

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

September 30, 2009

BOARD OF DIRECTORS'
MEETING MINUTES

The following board members were present:

Rebecca Logan – Chair
Jim Nordlund – Vice Chairman (*arrived at 5:02 p.m.*)
Alex Gimarc – Secretary
Janet Reiser – Director
Pat Kennedy – Director
Elizabeth Vazquez – Director

Board members not present:

PJ Hill – Treasurer (*excused absence*)

The following employees, members, and guests attended:

Bradley Evans	Joe Griffith, MEA	Arthur Miller
Tyler Andrews	Dora Gropp	Melissa Moses
Bill Bernier	Ed Jenkin	Karen Ouellette
Patti Bogan	Gail Johnnie	Connie Owens
Lorali Carter, MEA	Mark Johnson	Jim Posey, ML&P
Mike Cunningham	Angie Kenney-Remsen	Phil Steyer
Dwight Dial	Heather Kinzie, LES	Lee Thibert
Sandy Ellis	Teresa Kurka	Ron Vecera
June Gill	Jennifer McDonald	Burke Wick

DeAnna Scott, Executive Assistant, recorded the meeting proceedings.

I. CONVENE MEETING

Chair Logan called the regular meeting of the Board of Directors to order at 4:02 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 Reiser moved and Director Kennedy seconded the motion to approve the Agenda. The motion passed unanimously.

V. CONSENT AGENDA

A. Board Calendar

- *October 6, 2009 – 9:00 a.m. Mayor’s Energy Task Force – Director Vazquez will attend in place of Chair Logan.*
- *October 7, 2009 – Special Board Meeting, 4:00 p.m.*
- *October 12 & 13, 2009 – Finance Committee Meetings (Budget Review Meetings), 4:00 p.m.*
- *October 14, 2009 – Finance & Operations Committee Meetings 4:00 p.m.*

1. Director Hill excused absence from the September 30, 2009 Board meeting.
2. Director Gimarc excused absences from the October 12 & 13, 2009 Budget Meetings.
3. Director Gimarc excused absence from the October 14, 2009 Finance and Operations Committee meetings.
4. Director Nordlund excused absences for the October 12 & 13, 2009 Budget Meetings.
5. Director Nordlund excused absence from the October 14, 2009 Finance and Operations Committee meetings.

Add:

- *October 22, 2009 – Mayor’s Energy Task Force Meeting - 9:00 a.m.*

B. Upcoming Training & Conferences

1. NWPPA Alaska Utility Conference – October 27-30 – Anchorage, AK
2. NRECA Director Winter Training – December 11-16 – Nashville, TN
Director Vazquez and Kennedy requested to attend.
3. Annual Audit Committee Issues Conference – February 2, 2010 - Phoenix, AZ
4. NRECA Annual Meeting – February 11-18, 2010 – Atlanta, GA

C. Minutes – August 26, 2009 (McDonald)

D. Director Expenses

E. Simplified Rate Filing – (Miller)

F. Project Authorization – 138/115kV Substation Upgrade at International Station (Jenkin)

G. Beluga Units 6 & 7: Row 2 Blades and Vanes Purchase (Risse)

Director Gimarc moved and Director Reiser seconded the motion to approve the Consent Agenda. There was no opposition to approve the Consent Agenda.

VI. PERSONS TO BE HEARD

A. Wholesale Customer Comments

Joe Griffith, Interim CEO, Matanuska Electric Association, Inc., thanked Director Vazquez for attending the September 14, 2009, Board meeting and provided an

update. Mr. Griffith stated he is appreciative of Chugach and applauds Brad and Lee for their efforts with GRETC. Mr. Griffith stated his Board will be meeting with Golden Valley and that GRETC is number one on the agenda. Mr. Griffith feels this is a very important step the Legislature is waiting for and that he appreciates the support of Chugach staff and looks forward to having a great arrangement.

B. Member Comments

None.

