

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

**September 23, 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 September 23, 2019.</p>
PRESENT	<p><u>Directors:</u> Tom DeLong, Chairman; Gary Newman, Vice Chairman; Bill Nordmark, Treasurer; John Sloan, Secretary; Rick Schikora; Chris Bunch and Dave Messier (<i>via telephone</i>).</p> <p><u>Staff:</u> Cory Borgeson, President & CEO; John Burns, Vice President & General Counsel; Bill Kirkenir, Vice President of Strategic Development; Ron Woolf, Vice President Finance & CFO; Daniel Heckman, Regulatory Specialist and Cori Taylor, Administrative Assistant.</p> <p><u>Members:</u> District 1: Deven Barnett District 2: Richard Theilmann, Geneva Preston, and Kathryn Utley District 3: Alison Carter District 4: Harmony Tomaszewski District 5: Rodney Rutherford</p> <p><u>Guests:</u> Chip Steensma with Caterpillar (<i>via telephone</i>) and Rob Brown with Usibelli.</p>
CALL TO ORDER	<p>Chairman DeLong called the meeting to order at 4:01 p.m.</p>
EXECUTIVE SESSION	<p>At 4:02 p.m., without objection, the board convened into executive session to discuss certain legal and financial issues (GVEA Fuel Supply, Proposed Facilities Maintenance Bargaining Agreement (January 1, 2020-December 31, 2024), Annual Insurance Review and Review Attorneys' Reports), the immediate knowledge of which could have an adverse impact on GVEA.</p> <p>At 5:19 p.m., Chairman DeLong declared a break. Messrs. Kirkenir and Heckman left the meeting.</p> <p>At 5:32 p.m., Chairman DeLong reconvened the meeting.</p>

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

**September 23, 2019
Fairbanks, Alaska**

EXECUTIVE SESSION (Continued)	At 6:30 p.m., without objection, the board came out of executive session and Chairman DeLong declared a 5 minute break. Mr. Woolf departed the meeting.
RECONVENE THE MEETING	At 6:36 p.m., Chairman DeLong reconvened the meeting. Members and guests joined the meeting.
SAFETY MOMENT	Mr. DeLong spoke about the importance of not texting while driving, and also about general driving safety.
MAC REPORT	Ms. Tomaszewski reported on the September 11, 2019 MAC Meeting. Shortly after the report, Ms. Tomaszewski departed the meeting.
MEMBER COMMENTS	<p>Mr. Theilmann spoke in favor of renewable energy and DC power.</p> <p>Ms. Utley spoke on behalf of the Alaska Energy Transparency Project and asked that GVEA consider installing electric car charging stations, increasing solar and implementing peak pricing.</p> <p>Ms. Barnett spoke about the Fairbanks Climate Action Coalition and reducing coal reliance.</p>
APPROVAL OF THE AGENDA AND ADOPTION OF THE CONSENT AGENDA	<p>Mr. Schikora moved to approve the Agenda and adopt the Consent Agenda. Mr. Newman seconded the motion.</p> <p>Mr. Schikora asked that member comments follow presentations at future meetings and that future agendas be modified to include a section titled "Education/Member Comments."</p> <p>Mr. Sloan requested that a report on NWPPA 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 August 26, 2019 Regular Board Meeting Minutes. • Review of the Safety Officer's August 2019 Report.

