

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

January 25, 2021

The meeting of the Fall River Rural Electric Cooperative, Inc. Board of Directors was held on Monday January 25, 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 9:02 a.m. Executive Assistant Angie Haws recorded the minutes. The invocation was given by Jodi Stiehl. 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, Fall River staff Sheena Stricker, Clint Washburn, Executive Assistant Angie Haws, and guests NWPPA CEO Scott Corwin and PNGC Power CEO Roger Gray

APPROVAL OF AGENDA

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

APPROVAL OF MINUTES

Director Hanson made a motion to approve the December 21, 2020 Board Meeting Minutes as written. Director Robson seconded the motion. President Draper asked if any were opposed. None opposed; THE MOTION CARRIED BY GENERAL CONSENT.

SCOTT CORWIN-NWPPA CEO, VISION FOR THE FUTURE

Mr. Corwin addressed the board and expressed his appreciation to Fall River for Director Doug Schmier's service on the Northwest Public Power Association (NWPPA) board as well as his chairing of the NWPPA legislative committee. He went on to give an overview of NWPPA's purpose and function, stating that NWPPA is a not-for-profit association that serves the networking needs of over 350 Associate Members across the U.S. and Canada who are allied with the electric utility industry. It was formed to serve the collective interests of cooperatives, public and people's utility districts, municipalities, and mutual public power utilities throughout the Northwest including Alaska, California, and British

Columbia. The focus of the remaining conversation related to the vision for the future. Some of the topics discussed were rapid business model change, consumer choices, technology investment, workforce, policy and regulatory risk, power supply and transmission access, cost, source, reliability, and resilience.

MEMBER COMMENTS

Director Stiehl and Director Robson shared positive comments they have received about Fall River Electric recently.

CEO Case discussed two recent member comments expressing appreciation for both electric and propane staff and their excellent member service.

FINANCIAL & STATISTICAL REPORT

DECEMBER 31, 2020 FINANCIAL REPORTS

CEO Case stated that as we look back on 2020, cold temperatures and wet weather resulted in more kWh sold and an increase in hydro generation; overall, a great year for the Cooperative. CFO Linden Barney prefaced his report stating the financials are preliminary numbers prior to closing out 2020, so there may be a few minor adjustments. Net margins are \$264K above budget, even after accruing for the \$1million member instant rebate which will appear on members' February statements. Barney said kWh sales in total are *just* higher than last year with residential up 6%, irrigation down 4%, and commercial down 2%. The biggest variances are as follows:

- \$103K under budget in hydro maintenance due in part to the timing of the blower repairs.
- \$75K less in RSS costs due to a good water year for the hydro facilities.
- Computer expense is \$93K under budget, most likely due to over-budgeting; we will review this for the 2022 budget.
- Interest expense is \$267K under budget due to not borrowing funds for pass-through debt financing for Propane, no credit line borrowing, lower than expected variable interest rates, and re-pricing of over \$3M of debt during the first quarter of 2020.

Propane net income still needs to be recorded (investment income) and included in the consolidated financials with Fall River Electric. Cash flow shows \$8.7M was generated during the year from operations and we invested \$2.6M primarily in plant. We received \$1.9M from a PPP loan and paid down \$3.8M in debt principal. We also paid out just over \$1M in patronage. There were 466 new services connected during the year 2020, which is a growth rate of 2.6%. FR spent less on capital budget items this year than anticipated. There was discussion on the aid to construction process, as well as the PPE loan and patronage capital rebate.

COOPERATIVE BUSINESS

REVIEW OF POTENTIAL PROPOSED BY-LAW CHANGES

Attorney Rigby shared his recommendation to update the by-laws to address the possible need for remote or virtual annual meetings in the future.

Director Hanson made a motion to allow CEO Case and Attorney Rigby to rework the verbiage in the proposed by-law with any suggested additions proposed by the board as discussed. Director Keay seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

POLICY COMMITTEE RECOMMENDATIONS

Policy committee chairman Doug Schmier stated the following policies have been thoroughly reviewed and are being presented to the board with the Policy Committee's recommendation for approval.

GENERAL POLICY 605 "WHISTLEBLOWER POLICY"

The purpose of this Policy is to ensure that the Cooperative adheres to the highest possible standards of ethical, moral, and legal business conduct by encouraging employees of the Cooperative, as well as its Board members and those who do business with the Cooperative, to report violations of the Cooperative's Policy #102 "Director Duties, Responsibilities, Standards of Conduct, and Professional Development", and any other concerns of ethical, moral, or legal violations by anyone affiliated with this organization. This policy provides a safe avenue for raising such concerns and protects individuals from retaliation for submitting a good faith report as specified in this Policy.

