

MINUTES
GENERAL BOARD MEETING, JANUARY 31, 2019
FERGUS ELECTRIC COOPERATIVE, INC.

- 1. GENERAL MEETING CALLED TO ORDER.** The Fergus Electric Cooperative, Inc. Board of Trustees met in general session December 19, 2018 with VICE PRESIDENT PAUL DESCHEEMAER calling the meeting to order at 10 a.m. JANINE RIFE DIDIER was scrivener. Other board members present were BRAD ARNTZEN, TERRY FROST, CATHY KOMBOL, BRETT MAXWELL, JASON SWANZ and BOB EVANS via telephone. GENERAL MANAGER SCOTT SWEENEY, ASSISTANT GENERAL MANAGER DAVID DOVER, CORPORATE COUNSEL KRIS BIRDWELL, LINE SUPERINTENDENT DALE RIKALA and OFFICE MANAGER SALLY HORACEK were also present.
- 2. PUBLIC COMMENT PERIOD.** CENTRAL MONTANA RESOURCE COUNCIL (CMRC) officers LAURIE LOHRER and LINDA ROCHE and CMRC members BUD BARTA and SCOTT LOHMULLER spoke to Fergus Electric's Board, as members of Fergus Electric Co-op and as representatives of CMRC, about the possibility of the co-op opting to build Phase 2 of Cooperative Solar. The group provided the Board with an update on cooperative solar projects currently operating in Montana, the present and future availability of Federal Tax Credits, and the interest that several of their fellow co-op members have expressed about wanting to purchase solar.
- 3. APPROVAL OF AGENDA.** After reviewing the meeting agenda, BRAD ARNTZEN 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 December 19, 2018 general meeting and discussing them, BRETT MAXWELL moved their approval. JASON SWANZ seconded the motion, which carried unanimously.
- 5. DRAFT BUDGET.** GENERAL MANAGER SCOTT SWEENEY presented the list of expenditures included in the draft budget for the Board's consideration. SWEENEY reported that a complete budget will be presented at the February 2019 board meeting.
- 6. TRANSMISSION LINE UPDATE.** LINE SUPERINTENDENT DALE RIKALA reported that the rebuild is coming along well. The conductor is currently being strung and Rocky Mountain Contractors have a goal of being done by the end of February 2019.
- 7. NEW METERING SYSTEM.** ASSISTANT MANAGER DAVID DOVER gave an overview of the new metering system. DOVER stated that the access points, relay equipment and meters are ordered, and installation of Phase 1 will begin once the items arrive.
- 8. TRUCK GARAGE.** LINE SUPERINTENDENT DALE RIKALA updated the Board on the water installation progress. RIKALA will report on how much kwh was used to heat the new truck garage during the cold period.
- 9. SANDFIRE RESOURCES COPPER MINE.** ASSISTANT MANAGER DAVID DOVER reported that the co-op sent a Letter of Intent and Project Plan to Sandfire Resources for review and comment. DOVER also noted that the DEQ's 60-day waiting period concerning the public notice for obtaining right-of-way ends February 25, 2019.
- 10. FINANCIAL AND OTHER MONTHLY REPORTS.** GENERAL MANAGER SCOTT SWEENEY presented financial and other monthly reports to the Board for discussion. OFFICE MANAGER SALLY HORACEK reviewed the December 31, 2018 operating report. MANAGER SWEENEY acknowledged that the auditors had spent two days in January at the co-op finishing the annual audit and said they were very pleased with Fergus Electric's financials. SWEENEY thanked the office staff for their great work. AUDITOR CORY WHEELER will attend the March 2019 board meeting to give the Board of Directors the results of the 2018 audit of the co-op's financials.

