

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

**July 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 July 22, 2019.</p>
<p>PRESENT</p>	<p><u>Directors:</u> Tom DeLong, Chairman; Gary Newman, Vice Chairman; Bill Nordmark, Treasurer; John Sloan, Secretary; Rick Schikora; Chris Bunch and Dave Messier.</p> <p><u>Staff:</u> Cory Borgeson, President & CEO; John Burns, Vice President & General Counsel; Frank Perkins, Vice President Power Supply; Leo Quiachon, Vice President Engineering Services; Bill Kirkenir, Vice President Strategic Development; Dan Bishop, Manager Engineering Services; Naomi Morton Knight, Environmental Officer; Tim DeMarre, Engineer II and Susan Redlin, Executive Administrative Assistant.</p> <p><u>Members:</u> District 1: Tristan Glowa. District 2: Lisa Baraff, Andrew McDonnell, Mike Prax, Diane Preston and Richard Theilmann. District 3: Alison Carter.</p> <p><u>Guests:</u> Rob Brown, Lorali Simon, Lisa Herbert (all with Usibelli Coal Mine) and Donna Logan (McDowell Group).</p>
<p>CALL TO ORDER</p>	<p>Chairman DeLong called the meeting to order at 5:01 p.m.</p>
<p>INTRODUCTION: FRANK PERKINS, VICE PRESIDENT POWER SUPPLY</p>	<p>Mr. Borgeson introduced Frank Perkins, GVEA's new Vice President Power Supply. Mr. Perkins gave an overview of his working career and education. At 5:07 p.m., Mr. Perkins departed the meeting.</p>
<p>EXECUTIVE SESSION</p>	<p>At 5:08 p.m., without objection, the board convened into executive session to discuss certain legal and financial issues (CEO Report: Union Issues, Railbelt Reliability Council, Chugach Electric Association/Matanuska Electric Association November 29, 2018 Agreement, and Review Attorneys' Reports), the immediate knowledge of which could have an adverse impact on GVEA.</p>

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EXECUTIVE SESSION (Continued)	At 6:30 p.m., without objection, the board came out of executive session.
BREAK	At 6:31 p.m., Chairman DeLong declared a break.
RECONVENE THE MEETING	At 6:40 p.m., Chairman DeLong reconvened the meeting. Messrs. Kirkenir, Quiachon, Bishop, DeMarre, Ms. Knight, members and guests joined the meeting.
SAFETY MOMENT	Mr. Nordmark spoke about ladder safety.
PRESENTATION: ENERGY AND ECONOMIC IMPACTS OF COAL IN INTERIOR ALASKA	Mr. Brown with UCM/Aurora Energy introduced Mesdames Herbert, Simon and Logan. Ms. Logan gave a presentation entitled "Energy and Economic Impacts of Coal in Interior Alaska." The board asked several questions, which Ms. Logan and Mr. Brown answered.
PRESENTATION: UPDATE FROM THE CARBON REDUCTION COMMITTEE	Mr. DeMarre and Ms. Knight presented the first semi-annual Carbon Reduction Committee update. The board asked several questions, which were answered. Following the presentation, Mr. Borgeson asked the board, staff and members to participate in a Scatter-Gram exercise and submit written ideas/recommendations for GVEA to pursue to reduce its carbon emissions. The ideas were posted on a white board and thereafter sorted by Mr. Borgeson into representative categories. The ideas/recommendations were varied and ranged from focusing on efficiency and dispatching opportunities, demand-side management, generation upgrades, technology enhancements, renewables (including hydro), and Railbelt-wide collaboration.
BREAK	At 7:50 p.m., Chairman DeLong declared a break. The meeting resumed at 8:03 p.m.

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<p>MEMBER COMMENTS</p>	<p>Mr. McDonnell's comments were related to the two presentations.</p> <p>Mr. Glowa spoke about climate change, the borough's creation of a climate change task force, Railbelt integration and UCM's coal presentation.</p> <p>Mr. Prax spoke about the community efforts to advance electrostatic precipitators.</p> <p>Mr. Theilmann commented on UCM's coal presentation and spoke in favor of nuclear energy.</p> <p>Ms. Preston spoke about lowering fossil fuel reliance, the booming renewable industry in the Lower 48 and invited everyone to attend lectures by climate scientist Katharine Hayhoe on September 9 (speaking on UAF campus at 7pm) and 10, 2019 (speaking at Friends Community Church at 7pm).</p>
<p>APPROVAL OF THE AGENDA AND ADOPTION OF THE CONSENT AGENDA</p>	<p>Mr. Newman moved to approve the Agenda and adopt the Consent Agenda. Mr. Bunch seconded the motion.</p> <p>Mr. Messier requested that a resolution to support preserving the state's Power Cost Equalization Endowment Fund be added to Agenda.</p> <p>Mr. Schikora requested that a report on the ARECA Insurance Exchange be added to the Agenda.</p> <p>Chairman DeLong requested that the Scatter-Gram exercise be added to the Agenda.</p> <p>Following discussion, the motion to approve the Agenda, as amended, passed.</p> <p>The Consent Agenda included:</p> <ul style="list-style-type: none"> • Approval of the June 24, 2019 Regular Board Meeting Minutes. • Acceptance of the Meeting Minutes of the May 2, 2019 Annual Members' Meeting • Review of the Safety Officer's June 2019 Report.

