



CHUGACH ELECTRIC ASSOCIATION, INC.
ANCHORAGE, ALASKA

SPECIAL BOARD OF DIRECTORS' MEETING

AGENDA

Bettina Chastain, Chair
Susan Reeves, Vice Chair
Rachel Morse, Treasurer
Stuart Parks, Secretary

Harry T. Crawford, Jr., Director
Jim Henderson, Director
Harold Hollis, Director

September 3, 2019

6:00 p.m.

Chugach Boardroom

- I. CALL TO ORDER (6:00 p.m.)
 - A. Pledge of Allegiance
 - B. Roll Call
- II. APPROVAL OF THE AGENDA*
- III. PERSONS TO BE HEARD
 - A. Member Comments
- IV. CONSENT AGENDA (none)
- V. CEO REPORTS AND CORRESPONDENCE (none)
- VI. DIRECTOR REPORTS (none)
- VII. UNFINISHED BUSINESS (none)
- VIII. NEW BUSINESS (none)
- IX. EXECUTIVE SESSION* (scheduled) 6:05 p.m.)
 - A. Amendment to Asset Purchase Agreement (APA) (6:05 p.m.)
 - B. Amendment to the Payment in Lieu of Taxes Agreement (PILT) (6:35 p.m.)
 - C. Matanuska Electric Association, Inc., (MEA) Operations and Exchange Agreement (7:05 p.m.)
- X. NEW BUSINESS* (scheduled) (7:50 p.m.)
 - A. Approve Amendments to Asset Purchase Agreement (APA) and Payment in Lieu of Taxes (PILT)** (Thibert/Miller) (7:50 p.m.)
 - B. MEA Operations and Exchange Agreement* (Thibert/Miller) (8:00 p.m.)
- XI. DIRECTOR COMMENTS (8:05 p.m.)
- XII. ADJOURNMENT* (8:10 p.m.)

* Denotes Action Items

** Denotes Possible Action Items

9/4/2019 12:24:22 PM

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

SPECIAL BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY

September 3, 2019

ACTION REQUIRED

AGENDA ITEM NO. X.A.

Information Only
 Motion
 Resolution
 Executive Session
 Other

TOPIC

Approve Amendment to Asset Purchase Agreement (APA) and the Payment in Lieu of Taxes

DISCUSSION

As discussed in Executive Session.

MOTION

Move that the Board of Directors authorize the Chief Executive Officer to execute the Amendment to Asset Purchased Agreement (APA) and the Payment in Lieu of Taxes as discussed in Executive Session and per the Resolution.

RESOLUTION

Amendments to Asset Purchase Agreement and PILT Agreement related to the Acquisition of Anchorage Municipal Light & Power

WHEREAS, on December 19, 2018, the Chugach Electric Association, Inc. (“Chugach”) Board of Directors authorized the Chief Executive Officer to execute and deliver the Asset Purchase Agreement (“APA”), the Eklutna Power Purchase Agreement, the Beluga River Unit Fuel Agreement, and the Payment in Lieu of Taxes Agreement (“PILT Agreement”) (collectively, the “Transaction Agreements”) by and among Chugach and the Municipality of Anchorage (“MOA”) (Resolution No. 12 01 18);

WHEREAS, Chugach and the MOA have agreed to certain modifications to the APA and the PILT Agreement (“Transaction Amendments”);

WHEREAS, the APA amendment establishes a price adjustment mechanism to effectuate the intent of the parties that Municipal Light & Power’s (“ML&P”) net book value of assets upon Close would be equal to \$715.4 million. In this regard, to the extent ML&P’s net book value of assets upon Close is below \$715.4 million, the Upfront Payment will be reduced by the difference between \$715.4 million and the net book value calculated at Close. To the extent ML&P’s net book value of assets upon Close is greater than \$715.4 million, the Upfront Payment will be increased by the difference between the net book value calculated at Close and \$715.4 million;

WHEREAS, as a result of the APA amendment, the Upfront premium Chugach is paying to the MOA above net book value shall be fixed at \$48.7 million;

WHEREAS, the APA amendment also establishes a mechanism through which Anchorage Water and Waste Water Utility (“AWWU”) can pay or provide replacement energy for energy generation lost with respect to AWWU’s taking of water allocation. To the extent energy is replaced in kind, such provision of replacement energy shall be subject to Chugach’s interconnection tariff provisions;

WHEREAS, the PILT amendment clarifies and effectuates the original intent of the parties with respect to the calculation of Chugach’s annual PILT payment obligation to be substantially the same as the current Municipal Utilities Service Assessment (“MUSA”) charge to ML&P;

WHEREAS, Chugach management has represented that these Transaction Amendments are in the best interests of Chugach and do not negatively impact Chugach’s ability to achieve a minimum utility net savings of \$110 million net present value over 40 years as a result of the transaction;

WHEREAS, the Board of Director previously authorized the Chief Executive Officer to execute the Transaction Agreements without substantive changes from the form attached to Resolution 12 01 18 and further authorized the Chief Executive Officer to take all such other actions as he deems necessary, desirable, advisable or appropriate to consummate, effectuate, carry out or further the transactions contemplated by, and the intent and purposes of, the Resolution 12 01 18;

WHEREAS, Chugach management has represented that the Transaction Amendments do not constitute substantial changes from the original form of the APA and the PILT Agreement;

