

BLACHLY-LANE COUNTY COOPERATIVE ELECTRIC ASSOCIATION
BOARD OF DIRECTORS
MEETING MINUTES
Monday, January 22, 2007

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 5:06 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
Mary Locke	-- Manager of Office Services
Mary Cirks	-- Administrative Assistant
Robert Greening	-- Attorney
Todd Payne	-- Large Power Representative
Monte Rehers	-- Guest from Federated Insurance

AGENDA

(Motion) Director Jacksch made a motion to add "Aware Committee" to the agenda. Director Rust seconded it. Motion carried 5-0.

(Motion) CONSENT AGENDA

Director Tayloe wondered where in the minutes the discussion was regarding BLEC's equity is going for next year. Manager Tracy will address it again in his Manager's Report. A correction from Jack Robertson to Jack Roberts is to be corrected in the minutes; the American Express payment, the credit card payment to Pacific Continental Bank, and the BowTech meter billing error were discussed. Director Tayloe questioned the expense and reimbursement to Director Rust for meals for the Line Crew during the storm without having been given prior approval by the Board. After no support for the expense from the other Directors, Director Rust repaid the Cooperative for the sum of \$69 from her personal account. The wind storm replacement is not a FEMA eligible project. The Parker Substation work order is closed out and the sub is operating with the new breakers and transformers. No commitment has been made on an estimate for the Booth Industrial Park which led to a discussion regarding the 90 days an estimate is good for and if inflation costs are refigured at that time, if construction doesn't start immediately after payment is received how much money is BLEC loosing and how we close our time of risk.

Discussion was held on the material inventory that was just performed. The auditors are concerned about securing costs on the inventory, proper documentation of items placed on the work order, the need for all items to be on the staking sheet and the copper theft. The three-day warnings dropped in October due to the timing of the bills. About 8% of the members receiving a disconnect notice which is higher than the national level which led to a discussion on the importance of instituting a late fee charge. Director Jacksch made a motion to accept the consent agenda. Director Rust seconded it. Motion carried 5-0.

FINANCIALS: Manager of Finance Jami Bartunek reported cash as a percent of total plant is up from last year; equity has increased 13% over last year; and the operating margins have increased 58% mostly due to lower power costs. Discussion was held on the definition of a new service and that line loss will be worked on to see if it can be reduced. With the right-of-way labor costs being under budget, it was asked if BLEC is behind in the work. Management reported there is no thought of getting a contract crew in to assist in getting caught up. Employee travel and education is over budget due to labor not being put into the correct account.

(Motion) Monte Reher of Federated Insurance addressed the board and staff on insurance statistics and what the drivers are to claims for the State of Oregon and BLEC. He stressed the importance of maintaining most right-of-ways for safety without special letters. Right-of-ways on BLM land need the letter stating we are aware of the problem however the BLM won't give BLEC permission to clear the right-of-way out. Mr. Reher reviewed coverage, deductibles, and claims over the past year. Director Rust requested Mr. Reher explain how liability coverage at the Blachly-Lane Park is achieved. Both the Grange and BLEC have liability coverage independently. The goal for BLEC would be to establish routine maintenance checks on the park and its facilities. Audrey Rust made a motion to approve the renewal of the Federated Insurance with the current limits as presented to the board. Director Tayloe seconded it. Motion carried 5-0.

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

(Motion) SAFETY REPORT: Staff informed the board that the safety trailer should be completed by the end of February. Director Rust made a motion to accept both the Safety Committee meeting minutes and the Safety minutes for December. Director Tayloe seconded it. Motion carried 5-0.

PNGC/PRC REPORT: PNGC CEO John Prescott will personally meet with each board for a SEP meeting to discuss the PNGC Business Plan. After his presentation, he will leave the room so the boards can discuss the information but will be available to answer any potential questions.

ORECA REPORT: A January meeting was not held due to inclement weather. A consultant is on the agenda for their next meeting which is February 9 in Salem.

(Motion) MANAGER'S REPORT: Sweet Creek Foods: Manager Tracy reviewed with the board the financials of Sweet Creek Foods, the increase in business for them and the results of their increased business to BLEC. The board then discussed Policy 301.00. A motion was made and seconded to deny the loan. Motion carried 5-0.

