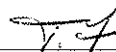


MINUTES – MAY 30, 2013
FERGUS ELECTRIC GENERAL BOARD MEETING

- 1. GENERAL MEETING CALLED TO ORDER.** The Fergus Electric Cooperative, Inc. Board of Trustees met in general session on May 30, 2013 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, DAVID DOVER, 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. PUBLIC COMMENT PERIOD.** The Board noted the regular time for member input relative to any issue of interest or importance to them. No one appeared.
- 3. AGENDA APPROVAL.** MIKE VLASTELIC moved to approve the agenda. JOE DIRKSON seconded the motion which carried unanimously.
- 4. APPROVAL OF MINUTES OF PREVIOUS MEETINGS.** After reviewing the minutes of the March 20, 2013 special meeting, JOE DIRKSON moved to approve the minutes. JASON SWANZ seconded the motion, which carried unanimously. After a review of the general meeting minutes of April 25, 2013 and discussing them, TERRY FROST moved approval of the minutes. DAVID DOVER seconded the motion, which carried unanimously.
- 5. 75TH ANNUAL MEETING REVIEW.** MANAGER SWEENEY reviewed the agenda for the June 6, 2013 Annual Meeting with the Board. Some discussion took place regarding possible questions that would be asked during open business. SWEENEY also noted that the Board will accept written questions and comments that would be addressed during the open business time. Discussion covered a petition to keep rates stable for Fergus Electric, and covered a proposed bylaw change on voting procedures at future annual meetings.
- 6. JOHN PAUL CONFERENCE CALL.** Fergus Electric's bankruptcy attorney JOHN PAUL, MANAGER SWEENEY, ASSISTANT MANAGER MIKE STANLEY, ATTORNEY BILL SPOJA and the Board discussed Southern bankruptcy issues.
- 7. EXECUTIVE SESSION.** PRESIDENT BOB EVANS called for an executive session from 11:15 a.m. to 12.30 p.m.
- 8. APPROVAL OF EXECUTIVE SESSION DISCUSSION.** Subject to the rules of confidentiality of the court, JOE DIRKSON moved to instruct JOHN PAUL to offer to Prudential the sense of the counter offer discussed by the Board today, preserving the current rate levels of the cooperative to the extent possible. TERRY FROST seconded the motion, which passed.
- 9. EES CONSULTING, KIRKLAND, WASHINGTON, MAY 20.** MANAGER SWEENEY reported that before the NWPPA meeting began, DAVID DOVER, ATTORNEY JOHN PAUL with Beartooth representatives DICK PECK and ARLEEN BOYD met with GARY SALEBA of EES Consulting in regard to power costs related to the Southern bankruptcy.
- 10. AUDIT INVOICE.** MANAGER SWEENEY noted that DUANE SMITH, CPA, presented the cooperative with an invoice in the amount of \$15,825 for services and travel expenses.
- 11. WINNETT JUNCTION TRANSMISSION PROJECT.** MANAGER SWEENEY reported that pole bids and material bids are in and that the labor bids are requested by June 28. Heberly Engineering has estimated the cost of the project to be \$3.6 million.
- 12. POWER OUTAGE REPORT.** MANAGER SWEENEY and the Board reviewed a report covering power interruptions for January through April prepared by VANGIE McCONNELL.



13. 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 April operating report prepared by SALLY HORACEK, the analysis of operating statistics prepared by MIKE STANLEY, and the new members list prepared by ERIKA MATTALIANO.

14. APPROVAL OF WORK ORDERS. After reviewing Inventory of Work Orders No. 539-539X for \$35,409.41 and No. 539-539X(A) for \$10,049.93, TERRY FROST moved their approval and DAVID DOVER seconded the motion which carried unanimously. Expenses were for system improvements.

15. OPERATIONS REPORT. The Board considered the operations and maintenance, engineering and safety report of May 22, 2013 prepared by LINE SUPERINTENDENT DALE RIKALA. RIKALA reported that to date, 21 new meters have been installed, 140 new poles have been added and 179 have been retired of which 159 were junked. This compares to 16 new meters and 187 junk poles in May of 2012. The May 22 safety meeting included hearing tests by T&S Mobile Hearing Express, and JOHNNIE STANTON of MECA covering job briefings, voltage regulator components and safety as well as a game called Safety Jeopardy.

16. REPORT OF LEGAL COUNSEL. LEGAL COUNSEL BILL SPOJA reported that he worked on member issues with Fergus staff, and reviewed contracts and Southern Bankruptcy issues.

17. SOUTHERN BANKRUPTCY. MANAGER SWEENEY noted that the major concern regarding the bankruptcy is what the cost of power will be from a reorganized Southern. SWEENEY surveyed neighboring G & Ts to find out their wholesale power costs. GARY SALEBA of EES was hired to study what future Southern rates might be for Fergus Electric.

18. YELLOWSTONE VALLEY ELECTRIC COOPERATIVE. YVEC will be leaving Southern Montana on May 31, 2013 and will pay \$2.5 million to Southern.

19. HIGH LOAD PERMITS. MANAGER SWEENEY reported that he spoke with the Montana Department of Transportation and Fergus Electric will have 27 new underground permits for the Bay Limited project by June 19.

20. CAPITAL CREDIT ESTATE RETIREMENTS. The Board reviewed the May capital credit estate retirements for \$2,998.08 prepared by SUSAN HINKLEY. MIKE VLASTELIC moved to affirm the retirements and PAUL DESCHEEMAER seconded the motion, which carried unanimously. A list is attached.

21. NWPPA ANNUAL MEETING, BELLEVUE, WASHINGTON. SCOTT SWEENEY and DAVID DOVER reported they met with National Rural Utilities Cooperative Finance Corporation CEO SHELDON PETERSON to discuss borrowing money and securing a letter of credit. New Bonneville Power CEO BILL DRUMMOND talked about the PPL turbines in Great Falls that will produce more electricity and save the fish.

22. PROPOSED BYLAW CHANGE – SECTION 3.6 – VOTING, SUB-PARTS A & B. Discussion covered the proposed bylaw change that would make it possible for the Board of Trustees to establish more methods of voting. A copy of the proposed language is attached.

23. FUTURE MEETINGS. June 6 – Special Meeting, Headquarters, 9:30 a.m.; Annual Meeting, Fergus County Trade Center, 11 a.m.; and Reorganization Meeting, 3:30 p.m.
Safety – Diabetes, Skin Cancer, and First Aid/CPR, June 12, 9:30 a.m.
PRECorp, Sheridan, June 18
MECA Managers, Shelby, June 19
FEC Board, Tuesday, June 25, 9 a.m.
Four Co-ops, and Twin Eagle, Billings, June 26
MECA Summer Meeting, East Glacier, July 8-9
Bankruptcy Valuation Hearing, Missoula, July 29
Member Advisory Committee, Aug. 15, 7 p.m.

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

25. **MEETING ADJOURNED.** With no further business to come before the Board, PRESIDENT EVANS adjourned the general meeting at 3 p.m.

SECRETARY Tony Frost

ATTEST: PRESIDENT John D. Evans