

OPALCO BOARD RESPONDS TO MEMBER CONCERNS

The OPALCO Board of Directors has been aware of controversy surrounding letters sent during the past year by OPALCO's lawyers and would like to take this opportunity to clear up this matter.

OPALCO's legal counsel reports to the Board, and the Board of Directors is ultimately responsible for any action taken by OPALCO, its lawyers, and its management.

Two sets of letters have been discussed (sometimes without accurate distinction) in local blogs and newspapers. One letter was sent by OPALCO's legal counsel to Councilmember Bob Jarman in March of this year. That letter stemmed from Mr. Jarman's allegations regarding OPALCO in the local press. OPALCO's General Manager took issue with those allegations, and sent a response to Mr. Jarman, which also appeared in local media. This was followed up by a letter to Mr. Jarman by Art Butler, one of OPALCO's lawyers, expressing concern regarding the accuracy of statements made by Mr. Jarman, including those that seemed to indicate that the co-op was falsifying its accounting, a most serious allegation. The General Manager consulted with counsel, and requested that a letter be sent to Mr. Jarman in that regard.

The earlier communications were with John Bogert following his resignation from the OPALCO Board last September. Complaints have been made by some co-op members regarding one of two letters sent to Mr. Bogert by counsel, but there is significantly more context than these members have discussed. (The Board does not know whether anyone other than Mr. Bogert has seen either of these two letters.) The Board considers the release of these letters to the members to be within Mr. Bogert's prerogative, not that of the Board.

Immediately following Mr. Bogert's resignation on September 26, 2013, Joel Paisner, an OPALCO attorney, wrote an informal letter to Mr. Bogert regarding confidentiality obligations in general and those that would remain in place even after a director left the Board. Mr. Paisner also had at least one specific telephone conversation with Mr. Bogert in this regard. Soon thereafter, Mr. Bogert published his letter of resignation, which, in Mr. Paisner's view, discussed matters specifically covered by confidentiality agreements with other parties. Mr. Bogert also testified before the County Council regarding CenturyLink and OPALCO's broadband projects on October 14, 2013. This prompted Mr. Paisner to send a second, more formal letter to Mr. Bogert. The Board President expressed misgivings about sending this letter, but ultimately delegated the decision to the best judgment of the Co-op's lawyers, and it was sent on October 14, 2013.

This letter did not in any way direct a former Board Member not to discuss why he left the OPALCO board. The issues raised in the correspondence from OPALCO's legal counsel related to specific binding Non-Disclosure Agreements and IRS disclosure requirements.

Recently, certain Co-op members have charged that purposeful misstatements were made by Board members and senior management at the Town Hall meeting on Shaw. By that time, memories of the events last fall were no longer fresh, and recollections of what was said at the Shaw meeting also differ, even among members of the Board. It is clear that both letters were being discussed more or less at the same time, however, and it is possible that questions and answers may have been misunderstood by the participants. Neither senior management nor any Board member has purposely misstated their roles in sending any of these letters.

The Board knows we can do better in communicating with our membership and are working to do so. We have learned from this experience, and we will be especially diligent in how our board manages direct communication to and from our legal counsel.

The Board and management group care deeply about OPALCO, our membership, the community, and the cooperative principles that guide our direction.

Interest has also been expressed about Board executive sessions. All governing bodies need to discuss topics that are confidential by tradition, business practice, or law. The National Rural Electric Cooperative Association (NRECA) recognizes the necessity of board executive sessions, calling them a "key tool" in helping boards openly discuss sensitive and confidential matters.

The topics that were discussed in executive session this year fell into the following categories: personnel issues; a report subject to a confidentiality agreement; Labor & Industries (L&I) matters; information subject to privilege; and sensitive business negotiations.

OPALCO is making great strides in making information available through the OPALCO website. Few other electric co-ops in Washington have as much available public information as OPALCO. We welcome comments, suggestions, and constructive criticism in order to foster the best possible member communication.

For inquiries, contact Suzanne Olson at 360 317-7203, solson@opalco.com and for the latest information about OPALCO, go to: www.opalco.com; sign up for our email newsletter (<http://www.opalco.com/about/email-signup/>); and follow us on Facebook (Orcas Power & Light Cooperative) and Twitter (@orcaspower). OPALCO is our member-owned cooperative, powering about 11,000 members on 20 islands in San Juan County since 1937.