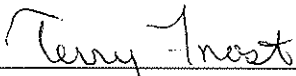


**MINUTES – GENERAL BOARD MEETING – FEBRUARY 27, 2015
FERGUS ELECTRIC COOPERATIVE, INC.**

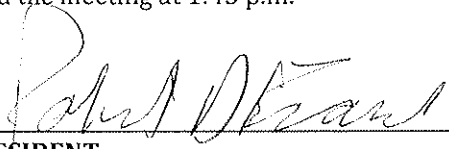
1. **GENERAL MEETING CALLED TO ORDER.** The Fergus Electric Cooperative, Inc. Board of Trustees met in general session February 27, 2015 with VICE PRESIDENT DAVID DOVER calling the meeting to order at 9 a.m. TERRY FROST was secretary and VANGIE McCONNELL was scrivener. Other board members present were PAUL DESCHEEMAEKER, JOE DIRKSON, JASON SWANZ, and MIKE VLASTELIC. BOB EVANS joined the meeting via conference call. CORPORATE COUNSEL KRIS BIRDWELL, GENERAL MANAGER SCOTT SWEENEY, OFFICE MANAGER SALLY HORACEK, FINANCIAL ANALYST JANINE RIFE DIDIER, and LINE SUPERINTENDENT DALE RIKALA 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, MIKE VLASTELIC moved to approve it. PAUL DESCHEEMAEKER seconded the motion, which carried unanimously.
4. **APPROVAL OF MINUTES OF PREVIOUS MEETINGS.** After reviewing the minutes of the January 29, 2015 general meeting, JOE DIRKSON moved to approve them. TERRY FROST seconded the motion, which carried unanimously. After reviewing the minutes of the special conference call meeting of February 13, 2015, MIKE VLASTELIC moved to approve them. JOE DIRKSON seconded the motion, which carried unanimously.
5. **CORPORATE COUNSEL OPINION.** CORPORATE COUNSEL KRIS BIRDWELL reported that he had examined the CFC loan documents and prepared his opinion letter required by CFC. The loan documents are acceptable and ready for board signatures.
6. **CFC LOAN DOCUMENTS SIGNED.** At the January 29, 2015 meeting, action was taken by the Board to borrow an aggregate amount not to exceed \$9,600,000 from National Rural Utilities Cooperative Finance Corporation (CFC). Funds borrowed will be used to pay down the 5 % RUS debt. The CFC loan is at a lower interest rate and will provide a projected savings of 1.3 million dollars. After a review of the loan documents, VICE PRESIDENT DAVID DOVER and SECRETARY/TREASURER TERRY FROST signed the documents.
7. **CONFERENCE CALL WITH ATTORNEY JOHN PAUL.** ATTORNEY PAUL reported that he is waiting for three appraisers to submit their appraisals on the property adjacent to the Highwood Generating Station. The SME Board will meet March 18 to review the information and proceed with selling the SME land.
8. **PRECORP BOARD MEETING.** MIKE VLASTELIC and TERRY FROST attended the February 17, 2015 PRECorp board meeting in Gillette, Wyoming. They agreed that the meetings are always interesting and helpful. The next meetings will be March 17 in Sheridan and April 20 in Sundance.
9. **SOUTHERN BOARD MEETING.** DAVID DOVER, JASON SWANZ and MANAGER SWEENEY met with the Southern Board of Directors on February 18. They learned that payments to the Secured Noteholders are continuing at a good pace. At the next meeting set for March 18, discussion will cover selling Southern's land.
10. **JOINT COOPERATIVE MEETING.** On February 18, in Billings, DAVID DOVER and SCOTT SWEENEY met with PRECorp, Big Horn Electric, Mid-Yellowstone Electric, and Tongue River Electric Cooperative to discuss the advantages of securing power from PRECorp and Basin Electric Power Cooperative.
11. **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 January operating report prepared by OFFICE MANAGER SALLY HORACEK, the analysis of operating statistics prepared by FINANCIAL ANALYST JANINE RIFE DIDIER, the year-end Financial and Operating Report – Electric Distribution for 2014, and USDA-RUS Cost Estimates and Loan Budget for Electric Borrowers.

