

**AVEC Board of Directors Regular Meeting Minutes  
November 13, 2015**

**Board of Directors Meeting**

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

Chairman Robert Beans' absence was excused. Charlie Curtis presided over the meeting as Chairman. Chairman Curtis called the meeting to order at 9:50 a.m. Phyllis Clough gave the invocation. A quorum was ascertained with the following board members in attendance: Charlie Curtis, Phyllis Clough, Peter Demoski, Fred Sagoonick, Helena Jones and Walter Sampson.

Others in attendance included Mark Bryan, Debbie Bullock, Bill Stamm, Katie Millen, Amy Murphy and Dean Thompson (Legal Counsel). Meera Kohler was out of the office on sabbatical.

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

Chairman Curtis asked each board member if they had a conflict of interest to declare and there were none.

3. Approval of Minutes

**Upon a motion duly made and seconded, the Minutes of the Regular Board Meeting dated August 24, 2015 were approved as presented.**

4. Director Trip Reports

No director trip reports were given.

5. Committee Reports

5a. Budget & Audit Committee: Committee Chairman Charlie Curtis said the committee met earlier in the morning and reviewed the proposed 2016 budget. The committee recommended approval of the proposed budget.

5b. Nominating Committee: A written report was included in the board packet. Amy Murphy provided a brief recap of what happened during the first committee meeting and some actions that were taken, including sending news releases out to various newspapers. Each committee member received a stipend for participating in the teleconference and they also received a telephone calling card so they could call prospective candidates. Committee Chair Albert Ningeulook asked to participate in the meeting via telephone. We called him and he asked some questions and made a recommendation to have the ballots translated. It was recommended that a copy of the ballot be given to the community meeting chairs so they can find translators. Albert said he has been thinking about this committee and its duties a lot as it's the first time that AVEC will have the membership vote for the board and not the delegates. He has been thinking a lot about "geographical diversity" and how to define regions. He asked if there is money in the budget to buy an ad on KTUU TV announcing that AVEC is searching for members to run for the open board seats. Each committee member has been asked to find two candidates interested in running for election to the board. The next meeting is December 8 at 4:00 p.m. Walter Sampson said thank you to Albert for his commitment and for recommending we find translators to make sure we include the youth and elders in the voting process. This is a new process for us and your good service means a lot to AVEC's consumers.

6. President's Report

Mark Bryan, Operations Manager, has been filling in for Meera Kohler during her sabbatical, which started in September and ends at the beginning of December. Mark said things have gone smoothly overall. He's been getting a lot more e-mail messages. Meera has been talking with Yakutat about possibly joining the AVEC system. Mark and Bill visited Yakutat last year and the power plant is fairly new but the distribution system needs upgraded.

6a. Investment Report – Tammy Head with UBS: Tammy Head reviewed information contained in a presentation that was shown on the overhead projector. Tammy said the third quarter was pretty tough and

**AVEC Board of Directors Regular Meeting Minutes  
November 13, 2015**

we lost some money, but things improved slightly in October. The stock market has been volatile. Tammy mentioned the chart that shows the newsworthy events in 2015 (year to date) and the effect those events had on the S&P 500 price index. The Market Snapshot showed that Bonds and Cash (Fixed Income) performed better than equities, which showed negative returns for the quarter. Our portfolio didn't do well during the third quarter but overall, since the inception date, we have done well and realized a gain. We are in line with the target asset allocation.

6b. Energy Projects Update: Steve Gilbert provided a written report that was included in the board packet. Steve also gave a recap of the report over the telephone. The Emmonak power plant project is six weeks ahead of schedule. The building is enclosed and the project should be completed by the end of the year. The Togiak power plant project was approved by the Denali Commission and some additional funding was provided. Project design will commence in early 2016. The Engineering department has a draft plan and cost estimate for the Teller power plant and bulk fuel project. Bill Stamm said we have been in negotiations with FEMA since 2011. We are evaluating siting options and hiring a consultant to develop the design for the new power plant and tank farm. Design of the Pilot Station project is 95% complete. Final review of plans and specifications are scheduled for late November. Project bidding and award are scheduled for January 2016 with construction scheduled for spring 2016. All of the project materials for the New Stuyahok/Ekwok intertie are staged in Ekwok. Construction is scheduled to start in early 2016, pending freeze-up. We obtained leases with the City of Bethel on city land for a MET tower and turbine site. One of two MET towers have been erected and commissioned. Installing the second tower on the city land has been delayed due to weather. FERC announced it has accepted our Environmental Assessment for Old Harbor. We should have a license by the end of the year or early 2016. The RUS HECG program announced funding for the 2014 cycle in October. Unfortunately our application for St. Mary's funding was not selected. We are developing an application for the 2015 cycle. We also learned that RUS does not intend to issue funding in either the 2016 or 2017 cycles. We submitted four funding applications in Round 9 of the Renewable Energy Fund: Old Harbor hydro design, Bethel heat recovery module, Shishmaref wind feasibility and St. Mary's – Mt. Village intertie. All four have passed Stage 1 of AEA's evaluation.

6c. Financial Statement: Most of the information was reviewed during the Budget and Audit Committee as part of the proposed budget.

