

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

June 20, 2007

BOARD OF DIRECTORS'
MEETING MINUTES

The following board members were present:

Elizabeth Vazquez – Chairman
Uwe Kalenka – Vice Chairman
Alex Gimarc – Secretary - (via phone)
PJ Hill – Treasurer
Jeff Lipscomb - Director
Alan Christopherson – Director
Jim Nordlund – Director

The following employees, members, and guests attended:

Bill Stewart	Ed Jenkin	Paul Risse
David Carey, HEA	Carol Johnson	Ashley Schmedeskamp, CIRI
Loral Carter, MEA	Randy Kaer, Tiquin	Bob Stewart, DWT
Mike Cunningham	Ralph Kalenka	Phil Steyer
Debbie Debman, HEA	Dan Knecht	Robert Stoller, Tiquin
Don Edwards, Dorsey	Marilyn Leland	Mary Tesch
Crystal Enkvist, APA	Mark Marlow, Tiquin	Lee Thibert
Brad Evans	Bill Mede	Tom Tierney
Ruth Fitzpatrick, HEA	Bill Noll	Ron Vecera
Rick Freymiller	Mike Nugent, HEA	Gary Zipkin, Guess & Rudd
Suzanne Gibson	Jim Patras, HEA	
Anita Gomez	Mary Ann Pease, MAP Consulting	
Randy Hobbs, Tiquin	Jim Posey, ML&P	

DeAnna Scott, Executive Assistant, recorded meeting proceedings.

I. CONVENE MEETING

The regular meeting of the Board of Directors was called to order at 4:05 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.

Director Kalenka move and Director Gimarc seconded the motion that Director P.J. Hill be appointed Secretary for the June 20, 2007, Regular Board meeting. Motion passed unanimously.

III. EXECUTIVE SESSION

At 4:08 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 to discuss: (1) matters the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative; (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) Labor 2) Board Policy 128 (Confidentiality); 3) Chugach Electric Association, Inc. v. Ray Kreig, Stephen Routh and Chugach Consumers Case No 3AN-06-13743; and 4) RCA Order U-07-46 (Knik Arm Power Plant). Motion passed unanimously.

The meeting reconvened at 5:57 p.m.

At 6:00 p.m., Director Kalenka moved and Director Christopherson seconded the motion that pursuant to Alaska statute 10.25.175(c)(1) and (3), the Board 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; (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) MEA vs. Chugach 3PA-06-1295 Discussion of Settlement. Motion passed unanimously.

The meeting reconvened at 6:11 p.m.

IV. APPROVAL OF AGENDA

Director Kalenka moved and Director Christopherson seconded the motion to approve the Agenda. Motion passed unanimously.

V. CONSENT AGENDA

A. Board Calendar

- July 18, 2007, Regular Board meeting moved to July 11, 2007.
- Special Board meeting scheduled on June 27, 2007, after the Finance and Operations Committee meeting.
- Director Kalenka moved and Director Gimarc seconded the motion to excuse Director Hill from the July 11, 2007, Board Meeting, and the July 25th Finance Committee Meeting. This absence should be accounted for as an excused absence pursuant to the provision in Article V., Section 4 of the Chugach Bylaws. Motion passed unanimously.

B. Minutes – 4/18/07, 4/25/07 and 5/16/07

May 16, 2007, Board minutes, page 7 of 16, Item B under Director's Reports, Item IX D. APA Report. Director reported that he attended the APA meeting in Washington D.C. and it should be corrected to NRECA meeting in D.C. and NRECA report.

Director Kalenka requested the April 26, 2007, Special Board Meeting minutes be placed on the July 11, 2007, Regular Board Meeting agenda.

C. Directors' Expenses

Director Lipscomb noted that on all Directors' expenses with the exception of Director Gimarc, the May 23, 2007, Finance, Operations and Special Board Meeting as it appears needs to be deleted and the expense totals adjusted.

Director Kalenka moved and Director Hill seconded the motion to approve the Consent Agenda as amended. Motion passed unanimously.

VI. PERSONS TO BE HEARD

A. Wholesale Customer Comments

David Carey, Board President, Homer Electric Association, provided an update on the status of the fire and reported the actions that have been taken. He reported the fire is still growing and that one pole had been lost. Mr. Carey congratulated the Board on the announcement that was on television and the radio regarding the proposed marriage or divorce. He reflected on the last 20 years and spoke of how a 30 year contract was imposed on them by the State that Chugach would provide services to them and now we near the end of that contact in 2014. Mr. Carey stated that the two utilities will always be lined and stated that appointing a Board Liaison was a good idea. He noted the efforts that have been made by both Boards in the past. He also stated the changes could renew the relationship statewide. Juneau has said constantly that we must work together. This could be part of that and we are hopeful to that extent. Mr. Carey stated he believes this is a positive step and that it will be a long and difficult process but certainly hopes to renew statewide relationships with the Co-op and each other. Again, Mr. Carey congratulated the Board and stated he hopes as plans continue on this ceremony; HEA is a part of the plan and part of the idea.

