

**MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS OF
UNITED POWER, INC.
FRIDAY, JUNE 17, 2016**

GENERAL

President Brian McCormick called the regular meeting of the United Power Board of Directors to order at 9:00 a.m. on June 17, 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 Hubbuck, 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

Director Newman requested a discussion on the recent FERC (Federal Energy Regulatory Commission) decision regarding Tri-State's cost recovery mechanism. **A motion was made by Director Buczek**, which was seconded and carried, to approve the agenda as amended.

INTRODUCTION OF NEW EMPLOYEES

Engineering and Rates Manager Dean Hubbuck introduced three new employees working in the Engineering Department, Steve Barwick working as a Right of Way and Joint Use Specialist, Sharon Farr working as a Project Support Specialist, and Cody Haun working as a Summer Intern.

CONSENT AGENDA

The May 20, 2016 Regular Meeting Minutes, were included in the Board packet for review. **A motion was made by Director Pryce**, which was seconded and carried, to approve the May 20, 2016 Regular Meeting Minutes, as corrected. Director Vigesaa abstained from this vote.

2017 BUDGET SCHEDULE

CFO John Parker provided a proposed 2017 Budget Schedule. The budgeting process will begin in July with a review of our financial goals and key budget drivers. Various aspects of the 2017 budgets will be reviewed in August, September, and October with final budget recommendations to be presented to the Board in November.

CFC INTEGRITY FUND

CFO John Parker discussed CFC’s Cooperative System Integrity Fund which was included in the Board packet for review. Each year Cooperative Finance Corporation (CFC) asks its members to participate in the Cooperative System Integrity Fund by contributing 5% of their annual CFC Patronage Capital Refund or a donation. Following review and discussion, **a motion was made by Director Vigesaa**, seconded and carried, to adopt the following Resolution Approving Agreement to Participate in CFC’s Cooperative System Integrity Fund at the staff recommended level of \$10,000.00.

**RESOLUTION APPROVING AGREEMENT TO PARTICIPATE
IN CFC’S COOPERATIVE SYSTEM INTEGRITY FUND**

WHEREAS, the National Rural Utilities Cooperative Finance Corporation (CFC) is asking United Power to participate in the Cooperative System Integrity Fund (“Fund”) by contributing five percent of our 2016 CFC Patronage Capital refund or a specified donation; and

WHEREAS, the Fund provides financial assistance to rural electric cooperatives threatened with loss of territory or facilities through takeover, buyouts or annexation by competing utilities. In it’s almost thirty years of operation, over \$27 million has been granted to 280 systems, including a grant to United Power’s predecessor entity, Union REA.

NOW, THEREFORE, BE IT RESOLVED, that an Agreement to Participate in CFC’s Cooperative System Integrity Fund for the period June 1, 2017 - May 31, 2018, authorizing the payment of \$10,000.00 to The CFC Cooperative System Integrity Fund for All Purposes is hereby approved for execution by the appropriate officers.

CFC PERPETUAL LINE OF CREDIT RE-ALIGNMENT

United Power has an established line of credit with National Rural Utilities Cooperative Finance Cooperation (CFC) under the terms of a Perpetual Line of Credit Agreement. CFC recently announced an alternative to this standard perpetual line of credit. This change allows United Power to use a lower cost alternative to the Perpetual Line of Credit and it allows CFC to reduce their committed but unused credit lines, which will help with their credit ratings. Following review and discussion, **Director Martin made a motion**, which was seconded and carried, to adopt the following Resolution Authorizing Re-Alignment of CFC Perpetual Line of Credit. **Director Newman voted against this Resolution.**

RESOLUTION AUTHORIZING RE-ALIGNMENT OF CFC PERPETUAL LINE OF CREDIT

WHEREAS, the Cooperative has previously established a line of credit with National Rural Utilities Cooperative Finance Corporation ("CFC") under the terms of a Perpetual Line of Credit Agreement (the "5103 Agreement") in an aggregate amount which shall not at any one time exceed Twenty Million and 00/100 Dollars (\$20,000,000.00) (the "5103 Facility");

WHEREAS, the Cooperative wishes to replace a portion of the 5103 Facility with a new \$10,000,000.00 line of credit from CFC;

WHEREAS, as a condition of extending the new line of credit, CFC has required that the Cooperative reduce the amount of the 5103 Facility by an equivalent amount; and

NOW THEREFORE BE IT RESOLVED, that the Cooperative establish a line of credit and authorize borrowing from CFC in an amount which shall not at any one time exceed \$10,000,000.00 (the "5106 Line of Credit Amount"), subject to the provisions of the Line of Credit Agreement substantially in the form submitted to this meeting (the "5106 Line of Credit Agreement");

BE IT RESOLVED, that the Cooperative execute and to deliver to CFC an amended and restated line of credit agreement with CFC, in order to reduce the amount of the 5103 Facility to Ten Million and 00/100 Dollars (\$10,000,000.00) (the "5103 Line of Credit Amount"), subject to the provisions of the amendment and restatement substantially in the form submitted to this meeting (the "Amendment and Restatement");

RESOLVED, that the individuals listed below are hereby authorized to execute and to deliver to CFC the following documents:

- a) the 5106 Line of Credit Agreement; and
- b) the Amendment and Restatement.

