

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

February 18, 2008

BOARD OF DIRECTORS'
MEETING MINUTES

The following board members were present:

Elizabeth, Vazquez – Chair
Uwe Kalenka – Vice Chairman
Alex Gimarc – Secretary
PJ Hill - Treasurer
Jim Nordlund – Director (*arrived at 4:26 p.m.*)
Jeff Lipscomb – Director (*telephonically*)
Rebecca Logan – Director

The following employees, members, and guests attended:

Bradley Evans	Suzanne Gibson	Jim Posey, ML&P
Bill Bernier	Doug Glover, Elections Committee	Eric Redman (<i>teleconference</i>)
Patti Bogan	Carol Johnson	Jerry Reinwand, (<i>teleconference</i>)
Michelle Christiansen, Elections Committee	Red Kinney, Member	Dave Smith
Vickie Cantrell, Elections Committee	Marilyn Leland, APA	Phil Steyer
Mike Cunningham	Jim Magowan, Elections Committee	Jean Sauget
Tom Daniel, Perkins Coie	Connie Owens	Ron Vecera
Belinda Davis, Elections Committee	Mary Ann Pease, MAP Consulting	Burke Wick

DeAnna Scott, Executive Assistant, recorded the meeting proceedings.

I. CONVENE MEETING

Chair Vazquez called the regular meeting of the Board of Directors to order at 4:05 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

II. PLEDGE OF ALLEGIANCE

Chair Vazquez led the Board and audience in the Pledge of Allegiance.

III. EXECUTIVE SESSION

At 4:06 p.m., Director Kalenka moved and Director Gimarc 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. The matters to be discussed are: 1) House Bill 336 – Resolution Supporting the Study of a Susitna Hydro Electric Project and Senate Bill No. 246 – To establish a working group to analyze the potential of Susitna Hydro Project; 2) Memorandum or Understanding for Organization of a Unified Power

Provider; 3) Memorandum of Understanding Regarding Joint Development of South Anchorage Power Project; and 4) Resolution Supporting the ML&P/Chugach Merger Study Advisory Panel Actions of the February 7th. The motion passed unanimously.

Director Nordlund arrived at 4:26 p.m.

The Board came out of Executive Session at 4:43 p.m. Director Lipscomb disconnected at that time and rejoined the conference at 4:46 p.m.

The Board meeting reconvened in opened session at 4:47 p.m.

IV. APPROVAL OF AGENDA

- A. Waiver of Requirements under Board Policy 113 – Procedures for Board of Director Meetings, II. Agenda.

Director Kalenka moved and Director Gimarc seconded the motion that the Board of Directors waive the requirements of Board Policy 113, Procedures for Board of Directors Meetings, Section II, Agenda, for this Board meeting to change the format set out in the Policy to allow for two New Business portions on the Agenda and with an Executive Session preceding one and following the second one. Chair Vazquez, Directors Kalenka, Gimarc, Hill, and Logan voting yes; Director Lipscomb voted no. Motion passed.

Director Kalenka moved and Director Gimarc seconded the motion that the Board of Director's waive the 7-day rule for items listed below:

- X. A 2008 Elections Procedures;
- F. Resolution Supporting the ML&P/Chugach Merger Study Advisory Panel Actions of the February 7th;
- G. House Bill 336 – Resolution Supporting the Study of a Susitna Hydro Electric Project;
- H. Senate Bill 246 – To establish working group to analyze the potential of Susitna Hydro Project;
- XII. L. IT Security; and,
- M. Natural Gas Negotiations

Chair Vazquez called the question, Chair Vazquez, Directors Kalenka, Gimarc, Logan and Hill voting yes; Directors Lipscomb and Nordlund voted no. The motion passed.

V. CONSENT AGENDA

Director Lipscomb requested that Item V.G, Credit Card Transition Plan be moved out of the Consent Agenda; Director Nordlund requested Item V.H. SNAP Program be moved out of the Consent Agenda; and, Chair Vazquez requested Item V.A. Board Calendar be moved from the Consent Agenda to Item XII. New Business. There were no objections to these changes.

- A. **Board Calendar** (*moved from Consent Agenda to Item XII. New Business*)
- B. **Minutes – January 16; February 4, 2008**
- C. **Directors’ Expenses**
- D. **2008 Operating Budget Revision**
- E. **SCADA Migration Project Phase II**
- F. **Vegetation Management Contract**
- G. **Credit Card Transition Plan** (*moved from Consent Agenda to Item XII. New Business*)
- H. **SNAP Program** (*moved from Consent Agenda to Item XII. New Business*)

Director Kalenka moved and Director Gimarc seconded the motion to approve the Consent Agenda, as amended. Chair Vazquez, Directors Kalenka, Gimarc, Hill, Logan and Hill voting yes. Director Lipscomb abstained.

VI. PERSONS TO BE HEARD

- A. **Wholesale Customer Comments**
None.

- B. **Member Comments**
Ms. Cantrell will speak to the Board under Item XI.A. 2008 Elections Procedures.

