

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY

March 19, 2008

ACTION REQUIRED

AGENDA ITEM NO. V.D.

Information Only
 Motion
 Resolution
 Executive Session
 Other

TOPIC

Authorization and Funding of Early (Discounted) Capital Credit Payments

DISCUSSION

Chugach's Bylaws require Board approval of capital credit payments. This resolution authorizes the payment of a total of \$250,000 during 2008 to retire capital credits prior to normal retirement dates. If the funding and approval of payments is preauthorized, staff can expeditiously process these requests without having to come to the Board for approval prior to making payments throughout the year.

MOTION

Move that the Board of Directors approve the resolution funding and authorizing early (discounted) capital credit payments for 2008 up to a total of \$250,000.

RESOLUTION

WHEREAS, Chugach Electric Association, Inc. (Chugach) has developed a plan to pay discounted capital credits to former members before normal retirements; and

WHEREAS, Chugach has received a Private Letter Ruling from the Internal Revenue Service stating the discounted capital credits retirement plan does not jeopardize Chugach's tax-exempt status; and

WHEREAS, the plan provides that the amount available for discounted capital credit payments to former members, initially set at \$500,000 per year, can be increased or decreased at the discretion of the Board of Directors; and

WHEREAS, Chugach's bylaws require Board approval of capital credit retirements; and

WHEREAS, the Board of Directors has determined that a retirement under this early payment plan in 2008 will not impair the financial condition of the Association; and

WHEREAS, early payments of capital credits include payments to estates of deceased patrons; and

WHEREAS, estate and other early payments will be made on a frequent basis and it would delay these payments if Board approval is required for each specific early retirement being paid;

NOW THEREFORE, BE IT RESOLVED, Chugach shall make early payments of capital credits to former members and estates who request early retirements under the plan in the actual discounted amount, not to exceed \$250,000 in cash payments for 2008.

BE IT FURTHER RESOLVED, before receiving a payment under this plan, any member with an outstanding electric debt will be required to first pay the outstanding debt or acknowledge the capital credit payment will be reduced by the amount necessary to satisfy the outstanding debt.

BE IT FURTHER RESOLVED, any payments under the plan for 2008 will be at the present value based on a discount rate derived generally using the NRUCFC 10-year long-term fixed borrowing rate plus 3%.

CERTIFICATION

I, Alex Gimarc, 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 19th day of March, 2008; 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 19th day of March, 2008.

(Seal)

Secretary