BOARD MEETING

November 4, 2010

President Don Hover determined that a quorum was present and called the meeting of the Board of Directors of Okanogan County Electric Cooperative, Inc. to order at 7:02 pm.

Present: Don Hover, Jeremy "Nim" Titcomb, Dick Garing, Ken Westman, Pat Leigh, Richard Erickson, Frank Kline, Ron Perrow and Paul Taylor.

Absent: None

Attending: Ray Ellis General Manager; Lynn Northcott, Office Manager; Teri Parker, Office Staff.

Members in Attendance: Marlene Firth, Joe Callier, Peter DeLong, Mike Shirley, Neil Rotstan, Duncan Bronson and Ann McCreary.

Members in Attendance on Agenda: None.

APPROVAL OF AGENDA

Paul requested that executive session item 2 Survey, be moved to number 7 under items of business. He also requested that number 8, PUD discussion, be added.

Ron moved to accept the agenda as amended. Second. Carried.

APPROVAL OF MINUTES

Nim moved to approve the minutes of the September 28, 2010 meeting as presented. Second. Carried.

NEW MEMBERS

Ron moved to accept the new members. Second. Carried.

MANAGERS REPORT

1. Form 7 – September 2010 – Reviewed and a copy attached hereto.
2. Statement of Operations - Reviewed and a copy attached hereto.
3. Status of Funds - Reviewed and a copy attached hereto.
4. Revolving Loan Fund –Reviewed and a copy attached hereto.

   Lynn reported that OCEC has received our $200,000 payment from USDA and Aero Methow has signed their loan documents and received their check. The Twisp Pool loan has been issued and Twisp PDA loan will be completed shortly.

5. Power & Service Data - Reviewed and a copy attached hereto.
6. Outage Report – Reviewed and a copy attached hereto.

   At this time Paul asked that Board consider getting their information packets at least 5-days before the meetings to give them a chance to review the material. He also asked that a packet be prepared for visitors attending the meeting to help them understand what is being discussed.

   The Board agreed by consensus.

7. Update on Operations:

   Ray reported the Mustard Mountain project has been completed. During the PUD outage the crew was able to do maintenance on the Twisp and Winthrop substations in addition to replacing a pole on Balky hill and a transformer at the Winthrop Fitness center. They also completed some minor work in the Mazama area.

   Ray asked if the Board members would be willing to try a new meeting format called a Consent Agenda. He explained that a synopsis of the materials presented on the agenda such as new members, outage report, financials and such would be sent to directors at least 5-days in advance, then when the Board convened for a regular meeting the presented material could be approved by consensus, saving board time for business discussions. He asked that we try it out for the November meeting.

   Paul suggested that in the future the materials could be emailed or even set up on our website, via a locked folder accessible by Board members only.

After discussion it was agreed to try the consent agenda format at the November meeting.

OCEC has received a letter of complaint about our back yard area. Clean-up is not in the budget for 2010 but excavators have been coming in to remove fill on an as-needed basis. We have been contacted by someone who is interested in the remaining fill. Ray will respond to the letter informing the consumer of the long range plan.

Ray presented the results of request for proposal (RFP) from several engineering firms for a 20-year load study of OCEC. He discussed the firm's qualifications and costs and recommended going with ECI.

Nim moved that OCEC approve $30,000.00 for a load study of our system. Second. Carried.

ITEMS OF BUSINESS

1. PNGC Review

Ray reviewed the planned PNGC survey of random members to determine viable conservation savings within our distribution system. The mailed survey will be followed up by a phone survey of respondents.

Ray discussed the residential exchange program with BPA and its effects on OCEC. He gave an update on the R&C committee. He discussed the issues associated with distribution systems and wind power.

We will be seeing a $17,000.00 retroactive rate increase from PNGC related to demand costs. Demand cost for the Co-op in the new rate methodology will be about $209,000.00 for the first year of the contract if forecasts hold true.

2. Board Resolution #2010 – 03 - Amending the 401(k) Pension Plan to include a Roth 401(k) option.

Ron moved to accept Board Resolution #2010 – 03 as presented. Second. Carried.

