

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

November 30, 2022
Wednesday
4:00 p.m.

AUDIT AND FINANCE COMMITTEE MEETING

Recording Secretary: Sandra Cacy

I. CALL TO ORDER

Chair Hollis called the Audit and Finance Committee meeting to order at 4:03 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, Director
Sisi Cooper, Director
Rachel Morse, Director
Bettina Chastain, Director

Board Members Present:

Mark Wiggin, Director (*via teleconference*)
Erin Whitney, Director (*via teleconference*)

Guests and Staff Attendance

Present:

Sherri Highers	Julie Hasquet	Curtis Sims
Arthur Miller	Matthew Clarkson	Jessie Anderson
Karen Griffin	Nathan Golab	Jean Kornmuller
Andrew Laughlin	Ron Vecera	Eugene Ori
Mike Miller	Todd McCarty	Andrew White
Bart Armfield, Consultant	Andrew Laughlin	Ashton Doyle

Via Teleconference:

Arden Quezon	Melissa Beedle, KPMG	Blake Phillips, APCM
Michael Hayhurst, KPMG	Josh Travis	

II. APPROVAL OF THE AGENDA

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

Director Morse was not present at the time of vote.

III. APPROVAL OF THE MINUTES

Director Chastain moved and Director Cason seconded the motion to approve the August 24, 2022, Audit and Finance Committee Meeting minutes. The motion passed unanimously.

Director Morse was not present at the time of vote.

IV. PERSONS TO BE HEARD

- A. *Member Comments*
None.

V. NEW BUSINESS

None.

VI. CEO REPORTS AND CORRESPONDENCE

- A. *3rd Quarter 2022 Capital Tracking Report (Sims/Griffin)*
The 3rd Quarter 2022 Capital Tracking Report was provided in the meeting packet.
- B. *3rd Quarter 2022 Operating Budget Status Report (Sims/Griffin)*
The 3rd Quarter 2022 Operating Budget Status Report was provided in the meeting packet.
- C. *3rd Quarter 2022 Contract Status Report (Vecera)*
The 3rd Quarter 2022 Contract Status Report was provided in the meeting packet.

Arthur Miller, Chief Executive Officer, gave a summary of the CEO Reports and Correspondence items and responded to questions from the Board.

VII. NEW BUSINESS

- A. *3rd Quarter 2022 Financial Information and Variance Report (Griffin/Highers)*
Karin Griffin, Vice President of Finance and Accounting, presented the 3rd Quarter 2022 Financial Information and Variance Report and responded to questions from the Committee.

Director Morse arrived at 4:14 p.m.

VIII. EXECUTIVE SESSION

- A. *BRU Investment Fund Review (APCM)*
- B. *Review Chugach's 2022 Audit Plan (KPMG)*
- C. *3rd Quarter 2022 Financial Report (Sims/Griffin)*
- D. *2023-2027 Capital Improvement Plan (Laughlin/Highers)*
- E. *2023 Operating Budget (Highers)*

At 4:17 p.m., Director Cason moved and Director Morse seconded the motion that pursuant to Alaska Statute 10.25.175(c)(1), the Board of Directors Audit and Finance Committee go into executive session to discuss and receive reports regarding financial matters, the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative. The motion passed unanimously.

Director Wiggin left during Executive Session, the time was not noted.

The meeting reconvened in open session at 7:30 p.m.

IX. NEW BUSINESS

A. Pre-Approval for FY2022 Audit Services (Highers)*

Director Cason moved and Director Chastain seconded that the Audit and Finance Committee recommend the Board of Directors approve the retention of KPMG for audit services for FY2022 in accordance with the estimated fees outlined in KPMG's audit plan and strategy for the year ending December 31, 2022, as presented in executive session and consistent with the estimated fees in KPMG's contract, due to expire April 15, 2023. The motion passed unanimously.

B. 2023 Operating and Capital Budget (Highers)*

Director Cooper moved and Director Morse seconded that the Audit and Finance Committee recommend the Board of Directors approve the 2023 Operating and Capital Budget which is expected to produce margins of \$8.4 million, MFI/I ratio of 1.20, TIER ratio of 1.22 and Equity to Total Capitalization ratio of 16.3%. These results are based on a Total Cost of Service of \$347.4 million, Total Revenue of \$355.0 million, Non-Operating Margins of \$0.8 million, and a capital expenditure cash requirement of \$154.5 million. The motion passed unanimously.

X. DIRECTOR COMMENTS

Director comments were made at this time.

XI. ADJOURNMENT

At 7:41 p.m., Director Morse moved and Director Cooper seconded the motion to adjourn. The motion passed unanimously.