

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

**May 21, 2008**

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

The following board members were present:

Rebecca Logan – Chair  
Jim Nordlund – Vice Chairman  
Alex Gimarc – Secretary  
PJ Hill – Treasurer  
Jeff Lipscomb – Director  
Janet Reiser – Director  
Elizabeth Vazquez - Director

The following employees, members, and guests attended:

Brad Evans	Mike Cunningham	Dave Smith
Paul Risse	Ed Jenkin	Ron Vecera
Tyler Andrews	Phil Steyer	Carol Heyman
Carol Johnson	Patti Bogan	Suzanne Gibson
Connie Owens	Trey Acteson	Jena Noethlich
Margaret Hansell	Dave Reaves	Divina Portades
Dan Bettin	Paul Kendall	Bob Sramek
Lorali Carter (MEA)	Jim Posey (ML&P)	Frank Gwartney
Gordon Tans (Perkins Coie)	Director Vazquez's daughter	

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 5:35 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 approve the Agenda.

Director Gimarc requested that Board Policy 128 be added to the agenda under X. Unfinished Business, as a reconsideration request from the last Board meeting.

Chair Logan stated that since there was not a motion or a second on that reconsideration request she asked Gordon Tans, Attorney for the Board, to assist with the proper procedures for adding this item to the agenda.

After discussion with the Board Attorney it was agreed to add Board Policy 128 under X. Unfinished Business.

Chair Logan removed Energy Policy and the Communications Plan from Executive Session.

The motion to approve the agenda, as amended, passed unanimously.

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

##### **A. 2008/2009 Board/Committee Meeting Schedule**

Chair Logan stated that the Finance and Operations Committee meetings will be held the second Wednesday of each month, starting at 4:00 p.m., and the Regular Board meeting will be held the fourth Wednesday of each month, starting at 4:00 p.m. The first Wednesday of each month will be reserved for Board work sessions as needed.

Director Nordlund requested the Board have a work session the first week of June on the energy policy and Chair Logan stated that she would be discussing that possibility with Brad Evans.

##### **B. Minutes**

None.

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

Director Lipscomb had a question about Director Hill's expense report and noted that he could not get paid for two meetings if they were both held on the same day.

There were no objections to the Consent Agenda.

Chair Logan stated that she forgot to add under Agenda Item VI. CEO Report, Item C. Presentation on Unit 7.

## **VI. CEO REPORT**

### **A. Election Contractor Briefing**

Bob Sramek, Election Contractor (with Sramek-Hightower), gave an overview of the 2008 Annual Election results and he and staff answered questions from the Board.

### **B. Update on Credit Card Transition Plan**

Dave Smith, Vice President, Administration, gave an update on the Credit Card Transition Plan and answered questions from the Board.

### **C. Presentation on Unit 7**

Paul Risse, Senior Vice President, Power Supply, gave a presentation on Unit 7 and answered questions from the Board.

## **VII. PERSONS TO BE HEARD**

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

None.

### **B. Member Comments**

Paul Kendall distributed some information to the Board regarding thermal units and fuel cells and spoke in favor of supporting renewable energy such as hydroelectric energy, wind power. Mr. Kendall stated that Alaska needs to support a massive hydroelectric backbone project and would like to see the governor launch this project.

## **VIII. CORRESPONDENCE**

None.

## **IX. DIRECTOR REPORTS**

### **A. Committee Reports**

#### **i. Renewable Energy Committee**

Director Reiser stated she and Director Nordlund attended the meeting. Director Reiser stated that a new chair was elected and items discussed included the SNAP program and the possibility of making the Renewable Energy Committee a standing committee and recommendations for both will be presented to the Board in the future.

### **B. APA Report**

There was nothing to report as the meeting is scheduled for May 22, 2008.

### **C. Meeting Reports**

Director Lipscomb stated that he attended the NWPPA Annual meeting which was held this week in Anchorage. Director Lipscomb stated that there were many speakers and the topics discussed included renewables, carbon footprint, carbon

emissions, greenhouse gases and cap and trade systems. The annual meeting wraps up tomorrow morning.

Chair Logan stated she attended the ML&P Commission meeting today and the most significant thing that came out of that meeting was ML&P would have the Participation Agreement prepared by June 27.

Chair Logan encouraged the Chugach Board to attend Board meetings of other utilities if possible.

*The Board paused for a break at 6:52 p.m. and reconvened the meeting at 7:03 p.m.*

## **X. UNFINISHED BUSINESS**

### **A. Board Policy 128 – Confidentiality Policy**

Chair Logan and Gordon Tans, Attorney for the Board, discussed the issue that this item was not on the Agenda therefore was not posted three days before the meeting and the issue of whether this motion was properly made by Director Gimarc. Gordon Tans states that Director Gimarc states he did vote on the prevailing side but the transcript states the opposite so there is an unresolved conflict over that issue. Gordon Tans suggested that this Agenda Item be put on the Agenda for another meeting when it can be properly noticed and can be taken up as a new matter and the whole question of the motion for reconsideration is unnecessary.

Director Gimarc suggested that this item be included in a Special Board meeting to be held on June 11, 2008, the same day of the Finance and Operations Committee meetings.

