

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

GOVERNANCE COMMITTEE MEETING

AGENDA

Sam Cason, Chair
Erin Whitney, Vice Chair

Mark Wiggin, Director
Rachel Morse, Director
Bettina Chastain, Director

September 14, 2022

4:00 p.m.

Chugach Board Room

- I. CALL TO ORDER (4:00 p.m.)
 - A. *Roll Call*
- II. APPROVAL OF THE AGENDA* (4:05 p.m.)
- III. APPROVAL OF THE MINUTES* (4:10 p.m.)
 - A. *June 14, 2022 (Doyle)*
- IV. PERSONS TO BE HEARD (4:15 p.m.)
 - A. *Member Comments*
- V. UNFINISHED BUSINESS (none)
- VI. NEW BUSINESS* (scheduled) (4:20 p.m.)
 - A. *Member Advisory Council 2023 Process (Hasquet) (4:20 p.m.)*
 - B. *Review of Election Process (Hasquet) (4:30 p.m.)*
 - C. *Review Board Policy 303 – Financial Management (recommended revision to II.E.4.e)* (Highers) (4:40 p.m.)*
- VII. EXECUTIVE SESSION* (scheduled) (4:50 p.m.)
 - A. *Board Communications (Clarkson)*
- VIII. NEW BUSINESS (none)
- IX. DIRECTOR COMMENTS (5:15 p.m.)
- X. ADJOURNMENT* (5:30 p.m.)

* *Denotes Action Items*

** *Denotes Possible Action Items*

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

June 14, 2022
Tuesday
(Immediately following the Special Board of Directors Meeting)

GOVERNANCE COMMITTEE MEETING

Recording Secretary: Ashton Doyle

I. CALL TO ORDER

Chair Cason called the Governance Committee meeting to order at 7:30 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

A. Roll Call

Committee Members Present:

Sam Cason, Chair

Bettina Chastain, Director

Erin Whitney, Director (*via teleconference*)

Rachel Morse, Director

Sisi Cooper, Director

Board Members Present:

Mark Wiggin, Director

Harold Hollis, Director

Guests and Staff Attendance Present:

Matthew Clarkson

Sherri Highers

Julie Hasquet

Arthur Miller

Andrew Laughlin

Via Teleconference:

Arden Quezon

II. APPROVAL OF THE AGENDA

Director Morse moved and Director Wiggin seconded the motion to approve the agenda. The motion passed unanimously.

III. APPROVAL OF MINUTES

Director Morse moved and Director Wiggin seconded the motion to approve the March 16, 2022, Governance Committee meeting minutes. The motion passed unanimously.

IV. PERSONS TO BE HEARD

A. Member Comments

None.

V. UNFINISHED BUSINESS

(none)

VI. NEW BUSINESS

A. Election of Governance Committee Vice Chair (Committee)*

Chair Cason opened the floor to nominations for Vice Chair of the Governance Committee.

Director Morse nominated Director Whitney for the Vice Chair of the Committee. No other nominations were made.

Chair Cason called for a vote and Director Whitney was voted Vice Chair of the Governance Committee. The vote was unanimous.

B. Review Board Policy 208 – Statement of Functions of the Governance Committee (Committee)

The Committee discussed Board Policy 208. Matthew Clarkson, Executive VP, General Counsel, stated that there are no recommended changes to Board Policy 208.

C. Member Advisory Committee (MAC) Update (Hasquet)

Julie Hasquet, Senior Manager of Corporate Communications, made recommendations on what the Member Advisory Council meetings have previously included, what they could incorporate into future meetings, and responded to questions from the committee.

D. NRECA Resolution Processes (Committee)

Director Morse discussed the NRECA Resolution processes and responded to questions from the committee.

VII. EXECUTIVE SESSION

(none)

VIII. NEW BUSINESS

(none)

VII. DIRECTOR COMMENTS

Director comments were made at this time.

VIII. ADJOURNMENT

At 7:56 p.m., Director Wiggin moved and Director Morse seconded the motion to adjourn. The motion passed unanimously.



