

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

January 24, 2022

The meeting of the Fall River Rural Electric Cooperative, Inc. Board of Directors was held on Monday, January 24, 2022, 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 10:01 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 Jodi Stiehl

DIRECTORS PRESENT

Husk Crowther, Jay Hanson, Brent Robson, Doug Schmier, Jeff Keay, and Anna Lindstedt

DIRECTORS ABSENT

None

OTHERS

CEO/General Manager Bryan Case, Attorney Jerry Rigby, CFO Linden Barney, Manager of Engineering Dave Peterson, Manager of IT Shannon Hill, and Executive Assistant Angie Haws.

APPROVAL OF AGENDA

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

APPROVAL OF MINUTES

Director Crowther made a motion to approve the December 20, 2021, Board Meeting Minutes as presented. Director Crowther seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

CLAIRE HOBSON, ACCOUNT EXECUTIVE FROM BPA – 2021 HIGHLIGHTS AND BPA'S FOCUS FOR THE FUTURE

Account Executive Claire Hobson of Bonneville Power Administration discussed the BPA highlights from 2021. The Bonneville Power Administration is a nonprofit federal power marketing administration based in the Pacific Northwest. Although BPA is part of the U.S. Department of Energy, it is self-funding and covers its costs by selling its products and services. BPA markets wholesale electrical power from 31 federal hydroelectric projects in the Northwest, one nonfederal nuclear plant and several small nonfederal power plants. The dams are operated by the U.S. Army Corps of Engineers and the Bureau of Reclamation. The nonfederal nuclear plant, Columbia Generating Station, is owned and operated by Energy Northwest, a joint operating agency of the state of Washington. BPA provides about 28 percent of the electric power used in the Northwest, and its resources — primarily hydroelectric — make BPA power nearly carbon free.

BPA also operates and maintains about three-fourths of the high-voltage transmission in its service territory. BPA's territory includes Idaho, Oregon, Washington, western Montana and small parts of eastern Montana, California, Nevada, Utah and Wyoming.

BPA promotes energy efficiency, renewable resources and new technologies that improve its ability to deliver on its mission. It also funds regional efforts to protect and rebuild fish and wildlife populations affected by hydropower development in the Columbia River Basin.

BPA is committed to public service and seeks to make decisions in a manner that provides opportunities for input from all stakeholders. In its vision statement, BPA dedicates itself to providing high system reliability, low rates consistent with sound business principles, environmental stewardship and accountability.

MEMBER COMMENTS

JARED BIGELOW-CONSERVATION MEASURES AND APPRECIATION

CEO Case shared Jared Bigelow's Facebook message regarding his positive experience with the FR Conservation program "Fall River is how all utility companies should operate".

REED MILLER-RATE DECREASE ???

CEO Case stated that he received an email from a member communicating questions and concerns regarding the rate decrease and implementation of demand. The member was provided with a detailed response including additional resources offering suggestions to help reduce demand, conservation measures and programs, as well as staff contact information for any additional questions.

FINANCIAL & STATISTICAL REPORT

DECEMBER 31, 2021, FINANCIAL REPORTS

CFO Barney reported on the financials for December stating they are preliminary as preparations for the audit in February continue. Net margins YTD are \$5.1M. This is after the accrual for the 1.5M Instant Owner Rebate. As noted in prior months, net margins are still significantly ahead of budget, as the budget was based on a possible recession and a 5% drop in services. We currently have over a 3% growth rate in new services. The majority of the budget variance, accounting for 80% of the total variance, is in revenue net of power costs. Other significant variances include the following:

1. The section 242 payment for Chester hydro production that was not budgeted (-\$115K).
2. Interest expense is under budget 292K due to the variable interest rate remaining low, the repricing of \$2.5M of long-term debt from 5.9% interest down to 3.4%, and not needing to borrow additional cash for debt issued to Propane.

Cooperative equity is just under 48.7% after the general retirement of patronage capital.

The cash generated from operations YTD is \$9.6M. FR has invested \$3.2M YTD in plant, and \$5.7M in principal payments on long-term debt have been made YTD, and \$4.8M of the capital budget has been spent. The largest item to still record is the investment income from FR Propane's earnings.

FIELD AUDIT TO BEGIN FEBRUARY 1ST FOR THREE DAYS
DeCoria & Company, PC will be conducting the annual financial audit this year.

COOPERATIVE BUSINESS

STRATEGIC DISCUSSION

POLICY REVIEW AND APPROVAL

Director Schmier, Policy Committee Chairman stated the Committee recently reviewed and made suggested changes identified in the following policies and presented them to the full board for review and approval.

