

**BLACHLY-LANE COUNTY COOPERATIVE ELECTRIC ASSOCIATION
BOARD OF DIRECTORS
MEETING MINUTES
Monday, April 25, 2011**

CALL TO ORDER

After noting the presence of all directors and the existence of a quorum, the Chairman called the regular monthly Board meeting to order at 5:30 p.m. at the Cooperative's office. In addition to the directors other people present included General Manager Bud Tracy, Cooperative management staff, Cooperative Counsel Chip Greening, Large Power Representative Todd Payne, Administrative Assistant Mary Cirks, Members Nancy Nichols, George Uriona, and Viggo Toftemark. Also present were Siuslaw Watershed Council Executive Director Liz Vollmer-Buhl and Paul Burns of the USFS.

AGENDA: The Board approved the following additions to the agenda: under Old Business – Audit Report and Recruitment and under New Business: 2010 Annual Report.

MEMBER COMMENTS: Mr. Toftemark commented on the importance of the board representing our members. The Board resolved the following:

RESOLVED that the Cooperative reaffirms the commitments previously made to cooperate with the Siuslaw Watershed Council on the Misery Creek Project.

CONSENT AGENDA: The Board agreed to defer the minutes until agreement could be reached as to how they are to be written; the Board unanimously approved the Consent Agenda.

FINANCIALS: Ms. Bartunek reviewed the plant analysis, statement of operations, cash flow and the sales report. The Board unanimously accepted the financials.

PNGC/PRC REPORT: Manager Tracy reviewed the PNGC Board meeting summary.

ORECA REPORT: Chairman Irwin reported ORECA is attempting to change its name by leaving out the word "rural."

MANAGER'S REPORT: Manager Tracy reported on demand rates from PNGC, rate making, and reviewed the Residential Exchange Agreement. The Board unanimously authorized the signing of the Residential Exchange Agreement. The Board reviewed a management wage and salary schedule for Policy 610.02, and decided to reconsider it at the next board meeting.

OLD BUSINESS: *Annual Meeting Update:* Key Accounts Joe McFadden reported on the annual meeting.

Audit Report and Recruitment: Directors and staff discussed the advisability and cost of a penetration test for the IT system. The Board also discussed conflicts of interest and the progress on recruitment of a General Manager. The General Manager reported that the parties to the Residential Exchange settlement agreement agreed to lower the percentage of preference customer needed to approve the agreement from 91% to 75%. Accordingly, the Board unanimously reaffirmed its prior decision to approve that agreement as follows:

RESOLVED that the General Manager is authorized to sign the revised Residential Exchange Settlement Agreement on behalf of the Cooperative.

NEW BUSINESS: *Capital Credit Retirement:* The Board unanimously passed the following resolution:

RESOLVED that capital credit allocation be approved as recommended by staff (attached).

2010 Audit Report: The Board discussed the report.

FUTURE LOADS: Manager Tracy and Vice Chairman Sikes reported the State still intends to construct a State Mental hospital but on with fewer beds.

DIRECTOR ASSESSMENTS: *Comments:* There were none.

Expenses: The directors discussed Policy 203.02, which requires itemized receipts for expense reimbursement.

EXECUTIVE SESSION: At 9:15 the Board went into executive session, after which the Board unanimously passed the following resolution:

RESOLVED that the Blachly-Lane Board, having expressed concern over the continuing economic recession affecting the Cooperative's members and the effect of expected power cost increases on rates, directs the General Manager to reduce the Cooperative's operating costs by eliminating the Key Accounts / Member Services Department. The Board further directs the General Manager to allocate any essential responsibilities of that department among other Cooperative staff or other outside resources and to reduce the 2011 budget accordingly.

ADJOURNMENT: The meeting was adjourned at 11:03 p.m.

(SEAL)

Ernie Jacksch, Board Secretary