

COOS-CURRY ELECTRIC COOPERATIVE, INC.

Minutes of the Regular Meeting of the Board of Directors

January 23, 2020

I. PRELIMINARY

The regular meeting of the Board of Directors of Coos-Curry Electric Cooperative, Inc. (CCEC) was called to order at 8:27 a.m. on Thursday, January 23, 2020, by President John Herzog, in the conference room at CCEC Headquarters office, Port Orford, Oregon.

Present Herzog stated there was a quorum present. Also present were General Manager/Chief Executive Officer (GM/CEO) Brent Bischoff, Marketing & Member Services Manager Jacob Knudsen, Executive Assistant Shelly Smith-Napier, and General Legal Counsel Tyler Pepple.

A motion was made, seconded, to approve, as presented, the regular Board meeting agenda and the motion carried unanimously.

President Herzog advised the Board that no member had applied, under P#300-030, to attend the Board meeting and speak to the Board.

A motion was made and seconded to approve, as presented, the minutes of the December 30, 2019 regular meeting of the Board of Directors. The motion carried. Director Robison abstained as he was not present at the December meeting.

II. CONSENT AGENDA

A motion was made and seconded to approve Items A through D under the consent agenda, to-wit: the list of new members for 12/2019; the members purge list for 01/2020, the GM/CEO's & Directors' expenses for 12/2019; and CCEC's attorney invoice, as revised. The motion carried unanimously.

III. MANAGER'S REPORT

Chief Financial Officer (CFO) Frank Corrales, Jr. arrived at 8:34 a.m. and gave the financial report summarizing 2019 as consistent, in review of our preliminary unaudited results. KWh sales were 1% higher than 2018 and 1% lower than 2017. Operations and Engineering made up the bulk of the operating expenses coming in at 1.1% under budget. Consumer Accounting, Customer Service, Sales and Administrative and General Expenses in the aggregate were 1.82% under budget. 2019 Total Operating Expenses, excluding cost of purchased power, were 1.37% under budget. IT services provided to other organizations amounted to \$240K in benefit to CCEC during 2019.

The December outage reports were reviewed. Winter outages affecting Coquille on December 12th, 19th and 21st resulted in Coquille having the highest number of hours without power and most members effected during the period. Unplanned outages are down with fewer construction projects during the winter months.

The December safety report was reviewed. CCEC has submitted an application for the annual Northwest Public Power Association (NWPPA) Safety Award. With zero reportable hours, CCEC expects to be awarded first place. The Board has asked GM/CEO Bischoff to relay to the crew how proud they are of the crew's safety record. There was one vehicle incident during the month where an auger was improperly stowed; crews have been reminded about equipment stowage. In 2020 CCEC will relaunch the NRECA Commitment to Zero Contacts program.

The Tree Trimming report was reviewed. Director Robison heard from a member how satisfied they were with CCEC contract tree crew, Jensens Tree Service, remarking they were very professional and courteous.

Coos Curry Electric Charitable Foundation (CCECF) approved December board minutes were reviewed. The 2020 budget has been set, and the CCECF board is thankful to the CCEC Board for the generous contribution to the foundation.

IV. ITEMS OF BUSINESS

A. Wholesale Power Issues (BPA, PNGC Power and PPC)

BPA sent out a 30-question survey to PNGC, PPC and other customers to get feedback on effectiveness of present power sales contracts and rate structures. PNGC and PPC concluded the survey is not the right format to obtain this sort of feedback and declined to complete the survey in favor of a more interactive and collaborative approach leading into the 2028 expiration of the present BPA power sales contracts.

B. Committee Reports

Policy Committee - The chair of the policy review committee, Director Cockerham, advised that, earlier in a committee meeting, the committee discussed the policies and/or rate schedules for review, proposed new, revised, or rescinded language.

A motion was made and seconded to approve the following proposed, revised policies:

- Policy #200-040 Director Duties, Code of Ethics, Standards of Conduct, as presented, and the motion carried unanimously.

Audit Committee – The chair of the Audit Committee Director Robison announced a scheduled pre-audit conference call with CCEC third party auditors would take place at 9:00 a.m. CFO Corrales, Controller Brian Cassoday and Accounting Assistant Tonya Welch joined the meeting at 8:59 a.m. Brandon Blair of DeCoria Maichel & Teague (dm-t) joined the meeting via conference call for a pre-audit call to discuss with the board any new regulations that would impact the 2019-year end audit. Blair mentioned that dm-t was not on-site for the annual inventory that was completed in October and that dm-t will complete test counts and reconcile back to the date of the inventory to confirm balances. The Board asked questions of Mr. Blair and the call ended at 9:15 a.m. Corrales, Cassoday and Welch departed the meeting at 9:17 a.m.

