

**MINUTES – 85TH ANNUAL MEETING OF THE MEMBERSHIP – JUNE 08, 2023
FERGUS ELECTRIC COOPERATIVE, INC.**

1. 85TH ANNUAL MEETING. The 85th Annual Meeting of Fergus Electric Cooperative, Inc. convened June 08, 2023, 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 149 registered members and approximately 161 additional guests were present.

2. CALLED TO ORDER. The meeting was called to order at 1:00 p.m. by PRESIDENT PAUL DESCHEEMAER. JASON SWANZ was secretary and JANINE RIFE DIDIER was scrivener. Board members present were BRAD ARNTZEN, BOB EVANS, TERRY FROST, CATHY KOMBOL, BRETT MAXWELL, and JASON SWANZ. GENERAL MANAGER CARSON SWEENEY, and CORPORATE COUNSEL KRIS BIRDWELL were also present.

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

4. INTRODUCTIONS. PRESIDENT DESCHEEMAER introduced the Board of Directors and their spouses. DESCHEEMAER 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; SUSAN HINKLEY – former Fergus Electric senior billing clerk; and GUY JOHNSON – former Fergus Electric staking engineer. CHRIS CHRISTENSEN – NorVal Electric Cooperative Board Member; RYAN HALL – MECA Communications Director; JAMES BERGSTROM – Representative House District 30; DAVID MOHR – Anixter; and ROB HURTIG and DAVE MAEHL, PE, – Electrical Consultants, Inc.

5. NOTICE OF ANNUAL MEETING, PROOF OF PUBLICATION, AND MINUTES. JASON SWANZ read the Notice of the 85th Annual Meeting of the Membership and displayed the Proof of Publication. As the minutes were presented in written form, JIM JOHNKE moved to dispense with the reading of the 2022 annual meeting minutes. SCOTT SWEENEY seconded the motion. Motion carried unanimously. JIM JOHNKE moved to approve the 2022 annual meeting minutes. STEVE BALSTER 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 149 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; and DIANE IVERSON – district 4; Member representatives CHERYL GOFFENA – district 5; IAN GLENNIE – district 6; and RICHARD HOLZER – district 7.

7. EMPLOYEE INTRODUCTIONS AND YEARS OF SERVICE RECOGNITION AWARDS. JANINE RIFE DIDIER recognized board members and employees for their years of service: JASON DEFFINBAUGH – 5 years; BRETT MAXWELL – 5 years; DAKOTA WAHL – 5 years; and SALLY HORACEK – 45 years. JANINE RIFE DIDIER then recognized each of the remaining Lewistown and Roundup employees.

8. PRESIDENT'S REPORT. PRESIDENT PAUL DESCHEEMAER welcomed the members to their Annual Meeting and thanked them for their support and feedback throughout the years. DESCHEEMAER said that most of his comments would focus on reliability. He said that nationally, the electric grid is, in some cases, old and outdated, and in other cases, we have capacity issues. All these national issues affect Fergus Electric. DESCHEEMAER said that Fergus Electric is a distribution co-op. Our job is to distribute reliable electricity to our members at an affordable cost, which we strive to do by continuously repairing, maintaining, growing, and upgrading our system. The problem we face is we are only as reliable as the generation facilities and the transmission infrastructure we depend on for electricity to distribute to you, our members. DESCHEEMAER reported that he, SECRETARY/TREASURER JASON SWANZ and GENERAL MANAGER CARSON SWEENEY had recently attended an annual legislative rally in Washington D.C. sponsored by our national association, NRECA. He said, there they joined other Montana delegates and electric

co-op leaders from across the country to voice their concerns to congress and others. What it boils down to is reliability and affordability. And permitting. DESCHEEMAERKER said that there are literally hundreds of stranded generation projects that cannot tie into the grid because of the permitting backlog for transmission lines. DESCHEEMAERKER reported that construction has begun on the Roundup shop/office building. It will be located 1.5 miles east of Roundup on land Fergus Electric purchased several years ago along Highway 12. This project was brought before the membership last year. After the overwhelming approval from the members, the board directed the leadership team to put together a plan to construct a building. After months of planning and design, the project is moving forward. The Roundup area is arguably the fastest growing area of our system. We anticipate a very functional, accessible office to serve our members for many years. Completion is scheduled for November 2023. DESCHEEMAERKER closed by thanking the employees for their longevity with the co-op, stating that OFFICE MANAGER SALLY HORACEK has 45 years with the co-op. He said that the co-op has a workforce that is very committed, cohesive, and prepared to move the co-op forward well into the future, adding, "please join me in saying thank you to all our employees."

