

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

**OPERATIONS COMMITTEE**  
**MEETING MINUTES**

**November 12, 2007**

Committee Members in Attendance: Elizabeth Vazquez, Chair  
Alex Gimarc  
Uwe Kalenka  
*Jim Nordlund (Excused Absent)*

Other Directors Present: *None*

Guests in Attendance: Parry Grover (Davis Wright Tremaine)  
Donald Edwards (Dorsey & Whitney)

Staff in Attendance:

Bill Stewart	Lee Thibert	Mike Cunningham	Connie Owens
Carol Johnson	Phil Steyer	Dave Smith	Suzanne Gibson
Burke Wick	Ed Jenkin	Carol Heyman	Brian Hickey
Ron Vecera	Jean Sauget	Patti Bogan	

Recording Secretary: Jennifer McDonald, Legal Secretary

**I. CONVENE MEETING**

Chair Vazquez convened the Operations Committee meeting at 4:06 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

**II. EXECUTIVE SESSION**

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 1) to discuss 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) Wage & Salary Plan (Non-Represented employees); 2) Operating Policy 016 – Use of Cooperative Vehicles; and 3) HERE Labor Negotiations Update. The motion passed unanimously.

The Committee went into executive session at 4:07 p.m. and it ended at 5:10 p.m. The Committee then took a break and reconvened the Operations Committee meeting in open session at 5:22 p.m.

**III. APPROVAL OF AGENDA**

Director Kalenka moved and Director Gimarc seconded the motion to approve the Agenda. Director Gimarc stated that two items were removed from Agenda Item XIX. Executive Session – Agenda Items XIX.b. Tiquin Negotiations and XIX.c. Gas Negotiations Update. The motion to approve the agenda, as amended, passed unanimously.

**IV. APPROVAL OF MINUTES**

*a. September 26, 2007*

Director Kalenka moved and Director Gimarc seconded the motion to approve the Operations Committee Meeting minutes of September 26, 2007. The motion passed unanimously.

**V. CUSTOMER COMMENTS**

*a. Wholesale Customer Comments*

None.

*b. Retail Customer Comments*

None.

**VI. Board Policy 113 – Revision to Allow TV Cameras and Still Photo Taking**

Director Kalenka moved and Director Gimarc seconded the motion that the Operations Committee recommend to the Chugach Board of Directors Board Policy 113 be revised as follows:

Delete: The following which is the second full paragraph on page 4 in section V titled “Conduct of Meetings” is deleted: “Use of cameras, either in or outside the Board meeting room, is prohibited during Board or Board Committee meetings except by photographers invited by the Presiding Officer to do so for Association business.”

Insert: The following paragraph is inserted in the place of the deleted paragraph above. “Photographs and videos may be taken during board meetings without advance permission as long as the activity does not disrupt the Board meeting or cause distraction. The Board chair shall have the authority to administer this provision including determination if an unacceptable disturbance is occurring. Usually, photographers and video takers will be expected to remain unobtrusively in the audience part of the Board room.”

The motion passed unanimously.

**VII. Wage and Salary Plan (Non-Represented Employees)**

Director Kalenka moved and Director Gimarc seconded the motion that the Operations Committee recommend to the Chugach Board of Directors the following for non-represented employees:

1. Approve a 3% retroactive cost of living increase effective January 1, 2006. This retroactive pay is to be paid on or by December 14, 2007.
2. Approve a 3% retroactive cost of living increase effective January 1, 2007. This retroactive pay is to be paid on or by January 18, 2008.
3. Maintain the current NRECA benefit package.
4. Suspend merit increases for non-represented employees for 2006 and 2007.

The Chief Executive Officer will inform the Board of Directors each time the retroactive pay is paid to employees.

The motion passed unanimously.

**VIII. Credit Card Payments Presentation**

Dave Smith, Vice President, Administration, and Phil Steyer, Director, Government & Corporate Communications, gave an update on the credit card payments and associated expenses matter as the result of an issue raised by Chair Vazquez regarding inconveniencing Chugach customers who do pay by credit card. Staff answered questions from the Committee.

Dave Smith stated that if the Committee wants the credit card fees eliminated then Chugach needs to go to a third-party processor or offer bill consolidators. Chugach has to advertise them on the website, and Chugach has to have a very good marketing campaign to transition this process. Mr. Smith stated that there will be public backlash from doing this.

Chair Vazquez stated that David Dittman of Dittman Research Corporation has been hired and could look at the public relations aspect when announcing this transition to the public.

**IX. Conservation Efforts – Status Report**

Carol Heyman, Director, Commercial Relations, gave a report updating Chugach's Conservation efforts relating to Chugach's Lighting Energy Efficiency Pledge (LEEP).

