

BLACHLY-LANE COUNTY COOPERATIVE ELECTRIC ASSOCIATION
BOARD OF DIRECTORS
MEETING MINUTES
Monday, April 24 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 5:25 p.m. 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/Controller
Mary Cirks	-- Administrative Assistant
Robert Greening	-- Attorney
Todd Payne	-- Large Power Representative
Lew Orsi	-- Moss Adams
Shelley Coleman	-- Moss Adams

AGENDA

(Motion) It was requested to advance the Audit Report on the agenda to accommodate the traveling for the auditors. Director Tayloe made a motion to accept the agenda with the alteration. Director Rust seconded it. Motion carried 5-0.

CONSENT AGENDA

(Motion) Work Orders and Monthly Reports were pulled from the consent agenda for discussion. The Board has requested the desire to know how many work orders are opened and closed each month. Manager Tracy reported personnel are presently working on a system that tracks both time and expense. The new technique of tracking work orders will show how the work order process is working. Discussion was held on the interpretation of "under" and "over" budget. An explanation of the *Service Interruption – Reliability Report* was reviewed, stressing the importance of tracking and quality of this report. BLEC has tech access points outside the office, those being Internet, NISC, and Metering. Manager of Office Services Mary Locke stated the probability of security exposure is low. The Member Services report will no longer include the weather statistics since they will be mentioned in the financials. Director Rust made a motion to accept the consent agenda. Director Sikes seconded it. Motion carried 5-0.

(Motion) AUDIT COMMITTEE REPORT: The Board of Directors reviewed the Audit Report at an in-depth workshop held prior to this board meeting where they reviewed the details of internal

control and many other items. The Audit Committee has reviewed the audit report with the auditors and recommends its approval. Lew Orsi and Shelly Coleman from Moss Adams LLP were available at the board meeting for a question and answer session. Discussion was held on the necessity of a policy regarding the investment of funds; and the importance of reviewing the CASCO investment annually. Mr. Orsi informed the Board that he has reviewed the audit in detail with the Audit Committee, expressing his delight in working with the Committee and the wonderful job they perform for the cooperative. Mr. Orsi led discussions with the Board regarding new acting standards for methods of succession and the importance of having good documentation; the Federal Energy Act leading to possible mergers of utilities; the changing role of PNGC; future load growth alternatives; operating supply; reserves for off balance guarantees; reserves for construction; reserves for contingencies and joint/several contract situations. New methods have been implemented to allow more security procedures. Director Sikes made a motion to accept the Audit Report as presented. Director Rust seconded it. Motion carried 5-0.

(Motion) FINANCIALS: Manager of Finance/Controller Jami Bartunek reviewed the financials, stating the equity level is 47% of total assets; led a discussion on the terminology of “not completed” instead of “under budget”; cash and temporary investments being \$80,000 more than last year; net margins; board and employee training are under budget; and that sales had an increase of 12% in the residential due to the colder weather this past month. Manager Tracy reported the idle services are ready to be billed this month. Director Sikes made a motion to accept the financials as presented. Director Tayloe seconded it. Motion carried 5-0.

(Motion): MANAGER’S REPORT: Discussion was held regarding an article in last month’s *Ruralite Magazine*. Legal counsel to the board was that those people that have concerns with the article need to express their concerns in a letter so BLEC can respond to the allegations. Large Power Representative Todd Payne reported the Seneca Sawmill project is coming along very well and it is anticipated start-up will be in mid June to the end of June; interviews have been held and the choice of proposals have been narrowed down to two. He thanked Manager Tracy for his assistance in the screening process. Manager Tracy informed the board of the happenings at the Department of Corrections meeting regarding the proposed prison. Local agencies are attempting to slow it down but the Department of Corrections sounds willing to move ahead with the project. A member of District 3 has notified BLEC of his resignation from the Aware Committee. A replacement is being sought. A correction to the March 28, 2005 minutes was discovered while researching another project – in the *Allocation of Capital Credits for prior years* paragraph the revenue was listed as “unpaid” and should have stated “unbilled”. The clerical error has been corrected. Director Jacksch made a motion to accept the Manager’s Report. Director Tayloe seconded it. Motion carried 5-0.

(Motion) SAFETY MINUTES: Attention was drawn to the lack of response time on the radio mentioned in the safety meeting minutes. Staff explained this was an issue where if the operations personnel are all in the field, communications need to be improved so front office personnel know they have radio coverage. Director Sikes made a motion to accept the safety minutes as presented. Director Tayloe seconded it. Motion carried 5-0.

ORECA REPORT: Manager Tracy informed the Board regarding the Renewable meeting he attended. BLEC and many other cooperatives are taking the position that hydro is a

renewable resource. The Governmental Affairs Committee met and Manager Tracy reported all energy source should be labeled renewable. Senator Brown has requested Manager Tracy's participation in the *Effects of Electric Energy* to be in Bend the end of May.

PNGC REPORT:

An informal gathering to exchange views regarding PNGC's operative risks is being formulated. Manager Tracy reported PNGC is requesting their Board of Directors to come to the next PNGC meeting with the authority to set the term of staying with PNGC. Discussion was held on the unwillingness to make these decisions until BPA makes a decision. Lengthy discussion was held on this matter. The Board gave no direction to Manager Tracy.

STRATEGIC PLANNING:

Manager Tracy passed out a questionnaire to the Board for their review and comments regarding questions raised in last Saturday's Strategic Planning session. He reported he does not have the outcome of this meeting formulated but will have it for action at next month's board meeting.

OLD BUSINESS:

Annual Meeting: Manager of Marketing Services Joe McFadden reported he is having a hard time obtaining a large screen from PNGC as we did for last year's annual meeting. The annual meeting starts at 5 p.m. on Saturday, May 13, 2006 at Triangle Lake School.

NEW BUSINESS:

There was no new business to discuss.

MEMBER COMMENTS:

There were no member comments.

DIRECTOR ASSESSMENTS:

Comments: The board felt it was a productive meeting.

Expenses: Board expense records were turned in for approval.

Schedule of Events: The Board expressed desire to have a more complete listing of all the educational opportunities available through NRECA and CFC.

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 9 p.m.

(SEAL)

Michael E. Tayloe
Board Secretary