

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

December 14, 2016
Wednesday
3:00 P.M.

REGULAR BOARD OF DIRECTORS' MEETING

Recording Secretary: Divina Portades

I. CALL TO ORDER

Chair Reiser called the Regular Meeting of the Board of Directors to order at 3:00 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

A. Pledge of Allegiance

Director Dougherty led the Board in the Pledge of Allegiance.

B. Recognition of Service – Bruce Dougherty

Chair Reiser thanked Director Dougherty and expressed her appreciation for his service on the Board. Chair Reiser also presented the meter lamp to Director Dougherty and photos were taken with the Board members and Lee Thibert, Chief Executive Officer (CEO).

C. Roll Call

Board Members Present:

Janet Reiser, Chair

Susan Reeves, Vice Chair (*joined via teleconference at 3:16 p.m.*)

Sisi Cooper, Treasurer

Bruce Dougherty, Secretary

Jim Henderson, Director (*via teleconference*)

Bettina Chastain, Director (*arrived at 3:05 p.m.*)

Harry Crawford, Director

Guests and Staff in Attendance:

Lee Thibert

Brian Hickey

Renee Curran

Mark Johnson

Arthur Miller

Ron Vecera

Bill Bernier

Phil Steyer

Marty Freeman

Julie Hasquet

Tom Schulman

Kathy Harris

Paul Risse

Tyler Andrews

Lynda Muise

Connie Owens

Todd McCarty

Kate Ayers

Sherri Highers

Mark Fouts

Jody Wolfe

Nick Horras

Scott Sanner

Glen Klinkhart, Klinkhart LLC

D. Safety Minute

Marty Freeman, Manager, Safety discussed “*Slip, Trips and Falls*” and responded to questions from the Board.

Director Chastain arrived at 3:05 p.m.

Director Henderson designated Director Dougherty to sign for his expense report.

II. APPROVAL OF THE AGENDA

Director Cooper moved and Director Crawford seconded the motion to approve the agenda. The motion passed unanimously.

Director Reeves was not present at the time of vote.

III. PERSONS TO BE HEARD

- A. *Wholesale Customer and Member Comments*
None

IV. CONSENT AGENDA

- A. *Board Calendar*
B. *Training and Conferences*
 i. *2017 NRECA Annual Meeting, February 23-March 3, 2017, San Diego, CA (Deadline for conference and hotel registration is January 20, 2017)*
 ii. *2017 NRECA Legislative Conference, April 23-26, 2017, Washington DC (Deadline for conference and hotel registration is March 20, 2017)*
C. *Minutes*
 i. *November 30, 2016, Regular Board of Directors’ Meeting (Quezon-Vicente)*
D. *Director Expenses*

Director Crawford moved and Director Chastain seconded the motion to approve the consent agenda. The motion passed unanimously.

Director Reeves was not present at the time of vote.

V. CEO REPORTS AND CORRESPONDENCE

- A. *October 2016 Financial Statements and Variance Report (Harris/Curran)*
The October 2016 Financial Statements and Variance Report were provided in the meeting packet.
- B. *Write-Off Accounts Receivable – Electric/Other (Kurka/Andrews)*
The Write-Off Accounts Receivable – Electric/Other was provided in the meeting packet.
- C. *2017 Annual Meeting (Andrews)*
The 2017 Annual Meeting information was provided in the meeting packet.

- D. *4th Quarter 2016 Railbelt Comparison (Horras/Miller)*
The 4th Quarter 2016 Railbelt Comparison was provided in the meeting packet.

VI. DIRECTORS REPORTS

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

Lee Thibert, CEO reported on the December 2, 2016, ARCTEC meeting and deferred discussion to the Executive Session.

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

Director Chastain reported on the December 13, 2016, Operations Committee meeting discussion on USO/Transco. The next Operations Committee meeting is scheduled on January 24, 2017.

Director Cooper reported on the REAP Holiday Fundraiser scheduled on December 20, 2016 and invited Board members to attend.

- C. *Other Meeting Reports*

VII. UNFINISHED BUSINESS

None

VIII. NEW BUSINESS

- A. *Appointment of 2017 NRECA Voting and Alternate Delegates* (Board)*

Director Chastain moved and Director Cooper seconded the motion that the Board of Directors appoints Director Crawford as the NRECA Voting Delegate and Director Reeves as the Alternate. The motion passed unanimously.

Director Reeves joined via teleconference at 3:16 p.m.

- B. *Chugach Electric Association, Inc., - Member Survey* (Hasquet/Steyer)*

Julie Hasquet, Manager, Corporate Communication, Phil Steyer, Director, Government Relations and Lee Thibert, CEO discussed the member survey and responded to questions from the Board.

Director Chastain moved and Director Crawford seconded the motion that the Board of Directors approves the survey questions as asked in the 2015 survey without any new policy questions. The motion passed unanimously.

- C. *Vegetation Management Contract* (Bernier)*

Bill Bernier, Sr. VP Power Delivery and Ron Vecera, Sr. Manager, Risk & Renewables, discussed the vegetation management contract and responded to questions from the Board.

Director Dougherty moved and Director Crawford seconded the motion that the Board of Directors authorizes the Chief Executive Officer to execute an initial three-year contract with two additional three-year contract periods, subject to

agreement on pricing, with Carlos Tree Service, Inc. for Vegetation Management Services with annual costs estimated to be \$2.4 million per year with price escalation of approximately 1% per year. The estimated right-of-way costs are calculated based upon historical and projected staffing and productivity levels to maintain Chugach's current operating plan. The motion passed unanimously.

IX. EXECUTIVE SESSION

- A. *Strategic Planning*
 - i. *Cyber Security*
 - ii. *3rd Quarter 2016 Fire Island Wind Report*
 - iii. *Fuel Supply, Storage and Transportation*
 - iv. *Retirement Security Plan Pre-Pay*
 - v. *Unified System Operator (USO) Governance Position*
 - vi. *Review Board Candidate Questions*
 - vii. *New Issues/Ideas*

- B. *Strategic Planning Committee Updates*
 - i. *Business Planning and Economic Development*
 - ii. *Communication/Engagement*
 - iii. *Renewable/Conservation Initiative*

At 3:35 p.m., Director Chastain moved and Director Cooper seconded the motion that pursuant to Alaska Statute 10.25.175 (c) (1) and (2) the Board of Directors go into executive session to discuss: 1) personnel matters regarding the interview process of applicants for the vacant Board of Director position; and, 2) financial matters, the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative. The motion passed unanimously.

The meeting reconvened in open session at 6:15 p.m.

Director Reeves designated Director Chastain to sign for her expense report.

X. NEW BUSINESS

- D. *Retirement Security Plan Pre-Pay* (Andrews)*

Director Chastain moved and Director Dougherty seconded the motion that the Board of Directors authorizes the Chief Executive Officer to pre-pay the Retirement Security Plan in exchange for a reduction in pension contribution rate essentially the same as discussed in Executive Session. The motion passed unanimously.

- E. *Unified System Operator (USO) Governance Position** (Hickey)*

Director Dougherty moved and Director Chastain seconded the motion that the Board of Directors approve the documents as essentially discussed in executive session. The motion passed unanimously.

- F. *Appointment of Board Secretary* (Board)*

Chair Reiser opened the floor to nominations for Secretary of the Board.

