Our 67th Annual Meeting

By Morley Young

The members of Blachly-Lane County Cooperative Electric Association met for their sixty-seventh annual meeting at Triangle Lake School on Saturday, April 17. Since Easter fell on our usual annual meeting weekend, we were not able to make the deadline for the May issue.

The Triangle Lake Boosters Club prepared and served a delicious dinner of chicken, barbecued outdoors in the traditional manner, with plenty of red potatoes and green beans.

The Poodle Creek Pickers entertained the members until the business meeting started. Jack Walker, who sings for the group, lost his wife Hazel on April 11, but he knew that Hazel would have wanted him to be there, so he was. He was in good voice, and he even managed a dance with his daughter, Sherry Dobson.

Director Mike Tayloe, who gave the report for the audit committee, emphasized that any member who wanted to see the full report had the right to go to the co-op's office and ask for a copy. Mike reported that the audit process was very open and done in a spirit of cooperation. There were no restrictions as to questions; anything the committee wanted to know was answered in complete detail.

Mike touched on the tax bill the co-op has, due to the sale of CASCO to Pegasus. Since we are a non-profit entity, only 15 percent of our income can come from profit-making sources. Including interest and penalties, the sale of CASCO leaves us with a potential tax liability of $1,034,843. This issue is not final yet, and we will be hearing more about it in the future.

Chairman Jeff Rutherford introduced the Youth Contest winners. This year's winners were Kristopher Murphy and Celeste Goulding from Mapleton High School, and Wesley Ross from Triangle Lake High School. In addition to receiving their checks, the winners will go to a Youth Energy Seminar at Boreal Ridge, California.

In his remarks, Jeff referred to several important issues that are being prioritized and dealt with by the members of the board, staff, and several member/owners. He also referred to the recent “trials and tribulations” that the co-op had gone through, and commended the employees for their high work standard in the difficult times we have gone through.

Jeff also said that Interim Manager Bud Tracy is doing a great job of dealing with some tough issues, researching and presenting accurate and pertinent information to the Board while at the same time managing and working with the staff.

Bud came on the job in December, 2003 with a rather nebulous tenure of six to 12 months. By now it is apparent that this figure is much too short a time to achieve what we need to do. Jeff says he has had the good news from Bud that he is committed to stay with the program until more of these issues are solved.

The Board is very pleased with Bud’s work, and open to retaining him for as long as possible, within the guidelines of some future commitments he has.

Bud stated in his report that part of his job at the co-op was to regain the confidence and trust between membership and the board and help to move this cooperative ahead.

He said there were a number of things he has learned in his investigation that have given him a clear path that was “consistent with the document that was provided to me as to my role in this interim time.”

The first is that the members want this co-op to succeed, they support the employees, they want to move ahead, and they want to continue to receive the same quality of service they have received in the past.

“Perhaps the most important lesson we have all learned,” he added, “is that the members want to continue as Blachly-Lane Electric Cooperative.”

He listed the concerns he and the board have for the future. They are: Providing members with the facts; the reconciliation of the reports; understanding the shares of the CASCO involvement; maintaining our existing sales; demonstration of fairness in our rates, and reestablishing the trust between the board and the members.

Bud feels that the board and management of the co-op have answered all but two of these concerns. He then proceeded to explain that reestablishing the trust between the
board, the management and employees of the co-op, and maintaining our present level of sales are ongoing challenges. He believes that we have moved ahead in these areas, “but we have not gone the whole distance.”

Bud also mentioned the CASCO sale, and promised to continue to investigate any alternatives for the potential tax obligation. He reiterated that there is not nor has there ever been, any unaccounted for funds.

In conclusion he stressed that, should any members wish to go into greater detail concerning the audit, the CASCO study, the rates, or any other concerns, they should not hesitate to come into the office or call him.

The question and answer period brought questions from several members. Gary Crum wanted to know if anyone was being held responsible for giving improper advice about the co-op’s tax liability in the sale of CASCO.

Marcel DeMiranda quoted state law (Chapter 62.300) “(1) Unless the bylaws provide otherwise, only the members of the cooperative may establish compensation or other benefits to a director...”

He also quoted the co-op’s bylaws (Section 4) “Except in emergencies, no director shall receive compensation for serving the Cooperative in any other capacity unless such compensation shall be specifically authorized by a vote of the members.”

Marcel added that we definitely need representation on CASCO’s board, but his concern is about the question of compensation, which he feels should be established by the members of Blachly-Lane.

Gary Crum voiced the opinion that any compensation for members of CASCO’s board should properly be the responsibility of that entity.

In a later interview, Marcel pointed out that in his opinion it is immaterial whether the checks for directors are made out by CASCO or Blachly. Since Blachly is a one-third owner of CASCO, he believes that the money ultimately comes out of Blachly’s pocket.

In a post-meeting interview, Bud Tracy explained that CASCO has established the compensation their board members receive, and remits this compensation to Blachly-Lane, who then passes it on to the board members. Since none of the directors’ compensation comes from Blachly-Lane’s coffers, the consensus is that such compensation is perfectly legal, and does not have to be voted on by Blachly-Lane’s members.

Bud feels that being a member of CASCO’s board is part of his job as Interim General Manager, so he doesn’t accept any extra compensation for this duty. Audrey Rust is paid a fee authorized by the Blachly-Lane board for serving as our CASCO director.

Bud enlarged on the co-op’s tax liability question by stating that the board and management are looking at all possibilities to mitigate that liability. He promised that the members will be kept informed about this situation as more facts become available.

Cheryl Smith expressed her enthusiastic approval at the updating of the bylaws, the elimination of the legal-ese in much of the language, and their translation into plain English. She also mentioned the prayer, and suggested that it either be non-denominational, or that other faiths be recognized.

Cheryl Haskell stated that she was appalled to think that when she buys a basic commodity like electricity, she is forced to participate in an investment firm. She feels that the board is investing the members’ money in CASCO without their consent or participation, when they’re perfectly capable of investing their own money.

Viggo Toftemark thanked all the members who voted to keep Blachly-Lane as an independent utility.

In the cake contest, the winners were: Grand Prize, Bernadine Michelson, for a chocolate-cherry cake. Cakes with shortening, first, Carol Dodge; second, Lida Olson; third, Dawn Myers.

For cakes without shortening, the winners were: First, Maxine Renken; second, Dixie Stromme; third, Leroy Jenkins.

For special cakes, frosted or unfrosted, the winners were: First, Ruth Volker-Bronson; third, Malcolm Berens.

In the junior division, the winners were: First, Christy Sinclair; second, Tabatha Borland; third, Rebecca Wilkinson.

The winning cakes were auctioned by Chris Parker, who was a first-time auctioneer, although you’d never know it by the fine job he did. In his day job, Chris is a tree trimmer for the co-op.

The meeting was adjourned, and the members adjourned to the dining area, where they sampled the cakes, and took on a few non-countable calories.