

BLACHLY-LANE COUNTY COOPERATIVE ELECTRIC ASSOCIATION
BOARD OF DIRECTORS
MEETING MINUTES
Monday, October 27, 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 5:07 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 (arrived late)
Bud Tracy	-- General Manager
Jami Bartunek	-- Manager of Financial Services
Joe McFadden	-- Mgr of Mbr Services (arrived late)
Mary Locke	-- Manager of Office Services
Greg Gardner	-- Manager of Operations
Mary Cirks	-- Administrative Assistant
Robert Greening	-- Attorney
Todd Payne	-- Large Power Representative
Cliff Kelly	-- Member

AGENDA:

A motion was made and seconded to approve the agenda with the addition of *Residential Exchange* under PNGC and *Climate Change* under ORECA. Motion carried 4-0 (Director Swanzy absent at this time).

MEMBER COMMENTS: Mr. Cliff Kelly was present to talk about the mission statement and how it relates to some of the programs BLEC is presenting to its members, referring to Touchstone. He informed the Board that his research on the website did not satisfy his questions, there are no local businesses listed on the website, and the amount of money spent on membership was not worth it. The Board feels that the \$.75 per member is going to be a benefit by way of saving money through discount shopping, explaining there are no specifically identified local businesses yet but BLEC management is in the process of identifying and instituting these programs. The goal is that by the time we have our annual meeting; all of the preliminaries will be set up. After the question and answer period, the Board of Directors thanked Mr. Kelly for coming to the meeting and asking questions. Manager Tracy explained the work that was done at the Memorial Community Church at Triangle Lake and that all materials were supplied by the church. They were very appreciative of BLEC's efforts.

CONSENT AGENDA:

Items pulled from the consent agenda were unclaimed capital credits, last month's disbursements, work orders closed, and the staff monthly reports. Ms. Locke explained that deceased membership's capital credits are issued in care of the legal representative so the check could be negotiated; a fee is charged by credit card companies and paid by BLEC when our members pay their bill; BLEC is leasing a truck due to a breakdown; there are two idle services remaining; Ms. Locke explained the aged receivable chart indicates that more customers are paying and collections are less. Mr. Gardner reported underground cables are hard to find and fix. Older cables had defects from conception but the new cable has written guarantees for many years however, it is very expensive.

A motion was made and seconded to accept the consent agenda. Motion carried 5-0.

FINANCIALS: Ms. Bartunek reviewed the average residential usage, the accounts receivable as a percent of operating revenue, and the amount written off as a percent of operating revenue. Work orders are being closed in a timely manner, and sales were down from our budgeted amount. Manager Tracy reported on our miles of line reconciliation project.

A motion was made and seconded to accept the financials as presented. Motion carried 5-0.

SAFETY REPORT:

Manager Tracy reported on his accident in Portland where he backed the company van into a concrete post in a parking lot, an employee accident in BLEC's driveway, and an underground cable splice where the crimp tool didn't work properly.

After discussion, a motion was made and seconded to accept the safety reports as submitted. Motion carried 5-0.

PNGC/PRC REPORT:

Manager Tracy applauded the Board of Directors for their knowledge on current events at PNGC and informed the Board that many cooperatives are holding their board meeting this week and are expected to sign the PNGC membership agreement. Attorney Greening reviewed a risk analysis of the agreement. Discussion was held on the residential exchange credit summary. Directors Swanzy, Irwin, and Sikes will be attending the PNGC meeting in November with Manager Tracy.

A motion was made and seconded to adopt Resolution 2008-07 Agreement for the Preservation of Certain Rights and Obligations of PNGC Members executed by BPA which granted Manager Tracy the right to exercise the Agreement with PNGC. Motion carried 5-0.

ORECA REPORT:

Manager Tracy reviewed the ORECA budget that has been changed several times in the last few days. He explained the membership dues to ORECA have gone from \$2,112 in 1999 to the proposed \$20,290 for 2009; reported on the GAC meeting he attended; and reviewed a letter to Governor Kulongoski regarding renewable energy. Director Irwin was voted as our representative to ORECA for the upcoming year by a 3-2 vote over Director Swanzy. Chairman Irwin and Director Sikes will be attending the ORECA annual meeting

in Tigard with Manager Tracy in December. Discussion was held on the Governor's climate change plan and the issuance of the DEQ rule making.

