

BLACHLY-LANE ELECTRIC COOPERATIVE
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**BLACHLY-LANE COUNTY COOPERATIVE ELECTRIC ASSOCIATION
BOARD OF DIRECTORS
MEETING MINUTES
Monday, January 25, 2010**

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 5:10 p.m., following the board workshop. The following were present:

Thomas C. Irwin III	-- Chairman
Bob Sikes	-- Vice Chairman
Ernie Jacksch	-- Sec/Treasurer
Jon Swanzy	-- Director arrived about 7 p.m.
Cliff Kelley	-- Director
Bud Tracy	-- General Manager
Joe McFadden	-- Manager of Key Accounts
Mary Locke	-- Manager of Office Services
Jami Bartunek	-- Manager of Finance
Greg Gardner	-- Operations Manager
Mary Cirks	-- Administrative Assistant
Chip Greening	-- Attorney
Todd Payne	-- Large Power Representative

AGENDA:

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

MEMBER COMMENTS: There were none.

MEETING FORMAT: Discussion was held on the format of our meetings. One director stated we should try approaching the consent agenda as one item with directors moving on the items they want discussed. Others felt it is fine just the way we have been handling the meeting. Consensus is that we would continue to have the meeting format as has been done in the past, but will attempt to move it along faster. Discussion was held on limiting the amount of time for discussion that should be posted on the agenda, with the outcome of not having time limits. Safety minutes will be put under the consent agenda from this point forward.

CONSENT AGENDA: Discussion was held on the windows that have been replaced, and the abandoned work orders. Operations Manager Greg Gardner reported the dates indicate the work orders were written up and completed through another mechanism, some were customer driven, some never done, others were capital items, and generally speaking, the

books were cleaned up. The 30/40/50 MVA transformer purchased for growth on our system is now in a dry storage and the foundation should be laid in either February or March at the Junction City Substation for the transformer. Manager of Office Services Mary Locke reported new customers are appearing on the disconnect list, a sign of the hard economic times. Use of the website for the Blachly Sessions was discussed as well as Touchstone information. Companies that are requesting service will pay for their contribution in aid to construction prior to services going in. There still looms many questions from the State that need to be answered. It is hoped that a contract will be established by the end of February. BLEC credit cards were given to each of the Board of Directors. CFC's deposits are supported by its members that all ties back to the consumer, making it a very reliable financial institution; which compared to banks that have a mixed asset portfolio backing. The default rate at CFC is quite low, making our risk much lower.

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

FINANCIALS: Manager of Finance Jami Bartunek reported on the ratio and statistic comparing Dec 08 to Dec 09 and the percent change with reduction in sales being the real driver to the decreased difference. The Board of Directors reviewed financials, equity, one class having negative margins and that will carry over for another year, cash flows, inventory, and the aging accounts receivable going up for 2009. Net write-offs have more than doubled last year from previous years. Discussion was held on how deposits work and how often the policies are reviewed. Capital credits are applied by right of offset at a dollar for dollar basis on an uncollectible account or a bankruptcy.

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

SAFETY REPORT: Included in the Consent Agenda from this point forward.

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

PNGC/PRC REPORT: *Board meeting:* Manager Tracy reported the DOE has not answered PNGC's questions pertaining to the Smart Grid issues; WECC, NERC, FERC issues are of great concern and we are working through them; many PNGC dollars have been spent on the inquiry into the Smart Meter and they are finding that the allocation process based on the benefit to utilities or number of meters is becoming the question.

Boardman issues: Gas fired generation is adjoining the Boardman property at what is termed as the Carty Plant. Boardman will be terminated in 2020. Grant County PUD presented a proposal to the PNGC board for a wheeler gas fired plant with about 50 miles of transmission needed. Utilities must be careful not to enter into an agreement where they have no say in the decisions.

