

**CHUGACH ELECTRIC ASSOCIATION, INC.**  
**Anchorage, Alaska**

**SPECIAL BOARD MEETING**  
**AGENDA ITEM SUMMARY**

**June 13, 2007**

**ACTION REQUIRED**

**AGENDA ITEM NO. VI. I.**

Information Only  
 Motion  
 Resolution  
 Executive Session  
 Other

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**TOPIC**

Proposed amendments to Board Policy 106

**DISCUSSION**

The following motion is intended to clarify the respective responsibilities of the Board and the CEO with respect to the retention of consultants and counsel for litigation purposes and to ensure that the Board receives regular updates with regard to ongoing litigation and other legal matters..

**MOTION**

Motion: It is hereby moved that the Board of Directors amend Section II(B)(8) and add new Section II(C)(1)(h) to Board Policy 106, to read as follows:

8. Consultants

To select and retain consultants, including law firm(s) or attorneys to represent the Association on routine legal matters. However, the full Board of Directors reserves the right to approve or disapprove the selection of law firms or attorneys for routine legal matters by the Chief Executive Officer or General Counsel of the Association.

The selection and retention of any consultants working in areas which affect the functions of the Board also requires the prior approval by motion or resolution of the Board of Directors.

## Non-routine Legal Matters

The selection and retention of law firm(s) or attorneys to represent the Association on non-routine legal matters, and of the firm performing the independent financial audit, requires the prior approval by motion or resolution of the Board of Directors. Law firms or attorneys retained for non-routine legal will report directly to the Board of Directors. Professional services contracts will reflect this.

If, in order to protect the interests of the Association, the Association needs to appoint legal counsel to represent the Association on a non-routine legal matter before a Board of Directors meeting on the issue can reasonably be held, the Chairman of the Board of Directors, after the opportunity to consult with the Chief Executive Officer or General Counsel of the Association, shall have the authority to make such appointment, subject to the ratification of said appointment by the full Board of Directors at its next meeting. In the event the Chairman of the Board is unavailable, the Vice Chairman of the Board of Directors, after the opportunity to consult with the Chief Executive Officer or General Counsel of the Association, shall have the authority to make such appointment, subject to ratification of said appointment by the full Board of Directors at its next meeting.

## Definition of Routine Legal Matters

For the purposes of this subsection, the term “routine legal matters” shall include, by way of example, collection actions by the Association against members for unpaid service or assessments, actions for breaches of utility extension agreements, public or private right-of-way or easement litigation, actions for damages to Association transmission or generation facilities, actions to prevent unauthorized or dangerous excavation near Association transmission or generation facilities, responses to formal or informal service complaints against the Association filed by non-utility customers at the Regulatory Commission of Alaska (“RCA”), and filing at RCA of fuel cost rate adjustments.

## Definition of Non-Routine Legal Matters

For the purposes of this subsection, the term “non-routine legal matters” shall include, by way of example, matters involving labor negotiations or unfair labor practice complaints, actions by the Association against current or former agents, employees, officers or directors, or vice versa, rate cases and tariff rule changes involving more than fuel cost adjustments, environmental claims, and claims by or against other public utilities or public entities.

Section II(C)(1)(h):

- h. To monitor and report to the Board of Directors on the Association's routine and non-routine legal matters (as defined in Section II(B)(8) above), to supervise the Association's legal counsel in connection with routine legal matters, and to assist the Board of Directors in supervising such non-routine legal matters as are approved by motion or resolution of the Board of Directors.
- i. A monthly report will be prepared and submitted to the Board of Directors on all pending routine legal matters. This report will also show the legal fees incurred to date.