

LA PLATA ELECTRIC ASSOCIATION, INC.
Finance and Audit Committee Minutes of Meeting
Thursday, April 15, 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, April 15, 2021 via Zoom Webinar. Committee Chair Wheeler called the meeting to order at 2:04 p.m. The following committee Members were in attendance:

COMMITTEE MEMBERS

Director Wheeler, Committee Chair
Director Bassett
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

Director Lynch

GUESTS

Kohler McInnis, Holly Metzler, and Sue McWilliams

APPROVAL OF AGENDA:

Committee Chair Wheeler addressed the April 15, 2021 Finance and Audit Committee (FAC) meeting agenda.

Motion: Committee Member Skeehan moved to approve the April 15, 2021 FAC meeting agenda as presented. Motion seconded and carried without dissent.

APPROVAL OF MEETING MINUTES:

Committee Chair Wheeler addressed the February 11, 2021 FAC meeting minutes. There was consensus among the committee to postpone approving the February 11, 2021 meeting minutes until the next meeting to allow more time for review. The committee will review February and April minutes at the May meeting.

COMMITTEE DISCUSSION AND POSSIBLE ACTION

FINANCIAL REVIEW:

VP of Finance Ramsey gave an overview of the March 2021 and Q1 financials. All financial goals were met. Gross margins YTD are in line with budget. Operating costs are \$1.5m under budget due to the reduced medical accrual, lower payroll costs, lower legal costs, and prudent cost control. We have budgeted a negative margin for Q2. The end of year margin is likely to be at least \$1.6M higher than budgeted due to the reduced medical accrual. We will revisit the fire mitigation budget later this year. VP Ramsey took questions from Committee Members regarding financials.

2020 AUDIT UPDATE:

VP of Finance Ramsey gave an update on the 2020 Audit. There was no material adjustment and no area of concerns for fraud or control weaknesses. Two suggestions were made on IVUE journal entry approvals. VP Ramsey took questions from Committee Members regarding the 2020 Audit.

MEDICAL ACCRUAL DISCUSSION

VP of Finance Ramsey gave an update on the self-funding medical accrual. 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 and medical benefit expert. The proposal is to reduce the accrual by \$140k per month. VP Ramsey took questions from Committee Members regarding the medical accruals.

2020 FORM 7 REVIEW

VP Dan Harms gave an overview on the Waste Heat Recovery line item and took questions from Committee Members. VP Ramsey will sign and file the report, then this will be put on the LPEA website. VP Ramsey also took questions from Committee Members.

2021 QUARTERLY FINANCIAL REPORTING

VP Ramsey gave a brief update on including lease income and expenses in the quarterly financial reports. Lease expenses are part of the consultant and contractor report and lease income will be addressed in Q2. The Annual Financial Charts will be presented in May at the Board Meeting.

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 power supply. Motion seconded and carried without dissent.

The committee remained in executive session from 4:08 p.m. to 4:50 p.m.

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 4:50 p.m.

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



Tim Wheeler, Committee Chair