

**Minutes
Finance Committee
Colorado Springs Utilities Board
May 15, 2023**

Committee members present via Microsoft Teams or Rosemont Conference Room:
Committee Chair Nancy Henjum

Excused committee members: Lynette Crow-Iverson and Dave Donelson

Board members present via Microsoft Teams or Rosemont Conference Room: Michelle Talarico

Staff members present via Microsoft Teams or Rosemont Conference Room: Travas Deal, Lisa Barbato, Mike Francolino, Tristan Gearhart, Renee Adams, Scott Shirola, Adam Hegstrom, Natalie Watts, Andie Buhl, John Hunter, Natalie Lovell and Alex Baird

City of Colorado Springs staff members present via Microsoft Teams or Rosemont Conference Room: Chris Bidlack, Sally Barber, Jackie Rowland and Shawn Alessio

1. Call to Order

Committee Chair Nancy Henjum called the meeting to order at 1:30 p.m. and 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.

2. Review Minutes

Minutes from the April 14, 2023 Finance Committee meeting were reviewed and approved for posting.

3. Compliance Reports

- a. I-2 Financial Condition and Activities (to include Contracts Over \$500K) G-7 – Q1

Mr. Tristan Gearhart, Chief Planning and Finance Officer, reviewed and explained the I-2, which states:

The Chief Executive Officer shall direct that financial condition and activities and actual expenditures are consistent with Board Expected Results. Accordingly, the CEO shall:

1. *Operate within total appropriations for the fiscal year and inform the Utilities Board of:*
 - a. *Significant financial variances*

- b. *Expenditures that exceed the Federal Energy Regulatory Commission capital and operating and maintenance budget classifications in electric, natural gas, water, wastewater and common.*
 - c. *Budget transfers and canceled major capital projects over \$500,000 in the Approved Budget or new major capital projects not funded in the Approved Budget.*
- 2. *Inform the Utilities Board of contracts that have been issued over \$500,000.*
 - *In the first quarter of 2023, there were 22 new contracts initiated over \$500,000.*
 - *In the first quarter of 2023, there were 2 existing contracts increasing to over \$500,000.*
- 3. *Invest funds in accordance with Bond Ordinance requirements and Utilities Investment Plan.*
- 4. *Ensure controls are in place for receiving, processing, or disbursing funds and allow only bonded personnel access to material amounts of funds.*
- 5. *Ensure receivables are resolved within a reasonable grace period.*
- 6. *Settle payroll and debts in a timely manner.*
- 7. *Ensure tax payments or other government ordered payments are timely and materially accurate.*
- 8. *Operate within Colorado State Procurement Code, Colorado Springs Utilities Procurement Code and Procurement procedures assuring legal and fiscal compliance with competitive acquisition practices, conflict of interest, favoritism, and procurement from local vendors.*
- 9. *Inform the Utilities Board of significant financial impacts on the Municipal Government.*
 - a. *I-2 Financial Condition and Activities - Annual City Auditors Report G-7 (Annual external)*
 - b. *I-8 Asset Protection - Annual City Auditors Report*

Ms. Sally Barber, City Audit Supervisor, said both reports were clean and there were no out-of-the-ordinary findings.

4. Electric Cost Adjustment (ECA)/Gas Cost Adjustment (GCA) Monitoring Update

Mr. Scott Shirola, Pricing and Rates Manager, gave a process explanation of how Springs Utilities provides ECA/GCA monitoring or filing updates. He then provided natural gas prices as of May 1, 2023, and highlighted prices during the heating season (November – March). Mr. Alex Baird, Portfolio Management Manager, further explained natural gas prices from an energy market perspective. Mr. Shirola concluded with ECA and GCA projections for May 2023.

5. 10-Year Financial Outlook

Mr. Gearhart explained the financial strategy for the organization to maintain at least an AA bond rating. He said the strategic plan for this consists of uses of funds, sources of

funds, and rates – financial stability, all of which balance each other out. He reviewed the annual financial forecast model – which also serves as a financial evaluation tool – and explained how Springs Utilities monitors and manages the budget to be approved. Mr. Gearhart concluded with the current state of the 10-Year Financial Model since the initial update from the January 2023 Finance Committee meeting.

6. Financial Monitoring Update

Mr. Gearhart reviewed April's revenue for each service, operating expenses (monthly and year to date), and gross margins for electric and natural gas services.

7. Plan for Future Meeting: Monday, June 19, 2023

The Finance Committee confirmed future February and November meetings will be canceled and instead, staff will schedule longer or additional Finance Committee meetings during budget season. Chair Henjum also requested to have off-site Finance Committee meetings on the trading floor, as needed.

8. Adjournment: The meeting adjourned at 2:53 p.m.