

**MINUTES  
FERGUS ELECTRIC GENERAL BOARD MEETING  
FEBRUARY 28, 2013**

- 1. GENERAL MEETING CALLED TO ORDER.** The Fergus Electric Cooperative, Inc. Board of Trustees met in general session on February 28, 2013 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 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. PAUL DESCHEEMAER seconded the motion which carried unanimously.
- 3. APPROVAL OF MINUTES OF PREVIOUS MEETING.** After reviewing the minutes of the January 31, 2013 general meeting and discussing them, JOE DIRKSON moved to approve them. DAVID DOVER 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. ABSENTEE AND MAIL-IN BALLOTS.** After discussion, including a recommendation from the Member Advisory Committee, DAVID DOVER moved to propose a bylaw language change at the annual meeting on June 6, 2013 which allows the Board of Trustees to determine which voting method will be used at annual and special meetings of the cooperative that works best for the membership. MIKE VLASTELIC seconded the motion, which carried unanimously. A copy of the revised language is attached. (Further changes will be presented to the Board for their approval at the 3-28-2013 meeting.)
- 6. DISTRICT BOUNDARIES.** As required by the Bylaws, the Board of Trustees made their annual review of the number of members found in each of the seven districts. JASON SWANZ moved to direct staff to rebalance the number of members in each district for presentation at the 2014 Annual Meeting. JOE DIRKSON seconded the motion, which carried unanimously. Any change in district boundaries needs to be approved as a bylaw change at the Annual Meeting.
- 7. 2012 AUDIT.** MANAGER SWEENEY gave a short report on the audit performed by Smith, Lange and Hailey, P.C.'s. AUDITOR DUANE SMITH recommends that the cooperative write off Fergus Electric's Southern/HGS investment by approximately \$1.5 million. Smith will give a complete audit report at the March 28 board meeting.
- 8. BOARD RETREAT.** MANAGER SWEENEY recapped topics discussed at the board retreat of February 20, 2013 where attorneys JOHN PAUL and ANDY PATTEN were present.
- 9. WAPA POWER ALLOCATION.** Discussion covered Southern's approximate WAPA 20 MW power allocation. MANAGER SWEENEY explained that as part of the Southern/Yellowstone Valley Electric settlement agreement, a portion of this WAPA power will likely be transferred to YVEC after exiting Southern.
- 10. SOUTHERN BANKRUPTCY.** The Board and Management spent considerable time discussing issues related to the Southern Bankruptcy. There was no action required to be taken.

11. **CONFERENCE CALL WITH ATTORNEY JOHN PAUL.** After lunch, the Board and Management participated in a conference call with ATTORNEY JOHN PAUL. Discussion covered possible objections to the Southern Bankruptcy Plan as presented by TRUSTEE LEE FREEMAN. It was noted that that Fergus Electric could object to the terms through the Disclosure Hearing set for March 26. ATTORNEY PAUL said that that the attorneys representing Beartooth, Fergus, Mid-Yellowstone and Tongue River plan to meet and discuss what the four co-ops can agree on. The four attorneys will also discuss WAPA allocations and counter proposals that could be offered to Prudential. Other issues were also discussed.
12. **CONSULTANT TO BE HIRED.** After discussion, DAVID DOVER moved to hire GARY SALEBA, CEO of EES Consulting, to review future rates from Southern and to estimate the value of the long-term power contract. JASON SWANZ seconded the motion, which carried unanimously.
13. **ANNUAL MEETING – JUNE 6, 2013.** Ideas for the cooperative's 75<sup>th</sup> anniversary were discussed. The suggestion to invite The Bent Willows band to entertain before the meeting and to have ADESSA CAMPBELL sing the national anthem to open the meeting were readily agreed upon. Suggestions to include a brief history of the cooperative as part of the Annual Report and to display historical photos at the meeting were also discussed.
14. **CAPITAL CREDIT ESTATE RETIREMENTS.** The Board reviewed the February capital credit estate retirements for \$6,403.49 prepared by SUSAN HINKLEY. Paul descheemaeker MOVED TO AFFIRM THE RETIREMENTS AND Terry Frost seconded the motion which, carried unanimously. A list is attached.
15. **APPROVAL OF WORK ORDERS.** After reviewing Inventory of Work Orders No. 536-536X for \$19,809.14 and 536-536X(A) for \$2,153.27 dated January 31, 2013, JOE DIRKSON moved their approval and PAUL DESCHEEMAEKER seconded the motion which carried unanimously. Expenses were for system improvements, pole changes and retirement of idle lines.
16. **BOARD POLICY 222.0 – SALE OF MATERIAL, SERVICE EQUIPMENT, AND SERVICES TO MEMBERS.** After a short discussion, PAUL DESCHEEMAEKER moved to revise Board Policy 222.0 TERRY FROST seconded the motion which carried unanimously. A copy is attached.
17. **AMENDMENT TO CFC FORBEARANCE AGREEMENT.** After discussion, DAVID DOVER moved to sign the CFC Forbearance Agreement which is to delay principal payment for six months and to extend the Forbearance Period as defined in the Original Agreement, subject to certain terms and conditions. JOE DIRKSON seconded the motion which carried unanimously.
18. **OPERATIONS REPORT.** The Board considered the operations and maintenance, engineering and safety report of 02/22/2013 prepared by LINE SUPERINTENDENT DALE RIKALA. RIKALA reported that to date 65 new poles have been added and 27 have been retired of which 23 were junked. The February 13 safety meeting was the annual wellness day. DR. JASON RICKS gave a presentation on eye care and DR. TINA BERG talked about hearing safety. The meeting concluded with Qualified Switchman Training by NorthWestern employees.
19. **POWER OUTAGE REPORT.** MANAGER SWEENEY and the Board reviewed a report covering power interruptions for January prepared by VANGIE McCONNELL. The average outage time for January was .07 hours.
20. **REPORT OF LEGAL COUNSEL.** LEGAL COUNSEL BILL SPOJA reported that he worked on bylaw language for balloting, reviewed a collections issue, light duty memo, and Board Policy 222.0 – Sale of Material, Service Equipment, and Services to Members.
21. **FEE SCHEDULES.** The Board reviewed proposed charges for a variety of collection fees as well as other services offered by the cooperative. TERRY FROST moved to approve the new fees. PAUL DESCHEEMAEKER seconded the motion which carried unanimously. A copy is attached.