2023 Election Timeline (tentative)

Governance Committee Meeting
September 14, 2022



JANUARY

Internal meetings to organize for Annual Meeting and Election prep

FEBRUARY

Election Committee meetings begin:

- Update procedures
- Select master election judge
- Approve date of record

MARCH

Begin election record cleanup/updates with members:

- Applications
- Contact emails
- Designated voter cards

APRIL

Member communications efforts:

- Official Meeting Notice
- Voting Opens

MAY

Annual Meeting and Election, co-hosted with Member Appreciation Day, May 19 at ChangePoint

JANUARY

Early January: Begin advertising for board of director candidate nominations and proposed bylaw changes
Late January: Give notice for petition candidate deadline of March 10

FEBRUARY

February 7: Deadline to submit proposed bylaw changes and resumes/applications for director nominations
February 28: Deadline for posting slate of director nominations

MARCH

March 10: Deadline to submit petitions for petition candidates
March 14: Bylaws Committee submits proposed bylaw changes for Board approval
March 30: Tentative election record date

APRIL

Early April: Official Annual Meeting Notice and Election Notification postcard mailed
April 19: Electronic voting activated and email sent to all e-voting members
April 19: Deadline for election pamphlet to be mailed
Late April: Control number mailed to all members for voting

MAY

May 1: Voting reminder postcard mailed
May 18: Deadline for paper ballots to be postmarked or dropped in secure drop box by noon
May 19: Electronic voting closes at 4 p.m.
May 19: Member Appreciation Event (3 p.m.) followed by Annual Meeting (6 p.m.)



Questions?

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

GOVERNANCE COMMITTEE MEETING
AGENDA ITEM SUMMARY

September 14, 2022

ACTION REQUIRED

AGENDA ITEM NO. VI.C.

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

TOPIC

Board Policy 303 – Financial Management

DISCUSSION

Recommended changes to Board Policy 303 Financial Management were reviewed and discussed by the Governance Committee.

MOTION

Move that the Governance Committee recommend the Board of Directors approve the attached changes to Board Policy 303 Financial Management.

CHUGACH ELECTRIC ASSOCIATION, INC.

BOARD POLICY: 303

FINANCIAL MANAGEMENT

I. OBJECTIVE

To outline policies ensuring responsible management of the financial resources of the Association; including general and specific guidelines and risk management for effective administration of the Association's finances, an operative system of internal controls committed to the prevention, deterrence and detection of fraud and to meet indenture and debt agreement covenants.

II. CONTENT

A. Accounting Policies and Practices. The Chief Executive Officer shall:

1. Create timely, accurate monthly financial and operating reports including explanations of budget variances, the monitoring of costs associated with major construction projects and progress toward strategic and business goals.
2. Monitor and evaluate financial plans that guide the development of equity and debt portfolio management.
3. Assure efficient use of the Association's debt and equity while achieving required service reliability levels and to meet indenture and debt agreement covenants.
4. Assure compliance with regulatory and contractual obligations, indenture requirements, debt agreements, laws and other regulations.

B. Responsibility Accounting and Conformity with Generally Accepted Accounting Principles (GAAP)

1. The accounting system utilized by the Association shall be based on GAAP and conform to the Uniform System of Accounts required and approved by regulatory bodies and lending agencies. Requirements by any other organization or agency shall be subordinated to those requirements.

2. A responsibility accounting system shall be established and maintained in all appropriate areas, designed to reflect deviation from plans and budgets, including both construction projects and operating activities. An inventory of work orders of completed construction projects will be compiled and maintained for review and approval by senior management.

C. Internal Controls

Internal accounting procedures and practices shall be established and maintained in accordance with principles for adequate management of the Association's financial resources and for effective internal controls committed to the prevention, deterrence and detection of fraud while achieving the organization's objectives. In addition, policies and procedures shall be established governing the use and access to the Association's computer network, including its electronic communications systems, business networks, SCADA, and plant controls network.

Management, through Board oversight, will establish and maintain the following internal control components:

1. An organizational environment in which integrity and values control behavior and promote ethical conduct.
2. Development and execution of policies and procedures adequate to control Association activities, address risks and ensure execution of management directives.
3. Information and communication systems sufficient to capture and transmit important Association information as required for decision-making, customer service and business operations.
4. Regular monitoring of internal control system operations to assure compliance with policies and procedures:
 - a. Internal controls shall be routinely reviewed and tested and all key controls shall be tested no less than bi-annually.
 - b. A third party security audit of the Association's computer networks shall be conducted annually.
 - c. Results of all testing, modification of controls and any significant changes to internal control process narratives shall be provided to the Chief Executive Officer and Chief Financial Officer quarterly to attest to the evaluation of internal controls over financial reporting.

