

**MINUTES – 84TH ANNUAL MEETING OF THE MEMBERSHIP – JUNE 09, 2022  
FERGUS ELECTRIC COOPERATIVE, INC.**

**1. 84<sup>TH</sup> ANNUAL MEETING.** The 84<sup>th</sup> Annual Meeting of Fergus Electric Cooperative, Inc. convened June 09, 2022, at the Fergus County Trade Center, Lewistown, Montana pursuant to notices required by the bylaws of the cooperative. The bylaws also state: Either five percent of the members present in person or 50, but not less than 50 members shall constitute a quorum. Registration commenced at 11:00 a.m. SECRETARY/TREASURER JASON SWANZ gave the invocation before the meal was served, prior to the meeting being called to order. A beef/pork dinner was served at noon by Central Montana CattleWomen. There were 136 registered members and approximately 154 additional guests present.

**2. CALLED TO ORDER.** The meeting was called to order at 1:00 p.m. by PRESIDENT PAUL DESCHEEMAERKER. JASON SWANZ was secretary and JANINE RIFE DIDIER was scrivener. Board members present were BRAD ARNTZEN, TERRY FROST, CATHY KOMBOL, BRETT MAXWELL, and JASON SWANZ. GENERAL MANAGER CARSON SWEENEY, and CORPORATE COUNSEL KRIS BIRDWELL were also present. BOB EVANS was not present.

**3. PLEDGE AND PARLIAMENTARIAN.** DIRECTOR BRETT MAXWELL led the Pledge of Allegiance, and CORPORATE COUNSEL KRIS BIRDWELL was appointed parliamentarian.

**4. INTRODUCTIONS.** PRESIDENT DESCHEEMAERKER introduced the Board of Directors and their spouses. DESCHEEMAERKER also introduced the following guests: STEVE BALSTER – former Fergus Electric general manager and former board member; SCOTT SWEENEY – former Fergus Electric general manager; VANGIE McCONNELL – former Fergus Electric benefits administrator; DAVE PHIFER – former Fergus Electric foreman; and MARY WISE - former Fergus Electric foreman's widow. LARRY DESCHEEMAERKER – former Fergus Electric board member; LORENA EVANS – former Fergus Electric board member's widow; JOE DIRKSON – former Fergus Electric board member; RYAN HALL – MECA Communications Director; SCOTT HAWES and DAVID MOHR – Anixter; and ROB HURTIG – Electrical Consultants, Inc.

**5. NOTICE OF ANNUAL MEETING, PROOF OF PUBLICATION, AND MINUTES.** JASON SWANZ read the Notice of the 84<sup>th</sup> Annual Meeting of the Membership and displayed the Proof of Publication. As the minutes were presented in written form, BILL STEEL moved to dispense with the reading of the 2021 annual meeting minutes. GEORGE DENGEL seconded the motion. Motion carried unanimously. TOM OSBORNE moved to approve the 2021 annual meeting minutes. JIM JOHNKE seconded the motion. Motion carried unanimously.

**6. ELECTION AND CREDENTIALS COMMITTEE.** BRYAN GATZ – district 2, chairman of the Election and Credentials Committee, informed the membership that 136 members registered thus a quorum was met. GATZ introduced the other members of the Election and Credentials Committee: DARLA WICKENS – district 1; JULIE EWEN – district 3; DIANE IVERSON – district 4; CHERYL GOFFENA – district 5; and RICHARD HOLZER – district 7. There was no member representative for district 6.

**7. EMPLOYEE INTRODUCTIONS AND YEARS OF SERVICE RECOGNITION AWARDS.** TERRY FROST recognized board members and employees for their years of service: JACOB GRENSTEN – 5 years; CATHY KOMBOL – 5 years; SUE WERDIN – 10 years; ERIKA MATTALIANO – 20 years; BRET OPHUS – 30 years; and DALE RIKALA – 30 years. TERRY FROST then recognized each of the remaining Lewistown and Roundup employees.