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

**September 23, 2019
Fairbanks, Alaska**

<p>PRESENTATION: CATERPILLAR</p>	<p>Mr. Steensma, of Caterpillar Safety Services, gave a presentation entitled "Board of Directors Safety Perception Survey Report." The board asked questions, which Mr. Steensma answered.</p>
<p>ADMINISTRATIVE COMMITTEE RECOMMENDATIONS</p>	<p>As Chairman of the Board's Administrative Committee, Mr. DeLong moved to approve the wage rates as recommended by the President & CEO and as outlined in the Intandem Report (dated July 22, 2019) and an average increase in wages as discussed in executive session at the Board Administrative Committee meeting that was held on September 5, 2019.</p> <p>Following discussion, the motion passed.</p>
<p>APPROVE THE FACILITIES MAINTENANCE 2020- 2024 COLLECTIVE BARGAINING AGREEMENT</p>	<p>Mr. Schikora moved to approve the Facilities Maintenance 2020-2024 Collective Bargaining Agreement. Mr. Bunch seconded the motion. Following discussion, the motion passed.</p>
<p>APPROVE RESOLUTION NO. 109-19: APPROVING THE SIMPLIFIED RATE FILING</p>	<p>Chairman DeLong introduced Resolution No. 109-19:</p> <p style="text-align: center;">APPROVING THE SIMPLIFIED RATE FILING</p> <p>WHEREAS, Golden Valley Electric Association, Inc. (GVEA) is an electric cooperative eligible to use the Simplified Rate Filing (SRF) procedures pursuant to Alaska Statute 42.05.381 (e) and Alaska Administrative Code 3 AAC 48-700 et seq.;</p> <p>WHEREAS, since the last SRF, approved by the RCA on May 2, 2019, GVEA has experienced increases in the costs of its operations without a corresponding increase in revenues;</p> <p>WHEREAS, the increase in operating costs without a corresponding increase in revenues reduces GVEA's operating margins and impairs its financial ratios;</p> <p>WHEREAS, GVEA is required by its lenders to maintain certain levels of operating margins and financial ratios; and,</p> <p>WHEREAS, GVEA's financial forecast projects a need for a rate increase.</p> <p>NOW THEREFORE, BE IT RESOLVED, that GVEA in accordance with SRF standard procedures, approves the rate increase of 3.00% effective January 1, 2020 as listed on ATTACHMENT A and finds the increase necessary to maintain a sound financial position.</p>

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

**September 23, 2019
Fairbanks, Alaska**

**APPROVE
RESOLUTION NO.
109-19: APPROVING
THE SIMPLIFIED
RATE FILING
(Continued)**

ATTACHMENT A
To Board of Director Resolution 109-19
Pursuant to SRF Schedule 19, Summary of Rate Changes Required to Meet Target OTIER
SRF Test Year Ended June 30, 2019

Utility Rates - Existing and Pursuant to Current Filing			
Rate Class	Existing Rates per TA325-13	Current SRF Escalator (1)	Pursuant to Current SRF (1)
Residential	\$ 0.12327	1.0300	\$ 0.12697
General Service GS-1	0.13048	1.0300	0.13439
Large General Service - Secondary GS-2(S)	0.04336	1.0300	0.04466
Large General Service - Primary GS-2(P)	0.04336	1.0300	0.04466
Industrial Service GS-3	0.01220	1.0300	0.01257

Demand Rates - Existing and Pursuant to Current Filing			
Rate Class	Existing per Order TA325-13	Current SRF Escalator (1)	Pursuant to Current SRF (1)
Large General Service - Secondary GS-2(S)	\$ 21.62	1.0300	\$ 22.27
Large General Service - Primary GS-2(P)	21.62	1.0300	22.27
Industrial Service GS-3	29.18	1.0300	30.06

(1) The proposed across the board rate increase in this SRF is 3.00% which equates to an escalator factor of 1.0300
Utility & Demand Rates - Existing and Pursuant to Current SRF Filing: Utility rates are rounded to five digits; demand rates are rounded to the nearest cent

Mr. Newman moved to approve Resolution 109-19. Mr. Sloan seconded the motion.

Mr. Schikora moved to add language after paragraph six of the resolution:

"WHEREAS, although operational costs would justify a rate increase of 6.58% and RCA regulations (3 AAC 48.700 – 3 AAC 48.790) would authorize a cap of 8.00%, GVEA is committed to reducing costs and is sensitive to Members' financial concerns."

Mr. Newman moved to approve Resolution No. 109-19 as amended. Mr. Schikora seconded the motion. Following discussion, the motion passed as amended.