Directors Nordlund and Lipscomb stated they didn't see the urgency of having a Special Board meeting and stated that this item should be added to the June 25 Board meeting Agenda.

After discussion with the Board Attorney, Chugach's General Counsel and among the Board, Chair Logan granted Director's Gimarc's request to add this item to a Special Board meeting to be held before the Finance and Operations Committee meetings on June 11, 2008.

## **XI. NEW BUSINESS**

### **A. Bank Signature Cards**

Director Nordlund moved and Director Lipscomb seconded the motion that the Board of Directors approve the attached resolution to update the approved check signers and slate of officers based on actions taken at the 2008 Annual Meeting and the division title changes within the organization. The motion passed unanimously.

**B. NWPPA Board of Trustees Appointment**

Director Lipscomb moved and Director Nordlund seconded the motion that the Board of Directors support Jeff Lipscomb for reappointment to the Northwest Public Power Association as a Trustee.

Director Lipscomb amended the motion to state “support Jeff Lipscomb’s reappointment”. Director Lipscomb stated he was reappointed earlier this week. Director Nordlund accepted the amendment.

The motion, as amended, passed unanimously.

**C. JAA Delegate & Alternate Appointment**

Director Nordlund moved and Director Lipscomb seconded the motion that the Board of Directors appoint Alex Gimarc as Chugach’s representative on the AREA JAA Board of Directors and Bradley Evans as the alternate for a one year term beginning July 1, 2008. The motion passed unanimously.

**XII. EXECUTIVE SESSION**

Director Nordlund moved and Director Lipscomb seconded the motion that pursuant to Alaska Statute 10.25.175(c) (1) and (2) 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 subjects that tend to prejudice the reputation and character of a person, however, the person may request a public discussion. The topics to be discussed in this executive session are: 1) Update on Gas Negotiations; 2) Strategic Planning; and 3) CEO Selection Process. The motion passed unanimously.

The Board paused for a break at 7:16 p.m. and then went into executive session at 7:20 p.m.

The Board resumed in open session at 8:52 p.m.

**XIII. DIRECTOR COMMENTS**

**Director Hill:** “I think that program that the– what’s it called – the - where they’re re-doing the insides of the generators is pretty cool.” *Chair Logan – “I know. I want to get out there while they’ve got it torn down.”*

**Director Lipscomb:** “I recommend people go out there and look at that. It is big machiners – sophisticated machinery - and having that been part of my life back years ago I’ve been to gas turbine turbo machinery manufacturers, gear manufacturers, all through Europe, New York, Ohio, South Carolina, Texas – all over – that’s what I did. And we have some of the finest people and craftsman I’ve seen. They do excellent work and it shows. When it came on the Board in 2000 I started to push this. It took a little while but they got to it and I think we saw not only the benefits but the enthusiasm. We see that type of machinery going 32,000 hours on the North Slope and it’s running at 105% speed and usually 108% load factor. Compare that to what we run at 100% speed

and 80% load factors there's an opportunity that I think we can even push that further. But I think we see the enthusiasm in it and the results. It's a big cost saver. So we have some very good people and some very good craftsman and I encourage everybody to get over there while these units are down." *Director Hill – "I have one other comment – I are credentialed – do I look smarter?"*

**Director Reiser:** "I just want to add my compliments to the team going through that re-work. It's really impressive."

**Director Gimarc:** "Sometimes it's useful to look back at history. On the Agenda tonight we had three items under New Business: Bank Signature Cards, NWPPA Board of Trustees Appointment and JAA Delegate and Alternate Appointment. A year ago, May 16, 2007, the newly elected re-form Board majority had the following New Business: Bank Signature Card Update, KPMG Engagement Letter, NWPPA Resolutions, JAA Delegate & Alternate, Blue Ribbon Panel, Hire Board Attorney, Revision to Board Policy 128, Recording Executive Sessions, Railbelt Energy Fund - Fire Island Wind Power, Hire Labor Advisor, CEO 2007 Goals. We've still got the recommendations of the Blue Ribbon Panel to implement. Not much of an effort to do that yet. We've had another two week delay on the release of confidential – declassification release of confidential materials. I think we can do better. While I'm ever hopeful for progress I express my disappointment but I'm not surprised." *Chair Logan – "How would we deal with Blue Ribbon Panel recommendations – Ops Committee?"* "There are several things that need to be done with the Blue Ribbon Panel and they are all opportunities to excel."

**Director Nordlund:** "I appreciate the comments about going out and visiting Beluga. I just now remembered that the Units were down and I'm going to try and get out there. In fact, if it is possible I'd like to have a work session or a meeting out there. I'll talk to you about that. Try and get folks out there." *Chair Logan – "We talked a little bit about that and the issue to actually calling it an actual work session or meeting is we don't have all the tape and stuff like that but we certainly want people to have the opportunity to get out there."*

**Director Vazquez:** None.

**Chair Logan:** None.

#### XIV. ADJOURNMENT

Director Nordlund moved and Director Lipscomb seconded the motion to adjourn. The meeting adjourned at 8:58 p.m.

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Alex Gimarc, Secretary

Date Approved: June 25, 2008