

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

April 26, 2021

The meeting of the Fall River Rural Electric Cooperative, Inc. Board of Directors was held on Monday April 26, 2021, 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 10:02 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 Husk Crowther, and Past President Doug Schmier

DIRECTORS PRESENT

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

DIRECTORS ABSENT

None

OTHERS

CEO/General Manager Bryan Case, Legal Counsel Attorney Jerry Rigby, CFO Linden Barney, Fall River staff David McKinnon, Executive Assistant Angie Haws, guests from CFC CEO Sheldon Petersen, Board Candidates Greg Bitter and Britney Stegelmeier, Propane Board member Cindy Martinsen, and Louis Brandley representing DeCoria.

APPROVAL OF AGENDA

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

APPROVAL OF MINUTES

Director Robson made a motion to approve the March 22, 2021 Board Meeting Minutes as presented. Director Hanson seconded the motion. President Draper asked if any were opposed. None opposed; THE MOTION CARRIED BY GENERAL CONSENT.

SHELDON PETERSEN, CEO OF CFC

Sheldon Petersen, CEO of the National Rural Utilities Cooperative Finance Corporation (CFC) since 1995, will officially step down in May of 2021. Petersen, 67, joined CFC in 1983 as an area representative. As CEO, he grew the CFC loan portfolio from about \$7 billion to nearly \$27 billion. He is well-known among co-ops for explaining complex fiscal topics in plain language, understandable for all audiences. The value of Petersen's contributions to the cooperative network "cannot be overstated," said NRECA CEO Jim Matheson. "His leadership at CFC has enabled co-ops to make significant investments in their communities, and on a personal level, his integrity, commitment, and values are above reproach." Matheson continued, "His

legacy provides all of us with a standard to emulate.” During Petersen’s tenure, CFC expanded its offerings to help co-ops adapt to a rapidly changing electric utility industry. New services included emergency lines of credit, long-term financing, and specialized financing such as loan syndications and loan resales through Farmer Mac and other partners. Mr. Petersen graciously met with us to address questions and offered his view of the current economy, covid, effects of an unprecedented stimulus, interest rates, tax laws, energy trends, and the potential impact on utilities. He stated that there has been incredible growth for CFC and that the industry has performed extraordinarily well, displaying a resilience we can be proud of.

MEMBER COMMENTS

CEO Case reported on member comments. FR received several positive comments in response to our Lineman Appreciation Facebook post. Mary Martin sent FR a card expressing gratitude for the instant rebate credit on her bill. Hibbard Elementary and Henry’s Fork Elementary schools sent in thank you notes from each student for the safety demo they attended. The notes were appreciated and shared with staff. Thomas Cherhoniak had questions regarding his utility bill access fee. His questions were addressed. FR was approached by an individual about a potential 500-acre development, requesting a line extension with one meter. FR staff explained the process, specs, and policies required for the project. FR received an email from Paul and Bonnie Menth in reference to mechanical meter use and the costs associated with that option.

MECHANICAL METER EXECUTIVE SUMMARY

Fall River installed smart meters in the early 2000s, and then in 2010 the Cooperative upgraded its meters to a powerline carrier system which had the capability of two-way communication. The upgrade has saved an estimated \$1.4M since 2010 and has provided the Cooperative and its members hourly information, voltage at each meter, confirmation of outages and outage restoration, resolution of 90%+ of high bill complaints, the prepay billing option, remote reconnect and disconnect capabilities, nearly real time demand and energy usages system wide. Clearly it has been a benefit and has improved efficiency.

CEO Case contacted several utilities in the area inquiring if they have an opt-out policy in place, and if so, what fees are associated with that option. Seven out of the eleven utilities surveyed do not offer an opt-out option and the four that do offer it have fees ranging from \$4 per month to \$65. One utility charges a one-time fee of \$100 to be on the program. The board discussed FR’s current policy and determined this topic will be re-examined as retail rates are reviewed in the Cooperative’s cost of service analysis taking place in August of this year.

