

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

March 19, 2018

The meeting of the Fall River Rural Electric Cooperative, Inc. Board of Directors was held on Monday, March 19, 2018, at the main office of Fall River Rural Electric in Ashton, Idaho. Having determined a quorum was present, President Schmier called the meeting to order at 10:05 a.m. Executive Assistant Joni Amen recorded the minutes. The invocation was given by Attorney Jerry Rigby. The Pledge of Allegiance was recited.

ATTENDING OFFICERS

President Doug Schmier, Secretary/Treasurer Dede Draper, and Vice President Ralph Burton

DIRECTORS PRESENT

Brent Robson, Georg Behrens, Ron Dye, Dan Skene, Debbie Smith, and Jay Hanson

DIRECTORS ABSENT

None

OTHERS

CEO/General Manager (GM) Bryan Case, Executive Assistant Joni Amen, Manager Member Services Brand Hathaway, HR Manager Clint Washburn, Manager Operations Trent Yancey, Journeyman Lineman Jed Quirl, and Jerry Rigby.

GM Case introduced Clint Washburn, Fall River's new HR Manager, to the Board. Mr. Washburn gave a summary of his past experience. The Board welcomed him and wished him well.

APPROVAL OF AGENDA

**Director Hanson made a motion to approve the Agenda. Director Robson seconded.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

EXPENSE VOUCHERS

**Director Draper made a motion to accept and approve expense vouchers. Director Hanson seconded the motion.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

APPROVAL OF MINUTES

**Director Hanson made a motion to approve the Minutes of February 19, 2017. Director Behrens seconded.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

## CONSENT AGENDA

**Director Behrens made a motion to approve the Consent Agenda. Director Hanson seconded the motion which included Memberships, Purchase of Power Agreements, check reports, safety reports, and the discounted Patronage Capital refunds report.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

## BOARD REPORTS

Jay Hanson reported on the NRECA and CFC annual meetings in Nashville. He said he enjoyed both very much. He also said that he participated in the CFC sponsored webinar last week on the NRECA and CFC sponsored Governance Task Force. He felt the document was very comprehensive and well done. It has received many positive reviews, except for one manager from Texas who felt that it was secretive.

GM Case said the Task Force group was made up of CFC and NRECA members from across the nation. There were 11 Cooperative Board Members, 8 CEO's/General Managers and 1 attorney.

Georg Behrens reported that he attended the NRECA Annual Meeting. Staying engaged and ahead of the game was his take away. He feels we should be proactive in making decisions affecting the future and really look at broadband, solar and other ways to increase revenue and community engagement. GM Case added that, as an example Bandera Electric in Texas has a for profit entity which sells, installs and maintains PV systems and is also the largest distributor of the Tesla Powerwall battery storage equipment.

Director Robson was impressed with the NRECA Annual Meeting this year. He said that the venue was excellent. Jim Matheson gave an inspiring speech encouraging Cooperatives to be engaged and actively work to protect our industry regarding new government regulations being introduced. Director Robson was also inspired by a motivational speaker who was a Navy Seal, telling his life story. He said it is important to lift others up and pay attention if we see someone struggling. Love others and let them know how you feel.

GM Case said he felt the same and he would like for his senior staff to attend these meetings. NRECA had one of the best meetings he has attended. He would have liked to go to the Tech Advantage portion but couldn't make it to all the venues and if staff would have been there we may have gleaned more information. Director Skene agreed that it is important for staff to understand what the vision is. It is important for succession planning and training as well.

Director Draper reported on the ICUA Board Meeting. She said she went a day ahead with GM Case to meet with Riverside, a hydro machine shop that repairs our hydro equipment. She said that the machine shop was very impressive and the largest west of the Mississippi. The bad news is, our stator won't be ready until the end of April. The coils had to be shipped to Canada and won't be back and ready until then.

Director Draper went on to report that they had William Cullinane of Federated Insurance at the ICUA meeting. He reported that they had 16 contact claims last year and noted that 11 were during outages.

GM Case reported on topics from the ICUA Meeting including the Governance Task Force Report, the HR 3144 proposed legislation supporting the Biological Opinion. Wyoming has passed the move-over law requiring vehicles to move over for utility workers, police, and EMS. There is also an effort to try to remove gas and electric Cooperatives from being regulated under Wyoming Public Service Commission's jurisdiction. Montana's big item was the Invasive Species Act enacted last year which only charged electric utilities with hydro operations to collect funds for combating aquatic species. MECA is working to correct the collection of funding from all who benefit which includes recreational users, irrigators, fisheries, and culinary water users. Nevada is looking at retail electric choice. Studies show large commercial electrical customers will benefit from lower electric rates but that residential and rural electric consumers will see an increase in electrical rates. A Carbon Tax and Cap and Trade is the big legislative issue in Oregon and Washington and while legislation didn't pass this year there is already discussions to try again next legislative session.

