

MINUTES
FERGUS ELECTRIC GENERAL BOARD MEETING
MARCH 28, 2013

- 1. GENERAL MEETING CALLED TO ORDER.** The Fergus Electric Cooperative, Inc. Board of Trustees met in general session on March 28, 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, ASSISTANT MANAGER MIKE STANLEY, OFFICE MANAGER SALLY HORACEK and AUDITOR DUANE SMITH 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. CONFERENCE CALL WITH ATTORNEY JOHN PAUL.** The Board, Management and AUDITOR DUANE SMITH participated in a conference call with Fergus Electric's bankruptcy attorney JOHN PAUL. Discussion pertained to a write-off amount which will be part of Fergus Electric's 2012 Audit Report.
- 4. 2012 AUDIT REPORT.** AUDITOR DUANE SMITH covered the following information in his audit report to the Board and Management: 1) Management letter, 2) Auditor's certification regarding loan fund expenditures, 3) Independent auditor's report on compliance and internal control over financial reporting, 4) Financial statements – balance sheets, statements of operation and patronage capital, 5) Statements of operations and patronage capital, 6) Statements of cash flows, and 7) Notes to financial statements. The Board agreed with AUDITOR SMITH that in addition to the \$1.5 million write-off of the co-op's investment in Highwood Station, the approximately \$1.5 million in capital credits from Southern and the deposit of approximately \$1.1 million with Southern should also be a 2012 write-off. With these changes to the draft audit, SMITH will make the corrections and present the report for approval at the next meeting.
- 5. APPROVAL OF MINUTES OF PREVIOUS MEETINGS.** After reviewing the minutes of the February 28, 2013 general meeting and discussing them, MIKE VLASTELIC moved to approve them. TERRY FROST seconded the motion, which carried unanimously. After reviewing the minutes of the February 20 conference call minutes, DAVID DOVER moved to approve them. JOE DIRKSON seconded the motion which passed unanimously.
- 6. RUS FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION – 2012.** A brief discussion covered Fergus Electric's year-end financial report as required by the Rural Utilities Service.
- 7. WINNETT JUNCTION TO WINNETT 69 kV TRANSMISSION LINE.** The Board agreed that the 25 miles of 69 kV transmission line from Winnett Junction to Winnett should be built at a cost of approximately \$3.6 million.
- 8. GARY SALEBA REPORT.** MANAGER SWEENEY reviewed the Plan Study by GARY SALEBA of EES Consulting which will calculate the power supply rate to Fergus Electric from a reorganized Southern. This study is being done by the co-op to double check a future billing rate from Southern if the Chapter 11 reorganization is successful.
- 9. CAPITAL CREDIT ESTATE RETIREMENTS.** The Board reviewed the March capital credit estate retirements for \$6,294.60 prepared by SUSAN HINKLEY. MIKE VLASTELIC moved to affirm the retirements and PAUL DESCHEEMAEKER seconded the motion which, carried unanimously. A list is attached.

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

11. **BANKRUPTCY PLAN HEARING ON YELLOWSTONE VALLEY ELECTRIC COOPERATIVE SETTLEMENT.** On March 26 JUDGE RALPH KIRSCHER allowed YVEC to leave Southern on April 30, 2013 and to pay \$2.5 million to Southern. YVEC and Fergus Electric agreed to dismiss lawsuits against each other. The WAPA power issue was also settled.

12. **APPROVAL OF WORK ORDERS.** After reviewing Inventory of Work Orders No. 537-537X for \$75,348.95 and No. 537-537X(A) for \$2,138.62, JOE DIRKSON moved their approval and TERRY FROST seconded the motion which carried unanimously. Expenses were for system improvements.

13. **OPERATIONS REPORT.** The Board considered the operations and maintenance, engineering and safety report of March 22, 2013 prepared by LINE SUPERINTENDENT DALE RIKALA. RIKALA reported that to date 10 new meters have been installed, 80 new poles have been added and 110 have been retired of which 102 were junked. This compares to three new meters and 127 junk poles in March of 2012. The March 13 safety meeting included lock-out-tag-out procedures, personal protective equipment and Hazard Assessment presented by GORDON McCONKEY OF MECA. As part of the operations report, MANAGER SWEENEY noted that the cooperative has accepted a \$17,500 bid for a new boiler.

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

15. **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.

16. **ANNUAL MEETING, JUNE 6, 2013.** The Board reviewed the final draft of the proposed bylaw change to be presented at the Annual Meeting. No changes were made. OFFICE MANAGER SALLY HORACEK showed the Board the give-away blanket that will be presented to each member attending the 75th Annual Meeting.

17. **NWPPA ANNUAL MEETING VOTING DELEGATES.** MIKE VLASTELIC moved to appoint DAVID DOVER as voting delegate and SCOTT SWEENEY as alternate voting delegate to the NWPPA Annual Meeting in Bellevue, Washington May 20-23. JASON SWANZ seconded the motion which carried unanimously.

18. **FUTURE MEETINGS.** MECA Meetings, Great Falls, Apr. 3-4
Power Line Safety with Demo Trailer for Lewistown Chamber, Apr. 8
Safety, Hazard Communications, Home Electrical and Fire Safety & OSHA Annual Compliance Review, Apr. 10
Member Advisory Committee, Apr. 11, 7 p.m.
Four Co-ops meet at HDR Engineering, 9 a.m., Apr. 16
SME, Billings, Apr. 16, 1 p.m.
FEC Board, Apr. 25, 9 a.m.
NWPPA Annual, Bellevue, Washington, May 20-23
FEC Board, May 30, 9 a.m.
Annual Meeting, Fergus County Trade Center June 6

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

20. **MEETING ADJOURNED.** With no further business to come before the Board, PRESIDENT EVANS adjourned the general meeting at 3:40 p.m.

SECRETARY Terry Frost ATTEST: PRESIDENT Robert Evans