



CHUGACH ELECTRIC ASSOCIATION, INC.
ANCHORAGE, ALASKA

GOVERNANCE COMMITTEE MEETING

AGENDA

Susan Reeves, Chair
Rachel Morse, Vice Chair

Harry Crawford
Jim Henderson
Bettina Chastain

May 22, 2019

3:45 p.m.

Chugach Board Room

- I. CALL TO ORDER *(3:45 p.m.)*
 - A. *Roll Call*
- II. APPROVAL OF THE AGENDA*
- III. APPROVAL OF THE MINUTES*
 - A. *April 23, 2019 (Portades)*
- IV. PERSONS TO BE HEARD
 - A. *Member Comments*
- V. NEW BUSINESS *(none)*
- VI. EXECUTIVE SESSION *(none)*
- VII. UNFINISHED BUSINESS* *(scheduled) (3:50 p.m.)*
 - A. *Board Policy 307, Interest Rate Risk Management Policy* (Committee)*
- VIII. DIRECTOR COMMENTS *(3:55 p.m.)*
- IX. ADJOURNMENT* *(4:00 p.m.)*

* *Denotes Action Items*

** *Denotes Possible Action Items*

5/22/2019 10:59:44 AM

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

April 23, 2019
Tuesday
8:30 a.m.

GOVERNANCE COMMITTEE MEETING

Recording Secretary: Divina Portades

I. CALL TO ORDER

Chair Reeves called the Governance Committee meeting to order at 8:32 a.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

A. Roll Call

Committee Members Present:

Susan Reeves, Chair

Rachel Morse, Vice Chair *(via teleconference)*

Jim Henderson, Director *(via teleconference)*

Bettina Chastain, Director *(via teleconference)*

Committee Member Absent:

Harry Crawford, Director

Guests and Staff in Attendance:

Sherri Highers

Matthew Clarkson

Connie Owens

Tom Schulman

Julie Hasquet

II. APPROVAL OF THE AGENDA

Director Morse moved and Director Henderson seconded the motion to approve the agenda. The motion passed unanimously.

III. APPROVAL OF MINUTES

A. October 25, 2018

Director Morse moved and Director Chastain seconded the motion to approve the October 25, 2018 meeting minutes. The motion passed unanimously.

IV. PERSONS TO BE HEARD

A. Member Comments

None

V. EXECUTIVE SESSION

None

VI. NEW BUSINESS

A. Board Policy 307, Interest Rate Risk Management Policy (Committee)*

Sherril Highers, CFO and Sr. VP Finance and Administration and Matthew Clarkson, VP General Counsel discussed Board Policy 307, Interest Rate Risk Management Policy and responded to questions from the Committee.

After discussion, Chair Reeves requested that the Committee defer the recommendation to the Board on May 22, 2019, before the scheduled Regular Board of Directors' meeting.

VII. DIRECTOR COMMENTS

No Director Comments were made.

VIII. ADJOURNMENT

At 9:15 a.m., Director Chastain moved and Director Henderson seconded the motion to adjourn. The motion passed unanimously.

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

GOVERNANCE COMMITTEE MEETING
AGENDA ITEM SUMMARY

May 22, 2019

ACTION REQUIRED

AGENDA ITEM NO. VII.A.

Information Only
 Motion
 Resolution
 Executive Session
 Other

TOPIC

Board Policy 307, Interest Rate Risk Management Policy

DISCUSSION

On November 28, 2018, the Chugach Board of Directors approved Board Policy 307, Interest Rate Risk Management Policy, as recommended by the Board Governance Committee on October 25, 2018. Additional detail has been added for clarification, amending the current policy. This proposed amended policy was developed and is consistent with advice provided by bond counsel.

At the April 23, 2019 Governance Committee meeting, Chair Reeves requested that the Committee defer the recommendation until May 22, 2019.

MOTION

Move that the Governance Committee recommend to the Board of Directors that the attached amended Board Policy 307, Interest Rate Risk Management Policy, be adopted by the Board.

CHUGACH ELECTRIC ASSOCIATION, INC.

BOARD POLICY: 207

AUDIT AND FINANCE COMMITTEE

I. PURPOSE

The purpose of the Audit and Finance Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing the Association's systems of internal controls regarding finance, accounting, and legal compliance and the Association's auditing, accounting and financial reporting processes, results and reports. The Audit and Finance Committee's responsibilities are to:

- A. Act consistent with the Association's Board Policy 100, *Code of Ethics*, in particular to create, promote and maintain a culture of honesty and high ethical standards.
- B. Review and oversee the Association's financial reporting process, results and reports as they apply to internal controls to prevent, deter and detect fraud.
- C. Review the performance of the Association's independent registered public accounting firm ("independent auditor" or "auditor").
- D. Ensure open communication between the Association's independent auditor, management and the Board of Directors.

The Audit and Finance Committee shall also:

- A. Make recommendations to the Board regarding Section II. B. of Board Policy 103.
- B. Review annually, objectives and goals in areas assigned to this Committee and makes appropriate recommendations to the Board.
- C. Review and complete such other matters as may be specifically assigned to it by the Board.

The Audit and Finance Committee will fulfill these responsibilities as enumerated in Section III of this Policy.

II. COMPOSITION

The Audit and Finance Committee shall be comprised of three or more directors as determined by the Board. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Association or an outside consultant or other programs. The Committee may also retain the services of a qualified accounting professional with auditing expertise to assist it in the performance of its responsibilities.

The Board Chair shall appoint the Board Treasurer as Audit and Finance Committee chairperson. The Audit and Finance Committee shall elect from its membership a vice chair and appoint a recording secretary as needed.

