

**BLACHLY-LANE COUNTY COOPERATIVE ELECTRIC ASSOCIATION
BOARD OF DIRECTORS
MEETING MINUTES**

Tuesday, February 22, 2005

CALL TO ORDER

The regular meeting was held at the cooperative office, 90680 Hwy 99, Eugene, Oregon. A quorum was declared present and Chairman Tom Irwin III called the meeting to order at 4:10 p.m. The following Board members were present:

Thomas C. Irwin III	-- Chairman
Audrey Rust	-- Vice-Chairman
Mike Tayloe	-- Secretary/Treasurer
Ernie Jacksch	-- Director
Robert Sikes	-- Director

Others attending the Board meeting:

Bud Tracy	-- General Manager
Mary Locke	-- Manager of Office Services
Bill Gabriel	-- Manager of Operations
Joe McFadden	-- Manager of Member Services
Mary Cirks	-- Administrative Assistant
Robert Greening	-- Attorney
Peter Holmes	-- BLES Committee Member

AGENDA

(Motion) A request for an annual agenda discussion and Board Governance Policy 6 discussion be added to the agenda. Director Rust made a motion seconded by Director Tayloe to accept the agenda as presented. Motion carried 5-0.

CONSENT AGENDA

Discussion was held on a disbursement for the RS&I annual payment; the BLEC truck that was towed in; the personal computer loan limit; the payment for a non-passed training in the apprentice program then it is paid by the employee; and having quarterly departmental budgets so it is easier to understand how current we are to budget. Work Order 1259 was discussed and reviewed that clearance was needed to meet NESC standards.

(Motion) The Board inquired on the meter tampering and what has been done about it. Discussion was held on prosecuting members that are stealing power from BLEC. Discussion was held on the importance of not leaving the site of any unsafe electrical situation. Director Sikes made a motion to allow immediate prosecution action begin on any meter tampering theft or illegal tap that is discovered by BLEC personnel. Director Jacksch seconded it. Motion carried 5-0. Management was directed to establish a preliminary policy regarding illegal tap for next month's board meeting.

About 25% of the field inspections have been entered into a database where about 300 service orders, based on recent inspections, are to be stored. The Board was informed of an incorrect multiplier entered at the beginning of a 1999 service. Discussion followed on if there are more, how this can be double checked, and if we have a policy where the CT's are periodically checked.

(Motion) BLEC member Peter Holmes, representing the BLES Committee, reported there are many needy people that do not ask for energy assistance and it is the BLES Committee's desire to assist them in obtaining this assistance. In reviewing the assistance qualifiers, discussion was held on if a final notice was needed. After discussion, the final notice will remain as a requirement for assistance. Mr. Holmes requested that BLES information be published in the Ruralite about four times a year. Director Tayloe made a motion to adopt the guidelines as presented by the BLES Committee. Director Jacksch seconded it. Motion carried 5-0.

The ICCO has appointed Dale Riddle to be their spokesperson for the industrials. The council will meet in mid April. On March 7 the City of Eugene council meeting will hold discussion to exclude the "greenfields" in the proposed enterprise zone. BLEC will be involved at these meetings.

Discussion was held on the exposure BLEC has in regards to joint pole use contracts. Management informed the Board that PUC rules govern safety issues but does not rule on pole attachments. BLEC works jointly with the Oregon Joint Use Group. The Board and Management recognize that a rate to be charged for joint use needs to be based on costs, along with a breakdown of itemized issues per billing and it should protect our members.

Manager Tracy informed the Board that the demand side management training that he attended addressed issues of variable speed motors, efficiency of irrigation systems. The Member Services Department has been assigned to investigate support resources through OSU or others.

(Motion) Director Tayloe made a motion to accept the consent agenda. Director Jacksch seconded it. Motion carried 5-0.

FINANCIALS

(Motion) In the absence of Manager of Finance/Controller Jami Bartunek, Manager Tracy answered questions from the board regarding the financials. High line losses were discussed when comparing January 04 to January 05 and how meter readings can vary. Manager Tracy informed the Board that departmental budgets are now being used on a monthly basis to indicate where efficiencies and inefficiencies are along with giving Staff a vehicle to see performances are accomplished. Director Tayloe made a motion to accept the financials as presented. Director Sikes seconded it. Motion carried 5-0.

(Motion) SAFETY MINUTES

The Board discussed the boom that made contact with the phase wire, the Good Samaritan law, and that at an accident the power company is in charge until the power is dead. Discussion was held regarding the ergonomics study that was performed. Director Tayloe made a motion to accept January's safety minutes as presented. Director Rust seconded it. Motion carried 5-0.

ORECA REPORT

Director Tayloe will compose a synopsis of financial questions in the form of a letter from Chairman Irwin that will also address confidentiality meetings held within ORECA. The Board felt that the ORECA sponsored legislative day was well received and appreciated by our Legislators. The legislators are learning about BLEC's concerns which included salmon, BPA issues and market rates, their support for BLEC, spill and draw-down issues.

