

**MINUTES
GENERAL BOARD MEETING
MARCH 27, 2012
FERGUS ELECTRIC COOPERATIVE, INC.**

1. **GENERAL MEETING CALLED TO ORDER.** The Fergus Electric Cooperative, Inc. Board of Trustees met in general session March 27, 2012 with PRESIDENT BOB EVANS calling the meeting to order at 10 a.m. TERRY FROST was secretary and VANGIE McCONNELL was scrivener. Other board members present were, JOE DIRKSON, DAVID DOVER, PAUL DESCHEEMAEKER, JASON SWANZ and MIKE VLASTELIC. CORPORATE COUNSEL WILLIAM A. SPOJA, GENERAL MANAGER SCOTT SWEENEY and OFFICE MANAGER SALLY HORACEK were also present. The Pledge of Allegiance was recited.
2. **AGENDA APPROVAL.** TERRY FROST 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 February 29, 2012 general meeting and discussing them, DAVID DOVER moved their approval. JASON SWANZ seconded the motion which carried unanimously.
4. **PUBLIC COMMENT PERIOD.** COLIE BASS, JERRY VAN HAUR and BILL GOETTLICH appeared before the Board with concerns about the Southern Bankruptcy, mail-in ballots, Fergus Electric's website and openness regarding co-op activities.
5. **AUDIT REPORT.** DUANE SMITH of Smith, Lange & Halley, P.C. reviewed his firm's 2011/2010 audit of Fergus Electric Cooperative covering the following areas: 1) Management letter, 2) Auditor's Certification Regarding Loan Fund Expenditures, 3) Independent Auditor's Report, 4) Independent Auditor's Report on Compliance and Internal Control over Financial Reporting, and 5) Financial Statements. Discussion with the Board followed and in conclusion, DUANE SMITH reported it was a good audit.
6. **SAS 112 LETTER.** DAVID DOVER moved to accept the Statement on Auditing Standards letter presented by DUANE SMITH. JOE DIRKSON seconded the motion which carried unanimously. The Board and DUANE SMITH also discussed other topics relevant to the Cooperative's finances and audit related matters.
7. **ACCEPT AUDIT.** After discussion, JOE DIRKSON moved to accept the 2011 Audit Report of Fergus Electric Cooperative prepared by Smith, Lange & Halley, P.C. DAVID DOVER seconded the motion, which carried unanimously.
8. **MAIL-IN BALLOTS.** A short discussion covered mail-in ballots. BENEFITS ADMINISTRATOR VANGIE McCONNELL was directed to contact Montana's electric cooperatives learning which do and which do not use the mail-in ballot system.
9. **NOMINATING COMMITTEES.** MANAGER SWEENEY reported that each of the committees met and board candidates were selected: District 3 – JOE DIRKSON, District 5 – TERRY FROST and KIM KUZARA, and District 7 – BOB EVANS.
10. **MEMBER ADVISORY COMMITTEE.** MANAGER SWEENEY reported that the Member Advisory Committee met March 20 at 7 p.m. Topics covered included the Southern Bankruptcy, the Southern Board, reasons for Southern's financial situation, rates, the cooperative's website, possible committee recommendations, and a report of the nominating committee. DAVID DOVER and BOB EVANS attended along with SWEENEY.
11. **APPROVAL OF WORK ORDERS.** After reviewing Inventory of Work Orders No. 525-525X for \$33,621.86 ending February 29, 2012, PAUL DESCHEEMAEKER moved their approval. TERRY FROST seconded the motion, which carried unanimously.
12. **CONFERENCE CALL WITH SOUTHERN TRUSTEE LEE FREEMAN.** MANAGER SWEENEY arranged a conference call with SOUTHERN TRUSTEE LEE FREEMAN to review, for the Board, circumstances surrounding the Southern bankruptcy. MR. FREEMAN gave information that elicited questions from some of the board members. The Board felt the call was very informational and MANAGER SWEENEY was pleased with the update.
13. **SOUTHERN MONTANA ELECTRIC G & T.** JOE DIRKSON reported that a quorum was present at Southern's annual meeting. He noted that TRUSTEE LEE FREEMAN will interview each cooperative as to the direction each wants to take. Directors on the Southern board are: Beartooth – ARLEEN BOYD, City of Great Falls – BOB JONES, Fergus Electric – JOE DIRKSON, Mid-Yellowstone – JIM DeCOCK, Tongue River – DEEDEE ISAACS, and Yellowstone Valley – DAVE KELSEY.
14. **CAPITAL CREDIT ESTATE RETIREMENTS.** The Board reviewed the March capital credit estate retirements for \$26,078.49 prepared by SUSAN HINKLEY. MIKE VLASTELIC moved to approve the retirements and JASON SWANZ seconded the motion which carried unanimously. A copy is attached.

