

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

November 23, 2020

The meeting of the Fall River Rural Electric Cooperative, Inc. Board of Directors was held on Monday November 23, 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 10:02 a.m. Executive Assistant Angie Haws recorded the minutes. The invocation was given by Director Hanson. 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, guest Jim Matheson CEO of NRECA, guest Will Hart Executive Director of ICUA, Fall River staff AJ Balls, Sheena Stricker, Shannon Hill, and Executive Assistant Angie Haws

APPROVAL OF AGENDA

Director Robson made a motion to approve the agenda with one scheduling adjustment, as discussed. 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 October 19, 2020 Board Budget Meeting Minutes as written. Director Stiehl seconded the motion. President Draper asked if any opposed. None opposed; THE MOTION CARRIED BY GENERAL CONSENT.

Secretary-Treasurer Crowther made a motion to approve the October 26, 2020 Board 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 briefly reviewed the previous month's member comments regarding net metering. There were no new member comments.

FINANCIAL & STATISTICAL REPORT

OCTOBER 31ST, 2020 FINANCIAL REPORTS

CFO Linden Barney stated the Cooperative net margins are \$1M ahead of budget. The variances significantly contributing to this are:

The out-of-pocket hydro expenses are \$148K under budget; part of this is due to major blower repairs that were budgeted in 2020, but started in the fourth quarter of 2019.

Hydro resource support services are \$108K under budget due to increased generation.

Labor and overhead are within 2.6% of budget.

Interest expense is \$206K under budget due to the lower-than-expected variable interest rates. Over \$3M in debt was repriced at the end of the first quarter with a rate drop of over 2%. There was no borrowing on the credit line, and the Cooperative is self-funding Fall River Propane's debt.

Barney reported that the revenue is on budget and overall kWh sales are within 1/10 of a percent of last year. Commercial kWh sales are down a little over 2% compared to last year. Controllable expenses are under budget by 5%. Year-to-date cashflows have generated \$8.2M from operations. The Cooperative has invested \$2M in plant, added \$1.9M of debt through the PPP loan, and paid down \$3.8M in principle on long-term debt. The equity ratio is at 45.5% and the growth rate in new services is 2.7%.

COOPERATIVE BUSINESS

GUEST JIM MATHESON – NRECA FEDERAL ELECTION OUTCOME AND IMPACT TO THE ELECTRIC COOPERATIVE WORLD

The National Rural Electric Cooperative Association is the national service organization that represents the nation's more than 900 private, not-for-profit, consumer-owned electric cooperatives, which provide service to 42 million people in 47 states. Matheson brings a wealth of experience and skills to his position. During his time in the U.S. House of Representatives, Matheson was known first and foremost as someone who could work with colleagues on both sides of the aisle to find and build upon common ground. He was Chief Deputy Whip for the House Democratic Caucus and served as co-chairman of the Blue Dog Coalition. He also was a member of the House Energy and Commerce Committee, as well as the Financial Services, Transportation and Infrastructure, and Science committees.

Before entering government service, Matheson worked in the energy industry for several years. Immediately prior to joining NRECA, he served as Principal, Public Policy Practice for the international law firm Squire Patton Boggs.

Matheson was born and raised in Salt Lake City, Utah. He received a bachelor's degree in Government from Harvard University and an MBA in Finance and Accounting from UCLA.

Matheson gave a report of the landscape of the Federal election, knowing that at the time of his report, the election was not finalized. Jim provided his perspective on the elections and his hope for the future. Jim emphasized that NRECA is a non-partisan organization and looks to build relationships with every elected official, and explained NRECA legislative positions appeal to both sides. NRECA seeks broad bi-partisan support of

electric cooperatives and prides itself on being a respected and trusted industry association. His report was timely and relevant. His message was hopeful and forward-looking.

GUEST WILL HART EXECUTIVE DIRECTOR OF ICUA – STATE ELECTION OUTCOMES AND LEGISLATIVE CONFERENCE

The mission of the Idaho Consumer-Owned Utilities Association is to advocate for Idaho's public power interests through the collective action of its members at the state, regional and federal levels. Will discussed ICUA activities during the pandemic and recent State elections. Mr. Hart mentioned efforts to build relationships with recently elected and re-elected representatives, and suggested Fall River can help build relationships with and convey the purpose of public power in Idaho.

POLICY COMMITTEE REVIEW AND RECOMMENDATION FOR THE FOLLOWING GENERAL POLICIES:

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

GENERAL POLICY 508 “BOARD OF DIRECTOR MEETINGS, ATTENDANCE BY COOPERATIVE MEMBERS, AND INSPECTIONS OF BOOKS AND RECORDS”

The purpose of this policy is to provide for the conduct of all meetings of the Board of Directors; address how the Board ensures it is holding open and transparent meetings with member, scheduling and calling meetings, outlining the duties for the meeting notices, communication, and record keeping; and providing the guidelines by which members can review pertinent books and records of the Cooperative in a manner which will not cause disruption nor hinder the routine operation of the organization.