GM Case also reported that sadly Ralph Williams, a retired United Electric Cooperative General Manager, passed away, he was one of his mentors.

Doug Schmier attended the NWPPA meeting in Alaska. He said he thought it was interesting, mainly focused on government affairs. He reported on a Cooperative taking over a Municipality. NWPPA is very involved with vegetative management issues. He said that NWPPA's goal is to increase the number of people attending their training programs. President Schmier noted that Cryptocurrency has been an issue across the board for all Co-ops. There will be a workshop on that subject, coming up later this year.

#### MEMBER COMMENTS –

Director Behrens has received positive comments on the first ever owner rebate.

#### FINANCIAL & STATISTICAL REPORTS

Margins are \$380k better than budgeted year-to-date through February. There is no particularly large item driving the increased margin, but the biggest drivers are, we are ahead \$107k more in revenue, than budgeted or within 1.9% of budget due to a colder than normal weather in January and February. PURPA revenue from Felt is \$48k higher than the budget due to higher water flows. We have spent \$47k less for resource support services. Our Hydro maintenance expenses are \$34k less than anticipated. Labor and overhead expenses are \$49k less, coming in within 4% of budget. Interest expenses are \$49k less than anticipated. We have spent \$36k less for expenses, mainly due to timing of budgeted vs. billing for items like audit services, pole testing expenses and dues to affiliated organizations.

Fall River's Cashflow Report indicates that \$284k has been generated from operations, \$589k invested in plant and materials, and we have paid off just over \$1 million in debt. Staff has not had to borrow on our credit line yet this year and may not need to. We will see how things go between now and when the first irrigation bills are paid.

Of the total Capital Budget spent year-to-date (\$621k), only \$114 has been on electrical plant. Most of it has been spent on budgeted vehicles and equipment purchases.

Hearing no objections or changes from the Board, let the record reflect the Financial Reports have been reviewed by the board.

#### COOPERATIVE BUSINESS

BOARD GOVERNANCE TASK FORCE report was presented to the Board. GM Case feels Fall River is already doing 90% of the Tasks Force recommendations. The Board went through the *Defining of Good Board Governance* section and the Board noted a few items to consider looking at the Cooperatives practices. The Board will to go through a section at every Board meeting.

Director Hanson commented that the suggestions of doing due diligent regarding elimination and investigation of fraud was interesting. While Director Hanson and the Board didn't believe Fall River had any concerns as a matter of due diligence, GM Case and Board Members will ask around to see if we can locate a professional or a firm specializing in compliance or fraud reviews. GM Case discussed work plan efforts to conduct internal audits and reported senior staff recently inspected all staff's services to look for power theft which is part of the Cooperative's goals to test for power theft. We thought it was important to actively audit ourselves first before auditing members.

Discussion on Board conduct was held. Attorney Rigby said as a Board, he felt Fall River's Board is very effective and professional. He encouraged Board Members to speak up and give their opinion.

#### POLICY REVIEW FOR DISCUSSION

GM Case reported on the updated policies, the Policy Committee sent to the Board for approval. He explained that Attorney Stacey Mark of Ater Wynne LLC reviewed and rewrote our Harassment Policies.

##### GP #102 DIRECTOR DUTIES, RESPONSIBILITIES, STANDARDS OF CONDUCT AND PROFESSIONAL DEVELOPMENT

There were two grammatical changes recommended from the Policy Committee.

The GP 605 WHISTLEBLOWER had no changes.

**Director Draper made a motion to approve GP #102 Director Duties, Responsibilities, Standards of Conduct, and Professional Development; and GP #605 Whistleblower as recommended by the Policy Committee. Director Smith seconded.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

GP #623 SEXUAL HARASSMENT and GP #625 ANTI-HARASSMENT will be brought back to the Board next month for action.

#### OPERATIONS MOBILE IPAD DEMONSTRATION

Jed Quirl provided a demonstration on the FieldPro program that the Linemen use on their iPad's. He said that if they see a problem on the map compared to what is actually in the field the linemen can make a note to do corrections and email directly to Engineering for mapping corrections, in the field. This will help with improving our GIS information. Mr. Quirl said they are impressed with how helpful the information is for them in the field during outages. They can pull up directions to the outage site.

The Board recessed for lunch.

#### RESOLUTION #642 LINEMEN APPRECIATION DAY

**Director Skene made a motion to adopt Resolution # 642 to recognize Lineman Appreciation Day. The motion was seconded, and a voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.**

#### RESOLUTION #641 IN SUPPORT OF THE OPERATION OF COLUMBIA GENERATING STATION

**Director Smith made a motion to adopt Resolution # 641 to recognize Support of the Operation of the Columbia Generating Station. Seconded by Director Hanson.**

Following discussion. A voice vote was taken; THE MOTION CARRIED WITH 8 IN FAVOR AND 1 OPPOSED.

