

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

March 20, 2002

**BOARD OF DIRECTORS’
MEETING MINUTES**

President Davison convened the regular meeting of the Board of Directors of Chugach Electric Association, Inc. at 4:03 p.m. on Wednesday, March 20, 2002, in the boardroom of Chugach Electric Association, Inc., 5601 Minnesota Drive, Anchorage, Alaska.

The following board members were present:

Bruce Davison – President
Red Boucher – Vice President (Arrived at 4:07 p.m.)
Jeff Lipscomb – Treasurer
Chris Birch – Secretary
Dave Cottrell – Director (Absent)
Pat Jasper – Director
Pat Kennedy – Director

The following employees, members, and guests attended:

Gina Armstrong	Joe Griffith	Jim Patras
Bill Bernier	Brian Hickey	Mike Pauley
Gene Bjornstad	Dianne Hillemeier	Bob Stewart
Patti Bogan	Carol Johnson	Bill Stewart
Gary Brooks	Lori Kirkendall	Katrina Storjohann
John Cooley	Ray Kreig	Lee Thibert
Mike Cunningham	Jean Lofton	Ken Thomas
Mary Duville	Sherri McKay	Ron Vecera
Don Edwards	Scott Milley	
Lee Ann Gerhart	Karen Oney	

President Davison led the Board and audience in the Pledge of Allegiance.

I. EXECUTIVE SESSION

None.

II. APPROVAL OF AGENDA

Director Lipscomb moved and Director Kennedy seconded the motion to approve the agenda as presented. Director Kennedy moved and Director Jasper seconded the motion to amend the agenda by deleting Item IX.B. and placing it on the April board meeting agenda. The motion passed unanimously. The motion to approve the agenda as amended passed unanimously.

III. APPROVAL OF CONSENT AGENDA

Director Kennedy moved and Director Jasper seconded the motion to approve the Consent Agenda.

A. Calendar of Events

March – June 2002

Add: April 1, 2002 – 4 p.m. – Operations Committee Meeting
April 3, 2001 – 4 p.m. – Operations Committee Meeting

B. Minutes - February 19, 2002

Changes: Under VII. C., heading “Operations Committee Meeting,” Director Lipscomb requested verification that the Operations Committee did indeed vote not to include on the ballot the elimination of the Member Advisory Council (MAC).

The motion to approve the Consent Agenda (with the exception of Director Lipscomb’s concern under VII.C.) passed unanimously.

IV. PERSONS TO BE HEARD

A. Wholesale Customer Comments

None.

B. Member Comments

Ray Kreig, a former Chugach Director and representing Chugach Consumers, came forward to address the Board. He began his comments by requesting additional time (beyond the normal two minutes) to make his presentation. President Davison agreed to give him “latitude” in that regard. Mr. Kreig said his presentation concerned the Finance Committee’s recommendation to accept the proposal from the IBEW for three-year labor contract extensions. Mr. Kreig stated that there were cost benefits to be gained if Chugach participated in full negotiations rather than accepting the IBEW’s first proposal. He showed a series of panels to the Board and audience; however, one panel was shown only to the Board. Questions were raised about the propriety of showing that document at the meeting. Carol Johnson, General Counsel, through the chair, asked Mr. Kreig about the source of the information contained on the panel and stated that the information and its source may be privileged and/or confidential. She also raised a similar concern about a prior panel and noted that there was a confidentiality agreement with a third party concerning that item. Director Boucher asked for clarification on whether it was a public board meeting and, therefore, whether information should be withheld from the audience. Ms. Johnson asked that Mr. Kreig put the panels aside and speak generically for the remainder of his presentation. President Davison concurred with that recommendation. Director Kennedy then made a motion to return to orders of the day and requested that no more speaking time be granted to Mr. Kreig. Director Jasper called for a point of order reiterating counsel’s request to put the panel aside as Mr. Kreig had not done so. Mr. Kreig then put the panel aside. A vote was taken on the motion for orders of the day, with the motion failing two to four (Directors Kennedy and Boucher in favor; Directors Lipscomb, Jasper, Birch and Davison opposed). Mr. Kreig continued with his presentation but

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was stopped by counsel when his reference to certain contract negotiation information verged on confidential matters. He concluded his presentation by stating that there is plenty of time to properly consider the labor contracts through full negotiations and thanked the Board for allowing him the extended time to speak.

Gary Brooks, Business Manager for the IBEW, also came forward to address the Board. He began his comments by requesting copies of documents used in Ray Kreig's presentation that are subsequently deemed non-confidential. He then stated that prior negotiations between Chugach and the IBEW took a lot of time and effort and resulted in three complete bargaining agreements that were built from "ground zero" with only nine issues requiring arbitration—one in the Outside Contract negotiations, two in the Generation Contract negotiations, and six in the Office and Engineering Contract negotiations. He said that realizing Chugach is transitioning to new leadership, the IBEW came forward on behalf of its employees to put a proposal on the table that is fair and responsible so that the new general manager could enjoy some period of stability before being faced with the daunting task of negotiating new labor contracts. He said he was disappointed that the Board decided to delay for another month the decision on the IBEW's contract proposal, but he urged the directors to spend the required time to get abreast of where Chugach falls in the marketplace and to understand and consider the "reality" of the IBEW's proposal. Mr. Brooks closed by requesting the opportunity to address the Board at the next board meeting if there are others who speak on the contract issue.