NOW THEREFORE BE IT RESOLVED, the Board of Directors authorizes the Chief Executive Officer to execute and deliver the Transaction Amendments in substantially the same form as described above and discussed in executive session;

BE IT FURTHER RESOLVED, that following execution and delivery of the Transaction Amendments, the Chief Executive Officer be, and hereby is, authorized and empowered to take such further action and to execute and deliver (or delegate the execution and delivery of) all such further agreements, certificates, instruments and documents, in the name and on behalf of Chugach; to pay or cause to be paid all expenses; to take all such other actions as the Chief Executive Officer shall deem necessary, desirable, advisable or appropriate to consummate, effectuate, carry out or further the transactions contemplated by, and the intent and purposes of, the foregoing resolutions; and that any and all such actions heretofore or hereafter taken by the Chief Executive Officer hereby are, adopted, affirmed, approved, and ratified in all respects as the act and deed of Chugach Electric Association, Inc.

CERTIFICATION

I, Stuart Parks, do hereby certify that I am the Secretary of Chugach Electric Association, Inc., an electric non-profit cooperative membership corporation organized and existing under the laws of the State of Alaska: that the foregoing is a complete and correct copy of a resolution adopted at a meeting of the Board of Directors of this corporation, duly and properly called and held on the 3rd day of September, 2019; that a quorum was present at the meeting; that the resolution is set forth in the minutes of the meeting and has not been rescinded or modified.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of this corporation the 3rd day of September, 2019.

Secretary

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

SPECIAL BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY

September 3, 2019

ACTION REQUIRED

AGENDA ITEM NO. X.B.

Information Only
 Motion
 Resolution
 Executive Session
 Other

TOPIC

MEA Operations and Exchange Agreement

DISCUSSION

As discussed in Executive Session.

MOTION

Move that the Board of Directors authorize the Chief Executive Officer to execute the Matanuska Electric Association, Inc., (MEA) Operations and Exchange Agreement as discussed in Executive Session.

RESOLUTION

Memorandum of Understanding between Chugach Electric Association, Inc. and Matanuska Electric Association, Inc.

WHEREAS, the Anchorage Assembly approved Resolution AR No. 2017-235 on June 13, 2017 urging Chugach Electric Association, Inc. (Chugach), the Municipality of Anchorage (MOA), and Anchorage Municipal Light & Power (ML&P) to initiate substantive steps to explore merger opportunities;

WHEREAS, on January 9, 2018, the Anchorage Assembly approved resolution AR No. 2018-21 that stated its expectations for Chugach to work with Matanuska Electric Association, Inc. (MEA) to ensure MEA customers within the MOA benefit from cost savings and power reliability in connection with Chugach's purchase of ML&P;

WHEREAS, on January 23, 2018, the Anchorage Assembly approved Ordinance AO No. 2018-1(S), finding the sale of ML&P to Chugach is in the public interest and submitting to Anchorage voters a charter amendment authorizing the assets and business of ML&P to be sold to Chugach;

WHEREAS, on April 3, 2018, the voters in the Municipal election approved the ballot proposition authorizing the MOA to move forward on the activities that could lead to a sale of ML&P assets to Chugach;

WHEREAS, Chugach and the MOA have negotiated four transaction agreements entitled, "Asset Purchase Agreement", "Eklutna Power Purchase Agreement", "Payment in Lieu of Taxes Agreement", and "BRU Fuel Agreement";

WHEREAS, on October 24, 2018, the Chugach Board of Directors authorized Chugach's Chief Executive Officer to sign the four transaction agreements upon certain conditions being met, and these agreements are expected to be signed by December 31, 2018;

WHEREAS, On November 4, 2018, Chugach and MEA entered into a non-binding Memorandum of Understanding that identify the terms and conditions consistent with Resolution AR No. 2018-21;

WHEREAS, Chugach and MEA negotiated an Operating and Exchange Agreement (Agreement) consistent with the terms and conditions of the non-binding Memorandum of Understanding dated November 29, 2018.;

WHEREAS, the obligations of Chugach and MEA incorporated in the Agreement are subject to and conditioned upon (1) the successful closing of Chugach's acquisition of ML&P; and (2) the receipt of all necessary regulatory approvals;

WHEREAS, Chugach management has recommended that the Chugach Board of Directors authorize the Chief Executive Officer to execute the Operations and Exchange Agreement substantially in the form attached hereto as Exhibit A; and,

WHEREAS, the Chugach Board of Directors has reviewed all materials, information, and recommendations provided to it by Chugach management and has determined that the transactions encompassed by the Operations and Exchange Agreement satisfy the expectations of Anchorage Assembly resolution AR No. 2018-21.

NOW THEREFORE BE IT RESOLVED, the Board of Directors authorizes the Chief Executive Officer to execute and deliver the Operations and Exchange Agreement substantially in the form attached hereto as Exhibit A;

CERTIFICATION

I, Stuart Parks, do hereby certify that I am the Secretary of Chugach Electric Association, Inc., an electric non-profit cooperative membership corporation organized and existing under the laws of the State of Alaska: that the foregoing is a complete and correct copy of a resolution adopted at a meeting of the Board of Directors of this corporation, duly and properly called and held on the 3rd day of September, 2019; that a quorum was present at the meeting; that the resolution is set forth in the minutes of the meeting and has not been rescinded or modified.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of this corporation on the 3rd day of September, 2019.

Secretary