

**AVEC Board of Directors Meeting
Friday, June 8, 2018**

1:00 p.m. Regular Board Meeting

1. Call to Order, Invocation, Determination of Quorum, Members to be Heard

Chairman Beans called the regular meeting of the AVEC Board of Directors to order at 12:09 p.m. on June 8, 2018. Fred Sagoonick gave the invocation. A quorum was ascertained with all of the board members in attendance: Robert Beans, Fred Sagoonick, Helena Jones, Peter Demoski, Robert Hoffman, Robert Okitkun and Walter Sampson.

Others in attendance included: Meera Kohler, Debbie Bullock, Bill Stamm, Forest Button, Katie Millen, Amy Murphy and Andy Leman. There were no members to be heard. Tammy Head with UBS briefly attended the meeting to give an update on the investment portfolio.

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

Chairman Beans 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.

4. Approval of Minutes

4a. Upon a motion duly made and seconded, the board approved the minutes of the Regular Board of Directors Meeting dated April 03, 2018.

5. Director Trip Reports

There were no director trips to report on.

6. President's Report

6a. Investment Report – Tammy Head with UBS provided three reports with updates regarding our investment portfolio for the board packet. Tammy gave a brief overview of our investments and market performance. 2017 was one of the least volatile and best performing years for our portfolio. The U.S. is experiencing the second longest bull market on record.

6b. Energy Projects Program Update: Forest Button provided a copy of the energy projects report for the board packet. Projects shut down for the winter season are restarting. A lot of progress has been made on the Togiak power plant and bulk fuel projects. AVEC took delivery of Teller's four 27,000-gallon fuel tanks in March. Crews are mobilizing for tank farm construction, scheduled to start this month. Bethel's wind turbine material arrived in Bethel May 17th and installation is scheduled for the last week in June. We are reviewing Bethel's heat recovery pipeline integrity assessment. Some foundations are in poor shape. St. Mary's wind turbine equipment arrived in Bethel May 17th where it will be stored until early July. The contractor will mobilize all construction and turbine equipment from Bethel to St. Mary's in July, with installation scheduled for late July – early August. The St. Mary's to Mt. Village intertie project was awarded to Alaska Line Builders. Construction will start in August and finish summer of 2019. Work continues on the Stebbins wind permitting and design. The design documents include a 900-kW turbine in Stebbins. We are still trying to get additional grant funds. Work continues on other projects including bulk fuel projects in Shaktoolik, Holy Cross, Noatak and Shungnak. We received \$700,000 in funding from the Denali Commission to go towards fencing projects. The Noorvik solar array was vandalized and repair costs are being looked into. We also received \$950,000 in funding from the Denali Commission for generation upgrades.

6c. Financial Statement: The March 2018 financial statement was included in the board packet. The statement was thoroughly reviewed during the Financial Statement training session the board attended yesterday. There is a gap in operating margins, mostly due to the higher cost of fuel. Mike Hubbard is working on a rate study that will be brought to the board for consideration later this year.

6d. Scholarship Program: Katie prepared a list of the top scholarship applications that were received along with some background information of the applicants (excluding their names). Some applicants had stellar GPAs. The newly appointed Scholarship Committee can review the applications and indicate their preferences on a sheet Katie prepared showing

scholarship award amounts. A total of \$10,000 in scholarships can be awarded, with the top applicant receiving the \$5,000 Ted Stevens Memorial Scholarship.

6e. Delinquent Account Update: Katie Millen's report showing the Business/City Accounts with a balance over \$2,000 is very short, just two cities. One city still has a sizable delinquent amount due. They said they mailed a check for \$11,000 but it hasn't been received yet. Katie's staff has been in contact with these accounts and are working on collection plans to bring all accounts current. There are no residential accounts with a balance over \$2,000. This is the first time that has occurred in many years. Katie said her staff have been very proactive on getting accounts paid.

6f. Future Meetings – Alaska Power Association Annual Meeting: All of the board members plan on attending the Alaska Power Association Annual Meeting and NRECA training session in Fairbanks, Alaska, August 22-24, 2018. The board members are to contact Amy Murphy if their plans change.

Meera Kohler said we still have major problems with the hotels in making board member reservations. It takes a day or more of staff time to visit each hotel to make prepayment arrangements yet board members still run into roadblocks when trying to check in. It would be much easier if the board members could select a single hotel to stay at. The board suggested trying the Millennium Hotel. We will see what kind of deal the hotel will give us. At the next meeting the board members will all stay at the Millennium.

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

7. Action Items

7a. Resolution 18-14 Director Expenses

Upon a motion duly made and seconded, Resolution 18-14 Director Expenses was approved as presented.

7b CEO Evaluation: A motion was duly made and seconded to approve Amendment No. 15 to the CEO's Employment Agreement as discussed by the Board in executive session.

7c. Chairman appoints committee members

Chairman Beans appointed the following directors to the Audit and Budget Committee: Peter Demoski, Walter Sampson and Robert Okitkun. Chairman Beans appointed the following directors to the Scholarship Committee: Helena Jones, Bobby Hoffman and Fred Sagoonick.

8. Unfinished Business

8a. Strategic Plan Review: A copy of the Strategic Plan is in the BoardPaq library.

9. New Business

There was no new business to discuss.

10. Executive Session

There was no need to hold an Executive Session.

11. Board Comments

Helena welcomed Robert Okitkun to the board. The meetings went well. She hopes everybody has a safe, good summer.

Peter Demoski said thanks for the vote of confidence electing him to be the treasurer. He also welcomed Robert Okitkun to the board. Peter congratulated Meera on another successful year. He is looking forward to the APA meeting.

Walter Sampson congratulated Meera on her contract renewal and he welcomed Robert Okitkun to the board. He said the meetings were good.

Robert Hoffman welcomed Robert Okitkun to the board. He said it's a good feeling to not be the newest board member. He also congratulated Meera on her contract extension. Things are well in place and he hopes AVEC continues that way.

Fred Sagoonick congratulated Meera on her contract and welcomed Robert Okitkun to the board. He thanked the staff for their hard work. He is looking forward to the APA meeting in Fairbanks.

Robert Okitkun congratulated Meera and said he is glad to be on this board. He likes AVEC. The cooperative has plans in place and the finances look good.

Robert Beans said he knows Robert Okitkun from outside of AVEC and said he thinks outside of the box and will be a fine addition to the board. Robert congratulated Meera and said he will see everybody in August.

12. Next Meeting Date: August 20, 2018

13. Adjournment

Upon a motion duly made and seconded, Chairman Beans adjourned the meeting at 1:17.

Helena Jones, Secretary

Robert Beans, Chairman