

**CHUGACH ELECTRIC ASSOCIATION, INC.**  
**Anchorage, Alaska**

**May 22, 2019**  
**Wednesday**  
**(Immediately following the Governance Committee Meeting)**

**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  
Jim Henderson, Director  
Harry Crawford, Director  
Harold Hollis, Director

*Guests and Staff in Attendance:*

Lee Thibert	Tom Schulman	Robert Price
Brian Hickey	Josh Resnick	Jean Kornmuller
Connie Owens	Pete Smithson	Katie Millen
Arthur Miller	Teresa Kurka	Kate Ayers
Sherri Highers	Andrew Laughlin	Michael Rovito, APA
Matthew Clarkson	Marty Freeman	Don Edwards, Outside Regulatory Consultant (via teleconference)
Mark Fouts	Phil Steyer	
Tyler Andrews	Sean Skaling	
Julie Hasquet	Jody Wolfe	

*C. Safety Minute*

Marty Freeman, Manager, Safety discussed "*Boating Safety*" and responded to questions from the Board.

**II. APPROVAL OF THE AGENDA**

Director Hollis moved and Director Morse seconded the motion to approve the agenda. The motion passed unanimously.

### **III. PERSONS TO BE HEARD**

- A. *Member Comments*  
None

*Chair Chastain stated that Director Crawford is requesting an excused absence for the April 23, 2019, Governance Committee Meeting and herself for the May 8, 2019, Audit and Finance Committee Meeting.*

*Director Reeves moved and Director Henderson seconded the motion to approve the excused absence for Director Crawford for the April 23, 2019, Governance Committee Meeting and Director Chastain for the May 8, 2019, Audit and Finance Committee Meeting. The motion passed unanimously.*

### **IV. CONSENT AGENDA**

- A. *Board Calendar*
- B. *Training and Conferences*
  - 1. *NRECA Summer School for Directors, August 2-7, 2019, Branson, MO (Deadline for conference and hotel registration is June 24, 2019)*
  - 2. *2019 APA Annual Meeting, August 20-23, 2019, Juneau, AK (Deadline for conference and hotel registration is July 26, 2019)*
- C. *Minutes*
  - 1. *April 24, 2019, Regular Board of Directors' Meeting (Portades)*
  - 2. *April 26, 2019, Special Board of Directors' Meeting (Portades)*
  - 3. *May 21, 2019, Regular Board of Directors' Meeting (Quezon)*
- D. *Director Expenses*
- E. *Board Policy 207, Audit and Finance Committee*
- F. *Fiscal Year 2019 Tax Services*
- G. *Board Policy 307, Interest Rate Risk Management Policy*

Director Morse moved and Director Henderson seconded the motion to approve the consent agenda.

Chair Chastain discussed the Board Strategic Planning and opened for discussion and Board's availability. The Board agreed to reschedule the Board Strategic Planning to November 11-12, 2019.

Director Parks requested to move the September 18, 2019, Regular Board of Directors' Meeting to September 17, 2019.

After discussion, Chair Chastain called for a vote. The motion passed unanimously, as amended.

### **V. CEO REPORTS AND CORRESPONDENCE**

- A. *2019 State Legislative Briefing (Steyer)*  
Phil Steyer, Director, Government Relations discussed the 2019 State Legislative Briefing and responded to questions from the Board.

Further discussion on State Legislative Briefing will be deferred to Executive Session.

*B. Board Policy Scheduled Tasks/Reports (Board/Staff)*

Lee Thibert, Chief Executive Officer (CEO) discussed the Board Policy Scheduled Tasks/Reports and responded to questions from the Board.

Further discussion on Board Policy 401, Staffing will be deferred to Executive Session.

**VI. DIRECTOR REPORTS**

*A. Alaska Power Association (APA) Report*

Director Hollis stated that Michael Rovito, APA is present and will report on APA's upcoming events.

