

BLACHLY-LANE COUNTY COOPERATIVE ELECTRIC ASSOCIATION
BOARD OF DIRECTORS
MEETING MINUTES
Monday, June 25, 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:

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|---------------------|-------------|
| 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 |
| Todd Payne | -- Large Power Representative |
| Wes Moss | -- Consumer |

CALENDAR: The Policy Workshop will be held July 26, 2007 at 8 a.m. at headquarters with all directors encouraged to participate.

(Motion) AGENDA: Director Rust made a motion to move the Member Comment section earlier in the meeting to follow the approval of the agenda. Director Jacksch seconded it. Motion carried 5-0.

(Motion) CONSENT AGENDA: The following items were pulled for discussion: minutes, and disbursements. Corrected copies of the May 19 and May 21 minutes were distributed and read. Only the General Manager's credit card is reflected in the disbursements. Director Rust made a motion to accept the consent agenda. Director Sikes seconded it. Motion carried 5-0.

(Motion) FINANCIALS: Manager of Finance Ms. Jami Bartunek reviewed BLEC's financials, indicating Transmission & Distribution Expense as a percent of Operating Revenue actual is 13% compared to a budgeted 16%; margins are at 12% instead of 10%; and kWh sales are slightly under budget. Ms. Bartunek indicated the monthly rate structure of our power rates have changed, causing YTD actual to be over budget, but cost of power expense is expected to come in under budget by year-end. Finally, she reviewed sales that have been stagnant comparing last year to this year. Equity, as a percent of total assets, is up to 52%, a gain of

3% from May 2006. Director Sikes made a motion to accept the financials. Director Swanzy seconded it. Motion carried 5-0.

(Motion) SAFETY MINUTES: Director Rust made a motion to accept the safety minutes. Director Sikes seconded it. Motion carried 5-0.

PNGC/PRC REPORT: Manager Tracy reported Coos-Curry's board representative to the PNGC board of directors is Roger Meader; BLEC's allocation from PNGC is \$16,509; reviewed the full requirements, the slice, and the partial participation in an effort to obtain power supply contracts to meet BLEC's growth after 2011; what the known options with future power supply are expressing pros and cons for each and invited the board to exchange comments/direction; stressed risks and control benefits going forward; and PNGC's Strategic Planning Workshop.

ORECA REPORT: No meeting has been held; therefore no report was given.

MANAGER'S REPORT: Manager Tracy reported GloryBee's application for service is coming along nicely but Grain Millers have given no commitment yet. Discussion was held on new large single loads and that they would be in the TIER II power rate block. The last engagement letter from Moss Adams was reviewed by the Board of Directors as well as the Attorney Agreement. Discussion was held on the pros and cons of continuing with the same auditor and attorney; organizations such as BLEC draw from a relatively small group of auditors and attorneys; that the audit is performed by different people each time it is performed; and the responsibility we have to our members to report openly and with full disclosure.

(Motion) STRATEGIC PLANNING: The draft Strategic Planning session papers were mailed out and the mission statement will first be seen on the billing notices, on the website, and in the *Ruralite*. After discussion, Director Sikes made a motion to adopt the Strategic Plan as presented. Director Rust seconded it. Motion carried 5-0. Staff will use this plan to start the budgeting process.

OLD BUSINESS:

Resolution 2007-06, which was tabled from last month with Pacific Continental Bank, will not be necessary. The evaluation form was accepted by the board.

NEW BUSINESS:

The AWARE Committee had a good meeting. They will not be meeting during the summer months. The next meeting will be September 18, 2007.

STATE HOSPITAL/PRISON: Later this week with the closure to the state legislature, the \$10.5 million project should be approved by them.

MEMBER COMMENTS: A consumer was present to offer suggestions regarding the handling of disconnects. A discussion followed with new options to be decided upon – never shut off on a Friday, provide disconnect notification in envelopes that are different from regular bills, provide more notification of when disconnection could occur by placing the information on each monthly bill, and include a list of fees on the regular monthly bill. The board thanked our consumer for the ideas and stated some of these concepts will be

implemented immediately. Large Power Representative Todd Payne reported some of the timber industry companies are closed the week of the 4 of July holiday.

DIRECTOR ASSESSMENTS:

Comments: The workshop was a good idea but with the lack of attendance by the Audit Committee, it will be held again next month prior to the board meeting.

Expenses: The directors turned in their expense reports.

Attendees to events: Director Rust plans to attend Region IX and Director Sikes will possibly be attending.

EXECUTIVE SESSION

There was no session held.

ADJOURNMENT

With there being no further business to come before the Board, Chairman Irwin adjourned the meeting at 8:15 p.m.

(SEAL)

Audrey Rust
Secretary/Treasurer