

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

**April 16, 2008**

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

The following board members were present:

Elizabeth, Vazquez – Chair  
Uwe Kalenka – Vice Chairman  
Alex Gimarc – Secretary  
PJ Hill – Treasurer  
Jim Nordlund – Director (arrived at 4:17 p.m.)  
Jeff Lipscomb – Director  
Rebecca Logan - Director

The following employees, members, and guests attended:

Bradley Evans	Ed Jenkin	Jean Sauget
Tyler Andrew	Carol Johnson	David Smith
Bill Bernier	Marilyn Leland, APA	Gordon Tans, Perkins Coie
Lorali Carter, MEA	Bill Mede, Turner & Mede	Ken Thomas
Tom Daniel, Perkins Coie	Connie Owens	Ron Vecera
Dora Gropp	Jim Posey, ML&P	Burke Wick
Carol Heyman	Paul Risse	

DeAnna Scott, Executive Assistant, recorded the meeting proceedings.

**I. CONVENE MEETING**

Chair Vazquez called the regular meeting of the Board of Directors to order at 4:03 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

**II. PLEDGE OF ALLEGIANCE**

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

**III. EXECUTIVE SESSION**

At 4:04 p.m., 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) Update on Audit Review Approved by the Board of Directors March 19, 2008; 2) Update on Personnel and Contract Matter –

William R. Stewart; 3) Update on Legislative Issues; 4) Black Book and Supporting Documents; and 5) Records Retention Policy. The motion passed unanimously.

*Director Logan departed at 6:04 p.m.*

*The Board resumed in open session at 7:05 p.m.*

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

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

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

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

- May 7, 2008 – Audit, Finance and Operations Committee meetings were moved to April 30, 2008.

##### **B. Minutes – March 19, 2008; April 3, 2008; April 8, 2008**

Director Lipscomb requested to modify the April 8, 2008, Special Board Meeting minutes. During the discussion of the Code of Ethics Policy, he stated he supported the policy and in accordance with Robert's Rules he wanted to change his vote on the policy to a yea and have the minutes reflect that change.

Director Hill moved and Director Nordlund seconded the motion that Director Lipscomb be allowed to change his vote to a yea.

*The Board delayed action on this motion and continued to agenda item VI.A. Persons to be Heard.*

*Carol Johnson, Legal Counsel read from Roberts Rules of Order and stated: "Under Roberts Rules changing ones vote a member has a right to change his vote up to the time the result is announced. After that, he could make a change only by the unanimous consent of the assembly granted without debate."*

Chair Vazquez called the question with Directors Hill, Lipscomb, Logan and Gimarc voting yes and Chair Vazquez and Kalenka voting no. Motion failed.

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

*The Consent Agenda was approved after agenda item IX. A.*

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

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

None.

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

None.

## VII. CEO REPORT

- Ken Thomas, Manager Safety & Industrial Hygiene presented to the Board the 1<sup>st</sup> Quarter Safety Report.
- Ed Jenkin, Acting Sr. V.P., Power Delivery provided to the Board an update on the 138 kV line on Elmore Road.

*Director Gimarc left at the room at 7:25 p.m.*

*The Board returned to agenda item V.B.*

*Director Logan rejoined the meeting at 7:27 p.m. telephonically.*

*Director Gimarc returned to the meeting at 7:29 p.m.*

## VIII. CORRESPONDENCE

### IX. UNFINISHED BUSINESS

#### A. **Beluga Unit 8 Major Overhaul**

Director Gimarc moved and Director Kalenka seconded the motion that the Board of Directors authorize the project expenditures for the Beluga Unit 8 Major Overhaul with an estimated cost of \$2,803,609 and an estimated completion date of September 1, 2008. Motion passed unanimously.

*Carol Johnson, Legal Counsel, brought to the attention of the Chair that the Board did not approve the minutes. The meeting minutes were approved in the Consent Agenda with no objections.*

#### B. **Board Policy 129 – Employee Complaint and Anti-Retaliation Policy (Whistleblower Policy)**

Director Hill moved and Director Lipscomb seconded the motion that the Board of Directors approve Board Policy 129 – Employee Complaint and Anti-Retaliation Policy as attached. Motion passed unanimously.

