

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

Monday May 23, 2005

CALL TO ORDER

The regular meeting was held at the cooperative office, 90680 Hwy 99, Eugene, Oregon. A quorum was declared present and Vice Chairman Audrey Rust called the meeting to order at 4:00 p.m.

ELECTION OF OFFICERS

Director Sikes made a motion to retain officers of 2004 for this next year. Director Jacksch seconded it. Motion carried 4-0 with Director Irwin being absent.

INTRODUCTION OF GUESTS: Director Rust introduced Mr. Todd Payne, who represents the Industrial Customers and will be attending board meetings on a regular basis in the capacity of an ex-officio member.

The following Board members were present, with Chairman Irwin arriving at 4:10 p.m.:

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
Jami Bartunek	-- Manager of Finance
Todd Payne	-- Large Power Representative
Mary Cirks	-- Administrative Assistant
Chip Greening	-- Attorney

AGENDA

(Motion) Policy F-8 will be presented for consideration at next month's board meeting. Director Sikes made a motion to approve the agenda. Director Tayloe seconded it. Motion carried 4-0.

CONSENT AGENDA:

(Motion) There were no items pulled from the consent agenda for discussion. Director Sikes made a motion to approve the consent agenda. Director Jacksch seconded it. Motion carried 4-0.

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Chairman Irwin arrived.

(Motion) FINANCIALS:

Manager of Finance Jami Bartunek explained a demographic utility is being sought for a comparison to our benchmarking. She explained that we are well ahead of our work in progress, explaining that what was to be completed last year is still open due to some parts not being received. Manager Tracy reported the retention clause on the contract could have been done differently to allow for penalty for late construction. Director Tayloe made a motion to approve the financials. Director Rust seconded it. Motion carried 5-0.

GENERAL MANAGER'S REPORT:

Substations: Manager Tracy requested Manager of Operations Services Bill Gabriel to report to the Board how the subs stations are tied together. Mr. Gabriel explained the formation of the lines and the flexibility of taking a substation down for maintenance while keeping all customers up and running is a great benefit. All substations are now being backed up.

Idle Service project: Manager Tracy reported the Idle Services project started in 2004 is a greater project than anticipated and will need deeper thought. There is a need to correct the data files as progression is done which requires individually going through each meter file. Manager of Office Services Mary Locke explained the project will take approximately 186 hours to complete and with current workload, completion could be anticipated by the end of October. This project requires the expertise of several key people in the organization to bring information together and must be completed before another cost of service study is performed.

Salem Scoop: Manager Tracy explained the *Power of Community* is responsible for printing this paper (of which about 700 BLEC members are participants) and this bill stuffer is offending a few people. The Board discussed many options including; the cost of mailing it separately to the members; discuss with the authors as to how to be more politically correct; having another side of the issue be included in the billing; publish a disclaimer in the Ruralite magazine; and if anyone disagrees with the paper a simple call to their legislator is advised.

(Motion) SAFETY MINUTES:

Director Rust made a motion to accept the safety minutes as presented. Director Tayloe seconded it. Motion carried 5-0.

ORECA REPORT

The Net-Metering version of a bill is now dead in the House. At the ORECA Summer meeting the resolution process for Region IX will occur. Manager Tracy is to prepare a resolution for the June meeting regarding Aid to Construction and why the accounting procedure needs to be adopted by NRECA and CFC. He is also to address standardized meetings.

PNGC REPORT

Manager Tracy stated water conditions have improved dramatically these past few months. He also stated there could be flaws to the cost recovery adjustment clause, those being the financial base which is based on BPA's reserves; load base which is PNGC's perspective 25% above the 2001 rate, and the safety net which could go up to 10%.

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Director Rust reported BLEC's manager brings the facts to the PNGC board; he represents us very well, and has respect from the other board members. To date, all BLEC directors have attended a PNGC meeting. Manager Tracy, Al Gonzalez, and Chuck Dawsey have been appointed to serve on the new large single load committee. Discussion was held on conservation controls that are being generated which allows less control at the local level; and methods of allocating patronage capital with none of them reflecting what the actual true cost of power is. With no assurance for BLEC to report to our members that we have charged an accurate rate to them, it is imperative that cost based rates be achieved at the PNGC level. Manager Tracy is to carry this message to the strategic planning session at PNGC.

Industrial growth: Manager Tracy is to follow up with the prison development.

### STRATEGIC PLANNING

The Board of Directors reviewed the draft Strategic Planning document presented by Manager Tracy. Discussion was held on the goal of having a 60% equity level. Currently BLEC is at 43% equity. Ernie Jacksch made a motion to approve the Strategic Planning document as discussed. Director Rust seconded it. Motion carried 5-0.

### OLD BUSINESS

ADA Meeting room: The architect, along with two committee members, has reviewed the office remodel project and Manager Tracy passed out the first draft. After discussion, the committee is to get with architect McDonnell for minor changes.

Credit Card Payments: Manager of Office Services Mary Locke shared with the Board a cost analysis that indicates an average 1½% cost for BLEC to use credit cards, along with the limitations of how to collect the fee. The use of credit cards would reduce the receivables, reduce write-offs, and enhance the establishment of a deposit for service. Further development will be done to see how other co-ops are handling this cost.

Irrigation Rate Update: Manager of Office Services Mary Locke informed the Board an irrigation letter has been sent to those members involved stating they need to pay last year's bill prior to service this year, as per the new rate schedule.

(Motion) Annual Meeting Survey and Comments: Lengthy discussion was held on ways to improve next year's annual meeting. Staff will get direction from the Board as to what highlights are needed, and how to accomplish the tasks. Director Rust made a motion to have next year's annual meeting at Triangle Lake School. Ernie Jacksch seconded it. Motion carried 5-0.

### NEW BUSINESS

(Motion) NRECA Region IX Voting Delegate/Request for CFC Candidates: Discussion was held on the NRECA meeting being held in Kauai, Hawaii this year and the perception that gives to our members. Director Tayloe has indicated his interest in being nominated to this position for Region IX. Director Sikes made a motion for Director Tayloe to remain the current voting delegate with Manager Tracy being appointed as the alternate voting delegate in representing Blachly-Lane at the meeting. Director Jacksch seconded it. Motion carried 5-0.

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Audit Committee Appointment: No résumés have been received to date so an appointment will be made at the June meeting.

Distribution of Minutes: Lengthy discussion was held regarding any type of correspondence that could be posted on our website showing the most recent board meeting happenings rather than wait for a month before the approved minutes are to be posted. Highlights of the discussion were that people interpret the same words in various ways, and the risks of misunderstanding. Recordings of meetings will be held only until minutes are approved.

Aware Committee Report: Manager of Member Services Joe McFadden reported the Aware Committee met in May and have set the third Tuesday of every other month starting in September and commencing in May of 2006 as their meeting date.

(Motion) MEMBER COMMENTS: Mr. Todd Payne reported that the alternate to the Large Power Representative is David Cooper. Director Jacksch made a motion to have the Large Power Representative prepare a report for the board to be included in the staff reports. Director Sikes seconded it. Motion carried 5-0.

DIRECTOR ASSESSMENTS: More dates of upcoming meetings are to be on the calendar.

RECESS TO BLSI: The board recessed for the BLSI meeting at 8:47 p.m.

RECONVENE OF BLEC MEETING: The BLEC meeting was reconvened at 8:53 p.m.

EXECUTIVE SESSION: Executive Session was held with no subsequent action taken.

ADJOURNMENT:

With no further discussion, Chairman Irwin adjourned the meeting at 10:15 p.m.

(SEAL)

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Michael E. Tayloe  
Secretary