

**MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS OF
UNITED POWER, INC.
FRIDAY, FEBRUARY 18, 2016**

GENERAL

President Brian McCormick called the regular meeting of the United Power Board of Directors to order at 9:00 a.m. on February 18, 2016. The meeting was held at United Power Headquarters in Brighton, Colorado. Present were Directors Ginny Buczek, Tim Erickson, Robert Grant, Beth Martin, Brian McCormick, Ursula Morgan, Rick Newman, Douglas Pryce, Dave Rose and James Vigesaa. Chief Executive Officer Ron Asche and Executive Assistant to the Board Michele Sack were also present. Director Susan Petrocco was absent.

Others present for the meeting were staff members Dean Hubuck, Delaine Orendorff, John Parker, Mitzi Rea, Bryant Robbins, Antelia Salazar-Ball, Myke Weis and Troy Whitmore. Also present were Thad Kurowski from Solar City, John Bringenberg from Colorado Solar Energy Industries Association and United Power members William Canelos from Brighton and Patrick Holecek from Erie.

INVOCATION/PLEDGE

Director Buczek gave the invocation and led in the Pledge of Allegiance.

AGENDA APPROVED

A motion was made by Director Grant, which was seconded and carried, to approve the agenda as presented.

CONSENT AGENDA

The January 15, 2016 Regular Board meeting minutes were included in the Board packet for review. **A motion was made by Director Newman**, which was seconded and carried, to approve the consent agenda which consisted of the January 15, 2016 Regular Board meeting minutes as corrected.

ADOPT PROPOSED RETAIL RATES FOR 2016

CEO Asche discussed the recommended retail rate changes for 2016 which were included in the Board packet. Based upon staff's analysis, an overall increase in retail electric service rates is not necessary in 2016. A cost of service study was performed in late 2015, did however indicate that rate structure changes were appropriate within most rate classes to more fairly and equitably recover the cost of providing electric service to the various rate classes.

Staff addressed questions from the Board and the guests that were present. Following discussion, **Director Grant made a motion**, which was seconded and carried, to adopt the following Resolution to Approve Retail Rate Revisions for 2016:

RESOLUTION TO APPROVE RETAIL RATE REVISIONS

WHEREAS, the Board of Directors adopted the 2016 Operating Budget at its November 2015 meeting, and

WHEREAS, the approved budget reflected that an overall increase in electric rates was not needed to support United Power's planned operations in 2016, and

WHEREAS, United Power prepared a cost of service and rate study in late 2015 for purposes of assessing the fairness and reasonableness of the electric service rates charged to all members receiving electric service from United Power, and

WHEREAS, the cost of service and rate study indicated that rate structure changes were appropriate to more fairly and equitably recover the costs of providing electric service to the various rate classes, and

WHEREAS, the cost of service study indicated increases in the monthly service or facility charges, and in some cases increases in the monthly demand charges, are appropriate to improve our fixed cost recovery, and that decreases in the energy charges are appropriate so that overall cost recovery remains revenue neutral for most rate classes and for United Power overall, and

WHEREAS, the Board has reviewed the cost of service study results and the proposed retail rate changes for 2016, and

WHEREAS, the Board has determined that it is fair and reasonable to adjust the rates of each rate class as proposed, and

WHEREAS, it is necessary to revise the United Power rate tariff sheets to reflect the new proposed retail rates to be effective with billings on and after May 1, 2016 (to affect usage on and after April 1, 2016),

NOW, THEREFORE, BE IT RESOLVED that the attached tariff changes are hereby approved by the Board of Directors of United Power, Inc., for public notice in accordance with Section 40-9.5-106(1), C.R.S. and Regulation No. 5 of United's Regulations Governing Consumer Complaints and related Matters, and

BE IT FURTHER RESOLVED that said tariff changes shall be filed in Advice Letter format for informational purposes with the Public Utilities Commission of the State of Colorado concurrently with the public notice, and the Secretary is directed to file the original copy thereof for safekeeping and to distribute copies to assigned personnel, and

BE IT FURTHER RESOLVED that in the event informal complaints or formal complaints are timely filed regarding said change in the tariffs of United Power, Inc. a meeting of the Board of Directors may be scheduled to act upon said complaints.

At 10:35 a.m. the Board recessed for break and reconvened at 10:45 a.m.

