

LA PLATA ELECTRIC ASSOCIATION, INC.
DURANGO, COLORADO

Board of Directors Policy

Subject: Financial Goals			Policy No: 201
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I. OBJECTIVE

To provide guidelines and direction from the Board of Directors of La Plata Electric Association, Inc. (Cooperative) in order to maintain a sound financial position and provide security for the financial resources of the Cooperative.

II. POLICY

- A. The Board of Directors will, periodically, set short-term and long-term financial goals for the Cooperative with the aid of 10 year financial forecasts, cost of service studies, other reports, and in consultation with the Chief Executive Officer (CEO), the Chief Financial Officer, and other experts as may be needed. Goals shall take into consideration long-term debt interest rate reduction incentives of minimum equity targets, growth requirements of the Cooperative, and equity retirement.
- B. The Board of Directors shall not approve financial forecasts or goals which fail to meet minimum financial loan covenant requirements, including annualizing multi-year average covenants.
- C. The Cooperative will maintain a minimum liquidity, cash on hand or available in lines of credit, of at least 30 days of expenditures.
 - 1. 30 days of liquidity requirement shall be calculated as the annual financial forecasted expenses, less non-cash expenses like depreciation, divided by 365 times 30 days.

III. RESPONSIBILITY

The CEO is responsible for the administration of this policy.

5/17/2017

Date



Secretary