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CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

FINANCE COMMITTEE MEETING MINUTES

July 13, 2005

Committee Members in Attendance: Elizabeth Vazquez, Chair
Alan Christopherson
Dave Cottrell

Other Directors Present: Jeff Lipscomb
Uwe Kalenka

Committee Members Absent: Bruce Davison

Guests in Attendance: Wayne Carmony
Ray Kreig
Jim Patras
Mike Pauley
Jim Walker
Davis Young

Staff in Attendance:

Joe Griffith	Dianne Hillemeier	Lee Thibert	Bill Stewart
Mike Cunningham	Carol Johnson	Jody Wolfe	Mary Tesch
Kathy Harris	Sherri McKay	Ed Jenkin	Rick Freymiller
Carol Heyman	Brian Hickey	Katrina Storzjohann	Mark Fouts
John Cooley	Patti Bogan	Don Edwards	Burke Wick
Phil Steyer			

Recording Secretary: Jennifer McDonald

I. Call to Order

Chair Vazquez called the Finance Committee to order at 4:05 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

II. Approval of Agenda

Director Christopherson moved to waive the 3 day rule to add the following items to the agenda to be discussed in Executive Session: (1) modification of agreement; (2) Board Candidate interviews; (3) CEO selection update, which could be held in open session; (4) discussion on the MEA meeting; (5) labor relations strategy update; (6) memo from Jerry Reinwand; and (7) SEC letter, which could be held in open session. Director Christopherson moved and Director Cottrell seconded the motion to approve the agenda as amended. The motion passed unanimously.

III. Approval of Minutes – June 8, 2005

Director Christopherson moved and Director Cottrell seconded the motion to approve the June 8, 2005 minutes. Director Christopherson requested clarification from Director Cottrell on the last sentence of Agenda Item X. Director Cottrell changed it to read: The Board of Directors make affirmative action to continue or not continue the GAINS program in 2006. In addition, Director Lipscomb changed the last sentence in Agenda Item XIV to read: “Director Christopherson expressed his disappointment in a letter Chair Lipscomb received from Lee Jordan.” The motion to approve the June 8, 2005 minutes, as amended, passed unanimously.

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IV. Customer Comments

- a. Wholesale Customers - Jim Walker, Senior Counsel, Matanuska Electric Association addressed the Committee regarding a deficiency notice received June 29, 2005 from FERC notifying Chugach that it's Cooper Lake Project license application is deficient and giving Chugach 90-days to correct the deficiencies and staff responded to questions from the Board. Mr. Walker will provide Chugach with a final, "clean" version of his presentation in writing and Chugach will respond to those issues raised to the Board.
- b. Retail Customers – None

V. May Unbundled Financial Statements

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

VI. May Corporate Variance Analysis

Katrina Storjohann, Manager, Corporate Budgeting, stated the May 2005 Year to Date Financial Results memo is for informational purposes and staff responded to questions from the Committee.

VII. Change in Finance Committee Dates

Bill Stewart, General Manager, Corporate Services Division, presented a proposal to change the dates of the Finance Committee meetings and responded to questions from the Committee. Director Christopherson moved and Director Cottrell seconded the motion that, beginning in September, the Finance Committee meeting schedule be moved to the fourth Wednesday of the month at 4:00 p.m. allowing timelier reporting of the financial information. The motion passed unanimously.

VIII. Debt Management Plan Discussion

a. Long Term Debt Schedule

Mike Cunningham, Chief Financial Officer, gave a presentation on the current Long Term Debt Management Plan, Long Term Debt Schedule and staff responded to questions from the Committee.

IX. Rating Agency Update Presentation Discussion

CEO Griffith stated that the memo regarding the briefing to the remaining rating agencies was sent via email to the Board members.

5:29 p.m. Chair Vazquez declared a brief recess of the meeting.

The Finance Committee reconvened at 5:50 p.m.

Chair Vazquez stated that Wayne Carmony of MEA wanted to make a comment to the Finance Committee. Mr. Carmony commented on the statement made earlier about Homer Electric's accounting of line losses. He spoke about the recent Matanuska board meeting attended by two Chugach directors and the upcoming joint Board meeting set for July 19th. Mr. Carmony briefly touched on House Bill 163, the Joint Action Agency and the G&T model. He also discussed restarting the power requirements joint CFO analysis, and MEA's power supply reliability.

X. CEO Selection Process and Status Report

Mary Tesch, Vice President, Human Resources, gave an update on the availability of the two search firms the Board agreed to interview. The Board agreed to interview a representative from NRECA and a representative from Mycoff & Associates on July 27th at 2:00.

XI. Director Candidate Interviews

Dianne Hillemeier, Executive Assistant II, stated packets were sent out to the Board yesterday and all 10 candidates are scheduled for Tuesday starting at 4:00 p.m.

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XII. Director Comments – N/A

XIII. Correspondence

- a. Estimated Cost of Compliance with the Sarbanes Oxley Act of 2002
- b. “The Good News About Compliance”
- c. Securities and Exchange Commission (SEC) Reporting
- d. Standard & Poor’s Research on Access to Capital Markets – G&T Building Boom (article attached)

XIV. Executive Session

Director Christopherson moved and Director Cottrell seconded the motion pursuant to Alaska Statute 10.25.175(c)(1) and (3) that the Board Finance Committee go into Executive Session to discuss (1) matters the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative and (2) matters discussed with an attorney for the cooperative the immediate knowledge of which would have an adverse effect on legal positions of the cooperative. The following topics will be discussed: (1) status report on the modification agreement; (2) status on labor issues; (3) AIDEA correspondence; (4) issue on the GAINS program; (5) SEC letter; (6) rating agency update; and (7) projections on debt. The Board moved into Executive Session at 6:33 p.m. The motion passed unanimously.

XV. Adjourn

Director Cottrell moved and Director Christopherson seconded the motion to adjourn. The meeting adjourned at 7:45 p.m.