FINANCIAL & STATISTICAL REPORT

MARCH 31, 2021 FINANCIAL REPORTS

Net margins are \$1.4M ahead of budget through the first quarter of 2021. Of the total variance, \$1.2M is in revenue net of power costs due to the following:

1. Budget is based on possible recession (anticipating a 5% drop-in services) while the annualized growth rate is now 2.9%.
2. kWh usage per residential meter YTD is also higher than anticipated. Heating degree days during the first quarter are 10% higher

than the five-year average, and there has been more use of traditionally seasonal homes.

3. FR received a section 242 award for 2019 generation at the Chester hydro. This was \$115K net of commissions but was not budgeted annually because it is uncertain if the Cooperative will be awarded the funds.

Other expense related variances listed on the report are mostly due to timing. Cash flow year-to-date shows \$2.7M has been generated from operations, \$675K received from investments, most of which was the redemption of PNGC capital term certificates, \$580K invested in plant, and \$1.2M of principal payments of long-term debt. The equity ratio as of the end of March was just over 46% and, as previously mentioned, the annualized growth rate in new services is 2.9%. As of the end of the first quarter, we have spent 25% of the capital budget. This includes projects that were in progress last year and carried over to this year (4500 West rebuild, Felt relicensing, Felt interconnection and the reclaiming of the old Felt plant).

AUDIT REPORT- DAVE DECORIA AND LOUIS BRANDLEY

The report of the independent audit was presented by Louis Brandley. He explained management's responsibility and stated that he very much appreciates the diligence of Fall River's management team in providing excellent financial statements and audit work.

The DeCoria team rotates their duties often during the physical field audit so that there are fresh eyes on each area. The auditors expressed appreciation for the professionalism of the Fall River Staff.

Mr. Brandley stated that they noted a deficiency in the segregation of duties, which is an annual audit comment. Fall River is small and does not have enough staff to split out duties as a large utility would be able to. The existing staff handles those duties very well. The board reviews monthly, detailed financials, check registers, account write offs and expense reports. The CFO conducts internal audits and reports his findings to the CEO, and CEO Case reviews all accounts payable and expenditures for the Cooperative thoroughly each month. These efforts mitigated the deficiencies noted.

The audit determined that the financial statements submitted by Fall River are true and correct and represent a good financial position. Mr. Brandley commented they were pleased to see the instant rebate given back to the membership, noting it was a good business practice. CEO Case expressed appreciation for the way DeCoria handles our audits.

PPP LOAN FORGIVENESS DISCUSSION & RECOMMENDATION

CEO Case explained that during the pandemic, FR secured a PPP loan for insurance, not knowing how COVID would affect us. The electric kWh sales actually exceeded our expectations, and as a result, the pandemic did not negatively impact the Cooperative financially. It is staff's recommendation that we do not ask for loan forgiveness of the PPP loan.

Director Hanson made a motion to follow staff's recommendation and not ask for loan forgiveness of the PPP loan, and authorize the CEO to determine how best to pay off the PPP loan. Director Robson seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

ELECTRIC REVIEW & APPROVAL- PROPANE TRUCK LOAN DOCUMENTS
Included in the board packet.

Director Hanson made a motion to approve the loan to Fall River Enterprise proposed by the propane board for the new bobtail delivery truck, as presented. Director Robson seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

COOPERATIVE BUSINESS

QUARTERLY SHAREHOLDERS PROPANE UPDATE

Propane board member Cindy Martinsen presented the quarterly shareholder's update. She reported Fall River Enterprise's YTD gallons sold was 1,227,996, resulting in net margins of \$433, 824, including the PPP grant in the amount of \$189,500. Net margins were budgeted at \$132,682. The budgeted amount is based on a five-year average. March was colder than normal and had 10% higher heating degree days than the last five years. In addition to that, we also acquired new customers. Due to the pandemic, traditionally seasonal homes had more use as people began occupying them year-round, resulting in heavier use.

