

**CHUGACH ELECTRIC ASSOCIATION, INC.**  
**Anchorage, Alaska**

**May 16, 2007**

**BOARD OF DIRECTORS'**  
**MEETING MINUTES**

The following board members were present:

Elizabeth, Vazquez – Chair  
Uwe Kalenka – Vice Chairman  
Alex Gimarc - Secretary  
PJ Hill – Treasurer  
Alan Christopherson – Director  
Jim Nordlund – Director (arrived at 4:07 p.m.)  
Jeff Lipscomb – Director

The following employees, members, and guests attended:

Bill Stewart	Lee Thibert	Mike Cunningham
Brad Evans	Dianne Hillemeier	Connie Owens
Patti Bogan	Carol Johnson	Mary Tesch
Phil Steyer	Ron Vecera	Bill Bernier
Dan Knecht	Paul Risse	Ed Jenkin
Rick Freymiller	Brian Hickey	Paula Neas-Arnold
Jean Sauget	Dave Smith	Carol Heyman
Ken Thomas	Mark Fouts	Gina Armstrong
Margaret Hansell	Jim Posey (ML&P)	Jim Patras (HEA)
Crystal Enkvist (APA)	Dave Carey (HEA)	Debbie Debnam (HEA)
Mike Nugent (HEA)	Ruth Fitzpatrick (HEA)	Karyn Huffman (SOX)
Cheryl Lelin (SOX)	Jill Sheley (Semeron)	Tuckerman Babcock (MEA)
Susan Ely (MEA)	Ashley Schmiedeskamp (CIRI)	Bill Mede (Turner & Mede)
Randy Hobbs	Eric Uhde	Robin Smith
Eric McCallum	Randy Virgin	Julie Jessen
Jessica Cler	Fred H. Valdez	Trish Rolfe
Pat Lavin	Alan Baldivieso	Steve Helm

Jennifer McDonald, Legal Secretary, recorded meeting proceedings.

**I. CONVENE MEETING**

The regular meeting of the Board of Directors was called to order at 4:02 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**

None.

## **IV. APPROVAL OF AGENDA**

Director Kalenka moved and Director Gimarc seconded the motion to approve the Agenda. The motion to approve the Agenda passed with a vote of 6 to 1. Director Christopherson voted in opposition.

## **V. CONSENT AGENDA**

### **A. Board Calendar**

Director Lipscomb, NWPPA Trustee, stated he would be attending the NWPPA Annual meeting in Spokane and will be returning on Tuesday, May 22.

Chair Vazquez stated that the next JAA meeting is scheduled for June 12 at noon at the Frontier Building and everyone is welcome to attend.

Director Lipscomb asked if a joint meeting had been scheduled with MEA as some tentative dates had been provided. Chair Vazquez stated that she talked to MEA Director Jordan and he indicated that MEA would be “tied up this summer” and that MEA would prefer to schedule a joint meeting in the early fall.

Director Gimarc stated that one of the discussions from the Operations Committee meeting was to potentially combine the Finance and Operations Committee meetings and the calendar does not reflect that. Director Kalenka moved that the Finance and Operations Committee meetings be scheduled for the same day, which would be the last Wednesday of the month, and that the regular Board meeting be moved to the second Wednesday of the month with the new schedule to begin in July. Chair Vazquez stated that she wanted to consult with management to see if it would affect their preparation for the meetings. Director Nordlund stated that moving the Board meeting to the second Wednesday of the month would create a personal conflict as he has another commission that he is on which is scheduled for that day each month. Director Kalenka revised his motion to combine the Finance and Operations Committee meetings for the last Wednesday of the month and withdrew the second part of his motion to such time until the Board has time to consult with management. Director Gimarc seconded the motion. The motion passed unanimously.

Chair Vazquez stated that JAA meetings will now be posted on the calendar.

### **B. Minutes – 4/18/07**

Director Kalenka stated that on page 2 of 10 a correction needed to be made as the minutes state “[i]n addition, Director Kalenka noted that Agenda Item III, Motion

to Approve the Consent Agenda should state that Director Kalenka abstained . . .” Director Kalenka stated that that he voted “no” and that we do not have any abstentions as that is only for Congress under Robert’s Rules.