The four guests attending the Board meeting left at 11:00 a.m.

RATE STABILIZATION/DEBT RESERVE

As has been previously discussed with the Board, some regulated utilities have implemented rate stabilization plans to help them achieve a goal of keeping electric rates stable and predictable. With the likelihood of increasing wholesale power costs in the years ahead for United Power, a rate stabilization fund could help phase in over several years, what might otherwise be rather large rate increases in a short period of time. Following discussion, **Director Martin made a motion**, which was seconded, to adopt the following Resolution to Approve Implementation of a Rate Stabilization Plan and Corporate Policy. **Director Pryce made a motion**, which was seconded, to postpone action on the Resolution until the March Board meeting. This motion failed. **Director Pryce made a motion**, which was seconded and carried, to add a sentence in the Corporate Policy C-03 Debt Service Reserve Plan, paragraph A. General which reads: “The exercise of powers under this policy shall not impact the allocation of margins to the members of United Power.” The vote on the original motion to adopt the Resolution to Approve Implementation of a Rate Stabilization Plan and Corporate Policy, as amended, passed. **Director Grant and Director Newman voted against the motion to approve the Resolution and asked that it be recorded in the minutes.**

**RESOLUTION TO APPROVE IMPLEMENTATION OF
A RATE STABILIZATION PLAN AND CORPORATE POLICY**

WHEREAS, United Power has a goal of maintaining electric service rates that are stable and predictable, and

WHEREAS, there exists the likelihood of increasing wholesale power costs in the years ahead, and

WHEREAS, some regulated utilities utilize rate stabilization plans to help achieve the goal of maintaining stable and predictable rates, and

WHEREAS, staff established criteria to evaluate two alternative rate stabilization plan options, hereinafter referred to as the revenue deferral/recognition option and the debt reserve account option, and

WHEREAS, the evaluation criteria included (1) the ease of administration, (2) the ability to achieve the goal of maintaining stable and predictable rates, (3) the avoidance of issues affecting our tax-exempt or cooperative status, (4) the avoidance of issues with margin allocations to our members, (5) the avoidance of any other accounting issues, and (6) the avoidance of any issues with the loan agreements with our primary lender, and

WHEREAS, the rate stabilization plan which includes the creation of a debt reserve account is deemed to be the better of the two alternatives in meeting the criteria above, and

WHEREAS, both our external audit firm and our primary lender have reviewed the proposed rate stabilization plan – debt reserve account option and have not noted any issues or concerns, and

WHEREAS, staff has prepared a written Corporate Policy to govern the administration of this rate stabilization plan as recommended by both our external audit firm and our primary lender.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the implementation of the rate stabilization plan – debt reserve account option, with its goal to be to help maintain stable and predictable rates, and

BE IT FURTHER RESOLVED that the Board hereby approves the proposed Corporate Policy C-03 governing the administration of the Rate Stabilization Plan.

CORPORATE POLICY
Debt Service Reserve Plan Policy No. C-03

Scope:

The purpose of this policy is to implement a rate stabilization Debt Service Reserve Plan (“Plan”) and to establish the guidelines for the administration of such a Plan.

A. General

United Power, as part of its overall approach to establishing rates for sales of electric energy to its members, is establishing a Debt Service Reserve Plan to be used for rate stabilization. Due to the likelihood of increasing power costs, United Power recognizes the possibility of having to increase rates more rapidly than its member’s might desire. Accordingly, the Plan is based on the goal of achieving more stable and predictable rates from year to year during periods when they would otherwise be seriously affected by significant changes in wholesale power costs. Deposits to the fund are expected to be made from excess cash margins from operations, proceeds from the sale of assets, and any other extraordinary cash sources. The funds in the debt service reserve will be used to mitigate rate increases that would otherwise be necessary. The exercise of powers under this policy shall not impact the allocation of margins to the members of United Power.

B. Funding the Debt Service Reserve

Under the Plan, United Power will review actual net margins, on a cash basis, and other cash sources, at the end of each year, or as may be deemed appropriate. If net cash margins from operations for any year are in excess of what had been projected when establishing the Operating Budget for the year, or if other extraordinary cash receipts are received, the Board may consider the following:

1. Transferring from the General Fund to the Debt Service Reserve Account all or a portion of the excess cash margins in any year and setting aside such amounts in a debt service reserve account to be utilized in future years to reduce rate increases.
2. Depositing all or a portion of extraordinary cash receipts, such as the proceeds from sales of assets, in a debt service reserve account to be utilized in future years to reduce rate increases.
3. Any combination of the above options.

