

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

March 19, 2008

BOARD OF DIRECTORS'
MEETING MINUTES

The following board members were present:

Elizabeth, Vazquez – Chair
Uwe Kalenka – Vice Chairman
Alex Gimarc – Secretary
PJ Hill – Treasurer (via telephone at 4:43 p.m.)
Jim Nordlund – Director (via telephone 4:43 p.m.)
Jeff Lipscomb – Director
Rebecca Logan - Director

The following employees, members, and guests attended:

Brad Evans	Mike Cunningham	Dave Smith
Paul Risse	Ed Jenkin	Ron Vecera
Deanna Scott	Phil Steyer	Carol Heyman
Carol Johnson	Tyler Andrews	Bill Bernier
Suzanne Gibson	Jean Sauget	Dora Gropp
Jena Noethlich	Loral Carter (MEA)	Jim Posey (ML&P)
Mike Nugent (HEA)	Ruth Fitzpatrick (HEA)	Dave Carey (HEA)
Mark Wiggin	Janet Reiser	Bill Mede (Turner & Mede)
Parry Grover (DWT)	Gordon Tans (Perkins Coie)	Tom Daniel (Perkins Coie)
Dan Walker (Walker & Associates)		

Jennifer McDonald, Legal Secretary, recorded the meeting proceedings.

I. CONVENE MEETING

Chair Vazquez called the regular meeting of the Board of Directors to order at 4:37 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

II. PLEDGE OF ALLEGIANCE

Chair Vazquez led the Board and audience in the Pledge of Allegiance.

III. EXECUTIVE SESSION

Director Gimarc moved and Director Kalenka seconded the motion that pursuant to Alaska Statute 10.25.175(c)(1) and (3) the Board go into executive session 1) to discuss

matters the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative and 2) to discuss matters with its attorneys the immediate knowledge of which could have an adverse effect on the legal position of the cooperative. The matters to be discussed are: 1) Legislative Update / 2008 Legislative Conference; and 2) Release information needed by the membership to evaluate and make informed judgment regarding labor and possible merger options. The motion passed unanimously.

The Board went into executive session at 4:40 p.m.

Directors Nordlund and Hill joined the meeting via telephone at 4:43 p.m.

Director Nordlund disconnected telephonically at 4:44 p.m. and reconnected at 4:52 p.m.

The Board resumed in open session at 5:38 p.m.

The Board paused for a break at 5:38 p.m. and resumed in open session at 5:48 p.m.

IV. APPROVAL OF AGENDA

A. Waiver of Requirements under Board Policy 113 – Procedures for Board of Director Meetings, II. Agenda

Chair Vazquez stated that the Waiver of Requirements is for Agenda Item XI. Executive Session. This executive session will only involve the Board and key staff and by waiving the requirements it allows for the rest of the staff to go home.

Director Kalenka moved and Director Logan seconded the motion to approve the Agenda.

Director Kalenka withdrew his previous motion and moved to approve the agenda as set forth. *There was no second on this motion and the motion was not voted upon.*

Chair Vazquez stated she would like Agenda Item V.A. Board Calendar pulled from the Consent Agenda and added under Agenda Item X. New Business. The 10K filing, as discussed in the Audit Committee executive session, will be added as Agenda Item X.E., therefore the Board Calendar will now be Agenda Item X.F.

Director Kalenka moved and Director Gimarc seconded the motion to approve the Agenda, as amended. The motion passed unanimously.

V. CONSENT AGENDA

A. Board Calendar

Moved to Agenda Item X.F.

B. Minutes – February 18, 2008; March 5, 2008

C. Directors' Expenses

- D. Authorization and Funding of Early (Discounted) Capital Credits**
- E. Beluga Unit 7 “C” Inspection – Project Authorization**
- F. Contract Award – SCADA Migration Project**
- G. Elmore Road 138 kV Transmission Line – Project Authorization**

There were no objections to the Consent Agenda.

VI. PERSONS TO BE HEARD

A. Wholesale Customer Comments

None.

B. Member Comments

None.

VII. CEO REPORT

- Mike Cunningham, Senior VP Finance & CFO, stated on March 20, 2008, Chugach would receive a wire transfer from NRUCFC in the amount of \$29.7 million
- Ed Jenkin, Acting Senior VP, Power Delivery, stated that the 2008 Construction projects have been laid out on a map and will be available on the Chugach website soon
- Tyler Andrews, VP Human Resources, is new to Chugach and was introduced during executive session
- Dan Walker, President of Walker & Associates was introduced. Mr. Walker has over thirty years experience in utility finances and is part of the management team for Chugach’s Financial Management Operations Plan

VIII. CORRESPONDENCE

Available in the Board packets.

IX. UNFINISHED BUSINESS

None.

X. NEW BUSINESS

A. Contract with Perkins Coie

Director Kalenka moved and Director Gimarc seconded the motion that the Board of Directors review and approve the contract amendment and task orders with Perkins Coie. The Board Chair shall oversee the assignments and execution of legal tasks performed by counsel. The motion passed with a vote of five to two with Directors Lipscomb and Nordlund voting no.