**8. PRESIDENT'S REPORT.** PRESIDENT PAUL DESCHEEMAERKER welcomed the members to their Annual Meeting and thanked them for their support and feedback throughout the years. DESCHEEMAERKER stated that "Fergus Electric Cooperative is a member-owned cooperative, which means, as members, we have ownership in all the poles and wires carrying energy to our homes and businesses. Whether reporting outages or problems, such as a broken guy wire or a tree in the line, it helps our crews keep our system safe and dependable." DESCHEEMAERKER reminded the members that we all share a responsibility, and he thanked them for doing their part. DESCHEEMAERKER said that the co-op's new Automated Metering Infrastructure (AMI) system is online and working well. He noted that the co-op's engineers and line crews are to be commended for completion of this project in such a timely manner. DESCHEEMAERKER spoke about the

benefits of the AMI system. The membership can access their usage information via SmartHub to see spikes in usage or confirm a pump is running at a remote stock well. He told the members that your use of energy will be at their fingertips, and they will be able to make informed decisions more quickly about their energy consumption with this metering system. He told them that the co-op wants the membership to understand the billing rates and reminded them that office staff would be happy to assist with any billing questions they may have. DESCHEEMAERKER reported that Fergus Electric is growing, which creates challenges and provides opportunities for our members and the co-op. He shared that irrigation accounts have been growing in the last couple of years and larger loads have contacted the co-op expressing interest in becoming a member and the likelihood of Fergus Electric serving these loads is quite high. DESCHEEMAERKER told the membership that growth is good for members because costs would be spread over more meters and the kilowatt hours sold ensure stable rates into the future. DESCHEEMAERKER reported that during the December 2021 Strategic Planning meeting goals were set for infrastructure buildout, including two transmission rebuilds and a new office and truck garage in Roundup. He explained that these are projects the board and staff feel are needed to keep up with current and future growth while making the co-op's system more robust. DESCHEEMAERKER encouraged members to support the building project in Roundup saying that the co-op acquired land for this building 20 years ago in anticipation of this need. He reported that the co-op has sold two parcels of property in the Roundup area that were no longer needed. DESCHEEMAERKER told the membership that he was happy to convey that Fergus Electric does not anticipate a rate increase in 2022 and reminded the members that the co-op has not had an increase in over a decade. He said that the co-op works diligently to keep costs down and provide reliable service to our membership. DESCHEEMAERKER reported that the co-op currently has a relatively high equity ratio due to long-term debt that the co-op has paid down over the last few years which was tied to interest rates of five to seven percent. DESCHEEMAERKER noted that the board had taken the opportunity to become a one hundred percent CFC borrower, explaining that CFC is a nonprofit finance cooperative with more than thirty billion dollars in assets. DESCHEEMAERKER said that there are many advantages to going one hundred percent CFC including more flexible financing and industry leading interest rates. He noted that Fergus Electric will receive basis point reductions going forward. Lastly, PRESIDENT DESCHEEMAERKER recalled last year's relentless fire season and on behalf of the Board and the co-op, offered his condolences and support to all the neighbors who lost property, grass, fences, livestock, electricity, and precious items that cannot be replaced. Central Montana was hit hard. Denton, Winifred, Roundup, and the South Moccasin Mountain were a few of the many areas affected by drought and fires. DESCHEEMAERKER told the members that the co-op thanks all the people in the area who helped fight the fires in any capacity and noted how very lucky we are to live among such people. He expressed how blessed we are on this ninth day of June to have moisture, which allows optimism and hope for the summer, and fall of 2022. DESCHEEMAERKER closed by assuring the members that Fergus Electric is here to be of service during these uncertain times and thanked the members for attending.

**9. MANAGER'S REPORT INCLUDING 2021 FINANCIAL SUMMARY.** GENERAL MANAGER CARSON SWEENEY thanked the membership for attending, saying he appreciated them taking the time to attend and actively participate in their cooperative. SWEENEY encouraged the members to stay engaged by reading the co-op's messages in the Fergus Features section of the monthly Rural Montana magazine. SWEENEY reported that Basin Electric Power Cooperative, Fergus Electric's power supplier, provides power to 131 individual electric cooperatives across nine states. SWEENEY said that he and PRESIDENT DESCHEEMAERKER worked with the Basin Board of Directors to significantly reduce the co-op's wholesale power costs going forward and that at a recent Fergus Electric Board meeting, Basin's Senior Vice President of Members Services and Administration presented a forecast for long-term stability in wholesale power rates. SWEENEY reported that the co-op had another strong year of member growth in 2021. The co-op's operations team installed 147 new services, replaced 185 poles, constructed 19.32 miles of line, replaced 5,024 meters, and installed 733 relays for the new AMI metering system. In addition, the crews patrolled 745 miles of overhead distribution line and 50 miles of transmission line. SWEENEY reported that in 2021 the patrol program was expanded to include utilizing an aerial drone to inspect power lines. This technology is more efficient, less invasive to the landowners than standard line patrol, and it provides videos that can be reviewed, paused, and viewed again. SWEENEY spoke to the present challenge of material delays and long lead times, which has impacted the co-op's capital projects planned for 2022 and will likely impact member projects later this year. SWEENEY noted that the co-op is diligently working with material suppliers to secure the goods necessary to meet the needs of our members. SWEENEY reported that managing wildfire risk is a top priority stating that the operations team will be developing a two-person Right of Way maintenance crew to trim trees along the co-op's power lines and test the structural integrity of the wood power poles. SWEENEY reported that since January 2022, Basin Electric's dispatch service began handling Fergus Electric's calls after normal business

