

MINUTES
GENERAL BOARD MEETING, MARCH 29, 2018
FERGUS ELECTRIC COOPERATIVE, INC.

- 1. GENERAL MEETING CALLED TO ORDER.** The Fergus Electric Cooperative, Inc. Board of Trustees met in general session March 29, 2018 with PRESIDENT BOB EVANS calling the meeting to order at 9 a.m. TERRY FROST was secretary and VANGIE McCONNELL was scrivener. Other board members present were BRAD ARNTZEN, PAUL DESCHEEMAEKER, CATHY KOMBOL and JASON SWANZ. GENERAL MANAGER SCOTT SWEENEY, CORPORATE COUNSEL KRIS BIRDWELL, ASSISTANT GENERAL MANAGER DAVID DOVER, LINE SUPERINTENDENT DALE RIKALA, OFFICE MANAGER SALLY HORACEK and FINANCIAL ANALYST JANINE RIFE DIDIER were also present.
- 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, PAUL DESCHEEMAEKER moved to approve it. BRAD ARNTZEN seconded the motion, which carried unanimously.
- 4. APPROVAL OF MINUTES OF PREVIOUS MEETING.** After reviewing the minutes of the March 7, 2018 general meeting and discussing them, PAUL DESCHEEMAEKER moved their approval. JASON SWANZ seconded the motion, which carried unanimously.
- 5. 2017 AUDIT REPORT.** CORY WHEELER of Smith, Lange & Halley, P.C., Certified Public Accountants reviewed the firm's audit report for years ended December 31, 2017 and 2016. He reviewed 1) the auditor's certification regarding loan fund expenditures, 2) independent auditor's report on compliance with aspects of contractual agreements and regulatory requirements for electric borrowers, 3) independent auditor's report, 4) independent auditor's report on compliance and internal control over financial reporting and 5) financial statements. After discussion, TERRY FROST moved to approve the audit. BRAD ARNTZEN seconded the motion which, carried unanimously.
- 6. INVENTORY OF WORK ORDERS APPROVED.** After reviewing Inventory of Work Orders No. 590-590X for \$333,038.48 and 590-590X(A) for \$30,905.97 ending February 28, 2018, BRAD ARNTZEN moved to approve them. JASON SWANZ seconded the motion, which carried unanimously.
- 7. RUS FINANCIAL AND OPERATING REPORT - ELECTRIC DISTRIBUTION.** OFFICE MANAGER SALLY HORACEK reviewed portions of the RUS Financial and Operating Report. Included were statement of operations, balance sheet, changes in utility plant, patronage capital, kWh purchased and cost, power requirements database annual summary, investments and service interruptions.
- 8. NEW METERING SYSTEM.** RICH HALLORAN of PRECorp, on a conference call, reviewed AMI (Automatic Meter Infrastructure) metering systems. He noted that the two technologies are radio frequency mesh and power line carrier. The PRECorp Board approved the NRTC/Silver Spring system. PRECorp will have all their meters installed by 2019. Fergus Electric is projected to complete their project in 2020.
- 9. RURAL MONTANA MEMBER SURVEY.** RYAN HALL, MECA communications director, reviewed recent survey results as they applied to Fergus Features. Favorite topics included energy efficiency, youth artwork, reader photos, feature stories, reader photos and short member profiles.
- 10. TRUCK GARAGE.** LINE SUPERINTENDENT DALE RIKALA reviewed progress on the proposed truck garage. CONTRACTOR BRETT BIRDWELL and LINE SUPERINTENDENT RIKALA will do a walk around next week. Metal, and pipe for the septic tank have been delivered.
- 11. PRECORP BOARD AND MEMBERS 1ST.** PAUL DESCHEEMAEKER, DAVID DOVER and SCOTT SWEENEY reported on the March 19 -20 meetings in Sheridan, Wyoming.

