

MINUTES
GENERAL BOARD MEETING – MARCH 30, 2016
FERGUS ELECTRIC COOPERATIVE, INC.

1. **GENERAL MEETING CALLED TO ORDER.** The Fergus Electric Cooperative Board of Trustees met in general session March 30, 2016 with PRESIDENT BOB EVANS calling the meeting to order at 9 a.m. VANGIE McCONNELL was scrivener. Other board members present were BRAD ARNTZEN, PAUL DESCHEEMAER, JASON SWANZ and MIKE VLASTELIC. GENERAL MANAGER SCOTT SWEENEY, LINE SUPERINTENDENT DALE RIKALA, OFFICE MANAGER SALLY HORACEK, FINANCIAL ANALYST JANINE RIFE DIDIER and CORPORATE COUNSEL KRIS BIRDWELL were also present. The Pledge of Allegiance was recited.
2. **APPROVAL OF AGENDA.** After reviewing the meeting agenda, JASON SWANZ moved to approve it. PAUL DESCHEEMAER seconded the motion, which carried unanimously.
3. **APPROVAL OF MINUTES OF PREVIOUS MEETING.** After reviewing the minutes of the February 25, 2016 general meeting, MIKE VLASTELIC moved to approve them. BRAD ARNTZEN seconded the motion, which carried unanimously.
4. **PUBLIC COMMENT PERIOD.** The Board noted the regular time for member input relative to any issue of interest or importance to them. No members appeared.
5. **2015 AUDIT.** CPA CORY WHEELER of Smith, Lange & Halley, P.C. reviewed the 2015 Audit Report which included: 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, 4) Independent Auditor's Report on Compliance and Internal Control over Financial Reporting, and 5) Financial Statements.
6. **EXECUTIVE SESSION.** The Board met in an executive session with CPA WHEELER and CORPORATE COUNSEL KRIS BIRDWELL.
7. **APPROVAL OF AUDIT.** The Board reconvened and MIKE VLASTELIC moved to approve the 2015 Audit. DAVID DOVER seconded the motion which carried unanimously.
8. **ANNUAL MEETING.** VANGIE McCONNELL, SALLY HORACEK and JANINE RIFE DIDIER reviewed plans for the June 11 annual meeting. After discussion, the Board agreed to increase the number and amount of "luck of the draw" scholarships awarded to ten at \$1,000 each. Also, the grand prize will be a \$500 credit on the winning member's electric account. JASON SWANZ and PAUL DESCHEEMAER noted that as of today's date, no other candidates were selected to run for board positions from their districts.
9. **2016 BUDGET APPROVED.** After a thorough review of the budget, JASON SWANZ moved to approve the 2016 Budget and Work Plan. BRAD ARNTZEN seconded the motion which carried unanimously.
10. **ROTATING TRUCK PURCHASES.** Discussion covered developing a policy for rotating the purchase of trucks. MANAGER SWEENEY said he would work with LINE SUPERINTENDENT DALE RIKALA in this regard.



11. PRECORP BOARD MEETING. MIKE VLASTELIC reported on the PRECorp meeting that took place in Sheridan March 22. Discussion included load factor, meters on homes, G & T proposal and staffing.

12. NRECA FIELD REPRESENTATIVE MIKE STIFF. MIKE STIFF noted that under NRECA's former program, discounts averaged 30%. Under UMR, the current discount, on average, is 43%. STIFF also reviewed several high deductible scenarios. With high individual deductibles, premiums would be considerably less. In connection, with a high deductible plan, a health savings account (HSA) may be established on behalf of the employee. HSAs are employee-owned, tax-exempt bank accounts with funds used to cover eligible out-of-pocket medical expenses. After visiting with the Board, STIFF spoke to the employees about high deductible plans.

13. SOUTHERN BOARD – MARCH 22. DAVID DOVER, Fergus Electric's representative, reported on the March 23 meeting. Sometime after the noteholders are paid and the Twin Eagle power supply contract is satisfied, Southern will dissolve.