GP# 503 Cooperative Communication to the Members
(Included in the board packet)

GP #607 Work Rules
(Included in the board packet)

GP #616 Employee Classification & Length of Service
(Included in the board packet)

Director Crowther made a motion to approve GP#503 Cooperative Communication to the Members, GP#607 Work Rules, and GP#616 Employee Classification & Length of Service as reviewed and presented. Director Robson seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

ANNUAL REVIEW OF POLICIES

Attorney Jerry Rigby conducted the annual review of the following policies with the board, allowing time for discussion and questions pertaining to the policies:

GP #102 Directors Duties
(Included in the board packet)

GP #309 Allocation/Retirement Patronage Capital
(Included in the board packet)

GP #314 Retirement of Decedents Capital Credit
(Included in the board packet)

GP #420 Purchase & Wheeling of Power from SM. Generators
(Included in the board packet)

GP #502 Member Data Privacy-Red Flag

(Included in the board packet)

GP #603 Equal Employment Opportunity
(Included in the board packet)

GP #605 Whistle Blower
(Included in the board packet)

GP #625 Prohibition on Discrimination, Harassment and Retaliation
(Included in the board packet)

ROBERTS RULES REFRESHER AND DISCUSSION

President Draper reviewed the Roberts Rules model used for board governance, highlighting appropriate rules of order for conducting fair, efficient, democratic board meetings. The board discussed and Attorney Rigby commended the Fall River board on its meetings and the professional manner in which the meetings are held.

FALL RIVER ENERGY EXPO-ANNUAL MEMBER MEETING PREPARATIONS HIGH LEVEL RECAP OF AN IN-PERSON HYBRID AND VIRTUAL ANNUAL MEETING

CEO Case reviewed the outline for the Cooperative's Energy Expo and annual meeting. The outline assumes the Cooperative will be able to meet in person, but given the ongoing concerns with a lingering pandemic, Fall River's Energy Expo may need to be modified based on local restrictions. The meeting currently plans to provide breakfast options, booths, safety demonstrations, youth STEM and other activities, bucket rides for children, door prizes and much more. The hybrid meeting format is expected to continue in future meetings. The Energy Expo will allow voting online, by mail, and in-person at the event. Steps will be taken at all activities to promote appropriate CDC recommendations for large gatherings and may include measures to promote social distancing, provide masks and hand sanitizer. Virtual participation will be an option for the business meeting portion of the gathering.

NOMINATING COMMITTEE POTENTIAL MEMBER LIST-NAMES TO REMOVE AND ADD

(Included in the board packet)

Director Crowther made a motion to approve the Nominating Committee Member List as discussed. Director Schmier seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

ANNUAL MEETING DEADLINE DATES

(Included in the board packet)

BOARD TERMS SUMMARY

(Included in the board packet)

ACRE CONTRIBUTIONS-BOARD & MANAGEMENT
ACRE CONTRIBUTION FORM
(Included in the board packet)

PRE-AUDIT CONFERENCE CALL SUMMARY-ANNA LINDSTEDT

Finance Committee Chairman Anna Lindstedt reviewed the pre-audit conference call held on January 13, 2022, with Auditors Louis Brandly and Dave DeCoria, held both virtually and in the Ashton office.

ICUA LEGISLATIVE CONFERENCE DISCUSSION AND REPORTS

President Draper invited the six Directors who attended the ICUA conference to each report on the highlights of the event.

COBANK DIRECTOR ELECTION

(Included in the board packet)

NORTHWEST RIVERPARTNERS LETTER & REQUEST

CEO Case stated FR received a letter from Northwest RiverPartners requesting an increased fundraising contribution. The additional support would help to launch a significant campaign to educate and activate the public regarding the importance of the lower Snake River dams for a clean, reliable, and equitable energy future. The board discussed the request.

Director Stiehl made a motion to donate \$10K to Northwest RiverPartners in response to their contribution request. Director Keay seconded the motion. A voice vote was taken; THE MOTION CARRIED.

NW FAVORABLE VIEW OF HYDRO-RIVER PARTNERS POLLING
IMPROVEMENTS AFTER MOST RECENT RIVER PARTNER CAMPAIGN
(Included in the board packet)

COOPERATIVE REPORTS

Director Lindstedt reported previously in the meeting.

Director Crowther reported on member communication regarding scholarships.

Director Hanson reported he attended the January pre-audit conference call and the ICUA meeting.

