

**MINUTES - GENERAL BOARD MEETING
JANUARY 29, 2015
FERGUS ELECTRIC COOPERATIVE, INC.**

1. **GENERAL MEETING CALLED TO ORDER.** The Fergus Electric Cooperative, Inc. Board of Trustees met in general session January 29, 2015 with VICE PRESIDENT DAVID DOVER calling the meeting to order at 9 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. BOB EVANS joined the meeting via conference call. CORPORATE COUNSEL KRIS BIRDWELL, GENERAL MANAGER SCOTT SWEENEY, OFFICE MANAGER SALLY HORACEK and FINANCIAL ANALYST JANINE RIFE DIDIER were also present. The Pledge of Allegiance was recited.
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, TERRY FROST moved to approve it. MIKE VLASTELIC seconded the motion, which carried unanimously.
4. **APPROVAL OF MINUTES OF PREVIOUS MEETING.** After reviewing the minutes of the December 19, 2014 general meeting, TERRY FROST moved to approve them. PAUL DESCHEEMAERKER seconded the motion, which carried unanimously.
5. **CFC LOAN RESOLUTION.** CFC REPRESENTATIVE ERIC ANDERSON presented information to the Board covering several loan scenarios available to Fergus Electric. Considerable discussion ensued with the Board giving careful consideration to the stability of the cooperative. JASON SWANZ, then, moved that, the Cooperative borrow from National Rural Utilities Cooperative Finance Corporation (CFC), from time to time as determined by the persons designated by the Board of Trustees of the cooperative, an aggregate amount not to exceed \$9,600,000.00 as set forth in the loan agreement with CFC governing such loan. MIKE VLASTELIC seconded the motion, which carried unanimously. The funds will be used to pay down RUS debt. A copy of the resolution is attached.
6. **CFC LOAN.** Discussion continued regarding the loan with CFC. MANAGER SWEENEY noted that securing a loan through CFC would equate to 1.4 million dollars in savings over what is currently being paid to RUS. The payoff is nine years. JASON SWANZ moved to approve Scenario #6 (the lowest interest rate) effective after the co-op receives the RUS waiver letter authorizing paying off RUS debt and subject to review of the loan agreement language. JOE DIRKSON seconded the motion which carried unanimously.
7. **FINANCIAL AND OTHER MONTHLY REPORTS.** GENERAL MANAGER SCOTT SWEENEY presented financial and other monthly reports to the Board for discussion. Included in the items seen were the December operating report prepared by OFFICE MANAGER SALLY HORACEK and the analysis of operating statistics prepared by FINANCIAL ANALYST JANINE RIFE DIDIER.
8. **SOUTHERN BANKRUPTCY DISCUSSION.** The Fergus Board and Management joined a teleconference call with attorneys TRENT GARDNER, BOB BALDWIN, and JOHN PAUL to discuss Southern bankruptcy and Beartooth mediation issues. ATTORNEY PAUL noted that his goal is to have the property next to the Highwood Generating Station sold by August 2015.
9. **BASIN ELECTRIC POWER SUPPLY CONTRACT.** MANAGER SWEENEY reported that Basin Electric is encouraging Fergus and Tongue River, and possibly Mid-Yellowstone and Bighorn to have a signed power supply agreement with PRECorp in place by May 2015.



