



BOARD MEETING

October 25, 2011

- Present:** Don (Bud) Hover, Dick Garing, Ron Perrow, Pat Leigh, Paul Taylor, Dale Sekijima, Kent Hitch and Ardis Bynum.
- Attending:** David Gottula; General Manager, Lynn Northcott, Office Manager and Teri Parker; Office Staff.
- Guest:** Jennifer Sands, Ogden Murphy Wallace PLLC, Okanogan County Electric Cooperative, Inc. (OCEC) Attorney and Kent Lopez, Washington Rural Electric Cooperative Association (WRECA).
- Members in Attendance:** Mike Shirley, Duncan Bronson, Joe Callier, Pete DeLong, Ann McCreary and Roger Rowatt.

PRELIMINARY

1. MEETING CALLED TO ORDER

President Don Hover called the meeting of the Board of Directors of Okanogan County Electric Cooperative, Inc. (OCEC) to order at 7:00 pm.

2. DETERMINATION OF QUORUM

3. APPROVAL OF AGENDA

Ardis moved to accept the agenda as presented. Second. Carried.

4. APPROVAL OF CONSENT AGENDA ITEMS

1. Minutes from September 27, 2011
2. New members
3. September 2011 – Form 7
4. Statement of Operations
5. Status of Funds

6. Revolving Loan Fund
7. Power & Service Data
8. Outage Report
9. Treasures Report
10. September - Committee Report

Pat asked to have the treasurer's report moved to regular business for questions.

Paul moved to accept the consent agenda as modified. Second. Carried.

Pat's question to Kent was in regards to the Treasurer's report regarding the balance sheet, specifically the declines in temporary investments. Kent deferred to Lynn.

Lynn responded the difference is due to PNGC refunding \$104,000 of OCEC's investment.

5. MEETINGS ATTENDED

1. PNGC Annual Meeting – Portland OR – Oct 4th – David & Bud

David reported that October 1, 2011 begins BPA's fiscal year. David commented the meeting gave him an opportunity to meet other Cooperative Manager's and PNGC staff.

2. WRECA – Moses Lake, WA – October 19th – David & Ron.

Ron noted that Kent Lopez from WRECA is at tonight's meeting for a presentation. Most noted were two items of business brought up that could affect OCEC. 1) The NRECA Defined Benefit Plan and its future; sustainably and changes, and 2) The standards WRECA adopted for electronic meetings; allowing real-time feedback when critical issues arise.

6. MEETINGS TO ATTEND

1. PNGC Annual Meeting – Portland, OR – Nov 1st & 2nd – David
2. Special Board Meeting – Cooperative – Nov 17th – All Board of Directors @ 9:00 AM & 3:00 PM.

The first meeting is for Budget review and the second meeting is for Director Selection.

Ardis suggested the meetings begin at 9:00 and then run back-to-back. Board consensus was that this suggestion is a better use of time.

3. Public Meeting – November 17th – The Barn/Hen House – All Board of Directors @ 6:00 PM

7. UPDATE ON OPERATIONS

David presented Certificates of recognition to Pat Leigh and Paul Taylor for completion of the NRECA Credentialed Cooperative Director Program.

He presented a thank you letter from Methow Valley School District for past OCEC donations to the school providing coats and warm clothing to children in need. The letter asks the Board to reconsider a donation for the current school year.

David handed the Board a copy of the 2012 Draft Budget for review. Kent commented the Finance Committee has worked on this draft and it is not considered final though the committee recommends it; Kent attached the Finance Committees comments to the draft.

Dale invited questions to any of the committee members during the review process. Board consensus is to bring comments to the meeting on the 17th.

David reported that he attended the local Kiwanis meeting that morning and introduced himself and presented Cooperative information to the group.

David noted the process for reviewing/setting rates in 2012 has begun; step 1) is determining Revenue Requirement, step 2) is Cost of Service Analysis (COSA) and step 3) is the actual rate design.

ITEMS OF BUSINESS

1. WRECA – Kent Lopez

Kent presented an overview of WRECA (Washington Rural Electric Cooperatives Association) and its function for Washington state cooperatives. There are 14-WRECA members in the state and he provided directories to everyone. Kent had several

handouts discussing legislative issues and challenges, Political Action Committees on the state and federal levels, grass roots efforts and pending legislation that can have an effect on small cooperatives.

2. WRECA Report

See report above.

3. PNGC Report

See item 1 under meetings attended.

4. Resolution 2011-07 – Bank Resolution Farmers & North Cascade National Bank

Paul moved to approve Banking Resolution 2011-07 as presented. Second. Carried.

5. Resolution 2011-08 – PNGC Certificate of Designated Member

Paul moved to approve PNGC Certificate of Designated Membership Representative or Alternate Resolution 2011-08 as presented. Second. Carried.

6. Resolution 2011-09 – PNGC Certificate of Director Nomination

Dale moved to approve PNGC's Certification of Director Nomination Resolution 2011-09 as presented. Second. Carried.

7. Medicine Wheel Contract

David reported that Medicine Wheel is in good standing with their loan and interest payments to OCEC. They are requesting a waiver of monthly maintenance fees for a period of 6-months. After 6-months the contract will be reviewed.

Paul moved to waive maintenance fees for Medicine Wheel for an additional period of 6-months. Second.

After a short discussion the motion was carried.

8. Smart Grid Grant – Department of Energy

David recommended that OCEC not pursue the PNGC grant money, which requires matching funds, at this time. The Board unanimously agreed with him.

9. Officer Selection for Vice President

Pat nominated Paul for the office of Vice President.

Dick nominated Dale for the office of Vice President.

Ron moved to close the nominations. Second. Carried.

Directors voted by secret ballot; the tally was as follows:

Paul – 4 votes

Dale – 4 votes

Discussion included solutions to the tie including flipping a coin, By-law changes of the required time-line, or wait until a new Director has been appointed.

Ardis moved to amend the By-laws to allow 90-days to fill an Officer's position. Second.

Discussion included the assumption that OCEC will install another director. Jennifer advised against hinging the change on appointing another director; the position could be left vacant indefinitely.

Motion carried by unanimous vote.

10. Director Nomination Update

Dale reported there are six (6) members who have applied for the position. They are; John Kirner, David Gens, Pete Delong, Ray Peterson, Ed Surette and Ken Westman.

Dale noted the applicants have been given a question sheet and those responses will be considered for the selection process.

Discussion included the process of replacing a Director, choosing the top three (3) applicants for interviews and the actual choosing of the appointee.

The Board agreed to meet on November 7th at 7:00 PM to narrow the applicant list to the top three (3) applicants. They will conduct interviews at 9:00 AM on November 17th prior to the budget meeting.

The meeting adjourned to executive session at 8:25 pm.

Kent Hitch, Secretary