

**MINUTES – GENERAL BOARD MEETING
OCTOBER 31, 2013
FERGUS ELECTRIC COOPERATIVE, INC.**

- 1. GENERAL MEETING CALLED TO ORDER.** The Fergus Electric Cooperative, Inc. Board of Trustees met in general session October 31, 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 DESCHEEMAEKER, JOE DIRKSON, DAVID DOVER, JASON SWANZ, and MIKE VLASTELIC. CORPORATE COUNSEL WILLIAM A SPOJA, GENERAL MANAGER SCOTT SWEENEY, OFFICE MANAGER SALLY HORACEK, and CFC REPRESENTATIVE ERIC ANDERSON 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. TERRY FROST seconded the motion, which carried unanimously.
- 4. APPROVAL OF MINUTES OF PREVIOUS MEETINGS.** After reviewing the minutes of the September 26, 2013 general meeting, MIKE VLASTELIC moved to approve them. PAUL DESCHEEMAEKER seconded the motion, which carried unanimously. After a review of the special conference call minutes of October 18, 2013, JOE DIRKSON moved their approval. JASON SWANZ seconded the motion, which carried unanimously.
- 5. CFC KEY RATIO TREND ANALYSIS (KRTA) REPORT.** CFC REPRESENTATIVE ERIC ANDERSON reviewed with the Board the analysis ratios prepared by Cooperative Finance Corporation (CFC). ANDERSON, CFC's representative for Montana and Wyoming, noted that the KRTA assists in analyzing points of importance for Fergus Electric and identifies areas of concern. Numbers are compared to 813 U.S. co-ops, as well as Montana co-ops and peers (co-op members of Southern Montana). Some of the ratios covered were: average total consumers (meters) served, kWh sold, total utility plant, total number of employees, total miles of line, average consumers/meters per mile of line, TIER ratio, write-offs, and capital credits retired.
- 6. EXECUTIVE SESSION CONFERENCE CALL WITH TRENT GARDNER.** After a thorough discussion of the Southern bankruptcy with TRENT GARDNER of Goetz, Baldwin and Geddes, PC, the meeting reconvened. Then, DAVID DOVER moved to authorize SCOTT SWEENEY to assume the position of interim manager of Southern for a period of six months if Fergus Electric's motion to remove the Southern Trustee is successful. MIKE VLASTELIC seconded the motion, which carried unanimously.
- 7. MECA RESIDENTIAL RETAIL RATES.** MANAGER SWEENEY shared a compilation of rates and base charges covering 24 Montana co-ops, NorthWestern Energy and PRECorp.
- 8. THIRD AMENDMENT TO CFC FORBEARANCE AGREEMENT.** After discussion regarding a request by Fergus Electric to extend the Forbearance Period as defined in the Original Agreement dated February 29, 2012 with CFC, PAUL DESCHEEMAERKER moved to extend the Agreement until May 7, 2014. JOE DIRKSON seconded the motion which carried unanimously.
- 9. SOUTHERN MONTANA WAPA ALLOCATION.** After discussion in regard to the Southern Montana WAPA allocation and joining with Beartooth Electric, Tongue River Electric and Mid-Yellowstone Electric, TERRY FROST moved to sign a Fergus Electric Board Resolution accepting Exhibit A – Methodology #6 for Southern Montana's WAPA allocation. JASON SWANZ seconded the motion, which carried unanimously. A copy is attached.

