

MINUTES OF THE BOARD OF DIRECTORS MEETING

ORCAS POWER & LIGHT COOPERATIVE

Thursday, February 19, 2015

President Jim Lett called the meeting to order at 8:25 a.m. at the Lopez Fire Hall.
Present: Directors Winnie Adams and Jerry Whitfield
Via Telephone: Chris Thomerson and Vince Daucinas
Absent: Glenna Hall and Bob Myhr
Staff Present: General Manager Foster Hildreth; Manager of Engineering and Operations Russell Guerry; Manager of Member Services and Energy Savings Amy Saxe, Manager of Island Network Gerry Lawlor and Executive Assistant Bev Madan (serving as recording secretary). Jay Kimball, consultant

Member/Guests

Dwight Lewis (Lopez Island) and Steve Ludwig (Lopez Island); and—arriving later in the meeting--Ann Allbriton were each given the opportunity to address the Board. Lewis questioned the amount OPALCO pays for the directors' medical insurance; President Lett stated he would discuss it privately with Lewis. Lewis then questioned the increase in operating expenses and how much was saved for the submarine cable.

Ludwig asked that the date of activation for the LTE antennae on Vista Road be noted. He also questioned the meaning of "for profit entity" that was discussed at the January board meeting.

Allbriton stated she was there to listen and represented the Whiskey Hill Homeowners Association as well as the Friendly Isle Building.

January Meeting Minutes

- **Motion** made by Whitfield to accept the January minutes as presented. Motion was seconded and carried by voice vote.

New Members

- **Motion** made by Adams and seconded to accept the new members as listed. Motion carried by voice vote.

Blakely

Whitman, Michele

San Juan

Baker, Leslie

Beast Custom Cycles, LLC

Birkeland, Chris

Bison, Lance

Bussey McHenry, Katherine

Christensen, George & Beardsley, Morgan

Czaja, Elayne M

Duffy, Douglas E

Eccles, Matthew

Encinas, Bryan & Tess

Friedman, Jeff

Harbor Homes LLC

Harrison, Margaret Jeanne

Haslet-Philips, Jennifer & Hamilton, John

Holman, Andrew & Carol

Holhuis, Bernadette V

Jones, Michael & Gimenez, Maria E

Lanham, David & Diana

Luttrell, Shawn

Miller, Lee Ann

Pampered Pets

Parker, Amanda L

Petrirsch, Brandon

Philbrooks Boatyard USA Inc

Pickard Family LLC

Reff, Alan

RH Skyways #37

Rich, Nathaniel & Lisa

Riter, Christina A

Rudd, Jayme

Scammell, Cy

Stewart, Dean

Lopez

Carey's Pine Bluff LLC

Case, Scott & Margot

Drougas, Inara D

Edenwild Events LLC

King, Chris & Katie

Lighthall, Gary

Nichols, Constance A

Presley, Rebecca J

Prewitt, Lori

Wheatley, William

Orcas

Capital Income and Growth Fund LLC

Coronis, Sean

Dickey, Loren & Vollmer, Jennifer A

Edes, Jeffrey L

Heinz, Megan & George

Holbert, Christopher

Horton, Richard

Humes, Lawrence E

King, Robert

Linnes, Jacob & Hawes, Krista

Monroe, Martha A

Risheg, Hiba

Sanchez, Demetri

Summers, Caleb

Thompson, David & Aspinwall, Sharon

Shaefer, Derrick

Capital Credits

- **Motion** made by Whitfield and seconded to approve payment of \$6,638.79 in capital credits to the estates of deceased members listed below. Motion carried by voice vote.

Nancy Lea Callaghan	\$1,310.51
John Alex Carey	\$609.61
Elizabeth S. Hoisington	\$1,793.95
William Edward Humes	\$1,356.34
Alvin G. Wilding	\$1,568.38

RUS 219s

This was an added agenda item.

