

**MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS OF
UNITED POWER, INC.
FRIDAY, MARCH 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 March 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 Ron Asche and Executive Assistant to the Board Michele Sack were also present.

Others present for the meeting were staff members Dean Hubuck, Delaine Orendorff, John Parker, Mitzi Rea, Bryant Robbins, Antelia Salazar-Ball, Myke Weis and Troy Whitmore. Also present was Mike DeCoria representing DeCoria, Maichel and Teague, P.S. Director Candidate Fred Depenbrock (West District) was also in attendance.

INVOCATION/PLEDGE

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

AGENDA APPROVED

CEO Asche requested a discussion on a rate hearing request be added to agenda. He also requested that the agenda item regarding the Amendment to the Syndicated Line of Credit be expanded to include amendments to additional loan agreements. **A motion was made by Director Grant**, which was seconded and carried, to approve the agenda as amended.

INTRODUCTION OF DIRECTOR CANDIDATE

Director Candidate Fred Depenbrock (West District) introduced himself.

CONSENT AGENDA

The February 19, 2016 Regular Board meeting minutes were included in the Board packet for review. **A motion was made by Director Martin**, which was seconded, to approve the consent agenda which consisted of the February 19, 2016 Regular Board meeting minutes. Director Grant discussed the Resolution to Approve Retail Rate Revisions which was included in the February 19, 2016 Regular Board meeting minutes. To coincide with the wording in the Resolution, he proposed that the tariff changes approved by the Board of Directors be added to the Board minutes. The original motion to approve the consent agenda, with the tariff changes included in the Board meeting minutes, was passed.

25 YEAR EMPLOYEE RECOGNITION

A motion was made by Director Vigesaa, seconded and carried, to adopt the following Resolution honoring David James for his 25 years of Dedicated Service to United Power.

RESOLUTION HONORING DAVID JAMES FOR 25 YEARS OF SERVICE

WHEREAS, David James will complete 25 years of service with United Power, Inc., as of the 1st of April, 2016; and

WHEREAS, United Power’s Board of Directors wishes to show its appreciation to David for his many years of service.

NOW, THEREFORE, BE IT RESOLVED that David James is hereby awarded a travel voucher equal to \$1,500.00 as an expression of United Power’s gratitude for his many years of faithful service.

AUDIT PRESENTATION

President McCormick introduced Mike DeCoria, representing the auditing firm of DeCoria, Maichel and Teague, P.S. Mr. DeCoria indicated that he met with the Audit Committee on Thursday March 17, 2016 to review the audit that was performed on the Consolidated Financial Statements of United Power, Inc. for the period of January 1, 2015 through December 31, 2015. Following discussion of the audit report, **Director Vigesaa made a motion**, which was seconded, to adopt the Resolution to accept the Annual Consolidated Financial Statements Audit Report for 2015 as presented. **Director Grant made a motion**, which was seconded and carried, to add the following paragraph to the Resolution: “WHEREAS, the duly appointed Audit Committee of United Power’s Board of Directors has reviewed the Audit Report and recommends acceptance.” The vote on the original motion to adopt the Resolution Accepting the Annual Audit, as amended, passed.

RESOLUTION ACCEPTING THE ANNUAL AUDIT

WHEREAS, an examination of the books of United Power Inc. and its wholly owned subsidiary, Consumer Services Association, was completed by DeCoria, Maichel and Teague, P.S., as of December 31, 2015; and

WHEREAS, DeCoria, Maichel and Teague, P.S. has issued an unqualified opinion dated March 2, 2016 on the Consolidated Financial Statements of United Power, Inc., for the year then ended December 31, 2015; and

WHEREAS, the duly appointed Audit Committee of United Power's Board of Directors has reviewed the Audit Report and recommends acceptance.

NOW THEREFORE, BE IT RESOLVED that said examination report for the period January 1, 2015 through December 31, 2015, prepared by DeCoria, Maichel and Teague, P.S., is hereby accepted.

Mike DeCoria left the meeting at 10:15 a.m.

At 10:15 a.m. Brighton Mayor Richard McLean, Brighton City Manager Manuel Esquibel, and Community Affairs Representative for United Power Tom Green joined the meeting.

