

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

October 26, 2020

The meeting of the Fall River Rural Electric Cooperative, Inc. Board of Directors was held on Monday October 26th, 2020, virtually and at the main office of Fall River Rural Electric in Ashton, Idaho. Having determined a quorum was present, President Draper called the meeting to order at 10:03 a.m. Executive Assistant Angie Haws recorded the minutes. The invocation was given by President Draper. The Pledge of Allegiance was recited.

ATTENDING OFFICERS

President Dede Draper, Vice President Georg Behrens, Secretary/Treasurer Husk Crowther, and Past President Doug Schmier

DIRECTORS PRESENT

Jeff Keay, Brent Robson, Jodi Stiehl, Jay Hanson, and Anna Lindstedt

DIRECTORS ABSENT

NONE

OTHERS

CEO/General Manager Bryan Case, Legal Counsel Attorney Jerry Rigby, CFO Linden Barney, guest Jeffrey C. Allen (member of the Northwest Power and Conservation Council), Fall River management team members Sheena Stricker, Shannon Hill, Dave Peterson, Trent Yancey, and Executive Assistant Angie Haws

APPROVAL OF AGENDA

Director Hanson made a motion to approve the agenda with one scheduling adjustment, as discussed. Director Robson seconded. President Draper asked if any were opposed. None opposed; THE MOTION CARRIED BY GENERAL CONSENT.

MEMBER COMMENTS

BRUCE CONNER EIS, NEEPA RECORD OF DECISION
Included in the board packet.

MEMBER EXPRESSED CONCERN ABOUT "TEMPORARY SERVICE" CHARGE
Included in the board packet.

CHI MELLVILLE SUBMITTED A LETTER WITH QUESTIONS REGARDING FALL RIVER'S NET METERING

CEO Case stated that he called Mr. Mellville to address his questions, clarifying the retail rate he receives for generation, as well as how his excess generation is banked on Fall River's system. CEO Case reported that the phone call was well-received, the member's questions were answered, and he was satisfied with the response.

FINANCIAL & STATISTICAL REPORT

SEPTEMBER 30TH, 2020 FINANCIAL REPORTS

CFO Linden Barney stated the Cooperative net margin is \$1.1M ahead of budget. KW sales for commercial accounts were within 2% of where we were last year. We have \$1.8M invested in plant year-to-date in 2020. The Cooperative has paid down \$3M in long-term debt. The long-term debt portfolio provided a recap of the Cooperative's debt including the outstanding \$1.9M PPP loan. Our equity ratio is holding at 45.3%. CEO Case stated that cash flows look good. We are tracking our COVID costs and will evaluate our needs and make a recommendation to the board in February or March of 2021 regarding the PPP loan. Construction and new services are still robust this year.

FALL RIVER PROPANE LONG-TERM DEBT REQUEST

Fall River Enterprises has submitted a request for long-term financing on the purchase of a Knuckle Boom truck and consumer propane tanks. Different options are available for financing, however, discussion led to the consensus that it would be a positive long-term investment for the Cooperative at a good interest rate for Fall River Enterprises. Staff recommended granting the request and moving forward with this plan.

Vice President Behrens made a motion to approve the Fall River Enterprises propane loan request. Director Hanson seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

PROPANE LOAN SUMMARY

Included in the board packet.

PROPANE QUARTERLY REPORT

Director Case reported that Fall River Enterprises is well over 200K in net margins, partially due to the timing of the Summer Fill special, budgeting, as well as some COVID-related costs, and usage. In early summer, there were very low propane rates. Staff was asked if it would still be possible to meet the target of net margins before year end, to which they responded in the affirmative. Propane Staff is working hard on expansion in Wyoming to increase the number of customers gained, as well as gallons sold. Director Case stated Propane is on course to beat the re-forecasted budget and end the year with positive margins. Currently, Propane is finishing up a COSA. Director Draper stated the GM succession planning has seen a good level of interest. There was a discussion on the value FR provides by offering quality propane and service 24/7, 365 days a year. Not all competitors do that.

COOPERATIVE BUSINESS

GUEST JEFFERY ALLEN WITH NORTHWEST POWER AND CONSERVATION COUNCIL, COMMISSIONER FOR IDAHO

Jeffery C. Allen was appointed to the Northwest Power and Conservation Council in March 2019, by Idaho Governor Brad Little. Prior to his appointment, he directed the Idaho office of the Council for 10 years. While there, he established, and continues to maintain, relationships with the people and organizations in Idaho that deal with issues such as protecting and enhancing salmon, steelhead, and resident fish populations affected

by hydropower dams, proper and effective water allocation, and ensuring the Northwest has a reliable and affordable electric power system. Before managing the Council's Idaho office, he worked for the Governor's Office of Species Conservation. There, he advised Idaho's effort to coordinate all state policies relating to the Endangered Species Act and led Idaho's efforts to delist the wolf and establish a compensation fund to pay for livestock lost to wolves. Before that, Mr. Allen served as the State Director of Natural Resources for U.S. Senator Mike Crapo. Mr. Allen holds a Bachelor's in International Relations from Brigham Young University.

Mr. Allen stated that it is necessary to focus on measuring the performance of all current projects to assess if those planned projects are successfully doing what they were intended to do. The fish and wildlife plan is established every 5 years. The regional plan has not had an increase in this area for some time, currently we must hold the line our costs cannot go up. As a result, if there are things that I find must be done, we will have to scale back somewhere else and redirect that effort.

2021 PATRONAGE CAPITAL GENERAL RETIREMENT

Staff recommends that the 5-year average block be maintained and that the general retirement amount of \$990,727 for 2020 (shown on the 5-year average block schedule) be approved for payment this December.

