

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

April 25, 2007

SPECIAL BOARD OF DIRECTORS'
MEETING MINUTES

- I.** The regular meeting of the Board of Directors of Chugach Electric Association, Inc. was called to order at 5:04 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

The following board members were present:

Jeff Lipscomb – Chairman
Bruce Davison – Vice Chairman
Jim Nordlund – Secretary
David Cottrell – Treasurer
Alan Christopherson – Director
Uwe Kalenka – Director
Elizabeth Vazquez – Director

The following employees, members, and guests attended:

Bill Stewart	Ed Jenkin	Phil Steyer
John Cooley	Carol Johnson	Mary Tesch
Kevin Dunham	Dan Knecht	Lee Thibert
Brad Evans	Bill Mede	Jim Walker
Rick Freymiller	Connie Owens	Gene White
Ed Helton	Jim Patras	Burke Wick
Dianne Hillemeier	Jean Sauget	

DeAnna Scott, Executive Assistant, recorded meeting proceedings.

II. PLEDGE OF ALLEGIANCE

Chairman Lipscomb led the Board and audience in the Pledge of Allegiance.

III. EXECUTIVE SESSION

At 5:06 p.m., Director Davison moved and Director Cottrell seconded the motion that pursuant to Alaska Statute 10.25.175(c) (1) and (2) the Board go into executive session to discuss (1) matters the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative, and (2) subjects that tend to prejudice the reputation and character of a person; however, the person may request a public discussion. The topics to be discussed in this executive session are: 1) Labor Negotiations Update.

The meeting reconvened out of Executive Session at 5:25 p.m.

IV. APPROVAL OF AGENDA

Director Davison moved and Director Cottrell seconded the motion to approve the Agenda. The agenda was amended to add V. Persons To Be Heard, VI. New Business and VII. Adjournment. The motion to approve the Agenda as modified passed unanimously.

V. PERSONS TO BE HEARD

A. Wholesale Customer Comments

None.

B. Member Comments

None.

VI. NEW BUSINESS

A. APPROVAL OF LABOR CONTRACT – GENERATION PLANT PERSONNEL AGREEMENT

Director Davison moved and Director Nordlund seconded the motion that the Board of Directors approve the Agreement Covering Terms and Conditions of Employment of Generation Plant Personnel as between Chugach Electric Association, Inc. and International Brotherhood of Electrical Workers Local Union 1547 which would be effective July 1, 2006 and expire June 30, 2010 as presented to the Board at this evening special session.

Director Davison: After many months of negotiations that we conducted in good faith, I believe each party was represented by good counsel and appointed members to the committee. We have come to the point where each party has given and gotten as much as going to be capable under the circumstances. The Board has taken a very active role during the course of negotiations in many of the Executive and opened sessions. We have been thoroughly briefed on all the issues. We have dug in our heels where and when necessary and in my view, we have reached a point where we have a contract that Chugach and IBEW can live with. Neither party gets everything they want in any negotiation and neither party wants giving up everything they do not want to give up in a negotiation when conducted in arms length and in good faith. So I think we are there. This is two out three and we have one more tough negotiation ahead of us to complete. I intend on voting in favor in approving the contract so that we can move on to the third and final contract and not have to worry about this for the next several years.

Director Nordlund: Before I was a member of this Board, this Board set up strategy to negotiate the labor contracts in a way that the net affect would be equal to the rate of inflation that other utilities across the nation have recognized. I think that objective was recognized in this agreement. If you consider the wage increases when offset by the work rule savings of the contract is equal to about 3.2%. I think that this is a fair wage and a fair agreement and like Director Davison stated, it was negotiated in good faith and I'm proud to vote for it.

Director Vazquez: Stated that she has to oppose this agreement. First of all, it provides a 41% increase in the retirement contribution. It provides a 41% increase in health and benefit plan contribution, there is no cap, no limit. The wages are 6%

increase the first year, 5% increase the second year, third year 5% increase and then a cost of living increase. So, the net cost of the first three years alone is 16%. Assuming the cost of living will be about 3% we move up to 19% over the next four year. I personally do not mind a contract that would provide for a cost of living increase, I think this contract, in fact, is almost twice as much as the cost of living increase that we normally would have provided over of the next four years. So I cannot vote for this. In light of, it would be nice to be generous but I think that factor we need to consider is the economic environment of this community. Nobody has seen these types of increases in this community. Indeed, we are not sure what will happen in this local economy. If the gas pipeline is not approved or is not in under development soon, we may see a dip in economic activity and in deed, the real estate market has lately in the past year experienced a marked dip in activity. The next thing is it also reflects the State's economic situation we are not sure, there is a question mark here. We then go out to the financial condition of the Co-op. This Co-op is owned by the members and yes, the employee integral part of the organization and we must value their contribution but we also must look at what the finances are. We have \$345 million balloon payment debt due in 2011, \$120 million due in that year - early. \$150 million due in almost a 12 month - 2012, and then we have Wholesale Customers, particularly Homer Association and Matanuska Electric Association formally notifying us that they do not wish to buy power from us after 2014. So, therefore, we are probably going to loose anywhere between 26 to 30% of our revenues, given that scenario, I cannot possibly consider such a generous contract. In my view, the responsible thing would be to look at a contract that would provide less increases.

Director Christopherson: I appreciate the opportunity to work with the Board over the last year and everybody has had their opportunity to talk and say what they wanted to say about this contract. I do appreciate the expert advice we got from two attorneys and more recently Mr. Stewart and from the entire Chugach staff. I think we put together a fair document and fair offer and there has been give and take on both sides and I intend four years from now that there are more adjustments and even more give and take. So, I am supporting of the effort and the time and the work put into this and everyone had their say and I appreciate the opportunity. Thank you.

Director Kalenka: If I would speak it would be against the motion. But I think Director Vazquez quite eloquently summed up what the situation is and with the Co-op, I do not need to re-plow that ground again. Everybody on this Board knows that I believe that this contract is way excessive, everybody knows that I believe our rate payers, especially those on fixed income will get it in the shorts and I am very disappointed the way it is obviously going to go. It is going to cost our rate payers dearly, millions of dollars we are talking about. So those alleged savings we have are going to be nothing but a pipe dream.

Director Lipscomb: These have been lengthy negotiations I'm happy they've been done in good faith. I am very pleased we have reached an apparent agreement. There are many items that are beneficial to our Association in the contract. There are many items that are beneficial to our employees in the contract. I think in summary, our contract is beneficial to the members. So, I intend to support and vote for it.

Chairman Lipscomb, Directors Davison, Nordlund, Cottrell and Christopherson voting yes and Directors Kalenka and Vazquez voting no. Motion passed.

VIII. ADJOURNMENT

Director Davison move and Director Cottrell seconded the motion to adjourn. It was unanimously approved that the meeting adjourn. The meeting adjourned at 5:56 p.m.

/ss/

Alex Gimarc, Secretary

Date Approved: June 20, 2007