12. **SANDBIRE RESOURCES AMERICA – BLACK BUTTE COPPER MINE PROJECT.** Staff met with mine representatives JOHN SHANAHAN and BOB JACKO March 1 to discuss building power line to the mine.
13. **SIGNAL PEAK, LLC.** Discussion covered future billing for the coal mine.
14. **FINANCIAL AND OTHER MONTHLY REPORTS.** GENERAL MANAGER SCOTT SWEENEY presented financial and other monthly reports to the Board for discussion. The reports included the February operating report prepared by OFFICE MANAGER SALLY HORACEK and February analysis of operating statistics prepared by FINANCIAL ANALYST JANINE RIFE DIDIER.
15. **OPERATIONS REPORT.** The Board considered the March 28, 2018 report prepared by LINE SUPERINTENDENT DALE RIKALA outlining operations and maintenance, engineering and safety. RIKALA reported that crews have been patrolling in the Harlowton, Denton, Ryegate, Geyser and Winnett Junction areas. They have found and repaired issues that possibly could have caused outages. The power line to the Buffalo Tank Farm was disconnected and wire retired. Poles will be removed when the ground dries. STAKING ENGINEERS GUY JOHNSON and MELANIE FORAN met with WILKS contractors about additional load at the N Bar Ranch. The March 14 safety meeting included annual hearing tests, weed identification and control and the Fergus County Sheriff's department talked about meth lab ID and work-place active shooter.
16. **POWER OUTAGE REPORT.** MANAGER SWEENEY and the Board reviewed a report covering power interruptions for January-February prepared by VANGIE McCONNELL.
17. **50kV REBUILD.** MANAGER SWEENEY reported that Fergus and PRECorp continue to work on plans for the rebuild from Carters Substation north towards Hilger.
18. **ASSISTANT LINE SUPERINTENDENT.** MANAGER SWEENEY reported that six candidates applied for the newly formed Assistant Line Superintendent position.
19. **HIGH VOLTAGE SAFETY DEMONSTRATIONS.** LINE SUPERINTENDENT RIKALA noted that four high voltage demonstrations are set – Century Construction, Moore High School, Fergus High School and FFA/4-H.
20. **DIRECTOR FOR DISTRICT 2.** Discussion covered the appointment of a director for District 2. Several members expressed an interest. Candidates seeking a position on the Board will submit letters of interest by April 16, 2018 and the Board will conduct interviews after the Board meeting on April 26.
21. **NOMINATING COMMITTEES.** The following members, approved by the Board, comprise the nominating committees: District 3. DIRK HASSLER, RON HEGGEM and ROGER BERG; District 5 – JIM PEDRAZZI, GIL MAJERUS and SAM OHANESIAN; District 7 – JIM DYE, WES DEEGAN and KEON HOLZER. At the area meetings the following candidates were selected: District 3 – INCUMBENT BRAD ARNTZEN, District 5 – INCUMBENT TERRY FROST and District 7 – INCUMBENT BOB EVANS.
22. **REPORT OF CORPORATE COUNSEL.** CORPORATE COUNSEL KRIS BIRDWELL reviewed amendments to Board Policy 220 – Allocating, Vesting, and Retiring Capital Credits.
23. **BOARD POLICY 220 – ALLOCATING, VESTING, AND RETIRING CAPITAL CREDITS.** After a thorough review of Policy 220, BRAD ARNTZEN moved to approve the policy as amended. PAUL DESCHEEMAEKER seconded the motion, which carried unanimously. Language from Policy 243 – Capital Credit Allocation and Policy 902 – Recovery of Bad Debts from Capital Credits are incorporated in Policy 220. A copy of the amended policy is attached.
24. **ENBRIDGE/EXPRESS PIPELINE.** After discussion, JASON SWANZ moved to authorize MANAGER SWEENEY to revise the Enbridge/Express Pipeline agreement. PAUL DESCHEEMAEKER seconded the motion, which carried unanimously.
25. **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.

26. **ESTATE CAPITAL CREDITS.** The Board reviewed the March 2018 estate capital credit retirements of \$8,944.33 prepared by SUSAN HINKLEY. TERRY FROST moved to affirm the retirements and JASON SWANZ seconded the motion, which passed unanimously.

27. **NWPPA VOTING DELEGATE.** PRESIDENT BOB EVANS was appointed voting delegate to the NWPPA Annual meeting set for May 20-30 in Boise, Idaho.

28. **NRECA COURSES 2620 AND 2640.** CATHY KOMBOL reported that the courses she attended in Lewistown March 13-15 were excellent. Included were Board Operations and Process, and Financial Decision Making.

29. **ECONOMIC REPORT.** DAVID DOVER and SCOTT SWEENEY reported on the University of Montana's 2018 Economic Report. Both agreed that the March 13 seminar was enlightening.

30. **FUTURE MEETINGS.**

- a. Safety Meeting – Hazardous Energy Control, Lockout/Tagout, OSHA 1910.269, Meter Safety – MECA safety instructor GORDON McCONKEY – Apr. 4
- b. PRECorp/Members 1st, Sundance, Apr. 17
- c. Board, April 26, May 30, June 28
- d. BLC 929.1 – Current Issues in Policy Development, Great Falls, Apr. 3
- e. MECA Board, Apr. 4 & 5, Great Falls
- f. NRECA Legislative Conference, Washington, D.C., Apr. 8-10
- g. NWPPA Annual, Boise, Idaho, May 20-23
- h. FEC Annual Meeting, June 7

31. **NEWS FROM THE DISTRICTS.**

32. **ADJOURN.** PRESIDENT BOB EVANS adjourned the meeting at 3:30 p.m.

SECRETARY

Terry Frost

ATTEST: PRESIDENT

Bob Evans