



**CHUGACH ELECTRIC ASSOCIATION, INC.  
ANCHORAGE, ALASKA**

**GOVERNANCE COMMITTEE MEETING**

**AGENDA**

Rachel Morse, Chair  
James Henderson

Sam Cason  
Stuart Parks  
Bettina Chastain

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**August 18, 2020**

**4:00 p.m.**

**Chugach Board Room**

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- I. CALL TO ORDER (4:00 p.m.)
  - A. Roll Call
- II. APPROVAL OF AGENDA\*
- III. APPROVAL OF MINUTES\*
  - A. August 8, 2019 (Quezon)
- IV. PERSONS TO BE HEARD
  - A. Member Comments
- V. EXECUTIVE SESSION (none)
- VI. NEW BUSINESS (scheduled) (4:05 p.m.)
  - A. Election of Governance Committee Vice Chair\* (Committee) (4:05 p.m.)
  - B. Review of Board Policies\*\* (4:10 p.m.)
    - 1. Board Policy 101 – Statement of Objectives\*\* (Committee)
    - 2. Board Policy 103 – Duties and Responsibilities of the Board of Directors\*\* (Committee)
    - 3. Board Policy 202 – Procedures for Board of Directors Meeting\*\* (Clarkson)
    - 4. Board Policy 208 – Statement of Functions of the Governance Committee (Committee)
    - 5. Board Policy 304 – Capital Credit Policy\*\* (Committee)
  - C. Member Advisory Council\*\* (Committee) (5:15 p.m.)
  - D. Bylaws\*\* (Committee) (5:40 p.m.)
  - E. Election Cycle\*\* (Committee) (6:10 p.m.)
- VII. DIRECTOR COMMENTS (6:50 p.m.)
- VIII. ADJOURNMENT\* (7:00 p.m.)

\* Denotes Action Items

\*\* Denotes Possible Action Items

8/12/2020 3:17:18 PM

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

**August 8, 2019**  
**Thursday**  
**4:00 p.m.**

**GOVERNANCE COMMITTEE MEETING**

Recording Secretary: Divina Portades

**I. CALL TO ORDER**

Chair Reeves called the Governance Committee meeting to order at 4:01 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

*A. Roll Call*

*Committee Members Present:*

Susan Reeves, Chair

Rachel Morse, Vice Chair

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

Bettina Chastain, Director *(arrived at 4:02 p.m.)*

Harry Crawford, Director

*Guests and Staff in Attendance:*

Lee Thibert

Connie Owens

**II. APPROVAL OF THE AGENDA**

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

*Directors Chastain and Henderson were not present at the time of vote.*

**III. APPROVAL OF MINUTES**

*A. May 22, 2019*

Director Crawford moved and Director Morse seconded the motion to approve the May 22, 2019 meeting minutes. The motion passed unanimously.

*Director Henderson arrived at 4:02 p.m.*

*Director Chastain was not present at the time of vote.*

**IV. PERSONS TO BE HEARD**

*A. Member Comments*

None

**V. UNFINISHED BUSINESS**

None

*Director Chastain arrived at 4:03 p.m.*

**VI. EXECUTIVE SESSION**

- A. Member Advisory Committee*
- B. Districts, Pros and Cons*
- C. Board Size*
- D. Election Cycle*
- E. Guidelines for Sitting Board Members during Elections*
- F. Renewables*

At 4:03 p.m., Director Morse moved and Director Crawford seconded the motion that pursuant to Alaska Statute 10.25.175(c) (3) the Board of Directors' Governance Committee go into executive session to discuss legal matters with its attorneys, 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 5:28 p.m.*

**VII. NEW BUSINESS**

- A. Election of Governance Committee Vice Chair\* (Committee)*

Chair Reeves opened the floor to nominations for Vice Chair of the Governance Committee.

Director Morse nominated herself for Vice Chair of the Governance Committee. Director Chastain seconded the nomination. No other nominations were made.

Director Chastain moved and Director Crawford seconded the motion that the Governance Committee elect Director Morse as the Vice Chair of the Governance Committee. The motion passed unanimously.

**VIII. DIRECTOR COMMENTS**

Comments were made at this time.

**IX. ADJOURNMENT**

At 5:34 p.m., Director Henderson moved and Director Morse seconded the motion to adjourn. The motion passed unanimously.