GENERAL POLICY 600 “PURPOSES- DEVELOPMENT AND REVISION OF PERSONNEL POLICIES”

The purpose of this policy is to explain the purposes and functions of the personnel policies and to establish a procedure for the development, adoption, and revision of personnel policies.

GENERAL POLICY 601 “EMPLOYMENT AT WILL”

The purpose of this policy is to avoid misunderstandings and disputes by clearly setting forth the nature of the employment relationship between the Cooperative and its employees, particularly with respect to each party's right to end the employment relationship.

Director Hanson made a motion to approve the reviewed general policies #508 “Board of Director Meetings, Attendance by Cooperative Members, and Inspections of Books, and Records”, #600 “Purposes-Development and Revision of Personnel Policies, #601 “Employment at Will”. Director Keay seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

AD HOC COMMITTEE RECOMMENDATIONS

Chairman of the Ad Hoc committee Georg Behrens stated the committee reviewed the purpose of the annual meeting and the expectations from both the member and the cooperative points of view. Comments from the membership regarding the previous annual meeting were reviewed and discussed. The committee considered many options and methods for the 2021 meeting, and are presenting the following recommendation to the board for approval.

Vice-President Behrens made a motion to prepare for a live, in-person 2021 Annual Meeting, if possible, with a virtual participation option for the business meeting. If needed, an annual meeting plan to address pandemic concerns will also be considered. FR staff will take the educational and other format change recommendations and prepare a proposal to present to the board. In addition, the committee recommends that legal counsel suggest bylaw changes to accommodate virtual meetings and other changes suggested for review by the Board of Directors. Director Hanson seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

PPC ANNUAL MEETING VIDEO

The link to the video was included in the board packet for review. This year's PPC annual meeting review included the Fall River board of directors' picture during the presentation.

FALL RIVER RECOGNIZED AS ONE OF IDAHO'S TOP 100 PRIVATELY-OWNED BUSINESSES

CEO Case stated it was an honor for Fall River to receive this recognition and he provided details on the selection process. Boise-based Idaho Statesman newspaper annually publishes a summary of the top 100 privately-owned businesses that are headquartered in Idaho. The ranking is determined by the international accounting firm of KPMG. The rankings were first announced via a virtual presentation which was followed by the publication.

This is the first year Fall River Electric Cooperative has been ranked, joining thirteen other newcomers to the list. Fall River was ranked #86 and was the only electric utility to be ranked.

CEO/General Manager Bryan Case was also featured as one of just forty of Idaho's privately-owned company executives in the publication's "Executive Spotlight" section.

This recognition is a testament to the vision and strategic objectives set by the board and staff.

PATRONAGE CAPITAL GENERAL RETIREMENT LETTER TO MEMBERS

Included in the board packet.

PPC WHITE PAPER ON THE VALUE OF THE LOWER SNAKE RIVER DAMS

Included in the board packet.

COOPERATIVE REPORTS

Secretary/Treasurer Crowther reported he will be attending two winter courses and will be

completing Robert's Rules as well.

Past President Schmier reported that he attended NWPPA after election seminar. He also participated in an NRECA after election seminar and it was excellent. Coming up in December, he will virtually attend the MECA winter meeting. NWPPA will be reaching out to new members of the House and Senate to work with them. FR Policy Committee meeting is also coming up December 21st.

Director Hanson reported he attended the NRECA meeting and it was very good. He also stated that CFC recently had an election of officers due to the board president sadly losing his battle with cancer this year.

Director Robson reported his recent surgery and that he is doing well.

Vice President Behrens participated in the NRECA rate structure training. He also attended the ICUA meeting. He shared some insights on mitigation.

Director Keay reported on the Ad Hoc committee meeting. He also stated he has upcoming winter school courses to attend.

President Draper reported she attended both the NWPPA and NRECA meetings and they were interesting. She also reported on the propane board meeting and gave an update on the process of hiring a new general manager.

CONSENT AGENDA

Director Hanson made a motion to approve the Consent Agenda. Secretary Treasurer Crowther 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 12:50 p.m. Secretary/Treasurer Crowther 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 1:58 p.m. Director Robson seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

MANAGEMENT DISCUSSION ITEMS

PNGC COST POLICY STRATEGIC DISCUSSION

PNGC STRATEGIC POLICY

CEO Case stated that PNGC's strategic policy is important, and is a deviation from the traditional public power direction. PNGC strategic direction is to explore all possibilities for power and transmission with a focus on price certainty, carbon neutrality, reliability, and affordability. The three key objectives of PNGC's strategic plan are:

1. Create more flexibility and adaptability.
2. Plan and position for the future now.

3. Grow and enhance membership with new member options.

PNGC NW ENERGY MARKET DISRUPTION

Included in the board packet. PNGC will also advocate to engage in and encourage the NW to create its own energy and transmission markets without over-reliance on the CAISO. If the NW can generate support for a NW market within public power, we can be in a better position to negotiate with the California markets.

