

**BLACHLY-LANE COUNTY COOPERATIVE ELECTRIC ASSOCIATION  
BOARD OF DIRECTORS  
MEETING MINUTES  
Monday, May 21, 2007**

CALL TO ORDER

The regular meeting was held at the cooperative office, 90680 Hwy 99, Eugene, Oregon at 5:09 p.m. The following Board members were present:

Thomas C. Irwin III	-- Director
Audrey Rust	-- Director
Ernie Jacksch	-- Director
Robert Sikes	-- Director
Jon Swanzy	-- Director

Others attending the Board meeting:

Bud Tracy	-- General Manager
Bill Gabriel	-- Manager of Operations Services
Joe McFadden	-- Manager of Member Services
Mary Locke	-- Manager of Office Services
Jami Bartunek	-- Manager of Finance/Controller
Mary Cirks	-- Administrative Assistant
Robert Greening	-- Attorney
Todd Payne	-- Large Power Representative

CALENDAR: June 16 is the Coos Curry annual meeting as well as the Strategic Planning Session. It was decided to have the Strategic Planning Session on June 15 at 8 a.m. in the upstairs boardroom.

The Board of Directors set June 19 at 7 p.m. for the next AWARE committee meeting.

Attorney Greening will be absent for the June board meeting.

(Motion) ELECTION OF OFFICERS: The Board of Directors seated the new director Jon Swanzy from District 3 with a warm welcome. Director Jacksch was re-elected from District 1. Director Jacksch made a motion to nominate Tom Irwin III as Chairman. Director Sikes moved to close nominations. Director Jacksch seconded it. Motion carried 5-0. Director Rust nominated Robert Sikes as Vice Chairman. Director Jacksch made a motion to close nominations. Director Rust seconded it. Motion carried 5-0. Director Jacksch nominated Audrey Rust as the Sec/Treas. Director Sikes moved nominations cease. Director Jacksch seconded it. Motion carried 5-0.

(Motion) AGENDA: Director Rust moved and Director Jacksch seconded to add to New Business, Audit Committee appointment and accept the agenda with the addition. Motion carried 5-0.

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(Motion) CONSENT AGENDA: The following were pulled for discussion: Disbursements, and Memberships Accepted. Discussion was held on the request of the Audit Committee for engaging Moss Adams to perform an audit on the COSA; idle services; accounts transferred to reserve; consumer/meters; the EPUD contract; and pole attachments. Currently BLEC has 2,800 members and 3,500 services. Discussion was held on the necessity of a meeting prior to the annual meeting when memberships are accepted to the date of the annual meeting. This is done to enable all members to cast a vote. Director Sikes made a motion to approve the consent agenda. Director Jacksch seconded it. Motion carried 5-0.

(Motion) FINANCIALS: Manager of Finance Ms. Jami Bartunek reviewed the BLEC financials. The equity as a percent of total assets increased to 52.12%. Discussion was held on underground cable, overhead line material, power bills, debt service coverage, TIER, transportation costs, and bad debt reserve. Director Sikes made a motion to accept the financials. Director Swanzy seconded it. Motion carried 5-0.

(Motion) SAFETY MINUTES: Discussion was held on wheels coming off vehicles that have been over tightened when the wheels were put on vehicles. Crews have inspected our vehicles. Director Rust made a motion to accept the Safety Committee Meeting minutes and the April Safety Meeting minutes. Director Jacksch seconded it. Motion carried 5-0.

(Motion) PNGC/PRC REPORT: Discussion was held on the Turlock and Boardman contracts with PRC in which PGE is the operator. The terms "owner" and "subscriber" were clarified and the 85/15 rule being an impact to the seller. Discussion was held on PNGC's upcoming SEP meeting. Manager Tracy was instructed to continue looking into energy alternatives, marketing power, contract with self-generation, and the importance of sharing risks and losses. BPA metering on Parker substation from December 23, 2006 to the end of that month still appears to be incorrect. Manager Tracy informed the board Dan James has been hired as the VP of Public Affairs and Marketing to replace Scott Corwin; the King Estate Winery is not experiencing the anticipated savings on their solar project; and the 9<sup>th</sup> Circuit has ruled that BPA has no right to enter into settlement contracts.