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- (Motion) Lane Metro-Partnership: After discussion on the dues and the requested 10% increase, and the support of the development of the Industrial Corridor, Director Jacksch made a motion to give Lane Metro-Partnership an additional \$150, making a total of \$1,650 to them for our 2007 dues. Director Rust seconded it. Motion carried 4-1 with Director Tayloe opposing.
- (Motion) Policies: 301.00 - Manager Tracy presented Policy 301.00 *Financial Practices and Equipment Management*. The board made the decision that Section 3e, which pertains to Loan Guarantees, be put into its own policy and bring that new policy to the board for next month's consideration. Director Sikes made a motion to approve Policy 301.00 with the change. Director Rust seconded it. Motion carried 5-0.
- (Motion) Policy 305.01 *Consumer Accounting Practices*: With the auditors requesting billing adjustment controls and at what levels, this policy was revised to explain these responsibilities. Subsequent reporting of adjustments will be brought to the board's attention. Director Jacksch made a motion to approve Policy 305.01 with the changes as presented. Director Sikes seconded it. Motion carried 5-0.
- (Motion) Policy 311.00 *Purchasing*: The board discussed the recommended additions to the policy. Director Tayloe made a motion to adopt Policy 311.00 as presented. Director Jacksch seconded it. Motion carried 5-0.

Policy 609.00 – *Working Rules*: The board emphatically stated that safety and rotation of crews are the driving factors behind the rest periods mentioned in this policy. Management will continue working on this policy and present it at the next board meeting.

Misc: After the audit, the board will discuss the retirement of capital credits. Manager Tracy informed the board of a disgruntled consumer who has a meter on one side of the property and a well on the other side. Management will establish the owner with the property and maintain actions provided in policies. Control, security, and cost of employee use of gasoline were discussed by the board. Some of the options discussed were to use a card lock system, and remove the tank completely. Manager Tracy recommended that management will look at all options and bring a conclusion back to the board next month.

OLD BUSINESS: ACRE Challenge: Manager Tracy challenged the board to obtain memberships for the ACRE program.

- (Motion) Blachly Park update: Manager of Member Services Joe McFadden informed the Board of Directors that the Grange has chosen a caretaker for the park and that discussions held at the meeting will be brought to the AWARE Committee's next meeting. Discussion was held the property lines, perform a risk and benefits analysis, a contract with the Grange to cover BLEC until a decision on what the future of the property is, establish a plan to check on the property on a routine basis, and if this is surplus property. Director Tayloe made a motion to put the property up for paper auction sale with the minimum bid being \$250,000 and we get that done within 90 to 120 days. Attorney Greening read Article X of the bylaws and directors expressed their views. Director Rust seconded the motion. A commitment has been made to the AWARE meeting in that the board would relate their decisions to them. Chairman Irwin called for the vote. Motion failed 2-3 with Director

Sikes, Director Jacksch, and Chairman Irwin casting the nay votes. An AWARE meeting was then scheduled for January 29 at 7 p.m. Chairman Irwin made a motion that Management put together a management plan and a contract, including the process of managing the property. Director Rust seconded it. Motion carried 4-1 with Director Tayloe opposing. The Board requested management establish a management plan indicating that the property would not be operational until the management plan is completed. Director Sikes made a motion to send a letter to the Grange to remove the playground equipment. Motion died for lack of a second.

Clean renewable energy bonds: Some of the \$4 million in CREBs will include Coffin Butte.

(Motion) Resolution 2007-01: This resolution pertaining to the safety deposit box at Pacific Continental Bank refers to the already signed bank material and the authorization of only certain management personnel to have access to the safety deposit. Director Tayloe made a motion to adopt Resolution 2007-01. Director Sikes seconded it. Motion carried 5-0.

NEW BUSINESS: BLEC Annual Meeting: In connection with the upcoming director elections and annual meeting, Attorney Greening clarified the applicable director election process required by the Bylaws. Manager Tracy presented a pie chart showing representations of our members are equally distributed at this time.

NRTC: Manager Tracy informed the board that NRTC is retiring capital credits.

NISC: Blachly-Lane Electric's capital credits being returned from NISC are \$53.98.

(Motion) NRECA Annual Meeting: Director Rust nominated Director Jacksch as the voting delegate to the annual meeting and Manager Tracy is the alternate. Director Sikes seconded it. Motion carried 5-0.

MEMBER COMMENTS: There were none.

DIRECTOR ASSESSMENTS:

Comments: There were no comments.

Expenses: Expense reports were reviewed and signed.

Meeting Attendance: Chairman Irwin ratified Director Sikes attend the Director's Conference training authorization Feb 9 – 16 in San Antonio.

PNGC SEP meeting March 2 in Eugene: All board members with the exception Director Jacksch will be present.

NRECA Annual Meeting attendance: Director Jacksch, Manager Tracy and possibly Director Sikes will be attending the NRECA annual meeting March 14 – 22 in Las Vegas.

EXECUTIVE SESSION

Executive session was held. After the board returned from executive session, Director Jacksch made a motion to maintain the current salary ranges with salaries for exempt staff members frozen for this year. Director Tayloe seconded it. Motion carried 5-0.

ADJOURNMENT

With there being no further business to come before the Board, Chairman Irwin adjourned the meeting at 11:15 p.m.

(SEAL)

Michael E. Tayloe
Board Secretary