

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

April 8, 2008

SPECIAL BOARD OF DIRECTORS
MEETING MINUTES

The following board members were present:

Elizabeth Vazquez – Chairman
Uwe Kalenka – Vice Chairman
Alex Gimarc – Secretary
PJ Hill - Treasurer
Jeff Lipscomb – Director
Jim Nordlund – Director
Rebecca Logan – Director

The following employees, members, and guests attended:

Brad Evans	Connie Owens	Mike Cunningham
Paul Risse	Dave Smith	Carol Johnson
Tyler Andrews	Ed Jenkin	Ron Vecera
Burke Wick	Jim Walker (MEA)	Scott Miller (KPMG)
Charles Kozak (KPMG)	Tom Daniel (Perkins Coie)	

Jennifer McDonald, Legal Secretary, recorded the meeting proceedings.

I. CONVENE MEETING

The special meeting of the Board of Directors was convened at 7:45 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 Kalenka moved and Director Gimarc 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) Audit/Review Approved by the Board of Directors March 19, 2008 Update and 2) 10K Filing. The motion to go into executive session passed unanimously.

The Board went into executive session at 7:46 p.m. and resumed in open session at 8:35 p.m.

IV. APPROVAL OF THE AGENDA

Director Hill moved and Director Kalenka seconded the motion to approve the agenda. Director Gimarc moved and Director Kalenka seconded the motion to make the following changes to the agenda: delete VI.A. Board Policy 129, VI.C. Release of Portions of the Black Book and Supporting Documents, VI.D. Records Retention Policy, VI.E. Blue Ribbon Panel Report. In addition, move Agenda Item VI.F. Audit Review under VIII.B. New Business. The motion passed unanimously.

V. PERSONS TO BE HEARD

A. Wholesale Customer Comments

None.

B. Member Comments

None.

VI. NEW BUSINESS

A. Board Policy 129 – Employee Complaint and Anti-Retaliation Policy (Whistleblower Policy)

This item was removed from the Agenda.

B. Code of Ethics for Directors and Employees Policy

Director Kalenka moved and Director Gimarc seconded the motion that the Board approve the new Code of Ethics Policy with two changes: Any request by a Director for a waiver of any provision of the Code of Ethics must be submitted in writing to the Board of Directors and approved by the Board of Directors in writing.

Chair Vazquez moved and Director Kalenka seconded the motion to add the following sentence (underlined portion): The Board will have the sole and absolute discretionary authority, acting upon such recommendations as may be made by the Audit Committee, to approve any waiver from this Code of Ethics. Such waiver shall not be in conflict with the Association's Bylaws. The motion passed with a vote of six to one with Director Lipscomb voting in opposition.

A vote was called on the main motion and passed with a vote of six to one with Director Lipscomb voting in opposition.

C. Release of Portions of the Black Book and Supporting Documents

This item was removed from the Agenda.

D. Records Retention Policy

This item was removed from the Agenda.

E. Blue Ribbon Panel Report

This item was removed from the Agenda.

F. Audit Review Approved by the Board of Directors March 19, 2008

This item was moved under Agenda item VIII.B.

VII. EXECUTIVE SESSION

Director Kalenka moved and Director Gimarc 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 matter to be discussed is: 1) Personnel and Contract Matter – William R. Stewart. The motion passed unanimously.

The Board went into executive session at 8:45 p.m. and resumed in open session at 9:05 p.m.

VIII. NEW BUSINESS

A. Personnel and Contract Matter – William R. Stewart

Chair Vazquez stated that Tom Daniel, attorney for Chugach, will proceed as discussed in executive session.

B. Audit Review Approved by the Board of Directors March 19, 2008

Director Kalenka moved and Director Gimarc seconded the motion that the review the Board authorized on March 19, 2008 shall be a review of (i) compliance with certain of the Company's policies and procedures as related to the payment made to the Company's former Chief Executive Officer in connection with his termination, (ii) the compliance with those policies and procedures in 2005 through 2007, and (iii) the Company's current policies and procedures for the purpose of making any appropriate recommendations for improvements to those policies and procedures; and the Board further moves that it shall retain independent legal counsel experienced in such matters to conduct and oversee the review, and that such counsel shall retain accounting professionals to assist counsel's work

Director Lipscomb offered two friendly amendments to the motion:

1. Add the following (underlined portion): The Board further moves that it shall retain independent legal counsel, Shartsis Friese LLP, experienced in such matters . . .

2. Add the following sentence: Shartsis Friese LLP shall endeavor to complete the review and present the findings and recommendations to the Board of Directors by May 31, 2008.

Director Nordlund seconded the amendments.

The motion to accept the amendments passed unanimously.

The main motion passed unanimously.

IX. DIRECTOR COMMENTS

Director Lipscomb: "I have no comments tonight, thank you."

Director Logan: "No comments."

Director Hill: "No comments."

Director Nordlund: "No comments."

Director Kalenka: "No comment."

Director Gimarc: "I have a couple more comments Madam Chair. There are two additional claims being made in the ongoing election. The majority specifically Director Kalenka is being portrayed as opposing renewable energy complete with nice films and photos of windmills. Nothing could be further from the truth. This Board, including Director Kalenka, supports completely renewables properly crafted which is why we've spearheaded the new study of the Susitna Dam. Wind presents a problem – it is as expensive as hell. Fire Island proposes 37MW installed. Less than 10MW continuous for somewhere in the vicinity of \$250 million - \$6 million per MW. Our replacement generation is 280MW for about \$300 million – about \$1 million per MW - a cost factor of six. Wind is cute – is that cute? ML&P and the Army are in the early stages of looking at a smaller reactor at Fort Rich – 50MW for \$150 million – about \$2.5 million per MW. Whatever happens regarding renewables, we will get all the cost out in front of our membership. If they haven't figured what wind at Fire Island is really going to cost, its supporters should they try to slide it through by the dark of night, are going to be met with tar and feathers. That's all I've got."

Chair Vazquez: "This Board – there are individuals accusing this Board of being anti-renewable – that is not true. This Board is on record supporting hydro. Fire Island – we will look at it if the economics are sound. To date, the Federal Aviation Administration has not even approved the windmills that are being proposed to be put on Fire Island. We're asked to expend millions and millions of dollars without owning the land, without owning the generation asset and without even a power sales agreement. Yet we're being asked to spend millions and millions of our rate-payers money without no tangible agreement and no ownership in the project – how bizarre. I don't think the typical person would invest in something wherein they have no contract to show and no FAA approval to show for. We're on record. We do support the legislation pending in Juneau with regard to updating the hydro project, specifically Susitna. And we're on record as to why we're having executive sessions. We have them because they're allowed by statute and because they involve sensitive issues. They involve personnel matters, they involve strategies – sensitive strategy sessions, they involve pending and on-going negotiations.

No one has objected to these – I think Director Lipscomb today objected but he’s not a member of the Operations Committee – he objected for the Committee to go into executive session but other than that, there has been no objection to the executive sessions this body has held. And that’s all I have to say tonight. And Mr. Evans, thank you for a job well done – I know you’ve been working hard on the gas negotiations. Ms. Owens, your steadfastness, your dedication is always appreciated. And sometimes on purpose I leave you alone because I know you’re awfully busy. Thank you Ms. McDonald. That’s all.”

X. ADJOURNMENT

Director Gimarc moved and Director Kalenka seconded the motion to adjourn. The meeting adjourned at 9:14 p.m.

Alex Gimarc, Secretary
Date Approved: April 16, 2008