

**FERGUS ELECTRIC COOPERATIVE GENERAL BOARD MEETING MINUTES
DECEMBER 27, 2012**

1. **GENERAL MEETING CALLED TO ORDER.** The Fergus Electric Cooperative, Inc. Board of Trustees met in general session on December 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 PAUL DESCHEEMAER, JOE DIRKSON, DAVID DOVER, JASON SWANZ and MIKE VLASTELIC. CORPORATE COUNSEL WILLIAM A. SPOJA, GENERAL MANAGER SCOTT SWEENEY and ASSISTANT MANAGER MIKE STANLEY 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 MEETING.** After reviewing the minutes of the November 30, 2012 general meeting and discussing them, JOE DIRKSON moved their approval. PAUL DESCHEEMAER 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. No one appeared.
5. **MANAGER'S ANNUAL REVIEW.** An executive session was called for MANAGER SCOTT SWEENEY'S annual review at 10:30 a.m. The general meeting continued at 11:30 a.m.
6. **BOARD RETREAT.** The Board settled on February 20 for a one day retreat – 9 a.m. to 3 p.m. MANAGER SWEENEY reported that he had arranged for JOHN PAUL and ANDY PATTEN to lead discussion on Fergus Electric's options and plans related to Southern Montana's bankruptcy.
7. **ENGAGE PATTEN, PETERMAN, BEKKEDAHL AND GREEN, PLLC.** DAVID DOVER moved that Fergus Electric agree to retain the firm of Patten, Peterman, Bekkedahl and Green, P.L.L.C. in the event current bankruptcy counsel is unable to meet our needs at some future point. JOE DIRKSON seconded the motion which carried unanimously.
8. **CAPITAL CREDIT ESTATE RETIREMENTS.** The Board reviewed the December capital credit estate retirements for \$6,978.60 prepared by SUSAN HINKLEY. JASON SWANZ moved to affirm the retirements and TERRY FROST seconded the motion which, carried unanimously. A copy is attached.
9. **PRECORP.** MANAGER SWEENEY, BOB EVANS, DAVID DOVER, JOE DIRKSON, JASON SWANZ and PAUL DESCHEEMAER met with Powder River Energy Corporation representatives December 13 in Sheridan. They reported that PRECorp, a distribution cooperative, is very willing to help in any way they can. PRECorp is also willing to buy power from Basin Electric Power Cooperative to sell to Fergus Electric and incorporate other services as well, i.e. mapping, billing, member services, software, material purchasing, etc.
10. **VOTING BY MAIL.** A short discussion covered the possibility of making a bylaw change to include voting for trustees by mail. Pros and cons were considered. BENEFITS ADMINISTRATOR VANGIE McCONNELL was appointed to contact Montana co-ops that use mail-in balloting to find out procedures and costs.
11. **NOMINATING COMMITTEE FOR 2013 ANNUAL MEETING.** Trustee elections for Districts One and Six will take place at the June 6 Annual Meeting. Nominating committee appointments will be presented for approval at the January general meeting.
12. **CONFERENCE CALL WITH JOHN PAUL.** MANAGER SWEENEY arranged for a conference call with FERGUS BANKRUPTCY ATTORNEY JOHN PAUL. Much of the conversation covered Beartooth's lawsuit against Southern Montana G & T. Beartooth is seeking to end its power supply contract with Southern. Southern's trustee, LEE FREEMAN, argued in court that Beartooth's claims should be dismissed. JUDGE RALPH KIRSCHER dismissed three of Beartooth's claims and allowed two of the claims to continue forward into the bankruptcy.
13. **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 November operating report prepared by SALLY HORACEK, the analysis of operating statistics prepared by MIKE STANLEY, and the new members list prepared by ERIKA MATTALIANO. Other topics were discussed.
14. **APPROVAL OF WORK ORDERS.** After reviewing Inventory of Work Orders No. 534-534X for \$10,778.30 and No. 534-534X (A) for \$3,336.54 ending November 30, 2012, JOE DIRKSON moved their approval. MIKE VLASTELIC seconded the motion, which passed.
15. **OPERATIONS REPORT.** Upon receiving the operations and maintenance, engineering and safety report of December 19, 2012 prepared by LINE SUPERINTENDENT DALE RIKALA, the Board reviewed the report prior to the meeting. RIKALA reported that, to date, 602 new poles have been set with 512 junked. Due to the Bay Ltd. high loads passing through Fergus Electric's service area, the monthly safety meeting was delayed.

16. **REPORT OF LEGAL COUNSEL.** LEGAL COUNSEL SPOJA reported that he worked on correspondence related to the Southern Bankruptcy.
17. **SME.** SME PRESIDENT DAVID DOVER reported on proceedings of the December 18 meeting in Billings.
18. **BANKRUPTCY HEARING.** At the December 18 bankruptcy hearing, JUDGE RALPH KIRSCHER directed Southern's trustee, LEE FREEMAN, to submit a reorganization plan and disclosure statement by February 15. The plan and disclosure hearing is set for March 26 and a May hearing date is predicted for bankruptcy approval. MANAGER SWEENEY reported that SOUTHERN TRUSTEE LEE FREEMAN and bankruptcy attorney JOHN PARKS are trying to find a "middle of the road" proposal. With each party wanting a different plan/outcome, trying to find an agreeable solution for all the Southern co-ops looks to be very difficult.
19. **HIGHWAY DEPARTMENT REBUILD.** After a short explanation by MANAGER SWEENEY, TERRY FROST moved to allow the Montana Department of Transportation to rebuild the approach to Fergus Electric's property from Highway 87 East. PAUL DESCHEEMAER seconded the motion which carried unanimously. This is part of the Lewistown – East Highway 87 construction project and costs the cooperative nothing.
20. **MECA BOARD GREAT FALLS.** FERGUS ELECTRIC REPRESENTATIVE MIKE VLASTELIC reported on the MECA Board meeting of December 4.
21. **MONTANA COUNCIL OF COOPERATIVES ANNUAL MEETING.** PAUL DESCHEEMAER moved to nominate DAVID DOVER as Fergus Electric's voting delegate to the Montana Council of Cooperatives annual meeting in Helena January 14-15. MIKE VLASTELIC seconded the motion which carried unanimously.
22. **DELINQUENT ACCOUNTS.** The Board reviewed the delinquent account list, dated 12/26/2012 prepared by ERIKA MATTALIANO.
23. **FUTURE MEETINGS.** Safety, January 11, Wellness and Close Calls
 Montana Council of Cooperatives Annual, Helena, January 14-15
 Co-op Day at the Capitol, Helena, January 16
 Larry Lau of Shell Energy, January 22, 11:45 a.m.
 CFC, Prudential, SME, Billings, January 30.
 FEC Board, January 31, 10 a.m.
 Southern Disclosure Statement Due (no meeting), February 15
 Board Retreat, Fergus Headquarters, February 20, 9 a.m. – 3 p.m.
 Member Advisory Committee, February 21, 7 p.m.
 FEC Board, February 28, 10:00
24. **NEWS FROM THE DISTRICTS.** Each director shared items of interest to the Board.
25. **MEETING ADJOURNED.** With no further business to come before the Board, PRESIDENT BOB EVANS adjourned the general meeting at 3:45 p.m.

SECRETARY Terry Inoet

ATTEST: PRESIDENT

David Dorn VP