

BLACHLY-LANE ELECTRIC COOPERATIVE
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**BLACHLY-LANE COUNTY COOPERATIVE ELECTRIC ASSOCIATION
 BOARD OF DIRECTORS
 MEETING MINUTES
 Monday, November 26, 2007**

CALL TO ORDER

The regular meeting was held at the cooperative office, 90680 Hwy 99, Eugene, Oregon at 5:15 p.m. The following Board members were present:

- Thomas C. Irwin III -- Chairman
- Robert Sikes -- Vice Chairman
- Audrey Rust -- Secretary/Treasurer
- Ernie Jacksch -- Director
- Jon Swanzy -- Director

Others attending the Board meeting:

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

(Motion) **AGENDA:** A motion was made and seconded to approve the agenda with two additions, "selection of delegate" under ORECA and "unclaimed capital credits" under Old Business. Motion carried 5-0.

MEMBER COMMENTS: There were none.

(Motion) **CONSENT AGENDA:** The following items were pulled for discussion: minutes, disbursements, work orders, unclaimed capital credits, and staff reports. It was stated in the minutes that the ORECA annual meeting is December 6 & 7 in Tigard and it is really December 5 & 6 in Tigard; and that the per diem rate for directors is \$45 per day as referenced in the current BLEC policy per IRS. Questions were asked and answers given on the cost of the web site improvements, a transformer purchase, and work orders in regards to CIAC. Manager of Operations Services Bill Gabriel informed the board that the infrared camera showed a hot spot in the Junction City Substation. The work crews repaired the damaged connections during a planned load transfer, and before it could cause an extended outage. A motion was made and seconded to accept the consent agenda. Motion carried 5-0.

(Motion) **FINANCIALS:** Manager of Financial Services Ms. Jami Bartunek reviewed BLEC's financials, highlighting from the CFC's KRTA the long term debt as a percent of total assets being at 39.2% which is the lowest percentage we've experienced over the last 5 years; the blended

*"Blachly-Lane will exceed consumer expectations as a progressive leader,
 and as a responsive and dependable provider of superior products and services"*

interest on long term borrowing rate is in line with the US and State grouping; and the General Funds per total utility plant percentage indicates BLEC has more than the compared utilities. Discussion was held on how many of the under budget differences is due to jobs not being completed with the response indicating that most of the jobs that need to have materials are being shipped to us and that there will be no carry over into 2008. Parker Sub work order will be closed before the end of 2007. Ms. Bartunek indicated sales are down 3.5% for this month, explained that the cost of power did not go down but we did experience a 16% line loss in October which offsets the previous months for an average of 7%. The PNGC Part B Rate Adjustor will be applied as a credit on PNGC's power bill. Ms. Bartunek stated the new ratios on the YTD actual cost of service analysis numbers are very close across the board, indicating revenue is tracking nicely relative to the cost of service. Physical Inventory is set for Wednesday and Thursday of this week. A motion was made and seconded to accept the financials. Motion carried 5-0.

(Motion) SAFETY MINUTES: Discussion was held on the recent accident with one of our employees. The board expressed their appreciation for how our people handled the accident. OSHA has stopped by and received a copy of the accident report to include with their own investigation. The safety training our crews have received was evident in the professional way our crews responded. Manager of Operations Services Bill Gabriel reported REACH Air Medical Services from Corvallis, provided excellent response. Discussion was held on putting more radio repeaters on some peaks out in the Deadwood area. A radio coverage study was discussed. A motion was made and seconded to accept the safety reports. Motion carried 5-0.

PNGC/PRC REPORT: PNGC's CEO John Prescott was at the workshop and discussed the upcoming rate issues with the board plus any and all questions that were asked. More facts are needed to make a decision on the question of the sale of the Boardman Plant. Discussion was held on companies that are looking into green power and what we can do to assist them in achieving their goals. The board discussed the PRC board summary.

ORECA REPORT: ORECA Representative Irwin informed the board that Bryan Wolfe is the Oregon Representative to the NRECA Board of Directors. The ORECA budget was approved and the *Power of community* is now included in the dues, lowering Blachly-Lane Electric Co-op's net costs. ORECA is looking at hiring someone to assist in the lobbying instead of contracting it out. A motion was made and seconded to appoint Tom Irwin III as the delegate to ORECA.

(Motion) MANAGER'S REPORT: Global Warming: The films *An Inconvenient Truth* and *The Great Global Warming Swindle* are available to check out of the library.

Engagement letter: Discussion was held on having Moss Adams do our audit this year. The Audit Committee is meeting tomorrow and BLEC bylaws state that the committee makes recommendations to the Board of Directors. After discussion, a motion was made authorizing the Board Representative Director Rust have authority to sign the engagement letter with Moss Adams as the auditor if that is the recommendation of the Audit Committee. Motion carried 5-0.

OLD BUSINESS: Grain Millers: Manager Tracy informed the board that a letter from EPUD designating BLEC as being responsible to serve within tax lots 200, 300, 400, 1800, and

some of 1900 has been received. This designation covers the entire contemplated Grain Miller's facility.

Unclaimed Capital Credits: Discussion was held on what the capital credits policy states or if the direction for rotation came from a motion in earlier years as well as discounting of capital credits. The policy will be made more explicit to be a further directive as to the administration.

NEW BUSINESS: February's board meeting will be held on February 19, 2008 at 9 a.m. at the office. Manager Tracy informed the board that there are a few changes that need to be made in the COSA in regard to potentially reclassifying accounts, but it will be ready for the December Board of Directors meeting.

STATE HOSPITAL/PRISON: The prison is scheduled to have possible dirt moving in 2008. Prior to that, Junction City will be working on the infrastructure with water and sewer. The construction of the prison is scheduled for 2009 - 2012 with the hospital construction being from 2011 - 2013. Many topics were discussed with regards to the infrastructure construction for BLEC to serve upcoming loads.

DIRECTOR ASSESSMENTS:

Comments: The board expressed their disappointment in the employee/board meeting held earlier today. There was no action or reaction from the employees, even though the board knew they were holding back.

Expenses: The directors submitted their expense reports.

Attendees to events: Director Rust, Chairman Irwin, and Director Sikes will be attending the ORECA annual meeting December 5 & 6 in Tigard.

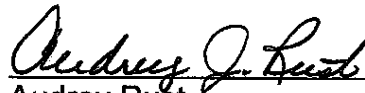
EXECUTIVE SESSION

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 9:35 p.m.

(SEAL)



Audrey Rust
Secretary/Treasurer