

LA PLATA ELECTRIC ASSOCIATION, INC.  
Finance and Audit Committee Minutes of Meeting  
Thursday, February 11, 2021  
<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, February 11, 2021 via Zoom Webinar. Committee Member Ramsey called the meeting to order at 2:00 p.m. The following committee Members were in attendance:

**COMMITTEE MEMBERS**

Director Wheeler, Committee Chair - Joined the meeting at 3PM  
Director Bassett  
Director Lynch  
Director Skeehan  
Jessica Matlock, CEO  
Karl Ramsey, VP of Finance

**LPEA STAFF**

Dan Harms, VP of Grid Solutions  
Monica Rodriguez, Controller  
Graham Smith, Staff & Board Attorney  
Janelle Thunstrom, Executive Assistant  
Drew Timmerman, VP of Information Technology

**EXCUSED ABSENCE**

None

**GUESTS**

Director McInnis, Director Metzler, Director McWilliams, Director Witchel, and Demi Morishige

**APPROVAL OF AGENDA:**

Committee Member Ramsey addressed the February 11, 2021 Finance and Audit Committee (FAC) meeting agenda.

**Motion:** Committee Member Lynch moved to approve the February 11, 2021 FAC meeting agenda as presented. Motion seconded and carried without dissent.

**APPROVAL OF MEETING MINUTES:**

Committee Member Ramsey addressed the January 14, 2021 FAC meeting minutes.

**Motion:** Committee Member Skeehan moved to approve the January 14, 2021 FAC meeting minutes as presented. Motion seconded and carried without dissent.

**COMMITTEE DISCUSSION AND POSSIBLE ACTION**

## **FINANCIAL REVIEW:**

VP of Finance Ramsey gave an overview of the draft January 2021 financials. All the board's financial goals for January were met except for the cash goal, which was caused by a payment from a large industrial member being delayed until the first week of February as they were using the SmartHub payment portal for the first time, and their payment level was over the limit set by the payment processor. As of the time of the FAC meeting, cash on hand is within the targeted range of 16-20%. January residential sales were 3% above budget whilst industrial and commercial sales were 6% below budget, Operating expenses are still well below budget due to lower salary costs and legal expenses being significantly lower than budgeted, thus operating margins were \$342k over budget in January. Ramsey took questions from Committee Members regarding the financial overview.

The LPEA Board Meeting is scheduled a week earlier than normal in March which means that the FAC meeting would be a day after the Board Meeting, so it was decided that the FAC will not meet in March. Therefore, meeting minutes will be reviewed and approved at the next FAC Committee meeting scheduled for April 15, 2021,

Committee Member Ramsey requested a motion to forego the Finance and Audit Committee for March and present the March Financials and audit April.

**Motion:** Committee Member Skeehan moved that we forego the Finance and Audit Committee meeting for March and present the March financials and audit findings at the April 15, 2021 meeting. Motion seconded as amended with the April date change and carried without dissent.

## **2020 AUDIT UPDATE:**

VP of Finance Ramsey gave an update on the audit field work. The audit was concluded at the end of January. Audit was done virtually and was completed smoothly with no issues. The audit results will be presented to the Board at the April meeting.

## **MEDICAL ACCRUAL DISCUSSION**

VP of Finance Ramsey gave an update on the self-funding medical accrual. LPEA's 2020 self-insured medical costs were significantly lower than budgeted due to the pandemic effects and thus the monthly accruals for these costs have built a much larger reserve than necessary. The 2021 budget anticipated continuing the same level of accrual which, if continued, will result in a reserve that is too high, in the view of our third-party auditors. The level of appropriate reserves will be reviewed at the next FAC meeting in April. VP Ramsey took questions from Committee Members regarding the medical accruals.

## **TREATMENT OF LPEA LEASE INCOME & EXPENSES**

VP of Finance Ramsey gave an update on the treatment of lease income and expenses in the general ledger and where they appear on the face of the financial statements. Director Wheeler suggested that all potential related party expenses be reviewed on a yearly basis and that lease expenses be added to the quarterly contractor report. VP Ramsey took questions from Committee Members.

## **POSSIBLE TSGT RATE REDUCTION AND IMPACT ON BUDGET**

VP Ramsey gave an update on Tri-State rate reduction and its possible impact on budget. This is the subject of a settlement hearing at FERC and is therefore confidential. Director Bassett discussed a cost of ss study that VP Ramsey

and VP Harms suggested to do together with their teams. CEO Matlock verified that there is a budget for a cost-of-service study to be completed this year. VP Ramsey took questions from Committee Members.

### **DIRECTORPOINT MEMBERSHIP & COSTS**

VP of Information Technology Timmerman gave an overview of the DirectorPoint software. DirectorPoint's annual cost is around \$8K and has already been paid for 2021. Director Bassett asked about a portal website for directors only that would be password protected as an option besides Google Drive. VP Timmerman gave a cost update on Google Drive which is \$1200 yearly. Timmerman also gave an update on the security of our data. It was decided that no changes would be made at this time.

### **ANNUAL FINANCIAL CHARTS**

Director Bassett gave an overview of annual financial charts. Director Bassett will provide the spreadsheets and data sources to the Finance department for consideration of including some of these in an annual financial review at the May FAC meeting. Director Bassett took suggestions and questions from Committee Members.

### **EXECUTIVE SESSION: RESOLUTION 2019-10 OPTIONS REVIEW:**

Committee Chair Wheeler requested a motion to enter executive session.

**Motion:** Committee Member Bassett moved to enter executive session to discuss AMI tower contract and Resolution 2019-10 options. Motion seconded and carried without dissent.

The committee remained in executive session from 3:57 p.m. to 5:12 p.m.

### **ACTION TAKEN BASED ON EXECUTIVE SESSION DISCUSSIONS:**

None

### **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 5:12 p.m.

Recorded by J.P. Thunstrom, and approved by:

  
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Tim Wheeler, Committee Chair