

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

**March 22, 2017**  
**Wednesday**  
**(Immediately Following the Audit and Finance Committee Meeting)**

**REGULAR BOARD OF DIRECTORS' MEETING**

Recording Secretary: Arden Quezon-Vicente

**I. CALL TO ORDER**

Chair Reiser called the Regular Meeting of the Board of Directors to order at 4:40 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

A. *Pledge of Allegiance*  
Chair Reiser led the Board in the Pledge of Allegiance.

B. *Roll Call*  
*Board Members Present:*  
Janet Reiser, Chair  
Susan Reeves, Vice Chair (*via teleconference*)  
Sisi Cooper, Treasurer  
Bettina Chastain, Secretary  
Jim Henderson, Director  
Harry Crawford, Director  
Stuart Parks, Director

*Guests and Staff in Attendance:*

|                |               |                 |
|----------------|---------------|-----------------|
| Lee Thibert    | Renee Curran  | Jean Kornmuller |
| Brian Hickey   | Marty Freeman | Julie Hasquet   |
| Tyler Andrews  | Ron Vecera    | Russ Thornton   |
| Sherri Highers | Kathy Harris  | James Mullican  |
| Arthur Miller  | Todd McCarty  | Dustin Highers  |
| Mark Johnson   | Tom Schulman  | Mike Brodie     |
| Connie Owens   | Andrew White  | Steve Padula,   |
| Paul Risse     | Mark Fouts    | McMillan Jacobs |
| Phil Steyer    | Nick Horras   |                 |

C. *Safety Minute*  
Marty Freeman, Manager, Safety and Security discussed “*Hearing Conservation*” and responded to questions from the Board.

*Lee Thibert, Chief Executive Officer (CEO) introduced Dustin Highers, Todd McCarty, Russell Thornton and Andrew White as candidates who have been selected to participate in the Leadership Development Program. Mr. Thibert asked each candidate to tell the Board what they do for Chugach, why they are interested in the Leadership Development Program and what would they hope to get out the program.*

*Chair Reiser presented Director Henderson the Director NRECA Gold Certificate and CFC KRTA Levels 1 and 2 Certificates.*

## **II. APPROVAL OF THE AGENDA**

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

## **III. PERSONS TO BE HEARD**

- A. *Wholesale Customer and Member Comments*  
None

## **IV. CONSENT AGENDA**

- A. *Board Calendar*
- B. *Training and Conferences*
  - i. *Gettysburg Leadership Experience for Co-Op Leaders, May 9-11, 2017, Gettysburg, PA (Deadline for conference and hotel registration is April 6, 2017)*
  - ii. *Gettysburg Leadership Experience for Co-Op Leaders, September 12-14, 2017, Gettysburg, PA (Deadline for conference and hotel registration is August 10, 2017)*
  - iii. *NRECA Region 9 Meeting, October 16-18, 2017, Denver, CO (Deadline for conference and hotel registration is October 12, 2017)*
- C. *Minutes*
  - i. *February 21, 2017, Regular Board of Directors' Meeting (Portades)*
  - ii. *March 10, 2017, Special Board of Directors' Meeting (Portades)*
- D. *Director Expenses*

Director Chastain stated to replace the word “betting” to “vetting” on the March 10, 2017, Special Board of Directors’ Meeting minutes.

Director Crawford moved and Director Cooper seconded the motion to approve the consent agenda as written. The motion passed unanimously as amended.

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

## **V. CEO REPORTS AND CORRESPONDENCE**

- A. *1<sup>st</sup> Quarter 2017 Railbelt Bill Comparison (Horras)*  
The 1<sup>st</sup> Quarter 2017 Railbelt Bill Comparison was provided in the meeting packet and Lee Thibert, CEO and Mark Fouts, Executive Manager Fuel & Corporate Planning responded to questions from the Board.

- B. *4<sup>th</sup> Quarter 2016 Key Metrics Dashboard (Vecera)*  
The 4<sup>th</sup> Quarter 2016 Key Metrics Dashboard was provided in the meeting packet.

## **VI. DIRECTOR REPORTS**

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

Chair Reiser stated that there is an ARCTEC Strategic planning session that is scheduled tomorrow, March 23, 2017 from 1:00 p.m. - 5:00 p.m. at the Alaska Power Association (APA) office.

Lee Thibert, CEO also added that ML&P and Homer Electric will be present at the meeting.

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

Director Chastain informed the Board that the next Operations Committee meeting is scheduled for May 3, 2017 and the topics will be BRU and Snow River.

Director Reeves stated that there were no Governance Committee meeting to report on but she did receive the Association's Bylaws for review and will get back to the Board with recommendations.

- C. *Other Meeting Reports*

Director Crawford reported on attending a REAP event and informed the Board that Bernie Washington, Chief Financial Officer from Public Broadcasting was interested in meeting with Lee Thibert, CEO and Paul Risse, Senior VP, Power Supply. And that he also attended an Earth Day meeting in which REAP discussed increasing participation in the Community.

Director Cooper reported on the March 16, 2017, REAP Policy meeting.

Lee Thibert, CEO discussed the Railbelt Utility Managers' (RUM) meeting.

