

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

**July 17, 2008**

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

The following board members were present:

Rebecca Logan – Chair  
Jim Nordlund – Vice Chairman  
Alex Gimarc – Secretary  
PJ Hill – Treasurer (*Absent*)  
Jeff Lipscomb – Director  
Janet Reiser – (*Absent*)  
Elizabeth Vazquez – Director (*arrived at 5:06 p.m.*)

The following employees, members, and guests attended:

Lee Thibert	Mike Cunningham	Jean Sauget
Phil Steyer	Connie Owens	Jim Posey, ML&P

DeAnna Scott, Executive Assistant, recorded the meeting proceedings.

**I. CONVENE MEETING**

Chair Logan called the special meeting of the Board of Directors to order at 4:10 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

**II. PLEDGE OF ALLEGIANCE**

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

**III. EXECUTIVE SESSION**

At 4:11 p.m., Director Nordlund moved and Director Lipscomb 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) Municipal Power Authority; 2) Participation Agreement on the South Central Alaska Power Project; and 3) Legislation – Special Session on Energy. The motion passed unanimously.

The Board meeting resumed in open session at 5:57 p.m.

#### **IV. APPROVAL OF AGENDA**

Director Nordlund requested changes to the Agenda adding Board Calendar and removing Agenda Items A, B, and C under New Business. Chair Logan moved and Director Lipscomb seconded the motion to approve the agenda as modified. The motion passed unanimously.

Director Lipscomb moved and Director Nordlund seconded the motion to waive the 7-day and 3-day rule in accordance with the Board Policy and Bylaw associated with adding the item Board Calendar to the Agenda. The motion passed unanimously.

Board Calendar:

Add:

July 11<sup>th</sup> - Assembly Work Session

July 20<sup>th</sup> – Energy in the Environment - Council of State Government of the West at the Captain Cook Hotel 2:00 to 5:00 p.m.

August 1<sup>st</sup> – Municipality Work Session on the Participation Agreement

September 9<sup>th</sup> - Public Testimony on the Municipality Power Authority Ordinance

Change: November 27<sup>th</sup> Board Meeting changed to November 18, 2008.

December 24<sup>th</sup> meeting changed to December 16, 2008.

#### **V. PERSONS TO BE HEARD**

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

None.

##### **B. Member Comments**

None.

#### **VI. NEW BUSINESS**

##### **A. Municipality Power Authority**

*Removed from the agenda.*

##### **B. Participation Agreement on the South Central Alaska Power Project**

*Removed from the agenda.*

##### **C. Legislation – Special Session on Energy**

*Removed from the agenda.*

#### **VII. EXECUTIVE SESSION - (None)**

#### **VIII. DIRECTOR COMMENTS**

Director Lipscomb: “No comment.”

Director Vazquez: “We had the Mayor issue a press release last Friday without the knowledge of this Board when two nights ago Fred Boness his right hand individual addressed this Board; I thought that we should have immediately issued our own press release and countered the impression that this was a done deal. I think that the press release contained a lot of