III. RESPONSIBILITIES

The responsibilities of the Committee are to:

1. Recommend to the Board of Directors the selection of the independent auditor, it being understood that the Board of Directors has the ultimate authority and responsibility to select, evaluate and, where appropriate, replace the independent auditor.
2. Receive annually a report of, and review and discuss with the independent auditor, all significant relationships they have with the Association, including the fees and other compensation paid to them, to verify their independence.
3. Ensure the receipt of, and evaluate the written disclosures and the letter that the independent auditor submits to the Audit and Finance Committee regarding the auditor's independence in accordance with Independence Standards Board Standard No. 1, discuss such reports with the auditor and, if so determined by the Audit and Finance Committee in response to such reports, recommend that the Board of Directors take appropriate action to address issues raised by such evaluation.
4. Discuss with the independent auditor the matters required to be discussed by applicable auditing standards.
5. Instruct the independent auditor that the Committee expects to be advised if there are any areas that require special attention.
6. Meet with management and the independent auditor to discuss the annual financial statements and the report of the independent auditor thereon, and to discuss significant issues encountered in the course of the audit work, including

restrictions on the scope of activities, access to required information and the adequacy of internal financial controls.

7. Review the management letter delivered by the independent auditor in connection with the audit.
8. Following such reviews and discussions, if so determined by the Audit and Finance Committee, recommend to the Board of Directors that the annual financial statements be included in the Association's annual report.
9. Meet quarterly with management and the independent auditor to review and discuss the quarterly financial statements prior to the filing of the Form 10Q, if applicable, and meet annually with management and the independent auditor to review and discuss the annual financial statements and, if applicable, prior to filing of the Form 10K.
10. At least annually, meet with the independent auditor out of the presence of management to discuss internal controls and to review the fullness and accuracy of the Association's financial statements.
11. When necessary, meet in separate executive sessions with management and the independent auditor to discuss matters the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative, or when such an executive session would otherwise be necessary to comply with the open meeting requirements of the Association.
12. Have such meetings with management, the independent auditor and the internal auditor, if applicable, as the Audit and Finance Committee deems appropriate, to discuss significant financial risk exposures facing the Association, and steps management has taken or should be taken to monitor and control such exposures.
13. Review the scope and results of internal audits, if applicable.
14. Evaluate the performance of the independent auditor and, if so determined by the Audit and Finance Committee, recommend to the Board of Directors replacement of the independent auditor.
15. At the request of Association counsel, review with Association counsel legal and regulatory procedures that may have a significant impact on the Association's financial statements, compliance policies or programs.
16. Conduct or authorize such inquiries into matters within the Committee's scope of responsibility as the Committee deems appropriate.

17. Provide minutes of Audit and Finance Committee meetings to the Board of Directors, and report to the Board of Directors on any significant matters arising from the Committee's work.
18. Review with the independent auditors and management the extent to which any changes or improvements in financial or accounting practices, as recommended by the independent auditors and approved by the Board, have been implemented.
19. At least annually, review and reassess this Policy and, if appropriate, recommend proposed changes to the Board of Directors.

Date Approved: May 22, 2019

Attested: _____
Stuart Parks
Secretary of the Board

In the performance of its responsibilities, the Audit and Finance Committee is a representative of the members. However, it is not the responsibility of the Audit and Finance Committee to plan or conduct audits, or to determine whether the Association's financial statements are complete and accurate or in accordance with generally accepted accounting principles. It is not the responsibility of the Audit and Finance Committee to conduct inquiries, to resolve disagreements, if any, between management and the independent auditor, or to assure compliance with laws, regulations or any company compliance policies or programs.

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- A. Act consistent with the Association's Board Policy 100, *Code of Ethics*, in particular to create, promote and maintain a culture of honesty and high ethical standards.
- B. Review and oversee the Association's financial reporting process, results and reports as they apply to internal controls to prevent, deter and detect fraud.
- C. Review the performance of the Association's independent registered public accounting firm ("independent auditor" or "auditor").
- D. Ensure open communication between the Association's independent auditor, management and the Board of Directors.

The Audit and Finance Committee shall also:

- A. Make recommendations to the Board regarding Section II. B. of Board Policy 103.
- B. Review annually, objectives and goals in areas assigned to this Committee and makes appropriate recommendations to the Board.
- C. Review and complete such other matters as may be specifically assigned to it by the Board.

The Audit and Finance Committee will fulfill these responsibilities as enumerated in Section III of this Policy.

II. COMPOSITION

The Audit and Finance Committee shall be comprised of three or more directors as determined by the Board. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Association or an outside consultant or other programs. The Committee may also retain the services of a qualified accounting professional with auditing expertise to assist it in the performance of its responsibilities.

The Board Chair shall appoint the Board Treasurer as Audit and Finance Committee chairperson. The Audit and Finance Committee shall elect from its membership a vice chair and appoint a recording secretary as needed.

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4. Discuss with the independent auditor the matters required to be discussed by ~~SAS 61~~ applicable auditing standards AS 1301, as it may be modified or supplemented.
5. Instruct the independent auditor that the Committee expects to be advised if there are any areas that require special attention.
6. Meet with management and the independent auditor to discuss the annual financial statements and the report of the independent auditor thereon, and to discuss significant issues encountered in the course of the audit work, including

restrictions on the scope of activities, access to required information and the adequacy of internal financial controls.

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12. Have such meetings with management, the independent auditor and the internal auditor, if applicable, as the Audit and Finance Committee deems appropriate, to discuss significant financial risk exposures facing the Association, and steps management has taken or should be taken to monitor and control such exposures.
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Date Approved: May 25~~2~~, 201~~6~~9

Attested: _____
~~Stuart Parks~~ Bruce M. Dougherty
Secretary of the Board

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