

MINUTES
GENERAL BOARD MEETING, MAY 28, 2020
FERGUS ELECTRIC COOPERATIVE, INC.

- 1. GENERAL MEETING CALLED TO ORDER.** The Fergus Electric Cooperative, Inc. Board of Trustees met in general session May 28, 2020 with PRESIDENT PAUL DESCHEEMAER calling the meeting to order at 9:00 a.m. in person from the co-op's office headquarters. To operate efficiently and stay a safe six feet apart during the novel coronavirus (COVID-19) pandemic as recommended by authorities, all board members except the president, attended via conference call. Board members in attendance (via conference call) were BRAD ARNTZEN, BOB EVANS, TERRY FROST, CATHY KOMBOL, BRETT MAXWELL, and JASON SWANZ. INCOMING GENERAL MANAGER CARSON SWEENEY attended via conference call. Also present in person were GENERAL MANAGER SCOTT SWEENEY, CORPORATE COUNSEL KRIS BIRDWELL, LINE SUPERINTENDENT DALE RIKALA, OFFICE MANAGER SALLY HORACEK and SCRIVENER JANINE RIFE DIDIER. The Pledge of Allegiance was recited.
- 2. APPROVAL OF AGENDA.** After reviewing the meeting agenda, BRETT MAXWELL moved to approve it. BOB EVANS seconded the motion, which carried unanimously.
- 3. APPROVAL OF MINUTES OF PREVIOUS MEETING.** After reviewing the minutes of the April 23, 2020 general meeting and discussing them, BOB EVANS moved their approval. BRETT MAXWELL seconded the motion, which carried unanimously.
- 4. PUBLIC COMMENT PERIOD.** The Board noted the regular time for member input relative to any issue of interest or importance to them. GENERAL MANAGER SCOTT SWEENEY reported that co-op member, LAURIE LOHRER would like to address the Board with her group, Central Montana Resource Council to encourage Fergus Electric Co-op to proceed with building Phase 2 Solar.
- 5. COVID-19, PRESENT AND FUTURE BEST BUSINESS PRACTICES.** CORPORATE COUNSEL, KRIS BIRDWELL stated that he believes the Governor will provide some guidance how to proceed when Montana enters phase two of its gradual reopening on June 1. INCOMING GENERAL MANAGER CARSON SWEENEY told the Board what NorthWestern Energy is doing during this period.
- 6. NEW METERING SYSTEM.** STAKING ENGINEER MELANIE FORAN provided a thorough progress update on the AMI installation and answered the Board's questions.
- 7. SANDFIRE RESOURCES COPPER MINE.** GENERAL MANAGER SCOTT SWEENEY said that he will call ROB SCARGILL, PRESIDENT, CEO AND DIRECTOR OF PROJECT DEVELOPMENT at Sandfire Resources when INCOMING GENERAL MANAGER begins work to introduce them and ask whether the Facilities Study is on track.
- 8. POWER OUTAGES.** LINE SUPERINTENDENT DALE RIKALA reported on the multiple outages that occurred due to the wind and snow during the May 7th spring storm. Line crews worked on outages from Geyser to Grass Range. NorthWestern Energy's transmission line lost power affecting many co-op members and 18 of Fergus Electric's three-phase poles were broken in the Geyser area because of the storm. MANAGER SWEENEY requested assistance from McCone Electric and McCone responded quick by sending six men to assist. Except for a few, unoccupied cabins, all power was restored by midnight on May 8th.
- 9. BAD DEBT WRITE-OFFS.** At the May 28, 2020 General Board Meeting, OFFICE MANAGER SALLY HORACEK presented the bad debts for 2019. After a period of discussion, TERRY FROST moved to approve the discount rate for write-offs for 2019 and writing off \$2,704.84 in bad debt for 2019, and to continue with collection procedures as outlined in Board Policy. JASON SWANZ seconded the motion, which carried unanimously.

10. FINANCIAL AND OTHER MONTHLY REPORTS. GENERAL MANAGER SCOTT SWEENEY presented financial and other monthly reports to the Board for discussion. OFFICE MANAGER SALLY HORACEK reviewed the April 30, 2020 operating report.

11. OPERATIONS REPORT. LINE SUPERINTENDENT DALE RIKALA reported that Fergus Electric needs to talk to DON BARBER, owner/operator of Fergus Electric's after-hours answering service regarding covering phone calls on Fridays, since the co-op is closed on that day. RIKALA is checking to see if the internet could be used to communicate on the satellite radio. Five applicants for the lineman position were selected to be interviewed. RIKALA reported that after 31 years of service, ROUNDUP SERVICEMAN, RICHARD ANDERSON is retiring, and his last day of work is June 1. RIKALA said that ANDERSON'S retirement is much deserved. Presently, safety meetings are cancelled for the safety and health of Fergus Electric's employees, during the Covid-19 pandemic.

