

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

Monday December 19, 2005

CALL TO ORDER

The regular meeting was held at the cooperative office, 90680 Hwy 99, Eugene, Oregon. A quorum was declared present and Chairperson Tom Irwin III called the meeting to order at 5:10 p.m.

INTRODUCTION OF GUESTS: The following Board members were present:

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

Others attending the Board meeting:

Bud Tracy	-- General Manager
Joe McFadden	-- Manager of Member Services
Mary Locke	-- Manager of Office Services
Jami Bartunek	-- Manager of Finance
Bill Gabriel	-- Manager of Operation Services
Mary Cirks	-- Administrative Assistant
Chip Greening	-- Attorney
Todd Payne	-- Large Power Representative
Jack Roberts	-- Lane Metro Partnership

CALENDAR: BLEC's February board meeting will be February 27, 2006.

(Motion) AGENDA: General Manager Bud Tracy informed the board Mr. Jack Roberts would be in at 7 p.m. A request to add "Audit Committee Report" to new business was requested. Director Rust made a motion to add the report. Director Jacksch seconded it. Motion carried 4-0 since Director Tayloe was in the Audit Committee meeting at this time.

(Motion) CONSENT AGENDA: Items pulled from the consent agenda were minutes, disbursements, memberships, and monthly reports. The minutes in the board packet listed as "Medicare Part I" should have read "Retirement and Security". This correction was made. Discussion was held on the \$5 membership refund checks, and the payment for the labor of shutting the water line off for the winter; if the membership cancellations are mostly residential consumers. Manager Tracy informed the board that Lane County and the State governments are using rule making to achieve tasks they normally perform, i.e. BLEC is to leave a construction job better than they found it and are responsible for a year. Manager Tracy stated the policies will address some of this issue. Manager of Office services Mary Locke reported more irrigation accounts have disconnected with some converting to the Small Commercial rate; consumers are using the credit card method for

payment. Discussion was held on billing irrigation accounts by demand verses usage. If demand is used, the correct meter needs to be installed. Manager of Member Services Joe McFadden reported the Energy Outlet, which has operated for about 10 years, is now closed. Controller Jami Bartunek reported Casco has written a check to BLEC that is to cover our payment. Lengthy discussion was held on the unclaimed capital credits. Director Rust made a motion to approve the consent agenda. Director Tayloe seconded it. Motion carried 5-0.

(Motion) FINANCIALS: Controller Jami Bartunek reviewed some highlights of this month's financials, indicating everything is under budget. Ms. Bartunek called attention to the new page of information that has been added to describe some of the financial terms; and the cost of power is lower than normal because PNGC has a credit applied. Ms. Bartunek called attention to the list of vendors and each month staff will inform the board of new vendors and remove ones that have not had activity over the past year. Director Rust made a motion to accept the financials. Director Sikes seconded it. Motion carried 5-0.

(Motion) GENERAL MANAGER'S REPORT: General Manager Bud Tracy informed the board a matrix has been established of the policies with a completion target date of the end of February for presentation at a board workshop; annual PNGC delivery points figures compared to readings are very similar; tracking of BPA and PNGC's readings are being done; BLEC's share of the WPPSS Plant #1 has been calculated and BPA will extend it out into the future; Manager Tracy visited with Rick Re and Todd Payne of Seneca on their proposed generation project. Management will schedule John Prescott from PNGC to come and discuss future resources and generation with Seneca and possibly the Board. Manager Tracy reported the power interruptions our customers have been experiencing are a BPA fault on the transmission line and the cause is unknown at this time. Manager Tracy reported that BPA had calculated a 6.5% LDD for 2005 which should have been 6%. It will return to 6% for 2006. This is an increase of about \$28,000 to power costs. Manager Tracy reported BLEC was recognized at the NRECA Region IX meeting for their ACRE membership participation. Discussion was held on having our employees/members involved, and educated. A workshop has been established where ORECA Executive Director Sandi Flicker will educate employees on the ACRE program.

(Motion) SAFETY MINUTES: The chipper brake away has been repaired. Club reimbursements are wellness reimbursements and the involvement of employees saves on the insurance premiums. After discussion, Director Sikes made a motion, seconded by Director Jacksch to accept the Safety meeting minutes. Motion carried 5-0.

ORECA REPORT: ORECA Board Representative Tom Irwin reported on the recent annual meeting, and led a discussion on loan stipulations. There was discussion regarding a feeling that the BLEC board is left out of ORECA's information because it is not discussed at our board meetings. Management will attempt to secure ORECA's agendas and board minutes so they can be provided in BLEC's board packets. Discussion was held on the fact that not all of the systems in the State of Oregon are united in political ramifications or other topics.

PNGC REPORT: BLEC is supportive of the development of a PNGC equity program. It is also recognized that PRC and PNGC's support is needed to bring cooperatives together.

OLD BUSINESS: There was no old business.

(Motions) NEW BUSINESS: Mr. Jack Roberts of Lane County Metro Partnership explained to the BLEC Board of Directors that the purpose of his office is to recruit businesses into the area, help promote and continue growth, and has a desire to establish a method of how electricity will be served to businesses through a growth period. After discussion, Director Rust made a motion to make a one-time pledge of \$1,500 to the Lane Metro Partnership, expecting Mr. Roberts to assist in communication on developments of the industrial corridor. Director Tayloe seconded it. Motion carried 5-0.

Director Tayloe reported the Audit Committee reviewed the criteria and presented requests to the auditors. Their recommendation is to correct the non-operating and operating revenue. Resolution 2005-07 regarding the audit selection was discussed. Director Tayloe made a motion to accept Resolution 2005-07 with Director Rust seconding it. Motion carried 5-0.

Director Rust made a motion to accept Resolution 2005-08 regarding the Section 125 Plan. Director Tayloe seconded it. Motion carried 5-0.

Discussion was held on irrigation accounts, if there should be a rate class known as irrigation, and if irrigation could be considered as a part of the Residential and Small Commercial rate. After discussion, a motion was made to accept legal counsel's recommendations on this topic in the form of Resolution 2005-09. It was carried unanimously.

Manager Tracy reported to the board that one of the greatest challenges involving Grid West is to get all of the Oregon Cooperatives in agreement. Discussion was held on membership in an organization that is related to future needs, for the betterment of the transmission industry. BLEC and BPA appear to be together on the Grid West position. After discussion, Director Rust made a motion to purchase a membership in the Grid West program. Director Sikes seconded it. Motion carried 5-0.

MEMBER COMMENTS: There were none.

DIRECTOR ASSESSMENTS: Comments: Directors Irwin and Sikes were presented certificates for their completion of a class on meter theft provided by NWPPA.

Expenses: Directors turned in their expense reports.

Meeting Attendance: One director, to be determined, will be attending NRECA's Annual Meeting in Orlando, Florida in 2006.

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

ADJOURNMENT: With no further discussion, Chairman Irwin adjourned the meeting at 11:30 p.m.

(SEAL)

Michael E. Tayloe
Secretary