

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

March 23, 2020

The meeting of the Fall River Rural Electric Cooperative, Inc. Board of Directors was held on Monday, March 23, 2020, by webinar/teleconference. Having determined a quorum was present, President Doug Schmier called the meeting to order at 10:20 a.m. The invocation was given by Director Anna Lindstedt. The pledge of allegiance was recited. The minutes were recorded by Executive Assistant Joni Amen

ATTENDING OFFICERS BY WEBINAR/TELECONFERENCE

President Doug Schmier, Vice President Brent Robson, Secretary/Treasurer Husk Crowther, and Past President Jay Hanson

DIRECTORS PRESENT BY WEBINAR/TELECONFERENCE

Dede Draper, Jeff Keay, Anna Lindstedt, Jodi Stiehl, and Georg Behrens

DIRECTORS ABSENT - NONE

OTHERS PRESENT

CEO/General Manager Bryan Case, Legal Counsel Attorney Jerry Rigby, CFO Linden Barney and Executive Assistant Joni Amen

APPROVAL OF AGENDA

Discussion was held on additional agenda items including the Columbia River System Operation (CRSO) Environmental Impact Statement (EIS), Idaho Consumer-Owned Utilities Association (ICUA) Youth Rally and news on the Teton Valley quarantine. **Vice President Robson made a motion to approve the agenda including the additional items as discussed. Director Hanson seconded.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

EXPENSE VOUCHERS

**Secretary Crowther made a motion to accept and approve expense vouchers with one correction—use of the current year’s expense voucher. Vice President Robson seconded the motion.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

APPROVAL OF MINUTES

**Vice President Robson made a motion to approve the February 24, 2020, Board minutes, including the correction on page 3. Director Hanson seconded the motion with the change.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

CONSENT AGENDA

**Director Behrens made a motion to approve the Consent Agenda. Director Hanson seconded the motion which included new memberships, purchase of power agreements, check register, safety report, and the discounted patronage capital refunds report.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS

VOTE.

#### MEMBER COMMENTS

Director Behrens asked if the welcome letters for new members could be signed electronically in the office. The Board concurred and asked that staff add their respective electronic signatures and send the letters out.

CEO Case reported that, last week, there was a major drop off on physical visits to Fall River offices. The offices are officially closed to the membership and public as of today. There have been a few calls from members asking if they could get through and talk with someone if they needed. No other comments have been heard from the public.

#### COOPERATIVE REPORTS

Director Jay Hanson was elected the Chair of CFC's Corporate Relationships Committee, Directors Jodi Stiehl and Anna Lindstedt completed their Certified Credentialed Director Program (CCD), and CEO Bryan Case was elected Vice Chair of the Insurance and Finance Services Committee (I&FS) and also to be Representative of Region 9 on the NRECA Executive Committee.

Director Stiehl reported she enjoyed the WREA meeting. She heard there is great concern in the area due to coal mine closures and the COVID-19 pandemic. Radio frequency auction as well as the ability to push to talk are available resources that were discussed, as was drone use for distribution utilities and vendor support. She enjoyed the meeting very much. She also attended the Republican Party dinner party and she was able to talk to Governor Little and thank him for his support and for coming to the ICUA Legislative Conference.

Director Draper reported that she attended the Propane Board Meeting and they are doing well. The new software program is in place.

Director Hanson reported that he is on the CFC Integrity Fund Committee to assist and give grants to cooperatives across the nation facing take-over threats.

Director Georg Behrens reported on the NRECA Annual Meeting. He thought the beneficial electrification portion was very interesting. Clothing manufacturing is one of the largest wasteful industries with only 30% of manufactured clothing being used or purchased. The ideas for conserving power and being more efficient in that industry were interesting. He directed the Board to his notes on the ICUA Board Meeting and reported the ICUA annual financial audit went well.

President Schmier attended the NWPPA Board Meeting. He said that the GRC's proposed resolutions will be presented in May. One controversial item pertains to electric vehicles. Some feel that we shouldn't ask for incentives as a resolution. A compromise was reached, and the resolution (with the incentive) was approved to be sent to the membership for a vote.

#### FINANCIAL REPORTS - FEBRUARY 2020

CFO Barney reported a net income of \$233K in the February 29, 2020, financial report. Year-to-date, the Cooperative's actual net income is \$421K more than budgeted. Revenue net of power costs are \$324K better than expected. The cold February was a leading factor. Operations showed \$75K less was spent on repairs due to the blower being repaired in 2019 as well as resource support being lower than expected. Taxes are lower than

budget, and this is expected to continue as Teton County isn't charging property taxes for the Felt Hydro. Interest rates are also lower after restructuring \$3M of debt. Costs are 2% lower than anticipated. Other significant changes on variance analysis is that interest income is higher than expected with propane interest taken into account. Controllable costs are under budget by 4%. Growth is still at 2.7%, and the equity ratio is over 44%.

