

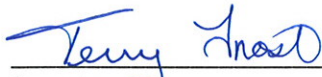
**MINUTES - GENERAL BOARD MEETING
MARCH 27, 2014
FERGUS ELECTRIC COOPERATIVE, INC.**

1. **GENERAL MEETING CALLED TO ORDER.** The Fergus Electric Cooperative, Inc. Board of Trustees met in general session March 27, 2014 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, DAVID DOVER, JOE DIRKSON, JASON SWANZ, and MIKE VLASTELIC (by teleconference). CORPORATE COUNSEL WILLIAM A SPOJA, 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, DAVID DOVER moved to approve it. JOE DIRKSON seconded the motion, which carried unanimously.
4. **APPROVAL OF MINUTES OF PREVIOUS MEETING.** After reviewing the minutes of the February 27, 2014 general meeting, TERRY FROST moved to approve them. DAVID DOVER seconded the motion, which carried unanimously.
5. **2013 AUDIT REPORT.** AUDITOR's DUANE SMITH and CORY WHEELER covered the following information in their audit report to the Board and Management: 1) Auditor's certification regarding loan fund expenditures, 2) Independent auditor's report on compliance and internal control over financial reporting, 3) Financial statements - balance sheets, statements of operation and patronage capital, 4) Statements of operations and patronage capital, 5) Statements of cash flows, and 6) Notes to financial statements. After time for questions and discussion, JOE DIRKSON moved to accept the audit report and PAUL DESCHEEMAER seconded the motion which carried unanimously. MANAGER SWEENEY and the Board thanked DUANE SMITH for his years of service. Even though he is retired, he will attend Fergus Electric's annual meeting along with CORY WHEELER.
6. **OPERATIONS REPORT.** The Board considered the operations and maintenance, engineering and safety report of 03/24/2014 prepared by LINE SUPERINTENDENT DALE RIKALA. RIKALA reported that, to date, five new meters have been installed. He also noted that 36 new poles were added and 34 were retired of which 30 were junked. The March 19 safety meeting included presentations from Johnnie Stanton on Attention Blindness, Job Briefings and PPE Hazard Assessment.
7. **APPROVAL OF WORK ORDERS.** After reviewing Inventory of Work Orders No.549-549X for \$17,170.67 and 549-549X (A) with a zero balance ending February 28, 2014, TERRY FROST moved their approval. MIKE VLASTELIC seconded the motion which carried unanimously.
8. **POWER OUTAGE REPORT.** MANAGER SWEENEY and the Board reviewed a report covering power interruptions for January and February prepared by VANGIE McCONNELL.
9. **RUS FORM 7.** MANAGER SWEENEY distributed copies of the year-end 2013 RUS Financial and Operating Report - Electric Distribution for review by the Board.
10. **DIRECTOR DISTRICTS.** Discussion covered the number of members in each of the cooperative's seven districts. Currently, there are 628 members in District 1; 514 members in District 2; 577 members in District 3; 541 in District 4; 684 in District 5, 505 in District 6; and 509 in District 7. No changes were recommended for this year's annual meeting. MANAGER SWEENEY will ask staff to review the boundaries for possible changes in 2015.

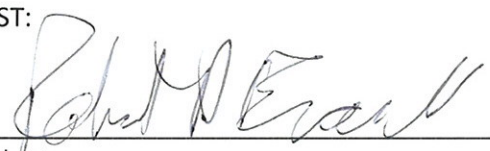
11. **ANNUAL MEETING.** The annual meeting agenda was discussed.
12. **SOUTHERN MONTANA BANKRUPTCY.** Via a teleconference call, Management and the Board, along with BANKRUPTCY ATTORNEYS TRENT GARDENER, BOB BALDWIN and JOHN PAUL discussed Southern Montana Bankruptcy issues.
13. **SOUTHERN MONTANA TERM SHEET.** MANAGER SWEENEY reported that, in regard to the Southern Bankruptcy, the Term Sheet has been signed by each of the co-ops and Prudential. After the press release is approved by the parties, the Term Sheet will be filed with the bankruptcy court.
14. **REPORT OF LEGAL COUNSEL.** Among other things, CORPORATE COUNSEL BILL SPOJA reviewed CFC loan documents and Southern bankruptcy issues.
15. **CFC LOAN DOCUMENTS.** MANAGER SWEENEY reviewed with the Board loan documents allowing the cooperative to borrow funds from CFC, as needed, not to exceed \$2.3 million. DAVID DOVER moved to ratify the CFC Certificate of Resolutions and Incumbency and to authorize the execution of all documents. JOE DIRKSON seconded the motion which carried unanimously. A copy of the Certificate of Resolutions and Incumbency is attached.
16. **MANAGER'S REPORT.** MANAGER SWEENEY updated the Board on load factors regarding the Signal Peak coal mine and the Express pipeline. The load factor for the coal mine in February was low due to the moving of the long wall miner.
17. **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 following: the February operating report prepared and reviewed by OFFICE MANAGER SALLY HORACEK, and the analysis of operating statistics prepared by JANINE RIFE DIDIER.
18. **WINNETT JUNCTION TO WINNETT PROJECT.** MANAGER SWEENEY reported that the 69kV transmission line from Winnett Junction to Winnett is 96% completed.
19. **FOUR-WHEELER.** Discussion covered the possible purchase of a side by side four-wheeler. It was agreed that the purchase would be a useful addition to Fergus Electric's fleet of motor vehicles.
20. **NEW MEMBERS AND DELINQUENT ACCOUNTS.** The Board and Management reviewed the new member list and delinquent account status.
21. **ESTATE CAPITAL CREDIT RETIREMENTS.** The Board reviewed the March 2014 estate capital credit retirements of \$17,992.83. PAUL DESCHEEMAERKER moved to affirm the retirements and MIKE VLASTELIC seconded the motion, which carried unanimously.
22. **NWPPA VOTING DELEGATE.** TERRY FROST moved to nominate DAVID DOVER voting delegate and JASON SWANZ as alternate delegate to the NWPPA Annual Meeting set for May 18-22 in Billings. PAUL DESCHEEMAERKER seconded the motion, which carried unanimously.
23. **CENTRAL ANNUAL MEETING AND POWER IMBALANCE MARKETS PRESENTATION - FEB 27-28.** SCOTT SWEENEY and TERRY FROST reported that the workshop on Power Imbalance Markets at the MECA headquarters was very interesting. It was also noted that RTOs (Regional Transmission Operations) are coming to the west.
24. **FUTURE MEETINGS.** Member Advisory Committee - Apr. 9
CFC Workshop on Financials, Great Falls - Apr. 22-23
Safety, OSHA Annual Compliance Review - Apr. 23
FEC Board - Apr. 24, 10 a.m.



- 25. **FUTURE MEETINGS CONTINUED.** NWPPA Annual Membership Meeting – Billings – May 18 -22
FEC Board – May 29
FEC Annual – June 5
PRECorp, Sheridan, WY – June 16-17
- 26. **NEWS FROM THE DISTRICTS.** Each director shared items of interest to the Board.
- 27. **ADJOURN.** With no further business, the meeting was adjourned at 3:15.



Secretary

ATTEST:


President