B. Release information needed by the membership to evaluate and make informed judgment regarding labor and possible merger options

Director Gimarc moved and Director Logan seconded the motion to authorize Gordon Tans to proceed as directed during the executive session. All

documentation should be complete and provided to the Board by April 2. The motion passed with a vote of five to one with Director Lipscomb voting no. *Director Nordlund's vote was not recorded.*

Director Gimarc moved and Director Kalenka seconded the motion to have Mr. Evans proceed as directed during the executive session. All documentation to be distributed to the Board by Mr. Evans by April 2. The motion passed with a vote of five to two with Directors Lipscomb and Nordlund voting against the motion.

C. Voter Advertising for Annual Election

Director Kalenka moved and Director Gimarc seconded the motion that the Board of Directors approve the advertising campaign to encourage members to vote in the annual election.

The Board paused for a break at 6:11 p.m. and was reconvened at 6:22 p.m.

After extensive discussion among the Board, the question was called.

Director Kalenka moved and Director Gimarc seconded the motion to amend the motion to delegate the [advertising campaign] function to Brad Evans, Acting CEO. The amendment to the motion passed unanimously.

The main motion, as amended (with the words "as determined by the CEO" added to the end), was passed unanimously.

D. Annual Report

Brad Evans, Acting CEO, stated that the Annual Report is at the printer.

E. 10K Filing

Director Kalenka moved and Director Gimarc seconded the motion that the Board directs management to file the 10K for the year ending December 31, 2007, by the due date incorporating any review and amendments to the document which will be received and approved by KPMG. Mr. Miller and Mr. Cunningham will immediately inform the Board of any material and significant changes in writing. The motion passed unanimously.

F. Board Calendar

Director Kalenka moved and Director Gimarc seconded the motion that the Finance and Operations Committee meetings be moved from April 2 to April 9 and a Special Board meeting be added to follow the Finance and Operations Committee meetings. The motion passed unanimously.

XI. EXECUTIVE SESSION

Director Gimarc moved and Director Kalenka seconded the motion that pursuant to Alaska Statute 10.25.175(c) (1) and (3) the Board go into executive session (1) to discuss

matters the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative, and (2) to discuss matters with its attorneys the immediate knowledge of which could have an adverse effect on the legal position of the cooperative. The topics to be discussed in this executive session are: 1) Financial Operations Plan; 2) SOX Compliance; 3) Gas Negotiations; and 4) Personnel and Contract Matter – William R. Stewart. The motion passed unanimously.

The Board paused for a break at 6:45 p.m. and then went into executive session at 6:50 p.m.

The Board resumed in open session at 10:07 p.m.

Directors Hill and Nordlund were no longer on the phone when open session resumed. Director Lipscomb left after the executive session.

XII. NEW BUSINESS (CONTINUED)

G. Personnel and Contract Matter – William R. Stewart

Director Logan moved and Director Kalenka seconded the motion to rescind Director Logan's motion made at the previous Board meeting. The motion passed with four votes. Directors Lipscomb, Hill and Nordlund were not present.

Director Kalenka moved and Director Gimarc seconded the motion that the Board reverses its decision to terminate Mr. Bill Stewart without cause effective December 5, 2007, and retroactively terminate Mr. Stewart for cause effective immediately. The motion passed with a vote of three to one with Director Logan voting in opposition. Directors Lipscomb, Hill and Nordlund were not present.

Director Kalenka moved and Director Gimarc seconded the motion to have an audit conducted as discussed in executive session. The motion passed with four votes. Directors Lipscomb, Hill and Nordlund were not present.

Director Logan left the meeting.

XIII. DIRECTOR COMMENTS

Director Gimarc: "Yesterday and today I saw ads on television by the Chugach Reliability Group. They used the Chugach Electric Association logo in their ads falsely giving the impression that this Association supports their goals. Chugach Reliability includes a fired CEO, term-limited former directors, two current minority directors and they are running a fired CEO as a candidate. They are IBEW backed. Now with all that horsepower how can they create an ad with a corporate logo. Either it was intentional or it was an accident. Either way I would observe that if Chugach Reliability isn't ready for prime-time and not particularly ethical either. How can they possibly – how can they run the world if they can't get a single campaign ad correct. Thank you to management, Mr. Evans and Ms. Johnson for a quick action on this."

Director Kalenka: “I believe Director Gimarc said it all. I don’t think I need to add any to that. Thank you very much Director Gimarc.”

Chair Vazquez: “Thank you for your comment Director Gimarc. I had to see it for myself but those ads clearly, clearly show the official logo of Chugach Electric Association. I was rather surprised that they would stoop that low to do that. *Director Kalenka stated – “You were surprised? I wasn’t.”* That was rather bold, that was rather bold, because it wasn’t even subtle. It was just very blatant that it was our logo.”

XIV. ADJOURNMENT

Director Gimarc moved and Director Kalenka seconded the motion to adjourn. The meeting adjourned at 10:11 p.m.

Alex Gimarc, Secretary
Date Approved: April 16, 2008

DRAFT