

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

**May 8, 2019**  
**Wednesday**  
**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 (*arrived at 4:03 p.m.*)  
Susan Reeves, Director (*via teleconference*)  
Jim Henderson, Director (*via teleconference*)

*Other Board Member Present:*

Harry Crawford, Director  
Stuart Parks, Director

*Excused Absence:*

Bettina Chastain, Director

*Guests and Staff in Attendance:*

Lee Thibert	Jody Wolfe	Andrew Laughlin
Sherri Highers	Kathy Harris	Ron Vecera
Paul Risse	Renee Curran	Julie Hasquet
Arthur Miller	Theresa Quigley	Mike Hayhurst, KPMG
Matt Clarkson	Jean Kornmuller	Anna Shcheglyuk, KPMG
Connie Owens	Debra Caldwell	

**II. APPROVAL OF THE AGENDA**

Director Reeves moved and Director Henderson seconded the motion to approve the agenda.

Chair Morse requested to add Rating Agency update under executive session. No objections were made. The motion passed unanimously as amended.

*Director Hollis arrived at 4:03 p.m.*

### **III. APPROVAL OF THE MINUTES**

Director Reeves moved and Director Hollis seconded the motion to approve the March 25, 2019, 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. *1<sup>st</sup> Quarter 2019 Operating Budget Status Report (Curran)*  
The 1<sup>st</sup> Quarter 2019 Operating Budget Status Report was provided in the meeting packet.
- B. *1<sup>st</sup> Quarter 2019 Capital Tracking Report (Curran)*  
The 1<sup>st</sup> Quarter 2019 Capital Tracking Report was provided in the meeting packet.
- C. *1<sup>st</sup> Quarter 2019 Contract Status Report (Vecera)*  
The 1<sup>st</sup> Quarter 2019 Contract Status Report was provided in the meeting packet.
- D. *IRS Form 990 (Curran)*  
Renee Curran, Manager, Budget & Financial Reporting, discuss the IRS Form 990. Ms. Curran and Sherri Highers, Chief Financial Officer (CFO), Sr. VP Finance and Administration responded to questions from the Committee.
- E. *1<sup>st</sup> Quarter 2019 Financial Statements and Variance Report (Harris/Curran)*  
The 1<sup>st</sup> Quarter 2019 Financial Statements and the Variance Report were provided in the meeting packet.

### **VI. NEW BUSINESS**

- A. *1<sup>st</sup> Quarter 2019 Financial Information (Harris)*  
Kathy Harris, Sr. Manager, General Accounting discussed the 2018 Year-End Financial Information.

Ms. Harris and Lee Thibert, Chief Executive Officer (CEO) responded to questions from the Committee.

### **VII. EXECUTIVE SESSION**

- A. *Strategic Planning*
  - 1. *KPMG 1<sup>st</sup> Quarter 2019 Review*
  - 2. *March 31, 2019, SEC Form 10Q Review*
  - 3. *FY2019 Tax Services*
  - 4. *Interest Rate Risk Mitigation*
  - 5. *Rating Agency Update*

At 4:25 p.m., Director Hollis moved and Director Reeves seconded the motion that pursuant to Alaska Statute 10.25.175(c)(1) the Board of Directors' Audit and Finance

Committee go into executive session to discuss and receive reports regarding 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 6:55 p.m.

## **VIII. NEW BUSINESS**

### *A. March 31, 2019, SEC Form 10K Filing\* (Curran)*

Director Reeves 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 10Q by the due date incorporating any amendments to the document which will be reviewed and approved by KPMG. Mr. Hayhurst and Ms. Highers will immediately inform the Board, in writing, of any material or significant changes. The motion passed unanimously.

### *B. Pre-Approval of KPMG for FY2019 Tax Services\* (Highers)*

Director Hollis moved and Director Reeves seconded the motion that the Audit and Finance Committee recommend to the Board of Directors to approve the tax services for FY2019. The motion passed unanimously.

### *C. Annual Review of Board Policy 207 Audit and Finance Committee Discussion (Committee)*

Ms. Highers, CFO & Sr. VP of Finance and Administration stated that the auditing standard SAS 61 that is referenced on page 2, III.4. has been updated and therefore the policy should be amended as indicated in the redline copy that was provided. No further discussion from the Committee.

## **IX. DIRECTOR COMMENTS**

Comments were made at this time.

## **X. ADJOURNMENT**

At 7:01 p.m., Director Hollis moved and Director Reeves seconded the motion to adjourn. The motion passed unanimously.