

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

**September 27, 2018**  
**Thursday**  
**5:00 PM**

**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 5:02 p.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 (*arrive at 5:07 p.m.*)

Rachel Morse, Treasurer

Jim Henderson, Director

Harry Crawford, Director

Harold Hollis, Director

*Guests and Staff in Attendance:*

Lee Thibert

Mark Fouts

Ron Vecera

Arden Quezon-Vicente

Julie Hasquet

Dustin Highers

Tyler Andrews

Tom Schulman

Kate Ayers

Sherri Highers

Taylor Crocker

Katie Millen

Paul Risse

Andrew Laughlin

Eric Myers, ATC

Arthur Miller

Marty Freeman

Jim Bertrand, Stinson

Brian Hickey

Phil Steyer

Leonard Street

Matthew Clarkson

Sean Skaling

Renee Curran

Josh Resnick

*C. Safety Minute*

Marty Freeman, Safety discussed "*Preventable Falls*" and responded to questions from the Board.

**II. APPROVAL OF THE AGENDA**

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

*Director Parks arrived at 5:07 p.m.*

### **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. *August 29, 2018, Regular Board of Directors Meeting (Portades)*
  - 2. *August 29-30, 2018, Special Board of Directors' Meeting (Quezon-Vicente)*
- D. *Director Expenses*

Chair Chastain stated that the training and conferences are coming up and let Connie Owens know, if interested in attending.

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

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

- A. *July 2018 Financial Statements and Variance Report (Harris/Curran)*  
The July 2018 Financial Statements and Variance Report were provided in the meeting packet.

Sherri Highers, Chief Financial Officer and VP of Finance and Administration responded to questions from the Board.

- B. *3<sup>rd</sup> Quarter 2018 Railbelt Bill Comparison (Skaling/Miller)*  
The 3<sup>rd</sup> Quarter 2018 Railbelt Bill Comparison was provided in the meeting packet.

Lee Thibert, Chief Executive Officer (CEO) responded to questions from the Board.

- C. *Member Appreciation Day and National Drive Electric Week (Ayers/Miller)*  
Kate Ayers, Member and Energy Programs Specialist discussed the Member Appreciation Day and National Drive Electric Week – Planning Update and responded to questions from the Board.

### **VI. DIRECTOR REPORTS**

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

Lee Thibert, CEO and Director Henderson reported on the September 6, 2018, ARCTEC meeting. Further discussion on ARCTEC is deferred to Executive Session.

Director Crawford reported on the September 26, 2018, RCA meeting.

*B. Renewable Energy Alaska Project (REAP) Report*

Director Morse reported on the upcoming REAP Energy Speaker series.

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

Director Parks reported on the September 13, 2018, Operations Committee meeting.

Director Reeves reported on the September 6, 2018, Governance Committee meeting and the NRECA Governance Training on September 26, 2018.

*D. Other Meeting Reports*

Director Parks thank Sean Skaling for the Electric Vehicle presentation at the NRECA Region 9 Meeting.

Chair Chastain and Directors Morse, Crawford, Hollis, Parks and Reeves reported on the September 25-27, 2018, NRECA Region 9 Meeting.

## **VII. UNFINISHED BUSINESS**

*A. 2018 Salary Plan Revision\* (Andrews)*

Tyler Andrews, VP Employee Services and Communication, gave an overview on the 2018 Salary Plan revision and responded to questions from the Board.

Director Reeves moved and Director Hollis seconded the motion that the Board of Directors approve the 2018 Salary Plan Revision as the basis for the non-bargaining unit salary plan administration, essentially the same as discussed in Executive Session at the August 29, 2018, Regular Board of Directors meeting. The motion passed unanimously.

## **VIII. NEW BUSINESS**

*A. Procurement Approval for Quartz Creek kV Rebuild Project\* (Laughlin/Hickey)*  
Andrew Laughlin, Sr. Manager, Transmission Substation Engineering and Brian Hickey, Sr. VP, System Operations discussed the Procurement Approval for Quartz Creek kV Rebuild Project and responded to questions from the Board.

Director Parks moved and Director Morse seconded the motion that the Board of Directors approve the resolution authorizing the Chief Executive Officer to execute a contract with Western Utility Telecom for the purchase of steel structures (to be used on the 115 kV transmission line re-build project between Hope Substation and Summit Lake Substation), in the amount not to exceed \$1,203,464.00. The motion passed unanimously.

## **IX. EXECUTIVE SESSION\* (*scheduled*)**

- A. *2<sup>nd</sup> Quarter Fire Island Wind Report*
- B. *3<sup>rd</sup> Quarter 2018 Business Development and Sustainability Report*
- C. *USO-Transco Update*
- D. *ML&P Acquisition Update*
  - 1. *IMO Update – Synergies and Facilities*
  - 2. *Update of Economic Analysis*
  - 3. *Update of Asset Purchase Agreement, Term Sheets and Ancillary Agreements*
  - 4. *MEA MOU*
  - 5. *Draft Board Resolution – Asset Purchase Agreement*
  - 6. *Labor Transition Agreements*
- E. *On-Going Strategic Matters*
  - 1. *Initiatives Under Consideration*
  - 2. *Outstanding Risks to the Association*

At 5:36 p.m., Director Reeves moved and Director Henderson 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 9:53 p.m.*

## **X. NEW BUSINESS**

- A. *ML&P Acquisition – Term Sheets with Municipality of Anchorage\*\* (Miller)*

Director Reeves moved and Director Henderson seconded the motion that the Board of Directors authorize the Chief Executive Officer to sign the Execution Version of the Transaction Term Sheet and the Execution Version of the Eklutna Power Purchase Agreement Term Sheet under terms and conditions substantially the same as presented and discussed in Executive Session on August 29, 2018 and September 27, 2018, and that the Term Sheets remain confidential until signed and the parties agree to publicly disclose the transaction. The motion passed unanimously.
- B. *IMO Day 1 Facilities Contract\*\* (Fouts)*

Director Hollis moved and Director Henderson seconded the motion that the Board of Directors authorize the CEO to approve the IMO Day 1 Facilities Contract using the CMGC process for an amount not-to-exceed \$800,000 for the design phase. A Notice-to-Proceed for the construction phase will not be issued until a final cost estimate is developed and subsequently approved by the Board of Directors. The motion passed unanimously.
- C. *TRANSCO Term Sheet\*\* (Hickey)*

Director Reeves moved and Director Parks seconded the motion that the Board of Directors authorize the Chief Executive Officer to participate with the other

Railbelt Utilities in filing for a CPCN for a transmission-only utility for the Railbelt region. The business and structural organization of this entity will be substantially similar to those reflected in the TRANSCO Term Sheet dated August 20, 2018 and consistent with the resolution dated September 27, 2018. The motion passed unanimously.

**XI. DIRECTOR COMMENTS**

Director comments were made at this time.

**XII. ADJOURNMENT**

At 10:11 p.m., Director Henderson moved and Director Parks seconded the motion to adjourn. The motion passed unanimously.

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Stuart Parks, Secretary

Date Approved: October 24, 2018