

LA PLATA ELECTRIC ASSOCIATION, INC.
Finance and Audit Committee Minutes of Meeting
Thursday, January 14, 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, January 14, 2021 via Zoom Webinar. Committee Chair Wheeler called the meeting to order at 2:01 p.m. The following committee Members were in attendance:

COMMITTEE MEMBERS

Director Wheeler, Committee Chair
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 Attorney
Janelle Thunstrom, Executive Assistant
Drew Timmerman, VP of Information Technology

EXCUSED ABSENCE

None

GUESTS

Director McInnis, Director Metzler, Director McWilliams, Jenny Taylor

APPROVAL OF AGENDA:

Committee Chair Wheeler addressed the January 14, 2021 Finance and Audit Committee (FAC) meeting agenda.

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

APPROVAL OF MEETING MINUTES:

Committee Chair Wheeler addressed the December 10, 2020 FAC meeting minutes.

Motion: Committee Member Skeehan moved to approve the December 10, 2020 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 December 2020 financials. All the board's financial goals for December were met. Expenses were significantly under budget, as they have been all year. Sales this month were 1% over budget, with residential sales being 13% over budget, mainly due to cold weather. Operating margins for December were \$270k over forecast due to reduced costs and sales meeting budgeted levels. For the full year, operating margins are more than \$2m over budget, but VP Ramsey reiterated that this was due to reduced expenses (\$3.2m under budget) and not increased sales revenue. Non-operating margins are significantly higher than forecast this month due to the recognition of the PPP loan forgiveness of \$1.9 million. VP Ramsey is not proposing that LPEA apply for the second round of PPP funding.

VP Finance Ramsey took questions from Committee Members regarding when the Committee would review the annual financial report. VP Ramsey stated that these are preliminary results and there will be changes made before Form 7 and the audited accounts are finalized. VP Ramsey stated that he did not anticipate significant changes other than the Tri-State capital credit allocation which is currently an estimate. Final audited financial statements will be presented to the Board in March, and VP Ramsey will alert the FAC before then if anything significant is found.

2020 AUDIT PREPARATION & DISCUSSION:

VP of Finance Ramsey gave an overview of the interim audit work that took place during December. The interim audit was focused on procedures and internal controls, whilst the main audit, which examines our 2020 financial results will begin in late January. Both phases of the audit are to be undertaken virtually.

Questions were asked about items specially reviewed during the audit. VP Ramsey said that capitalization rates of labor were very low in previous years and higher this year than budgeted, as crews have been engaged with more capital projects. This is an area mentioned to the auditors which they may wish to focus. If there are any other items that are deemed to be worthy of additional audit work, these will be discussed at next month's FAC meeting.

EXECUTIVE SESSION: RESOLUTION 2019-10 OPTIONS REVIEW:

Committee Chair Wheeler requested a motion to enter into executive session.

Motion: Committee Member Skeehan moved to enter into executive session. Motion seconded and carried without dissent.

The committee remained in executive session from 2:33 p.m. to 3:58 p.m.

ACTION TAKEN BASED ON EXECUTIVE SESSION DISCUSSIONS:

Committee Chair Wheeler requested a motion for the committee to suggest to the board with respect to a motion made during the December 2020 board meeting regarding the upcoming Tri-State application.

Motion: Committee Member Bassett moved that this committee recommends to the full board that they rescind the motion made in the December 2020 Board meeting regarding the Tri-State open season application. Motion seconded and carried without dissent.

AGENDA DISCUSSION:

Committee Members discussed potential agenda items for the upcoming meeting.

FUTURE AGENDA ITEMS:

Committee Member Bassett asked to add DirectorPoint membership and costs for discussion at the next meeting. VP of Finance, Ramsey would like to discuss 2021 financial board reporting.

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 4:08 p.m.

The Finance and Audit Committee meetings are scheduled to take place from 2:00 p.m. to 5:00 p.m., on the 2nd Thursday of every month.

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



Tim Wheeler, Committee Chair