

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

April 25, 2022

The meeting of the Fall River Rural Electric Cooperative, Inc. Board of Directors was held on Monday, April 25, 2022, 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 10:01 a.m. Executive Assistant Angie Haws recorded the minutes. The invocation was given by Bryan Case. The Pledge of Allegiance was recited.

ATTENDING OFFICERS

President Dede Draper, Vice President Georg Behrens, Secretary/Treasurer Jodi Stiehl

DIRECTORS PRESENT

Husk Crowther, Jay Hanson, Anna Lindstedt, Brent Robson, Doug Schmier, and Jeff Keay

DIRECTORS ABSENT

None

OTHERS

CEO/General Manager Bryan Case, Attorney Jerry Rigby, CFO Linden Barney, HR Manager Clint Washburn, Manager of IT Shannon Hill, Engineering Manager Dave Peterson, Propane GM David McKinnon, Engineer AJ Balls, Member Services Manager Sheena Lankford, Accounting Clerk Shelly Phelps, GIS Tech/Engineering Aid Missy Nepl, Guest NRU CEO Zabyrn Towner, DeCoria & Company PC Auditors Dave DeCoria, Louis Brandley, and Executive Assistant Angie Haws.

APPROVAL OF AGENDA

Director Robson made a motion to approve the agenda as amended. Vice President Behrens seconded. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

APPROVAL OF MINUTES

Director Robson made a motion to approve the March 28, 2022, Board Meeting Minutes as amended. Director Crowther seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

GUEST - ZABYN TOWNER, CEO OF NRU

NRU Power Services provides members with regional policy advocacy and power services. NRU serves load following and NT transmission customers of the Bonneville Power Administration (BPA) that are solely or largely dependent on BPA for wholesale power and transmission services. NRU advocates on behalf of its members for cost-effective and reliable wholesale power supply and transmission service from BPA, educates and informs members about BPA and other regional power supply and transmission issues. NRU supports members' goal of preserving the historical benefits of BPA power and transmission services while also helping members understand options for cost-effective and reliable power and transmission services to be flexible and adaptable for a possibly different post- 2028 future. NRU Power Services has twenty-two members in four states.

MEMBER COMMENTS

CEO Case stated the member comments were included in the packet for the board members to review.

HEIDI SHUMWAY-BRACKET CHALLENGE WINNER

Included in the board packet.

SCHOLARSHIP RECIPIENT REPORTS -FINAL YEAR

Included in the board packet.

FINANCIAL & STATISTICAL REPORT

MARCH 31, 2022, FINANCIAL REPORTS

CFO Barney reported on the financials for March stating the net margins YTD were \$431K better than budgeted. The major driver for increased margins is revenue net of power cost. The average usage per meter is higher than the five-year average used for the budget and slightly higher than last year. The biggest reason for the variance is growth in new services. The budget was based on 2 to 3% growth, and our annual growth rate is at 3.8%. Other budget variances are mainly due to timing of actual expenses versus when they were budgeted. Cooperative equity is 49.8%. We paid \$943K in principal payments on long-term debt. There has been just over \$1.35M generated from operations in the first quarter.

ANNUAL FINANCIAL AUDIT REPORT FROM DECORIA & COMPANY PC

2021 ANNUAL AUDIT REPORT

DeCoria & Company, PC performed the financial audit for FR. David DeCoria and Louis Brandley presented the final audit findings to the board. The auditors stated that the consolidated financial statements present fairly, in all material respects the consolidated financial position of Fall River Rural Electric Cooperative, Inc, and Subsidiary as of December 31, 2021, and 2020, and the consolidated results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Brandley noted the opinion presented was the best audit opinion that can be given. He also noted that FR's total liabilities decreased significantly and were pleased with the Cooperative's decision to implement a rate reduction. Brandley complimented the Cooperative for paying back the PPP loan stating most organizations took advantage of the PPP program and FR was the only organization that they work with that voluntarily gave back those funds.

PROPANE LONG TERM LOAN REQUEST

Fall River Enterprises requested a loan in the amount of \$261K to fund the purchase of consumer tanks.

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

FALL RIVER LONG TERM DEBT FOR FUTURE CAPITAL NEEDS

CEO Case stated after the discussion with John Suter, the Fed's intended future rate increases and the likelihood of borrowing within the next few years it is the recommendation of staff to secure a loan from CFC.

Although there is always a risk that interest rates will go up, we believe the likelihood is that borrowing now will save the Cooperative financing costs and continue to allow Staff to purchase materials ahead of time to mitigate inflation and supply chain issues.

Director Schmier made a motion to approve staff's recommendation to secure \$8,941,858.50 in long term debt from CFC with a 15-year fixed interest rate term. The board authorizes the CEO and CFO to execute the loan documents. In addition, it is moved that Staff will initiate securing an additional \$10M in preapproved loan amounts for Fall River. Director Hanson seconded. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

COOPERATIVE BUSINESS

ENERGY EXPO AND ANNUAL MEETING

NOMINATING COMMITTEE MINUTES

Included in the board packet.