CITY OF BRIGHTON MEMBER INFORMATION REQUEST

Mayor McLean and City Manager Esquibel stated that in December of 2015, the City Council of Brighton allocated \$70,713 from their Sales Tax receipts to be rebated to eligible residents. To determine which residents qualify, the City has asked for a list of all residential members receiving electric service in 2014 from United Power. Providing this information to the City of Brighton required, in the opinion of United Power staff, approval of the Board as it would be an exception to Corporate Policy C-11, Disclosure of Information. City Manager Esquibel advised that the City would maintain strict confidentiality of the data and destroy it after the rebate distributions have been completed. Noting the strong relationship between the City of Brighton and United Power and following discussion, **Director Vigesaa made a motion**, which was seconded, to adopt the Resolution Approving City of Brighton Data Request. **Director Pryce made a motion**, which was seconded and carried, to change the wording in the 4th paragraph which read "WHEREAS, maintaining good relations with the City of Brighton is crucial to our continued operational success" to read "WHEREAS, maintaining good relations with the City of Brighton is beneficial to our continued operational success." **Director Buczek made a motion**, which was seconded and carried, to add the following paragraph to the Resolution, "WHEREAS, the City of Brighton will be responsible for making the determination of who is eligible to receive this rebate." The vote on the original motion to adopt the Resolution Approving City of Brighton Data Request, as amended, passed. **Director Morgan voted against the motion to approve the Resolution and asked that it be recorded in the minutes.**

RESOLUTION APPROVING CITY OF BRIGHTON DATA REQUEST

WHEREAS, the City of Brighton voted in December of 2015 to rebate \$70,713 to City residents; and

WHEREAS, the City has previously used United Power account data on a 2007 Sales Tax rebate to determine residency eligibility due to the limitations of their water billing information; and

WHEREAS, the City has agreed to ensure the confidentiality and secrecy of said data records; and

WHEREAS, maintaining good relations with the City of Brighton is beneficial to our continued operational success; and

WHEREAS, United Power Corporate Policy 11 does not explicitly allow United Power staff to share individual account information with third parties; and

WHEREAS, the City of Brighton will be responsible for making the determination of who is eligible to receive this rebate.

NOW, THEREFORE, BE IT RESOLVED, United Power Board hereby grants an exception to Corporate Policy 11 "*Disclosure of Information*", allowing the City of Brighton access to the residential account data needed to provide their 2014 sales tax rebates to eligible residents in order to facilitate the Sales Tax rebates previously approved by the Council.

Brighton Mayor Richard McLean, Brighton City Manager Manuel Esquibel, and Community Affairs Representative for United Power Tom Green, left the meeting at 10:53 a.m.

At 10:53 a.m. the Board recessed for break and reconvened at 11:10 a.m.

AMENDMENT TO SYNDICATED LINE OF CREDIT AND OTHER LOAN AGREEMENTS

CFO John Parker discussed the proposed 4th amendment to the Cooperative Finance Corporation (CFC) Syndicated Line of Credit, which was included in your board packet for review, and related amendments to other loan agreements which other amendments were provided to the Board at the meeting. These amendments provide for the establishment of a Debt Service Reserve Account (DSRA) for the purpose of being used in future years to mitigate rate increases. Following review and discussion, **a motion was made by Director Martin**, seconded and carried, to adopt the following Resolution Approving Fourth Amendment to Credit Agreement.

RESOLUTION APPROVING FOURTH AMENDMENT TO CREDIT AGREEMENT

WHEREAS, the Board of Directors previously authorized the Cooperative to establish an unsecured syndicated revolving line of credit in an aggregate amount not to exceed \$40,000,000.00, subject to the provisions of the Credit Agreement, dated as of December 21, 2012 among the Cooperative, the Lenders party thereto, and National Rural Utilities Cooperative Finance Corporation, in its capacity as Administrative Agent ("Administrative Agent") (as amended or otherwise modified, the "Credit Agreement"); and

WHEREAS, the Credit Agreement contains a definition for “Debt Service Coverage Ratio” or “DSC Ratio”;

WHEREAS, the Board of Directors of the Cooperative has approved the establishment of a Debt Service Reserve Account (“DSRA”) for the purpose of being used in future years to mitigate rate increases;

WHEREAS, the flow of funds into and out of the DSRA will impact the DSC Ratio; and