VII. CEO REPORT

A. APA Certificate of Appreciation for Leadership of the APA Environmental Regulations Committee – Recipient Greg Arthur

Director Gimarc presented to Greg Arthur, Manager Environmental Engineering, an APA Certification of Appreciation for Leadership of the APA Environmental Regulations Committee.

B. Process Redesign #2 – Lobby Processes Presentation

Theresa Kurka, Director, Member Services gave a brief introduction about the Process Redesign #2 – Lobby Processes Presentation. She introduced Heather Kinzie, from *A Leading Solution*, who described the concept used in this process. The Process Redesign Team gave a presentation and answered questions from the Board. The Team consisted of Melissa Moses, Consumer Service Rep. III (Lead), Angie Kinney-Remsen, Consumer Service Rep. II, Sandy Ellis, Consumer Service Rep. II, Gale Johnnie, Consumer Service Rep. II, Karen Ouellette, Consumer Service Rep. I, and June Gill, Consumer Service Rep. II.

C. Gas Contingency Planning

Phil Steyer, Director, Government Relations and Corporate Communications, provided a presentation on the Gas Contingency Planning and answered questions from the Board.

VIII. CORRESPONDENCE

None.

IX. DIRECTOR REPORTS

A. Committee Reports

Director Reiser reported on a discussion she had with the Chair of the Renewable Energy Committee. Chair Logan reported she also had a discussion with the Chair and asked that a discussion be added to the October Operations Committee meeting agenda on the Renewable Energy Committee.

B. APA Report

No report.

C. Meeting Reports

Chair Logan reported on the Mayor's Energy Task Force Meeting.

Chair Logan provided an update on the House Energy Committee Stakeholders Meeting that met on September 29, 2009.

Chair Logan reported on her meetings with Jim Stranberg regarding the Utility Task Force and the direction of GRETC.

Chair Logan stated she attended the RCA hearing on Gas Contracts and Pricing.

Directors Nordlund, Reiser and Kennedy provided an update on the NRECA Region IX Meeting that was held in San Diego, CA September 22 through 24, 2009.

X. UNFINISHED BUSINESS

None.

XI. NEW BUSINESS

None.

XII. DIRECTOR COMMENTS

Director Reiser: “Oh, I think the process redesign was really fun. I think I look forward to seeing what the lobby is going to look like. One thing that we did, they did hit on when we were down in San Diego was they showed pictures of Co-ops that have redesigned or had put in new buildings and they’ve used recyclable and energy efficient products; and I think that might be something for us, we are not too far down the design road to make that a showcase for conservation and efficiency, that would be kind of fun. I thought the San Diego meeting was one of the better ones that we’ve attended and the weather was perfect so that was a good thing and that’s all I’ve got.”

Director Kennedy: “I really enjoyed it too. There was, I have a hard time with going into a room with air conditioning and then going out into 85 degrees outside. It destroys your sinus after a while but, I was kind of dizzy most of the time, believe it or not; and I ran into Tom Lovas, who managed to walk me home the last night, that’s probably why you didn’t see me. He kept me from falling into the vegetation but it was a very interesting group. And a lot of people that well, you know.” *Director Reiser:* “*I didn’t know you were headed into the vegetation, oh, we would have liked to know.*” **Director Kennedy:** “Now, listen it was a very unusually designed, it was like 25 miles of road fit inside a mile square.” *Director Reiser:* “*...unintelligible... it was pretty compact.*” **Director Kennedy:** “So you just had to keep walking round and round and if you’ve gone straight through the vegetation you’ve probably would have gotten ... *unintelligible...* anyway, I got a handicapped room just for those of you who know I’m handicap. That was the best handicapped room I’ve been in, ever, in a hotel; and I’m not confined to a wheel chair or a walker and most hotels just think you’re confined to a wheel chair or walker, if that’s what you’ve asked for, but this one had handicapped things to hold onto all the way around the room; the shower stall was half the room so you get in it and there was a bench there and two hand held things you can use and then you just sat there and took a shower. It was great! I haven’t had a shower like that in a long time; the only problem was they hadn’t managed to run the tile down so I had to get up in the middle of

the night and walk through water; but otherwise, it was the best one I've been in. It was a beautiful hotel and the food was wonderful. And they gave us a steak something once a day." *Director Reiser: "It was your basic meat and potatoes ...unintelligible...."* *Chair Logan: "Your conservative group of farmers."* *Director Kennedy: "Yeah."*