D. Audit Committee

1. Oversight over financial reporting process and internal controls over financial reporting (ICFR).
2. Oversight over establishment and maintenance by management of programs and internal controls designed to prevent, deter and detect fraud.

E. Other Financial Responsibilities**1. Rates and Margins**

Rates for electric service will be established in accordance with applicable statutes, regulations and conditions, consistent with financial forecast directives and approved by Board resolution.

2. Sources of Funds and Working Capital

- a. A blend of debt and equity is used in accordance with management's long-term planning. Funding of construction, preliminary project costs and asset acquisition may be obtained from any available and appropriate sources.
- b. Fixed rate and variable rate financing may be obtained from appropriate sources to fund construction and asset acquisition. Short-term maturities may be selected within long-term commitments contingent upon prevailing interest rates at the time of draw.
- c. Long-term debt will be structured as provided for in the Trust Indenture. Guarantees and/or credit enhancements from any available source may be utilized as necessary.
- d. Leveraged lease financing may be considered as an alternative to long-term debt when appropriate and will be approved by the Board of Directors.
- e. Interest rate risk mitigation methods may be utilized in accordance with Board Policy 307, Interest Rate Risk Management Policy .
- f. Working capital shall be provided from margins, temporary investments and short-term borrowings when cost effective.
 - i. Preliminary costs for projects not supported by debt issuances will be included with working capital requirements.

- ii. Short-term cash requirements may be met through the sale of commercial paper in accordance with applicable law and regulations and not to exceed Chugach's commercial paper backstop facility.

3. Short-Term Investment Practices

- a. The purchase or sale of governmental securities, governmentally guaranteed or insured securities, selected bond mutual funds and other securities or short-term bank investments, such as certificates of deposit and repurchase agreements, are authorized as appropriate by the Chief Executive Officer.
- b. All Association investments not specifically authorized in 3.a. above shall be subject to the approval of the Board.
- c. The Board of Directors shall receive periodic reports that show the status of all long and short-term investments, including the rate of return and current market value.

4. Financial Reports

A report reflecting the financial condition and results of operations of the Association shall be prepared and presented to the Board on a monthly basis or as otherwise indicated below. This financial report shall include:

- a. Revenue and expense statements for the month, year-to-date and prior year, with comparisons to budgets;
- b. A balance sheet update to reflect current financial results as of each month;
- c. Selected financial ratios;
- d. Graphic illustration of operating results; and
- e. Statement of cash flows (quarterly).

Deleted: <#>Functional financial data (quarterly); and¶

5. Credit Ratings

Management shall take into consideration credit rating recommendations and concerns when making financial management decisions.

6. Risk Management

To prudently manage the Association's financial health, the Chief Executive Officer shall ensure the oversight of management's identification, assessment, and prioritization of risks followed by a coordinated and economical application of resources is utilized to effectively mitigate those risks.

7. Check Authorizations, Electronic Payments and Credit Cards

The Board shall authorize by resolution, specific Board members and management to be signatories authorized to act on behalf of the Association in transactions with Chugach's banking institution. This authorization shall include signing of checks and payment by electronic means. All checks will contain two authorized signatories. A signature stamp for checks below \$5,000 and the issuance of a credit card to members of the Board and to employees for bona fide business purposes may be authorized by the Chief Executive Officer.

III. RESPONSIBILITY

It shall be the responsibility of the Board Chair to see that the foregoing Board functions are effectively carried out.

The Chief Executive Officer shall be accountable for the management and administration of all financial activities and programs prescribed in this Policy. The Chief Executive Officer may delegate specific responsibilities as deemed appropriate.

Date Approved: September 28, 2022Attested: _____
Samuel Cason
Secretary of the Board~~Deleted:~~ November 28, 2018~~Deleted:~~ Stuart Parks

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Date Approved: 11/28/2018

Attested: 

Stuart Parks
Secretary of the Board