

**MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS OF
UNITED POWER, INC.
WEDNESDAY, AUGUST 28, 2019**

GENERAL

Chairman James Vigesaa called the regular meeting of the United Power Board of Directors to order at 9:00 a.m. on August 28, 2019. The meeting was held at United Power Headquarters in Brighton, Colorado. Present were Directors Keith Alquist, Ginny Buczek, Tim Erickson, Elizabeth Martin, Brian McCormick, Ursula Morgan, Rick Newman, Dave Rose, Susan Petrocco, James Vigesaa and Tamra Waltemath. Chief Executive Officer John D. Parker, Chief Financial Officer Laurie Rydwell, Chief Operating Officer Bryant Robbins, Governmental & Regulatory Relations Officer Troy Whitmore, Member Engagement Officer Meghan Dewey and Executive Administrator Michele Sack were also present.

Others present for the meeting were staff members Erin Hane, Dean Hubbuck, Jerry Marizza, Robert Maxwell, Ken McFadden and Curtis Subia.

INVOCATION/PLEDGE

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

SAFETY MINUTE

Risk and Compliance Director, Ken McFadden, provided an update on safety activities throughout United Power including the recent active shooter training for the employees of United Power.

NEW EMPLOYEES

CEO Parker introduced Meghan Dewey, Member Engagement Officer, to the Board and welcomed her to United Power. Other employees introduced by, Director of Human Resources, Erin Hane were:

- Chris Kling – Journey Lineworker
- Emmalisa Garcia – Member Services Representative

EMPLOYEE AWARD

Safety Specialist Mike Robinson was honored during the August Board meeting. He has completed an extensive program in electric utility safety and loss control earning him the designation of Certified Loss Control Profession from NRECA.

CARBON VALLEY SERVICE CENTER UPDATE

Director of Purchasing, Curtis Subia, provided an update on the new Carbon Valley Service Center (CVSC). He shared photos of the proposed signage for the CVSC and received Board input. Following his update, Curtis left the meeting at 9:12 a.m.

CONSENT AGENDA

The following items were listed on the consent agenda:

- Approval of Agenda
- Approve July 23, 2019 Annual Meeting Minutes

Director Morgan made a motion, which was seconded and carried, to approve the consent agenda as presented.

RESOLUTION AUTHORIZING INCREASE TO MORTGAGE DEBT LIMIT

United Power has been experiencing a high growth rate and finds it necessary to increase its mortgage debt limit to accommodate the growth. Staff is requesting the mortgage debt limit and authorized borrowing from CFC to be increased from \$250,000,000 to \$350,000,000. Following discussion, **Director Morgan made a motion**, which was seconded and carried, to adopt the following resolution authorizing an increase to the mortgage debt limit:

RESOLUTION AUTHORIZING INCREASE TO MORTGAGE DEBT LIMIT

WHEREAS, United Power, Inc., has previously established a mortgage debt limit and authorized borrowing from the National Rural Utilities Cooperative Finance Corporation ("CFC") in the aggregate amount of Two Hundred Fifty Million Dollars (\$250,000,000); and

WHEREAS, United Power, Inc., is experiencing a high growth rate and finds it necessary to increase its mortgage debt limit to accommodate growth.

NOW THEREFORE BE IT RESOLVED, that Chief Executive Officer and the Chief Financial Officer of United Power, Inc., be and are hereby authorized to increase the aggregate amount of said mortgage debt limit to Three Hundred Fifty Million Dollars (\$350,000,000), and to execute such documents as CFC may require to affect the increase; and

BE IT FURTHER RESOLVED, that all other terms, conditions and provisions of the previously executed mortgage debt agreement shall remain in full force and effect, and the same are hereby

ratified and confirmed as valid and binding agreements between CFC and United Power, Inc., enforceable in accordance with their terms; and

BE IT FURTHER RESOLVED, that the Chief Executive Officer and the Chief Financial Officer are authorized to take all other actions they deem advisable to carry out the purpose of these resolutions.