10. **SOUTHERN BOARD.** DAVID DOVER, JASON SWANZ and MANAGER SCOTT SWEENEY updated the Board on the January 21 meeting in Billings.
11. **OPERATIONS REPORT.** LINE SUPERINTENDENT DALE RIKALA's monthly report was a summary of construction work completed in 2014 prepared by STAKING ENGINEERS GUY JOHNSON and MONTE OBERT.
12. **APPROVAL OF WORK ORDERS.** After reviewing Inventory of Work Orders No. 559-559X for \$3,797,014.34 and 559-559X (A) for \$19,264.54 ending December 31, 2014. JOE DIRKSON moved to approve them. TERRY FROST seconded the motion, which carried unanimously.
13. **NOMINATING COMMITTEES APPOINTMENTS.** Each trustee up for re-election appointed the following members to serve on the nominating committees: District 3 – DIRK HASSLER, RON HEGGEM and ROGER BERG; District 5 – JIM PEDRAZZI, GILBERT MAJERUS and SAM OHANESIAN; District 7 – BILL ARAUJO, LENNIE McDONALD and LYLE DEEGAN.
14. **LEGAL COUNSEL.** As required by the Bylaws, CORPORATE COUNSEL KRIS BIRDWELL reviewed the number of members in each of the cooperative's districts. Considering boundaries and substation locations, he felt the distribution of members in each district is satisfactory.
15. **SPECIAL EQUIPMENT CAPITALIZATION APPROVED.** After reviewing Special Equipment Capitalization summary reports for \$295,590.75 beginning June 19, 2013 and ending December 31, 2014, JASON SWANZ moved to approve them. MIKE VLASTELIC seconded the motion, which carried unanimously.
16. **IRRIGATION LETTER.** A letter was mailed to all irrigators noting that the co-op will change from an annual billing on usage (kWh) to a monthly billing. A new rate sheet will be prepared.
17. **2015 BUDGET.** MANAGER SWEENEY reported that staff is working on the 2015 budget. An inflation rate of 3% will be built into the budget and will run very close to 2014's actual expenses.
18. **WORK PLAN.** Management and staff continue to work on a 2015 – 2018 RUS Work Plan with RUS REPRESENTATIVE DENVER SCHLAEPPI and KALI ARNOLD of Heberly and Associates.
19. **FIRST INTERSTATE BANK GUARANTEE.** MANAGER SWEENEY reported that First Interstate Bank has offered to write up four separate notes, one for each co-op based on load ratio shares in 2008 – 2010 (Fergus 46.13%, TRECO 25.87%, Beartooth 20.07% and Mid-Yellowstone 7.93%) in regard to the First Interstate Bank guarantee that the four Southern co-ops made to the bank. The cooperative plans to pay off the guarantee to First Interstate Bank.
20. **SIGNAL PEAK COAL MINE AND EXPRESS PIPELINE.** MANAGER SWEENEY reported that the coal mine had a total load factor of 61.9% and the pipeline had a combined load factor of 60.2%.
21. **MONTANA COUNCIL OF CO-OPS/CO-OP DAY AT THE CAPITOL.** PAUL DESCHEEMAEKER reported briefly on the Council of Co-ops meeting and legislative dinner in Helena January 12 and 13 and Vangie McCONNELL reported, that according to the MECA Member Services group, legislators and staff enjoyed the beef lunches served in the rotunda during Co-op Day at the Capitol January 13.
22. **WELLNESS DAY.** BENEFITS ADMINISTRATOR VANGIE McCONNELL reported that the partnership with the Central Montana Medical Center to bring their wellness screening services to the employees was very successful. Following the various assessments, a confidential report was mailed to each participating employee.

- 23. **CFC VOTING DELEGATE.** PAUL DESCHEEMAERKER moved to appoint MIKE VLASTELIC as Fergus Electric's voting delegate to the CFC Annual Meeting in Orlando February 22 - 25. TERRY FROST seconded the motion, which carried unanimously.
- 24. **ESTATE CAPITAL CREDIT RETIREMENTS.** The Board reviewed the January 2015 estate capital credit retirements of \$11,934.69 prepared by SUSAN HINKLEY. MIKE VLASTELIC moved to affirm the retirements and PAUL DESCHEEMAERKER 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. **FOURTH QUARTER WRITE OFFS.** JASON SWANZ moved to write off \$2,688.81 in bad debt and to continue with collection procedures as outlined in Board Policy. JOE DIRKSON seconded the motion, which carried unanimously.
- 27. **FUTURE MEETINGS.**
 PRECorp Board, Gillette, Feb. 17
 Southern Board, SME, Mike Easley, Billings, Feb. 18
 NRECA/CFC Annual, Feb. 22 - 25, Orlando
 FEC Board, Friday, Feb. 27, 9 a.m.
 FEC Board, Mar. 26, 9 a.m.
- 28. **NEWS FROM THE DISTRICTS.** Each trustee shared items of interest to the Board.
- 29. **ADJOURN.** With no further business, the meeting was adjourned by VICE PRESIDENT DOVER at 2:30 p.m.

Terry Frost
 SECRETARY

ATTEST: David Dover VP
 PRESIDENT