

CORDOVA ELECTRIC COOPERATIVE, INC.
BOARD MEETING
January 27, 2021

The Regular Meeting of the Board of Directors of Cordova Electric Cooperative, Inc. was called to order at 6:00 p.m. by Chairman Pegau. Due to the COVID-19 pandemic Directors and staff have the option of participating via gotomeeting. Director Phillips participated in person. Directors Pegau, Cook, Cooper, Ranney, and Campbell participated via gotomeeting. Director Beedle was absent. CEO Koplun and Manager of Generation and Distribution Newlun participated in person. Manager of Administration and Finance Merritt, Executive Assistant/HR Bailer (Recorder), and Technology Manager Kudrna participated via gotomeeting.

MEMBERSHIP PARTICIPATION

None

APPROVAL OF AGENDA

Cook moved to approve the Agenda as presented, seconded by Campbell. Roll call vote: Unanimous. Motion passes.

MOSS ADAMS EXPLANATION OF VIRTUAL AUDIT – JULIE DESIMONE – Koplun introduced Julie Desimone, who then gave some background information on herself. Desimone introduced Sydne Jacoby, who will be working on the audit, and explained the scope of services, and auditors' responsibilities. Jacoby and Desimone reviewed the audit process and procedures. The virtual audit will start February 8, 2021.

CONSENT AGENDA

Campbell moved to approve the consent agenda that includes the following:

- a) Minutes of Meeting of December 23, 2020
- b) Approve New Members 10/01/2020 – 01/21/2021

seconded by Ranney.

Roll call vote: Unanimous. Motion passes.

MANAGEMENT REPORTS

CEO REPORT

CEO Written Report

Board Plan Overviews: The Board requested longer-term and more comprehensive overviews of four primary items for 2021:

- Diesel plant aging mitigation plan
- Headquarters building plan.
- Distribution aging/replacement plan
- Communications plan.

I worked primarily on the diesel plant aging and headquarters plans. The diesel aging plan options are nearly complete and I hope to distribute them before the January Board meeting. I met with the Native Village of Eyak director and staff regarding Illanka Clinic long term plans for the headquarters building and am meeting with Illanka director and staff next week to plan for siding and window replacement plus rot repair work for this summer. I will have more details available for the February meeting as we review and prepare requests for proposals for the work.

CEC Staffing: Our senior plant operator, Nate Cain, gave notice this week to pursue another opportunity in Cordova, tentatively effective February 1st. Executive Assistant and HR Coordinator Barb Bailer will be retiring this year tentatively effective March 31. Craig Kuntz (Technology and Projects Manager) resigned in October 2020 to pursue a private business in Cordova and Terry Long (lineman) retired in October 2020. Trever Kudrna (Technology Manager) joined CEC in October, and a new apprentice lineman, August Jewell, joins CEC as of February 8th. On balance, this leaves us very thin for human resources even as we pursue an aggressive work plan. I anticipate a combination of contracting and recruiting will help cover the gaps.

Cat Diesel Renovation Project: We made excellent progress over the past few weeks. We have draft switchgear designs for CEC review and hope to have heat loop and plant layout draft designs complete in the next week or two for CEC review. Budgetary numbers should follow close behind, hopefully in time for the February regular meeting. This will give us a clearer picture of the budget.

Power Creek Hydro 5 Refurbishing: We had a very exciting series of calls with Gilkes and Gordon, Ltd., our Power Creek hydro turbine manufacturer. They read the entire 2009 maintenance report from CEC's contract maintenance team and have concluded that the equipment is in very good shape, will not need to be fully remanufactured, and can be performed virtually with CEC staff in the plant and video phone support from Gilkes to replace leaky seals, retrofit additional seals to stop leakage, and evaluate the need for replacement spear tips or rods. They strongly recommended our money is much better spent installing new, non-leaking Turbine Inlet Valves (TIVs) that have been causing downstream problems with CEC equipment. As a result of this analysis and anticipated costs, we can reduce the budget for this work from \$750,000 to \$500,000 and will be able to make temporary repairs to the TIVs until new ones arrive. I anticipate that we will come in well under \$500,000.

AMI Project Update: As we work to complete our RADIANCE grid modernization project Advanced Metering Infrastructure (AMI) work, we ran into some glitches with procurement/buying items. It is now more expeditious for CEC to buy the software and service agreements while the National Renewable Energy Laboratory (NREL) purchases the electronics, hardware, and meters to meet reasonable timelines. This will require more front-end purchases by CEC in 2021 instead of waiting for 2022 for phase 2. The good news is that the RADIANCE project has over \$247,000 for the AMI project, more than the expected \$200,000. It is also likely that microchip shortages will take months for many of the meters and devices to arrive so CEC will not get the bill for them until late in the year, perhaps even next year. I have included a New Business item on the Agenda to move \$200,000 into the AMI budget for 2021, bringing the total to \$275,000 from the T9 loan this year instead of this year and next. This will put 100% of the CEC system on a new AMI meter platform. The reduction in Hydro 5 budget will keep this year's budget intact and reduce the overall amount we plan to borrow/spend for capital projects over the next two years by approximately \$250,000. The caveat is that the Cat diesel upgrade work may exceed the \$750,000 budget. To get

the order in the cue to help combat the long and growing lead times, I need authorization to place the order right after this January regular meeting.

