

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

BOARD MEETING
AGENDA ITEM SUMMARY

October 16, 2002

ACTION REQUIRED

AGENDA ITEM NO. IX.B.

 Information
 X **Motions**
 X **Resolution**
 Executive Session
 Other

TOPIC

CoBank Master Loan Agreement

DISCUSSION

The new CoBank Master Loan Agreement (MLA) replaces the current Supplemental Indenture of Trust between CoBank and Chugach. This new MLA is necessary as Chugach developed an Amended and Restated Indenture of Trust to replace the 1991 Indenture of Trust when the 2001 and 2002 bond financing occurred.

Adoption of this MLA is the last step in replacing the 1991 Indenture.

OPTIONS

1. No Action, table – will cause the 1991 Indenture of Trust to remain in place and prevent the adoption of the Amended and Restated Indenture of Trust.
2. Delay – Same as one above.
3. Disapprove – Same as one above.
4. Approve – will put in place the MLA and officially “retire” the 1991 Indenture of Trust replacing it with the Amended and Restated Indenture of Trust loan agreement for both parties. The Finance Committee reviewed the agreement at their October 9, 2002, meeting.
5. Modify – N/A. Extensive negotiation has taken place to achieve a workable loan agreement for both parties. **See attached summary for major points of the new agreement.**

GENERAL MANAGER'S RECOMMENDATION

Motion 1: Approve the attached resolution adopting the Master Loan Agreement between Chugach Electric Association, Inc and CoBank.

**CHUGACH ELECTRIC ASSOCIATION, INC.
RESOLUTIONS RELATING TO
APPROVAL OF MASTER LOAN AGREEMENT
WITH CoBANK, ACB**

WHEREAS, the Board of Directors deems it to be in the best interests of the Association for the Association to enter into a Master Loan Agreement with CoBank, ACB (“CoBank”), and to convert all of the Association’s existing outstanding loans evidenced by Chugach Electric Association, Inc. First Mortgage Bonds, CoBank Series (the “CoBank Bonds”), into loans governed by the new Master Loan Agreement and constituting Obligations as defined in, and entitled to the benefits of, the Amended and Restated Indenture dated April 1, 2001 that is appended as Exhibit A to the Tenth Supplemental Indenture of Trust between the Association and U.S. Bank Trust National Association, as trustee;

NOW, THEREFORE, BE IT RESOLVED, that the Master Loan Agreement and Promissory Note and Consolidating Term Loan Supplement thereto, are hereby approved, and that the General Manager and Executive Managers of the Association (each an “Authorized Person”), or any one of them, be, and hereby is, authorized and directed to make such changes that, in his discretion, he deems necessary or appropriate, and, on behalf of and in the name of the Association, to execute the Master Loan Agreement and the Promissory Note and Consolidating Term Loan Supplement thereto, and to cause such documents to be delivered to CoBank;

RESOLVED FURTHER, that each Authorized Person is authorized to take such further actions and execute such documents that he may deem necessary or appropriate to effect the conversion of all indebtedness currently evidenced by the CoBank Bonds into indebtedness evidenced by one or more promissory notes issued pursuant to the Master Loan Agreement in the aggregate principal amounts, bearing the interest rates and payable upon the maturity dates specified in Exhibit A to the Promissory Note and Consolidating Term Loan Supplement attached to the Master Loan Agreement;

RESOLVED FURTHER, that each Authorized Person is authorized to take such further actions and execute such documents that he may deem necessary or appropriate to carry out the obligations of the Association under the Master Loan Agreement and to consummate the transactions contemplated thereby, and that the taking of such action or execution of such document by any Authorized Person is conclusive evidence that the action or document is necessary or appropriate;

RESOLVED FURTHER, that upon execution and delivery of the Master Loan Agreement by CoBank and delivery of the CoBank Bonds by CoBank to Chugach in exchange for the Promissory Note and Consolidating Term Loan Supplement, each Authorized Person is hereby authorized to take all such further action, and to execute and deliver all such further

instruments and documents, in the name and on behalf of the Association, and request U.S. Bank National Association, as trustee, to take such actions, as he shall deem necessary or desirable or as may be contemplated by the Tenth Supplemental Indenture of Trust to be taken upon the occurrence of the Release Date as defined therein, including execution and recording of all documents necessary to effect release of the lien and security interests arising under the Indenture of Trust (First Mortgage Bonds) dated as of September 15, 1991, between the Association and Security Pacific Bank Washington, N.A., as amended by the First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth, Ninth and Tenth Supplemental Indentures of Trust thereto;

RESOLVED FURTHER, that any and all action heretofore or hereafter taken by each Authorized Person or properly authorized officers within the terms of the foregoing resolutions is hereby ratified and confirmed as the act and deed of the Association; and

RESOLVED FURTHER, that each Authorized Person and the Association's counsel are hereby authorized to take all such further action and to execute and deliver all such further instruments and documents, in the name and on behalf of the Association, and under its corporate seal or otherwise, and to pay all such expenses, fees and taxes, as in their judgment shall be necessary, proper or advisable to carry out the intent and accomplish the purposes of the foregoing resolutions.