

**MINUTES – APRIL 25, 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 April 25, 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 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.** TERRY FROST moved to approve the agenda. JOE DIRKSON seconded the motion which carried unanimously.
- 4. APPROVAL OF MINUTES OF PREVIOUS MEETING.** After reviewing the minutes of the March 28, 2013 general meeting and discussing them, JOE DIRKSON moved to approve them. MIKE VLASTELIC seconded the motion, which carried unanimously.
- 5. APPROVE 2012 AUDIT.** After discussion, DAVID DOVER moved to approve the 2012 Audit prepared by Smith, Lange and Halley, P.C. which, due to Southern and the Highwood Generating Station, included a write-off of \$4,155,500. This write-off required no additional funds from the cooperative and will not impact future rates. JASON SWANZ seconded the motion, which carried unanimously.
- 6. WINNETT JUNCTION TO WINNETT 69 kV TRANSMISSION LINE.** MANAGER SWEENEY reported that easements for the 25 miles of 69 kV transmission line from Winnett Junction to Winnett have been secured. RUSS MALSUM and ROSE LEI of Heberly Engineering will solicit bids for the project.
- 7. 75<sup>TH</sup> ANNUAL MEETING, JUNE 6, 2013.** The Board reviewed items for the upcoming annual meeting which included reports that will be part of the Annual Report in Rural Montana/Fergus Features. Discussion covered a petition to keep rates stable for Fergus Electric, and covered a proposed bylaw change on voting. The Advisory Committee plans to promote the petition for keeping electric rates stable.
- 8. ELECTIONS AND CREDENTIALS COMMITTEE.** The following members were appointed to the Elections and Credentials Committee: District 1 – CHERYL WICKENS, District 2 – JAMES BERGSTROM, District 3 – DIANE WICKENS, District 4 – CAROL SCHAEFFER, District 5 – SAM OHANESIAN, District 6 – BARBARA BANDY, and District 7 – BILL NEILSON. The committee will tabulate votes for the trustees and the proposed bylaw change. It doesn't appear that the two trustees seeking three-year terms will have opposition. Petitions to place names on a ballot are due by May 6.
- 9. CONFERENCE CALL WITH ATTORNEY JOHN PAUL.** The Board and Management participated in a conference call with Fergus Electric's bankruptcy attorney JOHN PAUL. PAUL reported on a meeting of the four attorneys who represent Beartooth, Fergus Electric, Mid Yellowstone and Tongue River. He also noted that he would meet with MANAGER SWEENEY, VICE PRESIDENT DOVER and GARY SALEBA of EES on May 20 before the NWPPA Annual Meeting in Seattle regarding the cost of power. He also referenced a future meeting with Morgan Stanley that he would attend along with Fergus Electric trustees and MANAGER SWEENEY.
- 10. CAPITAL CREDIT ESTATE RETIREMENTS.** The Board reviewed the April capital credit estate retirements for \$3,809.67 prepared by SUSAN HINKLEY. MIKE VLASTELIC moved to affirm the retirements and PAUL DESCHEEMAEKER seconded the motion, which carried unanimously. A list is attached.
- 11. MECA BOARD.** MIKE VLASTELIC reported that at the Apr. 3-4 meeting, pre-payments to the NRECA R&S Plan, the 2013 budget, and the Helena youth tour were discussed.

- 12. 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 March operating report prepared by SALLY HORACEK, the analysis of operating statistics prepared by MIKE STANLEY, and the new members list prepared by ERIKA MATTALIANO.
- 13. APPROVAL OF WORK ORDERS.** After reviewing Inventory of Work Orders No. 538-538X for \$23,446.66 and No. 538-538X(A) for \$1,221.74, JASON SWANZ moved their approval and PAUL DESCHEEMAERKER seconded the motion which carried unanimously. Expenses were for system improvements.
- 14. OPERATIONS REPORT.** The Board considered the operations and maintenance, engineering and safety report of April 19, 2013 prepared by LINE SUPERINTENDENT DALE RIKALA. RIKALA reported that to date, 17 new meters have been installed, 130 new poles have been added and 169 have been retired of which 149 were junked. This compares to nine new meters and 164 junk poles in April of 2012. The April 10 safety meeting covered hazard communication and the OSHA annual compliance review. DAREN BEEDE of MECA presented.
- 15. POWER OUTAGE REPORT.** MANAGER SWEENEY and the Board reviewed a report covering power interruptions for January through April prepared by VANGIE McCONNELL.
- 16. REPORT OF LEGAL COUNSEL.** LEGAL COUNSEL BILL SPOJA reported that he worked on a letter to the auditors, reviewed the bylaw change and continued with bankruptcy issues.
- 17. SOUTHERN BANKRUPTCY.** MANAGER SWEENEY noted that the major concern regarding the bankruptcy is what the cost of power will be from a reorganized Southern. SWEENEY surveyed neighboring G & Ts to find out their wholesale power costs. GARY SALEBA of EES was hired to study what future Southern rates might be for Fergus Electric.
- 18. YELLOWSTONE VALLEY ELECTRIC COOPERATIVE.** YVEC will be leaving Southern Montana on May 31, 2013 and will pay \$2.5 million to Southern. Fergus Electric and YVEC will mutually dismiss their lawsuits.
- 19. FIRST QUARTER WRITE-OFFS.** TERRY FROST moved to write off \$2,022.71 in bad debt and to continue with procedures outlined in Board Policy. DAVID DOVER seconded the motion, which carried.
- 20. BOARD PACKETS.** Discussion covered receiving the monthly board packets by e-mail or snail mail.
- 21. FUTURE MEETINGS.** Morgan Stanley, Billings, May 1  
 Member Advisory Committee May 2, 7 p.m.  
 Prudential Meeting, Billings, May 3  
 Four Co-ops meet at HDR Engineering, 9 a.m., May 15  
 Safety, Hearing Tests, Job Briefings, Voltage Regulators Components and Safety, May 22  
 NWPPA Annual, Bellevue, Washington, May 20-23  
 FEC Board, May 30, 9 a.m.  
 Annual Meeting, Fergus County Trade Center June 6  
 PRECorp, Sheridan, June 18  
 FEC Board, June 26, 9 a.m.  
 MECA Summer Meeting, East Glacier, July 8-9
- 22. NEWS FROM THE DISTRICTS.** Each director shared items of interest to the Board.
- 23. MEETING ADJOURNED.** With no further business to come before the Board, PRESIDENT EVANS adjourned the general meeting at 3 p.m.

SECRETARY Terry Frost ATTEST: PRESIDENT Kirk DeLoe