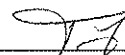


**MINUTES - GENERAL BOARD MEETING
DECEMBER 19, 2014
FERGUS ELECTRIC COOPERATIVE, INC.**

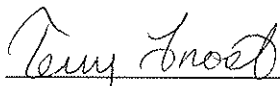
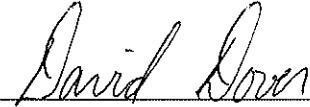
1. **GENERAL MEETING CALLED TO ORDER.** The Fergus Electric Cooperative, Inc. Board of Trustees met in general session December 19, 2014 with PRESIDENT BOB EVANS calling the meeting to order at 1 p.m. TERRY FROST was secretary and VANGIE McCONNELL was scrivener. Other board members present were PAUL DESCHEEMAEKER, DAVID DOVER, 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. 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, DAVID DOVER 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 November 25, 2014 general meeting, MIKE VLASTELIC moved to approve them. TERRY FROST seconded the motion, which carried unanimously.
5. **EXECUTIVE SESSION - MANAGER'S ANNUAL REVIEW.** The Board moved into an executive session at 1:30 p.m. for the manager's annual review. The general meeting resumed at 2 p.m.
6. **RATIFY DISCUSSION DURING EXECUTIVE SESSION.** JOE DIRKSON moved to approve the salary offered to GENERAL MANAGER SCOTT SWEENEY for the forthcoming year. DAVID DOVER seconded the motion, which carried unanimously.
7. **MEETING WITH PRECORP SCHEDULED.** MANAGER SWEENEY reported that he and TARY HANSON, Manager of Tongue River, would meet with Powder River Energy Corporation (PRECorp) January 6, 2015 to sign a Memorandum of Understanding (MOU) if everyone agrees with the content.
8. **PRECORP PROJECTED WHOLESALE POWER COSTS.** Discussion covered PRECorp/Basin projected wholesale power costs.
9. **PRECORP BOARD MEETING.** MANAGER SWEENEY and TRUSTEES JOE DIRKSON, BOB EVANS and MIKE VLASTELIC reported on the PRECorp board meeting in Sheridan December 15-16.
10. **SOUTHERN BOARD.** DAVID DOVER and SCOTT SWEENEY reported on the Southern Board meeting December 17 in Billings. They noted that Southern has concluded the bankruptcy except for three small matters that SOUTHERN ATTORNEY GOODRICH plans to finalize in January. Southern is currently purchasing power from Twin Eagle and SWEENEY noted that NorthWestern Energy will handle the energy imbalances for Twin Eagle.
11. **SOUTHERN BANKRUPTCY DISCUSSION.** The Fergus Board and Management joined a teleconference call with attorneys TRENT GARDNER and JOHN PAUL to discuss Southern bankruptcy issues and the Beartooth mediation progress. MANAGER SWEENEY noted that Southern's accountant, CARRIE BOYSUN, projected that the Prudential loan would be paid off in November 2016.
12. **NOTE FROM FIRST INTERSTATE BANK.** After reviewing and discussing the note and associated documents, MIKE VLASTELIC moved to sign a corporate resolution for a note from First Interstate Bank of Great Falls. The note ties back to a guarantee that the cooperative did for Southern Montana Electric G & T. JASON SWANZ seconded the motion which carried unanimously. A copy of the resolution is attached.

