

## **AVEC Board of Directors Regular Meeting Minutes April 3, 2018**

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

Chairman Beans called the regular meeting of the AVEC Board of Directors to order at 9:31 a.m. on April 3, 2018 at the AVEC headquarters. A quorum was ascertained with all of the board members in attendance: Robert Beans, Helena Jones, Phyllis Clough, Peter Demoski, Fred Sagoonick, Walter Sampson and Robert Hoffman. There were no guests. Others in attendance included: Meera Kohler, Katie Millen, Bill Stamm, Bill Thomson, Forest Button, Debbie Bullock, Lenny Welch, Andy Leman and Amy Murphy.

### 2. Declaration of Conflicts of Interest

Chairman Robert Beans asked if there were 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

**Upon a motion duly made and seconded, the Regular Meeting Minutes of the AVEC Board of Directors dated January 19, 2018 were approved as presented.**

### 5. Budget & Audit Committee Report

Fred Sagoonick said the Budget and Audit Committee met earlier this morning and received the Audit Report given by Joy Merriner with BDO. There were no issues and AVEC's staff was complimented for the great work they do. The Budget and Audit Committee recommended the Board approve the Audit Report. **Upon a motion duly made and seconded, the Board approved Resolution 18-07 Audit Report.**

### 6. Director Trip Reports

There were no director trips to report on.

### 7. President's Report

7a. UBS Flash Report and Market Outlook: Tammy Head with UBS delivered the Client Review and Market Outlook that were included in the board packet. Tammy said January, February and March saw a lot of volatility in the stock market. Leading to a soft first quarter. Since its inception, AVEC's investment portfolio has earned an annual average of 9.56%. We had a good year in 2017 and hope for more positive returns in 2018.

### 7b. Energy Project Update:

Forest Button gave a brief overview of the Energy Projects included in the board packet. The Pilot Station tank farms are complete and the power plant was successfully moved and re-energized. Final inspection was completed in March. The Togiak power plant and bulk fuel tank farm are in winter shutdown and are scheduled to re-start in early April. The Teller power plant is installed and online. The rest of the project is in winter shutdown until June. Field work was completed on the Bethel heat recovery pipeline integrity assessment and the draft report will be issued in May. The report will enable us to make informed decisions regarding line upgrades. We took delivery of the St. Mary's wind turbine at the port of Seattle in March. Construction restart is scheduled for August. The St. Mary's to Mt. Village intertie project is out to bid. The Stebbins wind project is under design. Peter Demoski asked about the status of a new tank farm for Nulato. Forest said Nulato is on the short list but there is no funding. The solar array in Noorvik continues to be vandalized. AVEC sent fencing for the project, which is to be installed by the City. Once complete, it will help reduce vandalism.

Bill Thomson gave a brief recap of the grid modernization efforts. He plans to meet with others interested in this technology during the Rural Energy Conference in Fairbanks. Bill said he now has a different view of how to mesh field work with office work. He discussed the mobile app developed by "60 Hz", a new start-up business, that would apply cellphone based technology to work with our PPOs and field operations. There were trial deployments in St. Mary's and

Mt. Village. We received our first spreadsheets that don't have to be manually entered at AVEC any more. This could be a viable technology for our needs. We are working with Alaska Center for Energy and Power and the National Laboratories to develop specifications for a grid bridge system to optimize our wind and solar power systems. We are also working on implementing a virtual System Control and Data Acquisition system (SCADA) to provide real-time information on our generating systems. This will help enable us to diagnose and respond to problems remotely.

Scott Sanner is making progress on his projects to enhance and improve IT services to make things run more smoothly, especially after hours. We have migrated our network system to Office 365, and he continues to clean up small associated items. We are also progressing with upgrading staff computer systems.

Bill Stamm attended the Brevig Mission Traditional Council annual meeting at their request. They are concerned about retiring the Teller tieline that was damaged during the storm. They want us to get rid of all the facilities. Their traditional trail has been disrupted (at the request of the owner of the land allotment) and they would like it restored. They want us to remove all the surface facilities and cut the facilities below grade. Per regulation, this issue is in the hands of the Secretary of the Interior. The Northwest Arctic Borough is concerned about the cost of fuel in Shungnak, Noatak and Kobuk, where fuel must often be flown in due to low water levels. Crowley and Vitus had representatives there as well. We need to work together to find a solution. Noatak will be receiving a new airport and we will have to find a way to get fuel to the plant. The YKHC hospital in Bethel is undergoing a major expansion. They had decided to self-generate but have since changed their mind and now want temporary power and permanent power in the future.