MEMBER AD HOC BOARD COMPENSATION COMMITTEE LANGUAGE

Included in the board packet.

LIST COMMITTEE MEMBERS

Included in the board packet.

DRAFT SCHEDULE FOR THE ENERGY EXPO & ANNUAL MEETING

Included in the board packet.

CONSERVATION KITS AND DOOR PRIZES

Included in the board packet.

POLICY COMMITTEE RECOMMENDATIONS

POLICY #102 BOARD CODE OF CONDUCT DISCUSSION ON ANNUAL REVIEW TIMING

Included in the board packet.

GP #618 DRUG FREE WORK SITE AND ALCOHOL ABUSE

Included in the board packet.

GP #310 PURCHASE OF VEHICLES

Included in the board packet.

GP #312 FINANCIAL FORECAST AND PLAN

Included in the board packet.

GP #201 FUNCTIONS OF THE BOARD OF DIRECTORS

Included in the board packet.

GP #202 COMMITTEES OF THE BOARD OF DIRECTORS

Included in the board packet.

GP #203 DIRECTORS FEES AND EXPENSES

Included in the board packet.

GP #404 ELECTRICAL WIRING INSPECTIONS

Included in the board packet.

GP #402 FINAL RULES AND REGULATIONS CUSTOMER SERVICE AND LINE EXTENSION

Included in the board packet.

Director Schmier made a motion to approve GP# 618 Drug Free Work Site and Alcohol Abuse, GP# 310 Purchase of Vehicles, GP# 312 Financial Forecast and Plan, GP# 201 Functions of the Board of Directors, GP# 202 Committees of the Board of Directors, GP# 203 Directors Fees and Expenses, GP# 404 Electrical Wiring Inspections, and GP# 402 Final Rules and Regulations Customer Service and Line Extension as reviewed and amended. Director Robson seconded. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

ADMINISTRATIVE COMMITTEE SCHOLARSHIP REPORT & RECOMMENDATIONS

Administrative Committee Chair Jeff Keay forwarded the recommended names to award the 2022 FR scholarships. The board discussed the number of scholarships, process of application review, and notification timeline.

Director Keay made a motion to approve the recommended names to award the 2022 FR scholarships as submitted. Vice President Behrens seconded. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

PPC-LSRD TOUR AT ICE HARBOR DAM ON JUNE 21ST – 12 PM PACIFIC

Included in the board packet.

LSRD ARTICLES AND LETTERS RECENTLY IN THE NEWS

LETTER TO PRESIDENT BIDEN ON LSRD BREACHING FROM 8 NW DELEGATES

Included in the board packet.

RISCH MCMORRIS INQUIRY

Included in the board packet.

ARTICLE ON BOTH SIDES MEETING IN LEWISTON

Included in the board packet.

DAM BREACHING HANDOUTS

Included in the board packet.

PPC TALKING POINT FOR LSRDS

Included in the board packet.

MECA HYDRO HELP

Included in the board packet.

NW RIVER PARTNERS POSITION PAPERS

Included in the board packet.

DISCUSSION ON DROUGHT IMPACT TO FR, LARGE LOAD REQUESTS (CRYPTO MINING), ENERGY AND TRANSMISSION CONSTRAINTS, ROBUST MARKET OR RECESSION, ETC.

In the interest of time this topic will be moved to next month's board meeting.

PROPANE QUARTERLY REPORT – DAVID MCKINNON, DEDE DRAPER & BRYAN CASE

Propane GM David McKinnon presented the quarterly report stating there was an increase in net income. He reported on current projects generating new customers. McKinnon stated the market supply outlook seems to be a bit better and cautioned pricing is changing daily. The Propane CAP program was a success with nearly double the participants than was anticipated. Propane tank monitors have proven to be a good investment. Tank costs have been increasing substantially and like other material the timeline to receive them is longer than usual.

PROPANE BOARD COMPENSATION REVIEW POSSIBLE RECOMMENDATION

The board discussed the Board Compensation Committee Survey, number of hours spent, number of meetings, cost impact, budget, review time frame, community involvement, and board travel.

Director Crowther made a motion to approve the recommendation for Propane Board Compensation as submitted will be forwarded to the Propane Board for approval. Director Robson seconded. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

IT IS PROPOSED IN JUNE WE HAVE ONLY ONE BOARD MEETING ON JUNE 11TH AT THE ENERGY EXPO AND FORGO A SECOND BOARD MEETING. WE WILL ENTERTAIN A MOTION TO THAT EFFECT

Director Robson made a motion to hold Fall River's board meeting on June 11th in conjunction with the Energy Expo and Annual meeting." Vice President Behrens seconded. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

NWPPA PRIMARY AND ALTERNATE VOTING DELEGATE

Vice President Behrens made a motion for Doug Schmier to serve as voting delegate for NWPPA and Jay Hanson as alternate voting delegate. Director Crowther seconded. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

CFC VOTING DELEGATE/ALTERNATE

Director Keay made a motion for Dede Draper to serve as the voting delegate for CFC and Linden Barney as alternate voting delegate. Vice President Behrens seconded. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

NCSC VOTING DELEGATE/ALTERNATE

Vice President Behrens made a motion for Linden Barney to serve as voting delegate for NCSC and Dede Draper as alternate voting delegate. Director Keay seconded. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

COOPERATIVE REPORTS

Director Hanson reported he attended the ICUA meeting.