ORECA REPORT: ORECA Board Representative Tom Irwin III reported the Legislative Conference will be held the first week in May 2010, in which Manager Tracy will be attending. The ACRE program was discussed; tools that strengthens our negotiating positions; if we expect our legislators to respect us, we need to respect them; WDC is governed with ORECA's blessing; could enhance our ideas at the federal level because we're together for a common cause; ORECA is required to obtain authorization from cooperatives within their individual representative districts before distribution of funds. An ACRE benefit event called

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a Sage Rat Shoot Out will be held April 8 and 9 in Burns, Oregon. The proposed 2% increase in the Public Purpose Tax is being considered by the Governor and could surface again. Cooperatives have already paid 3.7% to conservation, already paying more than the IOUs.

Misc: ORECA's mid-year meeting will be at Salishan; the annual meeting will be at the Crowne Royal in Portland. Ted Case has brought many changes to the ORECA organization and is appreciated very much by all.

MANAGER'S REPORT: *PCB:* Money has been transferred from Pacific Continental Bank to the CFC account. This procedure is within the guidelines of BLEC's Investment Policy. Chairman Irwin referenced Attorney Greening's memorandum dated November 23, 2009 regarding banking risk assessment in which the following is Attorney Greening's summary:

It's apparent that we simply don't know enough about the state collateral program to understand the potential risks. Therefore, I recommend that management report back to the Board in December with a full evaluation of the 708A.535 program and the potential risks along with a recommendation for changes (if any) in the financial management policies. Management should also spell out the services it needs from a bank and how it proposed to obtain those services.

WildBlue Satellite: Manager Tracy informed the Board that between the flood and moving to a different building, West Oregon has not been able to assist BLEC in this endeavor. Pluma Sierra will provide their services for our membership. BLEC is NOT getting into any business other than selling electricity. Pluma Sierra is the entity that has this area and if our membership wishes to receive satellite communications, Pluma Sierra is ready to serve them.

Blachly Sessions: Manager Tracy informed the Board that some directors have participated in these meetings; the schedule of the meetings is on BLEC's website; and some directors have heard there is hostility among our members. Discussion was held on the importance of continuing to educate our members.

AWARE Committee Meeting: A committee member discussed limiting the Board of Directors to having a 2 term limitation. This issue is not a board issue but a member voting issue. Board succession was discussed and having a nominating committee nominate potential directors at the annual meeting. The following were also discussed: structure of the AWARE Committee; a member will be formally appointed to the committee after they have been acknowledged by the Board of Directors; terms of service; when a member moves from one district to another, do they stay with their old district or be put into their new district; three members from each district will constitute the representation of the members; committee members can suggest names for nomination to the committee but not formally seat them. Mr. Jim McLaughlin of District 5 has resigned therefore a replacement will be made by the Board of Directors. The Board of Directors expresses their thanks to Mr. McLaughlin for his willingness to serve.

OLD BUSINESS: *Economic Summit:* NWPPA has informed BLEC that the economic summit meeting is a great idea and vital to the western US. They are willing to work out details and if it looks like it holds enough interest, they will take the idea to their board. This

process could take as much as a year before it could happen. Manager Tracy would be in a liaison position for this project.

Annual Meeting: Key Accounts/Member Services Manager Joe McFadden reminded the Board that District 1 and District 3 are up for election. Petitions for candidacy are available at the front office. The Board reviewed the member count by districts as of January 11, 2010 which indicated between 19% and 20% equally populated.

NEW BUSINESS: *Audit Committee:* Mr. Ken Noteboom has resigned from the Audit committee therefore the Board of Directors is seeking a replacement. The Board of Directors expresses their thanks to Mr. Noteboom for his willingness to serve and a job well done.

Calendar: The calendar was reviewed.

FUTURE LOADS: Manager Tracy informed the Board of an item discussed at the Prison Advisory Committee Meeting, that being forcing water from the East to the West with a spillway right by our lines. Manager Tracy will check into this situation.

DIRECTOR ASSESSMENTS:

Comments: There were none.

Expenses: Expense reports were turned in.

Meeting Attendance: Director Swanzy and Manager Tracy will be attending the NRECA Annual Meeting in Georgia next month.

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 9:15 p.m.

(SEAL)

Ernie Jacksch, Board Secretary