

**BLACHLY-LANE COUNTY COOPERATIVE ELECTRIC ASSOCIATION**  
**BOARD OF DIRECTORS**  
**MEETING MINUTES**  
Monday, July 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 5:00 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
Bill Gabriel	-- Manager of Operations Services
Mary Cirks	-- Administrative Assistant
Robert Greening	-- Attorney
Todd Payne	-- Large Power Representative

AGENDA

(Motion) Director Tayloe requested due diligence be added to the agenda. Director Rust made a motion to accept the agenda with the addition. Director Tayloe seconded it. Motion carried 5-0.

CONSENT AGENDA

(Motion) The following were pulled from the consent agenda for discussion: minutes, work orders, and memberships. A typographical error on the last page of the minutes was addressed. The motion *died (not lied)* for lack of a second. The correction was made. Discussion was held on work orders and aid-to-construction. The board inquired why Mapleton School District #32 was on our membership list. Director Rust made a motion to accept the consent agenda with the corrections. Director Tayloe seconded it. Motion carried 5-0.

(Motion) FINANCIALS: Following the discussion at the work session, Manager, Financial Services Jami Bartunek asked for questions on the financials. Discussion was held on bad debts, why large power was under budget, and why material inventory does not go to a work order immediately. Large Power Representative Payne reported start-up testing should begin within the next few weeks at Seneca. The company will be down the last week in August. Director Rust made a motion to accept the financials. Director Jacksch seconded it. Motion carried 4-1 with Director Tayloe casting the nay vote.

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(Motions) MANAGER'S REPORT: PNGC has supplied information on equity contribution by members and the comparison shows little change. The original number was 4.572% and at the end of October 2004 it was 4.71%, confirmation that there was little change. Discussion was held on due diligence and the importance for each board member to understand liability, consequences, conflict of interest, debt guarantee, how far ahead of decisions the board receives information, PNGC's line of credit, and reasonable concern. Manager of Office Services Mary Locke informed the Board of some new options for employees to select from this coming September, which she learned at a schooling she recently attended. The *Ruralite* magazine is retiring \$250,000 in capital credits to its members this year and proposing a special publication in October that will highlight each board member from each system within the state. Manager Tracy directed attention to BLEC's *Director's Corner* that is written by Robin Koontz. The directors appreciated the article and advised management to review each article prior to printing. Manager Tracy reported Commissioner Fleenor is interested in the information that BLEC has provided and has followed through on some of the questions presented to him. Manager Tracy indicated 50% of the cooperative systems surveyed allow employees the benefit of using company equipment/shop after hours. Discussion was held on BLEC's exposure, insurance, liability, worker's compensation, the risk of a director in the case of a lawsuit, and the indemnification in BLEC bylaws. Director Tayloe made a motion to terminate the use of the equipment policy immediately. Discussion was held on the hold harmless indemnification process, insurance coverage of the directors, due diligence, to think of the policy itself instead of what will happen to a director individually, and having a hold harmless policy established. Management is to consult with the employees to minimize potential problems, and define use in a better policy. Discussion was held on only employee's pumping their own gas. Motion died for lack of a second. Director Tayloe made a motion that until such time as we have a policy, we terminate the personal use of BLEC's facility. Motion died for lack of a second. Manager Tracy explained that the caretaker at the Blachly Park has resigned. Some unsafe conditions at the park have been corrected and the insurance is now back in affect. A Park Committee has been established and things have been improved. Discussion was held on the BLEC's responsibility of the Park to our members and management is to send a letter to the Aware Committee for their input. Carita Lively, currently one of BLEC's CSR's has accepted the Accounting Technician position; therefore BLEC is accepting applications for the CR and Collections/CSR position. Manager Tracy informed the Board that the monetary value of the BLEC wire stolen did not amount to much money for them, but was quite a loss for BLEC. Lane County authorities have been notified.

SAFETY MINUTES: Safety minutes were discussed and the new sheet of repairs was reviewed.

ORECA REPORT: Chairman Irwin reported on the July ORECA meeting where they addressed their 401K program and the outcome of those discussions is that over the next few years, ORECA will phase in contribution from employees and ORECA will match 50% of that figure. Robert VanNatta of West Oregon is now Vice President and Grant Combs of Coos-Curry Electric is now Secretary/Treasurer.

