

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

April 3, 2008

**SPECIAL BOARD OF DIRECTORS'
MEETING MINUTES**

The following board members were present:

Elizabeth, Vazquez – Chair
Uwe Kalenka – Vice Chairman
Alex Gimarc – Secretary
PJ Hill – Treasurer (*absent*)
Jim Nordlund – Director (*arrived at 4:23 p.m.*)
Jeff Lipscomb – Director
Rebecca Logan – Director (*via teleconference*)

The following employees, members, and guests attended:

Brad Evans	Tom Daniel	Jim Walker, MEA
Kathy Porterfield, KPMG	Scott Miller, KPMG	Jean Sauget
Suzanne Gibson	Ron Vecera	Connie Owens
Wayne Carmony, MEA	Judith Carmony, MEA	Phil Steyer
Theresa Kurka		

DeAnna Scott, Executive Assistant, recorded the meeting proceedings.

I. CONVENE MEETING

Chair Vazquez called the special meeting of the Board of Directors to order at 4:03 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 4:04 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 matters to be discussed are: 1) Personnel and Contract Matter – William R. Stewart and 2) Legislative Update. The motion passed unanimously.

The Board came out of Executive Session at 7:26 p.m.

IV. APPROVAL OF AGENDA

Director Kalenka moved and Director Lipscomb seconded the motion to amend the agenda to waive the three and seven day rule for New Business items C. Retention of Jahan Raizzi and D. Mike Murphy; item III B. Legislative Update moved to Item VII. Executive Session. The motion passed unanimously.

V. PERSONS TO BE HEARD

A. Wholesale Customer Comments
None.

B. Member Comments
None.

VI. NEW BUSINESS

A. Release of the Unredacted Version of the Blue Ribbon Panel Report
Director Kalenka moved and Director Gimarc seconded the motion to postpone action on this agenda item with it to appear on the April 8, 2008 Special Board meeting. The motion passed unanimously.

B. Personnel and Contract Matter – William R. Stewart
Chair Vazquez stated there was no formal motion to be made.

C. Retention of Jahan Raizzi
Director Kalenka moved and Director Gimarc seconded the motion that the Board of Directors retain Shartsis Friese, LLP to advise the Board as to the appropriate scope of the review authorized by the Board on March 19, 2008, and further direct Shartsis Friese, LLP to report to the Board on April 8 or such other time as the Board decides as to the recommended scope. The motion passed unanimously.

D. Retention of Mike Murphy
Director Kalenka moved and Director Gimarc seconded the motion that the Board of Directors engage the law firm of Severson & Werson, a professional corporation to review Chugach's insurance portfolio to determine what if any action should be taken with respect to notifying any potentially responsive insurance companies of the intended audit and the facts and circumstances giving rise to the audit/review. The motion passed with Chair Vazquez, Director Kalenka, Gimarc, Logan voting yes; Directors Nordlund and Lipscomb voting no.

Director Logan terminated her participation at 7:33 p.m.

VII. EXECUTIVE SESSION

At 7:33, 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 topic to be discussed in this executive session is: 1) Legislative Update. The motion passed unanimously.

Director Gimarc left at 8:10 p.m.

The Board came out of executive session at 8:20 p.m. and reconvened in opened session.

VIII. DIRECTORS COMMENTS

Director Nordlund: “No comments.”

Director Lipscomb: “No comments thank you, oh, oh, oh, I do have a quick comment if I may. I saw the CEO Report and I see we had two months, February also, second month in a row we had no accidents, no lost time accidents. My congratulations and encourage everyone to keep up the good work and safety first. Thank you Brad.”

Director Lipscomb departed at 8:24 p.m.

