

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

November 6, 2019
Wednesday
5:00 p.m.

AUDIT AND FINANCE COMMITTEE MEETING

Recording Secretary: Arden Quezon

I. CALL TO ORDER

Chair Morse called the Audit and Finance Committee meeting 5:04 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 at 5:08 p.m.*)

Other Board Member Present:

Harry Crawford, Director

Stuart Parks, Director

Committee Member Excused Absence:

Jim Henderson, Director

Guests and Staff in Attendance:

Lee Thibert

Jody Wolfe

Kyle Drefke, Orrick

Sherri Highers

Renee Curran

Michael Hayhurst,

Kathy Harris

Connie Owens

KPMG

II. APPROVAL OF THE AGENDA

Chair Morse stated that agenda item VII.A.2,3,4 will be discussed in combination during executive session. No objections were made.

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

Director Chastain was not present during the vote.

III. APPROVAL OF THE MINUTES

Director Reeves moved and Director Hollis seconded the motion to approve the August 7, 2019, Audit and Finance Committee Meeting minutes. The motion passed unanimously.

Director Chastain was not present during the vote.

IV. PERSONS TO BE HEARD

- A. *Member Comments*
None

V. CEO REPORTS AND CORRESPONDENCE

VI. NEW BUSINESS

- A. *Recommendation on Discounting for 2020 Capital Credit Payments* (Highers)*
Sherri Highers, Chief Financial Officer, Executive VP of Finance and Administration Services, discussed the Recommendation on Discounting for 2020 Capital Credits and responded to questions from the Committee.

Director Reeves moved and Director Hollis seconded that the Audit and Finance Committee recommend the Board of Directors approve the attached resolution authorizing early (discounted) capital credit payments for 2020 not to exceed 300,000.

Director Chastain joined via teleconference at 5:08 p.m.

VII. EXECUTIVE SESSION

A. *Strategic Planning*

1. *First Amendment to CoBank Master Loan Agreement (5:25 p.m.)*
2. *KPMG 3rd Quarter 2019 Review (5:45 p.m.)*
3. *Board and Auditor Discussion (6:05 p.m.)*
4. *Review Chugach's 2019 Audit Plan (6:25 p.m.)*
5. *September 30, 2019, SEC Form 10Q Review (6:45 p.m.)*
6. *Key Topics for the Accounting and Finance Committee (ML&P Acquisition) (Highers) (7:05 p.m.)*

At 5:11 p.m., Director Reeves moved and Director Hollis seconded Move 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) 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 7:13 p.m.

Chair Morse stated that coming out of the executive session discussions, the Board recognizes their role in oversight for the financials with the audit process and do fulfill that in part by relying on the information that management provides.

VIII. NEW BUSINESS

- A. *September 30, 2019, SEC Form 10Q Filing* (Curran)*
Director Hollis moved and Director Reeves 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.

B. First Amendment to CoBank Master Loan Agreement (Highers)*

Director Reeves moved and Director Hollis seconded the motion that the Audit and Finance Committee recommend the Board of Directors authorize the Chief Executive Officer to enter into the First Amendment to CoBank Master Loan Agreement as discussed in executive session. The motion passed unanimously.

IX. DIRECTOR COMMENTS

Comments were made at this time.

X. ADJOURNMENT

At 7:22 p.m., Director Hollis moved and Director Reeves seconded the motion to adjourn. The motion passed unanimously.