

**GOLDEN VALLEY ELECTRIC ASSOCIATION, INC.
BOARD OF DIRECTORS'
MEETING MINUTES**

**September 28, 2020
Fairbanks, Alaska**

	<p>The Regular Meeting of the Board of Directors of Golden Valley Electric Association, Inc. was held on September 28, 2020 in the Employee/Board Meeting Room located in the Operations Building. Due to COVID-19 and the need for social distancing, the meeting was closed to the public; however, members were invited to attend via web conference. Board members participated both via web conference and in-person.</p>
PRESENT	<p><u>Directors:</u> Tom DeLong, Chairman (<i>via web conference</i>); John Sloan, Vice Chairman; Dave Messier, Treasurer; Chris Bunch (<i>via web conference</i>), Gary Newman (<i>via web conference</i>), Rick Solie and Brad Benson.</p> <p><u>Staff:</u> John Burns, President & CEO; Ron Woolf, Vice President Finance & CFO; Monica Grassi, Vice President Member Services; Frank Perkins, Vice President Power Supply; Nathan Minnema, Director Engineering Services; Josh Davis, Director of Operations; Sarah Villalon, Controller; John Kelly, Gas Turbine Plant Manager; Ehren Schachle, Administrative Operations Manager; Kathryn Strle, Treasury Manager; Reagan Russell, Human Resources Analyst; Daniel Heckman, Regulatory Analyst; Dale Lupton, Facilities Maintenance Foreman; Susan Redlin, Executive Administrative Assistant and Cori Taylor, Administrative Assistant, Executive Office. (<i>All employees participated in-person</i>)</p> <p><u>Contractors:</u> Jon Huff, Alaska Universal Productions and Shane Callahan and Shannon Telling, AlasConnect.</p> <p><u>Members:</u> (Web Conference/Teleconference): District 1: Philip Wight. District 2: Lisa Baraff, Savannah Fletcher and Gene Therriault. District 3: Elena Sudduth. District 4: Lisa Herbert and Jim Schwarber.</p>
CALL TO ORDER	<p>Chairman DeLong called the meeting to order at 4:30 p.m.</p>
DIRECTOR-RELATED ACTIONS	<p>Appoint Director to the Vacant District 7 Board Seat Mr. Sloan moved to appoint Brad Benson to fill the vacant District 7 seat on the Golden Valley Electric Association Board</p>

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DIRECTOR-RELATED ACTIONS (Continued)	<p>of Directors. Mr. Messier seconded the motion. The motion passed.</p> <p>Swear in New Director Mr. Burns administered the oath of office to Mr. Benson.</p> <p>Election of Officer: Secretary Mr. Newman was elected board Secretary.</p>
EXECUTIVE SESSION	<p>At 4:46 p.m., without objection, the board convened into executive session to discuss certain legal, financial and personnel issues (2021 Budget Update and 2021 Compensation; Fuel Storage; Simplified Rate Filing; Update on Coal Contract Extension; Battle Creek Participation; August 2020 Power Supply Report and Attorneys' Reports), the immediate knowledge of which could have an adverse impact on GVEA.</p> <p>At 6:25 p.m., Mr. Newman moved to come out of executive session. Mr. Sloan seconded the motion. The motion passed.</p>
BREAK	<p>At 6:26 p.m., Chairman DeLong declared a six-minute break.</p>
OPEN SESSION	<p>At 6:32 p.m., the board convened into open session; members joined the meeting via web conference.</p>
SAFETY MOMENT	<p>Mr. Bunch reminded everyone to clean and maintain boilers before winter arrives and ensure that ground-fault circuit interrupters (GFCIs) outlets are working properly before plugging-in engine block heaters.</p>
BOARDROOM TECHNOLOGY AND ROOM REFRESH PRESENTATION	<p>Mr. Schachle from GVEA's Procurement Department, the individual spearheading the Board Room telecommunication and facility upgrade project introduced Shannon Telling (AlasConnect), Jon Huff (Alaska Universal Productions) and Dale Lupton (GVEA), the three of whom in turn gave a presentation entitled "Boardroom Technology Upgrade and Room Refresh." The board asked several questions, which Huff, Telling and Lupton answered.</p>

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ON-BILL FINANCING PRESENTATION	Ms. Strle gave a presentation entitled "On-Bill Financing". The board asked several questions relating to On-Bill Financing, which Ms. Strle answered.
MEMBER COMMENTS	<p>Mr. Schwarber said he appreciated the board's use of Microsoft Teams web conference so that members can now participate in the board's meeting. He also spoke in favor of on-bill financing, community solar and de-carbonization.</p> <p>Ms. Baraff commented that she appreciated the web conference technology and is encouraged to see on-bill financing moving forward.</p> <p>Ms. Fletcher thanked the board for advancing on-bill financing to the Member Advisory Committee (MAC) for their review and expressed disappointment that the MAC has not met since March 2020.</p> <p>Mr. Therriault said he supports on-bill financing, and as a director for the Fairbanks Community Food Bank, thanked the Goodcents Foundation for a grant that was received in early 2020.</p>
APPROVAL OF THE AGENDA AND ADOPTION OF THE CONSENT AGENDA	<p>Mr. Bunch moved to approve the Agenda and adopt the Consent Agenda. Mr. Sloan seconded the motion. The motion passed.</p> <p>The Consent Agenda included:</p> <ul style="list-style-type: none"> • Approval of the August 24, 2020 Regular Board Meeting Minutes. • Review of the Safety Compliance Officer's August 2020 Report. • Acceptance of the MAC Selection Task Force's Recommendations to Appoint MAC Applicants to Fill Open Positions.
ADMINISTRATIVE COMMITTEE RECOMMENDATIONS	<p>Approval of 2021 Salary Ranges and Compensation for GVEA Non-Bargaining Employees</p> <p>Mr. Newman, Chairman of the Board's Administrative Committee, reported that the Committee met on September 9, 2020.</p>

