

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

**July 30, 2008**

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

The following board members were present:

Rebecca Logan – Chair  
Jim Nordlund – Vice Chairman (arrived at 4:18 p.m.)  
Alex Gimarc – Secretary  
Jeff Lipscomb – Director  
Janet Reiser – Director  
Elizabeth Vazquez - Director

The following board members were absent:

PJ Hill – Treasurer

The following employees, members, and guests attended:

Brad Evans	Mike Cunningham	Lee Thibert
Paul Risse	Ed Jenkin	Ron Vecera
Tyler Andrews	Phil Steyer	Bill Bernier
Carol Johnson	Patti Bogan	Teresa Kurka
Connie Owens	Sherri McKay - Highers	Ken Thomas
Jean Sauget	Rick Freymiller	Chris O'Brien
Bruce Scott (MEA)	Jim Posey (ML&P)	Patricia Joyner
Quency Fahlgren	Diane Holmes	David Reeve
Gordon Tans (Perkins Coie)	Tom Daniel (Perkins Coie)	

Jennifer McDonald, Legal Secretary, recorded the meeting proceedings.

**I. CONVENE MEETING**

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

**III. EXECUTIVE SESSION**

None.

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

Director Lipscomb moved and Director Reiser seconded the motion to waive the requirements under Board Policy 113 – Procedures for Board of Director Meetings, II. Agenda. The motion passed unanimously. Director Nordlund was not present to vote.

Director Lipscomb moved and Director Gimarc seconded the motion to approve the Agenda dated July 29, 2008. The motion passed unanimously. Director Nordlund was not present to vote.

#### **V. CONSENT AGENDA**

##### **A. Board Calendar**

Added the Assembly Subcommittee on July 31, 2008, several work sessions with the Assembly, Board Workshop on September 3, 2008 and the November and December Board meetings were moved to accommodate the holidays.

##### **B. Minutes – June 11, 2008 and June 25, 2008**

##### **C. Directors' Expenses**

##### **D. Write-Off Accounts Receivable - Electric**

##### **E. Write-Off Accounts Receivable - Other**

##### **F. Approve NRECA Retirement Security Plan**

##### **G. Approve NRECA Voting Delegate & Alternative**

##### **H. Ratification of June 11, 2008 Special Board Meeting Revisions to Board Policy 128 (Confidentiality)**

Director Lipscomb moved and Director Reiser seconded the motion to approve the Consent Agenda. Director Lipscomb asked the Chair to go through the Board calendar. The motion to approve the Consent Agenda passed unanimously. Director Nordlund was not present to vote.

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

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

None.

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

Chair Logan stated that there was a member who wanted to speak but she was not present at the moment and the Board would go back to this item on the Agenda when she arrived to allow her to speak.

Director Lipscomb asked to move back to the Consent Agenda to Item V.C. as there were no Directors' Expenses to approve. Connie Owens, Executive Assistant II, stated that she was waiting for Director Nordlund to sign his expense report and then copies will be distributed to the Board for approval.

Director Gimarc moved and Director Vazquez seconded the motion to move Agenda Item V.C. Director Expenses to Agenda Item XI. C. New Business. The motion passed unanimously. Director Nordlund was not present to vote.

*Diane Holmes addressed the Board after Agenda Item VII.B.*

Diane Holmes, a Chugach member for 45 years, stated that Chugach needs to get serious about diversification as gas is over \$4.00 a barrel (gallon). Ms. Holmes stated she would like the Board to think about net metering and alternative energy such as wind power, solar and geothermal. Ms. Holmes stated she hopes the Board is not considering a large hydro project as it would be politically devastating and she does not recommend nuclear as there will be toxic waste that will need to be stored.

## **VII. CEO REPORT**

### **A. Tree Line USA Presentation**

Patricia Joyner, with Tree Line USA, presented an award to Chair Logan and Brad Evans, CEO, for Chugach's commitment to the requirements of Tree Line USA which include training staff and providing high quality tree care. In addition, Ms. Joyner commended Chugach's Utility Arborist, Chris O'Brien, for his professionalism and support.

### **B. Safety 2<sup>nd</sup> Quarter Update**

Ken Thomas, Manager, Safety & Industrial Hygiene, gave a presentation on the Safety 2<sup>nd</sup> Quarter update and answered questions from the Board.

