LA PLATA ELECTRIC ASSOCIATION, INC.
Finance and Audit Committee Meeting Minutes
Thursday, July 9, 2026
9:00 a.m. - 12:00 p.m.
https://lpea.coop/board-directors-committees

CALL TO ORDER (9:02 a.m.)

The Finance and Audit Committee of the La Plata Electric Association Board of Directors was held on Thursday, July 9, 2026, via Zoom webinar. Committee Chair Wheeler called the meeting to order at 9:02 a.m. The following committee members were in attendance:

COMMITTEE MEMBERS

Director Tim Wheeler, Board Treasurer & Committee Chair
Director Greg Barber
Director Kohler McInnis
Director Kirsten Skeehan
Chris Hansen, Chief Executive Officer
Monica Rodriguez, Controller
*Controller Monica Rodriguez stayed on as voting member by CEO appointment because CFO Roy Schwalm started July 7, 2026.

LPEA STAFF

Jessica Dunbar, Administrative Assistant
Roy Schwalm, Chief Financial Officer
Graham Smith, General Counsel
Janelle Thunstrom, Executive Office & Board Governance Manager

EXCUSED ABSENCE:

NONE

GUESTS:

LPEA Board Member John Purser and LPEA Board Vice President Dusty Mars

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

Committee Chair Wheeler addressed the agenda for the July 9, 2026, Finance and Audit Committee (FAC) meeting and welcomed the three new Finance and Audit Committee members, Roy Schwalm (CFO), Director Greg Barber, and Director Kirsten Skeehan.

Motion: Committee member McInnis moved to approve the July 9, 2026, Finance and Audit Committee (FAC) meeting agenda. Motion seconded and carried without dissent.

APPROVAL OF MEETING MINUTES (9:04 a.m.)

Committee Chair Wheeler addressed the June 10, 2026, FAC meeting minutes.

Motion: Committee Member Barber moved to approve the June 10, 2026, FAC meeting minutes. Motion seconded and carried 5-0-1, with Directors Wheeler, Barber, McInnis, and committee members CFO Hansen and Controller Rodriguez in favor. Director Skeehan abstained.

PRELIMINARY FINANCIALS AND ADJUSTMENTS FROM PREVIOUS PERIODS (9:09 a.m.)

Controller Rodriguez presented one update to the April financial statements resulting from SPP's ongoing settlement process. The Committee was informed that an additional cost of power adjustment was recorded following the completion of the S53 settlement period through April 30 in the amount of $4,870. Despite the adjustment, April operating margins remained favorable to budget, and gross margins continued to exceed budget expectations. This adjustment changed our operating margins to a negative $594,642 compared to a negative budgeted margin of $915,073, resulting in a positive variance of $320,431. Staff noted that the final S120 settlement process will begin on July 29th and that process will be completed by September 10, 2026.

Director McInnis requested to add the S53 definition to the financials glossary of terms.

MAY DRAFT FINANCIALS AND ADJUSTMENTS (9:20 a.m.)

Controller Rodriguez reviewed changes made to the preliminary May financial statements as actual cost of power and transmission information became available. The Committee was advised that while operating margins declined slightly from the preliminary results due to updated cost of power estimates, overall financial performance remained favorable compared to budget. LPEA operating margins went from a negative $121,000 to a negative $294,000, and although this is an increase in overall expenses of $174,000, we are still $575,000 better than the budget. Staff also discussed transmission costs, noting they continue to exceed budget primarily due to higher-than-anticipated Annual Transmission Revenue Requirement (ATRR) charges associated with LPEA's transmission zone. Staff is working with outside resources to evaluate the accuracy of these charges.

JUNE FINANCIALS REVIEW- PRELIMINARY (9:32 a.m.)

Staff presented the preliminary June financial results and explained that, due to the timing of SPP settlements and transmission invoices, several revenue and expense accounts continue to rely on estimates. As a result, due to this new environment and timing of information, staff proposed pushing the first draft out by a month so that the initial presentation of that month's financials can be reviewed with actuals versus estimates. The second draft would be reported after those months 53-day settlements are fully complete. Then a final draft will be once 120 settlements are complete. Staff also recommended revising the presentation of the Statement of Operations by moving transmission expense into the Gross Margin section to better reflect the direct cost of delivering power under LPEA's new market-based power supply structure. The committee discussed both proposals, but no recommendation from the committee was made regarding these changes this month.

REVIEW RESOLUTION 2026-09; CFC LINE OF CREDIT AGREEMENT AUTHORIZATION CO032-P-5104 (DECREASE) (274298.1) (10:09 a.m.)

CEO Hanson addressed the purpose of Resolution 2026-09; CFC Line of Credit Agreement Authorization.

Motion: Committee member McInnis moved to recommend the Board authorize Resolution 2026-09; CFC Line of Credit Agreement Authorization CO032-P-5104 (decrease) (274298.1) as is. Motion seconded and carried without dissent.

EXECUTIVE SESSION (10:18 a.m.)

Committee Chair Wheeler requested a motion to enter an executive session for a Transmission Asset discussion and an update on Power Supply.

Motion: Committee Chair Wheeler moved to enter an executive session to discuss Transmission Asset update and Power Supply update. Motion seconded and carried without dissent.

The committee remained in the Executive Session from 10:18 a.m. to 10:56 a.m.

ADJOURN (10:57 a.m.)

There being no further business, this meeting of the Finance and Audit Committee of the La Plata Electric Association Board of Directors adjourned at 10:57 a.m. Recorded by J. Dunbar and approved by:

____
Tim Wheeler, Committee Chair