

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

February 23, 2005

BOARD OF DIRECTORS'
MEETING MINUTES

A regular meeting of the Board of Directors of Chugach Electric Association, Inc. was called to order at 4:21 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Minnesota Drive, Anchorage, Alaska.

The following board members were present:

Red Boucher – Chairman
Bruce Davison – Vice Chair
Pat Jasper – Secretary (via teleconference)
Jeff Lipscomb – Treasurer (via teleconference)
Chris Birch – Director (departed at 6:40 p.m.)
Sam Cason – Director
Dave Cottrell – Director

The following employees, members, and guests attended:

Joe Griffith	Bill Stewart	Lee Thibert
Mary Tesch	Carol Heyman	Bill Bernier
Dianne Hillemeier	Mike Cunningham	Arthur Miller
Ed Jenkin	Patti Bogan	Rick Freymiller
Carol Johnson	Paul Risse	Sherri McKay
Connie Owens (via telephone)	Phil Steyer	Teresa Kurka
Dave Braun	Jaime Stout	John Cooley
Deanna Scott	Jody Wolfe	Kathy Harris
Katrina Storjohann	Don Edwards	Kathy Porterfield
Irina Harding	Ray Kreig	Lee Ann Gerhart
Mike Pauley	Jason Brune	

Jennifer McDonald, Legal Secretary, recorded meeting proceedings.

Chairman Boucher led the Board and audience in the Pledge of Allegiance.

I. EXECUTIVE SESSION

None.

II. APPROVAL OF AGENDA

Director Cason moved and Director Davison seconded the motion to approve the revised Agenda as amended to move 2004 Audit from Agenda Item IX.K. to Agenda Item IX.A. since a presentation was given earlier by KPMG at the Audit Committee

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meeting. The motion to approve the revised and amended Agenda passed unanimously.

III. APPROVAL OF CONSENT AGENDA

Director Jasper moved and Director Cason seconded the motion to approve the Consent Agenda.

A. Calendar of Events (February 2005 – February 2006)

CEO Griffith requested leave from March 23-30, 2005. Director Boucher approved his request.

B. Minutes (January 19, 2005)

No changes.

C. December 2004 Financial Report

No changes.

The motion to approve the Consent Agenda passed unanimously.

IV. PERSONS TO BE HEARD

A. Wholesale Customer Comments

None.

B. Member Comments

Ray Kreig commented on Agenda Item IX.J., Collective Bargaining Agreements with IBEW Local 1547, and stated that Chugach members need to have the opportunity to give input before the IBEW contract is renewed. Director Boucher stated that the contracts had been discussed in Executive Session and the members will have ample opportunity to discuss this at a later time.

V. CEO Report

- CEO Griffith informed the Directors of the Credentialed Cooperative Director Fast Track Training scheduled for March 7-11, 2005 in Anchorage. Board members should contact Dianne if they are interested in participating.
- The trip to Healy has been scheduled for April 1st. This is a chartered flight and due to the limited space advance notice is needed. Directors should contact Dianne for arrangements.
- We received a phone call from a grateful customer on the Hillside who had been assisted by one of our employees, Kathy Smithson, while attempting to move her trash on her icy driveway. She wanted to let us know what a kind, thoughtful, compassionate employee we have.

- The Municipality of Anchorage recently notified us that the portion of Minnesota Drive where Chugach Headquarters is located would soon be renamed to Electron Drive.
- Carol Heyman, Director, Member Relations, gave a presentation on the 2004 Member Survey.
- John Cooley, Director, System Control, gave a presentation on the latest statistics on fuel, purchased power, and outages.
- Jody Wolfe, Controller, gave a presentation on the December 2004 financials.

VI. CORRESPONDENCE

None.

VII. DIRECTORS' REPORTS

A. Chairman's Report

None.

B. Committee Reports

Director Cason reported that the Bylaws Committee has forwarded proposed Bylaw amendments for the Board's consideration. Director Boucher requested that Jason Brune, Chairman of the Bylaws Committee, give his report on the Bylaws Committee's proposed Bylaw amendments during Agenda Item IX.D.

Director Davison reported on the February 2, 2005, Operations Committee meeting. Items discussed were: the proposed Bylaw amendments which were unanimously approved and forwarded to the Board for approval; the 4th quarter 2004 annual CEO goals report; and the 2005 CEO goals which were also forwarded to the Board for approval.

Director Cottrell stated he had no Audit Committee report.

Director Lipscomb reported on the Finance Committee meeting of February 9, 2005. The Committee forwarded a financial management plan to the Board for its consideration with a recommendation to approve.

