

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

Thursday, October 15, 2015

President Jim Lett called the meeting to order at 8:15 a.m. at Woodmen Hall on Lopez Island. Board Members present were Winnie Adams, Vince Dauciunas, Jim Lett, Mark Madsen, Bob Myhr and Jerry Whitfield. Randy Cornelius was absent. Staff present were General Manager Foster Hildreth; Manager of Engineering and Operations Russell Guerry; Manager of Finance and Administration Nancy Loomis, Assistant Manager of Member Services Jon Blomgren and Executive Assistant Bev Madan (serving as recording secretary). Rock Island Communications staff present were Vice-President of Engineering Alan Smith; Vice President of Marketing and Communications Dan Burke. Also present were consultants Jay Kimball and Derek Long.

Introduction

The Board of Directors selected Mark Madsen to represent District 1 and fill the vacancy left when Glenna Hall resigned for health reasons. Mark was welcomed as the newest member of the Board of Directors.

Member/Guests

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

Lopez: Chom Greacen, Chris Greacen, Steve Ludwig, Dwight Lewis, Brian Silverstein, Rob Thesman, Sandy Bishop, Rhea Miller

Orcas: Fred Klein, Ed Sutton (reporting for Orcas Issues)

Comments included Rock Island Communications (RIC) and its structure, recent survey results, attending Board meetings via video conferencing, priorities of URD replacement, challenge of recovering fixed costs with interconnections, and the low income needs assessment.

September Meeting Minutes

- **Motion** made by Myhr to accept the September 23, 2015 minutes. Motion was seconded (Madsen) and carried by voice vote.

New Members

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

DISTRICT 1

Brown

Mader, Mark

San Juan

Argyle Suites LLC

Blau, S. Forrest

Bourgaize, Bill

Brant, Albert & Brown, Holli

Christian, Loula

Crouch, Deva & Hetrick, Evan

Faylor, Candice

Fox, Kaitlin L.

Griffith, Hal & Joan

Hocking, Bert E. Jr

Lance, Tim

Lewin, Yasuko & David

Marino-Wagner, Tracy

McLaglen, Josh

Michalski, Joshua J

Pitchford, Richard

Rath Special Family Trust

Sadler, Russell

Samuelson, Kevin

Towle, Bianca

Walsh, Shane

Winings, Richard

DISTRICT 2

Orcas

Bayba, Michelle

Beadnall, Georgette

Boardman, Ethan

Carson, Susan

Clever Cow Creamery

Curtis, Lindsay A.

Darvill's Bookstore Inc

Dickens, Fisher L.

Eisenstein, James

Finney, Sonia & Jon

Greg Eiford Family LP

Keene, Courtney & Murphy,

Michael

Khoury Leslie

Koppana, Paul K.

Koser, Arnt J. & Chris

Lieberman, Stephen & Diane

Macpherson, Charlie

Mayr, Teresa

Quishenberry, Shannon &

Sievers, Ken

Ryder, Lillian

Segalt, Renee

Walker, Daniel & Adrienne K.

Womack, Noreen

DISTRICT 3

Center

Williams, Michael

Lopez

Bott, Chloe

Enslow, David

Lawrence, Kaycee

McCoy, Megan

Peterson, Kay

Pyne, Larry & Kristi L.

Snoer, Benni & Petersen, Lars

DISTRICT 4

Shaw

Oliver, Michelle

Capital Credits

- **Motion** made by Myhr and seconded (Dauciunas) to approve payment of \$13,317.50 in capital credits to the estates of deceased members and closed businesses listed below. Motion carried by voice vote.

Jensen, Marie	\$1,173.52
Moreno, Edelmiro P.	\$256.36
Osborn, Janet M.	\$721.66
Archipelago Properties LLC	\$2,575.52
Snug Harbor Resort LLC	\$8,590.44
Total	\$13,317.50

RUS 219s

The Inventory of Work Orders includes work done on the smart grid, conversions from overhead to underground and minor system improvements.

- **Motion** made by Myhr and seconded (Madsen) to approve submission of the RUS Form 219s totaling \$1,486,846.69. Motion carried by voice vote.

2016 Annual Meeting

- **Motion** made by Myhr and seconded (Whitfield) to hold the annual meeting Saturday, April 30 with 10:00 am April 29 the deadline for absentee ballots; Joel Paisner the parliamentarian and Doug Pearson the tally chair. Motion carried by voice vote.

Low Income Needs Assessment Report

OPALCO committed to compiling the low income needs assessment during the rate design process. A stakeholder engagement process was accomplished in partnership with CLEARResult. Stakeholders included Family Resource Centers, the Housing Bank Commission, the Opportunity Council, Community Foundations, OPAL, SJC Veterans Assistance Program, SJC Health and Community Services and the SJC Council. Topics ranged from housing to utility bills.

