

**MINUTES
GENERAL BOARD MEETING
OCTOBER 24, 2012
FERGUS ELECTRIC COOPERTIVE, INC.**

1. **GENERAL MEETING CALLED TO ORDER.** The Fergus Electric Cooperative, Inc. Board of Trustees met in general session October 24, 2012 with PRESIDENT BOB EVANS calling the meeting to order at 10:30 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. **AGENDA APPROVAL.** JOE DIRKSON moved to approve the agenda. MIKE VLASTELIC seconded the motion which carried unanimously.
3. **APPROVAL OF MINUTES OF PREVIOUS MEETINGS.** After reviewing the minutes of the September 26, 2012 general meeting and discussing them, TERRY FROST moved their approval. JOE DIRKSON seconded the motion, which carried unanimously. After a review of the October 24, 2012 conference call minutes MIKE VLASTELIC moved to approve them. JASON SWANZ 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. SENATOR ALAN OLSON of Roundup appeared before the Board at 11:30 a.m. Issues likely to come before the 2013 Montana Legislature were discussed.
5. **SOUTHERN/HGS.** MANAGER SWEENEY reported that a meeting with Aces Power Marketing and Southern's bankruptcy attorney, JOHN PARKS, along with representatives from the five Southern Cooperatives will be scheduled to review the five submitted bankruptcy proposals.
6. **CONFERENCE CALL WITH FERGUS BANKRUPTCY ATTORNEY.** The Board and Management participated in a lengthy conference call with Fergus Electric's bankruptcy attorney, JOHN PAUL, to discuss Southern issues. PAUL reported that the five attorneys representing the member co-ops met and reviewed each co-op's favored proposal for wholesale power purchases. The Board had ample time for an exchange of questions and answers.
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 September operations report prepared by SALLY HORACEK, the analysis of operating statistics prepared by MIKE STANLEY, and the new members list prepared by ERIKA MATTALIANO. Other topics were discussed.
8. **CAPITAL CREDIT ESTATE RETIREMENTS.** The Board reviewed the September capital credit estate retirements for \$9,054.31 prepared by SUSAN HINKLEY. JASON SWANZ moved to affirm the retirements and JOE DIRKSON seconded the motion which, carried unanimously. A copy is attached.
9. **APPROVAL OF WORK ORDERS.** After reviewing Inventory of Work Orders No. 532-532X for \$68,586.47 and No. 532-532X(A) for \$738.27 ending September 30, 2012, DAVID DOVER moved their approval. TERRY FROST seconded the motion, which passed.
10. **OPERATIONS REPORT.** Upon receiving the operations and maintenance, engineering and safety report of October 19, 2012 prepared by STAKING ENGINEER GUY JOHNSON by mail, the Board reviewed the report prior to the meeting. JOHNSON reported that, to date, 558 new poles have been set with 466 junked. Due to the Bay Ltd. high loads passing through Fergus Electric's service area, the monthly safety meeting was canceled and will be rescheduled.
11. **REPORT OF LEGAL COUNSEL.** CORPORATE COUNSEL SPOJA reported that he worked on capital credits and dealt with bankruptcy issues.
12. **MEMBER ADVISORY COMMITTEE.** MANAGER SWEENEY reported that CHAIRMAN KIM KUZARA and COMMITTEE MEMBER BRAD ARNTZEN were not in attendance, but the meeting was very informational with a lot of good discussion. SWEENEY also reviewed board policy covering committee appointments. BOARD MEMBER JOE DIRKSON attended and BOARD MEMBER DAVID DOVER will attend the next meeting set for December 13, 2012.
13. **SIGNAL PEAK COAL MINE.** MANAGER SWEENEY reported that he had visited with CEO JOHN DeMICHIEI and MINING ENGINEER BUD VIREN about power usage at the mine. VIREN reported that they are hoping to start the long wall miner the first part of November. DeMICHIEI said the mine is planning to install capacitors and asked if there is any assistance Fergus Electric can give with this installation.
14. **2013 BUDGET.** ASSISTANT MANAGER MIKE STANLEY noted that Management is working on the 2013 Budget and most likely all items will increase by approximately 3.5%



15. **2012 INVENTORY.** MANAGER SWEENEY shared a comparison of Fergus Electric's material physical inventory from 2003 – 2012. The 2012 inventory numbers were good. PRESIDENT BOB EVANS and the Board directed MANAGER SWEENEY to thank the crews and personnel who were involved with the inventory.