Broulim's in Alpine has hooked up to our Wyoming distribution system. Propane will be purchasing a new delivery truck to be used in the Driggs area, increasing our efficiency. A new tank monitor program is available for propane customers; the monitors have arrived and the fee to participate in the program is \$5 per month. A price protection program for the winter months is currently in the works with more details coming soon. Shareholders were invited to provide input on strategic planning topics for the upcoming meeting in August.

THE POLICY GOVERNANCE MODEL GUIDE, WRAP UP – JERRY RIGBY

Policy Governance addresses the board's engagement in financial, programmatic, and personnel matters; roles of officers and committees, reporting and evaluation, agendas, and other aspects of the board job. Attorney Rigby reviewed the material and led the board in discussion.

POLICY COMMITTEE RECOMMENDATIONS

Policy Committee Chairman Doug Schmier stated the following policies have been discussed, reviewed, and revised and are recommended to the full board for approval.

GP# 615 "SOCIAL MEDIA"

The purpose of this policy:

The Cooperative believes in fostering a thriving online community and supports the reasonable use of all forms of social media.

GP# 101 "COOPERATIVE POLICIES AND PROCEDURES"

The purpose of this policy:

BYLAW ARTICLE IV. "Section 9: Policies, Rules and Regulations. The Board of Directors shall have power to make and adopt such policies, rules and regulations, not inconsistent with law, the Articles of Incorporation of the Cooperative or these By-laws, as it may deem advisable for the management, administration and regulation of the

business and affairs of the Cooperative, and upon notice given thereof to the members, such policies, rules and regulations shall become as binding upon the members as if they were contained in these By-laws. The Board shall also adopt policies, rules and/or regulations governing the Board as well as the conduct, discipline and removal of its members.”

GP# 102 “DIRECTOR DUTIES, RESPONSIBILITIES, ETC”.

The purpose of this policy:

To establish the standards and procedures to guide the Board of Directors (“Directors”) of the Cooperative in performing their functions free from conflicts of interest and in the best interest of the Cooperative.

GP# 205 “SERVICES OF CONSULTANTS”

The purpose of this policy:

To ensure effective specialized consultation, it is desirable to establish the conditions governing the selection, retention, and use of consultants, and to define the relationships between the consultant and the Board of Directors and the CEO/General Manager.

GP# 207 “MEMBERSHIP IN ORGANIZATIONS”

The purpose of this policy:

The Cooperative shall actively participate and support those organizations and groups working to improve the working, social, and economic standards of the community.

GP# 313 “PURCHASING PRACTICES AND PROCEDURES”

The purpose of this policy:

This guideline defines the procedures for general purchasing and commitments.

Director Schmier made a motion to accept GP# 615 “Social Media, GP# 101 “Cooperative Policies and Procedures”, GP# 102 “Director Duties, Responsibilities, etc”, GP# 205 “Services of Consultants”, GP# 207 “Membership in Organizations”, and GP# 313 “Purchasing Practices and Procedures”, as presented. Director Hanson seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

ADMINISTRATIVE COMMITTEE SCHOLARSHIP RECOMMENDATIONS

Administrative Committee Chairman Jeff Keay stated that he was pleased with the quality of candidates this year and noted the committee has reviewed and discussed the following individual’s names who are recommended to receive the following scholarships:

WEST YELLOWSTONE

Ashlyn Roos, Connor Kingston, Hannah Wakefield and Katerina Lindstrom

TETON/WYOMING

Kennedi Bagley, Logan Brewer, Hailey Chambers, Megan Dalley, Maggie Graupner, Blake Hibbert, Jocelyn Jenkins, Lance Safiran, Jose Velazquez, Morgan Warburton, John Woiwode and Betsamay Vazquez

NORTH FREMONT

Luke Hill, Kenadee Bohn, Aubri Bowman, Hayden Maupin, Chloe Naylor and Braiden Schultz

It was noted that Braiden Schultz applied for both the High School Senior and Lineman scholarship. The committee determined that because the scholarship award amounts are the same, Braiden will be allowed to use the High School Senior scholarship award for either a traditional university or lineman school.

