

**MINUTES
GENERAL BOARD MEETING, AUGUST 30, 2018
FERGUS ELECTRIC COOPERATIVE, INC.**

- 1. GENERAL MEETING CALLED TO ORDER.** The Fergus Electric Cooperative, Inc. Board of Trustees met in general session August 30, 2018 with VICE PRESIDENT PAUL DESCHEEMAERKER calling the meeting to order at 9 a.m. TERRY FROST was secretary and VANGIE McCONNELL was scrivener. Other board members present were BRAD ARNTZEN, CATHY KOMBOL, BRETT MAXWELL and JASON SWANZ. BOB EVANS was unable to take part via conference call due to poor cell service. GENERAL MANAGER SCOTT SWEENEY, ASSISTANT GENERAL MANAGER DAVID DOVER, CORPORATE COUNSEL KRIS BIRDWELL, LINE SUPERINTENDENT DALE RIKALA, OFFICE MANAGER SALLY HORACEK and FINANCIAL ANALYST JANINE RIFE DIDIER were also present.
- 2. PUBLIC COMMENT PERIOD.** The Board noted the regular time for member input relative to any issue of interest or importance to them. No member appeared.
- 3. APPROVAL OF AGENDA.** After reviewing the meeting agenda, JASON SWANZ moved to approve it. TERRY FROST seconded the motion, which carried unanimously.
- 4. APPROVAL OF MINUTES OF PREVIOUS MEETING.** After reviewing the minutes of the July 26, 2018 general meeting and discussing them, BRETT MAXWELL moved their approval. BRAD ARNTZEN seconded the motion, which carried unanimously.
- 5. APPROVE TRANSMISSION LINE CONTRACT.** The Board discussed the 50kV rebuild from Carters Substation north towards Hilger – about seven miles in length. TERRY FROST moved to approve the bid from Rocky Mountain Contractors for \$1,124,922.39. JASON SWANZ seconded the motion which carried unanimously. To minimize power outages to the Hilger and Winifred substations, most of the work will be done with the 50kV line energized.
- 6. NRTC – AMI METERING SYSTEM.** MANAGER SWEENEY noted that RICH HALLORAN of PRECorp is helping Fergus Electric to evaluate the contract for the new metering system. The goal is to have a contract similar to PRECorp. Both co-ops will use Honeywell/Elster meters.
- 7. BOARD RETREAT.** MANAGER SWEENEY reviewed the agenda for the Board Retreat set for October 24-25 at the Judith Mountain Lodge. ERIC ANDERSON and ARRON STALLING of CFC will serve as moderators. Each director was quizzed as to ideas for the agenda. The list will be provided to management for review and three or four topics will be selected for discussion.
- 8. POLE CHANGE OUTS.** The 2018 Budget approved changing out 300 distribution poles. Discussion covered increasing that number for 2019. LINE SUPERINTENDENT DALE RIKALA suggested having line personnel change 300 poles and hiring a contractor to change out an additional 600. RIKALA also reported that construction on the truck garage is progressing nicely and that \$250,000 has been paid out so far.
- 9. PRECORP/MEMBERS 1ST.** MANAGER SWEENEY and PAUL DESCHEEMAERKER reported on the meeting that took place August 21 in Gillette, Wyoming. BOB EVANS attended the PRECorp Annual Meeting in Gillette on August 25 where three incumbents were re-elected. Fergus Electric's meter technician, BRIAN GODBEY, was in the Sundance/Hulett area on August 21-22 working with PRECorp crews on their initial test of the first 100 new meters and communications.
- 10. SANDFIRE RESOURCES (BLACK BUTTE) COPPER MINE.** ASSISTANT MANAGER DAVID DOVER reported that STAKING ENGINEER MELANIE FORAN has continued to update the cost schedule and timeline for the construction of the 100kV line. The mine's schedule with the DEQ has slipped about three months and the Draft EIS is expected this "fall" with the Record of Decision scheduled for February 2019. ROB SCARGILL has been named CEO.
- 11. BASIN ELECTRIC POWER COOPERATIVE.** A short video on the services Basin Electric offers was viewed.

12. MANAGEMENT INTERNSHIP PROGRAM. ASSISTANT MANAGER DAVID DOVER reported on the first session of a three-part Management Internship Program. Even though attendees represented a diverse cross-section of US electric cooperatives, there were many similarities in what individual home cooperatives are dealing with. The first session covered basic topics such as communication, construction work plans, financial statements, safety, power supply and organizational work processes. The second session is scheduled for November 4 – 15.

13. FINANCIAL AND OTHER MONTHLY REPORTS. GENERAL MANAGER SCOTT SWEENEY presented financial and other monthly reports to the Board for discussion. The reports included the July operating report prepared by OFFICE MANAGER SALLY HORACEK and July analysis of operating statistics prepared by FINANCIAL ANALYST JANINE RIFE DIDIER.