Director Kalenka stated that on page 4 of 10 it states that “Chair Lipscomb reported that Chugach and Golden Valley had a joint meeting on April 11, 2007. ML&P Commissioners and Lee Jordan and Jim Walker from MEA also attended.” Director Kalenka stated that there needs to be a clarification that they were not participating in the meeting – they were guests.

Director Kalenka stated that on page 5 of 10, second paragraph, there is a clerical error – the word “he” needs to be inserted between the words “that” and “went”.

Chair Vazquez stated that in light of those comments the minutes will be corrected and resubmitted at the next meeting.

### **C. Directors’ Expenses**

Director Kalenka moved and Director Lipscomb seconded the motion to approve the Consent Agenda. The motion to approve the Consent Agenda, as amended, passed unanimously.

## **VI. PERSONS TO BE HEARD**

### **A. Wholesale Customer Comments**

Dave Carey, President of Homer Electric Association’s Board, stated he was here with Directors Nugent, Fitzpatrick and Debnam. Mr. Carey welcomed the two new directors and stated that Homer Electric is a significant stake holder and a member of Chugach Electric. Mr. Carey stated that HEA continues to look forward to working on common projects and to keep each other informed particularly on ways that the utilities can help individual consumers.

### **B. Member Comments**

Eric Uhde, Chugach member from Bird Creek, voiced his support for the Fire Island Wind Project. Mr. Uhde stated that it is important that Chugach Electric keeps in tune with their members concerns. Mr. Uhde stated that wind power is a reliable power source, it uses no fossil fuels and the fuel is free. Mr. Uhde stated that with natural gas prices on the rise and probable federal carbon taxes in the future, wind power is really promising and Fire Island is also a project that Chugach members can get behind and also makes Chugach, the Chugach Board and the City of Anchorage look good.

Eric McCallum, Owner and President of Arctic Wire Rope, stated he and his company have been a customer of Chugach for the past 24 years. Mr. McCallum encouraged the Board to support the Fire Island Project. Mr. McCallum stated that Chugach needs to look into the Fire Island Project or net-metering as a

possibility or a SNAP program such as what Fairbanks is doing and stated that any of these ideas are forward thinking and an opportunity for Chugach to be leaders. Mr. McCallum stated that Chugach also has an opportunity to partner with businesses through rebates or some other incentive to assist with savings on lighting costs as Chugach nears its generation capacity. Mr. McCallum added that coal is just another form of cost externalization – that being the form of pollution and the people that pay that cost are in fact Chugach’s customers and owners and that seems highly ironic.

Randy Virgin, stated that he is not a Chugach ratepayer. *Chair Vazquez stated that he was welcome to submit his comments.* Mr. Virgin stated that he has lived in Anchorage for nearly 10 years and spoke in favor of the Fire Island Wind Project. Mr. Virgin stated that the project is about diversity of generation sources, it’s about having non-fuel generation in the mix and it is about creating expertise in our community for a growing industry. Mr. Virgin encouraged Chugach to make a formal commitment not to utilize any Railbelt Energy funding before Chugach sees a formal purchase price agreement from CIRI.

Robin Smith, Chugach member, stated that she was proud that Chugach was one of the leaders in Alaska working on renewable energy and stated that this setback really disappointed her. Ms. Smith stated that for Chugach to question the validity or necessity of renewable energy seems odd and untimely for Chugach to be backing out of this just when the legislature is considering approval of \$20 million and stated she hopes it is restricted to the Fire Island project because it would be a major step forward for Fire Island and would be a major benefit. Ms. Smith stated that in the long run, the wind farm will be comparable to any coal fired plant without the resulting environmental costs. Ms. Smith stated that we need an energy plan for the Railbelt and thinks that this needs to seriously be considered. She also stated that the utilities should be consolidated into one utility to cut administrative costs and all the utilities could be working together in one direction rather than fighting between each other. Ms. Smith stated that the world is moving towards renewable energy and Chugach needs to make a step in this direction.

