

**TANNER ELECTRIC COOPERATIVE
BOARD OF DIRECTORS**

**Regular Meeting
May 27, 2021**

MINUTES

The Board of Directors of Tanner Electric Cooperative (TEC) met in Regular Session at 3:00 p.m. on Thursday, May 27, 2021, in the boardroom at the TEC administration building in North Bend, Washington.

I. CALL TO ORDER

Board President Ed Stephenson called the meeting to order at 3:02 p.m.

II. ROLL CALL

Roll call was taken, and the following Directors were present:

President Ed Stephenson
Vice President Paul Bay
Treasurer Mike Hodge
Roger Guay
Dutch Siedentopf
John Saatela
Secretary-Susan Serrette-Egan
Steve Nicholes

Absent: David McGoldrick

Quorum: A quorum was established.

Staff Present:

Steven Walter, Chief Executive Officer
Nick Himebauch, Operations Manager
Kevin Burns, Director of Finance
Lisa Peabody, Executive Administrative Assistant
Joel Merkel, General Counsel

III. APPROVAL OF THE BOARD MEETING AGENDA (Action Item)

Motion: To accept the meeting agenda as presented. The motion was seconded and passed by a unanimous voice vote of all Directors present and participating by teleconference as follows:

RESOLVED, that the May 2021 TEC Board meeting agenda be, and is hereby approved.

Moved: Dutch Siedentopf **Second:** Mike Hodge **Status:** Passed

IV. UNFINISHED BUSINESS

Receive the Consent Agenda (Action Item)

Motion: To receive and file the consent agenda items as presented during the May 2021 TEC Board meeting. The motion was seconded and passed by a voice vote of all Directors present and participating by teleconference as follows:

RESOLVED, that the May consent agenda including Write Offs, New Memberships, Release of Easements on Anderson Island, and Monthly Outage Reports be, and are hereby received by the Board without modifications.

Moved: Paul Bay **Second:** Susan Serrette-Egan **Status:** Passed

Approval of the Board Meeting Minutes – April 20, 2021 (Action Item)

The minutes from the previous meeting were included as an attachment to the agenda and distributed to the Board for review.

Motion: To accept and approve the TEC Board meeting minutes from April 20, 2021, as written. The motion was seconded and passed by a unanimous voice vote of all Directors present participating by teleconference as follows:

RESOLVED, that the TEC Board meeting minutes from April 20, 2021 be, and are hereby approved.

Moved: Paul Bay **Second:** Dutch Siedentopf **Status:** Passed

Approval of the Summary minutes for the *Ruralite* (Action Item)

Motion: Move to approve the April 20, 2021, Board meeting minutes as written for the *Ruralite* magazine. The motion was seconded and passed by a unanimous voice vote of all Directors present and participating by teleconference as follows:

RESOLVED, that the April 2021 minutes for the *Ruralite* be, and are hereby approved.

Moved: Roger Guay **Second:** Susan Serrette-Egan **Status:** Passed

V. FINANCIAL REVIEW – Mr. Kevin Burns (Action Item)

TEC Funds Disbursement List

The Board reviewed the monthly Checks, ACH and Wire Transactions for the month of April 2021.

Monthly P & L

Mr. Burns presented the monthly profit and loss reports to the Board for review.

Motion: To receive and file the Financial Reports as presented to the Board for the month of April. The motion was seconded and passed by a voice vote by all the Directors present and participating by teleconference as follows:

RESOLVED, that the April 2021 Financial reports as presented be, and are hereby received by the Board without modifications.

Moved: Paul Bay **Second:** Mike Hodge **Status:** Passed

VI. REPORTS

CEO Report – Mr. Steven Walter

Mr. Walter submitted a written report that was distributed to the Board as an attachment to the agenda. During the meeting he discussed the current market price for power, the potential new

growth for TEC services in North Bend and the addition of the new mandatory Washington State Long Term Care Trust Act and how it will affect the employees of the Cooperative.

Operations Manager's Report – Nick Himebauch

Mr. Himebauch submitted a written report that was distributed to the Board as an attachment to the meeting agenda and included progress updates on the Middle Fork transmission line construction, various underground replacement projects and long-term planning for system upgrades.

Finance & Audit Committee – Chairman Paul Bay

Mr. Bay reported since the last Board meeting, the committee met online to work on amending the member service policy on Capital Credits and finalizing a draft resolution for establishing a TEC Charitable Fund. Following a discussion, the Chairman made a recommendation to the Board for approval of both items.

Policy & Bylaws – Chairman Dutch Siedentopf

Mr. Siedentopf reported that the committee continued their work online to review the TEC Board policies and the Bylaws. Several policies and Bylaws revisions were recommended to the Board for approval.

New Technology & Conservation – Chairman Roger Guay

The committee continues to work online, researching some of the new models of electric vehicles and their latest technology.

Union Affairs – Chairman Steven Walter

The Operations Manager and the union representatives from IBEW Local 77 began union negotiations and will continue to meet over the next few weeks to renegotiate a new contract.

Operations & Facility – Steve Walter

When the new administration building was constructed, TEC was required to enter into a Developer's Agreement with the City of North Bend, which outlined various site improvements for the old existing building and parking areas and storage yard. Operations will be meeting with them to discuss Phase II and Phase III of the agreement.

