

**COOS-CURRY ELECTRIC COOPERATIVE, INC.**  
**Minutes of the Regular Meeting of the Board of Directors**  
**February 27, 2009**

**I. PRELIMINARY**

The regular meeting of the board of directors of Coos-Curry Electric Cooperative, Inc. (CCEC) was called to order at 7:49 a.m. on Friday, February 27, 2009 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, and marketing & member services manager Christine Stallard. Legal counsel Melinda J. Davison arrived at 9:04 a.m.

Items added to the proposed agenda were under VI. Items of Business 1) proposed bank resolutions for Chetco Federal Credit Union and Sterling Savings Bank, 2) NRECA Legislative Conference, 3) Net Metering, 4) Credit Card for Members – Discussion, 5) Director Delegates – Discussion, and 6) Proposed Resolution No 2009-04 Re-adopt Deferred Executive Compensation Plan.

There was a call for items for strategic discussion, but there were none.

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 January 22, 2009 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 1/2009; the write-off list through 2/18/2009; the list of new memberships for 1/2009; the purge list for 2/2009; the cooperative attorney's invoice; and the GM's & directors' expenses for 1/2009.

### **III. MANAGER'S REPORT**

GM/CEO Meader gave a brief report on year-end revenue and expenses. He responded to questions about the budget and options for cutting costs. 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 February 2009 safety report was reviewed. The safety meetings in February included Electrical Burns and Protective Clothing training. The February 2009 safety report was approved, as presented, by a motion duly made, seconded, and unanimously carried.

### **IV. ITEMS OF BUSINESS**

#### **A. Proposed Bank Resolutions**

The GM/CEO advised the board of the purpose of the proposed bank resolutions. A motion was made, seconded, and unanimously carried to adopt the proposed bank resolutions for Chetco Federal Credit Union and Sterling Savings Bank for signatures, a copy of which is attached hereto and incorporated herein by reference, authorizing the execution of new signature cards.

The regular session adjourned to a special meeting of the board of directors of the subsidiary corporation South Coast Satellite Cooperative, Inc. at 8:17 a.m. and regular session reconvened at 8:20 a.m.

#### **B. MIP Training Presentation – Andrew McBride**

Andrew McBride was introduced to the board and talked about Western Electricity Coordinating Council (WECC) requirements. Pacific Northwest Generating Cooperative (PNGC) is working to compile the compliance information and filing requirements.

McBride gave a presentation on his NRECA Management Internship Program attendance. McBride talked about the training, facility, presenters/teachers and the courses. It was good and valuable training, and he has graduated from the program.

McBride gave a brief update on the transmission line rebuild project, and advised the board that the conditional use permit has been received from Curry County.

McBride talked about HDR Engineering, Inc. and the geotech report, design, field staking, road contracts and construction, and foundation drilling. The project is moving forward.

The regular meeting adjourned to an executive session at 8:50 a.m. to discuss a legal matter. The regular meeting reconvened at 8:57 a.m.

Engineering is working on the Long-Range Plan and Construction Work Plan. The analysis of the system is ongoing and the completed, formal plan is expected in a few months. The board held a lengthy dialogue, and McBride responded to questions.

The regular meeting adjourned to an executive session at 9:21 a.m. to discuss a personnel matter. The regular meeting reconvened at 9:29 a.m.

C. Audit Report

CCEC Controller Frank Corrales and Brent Mickelsen of Blodgett, Mickelsen, and Naef, Certified Public Accountants, were introduced to the board. Mr. Mickelsen informed the board that he and his firm had been hired by the board to conduct an independent audit of the cooperative's financial statements and internal controls. He gave a brief review of his and his company's background and stated that the audit performed in early February was completed and the result was an "unqualified opinion" or a clean opinion. Mickelsen talked about the opinion letter, reviewed the balance sheet, assets, equity, margins and liabilities. He spoke of the internal controls letter and the verification of every account on the balance sheet and responded to questions from the board. He advised that Controller Frank Corrales was very thorough in his work and very helpful during the audit process, and that no audit adjustments had been necessary. The board thanked Corrales and his staff for their hard work.

