

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

May 26, 2020

The meeting of the Fall River Rural Electric Cooperative, Inc. Board of Directors was held on Tuesday, May 26, 2020, by webinar/teleconference. Having determined a quorum was present, President Doug Schmier called the meeting to order at 10:10 a.m. The invocation was given by Attorney Jerry Rigby. The Pledge of Allegiance was recited. The minutes were recorded by Executive Assistant Joni Amen.

CEO Case reported that staff have delivered lunch to the front-line medical worker staff in West Yellowstone and Island Park. Volunteers were recruited for delivering lunch to the Driggs and Fremont/Madison area medical staff.

This year's Scholarship recipients received their certificates in the mail this year, the presentations at awards assemblies were not possible due to the pandemic. We are planning to post the winners at our virtual annual meeting this year. A form was sent to parents giving permission to publish students' pictures on the internet have been mailed and are being received.

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 BY WEBINAR/TELECONFERENCE

CEO/General Manager Bryan Case, Legal Counsel Attorney Jerry Rigby, CFO Linden Barney, Member Services Manager Sheena Stricker, Engineering Manager Dave Peterson, Operations Manager Trent Yancey, Candidates Alan Thomson, Bob Stantus, and Executive Assistant Joni Amen

APPROVAL OF AGENDA

Director Keay asked about the process for Director officer elections. He was wondering if the Board could have a discussion about this prior to the event. CEO Case emailed the officer election process to the Directors. Past President Jay Hanson, providing he wins, will contact members of the Board to see who was interested in running. It will be placed on the agenda for June to review the process. The election will be held in July.

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

APPROVAL OF MINUTES

Secretary Crowther made a motion to approve the April 27th, 2020 Board Minutes as corrected. Director Behrens seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

Director Hanson made a motion to approve the May 5th, 2020, Special Board Minutes as corrected. Vice President Robson seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

CONSENT AGENDA

Director Hanson made a motion to approve the Consent Agenda. Vice President Robson 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.

COOPERATIVE REPORTS

Director Keay reported that he has had questions and comments from members on the proposed bylaw change regarding the plurality vote.

Director Hanson reported that he has attended CFC virtual meetings over the past month.

Director Crowther reported that he has not observed a drop in new construction, as he had expected.

Director Draper reported that she attended the Propane Board Meeting and Propane is doing very well. She stated that new efficiencies were found during the pandemic when the delivery drivers took their trucks home and were dispatched from their residence. They saved a lot of time as opposed to coming into the office each morning.

Director Robson said that it is business as usual in the Valley. Construction is busy and the concrete workers are booked out the rest of the year.

Director Behrens said that he attended ICUA virtual weekly meetings. He said that there will be a meeting regarding dam removal on Thursday.

Director Lindstedt thanked the group for responses. She said she is receiving questions about the bylaw change regarding voting as well. She feels that information was a little bit confusing.

CEO Case said that he has received comments as well, who were appreciative. The Executive Committee had handled this issue. The Board is neutral on the issue so he had hoped that folks would research it themselves. He didn't want to appear to lean one way or the other.

President Schmier said that Montana Electric Cooperative Association (MECA) is working on petitioning for the ruling for disconnects to be lifted. MECA said that the State received billions of dollars and there has been negotiations with the Governor's office on how those funds will be dispersed with the power companies. He said that local control is important. The vulnerable shelter in place folks would be the only one under the no disconnect order. Members could petition for assistance in paying delinquent accounts.

President Schmier visited with Steve Larson from the West Yellowstone natural gas community. Usually they order 13 tankers of natural gas. This year they have only ordered 5 loads. This is the first time in history that it has been that low. He said it is due to the fact of

the COVID shutdown. Much of the use is for restaurants and hotels. He sees a big impact on the economy up to West Yellowstone.

MT Governor Bullock is being very restrictive. CEO Case said that Cooperative control is important, and he hopes they move to give more local control.

MEMBER COMMENTS

CEO Case had a comment on a member's appreciation to the Cooperative. He also had a couple of questions regarding the Annual Meeting this year.

The question was asked on how online voting is going. CEO Case reported that online voting is a little bit ahead of normal. He is expecting a large turnout on electronic voting this year.

FINANCIAL REPORTS – APRIL 2020

CFO Barney reported that margins are \$737K ahead of expectations. Colder temperatures led to better than anticipated kWh sales. We do expect a loss in the month of April. Controllable expenses are lower than expectations. Labor and overhead is \$104K under budget or 4% lower than expected. Interest expenses are lower as well. There was a note that has recently been refinanced to a lower interest rate. Computer costs are under budget and travel for training and conventions is lower due to the pandemic. The growth rate is holding steady at 2.7%. The equity ratio is 44.5% and we have \$9.1M cash on hand, this includes the Payroll Protection Program loan funds.