9. MANAGER'S REPORT INCLUDING 2022 FINANCIAL SUMMARY. GENERAL MANAGER CARSON SWEENEY thanked the membership for attending Fergus Electric's 85th Annual Meeting. SWEENEY said that 85 years marks a significant milestone for the member-owned cooperative. He recently reviewed archived meeting documents as far back as 1938 and was humbled as he considered the insight of those founding members. SWEENEY told the members that the co-op has a serious responsibility to ensure our electric cooperative has a solid foundation for another 85 years. SWEENEY told the members that the annual meeting is the co-op's opportunity to showcase the work the employee group has accomplished while also clearly communicating goals for the future. He encouraged the members to stay engaged by reading the Fergus Features section in the Rural Montana magazine. SWEENEY reported that Fergus Electric had another strong year of growth in 2022. The co-op installed 154 new services, 54 of which were in the Roundup area. He said 255 new poles were added and 235 old poles were retired. SWEENEY said that the co-op replaced 13,576' of underground primary cable to help improve system reliability in areas with old legacy cable that troubled members with outages. Line crews constructed 23.43 miles of new power lines and patrolled 705 miles of electric lines via our aerial line inspection program. SWEENEY said that the co-op continues to utilize aerial drones to inspect overhead power lines. The drone captures high-definition video of the powerline from approximately six feet away. SWEENEY reported that in 2022, our linemen fixed 951 maintenance items that were identified during the 2021-line patrol. This level of commitment to maintaining our lines will reduce outage frequency and duration and improve system reliability. SWEENEY reported that the co-op's engineering team is working on plans to replace infrastructure while also preparing for increases in electrical loads from new member growth. The co-op recently awarded a local Montana company, Red Rock Power, the bid to construct a new 24-mile 50kV transmission power line from Hilger to Winifred. Construction of the project is expected to begin in September 2023 and conclude in April 2024. This new line is a long-term investment that will significantly reduce outages for co-op members in the area. SWEENEY told the members that the billing department recently completed a large project that revised and improved the format of the bill that is mailed out each month. The new bill format provides detailed information to help each member understand how and when they consume electrical energy. SWEENEY reported that the co-op's power supplier, Basin Electric Power Cooperative, in Bismarck, ND, had a strong financial year in 2022 and their Board of Directors approved a rate decrease for all member cooperatives beginning January 1, 2023. These savings continue to help Fergus Electric maintain stable rates. Fergus Electric has sustained 12 years straight without a rate increase and it does not expect a rate increase in 2023. Fergus Electric continues to have strong margins with consistent capital credit retirements and investments in the co-op's equipment and infrastructure. SWEENEY reported that Basin's monthly power costs to Fergus Electric include two large expenses: Peak demand and total energy consumption. The peak demand charge represents 56% of the co-op's monthly costs while total energy consumption makes up the other 44%. SWEENEY said, to better align our expenses with our revenue, we are working towards modifying and simplifying the rate structure we offer to our members. Fergus Electric has recently completed a cost-of-service analysis to review our existing rate structure as compared to our monthly business expenses. SWEENEY said the new rate structure will include a monthly base charge, a kWh energy charge, and a Peak kW demand charge. The rate changes will be revenue neutral for Fergus Electric but may slightly increase or decrease a member's monthly bill based on their rate class and usage profile. The intent of these changes to better align the co-op's monthly expenses with its monthly revenues is occurring at a time when the co-op's finances are stable and there is no need for a rate increase. SWEENEY added that increasing costs in every sector of our business will eventually lead us to an inevitable rate increase. He hoped the membership would be supportive of small, regular increases, when that time comes. SWEENEY thanked the employees for the fine work they provided for our cooperative members, saying that working with them is an absolute privilege.

He said that the co-op has a dedicated and active Board of Directors who are involved in electric cooperative issues at a state and federal level. The employees and directors make a strong team who work on behalf of the membership. SWEENEY closed by thanking the members for their time and insight as we work together for the betterment of Fergus Electric Cooperative.

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 to speak. HALL reported that MECA was pleased that HB 320, the Move Over Law passed in the legislature and was signed into law by Governor Greg Gianforte on April 18, 2023. HALL said that electric utility vehicles are included in the law. 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. OFFICE MANAGER SALLY HORACEK reported on the nominating committees and candidate process. BRYAN GATZ, district 2 nominating committee chair introduced incumbent BRETT MAXWELL. JIM JOHNKE, district 4 nominating committee chair introduced incumbent CATHY KOMBOL. Each candidate gave a short speech.

14. VOTE BY ACCLAMATION. As the election for directors was uncontested, ED EVANS moved to dispense with paper ballots and seat incumbent district 2 candidate BRETT MAXWELL and incumbent district 4 candidate CATHY KOMBOL by acclamation. ELLEN SIEFERT seconded the motion, which carried unanimously. BRETT MAXWELL was re-elected to be seated for an additional three-year term in district 2 and CATHY KOMBOL was re-elected to be seated for an additional three-year term in district 4.