AMI METER DEPRECIATION

In 2015, United Power completed the transition to Advanced Metering Infrastructure (AMI) meters allowing for increased operational efficiencies. When the AMI meters were put into service, they began depreciating at a life of 33 years. Staff has identified that the AMI meters have functional components that have a significantly shorter useful life of only 5 - 10 years.

The AMI meters that are reliant on cellular technology are rapidly changing and are expected to become obsolete within 5 years. Research suggests that the AMI meters that have radio technology are more likely to require replacement after approximately 10 years rather than the current 33 year life previously utilized.

Staff is recommending that we accelerate the depreciation rate for the affected meters from 33 years to 10 years for radio reliant meters and 5 years for cellular reliant meters.

Following discussion, **Director Morgan made a motion**, which was seconded and carried, to accelerate the depreciation rate as directed by staff.

RESOLUTION APPROVING SELECTION OF AUDIT FIRM

On April 24, 2019, per Board Directive, United Power issued RFP 2019-100 requesting ten public accounting firms submit proposals for the audit of United Power's financial statements and preparation of our tax returns for the years ending December 31, 2019, 2020, and 2021. The proposals were due on June 7, 2019, and seven firms responded.

Following review of the proposals, three firms were chosen for in person interviews, with the Board of Directors, to be held on August 21, 2019.

Following board discussion of the RFP interviews, **Director Martin made a motion**, which was seconded and carried, to adopt the following Resolution approving the selection of United Power's audit firm:

RESOLUTION APPROVING SELECTION OF AUDIT FIRM

WHEREAS, United Power, Inc. is required to provide audited financial statements to interested parties including lenders and financial institutions, as well as, our members and requires the timely completion of annual tax returns; and

WHEREAS, the contract for such services with the former auditing firm has come to an end; and

WHEREAS, United Power, Inc. Audit Committee and staff have conducted a thorough search for a suitable accounting firm including a Request for Proposal from ten (10) highly regarded public accounting firms and has concluded this search in the selection of one of those firms.

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors of United Power, Inc. hereby authorizes the Chief Executive Office and Chief Financial Officer to sign an engagement letter for tax and audit services for a three (3) year period for the years ending December 31, 2019, 2020, and 2021 with the public accounting firm of Jackson Thornton.

STAFF REPORTS

The following reports were discussed and updated by CEO Parker and staff:

- Chief Executive Officer

The Board recessed for a break at 10:15 am and reconvened with staff reports at 10:30 am. Controller, Sarah Herman, joined the Board meeting for the CFO and financial reports.

- Chief Financial Officer
 - Quarterly Financial Review
 - KRTA Overview
 - 2020 Sales Forecast
- Chief Operating Officer
- Government and Regulatory Relations Officer

The Board recessed for lunch at noon and reconvened with staff reports at 12:45 pm.

- Member Engagement Officer
- Power Supply and Rates
- New Business
- Human Resources

EXECUTIVE SESSION

Director Martin made a motion that the Board go into Executive Session to discuss contract issues. The Board went into Executive session at 2:00 p.m. with the entire Board and select staff present.

The Board recessed for a break at 3:15 pm and reconvened into Executive Session at 3:30 pm.

Executive session ended at 4:10 pm and went back into regular session.

BOARD DISCUSSIONS

- Strategic Issues
- Committee Updates

CREA REPORT

Director Buczek stated the CREA Board meeting is scheduled for August 29th and 30th and addressed Board questions.

WUE REPORT

Director McCormick reviewed the July 2019 Western United financial reports and addressed Board questions.

The Board recessed for a break at 4:18 pm and reconvened 4:28 pm.

EXECUTIVE SESSION

Director Morgan made a motion that the Board go into Executive Session to discuss the CEO evaluation. The Board went into Executive session at 4:28 p.m. with the entire Board present.

Executive session ended at 5:30 pm and went back into regular session.

MEETING SCHEDULE

The next Regular Board Meeting is scheduled for Friday, September 20, 2019 at 9:00 a.m. at Brighton Headquarters, 500 Cooperative Way, Brighton, CO 80601.

ADJOURNMENT

Chairman James Vigessaa declared the meeting adjourned at 5:35 pm.



Michele Sack, Recording Secretary