Any such determination to transfer excess net margins from operations shall be done only after having given consideration to the impact of such a transfer will have on MDSC. Any decision to transfer or deposit cash from any source in the debt service reserve account will be documented by Board action.

C. Use of Funds from the Debt Service Reserve

When the Board determines that all or a portion of the debt service reserve is to be used to mitigate rate increases, the amount to be used will be moved from the debt service reserve account back into United Power's general fund cash account. Such use of the reserve funds will be documented by Board action.

D. Notifications to CFC

The additions and reductions to the debt service reserve account may impact the calculation of the MDSC ratio for United Power's main lender, CFC. Deposits to the reserve that come from excess cash margins from operations will be shown as a reduction in cash flows available in calculating the MDSC ratio for the year that gave rise to those excess cash margins. Deposits to the reserve that come from proceeds from the sale of assets will not affect the MDSC calculation. When funds are removed from the reserve for the purpose of mitigating rate increases, those amounts will be added to the cash flows available in calculating the MDSC ratio.

United Power will specifically notify CFC of any decision to deposit funds in the debt service reserve account, the source of those funds, and any decision to use the funds in the reserve account. United Power will annually provide a recap of the activity in the reserve, including opening balances, transfers in and their sources, transfers out, and ending balances. United Power will also provide a calculation of the MDSC ratio

showing the stand-alone calculation, and the calculation showing the effects of the deposits and/or withdrawals from the reserve account.

E. Segregation of Funds

As part of the Plan, when the Board establishes an amount to be deposited in the debt service reserve, such amount will be deposited in a special fund until such time as all or a portion of that amount is subsequently used to mitigate rate increases. Accordingly, such funds are to be maintained in a separate account.

F. Accounting and Tax Status Impacts

After review with our external audit firm, it was determined this Plan will not have any adverse impact on United Power's status as a cooperative, its tax exempt status, margin allocations, and/or compliance with generally accepted accounting principles.

G. Other

When cash is to be deposited in the debt service reserve, a specific schedule of amounts to be deposited and their source(s), the expected period of utilization to mitigate rate increases, and the effect on MDSC will be provided to the Board of Directors.

The debt service reserve plan, including the amounts deposited in such account and the expected timing of their use will be disclosed in the financial statements and footnotes as follows:

- Opening balance by year;
- Amount deposited by year and source;
- Amount utilized for rate mitigation; and
- Balance at end of year by years remaining for rate mitigation.

H. Adjustments and Revisions

The Board shall retain the right at any time to transfer any amounts from the debt service reserve account to the general fund for any lawful purpose in addition to mitigation of rate increases, as deemed appropriate by the Board.

Accountability

It shall be the responsibility of the Board of Directors, the Chief Executive Officer and the Chief Financial Officer to implement and monitor the terms of this policy.

SPECIAL FEES AND CHARGES

With the recent completion of our AMI meter installations, staff has been discussing processes and reviewing the current costs associated with special fees and charges, for such items as service connects and disconnects, NSF checks, late payments, and meter reading for members that opted out of an AMI meter reading device installation. A survey was provided to the Board of other Colorado Co-ops to compare the fee structures they have in place with those of United Power.

Following discussion, staff advised that they will present specific recommendations on proposed fee changes at a future Board meeting.

The Board recessed for lunch at noon with legal counsel and staff from Sherman and Williams, L.L.C. The Board reconvened at 1:00 p.m. with Director Vigesaa absent.

Legal Counsel Mark Williams joined the Board meeting at 1:00 p.m.

ATTORNEY CONTRACT REVIEW/EVALUATION

United Power does not have legal counsel on staff and therefore has had a longstanding relationship with the firm of Sherman and Howard, L.L.C. to provide legal services to United Power. The current legal services contract was executed in 1997 between United Power and the law firm of Berryhill, Cage & North, P.C., which was subsequently acquired by the law firm of Sherman & Howard, L.L.C. Included in the Board packet was a proposed legal services agreement between United Power and Sherman and Howard, L.L.C for a term of five years.

Director Vigesaa joined the Board meeting at 1:12 p.m.

