

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

**May 12, 2010**

**BOARD OF DIRECTORS'**  
**AUDIT COMMITTEE MEETING MINUTES**

Committee Members in Attendance: PJ Hill, Chair  
Pat Kennedy, Vice Chair (*arrived at 3:33 p.m.*)  
Jim Nordlund (*arrived at 3:33 p.m.*)  
Susan Reeves  
Rebecca Logan

Other Members Present: Janet Reiser  
Elizabeth Vazquez (*arrived at 3:44 p.m.*)

Guest in Attendance: Michael Hayhurst, KPMG

Staff in Attendance:

Brad Evans	Tom Schulman	Ed Jenkin
Dave Smith	Mike Cunningham	Mark Johnson
Tyler Andrews	Arthur Miller	Lee Thibert
Felix Melendez	Sherri McKay-Highers	Kathy Harris
Connie Owens	Bill Bernier	

Recording Secretary: Paula Neas-Arnold, Executive Secretary

**I. Convene Meeting**

Chair Hill convened the Audit Committee Meeting to order at 3:30 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

**II. Executive Session**

*None.*

**III. Approval of Agenda**

Director Logan moved and Director Reeves seconded the motion to approve the Agenda. The motion passed unanimously as amended.

**IV. Approval of Minutes**

*a. March 3, 2010 (Knight-Scott)*

Director Logan moved and Director Reeves seconded the motion to approve the meeting minutes of March 3, 2010. The motion passed unanimously.

**V. Customer Comments**

a. *Wholesale Customer Comments*  
*None.*

b. *Member Comments*  
*None.*

**VI. Election of a Vice Chairman – Audit Committee**

Director Logan moved and Chair Hill seconded the motion to nominate Director Reeves for Vice Chairman of the Audit Committee. Director Reeves nominated Director Kennedy. Director Logan rescinded her motion and seconded the motion to appoint Director Kennedy as the Vice Chairman of the Audit Committee. Chair Hill called for the vote and the motion passed unanimously.

**VII. March Financial Statements**

Kathy Harris, Manager, General Accounting, presented the March Financial Statements and answered questions from the Committee.

**VIII. 1<sup>ST</sup> Quarter Review**

Michael Hayhurst with KPMG gave a presentation on the 1<sup>st</sup> Quarter Review and answered questions from the Committee.

**IX. 401K Audit Services**

Michael Hayhurst with KPMG gave a presentation on the 401K Audit Services and answered questions from the Committee.

Director Logan moved and Director Kennedy seconded the motion that the Audit Committee recommend the Board of Directors approve the retention of KPMG, LLC for the 401K audit services. The motion passed unanimously.

**X. Correspondence**

*None.*

**XI. Executive Session**

Director Logan moved and Director Kennedy seconded the motion that pursuant to Alaska Statute 10.25.175 (c) (1) the Audit Committee go into executive session to discuss matters the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative as it relates to the review of the Association's First Quarter, 2010 Securities and Exchange Commission 10Q filing.

The matter to be discussed is the review of the First Quarter, 2010 SEC Form 10Q.

The motion passed unanimously.

The Committee went into Executive Session at 3:50 p.m. The Committee resumed in open session at 4:03 p.m.

**XII. Director Comments**

*Director comments were not recorded but summarized.*

**Director Logan:** “No comment.”

**Director Reeves:** “No comment.”

**Director Nordlund:** “No comment.”

**Director Kennedy:** “No comment.”

**Chair Hill:** “Welcomed Director Reeves to Chugach Electric and thanked Kathy Harris for her presentation.”

**XIII. Adjournment**

Director Logan moved and Director Reeves seconded the motion to adjourn. The meeting adjourned at 4:05 p.m.

DRAFT