

**BLACHLY-LANE COUNTY COOPERATIVE ELECTRIC ASSOCIATION  
BOARD OF DIRECTORS  
MEETING MINUTES  
Monday, January 26, 2009**

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. Director Swanzy and Ms. Jami Bartunek were absent. The following were present:

Thomas C. Irwin III	-- Chairman
Bob Sikes	-- Vice-Chairman
Audrey Rust	-- Secretary/Treasurer
Ernie Jacksch	-- Director
Bud Tracy	-- General Manager
Joe McFadden	-- Manager of Key Accounts
Mary Locke	-- Manager of Office Services
Greg Gardner	-- Manager of Operations
Mary Cirks	-- Administrative Assistant
Chip Greening	-- Attorney
Todd Payne	-- Large Power Representative

AGENDA

A motion was made and seconded to approve the agenda as presented.  
Motion carried 4-0.

MEMBER COMMENTS: With regards to Touchstone, some people have negative feelings and others positive. Manager of Key Accounts Joe McFadden stated more local businesses have signed up. Discussion was held at length regarding the Touchstone discussion at the AWARE meeting, the advertisements on TV, and having it a topic on the Annual Meeting agenda. The Board of Directors is expected to make some decisions without the membership's approval.

CONSENT AGENDA: Staff reports were pulled from the consent agenda for discussion. The Board complimented personnel on the loss time accidents in 2008 being zero. Lunch was provided to the employees to show the Board of Directors' appreciation.

A motion was made and seconded to accept the consent agenda. Motion carried 4-0.

FINANCIALS: In Ms. Bartunek's absence, Manager Tracy reported cash as a percent of total plant, year-to-date operating margins being \$1.6 million, cash reserves being a part of how the Board of Directors are regulating rates, year-to-date non-operating margins of \$169,000 and if we didn't have it the rates would need to be raised. Equity is up to 59% but capital credits still need to be paid. Manager Tracy notes that the miles of line have been accurately adjusted to 513 from 539. These miles were adjusted from a diligent investigation. The Board complimented the inventory being down even though prices are up. December sales and revenue were down 12% with a total of 3.5% down for the year.

A motion was made and seconded to accept the financials as presented. Motion carried 4-0.

**SAFETY REPORT:** The Board of Directors reviewed the safety reports. The operations staff received a certification showing corrections to the violations from the PUC. We are in compliance with the WECC process.

After discussion, a motion was made and seconded to accept the safety reports as submitted. Motion carried 4-0.

**PNGC/PRC REPORT:** Manager Tracy explained and presented the BLEC comparison of the proposed PNGC adjustors. It appears these rates will rise. BLEC personnel will take PNGC's numbers and apply the adjustments of the budgeted year. This could go completely reverse of the presented figures. In a recent 9<sup>th</sup> circuit ruling regarding BPA giving power to Alcoa, it was noted BPA is not a welfare company and should not subsidize any company. Manager Tracy is Vice Chair of the New Resource Committee through PNGC which is working on development of a committee charter.

**ORECA REPORT:** ORECA Board Representative Tom Irwin III reported Legislative Day in Salem is February 11 and 12 at which time Manager Tracy and Chairman Irwin will be meeting with Representatives Cowan and Edwards as well as Senator Walker. Public Purpose Tax, Metal Theft, and Renewables are on the agenda to be discussed. As of January 1, 2009, Ted Case is the Executive Director of ORECA.

**MANAGER'S REPORT:** Manager Tracy reported an email has been received from the Audit Committee Chairman requesting that we look into our investments and their current condition, rating agencies etc. The Audit Committee is responsible for offering suggestions to the board and issues mentioned in the email will be reviewed. Discussion was held on Policy 302.02 and a few changes were requested along with a better definition of *excess funds*. Discussion was held on cap and trade issues. The Board of Directors reviewed Resolution 2009-01 regarding the Power Vision Loan Extension, making the following motion without using the resolution.

A motion was made and seconded to allow Manager Tracy to execute the Power Vision Loan. Motion carried 4-0.

**OLD BUSINESS:** *BLEC Annual Meeting:* The Board reviewed the annual meeting with no special requests or suggestions. Director Rust submitted a letter to the Board of Directors of her intentions of not running for the District 5 board position this year. The board graciously accepted her submittal with regret. Attorney Greening presented the proposed bylaw with new changes. Lengthy discussion followed. These changes will be made and presented to the Board of Directors at next month's board meeting.

*NRECA Annual Meeting:* Director Swanzy has been appointed NRECA's voting delegate and Manager Tracy alternate voting delegate. With Director Swanzy not being able to attend the meeting due to emergencies at home,

A motion was made and seconded to have Manager Tracy be the voting delegate to all meetings at the annual meeting except NRECA. Motion carried 4-0.

A motion was made and seconded to have Director Sikes be the alternate voting delegate to all meetings at the annual meeting except NRECA. Motion carried 4-0.

*Cooperative sign, flag pole, trees, and solar project.* Manager of Key Accounts Joe McFadden discussed the solar project that is to be mounted on the ground for view purposes, and have 20' power friendly trees planted.

A motion was made to redo the sign but not replace the flag pole. Motion died for lack of a second.

A motion was made and seconded to renovate the sign with the small stripes and keep it in its present location. Motion carried 4-0.

A motion was made and seconded to move/erect the flag pole as planned in last year's budget as in the new drawing presented tonight. Motion carried 3-1 with Director Jacksch declaring the nay vote.

NEW BUSINESS: *Payment on line:* Manager of Office Services stated there is no additional cost from NISC to engage in the payment-on-line service for our consumers. This is a very secure station and will make it easier for our members to pay their bills.

A motion was made and seconded to proceed with the establishment of the payment-on-line service. Motion carried 4-0.

*Calendar:* March board meeting will be March 30 instead of March 23. Calendar items will be added to each weekly memo.

FUTURE LOADS: Manager Tracy reported the CES project is temporarily on hold. Grain Millers have postponed building for one quarter of the year and Glory Bee seems to be moving forward with their project. He also mentioned a generation project in the High Pass area. Large Power Representative Todd Payne reported on the Seneca project being working on. Construction hopefully will be in October of 2010 and completion in December.

DIRECTOR ASSESSMENTS:

Comments: Good meeting.

Expenses: Expense reports were turned in.

Meeting Attendance: Director Sikes and Manager Tracy will be attending the NRECA meeting in New Orleans. Manager Tracy and Chairman Irwin will be attending the Legislative Day Session in Salem.

EXECUTIVE SESSION - - No session was held.

ADJOURNMENT: With there being no further business to come before the Board, Chairman Irwin adjourned the meeting at 9:25 p.m.

(SEAL)

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Audrey Rust  
Board Secretary