

COOS-CURRY ELECTRIC COOPERATIVE, INC.
Minutes of the Regular Meeting of the Board of Directors
April 28, 2022

I. PRELIMINARY

The regular meeting of the Board of Directors of Coos-Curry Electric Cooperative, Inc. (CCEC) was called to order at 8:48 a.m. on Thursday, April 28, 2022, by President Jim Kolen, in the conference room at CCEC Headquarters office, Port Orford, Oregon.

Director Herzog called roll and stated a quorum was present, including Directors Cockerham, Kolen, Loshbaugh, McMahan, Radabaugh and Robison. Also present were Chief Executive Officer (GM/CEO) Brent Bischoff, Chief Financial Officer (CFO) Paul Keeler, Executive Assistant Shelly Smith-Napier, and General Legal Counsel Tyler Pepple.

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

Director Cockerham departed the meeting at 8:50 a.m.

IV. ITEMS OF BUSINESS

Brandon Tregellas arrived at 8:51 and introduced himself to the board.

Director Cockerham returned at 8:55 a.m.

C. 2021 YE Audit Presentation – Brandon Tregellas of DeCoria, Blair & Teague (9:00 a.m.)

Mr. Tregellas of DB&T reviewed the consolidated financial statements that include CCEC and CCEC's wholly-owned subsidiary Beacon Broadband, Inc. The audit procedures focused on utility plant, inventory, post retirement obligations, liabilities, equities and other assets on the balance sheet, and margins, revenue, and expenses on the statement of operations. Mr. Tregellas also reviewed new line items in the 2021 audited financials and disclosures including deferred tax assets and income tax benefit.

The report of independent auditor, financials reports and the compliance reports on internal controls and loan fund expenditures were reviewed. The auditors issued a clean audit report. Staff departed at 9:45 a.m. and the Board discussed the audit with Tregellas. Staff returned at 9:55 a.m. and Tregellas departed at 9:56 a.m.

D. Approved Board Member Attendance Request – Member Jack Worrall (10:00a.m.)

President Kolen advised the board that Member Jack Worrall of Brookings applied for and was approved under policy #300-030 to attend the Board meeting and speak to the Board.

Mr. Worrall joined the meeting at 10:00 a.m. and introductions were made. Mr. Worrall is in attendance today because he is concerned about the Beacon Broadband project. He distributed to the board members a handout of his spreadsheet calculations based upon emails from GM/CEO Bischoff and BBI GM Recanzone. Mr. Worrall is looking for input and additional numbers to update his spreadsheet. Mr. Worrall noted he has previously worked for Harborside Internet. The board thanked Mr. Worrall for his time, and he departed the meeting at 10:16 a.m. Mr. Bischoff will review the assumptions made on the spreadsheet and will respond to Mr. Worrall and update the Board.

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 03/2022; the members purge list for 04/2022, the GM/CEO's & Directors' expenses for 03/2022; and CCEC's attorney invoice. The motion carried unanimously.

III. MANAGER'S REPORT

Chief Financial Officer (CFO) Keeler reviewed the Financial Report for March 2022. Operating revenue year to date through March are \$213K less than budget. The cost of March purchased power is 3% lower than budget and is favorable year to date. kWh sold to consumers and used by CCEC for March 2022

are 10.24% lower than the March 2021 sales. The cost per kWh decreased slightly from February to March going from 0.0453 cents to 0.0392 cents. The modified debt service coverage (MDSC) will be added to the Statement of Operations starting with the April Financial Report.

The March write-off report was reviewed.

The April safety report was reviewed. Mr. Bischoff noted James Teague of Federated Rural Insurance company was here during the month to review CCEC safety practices. Mr. Teague commended CCEC on its safety record.

The Q1-2022 Outage Report was reviewed. Trees were the major contributor to outages during the quarter. 72% of outages this quarter were a result of the January 2022 storm. There was an outage in Agness that took significant time to restore due to a rockslide that had blocked the road making access impossible.

The Q1-2022 Tree Trimming Report was reviewed. At the end of the quarter tree trimming is 5% over budget due to in-house labor. More mowing has been done this quarter than usual due to the good weather. New reports show previous 4-year history compared to the current year.

