

LA PLATA ELECTRIC ASSOCIATION, INC.
Board of Directors Meeting Minutes
<https://lpea.coop/lpea-board-directors-resources>
Wednesday, April 16, 2025
In-person with Electronic Attendance Option
Ross Aragon Community Center | South Conference Room
451 Hot Springs Blvd, Pagosa Springs, CO 81147

CALL TO ORDER (9:03 a.m.)

The regular monthly meeting of the Board of Directors of La Plata Electric Association, Inc. convened in person with an electronic attendance option on Wednesday, April 16, 2025. President Compton called the meeting to order at 9:03 a.m. and noted the attendance of the following directors:

Ted Compton, President	David Luschen	Nicole Pitcher, Secretary
Dan Huntington (Electronic)	Joe Lewandowski	Kirsten Skeehan
Rachel Landis, Vice President	Kohler McInnis	Tim Wheeler, Treasurer (Electronic)
John Lee, Jr.	Holly Metzler	John Witchel (Electronic)

LPEA STAFF

Chris Hansen, Chief Executive Officer
Amanda Anderson, Strategic Communications Officer
Garrett Hammer, Pagosa District Manager
Dan Harms, Executive VP of Grid Solutions and Special Projects
Elizabeth Howe, VP of Business Services
Graham Smith, General Counsel
Jerry Sutherlin, VP of Operations
Janelle Thunstrom, Executive Assistant
Drew Timmerman, VP of Information Technology

EXCUSED ABSENCE

None

WEBINAR ATTENDEES

Emelie Frojen
Woody Trimble from Jackson Thornton & Co., P.C.

IN-PERSON ATTENDEES

Dusty Mars

APPROVAL OF THE AGENDA (9:03 a.m.)

President Compton addressed the agenda for the LPEA board meeting on April 16, 2025.

Motion: Director McInnis moved to approve the amended agenda for the April 16, 2025, LPEA board meeting by changing the name on Resolution 2025-07: CFC Disaster Response Line of Credit **Authorization** and adding an update on Tri-State's long-term financial forecast in the executive session. Motion was seconded and carried without dissent.

VP Sutherlin provided a safety moment.

MEMBER COMMENTS AND CONCERNS (9:08 a.m.)

Attorney Smith outlined the ground rules for public commentary. Members attending electronically and in person made comments.

CONSENT BOARD ITEMS (9:12 a.m.)

President Compton addressed the Consent Board Items.

Motion: Director Landis moved to approve the following consent board items: March Board of Directors Minutes, Accepting New Members, Capital Credits to Estates, Monthly Write-offs, and Director Travel and Training Requests. Motion seconded and carried without dissent.

CEO AND STAFF REPORTS

DIVISION DASHBOARDS (9:14 a.m.)

CEO Hansen reported on the monthly board dashboard, which was made public prior to the board meeting. The dashboard reports progress in meeting the targets listed in the [2025 Operational Plan](#).

CEO Hansen delivered the update on March financials in VP Berry's absence. LPEA reported a positive operating margin of \$350,468 in March 2025, exceeding the budgeted margin of \$159,220 by \$191,248, or 120%. Gross margins were 6%, or \$228,594, above budget, driven by a 5% or \$343,993 reduction in the cost of power, despite revenue being 1% or \$115,399 below budget. Residential sales exceeded budget by 2%, while commercial and industrial sales were 5% and 2% below budget. Controllable expenses were 1%, or \$27,457, over budget, primarily due to higher-than-anticipated outside legal costs, including several late invoices. Overhead maintenance supplies also contributed to the variance. LPEA maintains a strong balance sheet, meeting all but one of the board's financial goals in March. Cash reserves were approximately \$7 million below the target due to increased disbursements to contractors for capital projects and rising material costs.

CEO Hansen and staff members answered questions about the topics discussed in the dashboard.

AUDIT PRESENTATION (EXECUTIVE SESSION, IF NEEDED) (10:38 a.m.)

