

BLACHLY-LANE COUNTY COOPERATIVE ELECTRIC ASSOCIATION
BOARD OF DIRECTORS
MEETING MINUTES
Thursday, March 30, 2006

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 5:12 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
Bill Gabriel	-- Manager of Operations
Jami Bartunek	-- Manager of Finance/Controller
Mary Cirks	-- Administrative Assistant
Robert Greening	-- Attorney
Todd Payne	-- Large Power Representative
Sandy Flicker	-- ORECA Executive Director

AGENDA

(Motion) There were no additions or changes to the agenda. Director Rust made a motion to accept the agenda. Director Jacksch seconded it. Motion carried 5-0.

CONSENT AGENDA

(Motion) The following were pulled from the consent agenda for discussion: disbursements, work orders, transfers, and monthly reports. After a question and answer session Director Rust made a motion to accept the consent agenda. Director Jacksch seconded it. Motion carried 5-0.

(Motion) AUDIT COMMITTEE REPORT: Director Tayloe informed the Board of Directors that the Audit Committee reviewed the audit report, suggesting to the board they review the audit report for approval at the next board meeting. The Audit Committee recommended the board approve the operating statement so a capital credit allocation can be performed prior to the upcoming annual meeting. Manager of Finance Jami Bartunek discussed the proposed capital credit allocation for 2005 as reflected in the operating statement of the 2005 Audit Report. After discussion, Director Rust made a motion to allocate the 2005 margin. Director Tayloe seconded it. Motion carried 5-0. The Board expressed their compliments to management for all the work they have done to make this allocation possible.

(Motion) FINANCIALS: Manager of Finance/Controller Jami Bartunek reviewed the financials. Director Sikes made a motion to accept the financials as presented. Director Tayloe seconded it. Motion carried 5-0.

MANAGER'S REPORT:

(Motion): Large Power Representative Todd Payne of Seneca updated the Board as to a third sawmill that is anticipated to require an additional 2500 horsepower. He reported all is proceeding smoothly. Metro Partners has inquired on the bio-field and what BLEC's limitations are at that property. Both the Manager of Operations Services and General Manager will be attending a meeting in the near future regarding the prison project. Manager Tracy and ORECA Executive Director Sandy Flicker will be meeting with Representative Debi Farr this coming Monday. Manager Tracy will be assisting Senator Alan Brown on energy issues. Manager of Finance Jami Bartunek will attend the PNGC meeting next week with Manager Tracy. Manager Tracy will be attending the Legislative Conference the end of April in Washington DC where he will take the opportunity to engage with the Legislators and discuss with them how important the affects salmon legislation has on our customers. Policy 102 was discussed. Director Tayloe made a motion to accept the policy after the last sentence has been removed for the purpose of this year's annual meeting. Chairman Irwin seconded it. Motion carried 3-2 with Director Rust and Director Jacksch voting nay.

(Motion) SAFETY MINUTES

The Board reviewed the February Safety Committee Meeting minutes. Discussion was held on the near miss line energize prior to radio contact which was in the January minutes. All people were very concerned, learned from their mistake, and learned the importance of effective management on the radio. The Board expressed concern that with all of the safety classes being offered, how this incident could occur. Manager of Operations Services Bill Gabriel assured the Board that our Safety Program was very good and BLEC employees report all safety violations. Director Tayloe made a motion with Director Jacksch seconding it that the minutes of the January and February safety meetings be accepted. Motion carried 5-0.

ORECA REPORT

The Board reviewed the board minutes of January as well as the March board summaries. Executive Director Sandy Flicker was present at the board meeting and updated those present on issues of the Energy Policy Act, Government Affairs, Education, Power of Community, ACRE, and the importance of relationships with our Legislators. ORECA has hired a part-time lobbyist. Field trips are being organized to further educate our legislators.

PNGC REPORT

Discussion was held on the extent of participation in the new efficiency energy commitment involving the Coffin Butte project. Chairman Irwin requested a straw pole and the intent of the Board is to proceed.

Manager Tracy informed the Board this has been an average year for PNGC and as such, discussion was held on allocating margins to members or adjusting rates. No commitment will be made until the risks are known.

STRATEGIC PLANNING

Discussion was held on the resource options, cost allocations, and rate model in preparation for the upcoming planning session. This Strategic Planning Session has been scheduled for April 22, 2006 from 9 – 1 at the BLEC office. This will be the start of the Work Plan and Budget process for 2007.

OLD BUSINESS

Annual Meeting/AWARE Committee Report: Manager Tracy stated the staff has their responsibilities mapped out for the annual meeting. Manager Tracy informed the Board that at the AWARE meeting, discussion was held regarding the advantages and disadvantages of giving gifts at the annual meeting. Manager Tracy informed the Board the entertainment for the annual meeting as planned is not able to attend. After discussion, the Board informed management to continue giving the gifts to our members, use graphs and the screen, keep the meeting to about one hour, and inform the membership on how negative margins function.

COSA: Manager of Finance Jami Bartunek reviewed the Cost of Service Analysis draft for 2006 with the Board of Directors that was performed by PNGC. Lengthy discussion was held on the COSA. After discussion, the Board instructed management to continue to monitor rate issues and keep the Board informed as to the happenings of PNGC with regards to rates.

Retirement of Capital Credits: The Board discussed the retirement of capital credits for 2005. Director Tayloe made a motion to continue to increase the equity position by not retiring capital credits this year. Director Rust seconded it. Motion carried 5-0.

Substations Purchase Proposal from BPA: BPA has established the sale prices for Alderwood Substation and Walton Substation for \$400,000 and \$190,000 respectively. This is down from the previous \$750,000 offer. The BLEC Board of Directors feels this is still too much to pay for the substations.

NEW BUSINESS

(Motion) Appoint Counting Committee: The Board discussed the needs of the counting committee for the annual meeting with respect to the few number of voting issues this year. Director Jacksch made a motion to have one member out of each district be appointed to the Nominating Committee. Motion died for lack of a second. The counting committee will consist of Ethlyn Forcht, Cheryl Haskell, Betty Herbert, and Barbara Glenzer with Charles Coty and Marlene Northrup as alternates.

(Motion) CFC Integrity Fund: Director Tayloe made a motion to contribute \$600 towards the electricity only cooperative system integrity fund to assist cooperatives in legal matters. Director Rust seconded it. Motion carried 5-0.

MEMBER COMMENTS: The Board applauded one of our members for their supportive comments regarding our prompt services.

DIRECTOR ASSESSMENTS:

Comments: Directors Jacksch and Rust reported on the NRECA Directors Conference that they attended, stating it was very informative and reminded the Board of their importance of open communication to our members, the Board performing self evaluations, SCADA, metered turtles, disaster recovery, and the value of Ruralite.

Expenses: Board expense records were turned in for approval.

Schedule of Events: It was requested by Director Rust that the CFC Education opportunities be added to the calendar and the Directors' Conference for 2007 will be held February 6 – 10 in San Antonio, Texas.

EXECUTIVE SESSION

None was held.

ADJOURNMENT

With there being no further business to come before the Board, Chairman Irwin adjourned the meeting at 9:30 p.m.

(SEAL)

Michael E. Tayloe
Board Secretary