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

**GOVERNANCE COMMITTEE MEETING**  
**AGENDA ITEM SUMMARY**

**August 18, 2020**

**ACTION REQUIRED**

**AGENDA ITEM NO. VI.A.**

<u>      </u>	<b>Information Only</b>
<u>  <b>X</b>  </u>	<b>Motion</b>
<u>      </u>	<b>Resolution</b>
<u>      </u>	<b>Executive Session</b>
<u>      </u>	<b>Other</b>

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**TOPIC**

Election of Governance Committee Vice Chair

**DISCUSSION**

Board Policy 208, Statement of Functions of the Governance Committee, Section II. states the Board Chair shall appoint the Governance Committee Chairperson. The Governance Committee elects from its membership a vice chair.

The Vice Chair acts during the absence of the Committee Chair. The term of the Vice Chair is from her or his election by the Committee and until a new Committee is appointed by the Board Chair or unless the Vice Chair is otherwise removed.

**MOTION**

Move that the Governance Committee elect Director \_\_\_\_\_ as the Vice Chair of the Governance Committee.

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

**BOARD OF DIRECTORS' GOVERNANCE COMMITTEE MEETING**  
**AGENDA ITEM SUMMARY**

**August 18, 2020**

**ACTION REQUIRED**

**AGENDA ITEM NO. VI.B.**

<u>      </u>	<b>Information Only</b>
<u>  <b>X</b>  </u>	<b>Motion</b>
<u>      </u>	<b>Resolution</b>
<u>      </u>	<b>Executive Session</b>
<u>      </u>	<b>Other</b>

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**TOPIC**

Board Policies 100, 101, 103 and 304

**DISCUSSION**

Staff and the Board of Directors (Board) are charged with reviewing and updating, as necessary, all Board Policies on a routine basis. Staff has undertaken a review of the following policies:

- Board Policy 100 - Code of Ethics For Directors and Employees
- Board Policy 101 - Statement of Objectives
- Board Policy 103 - Duties and Responsibilities of the Board of Directors
- Board Policy 304 - Capital Credit Policy

Staff is recommending minor updates to clarify existing language in Board Policies 103 and 304 and, to update the Association's Vision Statement found in Board Policy 101 at Section I.A.2. At this time, no changes are suggested to Board Policy 100.

**MOTIONS**

- 1) Move that the Governance Committee approve, and forward to the Board of Directors with a recommendation that the Board approve, revisions to Board Policy 101 - Statement of Objectives, as shown in the attached draft policy.

- 2) Move that the Governance Committee approve, and forward to the Board of Directors with a recommendation that the Board approve, revisions to Board Policy 103 - Duties and Responsibilities of the Board of Directors, as shown in the attached draft policy.
- 3) Move that the Governance Committee approve, and forward to the Board of Directors with a recommendation that the Board approve, revisions to Board Policy 304 - Capital Credit Policy, as shown in the attached draft policy.

CHUGACH ELECTRIC ASSOCIATION, INC.

BOARD POLICY: 101

**STATEMENT OF OBJECTIVES**

**I. OBJECTIVE**

A. Major Objectives With Association Members (“members”)

1. To operate the Association as a non-profit enterprise on a continuing basis in accordance with its Articles of Incorporation, Bylaws, corporate policies and documents, and other applicable legal and contractual requirements.
2. To maximize the value members receive by ~~safely providing competitively priced, reliable energy and services responsibly developing energy to build a clean, sustainable future for Alaska~~ through innovation, leadership and prudent management, which includes the establishment of an adequate financial structure, sufficient funds available to cover all costs of service, retirement of outstanding debt obligations, provisions for future expansion to meet the needs of members, and equitable remuneration to employees.
3. To keep the members informed of the manner of operation, plans, progress, and problems of their utility system; to strive to obtain their understanding, acceptance and support; and to provide reasonable means through which the needs of the members can be expressed and acted upon as appropriate.
4. To educate members concerning ways they can most efficiently utilize electric energy. It is in the members’ best interest to use electrical energy efficiently in order to delay the need for additional generation.

B. Major Objectives With Employees

1. To establish the attitude that the Association’s greatest assets are its employees and that opportunities will be provided to encourage their growth and development.
2. To motivate and encourage employees to perform to the highest standards and to foster an increased level of personal responsibility for management of Association resources and efficiency of the work processes.
3. To fully communicate the importance of safety as a high priority of the Association.

4. To operate within the bounds of accepted safety practices and to promote the safety and well-being of employees, members and the general public.

