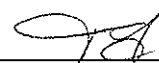
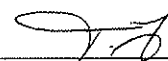


MINUTES
GENERAL BOARD MEETING – MARCH 26, 2015
FERGUS ELECTRIC COOPERATIVE, INC.

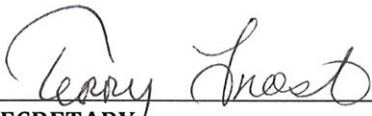
1. **GENERAL MEETING CALLED TO ORDER.** The Fergus Electric Cooperative, Inc. Board of Trustees met in general session March 26, 2015 with PRESIDENT BOB EVANS calling the meeting to order at 9 a.m. TERRY FROST was secretary and VANGIE McCONNELL was scrivener. Other board members present were PAUL DESCHEEMAERKER, JOE DIRKSON, DAVID DOVER, JASON SWANZ, and MIKE VLASTELIC. CORPORATE COUNSEL KRIS BIRDWELL, GENERAL MANAGER SCOTT SWEENEY, OFFICE MANAGER SALLY HORACEK, FINANCIAL ANALYST JANINE RIFE DIDIER, and AUDITOR CORY WHEELER were also present. The Pledge of Allegiance was recited.
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, PAUL DESCHEEMAERKER moved to approve it. JOE DIRKSON seconded the motion, which carried unanimously.
4. **APPROVAL OF MINUTES OF PREVIOUS MEETINGS.** After reviewing the minutes of the February 27, 2015 general meeting, MIKE VLASTELIC moved to approve them. DAVID DOVER seconded the motion, which carried unanimously.
5. **2014 AUDIT REPORT.** CORY WHEELER of Smith, Lange & Halley, P.C. Certified Public Accountants gave an unqualified opinion regarding the 2014 audit of Fergus Electric Cooperative. He covered 1) auditor's certification regarding loan fund expenditures, 2) independent auditor's report on compliance with aspects of contractual agreements and regulatory requirements for electric borrowers, 3) independent auditor's report on compliance and internal control over financial reporting, and 4) financial statements.
6. **ACCEPT AUDIT REPORT.** After discussion, JOE DIRKSON moved to accept the 2014 Audit Report prepared by Smith, Lange & Halley, P.C. JASON SWANZ seconded the motion, which carried unanimously. MIKE VLASTELIC suggested that MANAGER SWEENEY applaud the office staff for a job well done in assisting with preparation of the 2014 Audit.
7. **PRECORP/BASIN CONTRACT DISCUSSION.** DAVE RAATZ, Manager of Marketing and Power Supply, is requesting that Fergus and Tongue River Electric sign agreements with PRECorp by June 1, 2015 for a future power supply beginning October 1, 2017.
8. **PRECORP BOARD MEETING.** MIKE VLASTELIC and SCOTT SWEENEY reported on the March 16-17 PRECorp board meeting. They both agreed that the meeting was informative.
9. **MID-YELLOWSTONE ANNUAL MEETING.** TERRY FROST, MIKE VLASTELIC and SCOTT SWEENEY attended the Mid-Yellowstone Annual Meeting in Hysham that took place the evening of March 17.
10. **SOUTHERN BOARD MEETING.** DAVID DOVER, president of the Southern board called the meeting to order March 18, 2015. JASON SWANZ and SCOTT SWEENEY were also in attendance. A resolution to disband Southern when obligations are taken care of was approved and a resolution to sell the land near HGS (Great Falls) was also approved.
11. **SME BOARD MEETING.** The SME Board met March 18 and passed a resolution to dissolve SME when the land at the Highwood Generating Station is sold.



