

**MINUTES – GENERAL BOARD MEETING, JULY 31, 2014  
FERGUS ELECTRIC COOPERATIVE, INC.**

1. **GENERAL MEETING CALLED TO ORDER.** The Fergus Electric Cooperative, Inc. Board of Trustees met in general session July 31, 2014 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 DESCHEEMAEKER, JOE DIRKSON, JASON SWANZ, and MIKE VLASTELIC. CORPORATE COUNSEL KRIS BIRDWELL, GENERAL MANAGER SCOTT SWEENEY, OFFICE MANAGER SALLY HORACEK and FINANCIAL ANALYST JANINE RIFE DIDIER were also present. TRUSTEE DAVID DOVER was not 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, JOE DIRKSON moved to approve it. PAUL DESCHEEMAEKER seconded the motion, which carried unanimously.
4. **APPROVAL OF MINUTES OF PREVIOUS MEETING.** After reviewing the minutes of the June 25, 2014 general meeting, PAUL DESCHEEMAEKER moved to approve them. MIKE VLASTELIC seconded the motion, which carried unanimously.
5. **SOUTHERN MONTANA ELECTRIC G&T POWER SUPPLY PRODUCT PROPOSALS.** Discussion covered several product proposals regarding power supply for Southern Montana G&T. The Board and Management are waiting for the indicative prices to be received by Southern on August 18, 2014
6. **TELECONFERENCE CALL WITH BASIN AND PRECORP REPRESENTATIVES.** The Board and MANAGER SWEENEY joined a teleconference call with DAVE RATZ of Basin Electric and MIKE EASLEY of Powder River Energy Corporation. Discussion covered an agreement to purchase power from Basin through PRECorp. Both RATZ and EASLEY requested a resolution from Fergus Electric with language committing Fergus to a long-term relationship for the purchase of power as soon as Southern Bankruptcy issues are complete in three to four years.
7. **SOUTHERN BANKRUPTCY DISCUSSION.** Fergus Electric's bankruptcy attorneys TRENT GARDNER, BOB BALDWIN and JOHN PAUL discussed the disposition of land around the Highwood Generating Station owned by Southern and land owned by SME. Discussion also covered how "right of first refusal" works. ATTORNEY BOB BALDWIN along with FERGUS REPRESENTATIVE JASON SWANZ reported on the Beartooth mediation meeting in Billings July 16, 2014. DAVID DOVER also attended the mediation.
8. **NON-DISPARAGEMENT AGREEMENT.** ATTORNEY BOB BALDWIN forwarded correspondence to MANAGER SWEENEY requesting that current and retired trustees that were part of the Fergus Board at the time Southern was established, sign a non-disparagement agreement. By signing the agreement, the trustees agree to avoid making disparaging remarks about secured creditors and Prudential agrees to indemnify the trustees.
9. **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 were the following: the June operating report prepared and reviewed by OFFICE MANAGER SALLY HORACEK and the analysis of operating statistics prepared by FINANCIAL ANALYST JANINE RIFE DIDIER.
10. **OPERATIONS REPORT.** The board considered the operations and maintenance, engineering and safety report of July 24, 2014 prepared by LINE SUPERINTENDENT DALE RIKALA. RIKALA reported that, to date, 37 new meters have been installed. He also noted that 132 new poles have been added of which 129 were junked. This compares to 34 new meters and 205 junk poles in July of 2013.



