

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

**November 28, 2018
Wednesday
4:00 PM**

REGULAR BOARD OF DIRECTORS' MEETING

Recording Secretary: Arden Quezon-Vicente

I. CALL TO ORDER

Chair Chastain called the Regular Board of Directors' Meeting to order at 4:04 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 (*via teleconference*)
Harold Hollis, Director

Guests and Staff in Attendance:

Lee Thibert	Connie Owens	Ron Vecera
Paul Risse	Josh Resnick	Jean Kornmuller
Brian Hickey	Jody Wolfe	Kate Ayers
Arthur Miller	Renee Curran	Jim Bertrand, Stinson
Sherri Highers	Todd McCarty	Leonard Street
Tyler Andrews	Andrew Laughlin	Kurt Strunk, NERA
Matthew Clarkson	Marty Freeman	Marcus Hardly, Northern
Mark Fouts	Tom Schulman	Economics, Inc.
Julie Hasquet	Teresa Kurka	Sean Skaling

C. Safety Minute

Marty Freeman, Safety discussed "*Flu Prevention*" and responded to questions from the Board.

II. APPROVAL OF THE AGENDA

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

III. PERSONS TO BE HEARD

A. Member Comments

Mr. Eugene Carl Haberman addressed the Board.

IV. CONSENT AGENDA

A. Board Calendar

B. Training and Conferences

1. *NRECA Annual Meeting, March 7-13, 2019, Orlando FL (Deadline for conference and hotel registration is January 18, 2019)*

C. Minutes

1. *October 24, 2018, Regular Board of Directors' Meeting (Quezon-Vicente)*

D. Director Expenses

Chair Chastain reminded the Board to let Connie Owens know if interested in attending the NRECA Annual Meeting.

Director Parks commented that he has a conflict on September 18, 2019, Regular Board meeting and would like to see if it could potentially be changed.

Chair Chastain stated that the Board will take a poll to see which date would work.

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

V. CEO REPORTS AND CORRESPONDENCE

A. 3rd Quarter 2018 Key Metrics Dashboard (Thibert)

Lee Thibert, Chief Executive Officer (CEO) discussed the 3rd Quarter 2018 Key Metrics Dashboard.

Mr. Thibert and Paul Risse, Sr. VP Power Supply responded to questions from the Board.

VI. DIRECTOR REPORTS

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

Lee Thibert, CEO stated that there was no ARCTEC meeting to report on but the Board and Annual meeting is scheduled for Friday, November 30, 2018.

B. Renewable Energy Alaska Project (REAP) Report

Director Morse reported on the October 31, 2018, Quarterly REAP Board meeting and that Director Henderson also attended the meeting via teleconference.

Director Morse stated that the REAP Strategic Planning is on December 10, 2018 and that a meeting has been scheduled with Chair Chastain and Director Henderson to discuss the REAP Legislative Priorities and REAP Strategic Planning.

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

Director Morse reported on the November 6, 2018, Audit and Finance Committee meeting.

Director Parks stated that their was no Operations Committee meeting to report.

Director Reeves stated that their has been no Governance Committee meeting and that Sherri Highers, Chief Financial Officer, Sr. VP Finance and Administration will be presenting three policies tonight that was introduced and reviewed at the last Governance Committee meeting.

D. *Other Meeting Reports*

Chair Chastain stated that she has spoken with Crystal Enkvist, Alaska Power Association regarding membership and that she will be meeting with her next week for further discussion.

Director Parks also reported that the following Assembly Enterprise meetings have been attended by Board members.

1. November 2, 2018 – Assembly Work Session
2. November 7, 2018 – Assembly Meeting
3. November 15, 2018 – Assembly Enterprise and Utility Oversight Committee Meeting

Director Reeves informed the Board that Janet Reiser got her involved in the Cooperative Leadership Network. And that she had suggested adding a presentation topic about minority voices on the Board and how to use them at the National Seminar. NRECA loved the idea and have decided to add “Minority Voices on the Board and How To Use Them”, as a topic at their meeting/conference next year.

Director Morse added for the record that the pre-meeting for the REAP strategic Planning is Friday, December 7, 2018 at 10:00 a.m.

Mr. Thibert stated that an Enterprise Committee meeting on Friday, November 30, 2018 and an Assembly Meeting is scheduled on December 4, 2018.

Chair Chastain also mentioned that there is a “Make It Monday Forum” on December 3, 2018.

Chair Chastain stated that Director Crawford has authorized Director Reeves to sign his expense report.

VII. UNFINISHED BUSINESS

VIII. NEW BUSINESS

A. *Appointments to 2019 Bylaws Committee* (Board)*

Director Reeves moved and Director Morse seconded the motion that the Board of Directors appoints Michael Moore to “B” term and Matt Moore and Michael Powell to the “C” terms on the Bylaws Committee. The motion passed unanimously.

B. Appointments to 2019 Election Committee (Board)* Director Reeves moved and Director Morse seconded the motion that the Board of Directors appoint William Glover to “B” term and Vicki Soule to “C” term on the Election Committee. The motion passed unanimously.

C. Appointments to 2019 Nominating Committee (Board)* Director Reeves moved and Director Hollis seconded the motion that the Board of Directors appoints Donna Resnick to “B” term and Steve Strait, Patti Bogan and Jessica Koloski to “C” terms on the Nominating Committee. The motion passed unanimously.

