

COOS-CURRY ELECTRIC COOPERATIVE, INC.
Minutes of the Regular Meeting of the Board of Directors
October 20, 2011

I. PRELIMINARY

The regular meeting of the Board of Directors of Coos-Curry Electric Cooperative, Inc. (CCEC) was called to order at 8:34 a.m. on Thursday, October 20, 2011 by President Peter Radabaugh in the conference room at CCEC's headquarters office, Port Orford, Oregon. The Secretary called the roll, showing the following directors present: Peter Radabaugh, Ed Dowdy, Cheryl McMahan, Dave Kitchen, Daryl Robison, John Herzog, and Jim Kolen. Also present were General Manager/Chief Executive Officer (GM/CEO) Roger Meader and Executive Assistant Dian Marple. General Legal Counsel Melinda J. Davison arrived at 9:41 a.m.

The regular session adjourned to committee meetings at 8:35 a.m. and regular session reconvened at 9:40 a.m.

General Legal Counsel Davison arrived at 9:41 a.m.

The regular session adjourned to an executive session at 9:47 a.m. and reconvened at 10:48 a.m.

Four items were added to the regular agenda under Items of Business: Miscellaneous Business Issues: MSR training-update, employee newsletter-smart meters, website, and NRTC board position. The regular agenda, as amended, was approved.

President 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 written, the minutes of the September 22, 2011, regular board meeting and to approve, as written, the minutes of the September 22, 2011, executive session.

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 10/11/2011, the list of new memberships for 9/2011; the purge list for 10/2011; CCEC's attorney's invoice; and the GM/CEO's & Directors' expenses for 9/2011. The motion carried unanimously.

IV. ITEMS OF BUSINESS

A. Curry County Commissioner Bill Waddle - visit

Curry County Commissioner Bill Waddle arrived at 10:55 a.m. and was introduced. Commissioner Waddle talked about Curry County's list of mandated county services. Waddle advised that he is the liaison to the county services of sheriff's office, district attorney, juvenile department, road master, finance and budget, public services (planning, building, & sanitation) and veterans' services. Waddle talked about the Bureau of Land Management and the O & C Funds to sustain rural schools. In addition, Waddle talked about the county's budget shortfall of \$3,000,000, and what federal legislators are doing to help the counties that normally receive and that count on receiving O & C funds. The Board thanked Commissioner Waddle for attending the board meeting and for his comments, and Mr. Waddle departed at 12:05 p.m.

The Board and management attended a National Rural Utilities Cooperative Finance Corporation (CFC) training webinar on the Key Ratio Trend Analysis.

CCEC CFO Frank Corrales, Jr. arrived at 12:05 p.m.

III. 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, and asset disposal list.

The October 2011 safety report was reviewed by the Board. The safety meetings in October included Care & Use of Rubber Goods/Care and Use of Hot Line Tools and Equipment Grounding training for the crew.

IV. ITEMS OF BUSINESS

A. Curry County Commissioner Bill Waddle – visit

Curry County Commissioner Bill Waddle's visit took place earlier in this meeting.

B. 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, the PNGC budget, and the Power Resources Cooperative (PRC).

Amendment No. 1 to the Residential Exchange Program (REP) Settlement Agreement is being distributed by BPA for signature to all parties to the REP Settlement Agreement.

The GM/CEO talked about the Public Power Council's group visit to the 2011 PPC Washington DC "Hill March" and the visits to approximately 20 federal legislators and the U. S. Department of Energy.

C. Policy Review Committee Recommendations

The chairman of the policy review committee and the Board discussed policies for review, proposed new, or revised earlier in a committee meeting.

The policy review committee recommended the following:

- ❖ Policies for review, proposed, or revised: The following proposed, revised policies were recommended for approval, and a motion was made, seconded, and unanimously carried to approve as written the following proposed, revised policies:
 - P#100-250 – Whistle-Blower Protection Policy
 - P#400-010 – Employee Business Travel & Expenses
 - P#400-040 – Ethics and Conflict of Interest - Employees
- ❖ Proposed new policy:
 - P#200-100 – GM/CEO Succession Management Policy – The committee and legal counsel recommended changes to the language of the proposed new policy. The amended policy with proposed changes will be resubmitted at the November board meeting.

D. Bylaws Review Committee – Review Bylaws for 2012 Annual Meeting

The chairman of the bylaws review committee and the Board discussed proposed amendments to the bylaws earlier in a committee meeting. The policy review committee recommended the following:

That a proposed bylaws amendment be presented to the membership for a vote at the 2012 Annual Meeting of the Members. The proposed amendment would

address the subject of district director nominations and would include eliminating the use of nominating committees in the nominations process. Therefore, the nomination of any candidate, including the incumbent, for an available district board position would be by petition. The petition of the qualified candidate would need to be signed by fifteen qualified members from the district of the available board position. The board agreed, by consensus to present the proposed bylaws amendment to the membership at the 2012 annual meeting. Management was asked to prepare the proposed amendment language for the Board's review and approval.