CEO Case said that we are not seeing an impact from the COVID-19 so far. Power sales are good. There is a slight increase in delinquent non-pay accounts, but it is still lower than last year at this time. We do expect to have a delayed impact as compared the rest of the nation. Usually the delay is up to a year in the Northwest.

The question was asked why our budget is so much higher than actuals. CEO case reported that CFO Barney is very conservative in budgeting and COVID has greatly impacted expenses for travel, education and meetings costs have also been lower.

Attorney Rigby asked to be excused for several moments for another meeting at 11:00 a.m. He was back in the meeting at 11:40 a.m.

POTENTIAL OPERATING AND CAPITAL BUDGET REDUCTION PLAN

CEO Case presented the "Financial Planning in Uncertain Times" report. Discussion including the impacts to the tourism and agricultural sectors of our economy. He presented the plan for reducing the Capital Budget expenses in lieu of the pandemic. A plan for site-specific work that can be pushed back or revised was shown. There was an option for the Chester line by a power wheeling agreement with BPA. The Felt transformer move will be pushed back to next year. The Chester rake is heavier than the old one and there was a recommendation for needed supports so costs will increase. Savings on some projects have been realized and were explained. With the proposed adjustments, a savings of \$584K will be recognized in the Capital Budget. After donations to the Helping Hands fund and Food banks the bottom line is a \$289K reduction.

Director Behrens feels we shouldn't cut the budget now, but to allow the CEO the latitude of working with the budget as is.

Director Hanson made a motion to approve the plan presented and allowing the CEO discretionary latitude. Director Crowther seconded the motion. A voice vote was taken;

THE MOTION CARRIED BY UNANIMOUS VOTE.

PROPANE LOAN REQUESTS – LOAN 16000 AND 17000

Propane have had two large purchases requiring funding for cashflow concerns. Loan 16000 is for software system upgrade. The Loan amount is \$152,414 with an interest rate of 2.92% for a term of 5 years. Loan 17000 is for a delivery truck costing \$162,206 at a rate of 3.08% for a term of 7 years.

Director Draper said she feels this is a great use of funds for Propane to continue to be successful and grow.

Director Behrens made a motion to approve the Propane Loan 16000 and 17000 as presented. Director Hanson seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

COOPERATIVE BUSINESS

COVID-19 RETURN TO THE OFFICE PLAN UPDATE

CEO Case expects to be back to normal in June. He asked for input from the Directors on how we did and how we can include the lessons learned in a future policy. He would like to have constructive criticism on ways we could improve. He said he was very impressed with staff and how they conducted themselves during this emergency.

President Schmier said that the pandemic emergency was different than what he expected a major emergency for us to be. He feels the way the management team reacted to the COVID pandemic was very good. Our nation has never been through a situation like this before and given the information we had, Fall River did a great job. We were able to take care of our membership as well as our staff.

Other comments from Directors included that Fall River did an outstanding job in keeping the membership informed. In observing other cooperatives, Fall River was an industry leader. Attorney Rigby agreed that Fall River was an industry leader. NRECA will be coming out with suggestions and he feels we will be able to contribute to those ideas for improvements, a national plan might not work for some of the needs of Fall River, but some may be helpful.

Director Hanson said he noticed that other Cooperatives and even CFC was not as prepared in conducting virtual meetings as Fall River. He was very impressed with how well we were able to function and how prepared we were when the time came. He said hats off to staff!

ANNUAL MEETING PREPARATION

CEO Case explained the plan for the Annual Meeting. The prerecorded business meeting will be done on June 5th at 9:00 a.m. The first ever virtual annual business meeting will be held at 1:00 p.m. The agenda and memo for the meeting were included in the packet. The virtual Board meeting will begin at 7:30 a.m. and will be recessed until 10:30 a.m. for any unfinished business. The Chief Election Judge Patricia Sturm will be at the Ashton office and the other judges will be on site in West Yellowstone and Driggs and will send the tallies to Mrs. Sturm. Her report will be recorded and then presented to the membership following the business meeting.

PLANS FOR 2021 ANNUAL MEETING –

Director Hanson made a motion to hold the 2021 Annual Meeting on June 12, 2021 at the North Fremont High School in Ashton, ID as recommended. Director Keay

seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

BPA BOARDMAN TO HEMMINGWAY TRANSMISSION LINE UPDATE
CEO Case reported on the agreement and he said that he expects the Idaho consumers will be required to put skin in the game. He will keep the Board informed.

FALL RIVER FACTS AND FIGURES CARD WERE UPDATED

DIRECTOR AWARDS

CEO Case congratulated the following Directors for their accomplishments in furthering their education:

- Jodi Stiehl – NRECA Credentialed Cooperative Director (CCD)
- Anna Lindstedt– NRECA Credentialed Cooperative Director (CCD)
- Doug Schmier – Director Gold Program

PPC LETTER TO BPA SEEKING RATE RELIEF

Was included in the packet. The BPA financial reserve policy was discussed. The transmission line sale was also discussed.