Derek Long of CLEARResult presented the findings in their Low Income Assessment and Market Profile report. The Low-Income Needs Assessment tells us that 1,500 households are below 150% of the Federal Poverty Line. The noteworthy high cost components of a low-income budget are costs associated with housing, food, medical, transportation, and other utilities. San Juan County is unique in having a higher median age than Washington State (52 years vs 38 years) and having a very high rate of seasonal occupancy (35% of all housing units vs 3% for Washington State).

Board consensus was to consider the approval of a low income billing rate component during the 2016 Budget process. The methodology discussed was to create an independent low-income rate class, with associated revenue collected as a line item on each member’s bill. The implementation specifics would be determined if/when the low-income rate program is approved by the Board.

CoBank Line of Credit / Resolution 9-2015

Renewal of the existing \$5M unsecured line of credit with CoBank requires approval by the Board. The original line of credit was executed in 2011 for use as capital and/or contingency funding. Resolution 9-2015 allows OPALCO to renew and execute the documents related to the CoBank \$5M line of credit.

- **Motion** made by Dauciunas and seconded (Myhr) to approve Resolution 9-2015 *Authorizing CoBank Loan* which allows OPALCO to renew and execute the documents relating to the CoBank \$5M line of credit. Motion carried by voice vote.

Reports

- **Safety:** Two OPALCO employees (San Juan General Foreman Steve Eyler and Lopez Journeyman Lineman Kai Burleson) have completed inspection training through the Rural Electric Safety Achievement Program (RESAP).
- **General Manager:** The submarine cable project is underway and remains on-schedule and on-budget (boring portion at Otis Perkins Park on Lopez Island).

Staff reviewed a recent outage on Orcas Island that occurred when the neutral eroded on an URD.

- **Rock Island Communications** Staff reported progress made to date. LTE subscribers remains behind schedule from budget. For the fiber connections, more customers are subscribing to faster speeds than predicted. It was observed that the 2015 projects should be considered prototypes and 2016 projects will be based on lessons learned regarding projections and timelines. Congratulations were extended to the Rock Island team, stating their efforts endorse the decision the Board made to do broadband. Staff were encouraged to update the RIC business plan once the 2016 budget is approved.
- Dashboard charts for OPALCO and Rock Island Communications were reviewed. An outage and service level chart for RIC was requested.

The Board convened to Executive Session at 12:40, reconvening at 12:50 p.m.

2014 Federal Tax Return

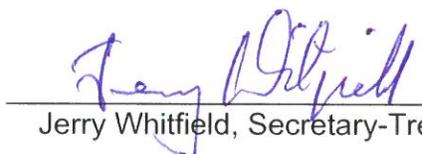
- **Motion** made by Myhr to approve and submit the 2014 Form 990 *Return of Organization Exempt From Income Tax Return*. Motion was seconded (Adams) and carried by voice vote.

Adjournment

The meeting adjourned at 1:30 p.m.



Jim Lett, President



Jerry Whitfield, Secretary-Treasurer

ORCAS POWER & LIGHT COOPERATIVE

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RESOLUTION 9-2015

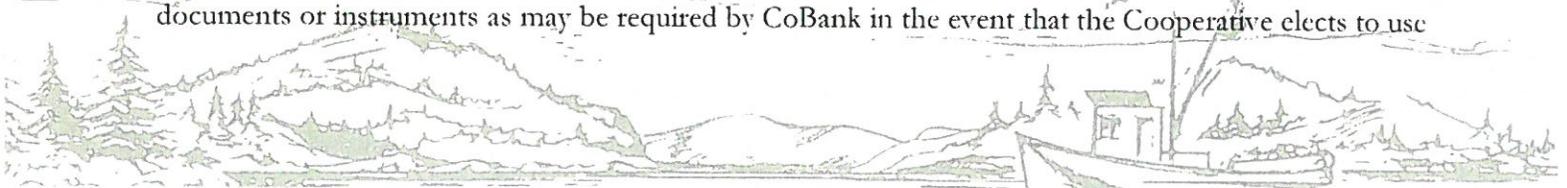
RESOLUTION OF THE BOARD OF DIRECTORS AUTHORIZING CoBANK LOAN

WHEREAS, the above named borrower (the "Cooperative"), under its articles of incorporation, bylaws, or other organizational documents, has full power and authority to borrow money and to secure the same with its own property and property delivered to it for marketing or otherwise; and

WHEREAS, all prerequisite acts and proceedings preliminary to the adoption of this Resolution have been taken and done in due and proper form, time and manner;

