

COOS-CURRY ELECTRIC COOPERATIVE, INC.
Minutes of the Regular Meeting of the Board of Directors
July 27, 2007

I. PRELIMINARY

The regular meeting of the board of directors of Coos-Curry Electric Cooperative, Inc. ("CCEC") was called to order at 10:01 a.m. on Saturday, July 27, 2007 by President/Chairman of the Board ("chairman") Combs in the conference room at the cooperative's headquarters, Port Orford, Oregon. Secretary Radabaugh called the roll, showing the following directors present: Robison, Radabaugh, Combs, Herzog, Schlottmann, and Kitchen. Also present were Interim General Manager/CEO ("interim GM/CEO") Roger Meader, Executive Assistant Dian Marple, Member & Public Affairs Director Christine Stallard, and Legal Counsel Roland A. Johnson.

The proposed agenda of this meeting, as amended, was approved.

Chairman Combs advised the board that two CCEC members had applied under PB#76A to attend this board meeting and speak to the board. He reported that although the form had been delivered to the cooperative on 7/26/07, 1 day prior to the board meeting and not 10 days prior to the board as set forth in PB#76A, he thought the members should be allowed to attend and talk to the board. Two CCEC members were admitted to the conference room and spoke to the board about their concerns.

A motion was made, seconded and unanimously carried to approve, as amended, the minutes for June 23, 2007.

II. CONSENT AGENDA

The board held a brief dialog concerning the consent agenda. A motion was duly made, seconded, and carried to approve Items A through F under the consent agenda,

to-wit: the list of general & operating checks for June 2007; the write-off list by district through July 9, 2007; the list of new memberships for June 2007; the purge list; the cooperative attorneys' invoices; and the GM's & Directors' expenses for June 2007.

III. MANAGER'S REPORT

Interim GM/CEO Meader briefly reviewed the cooperative's financial condition, the outage report, and the safety report for July 2007. The July safety report incorporated safety meetings that included training for flagger recertification. The manager's financial and safety reports were approved by a motion duly made, seconded, and carried.

The regular meeting of the board of directors of Coos-Curry Electric Cooperative, Inc. adjourned to an executive session at 11:05 a.m. to discuss personnel issues, and reconvened into regular session at 11:52 a.m. The board resolved by a motion duly made, seconded, and unanimously carried to approve as presented executive session minutes for meetings held on July 11, 2007 and July 23, 2007.

IV. ITEMS OF BUSINESS

A. Medical Insurance Committee Recommendation

Comparisons of the National Rural Electric Cooperative Association's bids for medical, dental, and vision insurance were distributed and reviewed. Following a lengthy discussion, the board took the following actions:

A motion was made to accept the Nation Rural Electric Cooperative Association's (NRECA) bid for medical, dental, and vision insurance for \$250

deductible, with the cooperative paying for 100% of the premium for current employees and for 90% of the premium for dependents of current employees. Retired employees may continue coverage with the retired employee paying 90% of the premium up to age 65, at which time the retired employee will be required to pay 100% of the premium. At age 65, to continue coverage, the retired employee must sign up for a Medical supplement plan available from NRECA. The motion was seconded and unanimously carried.

A motion was duly made to exclude current and past directors, effective October 1, 2007, from all medical, dental, and vision insurance coverage provided by the cooperative. Any director, current or past, who currently has insurance, will be allowed to remain on COBRA coverage for 18 months in accordance with state law. The motion was seconded and unanimously carried.

The interim GM/CEO advised the board that union negotiations will begin soon for the upcoming contract period and talked about the safety incentive program and the change of the cooperative's medical insurance provider.

The interim GM/CEO proposed that the board consider allowing current employees to receive something for their accrued sick leave when they retire. The board instructed the Interim GM/CEO to prepare a proposed policy for the board to consider.

B. Transmission Line Update

The interim GM/CEO reported on the transmission line issues and talked about the findings from the recent pole inspections on the transmission line (T-Line) and the Gold Beach line (GB-Line), viewed recent photos of the T-Line and GB-Line, and the economic analysis he is working on.

The Transmission Line Update issue was tabled.

C. Wholesale Power Issues – PNGC/BPA

Pacific Northwest Generating Cooperative (PNGC) wholesale power issues and Bonneville Power Administration's (BPA) Record of Decision were reviewed by the interim GM/CEO, who responded to questions from the board. It was agreed that directors Combs, Robison, Kitchen, and Radabaugh would attend the PNGC Strategic Education Program in Eugene in August.

