

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

May 21, 2018
Monday
4:00 p.m.

SPECIAL BOARD OF DIRECTORS' MEETING

Recording Secretary: Divina Portades

I. CALL TO ORDER

Chair Chastain called the Special Board of Directors' Meeting to order at 4:10 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

Jim Henderson, Secretary (*via teleconference*)

Sisi Cooper, Treasurer

Harry Crawford, Director

Stuart Parks, Director

Rachel Morse, Director

Guests and Staff in Attendance:

Lee Thibert

Matthew Clarkson

Jim Torgerson, Stoel

Tom Schulman

Connie Owens

Rives, LLP (*via*

teleconference)

II. APPROVAL OF THE AGENDA

Director Cooper moved and Director Morse seconded the motion to approve the agenda.

Vice Chair Reeves requested an amendment on the motion to add under New Business, Agenda Item VIII. "Discuss the Board Procedure for Evaluating Residency Qualifications." Directors Cooper and Morse accepted the amendment. The motion passed unanimously as amended.

III. PERSONS TO BE HEARD

A. Member Comments

None

IV. CONSENT AGENDA

None

V. CEO REPORTS AND CORRESPONDENCE

None

VI. DIRECTOR REPORTS

None

VII. UNFINISHED BUSINESS

None

VIII. NEW BUSINESS

A. Discuss the Board Procedure for Evaluating Residency Qualifications (Board).

Vice Chair Reeves gave an overview and discussed the Board Procedure for Evaluating Residency Qualifications. Responses provided to the Board by Director Chastain and by Director Cooper will be kept with the record of the meeting.

IX. EXECUTIVE SESSION

A. Bylaws, Article IV, Section 3

At 4:17 p.m., Director Morse moved and Director Parks seconded the motion that pursuant to Alaska Statute 10.25.175 (c)(3) the Board of Directors go into executive session to 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 Henderson disconnected at 4:29 p.m.

The meeting reconvened in open session at 6:30 p.m.

X. NEW BUSINESS

Vice Chair Reeves presided the meeting.

A. Waive the Seven-Day Rule Requirement (Board)*

Director Parks moved and Director Crawford seconded the motion to waive the seven-day rule. Directors Cooper and Chastain abstained from voting. The motion passed unanimously.

Director Henderson was not present at the time of the vote.

B. Director Cooper's Qualification to serve on the Chugach Electric Association Board of Directors (Board)*

Director Morse moved and Director Crawford seconded the motion that the Board of Directors find Director Cooper is not qualified to serve on the Chugach Electric Association Board of Directors under Article IV, Section 3(a)(1) and (3)(a)(7) of the Association Bylaws because she has not expressed an unequivocal intention to remain permanently or indefinitely in her primary residence in the Chugach

service territory. The notice of disqualification will inform the Director that she has 30 days from the date of this notice to remedy the identified disqualification.

Vice Chair Reeves called for a roll call vote:

Director Crawford: Yes
Director Morse: Yes
Director Parks: Yes
Director Reeves: Yes

The motion passed with four Directors voting in favor of the motion. Directors Chastain and Cooper abstained from voting.

Director Henderson was not present at the time of the vote.

C. Waive the Seven-Day Rule Requirement* (Board)

Director Parks moved and Director Crawford seconded the motion to waive the seven-day rule. Directors Cooper and Chastain abstained from voting. The motion passed unanimously.

Director Henderson was not present at the time of the vote.

D. Director Chastain Qualification to serve on the Chugach Electric Association Board of Directors* (Board)

Director Morse moved and Director Crawford seconded the motion that the Board of Directors find Director Chastain is not qualified to serve on the Chugach Electric Association Board of Directors under Article IV, Section 3(a)(1) and (3)(a)(7) of the Association Bylaws. The notice of disqualification will inform the Director that she has 30 days from the date of notice to remedy the identified disqualification.

Vice Chair Reeves called for a roll call vote:

Director Crawford: No
Director Morse: No
Director Parks: No
Director Reeves: No

The motion failed. Directors Chastain and Cooper abstained from voting.

Director Henderson was not present at the time of the vote.

XI. DIRECTOR COMMENTS

Director comments were made at this time.

XII. ADJOURNMENT

At 6:35 p.m., Director Morse moved and Director Crawford seconded the motion to adjourn. The motion passed unanimously.

Director Henderson was not present at the time of the vote.

XIII. RESCIND THE ADJOURNMENT

At 6:37 p.m., Director Morse moved and Director Crawford seconded the motion to rescind the adjournment. The motion passed unanimously.