CBA – Negotiations: Our five-year Collective Bargaining Agreement will expire this May. We have had preliminary consultations with attorney Andy Leman and will soon be exchanging the letter of interest regarding which items in the contract (if any) we want to negotiate to modify.

BESS Funding Summary: I am billing PNNL for a \$10,000 task and will continue to complete tasks for reimbursement. We proposed a \$400,000 follow up project with Department of Energy to consider the use of the Battery Energy Storage System (BESS) for system power factor balancing and it has a strong chance of acceptance. I am also working with Sandia National Laboratories on a follow-on project to assess the CEC BESS system for injecting small disturbances into the CEC system to precisely measure the BESS response to the CEC grid, and the CEC grid response to the BESS. We should have this project (if we decide to proceed) scoped soon. The outcomes of these tests are CEC staff time reimbursed for developing new diesel-saving use cases or flexibility in our system operations (like adding larger solar and being able to energize long transmission lines with BESS that are hard to accomplish with our small grid).

FAA Johnstone Point Extension: I have been in frequent contact with the FAA, the response to our proposal to perform an assessment has been positive, and I should know soon if the FAA is inclined to accept the proposal to do marine/terrestrial surveys and 10% engineering with rough estimates in 2021.

Rate Study: I spent a full day with James Keen of Aldrich & Associates this week and gave him extensive project and program history, rate history and philosophy, and future goals and needs with a focus on simplicity for CEC and customers. Emma and I worked together in preparation and for a good portion of the day with James to set the stage for an efficient and effective rate analysis.

2021 Budget: I have highlighted the major capital projects. To date very little cash has been expended; the City did not need the Second Street funding as early as anticipated, and we were not prepared to place orders on most of the budget items we approved at the December meeting; but at least were positioned to do so if needed.

Plant and Site Tours: As vaccinations and other tools hopefully reduce the risk of COVID I plan to redouble efforts to host site visits for the Board. Much of the tours is hosted outside, and some can be socially distanced as well depending on Board's preferences – some could be hosted before summer to smaller groups, for example.

Operations Report (Dec-Jan):

- Worked on Eyak Soil Remediation project – some planned for this spring.
- Lots of year end reports – air quality, energy information administration (state and federal)
- Assisted line crew with only one lineman available – Ben Simpler at Apprentice School
- Hired August Jewell – new CEC apprentice lineman after extensive interviews.
- Extensive planning and ordered/received partial flange order for Hydro 5 refurbishing.
- Several trouble calls and kept abreast of Fleming Spit Culvert work
- New services still being installed with mild weather.
- Visible emissions readings and training for diesel air quality requirements.

- Significant information gathering, design, review for diesel cat upgrade
- Tested a breaker for maintenance.
- Tested and calibrated protective relays (electronics that open breakers to protect CEC grid)
- HQ building maintenance – light bulbs, leaky roof, plumbing, etc.
- Reviewed unit 4 (Fairbanks Morse Diesel engine) – roughly \$350,000 of work recommended in last maintenance inspection.
- We test/corrected our grid power factor to 100% with the BESS; to our knowledge this is a first

CEO Verbal Report

Koplin mentioned he emailed the Board his self-evaluation report today. He said Apprentice Lineman Ben Simpler completed his training today and passed his Journeyman Lineman test. Koplin reviewed the staffing at CEC per his written report. Newlun gave an update on hydro Unit 5, which is currently being worked on.

Administrative Reports

Merritt reviewed and answered questions on the following reports:

- Revenue Report for December
- Cash Flow Report for December
- Cash Disbursements for December
- Purchase Order Report
- Generation & Sales Statistics

NEW BUSINESS

Audit Engagement Letter-Moss Adams, Purchase Order #2304 to Moss Adams for \$26,000 –

Koplin mentioned we are in the third year of the audit term with Moss Adams, and that Moss Adams has been CEC's auditor for the past nine years, being chosen out of four proposals at the last audit award. Cooper moved to approve Purchase Order #2304 to Moss Adams for \$26,000 for 2020 audit services, seconded by Cook. Discussion on audit work. Roll call vote: Unanimous. Motion passes.

Revising Purchase Order #2299 to Eaton from \$75,000 to \$275,000 – Koplin mentioned CEC was originally looking at expenditures for this project over the next two years and to get the orders in this year we are asking to move the complete project to 2021. Ranney moved to approve revised Purchase Order #2299 to Eaton from \$75,000 to \$275,000, seconded by Campbell. Upon question Koplin gave an overview on the AMI metering, including grant funding for the project. Roll call vote: 5 yea, 1 nay (Cooper). Motion passes.

Approval of Tally Committee - Cook moved to recommend approving Lisa Laird, Diana Rubio, Ann Schultz, Ruth Steele and Marleen Moffitt as an alternate for the 2021 Tally/Election Committee, seconded by Ranney. Roll call vote: Unanimous. Motion passes.

