

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

FINANCE COMMITTEE
MEETING MINUTES

October 08, 2008

Committee Members in Attendance: PJ Hill, Chair
Elizabeth Vazquez (arrived at 4:49 p.m.)
Rebecca Logan (arrived at 4:45 p.m.)
Jeff Lipscomb
Alex Gimarc

Other Director Present: Janet Reiser (arrived at 4:24 p.m.)
Jim Nordlund (arrived at 4:27 p.m.)

Guests in Attendance: Bruce Scott (MEA)
Jim Posey (ML&P)
Judith S. Moerlein (HALO)

Staff in Attendance:

Brad Evans	Mike Cunningham	Ed Jenkin	Paul Risse
Carol Johnson	Tyler Andrews	Teresa Kurka	Divina Portades
Dwight Dial	Suzanne Gibson	Burke Wick	Jody Wolfe
Dan Knecht	Arthur Miller	Rick Freymiller	Ron Vecera
Phil Steyer			

Recording Secretary: Jennifer McDonald, Legal Secretary

I. Convene Meeting

Chair Hill called the Finance Committee to order at 4:01 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

II. Executive Session

None.

III. Approval of Agenda

Director Lipscomb moved and Director Gimarc seconded the motion to approve the agenda.

Director Lipscomb amended the motion to move Agenda Item VIII. Review and Recommend Approval of the NRUCFC/KeyBank Commercial Paper Back Stop Credit Agreement after Agenda Item V. Customer Comments. The amendment passed unanimously.

The main motion to approve the agenda passed unanimously.

IV. Approval of Minutes

a. September 10, 2008

Director Lipscomb moved and Director Gimarc seconded the motion to approve the minutes of September 10, 2008. The motion passed unanimously.

V. Customer Comments

- a. *Wholesale Customer Comments*
None.
- b. *Retail Customer Comments*
None.

VI. Review and Recommend Approval of the NRUCFC/KeyBank Commercial Paper Back Stop Credit Agreement

Don Percival, Attorney with Heller Ehrman, gave an overview of the salient points of the credit agreement with NRUCFC and KeyBank and he and staff answered questions from the Committee.

Directors Reiser and Nordlund arrived during this presentation.

Director Lipscomb moved and Director Gimarc seconded the motion that the Finance Committee recommends to the Board of Directors to adopt the attached resolution authorizing the Chief Executive Officer, Chief Financial Officer, and Controller to execute the Credit Agreement.

Director Lipscomb noted a typo on page two, number 5 – the word “along” needs to be changed to “alone”.

Director Lipscomb requested that a policy or procedure be prepared to provide for internal controls which would ensure that the signature of at least two authorized individuals would be required to make disbursements from, approve a change in interest rates to, transfer funds from, or do any other financial transactions involving the Credit Facility.

Brad Evans concurred with Director Lipscomb’s request.

The motion passed unanimously.

VII. August Financial Statements

Jody Wolfe, Controller, gave a presentation on the August Financial Statements and answered questions from the Committee.

Directors Logan and Vazquez arrived during this presentation.

VIII. CoBank Line of Credit Renewal

Director Lipscomb moved and Director Logan seconded the motion that the Finance Committee recommend to the Board of Directors the approval of the line of credit renewal with CoBank. The motion passed unanimously.

IX. Correspondence

- a. *August Financial Statements (Full Set)*
- b. *August Variance Report*
- c. *Signature Authority Review Compliance*
- d. *Q3 2008 Railbelt Bill Comparison*

X. Director Comments

Director Logan: None.

Director Lipscomb: “I will repeat my comments about the need for proper controls and proper reporting – good reporting. That’s going to be critical to our creditworthiness and confidence in the markets. That all I had. Thank you.”

Director Reiser: None.

Director Gimarc: “Mr. Chairman, its - hindsight is the only exact science. Sometimes we do get lucky. I want to congratulate Mr. Cunningham and Mr. Evans and the financial team for having the wherewithal to put together the financial instrument back stop at the time when things appear to be in a little bit of a festive mood. So, congratulations to everybody involved. Good work.”

Director Nordlund: “I resemble those comments.”

Chair Hill: “I really want to thank Mike and the whole team for doing that because if we started today we’d be dead in the water.”

Director Vazquez: “For the last three and a half years I have been wanting to see this type of financial planning and I have been at times the lone voice on this Board saying what are we going to do about this bullet debt, and for a long time I was ignored and I know Director Kalenka also felt the same way I did. We finally have something in place and you know what, we may have just gotten underneath. I mean, things are looking pretty ugly, including I need not tell everybody, but AGIA is – who are insuring our \$270 million in bonds is now requesting an additional \$30 million and \$41 billion from the Feds. They’re saying the \$80 billion bailout isn’t enough. So, I couldn’t say – I’d say we just got under – just beat it I think. *Unintelligible* was right – is right behind us. So, I’m glad. Thank you Mr. Evans, thank you Mr. Cunningham and thank you for the management team to get to this and get it done pretty quickly.”

Director Lipscomb asked if staff could discuss Agenda Item IX.d. Q3 2008 Railbelt Bill Comparison. Arthur Miller, Manager, Pricing, gave an overview of Q3 2008 Railbelt Bill Comparison and answered questions from the Committee.

XI. Executive Session

None.

XII. Adjourn

Director Lipscomb moved and Director Logan seconded the motion to adjourn. The meeting adjourned at 5:03 p.m.