CEO Case reported that the Cooperative is financially strong and is positioned to weather a downturn in the economy for a while. However, the uncertainty caused by the pandemic is very worrisome. If the pandemic is brief (2-6 months), the Cooperative should be relatively unimpacted, but if COVID-19 shuts down the economy for a longer period, then Fall River will see a significant impact in its financials. A recession is expected if the pandemic is prolonged. We are already seeing recessionary impacts on new service requests. Fall River will continue to do social distancing and follow the CDC recommendations. We are hoping for a brief pandemic, but are planning for the long-term.

CFO Barney said there is a webinar hosted by CFC where an economist will be presenting important information. Financial balance sheets are significantly better than they were in 2008. Loan losses for banks are next to zero. He cautioned that the longer the pandemic goes, the greater the risk of a deeper or extended recession. If the House and Senate can pass a stimulus bill, it will help the economy and, hopefully, be instrumental in rebounding the economy. The foundation was strong prior to the start of the pandemic which should help the economy recover.

Director Hanson discussed Sheldon Peterson's helpful CFC messages. The web address will be provided if members of the Board would like to listen.

## COOPERATIVE BUSINESS

### EXECUTIVE COMMITTEE RECOMMENDATIONS

CEO Case reported on the meeting and what was discussed, including the following:

#### EVALUATION OF LEGAL COUNSEL

Should there be additional steps in assessing a potential legal counsel's qualifications? These steps might include checking the Martindale-Hubble attorney rating, reviewing resumes, and calling other clients receiving service.

If the Board were to hire an attorney, a Request for Proposal (RFP) would be sent out, just as is done for the audit firm.

**Director Behrens made a motion to accept the formal proposed legal counsel review process as recommended by the Executive Committee. Director Hanson seconded the motion.** A voice vote was taken; THE MOTION CARRIED WITH EIGHT IN FAVOR, ONE OPPOSED.

#### RECOMMENDATION FOR BOARD EVALUATION PROCESS

**Director Behrens made a motion to accept the formal proposed Board Self-Evaluation Form as recommended by the Executive Committee. Director Stiehl seconded the motion.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

#### CHANGES TO THE BYLAWS

Discussion on the suggested changes was held line item by line item. Attorney Rigby said that he checked the term "Rights-of-Way" versus "Right-of-Ways". They are

synonymous, but NRECA uses the term “Rights-of-Way”.

Clarification on the Bylaw changes, including the 50% vote runoff issue, was requested. The Board will remain neutral toward members in the matter of runoff voting, and will be supportive of approving the proposed Bylaw language updates.

**Director Behrens made a motion to accept the proposed changes and amended his motion to include the change of wording to “Rights-of-Way” (Article 1, Section 1, (d), to the Bylaws and send it to the membership for a vote. Director Robson seconded the motion.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

#### COVID-19 UPDATE

CEO Case reported that Teton County has given notice that the people (with the exception of essential personnel) within the county should self-isolate through April 5<sup>th</sup>. The list of Fall River’s essential personnel includes linemen, hydro operators, IT, and dispatch. If an official quarantine is mandated, we will get that list out to local authorities. Our line crews have been instructed to limit their interaction with the public and office personnel, strictly practicing social distancing. The IT department has ordered additional laptops in case other staff need to work from home. Fall River is in line with most other electric cooperatives and other utility industries.

#### ANNUAL MEETING REVIEW

CEO Case presented the question of whether or not we should hold the Annual Meeting. Following discussion, a decision was reached to hold the Annual Meeting on the date planned, June 13<sup>th</sup>, electronically. Election and ballot collection logistics have yet to be determined. An idea was presented to use some of the saved funds for members in need.

Attorney Rigby feels that, in an emergency, there shouldn’t be any problem with this decision. Congress is debating the same thing. The risk of holding the meeting in person and having someone catch the virus is a larger risk.

**Director Draper made a motion to hold the meeting electronically on June 13<sup>th</sup>. Director Behrens seconded the motion.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

#### NOMINATING COMMITTEE

CEO Case said we had 10 members in attendance at the Nominating Committee Meeting (all but three participated via GoToMeeting). A list of the potential candidates was presented. He was impressed with the Committee and the work they did; Paul Dye was made Committee Chairman.

President Schmier reminded Directors that the names proposed will be vetted and interviewed by Attorney Rigby. The nominees have been contacted and have been made aware of their nomination; they are all willing to run for Board election.

