

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

March 25, 2009

BOARD OF DIRECTORS'
MEETING MINUTES

The following board members were present:

Rebecca Logan – Chair
Jim Nordlund – Vice Chairman
Alex Gimarc – Secretary
PJ Hill – Treasurer (appeared telephonically)
Jeff Lipscomb – Director (appeared telephonically)
Janet Reiser – Director
Elizabeth Vazquez

The following employees, members, and guests attended:

Brad Evans	Mike Cunningham	Connie Owens
Dave Smith	Tyler Andrews	Ed Jenkin
Bill Bernier	Paul Risse	Patti Bogan
Mark Johnson	Jody Wolfe	Ron Vecera
Dustin Highers	Rick Freymiller	Phil Steyer
Teresa Kurka	Crystal Enkvist (APA)	Bruce Scott (MEA)
Louann Cutler (K&L Gates)	Jim Posey (ML&P)	

Jennifer McDonald, Legal Secretary, recorded the meeting proceedings.

I. CONVENE MEETING

Chair Logan called the regular meeting of the Board of Directors to order at 4:02 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

II. PLEDGE OF ALLEGIANCE

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

III. EXECUTIVE SESSION

None.

IV. APPROVAL OF AGENDA

Director Nordlund moved and Director Reiser seconded the motion to approve the Agenda. Chair Logan stated there would not be an executive session under Agenda Item XIII. as there is no update with gas negotiations at this time. There were no objections to the approval of the Agenda.

V. CONSENT AGENDA

A. Board Calendar

April 1 Board Workshop deleted; Added Board Workshop on April 3 regarding SEC Update; Joint Board meeting scheduled for April 7

B. Minutes – February 25, 2009; March 4, 2009

C. Director Expenses

D. 125 Plan in Support of Wellness Program

E. Confidential Document Storage & Rolling Release

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

A. Review of January Financials

Jody Wolfe, Controller, gave a presentation of the January Financials and answered questions from the Board.

B. Legislative Update

Phil Steyer, Director, Government Relations & Corporate Communications, gave a Legislative Update and he and staff answered questions from the Board.

C. Update on Southcentral Power Project

Paul Risse, Sr. Vice President, Power Supply, and Dustin Highers, Director, Generation Technical Services, gave an update on the Southcentral Power Project and answered questions from the Board.

VIII. CORRESPONDENCE

None.

IX. DIRECTOR REPORTS

A. Committee Reports

Director Reiser reported that the Renewable Energy Committee brought forward their recommendations for the cost reporting to the Operations Committee and it was sent back to Lee for comment and it is still in the process of being resolved.

Chair Logan reported that she met with the Election Committee at Rapid Action Mailing on March 24 and they viewed the process. Chair Logan encouraged the Board to go to Rapid Action Mailing to see the process firsthand and stated she felt it was handled very professionally. Chair Logan stated the ballots would be in the mail on Monday, March 30.

B. APA Report

Director Nordlund stated there is not anything to report at this time.

C. Meeting Reports

Chair Logan reported that she and Brad Evans participated in a meeting with all the CEOs, several Board Chairs and other Board members to look at some of the suggested changes to the GRETC (Greater Railbelt Energy and Transmission Corporation) legislation and stated it was a very good meeting.

Chair Logan reported that she and Brad Evans met with Mike Abbott to discuss legislative strategy for the rest of this session regarding the GRETC legislation and discussed what ML&P and Chugach would be doing through the end of this session and also throughout the summer and into the next session.

Chair Logan stated that there is a Joint Board meeting with all the utility Boards which will be held at the Dena'ina Convention Center on April 7. Chair Logan asked for agenda items to be submitted to her by March 29.

Chair Logan stated she took the Chairman's report out of Chugach's 2008 Annual Report and made a few changes for a compass piece for the Anchorage Daily News. She added a note at the end that people should be expecting their election ballots sometime next week.

X. UNFINISHED BUSINESS

None.

XI. NEW BUSINESS

A. Board Policy 128 – Confidentiality

Louann Cutler, Board Attorney, reviewed the proposed changes and answered questions from the Board.

Director Hill moved and Director Gimarc seconded the motion that the Board of Directors approve the revised Board Policy 128, Confidentiality. The motion passed unanimously.

B. Board Policy 120 – Request for Association Information

Louann Cutler, Board Attorney, and Dave Smith, Sr. Vice President, Administration, reviewed the proposed changes and answered questions from the Board.

Director Gimarc moved and Director Reiser seconded the motion that the Board of Directors approve the revised Board Policy 120, Request for Association Information. The motion passed unanimously.