- **Motion** made by Thomerson to approve the submittal of RUS 219s totaling \$756,186.73 for projects completed from the Construction Work Plan. Motion was seconded and carried by voice vote.

Member-Initiated Bylaw Revisions

Three separate petitions were submitted in April 2014 to revise the bylaws. Each had the sufficient number of member signatures (50 minimum) but were submitted after the deadline for the 2014 annual meeting.

Current Bylaws state: *Article XIV – Amendments – Section 2 Member Initiated Amendment*
Voting members may propose changes to the bylaws as follows:

- a) *Bylaw Amendments Proposed by Members: Any group of fifty (50) or more voting members may propose, in writing, a resolution to make, alter, amend or repeal a bylaw or to adopt new bylaws. Any such proposed resolution must be submitted to the Board of Directors no less than ninety (90) days prior to the date of the next annual meeting of the members, as described in Article II, Section 1 of the Bylaws;*
- b) *Review by Directors. After review by the directors, the proposed amendment to the bylaws shall be placed upon the agenda of the annual meeting of the energy members, and notice of the proposed amendment shall be provided to the energy members in accordance with the notice provisions contained in Article II, Section 3 of the Bylaws;*
- c) *Voting on Proposed Amendment. Any proposed amendment shall be voted upon at the annual meeting of the energy members. Voting shall be in accordance with Article II, Section 5 and 6 of the Bylaws. Any proposed amendment receiving a simple majority of votes from the energy members shall be approved."*

The attorneys reviewed the proposed amendments for consistency with OPALCO's Articles of Incorporation and submitted their legal opinion on each amendment:

The first petitioned amendment is to Article IV – Meetings of Directors Section 3 Notice and reads:

"Meetings of the Board of Directors shall be held in accordance with the Washington State Open Public Meetings Act (RCW 42.30)"

The attorneys' legal opinion states that the Open Public Meetings Act would conflict with the fiduciary duty of a Director and as such conflicts with state law. Additionally, by its terms, the Open Public Meetings Act applies only to public agencies, as stated in RCW 42.30, and not private corporations such as OPALCO. The attorneys' recommendation is not to include this amendment on the ballot to the members.

- **Motion** made by Whitfield to follow the attorneys' legal advice and omit this petitioned amendment from the annual meeting ballot. Motion was seconded and carried by voice vote.

The second petitioned amendment is also to Article IV – Meetings of Directors Section 3 and reads:

"Any Board-initiated amendment to these Bylaws which would diminish, supersede or remove the existing powers reserved to the Energy Members shall require approval by vote of the Energy Members before it takes effect".

The attorneys' legal opinion states that this amendment would have the effect of limiting the Board of Directors' ability to change or amend the bylaws, as provided for in its Articles and is not a proper amendment and conflicts with the Articles and state law.

- **Motion** made by Whitfield to follow the attorneys' legal advice and omit this petitioned amendment from the annual meeting ballot. Motion was seconded and carried by voice vote.

The third petitioned amendment is also to Article IV – Meetings of Directors Section 3 and reads:

“In addition, the cooperative shall maintain an email list to notify any Energy Members who sign up to be notified when any board meetings are called or scheduled and whether they are open to the Energy Members. Any amendments to these Bylaws shall be emailed to the same email list”.

The attorneys found no legal objection to this petitioned amendment and stated that it may be properly submitted to the membership at the OPALCO annual meeting.

- **Motion** made by Daucinas to include this petitioned amendment on the annual meeting ballot. The motion was seconded and carried by voice vote.

Member Services Policy 3 *Technical Provisions* Draft Revision

The draft revisions to Section 3.5.9 are presented for discussion; final vote will occur at the March meeting. This revision was added because marijuana grow operations are in conflict with federal and state laws. Our power is from a federal agency; grow operations are legal in our state but illegal on a federal level. This revision allows OPALCO to terminate service to grow operations if requested to do so by BPA.

During discussion, it was suggested that this writing is too specific in nature. In the event there are other federal and state laws that may be in conflict, this revision should be more generic in nature. The revision will be rewritten and presented for approval at the March meeting.

