

MINUTES
FERGUS ELECTRIC GENERAL BOARD MEETING
JANUARY 31, 2013

1. **GENERAL MEETING CALLED TO ORDER.** The Fergus Electric Cooperative, Inc. Board of Trustees met in general session on January 31, 2013 with VICE PRESIDENT DAVID DOVER calling the meeting to order at 10 a.m. TERRY FROST was secretary and VANGIE McCONNELL was scrivener. Other board members present were PAUL DESCHEEMAERKER, JOE DIRKSON, 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.** PAUL DESCHEEMAERKER 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 December 27, 2013 general meeting and discussing them, MIKE VLASTELIC moved to ratify actions taken in an executive session at the December meeting in regard to the manager's appraisal and to approve the minutes. JOE DIRKSON 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. **2013 ANNUAL MEETING NOMINATING COMMITTEE APPROVED.** JOE DIRKSON moved to approve the following committee appointments: District 1 – SCOTT DAMBY, JAYSON SHOBE and JEFF WHITCRAFT; District 6 – CARLA GLENNIE, KENT HEREIM and JIM LANE. TERRY FROST seconded the motion which carried unanimously.
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. **CFC KEY RATIO TREND ANALYSIS.** Discussion covered the KRTA report prepared by Cooperative Finance Corporation. The Board recommended that a representative of CFC give a presentation on the report at a future board meeting. MANAGER SWEENEY will contact CFC in this regard.
8. **2012 AUDIT.** MANAGER SWEENEY reported that, in light of the Southern Bankruptcy, AUDITOR DUANE SMITH and staff spent extra effort in examining the cooperative's records. SMITH reported that he was satisfied with his audit work in December and January. He will give a report at the March 28 meeting.
9. **SOUTHERN BANKRUPTCY.** The Board and Management spent considerable time discussing issues related to the Southern Bankruptcy.
10. **CONFERENCE CALL WITH ATTORNEY JOHN PAUL.** After lunch, the Board and Management discussed the Yellowstone Valley Electric Cooperative's settlement proposal, Beartooth's complaint, WAPA allocations and assignment of contracts along with other topics with ATTORNEY JOHN PAUL.
11. **CAPITAL CREDIT ESTATE RETIREMENTS.** The Board reviewed the January capital credit estate retirements for \$5,521.26 prepared by SUSAN HINKLEY. TERRY FROST moved to affirm the retirements and PAUL DESCHEEMAERKER seconded the motion which, carried unanimously. A copy is attached.
12. **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 December 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.
13. **SUMMARY OF CONSTRUCTION.** STAKING ENGINEERS GUY JOHNSON and MONTE OBERT prepared a year-end report covering miles of line added, new meters installed and new members enrolled.
14. **APPROVAL OF WORK ORDERS.** After reviewing Inventory of Work Orders No. 535-535X for \$258,037.43 and No. 535-535X (A) for \$843,617.19 ending December 31, 2012, JOE DIRKSON moved their approval. JASON SWANZ seconded the motion, which passed. The work orders included expenditures for system improvements, pole changes and retirement of idle lines.
15. **2013 BUDGET APPROVED.** After discussion, JASON SWANZ moved to approve the 2013 Annual Budget. JOE DIRKSON seconded the motion which carried unanimously.
16. **REPORT OF LEGAL COUNSEL.** LEGAL COUNSEL BILL SPOJA reported that he had written and mailed a letter requested by the auditors, had written some language about voting by mail and reviewed nominating committee information.

17. **BYLAW LANGUAGE.** CORPORATE COUNSEL SPOJA presented language that if approved, could be added to Section 3.5 – Quorum of the Bylaws. Discussion took place with more discussion planned for another meeting.

18. **POWER OUTAGE REPORT.** MANAGER SWEENEY and the Board reviewed a report covering power interruptions for 2012 prepared by VANGIE McCONNELL. The average outage time per consumer for the year was 3.05 hours.

19. **MEMBER ADVISORY COMMITTEE.** The next Member Advisory Committee is set for February 21, 2013. Mail-in ballots will be the topic for discussion and TERRY FROST will attend.

20. **BANKRUPTCY.** The reorganization plan and disclosure hearing is set for March 26 and a May hearing date is planned. 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. After discussion, MANAGER SWEENEY agreed to set up a time when all the co-ops could meet and work together.

21. **HIGHWOOD STATION LAND.** MANAGER SWEENEY, JOE DIRKSON, DAVID DOVER and MIKE STANLEY met with DICK URQUHART, his wife and his mother, MARY, on January 8. The URQUHART’s are interested in purchasing land owned by SME.

22. **MONTANA COUNCIL OF COOPERATIVES ANNUAL MEETING AND CO-OP DAY AT THE CAPITOL.** DAVID DOVER gave a brief report on the Montana Council of Cooperatives Annual Meeting in Helena January 14-15. VANGIE McCONNELL gave a short report on Co-op Day at the Capitol (Jan. 16). The roast beef lunches were well received by the legislators.

23. **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. MIKE VLASTELIC seconded the motion which carried unanimously. A copy of the revised policy is attached.

24. **CFC ONE CARD CREDIT CARD PROGRAM RESOLUTION.** After a short discussion, TERRY FROST moved to approve continuing the CFC One Card Credit Card Program for MANAGER SWEENEY’S business expenses. JOE DIRKSON seconded the motion. The resolution was signed by VICE PRESIDENT DAVID DOVER and a copy is attached.

25. **DELINQUENT ACCOUNTS.** The Board reviewed the delinquent account list, dated 01/29/2013 prepared by ERIKA MATTALIANO.

26. **WRITEOFFS.** JASON SWANZ moved to write off \$78.79 in bad debt and to continue with procedures outlined in Board Policy. TERRY FROST seconded the motion which carried unanimously.

27. **FUTURE MEETINGS.** Safety, February 13, Wellness Day and Blood Screens
Board Retreat, Fergus Headquarters, February 20, 9 a.m. – 3 p.m.
Member Advisory Committee, February 21, 7 p.m.
FEC Board, February 28, 9 a.m.
FEC Board March 28, 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, VICE PRESIDENT DAVID DOVER adjourned the general meeting at 4:45 p.m.

SECRETARY Terry Frost ATTEST: PRESIDENT David Dover