

**MINUTES  
GENERAL BOARD MEETING  
JULY 26, 2011  
FERGUS ELECTRIC COOPERATIVE, INC.**

1. **GENERAL MEETING CALLED TO ORDER.** The Fergus Electric Cooperative, Inc. Board of Trustees met in general session July 26, 2011 with VICE PRESIDENT DAVID DOVER calling the meeting to order at 9 a.m. STEVE BALSTER was secretary and VANGIE McCONNELL was scrivener. Other board members present were, JOE DIRKSON, TERRY FROST, JASON SWANZ and MIKE VLASTELIC. CORPORATE COUNSEL WILLIAM A. SPOJA, GENERAL MANAGER SCOTT SWEENEY and ASSISTANT MANAGER MIKE STANLEY were also present. Due to a ranch accident, PRESIDENT BOB EVANS was not present. The Pledge of Allegiance was recited.
2. **APPROVAL OF MINUTES OF PREVIOUS MEETING.** After reviewing the minutes of the June 30, 2011 general meeting and discussing them, JOE DIRKSON moved their approval. MIKE VLASTELIC seconded the motion which carried unanimously.
3. **FEMA.** MANAGER SWEENEY had LINE SUPERINTENDENT DALE RIKALA introduce FEMA (Federal Emergency Management Agency) representatives, VICTOR VILLA of Nashville, Tennessee and LARRY JEFFREYS of Florence, Alabama, who are here to assess the recent flood damages. Because of extensive flooding, the cooperative is eligible for FEMA funds.
4. **HIGHWOOD GENERATING STATION – PHASE 2.** MANAGER SWEENEY led a lengthy discussion regarding Phase 2 of the Highwood Generating Station.
5. **ENERGY MONITORS FOR CO-OP OFFICES AND MEMBERS.** After some discussion, it was decided to purchase 120 volt energy monitors for members to monitor their electrical usage. The co-op will also buy several 240 volt energy monitors.
6. **SIGNAL PEAK ENERGY, LLC.** MANAGER SWEENEY noted that Signal Peak's load has increased back to normal levels with the new long wall miner operating. In June, the load factor was 41.3%, which is lower than normal. After discussion, it was agreed that DAVID DOVER, STEVE BALSTER and SCOTT SWEENEY will meet with Signal Peak Energy president JOHN DeMICHEL to discuss electric billing rates, load factor, spare material, and other topics of interest to the cooperative and the coal mine.
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 July operating report prepared by SALLY HORACEK, analysis of operating statistics prepared by MIKE STANLEY, the July work order report prepared by JANINE RIFE DIDIER, delinquent account status and new member list prepared by ERIKA MATTALIANO, and checks drawn. Other topics were also discussed.
8. **CAPITAL CREDITS.** There was no capital credit report this month. A report will be available next month.
9. **OPERATIONS REPORT.** The Board considered the July 21, 2011 report prepared by LINE SUPERINTENDENT DALE RIKALA outlining operations and maintenance, engineering, and safety. The July 20 safety meeting was in-house and included a benefits update presented by BENEFITS ADMINISTRATOR VANGIE McCONNELL, and testing personal tools & ladders, testing chains & slings, and pole top/bucket truck rescue by the crews.
10. **POWER OUTAGE REPORT.** A report covering power interruptions for January through June, prepared by VANGIE McCONNELL, was reviewed by MANAGER SWEENEY and the board.
11. **APPROVAL OF WORK ORDERS.** After reviewing Inventory of Work Orders Nos. 517-517X for \$20,726.77 and 517-517X (A) for \$9,790.27 ending June 30, 2011, JASON SWANZ moved their approval. TERRY FROST seconded the motion which carried unanimously.
12. **REPORT OF LEGAL COUNSEL.** CORPORATE COUNSEL SPOJA reported that, among other things, he worked on MANAGER SWEENEY'S affidavit for the Edwards Law Firm regarding the Yellowstone Valley lawsuit.
13. **HIGH LOAD MOVES.** MANAGER SWEENEY reported that the second high load (two loads moving together) to the Billings Conoco refinery is scheduled for July 28, 29, 30 and 31. The crews will work those nights while the loads move between midnight and 6 a.m.
14. **APPRENTICE LINEMAN.** MANAGER SWEENEY told the Board that three apprentice linemen are being interviewed for one position in the Lewistown area. The apprentice selected will begin work in August.