VII. CEO REPORT
None.

VIII. CORRESPONDENCE
Correspondence is in the Board of Directors’ packets.

IX. UNFINISHED BUSINESS
None.

XI. NEW BUSINESS

- A. **2008 Election Procedures**
Mr. Magowan, Election Committee Chair addressed the Board regarding the proposed 2008 Election Procedures. Ms. Cantrell, Elections Committee Member distributed a letter dated February 16, 2008, that was sent via e-mail to the Board of Directors. At 5:24 p.m., the Board went off record allowing time for the Directors to read the letter. The Board meeting resumed at 5:31 p.m. Ms. Cantrell discussed with the Board her concerns of the proposed 2008 Election Procedures. After the discussion concluded, Director Gimarc moved and Director Kalenka seconded the motion that the Board of Directors approve the 2008 Election Procedures as passed by the Elections Committee on February 11, 2008. Chair Vazquez, Directors Gimarc, Kalenka, Hill, Lipscomb, Nordlund voted yes; Director Logan voted no.

B. Change of Registered Agent

Director Kalenka moved and Director Gimarc seconded the motion that the Board of Directors approve the attached resolution which states:

RESOLVED, the pursuant to AS 10.25.470, Bradley W. Evans, Acting Chief Executive Officer, be and hereby is designated and appointed the Registered Agent of this Corporation, effective February 4, 2008, to replace William R. Steward; and

BE IT FURTHER RESOLVED, that the Board Chair be, and hereby is authorized and directed to notice the foregoing change of its Registered Agent to the Department of Commerce, Community and Economic Development, Corporations Section, State of Alaska.

The motion passed unanimously.

C. Memorandum of Understanding for Organization of a Unified Power Provider

Director Kalenka moved and Director Hill seconded the motion that the Board of Directors approve the resolution authorizing the Acting Chief Executive Officer to execute a Memorandum of Understanding with other Railbelt utilities regarding organization of a Unified Power Provider in a form that is substantially similar to the attached and participate in good faith in a process with other such Railbelt utilities as to share a vision similar to that outlined above. The motion passed unanimously.

D. Memorandum of Understanding Regarding Joint Development of South Anchorage Power Project

Director Gimarc moved and Director Kalenka seconded the motion that the Board of Directors of Chugach Electric Association, Inc. authorize the Acting Chief Executive Officer to execute a Memorandum of Understanding with Homer Electric Association and Municipal Light & Power regarding joint development of the South Anchorage Power Project in a form that is substantially similar to the attached. The motion passed unanimously.

E. Acting Chief Executive Officer Signing Authority (Board Policy 106 – Delegations of Authority)

Director Kalenka moved and Director Gimarc seconded the motion that the Board of Directors approve the proposed changes to Board Policy 106 – Delegations of Authority from the Board of Directors to the Acting Chief Executive Officer to the full Board.

Director Kalenka moved and Director Gimarc seconded an amendment to the motion to remove “*to the full Board*”. The motion, as amended, passed unanimously.

F. Resolution Supporting the ML&P/Chugach Merger Study Advisory Panel Actions of the February 7th.

Director Kalenka moved and Director Hill seconded the motion that the Board of Directors of Chugach Electric Association, Inc. directs the Acting Chief Executive Officer to accomplish the Advisory Panel's original and amended motion as outlined on the attached resolution. The motion passed unanimously.

G. House Bill 336 – Resolution Supporting the Study of a Susitna Hydro Electric Project.

Director Kalenka moved and Director Hill seconded the motion that the Board of Directors hereby support the effort to conduct the study of Susitna Hydro Electric project. The motion passed unanimously.

H. Senate Bill No. 246 – To Establish Working Group to Analyze the Potential of Susitna Hydro Project.

Director Gimarc moved and Director Kalenka seconded the motion that the Board of Directors hereby support the effort to analyze the potential of a Susitna Hydro project. The motion passed unanimously.

I. Discussion – Mission & Vision Statement

Director Kalenka moved and Director Gimarc seconded the motion that the Board of Directors change the Mission and Vision Statement for Chugach Electric Association to:

Corporate Mission: We exist to provide superior service and dependable electricity at the lowest cost possible.

Corporate Vision: Provide power to our members and customers while improving the economy and quality of life where we serve.

After much discussion, Director Kalenka move to table the motion and move to the next Board meeting. Director Gimarc offered a friendly amendment to the motion to table until the next Operations Committee meeting with an executive session with management to discuss. Director Kalenka accepted the amendment. The motion passed unanimously.

At 6:26 p.m., the Board took a 10 minute recess. Director Lipscomb disconnected telephonically at 6:26 p.m. and reconnected at 6:40 p.m.

XI. EXECUTIVE SESSION

At 6:46 p.m., Director Kalenka moved and Director Gimarc 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) to discuss matters with its attorneys the immediate knowledge of which could have an adverse effect on the legal position of the

cooperative. The topics to be discussed in this executive session are: 1) Blue Ribbon Panel Report; 2) Contract with Board Attorney – Gordon Tans; 3) IT Security; 4) Natural Gas Negotiations; and 5) Auction Rate Securities Update. The motion passed unanimously.