NOW, THEREFORE, BE IT RESOLVED, that each of the following officers or positions~ President, Vice President, Secretary-Treasurer, General Manager~ ("Officers") of the Cooperative are jointly and severally authorized and empowered to obtain for and on behalf of the Cooperative from time to time, from CoBank, ACB ("CoBank"), a loan or loans or other financial accommodations (including, without limitation, letters of credit, note purchase agreements and bankers acceptances) (collectively, a "Loan") under this Resolution; and for such purposes:

- (1) to execute such application or applications (including exhibits, amendments and/or supplements thereto) as may be required for all borrowings;
- (2) to obligate the Cooperative to pay such rate or rates of interest as the Officers so acting shall deem proper, and in connection therewith to purchase such interest rate risk management products as may be offered from time to time by CoBank;
- (3) to obligate the Cooperative to such other terms and conditions as the Officers so acting shall deem proper;
- (4) to obligate the Cooperative to make such investments in CoBank as required by CoBank;
- (5) to execute and deliver to CoBank or its nominee all such written loan agreements, documents and instruments as may be required by CoBank in regard to or as evidence of any Loan made pursuant to the terms of this Resolution;
- (6) to pledge, grant a security interest or lien in, or assign property of the Cooperative or property of others on which it is entitled to borrow, of any kind and in any amount as security for any or all obligations (past, present and/or future) of the Cooperative to CoBank;
- (7) from time to time extend, amend, renew or refinance any such Loan;
- (8) to reborrow from time to time, subject to the provisions of this Resolution, all or any part of the amounts repaid to CoBank on any Loan made pursuant hereto (whether for the same or a different purpose);
- (9) to execute and deliver to CoBank an Electronic Commerce Master Service Agreement, a separate Service Agreement for each different service requested by the Cooperative, and such other agreements, addenda, documents or instruments as may be required by CoBank in the event that the Cooperative elects to use CoBank's electronic banking system (the "System");
- (10) to execute and deliver to CoBank any agreements, addenda, authorization forms and other documents or instruments as may be required by CoBank in the event that the Cooperative elects to use



any services or products related to the Loan that are offered by CoBank now or in the future, including without limitation an automated clearing house (ACH) service;

(11) to direct and delegate to designated employees of the Cooperative the authority to direct, by written or telephonic instructions or electronically, if the Cooperative has agreed to use the System for such purpose, the disposition of the proceeds of any Loan authorized herein or any property of the Cooperative at any time held by CoBank; and

(12) to delegate to designated employees of the Cooperative the authority to request by telephonic or written means or electronically, if the Cooperative has agreed to use the System for such purpose, loan advances and/or other financial accommodations, and in connection therewith, to fix rates and agree to pay fees. In the absence of any direction or delegation authorized in (11) or (12) above, all existing directions and/or delegations shall remain in full force and effect and shall be applicable to any Loan authorized herein.

RESOLVED FURTHER, that each of the Officers is hereby jointly and severally authorized to:

- (1) establish a Cash Investment Services Account at CoBank;
- (2) make such investments therein as any Officer shall deem proper;
- (3) direct by written or telephonic instructions or electronically, if the Cooperative has agreed to use the System for such purposes, the disposition of the proceeds therein;
- (4) delegate to designated employees of the Cooperative the authority set forth in (2) and (3) above; and
- (5) execute and deliver all documents and agreements necessary to carry out this authority.

RESOLVED FURTHER, that each of the Officers are hereby jointly and severally authorized and directed to do and/or cause to be done, from time to time, all things which may be necessary and/or proper for the carrying out of the terms of these Resolutions.

RESOLVED FURTHER, that all prior acts by the Officers or other employees or agents of the Cooperative to accomplish the purposes of these Resolutions are hereby approved and ratified.

RESOLVED FURTHER, that any Officer of the Cooperative is hereby authorized and directed to cast the ballot of the Cooperative in any and all proceedings in which the Cooperative is entitled to vote for the selection of a member of CoBank's board of directors or for any other purpose.

RESOLVED FURTHER, that these Resolutions shall remain in full force and effect until a certified copy of a duly adopted resolution affecting a revocation or amendment, as the case may be, shall have been received by CoBank. The authority hereby granted shall apply with equal force and effect to the successors in office of the Officers herein named.

RESOLVED FURTHER, That the President of the Cooperative Board of Directors is hereby authorized and directed to certify to CoBank a copy of these Resolutions, the names and specimen signatures of the present Officers above referred to, and if and when any change is made in the personnel of any said Officers, the fact of such change and the name and specimen signatures of the new Officers. CoBank shall be entitled to rely on any such certification until a new certification is actually received by CoBank.

CERTIFICATE

The undersigned, President of the Cooperative, hereby certifies that the Board of Directors, at a meeting duly called, noticed, convened and held on the 20th day of January, 2011, at which a quorum was present,

did unanimously adopt the foregoing resolutions and that said resolutions have not been revoked or amended in any way.



By: 
Jim Lett, President