12. FEDERATED RURAL ELECTRIC INSURANCE EXCHANGE. LINE SUPERINTENDENT, DALE RIKALA reviewed the April 28, 2020 Safety and Loss Prevention Assessments letter the co-op received from Federated Insurance. The letter is a review of Fergus Electric's loss record from 04-23-2017 through 04-23-2020. Claims fell under various descriptions, i.e., workers' compensation, and property/casualty losses, which included hail damage to Fergus Electric's building and vehicles. Federated observed that, at this time, Fergus Electric has established programs for safety and loss prevention and these programs address issues that are of concern to Federated Rural Electric Insurance Exchange.

13. POWER OUTAGE REPORT. GENERAL MANAGER SWEENEY and the Board reviewed a report prepared by JANINE RIFE DIDIER covering power interruptions for January 2020-April 2020.

14. REPORT OF CORPORATE COUNSEL. CORPORATE COUNSEL KRIS BIRDWELL reported that prior to applying for the Paycheck Protection Program (PPP) Loan, the Board of Directors gave careful consideration to the financial risks and peril that the Cooperative is facing due to Covid-19. The risks include the significant impact that Covid-19 is having on the Cooperative's two largest loads. Combined, those two loads represent approximately 71% of the Co-op's power sales. The first significant load is a coal mine that cut back to running at half capacity in response to the Covid crisis. Moreover, the coalmine's financial viability is severely threatened by the Covid related economic downturn. The second large load is the oil pipeline and pumping stations. The price of oil was plummeting as the board considered the PPP loan. If oil prices do not recover soon, this load may be in jeopardy. Without these two large loads, the Co-op would need to restructure and likely downsize its workforce.

The financial risk also included the likelihood that a substantial number of Co-op members would struggle to pay power bills during the crisis.

The Cooperative had significant concern that its own workforce would be impacted by the crisis and weighed the potential cost of the contract labor that would be required to backfill for the Cooperative's employees. The PPP loan would bridge a difficult gap and insure payment of wages to employees during the Covid crisis.

The Cooperative also gave careful consideration to its liquidity. The Co-op considered its equity position, funds on hand and its ability to borrow from existing lines of credit. The Co-op considered the likely impact of one or more spring storms. The Co-op noted that its largest line of credit was expiring in the coming months. Although the Co-op hoped for renewal of that line of credit, there was no guarantee of a renewal.

The Cooperative provides affordable and dependable electricity to over 5,000 members. If Covid-19 causes financial distress for the Co-op, that distress will impact thousands of households.

Given the risks, known impacts of Covid, and all factors relevant to the Co-op's liquidity, the Board felt that the PPP loan was a necessary part of the Cooperative's Covid-19 business strategy.

15. **MANAGER'S REPORT.** GENERAL MANAGER SWEENEY reviewed a report that shows the 2019 Real Estate Taxes Fergus Electric Cooperative pays by county.

16. **RUS AC8 TWO-YEAR LOAN EXTENSION.** The Board of Directors reviewed the Agreement Modifying Future Advance Promissory Note, which extends the current work plan two years. At the time the PPP loan was applied for, the RUS AC8 loan was on the verge of expiring. After a brief discussion, BRAD ARNTZEN moved to approve a two-year RUS loan extension, not to exceed ten million dollars. BOB EVANS seconded the motion, which carried unanimously.

17. **FORM 990.** The Board of Directors reviewed the Form 990 for 2019 after which CORPORATE COUNSEL, KRIS BIRDWELL stated it is very important the Board review the Form 990 for accuracy each year. The Form 990 was reviewed by the Board.

18. **MCCONE'S ANNUAL MEETING.** PRESIDENT, PAUL DESCHEEMAEKER and OFFICE MANAGER, SALLY HORACEK plan to attend McCone's annual meeting on June 5 to learn how another co-op conducts its annual meeting during a coronavirus pandemic.

19. **ESTATE CAPITAL CREDITS.** The Board reviewed the May 2020 estate capital credits in the amount of \$27,070.02, prepared by SUSAN HINKLEY. JASON SWANZ moved to affirm the retirements and TERRY FROST seconded the motion, which carried unanimously.

20. **DELINQUENT ACCOUNTS/NEW MEMBERS LIST.** The Board reviewed the delinquent accounts showing those that were paid in full and those that were still owing. A list of new members was also reviewed.

21. **FUTURE MEETINGS.**


- a. PRECorp/Members 1st June 16
- b. FEC Board, June 25, July 30 & Aug. 27
- c. Annual Meeting, June 25, Aug. 13, or Sep. 24
- d. Safety Meeting, June 25, Fire Tender Practice, Ladder Inspections, Pole Top Rescues & Bucket Truck Rescues

22. **NEWS FROM THE DISTRICTS.**

23. **EXECUTIVE SESSION.** At 12:35 p.m., BRETT MAXWELL moved to continue the meeting in an executive session to discuss hiring a new general manager. BOB EVANS seconded the motion, which carried unanimously.

24. **GENERAL SESSION RESUMES.** At 3:05 p.m., the Board resumed its general session. The Board hired Carson Sweeney as the new general manager with a start date of June 3, 2020.

25. **ADJOURNMENT.** PRESIDENT PAUL DESCHEEMAEKER adjourned the meeting at 3:08 p.m.

SECRETARY  ATTEST: PRESIDENT 