Director Cason reported on the Government & External Affairs Committee. He stated there was a good turnout in Juneau and was disappointed that Chairman Boucher was unable to attend at the last minute due to medical problems. Directors Davison, Cottrell, Birch, and Cason met with many legislators and the Governor. Discussions with the Governor included the Healy Clean Coal Plant. The Governor expressed his preference that Healy become an operating part of the electrical Railbelt, but was short on suggestions as to how that might be accomplished in a financially responsible manner. It was recommended that a Board representative make a second trip to Juneau before the end of the session. Directors Birch and Cottrell requested a discussion on the Healy Clean Coal plant

and HB 163. Director Boucher suggested that it be discussed at a Government & External Affairs meeting and the Board agreed to schedule it for 3:00 p.m. on March 9th.

C. Alaska Power Association (APA) Report

CEO Griffith reported on the APA Managers Forum. Items discussed included the Certificate of Fitness; Title 36; the Railbelt Joint Action Agency; a tax issue on diesel purchased in the Bush; the \$68 million Railbelt Energy Fund; a possible May trip to DC; and the RCA alternate depreciation schedules for funding granted assets. He also reported there had been a meeting with the Commissioner of Labor regarding the Certificate of Fitness concerns and Title 36. A follow-up meeting regarding Title 36 is expected to be held in Anchorage in the near future. Several Representatives and Senators spoke regarding the Railbelt Energy Fund and the gas situation in Cook Inlet and the potential for a gas line. Director Cason added that many of the legislators were in favor of the Fire Island Wind Power project.

Director Cottrell reported that unaudited financial information was handed out by APA for the years 2001 and 2002.

Director Davison reported that one legislator stated that the electric utilities are not on the radar screen due to the huge problem with the multi-billion dollar unfunded liability with the state retirement system which ranged from \$3 billion to \$5 billion. Another presentation of interest was regarding the spur from the gas line from Glennallen to Palmer and he would like to get input on how they view Chugach participating in this project.

Director Jasper reported on the APA Executive Committee meeting.

D. Meeting Reports

CEO Griffith reported that Jamie Stout attended MEA's Board meeting and the report on that meeting has been distributed to the Board members by email.

CEO Griffith reported that there was a ML&P Commission meeting today. The report will be forthcoming.

VIII. UNFINISHED BUSINESS

None.

IX. NEW BUSINESS

A. 2004 Audit

Director Cason moved and Director Cottrell seconded the motion to waive the seven-day rule on Agenda Item IX.A. The motion passed unanimously. Director Davison moved and Director Cottrell seconded the motion to accept the results of the 2004 audit as presented by KPMG. The motion passed unanimously.

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B. Appointment of 2005 Master Election Judge

Director Cason moved and Director Cottrell seconded the motion to appoint Tom Tibor as the 2005 Master Election Judge. The motion passed unanimously.

C. Approval of 2005 Election Procedures

Director Jasper moved and Director Davison seconded the motion that the Board of Directors approve the 2005 Election Procedures. The motion passed unanimously.

D. Proposed Bylaw Amendments and Board Comments

(Mr. Kreig put his tape recorder on the Board table and was asked by Chairman Boucher to remove it.)

Jason Brune, Bylaws Committee Chairman, discussed each proposed Bylaw amendment approved by the Bylaws Committee.

1.a.-b. Proposed Bylaw Amendment and Comment to Article V, Meetings of

Directors, Section 6. Minutes - Director Davison moved and Director Birch seconded the motion to approve the proposed bylaw amendment to Article V, Meetings of Directors, Section 6. Minutes of the Association's bylaws for placement on the ballot for the 2005 annual membership meeting and to join the Bylaws Committee's comment to the proposed bylaw amendment to Article V, Meetings of Directors, Section 6. Minutes to accompany the proposed bylaw amendment in the 2005 annual meeting election brochure. The motion passed unanimously.

2.a.-b. Proposed Bylaw Amendments and Comment to Article XIV, Advisory Council and to Article XV, Standing and Ad Hoc Committees, Section

1. General - Director Davison moved and Director Birch seconded the motion to approve the proposed bylaw amendments to Article XIV, Advisory Council and to Article XV, Standing and Ad Hoc Committees, Section 1. General of the Association's bylaws for placement on the ballot for the 2005 annual membership meeting and to approve and join the Bylaws Committee's comment to the proposed bylaw amendments to Article XIV, Advisory Council and to Article XV, Standing and Ad Hoc Committees, Section 1. General. The motion passed unanimously.

2.c. Additional Board Comment to Proposed Bylaw Amendments to Article XIV, Advisory Council and to Article XV, Standing and Ad Hoc Committee, Section 1. General

- Director Birch moved and Director Cason seconded the motion to approve the additional Board comment to proposed Bylaw amendments 2.a. The motion passed unanimously.