Director Schmier reported that he attended meetings in Washington D.C.

President Draper reported she attended Propane board meeting, PPC meetings and will attend NRECA's legislative conference.

Vice President Behrens reported he attended ICUA meetings and CFC training.

Secretary Treasurer Stiehl reported she attended MECA meetings in conjunction with a workshop

Director Keay reported he attended NRECA's Director's Conference.

Director Crowther reported he participated in the Administrative Committee's scholarship process.

CONSENT AGENDA

Director Robson made a motion to approve the consent agenda. Secretary Treasurer Stiehl 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 Robson made a motion to go into Executive Session at 1:41 p.m. Director Keay seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

Director Robson made a motion to go out of Executive Session at 1:57 p.m. and Director Crowther seconded. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

MANAGEMENT DISCUSSION ITEMS

SENSE INTRODUCTION-AJ BALLS

CEO Case stated FR is testing the Sense energy monitor to assist in identifying load for residential members. FR Engineer AJ Balls reviewed the unit's capabilities, and the potential uses and benefits.

FALL RIVER EV LEASE PROGRAM SUMMARY

Included in the board packet.

UPDATE THE INVESTIGATION INTO LEVEL 3 EV CHARGERS – VERBAL DRIGGS AND VICTOR LEASE AGREEMENT FOR EV PLACEMENT

Included in the board packet.

GRANT APPLICATIONS AWARDED SO FAR

Included in the board packet.

AVOIDED POWER COST RATE WENT FROM \$0.038 TO \$0.034 PER kWh

Included in the board packet.

YOUTH SAFETY DEMONSTRATION AND COOPERATIVE EDUCATION EXECUTIVE SUMMARY

CEO Case stated each year Fall River invites elementary schools for our high voltage safety demonstration. We hold the demonstrations at our offices and pay for the school bus costs to transport the children to the Fall River offices. The primary purpose is focused on safety but, staff members also discuss the value of Fall River as a non-profit organization, our generation mix, and the Cooperative's carbon-free generation. We do take a moment to talk about the value of hydroelectric generation. In addition, we discuss the wind and solar projects at the three high schools and at the Ashton office. The total number of students that attended & signed our rolls were:

Driggs - 188

Ashton - 607

West Yellowstone 80

Total number of youths who we were able to present to was 875.

QUARTERLY 2022 WORK PLAN AND GOAL PROGRESS

Included in the board packet.

LINEMEN APPRECIATION DAY APRIL 11TH

Included in the board packet.

ADMINISTRATIVE APPRECIATION DAY APRIL 27TH

HYDRO FACILITIES UPDATE

Island Park and Buffalo and Chester hydros generated a total of 978,535 kWh in March. This amounts to 3.0% of all the kWh billed by PNGC in March, and 3.1% of all kWh sold and used by Fall River in March.

Felt hydro produced 1,883,000 kWh in March. When this is included with Island Park, Buffalo, and Chester it amounts to 8.7% of all the kWh billed by PNGC in March, and 9.0% of all kWh sold and used by Fall River in March.

ISLAND PARK

Island Park hydro produced 489,976 kWh during the month of March.

BUFFALO

Buffalo hydro produced 170,946 kWh during the month of March.

FELT

Felt hydro produced 1,883,000 kWh during the month of March.

CHESTER

Chester hydro came online on March 16th and produced 317,613 kWh in March.

DONATIONS

Included in the board packet.

FALL RIVER'S MANAGEMENT REPORT

Included in the board packet.

REPORTS

EXECUTIVE COMMITTEE

Nothing to report.

ADMINISTRATIVE COMMITTEE

Chairman Key reported previously in the meeting that the committee met this morning.

ENGINEERING & OPERATIONS COMMITTEE

Nothing to report.

FINANCE COMMITTEE

Nothing to report.

POLICY COMMITTEE

Chairman Schmier reported that the Policy Committee will select a new meeting date because of the removal of the June 27th board meeting.

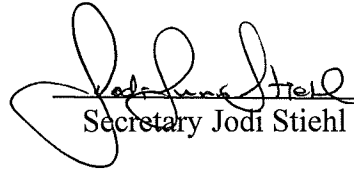
ATTORNEY REPORT

Jerry Rigby reported on water rights, drought conditions, meetings in Washington DC on infrastructure and other topics, and the Fall River Electric board election process.

ADJOURNMENT

There being no further business, **Director Hanson made a motion to adjourn. Vice President Behrens seconded the motion.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE. The meeting was adjourned at 2:54 p.m.

DATE APPROVED: May 16, 2022



Secretary Jodi Stiehl