

**Minutes
Finance Committee
Colorado Springs Utilities Board
April 15, 2024**

Committee members present via Microsoft Teams or Rosemont Conference Room:

Lynette Crow-Iverson and Dave Donelson

Staff members present via Microsoft Teams or Rosemont Conference Room:

Tristan Gearhart, Travas Deal, Scott Shirola, Natalie Lovell, Adam Hegstrom, Marcela Espinoza, Natalie Watts, Mike Francolino, Scott Read, Lisa Barbato, Gail Pecoraro, Kyle Wilson, Debbie Snyder, Mallorie Hansen, Mike Maksimowicz, Al Wells, Peter Bejadhar, Thad Clardy, Paul Goslin, Angelia Mora, and Bethany Schoemer

City of Colorado Springs staff members present via Microsoft Teams or Rosemont Conference Room:

Sally Barber, Renee Congdon, Chris Bidlack and Bob Jagger

1. Call to Order

Board President Dave Donelson called the meeting to order at 1:32 p.m., and Utilities Board Administrator Gail Pecoraro read a statement regarding the Colorado Open Meetings Law and the City Charter and noted that public comment would not be a part of the meeting. Attendees in the Rosemont Conference Room introduced themselves.

2. Review Minutes

The March 18, 2024, Finance Committee minutes were reviewed and accepted for posting.

3. ECA/GCA Quarterly Rate Monitoring

Mr. Scott Shirola, Pricing and Rates Manager, shared that natural gas prices are continuing to level off after the slowdown of the heating season. The change in the natural gas prices for the next three months is slightly lower than the previous two months because it is between heating season and the peak of the electric generation season.

At the end of February, we were at \$12.2 million under collected in our Electric Cost Adjustment. We have improved that balance to \$8.8 million under collected, an improvement of \$3.4 million. Based on the rate adjustment that went into effect April 1, we are expecting to be back to the \$5 million targeted tolerance zone around July. No questions were asked.

Regarding the GCA projection, in February we were over collected by \$7.6 million; we reduced that overcollection through the month of March by \$1.5 million. Coming out of the heating season, we expect to be between \$6 million and \$3 million throughout the summer over collected.

The next scheduled quarterly filing is in June, which would go into effect on July 1, 2024.

4. Financial Monitoring Update

Ms. Natalie Lovell, Accounting Manager, gave an overview of April's total revenues and expenses. She explained as of March 2024, Springs Utilities revenues are in line with the ECA / GCA monitoring explanations given by Scott Shirola in agenda Item #3. There were no questions.

5. 2023 Audit Review

Ms. Lovell acknowledged the accounting team for the efforts they have put in closing out the year-end cycle. She stated no changes in the audit has occurred since the last update. She did give an overview of the audit including that this will be performed in accordance with the Generally Accepted Auditing Standards and Government Auditing Standards. There are several key areas that will be reviewed including investments, accounts payable, payroll, accounts receivable, energy market accounting, financial reporting and sensitive estimates.

The auditor communication with those Charged with Governance was also reviewed, specifically our Pension Liability and Assets. Last year we finished with an asset of about \$20 million, this year that went back to a liability of about \$122 million on our financial statements.

Tristan Gearhart, Chief Financial Officer, explained these changes went into effect around 2015 and Colorado's Public Employees Retirement Association (PERA) fund has operated with a liability for many years. The fund has required that individual units begin to report their portion of this liability on their financial statements.

Colorado Springs Utilities will be starting a Request for Proposal (RFP) process for audit services at the end of 2024, then the organization will partner with the Office of the City Auditor. There were no questions.

6. Standby Bond Purchase Agreement Renewal

Mr. Adam Hegstrom, Treasury and Finance Manager, gave a high-level overview on the Standby Bond Purchase Agreement Renewal. This item requires approval of an ordinance.

Colorado Springs Utilities has \$4.4 billion in assets with \$2.2 billion in long-term liabilities. These are 30-year bonds. Colorado Springs Utilities has about \$63 million of these bonds expiring in September 2024.

This same presentation will be made to the Utilities Board at their meeting on April 17, 2024, for approval to place on the April 23, 2024, City Council calendar.

7. Plan for Future Meeting: Joint Finance / Strategic Planning Meeting May 17, 2024, at 1 p.m.

The next meeting will be a joint Finance / Strategic Planning Meeting on May 17, 2024, at 1:00 p.m. The agenda is still being developed, but the goal is to focus on a combination of strategic objectives / strategic vision of the organization and how that flows into the budgeting process.

Ms. Lisa Barbato, Chief Strategic Planning and Projects Officer, and Mr. Gearhart will be meeting with Ms. Nancy Henjum and Mr. Brian Risley to discuss this agenda further.

8. Adjournment

The meeting adjourned at 2:07 p.m.