16. **HIGH LOADS.** MANAGER SWEENEY noted that the high loads moving through Montana to the oil sands in Canada will continue through November. Phone notifications are sent to the members affected by power interruptions. The manufacturing companies have pre-paid for work the cooperative has done in regard to the moves.

17. **THREE PHASE LINE FOR N BAR RANCH.** After a brief discussion, DAVID DOVER moved to approve signing the contract between Fergus Electric and the WILKS BROTHERS to build a three-phase line for the N Bar Ranch. JASON SWANZ seconded the motion, which carried unanimously. Red Rock Construction will build the line. Material will be ordered as soon as payment is received from the WILKS BROTHERS.

18. **CFC VS RUS LOANS.** MIKE STANLEY and SCOTT SWEENEY presented information regarding the difference in rates for loans from CFC and RUS. A detailed discussion ensued.

19. **NRECA COURSE 914.1 – COOPERATIVE COMMUNICATIONS AND PUBLIC OPINION.** DAVID DOVER, PAUL DESCHEEMAER and MIKE VLASTELIC all reported that the Cooperative Communications and Public Opinion course in Great Falls, October 1 presented useful information.

20. **MECA ANNUAL AND TODAY'S MEMBERS PROGRAM.** The MECA Annual Meeting and Today's Members Program October 1-4 in Great Falls included visits from U.S. Senate candidates JON TESTER and DENNY REHBERG. U.S. Secretary of Energy STEVEN CHU's memo regarding the power marketing agencies was of considerable concern to the attendees. Thirty members from across the State attended the Today's Members Program

21. **SME.** The SME Board met in Billings, October 5. DAVID DOVER was elected chairman of the Board. TERRY FROST and JOE DIRKSON were also in attendance. Business to come before the Board included accepting the resignation of former SME manager TIM GREGORI and discussing the sale of the excess land surrounding Highwood Generating Station to pay off a bank note.

22. **NRECA REGION 7 & 9, SALT LAKE CITY.** PAUL DESCHEEMAER reported that for a first time attendee, there was a lot to learn. He, however, found the conference and NRECA course informative.

23. **BIG FLAT ELECTRIC ANNUAL MEETING, MALTA OCTOBER 13.** MIKE VLASTELIC said it was interesting to see how another co-op conducts their annual meeting. GENERAL MANAGER JEANNE BARNARD was pleased that he was in attendance.

24. **MECA LEGISLATIVE DINNER, LEWISTOWN, OCTOBER 16.** MANAGER SWEENEY reported that legislators and candidates attending the dinner were SENATOR ALAN OLSON and REPRESENTATIVE TOM BERRY of Roundup, SENATOR JIM PETERSON of Buffalo, U.S. Senate candidate STEVE DAINES of Bozeman, Candidate MARLA CLARK of East Helena running in HD83, and candidate Carolee Hagstrom of Roundup running in HD45. GARY WIENS, Assistant Manager of the Montana Electric Cooperatives' Association, reviewed issues of concern to the electric cooperatives. BONNIE LORANG, CEO of the Montana Independent Telecommunications Systems, also presented issues of concern to the telephone cooperatives.

25. **DELINQUENT ACCOUNTS.** The Board reviewed the delinquent account list, dated October 24, 2012, prepared by ERIKA MATTALIANO.

26. **THIRD QUARTER BAD DEBT WRITEOFF.** After a brief discussion, TERRY FROST moved to approve writing off \$1,492.76 in bad debt and to continue with collection procedures outlined in board policy. PAUL DESCHEEMAER seconded the motion which, carried unanimously. A list is attached.

27. **MEMBER ADVISORY COMMITTEE.** A short discussion covered Member Advisory terms.

28. **FUTURE MEETINGS.** Southern Co-ops & Aces, Billings, November 1
SME, Big Horn Resort, Billings November 19
FEC Board and Christmas Dinner, November 30
MECA Board and Christmas Dinner, December 4-5
Member Advisory Committee, December 13, 7 p.m.
FEC Board, December 27, 10 a.m.

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

30. **MEETING ADJOURNED.** With no further business to come before the Board, PRESIDENT BOB EVANS adjourned the general meeting at 4:45 p.m.

SECRETARY Terry Frost

ATTEST: PRESIDENT

Bob Evans