C. Coordinate Objectives With Members

1. To develop and maintain processes which allow and encourage participation of members in the leadership of their Association.
2. To enhance the Association's reputation for fair dealings, prompt and efficient service, dependability, integrity, courtesy, and technical competence.
3. To strive constantly for ever higher standards of service through management, utilization of new equipment and techniques, and improved methods of operations; and to use these factors to increase system efficiency.
4. To develop, operate, and maintain the electric generation, transmission and distribution systems at optimum performance to assure quality of service and safety of members while maintaining investment at a reasonable level and minimizing premature obsolescence.
5. To prudently maintain an appropriate equity level.

D. Coordinate Objectives With Employees

1. To adequately train, develop, and compensate all employees.
2. To inform employees of decisions or situations affecting them on their jobs and to solicit their ideas and support.
3. To seek out, stimulate and motivate those individuals who have leadership potential.

E. Coordinate Objectives With Public

1. To develop understanding, acceptance, and support of the Association's objectives, plans, policies and programs.
2. To foster and develop the Association as a good corporate citizen in the community.
3. To provide leadership and to cooperate with other community and civic groups in furthering programs of mutual interest which will benefit the members and the community.



II. RESPONSIBILITIES

- A. The Board of Directors shall be responsible for considering the expressed objectives of the Association in making decisions which will directly or indirectly affect members, employees, and the public.
- B. The Chief Executive Officer shall be responsible for the administration of this Policy.

Date Approved: ~~May 25, 2016~~ June XX, 2020

Attested: \_\_\_\_\_

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~~Bruce M. Dougherty~~ **Stuart Parks**  
Secretary of the Board

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**CHUGACH ELECTRIC ASSOCIATION, INC.**

**BOARD POLICY: 103**

**DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS**

**I. OBJECTIVE**

To describe the major duties and responsibilities of the Board of Directors ("Board").

**II. CONTENT**

Full compliance with this Policy is mandatory and directors are expected to foster a culture of transparency, integrity and honesty.

**A. General duties and responsibilities of the Board are as follows:**

1. Ensure that the legal requirements, as set forth in the Articles of Incorporation, the Bylaws, and regulations applicable to the Association are complied with including, but not necessarily limited to:
  - a. Relevant federal, State and local statutes, ordinances and regulations.
  - b. The Indenture of Trust and other loan covenants, loan agreements and financing agreements.
  - c. Requirements of federal and State regulatory agencies and commissions with jurisdiction over the Association's activities.
2. Select and employ a competent Chief Executive Officer and delegate to him or her, the complete responsibility and authority to select and direct employed personnel and to terminate employment if such action becomes necessary, within the limitations of Association policy, procedures and collective bargaining agreements.
3. The Board Chair shall be responsible for ensuring that the performance of the Chief Executive Officer is evaluated each year by the Board Operations Committee and that a written report to the full Board is provided on or before the first Board meeting in April on the results of such evaluation. The evaluation is to include a recommendation on salary adjustment when appropriate. Once reviewed and approved by the Board, the results of such evaluation are to be provided to and discussed with the Chief Executive Officer.

4. Hold well-planned and effectively conducted Board Meetings in a timely manner sufficiently often to stay well-informed about Association matters; to provide policy guidance; and, to take action on Association business as necessary and appropriate. The preliminary agenda for such meetings shall be developed by the Board Chair in consultation with the Chief Executive Officer. The agenda should be transmitted to Board Members in advance of the Board Meeting with sufficient supporting information to facilitate the decision-making process.
5. Ensure that complete and accurate minutes of the Board and annual and special membership meetings are prepared and maintained. Except as specified otherwise in the Association's Bylaws, minutes will generally be prepared in accordance with the "Guidelines for Taking Meeting Minutes" contained in the most recent version of *Robert's Rules of Order*, and shall be kept and maintained at the Association headquarters and distributed to all Board members.
6. Ensure open discussion and information exchange about all matters that come before the Board.
7. Authorize the funds, facilities, equipment, and human resources necessary to carry out the mission and objectives of the Association.
8. Establish committees when necessary.
9. Through the Chair, in consultation with the Chief Executive Officer and the Committee Chair, refer matters to committees for examination and investigation, receive reports from those committees and take appropriate action as a result of such reports; provided that referral of a matter to a committee will not preclude the Board from taking action on that matter.
10. Select and appoint Board Counsel, as required.
11. Arrange periodically for an evaluation of Board performance and for a systematic program to keep the Board informed and educated about the Association's business and operations.
12. Periodically review this Board policy regarding the functions, duties and responsibilities of the Board and review the Association's objectives and goals, as recommended by the Chief Executive Officer and the strategy to achieve those objectives and goals.