6d. Delinquent Account Update: Katie Millen distributed copies of the list of delinquent accounts with a balance over \$2,000 and a list of the cities with delinquent accounts. The lists are current as of today. The list with non-city accounts over \$2,000 shows no delinquent accounts (over 45 days past due). We have been sending lots of letters and our members have been paying. There are some city accounts that are a little high in aging. We collect the tax and apply it to their account when we're able. We have lots of communication with the accounts that are delinquent and any disconnections that take place during the winter will be addressed on a case-by-case basis. Bethel accounts used to require deposits paid due to a high delinquent rate, but we returned the deposits when we purchased Bethel Utilities. Surprisingly the delinquent rate in Bethel is not bad. We have installed 100% of the AMR meters in Bethel and they are read daily. Plus, the meters are now read in six minutes, not 16 days like it used to take. This is a real time-saver. Charlie Curtis asked if it's possible to get prepaid meters. Katie Millen and Debbie Bullock said we have the infrastructure but don't have a tariff policy in place to allow for pre-pay meters. There was discussion about this issue and the fact that we don't allow businesses to pay their accounts with a credit card because we don't charge the bank fees back to the customer.

6e. Scholarship Program Update: Katie Millen said we received applications for the second round of scholarship disbursements and we have \$5,000 to award. The applications were reviewed by an internal committee and a list of suggested scholarship awards was given to the Scholarship Committee to review and approve. Walter Sampson asked if we do any sort of follow up to see if the students who are awarded scholarships go on to graduate and get jobs. Katie said we follow up with the students during the school year, per the scholarship policy. Walter wants to make sure our scholarship program is successful. He wants the students to succeed. Katie said we could do some sort of a survey of the past scholarship recipients to see if they finished their schooling and see if they found employment. We could do a Ruralite story about some of the scholarship recipients.

**AVEC Board of Directors Regular Meeting Minutes  
November 13, 2015**

6f. 2015 Fuel Delivery Status: Mark Smith with Vitus Marine provided a written year-end report of the fuel delivery season and he reviewed it with the board in person. Mark said they had an uneventful season, which is good as that means everything went safely and there was no damage to people or boats and no breakdowns. All vessels are undergoing dry-docking this fall and will be inspected by the U.S. Coast Guard and American Bureau of Shipping before the 2016 open water season. Vitus Marine delivered 4.2 million gallons of fuel on AVEC's behalf. This includes Kotzebue Sound areas subcontracted to Crowley. Vitus's total deliveries to all customers for the year was approximately 19.2 million gallons. The average AVEC price per gallon was \$3.12/gallon, a decrease of about \$1.00/gallon compared to the previous year. Mark reviewed some of the other cost-savings that AVEC received, including freight.

7. New Business

**7a. Upon a motion duly made and seconded, Resolution 15-22 Director Expenses was approved as presented.**

**7b. Upon a motion duly made and seconded, Resolution 15-23 2016 Operating Budget was approved as presented.**

8. Ongoing Business

8a. Strategic Plan: The Strategic Plan is posted on Sharefile for reference and review purposes. Chairman Charlie said we don't have to wait for a Strategic Planning session to make comments. We can look at the Strategic Plan at every board meeting and make changes when necessary.

9. Executive Session

There was no need to hold an Executive Session.

10. Board Comments

Helena Jones said this was a great meeting. She's going to visit family. Happy Thanksgiving to everybody.

Peter Demoski said our mission is to provide power at the lowest price possible. He is glad Meera recognizes that electric power is only one area of high cost in rural Alaska. There are other things that contribute to the high cost of living including transportation and fuel. He is glad Meera advocates the other issues too. It was a good meeting.

Walter Sampson said thanks to everybody. It was a good meeting with good discussion. It was great to hear from the representative of Vitus in person. Walter said we need to maintain the confidentiality of the proposed agreement with Vitus Marine. Debbie said we could ask legal counsel for wording to put on the board packets that says the information contained within is confidential.

Phyllis Clough said she is excited to see the direction the future nominating committee is going with the new election process. Good luck to those who are running for election. Thanks to everybody for their hard work. She hears more positive comments about AVEC. She is concerned about the high cost of living and doesn't know how people can continue to afford to live in the rural communities. There are a lot of homeless Natives, especially in the bigger cities, like Anchorage. Thanks to the leadership of AVEC for doing a good job for our people.

Fred Sagoonick said it was a good meeting. Thanks to everybody. He mentioned somebody had problems with electric power to their house and appliances got damaged. That needs checked on. Fred said the last storm got real windy but there was no damage.

Mark Bryan said filling in for Meera was a real educational experience. He learned a lot of new things, including dealing with different situations and a lot more e-mail.

Walter Sampson said thank you to Mark Bryan. The board held a discussion about who to appoint to take over for Meera while she was gone. AVEC has some good folks, a good team at the administrative level

**AVEC Board of Directors Regular Meeting Minutes  
November 13, 2015**

and a good secretary. They felt confident about appointing Mark to temporarily assume Meera's duties along with his other responsibilities. Mark said the management team is very well trained.

Charlie Curtis said he is amazed at AVEC and the increase in positive comments that are made about AVEC. We are well respected statewide and even on a national level. We have a diverse culture that provides a diverse wealth of traditional knowledge, and we deal with tough, adverse conditions. It's amazing to see how AVEC works to fulfill our vision of being the best Alaska utility, and we are the best. We make a difference in our communities. In the beginning we didn't visualize the future and how things would change and grow. He has hope for the Alaska grid project as that will make a difference for our people. This past season we were blessed with an abundance of caribou and fish. Thanks for all your prayers. AVEC is one family with one vision.

11. Next Meeting

The next regular board meeting is January 22, 2016.

12. Adjournment

**Upon a motion duly made and seconded, Chairman Curtis adjourned the meeting at 12:13 p.m.**

---

**Robert Beans, Chairman**

---

**Phyllis Clough, Secretary**