

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

August 29, 2018
Wednesday
9:00 AM

REGULAR BOARD OF DIRECTORS' MEETING

Recording Secretary: Divina Portades

I. CALL TO ORDER

Chair Chastain called the Regular Board of Directors' Meeting to order at 9:00 a.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

A. Pledge of Allegiance

Chair Chastain led the Board in the Pledge of Allegiance.

B. Roll Call

Board Members Present:

Bettina Chastain, Chair
Susan Reeves, Vice Chair
Stuart Parks, Secretary
Rachel Morse, Treasurer
Jim Henderson, Director
Harry Crawford, Director
Harold Hollis, Director

Guests and Staff in Attendance:

Lee Thibert	Mark Fouts	Sean Skaling
Connie Owens	Julie Hasquet	Jean Kornmuller
Tyler Andrews	Tom Schulman	Josh Resnick
Sherri Highers	Taylor Crocker	Josh Travis
Paul Risse	Andrew Laughlin	James Mullican
Arthur Miller	Teresa Kurka	Kate Ayers
Brian Hickey	Phil Steyer	Katie Millen
Matthew Clarkson		

C. Safety Minute

Taylor Crocker, Sr. Safety Specialist discussed "*Common Causes of Workplace Accidents*" and responded to questions from the Board.

II. APPROVAL OF THE AGENDA

Director Reeves moved and Director Morse seconded the motion to approve the agenda. The motion passed unanimously.

III. PERSONS TO BE HEARD

- A. *Member Comments*
None

IV. CONSENT AGENDA

- A. *Board Calendar*
- B. *Training and Conferences*
 - 1. *Director Winter School, November 30 – December 5, 2018, Nashville, TN (Deadline for conference and hotel registration is October 29, 2018)*
- C. *Minutes*
 - 1. *July 25, 2018, Regular Board of Directors' Meeting (Portades)*
- D. *Director Expenses*

Director Reeves moved and Director Morse seconded the motion to approve the consent agenda. The motion passed unanimously.

V. CEO REPORTS AND CORRESPONDENCE

- A. *Marketing of Battery-Operated Tools (Skaling/Miller)*
Arthur Miller, VP, Regulatory and External Affairs discussed the Marketing of Battery-Operated Tools and responded to questions from the Board.
- B. *2nd Quarter 2018 Key Metrics Dashboard (Thibert)*
The 2nd Quarter 2018 Key Metrics Dashboard was provided in the meeting packet.

VI. DIRECTOR REPORTS

- A. *Alaska Railbelt Cooperative Transmission & Electric Company (ARCTEC) Report*
Lee Thibert, CEO, reported on the July 27, 2018, ARCTEC meeting. Further discussion on ARCTEC will be deferred to Executive Session.
- B. *Renewable Energy Alaska Project (REAP) Report*
Director Morse reported on the July 31, 2018, REAP Board meeting.
- C. *Board Committee Reports (Audit and Finance, Operations & Governance)*
Director Morse reported on the August 8, 2018, Audit and Finance Committee meeting.

Director Parks stated that there were no Operations Committee meetings to report.

Director Reeves stated that there were no Governance Committee meetings to report. She also stated that with the amount of work needed, she would like for the Governance Committee to re-convene soon.

- D. *Alaska Power Association (APA) Annual Meeting Report*
Chair Chastain and Directors Morse, Crawford, Henderson and Reeves reported on the August 22-24, 2018 APA Annual Meeting.

E. Other Meeting Reports

VII. UNFINISHED BUSINESS

None

VIII. NEW BUSINESS

A. Simplified Rate Filing – June 2018 Test Year (Kornmuller/Miller)*

Jean Kornmuller, Manager, Regulatory Affairs discussed the Simplified Rate Filing – June 2018 Test Year and responded to questions from the Board.

Director Reeves moved and Director Crawford seconded the motion that the Board of Directors approve the Resolution authorizing Chugach to file with the Commission, a June 2018 Test Year SRF requesting approval to increase demand and energy rates by 2.7 percent to Chugach retail and 1.5 percent to the wholesale class of Seward Electric System for rates effective November 1, 2018. The motion passed unanimously.

B. NRECA Resolutions (Board)

Phil Steyer, Director, Government Relations discussed the NRECA Resolutions and responded to questions from the Board.

