

COOS-CURRY ELECTRIC COOPERATIVE, INC.
Minutes of the Regular Meeting of the Board of Directors
October 24, 2008

I. PRELIMINARY

The regular meeting of the board of directors of Coos-Curry Electric Cooperative, Inc. (CCEC) was called to order at 8:01 a.m. on Friday, October 24, 2008 by Chairman of the Board (chair) Robison in the conference room at the cooperative's headquarters, Port Orford, Oregon. Secretary Radabaugh called the roll, showing the following directors present: Robison, Kitchen, Radabaugh, Herzog, McMahan, Dowdy, and Schlottmann. Also present were general manager/chief executive officer (GM/CEO) Roger Meader, executive assistant (EA) Dian Marple, member & public affairs director Christine Stallard, and legal counsel Melinda J. Davison.

Two item was added to the proposed agenda under Items of Business, Miscellaneous Business Issues: 2009 Annual Meeting – Select Date and SPS Notes Summary.

There was a brief strategic discussion held by the board.

Chair Robison advised the board that no CCEC member had applied under PB#76A to attend the board meeting and speak to the board.

A motion was made, seconded and unanimously carried to approve, as written, the minutes of the September 26, 2008 regular board meeting and executive session.

II. CONSENT AGENDA

The board held a brief dialogue concerning the consent agenda. Management responded to questions from the board. A motion was duly made, seconded, and unanimously carried to approve Items A through F under the consent agenda, to-wit: the list of general & operating checks for 9/2008; the write-off list through 10/14/2008; the list of new memberships for 9/2008; the purge list for 9/2008; the cooperative attorney's invoice; and the GM's & directors' expenses for 9/2008.

III. MANAGER'S REPORT

GM/CEO Meader gave a brief report on revenue and expenses. The financials presented under the manager's report were filed for audit.

The outage report and the right-of-way clearing report were mentioned.

The October 2008 safety report was reviewed. The safety meetings in October included How Safe is Your Substation and Job Briefing training. The GM/CEO reported on a recent, no injury/no damage incident. The October 2008 safety report was approved, as presented, by a motion duly made, seconded, and unanimously carried.

The GM/CEO reported on his business and community contacts for the previous month.

IV. OLD BUSINESS

There was no old business to come before the meeting.

V. ITEMS OF BUSINESS

A. CFC Training – Dan Kessler

CFC training will be postponed until November 21, 2008. Dan Kessler plans to present four CFC classes at that time.

C. Wholesale Power Issues - PNGC Power/PRC/BPA

The board held a brief discussion about wholesale power issues and future power supplies.

J. Executive Session

The regular session adjourned to executive session at 9:00 a.m. to discuss the following: potential litigation and contracts issues. The executive session adjourned and the regular session reconvened at 9:05 a.m.

C. Wholesale Power Issues – PNGC Power/PRC/BPA

The GM/CEO gave an update on wholesale power issues and future power supply issues pertaining to Pacific Northwest Generating Cooperative (PNGC Power), Power Resources Cooperative (PRC), and Bonneville Power Administration (BPA). The GM/CEO introduced representatives of BPA who arrived at the meeting: Claire Hobson, Rod Aho, and John Wellschlager. Hobson talked about the Preservation Agreement, PNGC Power as a Joint Operating Entity (JOE), BPA and PNGC Power's relationship, timing and logistics of signing contracts with PNGC Power and BPA, and the residential exchange rate. Rod Aho talked about the high-water

mark, contract high-water mark, rate period high-water mark, load shaping, true-up, and demand charge. John Wellschlager talked about TIER II, TIER II resources, renewables, wind, and timelines for making decisions. The BPA representatives responded to questions from the board and GM/CEO Meader and departed at 11:40 a.m.

Regular session adjourned to executive session at 11:48 a.m. and reconvened at 12:50 p.m.

Legal counsel Davison departed at 12:50 p.m.

H. Board Position on OPT

The GM/CEO introduced Nick Furman who came before the board to speak about the Southern Oregon Ocean Resource Coalition (SOORC), the Oregon Dungeness Crab Commission (ODCC), and wave energy. Furman talked about the make-up of SOORC and ODCC and the significant impact of the Dungeness crab industry on the total fisheries on the West Coast, and gave a brief history of wave energy on the southern Oregon coast. Furman spoke about the Oregon Power Technology's (OPT) projects at Gardiner and Coos Bay and described the scope and size of the projects and the materials OPT is expected to use in the buoys.