PNGC REPORT

Manager Tracy informed the Board that West Oregon Cooperative would like to sell their 1.77% of the Coffin Butte project. Coffin Butte appears to be a political benefit to BLEC. Discussion was held on the limits on net requirements and that power generated would be classified as green resource power.

STRATEGIC PLANNING:

A Board planning session will be April 23 at 8 a.m. Mr. Steve King of Coffin Butte will be invited to discuss Coffin Butte with the Board. Other topics at this time are transmission issues, PNGC's structure, and power expectations to 2011.

OLD BUSINESS

- (Motion) Bylaws: Attorney Greening stresses the importance of retaining "former member" language in the bylaws so that BLEC retains their tax-exempt status. After a lengthy discussion on this topic, Director Sikes made a motion to have Attorney Greening construct language to incorporate "former members/patrons" in accordance with policy established in Article VIII Section 2c vi of the bylaws. Director Tayloe seconded it. Motion carried 5-0. Manager Tracy explained the timetable of occurrence regarding a run off election. After lengthy discussion, Director Sikes made a motion to remove the second paragraph in Article II, Section 8b, from the revised bylaws as in the "final draft sent to board Feb 18 05". The Board reviewed the nominations process as stated in the bylaws, and the importance of the members having total control of the annual meeting.
- (Motion) Articles of Incorporation: Director Tayloe made a motion to accept, for the member's consideration, the Bylaws and Articles of Incorporation as presented to the Board at this meeting, including the actions in the prior motion. Director Sikes seconded it. Motion carried 5-0.
- (Motion) Irrigation Rate: Manager Tracy explained the irrigation rate schedule as presented to the board and discussion was held on the implementation of the policy. Director Tayloe made a motion to adopt the Irrigation Service Rate Tariff Schedule 1-2005 as presented. Director Rust seconded it. Motion carried 5-0.
- (Motion) Allocation of Capital Credits: Lengthy discussion was held on showing profit and losses so that they will indicate to members BLEC's operational losses and how that group was supported by members for 2003 and 2004 and the importance of each rate class to stand on their own from this point forward. Discussion was held on the need to discount capital credits for estates only, and not pay a capital credit estate until the surviving spouse is deceased, and early retirements. Discussion was also held on that the Pegasus Deal should be allocated to members based on their patronage accrued over a period of time. Director Tayloe made a motion to accept the allocation process as discussed. Director Rust seconded it. Motion carried 5-0.

Annual Meeting: Senator Ted Ferrioli from eastern Oregon will be our key speaker. There will be a variety of booths including, Staking, Audit committee, BLES committee, Legislators, ACRE, Fish issues, Spills, and military pictures that will be viewed before the meeting. The meeting will be held Saturday, April 30, 2005. Dinner will be served at 5 p.m. with the meeting starting at 6:30 and scheduled to end at 8 p.m.

NEW BUSINESS

(Motion) MINT program: Discussion was held on annuities held in BLEC's name, with the annuitant being a former employee, the need to show the annuities as an asset on the co-op's books and disclose the transaction to our members. After a lengthy discussion, Director Rust made a motion to authorize Chairman Irwin execute the Met Life Agreement after the General Manager has correctly identified the nature of the transaction and caused the financial accounts of the cooperative to properly reflect the nature of the transaction and directed the Auditor to disclose it in the 2004 Audit Report. Director Tayloe seconded it. Motion carried 5-0.

(Motion) Member deposit: Discussion was held regarding the present method for collecting deposits from members prior to obtaining an account. Currently new members are required to pay a deposit that can be paid over a two-month time frame. After discussion, Director Sikes made a motion to require the member deposit be paid in full prior to making the connection. Director Jacksch seconded it. Motion carried 5-0.

NCSC delegate: Chairman Irwin appointed Bud Tracy to the NCSC delegate at the upcoming NRECA annual meeting with himself as alternate.

(Motion) Audit Committee: Manager Tracy explained the nondisclosure agreement to the Board. After discussion, Director Sikes made a motion to accept the Nondisclosure Agreement with Director Jacksch seconding it. Motion carried 5-0.

Substation protection: Manager Tracy led a discussion on how BLEC could protect our substations, more specifically the transformers. Items suggested were rumble strips on the edge of the pavement, increased white lines, concrete barriers, and guardrails.

Board Governance 6: Director Rust inquired if the Board Governance 6 (annual agenda schedule) could be brought back into the board book.

MEMBER COMMENTS: There were none.

DIRECTOR ASSESSMENTS:

Comments: This was a very productive meeting. Management is to see about streamlining the process in which comments from our members are given to the Board.

Expenses: Expense reports were turned in for payment.

Schedule of Events: Chairman Irwin will be attending the NWPPA/NRECA Director Training March 8 – 11, 2005.

EXECUTIVE SESSION

Executive Session was held with no action taken.

ADJOURNMENT

With there being no further business to come before the Board, Chairman Irwin adjourned the meeting at 10:10 p.m.

(SEAL)

Michael E. Tayloe
Board Secretary