**APPROVE
RESOLUTION NO.
110-19: SUPPORT
FOR THE ROAD BELT
ELECTRICAL
TRANSMISSION LINE
DEVELOPMENT**

Chairman DeLong introduced Resolution No. 110-19:

**SUPPORT FOR THE ROAD BELT ELECTRICAL
TRANSMISSION LINE DEVELOPMENT**

Supporting Proposed Project Engineering Evaluation, Reconnaissance,
Feasibility and Implementation

WHEREAS, the Denali Commission is evaluating the potential construction and installation of high voltage electric lines between Sutton, Glennallen and Delta Junction, Alaska with sub-transmission lines extending from Gakona and Delta Junction to the Tok/Upper Tanana Region, and variations of this configuration. The

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

**September 23, 2019
Fairbanks, Alaska**

<p>APPROVE RESOLUTION NO. 110-19: SUPPORT FOR THE ROAD BELT ELECTRICAL TRANSMISSION LINE DEVELOPMENT (Continued)</p>	<p>project is commonly referred to as the Road Belt Electrical Transmission Line Development Project; and</p> <p>WHEREAS, a proposal relating to the Road Belt Electrical Transmission Line Development Project may be submitted to the Federal Government for infrastructure funding; and</p> <p>WHEREAS, the benefits that would result to Golden Valley Electric Association and to other Railbelt utilities from the Road Belt Electrical Transmission Line Development Project, if approved and constructed, include: (1) increased reliability from having multiple transmission lines serving Interior Alaska; (2) better economic dispatching of electricity between Anchorage and Fairbanks; and (3) an increased potential for adding renewable energy into the Railbelt energy mix; and</p> <p>WHEREAS, Copper Valley Development Association believes the Road Belt Electrical Transmission Line Project, once constructed, would generate increased business development within the areas served by the Project and would improve economic conditions for Interior Alaska residents between Sutton, Delta Junction, Tok and the Upper Tanana Region, and resiliency of the military installations in Interior Alaska would be improved.</p> <p>NOW THEREFORE, Golden Valley Electric Association, by this Resolution, supports the proposed Alaska Road Belt Electrical Transmission Line Development Project as an important Infrastructure Development Project and urges State and Federal funding for the Project.</p> <p>Mr. Schikora moved to approve Resolution No. 110-19. Mr. Nordmark seconded the motion. Following discussion, the motion passed.</p>
<p>APPROVE RESOLUTION NO. 111-19: AUTHORIZING GVEA'S PRESIDENT & CEO TO SELL GVEA'S FIRST AVENUE WAREHOUSE PROPERTY AND ISSUE LIEN RELEASE</p>	<p>Chairman DeLong introduced Resolution 111-19:</p> <p style="text-align: center;">AUTHORIZING GVEA'S PRESIDENT & CEO TO SELL GVEA'S FIRST AVENUE WAREHOUSE PROPERTY AND ISSUE LIEN RELEASE</p> <p>WHEREAS, Golden Valley Electric Association, Inc. ("GVEA") owns a warehouse and adjoining property (collectively the "Warehouse Property"), located at 1205 First Avenue, Fairbanks, Alaska; and</p> <p>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; and</p> <p>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; and</p> <p>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; and</p> <p>WHEREAS, Usibelli Investments, LLC ("Usibelli") is interested in leasing the Warehouse Property (and potentially purchasing it at a future date) in conjunction with Usibelli's business operations since the Warehouse Property is located directly across the street from Usibelli's Aurora facility on First Avenue; and</p>

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

**September 23, 2019
Fairbanks, Alaska**

<p>APPROVE RESOLUTION NO. 111-19: AUTHORIZING GVEA'S PRESIDENT & CEO TO SELL GVEA'S FIRST AVENUE WAREHOUSE PROPERTY AND ISSUE LIEN RELEASE (Continued)</p>	<p>WHEREAS, GVEA's Board of Directors believes that selling the Warehouse Property is in the best interest of GVEA and its members; and</p> <p>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.</p> <p>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 Usibelli Investments, LLC 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.</p> <p>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.</p> <p>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.</p> <p>Mr. Newman moved to approve Resolution No. 111-19. Mr. Bunch seconded the motion. Following discussion, the motion passed.</p>
<p>APPROVE RESOLUTION NO 112- 19: RETIREMENT OF CAPITAL CREDITS</p>	<p>Chairman DeLong introduced Resolution 112-19:</p> <p style="text-align: center;">RETIREMENT OF CAPITAL CREDITS</p> <p>WHEREAS, the Golden Valley Electric Association, Inc. (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</p> <p>WHEREAS, GVEA desires to allocate \$3,500,000 (36 percent) of 2018 margins in order to retire capital credits to GVEA Members of record in 1994 (and prior years); and</p> <p>WHEREAS, GVEA will obtain RUS and other lenders authorization to distribute 1994 (and prior years) capital credits since GVEA's equity is under 30 percent after the capital credit distribution (29.06 percent).</p> <p>NOW THEREFORE, BE IT RESOLVED, by the Board of Directors of GVEA to distribute the allocated 2018 margins to retire the capital credits of those GVEA Members of record in 1994 (and prior); and</p> <p>BE IT FURTHER RESOLVED, that capital credits (patronage capital), will be distributed to qualified members as follows:</p>

