

LA PLATA ELECTRIC ASSOCIATION, INC.
Finance and Audit Committee Minutes of Meeting
Thursday, June 11, 2020

Livestream at <https://www.lpea.coop/finance-and-audit-committee>

CALL TO ORDER

The Finance and Audit Committee Committee of the La Plata Electric Association Board of Directors was held Thursday, June 11, 2020 via livestream webinar in compliance with the Governor's orders against in-person gatherings of more than 10 people. Committee Chairman Wheeler called the meeting to order at 2:03 p.m. The following committee members were in attendance:

COMMITTEE MEMBERS:

Tim Wheeler, Committee Chairman
Britt Bassett
Kirsten Skeeahan
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: Livestream audience including Dan Huntington, Guinn Unger, Holly Metzler, Kohler McInnis, Sue McWilliams, Jenn Rummery, Jenny Taylor, and Pat Bridges, Tri-State Senior VP and CFO.

APPROVAL OF AGENDA

Committee Chairman Wheeler addressed the June 11, 2020 Finance and Audit Committee (FAC) meeting agenda.

Motion: Committee Member Bassett moved to approve the June 11, 2020 FAC meeting agenda as presented. Motion seconded and carried without dissent.

APPROVAL OF MEETING MINUTES

Committee Chairman Wheeler addressed the May 14, 2020 Finance and Audit Committee meeting minutes.

Motion: Committee Member Bassett moved to approve the May 14, 2020 Finance and Audit Committee meeting minutes as presented. Motion seconded and carried without dissent.

COMMITTEE DISCUSSION AND POSSIBLE ACTION

BUDGET AND FINANCIAL REVIEW – VP, Finance, Ramsey discussed the outlook for the May financial report which currently shows that the year-to-date margin is in line with budget, with May margins below budget. Certain cost-cutting measures are beneficial for the short-term but not sustainable for the long-term. The rate increase will go into effect July 1, delinquent payments have remained steady, the cash position is good, the Reserve Fund is intact, and borrowing will not be necessary due to \$1.94 million in funds received from the Payroll Protection Plan (PPP). Discussion ensued on the PPP, as well as the budget process and timeline.

FINANCIAL GOALS RECOMMENDATIONS – The committee discussed presenting the financial goal recommendations to the full board on June 17, reviewed all presentation materials, and determined an appropriate level of detail to provide. VP, Finance, Ramsey took questions on achievability of the goals, margins, and debt.

Motion: Committee member Bassett moved to recommend that the FAC financial goals be approved by the full board at the June 17, 2020 Board meeting. Motion seconded, and carried without dissent.

PARTIAL CONTRACT OPTION REVIEW – Dan Harms, VP of Grid Solutions, led an analysis-based discussion of what a partial requirements contract would look like and what that would mean for LPEA. Pat Bridges, Tri-State Senior VP and CFO joined the FAC to discuss the Member Auxiliary Supply (MAX) and the Member Auxiliary Renewable Supply (MARS) partial contract options as they compare against the Tri-State baseline power supply.

Discussion ensued on the MAX/MARS financing, rates, and the impact on LPEA’s goal of achieving 50% less carbon by 2030. The FAC will continue their research and, after all requisite information is received, the full board will discuss and consider all options.

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

EXECUTIVE SESSION AS NEEDED

Motion: Director Bassett moved to enter into executive session to discuss financial parameters. Motion seconded and carried without dissent.

The FAC remained in executive session from 4:32 p.m. until 4:50 p.m.

ADJOURN

There being no further business, the Finance and Audit Committee of the La Plata Electric Association, Board of Directors meeting adjourned at 4:53 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