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15. **NET METERING POLICY.** MANAGER SWEENEY reported that a member on Warm Spring Creek wants to install 15 kilowatt solar panels. Since the revised, net metering policy is not quite complete, some discussion covered whether or not this member should go ahead with the project. SWEENEY noted that the main conditions that are already in the policy will not change. CORPORATE COUNSEL SPOJA concurred – since the conditions will not change, the cooperative can interconnect the net meter project. Next month, the Board will review the revised policy.

16. **MECA BOARD.** MIKE VLASTELIC and MIKE STANLEY reported on the July 7 meeting in Livingston. The agenda included reports from the president, CEO, audit committee, resolutions committee, legislative committee, bylaws and policies review committee, and representatives from NRECA, CoBank and RUS.

17. **MECA STANDING COMMITTEES.** The following agreed to be part of the MECA standing committees: Audit – MIKE STANLEY, Communications – DAVID DOVER, Education and Training – VANGIE McCONNELL, Legislative – JASON SWANZ, Power Supply – STEVE BALSTER, Resolutions – TERRY FROST, Safety & Loss Control – MIKE VLASTELIC.

18. **MECA ANNUAL MEETING VOTING DELEGATES.** STEVE BALSTER moved to nominate JASON SWANZ as Fergus Electric's delegate and MIKE VLASTELIC as alternate to the October 3-6 meeting in Great Falls. TERRY FROST seconded the motion which carried unanimously.

19. **MECA BOARD REPRESENTATIVE.** STEVE BALSTER moved to nominate MIKE VLASTELIC as Fergus Electric's representative on the MECA Board of Directors after PRESIDENT BOB EVANS completes his term. TERRY FROST seconded the motion, which carried unanimously.

20. **NRECA REGION 7 AND 9.** STEVE BALSTER moved to nominate MIKE VLASTELIC as Fergus Electric's voting delegate to the NRECA Region 7 and 9 meeting set for October 11-13 in Denver. JOE DIRKSON seconded the motion, which carried unanimously.

21. **CO-OP CONNECTIONS CARD.** VANGIE McCONNELL reported that a notice has been placed in the August *Fergus Features* giving the membership a heads up on the benefit and discount program to be offered through Touchstone® Energy and Fergus Electric. More information will be presented in future issues.

22. **CFC KEY RATIO TREND ANALYSIS EXECUTIVE SUMMARY.** MANAGER SWEENEY reviewed the ratio categories prepared by Cooperative Finance Corporation. The KRTA shows that Fergus Electric is in good financial condition.

23. **ADMINISTRATIVE COSTS.** The Board and Management discussed administrative costs and agreed to be aware of these and work to keep them in line.

24. **FUTURE MEETINGS.** Legal Seminar, Monterey, Aug. 1-3  
Safety, Insurance, Retirement & Investment Update, Mike Stiff, Aug. 23  
FEC Board Aug. 31 (Wed.), 9 a.m.  
Operations Conference and Federated Culture of Safety, Great Falls, Sept 19-22  
Beartooth Annual Meeting, Sept. 24  
FEC Board, Sept. 29, 9 a.m.  
NRECA Course 974.1 – Rate Strategies for 21<sup>st</sup> Century Challenges, Great Falls, Oct. 3  
MECA annual, Great Falls, Oct. 3-6  
NRECA Regions 7 & 9, Denver, Oct. 12-13

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

26. **MEETING ADJOURNED.** With no further business to come before the Board, VICE PRESIDENT DAVID DOVER adjourned the general meeting at 2:30 p.m.

SECRETARY



ATTEST:

PRESIDENT

