

LA PLATA ELECTRIC ASSOCIATION, INC.  
Finance and Audit Committee Meeting Minutes  
Thursday, February 13, 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, February 13, 2025, via Zoom webinar. Committee Chair Wheeler called the meeting to order at 9:04 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**

Dan Harms, Executive VP, Grid Solutions & Special Projects  
Janelle Thunstrom, Executive Assistant  
Graham Smith, General Counsel

**EXCUSED ABSENCE:**

None

**GUESTS:**

Directors Rachel Landis, Holly Metzler, Nicole Pitcher, and Kirsten Skeeahan  
  
Greg Barber

**APPROVAL OF AGENDA**

Committee Chair Wheeler addressed the February 13, 2025, Finance and Audit Committee (FAC) agenda.

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

**APPROVAL OF MEETING MINUTES**

Committee Chair Wheeler addressed the January 16, 2025, FAC meeting minutes.

**Motion:** Committee Member Luschen moved to approve the January 16, 2025, FAC meeting minutes as presented. Motion seconded and carried without dissent.

## **DECEMBER FINANCIALS REVIEW – ACTUALS**

No further updates were provided since the November board meeting.

## **JANUARY FINANCIALS REVIEW - PRELIMINARY**

VP Berry presented an overview of January 2025 financials, confirming that the figures are final with only minor formatting adjustments needed. LPEA reported an operating margin of \$992,032, exceeding the budgeted margin of \$902,074 by \$89,958 (10% over budget). This positive variance was driven by gross margins exceeding budget by \$44,633 (1%), controllable expenses coming in \$37,063 (1%) under budget, and other expenses exceeding budget by \$12,467 (1%). Revenue was \$41,903 above budget, while the cost of power remained on target. Residential sales met budget expectations, commercial sales were 2% above budget, and industrial sales were 2% below budget.

LPEA continues to maintain a strong balance sheet, meeting all but one of its financial goals for January. Cash reserves were approximately \$7 million below the target level, largely due to quarterly and semiannual debt payments, a \$600,000 application fee to the Tri-State Network Transmission System, and increased capital expenditures. Over the past 12 months, Total Utility Plant investment increased by \$22 million, which was fully funded through cash reserves rather than borrowing. The committee discussed these financial trends, particularly the impact of planned rate adjustments on cash flow and liquidity management. VP Berry addressed all questions and provided further insights into financial strategies moving forward.

## **RISK POLICY PROCESS UPDATE**

VP Berry provided a brief Risk Policy Process Update. He mentioned that The Energy Authority (TEA) has assigned a team to assist with risk management policy development, and their bios have been uploaded for review. TEA will provide training and guidance in structuring a risk management committee, helping balance risk mitigation with transactional flexibility. The committee will receive training to ensure strategic decision-making aligns with financial and operational goals. Additionally, the training schedule and board participation details will be communicated soon. VP Berry clarified that TEA's involvement is primarily advisory and does not overlap with other market partners like Mercuria. The goal is to develop a robust risk policy that enhances LPEA's credit rating and market position while ensuring compliance with industry standards.

## **KEY FINANCIAL METRICS REVISION – [POLICY 201](#)**

VP Berry provided an update on key financial metrics as part of the ongoing review of financial health indicators. The discussion focused on cash reserves, days of cash on hand, and days of liquidity on hand, emphasizing their role in assessing financial stability and long-term preparedness.

Berry presented updated financial data, showing a decline in cash reserves compared to operating costs. While reserves had peaked at around 18-19% of operating expenses, they have since trended downward, reaching lower levels by January 2025. Similarly, days of cash on hand, which had previously risen to nearly 70 days, have steadily decreased. Days of liquidity on hand, which includes available credit, remained more stable, averaging between 140-160 days, but also showed a gradual decline toward the end of the reporting period.

Berry noted that these trends align with expected financial activity, including quarterly and semiannual debt payments, increased capital expenditures, and strategic financial planning. While the organization maintains a

strong financial position, the downward trend in reserves and cash on hand underscores the need to closely monitor liquidity and ensure sufficient cash flow to support operations, credit ratings, and borrowing costs.

Committee members discussed setting a target range for days of liquidity on hand as a future agenda item. VP Berry addressed all questions and agreed to provide additional context on financial projections at the next meeting.

### **RESOLUTION 2025-03; AUTHORIZATION TO USE COBANK FOR FUTURE FINANCING**

VP Berry and Attorney Smith gave an overview of Resolution 2025-03, Authorization to Use CoBank for Future Financing.

**Motion:** Committee Member McInnis moved to recommend the approval of Resolution 2025-03, Authorization to Use CoBank for Future Financing, with the CEO, VP of Finance or equivalent as authorized signees pending CoBank's acceptance. Motion seconded and carried without dissent.

### **EXECUTIVE SESSION**

Committee Chair Wheeler requested a motion to move into an executive session to discuss a review of confidential Tri-State member presentation material, FastTrack Communications post-sale update, and a risk policy update.

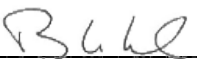
**Motion:** Committee Member McInnis moved to enter an executive session to discuss a review of FastTrack Communications post-sale update and a risk policy update. Motion seconded and carried without dissent.

The committee remained in the executive session from 9:53 a.m. to 12:16 p.m.

No action was taken during this time.

### **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 12:17 p.m. Recorded by J. P. Thunstrom and approved by:



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Tim Wheeler, Committee Chair