

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

May 12, 2020
Tuesday
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 4:01 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 *(via teleconference)*
Susan Reeves, Director *(via teleconference)*
Jim Henderson, Director *(via teleconference)*
Bettina Chastain, Director

Other Board Member Present:

Harry Crawford, Director
Stuart Parks, Director *(via teleconference)*

Guests and Staff in Attendance:

Lee Thibert	Matthew Clarkson	Ron Vecera
Sherri Highers	Jody Wolfe	Mike Hayhurst, KPMG
Connie Owens <i>(via teleconference)</i>	Kathy Harris	<i>(via teleconference)</i>
	Renee Curran	Melissa Beedle, KPMG
		<i>(via teleconference)</i>

II. APPROVAL OF THE AGENDA

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

III. APPROVAL OF THE MINUTES

Director Chastain moved and Director Hollis seconded the motion to approve the March 18, 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

- A. *1st Quarter 2020 Operating Budget Status Report (Curran)*
The 1st Quarter 2020 Operating Budget Status Report was provided in the meeting packet.
- B. *1st Quarter 2020 Capital Tracking Report (Curran)*
The 1st Quarter 2020 Capital Tracking Report was provided in the meeting packet.
- C. *1st Quarter 2020 Contract Status Report (Vecera)*
The 1st Quarter 2020 Contract Status Report was provided in the meeting packet.
- D. *IRS Form 990 (Curran)*
Director Reeves asked a question about the language used on page 25, Schedule O, Part VI, Section B, Line 12c (3). Sherri Highers, CFO, Executive VP, Finance & Administration stated that she will look into it and will get back to the Committee.
- Ms. Highers and Matthew Clarkson, Executive VP, General Counsel addressed Director Reeves' question regarding the Form 990 after agenda item V.F.
- E. *CFC Credit Card One Pilot Program (Curran)*
Ron Vecera, Risk Management and Jody Wolfe, Controller, discuss the CFC Credit Card One Pilot Program and responded to questions from the Committee.
- F. *1st Quarter 2019 Financial Statements and Variance Report (Harris/Curran)*
The 1st Quarter 2020 Financial Statements and the Variance Report were provided in the meeting packet.

VI. NEW BUSINESS

- A. *1st Quarter 2020 Financial Information (Harris)*
Kathy Harris, Sr. Manager, General Accounting discussed the 1st Quarter 2020 Financial Information.

Sherri Highers, CFO, Executive VP, Finance and Administration and Lee Thibert, Chief Executive Officer (CEO) responded to questions from the Committee.

VII. EXECUTIVE SESSION

- A. *Strategic Planning*
- 1. KPMG 1st Quarter 2020 Review/KPMG Contract*
 - 2. FY2020 Tax Services*
 - 3. March 31, 2020, SEC Form 10Q Review*
 - 4. Accounting for ML&P Acquisition*
 - 5. Capital Credit Retirement*

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 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 6:55 p.m.

VIII. NEW BUSINESS

A. FY2020 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 FY2020. The motion passed unanimously.

B. KPMG Contract (Highers)

Director Hollis moved and Director Reeves seconded the motion that the Audit and Finance Committee recommend the Board of Directors approve a two-year contract extension from KPMG as discussed in executive session. The motion passed unanimously.

C. March 31, 2019, SEC Form 10K Filing (Curran)

Director Reeves moved and Director Henderson seconded the motion that the Audit and Finance Committee recommend 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.

D. Annual Review of Board Policy 207 Audit and Finance Committee Discussion (Committee)

Chair Morse discussed the Annual Review of the Board Policy 207 Audit and Finance Committee and that there is one recommended change. She also stated that the minutes for the Audit and Finance Committee are available through the meeting packets. No objections were made for the recommended change and there was no further discussion.

E. Capital Credit Retirement (Highers)

Director Chastain moved and Director Hollis seconded the motion that the Audit and Finance Committee recommend the Board of Directors approve a capital credit retirement as discussed in executive session.

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.