

**MINUTES
GENERAL BOARD MEETING
AUGUST 31, 2011
FERGUS ELECTRIC COOPERATIVE, INC.**

1. **GENERAL MEETING CALLED TO ORDER.** The Fergus Electric Cooperative, Inc. Board of Trustees met in general session August 31, 2011 with PRESIDENT BOB EVANS calling the meeting to order at 9 a.m. STEVE BALSTER was secretary and VANGIE McCONNELL was scrivener. Other board members present were, JOE DIRKSON, DAVID DOVER, TERRY FROST, JASON SWANZ and MIKE VLASTELIC. CORPORATE COUNSEL WILLIAM A. SPOJA, GENERAL MANAGER SCOTT SWEENEY and ASSISTANT MANAGER MIKE STANLEY were also present. The Pledge of Allegiance was recited.
2. **APPROVAL OF MINUTES OF PREVIOUS MEETING.** After reviewing the minutes of the July 26, 2011 general meeting and discussing them, DAVID DOVER moved their approval. STEVE BALSTER seconded the motion which carried unanimously.
3. **SME ELECTRIC GENERATION & TRANSMISSION COOPERATIVE.** JOE DIRKSON reported at some length on the August 18 meeting. He noted that at the Highwood Generating Station employees worked over 100,000 hours without a lost time accident. Some discussion covered building a zero discharge water system.
4. **SOUTHERN MONTANA ELECTRIC G & T.** JOE DIRKSON reported in detail the proceedings of the August 19 meeting that took place in Billings.
5. **MEMBER BUILD OWN POWER LINE.** MANAGER SWEENEY reported that a request had been made by a member to build his own power line. He noted that if pursued, the member would have to provide workers comp insurance, liability insurance and an engineer would be on site from Heberly and Associates – the same requirements for all contractors.
6. **CAPITAL CREDIT ESTATE RETIREMENTS.** The July and August capital credit retirements of \$28,436.45 and \$32,115.99, prepared by SUSAN HINKLEY, were reviewed by the Board. JOE DIRKSON moved to approve the retirements and JASON SWANZ seconded the motion which carried unanimously. Reissued checks were also reviewed. Copies are attached.
7. **FINANCIAL AND OTHER MONTHLY REPORTS.** GENERAL MANAGER SCOTT SWEENEY presented financial and other monthly reports to the Board for their perusal and discussion. Included in the items thus seen were the following: The July operating report prepared by SALLY HORACEK, analysis of operating statistics prepared by MIKE STANLEY, delinquent account status and new member list prepared by ERIKA MATTALIANO, and checks drawn. Other topics were also discussed.
8. **OPERATIONS REPORT.** The Board considered the 08/26/2011 report prepared by LINE SUPERINTENDENT DALE RIKALA outlining operations and maintenance, engineering, and safety. The July 20 safety meeting was in-house and included a benefits update from BENEFITS ADMINISTRATOR VANGIE McCONNELL. The remainder of the meeting included testing personal tools & ladders, testing chains & slings, and pole top/bucket truck rescue. FEMA project specialists have been in the office collecting data in regard to spring storm and flood damage.
9. **APPROVAL OF WORK ORDERS.** After reviewing Inventory of Work Orders Nos. 518-5186X for \$31,660.07 ending July 31, 2011, MIKE VLASTELIC moved to approve them. TERRY FROST seconded the motion which carried unanimously. After reviewing Inventory of Work Orders Nos. 518-518X(A) ending July 31, 2011, DAVID DOVER moved their approval. JOE DIRKSON seconded the motion which carried unanimously. After reviewing amended Work Orders Nos. 517-517X for \$20,292.22 ending June 30, 2011, JASON SWANZ moved to approve them. STEVE BALSTER seconded the motion which carried unanimously.
10. **POWER OUTAGE REPORT.** A report covering power interruptions for January through July, prepared by VANGIE McCONNELL, was reviewed by MANAGER SWEENEY and the Board.
11. **REPORT OF LEGAL COUNSEL.** CORPORATE COUNSEL SPOJA reported that, among other things, he had worked on the Net Metering Policy.
12. **RUS FORM 300 – REVIEW RATING SUMMARY.** MANAGER SWEENEY reviewed the Review Rating Summary report prepared by RUS FIELD REPRESENTATIVE DENVER SCHLAEPPI and staff. The summary is a compilation of ratings covering the cooperatives transmission and distribution facilities, operations and maintenance, engineering, and operation and maintenance budgets.
13. **RUS LOAN.** After discussion, STEVE BALSTER moved to approve borrowing \$1,000,000 from Rural Utilities Service for approved and constructed work plan projects. JOE DIRKSON seconded the motion which carried unanimously.
14. **MISSILE RATES.** JOE DIRKSON moved to approve the new rate schedule for the U.S. Air Force. MIKE VLASTELIC seconded the motion which carried unanimously. A copy of the rate schedule is attached.