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V. GENERAL MANAGER'S REPORT

A. The following topics were included in the General Manager's report:

- December and January financials were presented by Mike Cunningham, Controller.
- Fuel and Purchase Power statistics were presented by John Cooley, Manager, Power Control.
- February safety statistics were presented by Ken Thomas, Manager, Safety and Health.
- A presentation on the Alaska Electrical Training School was presented by Bill Bernier, Director, Line Operations and Maintenance.

VI. CORRESPONDENCE

- A.** The Board received a copy of a letter that was sent to Pastor Davis (Chapel by the Sea) by Mike Massin, Director of Engineering Services, following up on the resolution of an easement issue. (On February 21, 2002, Pastor Davis, Jim Topolski, Manager, Land Services, Mike Massin, Director, Engineering Services, and a Municipal Planning Department official met and reached a compromise that was mutually acceptable.) Director Birch congratulated the Chugach group who participated in the resolution.

VII. DIRECTORS' REPORTS

A. President's Report

None.

B. MAC Report

None.

C. Committee Reports

Director Lipscomb reported on the March 12, 2000, Finance Committee meeting where they approved KPMG's auditor's report and recommended its approval to the Board.

President Davison gave brief reports on the March 18 and 19, 2002, Operations Committee meetings.

D. ARECA Report

None.

E. Meeting Reports

Director Jasper and Director Kennedy reported on the NRECA Annual Meeting held in Dallas, Texas, March 10-13, 2002.

VIII. UNFINISHED BUSINESS

None.

IX. NEW BUSINESS

A. 2001 Audit

Scott Milley, KPMG, gave a brief overview of his meeting with the Audit Committee on 2001 audit results. Director Kennedy moved and Director Boucher seconded the motion for the Board of Directors to accept the results of the 2001 audit as presented by KPMG LLC. The motion passed unanimously.

B. Collective Bargaining Unit Contract Extensions

(Voted to postponed until the April board meeting.)

C. Directors' Expenses

Director Kennedy moved and Director Birch seconded the motion to approve Directors' Expenses as submitted. The motion passed unanimously.

X. DIRECTORS' COMMENTS

Director Boucher – Wanted to go “on record” as objecting to the potential confidential information presented at today’s public board meeting and requested to go into executive session to further discuss the matter. President Davison advised Director Boucher to hold the motion until all directors’ comments were heard.

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Director Birch - Voiced his support for full disclosure of the documents presented in Mr. Kreig's presentation and requested a "reading by counsel" regarding the reason why working documents from agreements already negotiated could not be made public.

Director Jasper – Congratulated the staff on the positive results of the audit. She also expressed her concern about today's meeting proceedings and said she is anxious to go into executive session to discuss it further. She also said the NRECA meeting in March was informative and that Lee (Thibert's) presence was appreciated and made it a much nicer trip.

Director Kennedy – Expressed her concern about people serving on the Board and using confidential or privileged information to pursue their political agenda without consequences. She said there is nothing in Chugach's policies that states what will happen to former directors who disclose privileged information and she would like to see some lines drawn.

Director Lipscomb – Reading from a written statement, Director Lipscomb stated, "I recognize the high value and importance of our employees as well as our obligations to our employees. They are the people "on the line" who provide the power and the service that our members consistently rate as very satisfactory. My well-known concerns regarding our safety record at Chugach is related directly to my concern over the welfare of our employees. We are charged however, with balancing the priorities for safe, reliable, and low cost power for our members, many of whom are on low or fixed incomes. I welcome the proposal from the IBEW and the opportunity to discuss the issues important to our employees and our Association. The Board has been dealing with many pressing issues recently and I would appreciate the patience of our employees and their bargaining unit while I satisfy myself with the terms and conditions of our agreements."

Director Davison – Stated that there were many gray areas in today's meeting but did not feel anyone deliberately violated any confidential obligations or that anything was disclosed that should not have been. He also commended Carol Johnson for her guidance in keeping the meeting on track.

XI. EXECUTIVE SESSION

At 6:12 p.m., Director Boucher moved and Director Kennedy seconded the motion that pursuant to Alaska Statute 10.25.175 (c) (1) and (3), the Board go into Executive Session to discuss matters the immediate knowledge of which would clearly have an adverse affect on the finances of the Cooperative and to discuss matters with its attorneys the immediate knowledge of which could have an adverse affect on the legal position of the Cooperative. The motion passed unanimously.

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XII.

ADJOURNMENT

At 6:50 p.m., the Board reconvened from Executive Session. The motion to adjourn passed unanimously and the meeting was adjourned at 6:51 p.m.

Chris Birch, Secretary

Date Approved: *****

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