

**MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS OF
UNITED POWER, INC.
FRIDAY, MAY 20, 2016**

GENERAL

President Brian McCormick called the regular meeting of the United Power Board of Directors to order at 9:00 a.m. on May 20, 2016. The meeting was held at United Power Headquarters in Brighton, Colorado. Present were Directors Tim Erickson, Robert Grant, Beth Martin, Brian McCormick, Ursula Morgan, Rick Newman, Susan Petrocco, Douglas Pryce and Dave Rose. Chief Executive Officer Ron Asche, incoming Chief Executive Officer Darryl Schriver, and Executive Administrator Michele Sack were also present. Director Buczek was present by teleconference and Director Vigesaa was absent.

Others present for the meeting were staff members Dean Hubuck, Delaine Orendorff, John Parker, Mitzi Rea, Antelia Salazar-Ball, Myke Weis and Troy Whitmore. Also present was United Power Member Paul Echternacht, who resides in the East District.

INVOCATION/PLEDGE

Director Petrocco 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.

INTRODUCTION OF GUEST

Paul Echternacht, a United Power member who resides in the East District, was introduced.

CONSENT AGENDA

The March 24, 2016 Special Board meeting minutes, the April 13, 2016 Annual Meeting Minutes, the April 15, 2016 Regular Meeting Minutes, a Resolution Authorizing Signatures on Bank Accounts, a Resolution Approving the 2017 Annual Meeting Date/Place and the Resolution Authorizing Vote of Shares in the CSA Director Election were included in the Board packet for review. **Director Pryce requested** the April 13, 2016 Annual Meeting Minutes be pulled from the consent agenda, and **Director Newman requested** the Resolution to Authorize Signatures on Bank Accounts be pulled from the consent agenda. **A motion was made by Director Pryce**, which was seconded and carried, to approve the consent agenda which consisted of the March 24, 2016 Special Board Meeting Minutes, the April 15, 2016 Regular Meeting Minutes, the Resolution Approving the 2017 Annual Meeting Date/Place and the Resolution Authorizing Vote of Shares in CSA Director Election.

RESOLUTION SETTING
2017 ANNUAL MEETING OF MEMBERS DATE

WHEREAS, Article 3.00 of United's Bylaws provides the Annual Meeting of Members shall be held before May 1 each year on a date and place fixed by the Board within the Cooperative's service territory; and

WHEREAS, Colorado statutes and United Power's bylaws require at least a six-month notification of the Cooperative's Annual Meeting to the membership; and

WHEREAS, United Power is desirous of holding a successful 78th Annual Meeting of Members.

NOW, THEREFORE, BE IT RESOLVED, that the 2017 Annual Meeting of Members of United Power, Inc., shall be held at 6:30 p.m. on Tuesday, April 18, 2017 at the Waymire Dome and Exhibit Hall at the Adams County Fairgrounds.

RESOLUTION AUTHORIZING VOTE OF SHARES IN ELECTION OF
DIRECTORS FOR CSA'S ANNUAL MEETING OF SHAREHOLDERS

WHEREAS, the annual meeting of shareholders of Consumer Services Association, Inc. will be held in the near future; and

WHEREAS, the principal purpose of said annual meeting is to elect directors, accept reports, and transact such other business as may properly come before the meeting; and

WHEREAS, United Power, Inc. is the sole shareholder of Consumer Services Association, Inc.

NOW, THEREFORE, BE IT RESOLVED, that United Power, Inc. vote all of its shares to elect the following directors to the Consumer Services Association Board:

Ginny Buczek	Richard E. Newman
Tim Erickson	Susan Petrocco
Robert S. Grant	Douglas R. Pryce
Elizabeth Martin	Dave Rose
Brian A. McCormick	James Vigesaa
Ursula J. Morgan	

BE IT FURTHER RESOLVED, that the President and the Secretary-Treasurer of United Power, Inc. are authorized and directed to take all steps necessary to effectuate said vote, including the execution of any necessary documents on behalf of United Power, Inc.

APRIL 13, 2016 ANNUAL MEETING MINUTES

Director Pryce made a motion, which was seconded and carried, to approve the April 13, 2016 Annual Meeting minutes as presented, with one addition to the minutes as proposed by Director Pryce.

AUTHORIZE SIGNATURES ON BANK ACCOUNTS

Director Morgan made a motion, which was seconded and carried, to approve the following Resolution Regarding Signatures on Accounts at Centennial Bank & Trust and Valley Bank as presented.

**RESOLUTION REGARDING SIGNATURES
ON ACCOUNTS AT CENTENNIAL BANK & TRUST, VALLEY BANK**

WHEREAS, United Power, Inc., ("Company") wishes to affirm its banking relationships with Centennial Bank & Trust of Thornton, Colorado, and Valley Bank of Brighton, Colorado.

