

LA PLATA ELECTRIC ASSOCIATION, INC.  
Finance and Audit Committee Meeting Minutes  
Thursday, April 10, 2025  
9:00 a.m. - 12:00 p.m.  
<https://lpea.coop/board-directors-committees>

**CALL TO ORDER**

The Finance and Audit Committee of the La Plata Electric Association Board of Directors was held on Thursday, April 10, 2025, via Zoom webinar. Committee Chair Wheeler called the meeting to order at 9:05 a.m. The following committee members were in attendance:

**COMMITTEE MEMBERS**

Director Tim Wheeler, Board Treasurer & Committee Chair  
Director David Luschen  
Director Kohler McInnis  
Chris Hansen, CEO  
Patrick Berry, VP of Finance

**LPEA STAFF**

Graham Smith, General Counsel  
Janelle Thunstrom, Executive Assistant

**EXCUSED ABSENCE:**

None

**GUESTS:**

Director Kirsten Skeeahan

**APPROVAL OF AGENDA**

Committee Chair Wheeler addressed the agenda for the April 10, 2025, Finance and Audit Committee (FAC) meeting.

**Motion:** Committee Member McInnis moved to approve the April 10, 2025, FAC meeting agenda as presented. Motion was seconded and carried without dissent.

**APPROVAL OF MEETING MINUTES**

Committee Chair Wheeler addressed the March 13, 2025, FAC meeting minutes.

**Motion:** Committee Member McInnis moved to approve the March 13, 2025, FAC meeting minutes as presented. Motion seconded and carried without dissent.

## **FEBRUARY FINANCIALS REVIEW – ACTUALS**

No further updates were provided since the March board meeting.

## **MARCH FINANCIALS REVIEW - PRELIMINARY**

VP Berry presented an overview of March 2025 financials. Revenue for March was 1% or \$115,399 under budget, while cost of power was 5% or \$343,993 under budget, resulting in gross margins being 6% or \$228,594 better than budget. Residential sales were 2% above budget, commercial sales were 5% below budget, and industrial sales were 2% below budget. Cash reserves remain under target level but increased in March by approximately \$1MM. Factors contributing to the decrease in cash reserves are attributed to our larger accounts payable disbursements to contractors working on capital projects and material costs. LPEA reported a positive operating margin of \$350,468 in March 2025, compared to a budgeted margin of \$159,220, resulting in a positive budget variance of \$191,248 or 120%. In March, our gross margins were 6% or \$228,594 above budget, controllable expenses were 1% or \$27,457 over budget, and other expenses were \$9,889 or 1% above budget. VP Berry addressed all questions from committee members.

## **RECOMMENDATION ON RESOLUTION 2025 – 07; CFC DISASTER RESPONSE LINE OF CREDIT APPLICATION**

Committee Chair Wheeler introduced the recommendation for Resolution 2025–07, concerning a Disaster Response Line of Credit through the National Rural Utilities Cooperative Finance Corporation (CFC).

The Finance and Audit Committee reviewed and recommended approval of Resolution 2025-07, which authorizes LPEA to apply for a Disaster Response Line of Credit through CFC. This resolution does not initiate immediate debt issuance but instead enables staff to activate the line of credit without additional board action in the event of a FEMA-declared disaster, allowing for rapid response during emergencies. The proposed terms align closely with LPEA's existing line of credit, featuring interest-only payments and principal repayments linked to FEMA reimbursements. The committee discussed concerns about the broad authority granted to officers to amend the agreement and suggested updates to Policy 103 to better define limits on emergency borrowing authority. The committee agreed to recommend the resolution with an amended title, replacing "Application" with "Authorization," and to initiate a review of Policy 103 to provide clearer guidelines for CEO-authorized debt in disaster scenarios.

**Motion:** Committee Member McInnis moved to recommend that the full Board approve Resolution 2025-07: CFC Disaster Response Line of Credit Authorization. The motion updates the language by replacing "Application" with "Authorization" and includes a revision to Policy 103 to authorize the CEO to incur debt in response to a disaster. Motion was seconded and passed unanimously.

## **RISK POLICY PROCESS UPDATE**

VP Berry provided an update on the Risk Policy Process, noting that recent developments—including finalization of the Mercuria agreement and ongoing Tri-State negotiations—now provide the necessary information to begin shaping LPEA's two-year bridge risk policy. The team is currently preparing documentation for review by The Energy Authority (TEA), which will be key in evaluating LPEA's current risk posture. A tentative in-person session with TEA is planned for May in Durango, offering both board and staff an opportunity for deeper engagement. Berry emphasized the importance of board participation and TEA's

guidance in supporting LPEA's fiduciary responsibilities. Policy development will also factor into evolving power supply considerations and SPP (Southwest Power Pool) market integration requirements. Final scheduling details will be confirmed as logistics are finalized.

### **KEY FINANCIAL METRICS REVISION – POLICY 201 (Financial Management and Goals)**

VP Berry reported on progress toward aligning key financial metrics with Policy 201. The capital budget process has undergone refinement to improve forecasting accuracy and financial discipline. The committee reviewed issues related to historically over-approved budgets, which led to inefficient cash flow management and higher borrowing costs. New tools have been implemented to enable monthly tracking of cash flow and debt service, supporting more accurate projections. A more structured approach to capital project prioritization was endorsed, with a focus on funding essential needs and avoiding non-strategic borrowing.

Committee Chair Wheeler emphasized the importance of approving only necessary capital expenditures, and CEO Hansen expressed support for the revised, disciplined budgeting process. The committee agreed that aligning the capital budget with actual organizational needs will improve financial health, reduce uncertainty, and ensure more strategic capital management throughout the year.

### **EXECUTIVE SESSION**

Committee Chair Wheeler requested a motion to enter the executive session to discuss a post-sale update on FastTrack Communications, the 2024 audit presentation covering both LPEA and the Round Up Foundation financials, and a review of materials related to a member information request.

**Motion:** Committee Member Luschen moved to enter an executive session to discuss a post-sale update on FastTrack Communications, the 2024 audit presentation covering both LPEA and the Round Up Foundation financials, and a review of materials related to a member information request. Motion seconded and carried without dissent.

The committee remained in the executive session from 10:17 a.m. to 11:10 a.m.

There was action taken coming out of the executive session.

**Motion:** Committee Chair Wheeler moved to recommend that the LPEA Board provide the requested audited financial statements, including the ones currently being audited for 2024, to a specific member. Additionally, Wheeler motioned to recommend that the LPEA Board deny the member's request for much more detailed trial balance information due to individual member privacy concerns. Motion seconded and carried without dissent.

### **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 11:12 a.m. Recorded by J. P. Thunstrom and approved by:

  
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Tim Wheeler, Committee Chair