B. Member Comments

None.

VII. CEO REPORT

- CEO Stewart stated that Lee Thibert, Sr. V.P., Power Delivery and Bradley Evans, Sr. V.P, Power Supply would expand more on the Caribou Fire burning on the Kenai. As of 2:00 p.m. this afternoon, Chugach offered assistance to Homer Electric for additional crews and materials to assist them in their efforts.
- CEO Stewart reported that a third payment was received from FEMA in the amount of \$333,817 for the Dynamite Slough project. There is about \$1.28 million that has not been paid on the claim because they are still working on processing the paperwork. We have received a little over \$3.6 million from FEMA to date.
- CEO Stewart reported that he was elected to the Board of Directors of the Anchorage Resource Development Council and is looking forward to working with the group.

- CEO Stewart reported on the June 12th JAA meeting that he, Chair Vazquez and Director Kalenka attended.

VIII. CORRESPONDENCE

- A. Labor Advisor Contract
- B. Board Attorney – Value of Tasks Assigned

IX. DIRECTORS' REPORTS

A. Committee Reports

Chair Vazquez reported on the May 30, 2007, Operations Committee meeting. Items discussed at the meeting were Developing a Policy and Procedures for Recording of the Executive Sessions; CEO Goals for 2007; Board Policy 119 – Charitable Contributions, Donations, and Services; Cost Calculations (per-member) for Outside Bargaining Agreement; Cooper Lake Relicensing – Legislative Information; Board Policy 125 – Indemnification of Directors, Officers, Employees & Agents and Board Policy 106 – Delegations of Authority from the Board of Directors to the Chief Executive Officer.

Chair Vazquez reported on the May 30, 2007, Finance Committee meeting. Items discussed at the meeting were the April Unbundled Financial Statements; 2007-2008 Finance Committee Goals; CoBank #5; Expenses Not in Rates; Fixed-Wing Service Contract; and, Benchmarking/Outside Performance Measures (CEO Goals for 2007).

Director Kalenka reported on the Renewable Energy Committee meeting that was held on June 19, 2007.

B. APA Report

None.

C. Meeting Reports

Director Lipscomb reported on the May 20-24, 2007, NWPPA and Board of Trustee meeting that was held in Spokane, WA.

X. UNFINISHED BUSINESS

A. Board Policy 128 - Confidentiality

Director Kalenka moved and Director Gimarc seconded the motion that the Board of Directors move amend Section II(C) to read, in its entirety, as follows:

C. Obligations Upon Termination of Employment

1. Employees shall immediately return all confidential information and documents of the Association in their possession, including those in electronic format, to the Association upon request of the

Association, and, in any event, upon termination of their employment with the Association.

2. The duties and obligations of employees under this policy shall survive the termination of their employment with the Association.

Director Lipscomb moved and Director Nordlund seconded the motion to amend the motion to add to under Section 2, paragraph C. 3. Upon termination of Board Membership a former Director may request the Association catalogue, segregate, and maintain, at the Association expense, all of the former Director's confidential information in a secured third party document storage facility for a period of seven years. Neither the Association nor the former Director will have access to the information or documents without prior approval of the other party upon permission of a written request and statement of proper purpose. After seven years the information or documents would be destroyed.

After much discussion on the amendment to the motion, Chair Vazquez called for the vote. Directors Lipscomb, Christopherson and Nordlund voting yes. Chair Vazquez, Directors Gimarc, Kalenka and Hill voting no. Motion failed.

The question was called on the main motion. Chair Vazquez, Director Hill, Kalenka and Gimarc voting yes. Directors Lipscomb, Christopherson and Nordlund voting no. Motion passed.

B. Chugach Electric Association, Inc. vs. Ray Kreig, Stephen Routh and Chugach Consumers, Case No. 3AN-06-13743 CI

Director Kalenka moved and Director Gimarc seconded the motion that Chugach Electric Association, Inc. substitute Thomas V. Van Flein of the law firm Clapp, Peterson, Van Flein, Tiemessen & Thorsness, LLC for the law firm Davis Wright Tremain, LLP, effective immediately, as counsel for Chugach in the lawsuit initiated by Chugach against Ray Kreig, Stephen Routh, and Chugach Consumers, Case no. 3AN-06-13743 Civil, and that substitute counsel be directed to negotiate for a continuance of the pending stay of litigation so that the parties may then promptly negotiate a successful and final resolution of the litigation on terms acceptable to the Board of Directors and deemed to be in the best interest of Chugach. Mr. Van Flein shall be required to execute a professional services contract on behalf of his law firm which will provide the terms and conditions of the contract and a proposed budget for legal services at an hourly rate not to exceed \$180.