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<p>APPROVAL OF THE AGENDA AND ADOPTION OF THE CONSENT AGENDA</p>	<ul style="list-style-type: none"> • Appointment of Gary Newman to serve as GVEA's voting delegate for the 2019 NRECA Region 9 Meeting. • Approval of Resolution No. 107-19: Execute RUS Form 675. • Acceptance of 2019/2020 Board Committee Assignments: <p><u>ADMINISTRATIVE COMMITTEE:</u> Tom DeLong, Chair Rick Schikora Bill Nordmark Gary Newman</p> <p><u>ANNUAL MEETING COMMITTEE:</u> Gary Newman, Chair Bill Nordmark Chris Bunch</p> <p><u>BYLAW REVIEW COMMITTEE:</u> John Sloan, Chair Gary Newman Dave Messier</p> <p><u>CEO/BOARD/ATTORNEY REVIEW COMMITTEE:</u> John Sloan, Chair Rick Schikora Tom DeLong Bill Nordmark Chris Bunch Gary Newman Dave Messier</p> <p><u>FINANCE, AUDIT & RATE (FAR) COMMITTEE:</u> Rick Schikora, Chair Tom DeLong Chris Bunch Dave Messier</p> <p><u>SCHOLARSHIP COMMITTEE:</u> Chris Bunch, Chair John Sloan Gary Newman</p>
<p>SCATTER-GRAM</p>	<p>Mr. Borgeson read out loud and sorted by topic the various ideas/recommendations that had been posted on the white board relating to how GVEA might reduce its carbon emissions. A brief discussion followed. Mr. Borgeson advised that he would forward the recommendations/ideas to the Carbon Reduction Task Force for their consideration.</p>

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EXTEND MEETING	At 8:30 p.m., Chairman DeLong extended the meeting for 30 minutes.
UPDATE STRATEGIC INITIATIVES	<p>Mr. Newman moved to update Strategic Initiative 1 to read as follows:</p> <p><i>Healy 1: Seek modifications to the consent decree to extend the operating life of Healy 1 beyond the currently approved date of 2024 for 5 additional years before requiring installation of SCR (Selective Catalytic Reduction). Evaluate the remaining physical / economic life of the plant and determine if the SCR investment is justified.</i></p> <p>Mr. Nordmark seconded the motion.</p> <p>Mr. Messier moved to amend the motion to include language to <i>evaluate viable alternatives to coal-fired generation</i>. Mr. Nordmark seconded the motion to amend. After discussion, the amendment passed.</p> <p>Mr. Newman moved to amend to substitute the language "<i>operating life</i>" with "<i>decision date</i>" to more precisely reflect the language of the Consent Decree. Mr. Messier seconded the motion to amend. After discussion, the amendment passed.</p> <p>Following discussion and without objection, the final motion as amended passed. Strategic Initiative 1 now reads as follows:</p> <p><i>Healy 1: Seek a modification of the 2012 Consent Decree to extend the decision date on Healy Unit 1 until 2028 before requiring installation of Selective Catalytic Reduction (SCR). Evaluate the remaining physical/economic life of Healy Unit 1 and viable alternatives to coal-fired generation to determine if the SCR investment is justified.</i></p>
CHANGE THE SEPTEMBER 2019 BOARD MEETING DATE	Mr. Sloan moved to change the September 2019 board meeting date from September 30 to September 23. Mr. Messier seconded the motion; the motion passed.

