

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

**OPERATIONS COMMITTEE**  
**MEETING MINUTES**

**February 4, 2009**

Committee Members in Attendance: Jim Nordlund, Chair (appeared telephonically)  
Alex Gimarc  
Janet Reiser  
Rebecca Logan (Acting Chair)  
Elizabeth Vazquez

Other Directors Present: Jeff Lipscomb  
PJ Hill (arrived at 4:11 p.m.)

Guests in Attendance: Karl LeRay  
Louann Cutler (K&L Gates)  
Phil Levis (Election Committee)  
Teresa Nelson (Election Committee)  
Jim Magowan (Election Committee)  
Jim Woods (Election Committee)  
Judy Gastrock (Election Committee)  
Bob Sramek (Sramek-Hightower)

Staff in Attendance:

Brad Evans	Ed Jenkin	Paul Risse	Mike Cunningham
Lee Thibert	Dave Smith	Tyler Andrews	Rick Freymiller
Bill Bernier	Patti Bogan	Tom Schulman	Connie Owens
Phil Steyer	Ron Vecera	Teresa Kurka	

Recording Secretary: Jennifer McDonald, Legal Secretary

**I. CONVENE MEETING**

Acting Chair Logan convened the Operations Committee meeting at 4:01 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

**II. EXECUTIVE SESSION**

None.

**III. APPROVAL OF AGENDA**

Director Gimarc moved and Director Reiser seconded the motion to approve the Agenda.

Director Reiser moved and Director Vazquez seconded the motion to move Agenda Item XIII. Discussion of Process for CEO Evaluation and Goal Setting to the next Operations Committee meeting scheduled in March. The motion passed unanimously.

The motion to approve the agenda, as amended, passed unanimously.

**IV. APPROVAL OF MINUTES**

*a. January 14, 2009*

Director Gimarc moved and Director Vazquez seconded the motion to approve the Operations Committee Meeting minutes of January 14, 2009. The motion passed unanimously.

**V. CUSTOMER COMMENTS**

*a. Wholesale Customer Comments*

None.

*b. Retail Customer Comments*

None.

**VI. 2008 K&L Gates Contract – Increase to Task Order One**

Director Reiser moved and Director Gimarc seconded the motion that the Operations Committee recommend the Board of Directors approve an increase of \$2,128.07 to task order one of the K&L Gates LLP contract increasing the not to exceed amount to \$12,128.07. The motion passed unanimously.

**VII. 2009 Perkins Coie Contract**

Director Reiser moved and Director Gimarc seconded the motion that the Operations Committee recommend the Board of Directors approve the contract amendment and Task Order 6 with Perkins Coie in an amount not to exceed \$50,000. The Board Chair shall oversee the assignments and execution of legal tasks performed by counsel. The motion passed unanimously.

**VIII. 2009 K&L Gates Contract**

Director Reiser moved and Director Gimarc seconded the motion that the Operations Committee recommend the Board of Directors to review and approve Task Order No. 4 with K&L Gates LLP. The Board Chair shall oversee the assignments and execution of legal tasks performed by counsel. The motion passed unanimously.

**IX. 2009 Election Procedures**

Dave Smith, Sr. VP, Administration and Teresa Nelson, Election Committee Master Election Judge, gave an overview of the changes to the 2009 Election Procedures and answered questions from the Committee.

Director Gimarc moved and Director Reiser seconded the motion that the Operations Committee recommend the Board of Directors approve the 2009 election procedures as forwarded by the Election Committee.

Acting Chair Logan requested a friendly amendment to Item No. 18 to add at the end of the paragraph “as described in the Election Practices”. The friendly amendment was accepted by the Committee.

The motion, as amended, passed unanimously.

*Director Hill arrived at 4:11 p.m. (not a member of the Operations Committee)*

**X. 2009 Proposed Bylaw Amendments**

Louann Cutler, Board Attorney, Tom Schulman, Paralegal, and Karl LeRay, Bylaws Committee Vice-Chair, were present and answered questions from the Committee.

Motion No. 1 - Clean-up / Housekeeping amendments – Director Reiser moved and Director Gimarc seconded the motion that the Operations Committee approve the attached Bylaw amendments labeled “Attachment A, Proposed Clean-up”, for referral to the Board of Directors for placement on the ballot for the 2009 annual membership meeting. Director Vazquez requested a friendly amendment to ARTICLE III, MEMBERS, MEETINGS AND ELECTIONS, SECTION 9. Elections and Election Committee, to add the words “for directors” in three areas after the new language “of the total votes cast”. The friendly amendment was accepted by the Committee. The motion, as amended, passed unanimously.

*Director Nordlund disconnected telephonically at 4:37 p.m. and reconnected at 4:38 p.m. and noted that his vote was “yes” on the previous motion.*

Motion No. 2 (A) - Individual Amendments. A. Number of Members on the Election Committee – Director Reiser moved and Director Gimarc seconded the motion that the Operations Committee approve the proposed Bylaw amendment to ARTICLE III, MEMBERS, MEETINGS AND ELECTIONS, SECTION 9. Elections and Election Committee, including the Bylaws Committee’s proposed comment for the election brochure as attached and included in Exhibit B, for referral to the Board of Directors for placement on the ballot for the 2009 annual membership meeting. The motion passed unanimously.

Motion No. 2 (B) - Individual Amendments. B. Director Attendance Requirements and Methods – Director Reiser moved and Director Gimarc seconded the motion that the Operations Committee approve the proposed Bylaw amendments to ARTICLE V,

MEETINGS OF DIRECTORS, SECTION 4. Director Attendance and SECTION 7, Attendance at Board Meetings Via Electronic Communications, including the Bylaws Committee's proposed comment for the election brochure as attached and included in Exhibit B, for referral to the Board of Directors for placement on the ballot for the 2009 annual membership meeting. The motion passed unanimously.

