

JULY 28, 2016
GENERAL BOARD MEETING MINUTES
FERGUS ELECTRIC COOPERATIVE, INC.

- 1. GENERAL MEETING CALLED TO ORDER.** The Fergus Electric Cooperative Board of Trustees met in general session July 28, 2016 with PRESIDENT BOB EVANS calling the meeting to order at 9 a.m. VANGIE McCONNELL was scrivener. Other board members present were BRAD ARNTZEN, PAUL DESCHEEMAEKER, DAVID DOVER, TERRY FROST, JASON SWANZ and MIKE VLASTELIC. GENERAL MANAGER SCOTT SWEENEY, LINE SUPERINTENDENT DALE RIKALA, OFFICE MANAGER SALLY HORACEK, FINANCIAL ANALYST JANINE RIFE DIDIER and CORPORATE COUNSEL KRIS BIRDWELL were also present. The Pledge of Allegiance was recited.
- 2. APPROVAL OF AGENDA.** After reviewing the meeting agenda with one addition, TERRY FROST moved to approve it. MIKE VLASTELIC seconded the motion, which carried unanimously.
- 3. APPROVAL OF MINUTES OF PREVIOUS MEETINGS.** After reviewing the minutes of the June 23, 2016 general meeting, PAUL DESCHEEMAEKER moved to approve them. DAVID DOVER 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. BRIAN TOMLINSON of Spectra Energy (Express Pipeline) and JAY KINSEY of CHS (Front Range Pipeline) came before the Board. TOMLINSON and KINSEY briefed the Board on locations of their various oil pipelines and oil storage tanks. Discussion also covered future projects in which the two companies may become involved.
- 5. COMMUNITY SOLAR.** MANAGER SCOTT SWEENEY and FINANCIAL ANALYST JANINE RIFE DIDIER reviewed some of the responses in regard to the recent telephone survey where 400 members were contacted. The survey was geared towards interest in solar panels, especially community solar provided by the cooperative.
- 6. EXECUTIVE SESSION REGARDING SOUTHERN MONTANA G & T.** The Board met in an executive session to discuss issues regarding Southern Montana G & T. When the Board reconvened, MIKE VLASTELIC moved to instruct DAVID DOVER and JASON SWANZ (Fergus Electric's representatives on the Southern Board) to dissolve Southern G & T and move to the new power supplier at the appropriate time. BRAD ARNTZEN seconded the motion which carried unanimously.
- 7. MIKE EASLEY CONFERENCE CALL.** MIKE EASLEY, General Manager of Powder River Energy Corporation, and the Fergus Board discussed the creation of a G & T for power supply. He reviewed plans for three co-ops – PRECorp, Fergus and TRECO to form a five-member board. It was agreed that the board would include three representatives from PRECorp, and one each from Fergus and TRECO. The suggested name for the G & T is "Members 1st Power Cooperative".
- 8. BASIN MANAGER'S MEETING, DEADWOOD, S.D.** MANAGER SWEENEY reported on the July 20-21 meeting with the managers who are members of Basin Electric. MIKE EASLEY informed the group of the plan for the three co-ops (Fergus, TRECO and PRECorp) to form a G & T for future power supply.

- 9. APPROVE CLASS "C" MEMBERSHIP IN BASIN POWER COOPERATIVE.** After discussion, MIKE VLASTELIC moved to approved signing an application to become a Class "C" member of Basin Electric Power Cooperative. TERRY FROST seconded the motion, which carried unanimously.
- 10. PURPA WAIVER RESOLUTION.** Federal Energy Regulatory Commission's PURPA Regulations generally requires electric utilities to purchase power from and to sell power to qualified facilities. However, 18 C.F.R. § 292.402 provides that an electric utility may apply for a waiver of the purchase and sale requirement. After discussion, JASON SWANZ moved to sign the resolution requesting a PURPA waiver. DAVID DOVER seconded the motion, which carried unanimously. A copy is attached.
- 11. WAPA ALLOCATION.** Discussion covered previous WAPA allocations. The Board agreed that the WAPA power should be transferred from Southern to the three co-ops (Fergus, Tongue River and Mid Yellowstone). The agreed upon allocations date back to the Southern bankruptcy when Yellowstone Valley Electric Cooperative left Southern in 2013 and Beartooth departed in 2015.
- 12. PRECORP BOARD, SUNDANCE.** MANAGER SWEENEY reported on the July 19 meeting. He noted that reduced coal sales are negatively affecting the cooperative. There also was discussion on reduced coal bed methane sales.
- 13. APPROVE UNION AGREEMENT.** After discussion, TERRY FROST moved to approve the agreement between Local Union No.44, IBEW and Fergus Electric dated July 27, 2016. BRAD ARNTZEN seconded the motion which carried unanimously. The agreement takes effect December 26, 2016 and continues until December 25, 2022.
- 14. BOARD POLICIES 210, 211, 212.** The Board reviewed Policy 210 – Anti-Nepotism, Policy 211 - Awards and Recognition of Meritorious Service, and Policy 212 – Energy (amended). PAUL DESCHEEMAERKER move to affirm Policies 210 and 211 and to approve amending Policy 212. MIKE VLASTELIC seconded the motion, which carried unanimously. Copies are attached.
- 15. 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 June 2016 operating report prepared by OFFICE MANAGER SALLY HORACEK and the June analysis of operating statistics prepared by FINANCIAL ANALYST JANINE RIFE DIDIER.
- 16. OPERATIONS REPORT.** LINE SUPERINTENDENT DALE RIKALA reported that, to date, 24 new meters have been installed, 160 new poles were added with 147 being retired of which 145 were junked. This compares to 36 new meters and 164 junk poles in July of 2015.
- 17. INVENTORY OF WORK ORDERS.** After reviewing Inventory of Work Orders No. 577-577X for \$136,901.86 and 577-577X (A) for \$2,676.21, PAUL DESCHEEMAERKER moved to approve them. BRAD ARNTZEN seconded the motion, which carried unanimously.

