

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

November 19, 2009

BOARD OF DIRECTORS'
MEETING MINUTES

The following board members were present:

Rebecca Logan – Chair
Alex Gimarc – Secretary
PJ Hill - Treasurer
Janet Reiser – Director
Pat Kennedy – Director
Elizabeth Vazquez – Director (*arrived at 4:17 p.m.*)

The following board member was absent:

Jim Nordlund – Vice Chairman

The following employees, members, and guests attended:

Brad Evans	Connie Owens	James Posey (ML&P)
Dave Smith	Mark Johnson	Tom Lakosh
Tyler Andrews	Bill Bernier	Hal Johnston
Arthur Miller	Felix Melendez	Suzanne Gibson (CIRI)
Rick Freymiller	Phil Steyer	Ashley Schmiedeskamp (CIRI)
Ron Vecera	Mike Cunningham	Ethan Schutt (CIRI)
Paul Risse	Dora Gropp	
Tom Schulman	Paula Neas-Arnold	

Divina Portades, Administrative Assistant, recorded the meeting proceedings.

I. CONVENE MEETING

Chair Logan called the regular meeting of the Board of Directors to order at 4:00 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 Hill moved and Director Reiser seconded the motion to approve the Agenda. The motion passed unanimously.

V. CONSENT AGENDA

- A. *Board Calendar*
- B. *Upcoming Training & Conferences*
 - 1. *Energy in Alaska Conference – December 7-8, 2009 – Anchorage, AK*
 - 2. *NRECA Director Winter Training – December 11-16, 2009 – Nashville, TN (Hill, Kennedy & Vazquez)*
 - 3. *Annual Audit Committee Issues Conference – February 2, 2010 – Phoenix, AZ (Hill & Vazquez)*
 - 4. *NRECA Annual Meeting – February 11-18, 2010 – Atlanta, GA*
 - 5. *APA Legislative Conference – March 9-10, 2010 – Juneau, AK*
- C. *Minutes – October 28, 2009 (Knight-Scott/Neas-Arnold)*
- D. *Director Expenses*
- E. *Appointment of Director Hill and Director Vazquez to Attend KPMG's Audit Committee Institute 6th Annual Audit Committee Issues Conference – Phoenix, AZ – February 2, 2010 (Logan)*
- F. *2009 Recommendation on Discounting of Capital Credit Payments for 2010 (Smith)*
- G. *Retail Capital Credit Retirement (Smith)*
- H. *Wholesale Capital Credit Retirement (Cunningham)*
- I. *Opportunity for Beneficial Land Transactions (Risse)*

Director Reiser 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

Hal Johnston, Member, distributed to the Board a copy of the Naknek Electric News and provided an update on the progress of the geothermal project in that region. Mr. Johnson stated he attended the Alaska Power Authority meeting and expressed his concern of the initial control of all production and distribution of electric power of the Railbelt that was to be under the control of this Power Authority. As a concerned member of over 50 years, Mr. Johnson asked that the Board not relinquish control to the Authority without asking pointed questions about our interest.

Tom Lakosh's comment was heard after Agenda Item XII. Executive Session

Tom Lakosh addressed the Board and shared with them his concerns related to the natural gas usage and the wind power project that is currently being developed.

He discussed his conflict with CIRI and hopes that Chugach would be actively engaged with the State and CIRI to upgrade the wind farm. In his discussions with the Board, he stressed his concern with the two turbine sizes and how they would best benefit the project along with the transmission lines that are being proposed. He also stated his concern that if we are not proactive we would be hit with a \$500 billion tariff on the gas bullet line. Mr. Laksoh also voiced concern with the lack of training of staging reserves and hydro integration. He stressed the need to get the managers trained as soon as possible. He stated we need to engage AEA and all the power producers and make sure Chugach's management is properly trained so that we can take important roles in the new Railbelt and Transmission Authority that is inevitable. He also stated there are specific steps that need to be done to make sure we optimize Fire Island as the critical component in making that bridge.

