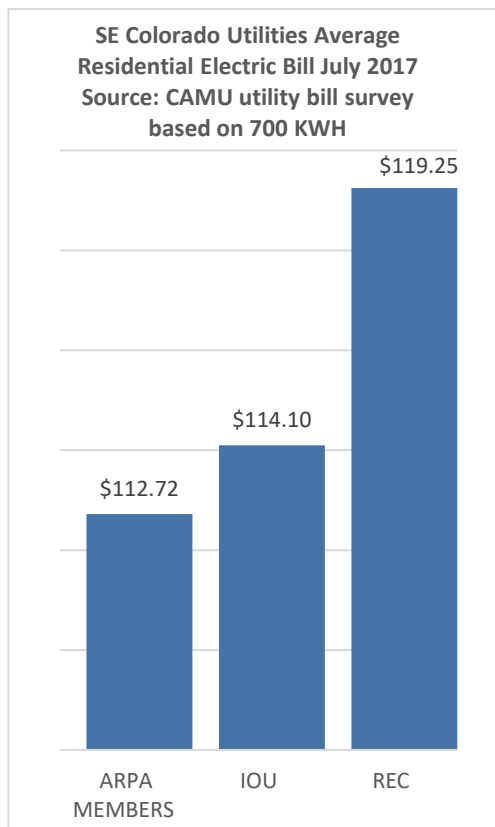


BUSINESS OPERATIONS – FEBRUARY 16, 2018

ARPA Moving Forward with its Bond Refunding Effort: The ARPA Board of Directors received an update regarding its Bond Refunding effort. The Board appointed a Banking Team shortly before the end of the year and directed the Team to evaluate opportunities to refinance its existing debt. Between 2003 and 2010 ARPA issued a series of revenue bonds to fund the construction of the Lamar Repowering Project. ARPA now has the opportunity to refund those bonds at lower interest rates, which would result in a significant reduction in the repayment of the debt. There are four bond series that ARPA is considering refunding that amount to approximately \$127 million.

The refunding will include only ARPA’s existing bonds, as the Board is not considering issuing any additional bonds. The retirement schedule for the bonds will also remain the same, circa 2043. The repayment schedule will be based on a “level repayment plan” in which the payments remain the same throughout the term of the debt.

ARPA believes it has an opportunity to improve its credit rating through the refunding process as well. There are several factors that credit rating agencies consider when determining credit quality and ARPA believes it has positioned itself well to meet or exceed the factors, including compliance with bond covenants such as funding of bond reserve accounts and generating revenues sufficient for debt payments.



Additionally, ARPA’s financial position has improved significantly over the past few years. ARPA’s rates to its members has remained stable with no rate increases since 2011 and its members retail rates, on average, are at or below those of the neighboring utilities.

ARPA’s goal is to go to market with most of the refunding transaction completed by early May and the final refunding completed by early July. ARPA has engaged Goldman Sachs as its Underwriter for its refunding effort and the law firm of Chapman and Cutler for bond and disclosure counsel. In addition, Public Financial Management Inc. (PFM) is ARPA’s independent registered municipal advisor and UMB Bank will be the Bond Trustee.

Financial Planning: The ARPA Board directed staff to continue with its long term financial planning at its January meeting. The Board’s plans include continued stable rates through 2024 with the potential to retire debt and implement a rate stabilization fund during the planning horizon.

Summary of Unaudited December 2017 Financial and Operating Statements: During the month of December total operating revenues were better than budget by \$14,265. Total cost of goods sold were over budget 2.2%, and A & G expenses for the month were over budget by \$27,327. There were net revenues of \$244,151 for

the month; year to date (YTD) net income is \$3,354,814. Member sales for December were 1.8% better than budget, and YTD sales are better than budget by approximately 3.2%.

Next ARPA Meeting: The next regularly scheduled ARPA board meeting will be held at 27850 Harris Road in La Junta on Thursday, February 22, 2018 beginning at 10:00 AM. ARPA board meetings are open to the public.