

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

REGULAR BOARD MEETING
AGENDA ITEM SUMMARY

November 20, 2008

ACTION REQUIRED

AGENDA ITEM NO. XI.A.

Information Only
 Motion
 Resolution
 Executive Session
 Other

TOPIC

Resolution authorizing establishment of a legal mechanism for the issuance by Chugach of short-term, unsecured and unsubordinated senior notes (commercial paper) to provide interim financing for capital expansion projects, refinancing of redeemed bonds and refinancing of maturing long term debt.

DISCUSSION

Chugach recently entered into a credit agreement establishing a \$300 million unsecured credit facility with a consortium of four banks. This credit agreement will serve as a "back stop" source of liquidity for the repayment of commercial paper at maturity in the event of a deterioration of the commercial paper trading market.

The next steps in establishing the Commercial Paper program are to authorize Chugach to enter into dealer agreements with two dealers (Merrill Lynch and Goldman Sachs) that will sell Chugach's commercial paper, an issuing and paying agent under which US Bank will act as depository and issuing and paying agent for Chugach to facilitate the efficient issuance and repayment of Chugach's commercial paper, and any necessary ancillary agreements with The Depository Trust Company and the rating agencies that will rate Chugach's commercial paper, and to authorize issuance and sale of Chugach's commercial paper notes themselves.

The attached resolution authorizes the establishment of Chugach's commercial paper program. Adoption of this resolution is a condition to establishing the necessary agreements with the dealers and the issuing/ paying agent.

MOTION

Move that the Board of Directors approve the attached resolution authorizing establishment of a commercial paper borrowing program.

**RESOLUTION OF BOARD OF DIRECTORS OF
CHUGACH ELECTRIC ASSOCIATION, INC.
RELATING TO
ESTABLISHMENT OF COMMERCIAL PAPER PROGRAM**

WHEREAS, the Board of Directors of Chugach Electric Association, Inc., an Alaska electric cooperative (the “Company”), has determined that it is in the best interests of the Company for the Company to establish a commercial paper program under which the Company would sell short-term unsecured promissory notes to certain qualified institutional buyers (within the meaning of SEC Rule 144A), accredited investors (within the meaning of SEC Regulation D) or other purchasers meeting such qualifications as may be established pursuant to any commercial paper dealer agreement (including the Dealer Agreements, as defined below) to be entered into between the Company and any dealer selected by the Company;

WHEREAS, the Company intends that its commercial paper notes be rated by one or more nationally recognized rating agencies;

WHEREAS, the Company desires to enter into (a) a Commercial Paper Dealer Agreement between Merrill Lynch, Pierce, Fenner & Smith, Incorporated (“Merrill Lynch”), as Dealer, and the Company, as Issuer, providing, among other things, for the sale of commercial paper notes on behalf of the Company and the indemnification of the Dealer in connection therewith (the “Merrill Lynch Dealer Agreement”), (b) a Commercial Paper Dealer Agreement between Goldman Sachs & Co. (“Goldman Sachs”), as Dealer, and the Company, as Issuer, providing, among other things, for the sale of commercial paper notes on behalf of the Company and the indemnification of the Dealer in connection therewith (the “Goldman Sachs Dealer Agreements” and, together with the Merrill Lynch Dealer Agreement, the “Dealer Agreements”), (c) an Issuing and Paying Agent Agreement between U.S. Bank National Association (“U.S. Bank”) and the Company, providing, among other things, for U.S. Bank to act as depository and issuing and paying agent for the Company in connection with the issuance and sale of commercial paper notes on behalf of the Company and the indemnification of U.S. Bank in connection therewith (the “Issuing and Paying Agent Agreement”), and (d) a Letter of Representations from the Company and U.S. Bank to the Depository Trust Company (“DTC”) relating to the commercial paper notes (the “DTC Letter of Representations”).

WHEREAS, the Company has the power and authority to enter into, deliver and perform its obligations under the Dealer Agreements, the Issuing and Paying Agent Agreement, the commercial paper notes (including a Master Note from the Company to Cede & Co., as nominee of DTC) to be executed and delivered pursuant thereto (the “CP Notes”), and any and all other documents, instruments and agreements (including such documents as may be requested by rating agencies rating the CP Notes) necessary or desirable in connection therewith (collectively the “CP Documents”); and

WHEREAS, it is in the best interests of the Company to enter into, deliver and perform its obligations under the Dealer Agreements, the Issuing and Paying Agent Agreement, the CP Notes and the other CP Documents;

THEREFORE, BE IT RESOLVED THAT:

1. The Company is hereby authorized to execute, deliver and perform its obligations under the Dealer Agreements, the Issuing and Paying Agent Agreement, the CP Notes and the other CP Documents.

2. The execution and delivery of the Dealer Agreements, the Issuing and Paying Agent Agreement, the CP Notes and the other CP Documents, and completion by the Company of the transactions contemplated thereby, are hereby authorized, approved, ratified and confirmed.

3. The Company is hereby authorized to take all such further actions, to execute and deliver all agreements, instruments and documents relating to, contemplated by or necessary or desirable in connection with the Dealer Agreements, the Issuing and Paying Agent Agreement, the CP Notes and the other CP Documents and to pay all fees and expenses contemplated thereby or which are otherwise necessary, proper or advisable in connection therewith.

4. The Chief Executive Officer, Chief Financial Officer and Controller of the Company (each a “Particular Officer”) be, and each of them acting alone is, hereby authorized on behalf of the Company to execute and deliver the Dealer Agreements, the Issuing and Paying Agent Agreement, and the CP Notes (in such denominations and maturities, and at such rates of interest and on such other terms, as such Particular Officer deems to be in the best interest of the Company), and each Particular Officer and any other officer of the Company (collectively with the Particular Officers, the “Authorized Officers”) be, and each of them acting alone is, hereby authorized on behalf of the Company to execute and deliver any other CP Documents, including but not limited to, in the case of the Particular Officers, those specifically described above, in each case in the name and on behalf of the Company, on such terms and conditions and in such form deemed necessary or desirable and approved by such Authorized Officer, and with such changes and modifications thereto as the Authorized Officer may in such officer’s discretion approve, which approval shall be conclusively evidenced by the execution of such documents, instruments and agreements; and any action taken by any Authorized Officer prior to the date of these resolutions that is otherwise within the authority of these resolutions, including, without limitation, the execution of any documents, instruments or agreements prior to the date hereof, is hereby approved, ratified and confirmed.

5. Each Authorized Officer be, and each of them acting along is, hereby authorized on behalf of the Company to execute and deliver to Merrill Lynch, Goldman Sachs and U.S. Bank, and to counsel to the Company, such forms of certificates and other documents as may be necessary or desirable in connection with the Dealer Agreements, the Issuing and Paying Agent Agreement, the CP Notes, the other CP Documents or any opinion of counsel to be provided in connection therewith.

6. Each Authorized Officer be, and each of them acting alone is, hereby authorized and directed to take all such further action, to execute and deliver such further agreements, instruments and documents in writing and to do all such other acts and things as in the Authorized Officer's opinion may be necessary or desirable in the name and on behalf of the Company to give effect to the foregoing resolutions, which opinion shall be conclusively evidenced by the taking of such further actions, the execution and delivery of such further documents, instruments and agreements and the doing of such other acts and things.

I, Alex Girmac, 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 20th day of November, 2008; 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 20th day of November, 2008.

Secretary