

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

January 23, 2023

The meeting of the Fall River Rural Electric Cooperative, Inc. Board of Directors was held on Monday, January 23, 2023, in Ashton, Idaho. Having determined a quorum was present, President Behrens called the meeting to order at 10:04 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 Georg Behrens, Vice President Brent "Husk" Crowther, Secretary/Treasurer Jodi Stiehl

DIRECTORS PRESENT

Past President Dede Draper, Jay Hanson, Anna Lindstedt, Jeff Keay, Brent Robson, and Doug Schmier

DIRECTORS ABSENT

NONE

OTHERS

CEO/General Manager Bryan Case, Attorney Jerry Rigby, CFO Linden Barney, Guest MECA CEO Gary Wiens, MECA Government Affairs Director Mark Lambrecht and Executive Assistant Angie Haws.

APPROVAL OF AGENDA

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

APPROVAL OF MINUTES

Director Hanson made a motion to approve the minutes from the December 19, 2022, Board Meeting as amended. Secretary Stiehl seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

GARY WIENS, MECA CEO AND MARK LAMBRECHT, MECA GOVERNMENT AFFAIRS DIRECTOR

The Montana Electric Cooperatives' Association is a not-for-profit, statewide trade association representing 25 consumer-owned electric distribution cooperatives and three generation and transmission cooperatives. MECA is based in Great Falls. Gary Wiens and Mark Lambrecht updated the board on MECA's objectives and highlighted legislation impacting cooperatives.

MEMBER COMMENTS

CEO Case reviewed the member comments included in the board packet which included thank you messages to the crews for swiftly restoring outages in December and appreciation to the cooperative for sending out patronage capital checks of \$2.5M, also in December.

FINANCIAL & STATISTICAL REPORT

DECEMBER 31, 2022, FINANCIAL REPORTS

CFO Barney reported on the financials for December, noting that the financial statements are preliminary and do not include FR Enterprises' net margins for 2022, which will be added after the financial audit is complete. Net margins YTD were ahead of budget. The major driver for increased margins is revenue net of power cost. The largest variance is accounted for as more kWh are being used by members than Fall River budgeted. We are \$324k under budget on controllable costs, building repairs and maintenance costs came in \$220k below budget as well as lower labor and overhead costs below budget by \$140k. The YTD annual growth rate is 3.8% from new services. The equity ratio should be above 47% once FR Propane's net income is recorded. Cash flow YTD, the Cooperative has generated \$7.3M from operations, invested \$5.4M in plant and materials, borrowed \$8.9M in May of 2022, and paid down \$3.2M in long-term debt. In addition, \$2.5M in patronage capital was paid to the membership.

ENERGY EXPO AND ANNUAL MEETING PREPARATIONS

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

CEO Case reported Fall River's Energy Expo will continue with the hybrid meeting which accommodates the more traditional in person meeting with an option for members to participate virtually as well. Voting for candidates will employ our traditional methods which include voting on-line, by mail, and in-person at the event. Virtual participation will be made available as an option to participate in the business meeting portion of the gathering.

The event will commence with breakfast and will follow the pattern we established last year. As always, we will remain aware of changing circumstances and plan accordingly.

A general timeline for the Energy Expo activities will be:

- 8AM-10AM, 11PM-12PM – Electric Vehicle test drives
- 8AM-10AM – Registration, voting, Fall River booths, STEM Activities for youth and other activities for families and children.
- 8:30 to 9:20AM – Safety Demonstration
- 10AM-11AM – Business Meeting

NOMINATING COMMITTEE POTENTIAL MEMBER LIST-BOARD TO SUGGEST NAMES TO REMOVE AND ADD

Included in the board packet.

Director Robson made a motion to approve the removal of highlighted names from the nominating committee member list as discussed. Secretary Stiehl seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

ANNUAL MEETING DEADLINE DATES

Included in the board packet.

PNGC POST 2028 CONTRACT DISCUSSIONS AND OVERVIEW

Management and the board reviewed in detail the initial PNGC contract terms and comparison proposed changes with to the terms of the Cooperative's existing PNGC contract. These proposed PNGC contract changes are in preparation for the possible expiration of the existing contract which could expire October 1, 2028, with five years notice from Fall River. The Fall River management and board have been exploring the options for wholesale power and transmission services available to the Cooperative. This ongoing evaluation of options includes a third-party consultant, EES, conducting a request for proposal process to identify competitive alternative providers in comparison to BPA and PNGC.

BPA BILL CREDIT FOR RDC AND LDD - \$2M OVER THE NEXT TEN MONTHS- DEFER AD AMORTIZE THROUGH 2028

REPORT ON CORPPORATE SPONSORED POST-2028 MEETING ON JANUARY 18 & 19 – VERBAL REPORT

CEO Case reported on matters of interest regarding meetings he attended discussing Post 2028 BPA power contracts. Case stated these topics will be revisited regularly as Staff prepares to make a recommendation and the board prepares to make a decision.

ACRE CONTRIBUTIONS

ACRE NAME CHANGE

CEO Case ACRE will be changing its name to America's Electric Cooperatives PAC. The new name and logo will go into effect March 6, 2023

ACRE CONTRIBUTION FORM

Included in the board packet.

PRE-AUDIT CONERENCE CALL SUMMARY - ANNA LINDSTEDT

Chairman Lindstedt reported DeCoria would be conducting the onsite and field audit in February. They will focus on leases due to new requirements this year. There was a discussion on grant funds and authorizations of expenses pertaining to grants.