Jessica Cler, Chugach member, stated that she supports the Fire Island Wind Project. Ms. Cler stated that wind energy is not only an opportunity to invest in a clean source of energy but it is not tied to fuel therefore isn’t subject to cost fluctuations. Ms. Cler stated it is a benefit to ratepayers and a chance for Chugach to build a renewable community which is a positive thing for Anchorage. Ms. Cler stated that it is an exciting opportunity and she supports it and encouraged the Board to as well.

Fred Valdez, Chugach member and member of the Renewable Energy Committee (REC), gave a brief report on the Renewable Energy Committee. Mr. Valdez stated that the REC members have briefly been going through an educational

process over the past 6 months to include information on Fire Island, geothermal, hydropower and tidal power. Mr. Valdez asked the Board to keep an open mind regarding renewable energy and to look at it in 3 parts – is it what the membership wants, is it economical and is it going to be a benefit for the membership as a whole. Mr. Valdez stated that Chugach is the leader in Alaska in power generation and is not tied to the grid and needs to think ahead and look forward.

Julie Jessen, Chugach member and member of the Renewable Energy Committee, reminded the Board of the resolution of November 1, 2006 in which the Board created the Renewable Energy Committee to provide input into the generation plan and to work with staff to create recommendations for a renewable energy portfolio and to support staff in developing information on the viability of renewable energy and opportunities for Chugach. Ms. Jessen requested that the Board give the REC time to allow them to fulfill their mission and to not discount or exclude opportunities. Ms. Jessen suggested the Board conduct a survey of the membership to see what their level of support is for renewable energy, Fire Island in particular.

Patricia Rolfe, Chugach member and Alaska representative for the Sierra Club, stated that she is here to show her personal and organization support for the Fire Island wind project. Ms. Rolfe stated that her organization has been involved in this project for seven years and the organization has looked at bird impacts. Ms. Rolfe stated that this is a chance for Chugach to move forward to look to the future and feels that with the probability of a future carbon tax, this is a way to benefit ratepayers in the future.

Pat Lavin, Chugach member, stated that he is voicing his support for Fire Island and renewable energy in general. Mr. Lavin stated that there is strong support from the membership and if there is any question about that he strongly encouraged the Board to conduct a survey to clear that up. Mr. Lavin stated that there is wide spread support for renewable energy not only in Alaska but all over the country and stated that many renewable options are economically viable. Mr. Lavin stated that Chugach should move towards renewables, if not Fire Island in particular. Mr. Lavin stated that the utilities could do a better job of educating their members regarding energy efficiencies and would like to see Chugach promoting energy efficiencies to the membership. Mr. Lavin stated that he attended an energy efficiency seminar today and picked up a free CFL bulb that was provided by Chugach and felt proud of that and stated that someone else commented that they were proud that Chugach was out in front in the way of renewables and would like to see Chugach continue to be the leader in that position.

Alan Baldivieso, Chugach member, voiced his support for the wind project.

## **VII. CEO REPORT**

- On May 8, Chugach received an additional \$1.6 million from FEMA as part of the reimbursement for the damage at Dynamite Slough. The total received is approximately \$3.2 million.
- On May 11 attended the JAA meeting which was held at the JAA headquarters in the Frontier Building. The attendees included Directors Hill and Vazquez from Chugach, Mr. Posey and Mr. Nogg from ML&P, Mr. Haagenson and Mr. Schikora (via telephone) from GVEA and Jenny Trieu from Ater Wynne. Topics discussed included Fire Island, policies on employee sharing, 501(c)(4) application and new members. The new members discussion centered on the possibility of Seward joining the JAA. Under New Business, there was discussion of having Mr. Marlow speak at the June 12 meeting and do a presentation of their plans for the Knik Arm Power Plant. Items also discussed included organizational issues, review of current projects and studies based on three things – potential of the joint dispatch center, joint generation facility and Fire Island.

