

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

REGULAR BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY

November 19, 2009

ACTION REQUIRED

AGENDA ITEM NO. V.I.

Information Only
 Motion
 Resolution
 Executive Session
 Other

TOPIC

Opportunity for Beneficial Land Transactions

DISCUSSION

In 2008, Chugach attempted to purchase the adjacent 9.33 acre Anchorage Water and Wastewater Utility (AWWU) property. The Municipality declined Chugach's offer due to a competing interest from a municipal department. Chugach subsequently purchased an adjacent 15 acre parcel of land in 2008 from Justin Green. The new generation facility and substation projects required the property purchased last year from Justin Green for construction staging/laydown, parking, and fill placement (removed during construction from IGT sites).

The Municipality has notified Chugach that the AWWU parcel is now eligible for sale due to a change in plans by the Municipality. The AWWU property was originally offered at \$2.4 million to other municipal departments based on a 2007 property appraisal. The Municipality has agreed to sell the property to Chugach using the 2007 appraisal price. As a related transaction, AWWU desires to purchase the southern two-thirds of the Huffman Substation property, appraised in January 2009.

It is recommended that Chugach proceed with the mutually beneficial land transactions because they will provide a significant economic gain, meet the needs of the new generation and substation projects, and provide for transmission and distribution equipment storage.

BUDGETARY IMPACTS

<u>Amount:</u>	\$2.4 million, AWWU land purchase
Less	<u>\$0.2 million, credit for Huffman substation land sale</u>
Net	\$2.2 million

Expense: \$0

Capital: \$2.2 million

Discussion: The purchase may be executed before January 31, 2010.

At the November 11, 2009, Finance Committee Meeting, the Committee authorized Chugach's Chief Executive Officer to sign an Agreement for Purchase and Sale of Real Property from AWWU in the amount of \$2,400,000 and related sale of the Huffman Substation property to AWWU for approximately \$200,000.

MOTION

(Consent Agenda)



RESOLUTION

Opportunity for Beneficial Land Transactions

WHEREAS, Chugach Electric Association, Inc. (Chugach) and the Municipality of Anchorage d/b/a Municipal Light & Power (ML&P) have decided to proceed with the joint development, construction and operations of the Southcentral Power Project (SPP).

WHEREAS, Chugach is building a new 138-kV International Substation, and

WHEREAS, the new generation facility and the new substation will be located on existing Chugach property to the south of Chugach's existing International Station in Tract 2, International Industrial Center Subdivision at 5601 Electron Drive in Anchorage, Alaska; and

WHEREAS, the new generation facility and the new substation will occupy areas used for transmission and distribution material storage and Chugach needs an area to store such materials, and

WHEREAS, the new transmission and distribution storage area is the most cost effective when located on adjacent property; and

WHEREAS, the owner of the property located across the Electron Drive right of way and to the west of Chugach's property at 5601 Electron Drive, is willing to sell the Anchorage Water and Wastewater Utility (AWWU) property, a 9.33 acre parcel described as Tract 4, International East Subdivision, for a purchase price of Two Million Four Hundred Thousand Dollars (\$2,400,000) based on a 2007 property appraisal and the June 2, 2008 Update Appraisal Report; and

WHEREAS, AWWU desires to purchase the southern two-thirds of the Huffman Substation property; and

WHEREAS, Chugach and AWWU have agreed to enter into mutually beneficial land transactions; and,

WHEREAS, Chugach has performed environmental and geotechnical due diligence on the property for sale; and

WHEREAS, Chugach has determined the property will satisfy requirements for a permanent storage site,

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Chugach Electric Association Inc., authorize Chugach's Chief Executive Officer (CEO) to sign an Agreement for Purchase and Sale of Real Property for \$2,400,000 and related sale of the Huffman Substation property to AWWU for approximately \$200,000.

CERTIFICATION

I, Alex Gimarc, do hereby certify that I am the Secretary of Chugach Electric Association, Inc., an electric non-profit cooperative membership corporation organized and existing under the laws of the State of Alaska: that the foregoing is a complete and correct copy of a resolution adopted at a meeting of the Board of Directors of this corporation, duly and properly called and held on the 19th day of November, 2009; that a quorum was present at the meeting; that the resolution is set forth in the minutes of the meeting and has not been rescinded or modified.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of this corporation the 19th day of November, 2009.

Secretary