

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

OPERATIONS COMMITTEE
MEETING MINUTES

May 30, 2007

Committee Members in Attendance: Elizabeth Vazquez, Chair
Alex Gimarc
Uwe Kalenka
Jim Nordlund

Other Directors Present: PJ Hill
Alan Christopherson
Jeff Lipscomb

Guests in Attendance: Tuckerman Babcock (MEA)
Loralie Carter (MEA)
Jim Patras (HEA)
Karyn Huffman (SOX)
Robert Stewart (Davis Wright Tremaine)
Don Edwards (Dorsey & Whitney)
Gary Zipkin (Guess & Rudd)
Jamie Linxwiler (Guess & Rudd)
Matthew Cohen (Heller Ehrman)
Mike Hodsdon (IBEW)
Marc Marlow (Tiqun Energy)
Randy Hobbs (Tiqun Energy)
Randy Kaer (Tiqun Energy)

Staff in Attendance:

Bill Stewart	Lee Thibert	Mike Cunningham	Connie Owens
Dianne Hillemeier	Carol Johnson	Dan Knecht	Dustin Highers
Ed Jenkin	Ron Vecera	Burke Wick	Phil Steyer
Suzanne Gibson	Mary Tesch	Carol Heyman	Bill Bernier
Kevin Dunham	Anita Gomez	Greg Arthur	Jean Sauget
Margaret Hansell	Dave Reaves		

Recording Secretary: Jennifer McDonald, Legal Secretary

I. Call to Order

Chair Vazquez called the Operations Committee to order at 5:30 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

II. Approval of Agenda

Director Kalenka moved and Director Gimarc seconded the motion to approve the agenda. The motion passed unanimously.

III. Approval of Minutes

a. May 2, 2007

Director Kalenka moved and Director Gimarc seconded the motion to approve the minutes of May 2, 2007.

Director Gimarc stated that in Agenda Item V. his name was misspelled.

Director Lipscomb stated that in Agenda Item V. the 2007-2008 Operations Committee Goals were tabled to the next Operations Committee meeting and this tabled item was not on tonight's agenda. Chair Vazquez stated that this agenda item would be added to the Operations Committee meeting scheduled for June 27, 2007.

The motion to approve the minutes of May 2, 2007, as amended, passed unanimously.

IV. Customer Comments

- a. *Wholesale Customer Comments*
None.
- b. *Retail Customer Comments*
None.

V. Recording of Executive Sessions

Carol Johnson, General Counsel, stated that the proposed policy/procedure for Recording of Executive Sessions will be on the agenda for the June 27, 2007 Operations Committee meeting.

VI. CEO Goals for 2007

Director Kalenka stated that he would like to reiterate his statement that was stated in the Finance Committee meeting today which was held right before the Operations Committee meeting.

Chair Vazquez stated that this item would be considered at the next meeting. *Chair Vazquez did not specify which "next meeting", if it was the next regular Board meeting or the next Operations Committee meeting.*

VII. Board Policy 119

Mary Tesch, Vice President, Human Resources, gave a brief overview of the history of creation of Board Policy 119, Contributions and the Contributions Committee and CEO involvement in determining contribution recipients and the amounts of the contributions. Ms. Tesch and staff answered questions from the Operations Committee members.

After discussion by the Committee about alternative sources and uses for such contributions and comments by staff and legal counsel about the need to research these issues, Chair Vazquez requested a proposed revised policy be presented at the next Operations Committee meeting scheduled for June 27, 2007.

VIII. Cost Calculations (per-member) for Outside Bargaining Agreement

Lee Thibert, Chief of Staff and Senior Vice President Power Delivery, gave a brief overview of the Cost Calculations for the Outside Bargaining Agreement and answered questions from the Committee.

Chair Vazquez added this item to the June 27 Operations Committee Agenda to be discussed in Executive Session. Director Gimarc asked for a breakdown of the specifics of the work rule savings.

IX. Cooper Lake Relicensing – Legislative Information

Phil Steyer, Director, Government Relations & Corporate Communications, stated there was a written report regarding background information on Cooper Lake Relicensing which was provided to the Committee. Mr. Steyer and staff answered questions from the Committee.

X. Legislative Update

Phil Steyer, Director, Government Relations & Corporate Communications, gave an update on Legislative activities and answered questions from the Committee.