*Chair Logan went back to Agenda Item VI.B. Member Comments to allow Diane Holmes to address the Board.*

*Director Nordlund arrived at 4:18 p.m.*

## **VIII. CORRESPONDENCE**

None.

## **IX. DIRECTOR REPORTS**

### **A. Committee Reports**

Director Reiser reported she was not at the last Renewable Energy Committee therefore had nothing to report.

### **B. APA Report**

Director Nordlund reported he had not attended an APA meeting since the last Chugach Board meeting therefore had nothing to report.

### **C. Meeting Reports**

Chair Logan reported she met with Dan Coffey about 10 days ago. He is chairing the Assembly subcommittee to deal with the Participation Agreement and the Municipal Authority and he and Chair Logan discussed how the two groups could work together. The first meeting for the groups is tomorrow afternoon from 1:30 to 3:30, which is a public meeting. Directors Vazquez, Nordlund and Chair

Logan make up the subcommittee for the Chugach Board. Chair Logan stated that she would not be able to attend the meeting but Directors Vazquez and Nordlund and Brad Evans would be there. Chair Logan encouraged those who were interested to attend.

Director Reiser reported that she attended the MEA special session held on Monday, July 28 and listened to the ML&P presentation. The watch words for that meeting were collaboration and cooperation. Director Reiser stated she thinks there is a lot of interest expressed by both ML&P and MEA about everyone working together statewide to meet Alaska's energy needs and thinks this is a good opportunity to work on that issue with them. Director Nordlund stated he would like a meeting scheduled to meet with the MEA Board.

**X. UNFINISHED BUSINESS**

None.

**XI. NEW BUSINESS**

**A. Approve 2008-2017 Financial Management Plan**

Director Lipscomb moved and Director Nordlund seconded the motion that the Board of Directors approve the 2008-2017 Financial Management Plan (FMP) as presented on the attached projected Statement of Operations, Balance Sheet, Summary of Financial Information and Ratios and Unbundled Financial Information and Ratios on pages 2 and 3 of this Agenda Item Summary.

Director Lipscomb noted that this would be a good item for discussion at the joint meeting with MEA.

The motion passed unanimously.

**B. Approve Participation and O&M Agreements – South Central Alaska Power Project**

Director Lipscomb moved and Director Reiser seconded the motion that the Board of Directors approve the attached resolution authorizing the Interim Chief Executive Officer to sign the South Central Alaska Power Project Participation Agreement and the Operation and Maintenance Agreement with ML&P as well as the Land Lease and to proceed with procurement of the gas turbines for the Project. The motion passed unanimously.

**C. Directors' Expenses**

*Moved from Agenda Item V.C. Consent Agenda*

The Board discussed the Board credit card expense report and decided that because of Sarbanes Oxley requirements, the Board will wait for Director Vazquez to turn in the remaining receipts before the Board approves the report. Director Vazquez was given ten days to provide the remaining receipts. The

expense report will be on the Agenda for approval at the next Board meeting scheduled for August 27, 2008.

Director Lipscomb moved and Director Nordlund seconded the motion to approve the Director Expense statements for July 2008. The motion passed unanimously.

## **XII. DIRECTOR COMMENTS**

**Director Lipscomb:** “Good to have you back Brad. Thank you for the safety update and I would encourage you and everybody to keep up the good work and keep safety as a primary focus.”