11. **POWER OUTAGE REPORT.** MANAGER SWEENEY and the Board reviewed the report covering power interruptions for January through June prepared by VANGIE McCONNELL.
12. **APPROVAL OF WORK ORDERS.** After reviewing Inventory of Work Orders No. 553-553X for \$68,744.18 and 553-553X(A) for \$3,751.16 ending June 30, 2014, TERRY FROST moved their approval. JOE DIRKSON seconded the motion, which carried unanimously.
13. **REPORT OF LEGAL COUNSEL.** Among other things, CORPORATE COUNSEL KRIS BIRDWELL, noted that the estate forms used for paying out capitol credits have been updated and that there was concern by a member regarding Fergus Electric's trucks crossing their property.
14. **MANAGER'S REPORT.** MANAGER SWEENEY updated the Board on load factors regarding the Signal Peak Coal Mine. The combined load factor for the 100kV and the 50kV subs was 62.4% for June. BUD VIREN of the Signal Peak Mine said they can't get enough trains to ship all the coal. Express Pipeline had a combined load factor of 33.5%.
15. **MEMBER ADVISORY COMMITTEE - JULY 23.** MANAGER SWEENEY reported that discussion focused on Southern; buying power for the next four years; work occurring at the co-op; potential management alliance with Southern co-ops as well as PRECorp; and net metering.
16. **WINNETT TRANSMISSION LINE.** MANAGER SWEENEY reported that the 25 miles of 69 kV transmission line from Winnett Junction to Winnett is complete. He also noted that the BLM is requiring bird diverters to be installed to help keep water fowl from flying into lines. Installing the bird diverters is not part of the contract with Red Rock Construction.
17. **APPROVE CERTIFICATE OF COMPLETION.** MIKE VLASTELIC moved to approve the Certificate of Completion for the Winnett Transmission Line. PAUL DESCHEEMAERKER seconded the motion, which carried unanimously.
18. **RUS WORK PLAN.** MANAGER SWEENEY noted that Heberly and Associates Consulting Engineers are starting to work on a new RUS work plan in preparation for the next RUS loan.
19. **COMMUNITY SOLAR PROJECT.** MANAGER SWEENEY asked the Board to think about a community solar project at the headquarters in Lewistown. He noted that if members want to invest in green power, the co-op could sell a solar panel or the output from the panel. Other co-ops have this program, so Fergus might want to start thinking and talking to other co-ops about their solar power projects.
20. **DIESEL SERVICE TRUCK.** MANAGER SWEENEY reported that the co-op is in need of a new service truck soon. One of the diesel pickups has 140,000 miles on it. It also has a problem with the exhaust system that has not been repairable. After discussion, TERRY FROST moved to authorize the purchase of a one-ton diesel service truck. JOE DIRKSON seconded the motion which carried unanimously.
21. **ESTATE CAPITAL CREDIT RETIREMENTS.** The Board reviewed the July 2014 estate capital credit retirements of \$9,914.21 prepared by SUSAN HINKLEY. PAUL DESCHEEMAERKER moved to affirm the retirements and JOE DIRKSON seconded the motion, which carried unanimously. A copy is attached.
22. **SECOND QUARTER WRITE-OFF.** JASON SWANZ moved to write off \$1,967.55 in bad debt and to continue with collection procedures as outlined in Board Policy. JOE DIRKSON seconded the motion, which carried unanimously.

- 23. **MECA BOARD REPRESENTATIVE AND ANNUAL MEETING DELEGATES.** Following a short discussion, JOE DIRKSON moved to appoint MIKE VLASTELIC as Fergus Electric's representative and JASON SWANZ as alternate representative on the MECA Board of Directors; and JOE DIRKSON as voting delegate and PAUL DESCHEEMAER as alternate to the annual meeting set for Sept. 29 - Oct. 2 in Great Falls. JASON SWANZ seconded the motion, which carried unanimously.
  
- 25. **MECA BOARD MEETING, JULY 8 - 9.** Fergus Electric's representative, MIKE VLASTELIC, reported on the summer board meeting in Billings. He noted that CEO DAVE WHEELIHAN's contract was renewed; net metering and co-generation was discussed; and NRECA's CHIEF EXECUTIVE OFFICER JO ANN EMERSON spoke to the group.
  
- 26. **FUTURE MEETINGS.** Safety, Aug. 6, First Aid/CPR/Bloodborne Pathogens  
 PRECorp Annual Meeting, Moorcroft, WY, Aug. 23  
 FEC Board, Aug. 28, Sept. 25 & Oct. 30, 9 a.m.  
 Southern Board, Aug. 20, Sept. 10, & Sept. 17, 10 a.m.  
 NRECA Course 966.1, Understanding the New World of Power, Sept 29  
 MECA Annual, Great Falls, Sept. 29 - Oct. 2,  
 NRECA Region 7 & 9, Omaha, Nebraska, Oct. 14 - 16  
 Member Advisory Committee, Nov. 20, 7 p.m. (Jason)
  
- 27. **NEWS FROM THE DISTRICTS.** Each director shared items of interest to the Board.
  
- 28. **ADJOURN.** With no further business, the meeting was adjourned by PRESIDENT EVANS at 3:15 p.m.

Terry Frost  
 Secretary

ATTEST: Robert D. Evans  
 President