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<p>ADMINISTRATIVE COMMITTEE RECOMMENDATIONS (Continued)</p>	<p>As Chairman of the Board's Administrative Committee, with a unanimous vote by the Committee, Mr. Newman moved to approve the President & CEO's recommendation for 2020 wage and salary adjustments reasonably consistent with the recommendation suggested in the September 2, 2020 Intandem Report, and in light of the financial impact of COVID and other organizational considerations, that the Excellence in Performance (EIP) and Enhanced Excellence in Performance (EEIP) incentive bonus programs be eliminated effective upon adoption of this motion. Following discussion, the motion passed.</p> <p>Policy Updates</p> <p>As Chairman of the Board's Administrative Committee, Mr. Newman moved to approve proposed updates to Policy 3.4: Employment Conditions for Employees. A friendly amendment was made to add the following underlined language to the policy: <i>All employees are encouraged to complete a physical examination on an annual basis. Travel and other expenses incurred for this purpose, <u>not otherwise covered by health care plans, will not be paid/reimbursed</u> by GVEA.</i> Following discussion, the motion passed.</p> <p>As Chairman of the Board's Administrative Committee, Mr. Newman moved to approve proposed updates to Policy 3.6.2: Family and Medical Leave. The motion passed.</p> <p>As Chairman of the Board's Administrative Committee, Mr. Newman moved to approve proposed updates to Policy 5.4 Equity Development. The motion passed.</p>
<p>SET AND ADOPT 2020-2021 GVEA STRATEGIC DIRECTIVES</p>	<p>Mr. Newman moved to set and adopt the 2020-2021 GVEA Strategic Directives. Mr. Messier seconded the motion. Following discussion, the motion passed.</p>
<p>APPROVE THE SIMPLIFIED RATE FILING</p>	<p>Mr. Sloan moved to accept staff's recommendation not to seek a Simplified Rate Filing increase at this time. Mr. Messier seconded the motion. Following discussion, the motion passed.</p>

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**APPROVE
RESOLUTION NO.
114-20: AMENDING
EXISTING FUEL
CONTRACT**

Chairman DeLong introduced Resolution No. 114-20: Authorizing GVEA's President & CEO to Amend the Existing Fuel Supply Agreement with Petro Star, Inc.:

WHEREAS, Golden Valley Electric Association, Inc. ("GVEA") has, on several occasions during the summer and winter months for the past several years, come close to running out of fuel for its North Pole Frame 7 units; and

WHEREAS, the consequence if GVEA were to run out of fuel for its North Pole Frame 7 units would necessitate that GVEA shed load to its members thereby impacting their safety and business operations; and

WHEREAS, GVEA's Engineering Department previously looked into constructing fuel storage, but found that the capital expense associated with such storage would pose too significant of a financial burden on our members; and

WHEREAS, all of the fuel currently burned in the North Pole Frame 7 units is trucked to GVEA's facilities in 10,000 gallon tankers. The trucking not only adds to the overall cost of the fuel, but also increases the potential of a fuel spill occurring. An average of 1,000 trucks make fuel deliveries to the North Pole Plant on an annual basis, thereby increasing air pollutants in the community air shed; and

WHEREAS, in an effort to obtain adequate storage capacity sufficient to avoid the recurring potential of a fuel shortage during the summer and winter months, GVEA issued a Request for Proposal (RFP) for dedicated fuel storage capacity of between 30,000 to 60,000 barrels and for pipeline transportation services to GVEA's North Pole Power Plant; and

WHEREAS, Petro Star submitted a proposal to GVEA on terms and conditions reasonably acceptable to GVEA for dedicated storage capacity of 30,000 barrels, pipeline transportation services to GVEA's North Pole Power Plant and a commitment to meet GVEA's fuel requirements.

NOW THEREFORE, BE IT RESOLVED, that GVEA's President and CEO is authorized on behalf of GVEA, to execute an amendment to the existing fuel agreement between GVEA and Petro Star, on terms materially consistent with the terms and conditions presented to GVEA's Board of Directors in executive session during its September 28, 2020 board meeting; and to take any and all actions reasonably necessary in furtherance thereof, including requesting approval from the Regulatory Commission of Alaska, as appropriate.