Director Kalenka: “Madam Chair I have several comments one, of course, we have delayed to the next meeting and which is the release of the Blue Ribbon Panel Report and in view of the advertising going on on television from the opposing side to which are spreading a lot of false information. I think it’s imperative that we will release an unredacted version of the Blue Ribbon Panel Report. Second thing is we also do need to release the black book and I urge to have that on the agenda at the next meeting so that can be released to the public to repudiate or refute a lot of the false accusations made. Another thing that is very strongly on my mind is to the retention schedule for the so called secret meetings that this Board supposedly have so those secret meetings will be public for everybody to be seen what has been said and done in executive sessions. And, the fourth thing I have is on the way over here I had on the radio KBYR channel 700 and the issue was discussed about Mr. Izzo. For the record, I believe the allegation on radio was Mr. Izzo basically has falsified his record and does not have a degree in anything from any accredited university. Unfortunately, I had to turn off and come to this meeting here but I was riveted to the radio listening to it. I think this does not look very well for us not to have the record completely checked out of a candidate while of the same token Counsel in house spent allegedly all day reviewing and checking the background of one of our members. So there seems to be double standard here internally and of course, externally, I’m sure Mr. Izzo would have to answer to the general public on his so called credentials. That’s all the comments I have Madam Chair.”

Chair Vazquez: “There some interesting ads that attacks the Board for conducting secret meetings as though we were conducting illegal meetings. The Alaska Statutes, this Board is entitled to hold executive sessions to consider sensitive issues such as certain financial matters, things dealing with the gas negotiations, personnel matters; The two Directors on our Board that has been associated with the Reliability Groups knows fully well why executive sessions are held. They also know full well that they have not objected to any of the executive sessions and Legal Counsel certainly has not rejected to any of the legal, to any of the executive session; the other accusation against the Board is that the redacted portions of the Blue Ribbon Panel pertain to privatization. Nothing in the redacted portion relates to privatization whatsoever; the two directors that have been associated with the Reliability Group certainly know that and certainly should convey it to that group. So, it is a

misstatement of fact. I am concerned about if there, if the allegation about Mr. Izzo is correct, I am concerned that he misrepresented, made a misrepresentation in his candidate statement that Chugach sent out. So I guess I would be looking into that further. But there was an extensive background search on one of the Directors presently sitting on this Board by someone in management and it's rather interesting that that was not requested by the Board nor sanctioned by the Board and we have another interesting situation where someone running for this, for Board seat has misrepresented a material fact in material sent out by this organization. So, we'll see, I will be looking further into this allegation about Mr. Izzo. There are interesting allegations, they all kind of deal with minor issues, they don't really speak to the major accomplishments of this Board. When I spent hours and hours preparing the two pages of the Board accomplishments, I certainly didn't say the majority Board or I didn't spell out the specific directors; I wanted that two page section on purpose was created to give the Board full credit for all of our accomplishments. As a group, we have made great strides; we have gone way beyond what any Board has done historically. I don't know if Director Nordlund appreciates that, I know Director Kalenka appreciates that, there's only Director Kalenka and Director Nordlund and myself present at this time, it is late it's 8:21; but I just want to note that the IBEW seems intent on being very nasty, very petty and losing sight on the big picture on this organization. It seems like they have no interest in the future and vision of this organization. They have no interest in furthering this organization. They seem to be very involved and interested in simply destroying people if they can. That's not appreciated and that's not really in the best interest of this organization. That's all I have to say."

Director Nordlund: "Madam Chair, under the circumstances, I would like to make some Director's Comments, if I could. In response to comments by both you, Madam Chair and Director Kalenka, I guess I'd like to say that first of all, I think it's inappropriate to bring what our campaign issues into the boardroom. I served in the Legislature for 7 years or 9 years either as a legislator or as a staffer and it involved in many bruising election campaigns in which Chugach campaign is no different and both either as a candidate or as a campaign manager, and you know, but always, when we got down to Juneau, when we went into session we sat on the floor of the House we didn't talk about campaign stuff. The campaign is one sphere and what goes on in the boardroom, or what goes on in the House or committee structure in the legislature is another sphere and if you want, I think it's not a good precedent in the boardroom to start engaging in issues that we can quibble about in terms of the campaign. Now, I feel inclined as a person in the sense who's on the other side of these issues to take issue with all of the things you brought up, I'm not going to do that but accept for one, at this point, since you lead me into this and that is Tony Izzo does in fact have a college degree. It's from a college he isn't necessarily proud of to have on his record, given his status right now, in fact, he has achieved as far as he has as CEO, and so, but he does in fact have a college degree and the way that information was arrived at was arrived at by an illegal search. So, I'm just going to let Tony defend himself on that; but, that's my information that he does have a college degree. So, but, if we start talking about the campaign in the boardroom it's going to, it's not a good sign it competes with what needs to be actually talked about for the good of the Association in the boardroom and we can go on and on and on about the things that Chugach Consumers says about us or what the Chugach Reliability says about you and there are exaggerations granted, there always are in campaigns there some inaccurately on your part saying what our candidates and what things