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


**September 23, 2019
Fairbanks, Alaska**

<p>APPROVE RESOLUTION NO 112-19: RETIREMENT OF CAPITAL CREDITS (Continued)</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Patronage Capital Retirement</th> <th style="text-align: center;">Active Member</th> <th style="text-align: center;">Inactive Member</th> </tr> </thead> <tbody> <tr> <td>Less than \$25</td> <td>Credited to monthly bill</td> <td></td> </tr> <tr> <td>\$25 - \$100</td> <td>Credited to monthly bill</td> <td>Paid by check</td> </tr> <tr> <td>More than \$100</td> <td>Paid by check</td> <td>Paid by check</td> </tr> </tbody> </table> <p>Mr. Schikora moved to approve Resolution No. 112-19. Mr. Bunch seconded the motion. Following discussion, the motion passed.</p> <p>At 8:10 p.m., Chairman DeLong declared a break. Messrs. Rutherford, Theilmann, Brown and Mesdames Utley, Barnett and Preston departed the meeting.</p> <p>At 8:20 p.m., Chairman DeLong reconvened the meeting.</p>	Patronage Capital Retirement	Active Member	Inactive Member	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
Patronage Capital Retirement	Active Member	Inactive Member											
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											
<p>ON-GOING REPORTS</p>	<p>GOODCENTS REPORT – Mr. DeLong reported on the August 27, 2019 Goodcents Meeting.</p> <p>MAC REPORT – Mr. Messier reported on the September 11, 2019 MAC Meeting.</p> <p>SCHOLARSHIP COMMITTEE MEETING – Mr. Bunch reported on the August 27, 2019 Scholarship Committee Meeting.</p> <p>NWPPA REPORT – Mr. Sloan reported on the September 12, 2019 NWPPA Meeting.</p>												
<p>MANAGEMENT REPORTS</p>	<p>CEO REPORT – Mr. Borgeson gave updates on:</p> <ul style="list-style-type: none"> • Swan Lake Fire and Soldotna Quartz Creek (SQ) Line • RFP for CO₂ Reduction • Ft. Wainwright Load • Golden Valley College • Alaska Electric and Energy Cooperative, Inc. • Load Retention Report • Residential Railbelt Rate Comparison <p>FINANCIAL REPORTS/FORM 7 – The August 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>												

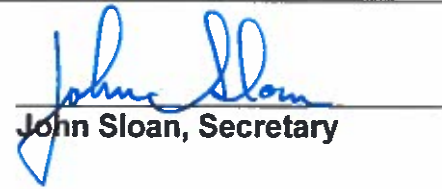
**GOLDEN VALLEY ELECTRIC ASSOCIATION, INC.
BOARD OF DIRECTORS'
MEETING MINUTES**

**September 23, 2019
Fairbanks, Alaska**

DIRECTOR COMMENTS	<p>Mr. Newman spoke about "On-Bill Financing", GVEA's assistance with REAP's <i>Power Pledge Challenge</i>, suggested GVEA clear snow from the Solar Farm this winter and asked if GVEA would consider issuing a GVEA 75th Anniversary calendar.</p> <p>Mr. Nordmark commented on GVEA's Community Service Leave and the Food Bank's recognition of John Kelly.</p> <p>Mr. Schikora commented on Dan Gavora's retirement from Doyon Utilities.</p> <p>Mr. Messier commented on leading versus lag indicators on GVEA's Safety Survey and the proposed 1MW solar farm in Willow.</p> <p>Chairman DeLong spoke about possible recognition for long standing members on the MAC.</p>
ADJOURNMENT	At 9:17 p.m., without objection, Chairman DeLong declared the meeting adjourned.

 10-28-2019

Tom DeLong, Chairman



John Sloan, Secretary



Cori Taylor, Recording Secretary