

MINUTES OF THE BOARD OF DIRECTORS MEETING

ORCAS POWER & LIGHT COOPERATIVE

Thursday, February 20, 2014

President Chris Thomerson called the meeting to order at 8:50 a.m. at the Friday Harbor OPALCO office. Directors Winnie Adams, Vince Dauciunas, Glenna Hall, Jim Lett and Bob Myhr were present. Also present were General Manager Randy Cornelius, Manager of Engineering and Operations Russell Guerry, Manager of Information Services John Graminski and Executive Assistant Bev Madan, serving as recording secretary.

RUS RED-LG Loan Presentation

Jim Ghiglione, Lopez Fire District No. 4 was presented with a \$100,000 check representing an \$80,000 loan made through the Rural Utility Service (RUS) Rural Electric Development Loan/Grant Program (REDLG) and the required 20% match made by OPALCO. Funds will be used to purchase radio pagers, LifePacks (external defibrillators) and a paramedic vehicle. A Security Agreement on Equipment was signed by Ghiglione as well as a promissory note for monthly payments to begin February 2014 and end in 60 months.

Member/Guests

OPALCO attorneys Art Butler and Joel Paisner were present as well as Steve Hudson, Bob Jarman, Jay Kimball, Linda Lyshall of the San Juan Islands Conservation District, Lovell Pratt, Steve Ludwig, Dwight Lewis and Chom Greacen.

Approval of Minutes

Motion made by Hall to approve the January minutes as amended. The motion was seconded and carried by voice vote.

New Members

Motion made by Myhr to accept the new members as listed below. The motion was seconded and carried by voice vote.

Decatur

1. Foss, Forrest A

Lopez

2. Biggs, Colleen
3. Danielson, Charlotte
4. Lovejoy, Stephen & Holly
5. Pearson, Mark
6. Peter, Rebecca & Lucas
7. Steinhouse, Duane & Tamara
8. Troy, James J
9. Worsh, Lauren
10. Zantop, Mariana & Rothgeb, Dan

Orcas

11. Bridge, Margaret
12. Day, Lynn M
13. Jacczak, Rubiselvia D & Ethan
14. Jauregui, Jose Armondo
15. Orcas 78 LLC
16. Orcas Art Studios
17. Previs, Ashley
18. Strollo, Richard & Diane
19. Vukelich, David & Laycock, Margaret

San Juan

20. Basta Tony
21. Benedict, Skip

22. Brillon, Tim & Maureen
23. Clifford Jeffries Revocable Living Trust
24. Dean Marine LLC
25. Evans, Heidi
26. Feldmiller, Susan L
27. Fenstermacher, Patricia
28. Fowler, Robert D
29. Gilmore, Carl P
30. Hackworth, Judith
31. Herb's Tavern
32. Hubbard, Louise D
33. Hudson, John Ryan
34. Korman, Todd & Nicole
35. Lopez, Sonja M Coronado
36. Low, Robert
37. Mansueto, Robert
38. Popham, Doug
39. Powell Management LLC
40. Sanabria, Antonio
41. Sanabria, Guadalupe
42. Stafford, Nicole & Marriett, Matt
43. Strategic Nationwide Funding
44. Sweet Water Farm Akhal-Teke LLC
45. Tarabochia, Nick J
46. Trefethen, John & Thea
47. Ware, Beth & Mariscal, Alejandro
48. Woody, Jill
49. Zacci, Alejandra

Capital Credits

Motion made by Myhr to approve \$9,426.28 in capital credit payments as indicated below. Motion was seconded and carried by voice vote.

To the estates of deceased members:

Roy Branstetter	\$762.46
Kenneth Day.....	\$676.37
Clarence W. Estenson.....	\$808.90
Bruce Jacobs.....	\$1,269.96
Clark O. Lovejoy	\$1,070.25
Orpa A. Turpen.....	\$1,155.95

Organizations no longer in business:

Pacific Gem Seafoods, Co.	\$3,501.41
Tarabochia LLC.....	\$180.98

RUS 219

Motion made by Myhr and seconded to approve submittal of RUS 219s representing projects completed from the Construction Work Plan during December for \$760,686.83. Motion carried.

