

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

July 17, 2019
Wednesday
4:00 p.m.

AUDIT AND FINANCE COMMITTEE MEETING

Recording Secretary: Divina Portades

I. CALL TO ORDER

Vice Chair Hollis called the Audit and Finance Committee meeting to order at 4:00 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

A. Roll Call

Committee Members Present:

Rachel Morse, Chair (*via teleconference*)

Harold Hollis, Vice Chair

Susan Reeves, Director

Jim Henderson, Director

Bettina Chastain, Director (*arrived during executive session*)

Other Board Member Present:

Harry Crawford, Director

Stuart Parks, Director

Guests and Staff in Attendance:

Lee Thibert

Brian Hickey

Mike Hayhurst, KPMG

Sherri Highers

Tyler Andrews

Kyle Drefke, Orrick (*via*

Paul Risse

Jody Wolfe

teleconference)

Connie Owens

Pete Smithson

II. APPROVAL OF THE AGENDA

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

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

III. APPROVAL OF THE MINUTES

Director Reeves moved and Director Henderson seconded the motion to approve the May 8, 2019, Audit and Finance Committee Meeting minutes. The motion passed unanimously.

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

IV. PERSONS TO BE HEARD

- A. *Member Comments*
None

V. CEO REPORTS AND CORRESPONDENCE

None

VI. NEW BUSINESS

None

Sherri Highers, Chief Financial Officer and Executive VP, Finance and Administration, stated that Mike Hayhurst will be presenting the KPMG Merger and Acquisition Process and Considerations.

VII. EXECUTIVE SESSION

- A. *KPMG Merger and Acquisition Process and Considerations*
B. *Internal Controls Review*
C. *First Amendment to Credit Agreement*

At 4:04 p.m., Director Reeves moved and Director Henderson 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.

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

Director Chastain arrived during executive session.

The meeting reconvened in open session at 6:19 p.m.

VIII. NEW BUSINESS

- A. *First Amendment to Credit Agreement* (Highers)*

Director Reeves moved and Director Chastain seconded the motion that the Audit and Finance Committee recommend to the Board of Directors Move that the Audit and Finance Committee recommend the Board of Directors' authorize the Chief Executive Officer to enter into the First Amendment to 2016 Credit Agreement. The motion passed unanimously.

- B. *Election of Audit and Finance Committee Vice Chair* (Committee)*

Vice Chair Hollis opened the floor to nominations for Vice Chair of the Audit and Finance Committee.

Director Reeves nominated Director Hollis for Vice Chair of the Audit and Finance Committee. Director Chastain seconded the nomination. No other nominations were made.

Director Chastain moved and Director Reeves seconded the motion that the Audit and Finance Committee appoint Director Hollis as Vice Chair of the Audit and Finance Committee. The motion passed unanimously.

IX. DIRECTOR COMMENTS

Comments were made at this time.

X. ADJOURNMENT

At 6:27 p.m., Director Reeves moved and Director Chastain seconded the motion to adjourn. The motion passed unanimously.