EXECUTIVE SESSION

Director Vigesaa made a motion that the Board go into Executive Session to discuss legal and contract issues. The motion was seconded and carried.

The Board went into Executive session at 1:19 p.m. Attending were Directors Buczek, Erickson, Grant, Martin, McCormick, Morgan, Newman, Pryce, Rose and Vigesaa. Also attending was CEO Ron Asche and Legal Counsel Mark Williams.

The Executive Session concluded at 1:28 p.m. and the Board reconvened into regular session.

ATTORNEY CONTRACT REVIEW/EVALUATION

Following further discussion, **Director Buczek made a motion**, which was second and carried, to adopt the following Resolution to Approve Legal Services Agreement. **Director Vigesaa abstained from the vote.**

RESOLUTION TO APPROVE LEGAL SERVICES AGREEMENT

WHEREAS, United Power does not have legal counsel on staff, and

WHEREAS, legal services are routinely required to help address contract, personnel, legislative, regulatory, financial, easement, and other related business issues, and

WHEREAS, the current legal services agreement was executed in 1997 between United Power and the law firm of Berryhill, Cage & North, P.C., and

WHEREAS, such law firm was subsequently acquired by the law firm of Sherman & Howard, L.L.C., and

WHEREAS, the law firm of Sherman & Howard, L.L.C. has continued to provide legal services to United Power pursuant to that original agreement, as amended, and

WHEREAS, such legal services have met or exceeded the needs of United Power at a reasonable cost, and

WHEREAS, United Power staff and legal counsel at Sherman & Howard, L.L.C. have discussed the need for a new legal services agreement, and

WHEREAS, a new legal services agreement has been offered by Sherman & Howard, L.L.C. and

WHEREAS, such agreement has been reviewed by staff and is deemed to adequately address the legal service needs of United Power and business relationship of the parties, including fees and charges for such services.

NOW THEREFORE BE IT FURTHER RESOLVED that the Board of Directors of United Power hereby authorizes management to execute the legal services agreement with Sherman & Howard, L.L.C. for a term of five years, effective March 1, 2016.

Legal Counsel Mark Williams left the meeting at 1:32 p.m.

REVIEW TRI-STATE POLICY 101, 115, AND 117 PROPOSED CHANGES

CEO Asche advised that Tri-State held a Renewable and Distributed Generation Advisory Council meeting on Tuesday, January 19th to discuss proposed changes on the following policies:

- Policy 101---Qualifying Facility Capacity and Energy Purchase Program
- Policy 117---Member System Local Renewable Project Renewable Energy Credit Purchase
- Policy 115---Member System Distributed Generation

United Power has communicated proposed changes to these policies to Tri-State and also requested that action on the proposed changes be deferred to allow more opportunity for review and discussion among the Tri-State members. Following discussion, staff advised that it will continue to work with Tri-State on the proposed policy changes and any subsequent actions taken by Tri-State on these policies will be reported to the Board.

APPOINT ELECTION CREDENTIALS COMMITTEE

Director of External Affairs Troy Whitmore discussed the appointment of an Election/Credentials Committee for the upcoming Annual Meeting. The committee oversees the registration process and ballot tabulation procedures at United Power’s Annual Meeting. Following discussion, **a motion was made by Director Grant**, seconded and carried, to adopt the following Resolution Appointing Election and Credentials Committee:

RESOLUTION APPOINTING ELECTION AND CREDENTIALS COMMITTEE

WHEREAS, the Annual Meeting of Members will be held Wednesday, April 13, 2016; and

WHEREAS, it is important that our Election and Credentials Committee be assembled to supervise registration procedures and to resolve any dispute regarding said registration; and

WHEREAS, the Election and Credentials Committee is also charged with overseeing the ballot counting process and settling related disputes.

NOW, THEREFORE, BE IT RESOLVED, that the following members of United Power, upon their acceptance, are hereby appointed to serve on the Election and Credentials Committee with the duties and authority set forth above.