16. **SMART METER.** MANAGER SWEENEY reported that a member had called him about a concern regarding smart meters. She was worried that they were invasive and compromised a person's privacy.

17. **NEW APPRENTICE LINEMAN HIRED.** MANAGER SWEENEY announced that newly hired APPRENTICE LINEMAN MARK SCHWOMEYER started work August 15, 2011. FOREMAN MURRAY MATTHEWS is planning to retire in January 2012.

18. **PERSONNEL.** RECEPTIONIST JILL OWENS will retire at the beginning of 2012 and hiring a replacement this fall is being considered.

19. **NET METERING AGREEMENT.** The Board reviewed the proposed net metering policy. After discussing it with the understanding that it could be modified as needed, JASON SWANZ moved to approve the policy. TERRY FROST seconded the motion which carried unanimously.

20. **SOUTHERN MANAGER.** TIM GREGORI, Southern Manager, reviewed with the Board information regarding the Highwood Generating Station: 1) Project status, 2) Short term financing, 3) Phase 2. TIM arrived at about 1:30 p.m. and left around 2 p.m.

21. **UNCLAIMED CAPITAL CREDITS.** A list of former members who have capital credits that have not been claimed was distributed.

22. **HIRING RETIRED EMPLOYEES.** MANAGER SWEENEY reported that according to NRECA benefit criteria, the cooperative must continue to pay R&S benefits to an employee who retires from the cooperative and who is, then, hired part time. If the cooperative contributes to the 401(k) plan on behalf of all employees, the cooperative must also contribute a like amount to this plan.

23. **CFC VOTING DELEGATE.** PRESIDENT BOB EVANS appointed MIKE VLASTELIC as CFC voting delegate at the NRECA Region 7 and 9 meeting in Denver.

24. **MECA BOARD ALTERNATE.** If, Fergus Electric's appointed delegate to the MECA Board cannot be present at the quarterly meetings, an alternate needs to be available to attend. STEVE BALSTER moved to appoint JASON SWANZ as the alternate delegate. MIKE VLASTELIC seconded the motion which carried unanimously.

25. **NRECA VOTING DELEGATE.** PRESIDENT BOB EVANS appointed MIKE VLASTELIC as delegate to vote for MECA's representative on the NRECA Board of Directors. The voting will take place at the MECA Annual Meeting.

26. **RESOLUTION AUTHORIZING AMENDMENT OF THE RETIREMENT SECURITY PLAN.** Effective 11/01/2011, the R&S benefit level will be 1.9 % for employees hired on or before 12/25/2010 and will be 1.7% for employees hired after 12/25/2010. JOE DIRKSON moved to sign the resolution. DAVID DOVER seconded the motion, which carried unanimously. A copy is attached.

27. **FUTURE MEETINGS.** Safety – Insurance, Retirement & Investment Update, Mike Stiff, Sept. 7
Court Hearing (regarding Yellowstone Valley Electric nonpayment of Southern billing for electricity)
with Judge Baugh, Billings, Sept. 8
SME Meeting, LaQuinta, Great Falls, Sept. 14, 1 p.m.
HGS Ribbon Cutting Ceremony, Sept. 15, 10 a.m.
Southern, Billings, Sept. 16
Operations Conference and Federated Culture of Safety, Great Falls, Sept 19-22
Beartooth Annual Meeting, Sept. 24
Safety – DPT Load Securement, Safety vs Risk Assessment and Chain Saw Safety, MECA, Sept. 28
FEC Board, Sept. 29, 9 a.m.
NRECA Course 974.1 – Rate Strategies for 21st Century Challenges, Great Falls, Oct. 3
MECA Annual and Today's Members Program, Oct 3-6
Big Flat Electric Annual Meeting, Oct. 8
NRECA Region 7&9, Denver, Oct. 12-13
FEC Board, Oct. 27, 9 a.m.
FEC Board, Nov. 30, 9 a.m.

28. **NEWS FROM THE DISTRICTS.** Each director shared items of interest to the Board.

39. **MEETING ADJOURNED.** With no further business to come before the Board, PRESIDENT BOB EVANS declared the meeting adjourned at 4 p.m.

SECRETARY *SW Bahter*

ATTEST:

PRESIDENT *David Dover*