15. **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 February 29, 2012 Form 7 prepared by SALLY HORACEK and new member list prepared by ERIKA MATTALIANO. Other topics were also discussed.
16. **G & T COOPERATIVE MINIMUM MODEL ACCOUNTABILITY STANDARDS RESOLUTION.** After discussion, DAVID DOVER moved to sign the resolution endorsing the MECA bylaw changes outlining G&T Cooperative Minimum Model Accountability Standards. JOE DIRKSON seconded the motion which carried unanimously. A copy is attached.
17. **OPERATIONS REPORT.** The Board considered the operations and maintenance, engineering and safety report of 03/23/2012 prepared by LINE SUPERINTENDENT DALE RIKALA. RIKALA reported that, to date, 162 new poles have been added and 130 old poles have been retired with 127 junked. Three new meters have been installed. At the March 14 safety meeting, GORDON McCONKEY with MECA spoke on Hazardous Energy Control, Safety Meetings and Work Habits, and Stray Voltage.
18. **POWER OUTAGE REPORT.** MANAGER SWEENEY and the Board reviewed a report covering power interruptions for January and February prepared by VANGIE McCONNELL. Power supplier comprised the largest amount of outage time. Total average hours for the two months are 1.25 per member.
19. **REPORT OF LEGAL COUNSEL.** CORPORATE COUNSEL SPOJA reported that he had worked on the Open Meeting Policy.
20. **WEBSITE COMMITTEE.** As a result of suggestions made by the Member Advisory Committee to improve Fergus Electric's website, a website committee was formed. The committee includes: BRAD ARNTZEN (member), PAUL DESCHEEMAKER (trustee), KATHERN EVANS (member), ERIKA MATTALIANO (employee) and JANINE RIFE DIDIER (employee).
21. **SIGNAL PEAK AND EXPRESS PIPELINE.** The load factor was up for both Signal Peak and Express Pipeline.
22. **POWER SCHEDULING FOR SOUTHERN.** MANAGER SWEENEY reported that Southern has canceled the PPL contract and will have Aces, a national power advisor, help with scheduling power for the rest of the year.
23. **HIGH LOADS.** MANAGER SWEENEY noted that high loads going to the oil sands in Alberta are becoming a real problem. Bay Limited out of Billings has estimated there will be 200 moves. There are about 120 crossings and it takes all our crews one long day or one and a half days to raise the wires for the moves. The Co-op will be reimbursed for all costs associated with the moves. SWEENEY also stated that members are starting to complain about the number of outages.
24. **NEW BILLING CYCLE.** The new billing cycle generated many calls from the membership. Members now receive their bills around the 12 of the month and payments are due on the 25. The first billing cycle included a few extra days of usage and in addition, the \$32.50 base charge prints on the bills.
25. **LEWISTOWN NEWS ARGUS AND KXLO.** Both of the local news media's, the LEWISTOWN News Argus and KXLO are willing to give the cooperative time to talk about Fergus Electric and the Southern Bankruptcy.
26. **CFL's AT ANNUAL MEETING.** Some discussion covered giving away compact fluorescent light bulbs (CFL's) at the June 7 Annual Meeting.
27. **NWPPA VOTING DELEGATE.** JOE DIRKSON moved to appoint DAVID DOVER as Fergus Electric's voting delegate to the NWPPA Annual Meeting set for May 13 – 17 in Coeur d'Alene. MIKE VLASTELIC seconded the motion which carried unanimously.
28. **DELINQUENT ACCOUNTS.** The March delinquent accounts were reviewed by the Board.
29. **FIRST QUARTER BAD DEBT WRITE-OFF.** After a brief discussion, TERRY FROST moved to approve writing off \$1,275.35 in bad debt and to continue with collection procedures outlined in board policy. PAUL DESCHEEMAEKER seconded the motion which carried unanimously. A list is attached.
30. **FUTURE MEETINGS.** NRECA Course 945.1, Under Scrutiny, Great Falls, Apr.3; MECA Spring Board, April 4-5; Safety Meeting – Electric Burns & Job Briefings, Apr. 25, 9 a.m.; FEC Board, Apr. 25, 9 a.m.; NWPPA Annual Conference, Coeur d' Alene, May 13-17; FEC Board May 31, 9 a.m.; FEC Annual, June 7.
31. **NEWS FROM THE DISTRICTS.** Each director shared items of interest to the Board.
32. **MEETING ADJOURNED.** With no further business to come before the Board, PRESIDENT BOB EVANS adjourned the general meeting at 5:30 p.m.

SECRETARY Terry Frost

ATTEST: PRESIDENT [Signature]