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CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

FINANCE COMMITTEE MEETING MINUTES

June 8, 2005

Committee Members in Attendance Elizabeth Vazquez, Chair
Alan Christopherson
Bruce Davison
Dave Cottrell (teleconferenced)

Other Directors Present: Jeff Lipscomb

Guests in Attendance: Jim Walker
Ray Kreig
Lee Ann Gerhart
Jim Patras

Staff in Attendance:

Joe Griffith	Dianne Hillemeier	Lee Thibert	Don Edwards
Mike Cunningham	Carol Johnson	Jody Wolfe	Mary Tesch
Kathy Harris	Sherri McKay	Ed Jenkin	Brad Evans
Rick Freymiller	Ron Vecera	Dave Smith	Carol Heyman
Arthur Miller	Beau Disbrow	Brian Hickey	Paul Risse
Katrina Storjohann	Bill Bernier	Phil Steyer	Mark Fouts
Dan Knecht	John Cooley	Patti Bogan	
Connie Owens	Charlie Kimmel	Bill Stewart	

Recording Secretary: Jennifer McDonald, Legal Secretary

I. Call to Order

Chair Vazquez called the Finance Committee to order at 4:03 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

II. Approval of Agenda

Director Christopherson moved and Director Cottrell seconded the motion to approve the revised agenda as submitted. The motion passed unanimously.

III. Approval of Minutes – May 11, 2005

Director Christopherson moved and Director Cottrell seconded the motion to approve the May 11, 2005 minutes. Chair Vazquez requested that the minutes be amended to reflect that Director Lipscomb was present at the May 11, 2005 Finance Committee meeting. The motion to approve the May 11, 2005 minutes, as amended, passed unanimously.

IV. Customer Comments

- a. Wholesale Customers – None
- b. Retail Customers – None

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V. April Unbundled Financial Statements

Jody Wolfe, Controller, gave a presentation on the April Unbundled Financial Statements and responded to questions from the Committee.

VI. Adoption of Committee Goals

Director Christopherson moved and Director Davison seconded the motion to adopt the Finance Committee Goals for 2005-2006. Director Cottrell requested the following items be added to the July Finance Committee agenda: financing methods, debt management and change of Finance Committee meeting date. Chair Vazquez stated she will participate telephonically at the July meeting. Chair Vazquez requested debt management also be added to the agenda for the August and September Finance Committee meetings. The motion to adopt the Finance Committee Goals for 2005-2006, as amended, passed unanimously.

VII. Bond Financing and Use of Derivatives

Mike Cunningham, Chief Financial Officer, gave a presentation on Bond Financing and Use of Derivatives.

VIII. CoBank Short Term Line of Credit Renewal

Mike Cunningham, Chief Financial Officer, gave a presentation on the CoBank Short Term Line of Credit Renewal and responded to questions from the Committee. Director Davison moved and Director Christopherson seconded the motion to recommend to the Board approval of the resolution to renew the line of credit with CoBank in the amount of \$20,000,000. The motion passed unanimously.

IX. SEC Filings – Additional Signer

Mike Cunningham, Chief Financial Officer, gave a brief statement regarding signers for SEC Filings. Director Davison moved and Director Christopherson seconded the motion to approve the resolution to add the General Manager, Corporate Services Division as a signer of SEC filings. The motion passed unanimously.

X. GAINS Program

Mary Tesch, Vice President, Human Resources, gave a presentation on the GAINS Program and responded to questions from the Committee. Lee Thibert, General Manager, Distribution Division, discussed the 2004 Power Delivery Scorecard, to illustrate how the Balanced Scorecard ties into the GAINS program. Director Cottrell suggested the Board of Directors make a formal affirmative action to continue the GAINS program in 2006.

XI. Overall Planning Process

Mike Cunningham, Chief Financial Officer, gave a presentation on the overall planning process and responded to questions from the Committee. Director Cottrell would like to discuss, at a future date, Beluga facility clean-up and restoration costs.

Chair Vazquez recessed the meeting at 5:33 p.m.

The meeting reconvened at 5:50 p.m.

XII. Railbelt Utility Comparison

Bill Stewart, General Manager Corporate Services Division, gave a presentation on the Railbelt Utility Comparison and responded to questions from the Committee. In addition, management staff (Lee Thibert, Mike Cunningham and Joe Griffith) responded to questions from the Committee.

XIII. Director Comments

Chair Vazquez: None.

Director Christopherson: None.

Director Davison: None.

Director Lipscomb: None.

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Director Cottrell: Stated he was reading the Anchorage Daily News and saw that we had a whole section on people we can't find for Capital Credits. He asked if Chugach was pursuing to the maximum getting some of those people paid? (Ron Vecera, Director Member Services was not available to respond but Lee Thibert stated the goal was set at \$250,000 for early retirement and Chugach is currently at about \$40,000 for the year.) Director Cottrell stated there are four pages of people we can't locate. Said we had a new plan for Capital Credit rotation and that we ought to push that to its limit. Suggested there be a presentation on Capital Credits to the new Board members.

Second comment – asked how did credit rating visit went. Chair Vazquez, Director Christopherson and CEO Griffith all thought the presentation went well.

Final comment – question for Mike Cunningham, CFO, did Crowe Chizek look at the GAINS program to determine whether or not it created any type of internal control problem for management override? Mr. Cunningham stated he would look into what Crowe Chizek's scope of work included and would get back with him.

XIV. Correspondence

- a. Section 404 Reporting on Internal Control: Our Early Experience
- b. APA Statement of Activities Summary Variance Analysis Discussion
- c. APA Audit Committee Report (May 19, 2005)

Director Cottrell expressed his dissatisfaction with the APA Activities Summary and in the amount Chugach pays the APA (approximately \$100,000 a year). He is considering representing Chugach at the APA board meetings but needs to check his availability, as he wants to be able to represent Chugach adequately.

Director Lipscomb noted that he sent letters to the Board presidents of HEA, MEA, GVEA and ML&P. He also had lunch with Russ Nogg and had a wide range of discussions including the JAA and Mr. Nogg gave some advice on the transition of the Chief Executive Officer.

Director Cottrell expressed his disappointment in a letter Chair Vazquez received from Lee Jordan.

XV. Executive Session

Director Christopherson moved and Director Davison seconded the motion pursuant to Alaska Statute 10.25.175(c)(1) that the Board Finance Committee go into Executive Session to discuss matters the immediate knowledge of which would clearly have an adverse effect on finances of the cooperative. The motion passed unanimously.

The Board went into Executive Session at 6:35 p.m. CEO Griffith requested that Mike Cunningham and General Counsel remain for the Executive Session.

XVI. Adjourn

Director Davison moved and Director Cottrell seconded the motion to adjourn. The meeting adjourned at 7:12 p.m.