

MINUTES OF THE BOARD MEETING
OF THE BOARD OF DIRECTORS
OF
FALL RIVER RURAL ELECTRIC COOPERATIVE, INC.

November 14, 2016

The meeting of the Fall River Rural Electric Cooperative, Inc. Board of Directors was held on Monday, November 14, 2016, at the main office of Fall River Rural Electric in Ashton, Idaho. Determining a quorum was present, President Doug Schmier called the meeting to order at 10:01 a.m. Executive Assistant Cathy Meeks recorded the minutes. The invocation was given by Brent Robson.

ATTENDING
OFFICERS

President Doug Schmier, Vice-President Debbie Smith via conference call,
Secretary/Treasurer Dede Draper, and Immediate Past President Jay Hanson

DIRECTORS
PRESENT

Brent Robson, Dan Skene and Ron Dye present. Boyd Bowles and Ralph Burton via
conference call

DIRECTORS
ABSENT

None

OTHERS

General Manager (GM) Bryan Case, Executive Assistant Cathy Meeks, and Member
Services Manager Brand Hathaway

Also attending, Attorney Hyrum Erickson

APPROVAL OF
AGENDA

Jay Hanson made a motion to approve the Agenda. Brent Robson seconded.
A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

EXPENSE
VOUCHERS

**Dede Draper made a motion to approve the expense vouchers submitted for
payment. Jay Hanson** seconded. A voice vote was taken; THE MOTION CARRIED
BY UNANIMOUS VOTE.

APPROVAL OF MINUTES

MINUTES OF OCTOBER 31, 2016 BOARD MEETING

Following a review of the minutes for October 31, 2016, Jay Hanson made a motion to approve the minutes. Brent Robson seconded. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

CONSENT AGENDA

After review, Jay Hanson made a motion to approve the consent agenda. Brent Robson seconded the motion, which included the memberships, purchase of power agreements, check report, vouchers, safety report, and capital credit report. Following discussion and hearing no objections, THE MOTION CARRIED BY UNANIMOUS CONSENT.

MEMBER COMMENT

GM Case gave a status update on the Millers Pond project, reporting there were still a few members contributing and posting comments. The construction of the project has had to be adjusted to accommodate other underground utilities. There was some discussion on options if there are extra funds raised. Brent Robson provided input from one of the property owners near Miller's Pond.

GM Case also reported staff had done a conservation presentation at the Ashton Rotary meeting. Following the presentation, a couple of members inquired about the consolidation.

FINANCIAL AND STATISTICAL REPORTS

OCTOBER 31, 2016 FINANCIAL REPORTS –

GM Case reported FRREC is currently ahead of budget. Given the early board meeting, staff will send out October financials when completed.

COOPERATIVE BUSINESS

2017 WORK PLANS

GM Case reviewed the 2017 Work Plans and gave clarification when needed. The work plans were set with the approved 2017 budgets in mind. Highlights included a review of natural gas, member surveys on the interest in solar, and customer service. Expansion of propane services was also discussed; natural expansion has led Fall River Propane into Jackson Hole. Other items included streamlining business processes, electronic approval and processing of accounts payable, and approval and tracking of service orders done on-line. 2017's focus will be branding FRREC as a *Member Energy Partner* in the new member packets and adding propane and other services provided. GM Case gave an update on filling the PR/Marketing position. He also reviewed the Hydro's maintenance plan. We will be getting some help from Idaho Falls Power with this project.

2017 GOALS

GM Case reviewed the 2017 Goals for each department. A few of the highlights included goals to improve reliability and reduce outage time, pole testing, replacement of faulty cut-outs, track responsiveness to member calls and propane service, increase hydro

generation and improve business processes. There was some discussion on gathering emails and phone numbers and what they are used for; in the future there will be options for members to choose what alerts they would like to receive. In IT, there will also be information transmitted to the FRREC website with information on Henry's Fork conditions and hydro operations; video conference capabilities will be added as well. Other goals included financial and competitive retail pricing as well as supporting the propane expansion in order to assist Propane succeed in their goals.

Jay Hanson made a motion to approve the proposed 2017 Work Plan and 2017 Goals. Dan Skene seconded. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

2017 PROPOSED MEETING DATES

The board was presented with proposed board meeting dates for 2017. There were a few conflicts noted and changes made. Staff will make the changes and a revised calendar will be sent out.

2017 INDUSTRY AND ASSOCIATION CALENDAR

GM Case reviewed the 2017 meeting calendar for other industry association meetings, encouraging board members to attend the ICUA and NRECA Legislative Conferences as well as the CFC Conference. Board members are to contact President Doug Schmier if they would like to attend.