Reports

The **Cash Recap** shows a projected ending balance of \$447,186 as of February 28, 2015.

The **Outage** chart was reviewed and showed an increase in weather-related outages (mostly due to wind).

The **Safety** report indicated no accidents, incidents or near misses for January. There was an incident in December reported involving a digger truck. Lett and Hildreth noted that WRECA embraces the RESAP program that OPALCO will participate in. There will be a modicum of expense and a commitment from the Board and staff but will be well worth it.

Hildreth reviewed the **General Manager's** report.

Revenue True-Up Mechanism: The plan is to develop a revenue “true-up” mechanism per Policy 29 *Rate Design*. This will be a rolling 12-month cycle to counterbalance revenue shortfalls.

Dashboard: staff is in development of a dashboard that will allow staff to present indicators to the board and the membership metrics which will allow them to have a sense of the wellbeing of the Cooperative. Included will be revenue, power cost, purchased and sold energy, system demand, outage statistics, safety metrics, margins, TIER and expense by category.

Member Services and Energy Savings: Saxe reviewed the Energy Savings and Member Services portion of the report. Member Services is now using a contact tracking tool to determine the volume of member interest in certain topics that will tie into the web design. Thomerson noted that he regularly gets compliments regarding the Member Service staff.

Saxe noted that they have surpassed the 2 million mark on kWh saved.

The PAL Committee welcomed information about the new rate design and appreciated the added funding for the 2014-15 heating season (\$20,000) and the 2015-16 season (\$25,000). Staff will be coordinating with the Family Resource Centers, the Opportunity Council and the Conservation District to combine funding and plan outreach events designed to reach low income members to increase awareness and participation in available programs while delivering energy education.

The Solar for Schools project is progressing and has raised half of the funding needed beyond the \$60,000 provided by BPA. Installation will be in stages. Whitfield noted that he and Hall attended director training and learned that voluntary donation of capital credits could be used as a potential funding mechanism. Hildreth noted that a policy change would be needed but staff is reviewing the process and will report to the board at the March meeting.

Accident Investigation: a settlement was reached regarding the Lopez accident and are proceeding with the abatement as prescribed. The San Juan L&I investigation is complete; no citations are anticipated.

Submarine Cables: The ROV survey of the existing cable confirmed that the CenturyLink cable is over our cable. Hildreth noted that staff is working through the process.

WRECA Olympia visit: Both Hildreth and Lett reported they appreciated the value of visiting with the legislators February 9-11. Lett noted that WRECA's work in Olympia is essential to our cooperative's wellbeing.

Federated Insurance/Terrorism Coverage: Lett noted that OPALCO has terrorism coverage through Federated covering damage to property and equipment (with limits); however, business interruption is not covered. Our representative, Monty Reher, will visit OPALCO in April and will discuss a solution to cover business interruption; it will undoubtedly be expensive.

OPALCO website overhaul was demonstrated in real time by Olson. The new addition of a documents library should make it easier to find items.

Island Network Update

Lawlor reviewed activities of the past month. The business has been formed as an LLC, named Island Network LLC with Hildreth holding the title of General Manager. Bank accounts were established at Islanders Bank. The move to their new office location in Eastsound is complete.

Lett read an article from ACRE magazine called *Rural America Needs Robust Broadband Service*.

Rock Island Communications

Hildreth proudly announced that the wholly owned subsidiary Island Network LLC this week purchased Rock Island Technologies Solutions from Mike Greene. Island Network, LLC is the legal entity (wholly owned subsidiary) that will do business as Rock Island Communications. Funding came from the start-up costs and working capital in the form of a loan that will be repaid. The impact to the membership is approximately \$3 per member per month for a period of 24 months and has been built into our capital budget.

Adjournment

The meeting adjourned to an Executive Session at 10:45 p.m.



Jim Lett, President



Jerry Whitfield, Secretary-Treasurer