13. **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 November operating report prepared and reviewed by OFFICE MANAGER SALLY HORACEK and the analysis of operating statistics prepared by FINANCIAL ANALYST JANINE RIFE DIDIER.
14. **OPERATIONS REPORT.** The Board considered the operations and maintenance, engineering and safety report of December 16, 2014 prepared by LINE SUPERINTENDENT DALE RIKALA. RIKALA reported that, to date, 74 new meters have been installed. He also noted that 680 new poles have been added with 555 retired of which 554 were junked. This compares to 88 new meters and 454 junk poles as of December 2013.
15. **APPROVAL OF WORK ORDERS.** After reviewing Inventory of Work Orders No. 558-558X for \$122,920.41 and 558-558X (A) for \$8,445.05 ending November 30, 2014, TERRY FROST moved their approval. JOE DIRKSON seconded the motion, which carried unanimously.
16. **LEGAL COUNSEL.** CORPORATE COUNSEL KRIS BIRDWELL reported that he had reviewed the First Interstate documents.
17. **MEETING LENGTH.** The Board discussed the possibility of having shorter meetings during the winter months. It was decided to start at 9 a.m. and try to end by 2 p.m.
18. **2015 BUDGET.** MANAGER SWEENEY reported that staff is working on the 2015 budget. An inflation rate of 3% will be built into the budget and will run very close to 2014's actual expenses.
19. **GUERNSEY STUDY REVISED.** PRECorp had funded a cost study with four co-ops contracting for power. Now, a revised study will be done showing the cost savings for three co-ops. Fergus Electric will help fund the revised study.
20. **NRECA PARTICIPANT REVIEW.** MANAGER SWEENEY reported that CPA CORY WHEELER has completed the NRECA benefits audit and found no deficiencies. JANINE RIFE DIDIER and VANGIE McCONNELL assisted with data for the audit - Insurances, 401(k) Plan and Retirement and Security Plan.
21. **IRRIGATION ACCOUNTS.** Discussion covered the change from annual billing to monthly billing for irrigation accounts in 2015. The Board agreed with Staff regarding the new billing schedule. Items to be included in a letter to the irrigators explaining the new billing procedure was discussed.
22. **RESOLUTION FOR REFINANCING RURAL UTILITIES SERVICE 5% NOTES.** The Board discussed refinancing the RUS 5% notes at a lower interest rate. They reviewed several scenarios and will choose the proposal that works best for the cooperative. JASON SWANZ moved to sign a resolution noting that Fergus Electric Cooperative does hereby approve the refinancing of the RUS 5% notes. PAUL DESCHEEMAER seconded the motion, which carried unanimously. A copy is attached.
23. **MECA BOARD.** MIKE VLASTELIC, SCOTT SWEENEY and BOB EVANS reported on the December 2-3 board meeting. Discussion covered bills that would be debated during the 2015 legislative session.
24. **SIGNAL PEAK COAL MINE AND EXPRESS PIPELINE.** MANAGER SWEENEY reported that the coal mine had a total load factor of 65.4% and the pipeline had a combined load factor of 52.7%.
25. **MEMBER ADVISORY COMMITTEE.** Letters of appreciation were mailed to each of the committee - SAM WEIDNER, KEN BIEHL, BRAD ARNTZEN, JOE WHISONANT, BRAD KINSEY, BOB LEE, and STEVE MICHELS. Meetings of the Member Advisory Committee are being discontinued.



26. **NWPPA.** MANAGER SWEENEY led discussion on membership in the NorthWestern Public Power Association. It was agreed to continue membership in the organization.
27. **ESTATE CAPITAL CREDIT RETIREMENTS.** The Board reviewed the December 2014 estate capital credit retirements of \$11,296.08 prepared by SUSAN HINKLEY. JOE DIRKSON moved to affirm the retirements and TERRY FROST seconded the motion, which carried unanimously. A copy is attached.
28. **MONTANA COUNCIL OF COOPERATIVES ANNUAL MEETING.** After discussion, PAUL DESCHEEMAERKER moved to appoint JASON SWANZ as Fergus Electric's voting delegate to the annual meeting in Helena, January 12-13, 2015. DAVID DOVER seconded the motion which, carried unanimously. JASON SWANZ, DAVID DOVER and PAUL DESCHEEMAERKER will attend the meeting.
29. **NRECA ANNUAL MEETING.** After discussion, JOE DIRKSON moved to appoint MIKE VLASTELIC as Fergus Electric's voting delegate to the 2015 NRECA Annual Meeting in Orlando February 22-25. JASON SWANZ seconded the motion which, carried unanimously.
30. **FUTURE MEETINGS.**

Christmas Dinner, Pine Meadows/Brooks Market, Dec. 19
 RUS Field Rep Denver Schlaepfi, Jan. 13-14
 Montana Council of Co-ops and Co-op Day at the Capitol, Helena, Jan. 12-13
 PRECorp Board, Sundance, Jan. 20 - Mike and Terry
 Southern, Billings, Jan. 21
 FEC Board, Jan. 29, 9 a.m.
 FEC Board, Friday, Feb. 27, 9 a.m.
 FEC Board, Mar. 26, 9 a.m.
31. **NEWS FROM THE DISTRICTS.** Each trustee shared items of interest to the Board.
32. **ADJOURN.** With no further business, the meeting was adjourned by PRESIDENT EVANS at 5:30 p.m.


ATTEST: 

 SECRETARY PRESIDENT