SOUTH FREMONT

Sierra Bitter

MADISON

Ashley Dredge and Aaron Kinghorn

SUGAR-SALEM

Kennedy Chambers

RIGBY

Amaya Webster

RIRIE

There were no applications received this year.

AT LARGE

Sawyer Barton and Makay Burrows

HELPING HANDS

Matthew Hendricks, Justin Whiteley and Kate Bleffert

LINEMAN

Joshua Wright

Director Keay made a motion to approve the individuals recommended by the Administrative Committee to receive scholarships. Director Robson seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

FALL RIVER ENERGY EXPO

ANNUAL MEETING SUMMARY

CEO Case reviewed the proposed draft agenda for the Fall River Energy Expo previously known as the Annual Meeting. This year, members will have the option to vote in person, by mail, and online. The in-person and virtual business meeting platform will allow the opportunity for all members in attendance to be eligible to win prizes and to participate. The meeting will be held Saturday, June 19, 2021, at North Fremont High School in Ashton, ID.

Some highlights of the expo for in-person attendees will be: the EV test drive event and the safety demo; FR booths, including conservation kits, STEM learning for kids, and (following the business meeting) a ribbon cutting event that will recognize the Solar for

Schools Program. Social distancing signage, hand sanitizer, and masks will be available at the event.

The board discussed continuing to monitor the covid numbers and CDC recommendations as they unfold to ensure the safety of the members and staff.

ANNUAL MEETING DRAFT AGENDA

Included in the board packet.

CURRENT LIST OF POTENTIAL CANDIDATES

Included in the board packet.

NWPPA ANNUAL MEETING VOTING DELEGATE

Director Hanson made a motion that Doug Schmier represent FR as NWPPA voting delegate, and Dede Draper as alternate. Director Stiehl seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

BOARD ROOM FUTURE AV/TECH NEEDS AND UPDATES – BOARD DISCUSSION

CEO Case stated that typically every five years we review the need for any updates. The audio was identified as an item to review. Staff will make recommendations at a future meeting.

STRATEGIC PLANNING TOPICS / MEETING DATE JULY 27TH NRECA TRAINING

The board discussed possible topics for the upcoming strategic planning meeting in July, and were encouraged to bring any suggested topics that prioritize the needs of the cooperative and the membership.

GOSHEN TOUR – TENTATIVELY SCHEDULED FOR JUNE 22ND

Included in the board packet.

NRECA LEGISLATIVE RALLY

NRECA FACT SHEETS

Included in the board packet.

ICUA LEGISLATIVE ITEMS

Included in the board packet.

JODI STIEHL OP ED ON ELECTRIC VEHICLES

Included in the board packet.

COOPERATIVE REPORTS

BOARD REPORTS

Director Hanson reported that he has a scheduling conflict for next month, and will be attending the CFC board meeting in May. The Summer Summit for CFC will be held in San Antonio, Texas this year.

Director Stiehl reported she attended the NRECA Directors' Conference and mentioned topics discussed (EV, Gas Tax). She also sat in on the MECA meeting. Stiehl commented that the EV article she wrote drummed up conversation, and people have been reaching

out expressing gratitude for the information.

Director Lindstedt reported she signed up for a rate setting and policy course. Solar has been installed at her home, and she is using the FR app to monitor.

Director Robson reported on his EV test drive experience.

Secretary/Treasurer Crowther reported he attended an online course through NRECA.

Past President Schmier reported April has been busy as NWPPA is preparing for the Annual Meeting in May.

Vice President Behrens reported the ICUA Annual Meeting is July 21 – 23.

Director Keay reported that he attended the NRECA Directors' Conference and commented that it was worthwhile. The financial Form 7 was highlighted.

President Draper reported she will attend the upcoming propane board meeting.