B. Financial duties and responsibilities of the Board are as follows:

1. Ensure the fiscal soundness of the organization.
2. Review the Association's financial statements.
3. Review the consolidated operating and capital budgets as recommended by the Chief Executive Officer including all budget revisions, ~~greater than \$1,000,000.~~ Approve the operating and capital budgets, and budget revisions greater than \$1,000,000.
4. Review on an ~~as-needed~~annual basis, the long-range financial forecasts to determine the financial needs of the Association and how they will be met.
5. Review staff recommendations on financial policies and practices and review sources and strategies for financing.
6. Protect the assets of the Association through appropriate risk management policies and coverages and by ensuring that lending covenants are met or exceeded.
7. Adopt and ensure appropriate controls for the exercise of authority delegated to Board Officers, the Chief Executive Officer, and other employees.
8. Approve depositories for funds of the Association and those authorized to sign checks, drafts, notes, contracts, deeds, mortgages and other instruments on behalf of the Association.
9. Establish policies governing the investment of funds of the Association and periodically review the investment of funds to make sure the principal is safe and the rate of return is reasonable and discuss with the Chief Executive Officer any action required.
10. In consultation with the Chief Executive Officer and Chief Financial Officer, establish target Equity to Total Capitalization Ratio and Capital Credit Rotation Policy to ensure progress towards target equity ratio.
11. Adopt proposed base rate changes.
12. Review annually the Capital Improvement Plan.
13. Review and approve major contracts exceeding Chief Executive Officer authority, as required.
14. Develop basic policies to ensure that major purchases are done competitively, where appropriate.

15. Establish policies governing the payment of travel, out-of-pocket and other expenses of Directors.

C. Operations duties and responsibilities of the Board are as follows:

1. Consider and adopt short-range and long-range plans with respect to:
  - a. objectives and major goals for the Association that are in conformance with the Articles of Incorporation and the Bylaws as well as all applicable federal and state laws; and
  - b. operating programs, services, and activities developed and recommended by the Chief Executive Officer.
2. Review and adopt any changes necessary to the Delegations of Authority (Board Policy 401) from the Board to the Chief Executive Officer.
3. Review, in consultation with the Chief Executive Officer, the Association's bylaws and recommend any changes required to meet current operating conditions, which changes shall be recommended to the Bylaws Committee.
4. Review periodically the method of nominating Directors to make sure the process encourages nominations which are representative of the composition of the membership and make recommendations to the Nominating and Bylaws Committees regarding any proposed changes to that process.
5. Ensure that controls are established which can be used in evaluating the effectiveness of Association operations by:
  - a. examining periodic reports from the Chief Executive Officer to ensure conformity to the Board's approved objectives, policies, major goals, plans and programs. These reports should be of sufficient scope to enable the Board of Directors to: prevent unauthorized action; determine how operations in key performance areas are progressing; predict trends and forecast results; determine where remedial or corrective action may be required; measure results against annual work plans and budgets; measure performance against plans and policies; and
  - b. examining the independent management audit if such an audit is undertaken, and ensuring that Board-approved recommendations are carried out.
6. In consultation with the Chief Executive Officer, review (a) proposed revisions to the Association's wage and salary plan for non-bargaining unit

employees; (b) major employee benefit programs; and (c), strategies to be utilized in labor negotiations and/or proposed contract changes. Adopt changes to those plans and programs as appropriate.

7. In consultation with the Chief Executive Officer, review member attitude studies and public and member relations programs, including member involvement and communication, so that a continuous program of member, public, and governmental relations is carried out to obtain understanding and support for Association objectives.
8. Keep members informed about issues affecting the Association through the Association website, newsletters and other publications, annual reports and membership meetings. Every reasonable effort shall be made to keep the members advised of the long-range outlook on power costs, and as far in advance as possible, on the need for adjustments in rates.
9. In consultation with the Chief Executive Officer, review market research and marketing plans and programs to improve load factors and energy sales and to help the members make more efficient use of electric energy. Adopt changes to those plans and programs as appropriate.
10. In consultation with the Chief Executive Officer, review and adopt legislative strategies and legislation to be supported or opposed by the Association.
11. In consultation with the Chief Executive Officer, review the Association's relations with Alaska Power Association (APA) and with other organizations, agencies and entities as necessary and adopt policies with regard to those entities.
12. Review recommendations of the Chief Executive Officer on the selection of principal consultants to the Board, and approve the selection of those consultants.
13. Endeavor to improve the quality of the environment through supporting the implementation of business practices that reduce or eliminate waste and encourage the recycling and environmentally sound disposal of waste.
14. Encourage the active participation of the members through committees and review, in accordance with Board Policy 602, the applications of those interested in serving on Member Standing Committees.
15. Review periodically programs and plans for Director education and development, so that Board members may be well informed about changing member needs and how the Association might meet those needs. This includes increasing knowledge and understanding of the Association's

business and operations, participating in conferences, workshops, seminars, and other professional activities deemed advantageous to the Association.

