

**MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS OF
UNITED POWER, INC.
FRIDAY, NOVEMBER 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 November 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, Susan Petrocco, Douglas Pryce, Dave Rose and James Vigesaa. Chief Executive Officer Darryl Schriver and Executive Administrator Michele Sack were also present.

Others present for the meeting were staff members Bryant Robbins, Dean Hubuck, Delaine Orendorff, John Parker, Mitzi Rea, Antelia Salazar-Ball, and Troy Whitmore.

INVOCATION/PLEDGE

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

AGENDA APPROVED

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

ACTION ITEMS/SPECIAL REPORTS

The October 21, 2016 Regular Board meeting minutes were included in the Board packet for review. **A motion was made by Director Martin**, which was seconded and carried, to approve the October 21, 2016 Regular Board Meeting Minutes, as corrected.

ROUND-UP DIRECTOR RESOLUTION

A motion was made by Director Buczek, which was seconded and carried, to adopt the following Resolution honoring Sandra Neb for her years of dedicated service on the United Power Round-Up Foundation Board.

**RESOLUTION HONORING SANDRA NEB FOR HER YEARS OF DEDICATED
SERVICE ON THE UNITED POWER ROUND-UP FOUNDATION BOARD**

WHEREAS, Sandra Neb has been a member of United Power, a Colorado electric cooperative that is owned by the members that are served by the cooperative for many years; and

WHEREAS, Sandra Neb has been a Director on the United Power Round-Up Foundation Board of Directors, which is dedicated to manage the Round-Up funds that members contribute monthly to assist other members, communities and the quality of life since September 1997; and

WHEREAS, Sandra Neb has served in many leadership roles for the United Power Round-Up Foundation, including serving as Assistant Secretary-Treasurer; and

WHEREAS, Sandra Neb has dedicated a part of her active day to be a vocal and involved member of the community and an active advocate for those in need; and

WHEREAS, the core strength of the United Power Round-Up Foundation is the caliber of community members who can understand, empathize, and prioritize the needs of groups, individuals and families seeking assistance in our community; and

WHEREAS, Sandra Neb has been a responsible steward of these Round-Up funds donated by the members of United Power for a such a worthy cause,

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of United Power, Inc. does hereby extend this Resolution of appreciation to Sandra Neb for her many years of official and loyal service to United Power, the United Power Round-Up Foundation and the United Power organization employees,

AND BE IT FURTHER RESOLVED, that the United Power Board of Directors hereby wishes Sandra Neb well in the many years of happiness in her future while expressing appreciation to her for her service,

AND BE IT FURTHER RESOLVED, that on this day of the United Power Board of Directors regularly scheduled Board meeting, that the Board adjourn their meeting this day in grateful appreciation to Sandra Neb and her family,

AND BE IT FURTHER RESOLVED, that a copy of this Resolution be prepared for Sandra Neb in appreciation to her service as an official record of the United Power Board of Directors.

LOBBYING AGREEMENT

Director of External Affairs, Troy Whitmore, presented a summary on the proposed lobbying agreement with the lobbying firm of Rees Consulting and Public Affairs, Inc. Following discussion, a **motion was made by Director Erickson**, seconded and carried, to adopt the following Resolution Approving the Lobbying Agreement.

RESOLUTION APPROVING LOBBYING AGREEMENT

WHEREAS, it is essential that United Power's voice be heard at the State Legislature and the Governor's office as issues arise which could impact United Power and its member-owners; and

WHEREAS, issues such as renewable energy mandates, energy efficiency mandates, on-bill financing, feed-in tariffs, utility regulation amendments, and a variety of other issues may impact the members of United Power, Inc.; and

WHEREAS, the Lobbying firm of Rees Consulting and Public Affairs, Inc. has a proven track record of providing excellent lobbying services for United Power for more than a decade; and

WHEREAS, it is the Board's desire that United Power continue to retain this lobbying firm to represent it during the upcoming legislative session.

NOW THEREFORE, BE IT RESOLVED that the Board of Directors of United Power, Inc. hereby authorizes the Chief Executive Officer to sign a lobbying Agreement with Rees Consulting and Public Affairs, Inc. for period December 1, 2016 through November 30, 2017.