hours and said that the co-op is very impressed with their service. SWEENEY reported that after a three-year installation period, the new AMI meter system was completed in the first quarter of 2022. SWEENEY noted the benefits of the new system and told that the engineering team is currently working on additional features that we expect to showcase to the membership in 2023. SWEENEY reported that the co-op's strategic plan includes consistent maintenance and increased investment in the replacement of our existing infrastructure. The co-op is currently in the engineering and design stages of a 24-mile 50kV transmission line replacement from Hilger to Winifred, with expectations to bid the project at the end of this year for construction in 2023. Long-term plans include replacement of additional transmission line segments including Hilger to Roy, and Roy to Grass Range. SWEENEY reported that another project within the co-op's strategic plan is a new facility in Roundup, Montana. The project has been discussed as a need for over 20 years. The current facility, once a railroad depot, is inadequate in size and unable to store the material and equipment the co-op membership invests in. SWEENEY said that during the 2021 annual meeting, members were asked to provide input on the co-op's plan to build a new facility on the 5.7 acres of land located 1.6 miles east of Roundup on Highway 12 that Fergus Electric purchased back in 2002. The feedback was positive, and the project was strongly supported. SWEENEY reported that the proposed building will provide protection from the elements for our expensive line trucks and bucket trucks. SWEENEY pointed to the video screens, which displayed a drawing and layout of the proposed facility. SWEENEY stated that the proposed building will be a 14,000 square foot metal building and will include 12,000 square feet of space for equipment storage and a material warehouse, 1,000 square feet of office space and 1,000 square feet for a boardroom meeting area. SWEENEY reported that quotes have ranged from \$1,400,000 to \$1,800,000. SWEENEY told the membership that the co-op bylaws require membership approval of a capital investment of this size. He said that Fergus Electric rates have not increased since 2011 and a rate increase is not expected in 2022. The co-op continues to have strong margins with consistent capital credit retirements and investments in co-op equipment and infrastructure. SWEENEY reported that over the last five years the co-op has returned \$5,682,262.29 in capital credits to the membership. SWEENEY told the members that this project has been put on the back burner for over 20 years. The Roundup community is growing, and the membership is increasing. SWEENEY said that he believes this building will be a sound investment for the co-op's membership. SWEENEY thanked the employees for the fine work they provide the co-op's members each day. He thanked Fergus Electric's board of directors for supporting him in his position saying that "we are an effective team with a unified mission. Each day, our kind, respectful and hardworking employees are putting in the effort necessary to maintain 4,000 miles of line to 6,743 meters. It is an absolute privilege to work with each of them." SWEENEY closed by thanking SENIOR BILLING CLERK, SUSIE HINKLEY for her 32 years of dedicated service. HINKLEY has not set a firm retirement date, but she expects to attend the meeting next year as a member hoping to win one of the many great prizes. SWEENEY thanked the members for attending and offered to answer questions from the membership. There were no questions from the membership.

**10. AUDITOR'S REPORT.** AUDITOR CORY WHEELER of Smith, Lange & Halley, P.C. reviewed the annual financial report and stated that everything was in order. There were no questions from the membership.

**11. MECA'S REPORT INCLUDING LEGISLATIVE UPDATE AND MISCELLANEOUS.** MONTANA ELECTRIC COOPERATIVES' ASSOCIATION COMMUNICATIONS DIRECTOR AND EDITOR, RYAN HALL thanked Fergus Electric for inviting him saying that his first ever annual meeting was at Fergus Electric 10 years ago. HALL acknowledged TERRY FROST who serves on the MECA Board of Directors, and he talked about Fergus Electric Co-op's insert pages that appear in the monthly *Rural Montana* magazine. HALL gave an informative update on current federal and state legislative issues that are being sponsored or challenged in Montana and Washington, D. C. HALL provided MECA's stance on each issue.

**12. FIRST BATCH OF PRIZES.** TERRY FROST announced the winners of the first drawing of prizes.

**13. NOMINATING COMMITTEES' REPORTS.** KEITH GEARY, representing the district 1 nominating committee, introduced incumbent PAUL DESCHEEMAER, the district 1 candidate seeking a board position. LESLIE CAVILL, representing the district 6 nominating committee, introduced incumbent JASON SWANZ, the district 6 candidate seeking a board position. Each candidate gave a short speech.