16. Assisting new Board members to develop a greater understanding of the Association and their basic responsibilities and duties, including arranging for training of new Board members about the Association's objectives, plans, policies, operations and programs.

### III. RESPONSIBILITIES

- A. The Board may delegate any or all of these responsibilities to a committee of the Board or Chief Executive Officer as long as such action is not inconsistent with the Association's Bylaws or other legal requirements.
- B. It shall be the responsibility of the Board Chair to see that the foregoing functions are effectively carried out.

Date Approved: ~~May 25, 2016~~ June XX, 2020

Attested: \_\_\_\_\_

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~~Bruce M. Dougherty~~ **Stuart Parks**  
Secretary of the Board

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# **CHUGACH ELECTRIC ASSOCIATION, INC.**

## **BOARD POLICY: 202**

### **PROCEDURES FOR BOARD OF DIRECTORS MEETINGS**

#### **I. PURPOSE**

To encourage the orderly and efficient conduct of Association business at regular Board of Directors and Board Committee meetings.

#### **II. AGENDA**

The Agenda for each Board of Directors regular meeting will be:

- I. Calling the meeting to order
  - a. Pledge of Allegiance
  - b. Roll Call
  - c. Safety Minute
- II. Approval of Agenda
- III. Persons to be Heard
- IV. Consent Agenda<sup>1</sup>
  - a. Calendar of Events
  - b. Training/Conferences
  - c. Minutes
  - d. Director Expenses
  - e. Other routine business items
- V. Chief Executive Officer's Reports & Correspondence
- VI. Directors' Reports

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<sup>1</sup> Consent agenda items are moved by a single motion. Items on the consent agenda can be amended by a majority vote and any item(s) can be "pulled" at the request of a Director for discussion and/or separate vote. A single vote passes all consent agenda items. A separate vote is required on "pulled" items. Consent items may include contract approvals (where the matter is budgeted and within budget), routine informational items, matters that have previously been presented and discussed with the Board, and items of lesser importance.

- VII. Unfinished Business
- VIII. New Business
- IX. Executive Session (as necessary)
- X. New Business (as necessary)
- XI. Director Comments<sup>2</sup>
- XII. Adjournment

The Chief Executive Officer and the Board Chair will consult on items of new business for regular Board meetings. Items to be deleted or added to the Agenda will be taken up under Item II, Approval of the Agenda. The Board Chair will prepare the regular Board meeting Agenda.

For Committee meetings, the Chair of the Committee will consult with the Chief Executive Officer regarding the Agenda. The Chair of the Committee will approve the Committee meeting Agenda.

### **III. INFORMATION AVAILABLE TO THE BOARD**

All matters for consideration by the Board at regular Board meetings will be included on the Agenda and in the Board information packets seven days prior to the Board meeting. If the Board wishes to consider a matter that was not included on the Agenda, seven days before the meeting, a motion must be made and passed to waive the seven day notice requirement.

Copies of the Board Agenda and a Board information packet will be available online or, upon request, at each meeting for review by the members.

### **IV. PERSONS TO BE HEARD**

Each regular Board and Board Committee meeting Agenda will include a time for persons attending the meeting to speak to the Board. Persons wishing to be heard can submit a request in advance to the Chief Executive Officer's Office or be recognized by the Presiding Officer from the floor. A sign-up sheet will be available, allowing those present to indicate their desire to address the Board.

Employees are discouraged from appearing before the Board to present work-related matters and complaints. These matters should be resolved in accordance with applicable Operating Policies and collective bargaining agreements.

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<sup>2</sup> Includes items suggested by Board members for discussion at future meetings.