### **1. 1<sup>st</sup> Quarter Safety Report**

Ken Thomas, Manager, Safety & Industrial Hygiene, gave a presentation of the 1<sup>st</sup> Quarter Safety Report.

### **2. Unclaimed Capital Credits briefing**

Ron Vecera, Director, Member Services, gave an overview of Chugach's process in distributing Unclaimed Capital Credits.

### **3. Benchmarking update**

Dave Smith, Director, Information Services, gave an overview of the presentation and stated there are five primary things facing Chugach in the next 10 to 12 years: (1) new generation options, (2) expiring of wholesale contracts in 2014, (3) rising fuel costs, (4) debt management and (5) aging workforce.

Jill Sheley, Business Consultant with Semeron, gave a presentation on the benchmarking efforts that have occurred or are currently underway and the results of the performance improvement projects. Ms. Sheley and staff answered questions from the Board.

Cheryl Lelin, CPA with DHK & Associates, gave an overview of the Sarbanes Oxley compliance work that Chugach is doing. Ms. Lelin and staff answered questions from the Board.

*The Board took a break at 5:40 p.m. and reconvened at 5:48 p.m.*

### **4. Generation Planning & Economics**

Mark Fouts, Manager, Corporate Planning & Analysis, gave a presentation on Generation Planning & Economics and answered questions from the Board.

**5. Legislative Update**

Jerry Reinwand, Chugach's Juneau-based lobbyist, and Phil Steyer, Director, Government Relations & Corporate Communications, gave an update on legislative activities in Juneau and answered questions from the Board.

**VIII. CORRESPONDENCE**

Chair Vazquez encouraged the Directors to review the correspondence.

**IX. DIRECTORS' REPORTS**

**A. Committee Reports**

Director Kalenka reported that the Operations Committee met on May 2, 2007 and items recommended to the Board for consideration and approval included a Management Audit, which has been renamed to be a Blue Ribbon Panel, appointing Alex Gimarc as a delegate to the JAA, recording executive sessions and preparing a retention schedule for the same, initiating the process to hire a Board Attorney, and initiating the process to hire a Labor Advisor. Other items were tabled such as the revision of the Board goals.

Chair Vazquez reported that the Finance Committee met on April 25, 2007 and items discussed included the March Unbundled Financials, 1<sup>st</sup> Quarter Budget Status Report, 1<sup>st</sup> Quarter Deferred Debits by Division, 1<sup>st</sup> Quarter Capital Tracking Report and the 2007-2008 Finance Committee Goals which will be discussed at the next Finance Committee.

Director Kalenka reported that the Renewable Energy Committee met on May 15, 2007 with approximately 20 attendees including three directors – Directors Hill, Nordlund and himself. Director Kalenka stated there was a good presentation regarding evaluation of Fire Island.

Chair Vazquez stated she would like the following item added to the next Operations Committee agenda: Memo dated May 16, 2007 from Phil Steyer to Bill Stewart regarding Cooper Lake/FERC.

**B. NRECA Report**

Director Kalenka reported that he attended the NRECA meeting in Washington, D.C. and encouraged the Board to attend future meetings, if possible. Director Kalenka stated that he visited with the Alaska Delegation – Senators Stevens, Murkowski, Congressman Don Young and the Governor's representative – Mr. Katz. Director Kalenka stated that Senator Stevens is very supportive of a large-scale hydro projects and expressed his interest in Susitna. Director Kalenka stated he asked Senator Stevens about the relicensing of Cooper Lake and Mr. Stevens' comment was – how come nobody ever brought this to our attention. Director Kalenka stated that Senator Stevens was unaware that the relicensing has cost millions of dollars to Chugach's ratepayers and asked Bill Stewart to prepare a

report to the Board as to why the Alaska Delegation was not included. *Bill Stewart, CEO, stated that a report has been prepared and Mr. Stewart distributed a copy to the Board.*

**C. Meeting Reports**

Director Kalenka reported that he attended MEA's Board meeting on May 14, 2007. Director Kalenka stated that there were about 30 people that provided comments relating to MEA's proposed coal generation and stated that all of them spoke on emotions and no one spoke specifically on the cost and scientific viability of MEA's proposed coal generation. Director Kalenka stated that it sounded like it was an orchestrated presentation by certain special interest groups which was very disappointing and it is his belief that it was not representative of the general membership of MEA. Director Kalenka stated that some of the testimony was very offensive to the Board and feels that MEA's Board is doing what Chugach's Board is doing and acting in good faith. Director Kalenka stated that when Chugach has presentations to that effect he will take into consideration that usually those presentations are by special interest groups and there is no scientific evidence that it is representative of the population.