#### PATRONAGE CAPITAL DISCOUNT RATE FOR 2018 and 2017 PATRONAGE CAPITAL STATEMENTS & CERTIFICATE

Discussion on having these emailed instead of paper for those who choose was held. The board discussed the value of sending out the patronage capital certificate, letter, and recap of annual patronage capital by year.

#### ANNUAL MEETING REVIEW

The Nominating Committee list and Annual Meeting Timeline were included in the packet. The Candidates recommendations were discussed. A member of the Committee asked to be excused and expressed interest in running for the Board of Directors. There was also an individual who emailed their interest to serve on the Board. Both names were added to the list of Candidates.

Staff will send out a packet containing a letter and a checklist of requirements for qualification. A consent form to run a background check, a request for bios, and pictures to be returned by a certain date. Returning the requested documents will serve as confirmation of their intent to run for the Board of Directors. We will advertise to let Members know that they may also throw in their hat by a petition signed by at least 15 Fall River Members. Discussion continued on doing background checks for candidates' criminal and financial status. Director Skene added that picking a diverse Nominating Committee is important.

GM Case reported that we are working to firm up the Board Compensation Committee Members.

#### PROPOSED BY-LAW CHANGES

Proposed new language for board meeting physical attendance was discussed. The Board choose not to change the verbiage at this time.

*1- Nominating Committee Suggestion* –included a run off process of the top two candidates if an individual candidate doesn't secure more than 35% of the vote. Jerry Rigby will walk us through the options. He stated that it would be very difficult to do. You would have to have another special meeting for the run off.

GM Case Directed the Board to Article 16: Amendments, which states the way amendments to the by-laws can be made by Members, it is the Members meeting.

The Board discussed the need for detailed By-Law language which could be presented to the Board and the Members for a vote; the process and cost of holding a pre or post-election; and reviewing the Cooperative's voting history.

There was also concern about the time to form a member committee to discuss and proposed language. It was determined to have a member committee meeting and to determine the need, language, and timing of a possible By-Law change proposal.

**Director Skene made a motion to assemble a new Member Committee to give a recommendation to the Board on the run-off issue. Director Burton seconded.** Discussion ensued, a voice vote was taken; THE MOTION CARRIED WITH 5 IN FAVOR AND 3 OPPOSED.

*2- Nominating Committee Suggestion* – Adding a Board member qualification to include a member must be a U.S. Citizen to serve on the Board.

Attorney Rigby stated that Fall River Electric is not a government organization. He asked what the reason would be in disqualifying a member because they are not a citizen. If there is no advantage to having a member be a US citizen, why would it make a difference? Attorney Rigby doesn't see any legal justification of changing our By-Laws. The matter of discrimination and the legality was discussed.

**Director Hanson moved to not consider the suggestion of changing the By-Law to require being a US Citizen due to legal limitations. Seconded by Director Smith.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

FEDERATED \$2,000 GRANT check was presented to GM Case and Director Draper by William Cullinane of Federated Insurance Cooperative at the ICUA Meeting. GM Case reported that the solar for school's project was not getting private donations coming in as he had hoped.

**Director Behrens moved to donate these funds to the Solar for Schools Program. Seconded by Director Hanson.** Discussion regarding what to do if we don't raise the required funds was held. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

#### BONNEVILLE POWER ADMINISTRATION

Fall River's support of BPA's request for public comment on transmission service over second wheel for SE Idaho was discussed. The Board asked that staff send the BPA letter for each of them indicating their support.

The Board and Staff have sent letters of support for HR 3144 Fish Spill Legislation.

President Schmier and GM Case presented Director Dede Draper with the NRECA Director Gold Certificate. This certificate is awarded for a Director who continues with their education as a Cooperative Director.

## EXECUTIVE SESSION

**Director Hanson made a motion to go into Executive Session. Director Behrens seconded.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

**Director Hanson made a motion to go out of Executive Session. Director Robson seconded.** A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

The Jerry White story will be presented next month due to time constraints.

FALL RIVER SCHOLARSHIP applications are due – March 30<sup>th</sup>, 2018


REPORTS - Fall River's Management Report was included in the packet.

CALENDAR: Due to the NWPPA Annual Meeting the May Board Meeting has been rescheduled to May 30<sup>th</sup>, 2018.

## ADJOURNMENT

There being no further business, **Director Hanson moved that the meeting be adjourned. Director Robson seconded.** BY CONSENSUS, THE MEETING WAS ADJOURNED AT 4:20 p.m.