CONSENT AGENDA

Director Hanson made a motion to approve the Consent Agenda as discussed.

Director Robson 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 Hanson made a motion to go into Executive Session at 2:21 p.m. Director Robson 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 2:33 p.m. and Director Hanson seconded. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

MANAGEMENT DISCUSSION ITEMS

BPA UPDATES

FY 22 BPA RATE CASE DEVELOPMENTS

Included in the board packet.

BPA CUSTOMER ENGAGEMENT – PROVIDER OF CHOICE

Included in the board packet.

PNGC HIGHLIGHTS

FLATHEAD DISCUSSION OF PNGC VALUE - PRES. DRAPER

Included in the board packet.

PNGC VALUE STATEMENT – FALL RIVER

Included in the board packet.

PNGC POST 2028 PRINCIPLES FOR BPA CONTRACTS

Included in the board packet.

COOPERATIVE COMMUNITY SOLAR UPDATE

CEO Case reported Creative Energies has been awarded the contract to install the Cooperative Solar Project. They have been hard at work and have already installed the attachments to the roof at the location of the project at the Driggs office. Creative Energies has received the delivery of solar panels and expect to have them installed in early May. The panels that were originally proposed required a lead time of approximately eight months. Creative Energies was able to secure other solar panels with slightly better specifications and locate a new supplier who had them in stock and ready for shipment. Fall River has applied for three different grants for the Cooperative Solar Project. Once we know the outcome of the grant applications, we will be able to calculate the exact costs. The roll out of the program to the members is anticipated to be early fall of 2021.

DRAFT PURCHASE AGREEMENT

Included in the board packet.

QUARTERLY WORK PLAN AND GOALS

Included in the board packet.

2020 PATRONAGE CAPITAL ALLOCATION LETTER, ANNUAL STATEMENT, AND PATRONAGE CAPITAL CERTIFICATE

Included in the board packet.

HYDRO FACILITIES UPDATE

Island Park, Buffalo and Chester hydro generated a total of 1,992,036 kWh in March. This amounts to 6.4% of all the kWh billed by PNGC in March and 6.8% of all kWh sold and used by Fall River in March.

Felt hydro produced 1,799,000 kWh in March. When this is included with Island Park, Buffalo, and Chester, it amounts to 12.2% of all the kWh billed by PNGC in March and 13.0% of all kWh sold and used by Fall River in March.

ISLAND PARK

Island Park hydro produced 1,332,175 kWh during the month of March.

BUFFALO

Buffalo hydro produced 172,039 kWh during the month of March.

FELT

Felt hydro produced 1,799,000 kWh during the month of March.

CHESTER

Chester hydro produced 487,822 kWh in March.

NWPPA SAFETY HEROISM AWARD

CEO Case stated FR has been notified that Dave Peterson, our Manager of Engineering, has received the NWPPA Heroism Award which will be presented at the organization's May meeting.

LEADERSHIP DEVELOPMENT EVALUATIONS

Included in the board packet.

DONATIONS

Included in the board packet.

REPORTS

EXECUTIVE COMMITTEE

Nothing to report.

ADMINISTRATIVE COMMITTEE

Chairman Keay reported the next meeting is August 23rd. Topics to discuss include the scholarship process and youth programs.

ENGINEERING & OPERATIONS COMMITTEE

Chairman Robson reported the next meeting is July 26th.

FINANCE COMMITTEE

Chairman Hanson reported the audit report is done.

POLICY COMMITTEE

Chairman Schmier reported the next meeting is June 21st.

ATTORNEY REPORT

Attorney Rigby reported on happenings with water rights progress.

FALL RIVER'S MANAGEMENT REPORT

Included in the board packet.

ADJOURNMENT

There being no further business, **Director Hanson made a motion to adjourn. Director Robson seconded the motion.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE. The meeting was adjourned at 2:52 p.m.

DATE APPROVED: May 24, 2021


Secretary Brent Crowther