3. Vote by Mail

Ron reported on his findings and Teri presented information from the Ruralite. After a short discussion of options it was decided that Ron and Teri will put together information and a proposal for the November 23rd meeting.

4. Capital Credit Allocation

Currently OCEC utilizes a first in-first out (FIFO) method to pay out capital credits to members. Ray has suggested the Board consider changing to a cumulative payout method of 5% to all members who have contributed to patronage capital.

Discussion included; definition of capital credits, the costs to OCEC, software capabilities and educating members of what a cooperative is all about. Also discussed was whether or not to apply payouts to members accounts.

The consensus of the Board was to change to the accumulative method, pending software logistics.

5. Legal Counsel Committee

Pat reported the committee received eight qualified applications and they have narrowed it down to the top five choices. The committee has checked refrences for the applicants and feels they are ready to conduct interviews.

After discussion the Board directed Pat to begin scheduling interviews in front of the full board for Wednesday through Friday, November 17th through the 20th.

6. Discussion on Executive Session

Ron moved that the WA State Open Public Meetings Act, description of executive session, copies emailed to Directors, be adopted by the OCEC Board. Second.

Discussion topics included the purpose of such a policy, what qualifies for executive session, can this be tailored to a member-owned cooperative when it was written for the public, would it tie the hands of the board, did Ron have anything in writing to present and what should be included in a policy for OCEC.

Frank moved to table this motion until the regular November board meeting to leave Ron time to draft a policy for the board to review at that time. The draft should include a section allowing a majority of the board to override the policy and go into executive session if necessary. Second. Carried.

7. Survey

Don suggested a special meeting to allow the Board time to review the survey results before releasing the survey and comments to the public.

After a discussion period the Board agreed at the regular November board meeting to devote the majority of the meeting to the survey.

The November board meeting will be moved to Monday November 22rd beginning 1-hour early at 6:00 pm.

8. PUD Discussion

Paul suggested exploring the possibility of merging with the PUD in response to survey results.

Ron suggested taking a delegation of Board members only to the PUD on a casual and exploratory mission.

Discussion points included; is this what the Co-op even wants, General Manager involvement for preliminary investigation or not, Capital Credit debt, BPA, PNGC and other contractual obligations, who should be on a delegation, whether the PUD even has any interest, what are the hurdles they see and whether the proposal should be a PUD buyout of the cooperative.

Frank moved to direct our manager to approach the PUD on a fact finding mission with Paul representing the board. Second.

Paul requested to amend the motion on the grounds that there is a lot more that Ray has to do such as looking into the power contracts.

Frank volunteered to reword the motion to direct our manager and Paul to explore the feasibility of merging with the PUD. Second. Carried.

MEETINGS ATTENDED

1. PNGC – Annual Meeting - Portland OR – Oct 5th & 6th – Ray, Ken, Richard and Pat
2. PPC – Portland OR – Oct 6th & 7th – Ray
3. NWPPA – Front Line Leadership Session #3 – Spokane WA – Oct 4th thru 6th - Wayne Stevie
4. NWPPA – Unbundled Cost of Service & Rate Design – Portland OR – Oct 12th & 13th - Ray
5. NWPPA – Credentialed Cooperative Fast Track – Great Falls MT – Oct 25th thru 29th – Paul & Pat
6. TWACS Users Conference – Columbia River PUD – OR – Oct 26th & 27th – Doug & Mark

MEETINGS TO ATTEND

1. PNGC – Portland OR – November 2nd & 3rd – Ray
2. PPC – Portland OR – November 3rd – Ray (skipped due to OCEC Nov. 4 Board Meeting)

EXECUTIVE SESSION

1. Job classification
2. Board Retreat/Survey

Meeting was adjourned to executive session at 9:20 pm.

Meeting was reconvened at 10:05 pm.

Ken moved to change Exhibit 1, Office Manager Salary range from 7 to 9. Second. Carried; none opposed.

Meeting adjourned at 10:20 pm.

Richard Erickson, Secretary