

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

June 27, 2018
Wednesday
4:00 p.m.

REGULAR BOARD OF DIRECTORS' MEETING

Recording Secretary: Divina Portades

I. CALL TO ORDER

Chair Chastain called the Regular Board of Directors' Meeting to order at 4:01 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

A. Pledge of Allegiance

Chair Chastain led the Board in the Pledge of Allegiance.

B. Roll Call

Board Members Present:

Bettina Chastain, Chair

Susan Reeves, Vice Chair

Stuart Parks, Secretary

Rachel Morse, Treasurer (*via teleconference on approved Association Business*)

Harry Crawford, Director (*via teleconference*)

Jim Henderson, Director (*via teleconference at 4:02 p.m.*)

Guests and Staff in Attendance:

Lee Thibert

Tyler Andrews

Renee Curran

Connie Owens

Marty Freeman

Sean Skaling

Brian Hickey

Tom Schulman

Phil Steyer

Sherri Highers

Jean Kornmuller

Sarah Wiggers

Paul Risse

Andrew Laughlin

Jerome George, Member

Arthur Miller

Jody Wolfe

Mitchell Roth, Member

Matthew Clarkson

Teresa Kurka

Eric Campbell, BDO

C. Safety Minute

Marty Freeman, Manager, Safety discussed "*Grill/Propane Safety*".

Director Henderson joined via teleconference at 4:02 p.m.

Chair Chastain designated Director Reeves as the Acting Treasurer.

Director Crawford designated Director Reeves to sign for his expense report.

Director Henderson designated Chair Chastain to sign for his expense report.

II. APPROVAL OF THE AGENDA

Director Reeves moved and Director Parks seconded the motion to approve the agenda. The motion passed unanimously.

III. PERSONS TO BE HEARD

A. Member Comments

Mr. Jerome George, a member, spoke before the Board regarding auto pay and member communication over the phone/remote area issues and responded to questions from the Board.

IV. CONSENT AGENDA

A. Board Calendar

B. Training and Conferences

- 1. 2018 NRECA Region 9 Meeting, September 25-27, 2018, Anchorage, AK (Deadline for conference registration is August 1, 2018)*
- 2. Director Winter School, November 30 – December 5, 2018, Nashville, TN (Deadline for conference and hotel registration is October 29, 2018)*

C. Minutes

- 1. May 23, 2018, Regular Board of Directors' Meeting (Quezon-Vicente)*

D. Director Expenses

E. Update Bank Signature Cards (Housekeeping)

Chair Chastain stated that the training and conferences are coming up and to let Connie Owens know, if interested in attending.

Director Reeves moved and Director Parks seconded the motion to approve the consent agenda. The motion passed unanimously.

V. CEO REPORTS AND CORRESPONDENCE

A. April 2018 Financial Statements and Variance Report (Harris/Curran)

Sherri Highers, Chief Financial Officer and VP, Finance and Administration discussed the April 2018 Financial Statements and Variance Report. Ms. Highers, Lee Thibert, Chief Executive Officer (CEO), Arthur Miller, VP, Regulatory and External Affairs and Sean Skaling, Manager, Business and Sustainability Program Development responded to questions from the Board.

B. 2018 Annual Meeting and Election Report (Kurka/Miller)

Teresa Kurka, Director, Member Services and Sarah Wiggers, Communication and Creative Specialist discussed the 2018 Annual Meeting and Election Report, asked the Board for their feedback and responded to questions from the Board.

C. 2019 Annual Meeting Plan Discussion (Wiggers/Andrews)

Teresa Kurka, Director, Member Services and Sarah Wiggers, Communication

and Creative Specialist discussed the 2019 Annual Meeting Plan and responded to questions from the Board.

- D. *2nd Quarter 2018 Utility Bill Comparison (Skaling/Miller)*
The 2nd Quarter 2018 Utility Bill Comparison was provided in the meeting packet.

VI. DIRECTOR REPORTS

- A. *Alaska Railbelt Cooperative Transmission & Electric Company (ARCTEC) Report*

Lee Thibert, CEO and Director Crawford reported on the June 21 & 27, 2018 ARCTEC meetings.

Brian Hickey, Sr. Vice President, System Operations responded to question from the Board.

- B. *Renewable Energy Alaska Project (REAP) Report*

Director Parks stated that the last REAP meeting, May 24, 2018, was reported at the last Board meeting and that the next REAP meeting is scheduled for July 11, 2018.

- C. *Accelerated Transition Plan Moving to 100% Renewable Energy with Zero Emissions – Report from Director Henderson*

Director Henderson stated that he has nothing to report at this time and additional time is needed for research and analysis.

- D. *Board Committee Reports (Audit and Finance, Operations & Governance)*

Chair Chastain appointed Director Morse as the Chair for Audit and Finance Committee. Chair Chastain stated that there has been no Audit and Finance Committee Meeting and that the next meeting is scheduled for July 11, 2018.

Director Parks reported on the May 24, 2018 and June 25, 2018, Operations Committee Meetings.

Director Henderson stated that he provided a copy of the CEO evaluations PowerPoint prepared by Tracy Beam specifically for Chugach Electric to the Board. Director Parks requested a copy of the presentation for his review.

Director Reeves stated that Director Morse has volunteered to serve on the Governance Committee and as a Vice Chair.

