

**CHUGACH ELECTRIC ASSOCIATION, INC.  
ANCHORAGE, ALASKA**

**July 28, 2010  
Wednesday  
4:15 p.m.**

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

The following board members were present:

Jim Nordlund – Chairman  
Janet Reiser – Vice Chairman  
Elizabeth “Pat” Kennedy – Secretary  
Susan Reeves – Treasurer  
Rebecca Logan - Director  
Elizabeth Vazquez – Director (*arrived at 4:38 p.m.*)

The following employees, members and guests attended:

|                          |                      |             |
|--------------------------|----------------------|-------------|
| Bradley Evans            | Kathy Harris         | Phil Steyer |
| Tyler Andrews            | Ed Jenkin            | Lee Thibert |
| Steve Cleary, AKPIRG     | Mark Johnson         | Ken Thomas  |
| Renee Curran             | Marc Marlow          | Ron Vecera  |
| Louann Cutler, K&L Gates | Sherri McKay-Highers | Burke Wick  |
| Todd Glass, WSRG         | Connie Owens         | Jody Wolfe  |
| Joe Griffith, MEA        | Dave Smith           |             |

DeAnna Scott, Executive Assistant recorded the meetings proceedings.

**I. CONVENE MEETING**

Chair Nordlund called the meeting of the Board of Directors to order at 4:20 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, AK.

**II. PLEDGE OF ALLEGIANCE**

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

**III. EXECUTIVE SESSION**

*None.*

**IV. APPROVAL OF THE AGENDA**

Director Logan moved and Director Kennedy seconded the motion to approve the agenda. The motion to approve the agenda passed unanimously.

## V. CONSENT AGENDA

- A. *Board Calendar*
- B. *Upcoming Training & Conferences*
  - 1. *Alaska Power Association 59<sup>th</sup> Annual Meeting – August 11-13, 2010 – Fairbanks, AK (Logan, Kennedy, Reeves, and Reiser)*  
*(Deadline for registration and room reservation is July 1, 2010.)*
  - 2. *NWPPA Board of Trustees – September 8-9, 2010 – Missoula, MT*  
*(Deadline for room reservation is August 9, 2010.)*
  - 3. *NRECA Region 9 Regional Meeting – September 21-23, 2010 – Anchorage, AK (Deadline for registration is August 25, 2010.)*
- C. *Minutes – June 16, 2010, Special Board of Directors’ Meeting (Knight-Scott) and June 23, 2010, Regular Board of Directors’ Meeting (Neas-Arnold)*
- D. *Director Expenses*
- E. *Appointment of NRECA and CFC Voting Delegate and Alternate (Board)*

Director Logan moved and Director Reiser seconded the motion to approve the Consent Agenda. The motion passed unanimously.

## VI. PERSONS TO BE HEARD

### A. *Wholesale Customer Comments*

Mr. Joe Griffith, CEO, Matanuska Electric Association (MEA), briefed the Board on the meeting at the RCA, the issues MEA are facing and reported on what the MEA Board has directed him to do. Mr. Griffith stated that the MEA Board is highly interested in working on a transition agreement through the 31 December 2014 issues and instructed him to work on an arrangement with Chugach to get through the transition date. It was also noted that the MEA Board wants to work on a two-member G&T and stated that it is an option to the Task Force effort, in case that does not work. Mr. Griffith reported his Board would like him to proceed on working some kind of arrangement with the power plant that Chugach is planning to build and any other methods he could come up with that transitions them from where they are today to a new future. Mr. Griffith stated that his Board clearly wants to move in a new direction and requested a joint board meeting.

### B. *Member Comments*

*None.*

## VII. CEO REPORT

### A. *Safety 2nd Quarter Update*

Dave Smith, Sr. V.P., Administration and Ken Thomas, Manager, Safety, gave a presentation on the Safety 2<sup>nd</sup> Quarter Update answered questions from the Board.

## VIII. CORRESPONDENCE (*none*)

## **IX. DIRECTORS REPORTS**

### *A. Committee Reports*

Director Reiser reported on the Renewable Energy Committee meeting and answered questions from the Board.

### *B. APA Report*

Director Logan reported on the APA Resolutions Committee meeting that was held on July 14, 2010, and answered questions from the Board.

### *C. Meeting Reports*

Director Logan reported on the July 14<sup>th</sup> Energy Force meeting and answered questions from the Board.