presumptions; I think that there are no formal agreements to do a lot of what's in that press agreement, not yet anyway, we may get there, it's not to say that we won't get there but I think it usurped the authority of this Board, it usurped the authority of the Assembly and in some ways it was quite dishonest. And I think, you know, that type of behavior needs to be addressed. I think this Board, if it doesn't take any appropriate action, it's going to get bulldozed by the Mayor and his campaign for the Senate. I think that was an action just geared for his campaign; it was inappropriate, unauthorized and I did get a call from him about ten days ago mentioning the fact that I would, he would consider appointing me to the Authority, should that ever be formed and I thanked him for considering me and told him quite bluntly that that would not affect my decision with regard to the issues; so, if I got that call wondering who around this table also got calls about promises or favors, whatever, consideration, I mean, you know, its not going to affect me but I don't know what other offers have been made to other people, so I'm just going to continue warning this Board that we are not to be... *intelligible...*line and we ought not get our authority usurped. *Chair Logan: Because you came late, one of the parts that you missed was the agreement that is being worked on, on how we're going to work moving forward and the communications protocol was set up in that even though, a little late it's there, better late then never so, that was handled well. And in regard to the whole issue on the press release, we felt that it was most important for Brad to get back here and respond to that with everybody internally so that people weren't shocked to hear that and my experience with press releases in the Daily News is that if it's anything that is not supportive of the current administration it doesn't get picked up. So, you know, you just have to make that decision.*" Director Vazquez: "Madam Chair, response, with all do respect, the bottom line is that we have done nothing n-o-t-h-i-n-g and that will only encourage the Mayor and the Assembly to have their way with this Board and with our rate payers and we have the duty to represent our rate payers. Just because the Mayor has his own agenda, the Assembly has their agenda, and other parties have their agenda, we have a duty to our rate payers and to be drug into something and to have materialist statements made to the press and to be heard on the radio and on TV it's inappropriate. Again, I am on record as opposing such lies such misrepresentation and such dishonesty and the usurpation of the authority of this Board. This Board has an obligation to its rate payers. Now, whatever deals people have with the Mayor is another issue, so, the bottom line is that we have done nothing to respond. It doesn't matter what the excuse is that...*Chair Logan: "There's no excuses and it's not fair to say that we have done nothing and there are many of us here that have been working on this all weekend long and with members of the Assembly...."* Director Vazquez: "They have had a previous agreement of communications when we worked with the Mayor, it is in print, no press release would be issued, it's in print, if you do your homework, it is in print, no party would issue a press release unless the other party authorized it and they have obviously violated that agreement and it's in writing."

**Director Gimarc:** "Madam Chair, I would like to echo what Director Vazquez just said in a very straight forward and forthright manner. I am concerned we are being dragged into a Senate campaign that we have no business being in. I believe we should have a meeting to respond to a press release. Would've, could've, should've, hind site is obviously the only the exact science. This is not the first time the Muni has done this. This was done early in the process and we got a very serious blow back from the Board because of it. In essence, the biggest part of the press release took credit for what this Board, ML&P, Homer, and Golden Valley did last December when we said that we are going to get together and start working

together. Took credit for what we've already done a mere seven or eight months ago. Just a reminder of what happened before might have been sufficient as to the other stuff, we will hash it out but we do need lay certain amount in defending our turf and I do hear the sound of the train coming down the track and I'd just assume not get steam rolled and I'll do whatever I can to make sure we don't. Thank you."

**Director Nordlund:** "I wasn't going to say anything but I guess comments to the previous comments, I'd just like to reiterate what I e-mailed everybody and I agree to some degree with Alex and Liz that when I walked in the Assembly work session and found that there was actually a press announcement that totally took me totally by surprise. I was irritated by, I know Director Logan was irritated by and Brad, we were all taken by surprise. And after that, I called the Mayor and told him that we were upset about that and he apologized. I think that in talking with Mr. Boness afterwards he characterized it in his own analysis as a litigation snafu. I think that the Assembly members including Chris Birch obviously at the meeting expressed his displeasure by being taken by surprise in that way as did, in talking with Pat Flynn after that meeting so I think frankly it was bungled in terms by the Municipality in terms of an actual announcement. The effect of it though, I think is, other than causing us to lose a little bit of confidence in our communications with the Mayor, the effect of it was to spread the article to the Daily News and the example was, I think it was an accurate trail of the actual situation in terms of our actual commitment that we are deciding, we haven't decided to move ahead with the new generation project and we are studying a restructuring and that no commitments have been made and I think that's where we stand in reality legally and that's what was basically said at the work session and that's what we reported in the press so, while it stung a little bit not to be, especially for our Board Chairman, not to be prepared in front of the Assembly to comment, not being given the courtesy of even being able to prepare a comment to the press. I think it was a bad situation but the effects of it in the long run, I think its really continental in terms of the actual legal restructuring we are going through with ML&P. So, I think we definitely need to keep an eye on our partners there and make sure they stay committed to this communications protocol that is laid out and march forward with this, ultimately this is the best thing for our members."

## **IX ADJOURNMENT**

Director Lipscomb moved and Director Nordlund seconded the motion to adjourn. The meeting adjourned at 6:16 p.m.

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Alex Gimarc, Secretary

Date Approved: August 27, 2008