After much discussion, Chair Vazquez called the question. Chair Vazquez and Directors Kalenka, Hill and Gimarc voting yes. Directors Lipscomb, Christopherson and Nordlund voting no. Motion passed.

C. RCA Order U-07-46 KAPP (Knik Arm Power Plant)

Director Kalenka moved and Director Gimarc seconded the motion to table this agenda item to the June 27, 2007, Special Board meeting. Chair Vazquez called for the vote. Chair Vazquez, Directors Kalenka, Hill and Gimarc voting yes. *There were no "no" votes recorded for the record.*

D. Board Communications Advisor

Director Kalenka moved and Director Gimarc seconded the motion that the Board of Directors hire Dittman Research & Communications Corporation as communications advisor to the Board with an initial authorized budget not to exceed \$25,000 for fees and expenses. The Board will administer the budget and assignments.

After much discussion, Chair Vazquez called the question with Chair Vazquez, Directors Kalenka, Hill and Gimarc voting yes. Directors Lipscomb, Nordlund and Christopherson voting no. Motion passed.

XI. NEW BUSINESS

A. John's Road Undergrounding Project Authorization

Director Lipscomb moved and Director Kalenka seconded the motion that the Chugach Board of Directors authorize project expenditures for John's Road Undergrounding Project with an estimate cost of \$1,678,000 and an estimated complete date of September 2007. Motion passed unanimously.

B. Fixed Winged Services Contract

Director Lipscomb moved and Director Kalenka seconded the motion that the Chugach Board of Directors authorize the Chief Executive Officer to execute a 31 month contract for Fixed Wing Air Services with Security Aviation, Inc. in the amount not to exceed \$1,663,975.40 through 2009. Motion passed unanimously.

C. Blue Ribbon Panel

Director Kalenka moved and Director Gimarc seconded the motion that the Board of Directors confirm appointment by board Chair Vazquez of David R. Gottstein, Robert J. Hickel, Richard L. Lowell, John Niles Wanamaker, and Loren H. Lounsbury to the Blue Ribbon Panel for and to retain William C. Noll as the facilitator of the Blue Ribbon Panel for Chugach Electric Association, Inc. Mr. Noll will sign a professional services contract and confidentiality agreement and will be paid out of the budget already authorized for the Panel. Mr. Noll will report to the Board through the Board Chair or her designee. Motion passed unanimously.

D. Appointment – APA Representative

Director Gimarc moved and Director Hill seconded the motion that the Board of Directors appoint Director Kalenka as Chugach Electric Association's

representative and Director Hill as the alternate for the Alaska Power Association Board of Directors. Motion passed unanimously.

E. Appointment of Board Liaison – MEA, HEA & SES

Director Gimarc moved and Director Kalenka seconded the motion that the Board of Directors appoint Director Kalenka as the board liaison for MEA, HEA and SES. Motion passed unanimously.

XII. DIRECTORS' COMMENTS

Director Hill: None

Director Lipscomb: Congratulations to Bill Stewart on being appointed to the Resource Development Council Board and congratulations again to Director Christopherson for receiving a Fellow Award from the American Society of Civil Engineers, this is a prestigious award. To Mr. Stewart and the rest of the staff, go safely.

Director Christopherson: None

Director Nordlund: None

Director Kalenka: Madam Chair, I just want to thank for you for all of the hard work you have been doing. We have accomplished a tremendous amount of work. I look forward to some real success in regard to the Blue Ribbon Panel and as far as the merger, I hope that too will be successful.

Chair Vazquez: Director Christopherson congratulations on your award and Mr. Stewart, congratulations on your appointment. Ms. Owens, a big thank you for all of your scurrying around in getting board packets together and making sure things get done in the proper time. I appreciate your help and so does the Board. Thank you Ms. Tesch, Mr. Evans, and Mr. Thibert for providing the Board with the information we need and of course, Ms. Johnson and Mr. Zipkin. I really appreciate it. Mr. Stewart thank you.

Director Gimarc: No comment.

The Board recessed at 7:28 p.m. for a 10 minute break and Director Gimarc disconnected from the meeting.

XIII. EXECUTIVE SESSION

The Board reconvened at 7:42 p.m. *There was no motion or votes recorded to go into Executive Session.*

XIV. ADJOURNMENT

Director Lipscomb moved and Director Nordlund seconded the motion to adjourn. The meeting adjourned at 9:00 p.m.

/ss/
Alex Gimarc, Secretary
Date Approved: July 11, 2007