FINAL 2017 REVIEW OF OPERATING AND CAPITAL BUDGETS

CFO Parker presented the final proposed Operating and Capital Budgets for 2017 which were included in the Board packet. The proposed budgets had been reviewed and discussed by the Board at both the September and October Board meetings. At 10:16 a.m., President McCormick turned the gavel over to Vice-President Petrocco for the purpose of making comments. President McCormick resumed the chair at 10:18 a.m. **Director Petrocco made a motion**, which was seconded and carried, to adopt the following Resolution approving the 2017 Operating and Capital Budgets.

RESOLUTION APPROVING 2017 OPERATING AND CAPITAL BUDGETS

WHEREAS, the Chief Executive Officer and his Executive Leadership Team have developed and proposed an Operating and Capital Budgets for calendar year 2017; and

WHEREAS, over the course of five months, the Board of Directors has reviewed said Operating and Capital Budgets and has determined that they represent a realistic appraisal of work that should be accomplished in 2017, and

WHEREAS, the proposed Operating Budget requirements will require an overall general increase in retail electric service rates in 2017, and

NOW, THEREFORE, BE IT RESOLVED that said 2017 Operating and Capital Budgets are hereby approved by the Board of Directors, the Chief Executive Officer and his staff are authorized to carry out said Budgets within the budgetary guidelines contained therein.

ESTABLISHING BOARD MEETING DATES FOR 2017

CEO Schriver provided an overview of the proposed 2017 dates for the monthly Board of Directors' meetings which was included in the Board packet. **A motion was made by Director Buczek**, which was seconded and carried, to adopt the following Resolution Establishing Board Meetings Dates for 2017, as amended during the Board meeting.

RESOLUTION ESTABLISHING BOARD MEETING DATES FOR 2017

WHEREAS, United Power's Bylaws require that at least one Regular Board Meeting shall be held each month within the service area of the Cooperative at such time and place as the Board may provide by motion; and

WHEREAS, it has been customary for the Board to establish the Board Meeting dates annually in advance so that all Board Members can plan their schedules accordingly; and

WHEREAS, the Board wishes to set aside the following dates, times, and places for the 2017 Board Meetings:

Friday, January 20, 2017, 9:00 a.m.	Brighton Headquarters Office
Friday, February 17, 2017, 9:00 a.m.	Brighton Headquarters Office
Friday, March 17, 2017, 9:00 a.m.	Brighton Headquarters Office
Wednesday, April 26, 2017, 9:00 a.m.	Brighton Headquarters Office
Wednesday, May 24, 2017, 9:00 a.m.	Brighton Headquarters Office
Friday, June 30, 2017, 9:00 a.m.	Brighton Headquarters Office
Wednesday, July 26, 2017, 9:00 a.m.	Mountain District
Wednesday, August 23, 2017, 9:00 a.m.	Brighton Headquarters Office
Wednesday, September 27, 2017, 9:00 a.m.	Brighton Headquarters Office
Wednesday, October 25, 2017, 9:00 a.m.	Brighton Headquarters Office
Wednesday, November 29, 2017, 9:00 a.m.	Brighton Headquarters Office
Wednesday, December 20, 2017, 9:00 a.m.	Brighton Headquarters Office

NOW, THEREFORE, BE IT RESOLVED by motion adopting this resolution, that the Board Meeting dates, times, and places for 2017 are hereby established as set forth herein.

The Board also set the date of May 17-19, 2017 for their Strategic Planning Session.

The Board recessed for break at 10:58 a.m. and reconvened at 11:10 a.m. with the Board of Directors, CEO Schriver and Executive Administrator Michele Sack present.

HOLIDAY BONUS RESOLUTION

CEO Schriver presented an overview on the Resolution regarding the 2016 Christmas Bonus for United Power Employees. **A motion was made by Director Martin**, which was seconded and carried, to adopt the following Christmas Bonus Resolution for United Power employees as amended during the Board meeting. **Director Erickson abstained from the vote.**

CHRISTMAS BONUS RESOLUTION

BE IT RESOLVED, that the Board of Directors of United Power, Inc. recognizes employees for their outstanding dedication and commitment to our mission over the past year;

BE IT RESOLVED, that the Board of Directors of United Power, Inc. recognizes the workforce on an annual basis in the form of an annual bonus;

BE IT RESOLVED, that the Board of Directors assist the Chief Executive Officer of United Power with an all employee meeting to formally recognize our workforce accomplishments, and also assist the CEO with the presentation of a holiday/year-end bonus;

BE IT RESOLVED, the Board of Directors hereby authorizes the Chief Executive Officer to render payment of a holiday/yearend bonus to United Power's employees in the manner that the CEO deem appropriate for each employee working at United Power in a full time or part time capacity;

BE IT RESOLVED, that the Board of Directors authorizes a bonus up to \$500 for employees and up to \$750 for executive leadership team employees who report to the Chief Executive Officer, as determined by the Chief Executive Officer, of United Power;

AND BE IF FURTHER RESOLVED, that a letter of appreciation from the Board of Directors and the Chief Executive Officer be placed throughout the facilities of United Power so the employees of United Power will know of the Board's appreciation to the employees.