**X. Operating Policy 016 – Use of Association Vehicles**

Director Gimarc moved and Director Kalenka seconded the motion that the Operations Committee recommend to the Board of Directors that it authorize management to proceed to revise this policy as discussed in executive session. This policy needs to change as it presents unnecessary risk and liability to the Association. Management is to discuss this with the IBEW. The motion passed unanimously.

**XI. Director Training**

Chair Vazquez stated she needs to schedule some SOX training and will be sending an email to the Board regarding that and there also needs to be some financial training.

**XII. Chugach/ML&P Possible Reorganization – Freeze on Chugach New Hires and New Promotions**

Director Kalenka moved and Director Gimarc seconded the motion that the Operations Committee recommend to the Chugach Board of Directors' to direct the Chief Executive Officer (CEO) to institute an immediate personnel and hiring freeze. In addition, there shall be no change in status for any Association employees. The CEO may hire new personnel or change the status of a current employee, if the following conditions are met:

1. Board of Directors' is provided with written justification for the hire or change, including the cost to Chugach.
2. The Board of Directors' is notified at least 14 days in advance, and
3. The Board moves to approve the change or hire at a regular or special Board meeting.

In case an exception needs to be made, the CEO will provide the Board of Directors' with written justification via e-mail message, for the hire or change. The Board will then consider the change or hire at the next regular or special Board meeting.

The motion passed unanimously.

**XIII. David Dittman – Amendment to Contract**

Director Kalenka moved and Director Gimarc seconded the motion that the Operations Committee recommend to the Board of Directors' that the scope of work for Dittman Research & Communications Corporation be expanded to include advice on a communication strategy for issues surrounding the following:

1. Proposed reorganization/consolidation of Chugach and Municipal Light and Power, including any studies, and
2. The Blue Ribbon Panel and any report or communication they may issue.

The Board Chair shall administer the budget and execution of the work of the communications advisor. The Chair shall provide status reports to the Board.

Director Gimarc moved to offer a friendly amendment to add a third item – Review Credit Card Transition Plan. Director Kalenka seconded the amendment.

The motion to approve the amendment passed unanimously.

The motion to approve the main motion passed unanimously.

**XIV. Gordon Tans – Amendment to Contract**

Director Kalenka moved and Director Gimarc seconded the motion that the Operations Committee recommend to the Chugach Board of Directors' that the contract with Perkins Coie be revised to reflect that there will be attorneys and others with the Firm of Perkins Coie in addition to Gordon Tans that will be performing work whose billing rates exceed those of Mr. Tans but are not to exceed \$420 per hour. The Contract amount shall be increased to not exceed the amount of \$25,000. This motion will also expand the scope of work to include the review of existing and/or policies of the Association (Chugach) relating to records retention and records release. The motion passed unanimously.

**XV. Board Policy 119 - Contributions**

Director Kalenka moved and Director Gimarc seconded the motion to postpone Board Policy 119 – Contributions to the next Operations Committee meeting. The motion passed unanimously.

**XVI. Blue Ribbon Panel – Ratify Panel Expenses and Express Thanks**

Director Kalenka moved and Director Gimarc seconded the motion that the Operations Committee recommend to the Board of Directors' to ratify expense payments for the Chugach Electric Association Blue Ribbon Panel as follows: \$5,000 for Panelist honorariums, \$15,000 for UMS Group Inc. and \$60,000 for facilitator. The Board Chair shall send a letter of thanks on behalf of the Board and the Association for a job well done to each Panel member and Mr. Noll. The motion passed unanimously.

**XVII. Correspondence**

None.

**XVIII. Director Comments**

**Director Gimarc:** "I'd like to thank the Board and senior staff for the nice floral arrangement on the passing of my dad. It was very thoughtful and I do appreciate it. Second comment is this. Yesterday was Veteran's Day. I'd like to thank all the veterans past and present for their service to this great nation and for giving of their lives, their fortunes and their sacred heart and service. Thank you very much."

**Director Kalenka:** "Madam Chair, Director Gimarc already said it all, there's nothing for me to add. Thank you."

**Chair Vazquez:** "No comment."

**XIX. Executive Session**

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 1) to discuss 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) Labor Update (O&E Negotiations); 2) Chugach/ML&P Phase I Study; 3) Blue Ribbon Panel Update;

4) Premium Demand Charge; and 5) Strategic Planning. The motion passed unanimously.

The Committee took a break at 6:20 p.m. and went into executive session at 6:27 p.m.

The Committee resumed from executive session at 7:33 p.m.

**XX. Adjourn**

Director Kalenka moved and Director Gimarc seconded the motion to adjourn. The meeting adjourned at 7:33 p.m.

DRAFT