RESOLVED, that each of the following individuals is hereby authorized in the name and on behalf of the Cooperative to execute and to deliver all such other documents and instruments as may be necessary or appropriate, to make all payments, to execute any future amendments to said Amendment and Restatement, and said 5106 Line of Credit Agreement, as such individual may deem appropriate within the respective 5103 Line of Credit Amount and the 5106 Line of Credit Amount so authorized and 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:

Office or Title

Name (typed or printed)

 _CEO_____

 _Darryl W. Schriver_____

 _CFO_____

 _John D. Parker_____

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, discussed the major regulations that routinely impact our operating environment. She also shared that in addition to sound cybersecurity practices, being in compliance with these regulations is a key component in reducing United Power’s cyber incident risk and liability.

At 10:20 a.m. the Board recessed for break and reconvened at 10:40 a.m.

2016 STRATEGIC PLANNING DISCUSSION

The 2016 Strategic Planning Session (SPS) for the Board of Directors is planned for September 7-9, 2016. Possible facilitators, speakers and venues were discussed. Staff will report back with plans going forward for the 2016 Board of Directors SPS.

NRECA DIRECTOR STUDY/DISCUSSION

The 2015 National Rural Electric Cooperative Association (NRECA) National Directors Study was released in April of 2016 and was included in the Board packet for review. This survey provides an in-depth view and comparison of Director Compensation from the 480 cooperatives who participated in the survey throughout the country.

The Board recessed for lunch at 12:04 p.m. and reconvened at 1:00 p.m.

EXECUTIVE SESSION

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

The Board went into Executive session at 1:01 p.m. Attending were Directors Buczek, Erickson, Grant, Martin, McCormick, Morgan, Newman, Petrocco, Pryce, Rose and Vigessaa.

CEO Darryl Schriver joined the Executive Session at 2:32 p.m.

The Executive Session ended at 2:41 p.m. and the Board recessed for break.

The Board reconvened into regular session at 2:50 p.m.

CEO REPORT

CEO Schriver reviewed his June 9, 2016 written report which was included in the Board packet. He discussed the safety report and provided an organization update since the retirement of Ron Asche, previous CEO of United Power, on May 31st. He stated he will begin his one on one meeting with staff members and each member of the Board of Directors. He addressed Board questions.

FINANCIAL REPORT

CFO John Parker reviewed his June 8, 2016 written report which was included in the Board packet. He also reviewed the Financial Report for period ending May 31, 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 June 8, 2016 written report which was included in the Board packet. He provided an update on the upcoming Colorado Municipal League Summer Conference to be held in Vail, June 21-22, 2016. He also commented that his staff would like to begin preliminary discussions regarding potential changes to the Operation Round-Up Foundation program. More information regarding options for the Round-Up program will be provided at a future Board meeting. He addressed Board questions.

ENGINEERING/RATES DEPT. REPORT

Engineering and Rates Manager Dean Hubuck reviewed his June 8, 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 (SWEP). He also discussed the cause of outages incurred in May which were primarily due to lightning. He addressed Board questions.

DIRECTOR FORUM

Director Pryce mentioned that he and several Directors attended the 2016 National Rural Utilities Cooperative Finance Corporation (CFC) conference held in Seattle, June 5-8, 2016. All attendees felt the 2016 CFC lineup of speakers provided insight into challenges and new ideas which cooperatives face across the country. Director McCormick mentioned he attended the Holy Cross Annual Meeting which was held June 9, 2016 and shared highlights of that meeting. Director Rose commented that he, other Directors and staff attended the Ribbon Cutting Ceremony for the new United Power office in held Fort Lupton.

ASSOCIATED ORGANIZATIONS

No Annual, Regional or Special meetings related to United Power's Associated Organizations are scheduled prior to the next Board meeting.

TRI-STATE REPORT

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

CREA REPORT

Director Buczek reviewed the CREA Report for May 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 May 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, July 15, 2016 at 9:00 a.m. at Coal Creek Canyon Improvement Association, 31528 Hwy. 72, Coal Creek Canyon.

ADJOURNMENT

President Brian McCormick declared the meeting adjourned at 5:34 p.m.



Michele Sack, Recording Secretary