**X. UNFINISHED BUSINESS**

None.

**XI. NEW BUSINESS**

**A. Bank Signature Card Update**

Director Kalenka moved and Director Hill seconded the motion that the Board of Directors approve the resolution to update the approved check signers and slate of officers based on actions taken at the Special Board meeting on April 27, 2007, immediately following the 2007 annual meeting. The motion passed unanimously.

**B. KPMG Engagement Letter**

Director Kalenka moved and Director Gimarc seconded the motion to approve acceptance of KPMG LLP engagement letter for audit services of Chugach financial statements as of December 31, 2007, as recommended by the Finance Committee at its April 25, 2007, meeting.

Chair Vazquez read the Discussion section from the Agenda Item Summary.

The motion passed unanimously.

**C. NWPPA Resolutions**

Director Lipscomb moved and Director Christopherson seconded the motion that the Board of Directors authorizes the Chugach delegate to the 2007 NWPPA Annual meeting to support the 2007 resolutions.

Director Kalenka offered a friendly amendment to add “Director Lipscomb” after the word “delegate”. Director Lipscomb accepted the amendment.

The motion, as amended, passed unanimously.

**D. JAA Delegate and Alternate**

Director Kalenka moved and Director Hill seconded the motion that the Board of Directors appoint Alex Gimarc as the delegate to the AREA Joint Action Agency Board of Directors and Bill Stewart as the alternate. The motion passed unanimously.

**E. Blue Ribbon Panel**

Director Kalenka moved and Director Gimarc seconded the motion that the Board of Directors authorize the appointment by board Chair Vazquez of up to five executives to constitute the Blue Ribbon Panel for Chugach Electric Association. Members of the Blue Ribbon Panel will sign professional service contracts and Chugach Electric confidentiality agreements. The Blue Ribbon Panel will work independently in separate facilities from Chugach Electric. An initial budget not to exceed \$80,000 is authorized for the Panel member fees, expenses, and temporary staff for the Panel. The Panel shall have full access to Chugach Electric managers and information it needs to fulfill its objectives. The Board Chair shall administer the budget and execution of the work of the Blue Ribbon Panel. The Chair shall report on progress to the full board each month. The Panel shall select one of their members as Chair with the concurrence of Chair Vazquez.

Director Kalenka read the paragraphs one through four of the Discussion section from the Agenda Item Summary.

Director Lipscomb spoke against the motion and stated that based on the benchmarking efforts of Chugach it shows that Chugach is competitive. Chugach is annually reviewed by three separate rating agencies; KPMG completes an annual independent audit; Chugach has an ongoing benchmarking effort and Chugach files 10Ks and 10Qs as a requirement of the bond covenants and asked why does Chugach need to spend more money on another view. The Chugach Board reviews all operations and finances of the Association in its three meetings a month and is the most knowledgeable and stated it would be derelict to delegate this review to an outside part-time panel with no electric utility experience. To delegate these members to the panel, approval of personal services contracts and the approval of confidentiality agreements to the Board Chair is an abdication of our duties and responsibilities as directors. The proposed budget is almost equal to the entire Board’s 2006 actual meeting fees and expenses.

Director Christopherson stated he is appalled at the arrogance of trying to take his responsibility as a director and hand those over to the Chair to make decisions that he was elected to make. The Chair does not have that authority. Asked who are

the Blue Ribbon Panel members – are they supporters of Chugach Consumers; what is their scope and what are their credentials. Stated the Rate Case documentation is key information – how can these people do anything meaningful as far as a review.

