

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

November 5, 2019
Tuesday
5:00 p.m.

AUDIT AND FINANCE COMMITTEE MEETING

Recording Secretary: Divina Portades

I. CALL TO ORDER

Chair Morse called the Audit and Finance Committee meeting 5:03 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
Bettina Chastain, Director (*via teleconference*)

Other Board Member Present:

Harry Crawford, Director
Stuart Parks, Director

Committee Member Excused Absence:

Jim Henderson, Director

Guests and Staff in Attendance:

Lee Thibert	Matthew Clarkson	Connie Owens
Sherri Highers	Tyler Andrews	Luke Sliman
Arthur Miller	Brian Hickey	Sean Skaling
Paul Risse	Mark Fouts	Renee Curran
Pete Smithson	Ron Vecera	Rodney Kaas
Kathy Harris	Jody Wolfe	Jaime Zimin

II. APPROVAL OF THE AGENDA

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

III. APPROVAL OF THE MINUTES

Director Hollis moved and Director Reeves seconded the motion to approve the August 7, 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

Lee Thibert, Chief Executive Officer (CEO), stated that the CEO Reports and Correspondence will be discussed by Sherri Highers, Chief Financial Officer (CFO) and Executive VP, Finance and Administration.

Ms. Highers recognized and thanked Renee Curran, Manager, Budget and Financial Reporting for her hard work on compiling all the documents for tonight's and tomorrow's meeting.

A. *Employees 401K Plan Audit Report*

The Employees 401K Plan Audit Report was provided in the meeting packet. Sherri Highers, CFO and Executive VP, Finance and Administration responded to questions from the Committee on the Employees 401K Plan Audit Report.

Chair Morse reiterated that there is a lot on the agenda tonight and conversations will be focused on the impacts that the Committee will look at.

B. *IRS Form 990 Tax Return (Curran)*

Renee Curran, Manager, Budget and Financial Reporting, discuss the IRS Form 990 Tax Return. Ms. Curran and Sherri Highers, CFO and Executive VP, Finance and Administration responded to questions from the Committee.

C. *3rd Quarter 2019 Operating Budget Status Report (Curran)*

The 3rd Quarter 2019 Operating Budget Status Report was provided in the meeting packet.

D. *3rd Quarter 2019 Capital Tracking Report (Curran)*

The 3rd Quarter 2019 Capital Tracking Report was provided in the meeting packet.

E. *3rd Quarter 2019 Contract Status Report (Vecera)*

The 3rd Quarter 2019 Contract Status Report was provided in the meeting packet

F. *3rd Quarter 2019 Financial Statements and Variance Report (Harris/Curran)*

The 3rd Quarter 2019 Financial Statements and the Variance Report were provided in the meeting packet.

VI. NEW BUSINESS

A. *3rd Quarter 2019 Financial Information (Harris)*

Kathy Harris, Sr. Manager, Accounting, discussed the 3rd Quarter 2019 Financial Information and responded to questions from the Committee.

VII. EXECUTIVE SESSION

A. *Strategic Planning*

1. *2020 Operating and Capital Budget*

At 5:29 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 7:33 p.m.

VIII. NEW BUSINESS

A. Recommendation on Approval of the 2020 Operating and Capital Budget (Highers)*

Director Hollis moved and Director Reeves seconded the motion that the Audit and Finance Committee recommend the Board of Directors approve the 2020 Operating and Capital Budget which is expected to produce margins of \$5.8 million, MFI/I ratio of 1.25, TIER ratio of 1.27 and Equity to Total Capitalization ratio of 30.3%. These results are based on a Total Cost of Service of \$222.0 million, Total Revenue of \$227.3 million, Non-Operating Margins of \$0.5 million, and a capital expenditure cash requirement of \$57.6 million. The motion passed unanimously.

IX. DIRECTOR COMMENTS

Chair Morse suggested that the Director comments be deferred to the November 6, 2019, Audit and Finance Committee Meeting. No objections were made.

X. ADJOURNMENT

At 7:35 p.m., Director Reeves moved and Director Hollis seconded the motion to adjourn. The motion passed unanimously.