GENERAL POLICY 606 "PHYSICAL EXAMINATIONS"

The work of the Cooperative is such that it is imperative that all employees be in reasonably good physical condition. Consequently, for the protection of the interests of the Cooperative, it is desirable to maintain a program of physical examination.

GENERAL POLICY 611 "EMPLOYEE TRAINING"

In order to function efficiently and meet its consumers' future needs, the Cooperative must be staffed with well-qualified and highly motivated employees who are continuously developing their technical skills and knowledge. The Cooperative has a stake in the professional and technical development of its employees, and this policy serves to define the extent to which the Cooperative will participate with employees in their training and development.

GENERAL POLICY 619 "HOLIDAYS"

To allow participation by Cooperative employees in National, Regional and State Holiday celebration without loss of income.

GENERAL POLICY 620 "VACATION LEAVE"

The Cooperative endeavors to provide regular employees periods of vacation leave.

GENERAL POLICY 621 "SICK LEAVE"

The Cooperative may, in its sole discretion, grant paid or unpaid time off to employees during periods of illness according to the provisions of this policy.

Director Schmier made a motion to approve the reviewed general policies as discussed and amended #605 "Whistleblower Policy", #606 "Physical Examinations", #611 "Employee Training", #619 "Holidays", #620 "Vacation

Leave”, and #621 “Sick Leave”. Director Hanson seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

Additional discussion ensued after the motion was passed regarding general policy #606. Minor revisions were suggested to the policy verbiage to ensure clarity, as well as grammatical accuracy.

Secretary-Treasurer Crowther made a motion to approve the amended verbiage in general policy #606 “Physical Examinations”, as discussed. Vice-President Behrens seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

ACRE CONTRIBUTIONS INVITATION

Included in the board packet.

ANNUAL MEETING PREPARATIONS

CEO Case stated that the Young Member Advisory group that met with FR staff was well attended and diverse. He said that there was a robust discussion on engagement and, as a result, we are taking some of those suggestions and ideas and will be incorporating them into our annual meeting plans going forward.

HIGH LEVEL RECAP OF AN IN-PERSON HYBRID AND VIRTUAL ANNUAL MEETING

Details of the two approaches were discussed and the consensus of the board was to support the two methods proposed for 2021 annual meeting, with the board preferring to meet in person with a virtual participation option. The board will discuss and decide which option is most prudent at the March board meeting.

NOMINATING COMMITTEE POTENTIAL MEMBERS LIST

A review of the nominating committee potential member list was conducted with discussion and full disclosure to negate the possibility for any bias.

Director Schmier made a motion to approve the nominating committee potential members list as presented. Director Hanson seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

POSSIBLE ANNUAL MEETING NAME CHANGE

CEO Case stated that this was one of the suggested changes from the Young Member Advisory group. In an effort to create a more family friendly event with a new name that would reflect that intent, FR staff and board submitted their suggestions for a name change. The top contenders were then voted on by the board, resulting in a new annual meeting name: Fall River Energy Expo.

Director Stiehl made a motion to approve the annual meeting name change to Fall River Energy Expo as presented. Director Hanson seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

ANNUAL MEETING DEADLINE DATES

Included in the board packet.

BPA

POST 2028 CONTRACT TIMELINE

Included in the board packet.

PPC-BPA CENTRAL TO MEETING CLIMATE GOALS

Included in the board packet.

COMPARISON OF HYDRO OPERATIONS UNDER SPILL REGIMES

Included in the board packet.

LOWER SNAKE RIVER DAMS FACT SHEET

Included in the board packet.

BPA'S FISH & WILDLIFE PROGRAM FUNDING

Included in the board packet.

LOWER SNAKE RIVER DAM REPLACEMENT STUDY

Included in the board packet.

U.S. TO LOSE OVER \$2.3 BILLION BY BREACHING DAMS

Included in the board packet.

POWER AVAILABILITY-CAPACITY

Included in the board packet.

THE WHOLE DAM STORY

Included in the board packet.

IDAHO CONSERVATION LEAGUE LETTER AND STAFF SUMMARY

The board discussed and reviewed the letter from the Idaho Conservation League (ICL), and determined they were not interested in meeting with the group. CEO Case was directed to send a letter to ICL letting them know the Boards decision.

NRECA POWERXCHANGE SIGN UP

Included in the board packet.

