

**MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS OF
UNITED POWER, INC.
WEDNESDAY, MARCH 25, 2020**

GENERAL

Vice-Chairman Ursula Morgan called the regular meeting of the United Power Board of Directors to order at 9:00 a.m. on March 25, 2020. The meeting was held at United Power Headquarters in Brighton, Colorado and via Zoom Video/Teleconference. Present, via teleconference, were Directors Keith Alquist, Ginny Buczek, Tim Erickson, Elizabeth Martin, Brian McCormick, Ursula Morgan, Rick Newman, Susan Petrocco, Dave Rose and Tamra Waltemath. Director James Vigesaa was absent.

Acting Chief Executive Officer Bryant Robbins, Government & Regulatory Relations Officer Troy Whitmore, Risk & Compliance Director Ken McFadden and Executive Administrative Assistant Cheri Simmons were present at Brighton headquarters; all abided by the Colorado Department of Health social distance guidelines.

Present, via teleconference, were Chief Financial Officer Laurie Burkhart, Chief Energy Resource Officer Dean Hubbeck, Human Resources Director Erin Hane, Engineering Director Robert Maxwell and Controller Sarah Herman.

INVOCATION/PLEDGE

Director Martin 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. He also shared working from home safety tips.

NEW EMPLOYEES

The following new employees were introduced via PowerPoint:

- Energy Programs and New Business Director Joel Danforth
- IT Information Management Analyst Julia Bader
- Human Resources Assistant Angela Brehmer

The Board extended an invitation to the new employees to attend a future Board meeting, when all participants will have an opportunity to meet in person.

CONSENT AGENDA

The following items were listed on the consent agenda:

- Approval of Agenda
- Approve February 21, 2020 Regular Meeting Minutes
- Approve February 25, 2020 Special Board Meeting Minutes
- Approve February 26, 2020 Special Board Meeting Minutes
- Approve March 6, 2020 Special Board Meeting Minutes
- Approve March 18, 2020 Special Board Meeting Minutes
- Amend January 22, 2020 Regular Meeting Minutes

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

Jackson Thornton CPA Woody Trimble joined the meeting at 9:12 a.m., via teleconference.

Acting CEO Robbins and GRRO Whitmore left the meeting at 9:21 a.m.

Acting CEO Robbins returned at 9:22 a.m.

GRRO Whitmore joined the meeting at 9:31 a.m.

Risk & Compliance Director McFadden left the meeting at 9:32 a.m.; returning at 9:33 a.m.

Director Morgan made a motion, which was seconded and carried, that the Board go into Executive Session to discuss the audit.

The Board entered Executive Session at 9:53 a.m. with the entire Board and CPA Trimble present.

The Executive Session ended at 10:00 a.m. and Vice-Chair Morgan reconvened the meeting into regular session; Staff returned to the meeting.

ACCEPT ANNUAL AUDIT

A motion was made by Director Alquist, which was seconded and carried, to adopt the following Resolution Accepting the 2019 Annual Audit Report.

RESOLUTION ACCEPTING THE 2019 ANNUAL AUDIT REPORT

WHEREAS, an examination of the financial statements of United Power Inc. and its wholly owned subsidiary, Consumer Services Association, was completed by Jackson Thornton & CO., P.C., as of December 31, 2019; and

WHEREAS, Jackson Thornton & CO., P.C. has issued an unqualified opinion dated March 16, 2020 on the Consolidated Financial Statements of United Power, Inc., for the year ending December 31, 2019; 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 audit report on the audited financial statements for the period January 1, 2019 through December 31, 2019, prepared by Jackson Thornton & CO., P.C., is hereby accepted.

Jackson Thornton CPA Trimble left the meeting at 10:02 a.m.

COVID-19

Acting CEO Robbins provided a recap of daily operations and process changes due to COVID-19. CFO Burkhart briefed the Board on the potential financial impact of COVID-19 and plans to mitigate loss.

CERO Hubbuck returned to the meeting at 10:10 a.m.

Controller Sarah Herman returned to the meeting at 10:13 a.m.

BOARD MEETING AGENDA SCHEDULE/AGENDA CHECKLIST

Following discussion, the Board asked Staff to recommend options to hold officer and associated organizations representative elections remotely with proper anonymous voting tools during the April 2020 regular Board meeting.

SPS AGENDA AND SCHEDULE

Acting CEO Robbins asked the Board for SPS topics and updated the Board on negotiations with the contracted location for the May 2020 Strategic Planning Session.

Vice-Chair Director Morgan announced a brief recess of the meeting at 10:38 a.m.; recess ended at 10:47 a.m.

APPROVE AMORTIZATION OF REGULATORY ASSETS

A motion was made by Director Buczek, which was seconded and carried, to adopt the following Resolution Approving amortization of Regulatory Assets.

AUTHORIZATION TO SET AMORTIZATION PERIOD FOR REGULATORY ASSETS

WHEREAS, United Power, Inc. (“UP”) has been contributing aid to Tri-State (“TS”) to provide expansion to TS’s transmission-level assets to accommodate the construction of future substations that will service new and increasing loads on UP’s distribution system; and

WHEREAS, the recommended accounting treatment is to record the contribution in aid as a Regulatory Asset; and

WHEREAS, upon completion, the Regulatory Assets should be amortized over the future periods benefitting from the contribution; and

WHEREAS, the established composite rate of depreciation for similar assets is 3% (or 30 years).