you've said about yourselves; so, I'll just leave it at that. I don't think it's a good precedent and should keep this out of the boardroom.

Chair Vazquez: "Director Kalenka"

Director Kalenka: "The comments that we have made are all in context the further the wall being of Chugach Electric as a whole. The informative comments that I made to release the Black Book, the Blue Ribbon Report and the retention schedule are strictly geared toward openness to the public and it needs to be done in order that we do not have misinformation by various organizations that purposefully distorts the record of this Board as a whole. Your part of this Board too. Furthermore, under Sox's we have certain obligations which some of the Board members have not been adhering too. In regard of Mr. Izzo, I just brought it up because I believe it is very important that the public knows what's going on. I have seen certain e-mails from your group disseminating my alleged, or not even alleged, but my actual record all over, which is nothing new, it has been disseminated years ago in the newspaper and quite frankly, I could care less. At least it's accurate. But Mr. Izzo you've said a college degree he has, he might have a college degree from an unaccredited institution, I don't know. I'm just relaying to you what I heard on the radio and it's Mr. Izzo that will have to defend his record and not have to me. It was just informative and I believe that if Chugach management gets into investigating the individual Board members then, of course, they should go and investigate all those people that apply and puts their resume in to become on the Board. Equally, that was my point. OK. What's right for one is right for all. So if they have not been doing it for on one, then, I mean, it's all or none. Ok, you cannot be selective here. And one of our sitting Board members be told that their record has been looked at all day long, to me was not appropriate or ...*(unintelligible)* and obviously in Mr. Izzo's case that has not been done because obviously there is an issue in the public now. I mean, I don't understand certain things for heaven sakes if I have a degree, why wouldn't I tell the world where I got it from and what it is? And if I have a GED, what difference does it make? Does that make, do I, from my perspective, intelligence is something that you don't learn. You either got it or you don't. You go to college to enhance that intelligence. So, a degree to me is not that important. There are plenty of people out there that made it a lot further in life than I did without a degree and I've got two of them, they are not good for nothing but they are hanging on my wall."

Chair Vazquez: "I think the main point is if there is thorough review of a Director's resume or background and on the other hand there aren't, there isn't a review of candidate statements, maybe there's an inconsistency there that ought to be addressed and maybe we ought to discuss that in executive session on April 8th which would be appropriate."

Director Kalenka: "By that time we should know more."

Chair Vazquez: "Yeah, well I mean, I don't know.....*unintelligible*. And with regard to allegations about, what's a campaign the fact that the Board has been accused of conducting illegal meetings, secret meetings, goes beyond campaign issues; it goes to this Board as far as I'm concerned."

Director Nordlund: "They are secret."

Chair Vazquez: "and they...but they are, but there's nothing wrong."

Director Kalenka: "Temporarily"

Chair Vazquez: "There has been no objection by you, Director Nordlund. You are not on the record for objecting to any of these executive sessions."

Director Nordlund: "I don't set the agenda Madam Chairman."

Chair Vazquez: "Huh?"

Director Nordlund: "I don't create the agenda."

Chair Vazquez: "But you have the right to vote when we go into executive session, there's a vote every time we go into executive session there is a vote."

Director Nordlund: "I'm not running."

Chair Vazquez: "Well, but you're entitled to vote against it and I'm just saying that the Board has consistently."

Director Nordlund: "I'm just saying that there are three people running for this office and I am not one of the candidates."