The April CEO report was reviewed. Topics included Personnel, NW River Partners LSRD Media Campaign, New PNGC Member, Beacon Broadband Update to Curry County BOC, Supply Chain and Director Cockerham Letter.

IV. ITEMS OF BUSINESS

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

This item was covered in the CEO report.

B. Committee Reports

Policy Committee - Policy committee chair, Director McMahan, 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 #200-060 Authority & Function of Directors – as presented, and the motion carried unanimously.
- Policy #300-020 Member Accounts – as presented, and the motion carried unanimously.
- Policy #300-040 Member Request for Information – as presented, and the motion carried unanimously.

C. 2021 YE Audit Presentation – Brandon Tregellas of DeCoria, Teague & Blair (9:00 a.m.)

This item was discussed earlier in the meeting.

D. Approved Board Member Attendance Request – Member Jack Worrall (10:00a.m.)

This item was discussed earlier in the meeting.

E. Presentation & Discussion – BBI Note Payable

CFO Keeler presented to the Board an overview of the intercompany borrowing and options for formalizing an agreement related to the BBI Note Payable to CCEC. Topics of the discussion included intercompany borrowing, intercompany debt agreement and securing financing for the future. Mr. Keeler went on to review the current status of CCEC's borrowing from CFC for broadband and reviewed three repayment options. The Board requested staff to proceed with drafting an intercompany loan agreement, investigation of the impact of additional long-term debt, and contacting lenders regarding financing for the broadband project and electric projects.

F. Presentation – Response to Board questions from 2020 & 2021 Financial Results

CFO Keeler presented management's responses to the financial and budget

questions that the Board had identified and discussed during an 2-24-22 Executive Session of the Board.

G. 2022 CCEC Annual Meeting – Approve Director Candidates Nominated by Petition

The Nominations by Petition for the CCEC District Director positions received by the deadline and verified to be qualified candidates are as follows:

- District 1 & 2 – Brookings Area
 - Georgia Cockerham, Incumbent
 - David Itzen
- District 3-4-5 At Large – Gold Beach, Port Orford, Coquille Area
 - Craig Chenoweth
 - Dan Loshbaugh, Incumbent
- District 5 – Coquille Area
 - Deena Gisholt
 - Pete Radabaugh, Incumbent

The Board approved the Nominations by Petition, as presented, for inclusion on the Ballot for Directors for a vote of the CCEC membership by vote-by-mail prior to the 2022 Annual Meeting of the Membership scheduled for June 16, 2022.

H. Open Discussion

No topics for discussion.

I. Miscellaneous

1. NCSC Voting Delegate - Mr. Bischoff has been designated as the voting delegate.
2. NWPPA Annual Meeting – no attendees for 2022.
3. NWPPA Voting Delegate – Mr. Bischoff has been designated as the voting delegate.
4. CFC Forum – no attendees for 2022.

5. CFC Voting Delegate – Mr. Bischoff has been designated as the voting delegate.

6 ORECA Mid-Year Meeting – Directors Herzog, McMahan, and Radabaugh will attend the meeting.

I. Miscellaneous (cont.)

7. Energy Northwest Participants Review Board (PBR) Voting Delegate – Mr. Bischoff has been designated as the voting delegate.

8. Removal of Director Cockerham from CCEC Executive Session meetings – President Kolen identified statements Director Cockerham made during a town hall meeting that included direct quotes from the BBI Business Plan, which has only been provided in CCEC Executive Sessions. Policy No. 200-040.II.G.2 provides that directors may be excluded from Executive Sessions if they disclose confidential information from these sessions. A motion was made and seconded to remove Director Cockerham from participation in executive sessions of the CCEC Board of Directors for an indefinite period. Discussion ensued.

The board recessed to an executive session at 12:58 p.m. and reconvened at 1:03 p.m.

8. Removal of Director Cockerham from Executive Session meetings

Discussion continued. A vote was had, and the motion passed with one against (Cockerham).

V. EXECUTIVE SESSION

The regular Board meeting adjourned at 1:18 p.m. and went into an executive session to discuss member issues, contract matters and employee issues. Director Cockerham departed the meeting at 1:20 p.m.

The regular meeting reconvened at 2:40 p.m.