When a person is recognized by the Presiding Officer to be heard, the person shall come to the speaker's chair and identify him/herself, including name, address, membership status, if any, and professional affiliation, if any, and any group he/she represents. The Presiding Officer may limit the time allowed for each person seeking to be heard or ask that a representative speak for a group. Unless otherwise approved by the Presiding Officer, each Director and the Chief Executive Officer may have one opportunity to ask questions about, or make comments on, information presented by persons being heard.

## **V. CONDUCT OF MEETINGS**

The Presiding Officer shall be the Board Chair for a Board of Director meeting or the appointed Committee chair for a Committee meeting. The Board Chair and appointed Committee chairs may appoint an alternate to be the Presiding Officer at Board of Director or Committee meetings in their absence or telephonic attendance.

Regular Board and Board Committee meetings are held for the purpose of conducting the business of the Association. Meetings will generally be conducted in accordance with Robert's Rules of Order, unless modified by the Board or as otherwise provided in this Policy, or unless a Board member requests a recorded vote on a motion.

To allow meetings to be conducted in an efficient and orderly fashion, discussion of Agenda items will be limited to communications among Board members, between the Board and members, between the Board and the Chief Executive Officer and those whom the Chief Executive Officer requests make presentations. Members of the Board, the Chief Executive Officer, or others addressing the Board will not speak unless recognized by the Presiding Officer, as provided below. Speakers shall confine themselves to discussion of the topic under deliberation. Unless a speaker yields the floor, no one shall interrupt another while they are speaking, except for an interruption permitted under Robert's Rules of Order. The following specific rules of conduct shall apply to Board members during all regular Board and Board Committee meetings:

- All wishing to speak must first be recognized by the Presiding Officer.
- All remarks are to be addressed to the Presiding Officer.
- All speeches and remarks shall be limited to two minutes for each person on any given subject or debatable motion. This time may be extended by the Presiding Officer, general consent (no objection) or a majority vote. A motion to close debate, if approved, shall govern any extension of time.
- A person wishing to speak a second time to a given subject or debatable motion may do so by permission from the Presiding Officer, general consent (no objection) or a majority vote. A motion to close debate, if approved, shall govern.
- All motions must be clearly stated. The Presiding Officer may require a motion to be presented in writing.

- The person who has offered the motion has the privilege of speaking first. Thereafter, discussion shall be alternated between those for and against the motion. The Presiding Officer has the privilege of speaking last if desired.
- Total time allowed for any one subject or debatable motion shall be no more than 20 minutes. This time may be extended by the Presiding Officer, general consent (no objection) or majority vote. A motion to close debate, if approved, shall govern any extension of time.

If a person in attendance at the regular Board or Board Committee meeting has urgent material which that person believes must come to the Board's attention under the Agenda item, a Board member may yield his or her time to such a person, with the Presiding Officer's approval. This procedure will occur only under exceptional circumstances.

Photographs and videos may be taken during board meetings without advance permission as long as the activity does not disrupt the Board meeting or cause distraction. The Board Chair shall have the authority to administer this provision including a determination of whether an unacceptable disturbance is occurring. Usually, photographers and video takers will be expected to remain unobtrusively in the audience part of the Board room.

#### **VI. EXECUTIVE SESSION**

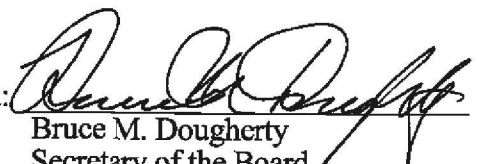
All executive sessions of the Board of Directors will be held in compliance with AS 10.25.175; Article V, Section 5 of the Association's Bylaws; and, applicable Association Board policies. A motion to go into executive session will state the topic intended for discussion and the specific provision of the Alaska statute, AS 10.25.175, that permits that topic to be discussed in executive session. If a matter is to be discussed in executive session that tends to prejudice the reputation or character of a particular person (AS 10.25.175(c)(2)), that person will have the opportunity to request that the matter be discussed in open session, and the Chief Executive Officer will confirm that such notice has been provided.

#### **VII. RESPONSIBILITY**

The Board Chair, Presiding Officer and Chief Executive Officer shall be responsible for the administration of this Policy.

Date Approved: May 25, 2016

Attested:

  
Bruce M. Dougherty  
Secretary of the Board

## **CHUGACH ELECTRIC ASSOCIATION, INC.**

### **BOARD POLICY: 208**

#### **STATEMENT OF FUNCTIONS OF THE GOVERNANCE COMMITTEE**

##### **I. PURPOSE**

The purpose of the Governance Committee is to assist the Board of Directors by developing new or enhancing existing policies aimed at Board working relationships and examine the annual election process to determine if improvements can be made that would be beneficial to the Association.