#### EXECUTIVE SESSION

**Director Robson made a motion to go into Executive Session at 1:10 p.m. Director Keay seconded.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

**Director Hanson made a motion to go out of Executive Session at 1:45 p.m. Director**

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

#### MANAGEMENT DISCUSSION

Discussion was held on the economic impact of the pandemic.

Patronage Capital allocations statements were explained and will be sent out to members in April.

#### SCHOLARSHIP AND YOUTH RALLY DUE DATES

Applications for Scholarships are due by March 27<sup>th</sup>. Director Stiehl asked how the students will be made aware of these offers since the pandemic has closed schools. The Administrative Committee will continue to work on offering these scholarships. The interviews with school counselors will have to be done over the phone, but the Administrative Committee feels they will be able to work effectively and safely while evaluating scholarship applications.

We will get the word out again to make a final push for students to apply for scholarships.

CEO Case said the ICUA Youth Rally has been canceled. There will be money saved by not sending students to Caldwell. CEO Case is planning on presenting the chosen ICUA Youth Rally applicants with Fall River's \$500 scholarship. He will inform them that the event has been canceled. An alternative of having a condensed, one-day event with other area cooperatives (including Lower Valley and Idaho Falls) is being discussed. We will still encourage kids to apply and it will still be worth the effort. The Board agreed with this plan.

#### HYDRO OPERATIONS

CEO Case reported on Fall River Electric's hydroelectric facilities:

**Chester Hydro:** Producing well and has been online for over 2 weeks.

**Island Park:** Running with continuous, good flows. We are releasing a little excess water now. Crews are working to install the blowers and hope to have it done by the time the need arises.

**Buffalo and Felt:** Buffalo is running well and with limited icing. Felt is Operating well. We have started the fish traps again and are counting fish internally.

**Felt and Chester:** RMP is dragging their feet on approving the Interconnect and PURPA agreements and are not willing to negotiate. They have an obligation to consider and approve our requests. We may have to file a complaint if they continue to stall. We are making progress, but it is going very slowly.

#### PNGC BOARD RECAP

The PNGC Board has been consumed with the exit of Umatilla. Staff is working hard. BPA agreements are being discussed and they are getting back to regular business now.

The reports are included in the Board packet. Discussion that CEO Case had with Elliot Mainzer indicated that Mr. Mainzer wasn't satisfied with the drafted environmental impact statement as it was initially presented, and instead demanded a science-based study with conclusions that were well-documented. It is apparent by the Draft Environmental Impact Statement (EIS) that significant effort was expended to produce a thorough report. There were other socioeconomic impacts, but the preferred option is no removal of dams. The public comment period is now open, and the Board was encouraged to send letters.

April 13<sup>th</sup> is the deadline to submit comments.

A Board member asked to see a format of the preferred option that is clearer and easier to understand. CEO Case will ask for a more precise description summary from BPA. The question was also asked if there was any mention of climate change. CEO Case said yes, carbon-free generation is included. Georg Behrens referred to page 13 of the summary which specifically discussed climate change as a consideration.

Attorney Rigby said the water users had a meeting with the Bureau of Reclamation last week about evaluating storage facility alternatives. He has seen good summaries that would clarify the issue. The water users are trying to come to a resolution and determine a response.

The Yellow-billed Cuckoo is an issue that needs to be closely reviewed.

**Vice President Robson made a motion to formulate a response as a Board and as individuals. Director Hanson seconded the motion.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

## REPORTS

### BOARD COMMITTEE REPORTS.

Executive Committee Chairman Doug Schmier said he had nothing further to report.

Administrative Committee Chairman Jeff Keay reported that the next meeting is on April 20, 2020.

Engineering & Operations Chairman Brent Robson had nothing to report.

Finance Committee Chairman Jay Hanson had nothing to report.

Policy Committee Chairperson Dede Draper reported that they will have policies for the Board next month and are continuing to review others. The next meeting will be decided.

### ATTORNEY REPORT

Attorney Rigby addressed the Yellow-billed Cuckoo's protected habitat designation. The problem is the broad interpretation of the protection and the issue of Idaho losing control of its own waterway flows. He will have an NGO meeting on critical habitat designation. We don't want to have to release additional water that would be detrimental to fish, irrigators, and power generators.

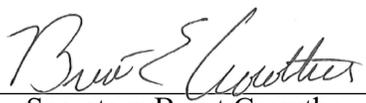
### MANAGEMENT REPORT

Director Behrens thanked staff for the great reports that the management team presents to the Board; he appreciates the information and reads them every month.

## ADJOURNMENT

There being no further business, **Director Hanson made a motion to adjourn. Director Behrens seconded the motion.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE. The meeting was adjourned at 1:45 p.m.

DATE APPROVED: April 27, 2020

  
Secretary Brent Crowther