Woody Trimble of Jackson Thornton and Co., P.C., presented the annual independent auditor's report for La Plata Electric Association, Inc. for the fiscal year ending December 31, 2024. Mr. Trimble began by confirming that LPEA received an unmodified or "clean" opinion—indicating that the financial statements fairly present the Association's financial position and operations in accordance with U.S. generally accepted accounting principles. The audit reflected strong financial health, including total net margins of approximately \$10.8 million for the year, compared to \$3.8 million in the prior year. This increase was attributed to a combination of reduced power costs, increased capital credit allocations—primarily from Tri-State—and a \$1.3 million gain related to contingency payments from the prior subsidiary sale.

The audit also highlighted total assets of over \$335 million in electric plant and service, \$14.5 million in construction work in progress, and a healthy equity position of 54%, up from 52% the previous year. Cash and cash equivalents ended

the year at \$9.8 million, reflecting investments of \$30 million in plant improvements, capital credit retirements of \$2.4 million, and principal payments on long-term debt totaling \$4.2 million. LPEA's operations generated \$17.8 million in positive cash flow during the year.

No significant accounting changes, disagreements with management, or audit adjustments were noted, and the auditors encountered no difficulties during the process. Required communications between the audit firm and the Board were reviewed, including auditor responsibilities, accounting practices, and internal controls. The report also confirmed compliance with CFC borrower requirements. The Board expressed appreciation for the finance team's efforts and the positive audit outcome, which reinforces transparency and sound financial management. It was collectively agreed that there was no need to move into executive session for further discussion.

President Compton requested a motion to approve Resolution 2025 – 06: Allocate Patronage Capital.

Motion: Director McInnis moved to approve Resolution 2025 – 06; Allocate Patronage Capital. Motion seconded and carried without dissent.

BOARD ACTION AGENDA (11:19 a.m.)

COMMITTEE ON POLICIES UPDATE (11:19 a.m.)

Committee Chair Pitcher updated the board based on her written Committee on Policies (COP) report. The committee continues the review of Policy 102 (Functions of the Board of Directors).

Motion: Director Pitcher, as chair of the COP, recommends to the full board to approve Amendments to Policy 101 (Policy Formulation and Approval) as presented. Motion carried unanimously.

FINANCE AND AUDIT COMMITTEE UPDATE (11:21 a.m.)

Committee Chair Wheeler addressed his written Finance and Audit Committee (FAC) report, highlighting the committee's recommendation on Resolution 2025-07 and summarizing actions taken following the executive session.

Motion: Director Wheeler, as chair of the FAC, moved to provide the requested audited financial statements, including the ones currently being audited for 2024, to a specific member. Additionally, Wheeler motioned that the reason to deny the member's request for a trial balance was due to individual member privacy concerns. Motion carried unanimously. Director Huntington was not present for the vote.

Motion: Director Wheeler, as chair of the FAC, 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." Director Wheeler noted that the FAC will evaluate a revision to Policy 103's authorization of the CEO to incur debt in response to a disaster. Motion carried unanimously.

Motion: Director Wheeler moved to accept the 2024 audited financials. Motion seconded and carried unanimously.

ATTORNEY UPDATE ON FERC ACTIONS (11:32 a.m.)

Matthew Larson, Outside Counsel for LPEA, advised on the status of the cases related to Tri-State's wholesale electric rates and exit fee at the Federal Energy Regulatory Commission (FERC) and related matters.

At FERC, settlement proceedings related to Tri-State's wholesale electric rates remain active and ongoing under the oversight of a settlement judge. Details of those proceedings may be discussed in executive session, if needed, due to the confidential nature of settlement communications.

Larson reported that there are currently two separate appeals pending in the Tenth Circuit Court of Appeals. The first, concerning the total Contract Termination Payment (CTP) valuation, is fully briefed, and oral arguments are expected within the next three to four months. LPEA is participating in this case as an intervener, in coordination with other similarly situated cooperatives. The second appeal relates to Tri-State's December 5th compliance filing. This case is in its early stages, with a briefing schedule recently issued, and will likely take additional time to move through the court.

At the state level, Larson updated the board on the status of Tri-State's Electric Resource Plan (ERP) before the Colorado PUC. LPEA is also an intervener in that proceeding, which is currently entering Phase II. Phase I focused on modeling assumptions, while Phase II addresses the preferred resource portfolio. Tri-State recently filed its 120-Day Report outlining a proposed mix of resources, including 700 MW of wind and solar, 650 MW of storage, and 307 MW of natural gas. This portfolio will undergo extensive review by the Commission over the next several months, with potential for approval, modification, or rejection.

