

MINUTES OF THE BOARD OF DIRECTORS MEETING

ORCAS POWER & LIGHT COOPERATIVE

Thursday, July 18, 2013

President Chris Thomerson called the meeting to order at 8:40 a.m. at the Eastsound OPALCO office. Directors Winnie Adams, John Bogert, Vince Dauciunas, Glenna Hall and Bob Myhr were present. Jim Lett was absent. Also present were General Manager Randy Cornelius, Assistant General Manager Foster Hildreth; Manager of Engineering & Operations Russell Guerry and Executive Assistant Bev Madan, serving as recording secretary.

Glenna Hall was welcomed as a new board member representing District 1. Hall was appointed by the Board during the July 8th interview work-session and will serve out the remainder of George Mulligan's term (May 2014).

Members/Guests

Attorneys Joel Paisner and Art Butler of AterWynne LLC were introduced as OPALCO's new corporate attorneys.

Wally Gudgell, Orcas member, encouraged the Board to purchase the wireless spectrum, stated that he had formulated the costs of slow internet speeds to the real estate market, and warned that in his opinion CenturyLink would not be of any help to our county.

Chris Sutton, Orcas member, encouraged the board to review the Island Network (IN) tariffs and have an external audit on IN before the moratorium is lifted. Cornelius stated that the Board had directed management to review and restructure the IN tariffs once engineering designs were complete.

Tony Ghazel, Orcas member, encouraged the Board to move forward with the Broadband Initiative.

Dwight Lewis, Lopez member, warned that the Board is "over their heads" with Broadband, the members don't want it and to turn it over to CenturyLink.

John Fleischer, Orcas member, warned that the Board be cautious with CenturyLink as they may not live up to their promises. Broadband is involved and expensive and it is difficult to keep up with technology. He also questioned why OPALCO was pursuing a wireless spectrum.

Rick Boucher, Orcas Online owner, suggested that an investment group may want to purchase the spectrum if OPALCO does not.

Donna Riordan, Orcas member, wanted to learn about the Broadband Initiative and to support it as her business relies on the internet.

Joy Hughes, Solar Gardens owner, encouraged the Board to consider community solar.

Other member/guests included Chris Doremus, Carmen and Walt Hauschildt and Adrienne Reed of Island Stewards.

June Minutes

The June minutes were amended to add Bogert's reason for his dissenting vote on the Broadband Directives.

Motion: Myhr moved to accept the June minutes as amended; the motion was seconded and carried by voice vote.

New Members

Motion: Adams moved to accept the new members listed below; the motion was seconded and carried by voice vote.

LOPEZ

1. AVRETT, PAMELA & DON
2. BARNETT, MARA ELIZABETH
3. BATES, PAUL A
4. BERG, NANCY A
5. HETH, SALY J & MOLNER, DENISE A
6. KELLOGG, LESLIE & CHARLES
7. MANDERBACH, KIM & RICHARD

8. MCCORNACK, JULE A & GAYLE GRAVES
9. PREWITT, LARRY
10. THORNTON, BRET

ORCAS

11. ANDERSON, CHANDELLE
12. BLACK, CONOR & LIZ
13. BROWN BEAR BAKING LLC

14. HANNON, CAROL P
15. HARRIS, LILLIAN E
16. HENRIQUES, KEN
17. HORSWILL, LEE & ELLERTSEN, DAVID
18. MYERS, MINDY & PETER
19. PAGE, MICHAEL & KATHERYNE
20. SHURTE, MICHAEL JR
21. THACKER, KEVIN
22. WHITE, MATTHEW

PEARL

23. SHOWMAN, SUSAN M

SAN JUAN

24. ANDERSON, LINNEA
25. ANDERSON, MADELINE & HARMON, DOUGLAS
26. BASTA, MATT J
27. BLAIR, BRENT R
28. CARLSON, MADELINE
29. DEBRAY, ZOE
30. DEITZ, HEATHER
31. DOUGLAS, ANDREA H
32. GB&K, LLC
33. HINKLE, CHRISTINE L

SHAW

34. JIMENEZ, CIARA & KNOWLES, CHELSEY
35. KING IV, JOHN & SARAH
36. KYTE, ROBERT JAMES
37. LINEBACK, JAMES MICHAEL & CROWE, CYNTHIA A
38. MAURO, MARGARET
39. MEIER, KATHY L
40. MORRISON, JACOB T
41. PANTOJA, ISMAEL
42. PARSONS, TODD & ERIN
43. PEIHL, NICHOLAS & JEANNE
44. ROOP, MERRIE
45. SEGALL, CINDY
46. SOLOVEY, GENNADY
47. TOTTEN, RYAN
48. WOODBURY, MARY
49. ZHELEZKO, SERGEY

Capital Credits

Motion: Myhr moved to approve \$5,023.71 payment of capital credits to the estates of deceased members listed below; the motion was seconded and carried by voice vote.

| | |
|-----------------------|------------|
| Alan R. Lichter | \$ 440.64 |
| Jeanne Marks | \$1,876.51 |
| Carol Merrill | \$1,268.94 |
| Susan Oesdean | \$ 352.81 |
| Mildred Talbott | \$1,084.81 |

RUS 219s

Construction Work Plan projects were completed in May for a total of \$244,512.50.