XII. DIRECTOR COMMENTS

Director Lipscomb: "Thank you for the update on Southcentral Power Plant and I'd like to offer that I think now is the time to begin a monthly project report – management

report for this project. It should address the activity – recent activity, including upcoming milestones. It should report on progress, costs and schedule and it should be the owners report – not the contractors report. *Unintelligible* – talk about we’re going to have to make another cash draw because we’re expecting to purchase another steam turbine within the next 50 days and that requires \$10 million or whatever it is. So, I would encourage you to begin a monthly project status report. Second item, for the Joint Railbelt Utility meeting, two items that I would suggest we address certainly – GRETC, legislation in context of what might work and the second item would be discussion of some sort of a regular meeting of the Boards or Board Chairs. Let’s figure out how to do this on a regular basis – I think it would be very productive. In my nine years on the Board we’ve done this twice. That’s not enough – so those are my suggestions. Thank you.”

Director Hill: “I too want to – I think that would be a good time to have monthly reports on the Southcentral Project. I am down at the Director’s Convention – I’ve been to a couple of sessions that are really timely and very interesting and I am excited to bring that stuff back because there are a couple of things I want to talk about. One that I went to that was very interesting is having electronic elections and this is coming. So, anyway, I think this is probably a record for a meeting – at least in my two years.”

Director Reiser: “A couple of things – I appreciate the attention that the entire staff of Chugach is giving to the Southcentral Power Project. I know you have a big staff working on it. I guess I feel more comfortable if I knew more about it and I – but I do appreciate that you’ve got a lot of people involved and you understand the value of that front end work. Because that’s the kind of thing that could make it cost a whole lot more or make it be the project we think it’s going to be. The other thing I want to mention is I really appreciate the candidate forum – having that taped and having that then going to the website. I think anything we can do to get out to our constituents that don’t come to the meetings or can’t come to the meetings or any incremental communication that we can do with our members is a good thing. So I want to thank those people responsible for that.”

Director Vazquez: “Well likewise, I want to thank everyone for participating in the candidate forum and also for their hard work in putting it together. I think it’s a good positive step in communicating with our members. I do agree with Director Lipscomb – I’d like to see a monthly report on the Southcentral Project. It’s certainly an important enough project that we ought to have that type of report. Over the years, as everyone know, I have been very concerned about the bullet debt that we have, specifically the \$150 million due in February 2011 and then \$120 million due the following year basically almost within a year – March 2012. And I see that in page 6 and 7 – our Treasurer – Director Hill – has explained to our membership what we did to get ahead of this credit crunch and “Chugach obtained very favorable financing terms on the credit facility, which are no longer obtainable in today’s financial markets.” Had we waited longer I think everybody would be sitting at the edge of their chair right now figuring out how we were going to refinance that bullet debt. The credit markets are totally devastated and anybody that’s following what’s going on – it’s pretty bad – pretty bad. Stable companies with no bad credit are having problems. So, he explains – thank you Director Hill for explaining what we did after we chose Mr. Evans to take the helm of our ship here. He proceeded quite quickly with Mr. Cunningham and Mr. Cunningham’s financial team to address this perceived possible problem and this was very futuristic

because after we set up all this with hard work, the markets crashed. I don't know when they'll regain – go back to what they were – but it's a – I don't know – it's a wreck right now. We'd be all very nervous sitting around this table figuring out what we were going to do about it. So, anyway, that's all I have to say.”

Director Gimarc: “I am particularly happy with the finalization of Board Policies 128 and 120. That's been a long tough fight – thank you to staff, particularly Mr. Smith for the hard work on it. I hope we can do some good with our herding cats meeting on the 7th of April and hope it will become a regular affair provided it does some good. I would like to chain in with other directors on call for a monthly report on the Southcentral Power Plant. And last but not least, Representative Craig Johnson, last Thursday introduced House Bill 191. In the House that is intended to remove the artificial constraints against generation nuclear energy here in Alaska. Which that – what that means for us in the REGA process is there's one more possibility to consider and let the economics drive whatever it's going to drive. Thank you.”

Director Nordlund: “As a Board member and a participant in the candidate forum, I want to thank the staff for putting it together. I thought it was an interesting session. I do hope though that we continue to do that and do a little bit more to advertise so we can get more members out. I think *unintelligible*. I also am pleased with the passage of Board Policy 120 on Confidentiality and 120 on Requests for Additional Information. I want to thank Director Gimarc for your leadership on that – that was really was a long slog and also for staff for working on that. I'm especially pleased with the clarification in there that Directors that leave this Board are required to return their confidential documents and so that's very clear in there and so there's no confusion or no possible conflict with that in the future. So, thanks everybody for your work on that.”

Chair Logan: “I hadn't planned to make any comment but Director Hill mentioned that the seminar that he'd gone to on electronic elections and I just have to say having spent an hour at Rapid Action the other night watching that process its – there's a better way to do that. There's a better way to do that and since we seem to be taking the lead on a lot of things – doing things differently here in the State of Alaska – I think Chugach should take the lead on that. You know, there's a much better more efficient way to do that so I hope that in the coming year we can look at that and address that issue.”

XIII. EXECUTIVE SESSION

A. Update Gas Negotiations

Removed under Agenda Item IV.

XIV. ADJOURNMENT

Director Nordlund moved and Director Gimarc seconded the motion to adjourn. The meeting adjourned at 5:17 p.m.

Alex Gimarc, Secretary

Date Approved: April 22, 2009