ICUA LEGISLATIVE CONFERENCE DISCUSSION AND REPORTS

Those in attendance of the ICUA Legislative session shared highlights and insights pertaining to cooperative business.

MECA POLL RESULTS ON LIMITATIONS FOR BOARD SERVICE FOR PRIOR COOPERATIVE EMPLOYEES

Included in the board packet.

NWPPA DIRECTOR NOMINATIONS LETTER

Included in board packet.

COBANK DIRECTOR ELECTIONS INFORMATION

Included in the board packet.

COOPERATIVE REPORTS

Director Keay reported that he attended the FR pre-audit finance meeting. He plans to attend NRECA's Director's Conference virtually.

Director Lindstedt reported that she attended the FR pre-audit finance meeting and will attend an upcoming CFC meeting.

Director Draper reported that she attended the FR Propane Board meeting noting highlights from the meeting.

Director Hanson reported that he attended FR's pre-audit finance meeting and will be participating in a CFC webinar this week.

Secretary Stiehl reported that she attended the ICUA Legislative Conference and will be attending NRECA's Director's Conference.

President Behrens reported that he attended the ICUA Legislative Conference and shared some highlights.

CONSENT AGENDA

Director Robson made a motion to approve the consent agenda. Secretary 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 12:55 p.m. Director Keay 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 1:12 p.m. Director Draper seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

MANAGEMENT DISCUSSION ITEMS

INTERNAL AUDIT REPORT

CFO Barney reported that the areas of focus for the internal audit this year were:

- Fiber Leases
- Member power bill reviews
- Payments through accounts payable ensuring proper authorization

APPROVED CHANGES TO MANAGEMENT POLICY GP 618 DRUG AND ALCOHOL POLICY

Included in the board packet.

SUMMARY OF FALL RIVER'S STUFF THE TRAILER FOR LOCAL FOOD BANKS
CEO Case reported each December Fall River Electric invites cooperative members and the public to support local non-perishable food drives on behalf of food banks/pantries in the Co-op's service territory. The new Fall River Electric small, enclosed trailer was utilized at each location thus eliminating the need & cost to rent a U-Haul truck. Donations were accepted during a 2-to-2.5-hour period either around lunch hours or late afternoons/early evenings at each event. Nearly 400 pounds of food was delivered to the West Yellowstone Food Bank immediately after the collection event thus providing assistance to families in the West Yellowstone area in advance of the holidays. We also delivered 600 pounds of food to the Rexburg Food Bank on January 11, 2023.

Food will be delivered to the other two food banks/pantries in January and the amount/weight of those deliveries will be calculated at that time. In 2021, nearly 5,000 pounds of food was delivered to the four banks/pantries, which was a record amount, with an additional \$5,000 in cash donations. Based on an estimate of the boxes & pallets collected for 2022 we could be looking at slightly less in total food donations, most likely due to the financial hardships many members are facing due to inflation.

VICTOR FUTURE SUBSTATION LAND PURCHASE UPDATE

Included in the board packet.

EMPLOYEE HOUSING UPDATE

Included in the board packet.

MEMBER EV LEASE SCHEDULE

CEO Case reported the EV Lease schedule is included in the board packet for review. Case stated the Tesla will be available to members on the following dates for each district area:

Ashton - March 1st- March 30th

Driggs - April 3rd- April 28th

Island Park and West Yellowstone - May 1st- May 31st

EV CHARGING STATION UPDATE

CEO Case discussed the grant funding and some increases in costs for installation. Case stated staff is working on options to reduce costs and evaluate moving forward.

PNGC PATRONAGE CAPITAL ALLOCATION FOR 2022

Included in the board packet.

PPC COMMITTEE ASSIGNMENTS

Board Minutes of January 23, 2022

Included in the board packet.

HYDRO FACILITIES UPDATE

Island Park and Buffalo generated a total of 470,188 kWh in December. This amounts to 1.1% of all the kWh billed by PNGC in December and 1.1% of all kWh sold and used by Fall River in December.

Felt Hydro produced 1,480,000 kWh in December. When this is included with Island Park and Buffalo it amounts to 4.4% of all the kWh billed by PNGC in December and 4.4% of all kWh sold and used by Fall River in December.

ISLAND PARK

Island Park hydro produced 430,404 kWh during the month of December using minimum flows from the reservoir.

BUFFALO

Buffalo hydro produced 39784 kWh during the month of December. The plant was offline again for most of the month due to a high volume of moss coming into the intake.

FELT

Felt hydro produced 1,480,000 kWh during the month of December.

CHESTER

The intake at Chester Hydro froze over the first part of November and has been offline since then.

WEST YELLOWSTONE HOSPITAL LETTER OF SUPPORT

Included in the board packet.

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 the committee will meet in February to make scholarship assignments.

ENGINEERING & OPERATIONS COMMITTEE

Chairman Robson indicated that a meeting addressing how to meet the ongoing challenge of supply and demand trends may be prudent.

FINANCE COMMITTEE

Chairman Lindstedt reported on the pre-audit conference call earlier in the meeting.

POLICY COMMITTEE

Chairman Schmier reported the Policy Committee will meet in March.

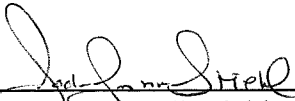
ATTORNEY REPORT

Attorney Rigby reported on meetings with legislators in Boise.

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 1:44 p.m.

DATE APPROVED: February 27, 2023


Secretary Jodi Stiehl