C. GM/CEO 2020 Goals

GM/CEO Bischoff reviewed his 2020 goals with the Board. Highlights included finalizing the strategic plan with roll out to all employees, complete a cost of service analysis, Broadband and potential broadband grants, facilitate two Financial Peace University classes (CCECF), update the Disaster/Emergency Action Plan, create a Wildfire mitigation plan and develop a Business Continuity Plan, continue leadership development, and audit two routine CCEC business processes.

D. GM/CEO Succession Recommendation per Policy #200-100

In accordance with Policy #200-100 GM/CEO Succession Management Policy, GM/CEO Bischoff recommends to the Board of Directors that Chief Financial Officer Frank Corrales Jr. succeed Bischoff as Acting GM/CEO should the GM/CEO be unable to continue in the position.

E. Strategic Plan Update

The board was updated on progress made to the strategic plan since the last meeting. Staff has proposed a rewrite of the mission statement as follows: "We serve you the energy that powers your life.", and a rewritten vision statement as follows: "Coos-Curry Electric Cooperative is a trusted community partner using our expertise to provide excellent service, inspire rural prosperity, and enhance our members lives. Our employees are a unified team of industry experts who foster a culture of continuous improvement and implement new knowledge and technology for a better tomorrow in Coos and Curry counties." Staff also recommended a new value statement: "We Value: Employee and public SAFETY, RESPECT among those we work with and serve, INTEGRITY in our words and actions, the 7 COOPERATIVE PRINCIPLES." The Board held a discussion and a motion was made to approve the new mission, vision and values statements. The motion was seconded and unanimously approved.

V. EXECUTIVE SESSION

The regular Board meeting adjourned to an executive session at 9:54 a.m. to discuss member issues, contract matters, and employee issues. The regular Board meeting reconvened at 12:35 p.m.

IV. ITEMS OF BUSINESS *(cont.)*

G. Proposed Resolution 2020-01 ReConnect Program Authorized Representative Request

GM/CEO Bischoff presented the proposed Resolution No. 2020-01 and advised the Board of the purpose of the proposed resolution and responded to questions from the Board. Following a discussion, a motion was made to adopt Resolution No. 2020-01 – ReConnect Program Authorized Representative Request (ARR), a copy of which is attached hereto and incorporated herein by reference, authorizing Mr. Bischoff and Mr. Recanzone assigned roles on behalf of the Cooperative as they relate to the USDA's Reconnect Program Online Application System. The motion was seconded and carried unanimously.

H. Miscellaneous

1. The February Board meeting date has been changed to Thursday, February 20, 2020.
2. Action Committee for Rural Electrification (ACRE) membership dues cards have been distributed to all board members and management.
3. Daniel Loshbaugh will be the voting delegate for the NRECA 2020 Annual Meeting and the voting delegate for the CFC 2020 Annual Meeting.

Director Kolen departed the meeting at 12:52 p.m.

F. Electronic Voting - Board of Director Election Process

Marketing and Member Services Manager Jacob Knudsen presented options to the Board to outsource the CCEC annual board of director balloting and election process. The three options are: 1) to keep the process as is, 2) contract with a third-party vendor for the election process using mail only paper balloting or 3) change the CCEC bylaws to accommodate a third-party vendor election process using a hybrid paper and electronic voting method. Option 3 requires a bylaws change. The Board discussed the options and a motion was made to contract with a third-party vendor for the 2020 election process using mail only paper balloting. The motion was seconded and the motion unanimously carried.

V. EXECUTIVE SESSION

The regular Board meeting adjourned to an executive session at 1:28 p.m. to discuss member issues, contract matters, and employee issues. The regular Board meeting reconvened at 2:18 p.m.

VI. ADJOURN

The next regular meeting of the Board of Directors is scheduled for Thursday, February 20, 2020, at CCEC's office in Port Orford, Oregon.

The meeting adjourned at 2:19 p.m.

/s/ Jim Kolen

Jim Kolen, Secretary

ATTEST:

/s/ John Herzog

John Herzog, President