

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

**November 6, 2018**  
**Tuesday**  
**4:00 p.m.**

**AUDIT AND FINANCE COMMITTEE MEETING**

Recording Secretary: Divina Portades

**I. CALL TO ORDER**

Chair Morse called the Audit and Finance Committee meeting to order at 4:02 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

*A. Roll Call*

*Committee Members Present:*

Rachel Morse, Chair  
Harold Hollis, Vice Chair  
Susan Reeves, Director (*via teleconference*)  
Jim Henderson, Director (*via teleconference*)  
Bettina Chastain, Director (*via teleconference*)

*Other Board Member Present:*

Harry Crawford, Director  
Stuart Parks, Director

*Guests and Staff in Attendance:*

Lee Thibert	Connie Owens	Jody Wolfe
Sherri Highers	Andrew Laughlin	Renee Curran
Arthur Miller	Ron Vecera	Beth Stuart, KPMG
Matthew Clarkson	Dustin Highers	
Paul Risse	Josh Travis	

**II. APPROVAL OF THE AGENDA**

Director Hollis moved and Director Henderson seconded the motion to approve the agenda as amended. The motion passed unanimously.

**III. APPROVAL OF THE MINUTES**

Director Hollis moved and Director Reeves seconded the motion to approve the August 8, 2018, Audit and Finance Committee Meeting minutes. The motion passed unanimously.

**IV. PERSONS TO BE HEARD**

- A. Member Comments*  
None

## V. CEO REPORTS AND CORRESPONDENCE

- A. *3<sup>rd</sup> Quarter 2018 Financial Statements and Variance Report (Harris/Curran)*  
The 3<sup>rd</sup> Quarter 2018 Financial Statements and Variance Report were provided in the meeting packet.

Kathy Harris, Sr. Manager, Accounting and Sherri Highers, Chief Financial Officer (CFO) and VP, Finance and Administration responded to questions from the Committee.

- B. *3<sup>rd</sup> Quarter 2018 Operating Budget Status Report (Curran)*  
The 3<sup>rd</sup> Quarter 2018 Operating Budget Status Report was provided in the meeting packet.

Sherri Highers, CFO and VP, Finance and Administration responded to questions from the Committee.

- C. *3<sup>rd</sup> Quarter 2018 Capital Tracking Report (Curran)*  
The 3<sup>rd</sup> Quarter 2018 Capital Tracking Report was provided in the meeting packet.

Sherri Highers, CFO and VP, Finance and Administration gave an overview on the 3<sup>rd</sup> Quarter 2018 Capital Tracking Report and responded to questions from the Committee.

- D. *3<sup>rd</sup> Quarter 2018 Contract Status Report (Vecera)*  
The 3<sup>rd</sup> Quarter 2018 Contract Status Report was provided in the meeting packet.

Sherri Highers, CFO and VP, Finance and Administration gave an overview on the 3<sup>rd</sup> Quarter 2018 Contract Status Report.

- E. *Employees 401k Plan Audit (Andrews)*  
The Employees 401k Plan Audit was provided in the meeting packet.

Sherri Highers, CFO and VP, Finance and Administration gave an overview on the Employees 401k Plan Audit.

## VI. NEW BUSINESS

- A. *Recommendation on Discounting for 2019 Capital Credit Payments\* (Highers)*  
*This agenda item was approved after Agenda VI.B.*

Sherri Highers, CFO and VP, Finance and Administration gave an overview on the Discounting for 2019 Capital Credit Payments and responded to questions from the Committee.

Director Hollis moved and Director Reeves seconded the motion that the Audit and Finance Committee recommend the Board of Directors approve the

resolution authorizing early (discounted) capital credit payments for 2019 not to exceed 300,000. The motion passed unanimously.

*B. 3<sup>rd</sup> Quarter 2018 Financial Information (Harris)*

Kathy Harris, Sr. Manager, Accounting discussed the 3<sup>rd</sup> Quarter 2018 Financial Information and responded to questions from the Committee.

**VII. EXECUTIVE SESSION**

*A. Strategic Planning*

- 1. KPMG 3<sup>rd</sup> Quarter 2018 Review*
- 2. Board and Auditor Discussion*
- 3. Review Chugach's 2018 Audit Plan*
- 4. September 30, 2018, SEC Form 10Q Review*

At 4:36 p.m., Director Hollis moved and Director Reeves seconded the motion that pursuant to Alaska Statute 10.25.175 (c)(1), the Audit and Finance Committee go into executive session to discuss financial matters, the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative. The motion passed unanimously.

The meeting reconvened in open session at 5:54 p.m.

**VIII. NEW BUSINESS**

*A. September 30, 2018, SEC Form 10Q Filing\* (Curran)*

Director Hollis moved and Director Reeves seconded the motion seconded the motion that Audit and Finance Committee recommend management file the Securities and Exchange Commission Form 10Q by the due date incorporating any amendments to the document which will be reviewed and approved by KPMG. Ms. Stuart and Ms. Highers will immediately inform the Board, in writing, of any material or significant changes. The motion passed unanimously.

**IX. DIRECTOR COMMENTS**

Comments were made at this time.

**X. ADJOURNMENT**

At 6:00 p.m., Director Hollis moved and Director Reeves seconded the motion to adjourn. The motion passed unanimously.