3.a.-b. Proposed Bylaw Amendment to Article XV, Standing and Ad Hoc Committees, Section 2. Compensation

- Director Davison moved and Director Birch seconded the motion to approve the proposed bylaw



amendment to Article XV, Standing and Ad Hoc Committees, Section 2. Compensation of the Association's bylaws for placement on the ballot for the 2005 annual membership meeting and to approve and join the Bylaws Committee's comment to the proposed bylaw amendment to Article XV, Standing and Ad Hoc Committees, Section 2. Compensation. The motion passed unanimously.

E. Ballot for the 2005 Annual Membership Meeting Election

Information item only. Director Birch commented that he was glad to see the ballot in the Board packet. There were no additional comments on the proposed ballot.

F. 2005-2009 Business Plan

Director Cason moved and Director Lipscomb seconded the motion to approve the 2005-2009 Business Plan as recommended by the Finance Committee. The motion passed. Director Cottrell voted in opposition.

G. Resolution in Support of Fire Island Wind Power as a Joint Action Agency Project

Director Cason moved and Director Jasper seconded the motion that the Board of Directors approve the resolution directing the CEO to take all necessary action to support joint efforts among JAA member utilities and other utilities to take all necessary action to secure necessary grant funding for the State of Alaska, the Federal Government, and other parties as appropriate to reduce the ultimate cost of energy produced by the Fire Island wind power project and promote economic development in Alaska.

Director Davison moved and Director Birch seconded the motion to table and refer to the Operations Committee.

Director Davison withdrew his motion.

Director Cason moved and Director Jasper seconded the motion to amend the original motion to refer it to Operations for review and approval. The motion passed unanimously.

H. Appointment of JAA Board Member

Director Davison moved and Director Jasper seconded the motion to appoint Jeff Lipscomb as the Board Member to the JAA and as the primary director and CEO Joe Griffith as the alternate director for the JAA Board of Directors. The motion passed. Directors Boucher and Jasper voted in opposition.

I. 2005 CEO Goals

Director Cason moved and Director Birch seconded the motion that the Board of Directors approve the 2005 CEO Goals as recommended to the Board by the Operations Committee at its February 2nd meeting and amend section II.E.a. and strike the language following the comma. The motion passed unanimously.

J. Collective Bargaining Agreements with IBEW Local 1547

Director Birch stated he needed to leave and requested confirmation that no action would be taken on Agenda Item IX.J. based on the earlier discussion. Carol Johnson responded that if and when there would be any agreement with the IBEW that agreement would be subject to vote of the Board in an open session at a duly noticed meeting.

At 6:40 p.m. Director Cason moved and Director Cottrell seconded the motion that pursuant to Alaska Statute 10.25.175(c)(1) and (3), the Board go into executive session to discuss 1) matters the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative and 2) matters with its attorneys, the immediate knowledge of which could have an adverse effect on the legal position of the cooperative. The topic to be discussed in executive session is: Collective Bargaining Agreements with IBEW Local 1547. The motion passed unanimously.

The Board of Directors reconvened out of executive session at 7:15 p.m.

Director Cason moved and Director Cottrell seconded the motion to authorize the Chief Executive Officer to make a proposal to IBEW Local 1547 within the parameters discussed in executive session. The motion passed unanimously. (Director Birch was not present).

K. Directors' Expenses

Director Cason moved and Director Davison seconded the motion to approve the Directors' expenses. The motion passed; Directors Lipscomb and Jasper abstained.

X. DIRECTORS' COMMENTS

Director Davison: Asked for clarification on the ballot for the proposed bylaw change on electronic recordings regarding verbatim transcripts.

Director Cottrell: No comment.

Director Jasper: No comment except to note the weather in San Diego was beautiful.

Director Cason: Commented that the full moon rising over the Chugach range might explain some of the aberrant behavior witnessed tonight.

Director Lipscomb: Noted the full moon was rising was rising over Haleakala crater and that the weather was fantastic.

Director Birch: Was not present.

Chairman Boucher: Stated that as Chairman, he didn't want to see any more dog and pony shows like he saw tonight. Stated he didn't know if he was out of line; that

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he wanted others to speak here but thought it was inappropriate to subject the Board to a TV show and that it was a bit pre-planned. Stated he believed there was some executive session communication and that he intended to dig into it. Statements were made to people that should have remained in executive session until we concluded the debates on the agreements.

XI. EXECUTIVE SESSION

None.

XII. ADJOURNMENT

The meeting adjourned at 7:25 p.m.

Patricia Jasper, Secretary
Date Approved: March 16, 2005

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