Resolution 21-01 – A Resolution for 2021 Annual Meeting Plans in Light of Ongoing COVID-19 Pandemic –

RESOLUTION 21-01

A RESOLUTION FOR 2021 ANNUAL MEETING PLANS IN LIGHT OF ONGOING COVID-19 PANDEMIC

WHEREAS, Cordova Electric Cooperative, Inc. (“CEC”), is required by its Bylaws to hold a membership Annual Meeting in the month of March; and

WHEREAS, under CEC’s Bylaws, Article III, Section 5, voting for directors and on Bylaw amendments is conducted in person and by mail; and

WHEREAS, as a result of the COVID-19 pandemic, on March 11, 2020, Governor Mike Dunleavy declared a public health disaster emergency for the State of Alaska, which was extended by the Legislature to November 15, 2020, and which has been further extended to February 15, 2021; and

WHEREAS, the Board of Directors expects that the public health disaster emergency will continue through the spring and likely into the summer of 2021; and

WHEREAS, the State of Alaska has urged organizations to avoid public gatherings during the public health disaster emergency; and

WHEREAS, suitable facilities with the capacity to host an in-person Annual Meeting are not available to CEC now and are highly unlikely to be available in March; and

WHEREAS, the Centers for Disease Control have advised all Americans to avoid large public gatherings; and

WHEREAS, Alaska Statute 10.25.110, a member voting by mail before the Annual Meeting is considered to have attended the meeting for the matter on which the member or delegate voted;

BE IT HEREBY RESOLVED that the Board of Director hereby determines that it is not safe, reasonable or feasible to hold an in-person Annual Meeting in March of 2021; and

BE IT HEREBY FURTHER RESOLVED that the Board of Directors believes it is in the best interests of the CEC membership to hold an Annual Meeting in March; and

BE IT HEREBY FURTHER RESOLVED that the Board of Directors directs that voting by mail for directors and Bylaw amendments be conducted, with all ballots required to be received by 8:00 a.m. on March 22, 2021; and

BE IT HEREBY FURTHER RESOLVED that CEC shall accept mail-in ballots through its post office box and through the drop-box at CEC’s business office; and

BE IT HEREBY FURTHER RESOLVED that no in-person meeting or voting will be held for the 2021 Annual Meeting; and

BE IT HEREBY FURTHER RESOLVED that the CEC 2021 Annual Meeting will be held virtually on March 22, 2021, with election results announced virtually and via CEC’s website; and

BE IT FURTHER HEREBY RESOLVED that all other deadlines leading up to the 2021 Annual Meeting will be set in accordance with the March 22, 2021, virtual Annual Meeting date; and

BE IT FURTHER HEREBY RESOLVED, the Chief Executive Officer is directed to prepare a plan for hosting the Annual Meeting virtually for approval by the Board of Directors; and

BE IT FURTHER HEREBY RESOLVED that the Chief Executive Officer is directed to publish the election results on the CEC website and take other appropriate actions to make the election results available to the membership.

Koplin explained the Resolution is to explain we are in an emergency situation and the Board can approve having a virtual meeting.

Ranney moved to approve Resolution 21-01, A Resolution for 2021 Annual Meeting Plans in Light of Ongoing COVID-19 Pandemic, seconded by Cooper. Discussion on a virtual meeting. Roll call vote: Unanimous. Motion passes.

UNFINISHED BUSINESS

Board Evaluation – Review for 4th Quarter – Board completed 2020 Board Evaluation. Chair Pegau asked Directors to review this evaluation form for editing and discussion at the February Board meeting.

INFORMATION ITEMS

Board Attendance at Regular Meetings – noted

CEO Self Evaluation – Chair Pegau asked Directors to add their comments and grade to the CEO evaluation form and have their completed evaluation to him by February 17, 2021.

OTHER ITEMS

Policy Review:

- Policy #3C – Per Diem and Expenses for Board of Directors – discussion on out of state travel.
- Policy #4B – Board Committees

EXECUTIVE SESSION – none needed.

PENDING AGENDA

- Review Board Evaluation Quarterly (January/April/July/October)
- Communication Strategy
- 2021 Virtual Annual Meeting – March 22 (Monday)
- Facilities update
- Capital credit distribution policy

BOARD PENDING EVENTS CALENDAR

Noted

SUMMARY OF BOARD DIRECTION TO CEO

- Request for BESS update on performance
- Description of facilities
- Check on second round of PPP Loan eligibility.
- Board travel policy research

BOARD COMMENTS

Cook – APA Legislative virtual conference is in February. We did good tonight, thank you.

Cooper – Thanks to everyone – good meeting.

Ranney – Thanks, things moved nicely tonight. I encourage the Board to look toward Strategic Plan goals.

Campbell – Looking forward to having metering system upgraded.

Phillips – Seconds Campbell on metering comment. Thank you.

Pegau – Thanks to Nate Cain for his work at CEC, I will miss his presence there. Congratulations to Ben Simpler on his training achievement. Talked about the Communication Plan with his assistance as he is working on this type of Plan with another entity.

There being no further business the meeting adjourned at 7:36 p.m.

2/24/21

Date Approved

Secretary/Treasurer