

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

October 28, 2009

BOARD OF DIRECTORS'
MEETING MINUTES

The following board members were present:

Rebecca Logan – Chair (*arrived at 4:31 p.m.*)
Jim Nordlund – Vice Chairman
Alex Gimarc – Secretary
PJ Hill - Treasurer
Janet Reiser – Director (*telephonically*)
Pat Kennedy – Director
Elizabeth Vazquez – Director (*arrived at 4:07 p.m.*)

The following employees, members, and guests attended:

Dave Smith	Ed Jenkin	Aronca Robinson
Tyler Andrews	Mark Johnson	Phil Steyer
Bill Bernier	Dan Knecht	Ken Thomas
Mike Cunningham	Paul Neas-Arnold	Ron Vecera
Louann Cutler, K&L Gates	Connie Owens	Jim Walker, ML&P
Mark Fouts	Jim Posey, ML&P	
Rick Freymiller	Paul Risse	

DeAnna Scott, Executive Assistant, recorded the meeting proceedings.

I. CONVENE MEETING

Vice-Chair Nordlund called the regular meeting of the Board of Directors to order at 4:05 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

II. PLEDGE OF ALLEGIANCE

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

III. EXECUTIVE SESSION

None.

IV. APPROVAL OF AGENDA

Director Kennedy moved and Director Hill seconded the motion to approve the Agenda. Vice Chair Nordlund amended the agenda by moving Agenda Item V. D. Director Expenses be moved to Agenda Item X. Unfinished Business. Vice-Chair Nordlund called for the vote. Vice-Chair Nordlund, Directors Hill, Kennedy and Reiser voting yes.

Director Vazquez arrived at 4:07 p.m.

Director Vazquez stated she would be voting no. Director Vazquez stated Director Comments should be at the end of New Business and will be voting no to the full matter of the Agenda. Director Gimarc stated he would also vote no.

**Director Vazquez state that there is an Energy in Alaska Conference scheduled for December 7 and 8, 2009 in Anchorage that is not on the Board Calendar.*

Director Gimarc clarified, he was not voting no on the Director Comments he was voting no based on moving the Director Expenses.

Director Reiser moved and Director Hill seconded the motion to amend the agenda to move Agenda Item XV. Director Comments after Agenda Item XIII. New Business (continued). The motion passed unanimously.

Vice-Chair Nordlund called for the vote on the main motion. Vice-Chair Nordlund, Directors Vazquez, Hill, Kennedy and Reiser voted yes; Director Gimarc voted no. The motion passed, as amended.

V. CONSENT AGENDA

A. Board Calendar

**Add - Energy in Alaska Conference – December 7-8, 2009. (This was mentioned under approval of the Agenda but not during the approval of the Consent Agenda.)*

B. Upcoming Training & Conferences

- 1. NRECA Director Winter Training – December 11-16 – Nashville, TN (Hill, Kennedy & Vazquez)*
- 2. Annual Audit Committee Issues Conference – February 2, 2010 – Phoenix, AZ (Hill)*
- 3. NRECA Annual Meeting – February 11-18, 2010 – Atlanta, GA*
- 4. APA Legislative Conference – March 9-10, 2010 – Juneau, AK*
- 5. Annual Legislative Conference – May 2-5, 2010 – Washington, D.C.*
- 6. APA 59th Annual Meeting – August 11-13, 2010 – Fairbanks, AK*

C. Minutes – September 30, 2009 (Knight-Scott) and October 7, 2009 (McDonald)

*D. Director Expenses - **Moved to Agenda Item X. Unfinished Business***

E. 4th Quarter Commercial Paper Issue Authorization (Cunningham)

F. Southcentral Power Project (SPP) Combustion Turbine/Generator (CTG) Transportation Service Purchase (Knecht)

G. Approval of the 2010 Operating Budget (McKay-Highers)

H. Approval of the 2010 Capital Budget (Jenkin)

I. Board Policy 105 – Duties and Responsibilities of the Board of Directors (Cutler/Smith)

J. Board Policy 118 – Delegation of Certain of the Secretary of the Board's and Treasurer of the Board's Duties to the Chief Executive Officer (Cutler/Smith)

Director Hill moved and Director Kennedy seconded the motion to approve the Consent Agenda. The motion passed unanimously.

VI. PERSONS TO BE HEARD

A. Wholesale Customer Comments

None.

B. Member Comments

None.

VII. CEO REPORT

A. 3rd Quarter Safety Report

Dave Smith, Sr. V. P. Administration and Ken Thomas, Manager, Safety and Industrial Hygiene presented the 3rd Quarter Safety Report and answered questions from the Board.

VIII. CORRESPONDENCE

None.

IX. DIRECTOR REPORTS

A. Committee Reports

Director Reiser provided an update on the Renewable Committee Meeting.

B. APA Report

None.

C. Meeting Reports

None

X. UNFINISHED BUSINESS

A. Director Expenses (*Moved from Agenda Item V. Consent Agenda, Item D.*)

Vice-Chair Nordlund stated he requested this be removed from the Consent Agenda due to a reporting error and would like to establish a deadline for which the Directors' Expenses are accounted.

Chair Logan arrived at 4:31 p.m.

The gavel from Vice-Chair Nordlund was passed to Chair Logan.

After discussion, it was decided by consensus that the Directors' Expenses would include all approved meetings up to the Monday before the Board meeting. This would allow for any adjustments, corrections and proper approval by the Director prior to the Board meeting.

Director Kennedy moved and Director Vazquez seconded the motion to approve Director Expenses. The motion passed unanimously.