Member-Initiated Bylaw Amendments

The attorneys have reviewed both revisions and have determined that both are in proper form and consistent with the Articles of Incorporation. In addition they were submitted within the 90-day timeframe prior to the annual meeting and have the required minimum number of member signatures. As such, both are eligible to be included on the ballot for the annual meeting.

- **Article II Meeting of Energy Members Section 9 Informational Meetings** (new section)
 - (a) “The Board of Directors shall schedule three (3) Energy Member Informational Meetings. Said meetings shall be scheduled every third month following the Annual Meeting and in the following order: Orcas, San Juan and Lopez. Said meetings shall be held on a Saturday, at a time coordinated with the ferry schedule and in a facility to be selected by the Board.”

Motion made by Myhr to place the newly added section to Bylaw Article II on the annual meeting ballot; the motion was seconded and carried by voice vote.

- **Article IV Meetings of Directors** new section “The Cooperative shall allow member-owners access to open board meetings (non-executive sessions) through Internet web-based streamed audiovisual (AV) and optionally videoconferencing. All AV will be presented unedited (except to exclude breaks and executive sessions) and made available on demand through a web server to energy members within 7 days of the meeting. Such AV will remain available for at least 24 months from the date of first posting. The Board may restrict access to the AV to include only member-owners and set terms of use restrictions.”

Motion made by Hall to place the newly added section to Bylaw Article IV on the annual meeting ballot; the motion was seconded and carried by voice vote.

Tariffs

A six percent (6%) increase to all tariffs was approved with the 2014 budget. This is the second reading of the tariff increases; changes will take effect with the March billing.

Motion made by Myhr to approve the increases to the tariffs; motion was seconded and carried by voice vote.

Reports

Cash Recap was reviewed by Hildreth showing a stable financial condition through February.

Outages showed several outages for January. The Board requested the inclusion of trending information that would include the total minutes/hours that members were without power during the named outages and the percentage of system reliability.

Safety There were no accidents, near misses or incidents during January. WRECA is a catalyst for the Rural Electric Safety Achievement Program (RESAP). OPALCO plans to join in the near future.

General Manager's report was reviewed by Cornelius. RUS conducted a two-week audit of OPALCO's loan documentation, loan draws and projects approved for loan funding for the period February 1, 2009 to February 1, 2014. The loan fund and accounting review (LFAR) report indicated that all receipts were properly accounted for and all RUS Construction Fund disbursements were for proper loan program purposes. Construction fund receipts totaled


\$9,700,000.00 and disbursements totaled \$9,735,110.00. Myhr read from an email sent to the Board by Thomerson, sharing comments made by the RUS auditor that OPALCO has gone from a "well meaning, good attitude" utility to a "meticulous, impeccable model for other utilities". The Board noted that Cornelius is the driving force behind the improvements. The San Juan Islands Conservation District has secured an additional \$50,000 in matching grants; OPALCO has now matched a total of \$150,000. Energy Fairs, Solar Home Tours and community energy efficiency projects with the Youth Corps are planned for the spring. BPA is planning a countywide outage May 9 from midnight until 5:00 am. John Graminski was introduced as OPALCO's new Manager of Information Services. Cornelius shared information regarding BPA's proposal to segment transmission. If the plan proposed by Snohomish PUD is approved by BPA, it will mean rate increases of over 600%.


Conservation Potential Assessment

Kevin Smit of EES Consulting presented the Conservation Potential Assessment (CPA) prepared for OPALCO. This is an estimate of energy efficiency that could be achieved within the OPALCO service territory over a 20-year period. It treats energy efficiency as a resource and evaluates the cost effectiveness relative to other sources of electricity. It looks at building characteristics and estimates how many and what type of energy efficiency measures/products could be achieved. The results will be used for planning and implementing programs sponsored by OPALCO and others. Near term (5-10 years) results can be used for setting goals, targets and budgets.

Adjournment

The meeting adjourned at 10:45 a.m. to executive session.


Chris Thomerson, President


Jim Lett, Secretary-Treasurer