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 Energy Committee and answered questions from the Board.

B. APA Report

None.

C. Meeting Reports

Director Gimarc provided an update on the November 13, 2009, Joint Utility Task Force Meeting with the City of Seward and Matanuska Electric Association that was held at Chugach Electric Association.

X. UNFINISHED BUSINESS

None.

XI. NEW BUSINESS

A. Update from CIRI on Fire Island

Suzanne Gibson, Ashley Schmiedeskamp, and Ethan Schutt of CIRI, provided an update on the Fire Island Wind Project and answered questions from the Board.

B. Simplified Rate Filing

Director Reiser moved and Director Hill seconded the motion that the Board of

Directors approve the attached resolution authorizing the adoption of the SRF process in compliance with 3 AAC 48.700 through 3 AAC 48.790 for adjustments to base demand and energy rates. The motion passed unanimously.

C. Resolution to Withdraw from Joint Action Agency (JAA)

Director Hill moved and Director Reiser seconded the motion that the Board of Directors approve the attached resolution authorizing the CEO to provide written notice of withdraw from the JAA Agreement.

After discussion, Chair Logan called for the vote and the motion passed unanimously.

XII. EXECUTIVE SESSION

At 4:49 p.m., Director Hill moved and Director Gimarc seconded the motion that pursuant to Alaska Statute 10.25.175 (c) (1) 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 the Association's 2010 Legislative Agenda; Fuel Supply Issues; and, the Human Resources Division's Strategic Plan.

The matters to be discussed include the:

- A. 2010 Legislative Agenda
- B. Fuel Supply Matters, and
- C. Human Resources Strategic Plan.

The motion passed unanimously.

The Board took a 5 minutes recess and went into executive session at 4:55 p.m.

During Executive Session, Chair Logan passed the gavel to Director Gimarc and appointed him as Acting Chair for the remainder of the meeting. Chair Logan departed at 5:23 p.m.

The Board took a 6 minutes recess and reconvened in open session at 6:14 p.m

Mr. Tom Lakosh was not present during Agenda Item VI. Persons to be Heard and addressed the Board at this time.

XIII. DIRECTOR COMMENTS

Director Hill: "No comment."

Director Reiser: "I happen to have a comment. I know that and rightly so, when we go around to Director Comments, we compliment staff on the work that they have done and, and rightly so, but I think that as I look around and been on this board almost two years now. I would like to formally thank all the members of the board for all the work that they do, that goes unsung and uncommented on and there are a lot of people here where

taking on different tasks and doing them well and I would like to acknowledge that in my Director Comments.”

Director Kennedy: “I don’t have any.”

Director Vazquez: “I totally agree with Director Reiser, let the truth be known, we are basically volunteers given the pay that we get; when you take it to account the taxes, and the number of hours. I ask Ms. Connie for instance to figure out the, divide the number of, I guess you know, we have this monthly hour sheet or whatever, I asked her to when she gets a chance to divide that by the monthly pay I’ve gotten this year to see what I get per hour, which you know, it ought be interesting but....”*Director Reiser: We’re down doing burgers?”* Director Vazquez: “Well, maybe not as low but, maybe so because it’s a lot of work other than looking at the email and what have you. And all the heavy lifting I did, set the table for a lot of what’s going on now because GRETC, I am afraid, would not have happened with what we had previous, the previous scene that we had in this organization, if you will, so. ”*Director Reiser: Really?”* Director Gimarc: “*Thank you madam.*” Director Vazquez: “Oh, Director Reiser, thank you for following up on that power plant, new power plant project, as an engineer, you have...” *Director Reiser: “Oh, you are so welcomed.”* Director Vazquez: “You have distinct qualifications, excellent qualifications too.”

Acting Chair Gimarc: “I have no comments.”

XIV. ADJOURNMENT

Director Hill moved and Director Reiser seconded the motion to adjourn. The meeting adjourned at 6:33 p.m. The motion passed unanimously.

/ss/

Alex Gimarc, Secretary

Date Approved: December 17, 2009