

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

OPERATIONS COMMITTEE
MEETING MINUTES

June 11, 2008

Committee Members in Attendance: Jim Nordlund, Chair
Alex Gimarc
Janet Reiser
Rebecca Logan

Other Directors Present: Elizabeth Vazquez
Jeff Lipscomb

Guests in Attendance: Jim Walker (MEA)
Don Zoerb (MEA)

Staff in Attendance:

Brad Evans	Mike Cunningham	Connie Owens	Dave Smith
Ron Vecera	Paul Risse	Ed Jenkin	Phil Steyer
Patti Bogan	Mark Fouts	Tyler Andrews	

Recording Secretary: Jennifer McDonald, Legal Secretary

I. CONVENE MEETING

Chair Nordlund convened the Operations Committee meeting at 7:57 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

II. EXECUTIVE SESSION

None.

III. APPROVAL OF AGENDA

Director Logan moved and Director Reiser seconded the motion to approve the Agenda. The motion passed unanimously.

IV. APPROVAL OF MINUTES

a. May 13, 2008

Director Reiser moved and Director Logan seconded the motion to approve the Operations Committee Meeting minutes of May 13, 2008. The motion passed unanimously.

V. CUSTOMER COMMENTS

- a. Wholesale Customer Comments*
None.
- b. Retail Customer Comments*
None.

VI. Board of Directors – Standards of Conduct

Director Logan stated that she created a guideline for Standards of Conduct for the Board and would like to put it on the June 25 Board meeting Agenda for approval.

Director Gimarc stated that a motion is needed if this is going to go to the full Board for approval and stated that he would like to have additional time for review.

Chair Nordlund stated that this item will be on the July 9, 2008 Operations Committee agenda with a motion recommending approval from the Board.

VII. Election Recap

Director Gimarc gave an overview of the 2008 Chugach Annual meeting Election and prepared a list of lessons learned and issues which he requested be included in the record.

Election Lessons Learned and Issues: The 2008 Chugach Board of Directors election and recount raised a number of issues that should be considered. What follows is a summary of the issues noted:

1. Ballot Security. Ballots and election materials were not secure. They were stored in an open area at the election contractor, Sramek. While Sramek does lock the front door of their office suite, once inside, access to the election materials is relatively easy. At a minimum, the ballots, tally sheets, test decks, and all other related materials ought to be stored in a locked area only accessible when two people – suggest the election contractor and the Election Judge – are present.
2. Recount Notification and Procedures. Currently, there are no written or approved procedures for notification of the Election Committee, the Board, or management regarding a recount. Questions of securing the election materials, who gets notified, when they get notified, role of various attorneys, play of Chugach staff, play of the Board of Directors, and how many Election Committee members are needed to conduct or participate in a recount need to be addressed. The Election Committee is essentially uncovered from a legal standpoint, and Chugach Staff may have conflicting interests.

3. Payment for Recount. Our Bylaws set out guidelines for who pays for a recount. Carol Johnson told the Board in May that there was some ambiguity as to who covers those costs. Mr. Jacobus in his May 5, 2008 letter details the ambiguity from the standpoint of a requestor of a recount. We need to do one of two things: Either make recounts so easy, automatic and inexpensive that they happen regularly, early and often; or specify with great precision guidelines of who pays for a recount. The ambiguity needs to be addressed and removed. The Board and Management need to address this issue.
4. Future. Suggest we look into Accuvote as a secure alternative to future Board elections and find out if they present a viable, affordable alternative. Chugach Management should address this and report back to the Operations Committee no later than the July 2008 meeting. August or September would work also.
5. Audit Trail: Mr. Jacobus raised several issues regarding an audit trail, accountability, and the lack of controls and oversight of election materials by the election contractor. For example, the Election Contractor has the ability to print new ballots and other election materials. There was also a lack of summary tally sheets for the 100-card decks. I have included the Jacobus May 5, 2008 letter with this report for your consideration. The lack of controls over election materials represents a potentially serious flaw in our current procedures.

Proposed action: Chugach Management is directed to review these deficiencies and propose solutions to the Operations Committee no later than the July 2008 meeting. They should include the Election Judge in creation of the new procedures. These solutions should be in the form of a new Board Policy or modification of an existing one.

Chair Nordlund stated that Chugach staff, with assistance of the Election Judge, will work together to address these issues and will report their findings at the September Operations Committee meeting.

VIII. Election Expenses

Phil Steyer, Director, Government Relations & Corporate Communications and Patti Bogan, Manager, Public Relations, reviewed the Election Expenses and answered questions from the Committee.

IX. Correspondence

None.

X. Director Comments

Director Gimarc: None.

Director Vazquez: None.

Director Reiser: None.

Director Lipscomb: None.

Director Logan: None.

Chair Nordlund: None.

XI. Executive Session

Director Logan moved and Director Gimarc seconded the motion that pursuant to Alaska Statute 10.25.175(c)(1) and (2) 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 subjects that tend to prejudice the reputation and character of a person, however, the person may request a public discussion. The matters to be discussed are: 1) South Central Power Plant Project, 2) Statewide Energy Policy Discussion, and 3) 2007–2008 CEO Evaluation. The motion passed unanimously.

The Committee went into executive session at 8:29 p.m. and resumed in open session at 9:57 p.m.

XII. Adjourn

Director Logan moved and Director Reiser seconded the motion to adjourn. The meeting adjourned at 9:59 p.m.