14. OPERATIONS REPORT. LINE SUPERINTENDENT DALE RIKALA reviewed the August 27, 2018 operations report covering operations and maintenance, engineering and safety. He noted that new services were installed in the Ryegate, Judith Gap, Denton, Winifred, Grass Range, Roundup and Roy areas. NorthWestern Energy's transmission pole changeout project that feeds the Maiden area is complete. An idle line feeding South Peak, near Geysers, has been retired. MECA's JOHNNIE STANTON discussed PPE Hazard Assessment, Mayday Protocol and Storm Job Safety at the August 2 safety meeting.

15. POWER OUTAGE REPORT. MANAGER SWEENEY and the Board reviewed a report prepared by VANGIE McCONNELL covering power interruptions for January through July.

16. REPORT OF CORPORATE COUNSEL. CORPORATE COUNSEL KRIS BIRDWELL gave an overview of topics covered at NRECA Legal Seminar 58 in Boston August 13 – 14. These included, but were not limited to, easements, board nominating practices and selection process, health benefits for directors, and Flathead lawsuit regarding capital credits.

17. BANK RESOLUTION. The Board reviewed a resolution adding ASSISTANT MANAGER DAVID DOVER as a signer and wire approver for Fergus Electric's bank accounts. After a short discussion, BRETT MAXWELL moved to approve and sign the resolution. JASON SWANZ seconded the motion, which carried unanimously.

18. BAD DEBT WRITE-OFFS. OFFICE MANAGER SALLY HORACEK will be in contact with AUDITOR CORY WHEELER regarding writing off bad debts at the end of the year – not quarterly as is the current practice. This will allow reducing the write-offs by the amount of discounted capital credits.

19. FUTURE WORK ORDER APPROVAL. MANAGER SWEENEY noted that RUS no longer requires two signatures on the Work Order Inventory Form 219. The engineering certification is still required.

20. ZERO CONTACTS. NRECA is promoting an initiative – Commitment to Zero Contacts. MANAGER SWEENEY said Fergus Electric will make the commitment to become a Zero Contact co-op.

21. BOARD POLICY 302. The Board reviewed Policy 302 – Salary, Wage, and Benefit Administration. After discussion, JASON SWANZ moved to amend the policy. BRAD ARNTZEN seconded the motion, which carried unanimously. A copy is attached.

22. BOARD POLICIES 306 AND 309. The Board reviewed Policy 306 – General Manager Compensation and Policy 309 – Guiding Questions for Appraisal of General Manager. No changes were made.

23. BOARD POLICY 310. The Board reviewed Policy 310 – Appraisal of the General Manager. After discussion, TERRY FROST moved to amend the policy. BRAD ARNTZEN seconded the motion, which carried unanimously. A copy is attached.

24. BOARD POLICY 311. The Board reviewed Policy 311 – Employee, Director, Dependent Pensions and Benefits. After discussion, the policy was tabled for further review.

25. NRECA REGION 9, ANCHORAGE. After a short discussion, JASON SWANZ nominated BRAD ARNTZEN as CFC voting delegate to the Sept. 25-27 Region 9 meeting in Anchorage, Alaska. TERRY FROST seconded the motion which carried unanimously.

26. MECA OFFICE MANAGERS MEETING. OFFICE MANAGER SALLY HORACEK reported on the meeting that took place August 20-22 in Red Lodge. New NRECA field representative, LORI SLABODA, spoke to the group as did RUS field representative DENVER SCHLAEPPI. A CFC representative spoke on understanding cost of service and an NRECA representative covered cyber security.

27. ESTATE CAPITAL CREDITS. The Board reviewed the August 2018 estate capital credit retirements of \$16,921.98. TERRY FROST moved to affirm the retirements and BRETT MAXWELL seconded the motion, which carried unanimously.

28. DELINQUENT ACCOUNTS/NEW MEMBERS LIST. The Board reviewed the delinquent accounts showing those that were paid in full and those that were still owing. A list of new members was also reviewed.

29. MANAGER SWEENEY'S SCHEDULE. MANAGER SWEENEY reported that he will be out of the office September 12 – October 14. He will be attending co-op-related meetings and then he will be on vacation. ASSISTANT MANAGER DAVID DOVER will serve as manager during his absence.

30. FUTURE MEETINGS.

- a. Sandfire Tour, White Sulphur, Sept. 1, Oct. 5, Nov. 1 – 10 a.m.
- b. NWPPA Board, Walla Walla, Sept. 13-14
- c. Safety Meeting, Sept. 19 – NRECA Field Representative Lori Slaboda
- d. NRECA Region 9, Anchorage, Sept. 25-27
- e. FEC Board, Sept. 28 – 9 a.m., Oct. 25 – 1 p.m., Nov. 30 – 1 p.m., Dec. 20 -10 a.m.
- f. BLC Course 955.1 – Your Board's Culture: Its Impact on Effectiveness, Great Falls, Oct. 1
- g. MECA Annual and Today's Members Program, Great Falls, Oct. 1-4
- h. Board Retreat with CFC, Oct. 24-25
- i. Christmas Dinner, Elks, Fri., Nov. 30

31. NEWS FROM THE DISTRICTS.

32. ADJOURNMENT. VICE PRESIDENT PAUL DESCHEEMAERKER adjourned the meeting at 4:30 p.m.

SECRETARY _____ ATTEST: PRESIDENT _____