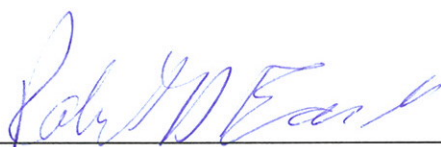
12. **FINANCIAL AND OTHER MONTHLY REPORTS.** GENERAL MANAGER SCOTT SWEENEY presented financial and other monthly reports to the Board for discussion. Included in the items seen was the February operating report prepared by OFFICE MANAGER SALLY HORACEK, which outlined costs for system improvements, pole changes and pole inserts. The analysis of operating statistics prepared by FINANCIAL ANALYST JANINE RIFE DIDIER was also reviewed.
13. **RUS/CFC LOAN PAYOFF.** MANAGER SWEENEY reported that March 31 is the scheduled date for using the \$6,219,281.26 from CFC to pay off part of the RUS five percent debt.
14. **OPERATIONS REPORT.** The Board considered the operations and maintenance, engineering and safety report of March 19, 2015 prepared by LINE SUPERINTENDENT DALE RIKALA. RIKALA reported that, to date, six new meters have been installed. He also noted that 112 new poles have been added with 82 retired of which 77 were junked. This compares to five new meters and 30 junk poles in March of 2014.
15. **APPROVAL OF WORK ORDERS.** After reviewing Inventory of Work Orders No. 561-561X for \$65,245.29 and 561X (A) for \$20,375.28 ending February 28, 2015, TERRY FROST moved to approve them. JOE DIRKSON seconded the motion, which carried unanimously.
16. **LEGAL COUNSEL.** CORPORATE COUNSEL KRIS BIRDWELL gave his monthly report.
17. **2015 BUDGET.** After a thorough review of the proposed 2015 budget, PAUL DESCHEEMAERER moved to approve the budget. DAVID DOVER seconded the motion, which carried unanimously.
18. **CONFERENCE CALL WITH ATTORNEYS TRENT GARDNER, BOB BALDWIN AND JOHN PAUL.** The Board and attorneys discussed Beartooth mediation, Federated Rural Electric Insurance Company, and the sale of Highwood Generating Station land.
19. **FINAL STATEMENT AGREEMENT REGARDING FEDERATED.** After discussion, TERRY FROST moved to approve the final Statement Agreement and Release Form with Federated Insurance concerning limited reimbursement for attorney's fees. DAVID DOVER seconded the motion, which carried unanimously.
20. **SIGNAL PEAK, LLC AND EXPRESS PIPELINE.** The combined load factor for the 50kV and 100kV Signal Peak substations was 59.5%. Express Pipeline had a combined load factor of 60.0%.
21. **IRRIGATION LETTER.** A second irrigation letter will be mailed by May 1 reminding irrigators of the new monthly billing arrangement for kWh usage.
22. **RUS WORK PLAN.** Staff is continuing to work with RUS FIELD REP DENVER SCHLAEPPPI and KALI ARNOLD of Heberly and Associates on the 2015-2018 RUS Work Plan.
23. **GUERNSEY RATE STUDY.** The rate study for the co-ops joining PRECorp shows that Fergus Electric's rate is estimated to be in the range of \$62/Mwh to \$59/Mwh. This includes a three mil 15-year adder from Basin.
24. **TONGUE RIVER BOARD MEETING.** MANAGER SWEENEY reported that he and PRECORP MANAGER MIKE EASLEY attended the March 1 TRECO board meeting to discuss the PRECorp/Basin power supply option with MANAGER TARY HANSON and his board.



25. **UNIVERSAL SYSTEM BENEFITS PROGRAMS CREDITS FOR LARGE CUSTOMERS.** MANAGER SWEENEY reported MECA is working to amend the existing universal system benefit programs bill for large power users over 1,000 kW.
26. **LEGISLATIVE CONFERENCE, WASHINGTON, D.C.** Both MANAGER SWEENEY and MIKE VLASTELIC expressed interest in attending the Legislative Conference in Washington, D.C. May 3-6.
27. **LINEMAN INTERVIEWS.** MANAGER SWEENEY reported that interviews are continuing for the lineman position in Roundup.
28. **DELINQUENT ACCOUNTS AND NEW MEMBERS.** The Board and Management reviewed a list of past due accounts – 30, 60 and 90 days and a list of new members.
29. **ESTATE CAPITAL CREDIT RETIREMENTS.** The Board reviewed the March 2015 estate capital credit retirements of \$2,998.30 prepared by SUSAN HINKLEY. JOE DIRKSON moved to affirm the retirements and PAUL DESCHEEMAERKER seconded the motion, which carried unanimously.
30. **FUTURE MEETINGS.** Hazard Communications, Mark Seaford of MECA and Jami Sura of Fitness
 Central, April 1
 NRECA Course 918.1, Maximizing Your Grassroots Strategy, Great Falls, April 6
 MECA Committees & Board, Great Falls, April 7-8
 Scott Sweeney & Mike Easley, April 9 & 10
 PRECorp Board, Sundance, April 21
 Southern Board, Billings, April 22
 SME Board, Billings, April 22
 FEC Board, April 30, 9 a.m.
 NRECA Legislative Conference, Washington, DC, May 3-6
 PRECorp Board, Gillette, May 19
 FEC Board, May 28, 9 a.m.
 Fergus Annual Meeting, Fergus County Trade Center, June 4
31. **NEWS FROM THE DISTRICTS.** Each board member shared items of interest.
32. **ADJOURN.** PRESIDENT BOB EVANS adjourned the meeting at 3:10 p.m.



SECRETARY

ATTEST: 

PRESIDENT