Polices for improving working relationships and overall board functioning will address expected board behaviors that support group decisions and direction as determined by the Board. These polices will address both internal and external or public behavioral expectations. Polices will specifically describe appropriate communication guidelines for representation of the Association's business matters in the public.

Polices for improving Board working relationships may include corrective actions for Board members acting outside the policies and expected behaviors as generally described in governance polices.

Annual election polices or recommendations for potential bylaw changes will be aimed at improving the continuity of the Board and minimizing the disruption of Board turnover.

The Governance Committee will fulfill the responsibilities as enumerated in Section III of this Policy.

##### **II. COMPOSITION**

The Governance Committee shall be comprised of three or more directors as determined by the Board. Committee members may enhance their familiarity with Governance matters by participating in educational programs conducted by the Association or an outside consultant or other programs. The Committee may also retain the services of a qualified consultant with Board Governance expertise to assist it in the performance of its responsibilities.

The Board Chair shall appoint the Governance Committee chairperson. The Governance Committee shall elect from its membership a vice chair and appoint a recording secretary if and as needed. The Committee shall meet as needed.

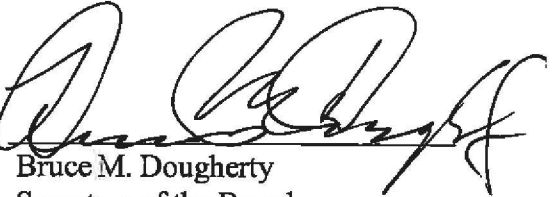
**III. RESPONSIBILITIES**

The responsibilities of the Committee are to:

1. Recommend to the Board of Directors specific policy changes that will improve Board working relationships.
2. Recommend to the Board of Directors specific policy changes that will improve Board communications guidelines for communicating Association matters in public.
3. Recommend to the Board of Directors specific policies that delineate the duties of Board liaisons and Board members that may act as representatives in business matters external to the Association.
4. Recommend to the Board of Directors specific policies that delineate appropriate Board relationships with Association employees and appropriate lines of communications ensuring support for the Chief Executive Officer.
5. Recommend to the Board of Directors specific policy changes describing corrective actions that may be taken for violations of Governance Policies and or Board members acting beyond or outside their authority.
6. Recommend specific requirements and policies that may improve Board continuity and minimize disruptions resulting from Board turnover.
7. Recommend specific requirements and policies for candidates running for the Board of Directors.
8. Recommend to the Board of Directors guidelines for attending meetings outside of the liaison role as well as training and conferences.
9. Review, on a regular schedule, the Board Policies and recommend any needed changes to the full Board.

Date Approved: May 25, 2016

Attested:

  
Bruce M. Dougherty  
Secretary of the Board

**CHUGACH ELECTRIC ASSOCIATION, INC.**

**BOARD POLICY: 304**

**CAPITAL CREDIT POLICY**

**I. OBJECTIVE**

The objective of this Capital Credits Policy ("Policy") is to state the general policy of the Association for allocating and retiring capital credits.

**II. CONTENT**

The Association shall allocate and retire capital credits in a manner that: (1) is consistent with state and federal law; (2) is consistent with operating on a cooperative basis under federal tax law; (3) is fair and reasonable to the Association's patrons and former patrons; (4) provides the Association with sufficient equity and capital to operate effectively and efficiently; and (5) protects the Association's financial condition. Subject to law, the Association's Articles of Incorporation and Bylaws; the allocation method and retirement of capital credits are at the sole discretion of the Association's Board of Directors ("Board"), subject to section III. D., below.

The Association shall allocate and retire capital credits according to the manner, method, timing, and amount approved by the Board.

- A. Patronage Earning Allocations: All margins received by the Association shall, insofar as permitted by law and approved by the Board, be allocated to members on a patronage basis (as may be defined by specific agreements) in accordance with Article VII of the Bylaws. Any amount so allocated shall be included as part of the capital credited to the accounts of members, as herein provided.
- B. Patronage Loss Allocations: For each good or service provided by the Association on a cooperative basis, the Association shall offset patronage losses with the Association's patronage non-operating earnings from providing the good or service during the next succeeding fiscal year(s).
- C. General Capital Credits Retirements: The Association shall generally retire capital credits with the goals of: (1) remaining in compliance with Indenture and debt agreement requirements; (2) maintaining or progressing toward an equity target level established by the Board; (3) retiring capital credits using a method approved by the Board; and (4) communicating and promoting cooperative principles.



