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Dear Member:

The purpose of this letter is to have a candid, straight-talk correspondence with you regarding several false allegations recently conveyed by a co-op member on a regional radio talk show and the local paper. I feel an obligation to you, the member/owner, to set the record straight with the truth regarding these out right lies being told.

The first issue to address is that of director term limits. The member claims that two co-op board members are illegally on the board because they have exceeded the six consecutive, three-year terms as a director. What the member fails to state is the very next sentence in the bylaws which states *"This requirement may be waived by the members if a director is serving as a director for a State, Regional or National Rural Electric Association."* This was an addition to the bylaws, voted in by the members in 1991 in recognizing the value a director in that capacity brings to not only Wasco Electric, but to co-ops across the state and nation. The two current board members referred to have or continue to serve in leadership roles at the Oregon Rural Electric Cooperative Association, Northwest Public Power Association and even the National Rural Electric Cooperative Association. The leadership and experience these board members bring to the board room is immeasurable.

The second issue is the claim of *"rigged elections"*. This member stated *"all the ballots go to the cooperative board; they get to shred whatever they feel like and things of that nature..."* Contrary to this claim, the cooperative has a very democratic election process. All mail-in ballots are verified against the current membership list and then presented, unopened and in the secret ballot envelope, to the ballot committee which is made up of co-op members. This committee independently tallies the ballots and certifies the results the day of the annual meeting. What is ironic about this member's claim of *"rigged elections"* is that he had a third-party individual observe the counting and certification process and found that there was nothing rigged about the process.

On the topic of the cooperative finances, this member states *"the cooperative is not audited by the Justice Department or anybody else...there is no limitations on how they can spend money they collect from us so they can buy off politicians..."* Well, the TRUTH is the co-op never has bought off a politician and it goes through a very rigorous annual audit with an independent accounting firm. The cooperative is held to very high accounting standards through not only the annual Generally Accepted Accounting Principles audit, but also by the Rural Utility Services, a branch of the U.S. Department of Agriculture. In addition to these audit processes, the co-op also submits an extremely detailed annual report to the Internal Revenue Service.

Financial responsibility to the membership is one of the principle functions of the Board of Directors and the management of your cooperative.

The last topic I want to address is the claim that *"the members have no rights to attend board meetings"*. This couldn't be further from the truth, in fact, this very member making this claim has attended past board meetings. Your cooperative functions in a very open and transparent manner and members are always welcome to attend our monthly board meetings.

I thank you for taking the time to hear the TRUTH about your cooperative and how it functions. After listening to and reading the continual untrue claims about your co-op, I felt it was time to set the record straight.

If you have any questions or wish to discuss these or any other issues regarding your cooperative, please feel free to give me a call.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff", written in a cursive style.

Jeff Davis, General Manager
Wasco Electric Cooperative, Inc.