

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

**April 22, 2019
Fairbanks, Alaska**

	<p>The regular meeting of the Board of Directors of Golden Valley Electric Association, Inc. was held in the Employee/Board Meeting Room in the Operations Building on April 22, 2019.</p>
PRESENT	<p><u>Directors:</u> Rick Schikora, Chairman; Tom DeLong, Vice Chairman; Bill Nordmark, Treasurer; John Sloan, Secretary; Chris Bunch; Gary Newman and Dave Messier.</p> <p><u>Staff:</u> Cory Borgeson, President & CEO; John Burns, Vice President & General Counsel; Ron Woolf, Vice President Finance & CFO; Leo Quiachon, Vice President Engineering Services; Dan Bishop, Manager of Engineering Services; Keith Palchikoff, Senior Engineer; Sarah Rixie, Controller; Tim DeMarre, Energy Efficiency Engineer; Corinne Bradish, Public Relations Officer; Naomi Morton Knight, Environmental Officer; Corrine Taylor, Administrative Assistant and Susan Redlin, Executive Administrative Assistant.</p> <p><u>Auditor:</u> Joy Merriner, BDO (telephonic).</p> <p><u>Members:</u> District 1: Art Nash. District 2: Richard Theilmann, Ed Davls, Barbara O'Donnell, Mike Musick, Lisa Drew, Sean McGuire and Lisa Baraff. District 3: Alison Carter. District 4: Jerry Potts. District 5: Glenn Mike Prax.</p> <p><u>Visitors:</u> Mindy Juliana and Liz Greig.</p>
CALL TO ORDER	<p>Chairman Schikora called the meeting to order at 5 p.m.</p>
EXECUTIVE SESSION	<p>At 5:01 p.m., without objection, the board convened into executive session to discuss legal and financial issues (Year-End 2018 Financial Statement Modification, CEO Report and Attorneys' Report), the immediate knowledge of which could have an adverse impact on GVEA.</p> <p>At 5:22 p.m., Mr. Woolf and Mesdames Rixie and Merriner departed the meeting.</p>

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EXECUTIVE SESSION (Continued)	At 6:27 p.m., without objection, the board came out of executive session.
BREAK	At 6:27 p.m., Chairman Schikora declared a break.
RECONVENE THE MEETING	At 6:35 p.m., Chairman Schikora reconvened the meeting. Messrs. Bishop, Quiachon, DeMarre, and Palchikoff, Mesdames Bradish and Knight, and members joined the meeting.
SAFETY MOMENT	Chairman Schikora spoke about boating safety.
STAFF PRESENTATION: CARBON REDUCTION AND RENEWABLE ENERGIES	Mr. DeMarre gave a presentation entitled "Carbon Reduction and Renewable Energies." The board asked questions, which Mr. DeMarre answered.
STAFF PRESENTATION: CARBON REDUCTION WORKING GROUP PROGRESS	Ms. Knight gave a presentation entitled "Carbon Reduction Working Group Progress." The board asked questions, which Ms. Knight answered. Following, Mr. DeMarre and Ms. Knight departed the meeting.
MEMBER COMMENTS	<p>Before member comments, Chairman Schikora made the following statement regarding member requests for a feasibility study on broadband:</p> <p>"As a result of member support for broadband at our last board meeting and indications of additional interest online since, GVEA has reviewed the terms of the Asset Purchase Agreement with Matanuska Telephone Association (MTA) that we entered into when we sold AlasConnect to them in December 2015. While GVEA appreciates that many members are unhappy with the quality and extent of internet service available in our community – particularly in the outlying areas, GVEA has concluded that we are contractually prohibited from providing either wireless or wireline broadband services anywhere in Alaska until the expiration of the five year period. We agreed that we would not engage, directly or indirectly, in providing such services. GVEA has always honored its contractual</p>

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**MEMBER
COMMENTS
(Continued)**

commitments and we intend to continue doing so. For that reason, GVEA is not able to provide broadband services ourselves, or participate with or assist others in providing broadband at this time. Please contact AlasConnect or MTA regarding these services or conducting studies.”

Ms. Drew applauded GVEA's commitment to carbon reduction and energy conservation; she encouraged GVEA to look into a feasibility study on broadband.

Mr. Potts commented on AMI meters and suggested GVEA consider an opt-out option.

Mr. McGuire commended GVEA for its efforts with renewables and echoed his support for broadband.

Ms. Baraff thanked GVEA for its efforts with renewables and the carbon reduction goal, asked GVEA to decommission Healy 1 and spoke about HB374.

Ms. O'Donnell echoed her support for broadband and mentioned a Time Magazine article from February 11, 2019 about broadband.

Mr. Musick spoke about carbon reduction and his support for a Railbelt Reliability Council.

