

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

OPERATIONS COMMITTEE
MEETING MINUTES

December 10, 2008

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

Other Directors Present: Jeff Lipscomb
PJ Hill

Guests and Staff in Attendance:

Brad Evans	Connie Owens	Pat Simpson, Perkins Coie
Tyler Andrews	Evan Reynolds, Perkins Coie	Dave Smith
Mike Cunningham	Jean Sauget	Phil Steyer
Ed Jenkin	Bruce Scott, MEA	Lee Thibert

Recording Secretary: DeAnna Scott, Executive Assistant

I. CONVENE MEETING

Chair Nordlund convened the Operations Committee meeting at 4:50 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

II. EXECUTIVE SESSION

None.

III. APPROVAL OF AGENDA

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

IV. APPROVAL OF MINUTES – October 8, 2008 and November 12, 2008

Director Logan moved and Director Reiser seconded the motion to approve the October 8, 2008 and the November 12, 2008 meeting minutes. The motion passed unanimously.

V. CUSTOMER COMMENTS

- a. *Wholesale Customer Comments.*
Bruce Scott, MEA stated he was happy to be here.
- b. *Retail Customer Comments - None.*

VI. Appointments to Bylaws Committee

Director Reiser moved and Director Nordlund seconded the motion that the Operations Committee recommend the Board of Directors appoint Steve Strait and Eric Myers to “B” terms on the Bylaws Committee. Chair Nordlund and Director Reiser voted yes; Directors Logan, Gimarc, and Vazquez voted no. Motion failed.

Director Logan moved and Director Gimarc seconded the motion to appoint Jessica Koloski to the Bylaws Committee. The motion passed unanimously.

Director Reiser moved and Director Nordlund seconded the motion that the Operations Committee recommend the Board of Directors appoint Eric Myers to “B” terms on the Bylaws Committee. Chair Hill and Director Reiser voted yes; Directors Logan, Vazquez, and Gimarc voted no. Motion failed.

Director Gimarc moved and Director Vazquez seconded the motion that the Operations Committee recommend the Board of Directors appoint Robert Gastrock to “B” term on the Bylaws Committee. Directors Logan, Vazquez, and Gimarc voted yes; Chair Hill and Director Reiser voted no. Motion passed.

VII. Appointments to Election Committee

Director Reiser moved and Director Nordlund seconded the motion that the Operations Committee recommend the Board of Directors appoint Mario Matute, Anthony Petrone, Stacey Horn, Michael Powell to “B” terms and James Woods to the “C” term on the Elections Committee.

Director Gimarc moved that the motion be severed into five parts. Chair Nordlund stated that was not the intent of the motion.

Director Vazquez requested to amend the motion to substitute Powell with Strait and the others are acceptable. Director Reiser stated that Strait did not apply for this committee. She stated that Strait applied for two committees and one of them was not the Elections Committee. Director Vazquez withdrew her motion.

Chair Nordlund called for the vote on the original motion. The motion passed unanimously.

VIII. Appointments to Nominating Committee

Director Gimarc moved and Director Logan seconded the motion that the Operations Committee recommend the Board of Directors appoint Jim Magowan to an “A” term. Eric Meyer and Steve Strait to a “B” term, and James Henderson to a “C” term on the Nominating Committee.

Director Reiser asked for consideration for a substitution of Francis Sheridan for James Henderson. Chair Nordlund pointed out the Jim Magowan was appointed to serve on the Elections Committee. Director Gimarc stated he served on both Committees for several years. Chair Nordlund stated due to the number of applicants,

giving a slot to one person for two committees, we need to give more people the opportunity to serve on our member committees. Director Reiser stated she would like to change her friendly substitution. Director Reiser asked Director Gimarc if he would consider substitution based on the reasons discussed with Francis Sheridan for Jim Magowan. Director Gimarc responded no.

Director Reiser moved and Director Nordlund seconded to amend the motion to replace Tim Magowan with Francis Sheridan. Chair Nordlund called for the vote on the amendment.

At 5:11 p.m., Director Logan called for an "at ease." The committee reconvened at 5:14 p.m.