KLAMATH BASIN DAM REMOVAL “ANNOUNCEMENT”

Talking points were included in the board packet (show the Klamath Basin Dams are not like the Lower Snake River Dams and why).

BPA INTERIM ADMINISTRATOR JOHN HAIRSTON REPLY ON B2H/IDAHO POWER SUPPORT

Included in the board packet.

INSTRUCTIONS ON FALL RIVER SMART APP & FALL RIVER PROPANE SMART APP-SHEENA STRICKER

Member Services Manager, Sheena Stricker presented the highlights and functionality of the smart apps for Fall River Electric and Fall River Propane. Both apps provide conveniences and efficiencies for the member/customer and will provide a user-friendly option to view or pay a billing statement, set usage and payment alerts on the account, notify member of electric outages, see current propane pricing, and place orders for propane delivery. The free apps are currently available. Stricker stated FRE is working on a text option to be able to make payments as well. CEO Case commented that the app functionality will be especially useful for our seasonal members and irrigation accounts to be able to look at daily usage reports and set up alerts to monitor usage or lack of usage. There was a discussion on functionality, as well as some suggestions and positive comments from those currently using the apps.

MANAGEMENT REPORT ON CYBER SECURITY AUDIT, IT FINDINGS AND ACTION TAKEN – SHANNON HILL

IT Manager Shannon Hill reviewed the recent cybersecurity audit results. Hill stated FR did very well, and that the phishing training we have implemented is having an impact. Report data is included in the board packet for reference. The majority of the suggested security changes are being implemented.

BRYAN CASE ELECTED TO PPC EXECUTIVE COMMITTEE & SECRETARY TREASURER AT PNGC

ORGANIZATIONAL CHART

Included in the board packet.

HYDRO FACILITIES UPDATE

Island Park and Chester Hydro generated a total of 1,127,838 kWh in October. This amounts to 4.4% of all the kWh billed by PNGC in October and 4.6% of all kWh sold and used by Fall River in October. Felt Hydro produced 1,851,000 kWh in October. When this

is included with Island Park and Chester, it amounts to 11.7% of all the kWh billed by PNGC in October and 12.3% of all kWh sold and used by Fall River in October.

ISLAND PARK

Island Park Hydro produced 573,017 kWh during the month of October.

BUFFALO

Buffalo Hydro was off-line all month as maintenance and repairs were being completed.

CHESTER

Chester Hydro produced 554,821 kWh in October.

FELT

Felt Hydro produced 1,851,000 kWh during the month of October.

PROPANE TALKING POINTS

Included in the board packet.

SURPLUS ITEMS SALE NOVEMBER 2020

Included in the board packet.

PANDEMIC UPDATE – REFERENCE MANAGEMENT REPORT

Included in the board packet.

DONATIONS YEAR-TO-DATE

Included in the board packet.

CHESTER SURPLUS POWER LETTER TO NW PUBLIC POWER

Included in the board packet.

FALL RIVER'S PURCHASE OF THE TESLA EV

CEO Case reported that he had directed staff to purchase a new Tesla, which would fall within the budget as approved by the board for our 2021 capital budget. CEO Case discussed the efforts to purchase a used Tesla, but that staff was having a difficult time with contacting owners, vehicles being sold quickly, and finding reconstructed vehicle titles (meaning a particular electric vehicle has been seriously damaged and then repaired). Some board members expressed interest in securing an EV quickly during the budget meeting. The price between a used Tesla and a new one ranged from \$2,000 to \$5,000. With the sense of urgency and the small differential in price, Case decided to move forward with the purchase of a new Tesla within the board-approved budget amount.

Vice-President Georg Behrens made a motion to ratify the CEO's decision to proceed with the purchase of a new Tesla, as discussed. Director Schmier seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

REPORTS

Executive Committee-
Nothing to report.

Administrative Committee-
Chairman Jeff Keay reported the committee discussed updates to the scholarship applications to increase young member engagement, and an added component to the application which would require a report to capture feedback from the scholarship recipients. Expect to see that in the next few weeks.

Engineering & Operations Committee-
Nothing to report.

Finance Committee-
Chairman Jay Hanson reported the pre-audit conference call is coming up in January 2021.

Policy Committee-
Chairman Doug Schmier reported the committee is on track and the next meeting is scheduled for December.

ATTORNEY REPORT

Nothing to report.

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 2:47 p.m.

DATE APPROVED: December 21, 2020


Secretary Brent Crowther