

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

Thursday, August 18, 2016

President Vince Dauciunas called the meeting to order at 8:15 am at Woodmen Hall on Lopez Island. Board Members present were Winnie Adams, Randy Cornelius, Jim Lett, Mark Madsen, Brian Silverstein and Jerry Whitfield. 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, and Executive Assistant Bev Madan (serving as recording secretary). Rock Island Communications staff present were Dan Burke, Chad Bailey and Chris Schmidt. Also present was consultant Jay Kimball.

Member/Guests

Lopez members Rob Thesman, Dwight Lewis and Bruce Richardson were present. Each member/guest was offered an opportunity to address the board. Lewis shared his concerns about OPALCO and Rock Island Communications.

June 16, 2016 Meeting Minutes

- **Motion** was made to accept the June 16, 2016 minutes as presented. Motion was seconded and carried by voice vote.

New Members

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

DISTRICT 1

San Juan

Ables, Jake
Bell, Richard & Elizabeth
Bremer, Tad
Burke, Jamen
Connery, George
CRB, LLC
Davenport, Richard
Davis, Robert
Drennan, Shelley
Freborg, Ronald
Gettinger, Hugo C
Gladstein, Kristina & Michael
Hanson, Brad
Harris, Shannon
Hickox, Wesley
Jared, Clyde & Marilyn
Kretchmer, John
Larson, Timothy
Li, Chin Chong
Mann, Gary & Nanney, Renae
Marshall, Grant & Dietz, Lynn
McKinney, Jasmine
McVeigh, Karen & Cynthia
Musburger, Jeffrey
Nyden, Bruce B
Orozco Tinoco, Rosa
Payne, David
Perez, Jim & Jony
Pignatiello, Michael & Lisa
Ryan, April
Salvino, Mark & Trenk-Salvino, Jennifer
Stehn, Susan
Tucker, Dennis & Angela
Waugh, Jeff & Carol
Zickefoose, Casandra
Zimney, Gudrun & Hassell, Carl

Zueger, Teresa

DISTRICT 2

Orcas

Allred, Alexander & Cadden, Kayla
Bigbee, Marie
Blaine, Marjorie
Brown, Leslie
Brucrew Unlimited LLC
Coffey, Timothy
Connell, Michael
Dekker, Sabina & Currie, Chris
Diaz, Juan & Lindgren, Staci
Garmeson, Shannon
Hamilton, Will
Kolb, Kristin
Matthews, Carol
Miner, Edward P
Montgomery, Barbara
Morley Drive HOA
Nance, April
Nelson, Heather & Bertelsen, Soren
Norian, Roger & Ann Catherine
Olliff, Don
Petros, Hamza
Robertson, Michael & Barbia
Rosselison, Danielle
Sahlsteen, Eric & Jilayne
Schulz, Dominik
Sheppard, Noah
Stankovic, Zoran
Taguchi, Betsy
Taylor, Kassandra & Bruland, Brooke
Turnbull, Rachele
Watson, Matthew

DISTRICT 3**Center**

Riedel, Jenee

Lopez

Christensen, Peter E.

Garcia, Ramon

Grummel, Roger

Milewski, Chris & Jackie

Paynter, Jonathan & James, Marisa

Taylor, Kimberly

DISTRICT 4**Shaw**

Kamrath, Kai-Joachim & Carpenter,

Christian

Lord, James

Capital Credits

- **Motion** was made to approve payment of \$6,315.00 in capital credits to the estates of deceased members and the corporation listed below. Motion was seconded and carried by voice vote.

Robert G. Bourgaize\$1,219.64

Douglas E. Finkelnburg.....\$1,087.72

Ann L. Hagen.....\$314.66

Steven C. Young.....\$662.80

Deer Harbor Marina WI LLC\$3,030.18

RUS 219s

- **Motion** was made to approve submission of RUS 219s in the amount of \$362,767.89 representing projects completed in May and June 2016 from the Construction Work Plan. Motion was seconded and carried by voice vote.

Member Information Request Appeal to Board

Shaw member, Alex MacLeod, filed an appeal of the denial of a Member Information Request. The request and denial were thoroughly discussed.

- **Motion** was made to support the GM's decision to deny the information request. The motion was seconded and carried by voice vote.

Q2 Financial Report

Total revenue was 1% higher than budgeted for Q2 but was more than offset by the related increase in purchased power. Purchased power was driven by large demand charges coupled with higher BPA power rates during 2016. Margin increased by \$153,000.

Rock Island Communications Q2 financials were also reviewed. Progress continues in placing LTE poles and with improved site locations. Numbers are expected to increase as more active sites are in place.

Both OPALCO and Rock Island Communications finances are well within OPALCO's loan covenant requirements.

Safety Program Review

Jeff Myers of Columbia REA presented a review of the progress OPALCO's safety program has made over the past five years. Staff continues to make progress and has a better understanding of the need for safety regulations. A six member Safety Committee, made up of leaders within the crews, is very thorough.

Myers reported that Rock Island Communications is developing their own safety program under his guidance as well. A safety manual is being created.

RUS Form 300

RUS General Field Representative (GFR) Rodney Peach performed an Operations and Maintenance Review during a July visit to OPALCO. The subsequent report, filed through RUS Form 300 indicated ratings of 3 "*Satisfactory—No Additional Action Required at this Time*" in its entirety. Peach's general comment on the report stated "improvements in all areas and future projects to upgrade the distribution system and substations along with the installation of fiber throughout the system will enhance the utility's overall capabilities to provide safe, reliable, and reasonably affordable electricity." After discussion, the Board commended staff for the high marks.

Energy Assistance Program

The Energy Assistance Program was instituted with the January 2016 billing as a line item on members' bills. To date, collections have exceeded distributions to eligible

members. Staff provided the Board with several options for the program going forward and will re-evaluate the program during the 2017 budget process.

- **Motion** in support of doubling of payouts to participants, was made and seconded. Motion carried by voice vote.

Reports

- Safety: Staff reported on the safety report and discussed one non-injury incident that occurred during the month.
- General Manager: PNGC CEO Beth Looney will attend the OPALCO Board meeting in September to discuss issues facing PNGC and OPALCO as a PNGC member. The discussion will focus on future energy resources and topics contained in our IRP. Directors should send any pre-questions for Looney to Dauciunas in advance of the September meeting.

The status of the CenturyLink cable overriding the OPALCO cable was discussed, noting that CenturyLink needs to act quickly if they are to replace their fiber optic and remove their old fiber cable(s) prior to our submarine cable installation in 2017. Communication with CenturyLink is ongoing, it was noted that OPALCO began communications with CenturyLink on this matter in 2014.

Rural Energy Savings Program Loan (RESP) letter of intent has been filed with RUS as step one to begin the loan process. This loan would create a revolving/relending program to implement energy efficiency/renewable measures to qualified consumers within San Juan County.

Member generators have exceeded the Washington State tax credit cap. The \$100,000 allotment will be prorated to the member generators. M.O.R.E. recipients will also receive additional incentives of more than \$50,000.

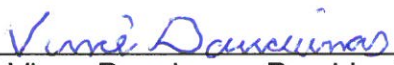
A committee consisting of eight OPALCO members is reviewing the election process. The results of their findings and their recommendations will be presented to the Board of Directors at the September meeting.

Due to aging cast iron pipes at the Eastsound office, the septic system will need to be replaced. Staff reported the projected cost of the project.

The LTE network has proven immensely beneficial for crew communications.

Adjournment

Regular meeting adjourned to Executive Session at 12:10 p.m. The executive session ended at 1:45 p.m.



Vince Dauciunas, President



Winnie Adams, Secretary-Treasurer