DATE APPROVED: April 23, 2018

  
Secretary, Dede Draper

MINUTES OF THE POLICY COMMITTEE MEETING  
OF THE BOARD OF DIRECTORS  
OF  
FALL RIVER RURAL ELECTRIC COOPERATIVE, INC.  
March 19, 2018

The meeting of the Fall River Rural Electric Cooperative, Inc. Policy Committee was held on Monday, March 19, 2018, at the main office of Fall River Rural Electric in Ashton, Idaho. Ralph Burton called the meeting to order at 8:55 a.m.

ATTENDING

Directors Ralph Burton, Dede Draper, Doug Schmier, and Jay Hanson.

ABSENT None

OTHERS

Also present were CEO/General Manager Bryan Case, HR Manager Clint Washburn, Executive Assistant Joni Amen (recorded the minutes)

APPROVAL OF AGENDA

**Director Hanson made a motion to approve the Agenda. Director Draper seconded. A VOICE VOTE WAS AFFIRMED. THE MOTION CARRIED.**

APPROVAL OF MINUTES

**Director Draper made a motion to accept the minutes of December 18<sup>th</sup>, 2017 as presented. The motion was seconded by Director Hanson. A VOICE VOTE WAS AFFIRMED. THE MOTION CARRIED.**

REVIEW OF GENERAL POLICIES

Chairman Burton asked GM Case to walk the Policy Committee through the policies on the agenda.

GM Case felt it was time to have Special Counsel review our Harassment Policies, he sent General Policies #102 Director Duties, Responsibilities, Standards of Conduct and Professional Development, #605 Whistleblower, #623 Sexual Harassment, and #625 Prohibitions on Discrimination, Harassment, and Retaliation Policy Statement to Stacey Mark of Ater Wynne LLP for review. Stacey Mark is a new partner of the Ater Wynne's firm. GM Case reported that he spent 2 hours on the phone with her and they went through the individual policies line by line. Ms. Mark completely overhauled all of the policies. One of the significant items of change was to eliminate the form to fill out on the sexual harassment policy and to combine the sexual harassment and anti-harassment policies into one. GM Case recommended that the committee focus on the suggested changes of the Attorney.

It was determined that the name on #102 should stay the same, even though it's long. Some suggested changes were made.



**Director Hanson moved to send policy #102 Director Duties, Responsibilities, Standards of Conduct and Professional Development to the full Board. Director Draper seconded. A VOICE VOTE WAS AFFIRMED. THE MOTION CARRIED.**

Proposed New - 605 Whistleblower, no changes were suggested.

**Director Hanson moved to send policy #605 Whistleblower to the full Board. Director Draper seconded. A VOICE VOTE WAS AFFIRMED. THE MOTION CARRIED.**

GM Case explained that policy #623 Sexual Harassment and #625 Anti-Harassment have been combined. Policy #623 is recommended to be retired.

Proposed GP #625 Prohibitions on Discrimination, Harassment, and Retaliation Policy Statement was reviewed, and suggestions on changes made.

**Director Hanson moved to send policy #625 Prohibitions on Discrimination, Harassment, and Retaliation with the recommended changes to the full Board for approval and policy #623 Sexual Harassment to the full Board to retire in April. Director Draper seconded. A VOICE VOTE WAS AFFIRMED. THE MOTION CARRIED.**

#205 Services of Consultants; suggested changes were discussed.

**Director Hanson moved to send policy #205 Services of Consultants with recommended changes to the full Board in April. Director Draper seconded. A VOICE VOTE WAS AFFIRMED. THE MOTION CARRIED.**

#207 Membership in Organizations; suggested changes were discussed.

**Director Hanson moved to send policy #207 Membership in Organizations to the full Board with corrections. Director Draper seconded. A VOICE VOTE WAS AFFIRMED. THE MOTION CARRIED.**

#313 Purchasing Practices and Procedures; Director Dede Draper requested to change having the GM needing to review all purchases over \$250 and change it to over \$1,000.

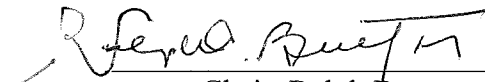
**Director Hanson moved to send policy #313 Purchasing Practices and Procedures to the full Board with the update in April. Director Draper seconded. A VOICE VOTE WAS AFFIRMED. THE MOTION CARRIED.**

The following policies will be reviewed at the next Policy Committee meeting on April 23<sup>rd</sup>: #604 Selection or Promotion of Personnel, #626 Blood Borne Pathogens Exposure Control Plan, #502 Member Data Privacy Policy, #506 Use of Membership List, #603 Equal Employment Opportunity and Affirmative Action Policy, #311 Disposition of Property and Sale of Materials and Equipment, #624 Benefit Procedures for Disabled or Terminating Employees.

#### ADJOURNMENT

**Director Schmier moved that the meeting be adjourned, seconded by Director Hanson; BY CONSENSUS, THE MEETING WAS ADJOURNED AT 9:55 A.M.**

DATE APPROVED: April 23, 2018

  
Chair, Ralph Burton