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<p>APPROVE RESOLUTION NO. 108-19: SUPPORTING REVERSING THE SWEEP OF PRESERVING THE POWER COST EQUALIZATION ENDOWMENT FUNDS TO FULLY FUND THE POWER COST EQUALIZATION PROGRAM</p>	<p>Chairman DeLong introduced Resolution No. 108-19: Resolution in Support of Reversing the Sweep of the Power Cost Equalization Endowment Funds to Fully Fund the Power Cost Equalization Program. The full text of the Resolution reads as follows:</p> <p>WHEREAS, the Power Cost Equalization (PCE) program was established in 1984 by the Alaska Legislature to assist rural Alaskans with high energy costs; and</p> <p>WHEREAS, the Power Cost Equalization Endowment was created in 2000 to provide a sustainable and stable funding mechanism for the PCE program that does not draw on general funds; and</p> <p>WHEREAS, the PCE program serves 91 utilities in 194 communities for a total of 83,510 Alaskans; and</p> <p>WHEREAS, the PCE program costs are tied directly to fuel prices, which can fluctuate wildly and impact power costs in rural Alaska; and</p> <p>WHEREAS, the PCE program complements renewable integration and efficiency measures, which utilities are continuously working toward on behalf of their consumers; and</p> <p>WHEREAS, the PCE program is a vital lifeline program that makes it feasible for rural Alaskans to have access to affordable electric power and for rural communities to have electric streetlights, water and sewer facilities, and other essential infrastructure; and</p> <p>WHEREAS, funding from the PCE endowment is crucial to fully fund the PCE program; and</p> <p>WHEREAS, the legislature's failure to achieve the required three-quarters vote to reverse the sweep of PCE Endowment funds to the Constitutional Budget Reserve (CBR) has imperiled the PCE program in Fiscal Year 2020; and</p> <p>WHEREAS, without a fully funded PCE program, rural Alaskans will see significant increases to their electric costs, which will impact their economies.</p> <p>BE IT RESOLVED that the Golden Valley Electric Association Board of Directors recognizes the harm to Alaskans from an unfunded PCE program and the economic consequences not only for rural Alaska, but for other parts of Alaska that provide services to rural communities that now have to make a choice between electric service and other essentials; and</p> <p>THEREFORE, BE IT FURTHER RESOLVED that the Board of Directors of Golden Valley Electric Association strongly urges the Alaska Legislature to come together to achieve the required vote to reverse the sweep of funds from the CBR back to the PCE Endowment Fund so the PCE program can be fully funded for the tens of thousands of Alaskans who rely on it.</p> <p>Mr. Messier moved to approve Resolution 108-19. Mr. Sloan seconded the motion. After discussion, the motion passed.</p>
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<p>ON-GOING REPORTS</p> <p>EXTEND MEETING</p> <p>ON-GOING REPORTS (Continued)</p>	<p>ALASKA POWER ASSOCIATION/ARECA SCHOLARSHIP REPORT – Mr. Newman's written report was included in the board packet.</p> <p>At 9 p.m., Mr. Nordmark moved to extend the meeting for 30 minutes. Mr. Sloan seconded the motion; the motion passed.</p> <p>ARCTEC – Mr. DeLong reported on the special ARCTEC meeting that was held on July 11, 2019.</p> <p>ARECA INSURANCE EXCHANGE REPORT – Mr. Schikora reported on the ARECA Insurance Management meeting that was held on July 17, 2019.</p> <p>BOARD CALENDAR - The board reviewed its calendar.</p>
<p>MANAGEMENT REPORTS</p>	<p>CEO REPORT – Mr. Borgeson gave a mid-year presentation on 2019 accomplishments.</p> <p>FINANCIAL REPORTS/FORM 7 – The June 2019 Form 7 was included in the board packet.</p> <p>PROGRESS REPORTS – The board asked several questions regarding progress reports included in the board packet, which Mr. Borgeson answered.</p>
<p>DIRECTOR COMMENTS</p>	<p>Mr. Newman shared historical information regarding a GVEA request for rate increases in 1976. He also reported that he attended a CFC webinar on Key Ratio Trend Analyses (KRTAs).</p> <p>Mr. Messier requested a future conversation on having GVEA work with experts at the National Renewable Energy Laboratory (NREL) to determine if there is a way to add renewable energy to the grid without backing up every MWH of renewable energy with a MWH of fossil energy and spin.</p> <p>Mr. Schikora said he was pleased to see the Co-Bank contribution check to support the United Way of the Tanana Valley.</p> <p>Mr. Nordmark's comments were related to the historical information that Mr. Newman shared with the board.</p>


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DIRECTOR COMMENTS (Continued)	Chairman DeLong commented on the new Member Portal. He also presented Mr. Schikora with a gift to recognize Mr. Schikora's 16 years of cumulative service as Board Chairman.
ADJOURNMENT	At 9:30 p.m., without objection, Chairman DeLong declared the meeting adjourned.


8-26-2019

Tom DeLong, Chairman



John Sloan, Secretary



Susan Redlin, Recording Secretary