

MINUTES OF THE BOARD OF DIRECTORS MEETING

ORCAS POWER & LIGHT COOPERATIVE

Thursday, March 20, 2014

President Chris Thomerson called the meeting to order at 9:05 a.m. at the Eastsound OPALCO office. Directors Winnie Adams, Vince Dauciunas, Glenna Hall, Jim Lett, Bob Myhr and Dr. Jerry Whitfield were present. Also present were General Manager Randy Cornelius, Assistant General Manager Foster Hildreth, Manager of Engineering and Operations Russell Guerri, Assistant Manager of Finance and Administration Nancy Loomis and Executive Assistant Bev Madan, serving as recording secretary.

Member/Guests

Gray Cope (San Juan), Jay Kimball (Orcas), Steve Ludwig (Lopez), Ed Sutton (Orcas), Tony Ghazel (Orcas), Patty Miller (Orcas) and Dwight Lewis (Lopez).

Consent Agenda

Motion made by Lett and seconded to approve the Consent Agenda, which included the February minutes and new members as listed below. Motion carried by voice vote.

Crane

1. Kimball, Kate & Davison, Bob

Lopez

2. Honeywell, Justin
3. Island's Oil Spill Association
4. Mariana Robles, Rosa & Gerardo

Obstruction

5. Frazer, Marc

Orcas

6. Boucher, Angela R
7. Durham, Daphne & Doberstein, Craig
8. Gamez, Jose C
9. Gonzalez, Stephanie A Joey D
10. Grubb, Farley
11. Nollman, Holly Claire
12. Punte, Jorge Jimenez, Pamela
13. Royal, Tyson C

San Juan

14. Aiello, Paul
15. Bair, Jeremiah & Terica
16. Chinn, Kevin
17. Feliz, Jimmie
18. Free, Jonathan & Jennifer
19. Griem, Torsten
20. Hayden, Mark
21. Hull, Dale
22. Long, Michael J & Accetturo, Courtney A
23. Magana, Elena
24. McLean, Forrest
25. Paitson, Waverly A
- Rhoades, Vicki J**
26. Smith, Sherry
27. Soper, Kevin Matthew
28. Streck, Kathryn
29. Turner, Robbin

Shaw

30. Estate of James Haviland

2013 Annual Meeting Minutes

- **Motion** made by Adams to approve the 2013 annual meeting minutes to present to the members. The motion was seconded and carried with two abstentions (Hall and Whitfield).

Discussion then centered around when the Board should hold its meeting to elect officers. Historically it has been held during the Q&A period of the annual meeting. The Board would like to hear the questions the members have so opted not to hold its regular meeting until a later date in 2014. The Board requested that Cornelius determine a solution to the conflict in the bylaws as stated in:

Article IV *Meetings of Directors* Section 1 *Regular Meetings* "A regular meeting of the Board of Directors shall be held without notice other than this bylaw, immediately after, and at the same place as the annual meeting of the members. A regular meeting of the Board of Directors shall also be held monthly at such time and place in San Juan County."

Article V *Officers* Section 2 *Election and Term of Office* "The officers shall be elected by ballot, annually by and from the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the members or until his

successor shall have been duly elected and shall have qualified, subject to the provisions of these bylaws with respect to the removal of officers.”

Minutes of Special Meeting March 6, 2014

- **Motion** made by Myhr and seconded to approve the minutes of the March 6 special meeting as presented. The motion carried by voice vote.

Capital Credits

- **Motion** made by Myhr to approve \$6,382.50 in capital credit payments as indicated below. Motion was seconded and carried by voice vote.

To the estates of deceased members:

Marjorie Bevin.....	\$2,389.92
Elisabeth Rush	\$141.46
Annehta Schmitt	\$507.31
Albert George Steinhouse	\$1,240.27
Dorothy Mae Taylor	\$673.65
Thelma A. Water.....	\$799.96

Organizations no longer in business:

Friday Harbor Realty, Inc.....	\$771.39
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NWPPA Voting Delegate

- **Motion** was made by Lett and seconded to appoint Randy Cornelius the voting delegate for the NWPPA membership meeting in Billings, Montana May 19-23. Motion carried by voice vote.