Director Nordlund stated he will be voting against this as well. Chugach is already taking on an examination of the company with benchmarking. Any concerns that the Board has should be brought through the benchmarking process. Additionally, Chugach is undergoing a Sarbanes Oxley review with people who are qualified to perform that review plus the Rate Case is an open examination of Chugach. There is a lot of analysis and investigation into the internal workings of the company. The companies that perform those services (benchmarking, Sarbanes Oxley, etc.) do this all the time and have procedures in place to perform a thorough analysis. The Board doesn't know who is going to guide this Blue Ribbon Panel and we don't even get a chance to approve the members of the panel. It's a half-baked proposal and a waste of time and money. Director Nordlund stated that he will be looking very closely at those appointed to this panel are members of Chugach Consumers.

Director Kalenka stated that there was a blurb in the Anchorage Daily News that Standard & Poors has downgraded the rating for Chugach, with 10 being the worst, from a 5 to a 6, so that means Chugach's financial situation according to Standard & Poors is deteriorating. Nobody has talked about the tremendous debt load that Chugach has. Director Kalenka stated that he would like to have a second set of eyes looking at the whole corporation to determine what Chugach can do better, if anything. This vote only establishes that there will be a Blue Ribbon Panel as when the members are appointed then the full Board will have an opportunity to vote them up or down.

Carol Johnson, General Counsel, stated that the motion does not provide that the appointments are subject to approval by the full Board.

Director Christopherson stated that the Board is going to hold both Directors Kalenka and Vazquez responsible for the comments they made about bankruptcy, which are totally untrue and unfounded, that caused the reduction in Standard & Poors rating. Stated that the two new Board members that had \$225,000 spent for their election should not vote on this – it would not be impartial.

Director Gimarc stated that if there are copies of the checks on money spent he sure would like to see it not just for the last election but the one before. Stated he thinks Chugach can do better as an organization.

Chair Vazquez stated that this panel is to conduct a high-level review. Stated the appointments will be based on experience and expertise.

Director Hill offered a friendly amendment that the appointments would be subject to the approval of the full Board. Director Kalenka accepted the friendly amendment.

The motion to accept the friendly amendment, offered by Director Hill and accepted by Director Kalenka, passed unanimously.

A vote on the original motion passed with a vote of 4 to 3 with Directors Lipscomb, Christopherson and Nordlund voting against the motion.

**F. Hire Board Attorney**

Director Kalenka moved and Director Gimarc seconded the motion that the Board of Directors hire an attorney to provide legal advice to the Board. The Board Chair is authorized to undertake the hire subject to final approval by the Board.

Directors Lipscomb, Christopherson and Nordlund spoke against the motion. Chair Vazquez and Director Kalenka spoke in favor of the motion.

Director Nordlund offered an amendment and Director Lipscomb seconded the amendment to revise the original motion to state that the Board of Directors hire an attorney on a case by case basis to provide legal advice to the Board when the advice of Corporate Counsel may be compromised due to her role as a subordinate to the CEO and her duty to advise the Board. The motion failed with a vote of 3 to 4 with Chair Vazquez and Directors Kalenka, Gimarc and Hill voting against the motion.

A vote on the original motion passed with a vote of 4 to 3 with Directors Lipscomb, Christopherson and Nordlund voting against the motion.

*The Board took a break at 7:41 p.m. and reconvened at 7:55 p.m.*

**G. Revision of Board Policy 128 - Confidentiality**

Director Kalenka moved and Director Gimarc seconded the motion to table this item until the next Regular Board or Special Board meeting. There will be a Special Board meeting on May 23 so this item will be tabled until then. The motion passed unanimously.

**H. Recording Executive Sessions**

Director Kalenka moved and Director Gimarc seconded the motion that the Board of Directors begin immediately to record all executive sessions of the Board meetings and Board committee meetings. Recordings shall be archived and treated in the same manner as other executive session materials are currently handled. The Operations Committee will develop a policy and procedure, and

retention schedule. The motion passed with a vote of 4 to 3 with Directors Lipscomb, Christopherson and Nordlund voting against the motion.

