

**BLACHLY-LANE COUNTY COOPERATIVE ELECTRIC ASSOCIATION
BOARD OF DIRECTORS
MEETING MINUTES
Monday, July 28, 2008**

CALL TO ORDER

The regular meeting was held at the cooperative office, 90680 Hwy 99, Eugene, Oregon. A quorum was declared present and the meeting was called to order at 5 p.m., following the board workshop. The following were present:

Thomas C. Irwin III	-- Chairman
Bob Sikes	-- Vice-Chairman
Audrey Rust	-- Secretary/Treasurer
Ernie Jacksch	-- Director
Jon Swanzy	-- Director
Bud Tracy	-- General Manager
Jami Bartunek	-- Manager of Financial Services
Joe McFadden	-- Manager of Member Services
Mary Locke	-- Manager of Office Services
Greg Gardner	-- Manager of Operations
Mary Cirks	-- Administrative Assistant
Robert Greening	-- Attorney
Todd Payne	-- Large Power Representative
BLEC Members Paul and James Chapman	
Lew Orsi and Trent Martin of Moss Adams	

(Motion) AGENDA

A motion was made and seconded to approve the agenda with the moving of Moss Adams to an earlier time, and placing Future Loads under Executive Session. Motion carried 5-0.

MEMBER COMMENTS: Paul and James Chapman were present and James reported on the Youth Seminar he attended. James reported the speakers were great and issues were equally as good. James was impressed with the speaker on Climate Change. We are slowly changing but this issue is mostly a political one. He learned how dangerous electricity can be. He highly recommends the youth of BLEC to attend this camp. A question and answer period was held and the Board of Directors complimented James for his attendance and report.

(Motion) CONSENT AGENDA

The board discussed the gross revenue tax of 4%; incentives for solar projects and how they're looking for utility involvement. A motion was made and seconded to accept the consent agenda. Motion carried 5-0.

(Motion) FINANCIALS: Manager of Financial Services Jami Bartunek reviewed our trends of labor capitalized, Operating Margins as a % of Operating Revenue, and Revenue per Meter for the last 8 years and year-to-date. She also explained the over budget and under budget margins and expenses; a way to reduce equity is by paying back capital credits; and noted the increased margins and cash flows, recognizing a payment of \$148,000 for annual gross revenue taxes. A motion was made and seconded to accept the financials. Motion carried 5-0.

(Motion) SAFETY REPORT: Manager of Operations Greg Gardner informed the board of the cable failure which was under a driveway. Employees had to “rig” it to overhead to get the job completed. A great lesson was learned and there were no serious injuries to the crews. After discussion, a motion was made and seconded to accept the safety reports. Motion carried 5-0. The Board of Directors are invited to attend the August 19 Safety Meeting. There will be a potluck and group pictures. It is scheduled to start at 12:30 at BLEC office.

PNGC/PRC REPORT: Discussion was held on the upcoming wholesale power contract with PNGC which reflects our Board of Directors’ philosophy. The risk management policy limits the exposure of an employee’s level of responsibility, and the Board of Directors give authority to the General Manager to work through the contract. Our future rate will incorporate the tiered methodology. BPA is going to load shaping instead of demand.

ORECA REPORT: Their succession plan is now in motion and ORECA is waiting for the recipient to respond. The board discussed Federal Form 990 which reflects the hours spent on subjects for any meetings attended. This is being driven by the IRS through our statewide. A new expense sheet was presented to the Board which is to be used from now on. Manager Tracy informed the Board that no alternate from our Board is allowed to vote at an ORECA board meeting, explaining that non-voting delegates could attend the meetings. February 11 and 12, 2009 are the ORECA Legislative Days at the state capital. Arrangements are being made to have our local legislators attend a BLEC board meeting some time in September.

MANAGER’S REPORT: Manager Tracy reviewed the KRTA summary with the Board. He also explained the various scenarios of retirement of capital credits, as discussed at the Strategic Planning Session, and how it would affect the Cooperative. After discussion of the scenarios, it was decided that we would continue with the retirement of capital credits as we currently are doing which is the FIFO method. Discussion was held on the pros and cons regarding dams being torn out. Consensus of the Board is that if the meeting was to happen, we would invite other Cooperatives to attend.

(Motion) OLD BUSINESS: Evaluation / Appraisal forms: There was no discussion.
Policy 407.01 (Interconnection Generation Projects): Manager of Operations Greg Gardner reported on the net-metering policy, reporting the papers are consistent with industry standards and that a visible disconnect is important. There was a motion and a second to adopt Policy 407.01 as presented. Motion carried 5-0.

(Motion) Touchstone Energy: Manager of Office Services Mary Locke explained the pharmacy discount, the start up costs, design of the card, and promotional issues with regards to Touchstone Energy. Overall set up costs would be approximately \$4,365 and \$2,100 yearly after that. Discussion was held on the pros and cons of offering this to our members. A motion and a second were received to adjust the budget and proceed with the joining of Touchstone. Motion carried 5-0.

(Motion) NEW BUSINESS: Calendar: The AWARE Committee will have their fall meeting in September.
Master Card Agreement: The Board approved a credit card agreement for Greg Gardner.
Resolution 2008-05 (Transmission Facilities): Motion was made and seconded to support the concept and the investigation and supporting the opportunity for third party financing to assist BPA in the renewal or replacement, or construction of transmission facilities. Motion carried 5-0.
Moss Adams: Lew informed the board that he will be retiring from Moss Adams and introduced Trent Martin who will take his place. Discussion was held on the equity position BLEC is currently at. They will get the Audit Committee involved with this change. Lew will retire at the end of the year but stated he would be available at any time on a consultant basis. The firm will be celebrating their 100th year and their growth remains tremendous. The Board commended Lew for his work with BLEC.

(Motion) Policy 627.01 (Nepotism): The Board of Directors discussed the nepotism policy. A motion was made and seconded to adopt Policy 627.01 as presented. Motion carried 5-0.

Misc: Manager of Member Services Joe McFadden reported on the Moss Adams audit report regarding CRC procedures, administrative costs, and time sheets. He also stated a BPA representative will be coming in September to check our program measures.

FUTURE LOADS: This discussion was moved to Executive Session.

DIRECTOR ASSESSMENTS:

Comments: The Board of Directors advised Management to always have the writer be noted on any article we print. The down trend in the timber industry will be prolonged. Seneca stated they are running 36 hour shifts Monday – Thursday. They will be down for two weeks in August. States had a 14% reduction in workforce.

Expenses: Expense reports were reviewed and signed.
Meeting Attendance:

EXECUTIVE SESSION

There was none held.

ADJOURNMENT

With there being no further business to come before the Board, Chairman Irwin adjourned the meeting at 9:15 p.m.

(SEAL)

Audrey Rust
Board Secretary