- D. Special / Discounted Capital Credits Retirements: The Association may retire capital credits on a discounted basis as approved by the Board to reflect the net present value of the capital credits. Approval of special or discounted capital credit retirements may reduce allowable amounts in a general retirement to the extent required to comply with Indenture and debt agreements. Amounts approved for discounting will be either (1) estate payments or (2) former members that are no longer on the Association's distribution system.
- E. Recoupment of bad debt: After retiring, and before paying, capital credits allocated to a patron or former patron, the Association, unless otherwise provided for by law, may recoup or offset any amount owed to the Association by the patron or former patron by reducing the amount of retired capital credits due to the patron or former patron by the amount owed until it is paid in full or all available capital credits have been credited to the amount owed.

### III. LIMITATIONS

- A. Forfeiture of Capital Credits: The Association shall not enter into contracts through which a patron or former patron forfeits the right to the allocation or retirement of capital credits. The Association shall not require any patron or former patron to forfeit the right to the allocation or retirement of capital credits.
- B. Patron Classes: As reasonable and fair, and as approved by the Board, the Association may allocate or retire capital credits to classes of similarly situated patrons or former patrons under different manners, methods, timing, and amounts, provided the Association allocates and retires capital credits to similarly situated patrons and former patrons under the same manner, method, timing, and amount pursuant to the Association's Bylaws.
- C. Notice of Allocation: Within eight and one-half (8 1/2) months following a fiscal year, the Association shall notify each patron in writing, or through electronic means, of the amount of capital credits allocated to the patron for the preceding fiscal year.
- D. Adverse Financial Impact: The Association shall not retire any capital credits unless the Board first determines that the retirement will not adversely impact the Association's financial condition.
- E. Request and Agreement for Special Retirement: Pursuant to Section II. D., the Association may specially retire and pay capital credits upon the death of a patron or former patron only upon receiving a written request from the appropriate legal representative, and only under terms and conditions agreed upon by the Association and the appropriate legal representative.

- F. Discount Rate: Pursuant to Section II. D., the Association may retire capital credits early on a discounted basis, by approximating the Association's current cost of equity capital. In making this determination, the Board will use the most recent cost of equity capital filed with the Regulatory Commission of Alaska (RCA). Alternatively, the Board may use the 10-year National Rural Utilities Cooperative Finance Corporation ("NRUCFC") borrowing rate plus 3% (three percent), if the resulting rate is higher than the rate set by the RCA.
- G. Minimum Amount: The Association shall establish a minimum check amount; unless the retirement and payment is for all remaining capital credits allocated to a former patron pursuant to Section II. D.
- H. Payment and Notice of Retirement: After the Association retires capital credits allocated to a patron; the Association shall pay the retired amount by sending a check or issuing a bill statement credit to active members for the amount to the patron's most current address listed on the Association's records.
- I. Unclaimed Capital Credits: A distribution of net margins is presumed abandoned if the distribution remains unclaimed by the owner for more than one year after payment has been made. An abandoned distribution reverts to the Association, provided the Association has, at least six months prior; (1) mailed a notice of the proposed reversion to the last known address of the owner as shown on the cooperative records, (2) posted for at least 180 days on the Association's Internet website a list of the persons for whom the Association has unclaimed distributions, and (3) published once a week for four consecutive weeks in a newspaper of general circulation in the Association's judicial district.

#### IV. RESPONSIBILITY

- A. Implementation of Policy: The Association's Chief Executive Officer is responsible for implementing this Policy.
- B. Recommendations to Board: Management is responsible for: (1) recommending to the Board the manner, method, timing, and amount for allocating and retiring capital credits; and (2) when in the best interest of the Association and its patrons and former patrons, recommending to the Board revisions to this Policy.
- C. Review and Approval by Board: The Board is responsible for: (1) reviewing, discussing, and evaluating management's recommendations regarding the manner, method, timing, and amount for allocating, retiring, and paying capital credits; (2) approving the manner, method, timing, and amount for allocating, retiring, and paying capital credits; and, (3) periodically reviewing, discussing, and evaluating this Policy.

- D. Compliance with Policy: The Board is responsible for the Association's compliance with this Policy.

| Date Approved: ~~May 25, 2016~~ June XX, 2020

Attested: \_\_\_\_\_

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~~Bruce M. Dougherty~~ Stuart Parks  
Secretary of the Board

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