**14. VOTE BY ACCLAMATION.** As the election for directors was uncontested, JIM JOHNKE moved to dispense with paper ballots and seat incumbent district 1 candidate PAUL DESCHEEMAER and incumbent district 6 candidate JASON SWANZ by acclamation. DAVE PHIFER seconded the motion, which carried unanimously. PAUL DESCHEEMAER was re-elected to be seated for an additional three-year term in

district 1 and JASON SWANZ was re-elected to be seated for an additional three-year term in district 6.

**15. SCHOLARSHIP PRESENTATIONS.** JASON SWANZ announced that JACY AYERS was awarded the Basin Electric Power Cooperative scholarship of \$1,000; and ELIZABETH HICKEY was awarded the Fergus Electric Cooperative scholarship of \$1,000. AYERS and HICKEY each gave a brief speech. Fergus Electric Cooperative recently awarded two \$6,000.00 lineman scholarships. The recipients were TRAVIS SURA and NOLAN FRY. JASON SWANZ read thank you letters from SURA and FRY.

**16. VOTE FOR THE PROPOSED BUILDING IN ROUNDUP.** PRESIDENT PAUL DESCHEEMAERKER asked the membership if there was any other discussion on the vote for the proposed building in Roundup. DESCHEEMAERKER said that during registration, each member received a ballot to vote on the proposed building in Roundup. Receiving no questions from the members, DESCHEEMAERKER asked the members to cast their vote informing them that the Election and Credentials Committee would count the ballots.

**17. LUCK OF THE DRAW SCHOLARSHIPS.** JASON SWANZ reported that Fergus Electric wanted to give special acknowledgement and a big thank you to the CHARLIE GUINN and SUSAN KNEDLER ESTATE which donated approximately \$70,000 in Capital Credits to Fergus Electric, to be used for educational purposes, such as scholarships. CATHY KOMBOL then reported that Fergus Electric was proud to provide scholarships to students growing up in Fergus Electric Cooperative households. In 2016, the "Luck of the Draw" scholarship policy was adopted with the intent to formalize the long-standing practice of awarding scholarships to students at the Cooperative's annual meeting. KOMBOL invited the 19 scholarship applicants to come forward then she announced that they each would be awarded a \$1,000 scholarship, which would be issued to the college in which they were enrolled. The 2022 "Luck of the Draw" scholarship recipients are: ALLISON DENTON, MSU Bozeman; HAYLEY STAHL, Sheridan College; CATE COTA, Greenville University; JACY AYERS, MSU Bozeman; TESSA GATZ, Sheridan College; GRADY GILPATRICK, MSU Bozeman; COLIN GILPATRICK, MSU Northern; ASHTON DEEGAN, MSU Bozeman; ANTHONY DEMARS, MSU Northern; LEVI BOYLES, West Coast Baptist College; REBA WATSON, U of M; SKYLER ZUFELT, MSU Bozeman; EVELYN MILLER, Laramie County Community College; ELIZABETH HICKEY, MSU Bozeman; CARTER DERKS, MSU Northern; DANIELLE HORAN, MSU Bozeman; KENDALL BARTA, MSU Northern; MASON HARRISON, Rocky Mountain College; and CHLOE DERKS, MSU Bozeman.

**18. PROPOSED BUILDING VOTE RESULTS.** CHAIR OF ELECTION AND CREDENTIALS COMMITTEE BRYAN GATZ announced the results of the vote were as follows: One hundred twelve votes in favor and nine votes against. PRESIDENT PAUL DESCHEEMAERKER thanked the membership for supporting the co-op building and investing in the Roundup community and the membership we proudly serve throughout the area. He said, to reiterate what MANAGER CARSON SWEENEY said, we need to provide our Roundup employees with a secure indoor space for their equipment and materials, so they can respond to members' needs quickly and efficiently. We will provide updates as the construction progresses. DESCHEEMAERKER thanked everyone for their continued vote of confidence in the cooperative.

**19. OPEN BUSINESS.** PRESIDENT PAUL DESCHEEMAERKER asked if anyone had any additional business to bring forth at this Annual Meeting of the Membership. There was none.

**20. PRIZES.** The second drawing for prizes took place. After which, BRAD ARNTZEN drew the name for the grand prize, which was \$1,000.00 credit on the winning member's account. The name drawn was JERRY VAN HAUR. The flowering potted plants, which decorated the tables, were awarded to members via stickers on the agendas.

**21. MEETING ADJOURNED.** With no further business, PRESIDENT PAUL DESCHEEMAERKER adjourned the meeting at 2:33 p.m.

SECRETARY \_\_\_\_\_

ATTEST:

PRESIDENT \_\_\_\_\_