Matthew Clarkson, General Counsel, recommended that any personal interest disclosures regarding the selection of a placement agent for the ML&P acquisition be made before the Board goes into Executive Session to discuss those matters. Each Board member should make any necessary disclosure(s) and a vote should proceed with one director at a time, so that the non-interested directors can resolve each individual disclosure.

A. Director Morse disclosed that she has a personal brokerage account and retirement services with Bank of America Merrill Lynch. Director Morse responded to questions from the Board. The Board voted unanimously that there is no disqualifying conflict.

B. Director Henderson disclosed that he has a personal brokerage account with Bank of America Merrill Lynch. Director Henderson responded to questions from the Board. The Board voted unanimously that there is no disqualifying conflict.

C. Director Hollis disclosed that his wife is a financial advisor with Bank of America Merrill Lynch. Director Hollis responded to questions from the Board. The Board voted unanimously that there is no disqualifying conflict.

IX. EXECUTIVE SESSION

- A. Update on Regulatory Asset*
- B. USO-Transco Update*
- C. Update on Power Pooling*
- D. Gas Supply Update*

- E. *On-Going Strategic Matters*
 - 1. *Initiatives Under Consideration*
 - 2. *Outstanding Risks to the Association*
- F. *ML&P – Financing for Potential Acquisition*
- G. *Discussion Total Compensation Strategy Plan*
- H. *2018 Salary Plan Revision*
- I. *Update on Sale of Utility – SES*

At 9:48 a.m., Director Parks moved and Director Morse seconded the motion that pursuant to Alaska Statute 10.25.175 (c)(1) and (3) the Board of Directors go into executive session to: 1) discuss and receive reports regarding financial matters, the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative; and, 2) discuss with its attorneys legal matters, the immediate knowledge of which could have an adverse effect on the legal position of the cooperative. The motion passed unanimously.

The meeting reconvened in open session at 11:38 a.m.

X. NEW BUSINESS

- A. *ML&P – Financing for Potential Acquisition* (S. Highers)*

Director Reeves moved and Director Henderson seconded the motion that the Board of Directors authorize the Chief Executive Officer to execute and deliver on behalf of the Company (“Chugach Electric Association, Inc.”) engagement letters for the potential acquisition financing with one or more placement agents as deemed necessary or appropriate (including Bank of America Merrill Lynch, Wells Fargo Securities and KeyBank Capital Markets, Inc.) as discussed in executive session. The motion passed unanimously.

- B. *Railbelt Reliability Council Memorandum of Understanding** (Hickey)*

Director Morse moved and Director Parks seconded the motion that the Board of Directors reaffirm its January 26, 2017 resolution regarding the Unified System Operator (USO) and Transmission-only Utility (Transco) Business Plan Development. In doing so, the Board reaffirms its desire to ensure the development of these organizations, and the subsequent realization of the economic benefits associated with a non-discriminatory open access transmission system and Railbelt-wide economic dispatch.

The Board of Directors authorizes the Chief Executive Officer to sign the Railbelt Utility Managers (RUM) negotiated Railbelt Reliability Council Memorandum of Understanding and proceed with Transco negotiations subject to the current draft Transco Term Sheet and conditions substantially the same as discussed in executive session. The motion passed unanimously.

- C. *2018 Salary Plan Revision* (Andrews)*

Director Reeves moved and Director Crawford seconded the motion to table the 2018 Salary Plan Revision and further discussion until after the recess. The motion passed unanimously.

At 11:42 a.m., Director Reeves moved and Director Morse seconded the motion that the Board of Directors recess until 12:15 p.m. at the Megan Room, 6591 A Street, Anchorage, Alaska. The motion passed unanimously.

The meeting resumed at 12:18 p.m., at the Megan Room, 6591 A Street, Anchorage, Alaska.

At 12:18 p.m., Director Morse moved and Director Reeves seconded the motion that pursuant to Alaska Statute 10.25.175 (c)(1) and (3) the Board of Directors go into executive session to: 1) discuss and receive reports regarding financial matters, the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative; and, 2) discuss with its attorneys legal matters, the immediate knowledge of which could have an adverse effect on the legal position of the cooperative. The motion passed unanimously.

The meeting reconvened in open session at 1:17 p.m.

XI. DIRECTOR COMMENTS

No Director comments were made.

XII. ADJOURNMENT

At 1:17 p.m., Director Reeves moved and Director Morse seconded the motion to adjourn. The motion passed unanimously.

/ss/
Stuart Parks, Secretary
Date Approved: September 27, 2018