Mr. Davis commented on AMI meters, echoed his support for an opt-out program, voiced his concerns regarding 5G and shared his website, www.5gfrequencyfreefairbanks.org.

Mr. Theilman thanked GVEA for the presentations on carbon reduction and renewables, offered suggestions to reduce carbon emissions and handed out a report on the book Drawdown.

Mr. Nash commented on AMI meters and echoed support for an opt-out program.

At 7:45 p.m. Messrs. Bishop, Quiachon and Palchikoff departed the meeting.

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<p>APPROVAL OF THE AGENDA AND ADOPTION OF THE CONSENT AGENDA</p>	<p>Mr. Nordmark 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 March 25, 2019 Regular Board Meeting Minutes. • Review of the Safety Officer's March 2019 Report. • Approve Voting Delegates for the 2019 NWPPA Annual Meeting. • Annual Review of GVEA's Purchasing Manual.
<p>2019 ANNUAL MEETING OVERVIEW</p>	<p>Ms. Bradish gave an overview of the upcoming 2019 GVEA Annual Members' Meeting. Following, Ms. Bradish, departed the meeting.</p>
<p>APPROVE RESOLUTION NO. 102-19: ACCEPTING THE 2018 AUDIT OF THE ASSOCIATION'S RECORDS</p>	<p>As Chairman of the board's Finance, Audit & Rate Committee (FAR), Mr. DeLong moved to approve Resolution No. 102-19: Accepting the 2018 Audit of the Association's Records, as discussed during the FAR Committee Meeting and board meeting:</p> <p>BE IT RESOLVED by the Board of Directors of Golden Valley Electric Association, Inc. that the audit of the Association's records for calendar year 2018 made by BDO USA, LLP, Certified Public Accountants, having duly been reviewed and recommended by the Finance, Audit and Rate Committee, is hereby accepted and ordered transmitted to the Rural Utilities Service, Co-Bank, Key Bank, National Rural Utilities Cooperative Finance Corporation and the Regulatory Commission of Alaska.</p> <p>The motion passed.</p>
<p>APPROVE RESOLUTION NO. 103-19: AUTHORIZING SALE OF FIRST AVENUE WAREHOUSE PROPERTY AND LIEN RELEASE</p>	<p>Mr. Schikora introduced Resolution No. 103-19: Authorizing Sale of First Avenue Warehouse Property and Lien Release:</p> <p style="padding-left: 40px;">WHEREAS, Golden Valley Electric Association, Inc. ("GVEA") owns a warehouse and adjoining property (collectively the "Warehouse Property), located at 1205 First Avenue, Fairbanks, Alaska;</p> <p style="padding-left: 40px;">WHEREAS, the Warehouse Property consists of a 10,000 square foot warehouse, a 3,333 square foot pole barn and the property consists of 59,161 square feet of land as reflected on the re-plat recorded on May 1, 1984 as plat 84-69, Records of the Fairbanks Recording District, Fourth Judicial District, Alaska;</p>

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**APPROVE
RESOLUTION NO.
103-19:
AUTHORIZING
SALE OF FIRST
AVENUE
WAREHOUSE
PROPERTY AND
LIEN RELEASE
(Continued)**

WHEREAS, this Warehouse property is considered non-utility property that GVEA acquired in 1997 in conjunction with GVEA's purchase of the Municipal Utilities System from the City of Fairbanks;

WHEREAS, the Warehouse Property has never been used for GVEA electric operations and GVEA has no anticipated future need to use the property for electric operations;

WHEREAS, Aurora Energy, LLC ("Aurora") is interested in leasing the Warehouse Property (and potentially purchasing it at a future date) in conjunction with Aurora's business operations since the Warehouse Property is located directly across the street from Aurora's main facility on First Avenue;

WHEREAS, GVEA's Board of Directors believes that selling the Warehouse Property is in the best interest of GVEA and its members; and,

WHEREAS, neither a lease or any future sale of the Warehouse Property will benefit any Golden Valley Electric Association Board of Director or employee, nor negatively impact GVEA's financials;

NOW THEREFORE, BE IT RESOLVED, that Cory Borgeson, as President & Chief Executive Officer of Golden Valley Electric Association, is hereby authorized, empowered and directed to negotiate and execute a "Lease Agreement with an Option to Purchase" with Aurora Energy, LLC (or their designee/ assignee) for the Warehouse Property located at 1205 First Avenue, Fairbanks, Alaska and to take such additional action as he deems reasonably necessary in connection with the lease or purchase;

BE IT FURTHER RESOLVED that Cory Borgeson as President & Chief Executive Officer is hereby authorized to obtain a Partial Lien Release from the Rural Utility Services (RUS), National Rural Utilities Cooperative Finance Corporation (CFC), CoBank, and GVEA's other lenders, if necessary, in form and content sufficient to enable GVEA to lease and/or sell the Warehouse Property to a third-party purchaser;

BE IT FURTHER RESOLVED that Cory Borgeson as President & Chief Executive Officer of GVEA and the other proper officers of Golden Valley Electric Association be and are hereby authorized, empowered, and directed to execute and deliver all such other certificates, agreements and instruments, and take such other actions as are necessary to consummate the lease/sale transactions contemplated in this Resolution.

