

MINUTES – JULY 26, 2013
FERGUS ELECTRIC GENERAL BOARD MEETING

1. **GENERAL MEETING CALLED TO ORDER.** The Fergus Electric Cooperative, Inc. Board of Trustees met in general session on July 26, 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. **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.
3. **AGENDA APPROVAL.** JOE DIRKSON moved to approve the agenda. JASON SWANZ seconded the motion which carried unanimously.
4. **APPROVAL OF MINUTES OF PREVIOUS MEETINGS.** After reviewing the minutes of the June 25, 2013 general meeting, DAVID DOVER moved to approve the minutes. JOE DIRKSON seconded the motion, which carried unanimously. After a review of the special conference call meeting minutes of July 1, 2013, MIKE VLASTELIC moved their approval. TERRY FROST seconded the motion, which carried unanimously. After reviewing the July 17, 2013 special conference call meeting minutes, PAUL DESCHEEMAER moved to approve them. MIKE VLASTELIC seconded the motion, which carried unanimously.
5. **SIGNAL PEAK MINE TOUR AND RATE DISCUSSION.** Those participating in the underground tour of the Signal Peak mine on July 2 thought it was very interesting and enjoyable. Riding in trucks, the group ventured four miles underground. The Board and Management also discussed their July 10 conversation with JOHN DeMICHEL and BUD VIREN regarding electricity rates for Signal Peak. Changes and additions at the mine were discussed with further discussion planned for another meeting.
6. **HIRE CONSULTANT FOR MINE STUDY.** After discussion, DAVID DOVER moved for Management to look for a consultant to help with new mine development and to recommend ways to use energy efficiently. TERRY FROST seconded the notion, which carried unanimously. MANAGER SWEENEY will report to the Board the list of potential consultants and the costs of their services at the next general meeting.
7. **JOHN PAUL CONFERENCE CALL.** Fergus Electric's bankruptcy attorney JOHN PAUL, MANAGER SWEENEY, ASSISTANT MANAGER MIKE STANLEY, ATTORNEY BILL SPOJA and the Board discussed the Southern bankruptcy in a conference call. A hearing to convert the Southern Chapter 11 Bankruptcy to a Chapter 7 Bankruptcy, scheduled for July 31 in Missoula, was discussed.
8. **SOUTHERN BANKRUPTCY.** MANAGER SWEENEY reported on several topics relating to the Southern bankruptcy. Discussion covered present and future power supply, meetings with possible power suppliers, and a meeting with all four co-ops – Beartooth, Fergus, Mid-Yellowstone and Tongue River.
9. **LONG-TERM POWER SUPPLY RESOLUTION.** After discussion, JOE DIRKSON moved to sign a resolution stating that if and when Fergus Electric is allowed to exit Southern, the Board of Fergus Electric supports obtaining its power supply from PRECorp, a member of Basin Electric Power Cooperative. DAVID DOVER seconded the motion which, passed unanimously. A copy is attached.
10. **WINNETT TRANSMISSION LINE RESOLUTION.** MANAGER SWEENEY noted that the bid for the Winnett transmission line was awarded to Red Rock Power, Inc. of Great Falls, MT. DAVID DOVER moved to sign a resolution authorizing the construction contract for the Winnett transmission line with the cost of the project to be \$2,899,746.24. JOE DIRKSON seconded the motion, which carried unanimously. A copy is attached. This project is being financed with the co-ops existing RUS work plan.



11. **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 June operating report prepared by SALLY HORACEK, the analysis of operating statistics prepared by MIKE STANLEY, and the new members list prepared by ERIKA MATTALIANO.

12. **OPERATIONS REPORT.** The Board considered the operations and maintenance, engineering and safety report of July 19, 2013 prepared by ACTING LINE SUPERINTENDENT GUY JOHNSON. JOHNSON reported that to date, 34 new meters have been installed, 189 new poles have been added and 227 have been retired of which 205 were junked. This compares to 27 new meters and 187 junk poles in July of 2012. The July 17 safety meeting included a mock injury with mayday calls through the office staff and with EMT's from Lewistown's Fire Department and ambulance services participating.

