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c/o Matanuska Electric Association, Inc. Post Office Box 2929 Palmer, Alaska 99645 (907) 761-9212

MINUTES OF THE BOARD OF DIRECTORS MEETING
December 5, 2012
Frontier Building, JAA Room
Anchorage, Alaska

CALL TO ORDER 9:07 a.m. (Treasurer Kincaid)

ROLL CALL
MEMBERS PRESENT P.J. Hill (Chugach); Joe Griffith and Janet Kincaid (MEA); Brad Janorschke (Homer); Willard Dunham (Seward); Brad Evans and Cory Borgeson joined the meeting in progress.

TELEPHONICALLY
PRESENT Dick Waisanen (Homer Electric); Mike Wiley (Homer) joined the meeting in progress.

OTHERS PRESENT Mark Johnson (Counsel); David Glines, Kevin Brown, Denali Daniels and Suzie Deuser (MEA); Steve Haagenson (ARCTEC Consultant); Kirk Warren (AEA); Brian Hickey joined the meeting in progress.

SAFETY MOMENT (Griffith) Suggests to have a winter preparedness kit in your vehicle and be sure to scrap your windshield before driving.

ACCEPTANCE OF AGENDA (Griffith/Dunham) Motion to accept agenda **CARRIED**.

APPROVAL OF MINUTES-November 15, 2012 (Hill/Dunham) Motion to accept November 15, 2012, minutes **CARRIED**.

REPORTS

A. Chairman's Report

- (Griffith) Advises that Chairman Reiser was unable to attend the meeting.

B. CEO's Activity Report (Griffith)

- Spending time defining the legislative strategy and grant request.

C. CEO Search (Janorschke)

- Cory Borgeson, Brad Evans and Brad Janorschke met and are expected to have an additional meeting. The committee had nothing to report at this time.

UNFINISHED BUSINESS

A. State Grant Request

- (Griffith) On December 4, Sara Fisher-Goad indicated that AEA would support all the projects listed on attachment "A".
- (Warren) AEA fully supports the list of projects.
- (Griffith) Sara Fisher-Goad suggested in the meeting on December 4, that the utilities and ARCTEC should have a resolution adopted for the Railbelt reliability criteria.
- (Griffith) Refers the members to the ARCTEC Railbelt Planning Criteria.
- (Evans) Suggests a review of the ARCTEC Railbelt Planning Criteria making certain the language supports Burlingame's reliability criteria.
- (Griffith/Dunham) Motion to accept the ARCTEC FY2014 State Grant request for the amount of \$39.7 million for year one.
- (Evans) Questions if the numbers reflect a grant request and does not reflect a prioritization of each individual project within unconstraining Bradley Lake.
- (Griffith) Confirms the intent is a grant request.
- (Griffith) Envisions AEA would be the distributor of the grant funds and have the ability to transfer funds.
- (Warren) There is the ability within the appropriations to allocate those monies to different project.
- (Janorschke) Suggests a plan is needed if the grant request is partially funded or no funding is received in future years.
- (Hickey) Results are expected by January 15, on a study currently underway that should suggest a prioritization based on economics and reliability.
- (Evans) Wants the resolution to have the flexibility to ask for additional money according to current studies underway and not be locked into a spending plan.
- (Evans) Suggest the motion be changed to adopt the ARCTEC FY2014 State Grant request subject to an analysis currently being done that may suggest a different prioritization of projects.
- (Griffith) Amends motion as "The ARCTEC Board subscribes to a prioritization of projects that support Cook Inlet fuel assurance and unconstraining of Bradley Lake project. Further, the ARCTEC Board submits the foregoing grant request subject to reprioritization that may result from an ongoing benefit study."
- (Evans) Suggests an amendment to the motion to include "and other projects identified in the AEA transmission study targeted for economic development in the Railbelt region."
- (Griffith) Amends motion as "The ARCTEC Board subscribes to a prioritization of projects that support Cook Inlet fuel assurance, unconstraining of Bradley Lake project and other projects as identified in the AEA transmission study targeted for economic development in the Railbelt region. Further, the ARCTEC Board submits the foregoing grant request subject to reprioritization that may result from an ongoing benefit study."
- (Waisanen) Suggests to add the amount of the funds and delete the terminology of ongoing studies.
- (Hill) Recommends ARCTEC comes up with a financing plan in addition to a grant request.
- (Evans) Calls for the vote. Motion CARRIED unanimously.

- (Griffith) Inquires of counsel for guidance to the bylaws for the position of a CEO on January 1, 2013.
- (Johnson) Advises the board of the need to take affirmative action to appoint an interim CEO.
- (Johnson) Believes the Board has the ability to designate a temporary CEO while ARCTEC continues to search to fill the position. The CEO interim position can be changed without notice.
- (Evans/Janorschke) Motion to designate as interim CEO, Joe Griffith CARRIED.

B. Legislative Strategy

- (Hill/Griffith) Motion to go into executive session for matters that might have an adverse effect on the finances of the organization. Hearing no objection motion CARRIED. Meeting recessed at 10:10 a.m.
- The meeting reconvened at 11:16 a.m.
- (Griffith/ Waisanen) Motion to submit the Cook Inlet Gas Assurance as a separate ARCTEC request. Hearing no objection the motion CARRIED.
- Meeting adjourned at 11:25 a.m.

NEXT MEETING: January 9, 10:00 a.m.

ADJOURNMENT: (Evans/Griffith) Motion to adjourn at 11:55 a.m. CARRIED.