ELECTION RESULTS

GM Case gave an update featuring highlights from the conference call with NRECA's CEO, Jim Matheson. NRECA's focus has been on maintaining relationships with all branches of the Federal government, with the Electric Cooperative agenda being on RUS funding, PMA's, energy independence, distributive generation, conservation, reducing stifling regulations, and staying engaged. In the past, NRECA has developed relationships within the House and Senate and is now looking to develop similar relationships at the administration level.

Marty Kanner sent out a legislative update including information on the Columbia River Treaty. As more information becomes available, FRREC will need to take a look at the direction the Federal government and agencies decide to go and incorporate changes in direction to the Cooperative's strategic planning process.

Brent Robson gave an update on the results of the Teton County elections. It was noted there was a significant increase in voter turnout throughout the Fall River service territory.

FALL RIVER SUBSTATION

Staff went through a presentation showing the construction of the new Fall River Substation. GM Case gave some clarification, reviewing the process staff went through during construction. This is the first substation that has been done completely by staff-

work that is typically contracted out; staff completed the substation under budget and on time.

HYDRO OPERATIONS UPDATE

ISLAND PARK –

Staff reported the large Island Park blower will be back this week to be installed. Island Park reservoir levels are low and the low CFS outflows keep the Island Park hydro off-line. Staff expects the Island Park Hydro will start up generation in April of 2017 as flows are increased by the Bureau of Reclamation.

CHESTER –

Staff reported Chester is running and producing just under 1 MW and is setting record generation so far this year. Maintenance seals in turbines 1 and 3 are leaking and Staff is working with contractors to correct. There was discussion about needing to run the rake during the winter months to keep the screens clean and to keep the ice open in the fore bay. The rake has been working well with the heavy moss.

BUFFALO –

The Buffalo rake is back and staff is scheduling a crane or helicopter to re-install the rake.

MILLERS POND PROJECT –

Staff reported on the challenges they encountered with the Miller's Pond underground line construction project. The project was completed prior to the weather turning. There was some discussion on future planning and how the line might be impacted if road is widened.

HOOPER SPRINGS – MEMBER COMMENTS

Included in the packet were letters to Governor Otter and John Chatman. Multiple routes were looked at for over a year. Based on all the options, the chosen route had the least impact according to BPA. FRREC sent a letter of support for the Hooper Springs transmission line to be built as proposed. Had the Hooper Springs line been in place during our last SE Idaho outage, Fall River and other utilities would have been able to keep power to our members.

IDLE SERVICE UPDATE

Staff is about half way through the idle services, giving members the 3 different options. GM Case gave a background on the process staff goes through.

PRC DISSOLUTION UPDATE

GM Case reviewed the planned dissolution of PRC, the strategic direction established three years prior, the process of selling off PRC's assets, and the positive results which exceeded PRC's expectations.

ICUA LEGISLATIVE CONFERENCE

President Schmier encouraged all board members to attend. Board members are to let staff know if they are planning on attending so registration and lodging arrangements can be made. The meeting dates are January 9-11, 2017.

EXECUTIVE SESSION

Dan Skene made a motion to go into Executive Session. Jay Hanson seconded.

A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

Jay Hanson made a motion to go out of executive session. Brent Robson seconded.

A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

Dan Skene made a motion to authorize the executive committee to review the final NRECA resolutions pertaining to employee's retirement and security and 401(k) plans and authorized the Secretary/Treasurer to sign the final documents. Jay Hanson seconded. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

FOR INFORMATION PURPOSES –

NEW PROPANE BOARD MEMBER

Dan Skene reported on the process the Propane Board went through to appoint the Star Valley board member. He gave a brief background on Cindy Martinson, who was appointed; a full bio was included in the board packet. All three candidates were very qualified.

NEW MANAGERS' MEETING WITH ELLIOT MAINZER, BPA ADMINISTRATOR
GM Case reported that the meeting Fall River set up and hosted for the BPA administrator was well attended. GM Case, along with other utility managers, met with BPA Administrator, Elliot Mainzer to discuss long term plans to keep BPA competitive compared to electric wholesale markets and other pertinent BPA related issues. Fall River and the Administrator have agreed to meet again on March 8, 2017.

REPORTS

POLICY COMMITTEE will be meeting on December 19, 2016 at 9 am via video conference call.

MANAGEMENT REPORT:

GM Case gave a summary of the management report; a full report was included in the board packet.

President Schmier reviewed the calendar of events, highlighting meeting dates that board members would need to attend. A reminder was given that December 9th is the Annual FRREC Christmas Party. Next Board Meeting will be on December 19th.

Dan Skene and Boyd Bowles will plan on attending the NEPA meeting in Boise on the 29th of November, along with GM Case.

ADJOURNMENT

There being no further business, **Jay Hanson moved that the meeting be adjourned. Brent Robson seconded.** By consensus, the meeting was adjourned at 1:42 p.m.

DATE APPROVED: ___December 19, 2016___


Secretary, Dede Draper