Chair Nordlund called for a vote on the amended motion. Chair Nordlund and Director Reiser voted yes; Directors Logan, Gimarc, and Vazquez voted no. Motion failed.

Director Logan made a friendly suggestion to Director Gimarc to substitute William Simpson for Jim Magowan. Director Gimarc accepted.

Director Gimarc restated the motion naming William Simpson to an "A" term. Eric Myers and Steve Strait to a "B" term, and James Henderson to a "C" term on the Nominating Committee. The motion passed unanimously.

IX. Board Policy 108 – Director Meeting Fees and Expenses

Director Logan moved and Director Nordlund seconded the motion to recommend that the Board of Directors approve revised Board Policy 108 Director Meeting Fees and Expenses.

After a discussion, Director Logan moved and Director Reiser seconded the motion to postpone agenda item **IX. Board Policy 108 – Director Meeting Fees and Expenses** to the January Operations Committee meeting. *The motion passed unanimously.*

Director Vazquez departed at 5:49 p.m. and was not present for the vote.

X. Board Policy 128 - Confidentiality

Director Logan moved and Director Reiser seconded the motion to postpone agenda item **X. Board Policy 128 – Confidentiality** until the January Operations Committee meeting. The motion passed unanimously. *Director Vazquez was not present for the vote.*

XI. Board Policy 124- Conflict of Interest

Director Logan moved and Director Reiser seconded the motion to postpone agenda item **XI. Board Policy 124 – Conflict of Interest** until the January Operations Committee meeting. The motion passed unanimously. *Director Vazquez was not present for the vote.*

- XII. Board Policy 135 – Approve Collective Bargaining Agreements** (*New policy that defines how the board will handle approval of collective bargaining agreements*)
Director Logan moved and Director Reiser seconded the motion that the Operations Committee recommend that the Board of Directors approve Board Policy 135 - Approval of Collective Bargaining Agreements.

After discussion, recommendations were made to simplify section II.A. Required Findings of the Board by: 1) taking out all of the bullet points; 2) In the second bullet on the second page, add “representing employees of the Association.” Section II. B. Process for Review, “add 28 days for due process.” Under Section I., remove brackets [*that covers more than ____ employees*] and to add references to other board policies. With that understanding, Chair Nordlund called for the vote. The motion passed unanimously, as amended.

Director Vazquez returned to the meeting at 6:27 p.m.

At 6:28 p.m., the Committee took a 15 minute break.

The Committee reconvened at 6:45 p.m.

XIII. Proposed Bylaw/Articles of Incorporation Changes

A. Amending Article IV. Directors – Increasing the size of the Board from 7 to 9 members (*Bylaw and Articles of Incorporation change*)

Director Logan moved and Director Nordlund seconded the motion that the Operations Committee recommend the Board of Directors forward to the Bylaws Committee the proposed Bylaw change to Article IV, Directors.

After discussion, Chair Nordlund called for the vote. Chair Nordlund and Director Logan voted yes; Directors Reiser, Gimarc, and Vazquez voted no. Motion failed.

B. Amending Article VI. Officers – Establishing a new timeframe for the election of board officers

Chair Nordlund withdrew item from Committee consideration.

C. Amending Article III. Members, Meetings and Elections – Responsibility for Election Recount Expenses

Director Reiser moved and Director Logan seconded the motion that the Operations Committee recommend the Board of Directors forward to the Bylaws Committee a Bylaw change in Article III, Section 9(f), to clarify the triggering threshold for whether or not the Association pays for a recount. The motion passed unanimously.

D. Addition – Article XVIII. – adding Board Committees to the Bylaws

Director Logan moved and Director Reiser seconded the motion that the Operations Committee recommend that the Board of Directors forward to the

Bylaws Committee the proposed Bylaw change to Article XVIII. **Board Committees.**

After discussion, Chair Nordlund called for the vote. Directors Reiser and Logan voted yes; Chair Nordlund, Gimarc, and Vazquez voted no. Motion failed.

E. Campaign Finance Disclosure Requirements

Chair Nordlund withdrew item from Committee consideration.

F. Addition – Article XIX – creating a Campaign Conduct and Finance Commission

Director Logan moved and Director Nordlund seconded the motion that the Operations Committee recommend that the Board of Directors forward to the Bylaws Committee the proposed Bylaw change by adding Article XIX. Campaign Conduct and Financial Commission.