WHEREAS, the Board of Directors has considered the attached Fourth Amendment to Credit Agreement containing new definitions, a change to the definition of the DSC Ratio, and amendments to Financial Covenants necessary to incorporate the DSRA approved by the Board into the Credit Agreement;

NOW THEREFORE BE IT RESOLVED, that the individuals listed below are hereby authorized to execute and to deliver to CFC the Fourth Amendment to Credit Agreement;

RESOLVED, that all other terms, conditions and provisions of the previously executed Credit Agreement shall remain in full force and effect, and the same are hereby ratified and confirmed as valid and binding agreements between Cooperative, CFC and the other Lenders enforceable in accordance with their terms; and

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 execute any future amendments to said Agreement as such individual may deem appropriate within the 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.

<u>Office or Title</u>	<u>Name (typed or printed)</u>
President	Brian A. McCormick

Following review and discussion, **Director Vigesaa made a motion**, which was seconded and carried, to adopt the following Resolution Approving Consolidated Amendment with CFC and an Amendment to Loan Agreement.

**RESOLUTION APPROVING CONSOLIDATED AMENDMENT WITH CFC AND AN
AMENDMENT TO LOAN AGREEMENT**

RESOLVED, that the Company shall enter into a Consolidated Amendment with CFC, with respect to loan facilities bearing CFC designation CO022-A-9015, CO022-A-9018, CO022-A-9022, CO022-A-9027, CO022-A-9028, CO022-A-9020, CO022-A-9021, CO022-A-9023, CO022-A-9029, CO022-A-9030, CO022-A-9031, CO022-A-9032, and CO022-A-9034 (the “Consolidated Amendment”);

RESOLVED, that the Company shall enter into the Amendment to Loan Agreement with CFC, with respect to the loan facility bearing CFC designation CO022-LUM-3000-3006-FMD001 (the “LUM Amendment”);

RESOLVED, that and each of the following individuals be, and each of them is, authorized in the name and on behalf of the Company, to execute and deliver the Consolidated Amendment (including any non-material amendments thereto) and the LUM Amendment (including any non-material amendments thereto) in substantially the forms presented to this meeting, and to execute and deliver all such other instruments and do all such other acts as in the opinion of such individual(s) acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions.

<u>Title or Office</u>	<u>Name (printed or typed)</u>
President	Brian A. McCormick

SWEP PROJECT UPDATE

CEO Asche discussed the Southwest Weld Expansion Project (SWEP), which is an electric power facilities expansion plan to support expanding oil and gas loads in our service territory. This project includes transmission lines and substation facilities to be built, owned, and operated by both Tri-State G&T and United Power. Two Resolutions were approved at the January 2016 Board meeting which authorized management to execute agreements with Tri-State and each of the oil and gas companies related to the facility expansion projects when such agreements are in a final form acceptable to management and legal counsel. In late January, United Power was informed by one of the four oil and gas companies that electric service to one of their facilities was needed by May 2016. A cost sharing agreement was executed with this oil and gas company for the construction of a 69kV line to be owned and operated by United Power. Also, at a hearing on March 2nd, the Weld Board of County Commissioners approved the eastern portion of the SWEP project, which included various 115 kV and above transmission line and substation facilities to be built, owned, and operated by Tri-State G&T.

TRI-STATE PROPOSED BYLAW CHANGES

Tri-State G&T is in the process of reviewing their Bylaws. Several changes are being proposed which generally relate to the Los Concha’s Fire court case in New Mexico and the responsibilities Tri-State and its member systems each have for the operation of their respective systems. The proposed Bylaw changes will be addressed during the Tri-State Annual meeting being held in April 6-7, 2016.

25 YEAR AWARD PRESENTATION

David James joined the Board Meeting to receive his Resolution and award from the Board of Directors for his 25 years of dedicated service to United Power. Following presentation of the Resolution and award, Mr. James joined the Board for lunch.

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

TRI-STATE PROPOSED BYLAW CHANGES (cont.)

The Board continued the discussion on the Tri-State proposed Bylaw changes after lunch. Following further discussion, the Board is recommending support of the Tri-State proposed Bylaw changes.

RATE HEARING REQUEST DISCUSSION

The Board of Directors approved United Power's retail rate revisions at the February 19, 2016 Board meeting. After publication of the retail rate revisions, United Power received a complaint from a member regarding the monthly facility charge for service provided to the member pursuant to the Time of Day Residential Rate tariff. This member will be contacted and arrangements made with this member to attend the April Board meeting to discuss his concerns.