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors authorizes and directs the Chief Financial Officer to record contributions in aid provided to our transmission provider as a Regulatory Asset with an amortization period of thirty (30) years.

AUTHORIZE FRICO LETTER OF CREDIT

A motion was made by Director Buczek, which was seconded and carried, to adopt the following Resolution Authorizing the FRICO Letter of Credit. Director Newman voted against the Resolution.

CERTIFICATE OF RESOLUTIONS AND INCUMBENCY

I, Elizabeth Martin, do hereby certify that (i) I am the Secretary of UNITED POWER, INC. (hereinafter called the "Cooperative"); (ii) the following are true and correct copies of resolutions duly adopted by the board of directors of the Cooperative at a meeting held on the 25th day of March 2020; (iii) the meeting was duly and regularly called and held in accordance with the articles and bylaws of the Cooperative; (iv) the Cooperative is duly incorporated, validly existing and in good standing under the laws of the state of its incorporation and there is no pending or contemplated proceeding for the merger, consolidation, sale of assets or business or dissolution of the Cooperative; (v) forms of the loan documents were submitted to the meeting and were authorized by the board of directors to be executed; (vi) none of the following resolutions has been rescinded or modified as of this date; and (vii) the persons authorized below have been duly elected or appointed to their respective positions and occupied such positions on the date of actual execution of the loan documents:

RESOLVED, that the Cooperative is hereby authorized to apply for a letter of credit (and future replacements of such letter of credit) to be issued by National Rural Utilities Cooperative Finance Corporation ("CFC"), in accordance with the terms and conditions of the Letter of Credit Reimbursement Agreement substantially in the form submitted to this meeting (the "Letter of Credit Agreement"), *provided that* such letter of credit (or any replacement letter of credit) shall be issued to The Farmers Reservoir and Irrigation Company, as Beneficiary thereof and shall be in an aggregate principal amount not to exceed \$500,000.00;

RESOLVED, that the individuals listed below are hereby authorized to execute and to deliver to CFC the Letter of Credit Agreement and a line of credit reservation letter related to the Borrower's line of credit with CFC (CO022-P-5103) substantially in the form submitted to this meeting;

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 or replacements to said Letter of Credit 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>
Chairman of the Board	James Vigesaa
Acting Chief Executive Officer	Bryant Robbins
Chief Financial Officer	Laurie Burkhart

AUTHORIZE ACCESS OF FUNDS IN THE DEBT SERVICE RESERVE ACCOUNT

A motion was made by Director Buczek, which was seconded and carried, to adopt the following Resolution Authorizing the Access of Funds in the Debt Service Reserve Account.

RESOLUTION AUTHORIZING THE ACCESS OF FUNDS IN THE DEBT SERVICE RESERVE ACCOUNT

WHEREAS, United Power Inc. has established the Debt Service Reserve Account (“DSRA”); and

WHEREAS, the DSRA represents deferred revenues from a strong financial year that can be used to offset shortfalls in a less successful financial year; and

WHEREAS, during this time of uncertainty and economic downturn, the release of funds in the DSRA account would allow access to additional cash reserves and support efforts to maintain a Modified Debt Service Coverage (“MDSC”) ratio above CFC minimum requirements.

NOW THEREFORE, BE IT RESOLVED that the Board of Directors authorizes the Chief Executive Officer (“CEO”) or Chief Financial Officer (“CFO”) to draw down the funds in the DSRA investment account, if deemed necessary.

BOARD EFFECTIVENESS SURVEY

Vice-Chair Morgan distributed surveys to the Board, which will be reviewed at a future date.

STAFF REPORTS

The following reports were discussed and updated by Acting CEO Robbins and Staff:

- Chief Executive Officer
- Chief Financial Officer
 - Working Capital Report
- Chief Operating Officer
- Governmental and Regulatory Relations Officer
- Power Supply & Rates
- Risk and Safety
- Human Resources

Controller Sarah Herman left the meeting at 11:51 a.m.

Vice Chair declared a recess for lunch at 12:15 p.m. and reconvened the meeting at 1:00 p.m., continuing Staff Reports.

Staff Reports Continued

Director McCormick and Staff briefed the Board on Tri-State.

- Tri-State Reports

LITIGATION/EXECUTIVE SESSION

Director Martin made a motion, which was seconded and carried, to enter Executive Session at 1:16 p.m. to discuss contract issues. The Board, Acting CEO Robbins, CERO Hubbuck, CFO Burkhart, GRRO Whitmore, Engineering Director Maxwell and Executive Administrative Assistant Simmons were present. Director McCormick left the meeting at this time.

Director Alquist made a motion, which was seconded and carried, to end Executive Session at 3:07 p.m., reconvening into regular session.

Vice-Chair Morgan called for a brief recess which started at 3:08 p.m. The meeting was called back to order at 3:21 p.m.

Director McCormick rejoined the meeting at 3:15 p.m.

LITIGATION/EXECUTIVE SESSION

Director Rose made a motion, which was seconded and carried, to enter Executive Session at 3:36 p.m. to discuss personnel issues. The entire Board and Acting CEO Bryant Robbins were present; Staff was excused.

Executive Session ended at 4:10 p.m., reconvening into regular session.

Director Martin made a motion to direct Acting CEO Robbins to take action as discussed in executive session which was seconded and carried.

ADJOURNMENT

Vice-Chairman Ursula Morgan declared the meeting adjourned at 4:10 p.m.



Cheri Simmons, Recording Secretary