- E. *Other Meeting Reports*

Chair Chastain and Director Reeves reported on the June 25, 2018 meeting with Doug Robbins on Renewable/Hydro Project opportunities and was encouraged to get involved with ARCTEC.

Director Reeves reported on the teleconference with NRECA and Meera Kohler of AVEC to discuss NRECA Resolution on emissions and climate change.

Director Henderson reported on the June 25, 2018, NACD meeting in Chicago.

VII. UNFINISHED BUSINESS

None

VIII. NEW BUSINESS

A. 2017 Capital Credit Allocations (Kornmuller/Miller)*

Jean Kornmuller, Manager, Regulatory Affairs and Arthur Miller, VP Regulatory & External Affairs, discussed the 2017 Capital Credit Allocations and responded to questions from the Board.

Director Parks moved and Director Reeves seconded the motion that the Board of Directors approve the Resolution authorizing 2017 capital credit allocations in the amounts of \$6,018,165 to Chugach retail members and \$30,559 to Seward Electric System. The motion passed unanimously.

IX. EXECUTIVE SESSION

A. Alaska Power Association (APA) Membership

B. Stand for Alaska Coalition

C. 2018 CEO Performance Scorecard and Project Specific Initiatives

D. 1st Quarter 2018 Fire Island Wind Report

E. Review of Request for Information Protocols

F. Board Policy (BP) Scheduled Tasks:

1. BP 100 – Code of Ethics (Annual Review)

2. BP 103 – Duties and Responsibilities of the Board of Directors (Annual Review)

3. BP 106 – Director Duties and Standards of Conduct (Annual Review)

4. BP 401 – 2nd Quarter 2018 Business Development and Sustainability Report (Skaling/Miller)

G. On-Going Strategic Matters

1. Initiatives Under Consideration

2. Outstanding Risks to the Association

H. ML&P Acquisition

At 5:09 p.m., Director Reeves moved and Director Parks 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: 1) discuss and receive reports regarding financial matters, the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative; 2) discuss personnel matters that may tend to prejudice the reputation or character of a person; however, the person may request a public discussion; and, 3) discuss with its attorneys legal matters, the immediate knowledge of which could have an adverse effect on the legal position of the cooperative. The motion passed unanimously.

The meeting reconvened in open session at 7:23 p.m.

X. NEW BUSINESS

- A. *ML&P - Approval of the Integration Consulting Agreement* (Fouts)*
Director Reeves moved and Director Parks seconded the motion that the Board of Directors authorize the Chief Executive Officer to execute the Integration Consulting Agreement as discussed in Executive Session. The motion passed unanimously.
- B. *ML&P - Authorization to Negotiate Asset Purchase Agreement for Potential Acquisition** (Miller)*
Director Reeves moved and Director Parks seconded the motion that the Chugach Board of Directors approve the resolution authorizing the Chief Executive Officer to negotiate and develop an Asset Purchase Agreement with the Municipality of Anchorage for the purchase of all or a majority interest of ML&P, with expected savings of at least \$110 million and subject to due diligence, under terms and conditions substantially the same as discussed in Executive Sessions. The motion passed unanimously, as amended.
- C. *ML&P - Schedule for the Negotiation of Asset Purchase Agreement for Potential Acquisition** (Miller)*
Director Reeves moved and Director Parks seconded the motion to waive the 7-day rule notice requirement. The motion passed unanimously.
- Director Parks moved and Director Reeves seconded the motion that the Chugach Board of Directors approve the resolution regarding the schedule for Chugach Board approval of the Asset Purchase Agreement for the purchase of all or a majority interest of ML&P, subject to the timely receipt of due diligence information and successful negotiations with the Municipality of Anchorage. The motion passed unanimously, as amended.
- D. *2018 CEO Performance Scorecard and Project Specific Initiatives** (Board)*
Chair Chastain deferred this agenda item to the next Board meeting. No objections were made.
- E. *Director Vacancy* (Schulman)*
Director Parks moved and Director Reeves seconded the motion that the Board accept Director Cooper's resignation and proceed to fill the vacancy pursuant to Board Policy 603 and Article IV, Section 8 of the Chugach bylaws.

Lee Thibert, CEO, Connie Owens, Manager, Executive Office and Tom Schulman, Manager, Regulatory Legal responded to questions from the Board.

After discussion, Director Parks withdrew the original motion and accepted by Director Reeves.

Director Parks moved and Director Reeves seconded the motion that the Board accept Director Cooper's resignation and proceed to fill the vacancy pursuant to Board Policy 603 and Article IV, Section 8 of the Chugach bylaws. The motion passed unanimously.

Chair Chastain requested that the Board return to Executive Session. No objections were made.

At 7:51 p.m., Director Parks moved and Director Reeves 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: 1) discuss and receive reports regarding financial matters, the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative; 2) discuss personnel matters that may tend to prejudice the reputation or character of a person; however, the person may request a public discussion; and, 3) discuss with its attorneys legal matters, the immediate knowledge of which could have an adverse effect on the legal position of the cooperative. The motion passed unanimously.

The meeting reconvened in open session at 8:03 p.m.

XI. DIRECTOR COMMENTS

Director comments were made at this time.

XI. ADJOURNMENT

At 8:08 p.m., Director Reeves moved and Director Parks seconded the motion to adjourn. The motion passed unanimously.

Stuart Parks, Secretary
Date Approved: July 25, 2018