Director Candidate Frederick E. Depenbrock left the meeting at 1:25 p.m.

EXECUTIVE SESSION

Director Vigesaa made a motion that the Board go into Executive Session to discuss legal issues and the CEO search process. The motion was seconded and carried.

The Board went into Executive session at 1:27 p.m. Attending were Directors Buczek, Erickson, Grant, Martin, McCormick, Morgan, Newman, Petrocco, Pryce, Rose and Vigesaa. Also attending was CEO Ron Asche, Executive Assistant to the Board Michele Sack, and Senior Staff which consisted of Dean Hubbuck, Delaine Orendorff, John Parker, Mitzi Rea, Bryant Robbins, Antelia Salazar-Ball, Myke Weis and Troy Whitmore.

At 1:31 p.m. CEO Ron Asche, Executive Assistant to the Board Michele Sack, and Senior Staff which consisted of Dean Hubbuck, Delaine Orendorff, John Parker, Mitzi Rea, Bryant Robbins, Antelia Salazar-Ball, Myke Weis and Troy Whitmore left the Executive Session.

The Executive Session concluded at 2:33 p.m. and the Board reconvened into regular session.

CEO REPORT

CEO Asche reviewed his March 10, 2016 written report which was included in the Board packet. He discussed the safety report and provided information on an OSHA recordable safety incident.

He also discussed a meeting held with the Weld County Planning and Zoning staff which he and staff and representatives from Poudre Valley REA attended on February 25th. The purpose of this meeting was to discuss the proposed Weld County zoning ordinances relating to siting and permitting of future solar powered electric generation units. He also discussed the Weld County Commissioners' hearing on the eastern portion of the Southwest Weld Expansion Project which he and staff attended on March 2nd along with representatives from Tri-State. At the conclusion of the hearing, the Board of Commissioners unanimously approved the project. He addressed Board questions.

FINANCIAL REPORT

CFO John Parker reviewed his March 10, 2016 written report which was included in the Board packet. He also reviewed the Financial Report for period ending February 29, 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 March 10, 2016 written report which was included in the Board packet. He provided an update on the United Power Annual Meeting which is being held on Wednesday, April 13th at the Adams County Fairgrounds. He also discussed Senate Bill 055, which related to ballot voting by cooperative members, unanimously passed the third and final reading in the Colorado House of Representatives. The chief bill sponsor, Senator Kevin Grantham, has requested a bill signing with the Governor's office. He addressed Board questions.

ENGINEERING/RATES DEPT. REPORT

Engineering and Rates Manager Dean Hubbuck reviewed his March 10, 2016 written report which was included in the Board packet. He provided an update on the Southwest Weld Expansion Project (SWEP) and provided a map of Phase I & Phase II of the project. Mr. Hubbuck addressed Board questions.

DIRECTOR FORUM

Director Newman thanked United Power for their donation to the Timberline Fire District in United Power's Mountain District. Director Pryce commented that Tri-State G&T has asked for an opinion from the Federal Energy Regulatory Commission filing regarding obligations related to the purchase of the output from qualifying facilities pursuant to Federal Legislation passed in 1978. Director Erickson mentioned that he attended the 2016 CoBank Midwest Customer Meeting held February 25-26, 2016 in Omaha, Nebraska. He also attended the 4th Annual Fair Gala on March 3rd held in Longmont and the 2016 Upstate Colorado Annual Meeting held March 10th in Greeley, which he felt were all very beneficial.

ASSOCIATED ORGANIZATIONS

The 2016 Tri-State Annual Meeting will be held in Broomfield April 6-7, 2016. President McCormick advised that the voting delegate and alternate delegate from the United Power Board of Directors are Ginny Buczek and Robert Grant respectively. He addressed Board questions.

TRI-STATE REPORT

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

CREA REPORT

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

WUE REPORT

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

ROUND-UP FOUNDATION

The Round-Up Foundation February 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, April 15, 2016 at 9:00 a.m. at United Power Headquarters, 500 Cooperative Lane, Brighton, Colorado.

ADJOURNMENT

President Brian McCormick declared the meeting adjourned at 5:06 p.m.



Michele Sack, Recording Secretary