

**BLACHLY-LANE COUNTY COOPERATIVE ELECTRIC ASSOCIATION**  
**BOARD OF DIRECTORS**  
**MEETING MINUTES**  
Tuesday, October 23, 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 5:15 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
Bill Gabriel	-- Manager of Operations
Mary Locke	-- Manager of Office Services
Jami Bartunek	-- Manager of Financial Services
Joe McFadden	-- Manager of Member Services
Robert Greening	-- Attorney
Mary Cirks	-- Administrative Assistant
Todd Payne	-- Large Power Representative
Member	-- Sharon Resides

AGENDA

(Motion) A request was made to have "micromanaging" be added to the agenda under New Business. Director Rust made a motion to approve the agenda with the addition. Director Jacksch seconded it. Motion carried 4-1 with Director Tayloe casting the nay vote.

(Motion) CONSENT AGENDA

Concerns and issues raised within the consent agenda were addressed. Director Rust made a motion to accept the minutes with a strike to the words *relative to collectiveness* and accept the consent agenda. Director Sikes seconded it. Motion carried 5-0.

(Motion) FINANCIALS: Manager of Financial Services Jami Bartunek reviewed the first few charts in the financial report, explaining the three new highlights from CFC's Key Ratio Trend Analysis. Discussion was held regarding accounts receivables in that they are written off to bad debt after more than 60 days of being uncollectible. Ms. Bartunek passed out the year-to-date financial information for the board to review, noting the year-to-date column that has been added. The board commended staff for their laborious efforts in the new reporting method. Director Sikes made a motion to accept the financials. Director Jacksch seconded it. Motion carried 5-0.

MANAGER'S REPORT: *NWPPA*: Manager Tracy informed the Board of the strict liability that is being formulated within the Bureau of Land and Management / Forest Service

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management and the utilities. Manager Tracy indicated there are some places the entities will not allow utilities to go into and allow trimming performed, yet if there was a fire, the utility would be assumed liable. *Consumer update:* Manager Tracy informed the Board that Consumer numbered 179701 and 179702 is expected to attend this meeting to discuss their issues with the Board of Directors. BLEC has answered each of the questions they had, and have been explained as to how the bylaws address the handling of their concerns. The Consumers have been informed of the collection process once the account goes over 60 days, and that they have 30 days to bring this issue to closure. Manager Tracy has the easements ready and waiting for them to pick up. *Central Lincoln:* There are some areas between Central Lincoln and BLEC that are not certified territory. Central Lincoln has requested of BLEC if there are any concerns for their annexing all or part of the territory. Management is to review the project and report back to the Board of Directors.

*Casco:* BLEC is in receipt of this year's Casco payment however the interest was figured on the incorrect rate. BLEC has sent a check to Casco for the overpayment. *Lane Metro:* Discussion was held on the importance of belonging to this economic development organization. Manager Tracy informed the board there could be an increase in the 2007 dues. *Audit Firm:* No engagement letter has been received from Moss Adams for the 2006 audit. The project was turned over to the Audit Committee. *Idle Service Update:* Manager of Operations Services Bill Gabriel reported there were 78 confirmed idle services with 57 removals completed. *Legislative meeting:* A meeting has been scheduled with Representative Peter DeFazio for October 30 at 10:30 a.m. at his Eugene office. Attendees will be Manager Tracy, either/both Chairman Irwin and Director Rust. *Legislative meeting:* ORECA has arranged a Legislative Meeting on November 20 as well as a time to meet with the BLEC Board of Directors. Manager Tracy was directed to have this meeting after the elections. *Misc:* PNGC has informed Manager Tracy it is very important BLEC attend the NERC/WECC meeting regarding national transmission issues. This meeting is in Boise, or Spokane and Manager Tracy will be attending the Boise Idaho meeting. Manager Tracy reviewed the impact resulting from the potential loss/additional of sales; addressed the control on outstanding work orders as well as the re-pricing of the old work orders still outstanding; the *Director's Corner* article is on automatic metering; BLEC membership showed good participation in the ORECA renewable survey; BLEC's comment letter to BPA regarding Long-Term Regional Dialogue Policy was given to the Board for their review and terms will need to be settled so BPA is able to submit to the Justice Department within a time frame; Large Power Representative Todd Payne reported Dale Riddle, Joe McFadden, Manager Tracy and himself met to discuss happenings in the ICCO. Mr. Payne also stated the ICCO's purpose is to monitor the happenings of the Industrial Corridor and the City of Eugene must inform the ICCO of any changes to property within this corridor. BLEC is an active participant in this group. Seneca has offered BLEC GPS capabilities for corridor purposes; October is cooperative month and last Friday BLEC held a very successful customer appreciation day.

(Motion) **SAFETY MINUTES:** The Safety Committee Meeting minutes and the Safety Meeting minutes were reviewed and discussed. Topics included the monthly vehicle tabulation, and standardizing the numbering of the trucks. Director Rust made a motion to accept the safety meeting minutes. Director Jacksch seconded it. Motion carried 5-0.