The regular meeting adjourned to an executive session at 10:14 a.m. to discuss the audit report with the auditor. The regular meeting reconvened at 10:26 a.m.

Motion was made, seconded, and unanimously carried to approve the

independent audit report presented by CPA Brent Mickelsen.

D. Revised Ten-Year Financial Forecast Presentation

Frank Corrales, CCEC's controller, talked about calculating equity and presented three scenarios, taking growth and retirement of capital credits into account and responded to questions from the board.

Corrales reviewed the revised ten-year financial forecast and the six scenarios. There was a lengthy discussion and Corrales responded to questions and agreed to present additional scenarios to the board.

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

The board held a discussion about wholesale power issues and future power supplies. GM/CEO Meader talked about new PNGC members, snow pack, weather, generation and load, and market prices and responded to questions from the board.

Power Resources Cooperative matters were discussed and the GM/CEO and Director Radabaugh responded to questions.

Legal Counsel Davison spoke about the Bonneville Power Administration's (BPA) rate case and advised that she had received a communication that the BPA projected rate increase in October is expected to be 15% - 20%.

It was noted that Roger Meader has been appointed the chair of PNGC's resource committee.

F. Policy Committee Recommendations

- Proposed Review Work Orders for Employees, Board Members, or Their Families – The board held a discussion regarding the proposed policy to review work orders for employees, board members, or their families, and a motion was made to table this policy. The motion was seconded and carried with Director Schlottmann casting a NO vote.
- Proposed Ethics and Conflict of Interest – Employees Policy No. 400-040 – There was a discussion regarding the proposed ethics and conflict of interest-employees policy. A motion was made, seconded and unanimously carried to approve, as written, Policy No. 400-040. This policy will not take affect until a similar ethics and conflict of interest policy is approved for directors.

- Discussion of Ethics and Conflict of Interest – Directors policy – There was a discussion regarding the creation of an ethics and conflict of interest policy for directors. The policy committee chair will work on a draft policy.
- Proposed Theft of Services – Meter Tampering & Unauthorized Diversion of Electric Energy – Policy No. 100-210 – There was discussion concerning the proposed theft of services and meter tampering policy. Legal Counsel Davison voiced some concerns and agreed to work on the draft. This proposed policy was deferred to the next regular board meeting.
- Proposed draft Service Policies for Members – Policy No. 300-020 – Christine Stallard presented a proposed member service policy revision that combined several existing policies into one, comprehensive policy. The revision included proposed fee structures for service connects and disconnects, security advance payments, \$3 late fee and medical circumstances. Stallard advised that the member services department is preparing to tackle a major account and information cleanup in the customer information system. There was a dialogue concerning the proposals and current direction of the member services area and local economy. Training of member services representatives was mentioned. Legal counsel will review the proposed policy, do some research, and make some recommendations, and action on the proposed policy was deferred until the next regular board meeting.
- Executive Committee – Discussion – There was a suggestion that the board consider creating an executive committee of the board officers to assist the GM/CEO as needed. A motion was made and seconded to form an executive committee of the board officers or other board members. A lengthy discussion was held and the motion failed with a vote of 2 for and 4 against. The consensus of the board is that the chair continue to have interaction with the GM/CEO and be able to consult with other board members as necessary.

G. Disposal of Obsolete Assets

A motion was made, seconded, and unanimously carried to approve, as presented, the list for disposal of obsolete assets which is vehicle #27.

H. Communications Plan - Final

The board agreed, by consensus, to approve, as presented, the Communications Plan.

I. Designate Cooperative Response Center, Inc. Annual Meeting Voting Delegate/Alternate

A motion was made, seconded, and unanimously carried to appoint Roger Meader the voting delegate for Cooperative Response Center, Inc.

J. Request for Donation/Contribution

Under P#100-190 the board considered the following:

- Bandon Project Graduation and Gold Beach Project Graduation – Following a discussion, a motion was made, seconded, and unanimously carried to deny the request for donation from the Bandon Project Graduation and the Gold Beach Project Graduation because the request does not fall within the guidelines of the cooperative's policy for donations.

