

**RESOLUTION****ML&P - Authorization to Negotiate Asset Purchase Agreement  
for Potential Acquisition**

WHEREAS, Chugach Electric Association, Inc. (“Chugach” or “Association”) and Anchorage Municipal Light & Power (“ML&P”) currently provide electric service to retail customers within the Municipality of Anchorage through Certificate of Public Convenience and Necessity Nos. 8 and 121, respectively, issued and approved by the Regulatory Commission of Alaska;

WHEREAS, on June 13, 2017, the Anchorage Assembly approved Resolution AR No. 2017-235 urging the Municipality of Anchorage, ML&P and Chugach to initiate substantive steps to explore merger opportunities;

WHEREAS, Chugach completed its initial economic analysis that identified potential total savings of \$280 to \$390 million realized through economies of scale and scope from all facets of electric utility operations, including generation, transmission, distribution and customer-related functions;

WHEREAS, based on the results of the analysis, the Association has determined that under certain conditions and subject to adjustment based on due diligence activity, the acquisition of all or a majority interest of ML&P’s assets results in net economic benefit to Chugach’s membership and ML&P customers as evaluated on both a net present value and electric customer bill basis;

WHEREAS, the Association has determined that the current purchase value of ML&P is approximately \$694 million, plus the cost of defeasance, and a premium reflective of current industry acquisition multiples and expected savings resulting from consolidation;

WHEREAS, the analysis completed by Chugach indicates that, after payment of the total purchase price to the Municipality of Anchorage, a minimum level of savings totaling \$110 million (net present value; 5 percent discount rate over 40-year period) is needed for the acquisition to move forward;

WHEREAS, Chugach’s guiding principles of the acquisition require that the electric rates of Chugach members and ML&P customers will not increase as a result of the acquisition and that there will be no employee layoff at either Chugach or ML&P as a result of the acquisition;

WHEREAS, on January 9, 2018, the Anchorage Assembly passed Resolution AR No. 2018-21 identifying its expectation for Chugach to work with Matanuska Electric Association, Inc. (“MEA”) to ensure members served by MEA within the Municipality of Anchorage (approximately 23 percent of MEA sales) benefit from cost savings and power reliability, including potential asset transfers, resulting from Chugach’s acquisition of ML&P;

WHEREAS, agreement between Chugach and MEA in recognition of Anchorage Assembly Resolution AR No. 2018-21 is subject to Chugach board approval;

WHEREAS, on January 23, 2018, the Anchorage Assembly approved Ordinance AO No. 2018-1(S), finding the sale of ML&P to Chugach is in the public interest and submitting to Anchorage voters a charter amendment authorizing but not requiring ML&P to be sold to Chugach;

WHEREAS, on April 3, 2018, 65 percent of the voters in the Municipal election approved the ballot proposition authorizing the Municipality of Anchorage to move forward on the activities that could lead to a sale of ML&P assets to Chugach of approximately \$1 billion, subject to adjustment during the due diligence process and inclusive of all payments including payments in lieu of taxes;

WHEREAS, the specific terms and conditions of the acquisition of ML&P will be contained in an Asset Purchase Agreement between Chugach and the Municipality of Anchorage that, subject to due diligence and negotiation, will be presented for approval to the Chugach Board of Directors and to the Anchorage Assembly;

WHEREAS, the terms and conditions of the Asset Purchase Agreement shall be consistent with the December 18, 2017 Term Sheet authorized by the Chugach Board of Directors;

WHEREAS, on January 22, 2018, the Chugach Board of Directors authorized the Chief Executive Officer to negotiate a conditional Transition Agreement that fulfills the applicable terms contained in the December 18, 2017 Term Sheet and that will form the basis for three new collective bargaining agreements between Chugach and the International Brotherhood of Electrical Workers, Local 1547;

WHEREAS, the due diligence efforts to support the development of the Asset Purchase Agreement include, but are not limited to, further evaluation of the cost savings resulting from consolidation and the attendant economic and financial impacts resulting from the transaction as well as due diligence efforts specific to legal, title, environmental, and physical plant; and

WHEREAS, the Chief Executive Officer, Chugach staff and the Chugach Board of Directors have had and will continue to have substantive discussions of the benefits and costs of the potential acquisition of ML&P.

NOW THEREFORE, BE IT RESOLVED, that the Chugach Board of Directors authorizes the Chief Executive Officer to negotiate and develop an Asset Purchase Agreement with the Municipality of Anchorage for the purchase of all or a majority interest of ML&P (potentially excludable assets include, but are not be limited to, certain assets related to the Eklutna Hydroelectric Project and properties within the vicinity of ML&P's headquarters complex), with expected savings of at least \$110 million and subject to due diligence, under terms and conditions substantially the same as discussed in Executive Sessions.

#### CERTIFICATION

I, Stuart Parks, do hereby certify that I am the Secretary of Chugach Electric Association, Inc., an electric non-profit cooperative membership corporation organized and existing under the laws of the State of Alaska: that the foregoing is a complete and correct copy of a resolution adopted at a meeting of the Board of Directors of this corporation, duly and properly called and held on the 27<sup>th</sup> day of June, 2018; that a quorum was present at the meeting; that the resolution is set forth in the minutes of the meeting and has not been rescinded or modified.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of this corporation the 27<sup>th</sup> day of June, 2018.

Secretary