15. SCHOLARSHIP ACKNOWLEDGEMENTS. JASON SWANZ announced that KATE MAXWELL was THE 2022 Washington DC Youth Tour Winner. MAXWELL reported on her wonderful trip to Washington D.C. JASON SWANZ announced that DAMEN MCCORD was awarded the \$6,000 lineman scholarship; RILEY OBERT was awarded the \$1,000 Basin Electric Scholarship; Brooke Weinheimer was awarded the \$1,000 Fergus Electric Scholarship; and HAYLEY STAHL was awarded the \$1,000 Members 1st Scholarship.

16. GUEST SPEAKER CHRIS CHRISTENSEN. PRESIDENT PAUL DESCHEEMAERKER introduced NRECA'S Past President, current NorVal Electric Cooperative Director, and rancher from Hinsdale, Montana, CHRIS CHRISTENSEN. CHRISTENSEN reported that there are 42 million people who are members of co-ops, saying, "co-op members have power". CHRISTENSEN delivered a message that was informative and relatable. His personal stories, sprinkled with a bit of humor, were familiar to people with a rural background and resonated with the members. CHRISTENSEN talked about his family having paid an inheritance tax three times. He said he wrote a story about it and was invited to go to Washington, D.C. as President Bush wanted him there when he signed the bill permitting two million dollars in assets to be inherited tax free. CHRISTENSEN said that regrettably, he turned down the invitation. CHRISTENSEN said that he promotes continuous learning. He talked about when NRECA was established, electric vehicles, the microgrid, cybersecurity and said he advocates co-op training for and providing the tools needed to be cyber secure.

17. LUCK OF THE DRAW SCHOLARSHIPS. CATHY KOMBOL reported that Fergus Electric is proud to provide scholarships to students growing up in Fergus Electric Cooperative households. To this end, 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 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. KOMBOL announced that 33 students had entered for a chance to win a \$1,000 scholarship in the Luck of the Draw drawing. KOMBOL said that in consideration of the donated capital credits, the Board of Directors were awarding a \$1,000 scholarship to each student who had completed a Luck of the Draw application, and a check would be issued to the college in which the student was enrolled.

The 2023 "Luck of the Draw" scholarship recipients are: TRINITY EDWARDS, Carroll College; ASHER EDWARDS, Rocky Mountain College; JADA SOUTHWORTH, Miles Community College; CARSON BARTA, University of Montana-Western; LEVI BOYLES, West Coast Baptist College; EVELYN MILLER, Laramie County Community College; ABRAM FRIESEN, Tabor College; DAKOTA AUCK, Dickinson State University; TRAVIS MCALPIN, Minnesota State Community & Tech College; JESSICA HORAN, Washington State University of Veterinary Medicine; COLE MARTIN, Flathead Community College; MEGAN MAXWELL, University of Jamestown; CADEN EPPERSON, MSU Bozeman; LAYTON TUCEK, Montana Tech-University of MT; RILEY OBERT, University of Montana; TESSA GATZ, MSU Great Falls College; CARTER DERKS, MSU Northern; HAYLEY STAHL, Sheridan College; JUNE LEPAGE, Carroll College; JACY AYERS, MSU Bozeman; REBA WATSON, University of Montana; ALLISON DENTON, MSU Bozeman; LEXIE GOETTLICH, MSU Bozeman; ELIZABETH HICKEY, MSU Bozeman; BROOKE WEINHEIMER, MSU Bozeman; DANIELLE HORAN, MSU Bozeman; CALLIE DONALDSON, MSU Bozeman; PARKER DONALDSON, MSU Bozeman; ASHTON DEEGAN, MSU Bozeman; ASHTON MOSEMAN, MSU Bozeman; THOMAS Q. HORAN, MSU Bozeman; AMANDA SWEENEY, University of Montana; and ELLA SHULTZ, Opal Beauty Academy.

18. OPEN BUSINESS. PRESIDENT PAUL DESCHEEMAERKER asked if anyone had any additional business to bring forth at this Annual Meeting of the Membership. Four members asked questions which were answered by the Board and Manager.

19. PRIZES. The second drawing for prizes took place. After which, BRAD ARNTZEN drew the names for two grand prizes, which were \$500.00 credits on each of the winning members' accounts. The names drawn were ROB LANGFORD and MARY BETH ROY. The flowering potted plants, which decorated the tables, were awarded to members via stickers on the agendas.

20. MEETING ADJOURNED. With no further business, PRESIDENT PAUL DESCHEEMAERKER adjourned the meeting at 3:16 p.m.

SECRETARY



ATTEST:

PRESIDENT