Bryant Robbins, Dean Hubuck, Delaine Orendorff, John Parker, Mitzi Rea, Antelia Salazar-Ball, and Troy Whitmore returned to the meeting at 11:40 a.m.

ITD WHOLESALE RATE ADJUSTMENT FOR WHOLESALE POWER COSTS – 2017

In 2015 a Retail Cost of Service study was completed by NewGen Strategies & Solutions for United Power. This study reflected the new wholesale rate methodology from Tri-State Generation & Transmission. The Industrial Service rate class was unbundled to more effectively represent the difference where members were taking service. This was approved by the Board of Directors at the January 2016 Board of Directors meeting for March 2016 usage.

Tri-State Generation & Transmission is increasing their wholesale rate structure by 4.23% for 2017. Currently they are four different ITD rates. Each is dependent on where service to the member's site is. The nature of the ITD rate structure becomes sensitive to wholesale rate adjustments because of the large size of the loads. It is recommended to adjust the wholesale rate component of the ITD rate class to take affect beginning with the January 2017 usage billed in February 2017.

Following discussion, **Director Vigesaa made a motion**, which was seconded and carried, to adopt the following Resolution Authorizing the ITD Wholesale Rate Adjustment for the Wholesale Power Costs – 2017.

**RESOLUTION AUTHORIZING THE ITD WHOLESALE RATE ADJUSTMENT FOR
THE WHOLESALE POWER COSTS -- 2017**

WHEREAS, at its January, 2016 Board meeting, the United Power Board of Directors approved the Transmission Service (ITD) Retail Rates for 2016; and

WHEREAS, United Power's wholesale electric service provider, Tri-State Generation and Transmission Association, Inc., has adopted new wholesale rate structure which will apply to power and energy purchases made by United Power from Tri-State G&T effective on and after January 1, 2017; and

WHEREAS, the Board has determined that it is fair and reasonable to adjust the rates of this rate class as indicated; and

WHEREAS, it is necessary to revise the United Power tariff sheets to reflect the new proposed retail rates effective with usage on and after January 1, 2017.

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 Power's Regulations Governing Consumer Complaints and Related Matters; and

BE IT FURTHER RESOLVED that the 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.

WARD CONTRACT APPROVAL

Ward Electric has been a long standing vendor of United Power. Ward Electric's first contract was signed in January of 2010. The current contract, which was included in the Board packet, expires in January of 2017. This agreement covers the labor related to installing the electric facilities required in providing new service to our members. After discussion with CEO Schriver and Chief Operations Manager Bryant Robbins, the contract will be extended through 2020. **Director Vigesaa made a motion**, which was seconded and carried, to authorize the CEO authority to sign a three year contract extension with Ward Electric, and the final terms of the contract will be authorized by the CEO.

The Board recessed for lunch at 12:30 p.m. and reconvened at 1:05 p.m.

EXECUTIVE SESSION

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

The Board went into Executive session at 1:05 p.m. Attending were Directors Buczek, Erickson, Grant, Martin, McCormick, Morgan, Newman, Petrocco, Pryce, Rose and Vigesaa. Also in attendance were CEO Schriver and Executive Administrator Michele Sack.

CEO Schriver and Executive Administrator Michele Sack left the Executive Session at 2:35 p.m.

The Executive Session ended at 2:41 p.m. The Board recessed for break immediately following Executive Session and reconvened at 2:55 p.m. with all Directors and Executive Leadership team present.

SOUTHEASTERN DATA COOPERATIVE CONTRACT

United Power has researched for a core technology change. After the review of several platforms, it has been determined that Southeastern Data Cooperative (SEDC) would be the right choice due to several factors however most importantly their cutting edge technology. After discussion with CEO Schriver and Information Services Manager Mitzi Rea, **Director Petrocco made a motion**, which was seconded and carried, to authorize CEO Schriver to move forward with the SEDC Contract and Member Agreement, which was included in the Board Packet, with United Power.

