

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

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

CALENDAR

The calendar was reviewed and suggestion was establish a method whereas the board meetings stand out on the calendar and to schedule the General Manager's evaluation for June, Sept and Dec.

AGENDA

(Motion) Director Rust moved to approve the agenda with the addition under annual meeting to address action to be taken in the event there is a tie; add NRECA attendees' reports; and add the safety trailer to the Safety Report. Director Tayloe seconded it. Motion carried 5-0.

(Motion) CONSENT AGENDA

The minutes, membership accepted and cancelled, and Staff monthly reports were pulled from the consent agenda. The Board of Directors instructed Management to be certain that BLEC will be added to the Grange's insurance as an additional insured, the Membership Accepted and Cancelled report did not have the total of numbers of membership on the page, and the safety trailer will be discussed in the safety report. Director Tayloe made a motion with Director Sikes seconding it to accept the consent agenda. Motion carried 5-0.

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(Motion) FINANCIALS: Manager of Finance Jami Bartunek reviewed a *Debt vs Equity* graph and *Where the Money Was Spent* graph. Ms. Bartunek indicated year-to-date figures for 2006 show there is more equity than debt and that most of the money spent was on the power bill. Discussion was held on the unmetered power from BPA, which is being studied. To resolve the delivery question, BLEC will provide BPA with consumer load information based upon billing meters as well as loss data for substation equipment. Director Tayloe made a motion to accept the financials with Director Rust seconding it. Motion carried 5-0.

(Motion) SAFETY REPORT: The Board appreciates the employee's attendance to the safety meetings. Discussion was held on the cost of the safety trailer with regards to how much over budget it turned out to be. Manager Tracy explained the BLEC crew members have taken ownership in the trailer. Instruction by the Board was to recover some of the cost of the trailer by making it available to other cooperatives. Director Jacksch made a motion to accept the safety minutes. Director Tayloe seconded it. Motion carried 5-0.

PNGC/PRC REPORT: Manager Tracy reported the PNGC Board of Directors all felt there is a need to get together to share Strategic Planning ideas in Portland or Boise in August. Some of the discussions held by the Board were: the need for PNGC to be a real provider of generation and transmission plant; and how much PNGC will grow in the future. PNGC is investigating wind and wave generation but has not made any commitments, and continues to research and develop alternative energy. Manager Tracy informed the BLEC board that Fish and Wildlife is 42% plus of PNGC's total firm power costs. Management was instructed to request of PNGC and Moss Adams what PNGC's equity goal would be for 2011 so individual cooperatives can obtain the necessary equity level.

ORECA REPORT: Chairman Irwin had nothing to report since there was no meeting.

MANAGER'S REPORT: Manager Tracy reported BLEC has received a \$1,940 capital credit check from Federated; the White Creek Wind project is for sale; Central Lincoln PUD is willing to talk to BLEC on the territory issue; the snow pack at the Continental Divide is 80% of normal and hopes that the 10% that has been let out was not in the form of spillage.

(Motion) OLD BUSINESS: BLEC Annual Meeting: The board discussed the prayer issue that could come up at the annual meeting in May but no action was taken. The results of the last two years' surveys were addressed which lead to the decision of having an Audit Committee booth and report, an ACRE table, an agenda that is short and to the point, safety trailer demonstrations, if there is time - have the colors presented, the Audit Firm's report to be less than a minute, General Manager and Chairman's reports, and the business meeting. Director Tayloe made a motion that in the event of a two way election tie, Chairman Irwin is to flip a coin for the winner and if there is a three or more election tie a drawing would be performed. Director Rust seconded it. Motion carried 5-0.

Blachly-Lane Park: Manager Tracy reported a meter by the gate has been identified and is being worked on, and the outstanding issues surrounding the park have all been taken care of.

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NRECA annual meeting attendees report: Director Jacksch reported to the Board that the parliamentary class was of great benefit. Director Jacksch also reported on the importance of communicating to our members as to what a cooperative is all about. Director Sikes reported that according to NRECA's CEO Glenn English, hydro is a renewable and coal fired generation will be here for sure until 2030. Sikes also enjoyed the parliamentary class and gave the Board a list of procedures from Roberts Rules of Order's newly revised in brief for small boards, encouraging the remaining board to read them. Both directors expressed that our Chairman was doing a good job at our meetings and neither would take four classes at one time again. General Manager Tracy explained to the board that there could be a 50% increase of costs at coal fired generation plants due to improvements i.e. scrubbers which could have a 25% affect on our consumer's rates. General Manager Tracy also addressed an economist's view of how China could be a major player in the future of generation and air quality. All three gentlemen expressed their enjoyment of Mike Ditka's speech which addressed attitude, character, and enthusiasm.

(Motion) NEW BUSINESS: Audit Review: Discussion was held on the Board approving a proposed income statement, footnote 14 in the audit review, and that Board approval will be accomplished upon approval of the completed audit, not the proposed income statement.

CFC Certification: Manager Tracy reviewed the questions of the Compliance Worksheet that is required of CFC.

Capital Credit retirement determination for 1989: Total capital credit allocation for 1989 is \$232,853.14. Discussion was held on if a retirement should be made this year; a 15 year rotation by virtue of a five year commitment plan of \$350,129.55 in capital credit retirement for each of those five years; and if is done what BLEC's equity/margins would be. All questions asked were answered. Director Sikes made a motion to retire all of 1989 capital credits in the amount of \$232,853 seconded by Director Rust. Outcome of the vote was 3-1-1 with Director Tayloe casting the nay vote and Director Jacksch abstaining from the vote.

Consider appointment of Renewables Committee: After discussion, the Board of Directors determined it would be most beneficial to BLEC to have the Aware Committee put renewables on their agenda each time they met and expand the Aware Committee to include any other interested members from the Renewables Committee.

Ruralite voting authorization: General Manager Tracy was appointed the voting representative for this meeting.

NWPPA Power Supply meeting attendance: There will not be any director attending this session.

NWPPA Annual Meeting: BLEC will not be attending this annual meeting.

MEMBER COMMENTS: Mr. Swanzy thanked the board for letting him sit in on the meeting and reported it was very interesting and educational.

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DIRECTOR ASSESSMENTS: Comments: Management was instructed to add the hospital/prison to future BLEC agendas. The Board of Directors thanked Director Tayloe for the expertise and guidance/direction he has given to the BLEC Board, the respect for his knowledge, and the asset he has been not only to BLEC but throughout the Region. Director Tayloe has brought a change to this cooperative as well as changed the perspective to PNGC and ORECA. The cooperative is much better today than it was before Director Tayloe came on the board.

Expenses: Expense reports were reviewed and turned in.

Meeting Attendance: The May Board of Directors' meeting will be held on May 21 instead of May 28 which is the Memorial Day holiday. A strategic planning session is to be scheduled for either June 2 or June 16, depending on graduation times.

EXECUTIVE SESSION: Executive session was held.

ADJOURNMENT: Chairman Irwin declared the meeting adjourned at approximately 11 p.m.

(SEAL)

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Michael E. Tayloe  
Board Secretary