Chair Reiser stated that further discussion will continue in the Executive Session.

The Board discussed the 2017 NRECA Annual meeting on February 23, 2017 – March 1, 2017.

## **VII. UNFINISHED BUSINESS**

## **VIII. NEW BUSINESS**

- A. *Accept the 2016 Independent Audited Financial Statements\* (KPMG)*

Director Chastain moved and Director Cooper seconded the motion that the Board of Directors approve the 2016 Independent Audited Financial Statements

of Chugach Electric Association, Inc. and footnotes as presented by KPMG and management. The motion passed unanimously.

**B. *December 31, 2016, SEC Form 10K Filing\* (Curran)***

Director Cooper moved and Director Crawford seconded the motion that the Board of Directors approve that management file the Securities and Exchange Commission Form 10K by the due date incorporating any amendments to the document which will be reviewed and approved by KPMG. Ms. Stuart and Ms. Highers will immediately inform the Board, in writing, of any material or significant changes. The motion passed unanimously.

**C. *Pre-Approval for FY2017 Audit Services\* (Highers)***

Director Henderson moved and Director Cooper seconded the motion that the Board of Directors approve the retention of KPMG for audit services for FY2017 in accordance with the fees outlined in KPMG's current three (3) year contract. The motion passed unanimously.

**IX. EXECUTIVE SESSION**

**A. *Strategic Planning***

- i. 4<sup>th</sup> Quarter 2016 Fire Island Wind Report*
- ii. Anchorage IRP*
- iii. HR Strategic Plan*
- iv. 2016/2017 Strategic Plan Overview*
- v. New Issues/Ideas*
- vi. 2017 CEO Performance Parameters and Project Specific Objectives*
- vii. 2016 CEO Evaluation, Performance Matrix and Compensation*

**B. *Strategic Planning Committee Updates***

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

At 5:53 p.m., Director Chastain moved and Director Cooper seconded the motion that pursuant to Alaska Statute 10.25.175 (c)(1), (2) and (3) the Board of Directors go into executive session to: 1) discuss financial matters, the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative; 2) receive reports upon legal matters that are attorney/client privileged, the immediate knowledge of which could have an adverse effect on the legal position of the cooperative; and, 3) to discuss personnel matters that may tend to prejudice the reputation or character of a person; however, the person may request a public discussion. The motion passed unanimously.

*The meeting reconvened in open session at 8:12 p.m.*

**X. NEW BUSINESS**

**D. *Approve 2016/2017 Strategic Plan\* (Miller)***

Director Parks moved and Director Crawford seconded the motion that the

Board of Directors approve Chugach Electric Association, Inc.'s 2016/2017 Strategic Plan as discussed in Executive Session. The motion passed unanimously.

*E. Approve Collective Bargaining Agreements – Culinary, Generation, Office and Engineering and Outside Plant\* (Andrews)*

Director Chastain moved and Director Cooper seconded the motion that the Board of Directors approve the Collective Bargaining Agreements covering the terms and conditions of employment for the Outside Plant, Office and Engineering, Generation, and Culinary bargaining unit personnel. The motion passed unanimously.

*F. 2017 CEO Performance Parameters and Project Specific Objectives\* (Board)*

Chair Reiser stated this would be discussed at a later date. No objections were made.

*G. 2016 CEO Evaluation, Performance Matrix and Compensation\* (Board)*

Director Chastain moved and Director Henderson seconded the motion that the Board of Directors approve the 2016 CEO evaluation and performance matrix. A merit increase in the amount of 3% of base salary, and a performance payment in the amount of 18% is authorized by the Board of Directors. This amount was determined without input from an outside compensation consultant. The amount was based on companywide and individual goal; therefore, the amount was determined to be discretionary. The timeline for payment is on or before May 1, 2017 and does not include any gross up.

Director Reeves made a friendly amendment to add “of base salary” after 18%. Director Henderson seconded the motion and there were no objections. The motion passed unanimously, as amended.

Director Chastain withdrew the original motion as read and Director Henderson seconded. The motion to withdraw the original motion, passed unanimously.

Chair Reiser called for a discussion. Sherri Highers, Chief Financial Officer and Connie Owens, Manager, Executive Office discussed the SEC requirements regarding the 2016 CEO Evaluation, Performance Matrix and Compensation and responded to questions from the Board.

Director Chastain moved and Director Henderson seconded the motion that the Board of Directors approve the 2016 CEO evaluation and performance matrix. A merit increase in the amount of 3% of base salary, and a performance payment in the amount of 18% of base salary, is authorized by the Board of Directors. This amount was determined without input from an outside compensation consultant. The amount was based on companywide and individual goals that were previously developed by the Board of Directors. The amount was tied directly to each individual and companywide goals. The

timeline for payment is on or before May 1, 2017 and does not include any gross up. The motion passed unanimously, as amended.

**XI. DIRECTOR COMMENTS**

Director comments were made at this time.

**XII. ADJOURNMENT**

At 8:33 p.m., Director Cooper moved and Director Crawford seconded the motion to adjourn. The motion passed unanimously.

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Bettina Chastain, Secretary

Date Approved: April 26, 2017