The regular monthly meeting of the Board of Directors of Lane Electric Cooperative Inc. was called to order by President Jeri Nelson at 11:00 AM on Monday, March 18, 2013, at the Cooperative’s office at 787 Bailey Hill Rd, Eugene, Oregon. Directors present were Christopher B. Seubert, Vice-President; Patricia C. Dymock, Secretary; Charles J. Leighter, Treasurer; and directors, Charles E. Bangle, Loy M. Sparks and James W. Hill. Also present were Charles N. Fadeley, Cooperative’s attorney; Rick Crinklaw, General Manager; Dave D’Avanzo, Manager of Member Services; Debi Wilson, Manager of Office & Staff Services; Tony Toncray, Manager of Construction & Maintenance; Doug Stockdale, Manager of Engineering Services; and Brenda Everts, Executive Secretary, who acted as recording secretary.

Call to Order

President Nelson informed the board she thought it was a good idea to have Vice President Seubert chair the meeting to gain experience in the Presidents chair following his recent training during the NRECA Annual Meeting. Vice President Seubert then assumed the duties of Acting President (President) for the meeting; he then called the meeting to order.

Member Input

There were no members present to observe the meeting.

Approval of the Agenda
President Seubert asked if there were additions or amendments to the agenda. Mr. Crinklaw requested the addition of a donation request to the agenda, and noted the change from President Nelson to Vice President Seubert to head the discussion regarding the Adoption of General Manager Transition Policies. Hearing no objections, President Seubert then declared the agenda approved as amended.

**Approval of Minutes**

President Seubert asked if there were any additions or corrections to the minutes of the regular board meeting held on February 25, 2013. Hearing none, President Seubert declared the minutes approved as presented.

**Reports – Director & Committee**

- Meeting:

ORECA Legislative Days – Director Nelson and President Seubert both reported on the ORECA legislative day function held at the Salem Convention Center and State Capitol March 13 – 14. President Nelson mentioned she had previously sent out a written report to all directors. President Seubert reported on issues that were discussed during the Governmental Affairs Committee that met during the function.

**Report – Manager’s**

- Thank You Cards:
Cards and thank you letters were shared with the board.

- Biological Opinion (BiOp)/ Fish & Wildlife Status:

  Mr. Crinklaw gave an update on the following items:

  - The DRAFT Bi-Op completion dates.
  - Federal Judge Michael Simon dismissed a lawsuit that was filed by the U.S. Humane Society to terminate the lethal removal of sea lions at Bonneville Dam.
  - The 2013 forecast for Salmon and Steelhead returns.
  - The progress of the CleanHydro television campaign.

- Regional/Federal Power Issues:

  Mr. Crinklaw reported on BPA’s 2014-2015 power and transmission rate cases, Energy Secretary Chu’s Memo, the Columbia River Treaty, and PPC’s Legislative Mission.

- PNGC Financial report:

  Mr. Crinklaw reported on the current monthly and the year-to-date financials for PNGC through January.

- PNGC Activities:

  Mr. Crinklaw reported on the following PNGC issues: Integrated Resource Plan (IRP) update, Demand Response, and FERC/NERC/WECC Compliance Report.
• ORECA Activities Report:

Mr. Crinklaw reported pending legislation regarding net-metering revisions and/or expansions of net metering, community renewable facilities, and Green Power purchases.

• FEMA Project Reimbursement:

Mr. Crinklaw reported the Cooperative had received its final payment for repairs to the underground electric service on Blue River Reservoir Dam Road in the winter of 2010.

• CoBank Patronage:

Mr. Crinklaw reported on an e-mail received from Leigh Taylor reporting a patronage refund to the Cooperative in the amount of $6,974.

• Capital Budget & Expense Budget Expenditures >$10K:

Mr. Crinklaw reported he signed an agreement with Lane Counsel of Government for mapping services out of the capital budget totaling $15,000 and he signed an agreement with Global Mapping Solutions for mapping services out of the expense budget for $188,165.

