

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

December 21, 2020

The meeting of the Fall River Rural Electric Cooperative, Inc. Board of Directors was held on Monday December 21, 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 10:06 a.m. Executive Assistant Angie Haws recorded the minutes. The invocation was given by Angie Haws. 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 Ted Austin, Dave Peterson, and Executive Assistant Angie Haws

APPROVAL OF AGENDA

**Director Hanson made a motion to approve the agenda. Secretary/Treasurer Crowther 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 November 23, 2020 Board Meeting Minutes as written. Director Robson seconded the motion. President Draper asked if any opposed.** None opposed; THE MOTION CARRIED BY GENERAL CONSENT.

MEMBER COMMENTS

CEO Case stated that FR has received positive comments, and many have thanked us for the display of Christmas lights in front of the Ashton office. The Stuff the Truck food drive was a successful event at all locations, and the patronage capital general retirement refund checks were also very much appreciated, especially this year.

CEO Case reported there was a member who was concerned about an easement affecting the building of a fence on his property. The member was referred to staff by a director to address any concerns. The member's concerns were addressed, and his questions were answered. The board discussed the easement process and the paperwork required for new services, requesting Attorney Rigby's opinion as well. All agreed that the current processes are in the best interest of the overall membership, as they allow FR to provide new services in a timely manner.

## FINANCIAL & STATISTICAL REPORT

### DECEMBER 21, 2020 FINANCIAL REPORTS

CFO Linden Barney stated the Cooperative net margins are \$1.1M ahead of budget year-to-date. The variances significantly contributing to this are:

Hydro expenses are \$125K under budget due to major blower repairs that were completed before the beginning of the year in 2020.

Hydro resource support services are \$86K under budget due to increased generation.

Expensed labor and overhead are 1% under budget.

Training is under budget by \$104K due mainly to the pandemic as events have been cancelled or offered virtually.

PNGC patronage allocation of \$86K was posted in November and had been budgeted for December.

Computer related expenses are \$81K under budget year-to-date, however this might get a little bit closer by year-end.

Interest expense is \$73K under budget due to variable interest rates staying low, no line-of-credit draws during the year, no pass-through borrowings for Propane, and the repricing of over \$3M of debt with a rate drop. Other variances by financial statement line are listed on the variance analysis.

Barney reported that the equity ratio is at 45.8% and will go down slightly with the December patronage capital general retirement payout. He stated that the growth rate on new services is at 2.8% with 422 new services through November.

## COOPERATIVE BUSINESS

### GOVERNANCE TALK

#### BOARD GOVERNANCE MODEL – JOHN CARVER

Attorney Jerry Rigby led a discussion of the board governance model designed to empower boards to fulfill their obligation of accountability for the organizations they govern. It enables the board to focus on bigger issues, to delegate with clarity, to oversee and guide management without meddling, to rigorously evaluate the accomplishment of the organization and to truly lead its' organization. The board discussed ends and means and identifying the role of the board and the role of the CEO in their functionality and maintaining the appropriate boundaries, allowing both to thrive.

#### INSTANT OWNER REBATE RECOMMENDATION

CEO Case stated that we do expect to end the year with \$1M in net margins over budget expectations, and staff recommends the approval of an instant owner rebate in the form of a credit on members' accounts in February of 2021. A PowerPoint presentation highlighting the data used to make the recommendation was included for board review.

**Director Schmier made a motion to accept staff's recommendation for an instant owner rebate to be applied as a credit to members' accounts. Secretary/Treasurer Crowther seconded the motion.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

NOMINATING COMMITTEE MEMBERS 2020 FOR REVIEW  
Included in the board packet.

NOMINATING PROCESS  
Included in the board packet.

SUMMARY OF FALL RIVER PROPANE 2021 BUDGET AND LONG-TERM DEBT  
Included in the board packet.

ASSIGNMENT OF FALL RIVER ENTERPRISE, INC. SHARES FOR VOTING  
CEO Case stated that each propane board member is assigned one share; they can participate in the vote. The shares can be reassigned to subsequent board members as those changes occur. Informational only, not a motion. Corrections to the form were noted and will be updated.

ANNUAL SHAREHOLDERS MEETING WILL MEET FALL RIVER PROPANE'S  
NEW GENERAL MANAGER- DAVID MCKINNON

#### NRECA VOTING DELEGATE

Directors reviewed the current NRECA voting delegate listed, as well as the alternate. The board discussed the option of continuing with the same voting delegates versus suggesting new ones.

**Director Hanson made a motion to leave the NRECA voting delegate as proposed with Georg Behrens as voting delegate and Jodi Stiehl as alternate. Secretary/Treasurer Crowther seconded the motion. President Draper asked if any were opposed.** None opposed; THE MOTION CARRIED BY GENERAL CONSENT.

#### NRTC VOTING DELEGATE

Directors reviewed the current NRTC voting delegate and alternate listed. The board discussed the option of continuing with the same voting delegates versus suggesting new ones.

**Director Hanson made a motion to leave the NRTC voting delegate as proposed with Georg Behrens as voting delegate and Bryan Case as alternate. Vice President Behrens seconded the motion. President Draper asked if any were opposed.** None opposed; THE MOTION CARRIED BY GENERAL CONSENT.

#### NRECA TRAINING SCHEDULED FOR JANUARY 26<sup>th</sup> & 27<sup>th</sup> - BOARD DISCUSSION

The board determined they would prefer an in-person training and, due to COVID uncertainty, have decided to reschedule this class for the summer of 2021. No additional costs will be incurred due to the change.

#### 2020 EXPENSE REPORT DISCUSSION

A review of the current expense report was done to see if any changes or clarifications needed to be made. No changes were recommended. The IRS mileage rate for 2021 has

not been released at this time; once it is, the expense form will be updated with the new rate and the forms will be provided to all directors electronically.