Motion: Myhr moved that the 219s be approved and processed with RUS; the motion was seconded and carried by voice vote.

Resolution 6-2013 Construction Work Plan Amendment #3

Three projects were added to the Construction Work Plan (CWP) that were not on the original work plan; it was originally expected that OPALCO would not borrow funds to complete them. Substation improvements of an Eastsound Substation feeder breaker replacement @ \$90,000; Lopez Substation station battery replacement @ \$20,000 and San Juan Gravel Pit Substation battery replacement @ \$10,000 were added to the CWP.

Motion: Adams moved to approve the amendment to the 2013-16 Construction Work Plan as presented; the motion was seconded and carried by voice vote.

Motion: Myhr moved to approve Resolution 6-2013 *Approving Amendment #3 to the 2013-2016 Construction Work Plan*. The motion was seconded and carried by voice vote.

NRECA Voting Delegate

Myhr, Bogert, Lett and Hildreth will be attending the NRECA Regional Meeting in Portland, OR October 15-17.

Motion: Myhr moved to appoint Myhr as NRECA voting delegate at the October meeting with Bogert as the alternate. Motion was seconded and carried by voice vote.

Broadband Update

Hildreth provided a status update on the directives given by the Board at the June meeting.

- A. CenturyLink meetings to discuss lease terms have begun and are expected to continue through early September.
- B. Wireless Spectrum: a financial analysis will be provided at the August board meeting when all directors are expected to attend.
- C. System Design: Waiting on the determination of the wireless procurement before initiating project designs.

D. Island Network: A revised rate structure and backbone designs will be developed prior to the moratorium being lifted.

E. Broadband Manager: A job description for a Manager of Information Services was developed and the job opening is now being advertised.

EE Committee Report

Bogert reported that draft Policy 28 *Energy Services Collaboration with Nonprofits* is nearly complete. Outreach will be the next step in the process.

Cornelius introduced Shawn Collins of the Opportunity Council. Collins reported on their work with the community energy challenge and other energy savings opportunities through his nonprofit. They are looking to partner with OPALCO to provide specific services.

Policy 28 Collaborating with Nonprofits to Accelerate Energy Efficiency & Conservation, & Renewable Energy Production

The Board thoroughly reviewed the newly drafted policy.

Motion: Daucinas moved to accept Policy 28 and to waive the second reading. The motion was seconded and passed by voice vote. Myhr was the one dissenting vote and the record will show that his objection was to the lack of specifically including 501(c)(3) in Section 28.3.

The next steps will be to create a Memorandum of Understanding.

Policy 1 Functions of the Board of Directors

Draft revisions were proposed. The policy will be presented at the August meeting for a final read and approval.

Cash Recap

Hildreth reviewed the cash recap, which shows cash balance of \$3.6 million as of June 30. The cushion of credit of \$1.5 million earns 5% interest as the RUS loan is paid down.

Safety

Guerry reported on an accident that occurred when a piece of a transformer arced and irritated a lineman's eyes.

Manager's Report

Cornelius reported on new software tools in Member Services—Enhanced Payment Remittance Tool and "Document Vault", an imaging solution to reduce paper workflow.


Technical Services installed a new licensed Gigabit Radio between San Juan and Lopez islands to support increased capacity.

Federated Insurance

Cornelius and Lett met with the insurance representative in June. The Loss Analysis Report was reviewed.

Adjournment

The meeting adjourned at 12:25 p.m.


Chris Thomerson, President


Bob Myhr, Vice-President

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BOARD OF DIRECTORS RESOLUTION 6-2013 APPROVING AMENDMENT #3 TO THE 2013-2016 CONSTRUCTION WORK PLAN

WHEREAS, the Board of Directors has approved the 2013-2016 Construction Work Plan (CWP) with Amendments #1 and #2; and

WHEREAS, Amendment #3 is necessary to add an Eastsound Substation feeder breaker replacement (Project 507); a Lopez Substation station battery replacement (Project 508); and a Gravel Pit Substation battery replacement (Project 509); and

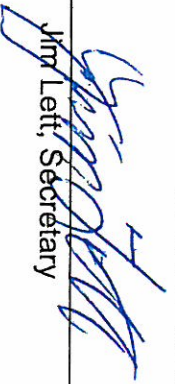
WHEREAS, the proposed costs equal approximately \$120,000; and

WHEREAS, the Board considers the amendments to the CWP to be reasonable estimates for the corresponding capital projects.

NOW, THEREFORE, BE IT RESOLVED THAT THE Board of Directors of Orcas Power and Light Cooperative accepts and approves Amendment #3 to the CWP in the amount of \$120,000.00 upon the recommendation of the Engineering and Operations Manager at a regular meeting held on July 18, 2013 and directs the General Manager to process CWP Amendment #3 as required by the Rural Utility Services.

CERTIFICATE OF SECRETARY

I, Jim Lett, certify that I am the Secretary of Orcas Power and Light Cooperative and that the above and foregoing is a true excerpt from the minutes of a meeting of the Board of Directors on the 18th day of July 2013, at which a quorum was present, and that the above portion of the minutes have not been modified or rescinded.



Jim Lett, Secretary

July 18, 2013
Date