<u>Name</u>	<u>Address</u>	<u>District</u>	
Carol Criswell		195 Valle Drive, Fort Lupton, CO 80621	East
Terry Krayenhagen		28930 E. 160 th Place, Brighton, CO 80603	East
Troy Norby		251 Donna Street, Fort Lupton, CO 80621	East
Frank Howell		204 South 5 th Street, Brighton, CO 80601	South
Al Shivley		840 South 15 th Avenue, Brighton, CO 80601	South
Mary Zink		160 South 17 th Avenue Drive, Brighton, CO 80601	South
Dennis Reid		6227 Saddleback Avenue, Firestone, CO 80504	West
Gina Rowsam		5517 Triple Crown Drive, Frederick, CO 80504	West
Connie Sasse’-Price		P.O. Box 326, Rollinsville, CO 80474	Mtn.

AUDIT COMMITTEE CHARTER

The Audit Committee has met on several occasions during the past year in the development of a Committee Charter. During the last Audit Committee meeting held on February 10th, a draft Charter was presented for the committee’s review. The draft Charter represented a compilation of input from various sources, including Board members, staff, legal counsel, and review of other general industry templates on Audit Committee Charters. Following review, **Director Martin made motion**, which was seconded, to adopt the following Resolution to Approve Audit Committee Charter.

Director Pryce made a motion to add a paragraph 5 to Section C - Functions and Responsibilities of the Charter, to read “Any delegation of functions from the Board to the Committee under this policy shall not prevent the Board from also performing those functions”. This motion failed. **A vote on the original motion passed.**

Statement of Functions of the United Power Audit Committee of the Board of Directors

Purpose:

To set forth the establishment and operation of an Audit Committee. The purpose of the Audit Committee shall be to recommend the appointment, retention, and termination of an external audit firm; assess the audit firm’s independence; establish the terms of any audit engagement and the scope of the audit to be conducted; and evaluate and assess the quality and sufficiency of the external auditor’s performance, communications with the Committee, and reports prepared by the audit firm.

Policy:

A. Charter of the Audit Committee

The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities to the Cooperative’s members, lenders and the community. That assistance includes recommendation for engagement of independent auditors that can, review and opine on the adequacy of the Cooperative’s financial accounting processes, system of internal controls, and financial statements and reports.

B. Organization and Operations of the Audit Committee

The Audit Committee is constituted and conducts its affairs as follows:

1. Each year after the Annual Meeting of the Cooperative, the President of the Board of Directors will appoint the Chairperson of the Audit Committee and at least four of Directors to serve as Committee members. Each member of the Committee shall have, prior to appointment, completed National Rural Electric Cooperative Association Cooperative Credential Director Certificate training. The Committee may also include up to three non-voting resource members, who may be United Power staff members. Other members of the Board will be encouraged to attend Committee meetings even though they have not specifically been named to the Committee.
2. The Committee shall meet at least two times per year.
 - (a) The first meeting will be with representatives of the auditing firm prior to the start of field work for the current year’s audit. Prior to commencement of work, the Committee will review the independent auditor’s independence and the scope of the audit to be conducted. The Committee shall provide a clear understanding to the independent auditor that the auditor is accountable to the Committee and, ultimately, the Board.

Any material findings or potentially damaging circumstances noted by the auditor during the field work that may adversely affect the reputation of United Power are expected to be brought immediately to the attention of the Audit Committee Chairperson and the Board President.

(b) The second meeting will be with representatives of the auditing firm subsequent to completion of field work, with the objective of reviewing the audited financial statements and discussing the audit process and audit report. The external audit report is to include identification and discussion of all material issues, including any significant deficiencies and material weaknesses in internal controls and an assessment of the adequacy of management's remediation plan for any such deficiencies or weaknesses. If the external auditor identifies significant issues that have been communicated to management but, in the auditor's judgment, such issues have not been adequately addressed, the auditor shall communicate this to the Committee. The Committee, if deemed necessary, shall meet with the external auditor in Executive Session without the presence of any employee of the cooperative. The Committee will decide whether or not to recommend to the full Board acceptance of the annual audit report.

(c) As circumstances require, or as requested by the Board President, the Committee Chairperson is authorized to convene additional meetings of the Audit Committee, including conferring with the Cooperative's general counsel.

3. The presence of a majority of Committee members in person or by teleconference is required for transacting the Committee's business.
4. Minutes of the Committee's meetings are to be maintained and distributed to all members of the Board of Directors.