Mr. Messier moved to approve Resolution No. 114-20. Mr. Sloan seconded the motion. Following discussion, the motion passed.

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**APPROVE
RESOLUTION NO.
113-20: RETIRING
1995 CAPITAL
CREDITS**

Chairman DeLong introduced Resolution No. 113-20: Retirement of Capital Credits:

WHEREAS, Golden Valley Electric Association, Inc. (GVEA) Bylaw Article VIII establishes that prior fiscal year non-profit Cooperative revenues in excess of operating costs and expenses be allocated as capital credits to members by a patronage basis, and GVEA Policy 5.3 defines capital credits rotation to be 25 years or less; and

WHEREAS, GVEA's current equity is over 30 percent, the GVEA Board has determined that the financial condition of the Cooperative will not be impaired, nor will the terms of GVEA's mortgage with RUS or the terms with GVEA's other lenders be impaired by making a general capital credit retirement; and,

WHEREAS, GVEA desires to allocate 45 percent of 2019 margins in the amount of \$5,063,000 in order to retire capital credits to GVEA Members of record in 1995 (and prior years); and

WHEREAS, GVEA Bylaw Article VIII and Policy 5.3 require any member debt owed to the Cooperative to be offset with capital credit securities before being paid out.

NOW THEREFORE, BE IT RESOLVED, by the Board of Directors of GVEA to distribute the allocated 2019 margins to retire the capital credits of those GVEA Members of record in 1995 (and prior); and

BE IT FURTHER RESOLVED, that capital credits (patronage capital), will be distributed to qualified members as follows:

Patronage Capital Retirement	Active Member	Inactive Member
Past Due/Delinquent	Credited to monthly bill	Credited to Account
Less than \$25	Credited to monthly bill	
\$25 - \$100	Credited to monthly bill	Paid by check
More than \$100	Paid by check	Paid by check

Mr. Messier moved to approve Resolution No. 113-20. Mr. Sloan seconded the motion. Following discussion, the motion passed.

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MAC ASSIGNMENT: ON-BILL FINANCING	Chairman DeLong will task the MAC with making recommendations to the board on the structure of the On-Bill Financing Pilot Program.
BREAK/ EXTEND THE MEETING	At 7:43 p.m., Chairman DeLong declared a 10-minute break. The meeting resumed at 7:53 p.m. Chairman DeLong then extended the meeting to 8:30 p.m.
ON-GOING REPORTS	<p>ALASKA RAILBELT COOPERATIVE TRANSMISSION & ELECTRIC COMPANY (ARCTEC) REPORT – Chairman DeLong reported that ARCTEC issued a Request for Proposal for a facilitator to aid the company in reviewing options going forward with a new vision and developing a strategic plan.</p> <p>GOODCENTS REPORT – Chairman DeLong gave a report on the August 25, 2020 Goodcents Trustee Meeting.</p> <p>NORTHWEST PUBLIC POWER ASSOCIATION (NWPPA) – Mr. Sloan stated the NWPPA Annual Meeting that was held on September 10, 2020. He reported that Brad Janorschke, General Manager of Homer Electric Association, is now the President of the NWPPA Board of Directors.</p>
MANAGEMENT REPORTS	<p>SNAP SUMMARY – The August 2020 SNAP Summary was included in the board packet.</p> <p>FINANCIAL REPORTS/FORM 7 – The August 2020 Form 7 was included in the board packet.</p> <p>PROGRESS REPORTS – The board asked questions regarding progress reports included in the board packet, which Mr. Burns and staff answered.</p>
DIRECTOR COMMENTS	<p>Mr. Benson said he look forwards hearing about the proposals received by GVEA to upgrade the Battery Energy Storage System (BESS) or replace the system.</p> <p>As Chairman of the Scholarship Committee, Mr. Solie reported that Haakon Dulian was the recipient of the 2020 Career & Technical Education \$2,500 Scholarship and the Committee</p>

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DIRECTOR COMMENTS (Continued)	<p>received a thank you/update email from Kasey Casort, winner of the 2017 \$15,000 scholarship.</p> <p>Mr. Sloan said he likes the new meeting platform (Microsoft Teams) for members to conference into GVEA board meetings.</p> <p>Mr. Messier thanked staff for their hard work and said he realizes that Healy Unit 2 can be quite challenging.</p> <p>Mr. Bunch echoed the previous director comments and said he appreciated that the On-Bill Financing Pilot Program proposal is being forwarded onto the MAC for review and recommendations.</p> <p>Mr. Newman echoed the other director comments, said he appreciated Mr. Burns calling all board members in advance of the board meeting, and welcomed Mr. Benson to the board.</p> <p>Mr. DeLong asked Mr. Solie (Chairman of the Scholarship Awards Committee) to look into the possibility of increasing the number of scholarships awarded, as well as the possibility of increasing the dollar amounts; he thanked staff for their hard work and said he enjoys the interactions with the Executive Management Team during board meetings.</p>
ADJOURNMENT	At 8:30 p.m., without objection, Chairman DeLong declared the meeting adjourned.



Tom DeLong, Chairman



Gary Newman, Secretary



Susan Redlin, Recording Secretary