## COOPERATIVE REPORTS

Secretary/Treasurer Crowther reported that he attended winter school on government issues. Crowther also attended a seminar on energy storage and found it very interesting. He also reported on contact he had with a member regarding an easement concern.

Past President Schmier reported that there were some recent changes announced at the MECA winter board meeting; the legislative representative for MECA is taking a position with the National Bureau of Land Management. NWPPA announced that the Director of Learning will be leaving, and Schmier stated he will be sorely missed. NWPPA's Resolution Committee is scheduled for January 7<sup>th</sup>, and he will have meetings scheduled for February as well as an upcoming board meeting in March. He stated that the FR conservation program has a new procedure, and that the process has been streamlined, making it easy for members to participate.

Director Hanson reported that he attended a CFC board meeting and that the Strategic meeting was pushed back to March of 2021, due to COVID. Reminder that the pre-audit conference call will be coming up on January 13<sup>th</sup>. He stated that he will send out an email report to the directors.

Director Robson reported that he did not attend any meetings and is doing well in his recovery.

Vice President Behrens reported that the ICUA legislative conference is coming up January 12<sup>th</sup>, and everyone is invited to attend. He stated that the link for the conference is in the email, along with his report. Behrens relayed several ICUA meeting highlights and referred the board to his written report he had emailed out.

Director Keay reported that he attended a very good NRECA class and the networking sessions were great. He had the opportunity to get to know people from other areas and discuss ideas with those directors.

President Draper reported the propane board has concluded the interview process and hired a new general manager, David McKinnon.

## CONSENT AGENDA

After a discussion on the check register regarding new construction member refunds and the discounted patronage capital refunds report, the consent agenda was recommended for approval.

**Vice President 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 Hanson made a motion to go into Executive Session at 12:48 p.m. Vice President Behrens 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 12:58 p.m. Secretary Treasurer Crowther seconded the motion.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

#### MANAGEMENT DISCUSSION ITEMS

##### BPA BP-22 RATE CASE

Included in the board packet.

##### FALL RIVER COVID COSTS YEAR-TO-DATE

Included in the board packet.

##### FALL RIVER ELECTRIC TRANSFER OF BAD DEBT WO TO FALL RIVER PROPANE

Included in the board packet.

##### HYDRO FACILITIES UPDATE

Island Park, Buffalo and Chester Hydro generated a total of 1,104,862 kWh in November. This amounts to 3.7% of all the kWh billed by PNGC in November and 3.8% of all kWh sold and used by Fall River in November.

Felt Hydro produced 1,897,000 kWh in November. -When this is included with Island Park, Buffalo and Chester, it amounts to 9.9% of all the kWh billed by PNGC in November and 10.3% of all kWh sold and used by Fall River in November.

##### ISLAND PARK

Island Park Hydro produced 537,382 kWh during the month of November.

##### BUFFALO

Buffalo Hydro was brought back on--line on the 19<sup>th</sup> and generated 55,731 kWh during the month of November.

##### FELT

Felt Hydro produced 1,897,000 kWh during the month of November.

##### CHESTER

Chester Hydro produced 511,749 kWh in November.

##### PURPA REQUEST FOR FELT AND CHESTER

FR Engineering Manager Dave Peterson reported that the Felt interconnection and purchase of power agreements, as well as the Felt fish study, have been completed and have all been submitted. We have a signed agreement for Felt interconnection

and the PPA was revised by the Idaho PUC on December 2<sup>nd</sup>; we are awaiting their approval.

CEO Case stated the point-to-point agreement is in place and we are moving forward with the steps required by Bonneville.

#### LEADERSHIP DEVELOPMENT PROGRAM – SESSION TWO

CEO Case stated that the Leadership Development Program has been well received by staff, and that he can already see the benefits of its implementation. The program consists of 6 sessions led by members of the management team and staff, covering topics to educate, inspire, and mentor the future FR Electric and FR Propane leadership.

#### STUFF THE TRUCK UPDATE

Ted Austin, FR marketing manager, reported that we had a great response to the Stuff the Truck food drive events held in Ashton, West Yellowstone, and Rexburg; we anticipate the same at the upcoming event in Driggs. Several pallets of food were collected, and over \$2K in monetary donations have been received to date. All donations will be given to the local food banks to assist those in need.

#### US RESIDENTIAL RETAIL RATE COMPARISON MAP

Included in the board packet.

#### PNGC PATRONAGE ALLOCATION

Included in the board packet.

#### DONATIONS YEAR-TO-DATE

Included in the board packet.

#### REPORTS

Executive Committee-

Nothing to report.

Administrative Committee-

Chairman Jeff Keay reported that the committee will meet in February to begin the scholarship process for 2021.

Engineering & Operations Committee-

Nothing to report.

Finance Committee-

Chairman Jay Hanson reported the pre-audit conference call is coming up on January 13, 2021.

Policy Committee-

Chairman Doug Schmier reported the committee met this morning and reviewed six policies that will be in the January board packet for review and approval. The next Policy Committee meeting will be held in March of 2021.

#### ATTORNEY REPORT

Jerry Rigby reported that he would like to commend staff on the process used to hire the new general manager for Propane. He stated that he felt it was handled professionally and appropriately, and was very well done. The current manager, JT Hill, will be missed, but he is confident in the selection of the new manager coming in. Rigby updated the board on EIS and the proposed dam removal issue, providing his insight and stated that it is ongoing. Additional discussion ensued and comments were made on ICUA and the Idaho Water Users position.

#### FALL RIVER'S MANAGEMENT REPORT

Included in the board packet.

#### 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 1:25 p.m.

DATE APPROVED: January 25, 2021

  
Secretary Brent Crowther