

**MINUTES OF THE BOARD OF DIRECTORS MEETING
ORCAS POWER & LIGHT COOPERATIVE**

Thursday, April 21, 2016

President Jim Lett called the meeting to order at 8:17AM at the Lopez Island Fire Hall. Board Members present were Winnie Adams, Randy Cornelius, Vince Daucinas and Jerry Whitfield. Mark Madsen attended via telephone conferencing. Staff present included General Manager Foster Hildreth; Manager of Engineering and Operations Russell Guerry; Manager of Finance and Member Services Nancy Loomis, Head Accountant Travis Neal, System Engineer Joel Meitzner, Public Relations Administrator Suzanne Olson and Executive Assistant Bev Madan (serving as recording secretary). Rock Island Communications staff present were Gerry Lawlor, Dan Burke and Gene Nery. Also present was consultant Jay Kimball.

Member/Guests

Each member/guest was offered an opportunity to address the board.

Present were Chantelle Hildreth, Tracy Cottingham, Rhea Miller, Peggy Means, Gabriel Jacobs, Steve Ludwig, Rob Thesman, Sandy Bishop, Rick Strachan, Larry Eppenbach, Brian Silverstein, Alan McKee, Lauren Stephens, Dwight Lewis, Jim Ghiglione, Caleb Pal. Topics mentioned were better communication with members; cost/benefit of fiber installations in the islands; election process scrutiny; improvement of communications within fire district because of fiber installation.

March 17, 2016 Meeting Minutes

- **Motion** made by Adams to accept the March 17, 2016 minutes as presented. Motion was seconded (Daucinas) and carried by voice vote.

New Members

- **Motion** made by Adams to accept the new members listed below. Motion was seconded (Daucinas) and carried by voice vote

DISTRICT 1

San Juan

Bogue, Tabetha
Brooks, Lynn
Bruder, Kim
Buehler, Chad & Robyn
Caldwell-Sanders, Edith
Cartagena, Steven
Draffkorn, Rick
Duquette, Charles R
Farnsworth, Enos
Finn, James
Frentz, Carla
Heflick, Benjamin
Lacerte, Philip
Palmateer, Ryan
Petit, Catherine
Ross, Jason E
Sherry, Christopher
Shlosser, C Mitchell & Tami T
Smith, Patricia
Villers, Christine
Watson, Craig
Westby, Ludie & Gary
Whybren, Stephen W
Wu, Thomas

DISTRICT 2

Orcas

Bradbury, Tim & Susan
Bruene, James & Schultz-Bruene, Kate
Cecil, Jocelyn
James, Deborah
Kasperski, Richard
Marshall, Karen
Martin, Andy & Jablow, Ian
Moos, Daniel C
Naffin, Brandon & Kezia
Sheffield, Harley
Sit Long Talk Much LLC
The Culver Family – Orcas Trust
Wallis, Maxine & Pipher, Michelle

DISTRICT 3

Lopez

Barr, Johnathon
Jacobs, Tim
Larmore, Carla & Connor, Michael
Mackaye Harbor Water District
Rabura, John & Biro-Rabura, Sara
Sorensen, Katherine & Lyn

Center

Maule, James & Judith

DISTRICT 4

Shaw

Arrowsmith, Jeff & Claire
Rook, Mary & Taylor, Debra

Capital Credits

- **Motion** made by Daucinas to approve payment of \$9,108.76 in capital credits to the estates of deceased members and the organization no longer in business listed below. Motion was seconded (Whitfield) and carried by voice vote.

Margaret R. Knowles	\$2,860.89
Jane McIlroy	\$687.62
Edward A. Middleton.....	\$4,271.83
Marion Slater	\$465.95
Sally E. Taylor.....	\$745.69
Delbert F. Webb.....	\$76.78

RUS 219s

Staff added the March work order close 219s in the amount of \$782,120.95 for the board's approval and will include the March 219s in the May board materials as an informational item.

- **Motion** made by Daucinas to approve submission of RUS 219s representing projects completed in February and March 2016 from the Construction Work Plan in the amount of \$905,944.67. Motion was seconded (Adams) and carried by voice vote.

Member Information Request / Appeal

Member James Owens requested information about OPALCO's undersea cable system. Hildreth denied the request as the information is not readily available and would raise security concerns.

- **Motion** made by Whitfield and seconded (Adams) to deny the appeal. Motion carried by voice vote.

Bylaw Revision

The terminology of "bona fide resident" was reviewed. After discussion it was decided that staff would rewrite that section of the bylaws and present it at a later board meeting.

