

**CHUGACH ELECTRIC ASSOCIATION, INC.**  
**Anchorage, Alaska**

**December 10, 2018**  
**Monday**  
**4:00 p.m.**

**AUDIT AND FINANCE COMMITTEE MEETING**

Recording Secretary: Arden Quezon-Vicente

**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

Susan Reeves, Director (*via teleconference*)

Jim Henderson, Director

Bettina Chastain, Director (*arrived during Executive Session*)

*Other Board Member Present:*

Stuart Parks, Director (*via teleconference*)

*Guests and Staff in Attendance:*

Lee Thibert

Matthew Clarkson

Renee Curran

Sherry Highers

Tyler Andrews

Jean Kornmuller

Arthur Miller

Brian Hickey

Kathy Harris

Paul Risse

Mark Fouts

Debra Caldwell

Tom Schulman

Josh Resnick

Julie Hasquet

Shelly Schmitt

**II. APPROVAL OF THE AGENDA**

Director Henderson moved and Director Hollis 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 Hollis moved and Director Henderson seconded the motion to approve the November 6, 2018, 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. EXECUTIVE SESSION**

- A. *Strategic Planning*  
1. *2019 Operating Budget and Capital Improvement Plan*

At 4:03 p.m., Director Hollis moved and Director Henderson 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.

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

*Director Chastain arrived during Executive Session.*

The meeting reconvened in open session at 6:35 p.m.

**VII. NEW BUSINESS**

- A. *Recommendation on Approval of the 2019 Operating and Capital Budget\* (Highers)*  
Director Chastain moved and Director Reeves seconded the motion that the Audit and Finance Committee recommend the Board of Directors approve the 2019 Operating and Capital Budget which is expected to produce margins of \$5.8 million, MFI/I ratio of 1.28, TIER ratio of 1.30 and Equity to Total Capitalization ratio of 31.9%. These results are based on a Total Cost of Service of \$202.4 million, Total Revenue of \$207.4 million, Non-Operating Margins of \$0.8 million, and a capital expenditure cash requirement of \$76.3 million. In its recommendation to approve this budget, the Audit and Finance Committee does not recommend authorization for managers to enter into any contract related to the IMO without further Board review and approval after the final APA has been reviewed and approved by the Board.

Chair Morse called for a vote.

Chastain – yes  
Hollis – yes  
Reeves – yes  
Morse – yes  
Henderson - no

The motion passes with a 4 to 1 vote.

**VIII. DIRECTOR COMMENTS**

No comments were made.

**IX. ADJOURNMENT**

At 6:37 p.m., Director Reeves moved and Director Chastain seconded the motion to adjourn. The motion passed unanimously.