C. Functions and Responsibilities

The duties of the Audit Committee include the following:

1. Specification of the required qualifications of independent auditors to serve the Cooperative, including internal control evaluation capabilities and technical competence as well as expertise in the public utility operation and regulation, and taxation of electric cooperatives. A statement of the candidate firm's independence should be obtained.
2. Recommend for engagement of the Cooperative's independent auditors and review of their plans for evaluation of the Cooperative's internal controls and audit execution, review of audit and management reports, resolution of conflicts with management and payment of fees.

3. Review and discuss with the independent auditor any material risks and weaknesses in internal controls identified by the auditor and the adequacy of United Power's accounting and financial reporting processes. Solicit recommendations from the independent auditor for the improvement of United Power's internal control procedures and particular areas where new or more detailed controls or procedures are desirable.
4. Review should include discussion with management and the independent auditor of significant issues regarding accounting principles, practices and judgments, including certain matters required to be communicated to the Committee in accordance with AICPA professional standards.

D. Limitations

Members of the Committee do not bear any of the responsibilities of United Power's external audit professionals. As such, it is not the duty or responsibility of the Committee or any of its members that are Directors: (i) to determine that United Power's financial statements are complete and accurate and are in accordance with GAAP, or (ii) to design, implement or designate internal or disclosure controls/procedures; to conduct suggested types of auditing reviews or procedures; or (iii) to conduct other types of auditing or accounting reviews or procedures.

Each member of the Committee that is a Director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by: (i) one or more officers or employees of United Power whom the Director reasonably believes to be reliable and competent in the matters presented; (ii) legal counsel, public accountant or another person as to matters the Director reasonably believes are within that person's professional or expert competence; or (iii) any other committee of the Board of Directors which the Director is not a member if the Director reasonably believes the committee merits confidence.

E. Committee Self-Evaluation

The Committee will operate under a Board approved Audit Committee Charter and review the Charter annually for adequacy and recommend any necessary changes for approval by the Board.

At 2:30 p.m. the Board recessed for break and reconvened at 2:45 p.m.

EXECUTIVE SESSION

Director Vigesaa made a motion that the Board go into Executive Session to discuss the CEO performance evaluation. The motion was seconded and carried.

The Board went into Executive session at 2:45 p.m. Attending were Directors Buczek, Erickson, Grant, Martin, McCormick, Morgan, Newman, Pryce, Rose and Vigesaa. At 3:03 p.m. CEO Ron Asche joined the Executive Session.

The Executive Session concluded at 3:18 p.m. and the Board reconvened in regular session.

EVALUATE CEO PERFORMANCE

Director Vigesaa made a motion, which was seconded and carried, that the Board approve the CEO evaluation and compensation package as discussed in Executive Session and direct the Board President to proceed with implementation.

EXECUTIVE SESSION

Director Buczek made a motion that the Board go into Executive Session to discuss personnel and contract issues. The motion was seconded and carried.

The Board went into Executive session at 3:20 p.m. Attending were Directors Buczek, Erickson, Grant, Martin, McCormick, Morgan, Newman, Pryce, Rose and Vigesaa. Also present was CEO Ron Asche.

The Executive Session concluded at 3:44 p.m. and the Board reconvened in regular session.

CEO REPORT

CEO Asche reviewed his February 10, 2016 written report which was included in the Board packet. He discussed the safety report and provided information on the re-location of the Fort Lupton office. The office will be relocated from the current location in Fort Lupton to 1200 Dexter Avenue which is near the Safeway Shopping Center. He also discussed the Weld County Commissioners' meeting which he and staff attended on January 25th. This meeting included the second reading of a new proposed code ordinance regarding permitting and siting of solar generation projects in Weld County. He addressed Board questions.

Delaine Orendorff, Chief of Human Resources Officer, gave a presentation on the Organizational Development Programs which are being implemented at United Power. Myke Weis, Manager of Operations, gave a presentation on current and future technology applications at United Power. They addressed Board questions.

Director Newman left the meeting at 4:30 p.m.

