

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, AK

BOARD MEETING
AGENDA ITEM SUMMARY

November 20, 2002

ACTION REQUIRED

AGENDA NO. IX.E.

Information Only
 Motion
 Resolution
 Executive Session
 Other

TOPIC

NRECA's Deferred Compensation Plan

Discussion

Chugach is a participant in NRECA's Deferred Compensation Program (Program) Participation in this Program is restricted to those management and highly compensated employees who are designated by Chugach as eligible. Participants may defer a portion of their current compensation into the Program within the limits as defined in the Internal Revenue Code Section 457(e)(15) and there are no contributions made by Chugach.

The current Program requires participants to renew their deferred compensation election every year by annual preparation of a Prescribed Letter of Agreement.

NRECA has notified employers who participate in this Program that they can now adopt a deferred compensation program which will allow participating employees to elect the amount of their annual deferral and how they want their payments made on a one time basis. Unless the employee wants to change their election, it will then continue from year to year without any more papers to sign.

OPTIONS

1. **APPROVE**: Adopting a Deferred Compensation Program which allows participating employees to elect the amount of their annual deferral and how they want their payments made on a one time basis will eliminate the requirement to renew their deferred compensation election every year by annual preparation of a Prescribed Letter of Agreement.

2. **DISAPPROVE**: Not adopting a Deferred Compensation Plan which allows participating employees to elect the amount of their annual deferral and how they want their payments made on a one time basis will require participants to continue to renew their deferred compensation election every year by annual preparation of a Prescribed Letter of Agreement.
3. **DELAY**: This action would have the same effect as #2 above.
4. **NO ACTION, TABLE**: This action would have the same effect at #2 above.

MOTION

Move that the Board of Directors approve the resolution allowing Chugach to adopt a Deferred Compensation Plan which would allow participating employees to elect the amount of their annual deferral and how they want their payments made on a one time basis.

WHEREAS, Chugach Electric Association, Inc. (Chugach) is a participant in the National Rural Electric Cooperative Association (NRECA) Deferred Compensation Program; and

WHEREAS, effective December 1, 2002, the NRECA Deferred Compensation Program is amended to allow an employee a one time election to participate in the Chugach Electric Association, Inc. Deferred Compensation Program without having to renew the election every year thereafter.

BE IT RESOLVED, that the NRECA Deferred Compensation Plan is adopted as presented with the amendment to eliminate the annual preparation of the Prescribed Letter of Agreement; and

BE IT RESOLVED, that the General Manager of Chugach Electric Association, Inc. is authorized to execute any documents necessary to adopt and continue the NRECA Deferred Compensation Plan and to continue the investment of assets in Homestead Funds, Inc.