MANAGER'S REPORT: Manager Tracy informed the board that another break-in has occurred at BLEC. This time the amount was about \$2,587 in materials and tools. Since then, the blackberries have been removed, and the fence repaired. Noise indicators and motion lights, be placed in the 3-bay area, cost and preventive measurers i.e. overhead doors on the 3-bay were discussed with no resolve as well as a review of the *Loss Analysis Report* from Federated Insurance. Discussion was held on the low density discount data requirements of BPA; the annual dues of NRECA are \$7,640.

There was a motion made and seconded to pay the NRECA membership dues for 2009. Motion carried 5-0.

The Audit Committee meeting will be at 4 p.m. on Monday, November 24, 2008 prior to the regular board meeting. Manager Tracy reported on his investigation into the Quitclaim on the Junction City Substation. BPA has made the error on this project and they have their attorney working on how to handle the situation.

OLD BUSINESS:

Work Plan and Budget: Manager Tracy reviewed the new numbers in the Work Plan and Budget as presented by Management. A shift of operating expenses; a salary survey indicating a 4.7% increase with no benefit level increase was looked at. Lengthy discussions were held on wages, pay for performance, and no rate increases for the consumers.

After discussion, a motion was made and seconded to adopt the budget as presented, including salary range adjustments by 4.7%. Motion carried 5-0.

Resolution 2008-08: A motion was made and seconded to approve Resolution 2008-08 which authorizes the General Manager to execute and deliver Revision Number 8, Net Requirements of Exhibit C; Revision Number 4, Slice System of Exhibit H; Revision Number 5, System Obligations of Exhibit L; and Revision Number 10, Critical Slice Amounts of Exhibit M. Motion carried 5-0.

Evaluation of General Manager: A motion was made and seconded to accept the evaluation form as presented and hold this evaluation in May or June of each year. Motion carried 5-0.

Bylaw change: Attorney Greening lead a lengthy discussion on the joint membership (spouse or domestic partner) and the wording of such. This amendment will be presented to the members at the 2009 annual meeting.

Policy 604.00: This new policy addresses communications with the press. After review and discussion, BLEC Management will rework the policy to include media, not just the press.

Avoided Cost Rate Schedule AC-2008: Manager Tracy explained the members' first objective in Rate Schedule AC-2008 is to serve their own load, then sell back to BLEC the surplus power they have generated. This rate schedule will be a stand alone item, and will apply to all the rate classes.

NEW BUSINESS: *Calendar:* Manager Tracy, Director Swanzy, Director Sikes, Chairman Irwin, will be attending the PRC/PNGC meeting in November at PNGC. Manager Tracy,

Chairman Irwin, Director Swanzy, and Director Sikes will be attending the ORECA annual meeting in December at Tigard.

Resolution 2008-07: Attorney Greening reviewed possible risks BLEC could face in signing the PNGC Membership and Requirements Power Purchase Agreement as well as the BPA contract.

After lengthy discussion, a motion to approve Resolution 2008-07, an agreement with BPA for the preservation of certain rights and obligation of PNGC members, was seconded. Motion carried 5-0.

The board stated they are not in favor of merging Region 7 and Region 9 into one.

Resolution 2008-09 – Easement Filing and Release: This resolution supports easements for its operations and needs to release the easements when no longer required; and allows the General Manager to execute and deliver said instruments and documents on behalf of the Cooperative.

A motion was made and seconded to adopt Resolution 2008-09, Easement Release. Motion carried 5-0.

Touchstone Program Agreement: Earlier in the day, Mr. Bob Miller from NRECA's Touchstone division, was present and instructed the employees and the Board of Directors on how the program operated.

A motion was made and seconded to approve the Touchstone Agreement with recommended changes to a renewal date of 30 days instead of 90 days. Motion carried 5-0.

CFC Patronage Capital: Manager Tracy informed the Board of Directors that the FY 2008 patronage capital allocation of \$42,890.32 has been made and patronage capital retirement of \$33,884.86 has been received from CFC.

FUTURE LOADS: Manager Tracy informed the Board of Directors he continues to be in contact with Prison and Hospital representatives, who state the construction of a 3,000 kW load is formulating. GloryBee is working on zoning and the economy might change some figures for them.

DIRECTOR ASSESSMENTS:

Comments: The employees are pleased with the way things are going therefore no meeting with the Board of Directors will be held.

Expenses: Reports were signed.

Meeting Attendance: Manager Tracy, Director Swanzy, Director Sikes, Chairman Irwin, will be attending the PRC/PNGC meeting in November at PNGC. Manager Tracy, Chairman Irwin, Director Swanzy, and Director Sikes will be attending the ORECA annual meeting in December at 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 10:30 p.m.

(SEAL)

Audrey Rust
Board Secretary