

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

January 7, 2010

TO: Brad Evans, CEO

FROM: Dave Smith, Sr. Vice President Administration *Tom For*
Tom Schulman, Paralegal *Tom*
Louann Cutler, K&L Gates *Tom For*

SUBJECT: Bylaws Committee status report

The Bylaws Committee met on December 2, 2009 and then again on January 6, 2010. The Committee approved two proposals thus far and has requested that staff and outside counsel, Louann Cutler, prepare two additional proposals for their consideration at a meeting scheduled for January 14th.

The first proposal already approved would clarify the qualifications for a member running for director as the authorized representative of a non-natural entity (Article 4, Section 3 (b)). A non-natural entity's representative would have to meet all the qualifications that other directors must meet. Additionally, the same rules that apply to other Board members regarding vacancy of a Board seat would apply to a non-natural entity's representative. Finally, the ballot and declarations included with the candidate statement would have to disclose that an authorized representative is running on behalf of a non-natural entity.

The second proposal would amend Article XV, Section 3 (regarding member committees) to provide that (1) the term of office for committee members runs from January 1 to December 31 and (2) committee members serve at the pleasure of the Board.

The two proposals the Committee asked be drafted and brought back for their consideration include one that would add a statement similar to that contained in Article VI, Officers, Section 8, Delegation of Duties, to both Sections 6 (Secretary of the Board) and 7 (Treasurer of the Board) that the Board may approve the delegation of one or more of the duties of the secretary or treasurer, respectively.

The second proposal would change the annual membership meeting one month later to accommodate the difficulty that our independent auditors have had in getting audited financials completed in time to send to members prior to the annual meeting. As you know, Sarbanes Oxley has greatly increased the amount of work that the auditors need to perform. Thus, to accommodate the current Annual Meeting timeline, Chugach has spent an additional \$16,000 for an accelerated audit in each of the last two years.

The Committee will formally present these proposals at the February Board Operations Committee meeting.
