$17.0 million for a total of \$190.3 million. We need to apply for more grant funds to fully fund projects that are only partially funded. We need more resources to keep up with the increased work load.

5b. Financial Statement: A copy of the financial statement dated 3/31/10 was included in the packet. We are tracking right on budget for now. We whittled down our oversized margins through the rate decrease.

5c. Scholarship Applications: Katie Millen distributed a copy of information related to the timelines involved with the scholarship application program. We have received around 25 completed applications. She gave a binder to each of the Scholarship Committee members with applications and essays from each of the students, sorted alphabetically. Katie provided a scoring sheet for the committee members to use, if they wish. We have about \$20,000 to award and Meera would like to see us give fewer, larger scholarships, worth \$1,000 to \$2,000 instead of lots of scholarships in lesser amounts.

5d. Delinquent Account Update: Katie distributed printouts of various delinquent account reports and gave a brief recap of the information. One report shows the progress of the collections program so far and the number of disconnects per village. Another report shows the aging comparison for a couple of months since 2003. Another report shows a list of the city accounts with high delinquent accounts and discussion ensued, including the accounts of the communities of Emmonak and Kobuk. Another list showed a list of delinquent accounts with balances over \$2,000, with city accounts removed and a basic report gave a comparison of AMR vs. field collector results.

5e. Alaska Power Association Annual Meeting: The following board members will attend the APA meeting in Fairbanks August 12-13: Robert Beans, Helena Jones, Walter Sampson and Phyllis Clough.

5f. Building addition update: Meera said the spruce trees have been cut down and we are undergoing the permitting process. We have a pretty solid design in place and it's going to cost close to \$1,000,000 to construct the building addition and do an energy-efficient retrofit throughout the main building. We're working with an architect on the interior space design to use space efficiently and increase the comfort level for staff members. The building should be completed by the November board meeting.

**Minutes of the June 4, 2010 Board of Directors Regular Meeting
Alaska Village Electric Cooperative, Inc.**

5g. Vitus Marine update: Mark Smith with Vitus Marine gave the board a brief update on the status of the tug and barge sets that AVEC is purchasing. He distributed copies of the construction timeline, drawings of the tug and barge sets and the cash flow projection. He received bids in response to the RFP and Sneed Shipbuilding in Texas was awarded the contract to build the ships. Contract details are being negotiated and the contract will hopefully be signed Monday, June 7. The delivery date is June 2011, in time for next year's fuel delivery season. Andy Leman said we hired a Seattle attorney with expertise in shipbuilding contracts to represent us in the contract negotiations. We are working with CFC to get our financing in place, answering questions they posed while reviewing our loan package request. The final loan package will need approval by both the AVEC and Microgen board of directors, which will require a special meeting. We need to come up with names for the ships. Meera will solicit names from our membership on the Ruralite back page.

We are working with a consultant to perform a compensation review for the cooperative that will include revising job descriptions. Surveys were provided to the employees to fill out and Katie has received about 25 responses to date. We're meeting with Winston Tan in mid June to work on this project.

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

6. Action Items

6a. Upon a motion duly made and seconded, Resolution 10-17 Director Expenses was approved as presented.

6b. Upon a motion duly made and seconded, Resolution 10-18 Establish New Trustees for Post Retirement Insurance Benefits Trust (FABS106) was approved as presented.

6c. Upon a motion duly made and seconded, Resolution 10-19 Approve Whistleblower Policy #2028.1 was approved as presented.

6e. Upon a motion duly made and seconded, Resolution 10-21 Authorizing the Amendment of the Retirement Security Plan was approved as presented.

6f. Upon a motion duly made and seconded, Resolution 10-22 Authorizing Annual Leave Policy Amendments: tabled until the next meeting.

6g. Upon a motion duly made and seconded, Resolution 10-23 Taking a Strong Position Against "An Initiative Creating An Alaska Anti-Corruption Act." was approved as presented.

7. Unfinished Business

7a. Strategic Plan Review

A copy of the Strategic Plan was included in the board packet for review purposes. We are working on meeting the goals the board set.

8. New Business

Upon a motion duly made and seconded, the Board adopted Amendment #7 to the President's Contract.

9. Executive Session

There was no Executive Session.

10. Board Comments

Walter Sampson said this was a good meeting. He's looking forward to working on the new tug and barge project. It will take a while to get things worked out but it should benefit rural Alaska.

Julia Walker said this was a good meeting and she's excited about getting the new barges that will supply fuel to villages along the river system.

Helena Jones also said this was a good meeting and she's also excited about the tug and barges since she lives

**Minutes of the June 4, 2010 Board of Directors Regular Meeting
Alaska Village Electric Cooperative, Inc.**

on the river system and it should help lower the cost of fuel in the future.

Phyllis Clough said she was glad we discussed the annual meeting this morning. The meetings have become more positive and she's surprised but thankful. Rural residents seem to be getting by somehow, despite facing many economical challenges. She is happy to be here and happy to be part of this board. Thanks to Meera and her staff for doing a fine job. She's excited about the new barges too. She would like us to maintain support for the PCE program as it helps the villages and she's glad AVEC looks for ways to go green.

Fred Sagoonick said he's glad we are installing AMR meters in all the villages and he's glad they are working. The meters make a difference in many ways, including not having to send a collector out every summer.

Robert Beans is anxious to see the new office building and said it was a good meeting. His brother Vince is running for a seat in House District 39 and he's up against Foster.

Charlie Curtis said thanks to everybody for coming. Congratulations to Julia on her promotion and new responsibilities. He is glad to hear the positive comments at the annual meeting.

11. Next Meeting Date

The next board meeting dates are August 9-10, 2010. We will hold Webinar training the afternoon of August 9th and have the regular board meeting on August 10.

12. Adjournment

Upon a motion duly made and seconded, Chairman Curtis adjourned the meeting at 2:18 p.m.

Charlie Curtis, Chairman

Phyllis Clough, Secretary