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

Directors Crawford and Henderson and Lee Thibert, CEO reported on the May 16, 2019, ARCTEC Board Meeting.

Lee Thibert stated that Willard Dunham (City of Seward Board) successor is his son, Kevin Dunham, former employee of Chugach Electric.

*C. Renewable Energy Alaska Project (REAP) Report*

Director Morse reported that the REAP meeting is tonight and not able to attend.

Director Morse commented on inviting the REAP Executive Director to speak at the Chugach Electric's Board meeting.

Director Reeves commented on inviting Polly Carr, Executive Director of Center for the Environment (The Alaska Center) to speak at the Chugach Electric's Board meeting.

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

Director Morse reported on the May 8, 2019, Audit and Finance Committee meeting.

Director Parks stated that there were no Operations Committee meeting to report and but would like to defer further discussion of the April 22, 2019, Operations Committee meeting during Executive Session.

Director Reeves reported on the May 22, 2019, Governance Committee meeting.

*E. Other Meeting Reports*

None

**VII. UNFINISHED BUSINESS**

None

## VIII. NEW BUSINESS

### A. *Discussion – Board Election Procedures*

Tom Schulman, Manager, Regulatory Legal, discussed the Board Election Procedures and responded to questions from the Board.

### B. *Election of Officers\* (Board)*

*Chair Chastain opened the floor to nominations for Chair of the Board.*

Director Reeves nominated Director Chastain for Chair of the Board. Director Henderson seconded the nomination. No other nominations were made. Chair Chastain closed the nomination and called for a vote. The nomination passed unanimously.

*The result of the vote: Chair Chastain was elected Chair of the Board.*

*Chair Chastain opened the floor to nominations for Vice Chair of the Board.*

Director Hollis nominated Director Reeves for Vice Chair of the Board. Director Morse seconded the nomination. No other nominations were made. Chair Chastain closed the nomination and called for a vote. The nomination passed unanimously.

*The result of the vote: Director Reeves was elected Vice Chair of the Board.*

*Chair Chastain opened the floor to nominations for Secretary of the Board.*

Director Henderson nominated Director Parks for Secretary of the Board. Director Morse seconded the nomination. No other nominations were made. Chair Chastain closed the nomination and called for a vote. The nomination passed unanimously.

*The result of the vote: Director Parks was elected Secretary of the Board.*

*Chair Chastain opened the floor to nominations for Treasurer of the Board.*

Director Reeves nominated Director Morse for Treasurer of the Board. Director Hollis seconded the nomination. No other nominations were made. Chair Chastain closed the nomination and called for a vote. The nomination passed unanimously.

*The result of the vote: Director Morse was elected Treasurer of the Board.*

### C. *Adoption of Calendar of Regular Meetings of the Board of Directors\* (Owens/Thibert)*

Director Reeves moved and Director Henderson seconded the motion that the Board of Directors approve the resolution which adopts a schedule for regular meetings of the Board as reflected in the Board Calendar.

Director Parks requested to move the September 18, 2019, Regular Board of Directors' Meeting to September 17, 2019.

After discussion, Chair Chastain called for a vote. The motion passed unanimously, as amended.

*D. Appointment of ARCTEC Member, Management and Alternate Representatives\* (Housekeeping)*

Director Morse moved and Director Crawford seconded the motion that the Board of Directors' adopts the Resolution appointing Director Crawford as Chugach's Member Representative, Lee Thibert as Management Representative and Director Henderson as Alternate Representative to the ARCTEC Board of Directors. The motion passed unanimously.

After Agenda Item VIII.F., Director Reeves moved to amend the original motion and to add to the Resolution for the Appointment of ARCTEC Member, Management and Alternate Representatives by adding Board Policy 107, Authority of the Association-Appointed Representative Regarding Jointly Owned and Operated Assets as a reference and Director Morse seconded the motion. The motion passed unanimously.