Larson concluded his remarks by offering to address questions or provide further detail in executive session if needed.

No questions were raised at that time, and the Board acknowledged the update.

EXECUTIVE SESSION (11:35 a.m.)

President Compton requested a motion to enter an executive session to receive updates on developments related to FERC and associated actions; the status of the power supply initiative; a report on security, business continuity and access control priorities; an update on real estate transactions; and Tri-State's long-term financial forecast.

Motion: Director Landis moved to enter an executive session to discuss updates on developments related to FERC and associated actions; the status of the power supply initiative; a report on security, business continuity and access control priorities; an update on real estate transactions; and Tri-State's long-term financial forecast. Motion seconded and carried without dissent.

The board remained in the executive session from 11:35 a.m. to 1:48 p.m.

The Board recessed for lunch during the executive session.

Director Huntington was excused following the executive session.

BOARD ACTION AGENDA – CONT' (1:58 p.m.)

MOTION TO APPOINT VOTING DELEGATE AND ALTERNATE TO CFC (NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION) CONFERENCE/FEDERATED ANNUAL MEETING 2025 | JUNE 30-JULY 2 | NEW YORK CITY, NY) (1:58 p.m.)

President Compton requested a motion from the board to appoint delegates and alternate representatives for the Conference/Federated Annual Meeting.

Acclamation

Vote: By acclamation vote, Director McInnis was appointed as the LPEA delegate for the 2025 CFC Annual conference.

CONSIDERATION OF PROPOSED BYLAW AMENDMENTS (2:00 p.m.)

President Compton addressed the proposed Bylaw amendments, which Director Huntington had brought to the board from members the previous month.

Attorney Smith provided an update regarding member-proposed bylaw amendments that were forwarded to the Board following the March 2025 regular meeting. Although the submission did not strictly conform to the requirements outlined in Policy 112, the Board opted to place the proposed amendments on the agenda for discussion. Based on guidance from NRECA's Director of Governance Education, staff recommended that no immediate action be taken until further clarity could be obtained from the individuals who submitted the suggestions.

Motion: Director Pitcher moved to refer the matter to the Committee on Policies to engage with the proposing members, review the suggested amendments in light of applicable governance standards and practices, and provide monthly updates to the Board, culminating in a formal recommendation within a reasonable time. Motion seconded.

Motion

Amended: Director Pitcher moved to amend the motion to make a continued review contingent upon proactive engagement by the proposing members before the May COP meeting. The amendment was seconded and carried 10 – 1 with Directors Compton, Landis, Lee, Lewandowski, Metzler, McInnis, Pitcher, Skeehan, Wheeler, and Witchel in favor and Director Luschen opposed.

Substitute

Motion: Director Wheeler proposed a substitute motion to notify the member or members who brought the proposed amendments to Director Huntington to appear at the comment period of a regular board meeting, per Policy 112, or the proposed amendments will not be considered. Motion seconded and failed 3 – 8 with Directors Lewandowski, Wheeler, and Witchel in favor and Directors Compton, Landis, Lee, Luschen, Metzler, McInnis, Pitcher, and Skeehan opposed.

Main Amended

Motion

Resumed: The main motion resumed as amended and passed unanimously.

BOARD ACTIONS RESULTING FROM EXECUTIVE SESSION (2:25 p.m.)

None

REPORTS

ATTORNEY REPORT (2:25 p.m.)

Attorney Smith referenced the written and verbal report in the board packet and inquired if any board members had questions since the March meeting. No questions were raised.

DIRECTOR REPORTS (2:25 p.m.)

Directors referred to written and verbal reports in the board packet and took questions and suggestions from board members and staff.

ADJOURN (2:40 p.m.)

There being no further business, the LPEA Board of Directors' meeting adjourned at 2:40 p.m. Recorded by J.P. Thunstrom and approved by:

A handwritten signature in cursive script, reading "Ted Compton", is written over a horizontal line.

Ted Compton, President

A handwritten signature in cursive script, reading "Nicole Pitcher", is written over a horizontal line.

Nicole Pitcher, Secretary