Sherri Highers, CFO, Sr. VP, Finance and Administration discussed the 2018 Homer Electric Capital Credit Retirement Payment, 2018 Matanuska Electric Capital Credit Retirement Payment and Discounting for 2019 Capital Credit Payments and responded to questions from the Board.

D. 2018 Homer Electric Capital Credit Retirement Payment (Highers)* Director Morse moved and Director Parks seconded the motion that the Board of Directors approve the attached resolution authorizing a capital credit retirement payment to HEA of \$2,000,000. This capital credit retirement payment will be distributed to HEA no later than December 31, 2018. The motion passed unanimously.

E. 2018 Matanuska Electric Capital Credit Retirement Payment (Highers)* Director Hollis moved and Director Morse seconded the motion that the Board of Directors approve the attached resolution authorizing a capital credit retirement payment to MEA of \$3,404,824. This capital credit retirement payment will be distributed to MEA no later than December 31, 2018.

Sherri Highers, CFO, Sr. VP, Finance and Administration continued to discuss the 2018 Matanuska Electric Capital Credit Retirement Payment and responded to questions from the Board.

Director Morse moved and Director Reeves seconded the motion that the Board of Directors tables the original motion. And that further discussion is moved to executive session. The motion passed unanimously.

F. Discounting for 2019 Capital Credit Payments (Highers)* Director Morse moved and Director Reeves seconded that the Board of Directors approve the attached resolution authorizing early (discounted) capital credit payments for 2019 not to exceed \$300,000. The motion passed unanimously.

- G. *September 2018 Test Year Simplified Rate Filing* (Kornmuller/Miller)*
Jean Kornmuller, Manager, Regulatory Affairs discussed the September 2018 Test Year Simplified Rate Filing. Mr. Thibert and Ms. Kornmuller responded to questions from the Board.

Director Reeves moved and Director Hollis seconded the motion that the Board of Directors approve the attached Resolution authorizing Chugach to file with the Commission, a September 2018 test year SRF requesting approval to increase demand and energy rates by 0.6 percent to Chugach retail and 3.3 percent to the wholesale class of Seward Electric System for rates effective February 1, 2019. After further discussion, Chair Chastain called for a vote. The motion passed unanimously.

Chair Chastain stated that she has a request for an excused absence for herself from the September 6, 2018, Governance Committee meeting.

Director Reeves moved and Director Parks seconded the motion that the Board of Directors approve Chair Chastain's request for an excused absence for the September 6, 2018, Governance Committee meeting. The motion passed unanimously.

IX. EXECUTIVE SESSION* (scheduled)

- A. *Northern Economics Report – Sales Trends*
- B. *Request to Increase RCA Authorized Times Interest Earned Ratio (TIER)*
- C. *ML&P Acquisition Update*
- D. *Matanuska Electric Association - Memorandum of Understanding*
- E. *Board Policies Discussion*
- F. *On-Going Strategic Matters*
 - 1. *Initiatives Under Consideration*
 - 2. *Outstanding Risks to the Association*
- G. *Chief Operating Officer (COO) Term Sheet*

At 6:04 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.

Director Reeves left during Executive Session.

The meeting reconvened in open session at 8:21 p.m.

X. NEW BUSINESS

- A. *Approve Board Policy 509 – Fraud Policy* (Highers)*
- B. *Approve Board Policy 307 – Interest Rate Risk Management Policy* (Highers)*
- C. *Approve Amendment to Board Policy 303 – Financial Management* (Highers)*

Director Morse moved and Director Hollis seconded the motion that the Board of Directors approve new Board Policy no. 509 titled Fraud Policy and approve new Board Policy no. 307 titled Interest Rate Risk Management Policy and approve the revision as indicated on Board packet page 526 for Board policy no. 303 Financial Management. The motion passed unanimously, as amended.

*D. Approve Chugach/Matanuska Electric Association – Memorandum of Understanding** (Thibert)*

Director Parks moved and Director Morse seconded the motion that the Chugach Board of Directors approve the attached Resolution authorizing the Chief Executive Officer to execute the MOU between Chugach and MEA under terms and conditions substantially in the form as attached thereto as Exhibit A, and that the MOU shall remain confidential until signed and both parties agree to publicly disclose the document. The motion passed unanimously.

*E. Chief Operating Officer (COO) Term Sheet** (Thibert)*

Director Morse moved and Director Hollis seconded the motion that the Board of Directors authorize the Chief Executive Officer to develop and execute an employment agreement between Chugach Electric and the Chief Operating Officer (Brian Hickey) consistent with the terms discussed in Executive Session. The motion passed unanimously.

F. 2018 Matanuska Electric Capital Credit Retirement Payment (Highers)*

Director Morse moved and Director Parks seconded the motion that the Board of Directors approve the attached resolution authorizing a capital credit retirement payment to MEA of \$3,404,824. This capital credit retirement payment will be distributed to MEA no later than December 31, 2018. The motion passed unanimously.

XI. DIRECTOR COMMENTS

Director comments were made at this time.

XII. ADJOURNMENT

At 8:31 p.m., Director Morse moved and Director Hollis seconded the motion to adjourn. The motion passed unanimously.

/ss/

Stuart Parks, Secretary

Date Approved: December 19, 2018