

**CHUGACH ELECTRIC ASSOCIATION, INC.
ANCHORAGE, ALASKA**

AUDIT AND FINANCE COMMITTEE MEETING

AGENDA

Harold Hollis, Chair
Sam Cason, Vice Chair

Jim Henderson
Mark Wiggin
Bettina Chastain

January 20, 2021

4:00 p.m.

Chugach Board Room

- I. CALL TO ORDER *(4:00 p.m.)*
 - A. *Roll Call*
- II. APPROVAL OF THE AGENDA*
- III. APPROVAL OF THE MINUTES*
 - A. *December 9, 2020 (Bigelow)*
- IV. PERSONS TO BE HEARD
 - A. *Member Comments*
- V. CEO REPORTS AND CORRESPONDENCE *(none)*
- VI. EXECUTIVE SESSION* *(scheduled) (4:10 p.m.)*
 - A. *SEC Related Matters*
- VII. NEW BUSINESS* *(scheduled) (5:30 p.m.)*
 - A. *SEC Related Matters* (Highers) (5:30 p.m.)*
 - B. *Update Bank Signature Cards* (Highers) (5:35 p.m.)*
 - C. *BRU Future Natural Gas Investment Account* (Highers) (5:40 p.m.)*
- VIII. DIRECTOR COMMENTS *(5:50 p.m.)*
- IX. ADJOURNMENT* *(6:00 p.m.)*

* *Denotes Action Items*

** *Denotes Possible Action Items*

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

December 9, 2020
Wednesday
4:00 p.m.

AUDIT AND FINANCE COMMITTEE MEETING

Recording Secretary: Danielle Bigelow

I. CALL TO ORDER

Chair Hollis called the Audit and Finance Committee meeting 4:01 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

A. Roll Call

Committee Members Present:

Harold Hollis, Chair

Sam Cason, Vice Chair *(via teleconference)*

Jim Henderson, Director *(via teleconference)*

Mark Wiggin, Director *(via teleconference)*

Bettina Chastain, Director *(via teleconference)*

Other Board Member Present:

Rachel Morse, Director

Stuart Parks, Director *(via teleconference)*

Guests and Staff Attendance

Present:

Lee Thibert

Sherri Highers

Arden Quezon

Brian Hickey

Renee Curran

Via Teleconference:

Connie Owens

Tyler Andrews

Mark Fouts

Matthew Clarkson

Sean Skaling

Arthur Miller

II. APPROVAL OF THE AGENDA

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

III. APPROVAL OF THE MINUTES

Director Henderson moved and Director Chastain seconded the motion to approve the November 10, 2020, Audit and Finance Committee Meeting minutes. The motion passed unanimously.

IV. PERSONS TO BE HEARD

- A. Member Comments*
None

V. CEO REPORTS AND CORRESPONDENCE

None

VI. NEW BUSINESS

None

VII. EXECUTIVE SESSION

- A. 2021 Operating and Capital Budget*

At 4:05 p.m., Director Hollis moved and Director Cason 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) to 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 6:04 p.m.

VIII. NEW BUSINESS

- A. Recommendation on Approval of the 2021 Operating and Capital Budget (Highers)*

Director Chastain moved and Director Wiggin seconded the motion that the Audit and Finance Committee recommend the Board of Directors approve the 2021 Operating and Capital Budget which is expected to produce margins of \$12.6 million, MFI/I ratio of 1.30, TIER ratio of 1.30 and Equity to Total Capitalization ratio of 14.7%. These results are based on a Total Cost of Service of \$236.8 million, Total Revenue of \$364.3 million, Non-Operating Margins of \$0.4 million, and a capital expenditure cash requirement of \$68.9 million. The motion passed unanimously.

IX. DIRECTOR COMMENTS

Director comments was deferred to the Governance Committee meeting.

X. ADJOURNMENT

At 6:08 p.m., Director Cason moved and Director Wiggin seconded the motion to adjourn. The motion passed unanimously.

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

AUDIT AND FINANCE COMMITTEE MEETING
AGENDA ITEM SUMMARY

January 20, 2021

ACTION REQUIRED

AGENDA ITEM NO. VII.A.

<u> </u>	Information Only
<u> X </u>	Motion
<u> </u>	Resolution
<u> </u>	Executive Session
<u> </u>	Other

TOPIC

SEC Related Matters

DISCUSSION

As reviewed and discussed in Executive Session.

MOTION

Move that the Audit and Finance Committee recommend the Board of Directors review and consider whether Chugach Electric Association, Inc. should continue as a voluntary filer with the Securities and Exchange Commission.

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

AUDIT & FINANCE COMMITTEE MEETING
AGENDA ITEM SUMMARY

January 20, 2021

ACTION REQUIRED

AGENDA ITEM NO. VII.B.

