

BLACHLY-LANE COUNTY COOPERATIVE ELECTRIC ASSOCIATION
BOARD OF DIRECTORS
MEETING MINUTES
Monday, April 23, 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 5:15 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
Jami Bartunek	-- Manager of Financial Services
Joe McFadden	-- Manager of Member Services
Bill Gabriel	-- Manager of Operation Services
Mary Locke	-- Manager of Office Services
Mary Cirks	-- Administrative Assistant
Robert Greening	-- Attorney
Todd Payne	-- Large Power Representative
Bruce Cleeton	-- BLEC Member
Lew Orsi	-- Moss Adams LLP
Shelley Coleman	-- Moss Adams LLP

CALENDAR: The Calendar was reviewed.

(Motion) AGENDA: Director Rust made a motion to approve the agenda as presented. Director Sikes seconded it. Motion carried 5-0.

(Motion) CONSENT AGENDA: The minutes, work orders, and unclaimed capital credits were pulled from the consent agenda. The following new language replaced the paragraph relative to Renewables in the minutes. *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.* Work Orders: Questions were answered regarding the yard lights and aid to construction salvaged material. Unclaimed Capital Credits: It was explained that these checks were not originally cashed therefore the monies were applied to their account as a credit or a new check was issued. A policy is in affect on how to handle the unclaimed capital credits - - these are very old checks. Director Rust made a motion to accept the consent agenda with the corrections. Director Jacksch seconded it. Motion carried 5-0.

(Motion) FINANCIALS: Manager of Accounting Jami Bartunek explained BLEC has more employees per consumer than the average cooperative. BLEC's average overtime as a percent of regular hours has averaged 4.1% over the last six years. Lew Orsi and Shelley Coleman from Moss Adams LLP presented BLEC's recently completed audit. Details of the 2006 audit were presented by Mr. Orsi in the workshop prior to the board meeting. Mr. Orsi stated the cooperative has done an excellent job in improving internal controls, and the financials are in great shape. Last year the Audit Committee requested authorization for Moss Adams to start the Cost of Service Analysis (COSA) report audit in June of this year in an effort to put the COSA in the financial statement and to establish a baseline. The Engagement Letter will stipulate the exact jobs to be performed and management is to sign the Engagement Letter. The COSA report audit will be presented before the 2008 annual meeting. Discussion was held on the active to inactive vendor list. The listing included vendors that have not had activity for the last 12 months. Some of the vendors that we pay via wire transfers have been placed on the inactive list because no check is issued. Director Rust made a motion to accept the financials as presented. Director Jacksch seconded it. Motion carried 5-0. Director Tayloe made a motion to accept the Audit Report. Director Jacksch seconded it. Motion carried 5-0.

(Motion) SAFETY REPORT: The Safety Committee minutes and the Safety minutes were reviewed by the Board. A motion was made and seconded to accept the minutes of both meetings. Motion carried 5-0.

(Motion) PNGC/PRC REPORT: The Board of Directors went into Executive Session at 7:40 p.m. to discuss the Benton offer. At 8:03 p.m. the Board of Directors returned from Executive Session. Director Rust made a motion to approve Resolution 2007-04, *Benton Offer and PRC Bidding Process*. Director Tayloe seconded it. Motion carried 5-0.

ORECA REPORT: ORECA Board Representative Tom Irwin, reported ORECA's independent auditor's report from Grove, Mueller & Swank was a good audit and was accepted by the ORECA Board of Directors. The BLEC board discussed Central Electric and Coos-Curry issues and the affect it could have on the cooperative families.

MANAGER'S REPORT: Senate Bill 838: As the bill currently stands, there is an exemption for small cooperative's whose electric sales are less than 1.5% of the total retail sales; however some of the members are tied to coal generation therefore, as also stated in the bill, that member would not be exempt from a mandatory regulation to provide renewable power. To date, the Senate has approved SB 838 with the "coal tie" in it. Manager Tracy applauds Senator Verger for her statesmanship and support for the ratepayers of BLEC by being the only one with the integrity to cross party lines in the vote. Misc: In March of 2006, BPA offered to sell the Alderwood Substation to BLEC for \$400,000 and the Walton Substation for \$90,000. At the time, the Board felt that both of these were over priced. BPA currently has offered them again for sale to BLEC, this time at a price of \$450,000 for Alderwood Substation and \$66,000 for Walton. A lengthy discussion was held wherein the BLEC Board discussed the maintenance exposure being too great, the liability to our members, and the purchase of these subs would be too risky for our members. The safety trailer will be used to educate people about electricity. This will be done by demonstrations in schools, fire stations, annual meetings, other company's safety meetings etc. Discussion was held on the time and labor needs being accounted

for and scheduling that could become a problem. A fee will be charged when used for non-members to cover expenses.

Strategic Planning Session: The Board set Saturday, June 16, 2007 as their SEP meeting. It will start at 8 a.m. at the BLEC office.

OLD BUSINESS: Annual Meeting: The Board appointed the Counting Committee to be the same as last year, Barbara Glenzer, Ethlyn Forcht, Betty Herbert, and Cheryl Haskell with Marlene Northrup and Charles Cody as alternates. There will be no music this year and the registration prize is a cooler.

(Motion) NEW BUSINESS: Extreme Technologies (BowTech): Manager Tracy informed the BLEC Board of Directors that the right-of-way which had previously been approved needed additional clarification for a city requirement. Attorney Greening read the paragraph in question with the proposed clarifications. After discussion, Director Rust made a motion to approve the revised Non-Building Easement between BLEC and Extreme Technologies. Director Jacksch seconded it. Motion carried 5-0.

Manager Tracy recognized the CFC's Capital Term Certificates that were issued and a check from CFC in the amount of \$7,257.38 has been received.

STATE HOSPITAL/PRISON: Manager Tracy informed the Board that Junction City has invited BLEC to participate in the growth and development on service and loads for the state hospital/prison.

MEMBER COMMENTS: Large Power Representative Todd Payne reported Seneca is now at 9 hours a day. This schedule will be evaluated on a weekly basis.

DIRECTOR ASSESSMENTS: Director Rust called attention to the amount of time spent at the PNGC SEP meeting. After discussion, two directors need to adjust their expense report.

EXECUTIVE SESSION: The first executive session was held from 7:40 to 8:03. The action from this section of the session is listed under PNGC/PRC listed above. The second executive session was held from 9:15 to 11 p.m. with no action taken.

ADJOURNMENT: Chairman Irwin declared the meeting adjourned at approximately 11:03 p.m.

(SEAL)

Michael E. Tayloe
Board Secretary