EXPENSE VOUCHER-MILEAGE UPDATE

Included in the board packet.

DIRECTOR TRAINING QUESTIONS AND DISCUSSION

Included in the board packet.

SAFETY STANDARDS CERTIFICATE

The documents were included in the board packet for review and, as there were no questions, a request for a motion was made.

Director Hanson made a motion to approve the Safety Standards Certification as presented. Director Keay seconded the motion. President Draper asked if any were

opposed. None opposed; THE MOTION CARRIED BY GENERAL CONSENT.

CONSENT AGENDA

Director Stiehl stated her expense report was not included in the board packet expense report. A note was made by CEO Case to ensure staff would include it in next month's expense report. The consent agenda was recommended for approval.

Director Robson 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.

COOPERATIVE REPORTS

Director Stiehl reported she attended the ICUA meeting and felt it provided beneficial information and she is looking forward to attending similar events in the future.

Director Lindstedt reported she attended the CFC World Communities Outlook and found the discussions pertaining to current trends and pertinent socioeconomic issues interesting.

Secretary/Treasurer Crowther reported on a follow up with a member regarding an easement concern.

Past President Schmier reported that NWPPA resolution time is coming up and will have an upcoming meeting in March to discuss virtual and in person annual meeting options. He stated that Montana is currently in legislative session, and the state legislature unanimously passed electronic voting.

Director Hanson reported that he participated in the pre-audit conference call and wished to thank all those that participated. He stated that he also attended the ICUA legislative conference and enjoyed it. Hanson said due to a retirement at CFC, there will be several meetings which he will be involved in.

Vice President Behrens reported that the ICUA legislative conference he recently attended had high caliber speakers at the event.

Director Keay reported that he attended ICUA's annual conference as well as Fall River's pre-audit meeting. He briefly discussed the Federated presentation which prompted Director Keay to inquire about zero contact and if there was more the board could do in that regard.

President Draper reported she enjoyed the ICUA meeting.

EXECUTIVE SESSION

Director Hanson made a motion to go into Executive Session at 12:23 p.m. Director Stiehl seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

Director Keay made a motion to go out of Executive Session at 12:59 p.m. Director Hanson seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

MANAGEMENT DISCUSSION ITEMS

FALL RIVER INSURANCE COVERAGE-SUMMARY

Included in the board packet.

YOUNG MEMBER ADVISORY SUMMARY

Included in the board packet.

2021 COMMUNICATIONS PLAN

Included in the board packet.

HYDRO FACILITIES UPDATE

Island Park and Buffalo Hydro generated a total of 1,182,303 kWh in December. This amounts to 3.1% of all the kWh billed by PNGC in December and 3.2% of all kWh sold and used by Fall River in December.

Felt Hydro produced 1,625,000 kWh in December. When this is included with Island Park and Buffalo Hydro, it amounts to 7.3% of all the kWh billed by PNGC in December and 7.5% of all kWh sold and used by Fall River in December.

2020 Year end totals:

Island Park, Buffalo and Chester Hydro generated a total of 26,015,658 kWh. This amounts to 7.1% of all the kWh billed by PNGC in 2020 and 7.7% of all kWh sold and used by Fall River in 2020.

Felt Hydro produced 27,167,000 kWh in 2020. When this is included with Island Park, Buffalo and Chester Hydro generation, it amounts to 14.6% of all the kWh billed by PNGC in 2020 and 15.7% of all kWh sold and used by Fall River in 2020.

ISLAND PARK

Island Park Hydro produced 1,013,466 kWh during the month of December. 2020 generation at Island Park was the highest since 2012, and 2% higher than overall average for the plant.

BUFFALO

Buffalo Hydro produced 168,837 kWh during the month of December.

FELT

Felt Hydro produced 1,625,000 kWh during the month of December.

CHESTER

Chester Hydro did not produce any kWh in December due to frazzle ice and the intake being iced over.

FALL RIVER SAFETY VIDEO

Link included in the board packet.

TAKE SAFETY HOME-FEBRUARY BACK HEALTH & PROPER LIFTING

Information mailed out to board.

ACCOUNTS WRITTEN OFF TO BAD DEBT JAN 2021
Included in the board packet.

DONATIONS
Included in the board packet.


REPORTS
In the interest of time, committees will report at the next board meeting.

ATTORNEY REPORT
In the interest of time, a report will be given at the next board meeting.

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 1:02 p.m.

DATE APPROVED: February 22, 2021


Secretary Brent Crowther