Member-Initiated Bylaw Amendments

The attorneys have reviewed the petition to amend Bylaw Article VIII *Nonprofit Operation* with a newly added Section 7 “(a) If the Cooperative, or any subsidiary corporation controlled by the Cooperative, engages in the business of furnishing goods or services, including, but not necessarily limited to: administration, advertising, equipment, maintenance, and operation, other than for the specific purpose of purchase and/or distribution of electric energy to energy members or to non-energy members, all costs of such goods and services shall be borne solely by the users of such goods and services. Energy members and non-energy members using such goods and services shall be billed separately from the costs of purchasing and/or distributing electric energy. (b) A separate budget and audit shall be prepared annually detailing the income and expenses of furnishing said goods and services. The book of account regarding said goods and services shall be available to energy members as set forth in Article VI.”

The attorneys determined that the bylaw amendment would effectively establish distinct classes of membership; i.e. energy members and non-energy members. The amended Articles of Incorporation specifically grant to the Board of Directors the ability to create different classes of members, not the bylaws, which is consistent with RCW 24.06.065 that allows creation of new membership classifications, but only a prescribed in the Articles of Incorporation. Absent such a resolution of the Board of Directors, as required by the amended articles of incorporation, the proposed bylaw amendment will be in conflict with the amended articles of incorporation. Provisions of the articles will control over provisions of the bylaws where they are inconsistent.

- **Motion** made by Adams and seconded to accept the attorney’s recommendation to reject this member-initiated petition and not include it on the ballot. The motion carried by voice vote.

Policy 1 Functions of the Board of Directors

After discussion, mainly regarding 4.3 and 4.7, it was decided to return the policy to the committee for additional review/revision. Myhr requested to be a part of the committee (joining Hall and Thomerson).

2013 Year-End Unaudited Financials

Hildreth reviewed the unaudited year-end financials. Hildreth reported that our TIER is 2.24 and the equity is 69.5%. The Board complimented the Accounting Department for their diligent work. Moss Adams (auditors) will be onsite the week of March 31-April 4 to do field work and plan to present their findings at the April board meeting.

Reports

Cash Recap

During the discussion of the Cash Recap, the balance in the Project PAL account was mentioned. The Board wants to send the message that nobody goes without electricity during the winter months for financial reasons. Cornelius mentioned the Business PALs and an upcoming fundraiser at Doe Bay Resort in April. After the voluntary committee finishes for the season, a report will show how much funding is needed to supplement the program for next year.

Outages

Guerry stated that the number of outages is normal for this time of year.

Safety

There were no incidents to report during February.

2014 Committee on Nominations

The report from the committee members – Peter Kilpatrick, Victoria Compton and Mark Madsen – included candidates nominated by the committee for District 1 board of directors' election.

Nominated were Vincent Dauciunas (incumbent), Glenna Hall (incumbent), Mike Greene, Bryan Hoyer, John Sheehan and Doug Rowan. Mike Greene has since withdrawn.

Nominated by petition were Bob Jarman (who since withdrew), Steve Hudson and Don Galt, Sr. The deadline for nominations by petition was March 19.

General Manager


Cornelius reviewed the manager's report, reporting that the San Juan Islands Conservation District (SJICD) is working closely with other nonprofits.


Hildreth reported that the Island Network page of the OPALCO website is now available. He also reported that there will be Wi-Fi hotspots at each of the four island ferry landings.

Cornelius cautioned that OPALCO's power costs could increase due to BPA's "shaping charges" and billing determinants. The Board will need to have work sessions and then public meetings to inform the members how the billing determinants work. Hildreth plans to meet with PNGC Power.

Adjournment

The meeting adjourned at 12:40 p.m. to executive session.


Chris Thomerson, President


Jim Lett, Secretary-Treasurer