22. **NRECA R & S PLAN VOLUNTARY PREPAYMENT OPTION.** As a result of low returns on investments. NRECA adopted a voluntary prepayment option for the Retirement Security Plan. No action was required.

23. **MEMBER ADVISORY COMMITTEE.** BRAD ARNTZEN was elected Chairman and BOB LEE was elected Vice Chairman at the February 21 meeting. BRAD KINSEY, new committee member from District 5, was introduced. BOARD MEMBER TERRY FROST was in attendance. Mail-in/absentee balloting was thoroughly discussed. It was the consensus of the committee that the balloting bylaw provision is presented to the members for their approval. Discussion also covered the Southern Bankruptcy. The next Member Advisory Committee meeting is set for April 11 at 7 p.m.

24. **SME.** DAVID DOVER, president of SME, reported on the last conference call meeting that took place February 27 at 1 p.m. Those present were: PAT HOFFMAN, JIM DeCOCK, TERRY FROST, ALAN SEE, JACK KNOBLOCH, SCOTT SWEENEY, and SCRIVENER JANINE RIFE DIDIER. DEE DEE ISAACS, ARLEEN BOYD and LEE HOWARD were absent.

25. **THREE RIVERS TELEPHONE COOPERATIVE.** PRESIDENT EVANS agreed to be voting delegate for the Three Rivers Telephone Cooperative's annual meeting set for March 18 in Fairfield.

26. **DELINQUENT ACCOUNTS.** The Board reviewed the delinquent account list, dated 02/28/2013, prepared by ERIKA MATTALIANO.

27. **FUTURE MEETINGS.**

Upper Missouri G & T Annual, Sidney, Mar. 5  
Nominating Committees, Yogo Inn, Mar. 6, 6 p.m.  
Safety, March 13, Lock-out-tag-out, Personal Protective Equipment and Hazard Assessment  
FEC Board, March 28, 9 a.m.  
NRECA Course 913.1 Co-op Foundations: Co-op Legacy, Principles and Impact on  
Communities, Apr. 2, 8:30 a.m. – 4:30 p.m., MECA Office, Apr. 2  
MECA Board and Committees, Great Falls, Apr. 3 – 4  
FEC Board, Apr. 25, 9 a.m.

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

29. **MEETING ADJOURNED.** With no further business to come before the Board, PRESIDENT BOB EVANS, adjourned the general meeting at 2:10 p.m.

SECRETARY \_\_\_\_\_ ATTEST: PRESIDENT \_\_\_\_\_