## **X. UNFINISHED BUSINESS**

*None.*

## **XI. NEW BUSINESS**

### *A. Financial Management Plan*

Director Logan moved and Director Kennedy seconded the motion that the Board of Directors approve the 2010-2019 Financial Management Plan as discussed. The motion passed with Chair Nordlund, Directors Logan, Reeves, and Reiser voting yes; Director Vazquez voted no.

## **XII. EXECUTIVE SESSION**

### *A. Capital Markets*

### *B. Strategic Planning*

### *C. Fuel Supply, Storage, and Transportation*

### *D. Fire Island Wind Project, and*

### *E. The CEO Evaluation and Compensation Package*

Director Reiser moved and Director Kennedy seconded the motion that pursuant to Alaska Statute 10.25.175 ( c ) (1) (2) and (3) the Board of Directors go into executive session to discuss matters the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative as it relates to: Capital Markets; Strategic Planning matters; Fuel Supply, Gas Storage and Gas Transportation issues; to discuss matters with its attorney, the immediate knowledge of which would clearly have an adverse effect on the legal position of the cooperative as it relates to and the Fire Island Wind Project; and, to discuss subjects that may tend to prejudice the reputation or character of a person as it relates to discussion of the Chief Executive Officer's evaluation and compensation. However, the person may request a public discussion.

The matters to be discussed include:

### *A. Capital Markets*

### *B. Strategic Planning*

- C. Fuel Supply, Storage, and Transportation
- D. Fire Island Wind Project, and
- E. The CEO Evaluation and Compensation Package

The motion passed unanimously.

*The meeting reconvened in open session at 8:53 p.m.*

**XIII. NEW BUSINESS** *(continued)*

*The Board revisited Agenda Item XI. New Business – A. Financial Management Plan was revised at this time.*

*A. Financial Management Plan*

Director Reiser moved and Director Kennedy moved to reconsider the Board vote to approve the 2010-2019 Financial Management Plan. The motion passed unanimously.

Director Reiser moved and Director Logan seconded the motion to approve the 2010-2019 Financial Management Plan as discussed. The motion passed unanimously.

*B. CEO Evaluation and Compensation Package*

Director Logan moved and Director Kennedy seconded motion that the Board of Directors approve the CEO Evaluation Compensation packet as discussed during Executive Session. Chair Nordlund called for the vote, however, the vote was interrupted by the Recording Secretary stating that to comply with the SEC reporting requirements the motion has to include the following information:

- The amount.
- How the amount was determined.
- Who was involved in the decision (within Chugach, or outside - this would include a compensation consultant).
- Were there any goals or targets (either individual or company wide they used to evaluate him on).
- Timeline(s) (for payment, measurement, evaluation),
- Any gross up.

After discussion, Director Logan moved and Director Kennedy seconded the request to rescind the motion.

Director Logan moved and Director Kennedy seconded the motion that the Board of Directors approve the CEO Evaluation and Compensation packet as discussed during Executive Session in the amount that was determined was a \$12,500 bonus. That amount was determined based on a performance evaluation; the

Board of Directors were involved in the decision, except for P.J. Hill, who is absent tonight; the goals and targets were established in the performance evaluation; the timeline for the payment is immediately and there is no gross up on the bonus. The motion passed unanimously.

#### **XIV. DIRECTOR COMMENTS**

**Director Reeves:** “Healthy discussion today and the Board is making good progress on all of the critical issues before the company.”

**Director Kennedy:** “I agree with that except I think we’re a cooperative.”

**Director Vazquez:** “Hey guys, thanks for working so hard. I know we always give thanks to management, Connie, of course, but thanks colleagues on the board for ....”

**Director Logan:** “No comments.”

**Director Reiser:** “I have no comment except I would like to certainly congratulate Dave and his staff for the terrific safety performance and thanks to Mark Fouts on some excellent work he and his team has...*unintelligible*...”

**Chair Nordlund:** “I would like to reiterate the comments about the constructive discussion we’ve had today...*unintelligible*.... Thank you very much and have a good rainy weekend.”

#### **XV. ADJOURNMENT**

Director Logan moved and Director Reiser seconded the motion to adjourn. The meeting adjourned at 9:04 p.m.

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Elizabeth “Pat” Kennedy, Secretary  
Date Approved: August 25, 2010