13. **APPROVAL OF WORK ORDERS.** After reviewing Inventory of Work Orders No. 541-541X for \$36,071.69 and No. 541-541X(A) for \$10,265.16, TERRY FROST moved their approval and JOE DIRKSON seconded the motion, which carried unanimously. Expenses included pole changes and system improvements.

14. **POWER OUTAGE REPORT.** MANAGER SWEENEY and the Board reviewed a report covering power interruptions for January through June prepared by VANGIE McCONNELL.

15. **REPORT OF LEGAL COUNSEL.** LEGAL COUNSEL BILL SPOJA reported that he had reviewed, for the Board's approval, four resolutions.

16. **RESOLUTION TO AMEND JULY 2012 RESTATED ADOPTION AGREEMENT – BASE SALARY.** After discussion, JASON SWANZ moved to authorize the following revised language to the July 2012 Restated Adoption Agreement:

6. Compensation, a. Employer Contributions – Base Salary; b. Pre-tax employee Contributions (Pre-tax and/or/Roth) – Base Salary; c. After-tax Voluntary Employee Contributions (if any) – Base Salary.

DAVID DOVER seconded the motion, which carried unanimously. A copy is attached.

17. **RESOLUTION TO AMEND JULY 2012 RESTATED ADOPTION AGREEMENT – 0% TO 1% MATCHING CONTRIBUTION.** After discussion, JOE DIRKSON moved to authorize the following revised language to the July 2012 restated Adoption Agreement:

Section 7, c. Employer Matching Contribution, (ii) The Participating System shall contribute to each Participant's account an Employer Contribution equal to 100% of Employee Elective Contributions of 0% to 1% of the Participant's Compensation.

MIKE VLASTELIC seconded the motion, which carried unanimously. A copy is attached.

18. **STABLE RATES PETITION.** The petitions endorsing stable rates (signed by members) are still available for signatures at the Lewistown and Roundup offices. We plan to present the petitions to the Bankruptcy Trustee this fall.

19. **HIGH LOADS.** MANAGER SWEENEY reported that all of the highway pushes are completed and now crews have to terminate the underground wires for the 27 highway crossings.

20. **HIGHWOOD GENERATING STATION.** CARRIE BOYSUN of the Southern Montana G & T reported that HGS was planned to run on June 24 & 25. There was a problem with the compressor. HGS MANAGER BILL BATO and staff fixed the problem and ran the plant on July 17 and 18 for about 20 hours. The plant is scheduled to run for five days in August.

21. **MECA BOARD, EAST GLACIER, JULY 8-9.** MIKE VLASTELIC, BOB EVANS and TERRY FROST reported on the MECA summer board meeting in East Glacier.

22. **RUS LOAN.** MANAGER SWEENEY stated it is time to begin planning for the next RUS loan.

23. **SECOND QUARTER WRITE-OFFS.** JASON SWANZ moved to write off \$1,426.21 in bad debt and to continue with collection procedures outlined in Board Policy. TERRY FROST seconded the motion, which carried unanimously.

24. **CAPITAL CREDIT ESTATE RETIREMENTS.** The Board reviewed the July 2013 capital credit estate retirements for \$9,741.45 prepared by SUSAN HINKLEY. PAUL DESCHEEMAER moved to affirm the retirements and JOE DIRKSON seconded the motion, which carried unanimously. A list is attached.

25. **DELINQUENT ACCOUNTS.** The Board reviewed the delinquent account list prepared by ERIKA MATTALIANO.

26. **FUTURE MEETINGS.** Member Advisory Committee, Aug. 15, 7 p.m.

Safety, Chain Saw Safety, Aug. 22

FEC Board, Aug. 29, 9 a.m.

PRECorp Board, Sheridan, Sept. 24

FEC Board, Sept. 26, 2013, 9 a.m.

NRECA Course, 924.1, When Disaster Strikes: Continuity Management and Emergency

Response Planning for Directors, Great Falls, Sept. 30

MECA Annual, Great Falls, Sept. 30 – Oct. 3

NRECA Region 7 & 9, Portland, Oct. 15-17

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

28. **MEETING ADJOURNED.** With no further business to come before the Board, PRESIDENT EVANS adjourned the general meeting at 2:20 p.m.

SECRETARY Terry Frost

ATTEST:

PRESIDENT Bob Evans