#### C. **Release of Blue Ribbon Panel Report with Revised Redactions**

Director Nordlund moved and Director Kalenka seconded the motion that it is in the best interests of the Association to release the Blue Ribbon Panel Report, with certain redactions removed and others that remain, as recommended by the CEO and as approved for recommendation to the full Board by the Finance Committee at its April 8, 2008 meeting, to the general membership. The portions that remain redacted concern financial matters and on-going negotiations. Method of release will be via a notice posted on the Chugach Electric Association web site and posting of the Report, with the revisions to the redactions, on Chugach's web site.

*Director Logan disconnected at 7:34 p.m.*

The motion passed unanimously.

**D. Black Book and Supporting Documents** (*Considered after Item IX. E.*)

Director Gimarc moved and Director Kalenka seconded the motion that the Board of Directors approve the motion to release the following information related to previous collective bargaining efforts.

1. Management will prepare a summary of the Black Book and related labor negotiation data for the next Board meeting.
2. The Board will declassify and release to Mr. Ray Kreig the Three Chugach Consumer documents minus pages numbered 85 and 86 for their use. Chugach Consumers/Mr. Kreig is responsible for gaining appropriate permissions for release of UBS [sic] data. The Board Secretary will prepare and sign a transmittal letter upon Board approval.
3. Management will prepare a document of a process for continual release of confidential labor-related information to the general public. This procedure will be presented to the Board for approval.

Chair Vazquez called for the vote with Chair Vazquez, Director Logan, Hill, Gimarc and Kalenka voting yes; Directors Lipscomb and Nordlund voting no. Motion passed.

**E. Records Retention Policy – Revision s to Board Policy 128, Confidentiality**

Director Nordlund moved and Director Lipscomb seconded the motion that the Chugach Board of Directors approve the revised as attached, eliminate the review and release of the records of the Executive Session Recordings and associated documents, Section 2, E, 1-A. Director Lipscomb, Nordlund, and Hill voting yes. Chair Vazquez, Directors Kalenka, Gimarc, and Logan voting no. Motion failed.

Director Gimarc moved and Director Kalenka seconded the motion that the Board of Directors approve the revised Board Policy 128 as attached and revised. The Board directs Management to conduct a six month review and release process for Executive Session recordings. The Board will revisit the process and procedures not later in the Operations Committee meeting in October 2008 and recommend further action. Chair Vazquez, Director Kalenka and Gimarc\* voting yes; Directors Logan, Hill, Nordlund and Lipscomb voting no. Motion failed.

Director Gimarc stated he would like to reconsider this at the next board meeting.

*\*Director Gimarc requested a correction to the April 16, 2008, meeting minutes at the June 25, 2008, Regular Board Meeting stating that he voted "no" on this motion. His vote was recorded as a "yes" vote by the Recording Secretary.*

**X. NEW BUSINESS**

None.

*Director Logan terminated phone participation at 7:58 p.m.*

## **XI. EXECUTIVE SESSION**

At 7:58 p.m., Director Gimarc moved and Director Kalenka 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 topic to be discussed in this executive session is: 1) ML&P/Chugach Panel Meeting. The motion passed with Chair Vazquez, Directors Kalenka, Gimarc, Hill, and Nordlund voting yes, Director Lipscomb voted no. Motion passed.

