

LA PLATA ELECTRIC ASSOCIATION, INC.
Finance and Audit Committee Meeting Minutes
Thursday, May 12, 2022
<https://lpea.coop/board-directors-committees>

CALL TO ORDER

The Finance and Audit Committee of the La Plata Electric Association Board of Directors was held Thursday, May 12, 2022 via Zoom webinar. Committee Chair Lynch called the meeting to order at 8:35 a.m. The following committee members were in attendance:

COMMITTEE MEMBERS

Director Bob Lynch, Committee Chair
Director Tim Wheeler
Director Kirsten Skeeahan
Karl Ramsey, VP of Finance
Jessica Matlock, CEO

LPEA STAFF

Monica Rodriguez, Controller
Dan Harms, EVP of Grid Solutions and Special Projects
Graham Smith, General Counsel

GUESTS

Holly Metzler
Elizabeth Howe

APPROVAL OF AGENDA

Committee Chair Lynch addressed the May 12, 2022, Finance and Audit Committee (FAC) meeting agenda.

Motion: Committee Member Wheeler moved to approve the May 12, 2022, FAC meeting agenda. Committee Chair Lynch proposed an amendment to move the financial goals discussion to the top of the agenda. Motion seconded and carried without dissent.

FINANCIAL GOALS REVIEW

VP of Finance Ramsey restated the current goals and summarized last month's discussions. VP Ramsey recommended that the cash goal be revised to a range of 12-20% of annual budgeted expenses and that the equity goal be amended to a wider range of 40-55% of total capitalization. After some discussion, the committee agreed to recommend these changes to the full board, as well as a proposal that Capital Credit retirements should not be funded by debt, and that this proposal be included in a revised Policy 201.

After this discussion, it was agreed that the Executive Session be postponed until next month. Committee Member Wheeler was then excused from the meeting.

APPROVAL OF MEETING MINUTES

Committee Chair Lynch addressed the April 14, 2022, FAC meeting minutes.

Motion: Committee Member Ramsey moved to approve the April 14, 2022, FAC meeting minutes. Motion seconded and carried without dissent.

QUESTIONS ON MARCH FINANCIALS

VP Ramsey was available to field questions; no questions were posed.

APRIL FINANCIAL UPDATE

VP Ramsey addressed the draft April financials. All financial goals were met other than the cash goal, which is lower than the target range due to quarterly debt payments, and the equity goal which is higher than the target range due to higher margins in 2021. Committee Member Skeeahan asked about the IRS Form 990. VP Ramsey explained that the form was completed and going through management review and that an extension has been filed, which extends the filing deadline to Oct 15.

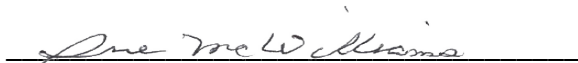
CAPITAL CREDIT ALLOCATION & RETIREMENT

VP Ramsey presented a proposal to the committee that LPEA should retire \$4.5m in patronage capital in June after the allocation of 2021 margins. The retirement would consist of \$3.47m of G&T Capital Credits on a FIFO basis (1998 and 1999) as well as \$1.03m of co-op Capital Credits on a LIFO basis (2021). After discussion, the committee agreed to make this recommendation to the full board. The issue of dealing with the 2% Tri-State rate reduction will be addressed at a later meeting.

ADJOURN

There being no further business, this meeting of the Finance and Audit Committee of the La Plata Electric Association, Board of Directors adjourned at 10:07 a.m.

Recorded by Monica Rodriguez, and approved by:



Sue McWilliams, Committee Chair