(Motion) PNGC/PRC: Lengthy discussion was held on the slice mediation – stay of litigation, joint and several liability responsibilities, share of debt in the case of default, contents of the new contract, agreeing to a contract amendment when the original contract was not suitable, and the tax and patronage status. August 14, 2006 is the SEP meeting at the Eugene Hilton in

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which all directors will be attending. Questions for the meeting are to be given to Manager Tracy as soon as possible. Discussion was held on Resolution 2006-03 which establishes a voting delegate and alternate to PNGC's annual meeting. Director Jacksch made a motion they remain the same as last year, that being Manager Tracy as delegate and Director Tayloe as alternate. Director Sikes seconded it. Motion carried 5-0. A PNGC capital credit allocation check for 2005 has been received in the amount of \$20,681. Manager Tracy addressed three separate issues at Boardman; the warranty claim, the insurance covering part of the warranty, and the contract. Manager Tracy informed the board that NRU and Bonneville have resolved most of the issues on reserves. Discussion was held on the PNGC Slice/Block contract which would allow PNGC to cease allocating patronage margins to non-members which removes various limits and complications. Resolution 2006-02 was presented to the BLEC board for approval. This resolution has been thoroughly reviewed by the Department of Justice, attorneys for BPA and PNGC and staff from both establishments. Director Rust made a motion to adopt Resolution 2006-02 as presented by BLEC staff. Director Sikes seconded it. Motion carried 4-1 with Director Tayloe casting the nay vote. Manager Tracy addressed if BLEC established a reserve for future PF/PNGC Rates stating the reserve could be \$1,400.

(Motion) OLD BUSINESS: A BLEC member with 65 total services and 64 being active has desired to have the facility charge waived when one of his services is unoccupied. The owner feels that if there is one lot open, the BLEC members should be paying the facility charge and not him. The board did not waive the facility charge but welcomed the member to come to the next board meeting if so desired. Discussion was held if an employee could become a member of the Aware Committee. Before any decision would be made, Staff would follow up on any pay issues regarding an employee volunteer. Aware Committee appointments will be on the agenda next month for final selection. The board discussed the pros and cons of a job being done by contractors or by BLEC personnel, stressing the need to tally closely the efforts of hours worked and what's accomplished. The BLEC bylaws state the Board must have policies; therefore policies will be worked on as soon as possible. Pros and cons of BLEC participating in the Conservation Rate Credit (CRC) program from BPA were discussed. A few more BLEC surveys were presented and reviewed by the board.

(Motions) NEW BUSINESS: After discussion, Director Tayloe made a motion to approve the load forecast. Director Rust seconded it. Motion carried 5-0. The board reviewed the working calendar that management presented, noting it will grow and continually change as it blends with the board agenda. Manager Tracy, Director Rust, and Chairman Irwin will be attending the BPA Allocations Workshop in Portland on September 18 and 19. Director Tayloe and possibly Chairman Irwin will be attending Region IX meeting September 19 – 22 in Fairbanks, Alaska. Director Jacksch made a motion to appoint Director Tayloe as the voting delegate to Region IX and Manager Tracy as the alternate. Director Sikes seconded it. Motion carried 5-0.

MEMBER COMMENTS:

There were no member comments.

(Motions) DIRECTOR ASSESSMENTS:

Comments: Director Rust informed the board and management she is no longer insured with NRECA. The board appreciates the financial report and would like to see more of the

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budget and where we are relative to it. A member reported concerns regarding “bad work” that has been done and EMF fields need to be checked.

Expenses: The board turned in their expense reports.

Meeting Attendance: All directors will attend the SEP meeting in Eugene August 14, 2006. Director Tayloe and possibly Chairman Irwin will be attending Region IX in Alaska. Chairman Irwin, Director Rust, and Manager Tracy will be attending the BPA Allocation meeting in Portland. All board members will be attending the COSA training scheduled for July 27, 2006 here at the office.

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 11:15 p.m.

(SEAL)

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Michael E. Tayloe  
Board Secretary