*The Board resumed in open session at 8:46 p.m.*

## **XIII. DIRECTOR COMMENTS**

**Director Lipscomb:** “My compliments and appreciation to Brad and our employees for working safely. There is no higher satisfaction for me than to know the lights are on and our employees are safe on the job. With regards to the release of the Blue Ribbon Panel Report, both Chugach Electric and the RCA have stated the report is of little value as it is unsubstantiated and conclusory only. The RCA noted it was authored by people whose expertise is not established. I’m embarrassed the Association spent over \$100,000 on a report of no value. I feel it is a shame the careless assembly of a Report of no value has already resulted in the release of certain confidential strategic planning and negotiation strategies. On the release of certain labor related confidential information, the release of information prepared to support the prior labor negotiations will undermine Chugach’s position in future negotiations. To have all of Chugach’s bargaining potential options revealed, will handicap Chugach in achieving successful lowest cost contracts. I believe, this will add to the duration, cost and risk associated with the bargaining. Lastly, another thank you to Brad and all employees for their dedication, perseverance, and hard work during a tumultuous year. Thank you and the Northwest Public Power Association 68<sup>th</sup> Conference Membership meeting is May 18<sup>th</sup>-22<sup>nd</sup> here in Anchorage. I would encourage all of the Directors to sign up and attend. Thank you.”

**Director Hill:** “First off, I would like to commend Brad and our legislative people for not joining in on the dog fight and embarrassing ourselves on this Railbelt Energy Fund and, while he’s not here, Tyler Andrews gave a great presentation on the labor and negotiations and stuff, so and it’s before 9 o’clock.”

**Director Nordlund:** “No comments.”

**Director Gimarc:** “No comments.”

**Director Kalenka:** “No comments Madam Chair.”

**Chair Vazquez:** “First of all I want to thank Mr. Evans for doing wonderful job this past Monday, April 14<sup>th</sup> at the Loussac Library when the Advisory Committee or Advisory Panel on the Navigant study met to consider the 60 day report; it was obviously Mr. Evans was very well prepared; He spoke eloquently and we noticed he’s been working hard and its appreciated by the Board and everyone in the Association. Second of all, thanks Ms. Owens for keeping us always on track and keeping track of all the paperwork

she needs to keep track and making sure the packets go out, etc., etc., etc., thank you and thank Divina on behalf of us and thank you for that safety report and thank you, thank you, thank you for that presentation that Mr. Andrews provided for the Board. It was such a presentation and should have been done a year ago, I mean, but I have a saying, better late than never and I think that we need to continuously communicate with management about these issues; we need to communicate with our employees with regard to these issues, and we need to communicate with our member owners about these issues. Mr. Brad, Mr. Evans per your suggestion in the last executive session, we look forward to that presentation of yours on the different scenarios we will be considering on a strategic level and do appreciate the fact that you do work very well with the Board. We really appreciate that. There really seems to be open communication with you and honest communication. If you say A there is not reason to believe that you mean B or C or D or E. It's always from what we know and have experienced to date it's always been "A" and if you do not like something, you have the confidence to tell us that you do not like something instead of hearing it through a third person. We appreciate your candor, your honesty, your ethics, your moral compass and your hard work and I have to extend that to your senior management too, so please pass on the compliment. I'm sorry they're not here but it does get late for us and we have business to conduct and I am very proud of this Board. I know we have disagreements and we have our little duel fights once in a while or fencing postures sometimes but overall I am very proud of the how we've accomplish things and there are times when we have unanimous votes and consensus. I know one night several weeks ago I, may have been two or three months ago, I looked around the room, I'm using this as an example, I looked around and we were in executive session I said there is a consensus. The consensus is we need to have renewable resources and I could see Director Nordlund kind of had that moment of character and that same realization; I mean, I know we have our differences in opinion but I think we have a lot of common ground and there've been a lot of times where we are voting unanimously. I don't think we are going to have group think. Group think is that we're like lemons and we're all thinking nodding our heads yes, yes. I don't think we are going to have that problem on this Board. So, we'll see what happens next Thursday and if we continue to work together we have enough challenges to deal with and short time frames to deal with so, it will be an opportunity to deal with and if we don't, well, this has been a great experience and a great experience and personally, I have enjoyed most of it. Sometimes not all of it, but most of it. So that's all I have to say tonight and good luck to everyone and we'll see what happens next Thursday."

#### **XIV. ADJOURNMENT**

Director Lipscomb moved and Director Kalenka seconded the motion to adjourn. The meeting adjourned at 8:54 p.m.

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/ss/

Alex Gimarc, Secretary

Date Approved: June 25, 2008