Furman stated that SOORC is not against renewable energy projects, but it is in favor of protecting significant fishing grounds and coastal economic resources. He also mentioned the proposed marine reserves.

Furman departed at 1:23 p.m.

Regular session adjourned to executive session at 1:28 p.m. and reconvened at 1:41 p.m.

B. Preliminary 2009 Budget Presentation

Doyle Eden chief financial officer and Frank Corrales controller were invited to present the draft, preliminary 2009 budget. The board was given a description of the budget and the budget process, and the expense side and the capital side of the budget. Frank Corrales gave a lengthy review of the draft preliminary budget, talked about the MDSC ratio, TIER, equity levels and margins, BPA rate increases,

communications, conservation, benefits, and insurance. Corrales, Eden, and GM/CEO Meader responded to questions from the board.

C. Wholesale Power Issues – PNGC Power/PRC/BPA (continued)

The wholesale power issues were discussed in executive session. The following proposed resolutions were presented:

Proposed Resolution 2008-04 – PNGC 2011 MRRP Agreement – A motion was made to adopt proposed Resolution 2008-04, PNGC 2011 MRRP Agreement, as presented, authorizing the GM/CEO to sign the PNGC 2011 MRRP Agreement on behalf of the cooperative. The motion was seconded and unanimously carried.

Proposed Resolution 2008-05 – AA#7 PNGC 2000 MRRP Agreement – A motion was made to adopt proposed Resolution 2008-05, AA#7 PNGC 2000 MRRP Agreement, as presented, authorizing the GM/CEO to sign the AA#7 PNGC 2000 MRRP Agreement on behalf of the cooperative. The motion was seconded and unanimously carried.

D. Policy Committee Recommendations

Reorganize, update & replace policy bulletins or revise policies:

- Proposed, revised P#400-020, Employee Policy Handbook

The proposed revision of the employee handbook included the changes in the 10-hour workday/4-day work week and other required legal revisions. A motion was made to approve, as written, the proposed, revised Policy No. 400-020, Employee Policy Handbook.

The motion was seconded and unanimously carried.

- Rescind PB#25 and PB#58

Following a brief dialogue during which it was decided that these two policy bulletins are no longer needed, a motion was made, seconded, and unanimously carried to rescind PB#25 and PB#58.

- Proposed P#100-190, Charitable Donations, Contributions, & Sponsorships (replaces PB#17)

A motion was made to approve, as amended, Policy No. 100-190, Charitable Donations, Contributions, & Sponsorships. The motion was seconded and carried. Director Schlottmann cast a no vote.

- Proposed P#100-200, Identity Theft Prevention Program

Following a brief dialogue, a motion was made to approve, as written, proposed Policy No. 100-200, Identity Theft Prevention Program. The motion was seconded and unanimously carried.

E. Appoint CCEC Representative to ORECA Board

A motion was made to appoint Peter Radabaugh to continue as the CCEC representative to the statewide association, Oregon Rural Electric Cooperative Association (ORECA) board of directors. The motion was seconded and unanimously carried. Director Radabaugh advised that the ORECA annual meeting is scheduled for the first part of December and he would like to see other CCEC directors attend that meeting. Following a brief discussion, a motion was made, seconded, and unanimously carried to authorize the expenditure of not more than \$300 for an item to donate to the ORECA annual meeting auction fundraiser for the Action Committee for Rural Electrification for the benefit of all cooperatives.

F. Obsolete Asset Disposal List - Approval

A motion was made to approve the obsolete asset disposal list. The motion was seconded and unanimously carried.

G. Requests for Donation/Contribution

There was a discussion concerning three requests for donation/contribution that were submitted to the board. Under the new charitable donations policy, the request by the City of Brookings was denied. The other donation requests were deferred pending submission by the requesting parties of a request form as set forth under the new charitable donations policy. Staff was instructed to send a copy of the new policy to the requesting parties.

H. CCEC Board Position on OPT

The board discussed its position on Oregon Power Technology (OPT) at length. No decision was made at this time.

I. Miscellaneous Business Issues

- Schedule 2009 Board Meeting Dates – The board 2009 meeting dates and determined that the following dates are to be the scheduled regular board meeting dates for the first part of 2009: 1/23/2009, 2/27/2009, 3/27/2009, 4/24/2009, 5/29/2009, 6/26/2009, and