XI. Board Policy 125 – Indemnification of Directors, Officers, Employees & Agents

Director Kalenka moved and Director Gimarc seconded the motion that the new Board attorneys hired by the Board of Directors review Board Policy 125 and submit to the Board comments and recommendations to ensure compliance with the law, minimize liability to the Board of Directors and the Chief Executive Officer and generally improve this policy. The Association’s General Counsel and Davis Wright Tremaine, LLP are directed to provide new counsel for the Board full cooperation and access to whatever files or information they have in their possession regarding the history, drafting and implementation of, and claims accepted and denied under, Board Policy 125.

Director Lipscomb stated that he would like to discuss this issue in Executive session which is scheduled for the Special Board meeting which immediately follows the Operations Committee meeting.

Chair Vazquez called the motion. The motion passed with a vote of 3 to 1 with Director Nordlund voting in opposition.

XII. Board Policy 106 – Delegations of Authority from the Board of Directors to the Chief Executive Officer

Director Kalenka moved and Director Gimarc seconded the motion that the Operations Committee recommend to the board that the Board of Directors hereby withdraws any express or implied delegation of authority to the CEO, under Board Policy 106 or otherwise, to initiate lawsuits in the name of the Association without the prior approval by motion or resolution of the Board of Directors; and that Section II(C)(1) of Board Policy 106 is hereby amended to include a new subsection (h) to read, in its entirety, as follows:

- h. To monitor and report to the Board of Directors on the Association’s legal matters, to communicate with the Association’s legal counsel, and to initiate only such lawsuits, counterclaims, cross-claims, formal or informal complaints at the Regulatory Commission of Alaska (“RCA”) or the Federal Energy Regulatory Commission (“FERC”), rate cases, and any other formal claims or litigation of any kind before any court, the RCA, the FERC, or any other local, state, or federal court, agency, or tribunal, as are expressly authorized by formal motion or resolution of the Board of Directors.

Also move that Section II(B)(8) of Board Policy 106 is hereby amended to read, in its entirety, as follows:

8. Consultants

To select and retain consultants, other than the legal firm(s) representing the Association and the firm performing the independent financial audit. The selection and retention of the legal firm(s) representing the Association and the firm performing the independent financial audit shall be made by formal motion or resolution of the Board of Directors. The selection of any other consultants working in areas which affect the functions of the Board of Directors requires the prior approval by motion or resolution of the Board of Directors.

Carol Johnson, General Counsel, stated that she prepared a privileged memo for the Board which may address some of the Board’s concerns and also a proposed revised red-lined version of Board Policy 106. Ms. Johnson stated that this memo would need to be discussed in Executive session.

At 6:35 Chair Vazquez called a 2 minute recess. The meeting reconvened at 6:36 p.m.

Chair Vazquez asked that this policy be added to the agenda for the next two meetings. *Chair Vazquez did not specify which “next two meetings”.*

After Chair Vazquez attempted to call the motion, Director Nordlund again expressed his concerns regarding language in the proposed policy revisions. Director Nordlund read a sentence from

Ms. Johnson's memo stating that under this proposed policy we could bring material harm to the Association that could imperil Chugach's ability to enforce its right or defend itself if prompt action is not taken.

Chair Vazquez stated that the motion will be voted on after Executive session.

XIII. Directors' Comments

Director Hill: None.

Director Lipscomb: None.

Director Christopherson: None.

Director Nordlund: None.

Director Gimarc: None.

Director Kalenka: None.

Chair Vazquez: None.

XIV. Executive Session

Director Kalenka moved and Director Gimarc seconded the motion that pursuant to Alaska statute 10.25.175(c)(1), and (3) the Committee 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) Bernice Lake Emissions Testing and 2) Board Policies 106 and 125.

The Committee went into executive session at 6:42 p.m. and reconvened at 7:46 p.m.

Director Gimarc offered a friendly amendment to the motion under Agenda Item XII. Board Policy 106 that Board counsel and Chugach counsel review the recommended modifications and revise as necessary. The revised policy is to be on the agenda ready for approval for the June 20, 2007 Board meeting. Director Kalenka accepted the friendly amendment. The motion passed unanimously.

XV. Adjourn

Director Kalenka moved and Director Lipscomb seconded the motion to adjourn. The meeting adjourned at 7:47 p.m.