

**BLACHLY-LANE COUNTY COOPERATIVE ELECTRIC ASSOCIATION
BOARD OF DIRECTORS
MEETING MINUTES**

Monday, December 18, 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 5:18 p.m. The following were present:

Thomas C. Irwin III	-- Chairman
Audrey Rust	-- Vice-Chairperson
Mike Tayloe	-- Secretary/Treasurer
Ernie Jacksch	-- Director
Robert Sikes	-- Director
Bud Tracy	-- General Manager
Bill Gabriel	-- Manager of Operations
Jami Bartunek	-- Manager of Financial Services
Joe McFadden	-- Manager of Member Services
Robert Greening	-- Attorney
Todd Payne	-- Large Power Representative

In the absence of the Administrative Assistant, Attorney Greening was assigned to record the minutes.

AGENDA

(Motion) Director Rust requested Legislator Days of Feb 7 and 8, 2007 be added to the calendar. Manager Tracy requested, under the Manager's Report, the addition of the NERC Membership, and the succession plan as discussed in the Work Plan. Director Rust made a motion to approve the agenda. Director Tayloe seconded it. Motion carried 5-0.

(Motion) CONSENT AGENDA

The following items were pulled from the consent agenda for discussion: disbursements - why sponsorship in the parade of lights is different at each city, and since vehicle #7 is costing money in repairs - is it ready to trade off because of extensive repairs; and work orders. Director Jacksch made a motion to approve the consent agenda, Director Tayloe seconded it. Motion carried 5-0.

(Motion) FINANCIALS: Manager of Financial Services Jami Bartunek addressed the large power revenue comparisons to US totals and rate increases; total operating expenses; retirement of capital credits as discussed in the cost of service and how it would affect the equity position. Director Rust motioned and Director Tayloe seconded acceptance of the financials. Motion carried 5-0.

(Motion) SAFETY REPORT: Discussion was held on the whiz saw cutting its own source hose incident when the truck was being parked. The only impact was to the saw with no effect on the trucks functionality. The hose was not cut entirely off. Director Rust made a motion to accept the safety minutes as presented. Director Tayloe seconded it. Motion carried 5-0.

(Motion) PNGC/PRC REPORT: Manager Tracy introduced Resolution 2006-11 relating to settlement of a transmission dispute among PNGC, its members, and BPA. Director Rust moved to adopt the resolution, but Director Tayloe expressed reservations about approving a complex resolution without an opportunity to review the Exhibit A attached to the resolution. Manager Tracy distributed Exhibit A to the Board, and noted that all PNGC members had previously assigned to PNGC the responsibility for transmission matters. Director Tayloe observed that Exhibit A is outside the expertise of the directors and that the Cooperative had assigned responsibility for resolving transmission issues to PNGC. PNGC should not, therefore, hand the decision back to its members. Attorney Greening undertook to revise the proposed resolution in light of the discussion. Director Rust thereafter revised her motion to approve Resolution 2006-11 as revised. Director Tayloe seconded the motion, which carried 5-0.

Discussion was held on an ACES proposal presented to PNGC which the BLEC Board of Directors did not accept. Manager Tracy reported it will be difficult to bring new renewable resources on line before 2011, making it difficult to attract new customers for load growth. Approximately 3,000 MW of surplus resources are or will be available to meet post 2011 loads. With BLEC's future growth being unknown, discussion was held if BLEC should by itself or with another group like PNGC, acquire new resources by take or pay contracts.

The Coffin Butte expansion was thoroughly discussed. Moss Adams was approved by the PRC Board of Directors as the auditor for the upcoming year. PRC board elected Heber Carpenter as their Chairman with Dee Reynolds as their Vice Chairman, and Roman Gilman as Sec/Treasurer.

(Motion) National Electric Reliability Council membership: After discussion, Director Tayloe made a motion to allow management to gather more information before making a commitment for the membership. Director Sikes seconded it. Motion carried 5-0.

PNGC's Board approved the FY2006 Audit report.

ORECA REPORT: Lori Henderson from Columbia Basin Electric is now the President of ORECA, Cliff Stewart of Oregon Trail Electric was elected Vice President and Grant Combs of Coos-Curry Electric was elected Sec/Treasurer for the upcoming year.

MANAGER'S REPORT: Consideration of Insurance Package: The insurance quote from Federated for the year 2007 in the amount of \$78,354 disclosed a decrease compared to \$79,948 for last year. Questions were raised about the exposure to property damage, liability, deductibles, limits, and adequacy of coverage. Manager Tracy addressed the concern BLEC has over the downed trees that most of the time occurs outside of our right-of-way.

Sweet Creek Foods: BLEC's member, Sweet Creek Foods, has requested that the Cooperative guarantee up to a \$300,000 loan to expand its operations. The expansion could increase revenue by \$40-\$60 per month. After discussion, the Board directed management to review the Cooperative's policies on such matters, review Sweet Creek's financial statements, and provide a recommendation to the Board.

Lane Metro-Partnership: Jack Roberts from Lane Metro Partnership has requested an additional 10% of the \$1,500 dues. The 10% increase is outside the BLEC budget. Management requested direction to increase the payment 10% or participate in the Lane Metro Partnership as before. Discussion was held on the amount to give to them and if it is only existing customers. The topic was tabled for next month.

Policies: The Board discussed the member feedback on the fee increases in policies 305.0 and 306.0 as well as alternative ways to provide notice to delinquent members, to charge fees for late payment, and to disconnect members for nonpayment.

CoBank: Manager Tracy reported it appears that CoBank would use cash flow in comparison to CFC using equity as a means of obtaining borrowing ability.

Misc: Discussion was held on the resolution received from the Pacific Continental Bank which names authorized people of BLEC as well as a safety deposit box to store our data information off-site. Two officers are needed to execute the resolution. Management will review this again and bring it back to the January board meeting for approval.

OLD BUSINESS: Blachly-Lane Park: Manager Tracy reported the appraisal value of the park came in at \$250,000 which was zoned as public parks and recreation. Discussion was held regarding the permits for the buildings have expired and the amount of acreage on each side of the roadway. No action was taken.

NEW BUSINESS: At its workshop and in Executive Session, the Board and Manager Tracy discussed exempt and non-exempt employee wages and benefits. The Board approved 2007 increases for hourly and for non-exempt employees, and directed the Manager to provide additional wage and benefit benchmark information along with a specific proposal for exempt employee compensation.

BLEC annual meeting: Discussion was held on if there would be a bylaw amendment and that Director Tayloe and Director Jacksch are up for re-election.

MEMBER COMMENTS: There were none

DIRECTOR ASSESSMENTS:

Comments: There were none

Expenses: Expense reports were reviewed and signed.

Meeting Attendance: No discussion was held.

EXECUTIVE SESSION

Executive session 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