**I. Railbelt Energy Fund – Fire Island Wind Power**

Director Kalenka moved and Director Gimarc seconded the motion that the Board of Directors, a) continues to support appropriate and prudent investigation of wind power at Fire Island as well as other renewables with promise, and b) opposes earmarking Chugach Electric's share of the Railbelt Energy Fund solely for use at Fire Island. The motion passed unanimously.

**J. Hire Labor Advisor**

Director Kalenka moved and Director Gimarc seconded the motion that the Board of Directors hire a labor advisor to review the status of negotiations and other labor matters as needed. The Board Chair is authorized to undertake the hire subject to final approval by the Board. The motion passed with a vote of 4 to 3 with Directors Lipscomb, Christopherson and Nordlund voting against the motion.

**K. CEO 2007 Goals**

Director Gimarc moved and Director Kalenka seconded the motion that the CEO's 2007 Goals be returned to the Operations Committee for additional review and revision. The motion passed with a vote of 4 to 3 with Directors Lipscomb, Christopherson and Nordlund voting against the motion.

**XII. DIRECTORS' COMMENTS**

*Conducted after Agenda Item XIII.*

**Director Hill:** None.

**Director Lipscomb:** Thanked Bill for keeping the lights on and to pass on to the staff to work safely.

**Director Christopherson:** None.

**Director Nordlund:** Stated that tonight a number of resolutions were passed that were unnecessary and duplicative and will cost the Association more money. There was the appointment of a Blue Ribbon Panel at the cost of \$80,000 when there is already a benchmarking study plus the Sarbanes Oxley review going on; the hiring of an attorney for the Board when there is already an attorney to the organization as a whole; and the hiring of a Labor Advisor when the Board already has a Labor Advisor. All of this is unnecessary, duplicative and costly. The recording of the Executive session tonight, without having a policy or procedure in place, is a dangerous thing to do that potentially puts the Association at risk because the Board has not yet determined exactly how those tapes are going to be used or disposed of. He stated he is pleased that the Board reaffirmed support for Fire Island. There were members testifying in support of Fire Island. He stated in regards to Fire Island - there is a fundamental concern that sometimes the Board moves too quickly – is not judicious enough and sends confusing messages to the membership. There were two articles in the paper – one saying Chugach withdrew support from Fire Island and another article in the paper saying that Chugach

affirms support for Fire Island. That way of operating so quickly and precipitously sends confusing messages to the membership and makes the Board look badly. He stated there is another issue regarding the sending of confusing messages. One of the Board members was in Washington D.C. and met with Senator Murkowski. Senator Murkowski has been very supportive of renewables and very supportive of Fire Island and this Board member indicated to her staff, Chuck Kleeschulte, that Chugach had withdrawn its support for Fire Island. Chuck was very concerned and delivered the message to Senator Murkowski and she was alarmed to learn that the largest utility in the state was withdrawing its support from something that she cares strongly about. Then a week later the Board changed its mind. Particularly for people who are in leadership positions on this Board, they should be careful about what they say even when they might say they represent their own personal opinion. When you are in a leadership position you represent the entire Board and the Association. Let's be more careful how we approach things and not send Senator Murkowski out wondering what we stand for. He stated he hopes to continue to be an effective member on the Board but also doesn't want to be embarrassed by this Board. Stated he hopes the Board can continue to move forward with due care and caution and continue to work together for the Association.

**Director Gimarc:** None.

**Director Kalenka:** Stated that the meeting tonight was very productive. Doesn't look at this (hiring of a Blue Ribbon Panel, Board Attorney and Labor Advisor) as a cost but an investment in the future. In regards to Director Nordlund's comments to Fire Island – stated the Board achieved its objective to engage the community in the discussion rather than dangling carrots in front of them. Last night in the REC there were a lot of people unaware of a lot of facts. There were certain things that were not brought out into the open and they need to be discussed as open debate is always healthy and there needs to be sunshine rather than operating in a dark environment and trying not to disclose everything. Stated he believes everything needs to be disclosed. In regards to Washington D.C. – whatever was in the paper is public so there was nothing disclosed that was not public anyhow.