Meeting reconvened at 8:19 p.m.

XII. NEW BUSINESS (CONTINUED)

J. Blue Ribbon Panel Report

Chair Vazquez stated there is no motion to be considered.

K. Contract with Board Attorney – Gordon Tans

Director Kalenka moved and Director Gimarc seconded the motion that the Board of Directors reconsider, review and approve the professional services contract amendment and task orders 2 and 3 with Perkins Coie, LLP (Gordon Tans) to provide legal advice to the Board. The Board Chair shall oversee the assignments and execution of legal tasks performed by counsel.

Director Lipscomb moved and Director Nordlund seconded to amend the motion that the word “Chair” be deleted. It would read the “Board” shall oversee the assignments and execution of legal tasks performed by counsel. Director Lipscomb and Nordlund voted yes for the amendment; Chair Vazquez, Directors Kalenka, Hill, Logan and Gimarc voting no. Motion for the amendment failed.

The main motion passed with Chair Vazquez, Director Kalenka, Hill, Logan and Gimarc voting yes; Directors Lipscomb and Nordlund voting no.

L. IT Security

Chair Vazquez stated there is no motion for this issue.

M. Natural Gas Negotiations

Moved to item XIII. *Chair Vazquez stated Legal Counsel is not available until after 9:00 p.m.*

N. Board Calendar *(Moved from Consent Agenda Item V.A.)*

- Chair Vazquez stated that there is a press conference scheduled for Friday, February 22, 2008, announcing the Memorandum of Understanding with Homer Electric Association. Everyone is invited at 11:00 a.m. in Anchorage.
- February 20, 2008, Chamber meeting in Kenai.
- February 19, 2008, Testimony on Senate Bill 246.

Director Kalenka moved and Director Logan seconded the motion to amend the Board Calendar. Chair Vazquez, Directors Kalenka, Nordlund, Gimarc, Logan and Hill voting yes; Director Lipscomb abstained.

- O. Credit Card Transition Plan** *(Moved from Consent Agenda Item V.G.)*
Director Kalenka moved and Director Logan seconded the motion that the Board of Directors approve the credit card transition plan. Chair Vazquez, Directors Kalenka, Gimarc, Hill, Nordlund and Logan voted yes; Director Lipscomb voted no. Motion passed.
- P. SNAP Program** *(Moved from Consent Agenda Item V.H.)*
Director Nordlund moved and Director Lipscomb seconded the motion that the Board of Directors recommend that staff and the Renewable Energy Committee investigate and evaluate Golden Valley Electric Association's SNAP Program and return to the Board of Directors with a recommendation. The motion passed unanimously.

XIII. EXECUTIVE SESSION

At 8:36 p.m., Director Kalenka moved and Director Gimarc 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) to discuss matters with its attorneys the immediate knowledge of which could have an adverse effect on the legal position of the cooperative. The topics to be discussed in this executive session are: 1) Gas Negotiations; and 2) Personnel and Contract Matter: William R. Stewart. The motion passed unanimously.

The Board took a 5 minute comfort break and went into executive session at 8:43 p.m.

XIV. NEW BUSINESS

- N. Personnel and Contract Matter: William R. Stewart**
Director Kalenka moved and Director Gimarc seconded the motion to give Mr. Daniels instructions as discussed in executive session pertaining to the Bill Stewart matter. The motion passed unanimously.

XII. DIRECTOR COMMENTS

Director Lipscomb: "I'm exhausted. Thank you."

Director Logan: "No comment. Good night."

Director Hill: "No, I want to, I think we should thank the Merger Committee with the Advisory Commission for their service and if we determine a sunset, then we send them our thanks for their work."

Director Nordlund: "No Comment."

Director Gimarc: I want to thank the members of the Election Committee for coming up with a pretty good document. This might be _____ (*unintelligible*)."

Director Kalenka: I would like to thank Brad, specifically for his diligent work in regard of the Cooperation and working together with Homer and Fairbanks in regard of the Memorandum of Understanding to form a uniform unified power producer and also in

regard of the joint generation. I think this is a truly a breakthrough that finally the utilities are beginning to work together and I am very grateful to Brad and every member on this Board that voted for it. Thank you.”

Chair Vazquez: “Like Director Kalenka, I am very thankful of management and Mr. Evans’ effort in getting together the memorandum of understanding for the Unified Power Provider in addition the memorandum of understanding with Homer and the diligence insuring that we could testify before the House Resource Committee on House Bill 336. It was really valuable to have this technical expertise there by my side when Committee Members had questions. I also appreciate the efforts that are actually ahead of me, on this one on Senate Bill 246, they have already been working with the Senate on reshaping that bill as we saw it from the beginning, in other words, to take out some of the superfluous language and structure there so; Ms. Owens, thank you for keeping us on track and keeping a million details. Thank you, bye-bye.”

XIV. ADJOURNMENT

Director Hill moved and Director Nordlund seconded the motion to adjourn. The meeting adjourned at 10:07 p.m.

Alex Gimarc, Secretary

Date Approved: March 19, 2008