K. 2009 CCEC Annual Meeting

- Approval of nominations by nominating committee or petition for director positions – A motion was made to approve the qualified nominations by nominating committee and by petition for the director positions to be placed on the Ballot for Directors as follows:

District 1&2: John G. Herzog, Incumbent

District 1&2 At Large Cheryl L. McMahan, Incumbent

Victoria E. Marsh Nuss

District 3 V. James Kolen

Gary R. Schlottmann, Incumbent

Districts 3, 4&5 At Large Edward J. Dowdy, Incumbent

The motion was seconded and unanimously carried.

- Plan for counting ballots for the director positions – The board discussed the options presented for having the ballots for director positions counted by the independent CPA firm or having the ballots

counted at CCEC's office by six to eight, non-employee CCEC members under the supervision of the cooperative's attorney. The cooperative would realize a substantial savings by having the ballots counted under the direction and supervision of the cooperative's attorney. Following a discussion, the board agreed, by consensus, that the ballots for director positions for the 2009 CCEC annual meeting will be delivered to the CCEC Port Orford address, verified and secured, and will be turned over to the cooperative attorney on May 1<sup>st</sup> to be counted by non-employees and the election results to be certified in preparation for the announcement at the annual meeting on May 2, 2009.

L. Board Meeting Dates

The board agreed, by consensus, to change the regular meetings of the board of directors to the Fourth Thursday of every month, as practical. The board meeting dates for the remainder of 2009 were tentatively scheduled as follows: 3/19, 4/23, 5/28, 6/25, 7/23, 8/27, 9/30, 10/22, 11/19, and 12/17.

M. CCEC Board Strategic Plan Summary

There was a review of the board strategic plan summary and the schedule proposed by the GM/CEO. The strategic plan was adopted.

N. Miscellaneous Business Issues

- Update on 4-day work weeks – The board received a report concerning the first three months of the four 10-hour day work weeks.
- System tour information update – There was an update on the plans for the proposed north and south system tours.
- CFC training sessions available in 2009 – The board discussed CFC training available in 2009 and requested that the GM/CEO schedule one or two classes in April, possibly at the April board meeting.
- Press release – The board and staff held a dialogue concerning the board meeting press release.

O. NRECA Legislative Conference – The board held a dialogue regarding the importance of sending a cooperative representative to the upcoming NRECA Legislative Conference in Washington DC in May. It was agreed, by consensus, that Daryl Robison shall attend the May NRECA Legislative Conference on behalf of the

cooperative.

P. Net Metering

There were some questions about drawings for a solar installation by a homeowner and discussion concerning the cooperative's policy on net metering and some engineering problems with residential solar systems. The GM/CEO will take care of answering the questions of the member in Gold Beach.

Q. Credit Cards for Members - Discussion

The credit card options for members to use were discussed as to whether the member should be allowed to use a credit card to pay for costs on a work order. The GM/CEO will research whether or not the credit card company will allow the cooperative to limit the use of the credit cards, that the credit cards be approved to pay ONLY electric bills and report the results of the research to the board.

R. Director Delegates - Discussion

Meetings attended by directors, such as PNGC, ORECA, legislative day, NRECA annual meeting and district meeting, were discussed. It was agreed that, if possible, the delegation of duties should be spread out among the directors. A motion was made, seconded, and unanimously carried to appoint Dave Kitchen as the alternate membership delegate to PNGC, PRC, and NESC.

S. Proposed Resolution No. 2009-04 – Re-adopt Deferred Executive Compensation Plan

The GM/CEO advised the board of the purpose of proposed Resolution No. 2009-04. A motion was made to adopt Resolution No. 2009-04 – Re-adopt Deferred Executive Compensation Plan, a copy of which is attached hereto and incorporated herein by reference, authorizing the officers of the cooperative to execute any documents necessary to adopt the executive compensation plan. The motion was seconded and unanimously carried.

**V. EXECUTIVE SESSION**

The regular session adjourned to an executive session at 2:57 p.m. to discuss the following: contracts, litigation or potential litigation, and personnel issues. The executive session adjourned and the regular session reconvened at 4:25 p.m.