CFC Line of Credit / Resolution 2-2016

This line of credit replaces the current Uncommitted Line of Credit that expires in 2016. This new Line of Credit is in the amount of \$10M with National Rural Utilities Cooperative Finance Corporation (CFC).

- **Motion** made by Adams to approve Resolution 2-2016 allowing execution of the necessary documents for the Uncommitted Line of Credit. Motion was seconded (Daucinas) and carried by voice vote.

Election Neutrality

With President Lett as a candidate for re-election, Daucinas took the gavel for this part of the meeting. Lett and Whitfield were offered either to recuse themselves from the discussion, the vote or both. Lett recused himself from both; Whitfield recused himself from any voting regarding this process. Daucinas reviewed the event that occurred the week prior. Mid-day Friday, April 15 Daucinas was informed that Lawlor had sent an email on Rock Island Communications letterhead effectively endorsing certain candidates for OPALCO Board of Directors. As Vice President, Daucinas managed the communications with other Board members regarding this event and what role the Board should take. Legal counsel was also consulted to determine what, if any, federal, state or other laws may have been broken. There were none. Hildreth stated that it was an operational issue and took personal responsibility for the inappropriate action as Lawlor reports to him directly. Hildreth apologized to each candidate and the members in attendance. Counsel also conferred with NRECA and spoke with their deputy legal counsel Ty Thompson who advised that the election—and annual meeting—could be delayed, if necessary. All but one candidate agreed that the election should continue on the normal timeframe. Daucinas researched other cooperatives in the U.S. and discovered their policies ran from prohibiting the use of company time and resources for endorsing candidates to encouraging staff to participate in ACRE fundraising, but not individual endorsement of candidates.

It was determined that a policy should be written that clarifies election neutrality as well as appropriate penalties when the policy is violated.

- **Motion** made by Cornelius to 1) Craft language for a political activity statement for an OPALCO and Rock Island Communications policy that will focus on Board of Director elections initially; and 2) Develop a method by which members can participate in the writing of the policy. Motion was seconded (Madsen) and carried by voice vote. Note: Four votes were required (Lett and Whitfield recused themselves from the vote) for a quorum; the chair voted in favor.

President Lett resumed chairing the meeting.

Submarine Cable Update / Resolution 4-2016 Contract Amendments 1 and 2

- Motion made by Cornelius and seconded (Dauciunas) to approve Resolution 4-2016. Motion carried by voice vote.

System Engineer Joel Mietzner gave a progress report on the submarine cable project between Lopez and San Juan islands. The contract amendments are required by RUS in order to increase the length of the cable, even though the price was reduced due to commodity pricing.

Mietzner explained how the CenturyLink cable is laying over the top of the current OPALCO submarine cable. Communication between OPALCO and CenturyLink is at a standstill regarding removal of their cable. If the CenturyLink cable breaks, it will take sixty days to put ours in place, so services will be out for that many days. Rock Island Communications will also lose connectivity. Our legal counsel is working with CenturyLink's representative, who is "moving it up the ladder."

The warranty on the cable starts when the cable is delivered and is insured for the value of the cable, oil spill potential and general liability. Completion of the splice and testing will give OPALCO ownership once energized. Discussion ensued regarding the decommissioning of the Lopez to San Juan Sumitomo cable. The board did not take issue with the plans for decommissioning.

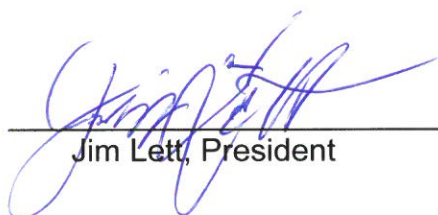
The Board commended Mietzner for the phenomenal job he is doing getting the cable replaced.

Reports

- Safety: The Engineering Department reviewed working with hazardous materials.
- General Manager: Hildreth reported that approximately 3,000 members receive electronic billing. Highlights planned for the annual meeting include more time available for member questions and comments. A survey will be given after the annual meeting to measure member preferences and satisfaction on voting and annual meeting activities.
- Rock Island Communications: LTE poles are being placed throughout the county, improving wireless communication. By the end of April, the entire ferry route will be connected through T-Mobile Wi-Fi and will be at the ferry landings soon.

Adjournment

Regular meeting adjourned to Executive Session at 12:30 p.m. Topics discussed in Executive Session were personnel and legal matters. The executive session ended and meeting was adjourned at 1:50 p.m.



Jim Lett, President

Jerry Whitfield, Secretary-Treasurer