Director Henderson was not present at the time of the vote.

Chair Chastain delegated Director Morse as the Acting Secretary in Director Henderson's absence. No objections were made.

XIV. ADJOURNMENT

At 6:39 p.m., Director Parks moved and Director Morse seconded the motion to adjourn. The motion passed unanimously.

Director Henderson was not present at the time of the vote.

Following adjournment, Directors Parks, Morse, Crawford, Reeves, and Chastain executed new forms re-attesting that they meet the qualifications to be a Director as specified in Chugach Electric Association's Bylaws, Article IV, Section 3.

Director Henderson was not present at this time.

/ss/
Stuart Parks, Secretary
Date Approved: May 23, 2018

Board Procedure for Evaluating Residency Qualification

To: Chugach Electric Association Board of Directors

From: Susan Reeves, Chair of Governance Committee

Date: May 18, 2018

A member of Chugach Electric Association has questioned whether two members of the Board of Directors satisfy the qualification requirements set forth in Article IV, Sections 3(a)(1) and (3)(a)(7) of the Association Bylaws. The Bylaws direct the Board to remove any director who is not qualified to serve on the Board, after giving the director the Board finds unqualified thirty days to remedy the basis for not being qualified. The Board engaged outside counsel to guide it in evaluating the relevant Bylaw sections. The Board agreed upon a procedure to follow in conducting its review of whether the two members are or are not qualified to serve on the Board, under the above-referenced sections of the Bylaws. The Board asked me to draft a written summary of the procedure for the Board to follow. The procedure described in this memorandum has not been developed or approved as a policy of general application, to be followed in any other circumstance.

Background. On April 19, the Board received an email from Alex Gimarc, a member of the Association, questioning whether Bettina Chastain is qualified to serve on the Board. On April 25, the Board discussed the relevant provisions of the Bylaws and agreed to engage outside counsel to help it assess these provisions and the Board's responsibility. On April 26, the Board engaged James Torgerson. On May 2, the Board received a second email from Alex Gimarc, questioning whether Sisi Cooper is qualified to serve on the Board. The Board forwarded this question to Mr. Torgerson. Mr. Torgerson met with the Board on May 7, in Executive Session, and the Board discussed how to proceed to review the qualification of each of the two board members.

Mr. Torgerson has provided the two board members with questions the responses to which will help the Board determine if they satisfy the requirements set forth in the Bylaws. Director Chastain and Director Cooper may contact Mr. Torgerson for guidance in completing their responses, although he represents the Board and not them individually.

Procedure.

Director Chastain and Director Cooper will provide their responses to the Board. The Board will evaluate the responses as follows:

- The Board will meet to review the responses. Director Chastain and Director Cooper may attend that meeting. (Meeting #1)
- Their responses will be kept with the record of the meeting but will remain confidential because the responses themselves contain confidential and personal information.
- Mr. Torgerson will attend, and the Board will direct questions about the Bylaws (if any) to him.
- The Board may ask Director Chastain or Director Cooper questions about their responses. The Board shall evaluate whether the Directors satisfy the qualifications to be a director. This includes evaluating the directors' "intention" to be and to remain a bona fide resident, which

means “the unequivocal intention of the person, as evidenced by that person’s acts and words and by the circumstances.”

- After its review of the Bylaws and the responses, the Board, excluding Directors Chastain and Cooper, will decide whether either or both of the directors are not qualified. This will be done by the introduction of separate motions as to each, with second, discussion and roll call vote on each. The motion will be:
 - I move that the Board of Directors find Director _____ is not qualified to serve on the Chugach Electric Association Board of Directors under Article IV, Sections 3(a)(1) and (3)(a)(7) of the Association Bylaws
- If any such motion passes, the relevant Director promptly will be provided a notice of her disqualification to serve on the Board of Directors. The notice of disqualification will inform the Director that she has 30 days from the date of notice to remedy the identified disqualification.
- If a Director seeks to remedy the basis for her disqualification, the Board of Directors will meet to review the remedial actions taken by the Director promptly after the 30 day cure period ends. (Meeting #2)
- Meeting #2 will be conducted in the same way as Meeting #1, except that the motion before the Board will state:
 - I move that the Board of Directors find Director _____ has remedied the basis for her disqualification within 30 days of receiving the Board’s notice of disqualification. Accordingly, she is qualified to serve on the Board of Directors.
- If this motion passes, the Director will continue to serve on the Board of Directors. If it fails, their Board service will end immediately.