*E. Appointment of REAP Member and Alternate Representatives\* (Housekeeping)*

Director Reeves moved and Director Parks seconded the motion that the Board of Directors appoints Director Morse as the REAP member and Director Henderson as the Alternate Representative. The motion passed unanimously.

*F. Appointment of APA Member and Alternate Representatives\* (Housekeeping)*

Director Henderson moved and Director Crawford seconded the motion that the Board of Director appoints Director Hollis as the APA member and Director Henderson as the Alternate Representative. The motion passed unanimously.

*G. 2018 Capital Credit Allocations\* (Kornmuller/Miller)*

Jean Kornmuller, Manager, Regulatory Affairs discussed the 2018 Capital Credit Allocations with the Board.

Director Henderson moved and Director Hollis seconded the motion that the Board of Directors approve the Resolution authorizing 2018 Capital Credit Allocations in the amounts of \$5,337,089 to Chugach retail members and \$25,785 to Seward Electric System. The motion passed unanimously.

*H. Simplified Rate Filing: March 2019 Test Year\* (Kornmuller/Miller)*

Jean Kornmuller, Manager, Regulatory Affairs discussed the Simplified Rate Filing March 2019 Test Year with the Board.

Director Henderson moved and Director Parks seconded the motion that the Board of Directors approve the Resolution authorizing Chugach to file with the Regulatory Commission of Alaska, a March 2019 test year SRF requesting approval to increase the demand and energy rates by 2.5 percent to Chugach retail

and by 3.2 percent to the wholesale class of Seward Electric System for rates effective August 1, 2019. The motion passed unanimously.

## **IX. EXECUTIVE SESSION**

- A. *2019 (May 1, 2019 – April 30, 2020) Chief Executive Officer Key Performance Indicators*
- B. *Non-Represented Retirement Pay and Benefits*
- C. *RRC/TRANSCO Update*
- D. *ML&P Acquisition Update*

At 5:30 p.m., Director Parks moved and Director Morse 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 7:37 p.m.*

## **X. NEW BUSINESS**

- A. *2019 (May 1, 2019 – April 30, 2020) Chief Executive Officer Key Performance Indicators\* (Board)*

Director Hollis moved and Director Henderson seconded the motion that the Board of Directors approve the 2019 (May 1, 2019 – April 30, 2020) Chief Executive Officer Key Performance Indicators as discussed in executive session. The motion passed unanimously.

- B. *Beluga Transformer Replacement Project\* (Hickey/Laughlin)*

Andrew Laughlin, Sr. Manager, Transmission and Substation Engineering and Brian Hickey, Chief Operating Officer discussed the Beluga Transformer Replacement Project and responded to questions from the Board.

Director Morse moved and Director Parks seconded the motion that the Board of Directors authorize project expenditures for the Beluga T10 Replacement at an estimated total cost of \$2,500,000 with an estimated completion in the first quarter of 2020. The motion passed unanimously.

- C. *Approve Stakeholder RRC/MOU\*\* (Hickey)*

Director Henderson moved and Director Crawford seconded the motion that the Chugach Board of Directors approve the Resolution authorizing the Chief Executive Officer (CEO) to enter into the attached MOU, to further the Railbelt unification effort and to collaboratively define the business and organizational structure of the RRC that conforms to our guiding principles. Further, the CEO is authorized to continue with the development of a transmission investment and operation model that meets the Board's Guiding Principles.

The CEO will inform the Board of any definitive agreements or significant changes. The CEO will report to the Board no later than August 31<sup>st</sup>, 2019 on the status of this effort. And, subsequently, will submit to the Board, for the Board's approval, any documents or proposed regulatory filings related to the establishment of the RRC or a Transco. The motion passed unanimously.

**XI. DIRECTOR COMMENTS**

Director comments were made at this time.

**XII. ADJOURNMENT**

At 8:00 p.m., Director Morse moved and Director Hollis seconded the motion to adjourn. The motion passed unanimously.

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/ss/  
Stuart Parks, Secretary  
Date Approved: June 26, 2019