

COOS-CURRY ELECTRIC COOPERATIVE, INC.
Minutes of the Regular Meeting of the Board of Directors
May 28, 2009

I. PRELIMINARY

The regular meeting of the board of directors of Coos-Curry Electric Cooperative, Inc. (CCEC) was called to order at 8:25 a.m. on Thursday, May 28, 2009 by Chairman of the Board (chair) Radabaugh in the conference room at the cooperative's headquarters, Port Orford, Oregon. Secretary McMahan called the roll, showing the following directors present: Robison, Kitchen, Radabaugh, Herzog, McMahan, Dowdy, and Kolen. Also present were general manager/chief executive officer (GM/CEO) Roger Meader, executive assistant (EA) Dian Marple, and marketing & member services manager Christine Stallard.

Items added to the proposed agenda were under IV. Business Items N. CCD Credentials at Summer School for Director Kolen and VI. Meetings Attended – SOORC Meeting.

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

Chair Radabaugh 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 amended, the minutes of the April 23, 2009 regular board meeting and to approve as written, the minutes of the April 23, 2009 executive session. A motion was made, seconded and unanimously carried to approve, as written, the minutes for the May 2, 2009 annual meeting of directors.

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 4/2009; the write-off list through 5/19/2009; the list of new memberships for 4/2009; the purge list for 5/2009; the cooperative attorney's invoice; and the GM's & directors' expenses for 4/2009.

III. MANAGER'S REPORT

GM/CEO Meader gave a brief report on revenue, expenses, margins, and capital investments and responded to questions from the board. The financials presented under the manager's report were filed for audit.

The credit card usage report, outage report, and right-of-way clearing report were discussed.

The GM/CEO reported on the disposal of obsolete assets.

The May 2009 safety report was reviewed. The safety meetings in May included Pole Top & Bucket Truck Rescue training. The May 2009 safety report was approved, as presented, by a motion duly made, seconded, and unanimously carried.

IV. ITEMS OF BUSINESS

A. ORECA Executive Director Ted Case – visit

Ted Case was introduced as the executive director of Oregon Rural Electric Cooperative Association (ORECA) at 9 a.m. Mr. Case talked about pending legislative initiatives, the cost of wholesale power, and the expected increase in the price of electricity. Energy conservation and efficiency were topics of discussion, along with cap-and-trade, solar and wind groups, mandates, and transmission difficulties. In the end, the consumer (CCEC members) will be the ones who will be hit the hardest by all of these legislative decisions.

B. PPC Executive Director Scott Corwin – presentation

Scott Corwin was introduced to the board as the executive director of the Public Power Council (PPC). Mr. Corwin described the PPC as a forum for consumer-owned utility customers of BPA to work toward reasonable solutions on BPA-related issues, and he provided insights on the pending Bonneville Power Administration (BPA) rate increase, including the cost of fish and wildlife mitigation requirements, which represents over 30 percent of the cost of wholesale power.

Ted Case and Scott Corwin departed at 10:40 a.m.

The board discussed whether or not the cooperative should join the PPC. A motion was made to join the PPC for the remainder of 2009 at the cost of \$3700. The motion was seconded and following additional discussion, the motion carried unanimously.

C. BPA Demand Control Pilot Program – presentation

Pam Sporborg, BPA load management lead, and Lauren Porsch, CCEC special projects and key accounts manager, were introduced to the board at 10:45 a.m. BPA is launching a demand control pilot program in an effort to keep rates low. Christine Stallard participated in this presentation. The program will provide the equipment and installation necessary to control demand in selected residences and businesses. CCEC will ask the selected members to allow the cooperative to install demand control devices on certain electrical equipment, such as water heaters or furnaces, in the home or business. CCEC would then monitor the demand and control the use of power to the selected electrical equipment as needed during peak usage or an emergency event to balance the system. The member would be able to override the control device if necessary. The cost of demand is rising and demand response can reduce the costs without the necessity of building new facilities. The cooperative will be responsible to market and educate the members on the new program, dynamic pricing, time-of-day control, timeline, and goals.

The initial costs to the cooperative will mainly be administrative and man hours for the first year. After additional discussion, the board agreed, by consensus, to move forward with the BPA demand response control pilot program as outlined.

Lauren Porsch and Pam Sporborg departed at 11:35 a.m.

D. 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 the pending BPA rate increase.

E. Policy Committee Recommendations

- Proposed revised Policy No. 200-020 Directors' Insurance Benefits – Dolores McBride of CCEC's human resources was introduced to the board and explained that the proposed revisions to the policy are to merely correct the descriptions of insurance benefits. There was a brief dialogue regarding the proposed revisions. A motion was made to approve, as presented, proposed revised Policy No. 200-020. The motion was seconded and carried with one director casting a NO vote. The policy committee will further review this policy.
- Proposed Policy No. 200-040 Director Duties, Code of Ethics, & Standards of Conduct (replaces PB#73 and PB#87) – There was a brief dialogue regarding the proposed policy. A motion was made to

approve, as presented, proposed Policy No. 200-040 Director Duties, Code of Ethics, & Standards of Conduct. The motion was seconded and unanimously carried.

- Proposed Policy No. 400-040 Ethics and Conflict of Interest - Employees (replaces PB#73) – There was a brief dialogue regarding the proposed policy. A motion was made to approve, as presented, proposed Policy No. 400-040 Ethics and Conflict of Interest - Employees. The motion was seconded and unanimously carried.

F. Board Committee Appointments

Following a brief dialogue during which the board agreed, by consensus that all directors would be on all board committees, the board chair made the following board committee chair appointments:

Policy Review Committee Chair: Cheryl McMahan

Bylaws Review and Governance Committee Chair: Ed Dowdy

Audit Committee Chair: Daryl Robison

Insurance Committee: The board agreed that an insurance committee is no longer necessary.

G. Bylaws Review Committee – discussion

The board chair stated that it is time to begin the bylaws review process and advised the board to review the cooperative's bylaws and communicate any proposed changes to the bylaws review committee chair Ed Dowdy. GM/CEO Meader was instructed to ask legal counsel to review the bylaws and submit her recommendations for amendment.

H. 2009 CCEC Annual Meeting – recap

The board held a brief discussion about the annual meeting held on May 2nd.

I. ACRE Corporate Contribution Request

A motion was made, seconded, and unanimously carried to contribute \$4000 to the Action Committee for Rural Electrification (ACRE).

J. Appoint Voting Delegate & Alternate for Region IX NRECA & Other Mtgs

The following directors were approved to attend the Region IX conference in San Diego and the following voting delegates and alternates were appointed, respectively:

NRECA Director McMahan and Director Herzog
CFC Director Kitchen and Director Herzog
NESC/Federated/NRTC Director Herzog and Director McMahan

K. Transmission Line Progress - update

The board received a brief update concerning the transmission line progress, tree trimming on the transmission line route, and the bids for materials.

L. Northern CCEC System Tour - recap

The board held a brief dialogue on the northern system tour.

M. Cost of Service Analysis (COSA)

Frank Corrales, CCEC's chief financial officer, was asked to present the most recent COSA to the board and respond to questions. The board agreed to have a rate-study workshop at the next board meeting.

Director Kitchen departed at 2:30 p.m.

N. Miscellaneous Business Issues

- Update on 4-day work weeks – The report concerning the first four months of the four 10-hour day work weeks was reviewed.
- CCD credentials at summer school for Director Kolen – The board agreed by consensus that Director Kolen should attend the National Rural Electric Cooperative Association's summer school to obtain his credentialed cooperative director certification (CCD) required by the cooperative's bylaws.

V. EXECUTIVE SESSION

The regular session adjourned to an executive session at 3:09 p.m. to discuss the following: contracts, potential litigation, and personnel issues. The executive session adjourned and the regular session reconvened at 4:30 p.m.

VI. MEETINGS ATTENDED

Brief reports were given about meetings attended.

VII. MEETINGS TO ATTEND

The board announced that the next regular meeting of the board is scheduled for June 25, 2009, at the cooperative's headquarters office in Port Orford, Oregon.