<u> </u>	Information Only
<u> X </u>	Motion
<u> X </u>	Resolution
<u> </u>	Executive Session
<u> </u>	Other

TOPIC

Bank Signature Cards

DISCUSSION

Bank signature cards are updated each year when there is a change in personnel at Chugach Electric or to reflect a change of officers that are elected at the Regular/Special Board of Directors meeting that follows the annual membership meeting.

Management is recommending the Board of Directors approve to update the approved check signers based on the change in personnel to replace the Manager of General Accounting position.

MOTION

Move that the Audit and Finance Committee recommend the Board of Directors approve the attached resolution to update the approved check signers based on the change in personnel to replace the Manager of General Accounting position.



RESOLUTION

Bank Signature Cards

WHEREAS, the Chugach Electric Association management team has hired a new Manager of General Accounting necessitating a change in signatures needed to authorize activity in various bank accounts maintained by the Association,

NOW, THEREFORE, BE IT RESOLVED that the resolution contained in the Certified Copy of Corporate Resolution for Signing and Endorsing Checks is adopted; and

BE IT FURTHER RESOLVED, that the Manager of General Accounting is authorized and directed to execute the Certified Copy of Corporate Resolution for signing and Endorsing Checks and signature cards attached hereto or other documents of a substantially similar type and purpose.

CERTIFICATION

I, James Henderson, do hereby certify that I am the Secretary of Chugach Electric Association, Inc., an electric non-profit cooperative membership corporation organized and existing under the laws of the State of Alaska: that the foregoing is a complete and correct copy of a resolution adopted at a meeting of the Board of Directors of this corporation, duly and properly called and held on the 27th day of January, 2021; that a quorum was present at the meeting; that the resolution is set forth in the minutes of the meeting and has not been rescinded or modified.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of this corporation on the 27th day of January, 2021.

Secretary

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

AUDIT & FINANCE COMMITTEE MEETING
AGENDA ITEM SUMMARY

January 20, 2021

ACTION REQUIRED

AGENDA ITEM NO. VII.C.

<u> </u>	Information Only
<u> X </u>	Motion
<u> X </u>	Resolution
<u> </u>	Executive Session
<u> </u>	Other

TOPIC

BRU Future Natural Gas Investment Account

DISCUSSION

Municipal Light & Power (ML&P) was required to reserve funds generated by Beluga River Unit (BRU) underlift activity for future expenditures associated with the BRU field. Upon close of the acquisition, the ownership of the funds transferred to Chugach Electric Association, Inc. (Chugach). It is Chugach's intent to invest those funds to offset future BRU expenditures.

MOTION

Move that the Audit & Finance Committee recommend the Board of Directors approve the attached resolution establishing an asset management account with KEYBANC CAPITAL MARKETS INC for the future natural gas funds transferred from ML&P to Chugach associated with the acquisition.



RESOLUTION

Beluga River Unit (“BRU”)–Future Natural Gas Investment Account

WHEREAS, upon close of the Municipal Light & Power (ML&P) acquisition, the ownership of ML&P’s reserved funds generated by BRU underlift activity was transferred to Chugach Electric Association, Inc., an Alaska electric cooperative (the “Company”);

WHEREAS, the Board of Directors of the Company has determined that it is in the best interest of the Company to invest those funds until they are used to offset future BRU expenditures;

WHEREAS, it is the Company’s intent to invest those funds with KEYBANC CAPITAL MARKETS INC. in accordance with short-term investment practices outlined in the Company’s Board Policy 303, “FINANCIAL MANAGEMENT”;

NOW, THEREFORE, BE IT RESOLVED, that the Company open an account or accounts in its name with KEYBANC CAPITAL MARKETS INC. and that the Chief Executive Officer, Chief Financial Officer and Controller, or any one of them acting individually, are authorized and empowered to execute the necessary documents to open account or accounts with KEYBANC CAPITAL MARKETS INC., give written or oral orders in the said account or accounts for the purchase, sale, or other disposition of authorized securities and deliver to and receive from KEYBANC CAPITAL MARKETS INC. on behalf of the Company funds of the authorized securities in accordance with its board policy reference above.

CERTIFICATION

I, James Henderson, do hereby certify that I am the Secretary of Chugach Electric Association, Inc., an electric non-profit cooperative membership corporation organized and existing under the laws of the State of Alaska: that the foregoing is a complete and correct copy of a resolution adopted at a meeting of the Board of Directors of this corporation, duly and properly called and held on the 27th day of January 2021; that a quorum was present at the meeting; that the resolution is set forth in the minutes of the meeting and has not been rescinded or modified.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of this corporation on the 27th day of January 2021.

Secretary