14. CD AT FARMERS STATE BANK – DENTON. OFFICE MANAGER SALLY HORACEK reviewed with the Board plans to purchase a \$250,000 CD at Farmers State Bank in Denton. After discussion, DAVID DOVER moved to approve the purchase. PAUL DESCHEEMAER seconded the motion, which carried unanimously. Included in the motion was the stipulation that, in order to redeem the CD, two signatures will be required.

15. INVENTORY OF WORK ORDERS. After reviewing Inventory of Work Orders No. 573-573X for \$34,765.66 and No. 573-573X (A) for \$675.73, MIKE VLASTELIC moved to approve them. JASON SWANZ seconded the motion, which carried unanimously.

16. REPORT OF CORPORATE COUNSEL. CORPORATE COUNSEL KRIS BIRDWELL reported on the Atna Resources bankruptcy (Kendall mine) and other items concerning Fergus Electric.

17. LETTER TO THE EDITOR. TERRY FROST wrote a very supportive letter to the Billings Gazette concerning the Roundup Signal Peak Mine. The Board agreed to write a similar letter signed by the Board.

18. COMMUNITY SOLAR. MANAGER SWEENEY reported that he and STAKING ENGINEER GUY JOHNSON attended the Central Montana Resource Council meeting March 16. The Council is hoping to work with Fergus Electric to promote Community Solar and other green power. The Council is also interested in attending a Fergus Electric Board meeting to discuss this. CFC's ERIC ANDERSON met with MANAGER SWEENEY and noted that CFC has an in-house expert who can help co-ops finance, procure grants and guide the process of building community solar systems. MANAGER SWEENEY will attend a conference sponsored by the University of Washington on solar power.

19. DIRECTOR TRAINING - MINOT. BRAD ARNTZEN reported that the three "Fast Track" courses – Director Duties and Liabilities, Strategic Planning, and Understanding the Electric Business were very beneficial to him as a new board member.

20. CAPITAL CREDIT RETIREMENTS. The Board reviewed the February 25 and March 23 estate capital credit retirements of \$13,815.81 and \$18,873.48 respectively. BRAD ARNTZEN moved to affirm the retirements and PAUL DESCHEEMAER seconded the motion, which passed unanimously.

21. 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 .

22. OPERATIONS REPORT. LINE SUPERINTENDENT DALE RIKALA reported that, to date, six new meters have been installed, 57 new poles were added and 51 were retired and junked. Three underground lines have been staked and spans were shortened on the line south of Roy. February's safety meeting was presented by Johnnie Stanton of MECA on accident investigation, safety jeopardy and job briefings. The March safety meeting was presentations from Gordon McConkey on hazardous energy control/lock out tag out, personal protective equipment/hazard assessment and OSHA 1910.269.

23. SIGNAL PEAK, LLC. The combined load factor for the 50Kv and 100Kv Signal Peak substations was 46.0%.

24. 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.

25. NWPPA ANNUAL – MAY 15-18, TULALIP, WASHINGTON. PAUL DESCHEEMAER moved to appoint MIKE VLASTELIC as voting delegate to the NWPPA annual meeting. DAVID DOVER seconded the motion, which carried unanimously.

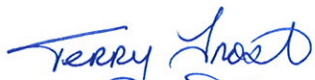
26. NRECA LEGAL SEMINAR 56. CORPORATE COUNSEL KRIS BIRDWELL requested permission to attend Legal Seminar 56 and Update. The Board encouraged him to take advantage of this education and training.

27. FUTURE MEETINGS.

- a. Basin Meeting (conference call) – Mar. 31
- b. Director's Course 957.1 – How to Evaluate and Improve Board Performance, Great Falls, April 4
- c. MECA Board and Committees, Great Falls, April 5-6
- d. Safety Meeting, April 13, Employee Photos
- e. PRECorp Board, Sundance – Apr. 19
- f. Southern Board, Billings, Apr.27
- g. FEC Board, April 28 – 9 a.m., May 26 – 9 a.m.
- h. NRECA Legislative Conference, Washington, D.C., May 1-3
- i. NWPPA Annual, Tulalip Resort, Washington, May 15-18
- j. FEC Annual, Saturday, June 11

28. NEWS FROM THE DISTRICTS.

29. ADJOURN. PRESIDENT EVANS adjourned the meeting at 3 p.m.


Secretary/Treasure