

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

BOARD OF DIRECTORS' FINANCE COMMITTEE
MEETING MINUTES

November 12, 2008

Committee Members in Attendance: PJ Hill, Chairman
Elizabeth Vazquez, Vice Chair
Rebecca Logan
Jeff Lipscomb
Alex Gimarc

Other Directors Present: Janet Reiser
Jim Nordlund

Guest and Staff in Attendance:

Bradley Evans	Suzanne Gibson	Paula Neas-Arnold
Tyler Andrews	Dora Gropp	Connie Owens
Bill Bernier	Carol Heyman	Don Percival, DWT <i>(via teleconference)</i>
Patti Bogan	Ed Jenkin	Theresa Quigley
Loral Carter, MEA	Dan Knecht	David Smith
Mike Cunningham	Theresa Kurka	Phil Steyer
Renee Curran	Sherri McKay-Highers	Lee Thibert
Rick Freymiller	Arthur Miller	Jody Wolfe

Recording Secretary: DeAnna Scott, Executive Assistant

I. Convene Meeting

Chairman Hill called the Finance Committee to order at 4:25 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

II. Executive Session

None.

III. Approval of Agenda

Director Gimarc moved and Director Logan seconded the motion to approve the agenda. Director Gimarc moved and Director Vazquez seconded the motion to amend the agenda to move Agenda Item VI. – Resolution Authorizing Establishment of a Commercial Paper Borrowing Program after Agenda Item III – Approval of the Agenda. The motion passed unanimously. Director Gimarc moved and Director Vazquez seconded the motion to approve the agenda as amended. The motion passed unanimously.

IV. Approval of Minutes

- a. October 8, 2008, October 21, 2008 and October 23, 2008

Director Gimarc moved and Director Vazquez seconded the motion to approve the minutes of October 8, 2008, October 21, 2008, and October 23, 2008. The motion passed unanimously.

V. Customer Comments

- a. Wholesale Customer Comments
None.
- b. Retail Customer Comments
None.

VI. Resolution Authorizing Establishment of a Commercial Paper Borrowing Program

(Agenda item was addressed after III. Approval of the Agenda)

Mike Cunningham, CFO and Don Percival from Davis Wright & Tremaine, LLP discussed the Resolution Authorizing Establishment of a Commercial Paper Borrowing Program and responded to questions from the Committee.

Director Lipscomb moved and Director Gimarc seconded the motion that the Finance Committee recommend to the Board of Directors the passage of the attached resolution authorizing establishment of a commercial paper as amended with the typo correction on page one of the Resolution paragraph 3 – the “Merrill Lynch Deal Agreement” to “Merrill Lynch Dealer Agreement”. The motion passed with Chair Hill, Directors Lipscomb, Gimarc and Logan voting yes; Director Vazquez abstained.

Director Vazquez questioned the stability of US Bank and thanked Mr. Percival for the price stock information but requested the information to be confirmed on Bloomberg’s website and requested the projected earnings per Bloomberg for the next several quarters.

VII. Review Third Quarter Financial Results

Jody Wolfe, Controller, gave a presentation on the Third Quarter Financial Results and answered questions from the committee.

Director Vazquez left the meeting at 5:03 p.m.

VIII. Discounting of Capital Credit Payments for 2009 Recommendation

Director Lipscomb moved and Director Gimarc seconded the motion that the Finance Committee recommend to the Board of Directors to approve the attached resolution funding and authorizing early (discounted) capital credit payments for 2009 up to a total of \$250,000. The motion passed unanimously.

Director Vazquez was not present at the time the vote was taken.

Director Logan dropped off line at 5:32 p.m.

IX. Retail Capital Credit Retirement Recommendation

Director Lipscomb moved and Director Gimarc seconded the motion that the Finance Committee recommend to the Board of Directors to approve the attached resolution authorizing retirement of retail distribution capital credits to members of record for 1989 in the amount of \$1,478,779. The motion passed unanimously.

Director Vazquez returned at 5:40 p.m. after the motion was made and voted on the motion.

X. Board Policy 126 – Business Planning and Financial Management

(This agenda item was addressed after Agenda Item VI – Resolution Authorizing Establishment of a Commercial Paper Borrowing Program)

Director Lipscomb moved and Director Gimarc seconded the motion that the Finance Committee recommend to the Board of Directors to approve the attached update to Board Policy 126 – Business Planning and Financial Management.

Director Lipscomb moved and Director Gimarc seconded the motion to amend the proposed amended Board Policy 126 – Business Planning and Financial Management page 5, under F. Financial Management; Section 3 - Working Capital sub-section c. Short-term cash requirements may be met through the sale of commercial paper in accordance with the applicable law and regulations *after approval by the Board of Directors*. The amendment passed unanimously. Chair Hill called for the vote on the main motion and it passed unanimously.

XI. Wholesale Capital Credit Retirement Recommendation

Director Lipscomb moved and Director Gimarc seconded the motion that the Finance Committee recommend to the Board of Directors to approve the attached resolution retiring 1998 wholesale capital credits in the amount of \$1,478,779 to Homer Electric Association, Inc., Matanuska Electric Association, Inc., and Seward Electric System. *Director Vazquez requested that the record reflect this is a result of the settlement agreement reached in regulatory Docket U-96-37.* The motion passed unanimously.

XII. Simplified Rate Filing Implementation Plan

Director Lipscomb moved and Director Gimarc seconded the motion that the Finance Committee recommend to the Board of Directors to approve the attached resolution authorizing Chugach staff to enter into discussions with RAPA, HEA, MEA and SES on the planned 2008 test year rate filing and reentry to the simplified rate filing. The motion passed unanimously.

XIII. Recommendation on the 2009 Operating and Capital Budget

Director Lipscomb moved and Director Gimarc seconded the motion that the Finance Committee recommend to the Board of Directors to approve the 2009 Operating and Capital Budget which is expected to produce margins of \$5.8 million, a Margin for Interest/Interest (MFI/I) ratio for 1.25 and an Equity to Total Capitalization ratio of

33.7%. These results are based on a Total Cost of Service for \$321.6 million, Total Revenue of \$326.5 million and Non-Operating Margins of \$0.9 million and capital expenditures of \$72.1 million. The motion passed unanimously.

XIV. Correspondence

- a. *3rd Quarter Financial Statements (Full Set – Wolfe)*
- b. *3rd Quarter Variance Report (McKay-Highers)*
- c. *Signature Authority Review Compliance (Cunningham/Smith)*
- d. *3rd Quarter Operating Budget Status Report (McKay-Highers)*
- e. *3rd Quarter Capital Tracking Report (McKay-Highers)*
- f. *3rd Quarter Contract Status Report (Knecht)*
- g. *3rd Quarter Deferred Debit by Division (Harris)*

XV. Director Comments

Director Lipscomb: “No comments.”

Director Reiser: “No comments.”

Director Vazquez: “No comments.”

Director Gimarc: “A full plate tonight. Thank you everybody involved, good work and it’s been a pleasure.”

Director Nordlund: “No comments.”

Chair Hill: “No comments.”

XVI. Executive Session

None

XVII. Adjourn

Director Lipscomb moved and Director Gimarc seconded the motion to adjourn. The meeting adjourned at 6:00 p.m.