NORTHWEST RIVER PARTNERS REQUEST

Funding for advertising on the value of the hydro system was requested. CEO Case said that right now is not a good time for spending funds and he asked that we not fund it at this time. There was interest expressed in funding the educational on the value of hydroelectric power and in the future.

DIRECTOR QUESTIONS AND DISCUSSION FROM TRAINING

It was noted that we will focus on patronage capital and other issues in our strategic planning meeting. Appreciation was expressed for CEO Case giving the detailed answer to the questions posed.

A 30 MINUTE RECESS WAS HELD FOR LUNCH.

MANAGEMENT DISCUSSION

WYOMING PUBLIC SERVICE COMMISSION UNANIMOUSLY APPROVED FALL RIVERS NET METERING TARIFF AND AVOIDED COST RATE.

PLAN FOR TRANSITIONING CONSUMERS WITH DELINQUENT BALANCES, INCLUDING “EASY PAY” ACCOUNTS

Sheena Stricker reported that the plan is fluid and may change. Through the months of April-June there will be no fees for past due payments. Members will be contacted personally if they have not made arrangements and given options for assistance and for making a payment plan. There have not been many who are that far behind so far, she anticipates that number will go up next month. The plan is to attempt to work with members personally to get them caught up. The member service reps are handling questions well. Hopefully, we will get everyone back on track. CEO Case appreciates the proactive work of staff and making information for assistance available.

A LETTER TO SOCIAL SERVICES FOR HELP FROM LIHEAP AND FALL RIVER

WAS PRESENTED

APPLICATION AWARDED FOR COBANK SHARING SUCCESS GRANT \$10,000 FOR HELPING HANDS MATCHING FUNDS

CEO Case reported that he very much appreciates the grant from CoBank to Helping Hands.

NEW FIREWALL AND STORAGE/BACKUP INSTALLED – MANAGEMENT REPORT –

The IT report was reviewed, and Mr. Hill will provide a detailed report later.

FALL RIVER LIGHTING CONSERVATION PROJECTS COMPLETED – MANAGEMENT REPORT

Dave Peterson reported that Engineers AJ Balls and Nick Watson have much of the work completed. The substations are about half done and the hydros are in process.

APPLICATION FOR SECTION 242 FUNDS FOR CHESTER IS SUBMITTED

We will be receiving annual funds from Chester.

HYDRO OPERATIONS

Mr. Peterson reported on Fall River Electric's hydroelectric facilities as follows:

Chester Hydro: Two turbines have been running. 1800 KWs generating now with the flows at the best possible scenario.

The PURPA agreement is ongoing. PAC is saying there is a year and half of studies. BPA wheeling the power through Goshen is an option. The wheeling agreement looks very promising. We would not have to build the new member line.

Island Park: Had power issue and shut down a turbine this week. they had a flow change and had to cut back to one. Today they were able to start another one. They may be able to shut one of the blowers off as DO levels are good, we do need to have an 8.0 level on #4.

Buffalo: Running very well.

Felt: trapping and tagging fish is ongoing to collect data for relicensing. High water seems to have been reached. The interconnection is going to be done to upgrade to new FERC requirements. \$1.6M expected. There is a communication piece and much of the costs were reduced due to Fall River already having fiber.

PAC Power and Transmission have not been talking. They point fingers at each other. Finally, they were able to get on the same page and had a form to sign giving permission for them to talk. Attorney Greg Adams has been working and doing a good job on Fall River's behalf. We are on track to finish the PURPA agreement soon.

FALL RIVER POWER MIX 2019

The percentages have changed slightly due to the water levels.

HELPING HANDS EXECUTVE SUMMARY

The program was explained. Fall River does not own this organization. It is independent and the history was outlined for the Board. The ways that Helping Hands raise money was discussed. There was a burn rate to anticipate how much we may have left at the end of the year. Last month there was a record number of applicants due to the pandemic.

DONATION REPORT

Was provided in the Board packet.

REPORTS

BOARD COMMITTEE REPORTS.

Director Draper reported on the Policy Committee Meeting this morning and said there are new policies being discussed. There will be one policy updated for review at the next Board Meeting.

ATTORNEY REPORT

Attorney Rigby said the salmon issue continues. His water group have concerns about water being taken for reintroduction of endangered species.

MANAGEMENT REPORT WAS PROVIDED

EXECUTIVE SESSION

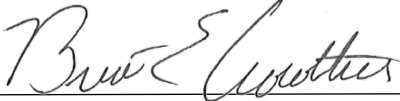
Vice President Robson made a motion to go into Executive Session at 1:30 p.m. Director Hanson seconded. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

Director Hanson made a motion to go out of Executive Session at 1:50 p.m. Vice President Robson seconded. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

ADJOURNMENT

There being no further business, **Vice President Robson 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 2:05 p.m.

DATE APPROVED: June 22, 2020


Secretary/Treasurer Brent "Husk" Crowther