- 11. OPERATIONS REPORT.** LINE SUPERINTENDENT DALE RIKALA told the Board that he contacted AO Smith, the company that built our office boiler and reported a safety hazard issue concerning the contactors, which had caused wiring to melt. The representative with whom he spoke was not helpful. RIKALA then contacted a local electrician who resolved the wiring safety issue. McFarland Cascade's bid to supply poles to the co-op beat our current supplier's bid, so Fergus will contract with McFarland to supply power poles for a three-year term going forward. RIKALA and MANAGER SWEENEY presented the Summary of Construction Work Completed in 2018 report, which was prepared by STAKING ENGINEERS, GUY JOHNSON, MONTE OBERT and MELANIE FORAN.
- 12. POWER OUTAGE REPORT.** GENERAL MANAGER SWEENEY and the Board reviewed a report prepared by VANGIE McCONNELL and JANINE RIFE DIDIER covering power interruptions for January through December 2018.
- 13. FERGUS COUNTY PORT AUTHORITY PROMOTES COMMUNITY CHALLENGE.** GENERAL MANAGER SWEENEY reported that on January 28, ANN TUSS and DAVE BYERLY came to the co-op asking Fergus Electric to commit to a two-year donation pledge of five thousand dollars per year, which would be used to hire a local coordinator who will focus on various aspects of new businesses coming into town as well as working to locate suitable housing for new employees. The Board gave MANAGER SWEENEY authority to make the decision.
- 14. FIRST YEAR ANNIVERSARY.** GENERAL MANAGER SWEENEY and the Board thanked ASSISTANT GENERAL MANAGER DAVID DOVER on his successful completion of his first year of service at the co-op. SWEENEY complimented DOVER on a job well done.
- 15. CAPITAL CREDIT DISTRIBUTIONS EXCEED \$10,000 PAYMENT LIMITATION.** The January 2019 estate capital credit retirements included one distribution greater than ten thousand dollars, which is subject to board review, per Board Policy 220, item VI. Payment Limitation. In addition, there were three general retirement capital credit checks over \$10,000 in November 2018. After review, JASON SWANZ moved to approve the capital credit payments as presented. BRAD ARNTZEN seconded the motion, which carried unanimously.
- 16. ESTATE CAPITAL CREDITS.** The Board reviewed the January 2019 estate capital credit retirements of \$32,863.92 prepared by SUSAN HINKLEY. JASON SWANZ moved to affirm the retirements and CATHY KOMBOL seconded the motion, which carried unanimously.
- 17. BOARD POLICY 220 - ALLOCATING, VESTING AND RETIRING CAPITAL CREDITS.** The Board tabled discussion concerning further review of Board Policy 220 until next month's meeting.
- 18. REPORT OF CORPORATE COUNSEL.** CORPORATE COUNSEL KRIS BIRDWELL reviewed items of importance to the cooperative. COUNSELOR BIRDWELL noted that he has delegated a lot of time to working on capital credit issues presented by SENIOR BILLING CLERK SUSAN HINKLEY.
- 19. PROCESSING CAPITAL CREDITS.** MANAGER SCOTT SWEENEY recognized SUSAN HINKLEY, SENIOR BILLING CLERK for doing a fine job working with capital credits. The Board acknowledged and thanked HINKLEY for the very good work she does.
- 20. COBANK.** GENERAL MANAGER SCOTT SWEENEY presented a Line of Credit Renewal form from CoBank for board officers to sign.
- 21. EXECUTIVE SESSION.** TERRY FROST moved to continue the meeting in an executive session, starting at 2:56 p.m., for the purpose of compensation review and MECA board discussion. BRAD ARNTZEN seconded the motion, which carried unanimously.
- 22. REGULAR MEETING CONTINUES.** BRETT MAXWELL moved to resume the general meeting at 3:30 p.m. and JASON SWANZ seconded, which carried unanimously.

23. CORPORATE COUNSEL RETAINER. TERRY FROST moved to increase KRIS BIRDWELL'S monthly retainer fee in view of COUNSELOR BIRDWELL's countless hours of ongoing work on cooperative issues and other topics on behalf of Fergus Electric and that BIRDWELL has continued to keep Fergus Electric out of legal entanglements. BRAD ARNTZEN seconded the motion, which carried unanimously.

24. WIND DEVELOPER. MANAGER SCOTT SWEENEY reported that Fergus Electric was contacted by a wind developer who is interested in developing a sizeable wind project in Fergus Electric Cooperative's service territory.

25. PRECORP BOARD/MEMBERS 1ST. PAUL DESCHEEMAEKER and MANAGER SWEENEY reported on the January 14, 2019 meeting.

26. SAFETY MEETING/WELLNESS. MANAGER SCOTT SWEENEY reported that CMMC staff were at the co-op on January 17 to conduct their annual wellness screenings for Fergus Electric staff, spouses and directors, and true to form, the event was well attended and appreciated.

27. DIRECTOR COURSES. CATHY KOMBOL and BRETT MAXWELL reported they learned a lot and enjoyed the MECA-sponsored director courses they attended January 22 and 23 at the Yogo Inn, which included 2600 Director Duties and Liabilities, 2610 Understanding the Electric Business, and 2630 Strategic Planning. KOMBOL and MAXWELL thanked the Board for sending them to the classes.

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. Write offs will be presented to the Board for approval at the May 2019 general board meeting.

29. FUTURE MEETINGS.

- a. Safety Meeting, Test Hot Sticks and Personal Grounds, Feb. 13
- b. PRECorp Board, Feb. 19, Gillette
- c. FEC Board, Feb. 28 - 10 a.m., Mar. 28 - 10 a.m., and Apr. 25 - 10 a.m.
- d. Management Internship Program, Feb. 11-22, Madison, WI, David Dover
- e. Nominating Committee Members meet Feb. 20, Yogo Inn, 5:30 p.m.

30. NEWS FROM THE DISTRICTS.

31. ADJOURNMENT. VICE PRESIDENT PAUL DESCHEEMAEKER adjourned the meeting at 3:55 p.m.

SECRETARY Terry Frost ATTEST: PRESIDENT Paul Descheemaeker VP