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<p>APPROVE RESOLUTION NO. 103-19: AUTHORIZING SALE OF FIRST AVENUE WAREHOUSE PROPERTY AND LIEN RELEASE (Continued)</p>	<p>Mr. DeLong moved to amend language in paragraph six of the resolution:</p> <p><i>WHEREAS, GVEA's Board of Directors believes that selling the Warehouse Property at fair market value is in the best interest of GVEA and its members.</i></p> <p>Mr. Newman seconded the motion to amend the language in paragraph six of the resolution. The amendment passed.</p> <p>Mr. Bunch moved to approve Resolution No. 103-19 as amended. Mr. Sloan seconded the motion. Following discussion, the motion passed.</p>
<p>APPROVE RESOLUTION NO. 104-19: ALLOCATION OF 2018 MARGINS</p>	<p>Mr. Schikora introduced Resolution No. 104-19: Allocation of 2018 Margins:</p> <p>WHEREAS, Golden Valley Electric Association, Inc. (Association) desires to allocate 2018 Margins in the amount of \$12,838,477 to members as required by the Internal Revenue Code for 501(c)(12) tax status; and</p> <p>WHEREAS, the Board of Directors pursuant to the Association bylaws is directed to allocate capital credits and to distinguish between Operating Margins and Non-operating Margins; and</p> <p>WHEREAS, the Board of Directors has reviewed for 2018 the Association's financial position, results of operations, financial statements and the audit report of the Association's auditors; and</p> <p>THEREFORE, BE IT RESOLVED, by the Board of Directors of the Association, to allocate all of the 2018 Operating Margins in the amount of \$6,290,273 to Association members on a patronage basis; and</p> <p>BE IT RESOLVED, to allocate a portion of the 2018 Non-operating Margins of \$1,444,223, which represents Margins allocated to GVEA from related organizations, to Association members on a patronage basis; and</p> <p>BE IT RESOLVED, to allocate \$5,103,981, representing the remaining portion of 2018 Non-operating Margins, as Class B Patronage Capital.</p>

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<p>APPROVE RESOLUTION NO. 104-19: ALLOCATION OF 2018 MARGINS (Continued)</p>	<p>Mr. Nordmark moved to approve Resolution No. 104-19. Mr. Bunch seconded the motion. Following discussion, the motion passed.</p>
<p>ONGOING REPORTS</p>	<p>ARECA INSURANCE EXCHANGE- Mr. Schikora reported on the April 18, 2019 ARECA Insurance Exchange meeting.</p> <p>MAC REPORT – Mr. Bunch reported on the April 10, 2019 MAC Meeting.</p> <p>SCHOLARSHIP COMMITTEE MEETING – Mr. Bunch reported on the April 16, 2019 Scholarship Committee Meeting.</p>
<p>BREAK</p>	<p>At 8:08 p.m., Chairman Schikora declared a break. The meeting resumed at 8:12 p.m.</p>
<p>MANAGEMENT REPORTS</p>	<p>CEO REPORT – Mr. Borgeson reported on Tariff filing TA323-13; the annual funding notice for GVEA's retirement plan; the Spring 2019 G & T Managers' Conference; the 2020 GVEA Budget Time Table; GVEA's Delta Office and 2019 Member Survey.</p> <p>FINANCIAL REPORTS/FORM 7 – The draft March 2019 Form 7 was included in the board packet.</p> <p>PROGRESS REPORTS - Progress Reports, used for management purposes, were included in the board packet.</p>
<p>DIRECTOR COMMENTS</p>	<p>Mr. DeLong commented on a CFC news article.</p> <p>Mr. Bunch requested that MAC work assignments be added to a future board meeting agenda.</p> <p>Mr. Messier suggested GVEA conduct a feasibility study for broadband and commented on a REAP community outreach program.</p> <p>Mr. Newman commented on a 1960 electric bill.</p> <p>Mr. Schikora mentioned that Anita Decker, Executive Director for NWPPA, is retiring and commented on her last newsletter.</p>

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ADJOURNMENT	At 8:30 p.m., without objection, Chairman Schikora declared the meeting adjourned.
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Rick Schikora, Chairman



John Sloan, Secretary



Cori Taylor, Recording Secretary