There was no Personnel report this month.

VII. OTHER REPORTS

General Counsel Report – Mr. Joel Merkel - King County ROW Update

General Counsel Joel Merkel reported that the July 23, 2021 hearing date for motions for partial summary judgment, will include Tanner’s motion based on its Easement Bylaw.

Other utility motions for partial summary judgment that may be heard that day may include: (i) utility motions on whether they have a right to “condemn” access and use of the ROW under municipal and private condemnation statutes, (ii) the amount of a “fire flow” or credit that can be claimed by water utilities, (iii) whether water utilities may be compelled to “indemnify” the County for fire suppression activities, and (iv) whether the County is barred by statute from depositing franchise compensation into its General Fund. The County has still not identified any motions for partial summary judgment that it intends to bring at the July hearing.

Additional motions for partial summary judgment will be heard by the Court on December 3, 2021, including a motion on the County’s methodology for calculating rent, whether the rental fee, if valid, may be applied retroactively and whether the County followed procedures required by existing franchise agreements in adopting the rental fee.

Legislation will be proposed by the utilities in the 2022 session of the Washington Legislature in an effort to resolve many of the issues in the pending lawsuit.

VIII. NEW BUSINESS

Amend the TEC Capital Credit Member Policy (Action Item)

The Finance and Policy committees conducted a thorough review of the current capital credit policy and determined it was in the best interest of the Cooperative and its members to revise the TEC policy for allocating and retiring capital credits.

Motion: To accept and approve the amendments to the Capital Credits Member Policy as recommended and presented by the Finance Chairman. The motion was seconded and passed by a voice vote by all the Directors present and participating by teleconference as follows:

RESOLVED, that the amended Capital Credit Member Policy No. 39 be, and is here by approved.

Moved: Paul Bay

Second: Mike Hodge

Status: Passed

Adopt Resolution 21-269 to establish TEC Fund (Action Item)

The TEC Board has determined that it is in the best interests of the Cooperative and all of its members to establish a separate account in its books and records for the purpose of being in compliance with the CETA (RCW19.405.120) as required and to enable TEC to accumulate and disburse funds for low-income energy assistance and or educational purposes.

Motion: To approve and adopt Resolution 21-269 to establish a Fund. The motion was seconded and passed by a voice vote by all the Directors present and participating by teleconference as follows:

RESOLVED, that TEC Resolution 21-269 is approved, and therefore be it RESOLVED, that Resolution 21-265 is repealed and replaced by this resolution effective May 27, 2021.

Moved: Paul Bay

Second: Dutch Siedentopf

Status: Passed

Adopt Resolution 21-270 to Authorize Capital Credit Retirement (Action Item)

The TEC Board of Directors has determined to proceed with a retirement of the Cooperative's remaining unretired capital credits for 1990 through 1992 in the approximate amount \$202,000 and the unretired capital credits for the years 1993 through 2020 in the approximate amount of \$98,000 and shall be subject to a minimum amount of not less than \$15.00. Any amounts less than \$15.00 shall be deferred to the member's account, until such a time that the minimum requirement is met and will be paid to the members during future retirements.

Motion: To approve and authorize the retirement of Capital Credits as outlined in Resolution 21-270, and that the foregoing retirement shall be completed by December 31, 2021. The motion was seconded and passed by a voice vote by all the Directors present and participating by teleconference as follows:

RESOLVED, that TEC Resolution 21-270 be, and is approved by the TEC Board on May 27, 2021.

Moved: Paul Bay

Second: Steve Nicholes

Status: Passed

TEC Board Officer Elections (Action Item)

Following the annual meetings each year the Board conducts officer elections. The names of the Directors nominated were placed on a paper ballot for a vote. Following the counting of the ballots, General Counsel Joel Merkel, announced the winners of the election. The TEC Board officers are as follows; President - Mike Hodge, Vice-President- Roger Guay, Treasurer- Paul Bay, Secretary - Susan Serrette-Egan.

Appoint New Director for Anderson Island (Action Item)

A recommendation was made to the Board to appoint Carol Paschal from Anderson Island to fill the vacant seat and remaining one year term on the Board, as a result of Mr. Stephenson's resignation following this meeting.

Motion: To approve and authorize the appointment of Director Carol Paschal. The motion was seconded and passed by a voice vote by all the Directors present and participating by teleconference as follows:

RESOLVED, that Carol Paschal is appointed as the new Director for Anderson Island and is hereby approved by the Board of TEC on May 27, 2021.

Moved: John Saatela

Second: Ed Stephenson

Status: Passed

Approval of Resolution 21-271(Action Item)

After the announcement that Mr. Ed Stephenson would be resigning, at the close of this meeting, the TEC Board wanted to acknowledge and recognize the dedication and service of past Board President Stephenson. Mr. Stephenson served on the TEC Board for eleven years, and nine of those years he served in the role of President.

Motion: To authorize and approve Resolution 21-271 as presented by Director Paul Bay. The motion was seconded and passed by a voice vote by all the Directors present and participating by teleconference as follows:

RESOLVED, that Resolution 21-271 be, and is hereby approved by the Board of TEC on May 27, 2021.

Moved: Dutch Siedentopf

Second: Roger Guay

Status: Passed

Board Committee Assignments

Board President elect, Mr. