

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

FINANCE / BUDGET COMMITTEE
MEETING MINUTES

October 21, 2008

Committee Members in Attendance: P.J. Hill, Chair
Jeff Lipscomb
Elizabeth Vazquez (arrived at 5:12 p.m.)
Rebecca Logan
Alex Gimarc

Other Directors Present: Janet Reiser

Staff and Guest in Attendance:

Brad Evans	Carol Johnson	Dave Smith
Tyler Andrews	Dan Knecht	Phil Steyer
Renee Curran	Jennifer McDonald	Lee Thibert
Suzanne Gibson	Divina Portades	Ken Thomas
Carol Heyman	Paul Risse	Ron Vecera
Ed Jenkin	Tom Schulman	Ken Thomas

Recording Secretary: DeAnna Scott, Executive Assistant

I. Convene Meeting

Chair Hill called the Finance Committee to order at 4:00 p.m. in the Training Room of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

II. Executive Session (none)

III. Approval of Agenda

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

IV. Approval of Minutes

None.

V. Customer Comments

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

VI. 2008 Operating Budget

a. Introduction – Bradley Evans

Bradley Evans, Chief Executive Officer, stated that the presentations tonight would include an overview of the Operating, Corporate, and Finance budgets.

- b. *2009 Operating Budget Overview – Mike Cunningham*
Mike Cunningham, Sr. V.P., Finance and Chief Financial Officer, gave a presentation on the 2009 Operating Budget and answered questions from the Committee.
- c. *2009 Corporate Operating Budget – Bradley Evans*
Bradley Evans, Chief Executive Officer, gave a presentation on the 2009 Corporate Budget and answered questions from the Committee.
- i. *Board of Directors*
Bradley Evans, Chief Executive Officer, gave a brief overview on the Board of Directors Budget and responded to questions from the Committee. Chair Hill requested to have a list of the Board of Directors' Professional Services be provided in detail.
- ii. *Chief Executive Office*
Bradley Evans, Chief Executive Office, gave a brief overview on the Executive Office Budget and answered questions from the Committee.
- iii. *General Counsel*
Carol Johnson, General Counsel, gave a brief overview on General Counsel's Budget and answered questions from the Committee.
- iv. *Human Resources*
Tyler Andrews, Vice President, Human Resources, gave a brief overview on the Human Resources Budget and answered questions from the Committee.
- d. *2009 Administration Operating Budget – Dave Smith*
Dave Smith, Vice President, Administration, gave an overview on the 2009 Administration Operating Budget and answered questions from the Committee.

Chair Hill left the meeting at 5:21 p.m. and returned at 5:23 p.m.

Director Logan left the Finance Committee meeting at 5:45 p.m.

The Committee took a break at 5:39 p.m. and reconvened the meeting at 5:49 p.m.

- e. *2009 Finance Operating Budget – Mike Cunningham*
Mike Cunningham, Sr. V.P., Finance and Chief Financial Officer, gave a presentation on the 2009 Finance Operating Budget and answered questions from the Committee.
- f. *2009 Strategic Planning & Corporate Affairs Operating Budget – Lee Thibert*
Lee Thibert, Sr. V.P, Strategic Planning & Corporate Affairs, gave a presentation on the 2009 Strategic Planning & Corporate Affairs Operating Budget and answered questions from the Committee.

VII. Correspondence

None.

VIII. Director Comments

Director Lipscomb: "I have a couple of comments also a suggestion when we finish up tonight instead of adjourning we should just recess. We will be back on Thursday, no need to adjourn. Just a recommendation for the Chair to consider. But I would like to see the unbundled 2009 budgets. We've seen it all rolled up - if we could see it unbundled?" *Brad Evans:* "We already have a Statement of Operations." *Sherri McKay-Highers* stated that they were not available in time when the books were delivered (Statement of Operations was passed out to the Directors at this time). **Director Lipscomb:** "I was also looking for the Cash Flow Statement and the Balance Sheet." *Sherri McKay-Highers:* "We haven't done a balance sheet; we normally don't do a balance sheet for the budget so we don't have an unbundled balance sheet...unintelligible..." **Director Lipscomb:** "I think it would be good to see the balance sheet before we do the budget." *Mike Cunningham:* "It may not be that much different that was in the FMP." **Director Lipscomb:** "Oh, that's ok." *Mike Cunningham:* "We have the balance sheet, the unbundled balance sheet in the Financial Management Plan along with the Statement of Cash Flow...unintelligible... I don't think it will be that much different." **Director Lipscomb:** "Ok, just tell us that." *Mike Cunningham:* "It's not going to be that much different". **Director Lipscomb:** "And the other thing, I would like to see is the budgeted FTEs, full time equivalents versus our actuals for the last couples of years. Every year we go through the budget process and we see what the FTE budget is, now we have to report the actuals on the Form 7 - something like that - we do. So, it would be kind of interesting just to - we're budgeting 354 and in years 320?" *Brad Evans:* "That's going to be difficult, we are working on a program right now to try and automate that but, quite frankly, it was on manual and when you look at somebody that was there 60% of the time and 40% vacancy, no body was tracking. So, that person was there fully funded but 40% vacant but it is still a fully funded position. So, I don't know to what level of detail you want it down to, but, that could be quite a very large project." **Director Lipscomb:** "I don't want a large project; I know we report it on the Form 7." *Brad Evans:* "Let me talk to Tyler and see what we can do." **Director Lipscomb:** "See if you guys can't get it" *Brad Evans:* " We'll just start coming up with numbers until we get it. Well it's something that I've wanted and I've talked to Tyler when we brought him on. I said we don't have an automated way to know exactly where we are at any one given moment. It's a manual thing that they went back in there and that's an area where we wanted to make an improvement; so, that we can go in there and say exactly where we're at, we've got this many FTE's approved in the budget, we've got this many temporaries, we've got this many temporaries filling in for FTE's and we've got this many left over vacancies and that kind of thing so that we can get a better reporting on that. That has not been traditionally done here." **Director Lipscomb:** "Another way we can go and skin that cat would be to go back and in every year, we show the labor budget in dollars, can we come back and get that labor actual? I don't know how your accounting is set up." *Sherri McKay-Highers:* "We do have actuals and for 2008, we have them through the latest month we've closed so we would have acutals through September. Of course, we have 2007 actuals."

Director Lipscomb: "Yes, so you compare that to the budget we're seeing this year you've got \$45 million budgeted for labor and if the actual turns out to be \$40 million well I'm assuming that is for vacancies." Brad Evans: "Be a little careful because sometimes you are going to have numbers in there like retro pay and stuff like that and you'll see one year and all of a sudden you'll go - what happened here? And then, that might include pay that went back over a calendar year. Just a cautionary note to throw out there. Sometimes those numbers don't tell you exactly what you're looking for - they might be skewed a little bit so, we'll have to talk about that and see what we come up with short of a large scale project." Director Lipscomb: "Don't make a large scale project. I'm just trying to get a little handle on what kind of vacancy factor and..." Brad Evans: "We will see what we can come up with on a high level and keep drilling it from there." Director Gimarc: "I have a question for Mr. Smith, you're running PeopleSoft for your payroll?" Dave Smith: "Correct". Director Gimarc: "Can you not query payroll for a bunch of the information?" Dave Smith: "Yes and Tyler does calculate it..". Director Gimarc: "Yea it may not be all that ... unintelligible..." Dave Smith: "Right".

Director Reiser: "I have a comment. I think for all the work you put in, lot to think about, and lots to discuss. Appreciate it. One thing I would like, I think, Mr. Smith, could I get an org chart that has names down to like what you would consider the department head level?" *Dave Smith: Yeah sure* Director Reiser: "I am not familiar with everybody who's doing what." *Chair Hill: Could you give that to the whole Board? Dave Smith: Yes. Chair Hill: "I've been here a little longer and I'm getting to know more."* Director Reiser: "It will let you know who is where." *Dave Smith: "I'll get it done, print it up, and have it to you."* Director Reiser: "Thank you."

Director Vazquez: "I'd like to see a breakdown on page 62, we have professional services \$420,500 this year and 2009 Budget \$453,000; I would like to see the specific breakdown." *Chair Hill: Where are you on? Director Vazquez: Page 62, Government Relations. It's been increase by 23%."*

Director Gimarc: "No comment."

Chair Hill: "No comment."

IX. Executive Session – (None)

X. Adjourn

At 6:20 p.m., the Committee recessed until October 23, 2008, at 4:00 p.m.