After discussion, Chair Nordlund called for the vote. Chair Nordlund, Directors Reiser, and Logan voted yes; Directors Vazquez and Gimarc voted no. Motion passed.

G. Clean-up Bylaw Language

Director Reiser moved and Director Logan seconded the motion that the Operations Committee recommend that the Board of Directors forward to the Bylaws Committee the proposed Bylaw changes as shown in the attached with changes as discussed. The motion passed unanimously.

XIV. Correspondence – None

XV. Director Comments

Director Hill: “No comment”

Director Lipscomb: “No comments.”

Director Reiser: “My only comment, my only comment is that I know it is kind of a pain to go through all these details but its “good job” to whomever, I think Rebecca and some others, trying to get all this stuff cleaned up; it needs to be done but not that much fun.”

Director Logan: “NWPPA have asked us for a nomination for a position from Alaska for their Board’s Policy Makers seat, its open for a Co-op from Alaska ...*unintelligible*... term on the NWPPA Board and I’ve talked to Liz about it and she is interested in doing that so I am going to nominate her for that. The nominations are due January 9th. That’s my comment.”

Director Vazquez: “Well, I’m very grateful that management has put together a very nice Legislative Reception the other night. I was so proud of management, Mr. Evans in particular. I think a lot of people walked away with *Wow, nobody has ever told us that was going on.* So, I think it was a big eye opener. I think that we just have some straight talk and Ms. Connie, you did a wonderful job. I was just really impressed, very proud I’m on this Board. I really felt that we put our best foot forward and we obviously have people’s attention and I have a feeling we will

continue to get people's attention. So, the hard work is truly recognized by the Board. I think we all get kind of tired especially when it's 8:40 p.m. but I think we all appreciate all the overdrive work you guys have been doing."

Director Gimarc: "I would also like to thank management and Connie for the reception and the legislative set-up. We hope we will get the desired results and it will work out very nice. Like Director Reiser, it's a tough old fight going through the Bylaws, they haven't been played with or touched at any reasonable level for a long time, and we made some progress. On the other hand, I am most, most, most unhappy or I am not unhappy, uncomfortable with the notion of setting up an Election Commission; giving it the ability to kick off, making them ineligible during for campaigns for the actions of others. Elections are tough, very touchy things and it's difficult to do a reform that does not create a worse Frankenstein monster than the one that is currently here. I fear we got; I think we're dusting off a seven footer."

Chair Nordlund: "First of all, thanks to the Committee for bearing through a bunch of the Bylaw changes. It's not easy or fun but I think very necessary. I also would like to express my appreciation to staff for putting together a good legislative reception. I hope it will help us in Juneau. But every little bit counts. And just, Alex, in reaction to your comment, I agree, I'm not exactly sure what the best solution is; we've talked about a lot of different things. I think we all agree that somehow we need to find a solution that makes our elections cleaner; that make a better job in representing our company to the public because frankly, that most of what the public hears about Chugach other than getting their bill and they're probably unappreciative of the fact that we keep the lights on all the time. Other than that, they hear about Chugach and they hear about the elections. So, maybe the Commission is the right way to go. Maybe this clear disclosure is, I don't know but I think we keep investigating, keep this idea around until we figure something that's accepted by all. So I think that's the intent there."

XVI. Executive Session

At 8:43 p.m., Director Gimarc moved and Director Reiser seconded the motion that pursuant to Alaska Statute 10.25.175(c)(1) 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 as it relates to strategic negotiations matters for fuel supply. The matters to be discussed are (1) Gas Negotiations, a) Enstar Compliance Filing U-08-58; b) RCA Order Instituting Investigations in Chugach Gas Supply Matters; and c) Marathon and ConocoPhillips responses. The motion passed unanimously.

The Board took a recessed and reconvened into Executive Session at 8:50 p.m.

The Board came out of Executive Session at 9:53 p.m.

XVII. Adjourn

Director Gimarc moved and Director Vazquez seconded the motion to adjourn. The meeting adjourned at 9:54 p.m.