**Director Reiser:** “I second that, but I also – what I’m seeing and I wasn’t here during the time that the credit card issue was addressed but I’ve received several emails and probably more than some of you others being new and all and also some people talking to me in the street and they bring up some interesting points – and I wasn’t part of the conversation so I’m not trying to revisit that – I just want to be able to respond correctly when people have discussed with me so if I can get some sort of download of what all the pieces were – the piece that I’m particularly interested in is that non-discrimination – discrimination – does this really save money test. And I need to get some better education on that because people are asking me and like I said I wasn’t part of the original discussion. So, if there’s some way I can get that.” *Chair Logan:* “I think if you spend a little bit of time with Dave, probably, right? Or...Actually Teresa’s right back here and maybe she can help you with that too.” “Because there’s some very interesting comments that are worth noting and I want to understand the background.” *Chair Logan:* “There are and there’s some really interesting points that people have made that I figured that in the near term we address those issues.” “Further what I’d like to see is once we’re further down the road are we really saving money with this. A lot of the allegations are you’re not really going to save money because you’re not going to get paid and you’re going to be chasing down delinquent bills and what’s the trade off there and if we could somehow quantify that – that would be helpful to me as well.” *Chair Logan:* “Well I know Teresa’s group is monitoring that.” “I’ll just catch up with you then, thanks.” *Chair Logan:* “There are some really interesting points and arguments that people have brought up.” “Well thought out.” *Chair Logan:* “Yes they are.” *Director Vazquez:* “The bottom line is that about 25% of the membership pays by credit card and probably to get mileage or the convenience or whatever and the Association is subsidizing it annually to the tune of \$750,000. The thought of the Board is if an individual wants to use the convenience and the benefits of using a credit card then they ought to be responsible for paying the fee for using their credit card and not have non-credit card users subsidize them because there are other ways of paying that are not so costly and they gave us a table that ranges from about \$.36 per transaction from someone who sends in a check vs. over \$2.50 per credit card transaction. I think its maybe even over \$3.00 per transaction – I think it’s what \$2.83?” “Most of the comments I’m receiving are that’s it’s discriminatory, if you will, in nature of that and I think that’s something that I want to get my head around with the thinking was about that.” *Director Vazquez:* “In what ways was it discriminatory?” “That a cooperative is to spread all the costs equally and there are various costs associated with different things, different parts

of the business too that are not differentiated and this is differentiated and why is that – why is this different.” *Chair Logan:* “*And I think those are all things that you know I was thinking that you know after about a six-month period of doing this that we really take a hard look at the numbers and see and really really look at that. Because people have brought up some pretty good arguments and so we will look at that. I know that Teresa’s department is doing a very good job of handling that and working with that so if you spend a little bit of time with her and try and get the background on that – that would be good.*” “Okay.”

**Director Vazquez:** “When people use the word discriminatory I think its best to be very careful – I mean in the legal world it definitely has a definite meaning as to discriminatory against certain groups. And I would even argue that allowing our policy of individuals to use their credit card it has a disproportionate negative effect on those individuals no longer socio-economic status in our community because most of them will not use credit cards - they will use cash or other means of paying and don’t have access to credit cards especially one by Alaska Airlines or one that has good mileage plans. I would (*unintelligible*) discriminatory terms. I would argue that there’s a very good argument.” *Director Reiser:* “*I understand. Like Rebecca mentioned there are other discrimination – not the legal term of if but choosing one area over another that is a concern. And I just want to understand that better.*”

**Director Gimarc:** “Madam Chair, I’d like to congratulate both Chugach management and ML&P for arriving at an agreement for the South Central Alaska Power Project. Joint generation is in all our future whether we want to or not. This is the first of what we hope will be many additional steps. Thank you everybody involved. You’ve done good.”

**Director Nordlund:** “No comment.”

**Chair Logan:** “And I would just like to second what Director Gimarc said – especially with our staff here. The more time I spend working with each of you individuals – many of you are seated here in this room – I am amazed and impressed with how much time you spend on the details of making Chugach work and it’s – I know Paul that you spent a lot of time on those agreements and its very much appreciated so thank you very much. It’s a very big step forward.”

*The Board paused for a break at 4:40 p.m. and resumed the meeting at 4:55 p.m.*

### **XIII. EXECUTIVE SESSION**

Director Nordlund moved and Director Gimarc seconded the motion that pursuant to Alaska Statute 10.25.175(c) (1), (2) and (3) the Board go into executive session (1) to discuss matters the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative, (2) to discuss subjects that tend to prejudice the reputation and character of a person, however, the person may request a public discussion, and (3) 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) Update on the Legal and Personnel Matter regarding William R. Stewart; 2) Chief Executive Officer Goals and Job Description; and 3) CEO Contract Discussion. The motion passed unanimously.

The Board went into executive session at 4:57 p.m. and resumed in open session at 6:50 p.m.

**XIV. NEW BUSINESS *(continued)***

**D. Legal and Personnel Matter – William R. Stewart**

Director Nordlund moved and Director Gimarc seconded the motion that the Board of Directors authorize Mr. Tom Daniels (*sic*) to present the settlement offer to William Stewart as discussed in executive session. The motion passed unanimously.

**E. CEO Contract**

*No action taken.*

**XV. ADJOURNMENT**

Director Nordlund moved and Director Gimarc seconded the motion to adjourn. The meeting adjourned at 6:51 p.m.

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Alex Gimarc, Secretary

Date Approved: August 27, 2008