NOW THEREFORE BE IT RESOLVED, that Centennial Bank & Trust of Thornton, Colorado, and Valley Bank of Brighton, Colorado ("Banks") be and hereby is designated as depositories for the funds of the Company for the following accounts:

<u>Centennial Bank and Trust</u>	<u>Valley Bank</u>
General Fund Account;	General Fund
Accounts Payable Account;	
AP Customer Refunds Account;	
Payroll Account;	
Finance EFT Account;	
Capital Credits Account; and	
CIS Electric Payments Account.	

BE IT FURTHER RESOLVED that checks, drafts, or other orders for payment, transfer, or withdrawal of any of the Company's funds or property on deposit with the Banks in said account shall be binding upon the Company when signed, manually or by use of facsimile or mechanical signatures, regardless of by whom or by what means the actual or purported facsimiles or mechanical signatures may have been placed thereon, so long as they resemble the facsimile specimens from time-to-time filed with the Banks by the Secretary or other officer of the Company, by any two of the following officers of the Company:

PRESIDENT	Brian McCormick
VICE PRESIDENT	Susan Petrocco
SECRETARY/TREASURER	Elizabeth Martin
ASSISTANT SECRETARY/TREASURER	Ursula Morgan
CHIEF EXECUTIVE OFFICER	Darryl W. Schriver
CHIEF FINANCIAL OFFICER	John D. Parker

BE IT FURTHER RESOLVED, that the Banks are authorized to accept and receive at any time for the Company's credit in such account, deposits made of funds, checks, and other evidence of indebtedness of monies payable to the order of the Company and other property in whatever form or manner transferred or endorsed and, if required by the Banks, to accept such deposits when endorsed and delivered on behalf of the Company by any one of the above officers of the Company; and

BE IT FURTHER RESOLVED, that all resolutions heretofore adopted by the Company with regard to said Banks which are inconsistent with this Resolution are void and of no further effect, provided, however, that all actions by the Banks pursuant to and in reliance upon said prior resolutions, before receipt of this Resolution, are hereby ratified and confirmed; and

BE IT FURTHER RESOLVED, that all of the powers conferred by the foregoing Resolution shall continue until notice in writing of change or termination of such authority shall be served upon the Banks with a copy of this Resolution; and

BE IT FURTHER RESOLVED, the Company's Accounting Supervisor will be the account administrator, but not an authorized signer on the account. The administrator's duties will include ability to access all account information including, but not limited to, checking balances, account transfers, wire transfer transactions and other normal operating activities.

RESIDENTIAL TIME OF DAY (TOD) RATE

At the April 2016 Board of Directors meeting, United Power member Mr. Echternacht discussed his concerns regarding the \$2.00 per month service charge differential between the standard residential rate and the residential TOD rate. Following the April Board meeting, staff did an analysis of various options to address Mr. Echternacht's concerns. Staff presented its analysis at the May Board meeting with a recommendation to keep the TOD rates as previously approved by the Board and to equalize the monthly service charge for the standard residential rate and the residential TOD rate at the time the next cost of service study is completed. Mr. Echternacht thanked the Board for their time and appreciated the in- depth review.

PATRONAGE CAPITAL RETIREMENT

CEO Ron Ashe and CFO John Parker discussed the proposed retirement of \$4 million in patronage capital for 2016, which was included in the board packet for review. CEO Ashe recommended that all capital credits yet outstanding for the year 1991 be designated for FIFO retirement, and that a limit of \$300,000 be established once again for net special retirements for the year 2016. Following review and discussion, **a motion was made by Director Grant**, seconded and carried, to adopt the following Resolution Authorizing Retirement of Patronage Capital.

RESOLUTION AUTHORIZING RETIREMENT OF PATRONAGE CAPITAL

WHEREAS, it is the goal and stated policy of United Power, Inc., to make general retirements of patronage capital each year; and

WHEREAS, all lender and mortgage covenants were satisfied in 2015; and

WHEREAS, the Board of Directors has determined that the financial condition of United will not be impaired by a general retirement of patronage capital furnished by patrons.

NOW, THEREFORE, BE IT RESOLVED, that a FIFO retirement of \$352,487, representing the year of 1991, that a general retirement of \$3,647,513, and that total retirement authorized is \$4,000,000 to be distributed to all patrons by the retirement method as described in Policy C-18, Patronage Capital; and

BE IT FURTHER RESOLVED that special retirements to estate and other departed members be limited to a total of \$300,000 (after discounts).

AUDITOR CONTRACT RENEWAL

The firm of DeCoria, Maichel and Teague have performed the annual audits for United Power and our Round-Up Foundation the past three years. The contract with DeCoria, Maichel and Teague has run its original three year term. Following discussion and review of United Power's auditor history, which was included in the Board packet, **Director Martin made a motion**, which was seconded and carried, to renew the contract with DeCoria, Maichel and Teague for another three years. **Director Newman voted against this motion.**

At 9:47 a.m. the Board recessed for break and reconvened at 10:05 a.m.