• Line Extension Exceeding $10K:

Mr. Crinklaw reported a member paid $19,000 for an extension for underground services at pole location ED 22/15R.
Pre-Pay Program Update
Participant = 497
Average Payment = $55.60
Energy Monitoring = 386
Facebook access = 15

Mr. Crinklaw mentioned the goal is to have 10% participation by 12/31/13. Currently there are 1,300 participants, 3.8%.

Conferences & Meetings:

Mr. Crinklaw reported the CFC Financial Workshop for Directors of ORECA Network will be held April 10 - 11 at the Hilton Doubletree in Portland. Directors Dymock, Bangle, Leighter, Sparks Seubert and Nelson are all scheduled to attend.

Memorial Contribution:

Mr. Crinklaw reported a $100 donation was submitted to the Legacy Oregon Burn Center that specializes in electric burns as a memorial contribution in the name of Ray Marvin who passed away Feb. 18, 2013. Mr. Marvin was the Assistant Business Manager for IBEW local 659.

Managers Report:

Mr. Crinklaw gave a report on the following items:
• Radio Noise in Oakridge
• On-Call Schedule
• Strategic Planning Retreat – Aug 20-21
• Hand-out: *In the Loop*, March. 2013

• Travel & Meetings Itinerary:

Each director received a copy of Mr. Crinklaw’s travel and meeting itinerary for March and April.

*Attorney Chuck Fadeley arrived for the meeting at 12:00 P.M*

**Policy Review**

Mr. D’Avanzo, Manager of Member Service, gave a review of Policy 205 (Employment of Relatives), and Policy 211 (Employee Holiday & Leave Privileges). A motion was made and properly seconded to renew as presented Policy 205 (Employment of Relatives) and renew as amended and presented Policy 211 (Employee Holiday & Leave Privileges) and adopt Policy 605 (Multi-Purpose Room Use). The motion was approved by unanimous vote.

**Adoption of General Manager Transition Policies**

A motion was made and properly seconded to adopt as presented the following policies:

• Policy 104 (Delegation of Authority & Board/General Manager Relationship)
• Policy 107 (General Manager Search & Selection) and
• Policy 204 (General Manager Compensation & Evaluation)

The motion was approved by unanimous vote.
Donation Request

Community Festival Association – A motion was made and seconded to donate $200 to the Community Festival Association. Following discussion the motion was rescinded. A motion was made and properly seconded to donate $500. The motion failed my majority vote. A motion was made and properly seconded to donate $200. The motion was approved by majority vote.

Lunch – SmartHub Presentation

Mr. D’Avanzo gave a report on the SmartHub program and benefits to the members.

Approve Revised E-Series Rate Schedules – EPUD Transfers

Mr. Crinklaw reported on the territorial agreement between Emerald Peoples’ Utility District (EPUD) and Lane Electric that states any EPUD customers transferred to Lane Electric would continue to be charged the same rates as EPUD customers until EPUD’s rates are equal to or higher than LEC’s. It was recommended to revise the Cooperative’s E-Series rate schedules to mirror EPUD new rates due to the recent increase. A motion was made and properly seconded to approve, effective with billings rendered on or after May 1, 2013, the following rate schedules applicable to Lane Electric Cooperative/Emerald Peoples’ Utility District customer transfers:

- Schedule GS-1E General Service Single-Phase
- Schedule GS-3E-1 General Service Three-Phase (<50 KW)
- Schedule L-1E Security Lights
- Schedule SL-3E Street Lighting Service

It was further moved to suspend, effective May 1, 2013, Schedule GS-3E-2 General Service Three-Phase (>50 KW). The motion was approved by unanimous vote.

Casualty & Liability Insurance Renewal
A motion was made and properly seconded to approve the renewal of Lane Electric Cooperative’s casualty and liability insurance coverage with Federated Rural Electric Insurance Exchange for coverage through March 31, 2015 and approve securing Cyber Risk insurance with Hurtado & Associates for $4,757. The motion was approved by unanimous vote.