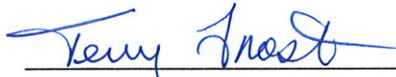
18. **REPORT OF CORPORATE COUNSEL.** CORPORATE COUNSEL KRIS BIRDWELL reviewed amendments to the Union Agreement. He also reviewed the guidelines he and other Corporate Attorneys drew up for the proposed G & T – Members 1st Power Cooperative.
19. **SCHOLARSHIPS FOR LINEMAN SCHOOL.** With the shortage of linemen on the horizon, the Board discussed the possibility of Fergus Electric offering a scholarship to a student who plans to pursue a career in line work.
20. **CAPITAL CREDIT CHECKS.** OFFICE MANAGER SALLY HORACEK reported that \$130,000 in unclaimed capital credit checks had been voided. After five years of being unclaimed, these dollars will go into an educational fund. HORACEK also noted that Capital Credit checks for the remaining balance of 1983 will be issued in October.
21. **CAPITAL CREDIT RETIREMENTS.** The Board reviewed the July, 2016 estate capital credit retirements of \$39,781.20 prepared by SUSAN HINKLEY. TERRY FROST moved to affirm the retirements and BRAD ARNTZEN seconded the motion, which carried unanimously.
22. **THIRD QUARTER WRITE-OFFS.** PAUL DESCHEEMAERKER moved to approve writing off \$3,415.70 in bad debt and to continue with collection procedures as outlined in Board Policy. TERRY FROST seconded the motion, which carried unanimously.
23. **DELINQUENT ACCOUNTS/NEW MEMBERS LIST.** The Board reviewed the delinquent accounts showing those paid in full and those still owing. A list of new members was also reviewed.
24. **NRECA COURSE 2610 – UNDERSTANDING THE ELECTRIC BUSINESS.** PAUL DESCHEEMAERKER reported on the NRECA course that took place in Jackson Hole June 29. He reported that a large part of the class centered on safety.
25. **MECA BOARD, GLASGOW.** MIKE VLASTELIC, PAUL DESCHEEMAERKER and TERRY FROST reported on the July 6-7 meeting.
26. **SIGNAL PEAK, LLC AND EXPRESS PIPELINE.** The combined load factor for the 50Kv and 100Kv Signal Peak substation was 44.1%. Express Pipeline had a combined load factor of 46.7%.
27. **MECA BOARD DELEGATE AND ALTERNATE.** DAVID DOVER moved to appoint MIKE VLASTELIC to represent Fergus Electric on the MECA Board and to approve JASON SWANZ as the alternate. PAUL DESCHEEMAERKER seconded the motion, which carried unanimously.
28. **MECA ANNUAL MEETING VOTING DELEGATE AND ALTERNATE.** JASON SWANZ moved to appoint PAUL DESCHEEMAERKER as Fergus Electric's voting delegate to the MECA Annual Meeting and to appoint TERRY FROST as the alternate voting delegate, which carried unanimously.
29. **REGION 7 AND 9 MEETING.** DAVID DOVER moved to appoint MIKE VLASTELIC as Fergus Electric's voting delegate to the NRECA Region 7 and 9 meeting in Reno October 4-6, 2016 and to appoint PAUL DESCHEEMAERKER as the alternate, which passed unanimously.

30. FUTURE MEETINGS.

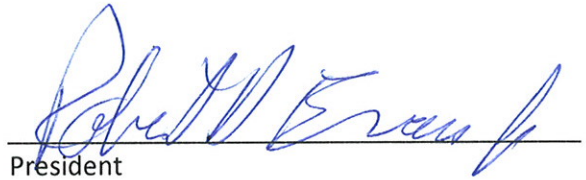
- a. Safety, ATV Safety, Hazard Communications (May Day) & Rope Rigging/Splicing/Knots – Aug. 4; Montana DR.I.V.E., Lewistown Crews – Aug. 8; Mike Stiff – Aug. 11
- b. PRECorp Board, Aug. 16, Gillette
- c. Southern Board, Billings – Aug. 24
- d. PRECorp Annual, Aug. 27, Buffalo High School
- e. Fergus Board, Aug. 31 (Wed.), 9 a.m., Sept. 23 (Fri.), 9 a.m.
- f. NRECA Course 958.1, Succession Planning: Developing the Purpose-Driven Organization, Great Falls – Sept. 26
- g. MECA Annual, Great Falls, Sept. 26-29
- h. NRECA Region 7 and 9, Reno, Oct. 4-6
- i. Christmas Awards Dinner, Dec. 2, Pine Meadows

31. NEWS FROM THE DISTRICTS.

32. ADJOURN. PRESIDENT EVANS adjourned the meeting at 3:30 p.m.


Secretary

Attest:


President