12. **OPERATIONS REPORT.** LINE SUPERINTENDENT DALE RIKALA gave his monthly report noting that more poles had been replaced in February of 2015 as compared to 2014 when crews were dealing with high load moves. STAKING ENGINEERS GUY JOHNSON and MONTE OBERT met with the Montana Department of Transportation concerning conflicting poles and guy wires on the Upper Spring Creek highway project. February's safety meeting consisted of chain and sling inspections, and personal protective grounds tests.
13. **APPROVAL OF WORK ORDERS.** After reviewing Inventory of Work Orders No. 560-560X for \$31,294.43 ending January 31, 2015, TERRY FROST moved to approve them. JOE DIRKSON seconded the motion, which carried unanimously.
14. **LEGAL COUNSEL.** CORPORATE COUNSEL KRIS BIRDWELL reviewed a CFC credit card agreement, amendment and resolution. He noted that the documents were acceptable.
15. **APPROVE CFC ONE CARD CREDIT CARD AMENDMENT AND RESOLUTION.** After CORPORATE COUNSEL KRIS BIRDWELL reviewed the CFC credit card agreement, BOB EVANS moved to approve an updated credit limit of \$40,000. JASON SWANZ seconded the motion, which carried unanimously.
16. **SIGNAL PEAK, LLC AND EXPRESS PIPELINE.** The combined load factor for the 50kV and 100kV Signal Peak substations was 55.4%. March 23 is the planned start date to move the long wall miner with the move projected to be completed by May 3. Express Pipeline had a combined load factor of 60.4%.
17. **ICE RESCUE TRAINING.** MANAGER SWEENEY reported that LINEMEN BRIAN GODBEY and BRET OPHUS, who double as firefighters, arranged for the Lewistown Fire/Rescue unit to hold ice rescue training on Fergus Electric's holding pond. Each participant, wearing dry suits, simulated an accident requiring an ice rescue.
18. **TWENTY-FIVE YEAR RECOGNITION.** At the last safety meeting, MANAGER SWEENEY presented Roundup lineman RICHARD ANDERSON with a plaque and check recognizing his 25 years of service to the cooperative.
19. **BOARD POLICY 211.00 - AWARDS AND RECOGNITION OF MERITORIOUS SERVICE.** After a review of Board Policy 211.00, JASON SWANZ moved to approve the new gift amounts. PAUL DESCHEEMAER seconded the motion which carried unanimously. A copy is attached.
20. **RATES CODE POLICIES.** Discussion covered revised Irrigation Service and language updates to the following: Monthly Single-Phase Service, Commercial Three Phase and Multi-Phase service Less than 2000 KW of Demand, Monthly Single-Phase Off Peak Heating Service, Light Service, Green Power - Monthly Single-Phase Service, and Net Metered Single-Phase Account. MIKE VLASTELIC moved to approve the revised language and to leave the rates unchanged. JOE DIRKSON seconded the motion, which carried. Copies are attached.
21. **BASIN ELECTRIC.** DAVE RATZZ, Basin Electric's Manager of Marketing and Power Supply, is encouraging Fergus, Tongue River Electric Cooperative, Mid-Yellowstone and Bighorn to have signed power supply agreements by May 2015 for a future power supply beginning on October 1, 2017. Fergus will sign a 60-year power supply contract with PRECorp and PRECorp will sign an extension for a total of 60 years with Basin which will include Fergus.
22. **CAPITAL CREDITS.** Discussion covered the possibility of making a general capital credit distribution in the fall.

- 23. **2015 BUDGET.** FINANCIAL ANALYST JANINE RIFE DIDIER is working on the budget using Budget Pro. LINE SUPERINTENDENT DALE RIKALA, OFFICE MANAGER SALLY HORACEK, MANAGER SCOTT SWEENEY, and DIDIER will be writing the specifics for how the monies will be spent. MANAGER SWEENEY projected that electric sales will stay about the same in 2015 and an adder of 3% will be included for expenses related to labor. A budget with numbers will be presented for the Board's approval in March.
- 24. **2015 – 2018 RUS WORK PLAN.** MANAGER SWEENEY reported that staff is working on the 2015 – 2018 RUS Workplan with RUS FIELD REPRESENTATIVE DENVER SCHLAEPPI and KALI ARNOLD of Heberly and Associates. He revised the 740C (the official RUS form) with the Board. The plan is to submit just under \$20 million in projects on the 740C and to self-finance approximately one-half of the projects. The total amount requested from RUS will be slightly under \$10 million for a four-year work plan.
- 25. **FIRST INTERSTATE BANK LOAN.** MANAGER SWEENEY reported that all four co-ops – Fergus, Mid-Yellowstone, Tongue River and Beartooth have satisfied the March 2011 loan guarantee made by the members of Southern to First Interstate Bank.
- 26. **LINEMAN INTERVIEWS.** MANAGER SWEENEY reported that interviews are continuing for the lineman position in Roundup.
- 27. **ESTATE CAPITAL CREDIT RETIREMENTS.** The Board reviewed the February 2015 estate capital credit retirements of \$7,025.01 prepared by SUSAN HINKLEY. JOE DIRKSON moved to affirm the retirements and TERRY FROST seconded the motion, which carried unanimously.
- 28. **DELINQUENT ACCOUNTS AND NEW MEMBERS.** The Board and Management reviewed a list of past due accounts – 30, 60 and 90 days and a list of new members.
- 29. **NRECA ANNUAL.** MIKE VLASTELIC reported on the NRECA/CFC meetings in Orlando February 23-25. He said an inspirational speaker was DR. BECK WEATHERS who survived the 1996 Mount Everest tragedy. He also noted that two futurists gave glimpses of things to come. He reported that, in 2014, CFC had the best year ever.
- 30. **CONFERENCE CALL WITH ATTORNEY.** A conference call with ATTORNEY BOB BALDWIN covered mediation discussion regarding Beartooth. He reported that he is putting together a draft letter outlining expectations for the cooperative (Beartooth) exiting Southern.
- 31. **FUTURE MEETINGS.** PRECorp Board, Sheridan, Mar. 17, Mid-Yellowstone Annual Meeting, Hysham, Mar. 17; Southern Board, Billings, Mar. 18; SME Board, Billings, Mar. 18; FEC Board, Mar. 26, 9 a.m.; FEC Board, Apr. 30, 9 a.m.
- 32. **NEWS FROM THE DISTRICTS.** Each board member shared items of interest.
- 33. **ADJOURN.** VICE PRESIDENT DAVID DOVER adjourned the meeting at 1:45 p.m.



SECRETARY

ATTEST: 

PRESIDENT