Capital Budget Amendment

A motion was made and properly seconded to amend Lane Electric Cooperative’s 2013 capital budget to provide $21,000 for planning for the vehicle shed project, consistent with the Cooperative’s headquarters Master Plan. The motion was approved by unanimous vote.

Presentation & Acceptance of 2012 Audit Report

Audit Committee Chairman, Treasurer Leighter, called the Lane Electric Cooperative Audit Committee meeting to order at 2 p.m. on March 18, 2013 at the Cooperative’s headquarters. The Committee members, being all the directors of Lane Electric Cooperative, were present. Also present was Kenneth Kuhns of Kenneth Kuhns & Co., the Cooperative’s engaged auditor.

Mr. Kuhns reported the issues identified in last year’s audit (I-Vue and certain bookkeeping matters) had been satisfactorily addressed by staff.

Mr. Kuhns said the audit went very well and resulted in a clean, unmodified opinion on the financial statements.

At Chairman Leighter’s request, Mr. Kuhns went over significant highlights in the 2012 audit report starting with the balance sheet:

- Ratio of equity to total assets was good.
• Working capital position good.

• LEC’s lenders should be pleased with this audit.

• In response to a question, Mr. Kuhns went over LEC’s various depreciation rates. The rates varied by asset category and are in compliance with industry standards.

• Margins were lower than in 2011.

• The BPA REP settlement was deferred. Deferred power supply credits increased about $75,000.

• Under Note 9, the auditor went over the NRECA RS Plan disclosure including the SERP amortization.

In response to a question, Mr. Kuhns went over the reason for allocating operating margins and not non-operating margins. Mr. Kuhns also complimented the Board and staff on LEC’s discounted retirement program.

Mr. Seubert asked about the level LEC’s 2012 borrowing. Staff responded that 2012 was an unusual year for capital additions.

The Committee then went into executive session with the auditor. The Board then reconvened into regular session. A motion was made and properly seconded to accept the 2012 audit report as prepared and presented by Kenneth Kuhns & Co. The motion passed unanimously.

Resolution 2-13 – Capital Credit Retirement (2012)
A motion was made and properly seconded to approve Resolution 2-13, a resolution authorizing the retirement of outstanding capital credits for calendar-year 2012. The motion was approved by unanimous vote.

Financial Report

Ms. Scoble, Controller, reported on the financial condition of the Cooperative for the period ending February 2013.

Safety Program Report

Toncray, Manager of Construction & Maintenance, reported the Office and Construction and Maintenance safety meeting will be March 20. The topic I will be “Back Safety”. The Construction & Maintenance will have a second safety meeting on March 28. Cooper Power is scheduled to give a presentation on “Regulators, Reclosers and Capacitors”. He also reported on the status of the Employee Safety Program through the end of February, and reported there have been 709 days without a time loss injury.

Agenda Items for April 22

- Donations
- NRECA Retirement Plan Pre-Payment option
- Review 2012 Tax Return (Form 990)
- Strategic Plan Review

Legal report and Executive Session

There being no further business to come before the board in open session, the directors along with Mr. Crinklaw and Mr. Fadeley, entered into executive session.
Executive session adjourned. A motion was made and properly seconded to ratify the tentative agreement between Lane Electric Cooperative and the International Brotherhood of Electrical Workers, Local 659, Unit A, providing a wage increase of 2.25% effective April 1, 2013; and that the minimum wage increase effective April 1, 2014 will be 1.5%. All other terms and conditions of the current bargaining agreement will remain unchanged through March 31, 2015. The motion was approved by unanimous vote.

A motion was made and properly seconded to amend Exhibit 1 of Policy 203 (Compensation Administration) to effect a general salary and wage increase of 2.25% for all positions listed in Exhibit 1, effective January 1, 2013. The motion was approved by unanimous vote.

Adjournment

Meeting adjourned at approximately 4:45 PM.