Director Keay reported he attended the January pre-audit conference call and the ICUA meeting.

Vice President Behrens reported a follow up from last month's comments.

Secretary Treasurer Stiehl reported she attended the ICUA meeting.

CONSENT AGENDA

Director Robson made a motion to approve the consent agenda. Director Lindstedt 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 12:50 p.m. Director Schmier 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 1:11 p.m. and Director Schmier seconded. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

MANAGEMENT DISCUSSION ITEMS

PNGC RFP UPDATE

(Included in the board packet)

WHOLESALE POWER MARKETS

(Included in the management report)

2021 INTERNAL AUDIT SUMMARY

CFO Barney reported that, each year, the Cooperative selects different areas of focus to administer an internal audit. For 2021, three areas were selected for internal audits:

- Materials
- Gas Cards
- Bill Credits

Barney reviewed the audit process for each internal audit conducted as well as the results of the data. He also allowed time for the board to discuss and ask any questions.

2022 INSURANCE COVERAGE AND COSTS

(Included in the board packet)

CEO Case stated this agenda item will be brought back to the board next month with additional information.

BATTERY BACK UP FOR IT AND OTHER CRITICAL SYSTEMS

(Included in the board packet)

SCHOLARSHIPS RECAP AND TIMELINE

Angie Haws reviewed the scholarship timeline included in the board packet. FR scholarship applications are available on the website with a deadline date of March 25, 2022. Other administrative dates pertaining to scholarships and the process were also reviewed.

STUFF THE TRUCK RESULTS

CEO Case reported on Fall River's Stuff the Truck event, stating it was a success again this year. The "Stuff the Truck" events were held on the following dates:

- Friday, December 3rd at Dave's in Ashton from 11:30a.m.-1:00p.m.
- Friday, December 10th at Broulim's in Rexburg from 4:00-6:00p.m.
- Friday, December 17th at Food Roundup from 11:00a.m.-noon, & Market Place from 12:15-1:30p.m. in West Yellowstone
- Wednesday, December 22nd at Broulim's in Driggs from 4:00-6:00p.m.

Food and monetary donations were collected, and the Cooperative contributed \$1,000 to each of the four Food pantries.

Fall River's Stuff the Truck events for 2021 collected nearly 5,000 pounds (4,865) of nonperishable food for four food banks/pantries. The food and monetary donations have been delivered and the food banks' appreciation and thank-yous are included in the board packet.

WYOMING PSC SIGNED TARIFF SHEETS

(Included in the board packet)

HYDRO FACILITIES UPDATE

Island Park, Buffalo and Chester hydros generated a total of 1,037,999 kWh in December. This amounts to 2.8% of all the kWh billed by PNGC in December, and 2.9% of all kWh sold and used by Fall River in December.

Felt hydro produced 1,459,000 kWh in December. When this is included with Island Park, Buffalo, and Chester, it amounts to 6.7% of all the kWh billed by PNGC in December, and 6.9% of all kWh sold and used by Fall River in December.

In 2021, Fall River's hydros produced 11.1% of all the kWh billed by PNGC in 2021 and 11.7% of all kWh sold and used by Fall River in 2021.

ISLAND PARK

Island Park hydro produced 533,957 kWh during the month of December.

BUFFALO

Buffalo hydro produced 130,947 kWh during the month of December.

FELT

Felt hydro produced 1,459,000 kWh during the month of December.

CHESTER

Chester hydro produced 373,095 kWh during the month of December.

DONATIONS

(Included in the board packet)

REPORTS

EXECUTIVE COMMITTEE

Nothing to report.

ADMINISTRATIVE COMMITTEE

Chairman Keay stated the next meeting will be February 28, 2022, when the committee will discuss assignments.

ENGINEERING & OPERATIONS COMMITTEE

Nothing to report.

FINANCE COMMITTEE

Chairman Lindstedt reported previously in the meeting.

POLICY COMMITTEE

Chairman Schmier reported the committee will meet again March 28, 2022.

ATTORNEY REPORT

Attorney Rigby reported on the infrastructure bill, as well as on helpful resources through other organizations.

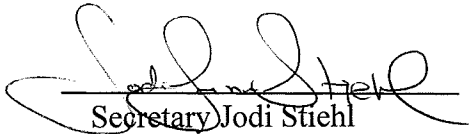
FALL RIVER'S MANAGEMENT REPORT

(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 1:46 p.m.

DATE APPROVED: February 28, 2022


Secretary Jodi Stiehl