

**MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS OF
UNITED POWER, INC.
FRIDAY, JULY 15, 2016**

GENERAL

President Brian McCormick called the regular meeting of the United Power Board of Directors to order at 9:00 a.m. on July 15th, 2016. The meeting was held at the Coal Creek Improvement Association in Coal Creek Canyon. Present were Directors Ginny Buczek, Tim Erickson, Robert Grant, Brian McCormick, Ursula Morgan, Rick Newman, Susan Petrocco, Douglas Pryce, Dave Rose and James Vigesaa. Director Martin joined by tele-conference. 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

CEO Darryl Schriver gave the invocation and led in the Pledge of Allegiance.

AGENDA APPROVED

President McCormick commented the agenda item Strategic Planning Update will be moved to the beginning of the agenda. **A motion was made by Director Buczek**, which was seconded and carried, to approve the agenda as amended by President McCormick.

INTRODUCTION OF GUEST

Eric Anderson, Regional Vice President for Cooperative Finance Corporation (CFC), was introduced.

CONSENT AGENDA

The June 17, 2016 Regular Meeting Minutes, were included in the Board packet for review. **Director Pryce requested** the June 17, 2016 Regular Meeting Minutes be pulled from the consent agenda. **A motion was made by Director Pryce**, which was seconded and carried, to approve the June 17, 2016 Regular Meeting Minutes, as corrected.

COAL CREEK CANYON UPDATE

Manager of the Mountain District, Bryant Robbins, thanked all for attending the meeting in the Mountain District and he shared the tour details of the Coal Creek facilities during lunch. He also shared his conversation with local authorities regarding the recent mountain fires.

2016 STRATEGIC PLANNING DISCUSSION

The 2016 Strategic Planning Session (SPS) for the Board of Directors is planned for September 7-9, 2016. Facilitators and venues were discussed. Staff will report back with an agenda and final plans at the August Board meeting.

FEDERAL ENERGY REGULATORY COMMISSION (FERC) DISCUSSION

CEO Schriver informed the Board of the status of the Federal Energy Regulatory Commission (FERC) decision involving Colorado's Delta-Montrose Electric Association (DMEA). A July 1, 2015 ruling FERC cleared the way for DMEA, along with other electric co-ops, to step outside the bounds of a 40-year power supply contract with Tri-State Generation & Transmission Association and tap into local renewable energy supplies. FERC's ruling, which was unanimous, clarifies what had been deemed unclear wording in PURPA (Public Utilities Regulatory Policies Act), as well as Tri-State's regulatory status. The contract which DMEA and 43 other electric co-ops had signed with Tri-State in 2001 required them to purchase 95 percent of their electricity from Tri-State. FERC ruled that as per PURPA, DMEA not only had the right but the obligation to purchase electricity directly from "Qualifying Facilities" (QFs) over and above the five percent cap it's limited to in its contract with Tri-State. The Board will continue to follow these events as they unfold.

2017 BUDGET: FINANCIAL GOALS/KEY DRIVERS & KEY ASSUMPTIONS

Included in the Board packet was the 2017 Budget Key Drivers presentation. CFO Parker gave a high level overview of various factors and assumptions that will be key drivers in the development of the 2017 operating and capital budgets. He and staff addressed Board questions.

At 10:37 a.m. the Board recessed for break. The Board reconvened at 10:50 a.m.

KRTA OVERVIEW

CFO John Parker welcomed Eric Anderson, Cooperative Finance Corporation Regional Vice President, to discuss the KRTA (Key Ratio Trend Analysis) for the last five years ending December 31, 2015 which was passed out for review at the Board meeting. Since 1975 CFC (Cooperative Finance Corporation) has provided rural electric distribution systems with a copy of its annual analysis. This report shows a range of key system operating, expense, growth and other performance indicators. He addressed Board questions.

The Board recessed for lunch at 12:05 p.m. and following a tour of the new equipment storage/warehouse facility at the Coal Creek office, they reconvened at 1:10 p.m.

RED FLAG STATUS REPORT

Antelia Salazar-Ball, Manager of Member Services, discussed the Identify Theft Red Flag Prevention Program. More information regarding this program was included in the Board packet. United Power's current policies and procedures have been effective with regard to preventing inappropriate access to member account information. Antelia addressed Board questions.

CEO REPORT

CEO Schriver reviewed his July 8, 2016 written report which was included in the Board packet. He discussed the safety report and operations report which were included in the Board packet. He also shared the changes to the Operation Round-Up Program are being reviewed and a more detailed plan will be provided during the External Affairs report and at a future Board meeting. He addressed Board questions.

FINANCIAL REPORT

CFO John Parker reviewed his July 6, 2016 written report which was included in the Board packet. He also reviewed the Financial Report for period ending June 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 July 6, 2016 written report which was included in the Board packet. He provided a wrap-up on the Colorado Municipal League Summer Conference which was held in Vail, June 21-22, 2016. He also discussed the potential marketing plan and changes to the Operation Round-Up Foundation program. More information regarding options for the Operation Round-Up program will be provided at a future Board meeting. He addressed Board questions.

ENGINEERING/RATES DEPT. REPORT

Engineering and Rates Manager Dean Hubbuck reviewed his July 6, 2016 written report which was included in the Board packet. He provided an update on recent outages that have occurred in United Power's service territories and the reasoning behind these. He also discussed a meeting which he, CEO Schriver, and New Energy Program Rep Jerry Marizza held with Tri-State staff and Poudre Valley staff to discuss potential Energy Storage options. Mr. Hubbuck also provided a handout at the Board meeting proposing an Energy Storage Project. This project will be discussed in further detail at the August Board meeting. He addressed Board questions.

At 3:30 p.m. the Board recessed for break. The Board reconvened at 3:45 p.m.

DIRECTOR FORUM

Director Vigesaa mentioned that he and several Directors attended the 2016 CoBank Directors Conference held in Colorado Springs, July 12-14, 2016. All attendees felt the 2016 CoBank lineup of speakers provided insight into challenges and provided new ideas which cooperatives face across the country. Director Erickson mentioned he attended the NRECA Summer School along with Director McCormick and shared highlights of the classes offered. Director Rose commented that he, other Directors and staff attended the Brighton Chamber Non-Profit Breakfast held on July 14th at the Todd Creek Golf Course.

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 July 2016 and addressed Board questions.

CREA REPORT

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

WUE REPORT

Director Rose discussed the recent Western United Electric meeting and addressed Board questions.

ROUND-UP FOUNDATION

The Round-Up Foundation June 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, August 19, 2016 at 9:00 a.m. at Brighton Headquarters, 500 Cooperative Way, Brighton, CO 80601

ADJOURNMENT

President Brian McCormick declared the meeting adjourned at 4:53 p.m.



Michele Sack, Recording Secretary