

**BLACHLY-LANE COUNTY COOPERATIVE ELECTRIC ASSOCIATION**  
**BOARD OF DIRECTORS**  
**MEETING MINUTES**  
Monday, June 26, 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 5:10 p.m. The following Board members were present:

Thomas C. Irwin III	-- Director
Audrey Rust	-- Director
Mike Tayloe	-- Director
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 Financial Services
Mary Cirks	-- Administrative Assistant
Robert Greening	-- Attorney
Todd Payne	-- Large Power Representative

AGENDA

(Motion) Director Rust made a motion to accept the agenda as presented. Director Jacksch seconded it. Motion carried 5-0.

CONSENT AGENDA

(Motion) All items were pulled from the consent agenda for discussion. Director Rust called attention to the sentence structure in the minutes under Manager's Report that referenced the time schedule for maintenance of a line. Discussion was held on the amount of money spent on the annual meeting prizes which received a positive response, and net billing. Proficiency of recording the progress of work orders, retirement, new construction, primary underground, and the numbering system of work orders were discussed. Manager of Office Services Mary Locke reported to the Board that uncollected receivables are turned over to a collection agency. The board inquired what LTE stood for in the membership cancelled report and management will check into it (Life Tenancy Estate). Inquiry as to a contractor's bid of \$8,125 and actual costs for BLEC to do the job themselves was \$2,877 indicating BLEC's crews could perform this job more efficiently than a contractor. Director Rust made a motion to accept the consent agenda. Director Sikes seconded it. Motion carried 5-0.

(Motion) FINANCIALS: Manager of Financial Services Jami Bartunek reported on the comparison she has performed with a sister co-op. Some of the comparisons were percentages in utility plant, distribution, and expenses. Overall, BLEC compared much better than the sister co-op but BLEC is high in consumer accounting expenses.

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Director Rust made a motion to accept the financials. Director Sikes seconded it. Motion carried 4-1 with Director Tayloe being opposed. Director Tayloe would like to have the tools he has been requesting to make decisions. Management reported it is anticipated that by mid-July these tools will be available for use. Director Tayloe expressed he needs the excess capacity as a cost setter and it needs to be included in the monthly reports.

(Motion) MANAGER'S REPORT: Manager Tracy reported employee Kathy Wingfield will be leaving BLEC June 27 after 24 years of service. The board expressed their thanks to Kathy for her dedication to BLEC. Manager Tracy informed the Board that with the recent changes to the CRC program it appears that it is in BLEC's best interest not to participate. Director Tayloe made a motion to omit the irrigator rebate to the Commercial Rate Class. Director Rust seconded it. After a discussion of what the expenses are, that BLEC no longer has an irrigation rate class, and water rights records, the motion carried 3-2 with Director Jacksch and Chairman Irwin casting the nay votes. Manager Tracy reported on the findings of a study he performed regarding the COSA studies. He explained that a cooperative compared PNGC's COSA to one performed by an independent entity and found there were more details provided in PNGC's COSA; a cooperative that has a Public Utility Commission (PUC) to report to has used PNGC's COSA which was accepted by the PUC; and an individual consultant within the COSA field reviewed the PNGC's COSA and reported it to be very reasonable. The need to know what the impact will be for BLEC and the need for education so all of the board can understand the COSA was discussed.

(Motion) SAFETY MINUTES: The board reviewed the safety minutes. Discussion was held on the winch drum out of adjustment on #3 and whether it is safe for BLEC crews to continue to operate it. Director Rust made a motion to accept the minutes of the safety meeting held May 16, 2006. Director Jacksch seconded it. Motion carried 5-0.

ORECA REPORT: Manager Tracy reported Jack Evans will be leaving ORECA and this will be a loss for the cooperatives. There is no resolution from BLEC for the Region IX meeting.

PNGC/PRC: The annual Strategic Planning session for PNGC will be held August 14, 2006 in Eugene. Discussion was held on the step-up program, the slice program, the contract change that might occur with PNGC, and equality within the 15 co-ops that are members of PNGC. All of the board members and Manager Tracy will be attending the Strategic Planning Session in Eugene at the Eugene Hilton and Conference Center on Monday, August 14.

(Motion) OLD BUSINESS: Manager Tracy reviewed the Strategic Planning booklet's contents, explaining it is a working file so there is a tracking in place that will indicate the progress of the items being worked on and the completed projects. The board expressed their desire to have the Manager's Appraisal form at each board meeting; and the desire to know the justification of Federated's payment to ORECA. Director Tayloe made a motion that ORECA is entitled to this payment only after all excess funds are made by board authorization. The motion died for lack of a second.

NEW BUSINESS: Manager Tracy informed the board that NRTC has distributed their 2005 patronage capital in the amount of \$182.22. Manager of Member Services Joe McFadden explained to the Board that Peak is offering the Wild Blue program and wants to market to our service area. They are requesting we insert their brochure in our billing. Wild

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Blue is a part of NRTC. The board discussed the pros and cons of this participation. With regard to equal treatment, Manager of Member Services Joe McFadden is to inform Peak to contact Ruralite and place their message in that magazine.

MEMBER COMMENTS:

There were no member comments.

(Motions) DIRECTOR ASSESSMENTS:

Comments: Director Tayloe made a motion that we maintain a reserve that keeps our rates at PF for the remainder of the contract or the statute of limitations, whichever comes first. Chairman Irwin seconded it. Discussion was held. Manager Tracy will research the topic and bring his findings to the July board meeting. Director Tayloe withdrew his motion and Chairman Irwin withdrew his second.

Director Tayloe made a motion to recreate a fund to pay for our share of emission controls at Boardman. Discussion was held. This motion died for lack of a second.

Director Tayloe made a motion to establish a funded reserve to cover the outstanding DSC on Boardman. Discussion was held. Director Tayloe withdrew his motion.

Expenses: The board handed in their expenses for June.

Meeting Attendance: Director Rust, Director Tayloe, and Manager Tracy will have a luncheon meeting with the new Lane County Commissioner, Bill Flennor on Wednesday, July 17.

Senator Brown and Manager Tracy will organize a meeting to host Mr. Saxton who is a candidate for Governor of Oregon. This meeting is tentatively targeted for the first week in August.

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 p.m.

(SEAL)

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Michael E. Tayloe  
Board Secretary