

Orcas Power & Light Cooperative
Minutes of the Board of Directors Meeting
Thursday, May 18, 2017

President Vince Dauciunas called the meeting to order at 8:00 a.m. at the Lopez Fire Hall. Board members present were Winnie Adams, Randy Cornelius, Jim Lett, Mark Madsen, Brian Silverstein and Jerry Whitfield. Staff present were 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). Also present were Rock Island Communications (RIC) EVP Gerry Lawlor, RIC SVP of Finance Chris Schmidt, consultant Jay Kimball and Moss Adams Business Assurance Partner Olga Darlington.

MEMBER/GUESTS

Each member/guest was offered an opportunity to address the board. Present were Rob Thesman and Dwight Lewis.

BOARD OFFICER ELECTIONS

- Motion made to nominate Vince Dauciunas president, Jerry Whitfield vice-president, and Winnie Adams secretary. Motion was seconded and carried by voice vote. The slate of officers remains the same as 2016-17.

ANNUAL MEETING REVIEW

The Board consensus was that the annual meeting went very smoothly. The Board commented that it was “the best annual meeting ever”, “wireless lapel microphone wasn’t great”, “check in process went smoothly”, “extended comment period was good”, “seems like people have changed their minds about management & board direction”, “the Elections and Governance Committee (EGC) worked great for the first year”. The Board requested that the election process should be formalized through the creation of a policy document. The EGC was tasked with drafting an election policy document for consideration and review by the Board. The priorities of the EGC outlined by the Board were board compensation due in August, an election policy document due to Hildreth in September and to the Board in October. Staff was directed to propose bylaw amendments for discussion at the June meeting based on the suggested clarifications from legal counsel due to the procedural changes made leading into the most recent election cycle.

- Motion was made to task the EGC with drafting an election policy document that would clarify and formalize the election process, and provide guidance to the EGC and inform potential candidates. Motion was seconded and carried by voice vote.

CONSENT AGENDA

- Motion was made to accept the Consent Agenda which included the April 20, 2017 minutes, new members (listed below), capital credit payments totaling \$1,889.32 (listed below) and RUS 219s in the amount of \$455,201.07. Motion was seconded and carried by voice vote.

New Members

District 1

Brown, Pearl, Henry, San Juan, Spieden
270 Spring LLC
Anthony, Anna
Archer, Cody
Barfield, Kristen
Briggs, Jim
Caireal, Veaceslav
Galt, Donald A. & Starr, Elizabeth
Giuffre, Lynne
Grifo, Christopher
Haley’s Restaurants LLC
Hoke, Alexander J
Holdaway, Marita
Janson, Kai
Kaukol, Debra
Mayer, Brian

McLeod, Patricia
Moore, Steven & Karen
Neufeld, Ruth
Nord Escapes LLC
Noreau, Troy
Poulos, Gary
Reily, Peggy W. & Kennedy, C. Barrett
Stocksett, Angela
Ward, Jennifer
White, Shannon
Williams, Pamela
Zeiger, Ben

District 2

Armitage, Blakely, Obstruction, Big Double, Little Double, Fawn, Orcas
Andreadis, George & Norma
Beckley, Alexis & Akers, Brant
Biechele, Travis L.
Blumenthal, Sally & McGannon, Michael
Cruz Rodriguez, Idalia

Erazo, Sandra
Gilliland, Paul
Laks, Nicolas & Krauss, Jennifer
McCarville, Douglas & Miriam L
Nusbaum, Jennifer
Peter, Eric & Jennifer
Ruby Point LLC
Russell, Kim
Spindrift LLC
This Must Be The Place LLC
Tilson, Wayne

District 3

Decatur, Center, Charles, Lopez
Askue, Nova
Belanger, Andrew & Karen

Estate of Gene O. Higgins
Kingery, Mary
Maxson, Timothy
Nichols, Andrew & Henderson, Rachel
Ramon, Rebecca
Snapp, Marvin
Tapia, Israel & Cruz, Lorena
Waldron, Darren
Wilson, Janice

District 4

Crane, Canoe, Bell, Shaw
Acton, Tim B & Jen
Almeleh, Lawrence
Lazzeri, Catherine

Capital Credits

John Cook	\$688.39
Marcia Crosetto	\$420.57
Matthew J. Cullen Jr.	\$461.85
Axel A. Jensen	\$318.51

NRECA Voting Delegate

- Motion was made naming Whitfield voting delegate and Hildreth alternate at the WRECA meeting to be held June 19-20 in Walla Walla for the purposes of voting for the NRECA director representing Washington State. Motion was seconded and carried by voice vote.

2016 AUDIT REPORT

Olga Darlington, Business Assurance Partner for Moss Adams LLP, presented and discussed the consolidated 2016 audit process and findings for OPALCO and Island Network LLC dba Rock Island Communications. It was noted that the consolidated financial statements present fairly, in all material respects, the financial position of Orcas Power & Light Cooperative, which represented the highest level of assurance that an entity may achieve during a financial statement audit. Discussion ensued regarding the proper classification of costs and projects between the two organizations, specifically, coding of work orders for OPALCO's communications grid vs. Rock Island's internet services. Olga noted that this was part of the testing processes for the audit and the team found all tested allocations were appropriate. The Board adjourned to Executive Session 8:45 am to discuss some details of the audit as well as internal control related matters. Regular session resumed 9:10 am.

- Motion made to approve OPALCO's Report of Independent Auditors' Report and Consolidated Financial Statements for December 31, 2016 and 2015, as audited by Moss Adams LLP. Motion was seconded and carried by voice vote.

NRECA AMENDMENTS TO RETIREMENT SECURITY PLAN: RESOLUTION 1-2017

The NRECA Retirement Plans follow a 5-year restatement schedule outlined by the IRS. This requires a board resolution to execute new adoption agreements. These amendments, restatements and continuance of the Retirement Security Plan take effect July 1, 2017. These adoption agreement changes are clerical in nature and do not impact OPALCO's existing plan features.

Motion was made to approve execution of authorization of the amendment and restatement of the Retirement Security and 401(k) Pension plans as stated in Resolution 1-2017. Motion was seconded and carried by voice vote.

Q1 FINANCIALS

Colder weather resulted in total revenue being 15% higher than budgeted. This was partially offset by a related increase in purchased power (11%). The result was an increased margin of ~\$1M.

JUNE WORK SESSION

The Board will meet June 16 to review the budget prior to beginning the rates review. Staff will prepare links to documents that the Board should study in preparation for the full-day session, including the Strategic Directives, Policy 29 *Rate Design*, the Construction Work Plan, etc.

REPORTS

General Manager

Annual meeting statistics were added to the dashboard.

Submarine cable update—CenturyLink is still working on obtaining their permit to install their cable in July. Staff expects to have more clarity at the next meeting.

Community Solar in the development stage. Note the solar survey currently available to members will help inform the solar project rollout.

Safety Program: There were no loss time accidents in April 2017; total hours without loss time accident is 88,380.

ADJOURNMENT

Meeting adjourned to Executive Session at 11:04 a.m. Discussion regarded legal & personnel.

Executive session adjourned at 12:40 p.m.



Vince Dauciunas, President



Winnie Adams, Secretary-Treasurer