

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

March 25, 2019
Monday
4:00 p.m.

AUDIT AND FINANCE COMMITTEE MEETING

Recording Secretary: Arden Quezon

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 (*arrived at 4:09 p.m.*)
Bettina Chastain, Director

Other Board Member Present:

Harry Crawford, Director
Stuart Parks, Director

Guests and Staff in Attendance:

Lee Thibert	Arthur Miller	Debra Caldwell
Sherri Highers	Mark Fouts	Andrew Laughlin
Paul Risse	Julie Hasquet	Elizabeth Stuart, KPMG
Tyler Andrews	Jody Wolfe	Mike Hayhurst, KPMG
Mark Fouts	Kathy Harris	Melissa Beedle, KPMG
Matt Clarkson	Renee Curran	

II. APPROVAL OF THE AGENDA

Director Hollis moved and Director Chastain seconded the motion to approve the agenda. The motion passed unanimously.

Director Henderson was not present at the time of the vote.

III. APPROVAL OF THE MINUTES

Director Hollis moved and Director Chastain seconded the motion to approve the December 10, 2018, Audit and Finance Committee Meeting minutes. The motion passed unanimously.

Director Henderson was not present at the time of the vote.

IV. PERSONS TO BE HEARD

- A. *Member Comments*
None

V. CEO REPORTS AND CORRESPONDENCE

- A. *4th Quarter 2018 Capital Tracking Report (Curran)*
Chair Morse discussed the 4th Quarter 2018 Capital Tracking Report.
- B. *4th Quarter 2018 Operating Budget Status Report (Curran)*
The 4th Quarter 2018 Operating Budget Status Report was provided in the meeting packet.
- C. *4th Quarter 2018 Contract Status Report (Vecera)*
The 4th Quarter 2018 Contract Status Report was provided in the meeting packet and Ron Vecera, Sr. Manager Risk Management & Administrative Services and responded to questions from the Committee.
- D. *2018 Year-End Financial Statements and Variance Report (Harris/Curran)*
The 2018 Year-End Financial Statements and the Variance Report were provided in the meeting packet.

VI. NEW BUSINESS

- A. *2018 Year-End Financial Information (Harris)*
Kathy Harris, Sr. Manager, General Accounting discussed the 2018 Year-End Financial Information and responded to questions from the Committee.

Director Henderson arrived at 4:09 p.m.

VII. EXECUTIVE SESSION

- A. *Strategic Planning*
- i. *Review and Accept the 2017 Independent Audited Financial Statements*
 - ii. *December 31, 2017, SEC Form 10K Review*

At 4:18 p.m., Director Hollis moved and Director Chastain seconded the motion that pursuant to Alaska Statute 10.25.175(c)(1) and (3) the Board of Directors' Audit and Finance Committee go into executive session to: 1) discuss and receive reports regarding financial matters, the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative; and, 2) discuss legal matters with its attorneys, the immediate knowledge of which could have an adverse effect on the legal position of the cooperative. The motion passed unanimously.

The meeting reconvened in open session at 6:44 p.m.

VIII. NEW BUSINESS

A. *Accept the 2018 Independent Audited Financial Statements* (KPMG)*

Director Hollis moved and Director Henderson seconded the motion that the Audit and Finance Committee recommend the Board of Directors approve the 2018 Independent Audited Financial Statements of Chugach Electric Association, Inc. and footnotes as presented by KPMG and management. The motion passed unanimously.

Director Reeves was not present at the time of the vote.

B. *December 31, 2018, SEC Form 10K Filing* (Curran)*

Director Chastain moved and Director Henderson seconded the motion that the Audit and Finance Committee recommend to the Board of Directors that management file the Securities and Exchange Commission Form 10K 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.

Director Reeves was not present at the time of the vote.

C. *Pre-Approval of KPMG for FY2019 Audit Services* (Highers)*

Director Hollis moved and Director Chastain seconded the motion that the Audit and Finance Committee recommend the Board of Directors approve the retention of KPMG for audit services for FY2019 in accordance with the fees outlined in KPMG's contract, due to expire April 15, 2021. The motion passed unanimously.

Director Reeves was not present at the time of the vote.

D. *Capital Credit Retirement* (Highers)*

Director Chastain moved and Director Henderson seconded the motion that the Audit and Finance Committee recommend the Board of Directors approve a capital credit retirement as discussed in executive session. The motion passed unanimously.

Director Reeves was not present at the time of the vote.

E. *Commercial Paper Backstop Facility* (Highers)*

Director Hollis moved and Director Henderson seconded the motion that the Audit and Finance Committee recommend the Board of Directors' authorize the Chief Executive Officer (CEO) to negotiate fees and finalize the terms and conditions of the renewal of Chugach's Commercial Paper Backstop Facility as discussed in executive session. The agreement will remain confidential until finalized. The motion passed unanimously.

Director Reeves was not present at the time of the vote.

IX. DIRECTOR COMMENTS

Comments were made at this time.

X. ADJOURNMENT

At 6:51 p.m., Director Chastain moved and Director Hollis seconded the motion to adjourn. The motion passed unanimously.

Director Reeves was not present at the time of the vote.