**XI. Beluga Units 6 and 7 Hot Gas Path Parts Refurbishment**

Paul Risse, Sr. VP Power Supply, gave an update on the Beluga Units 6 and 7 Hot Gas Path Parts Refurbishment and answered questions from the Committee.

Director Reiser moved and Director Gimarc seconded the motion that the Operations Committee recommend the Board of Directors authorize the refurbishment of Alstom Power hot gas components in the amount of \$1,412,128.00 for FY2009. The motion passed unanimously.

**XII. Board Policy 129 – Employee Complaint and Anti-Retaliation Policy Update**

Tyler Andrews, Vice President, Human Resources, gave an update on Board Policy 129 – Employee Complaint and Anti-Retaliation Policy and stated Chugach has implemented the hotline and webpage for employee complaints. Mr. Andrews answered questions from the Committee.

**XIII. Discussion of Process for CEO Evaluation and Goal Setting**

*This item was removed from the Agenda and moved to the March Operations Committee meeting.*

**XIV. Annual Report Savings**

Dave Smith, Sr. Vice President, Administration, gave an update of the Annual Report Savings, went over the survey conducted by Chugach regarding the annual report and answered questions from the Committee.

Director Gimarc moved and Director Reiser seconded the motion that the Operations Committee recommend the Board of Directors approve the plan to achieve the savings as identified in the attached memo and implement electronic distribution for the 2008 Annual Report. The motion passed unanimously.

**XV. Correspondence**

None.

**XVI. Director Comments**

**Director Hill:** "No comment."

**Director Lipscomb:** "It's cold outside so let's watch our steps – make sure we're safe on the job. Also, in the February 1<sup>st</sup> Petroleum News Eric Lidji had an article on ConocoPhillips earns \$2.3 billion in Alaska last year and if you'll give me leeway to read two paragraphs out of that article: For the year, ConocoPhillips sold Alaska natural gas for an average price of \$4.38 per Mcf up from an average price of \$3.68 per Mcf in 2007 but still much lower than the average price of \$7.71 per Mcf seen

across the lower 48 in 2008. Average LNG prices rose from \$6.21 in 2007 to \$7.62 per Mcf in 2008. And the last thing I wanted to state – I’ve lost it in here – I’m sorry I didn’t get it but it was noted that they paid no PPT tax on their Cook Inlet production. The Petroleum Profits tax takes 25% on your profits above \$30 a barrel but they pay no PPT so – you know – they made a lot of money. Anyway – thank you.”

**Director Reiser:** “I wasn’t part of the discussions with the Election Committee and the Bylaws Committee and those folks did a great job. It’s really nice to see things get cleaned up. If you’re still here I really appreciate that – that was really good work. Very refreshing to see that and I’m enjoying the conversation about communication because I think one of the best things we can do is communicate to the public and to our members. So, I’m looking forward to the rest of that discussion.”

**Director Vazquez:** “Likewise, I am looking forward to that discussion and looking at that comprehensive communication plan. I think a lot of people are upset about what’s – rates. I’m sure all of us are being approached by rate-payers, about what’s happening. So, that’s all I have to say.”

**Director Gimarc:** “I wanted to thank the members of the Elections and Bylaws Committees for their hard work this year. I’m real pleased with the final products. Thank all the members for all their hard work and we’ll wait and see what the Chugach general membership has to say about the bylaw proposed changes in the election.”

**Acting Chair Logan:** “My only comment is to ditto the thanks to the Committee members but also to Director Vazquez and Director Gimarc because they put in an enormous amount of time into that and that’s a big chore and I greatly appreciate you two being the liaisons to those Committees. So, thank you very much.”

**Director Nordlund:** “I just wanted to also thank the Bylaws Committee members for their efforts and I did read where – because – largely because of the complexity and the way – time of the year they couldn’t address the issue of campaign elections reform and I understand and I appreciate why they couldn’t at this stage. Their recommendation was to basically put the ball back in our court and for the Board to appoint a – I believe an ad hoc committee to look into this. I think that’s probably a good suggestion. I will be following up on that and put it in writing and probably in the form of a motion here perhaps at the next Operations Committee meeting. So, if you – if any other of you have any comments or suggestions on how we might proceed with that I’ll listen to that. But in any case, thanks once again to the Bylaws Committee members.”

*The Operations Committee paused for a break at 5:42 p.m. and resumed in open session at 5:57 p.m.*

## **XVII. Executive Session**

Director Gimarc moved and Director Reiser seconded the motion that pursuant to Alaska Statute 10.25.175(c)(1) and (3) the Operations Committee go into executive session (1) to discuss matters the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative and (2) to discuss matters with its

attorneys the immediate knowledge of which could have an adverse effect on the legal position of the cooperative as it relates to Chugach's potential release of confidential documents, 2009 Legislative agenda and natural gas negotiations and strategic planning. The matters to be discussed include: A) Chugach Legal Agenda; B) Update of Chugach's Strategic Plan and C). Release of Confidential Documents. The motion passed unanimously.

The Operations Committee went into executive session at 5:58 p.m.

*Director Logan departed the meeting at 6:48 p.m. and Director Vazquez departed the meeting at 6:50 p.m.*

The Operations Committee resumed in open session at 6:59 p.m.

#### **XVIII. Adjourn**

Director Gimarc moved and Director Nordlund seconded the motion to adjourn. The meeting adjourned at 7:00 p.m.