XI. NEW BUSINESS

A. Establish a New Escrow Account at First National Bank of Alaska – Housekeeping

Director Kennedy moved and Director Hill seconded the motion that Board of Directors affirm the establishment of the Interim Rates Escrow Account with First National Bank of Alaska. The motion passed unanimously.

B. Board Policy 130 – Authority of the Association – Appointed Alaska Railbelt Energy Authority Joint Action Agency Director

Director Kennedy moved and Director Hill seconded the motion that the Board of Directors approve the revisions to Board Policy 130 – Authority of the Association-appointed Alaska Railbelt Energy Authority Joint Action Agency Director. After discussion, Chair Logan asked for a roll call vote.

Chair Logan:	Yes
Director Nordlund:	Yes
Director Gimarc:	Yes
Director Reiser:	Yes
Director Kennedy:	Yes
Director Vazquez:	No
Director Hill:	Yes

The motion passed.

C. Alaska Energy Authority Renewable Energy Grant Application

Director Nordlund moved and Director Kennedy seconded the motion that the Board of Directors approve the resolution authorizing and endorsing the preparation and submittal of a Renewable Energy Grant Application to the Alaska Energy Authority.

After discussion, Director Nordlund withdrew his motion.

Director Kennedy moved and Director Hill seconded the motion to waive the presentation to the Operations Committee meeting and move this to the floor. The motion passed unanimously.

Director Nordlund moved and Director Hill seconded the motion that the Board of Directors approve the resolution authorizing and endorsing the preparation and submittal of a Renewable Energy Grant Application to the Alaska Energy Authority. The motion passed unanimously.

XII. DIRECTOR COMMENTS*

(Director Comments were heard after Agenda Item XIV. New Business (continued))

XIII. EXECUTIVE SESSION

A. CEO Compensation

At 5:15 p.m., Director Hill moved and Director Kennedy seconded the motion that pursuant to Alaska Statute 10.25.175(c)(2) and (3) the Board of Directors go into executive session to discuss a matter with its attorney the immediate knowledge of which would have an adverse effect on the legal position of the cooperative including a personnel issue that may tend to prejudice the reputation and character of a person as it relates to the discussion on the CEO Compensation Package. The matter to be discussed will be the CEO Compensation. The motion passed unanimously.

The Board took a 5 minutes recess and went into executive session at 5:24 p.m. and resumed in open session at 5:55 p.m.

XIV. NEW BUSINESS (continued)

D. CEO Compensation

Director Nordlund moved and Director Gimarc seconded the motion that the Chief Executive Officer’s compensation be increased from \$235,000 to \$242,050 beginning August 1, 2009, and that he be paid a bonus of \$40,000. After discussion, Chair Logan asked for a roll call vote:

- Chair Logan: Yes
- Director Nordlund: Yes
- Director Gimarc: Yes
- Director Reiser: No
- Director Kennedy: Abstained
- Director Vazquez: No
- Director Hill: Yes

Motion passed.

**Director Comments were heard at this time.*

Director Hill: “No comments.”

Director Kennedy: “No comment.”

Director Vazquez: “I would like to thank Mr. Smith for, and everybody involved in trying to decrease our, oh, what should I say, our injury rate and so forth; I really appreciate, it’s obvious to me that there is a lot of effort in kind being focused on that effort, so thank you,...*unintelligible*... I’m pleasantly surprised that we are seeing these results in such a short period, cause I think we just, Director Reiser just raised the issue several months ago. Director Reiser, do you remember when you raised this issue? *Director Reiser: Probably, it would be within the last year, certainly about nine months or so.* Director Vazquez: Yeah, Yeah. *Director Reiser: Yes, I, I agree with you Liz. It seems very rapid.* Director Vazquez: Yeah, so.

Director Reiser: “Yes I do, I do, I want to make a very affirmative statement towards Dave and his crew and the whole culture at Chugach that we are beginning to

see; I think it will pay for itself economically. It will pay for itself in terms of employee morale and the ability to go home safely to their families. I believe we still have a long way to go on the loss work time and the*unintelligible*...encouraged for part of the problem and I'm very encouraged to see the attempt being focused there and so, I applaud all of those efforts and thanks to everyone involved.

Director Gimarc: "No comment."

Director Nordlund: "Oh yeah, a couple of comments. First of all, I was pleased to see the grant application that we're putting in towards AEA, um, with the perspective geothermal site at Mt. Spurr with Ormat. I think that's definitely the right way to go. The synergy of both Chakachamna and Mt. Spurr geothermal tie into our transmission facilities out at Beluga it's really a good thing and I hope that really the whole kit 'n kaboodle can eventually be incorporated into GRETC. So, I think that is the right move. And, my second comment, I just noticed Brad's mother died and I just want to pass on my condolences to Brad and his family.

Chair Logan: "I would just like to comment on the compensation issue. It's a very, it's always a very challenging topic of discussion especially when the economic times are what they are but I don't have any qualms of doing what we did for Brad. When we prompted Brad to be the CEO, we performed a salary survey and in that salary survey we found out that other CEOs who were managing other similar size companies that Brad, what we offered Brad is \$120,000 lower than what the CEO's were making for similar size companies. And, in that time frame, not only did we offer him \$120,000 lower, he has taken on more and more duties and he has done more with less resources. So, I am completely confident in what we've done for him and I think it's a reward for him and it's all apart of Chugach's commitment to retaining good employees."

XV. ADJOURNMENT

Director Kennedy moved and Director Gimarc seconded the motion to adjourn. The meeting adjourned at 6:05 p.m.

/ss/

Alex Gimarc, Secretary

Date Approved: November 19, 2009