

LA PLATA ELECTRIC ASSOCIATION, INC.
Finance and Audit Committee Minutes of Meeting
Thursday, September 10, 2020
Livestream at <https://www.lpea.coop/finance-and-audit-committee>

CALL TO ORDER

The Finance and Audit Committee of the La Plata Electric Association Board of Directors was held Thursday, September 10, 2020 via webinar. Committee Chairman Wheeler called the meeting to order at 2:00 p.m. The following committee members were in attendance:

COMMITTEE MEMBERS:

Tim Wheeler, Committee Chairman
Britt Bassett
Kirsten Skeehan
Bob Lynch
Jessica Matlock, CEO
Karl Ramsey, VP of Finance

LPEA STAFF:

Monica Rodriguez, Controller
Dan Harms, VP of Grid Solutions

EXCUSED ABSENCE: None

GUESTS: Guinn Unger, Kohler McInnis,

APPROVAL OF AGENDA

Committee Chairman Wheeler addressed the September 10, 2020 Finance and Audit Committee (FAC) meeting agenda.

Motion: Committee member Bassett moved to approve the September 10, 2020 FAC meeting agenda as presented. Motion seconded and carried without dissent.

APPROVAL OF MEETING MINUTES

Committee Chairman Wheeler addressed the August 13, 2020 FAC meeting minutes. A correction was noted.

Motion: Committee member Bassett moved to approve the August 13, 2020 FAC meeting minutes with modifications. Motion seconded and carried without dissent.

COMMITTEE DISCUSSION AND POSSIBLE ACTION

FINANCIAL REVIEW – VP of Finance Karl Ramsey gave an overview of the draft financials for August, noting various impacts related to Covid-19. Due to robust residential sales and revenue from the July 1st rate increase and controllable expenses coming in below budget, operating margins are above forecast. LPEA maintains a healthy balance sheet and cash position.

2021 PROPOSED BUDGET REVIEW– VP of Finance Karl Ramsey presented and discussed the 2021 Draft Margin Statement, as well as a new 2021 Budget Strategic Operations Statement which ties individual division budgets directly to the LPEA strategic initiatives and demonstrates the contribution of each division to the overall operating margins.

RATE STABILIZATION FUND REVIEW – The committee discussed a proposal by VP of Finance Karl Ramsey to raise the threshold for the Rate Stabilization Fund (RSF) to \$4 million from the current level of \$2 million, as part of the 2021 budget. This would provide \$1 million per quarter to address an emergency and meet the current operational requirements of \$1 million per quarter. The \$1.9 million cash offset from the PPP loan forgiveness would be applied to the RSF which currently stands at \$2 million

Motion: Committee member Bassett moved that the committee approve a recommendation to the full board to set the 2021 RSF goal at \$4 million. Motion seconded and carried without dissent.

2019 CAPITAL CREDITS RETIREMENT DISCUSSION – The committee discussed a proposal by VP of Finance Karl Ramsey to retire \$3.5 million in capital credits for 2020 by retiring approximately \$2.8 million on a FIFO basis from years 1998 and 1999, and approximately \$664,000 on a LIFO basis from 2019, excluding G&T allocations from Tri-State.

MONTHLY BAD DEBT WRITE-OFF REPORT REVIEW – Committee Chairman Wheeler advised that due to time constraints, this discussion would be moved to the next meeting.

BOARD FINANCIAL REPORTS REVIEW – Committee Chairman Wheeler advised that due to time constraints, this discussion would be moved to the next meeting.

AGENDA DISCUSSION – Committee members discussed potential agenda items for the upcoming meeting.

FUTURE AGENDA ITEMS

Committee Chairman Wheeler advised that due to time constraints, this discussion would be moved to the next meeting.

EXECUTIVE SESSION AS NEEDED

An executive session did not take place.

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 5:09 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 C.E. Charistopoulos, and approved by:



Tim Wheeler, Committee Chairman