ORECA REPORT: Manager Tracy reported Senate Bill 838 has been referred out of the House. He credited Dale Riddle of Seneca, Pat Reiten of PacifiCorp, and ORECA for doing a fine job with this project.

MANAGER'S REPORT: The Board of Directors discussed Policy 302.00 as it pertains to Approved Depositories for Cooperative Funds and Authorized Check Signatures and signed new bank signature cards. Manager Tracy informed the board that overtime paid at BLEC exceeds the standard. However, if standby is taken out, we are within normal reporting.

STRATEGIC PLANNING: BLEC's Strategic Planning session has been moved to June 15, starting at 8 a.m. at headquarters in the upstairs board room.

(Motion) OLD BUSINESS: Annual Meeting review – The board heard very good responses regarding the safety trailer and demonstrations. Manager Tracy led a discussion on the terminology of the "Counting Committee" being renamed as "Election Judges" and the possibility of having a Nominating Committee for next year's annual meeting. The board discussed the possibility of having new people on the counting committee/election judges so that more people are able to be involved in the annual meeting. Director Jacksch made a

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motion to set the 2008 annual meeting for May 10 at Triangle Lake High School. Director Swanzy seconded it. Motion carried 5-0.

NEW BUSINESS: Aware Committee Report: The next Aware Committee meeting will be June 19 at 7 p.m. and the Renewables Committee is to be invited.

Resolution 2007-05 (Forfeited Capital Credits): Manager of Office Services Mary Locke informed the board that BLEC has met the Oregon requirements regarding unclaimed capital credits and presented Resolution 2007-05. Director Sikes made a motion to authorize the unclaimed 1987 patronage capital authorized for payment in the amount of \$1,338.21 be considered forfeited and returned to the cooperative as of May 21, 2007. Director Jacksch seconded it. Motion carried 5-0.

Resolution 2007-06 (Pacific Continental Bank): This resolution was tabled until next month.

(Motion) Audit Committee Appointments: Discussion was held as to which one of the Board of Directors desired to be on the Audit Committee. Bylaws indicate six people should be on the Committee, one of which is a director. Ernie Jacksch made a motion to appoint Director Rust to the Audit Committee. Director Swanzy seconded it. Motion carried 5-0. The Board appointed Ken Noteboom as an Audit Committee member. The Audit Committee is an advisory to the Board of Directors, having no authority to spend money without the Board's approval. The committee has done a very good job this last year and was thanked by the Board of Directors. A complete review and appropriateness of allocation via a cost of service study was discussed. An engagement letter from Moss Adams is still pending but with the budget already over spent, the Board of Directors discussed the need of the engagement letter. After discussion, Director Rust made a motion to direct the General Manager to inform Moss Adams that BLEC does not intend to engage Moss Adams for the COSA audit work. The Board also directs the General Manager to decline to pay for any such work done without an engagement letter. Director Sikes seconded it. Motion carried 5-0.

STATE HOSPITAL/PRISON: Management will contact the Department of Corrections and the Health Service to start our engagement with these agencies.

MEMBER COMMENTS: Large Power Representative Todd Payne updated the board on the lumber market. He reported housing is down, production and consumption could be unsteady and it could be the middle of 2008 before the timber industry climbs out of the slump. Discussion was held on the equality of tax credits for renewables and bio-mass could happen sooner than expected. All board members will partake in the Strategic Planning Meeting on June 15 and Director Swanzy will attend the PNGC meeting in July.

DIRECTOR ASSESSMENTS:

Comments: The water percent in dams is 92%, mostly out of Canada.

Expenses: The directors turned in their expense reports.

RECESS: The BLEC Board of Directors recessed into the BLSI annual board meeting at 9:30 p.m.

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RECONVENED: The BLEC meeting was reconvened at 9:45 p.m.

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 11:15 p.m.

(SEAL)

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Audrey Rust  
Secretary/Treasurer