CYBER SECURITY

The increasing frequency of data breaches involving organizations of all types, sizes and locations, along with the ever-expanding use of technology at United Power, have spurred discussion regarding the potential cybersecurity risks inherent in today's business environment. Director of Information Services, Mitzi Rea, shared the processes that are currently in place at United Power. To ensure Directors are appropriately informed and involved in cyber-related risk management decisions, staff will provide monthly updates on various aspects of cyber security, including threat identification, system and data protection, risk mitigation, industry practices, etc.

CREA BOARD SURVEY DISCUSSION

In an ongoing effort to improve services, Colorado Rural Electric Association (CREA) sent a survey to all of its member co-ops. The survey was provided to each individual member of the Board of Directors and the Executive Leadership team at United Power to be completed. Following review and discussion, the compiled responses will be sent to CREA.

Director Martin left the meeting at 11:09 a.m.

EXECUTIVE SESSION

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

The Board went into Executive session at 11:16 a.m. Attending were Directors Erickson, Grant, McCormick, Morgan, Newman, Petrocco, Pryce, and Rose. Director Buczek attended by tele-conference. Director Martin joined the Executive Session at 11:27 a.m.

The Executive Session recessed at 11:45 a.m. for lunch. The Board reconvened into Executive Session at 1:04 p.m. Present were Directors Erickson, Grant, McCormick, Morgan, Newman, Petrocco, Pryce, and Rose. Director Buczek attended by tele-conference. Director Martin was absent for the remaining portion of the meeting.

CEO Darryl Schriver joined the Executive Session at 1:22 p.m.

The Executive Session ended at 1:43 p.m. and reconvened into regular session.

Following Executive Session, **Director Grant made a motion**, which was seconded and carried, to present the retiring CEO, Ron Asche, with the car he has been driving for the past five years in the manner that is most beneficial to him for tax and licensing purposes.

CEO REPORT

CEO Asche reviewed his May 12, 2016 written report which was included in the Board packet. He discussed the safety report and provided an update on United Power's major organizational accomplishments over the last five years. He stated these accomplishments will help United Power better serve our members in the future.

CEO Asche also stated it has been an honor and a privilege to serve the Board of Directors, our members, and our employees the last five years. He addressed Board questions.

At 2:00 p.m. the Board recessed for break and reconvened at 2:10 p.m.

FINANCIAL REPORT

CFO John Parker reviewed his May 11, 2016 written report which was included in the Board packet. He also reviewed the Financial Report for period ending April 30, 2016 which was provided as a handout at the Board meeting. He addressed Board questions.

EXTERNAL AFFAIRS REPORT

Director of External Affairs, Troy Whitmore, reviewed his May 11, 2016 written report which was included in the Board packet. He provided an update and shared photos of the Electrical Safety Poster Coloring Contest held by United Power. The six winning posters will rotate through newspaper advertising, social media, the cooperative website, and on bus benches in our service area. He also noted the Colorado General Assembly was in its final hours of the 2016 session. He thanked Totsy Rees and the governmental affairs staff at Colorado Rural Electrical Association for their work on behalf of United Power and all of the other electric cooperatives in Colorado. He addressed Board questions.

ENGINEERING/RATES DEPT. REPORT

Engineering and Rates Manager Dean Hubuck reviewed his May 12, 2016 written report which was included in the Board packet. He provided an update on both the Federal Emergency Management (FEMA) Claim related to the September 2013 storm flood damage and the Southwest Weld Expansion Project (SWEPP). He addressed Board questions.

DIRECTOR FORUM

Director Morgan mentioned that she and several Directors attended the 2nd Annual Spring Bus Tour which provided a look at upcoming development, both commercial and residential, in United Power's service territory. Director Pryce commented on the 2016 CONNECT Conference which he attended May 10-13, 2016, and felt this was an informative meeting focusing on member service and communications. Director Erickson mentioned he attended the La Plata Annual Meeting which was held May 7, 2016 and shared highlights of that meeting. Director Erickson also attended events held by the Brighton Chamber and Keenesburg Chamber of Commerce.

ASSOCIATED ORGANIZATIONS

The 2016 National Rural Utilities Cooperative Finance Cooperation Meeting will be held in Seattle, Washington June 5-8, 2016. President McCormick advised that the voting delegate and alternate delegate from the United Power Board of Directors are Ursula Morgan and James Vigesaa respectively. He addressed Board questions.

TRI-STATE REPORT

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

CREA REPORT

Director Buczek reviewed the CREA Report for April and addressed Board questions.

WUE REPORT

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

ROUND-UP FOUNDATION

The Round-Up Foundation April 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, June 17, 2016 at 9:00 a.m. at United Power Headquarters, 500 Cooperative Lane, Brighton, Colorado.

ADJOURNMENT

CEO Ron Asche declared the meeting adjourned at 4:00 p.m.



Michele Sack, Recording Secretary