Director Martin left the meeting at 3:05 p.m.

DEBT PREPAYMENT WITH TRI-STATE BP 109 2016 PROCEEDS

CFO Parker discussed the opportunity for United Power to reduce the debt service payments to Cooperative Finance Corporation (CFC) by using the proceeds from the asset sales made to Tri-State under BP-109. After discussing the possible alternatives and working with CFC staff, United Power has two loans that are eligible for repricing with a low basis points administrative fee. Following review with the Board, **Director Vigesaa made a motion**, which was seconded and carried, to authorize the prepayment of loans #9032003 and #9032009 in the total amount of \$8,459,209 plus the related prepayment fee of approximately \$28,000. **Director Grant voted against this motion.**

POLICY REVIEW

The Board reviewed the plan and schedule for updating United Power's Corporate Policies. Currently, the Corporate Policies are scheduled for review on a biennial basis. Policy C-12 – Offers to Acquire United Power and Policy C-22 – Charitable & Political Contributions were reviewed by the Board of Directors on November 21, 2014. A draft of Policy C-12 and Policy C-22 were included in the Board packet for the Board for the biennial review.

Policy C-12 – Offers to Acquire United Power

Director Buczek made a motion, which was seconded and carried, to approve the first sentence in Paragraph A, Section 1 – Basic Principles to read “United Power is not for sale. This does not mean a Proposal to Acquire would not be considered and recommended by the Board and approved by a vote of the Members”.

Policy C-22 – Charitable & Political Contributions

Director Grant made a motion, which was seconded and carried, to approve the following paragraph be added at the end of the 2nd paragraph of page 2 following the word reprisal “Care should be taken to ensure that candidates or committees understand that personal contributions are not endorsed by United Power unless supported by formal action pursuant to this policy”.

Director Buczek made a motion, which was seconded and carried, to amend paragraph D.1 Non-Political Charitable Contributions and Corporate Sponsorships to read “Non-political charitable contributions and corporate sponsorships of up to \$5,000 may be approved by the CEO or designee in accordance with budgetary guidelines and purposes. Non-political charitable contributions and corporate sponsorships more than \$5,000 require Board approval”. **Director Grant and Director Pryce voted against this motion.**

Director Martin returned to the meeting at 3:21 p.m.

CEO REPORT

CEO Schriver reviewed his November 11, 2016 written report which was included in the Board packet. The following topics were discussed and updated by CEO Schriver, CFO John Parker, the Executive Leadership Team and various staff:

- Status of the 2016 Strategic Plan
- Engineering and Rates
- External Affairs with Key Accounts
- Financial and Safety
- Human Resources
- Information Services – 3rd Party Policies and Contracts
- Member Services
- Operations

Director Martin left the meeting at 3:52 p.m.

Following the CEO report staff consisting of Bryant Robbins, Dean Hubuck, Delaine Orendorff, John Parker, Mitzi Rea, Antelia Salazar-Ball, and Troy Whitmore left the meeting at 4:03 p.m.

ASSOCIATED ORGANIZATIONS

Board President McCormick discussed the upcoming Midwest Electric Annual Meeting which will be held in Denver, Colorado, December 5-8, 2016. This meeting will be attended by various Directors and staff.

TRI-STATE REPORT

Director Newman reviewed his written Tri-State Board Report for November 2016 and also discussed the Tri-State Rate Committee. Director Buczek discussed the Tri-State Contract Committee.

CREA REPORT

Director Buczek reviewed the CREA report for October 2016 and addressed Board questions.

WUE REPORT

Director Rose reviewed the Western United Electric report for October 2016 and addressed Board questions.

The Board recessed for break at 4:45 p.m. and reconvened at 4:54 p.m.

BOARD DISCUSSIONS

- Weekly Calendar
- Director Elections
- Check Register
- Strategic Planning Session Location

Director Martin returned to the meeting at 5:35 p.m. during Board Discussions.

ROUND-UP FOUNDATION

The Round-Up Foundation November 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, December 16, 2016 at 9:00 a.m. at Brighton Headquarters, 500 Cooperative Way, Brighton, CO 80601

ADJOURNMENT

President Brian McCormick declared the meeting adjourned at 6:35 p.m.



Michele Sack, Recording Secretary