E. 2012 Annual Meeting – discussion of planning and scope

Scope, comparisons, and needs – discussion: The Board and management discussed the 2012 Annual Meeting of the Members which is scheduled for May 12, 2012, in Gold Beach, Oregon. Because a quorum, as set forth in the bylaws, includes the members' mail in ballots, in addition to members in person at the annual meeting, a discussion was held about how to reduce the annual meeting expenses and cut the annual meeting budget to save money in these tough economic times. The Board discussed a comparison of annual meeting expenses for the last several years to the estimated costs of a scaled-down annual meeting. The Board talked about the possibility of saving additional funds by utilizing the Ruralite to send the notice of meeting and ballot to CCEC members. Following a lengthy dialogue, a motion was made to cut annual meeting expenses as presented and authorized a scaled-down annual meeting in 2012, with only a snack such as cookies and beverages but no meal, no giveaways, no CCEC door prizes, and no fair. The annual meeting notice, ballots, envelopes and other annual meeting items should be published in or mailed with the Ruralite in accordance with the annual meeting timeline set forth in the bylaws. The motion was seconded and carried by a vote of 5 YES and 1 NO.

Annual Meeting Timeline: By consensus, the Board approved, as amended, the annual meeting timeline.

F. Conservation Program - update

Marketing and Member Services Manager Christine Stallard gave a presentation concerning the BPA's conservation program and what is available to CCEC members. Stallard responded to questions from the Board. The Board agreed by consensus to set aside \$95,000 of the conservation funds until June 2012 in anticipation of some commercial and irrigation conservation projects. If those funds are

not used or targeted by June 2012, they will be replaced into the conservation pool for residential conservation.

G. Communications Plan

Christine Stallard reviewed the 2012 Communications Plan and responded to questions from the Board. The Board agreed by consensus to approve the 2012 Communications Plan as presented.

H. Audit Committee – Pre-audit Meeting with Auditor

The chairman of the audit committee and the Board discussed the 2011 CCEC audit and a pre-audit meeting with CCEC's auditor earlier in a committee meeting. The audit committee recommended the following:

A pre-audit conference call with Auditor Brent Mickelsen will be scheduled for either the November or December board meeting. CFO Frank Corrales, Jr. was instructed to contact Mickelsen and arrange the conference call.

In addition, the committee talked about Mickelsen's contract expiration and the committee's normal practice of hiring a different audit firm every three to four years. The committee discussed when it should begin looking at potential auditors. Corrales will review the Mickelsen contract and determine the expiration date and will send a list of potential auditor candidates to the audit committee chair.

I. Appoint CCEC Representative to ORECA

A motion was made, seconded, and unanimously carried to appoint Peter Radabaugh as the CCEC representative and Daryl Robison as the alternate CCEC representative to the Oregon Rural Electric Cooperative Association (ORECA).

J. Proposed Bank Resolution – Authorize New Bank-Payroll & Capital Credits Accounts at Umpqua Bank

CFO Frank Corrales, Jr. explained the purpose of the proposed bank resolution to authorize the creation of new bank payroll and capital credits accounts at Umpqua Bank. A motion was made to adopt the bank resolution authorizing the creation of a payroll account and a capital credits account at Umpqua Bank. The motion was seconded and unanimously carried.

K. Capital Credits

- Retirement of Capital Credits for 1980, 1981, & partial 1982 - reaffirm
CFO Frank Corrales, Jr. advised the Board that with the Board's approval, he is planning to initiate the retirement of capital credits for 1980, 1981 and partial 1982 and send out checks in early December.

A motion was made, seconded, and unanimously carried to approve as presented the retirement of capital credits for 1980, 1981, & partial 1982.

- Unclaimed Capital Credits for 1971 & 1972 – update

The Board was given an update concerning the process, in accordance with Oregon Revised Statutes, that is being followed in regard to unclaimed capital credits for 1971 & 1972. The list of names of former members who have unclaimed capital credits are being published in the newspaper in October, November, December, and January.

Director Robison departed the meeting at 2:46 p.m.

General Legal Counsel Davison departed the meeting at 2:50 p.m.

L. 2012 Budget Presentation

CFO Frank Corrales, Jr. reviewed the highlights of the proposed 2012 budget. The Board agreed to take the budget documents home and contact the GM/CEO prior to the next board meeting with any questions. The Board will revisit the proposed 2012 budget in November for approval.

M. Paperless Board Meeting Packets - discussion

Secretary/Treasurer Kitchen led the discussion about changing to paperless board meeting packets and eliminating paper packets. Kitchen talked about electronic devices that could be used in the boardroom to view and make notes on electronic board packets. The Board agreed by consensus to consider paperless board packets and to accept some training on how to use the electronic board packet software in the boardroom.

N. NRECA's *In the Boardroom* Web Conference Program - discussion

Following a discussion, the Board agreed by consensus to select the NRECA *In the Boardroom* Web Conference titled *Board Performance Evaluation*. The GM/CEO will set up the conference to be held on the day of an upcoming future board meeting.

O. Miscellaneous Business Issues

- MSR training – update - Marketing and Member Services Manager Christine Stallard talked about recent training for the employees of the Member Services Department.
- Employee Newsletter – Smart Meters – Stallard handed out the October employee newsletter and talked about a recent video on YouTube concerning smart meters. The Board viewed the video and held a discussion.
- NRTC board position – Director Kitchen advised that National Rural Telecommunications Cooperative (NRTC) board position elections are coming up and that Kitchen would like to run for the position. The Board agreed by consensus that Kitchen could run for the NRTC board position. GM/CEO Meader agreed to obtain information concerning the NRTC director election process.
- CCEC website – discussion – A brief dialogue was held concerning the CCEC website. Stallard advised that she is working on changing the website and expects to have all of the changes made by the end of the year.

V. EXECUTIVE SESSION

An executive session of the board was held earlier in this meeting.

Director Kolen departed the meeting at 4:36 p.m.

VI. MEETINGS ATTENDED

Brief reports were given about meetings attended, and a discussion was held about meetings to attend.

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