Chair Vazquez: "I know."

Director Nordlund: "That's their position, that's their campaign."

Chair Vazquez: "Yeah, no but I'm saying that you are associated with the Reliability Group."

Director Kalenka: "You are part of it."

Director Nordlund: "Yes, we all don't agree on everything."

Director Kalenka: "You are part of the organization."

Chair Vazquez: "Well you're identified as one of the Founders."

Director Nordlund: "Again, this is the conversation we should not be having in the boardroom."

Director Kalenka: "Well, I know..."

Chair Vazquez: "Well I think it is. This Board has conducted sessions in executive sessions and you have not objected to them."

Director Kalenka: "Well, we put a stop to that and... (*unintelligible*)"

Chair Vazquez: "...and neither to Director Lipscomb and the redacted version, if you please, refer to that report has nothing to do with privatization, if you look at the Blue Ribbon Panel."

Director Nordlund: "That's not what the commercial said."

Chair Vazquez: "No, it said the redacted portions relate to privatization."

Director Nordlund: "It didn't say that."

Director Kalenka: "Well, can you refresh in our memory what it specifically did say?"

Director Nordlund: "Yeah, I wrote it down. It says, blacked out sentences, what the exact quote, blacked out sections with a plan to privatize the utility."

Chair Vazquez: "...*unintelligible*...that is not what the Blue Ribbon Panel Report is about."

Director Nordlund: "Oh, yes it is, very much so. I tell you the most selling feature, the most interesting feature of that entire report is their recommendation that utility needs to be privatized."

Director Kalenka: "Well that is one..."

Director Nordlund: "and Uwe, your statement, your candidate statement you say that the Blue Ribbon Panel Report is a road map to the future and it is our mandate. So if you put two and two together, you have a report which is the most prominent feature of the entire report is to privatize the utility and you say that that's our mandate, what's a person going to conclude?"

Director Kalenka: "The Blue Ribbon Report as a whole is our mandate but there..."

Director Nordlund: “The person would conclude you are in favor of privatizing the utility.”

Director Kalenka: “But there are certain sections that we do not agree with.”

Director Nordlund: “You said, it’s a road map for the future and you would take that plan, that’s where we were going, that’s the mandate, and it says to privatize the utility.”

Director Kalenka: “Director Nordlund that’s very interesting to me that you make this statement when you sit in this room here in executive session and you know exactly where we’re going mainly a UPP, I mean it’s astonishing to me that you go on and...”

Director Nordlund: “UPP is not privatizing the utility.”

Director Kalenka: “That’s what I’m trying to tell you. So I am not in agreement with everything in that blue book, I’m not, I mean in that Blue Ribbon Report and I’m sure neither are you and I’m sure neither is Madam Chair.”

Director Nordlund: “I am not running.”

Chair Vazquez: “And that was...”

Director Kalenka: “Well, I’m just saying.”

Director Nordlund: ...*unintelligible*...

Chair Vazquez: “That was read at the press conference; that statement was made, Director Nordlund, that didn’t reflect necessarily the views of the Board; out of respect to the Blue Ribbon Panel we weren’t about to sit down and redact their opinions; we redacted because of pending litigation and sensitive gas negotiations.”

Director Nordlund: “Well, the fact of the matter is when it is all said and done, you had to send out a report with huge sections blacked out which was an embarrassment to us, it was an embarrassment to me and it just leads, it leads everybody who is going to read that report saying why, what in the world are they not telling us.”

Director Kalenka: “You know exactly why that was done because of the litigation with MEA and you know darn well the in the Blue Ribbon Report that it also said that cooperation with other utilities in which we are working together.”

Director Nordlund: “No.”

Director Kalenka: “It’s amazing how conveniently that is all forgotten.”

Director Nordlund: “No, the people on the Blue Ribbon Panel sign a confidentiality report, they should have know what they can and cannot say in...”

IX. ADJOURNMENT

Char Vazquez called the motion to adjourn at 8:39 p.m. The motion passed unanimously.

Alex Gimarc, Secretary

Date Approved: