

COOS-CURRY ELECTRIC COOPERATIVE, INC.
Minutes of the Regular Meeting of the Board of Directors
March 31, 2011

I. PRELIMINARY

The regular meeting of the Board of Directors of Coos-Curry Electric Cooperative, Inc. (CCEC) was called to order at 9:27 a.m. on Thursday, March 31, 2011 by Chairman of the Board Peter Radabaugh (Chair Radabaugh) in the conference room at CCEC's satellite office, Coquille, Oregon. The Secretary called the roll, showing the following directors present: Peter Radabaugh, Ed Dowdy, Cheryl McMahan, Dave Kitchen, John Herzog, Daryl Robison, and Jim Kolen. Also present were General Manager/Chief Executive Officer (GM/CEO) Roger Meader, Executive Assistant Dian Marple, Marketing and Member Services Manager Christine Stallard, Chief Financial Officer (CFO) Frank Corrales, Jr., and General Legal Counsel Melinda J. Davison.

There was a call for items for strategic discussion.

Items were added to the Agenda under Items of Business: Proposed Revised P#300-020 Service Policies for Members, NWPPA board position, Bud Tracy, GM of Blachly-Lane, retirement, and cost containment committee. The agenda as amended was approved.

Chair Radabaugh advised the Board that no CCEC member had applied, under P#300-030, 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 February 24, 2011, regular board meeting and as amended the minutes of the February 24, 2011, executive session, and approved as written, the minutes of the March 8, 2011, special board meeting.

III. EXECUTIVE SESSION

The regular session of the board adjourned to an executive session at 9:45 a.m. to discuss potential litigation and contracts and reconvened into regular session at 9:56 a.m.

II. CONSENT AGENDA

Following a brief discussion, a motion was made and seconded to approve Items A through E under the consent agenda, to-wit: the write-off list through 3/21/2011; the list of new memberships for 2/2011; the purge list for 3/2011; CCEC's attorney's invoice; and the GM/CEO's & Directors' expenses for 2/2011. The motion carried unanimously.

V. ITEMS OF BUSINESS

B. Policy Review Committee Recommendations

The chairman of the policy review committee and the Board discussed the following new policy:

- Proposed new policy:
 - P#300-070 Retirement of Deceased Patron's Capital Credits – Frank Corrales Jr. presented and explained information concerning discounts and calculations for the retirement of deceased patron's capital credits and provided samples of discounted capital credits on a deceased patron's account. Corrales explained that the discount formulas are very standard methodology throughout the electric industry and responded to questions from the Board. Following a review and discussion, a

motion was made, seconded, and unanimously carried to approve, as amended, proposed P#300-070 Retirement of Deceased Patron's Capital Credits.

G. Ten-Year Financial Forecast

CFO Frank Corrales, Jr. distributed a 10-Year Financial Forecast and explained the method used to make the calculations, assumptions and projections. Corrales provided three scenarios: a 20-year, 25-year, or 30-year capital credits rotation. The CFO distributed a CCEC Rate Review document, which included three scenarios: a 20-year, 25-year, or 30-year capital credits rotation, using assumptions, inflation, and actual known factors. The projection details were reviewed, along with the Compass Financial Forecast Summary including potential rate increases, long-term debt, utility plant, MDSC, TIER, equity, future capital credits retirements, operating margins, and capitalized plant.

The Board and management discussed other options/scenarios and the anticipated Bonneville Power Administration (BPA) rate increase in October 2011. The Board asked management to put together another set of scenarios, after getting some questions answered by CCEC's auditor, for the Board to consider at the April board meeting.

IV. MANAGER'S REPORT

The financials were reviewed, and GM/CEO Meader gave a brief report and responded to questions from the Board. The financials presented under the manager's report were filed for audit.

The following reports were given: outages, credit card usage, asset disposal list, and member service quarterly report.

The March 2011 safety report was reviewed by the Board. The safety meetings in March included Slips, Trips, and Falls/Back Safety training for all CCEC employees.

CFO Corrales departed at 12:39 p.m.

III. EXECUTIVE SESSION *(continued)*

The regular session of the board adjourned to an executive session at 12:51 p.m. to discuss potential litigation and contracts and reconvened into regular session at 1:52 p.m.

V. ITEMS OF BUSINESS

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

The Board and the GM/CEO held a discussion about wholesale power issues, the Bonneville Power Administration's (BPA), legislative issues, the Pacific Northwest Generating Cooperative's (PNGC Power) report, wholesale power supplies, water, snow pack, high water, and the Power Resources Cooperative (PRC).

The GM/CEO and the Board discussed the purpose of the Residential Exchange Program (REP) and the REP Credit Settlement Agreement. The reasons for or against the agreement and the potential consequences of signing or not signing the REP Credit Settlement Agreement were discussed at length. GM/CEO Meader recommended that the Board approve the signing of the REP Credit Settlement Agreement. When asked for her opinion, Legal Counsel advised that she has not been a part of the REP process and did not have enough information to give an opinion. Director Dowdy described the meeting he attended in Portland about the REP Credit

Settlement Agreement, and talked about the pros and cons that were given.

A motion was made to adopt Resolution No. 2011-05 – Residential Exchange Credit Settlement Agreement, a copy of which is attached hereto and incorporated herein by reference, authorizing the GM/CEO to execute the Residential Exchange Credit Settlement Agreement. The motion was seconded and unanimously carried.

The regular session of the board adjourned to an executive session at 2:18 p.m. to discuss contracts and reconvened into regular session at 2:43 p.m.

B. Policy Review Committee Recommendations

The chairman of the policy review committee and the Board discussed the following policies for review and/or for revision or new policies:

- Proposed new policies:
 - P#100-310 Cost-Benefit Analysis Requirements – Following a review and discussion, a motion was made, seconded, and carried to dispense with proposed P#100-310 Cost-Benefit Analysis Requirements. The vote total was 5 yes votes to 1 no vote.
 - P#300-070 Retirement of Deceased Patron's Capital Credits – P#300-070 was approved earlier in this meeting.
- Proposed for Board Review – per Policy Review Schedule:
 - P#200-010 Directors' Fees – Following a review and discussion, the board agreed, by consensus to return the P#200-010 Directors' Fees to the committee for further language adjustments.

- Proposed, revised policies:
 - P#100-040 Audits, Audit Committee & Auditor Selection – Following a review and discussion, a motion was made, seconded, and unanimously carried to approve, as presented, proposed, revised P#100-040 Audits, Audit Committee & Auditor Selection.
 - P#300-020 Service Policies for Members – Following a review and discussion of the reasons for the proposed revision, the Board agreed, by consensus not to revise P#300-020 Service Policies for Members.
 - P#300-050 Net Metering – Following a review and discussion, a motion was made, seconded, and unanimously carried to approve, as presented, proposed, revised P#300-050 Net Metering.
 - P#400-030 Fitness for Duty – A motion was made and seconded to approve, as presented, proposed, revised P#400-030 Fitness for Duty. Following a discussion, the motion and second were withdrawn, and questions asked will be submitted to CCEC’s labor attorney to answer.
- Proposed, revised rate schedule:
 - Net-Metering Rate Schedule – A motion was made, seconded, and unanimously carried to approve, as presented, proposed, revised Net-Metering Rate Schedule.

C. 2011 CCEC Annual Meeting - update

The Board was given an update on the plans for the 2011 CCEC Annual

Meeting. The Nominations have been posted in accordance with the Bylaws, and the annual meeting packets to the members are expected to be put into the U.S. Mail during the week of April 3rd. Invitations to attend CCEC's annual meeting have been mailed to CCEC's major vendors and suppliers.

D. Board Strategic Planning Session - schedule

A discussion was held by the Board and management concerning whether or not the Board wants or needs to have a strategic planning session (SPS) in 2011. One proposal from a potential facilitator to conduct the board's strategic planning session was reviewed. Following further discussion, the Board decided to schedule a 2011 SPS with upper management and several potential dates were selected. The GM/CEO was asked to contact the facilitator to schedule a date for the SPS and to report back to the Board.

E. Member Pay Options

Marketing and Member Services Director Christine Stallard presented options as to how members pay their power bills. Stallard recommended that a credit card convenience fee not be implemented because of the member backlash and that research should be done on the prepaid meter options and policy. Following a discussion, the Board agreed, by consensus, to not implement a credit card convenience fee, and the Board asked Stallard to research the prepaid meter options and develop a prepaid meter policy for the Board to consider.

F. ACRE Corporate Contribution

Following a brief discussion of the benefits that CCEC and its members receive from the Action Committee for Rural Electrification (ACRE), a motion was made

and seconded to authorize a corporate cash contribution in the amount of \$4000 to ACRE. The vote was tied and the motion failed. A motion was made, seconded, and carried to authorize a corporate cash contribution in the amount of \$3000 to ACRE with a vote of 5 yes votes to 1 no vote.

G. Ten-Year Financial Forecast

CFO Frank Corrales reviewed the ten-year financial forecast earlier in this meeting.

H. Communications to Members During Outages

GM/CEO Meader talked about problems communicating to members during some recent major outages. The GM/CEO advised the Board that he has taken steps to remedy the problems, and that he and his staff are working on some long-term solutions to mitigate communications problems to members during outages. The Board was given copies of the revised outage procedures.

I. Miscellaneous Business Issues

- NWPPA Board Position – The Board was advised that GM/CEO Meader has been nominated to serve on the Northwest Public Power Association (NWPPA) Board of Trustees. It would entail a commitment to attend three meetings each year out of CCEC's territory. The Board approved, by consensus, Meader's serving on the Board of Trustees of NWPPA.
- Bud Tracy GM of Blachly-Lane Cooperative Retirement – Chairman Radabaugh briefly discussed Bud Tracy's retirement from Blachly-Lane.
- Cost Containment Committee – GM/CEO Meader advised that a cost