Director Vazquez: "Well, I enjoyed the process redesign presentation and I thank staff for participating and being as enthusiastic as they appear to be and I also acknowledge and thank you Management for allowing and nurturing that type of attitude and allowing them experiment in improving their performance and the performance of the organization because I, we can have employees with great ideas but it's been my experience that if you have Management that does not encourage or even allow it, nothing happens; what simply happens is employees leave when they get too frustrated. So, it kind of trickles down that attitude that we can change things, improve things, trickle down from Management; so, I want to acknowledge that, that it is first, you know, you guys allow it and encourage that and it's obvious you've done that, so thank you."

Director Gimarc: "I already spoke on the ownership of process improvement; a great job all around. Thank you."

Director Nordlund: "No comments, thank you."

Chair Logan: "None for me either."

XIII. EXECUTIVE SESSION

A. CEO Compensation

At 5:24 p.m., Director Nordlund moved and Director Kennedy seconded the motion that pursuant to Alaska Statute 10.25.175(c)(1) the Board of Directors go into executive session to discuss a subject that may tend to prejudice the reputation or character of a person as it relates to discussion of the CEO compensation package. The matter to be discussed will be the CEO's Compensation Package. The motion passed unanimously.

The Board took a 10 minutes recess and went into executive session at 5:24 p.m. and resumed in open session at 6:02 p.m.

XIV. NEW BUSINESS

A. CEO Compensation

Director Nordlund moved and Director Reiser seconded the motion that the Board of Directors approve the CEO compensation as discussed in Executive Session at the September 30th meeting. Director Nordlund further stated three options were discussed in Executive Session and are labeled Option 1, Option 2 and Option 3. The Board will vote on each option in reverse order starting with Option 3 first.

Director Vazquez offered a friendly amendment the options were specifically discussed at today's meeting and we may have discussed one option possibly two but we did not discuss all of the options on September 9th and I would amend this to say at the September 9th Finance Committee meeting and the September 30th Executive Sessions.

Director Nordlund accepted the friendly amendment.

Amended motion: Move that the Board of Directors approve the CEO compensation as discussed in executive session at the September 9th Finance Committee meeting and at the September 30th Executive Sessions.

Chair Logan called for the vote on Option 3. Director Vazquez voted yes. Chair Logan, Directors Nordlund, Gimarc, Reiser and Kennedy voted no. Motion failed.

Chair Logan called for the vote on Option 2. Chair Logan and Director Reiser voted yes; Directors Nordlund, Gimarc, Kennedy and Vazquez voted no. Motion failed.

Chair Logan called for the vote on Option 1. Chair Logan, Directors Gimarc and Nordlund voted yes. Directors Reiser, Vazquez and Kennedy voted no. Motion failed.

Director Reiser moved and Director Gimarc seconded the motion that we vote for Option 1 or Option 2 as addressed in Executive Session and we do that in reverse order. The vote was called with Chair Logan, Directors Nordlund, Reiser, Gimarc and Kennedy voted yes; Director Vazquez voted no. Motion passed.

Chair Logan called for the vote on Option 2. Director Reiser and Nordlund voted yes; Chair Logan, Vazquez, Kennedy and Gimarc voted no. Motion failed.

Chair Logan called for the vote on Option 1. Chair Logan, Directors Nordlund, Kennedy, Gimarc voted yes; Directors Reiser and Vazquez voted no. Motion passed.

Chair Logan stated she will clarify with the Board Attorney if the procedures and vote was correct before anyone is notified.

XV. ADJOURNMENT

Director Kennedy moved and Director Gimarc seconded the motion to adjourn. The meeting adjourned at 6:08 p.m.

/ss/
Alex Gimarc, Secretary
Date Approved: October 28, 2009