10. **POWER OUTAGE REPORT.** MANAGER SWEENEY and the Board reviewed a report covering power interruptions for January through September prepared by VANGIE McCONNELL.
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 September operating report prepared and reviewed by SALLY HORACEK, the analysis of operating statistics prepared by JANINE RIFE DIDIER and reviewed by MANAGER SWEENEY, and the new member list and delinquents prepared by ERIKA MATTALIANO.
12. **OPERATIONS REPORT.** The Board considered the operations and maintenance, engineering and safety report of 10/24/2013 prepared by LINE SUPERINTENDENT DALE RIKALA. RIKALA reported that, to date, 75 new meters have been installed. He also noted that 483 new poles were added; 466 were retired and 424 were junked. The October safety meeting was presented by TOM YELVINGTON of Yellowstone Valley Tree Surgeons.
13. **APPROVAL OF WORK ORDERS.** After reviewing Inventory of Work orders No. 544-544X for \$61,856.77 and 544-544X(A) for \$11,169.94 ending September 30, 2013, JOE DIRKSON moved their approval. TERRY FROST seconded the motion which carried unanimously.
14. **CAPITAL CREDIT ESTATE RETIREMENTS.** The Board reviewed the October 2013 capital credit estate retirements for October 2013 for \$2,841.59 and reissued general retirement checks for \$298.46 prepared by SUSAN HINKLEY. MIKE VLASTELIC moved to affirm the retirements and PAUL DESCHEEMAERKER seconded the motion which carried unanimously.
15. **REPORT OF LEGAL COUNSEL.** LEGAL COUNSEL BILL SPOJA presented the second installment of a written report for the Board on the legal seminar he and KRIS BIRDWELL attended in San Francisco. SPOJA also noted he worked on Southern Montana bankruptcy issues.
16. **SIGNAL PEAK LLC.** MANAGER SWEENEY reported that the load factor for the coal mine was good for the month of September. He also mentioned that PRECorp's engineers are willing to meet with Signal Peak personnel to help the mine manage their power bill.
17. **MEMBER ADVISORY COMMITTEE.** MANAGER SWEENEY reported that the Member Advisory Committee wants to be kept informed regarding the Southern bankruptcy. If something very important develops, they are willing to call a special meeting.
18. **BOARD POLICY 206.0 - BOARD MEMBER NOTIFICATION, DEVELOPMENT AND GROWTH.** After considerable review, PAUL DESCHEEMAERKER moved to add language to conduct meetings through any means of communication where each board member can be heard. JASON SWANZ seconded the motion which, passed unanimously. A copy is attached.
19. **BOARD POLICY 246.0 - NET METERING.** The Board reviewed the Net Metering Policy with revisions that will allow for net metered irrigation accounts to be trued up on October 31 - the end of the irrigation season. JOE DIRKSON moved to approve the new language and TERRY FROST seconded the motion which, carried unanimously. A copy is attached.
20. **NET METERING MONTHLY FEE.** A member with net metering would like to not pay the additional fee added to the monthly base charge. MANAGER SWEENEY will have a proposal developed for the Board to review next month.
21. **NRECA REGION 7 & 9.** MIKE VLASTELIC represented Fergus Electric as voting delegate to the Region 7 & 9 meeting in Portland October 15 - 17. An important point made at the meeting was that rural electric co-op members are changing. They are not the older members that remember when the lights came on, so cooperatives must be aware and adjust to meet their needs accordingly.

22. **THIRD QUARTER WRITE-OFFS.** JASON SWANZ moved to write off \$1,796.64 in bad debt and to continue with collection procedures as outlined in Board Policy. JOE DIRKSON seconded the motion which carried unanimously. A list is attached.

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

24. **FUTURE MEETINGS.**

- Safety, Voltage Fluctuations, Eric Bjorkman of HD Supply, Nov. 20
- Sage Grouse Meeting, Fish, Wildlife & Parks Office, Nov. 21, Lewistown – 7 p.m.
- MECA Winter Board, Great Falls, Dec. 3-4
- PRECorp Board, Sheridan, Wyoming, Dec. 16 & 17
- FEC Board, Nov. 26 (Tues.) 9 a.m.
- FEC Board, Dec. 20, 10 a.m.
- Christmas Dinner, Pine Meadows Golf Course, (Elks Club), Dec. 20
- Member Advisory Committee, Jan. 23, 7 p.m.
- FEC Board, Jan. 30, 9 a.m.

25. **MEETING ADJOURNED.** With no further business to come before the Board, PRESIDENT EVANS adjourned the general meeting at 2:45 p.m.

SECRETARY_____

ATTEST:

PRESIDENT_____