**ORECA REPORT:** Chairman Irwin reminded the board that the ORECA annual meeting is December 6 and 7, 2006 at Tigard, OR. No board member will be attending the *Understanding Financial Planning* session that is offered at the ORECA Annual Meeting

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because all directors have participated in the course. Director Sikes, Chairman Irwin, Director Rust, and Manager Tracy will attend the ORECA meeting. Director Rust made a motion to have Chairman Irwin continue to be the ORECA director representative from BLEC. Director Jacksch seconded it. Motion carried 5-0. Chairman Irwin introduced Resolution 2006-09 which would provide for a recording showing not only those registered for the meeting, but those systems actually present and voting. After discussion, Director Sikes made a motion to accept Resolution 2006-09 as written and present it to ORECA for further consideration. Director Tayloe seconded it. Motion carried 5-0.

(Motion) PNGC REPORT: Manager Tracy informed the board that John Prescott has filled the CEO position at PNGC, and a 3.37% reduction from PF in PNGC's rates is anticipated. Lengthy discussion was held on the adoption of the Block and Slice Power Sales Agreement #5, indicating purchase contracts through 2011, revenue requirements, slice payments, and billing. Director Rust made a motion for ratification to BPA's action taken to Amendment 5. Director Sikes seconded it. Motion carried 5-0. Director Rust made a motion to approve Resolution 2006-08 which approves the execution and delivery of Amendatory Agreement No 5 and authorized Chairman Irwin to execute the resolution. Director Jacksch seconded it. Motion carried 5-0.

(Motion) OLD BUSINESS: Policies 305 and 306: Director Rust made a motion to accept the Consumer Accounting Practices (305.0) policy and the Collection of Bad Debts (306.0) policy as presented. Director Jacksch seconded it. Discussion was held on the contents of the policies and after the discussion, Director Rust withdrew her motion, Director Jacksch withdrew his second, and both policies will be re-addressed by staff and presented to the board for approval in November.

Aware Committee: Manager Tracy informed the Board the minute entry of the August meeting read *The Board discussed an employee serving on the Aware Committee and since it is strictly voluntary, the employee will not be compensated money, or mileage paid.* Discussion was held on this entry in that it could be misinterpreted so the following language was proposed: *Any individual who is an employee and who is also a member who voluntarily accepts an appointment by the Board of Directors as a member and not as an employee, shall be eligible for reimbursement for mileage just as any other voluntary member. This individual will be participating strictly as a member, not an employee.* Director Rust made a motion to accept the clarified language with Director Sikes seconding. Motion carried 5-0.

Blachly Park: BLEC member Sharon Resides representing the Triangle Lake Grange was welcomed to the meeting. She was present to answer questions the Board had regarding the Blachly-Lane Park, the memorandum of understanding, and the Grange's position. The Lease Agreement has been reviewed and redone. The Board discussed items of concern / interest with Ms. Resides and commended the Grange for their clean-up of the camp. Ms. Resides informed the Board that by January of 2007 they plan to have a new caretaker for the camp, and left the Caretaker's Manual and the Lease Agreement with the Board. BLEC subsidizes the park by paying the property taxes and \$100 towards the monthly electricity bill. After discussion, Director Tayloe made a motion to have a restricted property appraisal performed of the park with the appraisal cost not to exceed \$5,000. Director Rust seconded it. Motion carried 3-2 with Director Jacksch and Chairman Irwin casting the nay votes. This appraisal is to be completed by May of 2007.

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NEW BUSINESS: Wage and Benefit Report: Manager of Office Services Mary Locke reported the NRECA group insurance, except the medical, decreased for 2007.

Work Plan and 2007 Budget: Minor changes to the budget were presented and explained by Manager of Finance Jami Bartunek. The budget is a very functional yet conservative budget and discussion was held on a few budget items, the continual increase of costs such as fuel, transportation, the price of parts for vehicles and operation and maintenance. Discussion was held on the balance of the work, i.e. not allowing the system to be run down, prioritizing capital expenses, and running a company at the expense of the future rate payers. Director Rust made a motion to approve the 2<sup>nd</sup> draft of the 2007 budget which was presented this evening. Director Jacksch seconded it. Motion carried 4-1 with Director Tayloe casting the nay vote.

Rates: Manager Tracy informed the board that he feels the rates are on track and will hold where they currently are. A COSA will be performed and presented at November's meeting.

CFC's Capital Term Certificates: BLEC has received a check in the amount of \$7,297.23 for the semi-annual interest earned on the investments in CFC's Capital Term Certificates.

Auditor: The Audit Committee will meet soon to establish a recommendation for an audit to be performed at BLEC.

Micromanaging: Manager Tracy explained to the Board the misconception of directors working individually and not collectively. Instructions are to come from the Board of Directors as a whole to the General Manager, which then in turn is to go to Staff in the from of controlled assignments. The importance of acting on the Board's collective actions and not individual board member actions was discussed.

MEMBER COMMENTS: Comments: Ms Resides was present and her concerns were discussed under Old Business, Blachly Park.

DIRECTOR ASSESSMENTS:

Comments: There were none

Expenses: Expenses were reviewed.

Meeting Attendance: Chairman Irwin and/or Director Rust will attend the meeting with DeFazio on Oct 30 in Eugene. Director Sikes, Chairman Irwin, Director Rust, and Manager Tracy will be attending the ORECA annual meeting December 6 and 7, 2006 in Tigard.

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 10:45 p.m.

(SEAL)

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Michael E. Tayloe  
Board Secretary