FINANCIAL REPORT

CFO John Parker reviewed his February 10, 2016 written report which was included in the Board packet. He also reviewed a KRTA (Key Ratio Trend Analysis) report for the years 2010-2015. CFO Parker also discussed the Debt Service Reserve Account Resolution which was included in the Board packet. If adopted, this Resolution would authorize the initial deposit of funds to the Debt Service Reserve Account for electric rate stabilization purposes. Following discussion and review of the Resolution, **Director Martin made a motion**, which was seconded and carried, to adopt the Resolution Authorizing Transfer of Funds to the Debt Service Reserve Account. **Director Grant voted against this motion and asked that it be recorded in the minutes.**

RESOLUTION AUTHORIZING TRANSFER OF FUNDS TO THE DEBT SERVICE RESERVE ACCOUNT

WHEREAS, United Power has adopted a policy establishing a rate stabilization Debt Service Reserve Plan (“Plan”), and

WHEREAS, the Plan has been reviewed by the National Rural Utilities Cooperative Finance Corporation (“CFC”), United Power’s main lender, and by the external auditors of United Power, and

WHEREAS, United Power’s unaudited results for 2015 include \$8.625 million of excess cash margins (compared to a budgeted amount of \$6.646 million) and an MDSC ratio of 1.99, and

WHEREAS, the Board of Directors wishes to make a transfer into the Debt Service Reserve Account from the General Fund in the amount of \$1.979 million for the purpose to being used in future years to mitigate rate increases, and

WHEREAS, such a transfer to the Debt Service Reserve Account would reduce the MDSC ratio achieved for 2015 to 1.84.

NOW, THEREFORE, BE IT RESOLVED, that a transfer to the Debt Service Reserve Account from the General Fund in the amount of \$1.979 million for the purpose of mitigating future rate increases is hereby approved, and

BE IT FURTHER RESOLVED, that the Chief Executive Officer and the Chief Financial Officer are authorized to take action to do all such other acts as in the opinion of such authorized individual acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions, and to notify CFC of such transfers to the Debt Service Reserve Account.

At 5:00 p.m. the Board recessed for break and reconvened at 5:10 p.m.

EXTERNAL AFFAIRS REPORT

Director of External Affairs Troy Whitmore reviewed his February 10, 2016 written report which was included in the Board packet. He provided an update on recent Legislative Matters. He also discussed upcoming events for the Board including the “Meet the Director Forums” that are scheduled for March in each of our member districts. These forums will be held for our members to hear from the candidates running for Director seats at the upcoming Annual Meeting. He addressed Board questions.

ENGINEERING/RATES DEPT. REPORT

Engineering and Rates Manager Dean Hubbuck reviewed his February 10, 2016 written report which was included in the Board packet. He provided an update on the Southwest Weld Expansion Project (SWEP) and the upcoming hearing regarding the project with the Weld County Commissioners on March 2, 2016. Mr. Hubbuck will provide an update on the SWEP project at the next Board meeting. He addressed Board questions.

DIRECTOR FORUM

Director McCormick commented that he and several Directors attended the NRECA Annual Meeting in New Orleans February 14-17, 2016. All attendees felt this was a very informative meeting and very beneficial. Director McCormick also shared a thank you note received from Sarah Conklin. Ms. Conklin is United Power’s Colorado Co-op Youth Representative. She was able to spend an evening with the Board attendees discussing the NRECA Annual Meeting and her role as a youth representative.

ASSOCIATED ORGANIZATIONS

The 2016 CREA Annual Meeting will be held in Denver February 26-March 1, 2016. President McCormick advised that the voting delegate and alternate delegate from the United Power Board of Directors are Robert Grant and Dave Rose respectively. He also discussed that Western United Electric will be holding their Annual Meeting on February 29, 2016 in conjunction with the CREA Annual Meeting. He addressed Board questions.

TRI-STATE REPORT

Director Newman reviewed his written Tri-State Board Report for February 2016 and addressed Board questions.

CREA REPORT

Director Buczek reviewed the CREA Report for January and addressed Board Questions.

WUE REPORT

Director McCormick reviewed the Western United Electric report and addressed Board questions.

ROUND-UP FOUNDATION

The Round-Up Foundation January Update and Year-to-Date Summary by Director District were included in the Board packet for review and discussion.

WRITTEN REPORTS

The following written reports were included in the Board packet for review and discussion.

Absences and Regular Hours Worked

New Memberships by District

Report on Collection Activities

MEETING SCHEDULE

The next Regular Board Meeting is scheduled for Friday, March 18, 2016 at 9:00 a.m. at United Power Headquarters, 500 Cooperative Lane, Brighton, Colorado.

ADJOURNMENT

President Brian McCormick declared the meeting adjourned at 6:00 p.m.



Michele Sack, Recording Secretary