D. Federated Insurance Update

The interim GM/CEO reviewed the cooperative's current liability coverage and limits and recommended that the board consider increasing the cooperative's liability coverage from \$10 million up to a total of \$20 million (\$2 million general liability and \$18 million umbrella). Following further discussion, a motion was made, seconded, and unanimously carried to increase the cooperative's liability coverage to \$20 million.

E. Long-Range Construction Work Plan Process

The interim GM/CEO made a request to engage an engineering firm to do a budgeted engineering study of the long-range construction work plan. The board agreed by consensus that the cooperative should get bids for the long-range study before proceeding further.

F. Issues of Inactive Services

The board received a report that the cooperative has some inactive services, including many irrigation inactive services, that are not being used and have not been used for 5, 10, 15, or even 20 years. As long as the inactive services are in place, the cooperative must, at considerable cost, maintain the lines, including but not limited to, tree trimming, inspections, and replacing rotten poles. The inactive services

will be identified, retired and removed. The affected members will be notified, prior to the retirement of the inactive services.

G. Proposed Membership to Curry County Home Builders Association

Director Kitchen declared a conflict of interest in regard to this agenda item and abstained from the discussion. The interim GM/CEO declared that the cooperative, as a member of the Home Builders Association, may realize some benefits in regard to workers compensation insurance, fleet pricing, and life insurance. There are other possible benefits to the cooperative and its employees. A motion was made and seconded to approve the \$350 membership in the Curry County Home Builders Association. The motion carried with Director Kitchen abstaining from the vote due to a conflict of interest.

H. NRECA Changes in Benefits Coming Up

The board was notified that the National Rural Electric Cooperative Association (NRECA) is restructuring the life insurance benefits for cooperative employees and that additional options will be made available to employees in the near future.

I. Conservation Policy Update

The board listened to a report about the different aspects of the conservation program, the BPA Conservation Rate Credit (CRC) Program funds and the allocation of those funds. A motion was made, seconded and unanimously carried to approve the allocation of \$50,000 of the CRC funds to the Low-Income Weatherization Program to be administered by Community Action.

J. ACRT Update (study on right-of-way clearing)

The board was given a brief report.

K. Policy Committee Recommendations – Take Action

Committee Chairman Radabaugh reported on the policy committee meeting held earlier in the day. Several policies were reviewed by the board but no action was taken.

L. Director Duties and Standards of Conduct

Following a brief discussion, legal counsel agreed to review the form and make recommendations to the policy committee.

M. Board SPS – 8/30-31/2007

The board agreed by consensus that the upcoming strategic planning session should focus on bringing the members, the employees, and the board together.

N. Proposal to Distribute Board Packets Electronically on Disk

After a brief dialog, there will be no substantial changes in the method of distribution of the board packets.

O. Appoint NRECA Region IX Voting Delegate and Alternate and for NRTC, CFC, NESC, Federated and NISC Region IX Meetings

The board approved by consensus that Director Combs and Director Radabaugh attend the Region IX meetings in October and to represent CCEC as necessary during those meetings. Therefore, Director Combs was appointed the voting delegate and Director Radabaugh was appointed the alternate voting delegate for the purpose of casting votes on behalf of the cooperative at the Region IX meetings.

P. Miscellaneous Issues

Miscellaneous items were discussed without any action being taken. The board did agree that each director should be given a CCEC website e-mail address for CCEC members to utilize.

Legal counsel's fee agreement was approved for signature, with annual performance and fee review.

B. (revisited) – Transmission Line Update

Following a discussion, a motion was made and seconded that due to the receipt of new information provided to the board by staff and due to the board now having enough information to make a decision, the transmission line rebuild as stated in the engineer's plan (both lines, as engineered) should go forward, and the hold on the budget item be removed. There was additional discussion and Chairman Combs called for the question. A motion was made to modify the original motion to read that the board gives authorization to implement the engineering portion of the project. Chairman Combs called for a second on the motion to modify the original motion. The motion to modify the original motion failed due to lack of a second. Chairman Combs called for the question in regard to the original motion to approve the transmission line rebuild and to release the transmission line budget hold. The motion carried unanimously. The interim GM/CEO advised the board that he would have the system engineer implement the engineering project and reminded the board that he would soon have the completed economic analysis, including wooden or steel poles.

Q. Manager Search

The board discussed the search for a permanent GM/CEO.

V. MEETINGS ATTENDED

Brief reports were given to the board about meetings attended.