Director Hanson made a motion to accept staff recommendations on patronage capital general retirement. Vice President Behrens seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

RECOMMENDATION TO SET EARLY PATRONAGE CAPITAL RETIREMENT BUDGET AT \$150,000 FOR 2021

Staff recommends setting the 2021 Early Retirement Patronage Capital Budget at \$150,000, a slight increase from 2020.

Director Hanson made a motion to accept staff recommendations to set early patronage capital retirement budget at \$150,000 for 2021. Secretary/Treasurer Crowther seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

DISCUSSION: MEMBER INSTANT REBATE-BOARD RESOLUTION IN DECEMBER 2020 WITH MEMBER CREDIT TO BILLS IN JANUARY 2021 – NO RECOMMENDATION YET, ONLY DISCUSSION

Director Hanson made a motion for staff to consider the financial strength of the Cooperative for an instant rebate to be credited to the members' billing statements in January of 2021. Director Stiehl seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

2021 WORK PLAN AND COOPERATIVE GOALS

The 2021 Work Plan and Cooperative Goals were presented to the board for review and discussed. The 2021 outlines align with and focus on the vision of the Cooperative and its Board Minutes of October 26, 2020

strategic goals. Specific, measurable objectives are detailed in the work plan. Fall River aspires to be a leader in the industry, community and for our members, delivering top-tier performance in reliability and service. Likewise, Fall River aspires to be the “Trusted Energy Partner” (experts in all things energy), providing members with relevant and economical solutions for their energy needs.

Director Robson made a motion to approve the 2021 Work Plan and 2021 Cooperative Goals as presented. Director Hanson seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

2021 POTENTIAL BOARD CALENDAR
Included in the board packet.

KEY RATIO TREND ANALYSIS (KRTA) DISCUSSION
CEO Case and CFO Barney shared the results of his analysis in comparison to peer groups on topics like equity ratio, investment in plant, controllable expenses per consumer, rate of return on total capitalization, and system average interruption duration index. CEO Case said that each one of the ratios tells a story that is fairly complex. This is a great service made available through the CFC, and we will continue to watch the ratios closely.

COOPERATIVE REPORTS

Director Lindsteadt stated she appreciated additional summaries and background information provided in the board packet.

Vice President Behrens took part in an NRECA course for directors and will be participating in an upcoming one on Cooperative Structure. Member engagement was one of the topics addressed in a recent course, and Director Behrens expressed appreciation for the good ideas presented by Fall River staff regarding young member engagement. He also participated in NRECA’s Regional week and shared key points, as well as interesting facts, provided by the speakers.

Director Hanson reported on the CFC Regional Board Meeting. He stated Brent McCray from Montana will serve on the CFC board in his place, and that change will take effect June of 2021, during the CFC Forum. Director Hanson also mentioned the Finance Committee has a call scheduled with the auditor for January of 2021.

Director Stiehl reported she attended the MECA Annual Meeting and that she enjoyed the opportunity to go and meet everyone. There were Service Awards for no lost time presented to Fall River employees.

- Jan Dean, 25 years
- Wendi Celino, 30 years
- Brian Curr, 30 years
- Brett Eckman, 30 years
- Randy Farmer, 30 years

- David Peterson, 25 years
- Trent Yancey, 45 Years

The Life Saver Award was awarded to Dave Peterson, Operations Manager. Director Stiehl stated Robert Bryce spoke at the meeting, and she will be providing notes to the board members.

Secretary/Treasurer Crowther reported he had read an interesting article on storage and effective drop-in costs.

Past President Schmier reported that he participated in the MECA and NRECA meetings as well. NWPPA has an upcoming meeting he will be attending.

Director Keay reported that he attended the NRECA regional meeting and he enjoyed the speaker, Colin Powell. Director Keay heard Jim Carroll speak at the meeting as well and stated that he is a futurist. He shared some of his thoughts on possible trends and innovation we could see over the next few years.

President Draper reported she also attended the NRECA meeting and found Jim Carroll interesting. She also stated she attended the Propane board meeting last week.

CONSENT AGENDA

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

EXECUTIVE SESSION

Director Behrens made a motion to go into Executive Session at 1:54 p.m. Director Hanson seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

Director Hanson made a motion to go out of Executive Session at 1:58 p.m. Director Robson seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

MANAGEMENT DISCUSSION ITEMS

PNGC COST ALLOCATION, 2021 BUDGET AND IMPACT TO FALL RIVER
Included in the board packet.

LONG-TERM DEBT PORTFOLIO
Included in the board packet.

EXTENSION OF CFC AVAILABLE LOAN FUNDS
Included in the board packet.

DONATIONS YEAR-TO-DATE
Included in the board packet.

REPORTS

Executive Committee
Nothing to report.

Administrative Committee
Student Director program will be addressed at the February committee meeting.

Engineering & Operations Committee
Nothing to report.

Finance Committee
Nothing to report.

Policy Committee
Chairman Doug Schmier stated a committee meeting was held this morning and that he enjoys working with the policy committee and appreciates all that they do. The next meeting will be held on December 21, 2020, at 9:00 a.m.

ATTORNEY REPORT

Attorney Rigby reported on the EIS that just came out and will keep us updated on the lower Snake River Dams.

FALL RIVER'S MANAGEMENT REPORT

Included in the board packet.

ADJOURNMENT

There being no further business, **Director Hanson made a motion to adjourn. Director Keay seconded the motion.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE. The meeting was adjourned at 2:18 p.m.

DATE APPROVED: November 23, 2020


Secretary Brent Crowther