7c. Financial Statements – Year End Form 7 and February 2018 Form 7: A copy of these two financial statements was included in the board packet. Meera highlighted the year end Form 7, which has a lot of good information. We include a condensed version of the year-end Form 7 in our annual report. Peter Demoski said he liked the training the board went through regarding financial statements and he wrote down explanations but can't find it. Meera said we can schedule another training session on financial issues at the June or August meeting. The recent February Form 7 shows we are tracking with the budget. We don't have robust patronage capital or operating margins but our TIER numbers are adequate.

7d. Annual Meeting Update/Agenda: A copy of the annual meeting agenda was distributed. Katie Millen said tonight there will be registration and an open house from 5:00 until 8:00 p.m. at the hotel. Breakfast starts at 7:00 a.m. tomorrow morning. Our set-up for the Annual Meeting will be similar to last year, with a round-table format. Delegates will have a chance to meet with our managers and staff members and then we'll have a session to discuss a list of hot topics. Key points will be shared with the whole room. The annual meeting will start after lunch. Additional information is included in the board packet.

7e. Delinquent Updates: Katie Millen spoke to the Delinquent Accounts Report included in the board packet. One report shows a short list of seven delinquent city/business accounts with a balance over \$2,000. AVEC doesn't disconnect delinquent accounts in the winter except in extreme cases. The second report shows a list of 19 delinquent residential accounts with a balance over \$2,000. This is good as April usually has a long list of delinquent accounts. Staff make personal contact with the delinquent members during the winter to ensure that payment arrangements are made. We will start routine disconnections in late April. Approximately 400 accounts are signed up for auto pay. Small commercial customers are now able to pay their accounts by credit card as well.

7f. Electric Cooperative Governance Task Force Report 2018: This Task Force finished its work and a report has been released. Meera said this comprehensive report will be a great resource to directors across the country. The NRECA Board will be using this report to gauge its own performance later this month. Meera suggested that the AVEC board consider having a work session to look at the report's guidelines. Andy will facilitate this session that will take place on June 7 with the board meeting on June 8. Helena was a member of the task force and said it was a great experience. Helena said AVEC is a young co-op compared to other cooperatives in the Lower 48 states. There are many differences between AVEC and cooperatives in the Lower 48. The participants were interested in learning more about Alaska.

## 8. Action Items

**8a. Upon a motion duly made and seconded, Resolution 18-08 Consent Agenda including Resolutions 18-09 Director Expenses, Resolution 18-10 Year-End Records Cut Off and Resolution 18-11 2017 AVEC Annual Report was approved as presented.**

9. Unfinished Business

There was no unfinished business to discuss.

10. New Business

There was no new business to discuss.

11. Executive Session (if necessary)

**Upon a motion duly made and seconded the board moved into Executive Session at 11:38 a.m. to discuss with counsel a labor relations matter the immediate disclosure of which would harm the legal position of the Cooperative. The board moved out of executive session and back into the regular meeting at 11:50 a.m.**

12. Board Comments

Helena Jones said it is good to be here. She is up for re-election and is anxiously waiting for the results. Peter Demoski said he likes the Annual Meeting agenda. It's not as strict as previous years, which will foster open discussion. He too is up for re-election and hopes he received enough votes to win. Bobby Hoffman said he also likes the Annual Meeting agenda. He is attending the open house to meet with the delegates. Walter Sampson said thanks to the staff for their hard work. He would especially like to thank Debbie Bullock and her staff for their outstanding efforts that resulted in a very good annual audit and report. Joy Merriner said great things about Debbie and her staff. They work well as a team. He is looking forward to the meeting tomorrow. The annual meetings get better every year. There is more sobriety and more involvement from the membership. Phyllis Clough said she is also up for re-election this year and hopes to get re-elected for another term. She applauds the efforts of Meera and AVEC's dedicated employees who work hard for our people. She is thankful for the PCE program that benefits rural Alaskans. She also said thank you to Andy. Fred Sagoonick said this was another great meeting. Kudos to our staff for the unblemished audit report. An increasing number of positive comments about AVEC are being expressed in public. He is proud to be a part of this outstanding board of directors and team. Good luck to the incumbents in the election. Robert Beans said at first he almost used to be ashamed to be an AVEC board member, but that has changed.

13. Adjournment

**Upon a motion duly made and seconded, Chairman Beans adjourned the meeting at 12:00 p.m.**

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Robert Beans, Chairman

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, Secretary