**Chair Vazquez:** Stated the Board today passed a motion to continue to support appropriate and prudent investigation of wind power at Fire Island as well as other renewables with promise. Stated it is important for the public to be involved and appreciated the comments made today. It is important that the Board inform the community of the facts: (1) Chugach does not have a power sales agreement and (2) Chugach does not own the land on which this project is going to be constructed – in fact, it is a project that is going to be constructed by CIRC Corporation and a private corporation from outside. The Board does not know how much they will be charging Chugach for the energy when and if they start selling it. To rush in is like someone saying I'm committing to buying from you but I don't know what the price is but that's okay – I'm committing to buying something from you – I don't know what the price. She stated she didn't think very few people, if anybody, would commit to buying something without knowing the price. She stated that the Board needs to inform the community of these things and needs to look at other options and proceed cautiously and with due care. Stated she and Director Kalenka have always said we ought to be proceeding with due care and caution and have wanted more light on the issues brought before the Board and

considered by the Board. She stated she is very hopeful that this process will start with the recording of Executive sessions and having some policies and procedures that will allow the release of these after a period of time. Nothing remains confidential forever and it should not. She stated the Board should not be adhering to its previous policy of allowing management to just submit paperwork in front of the Board at the last minute and ask the Board to make informed decisions and have that paperwork remain here when the Board does not have an opportunity to refresh their memories. Stated she does not have a photographic memory and doesn't appreciate being put on the spot. She stated she and Director Kalenka have continuously objected to the treatment of the Board in that manner. The previous Board decided to go along and decided that was the proper course of action. Tonight it is obvious that it probably will not happen. She thanked Bill for the presentations of staff. She stated there were two items that she did not see in her packet – a report from Bill regarding a meeting he had with the Governor two weeks ago. *Bill Stewart stated that the report was in the materials provided to the Board.* In addition, did not see the report from Mr. Steyer on the legislative conference in Washington D.C. *Bill Stewart stated that it was also provided to the Board.* Stated she wanted those reports sent to her electronically.

### **XIII. EXECUTIVE SESSION**

Director Kalenka moved 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 topics to be discussed in this executive session are: 1) Labor update, 2) CEO 2007 Goals and 3) Legislative. *There was no second recorded on Director Kalenka's motion.*

Director Christopherson brought up a point of order and stated that the Agenda has Directors' comments before the Executive session. Chair Vazquez stated that Directors' comments will be moved to after the Executive session.

Director Gimarc moved and Director Kalenka seconded the motion to move Agenda Item XII after Agenda Item XIII. The motion passed with a vote of 6 to 1 with Director Nordlund voting in opposition.

The motion to go into Executive session passed unanimously.

*Before going into Executive session the Board took a break at 8:32 p.m. and reconvened at 8:42 p.m.*

Chair Vazquez stated that pursuant to Article V. Section I of the Bylaws, there will be a Special meeting of the Board on Wednesday, May 23, 2007 at 6:00 p.m. in the Boardroom at Chugach Electric. The items to be considered by the Board at that meeting are Board Policy 128 – Confidentiality, the hiring of the Labor Advisor, the hiring of a Board Attorney and the Blue Ribbon Panel.

*The Board went back into Executive session at 8:44 p.m. and reconvened at 9:02 p.m.*

Director Kalenka moved and Director Gimarc seconded the motion that pursuant to Alaska Statute 10.25.175(c) (1) 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 topic to be discussed in this executive session is: Strategic Planning.

*The Board went back into Executive session at 9:04 p.m. and reconvened at 9:30 p.m.*

#### **XIV. ADJOURNMENT**

Director Kalenka moved and Director Hill seconded the motion to adjourn. The meeting adjourned at 9:41 p.m.

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/ss/  
Alex Gimarc, Secretary  
Date Approved: June 20, 2007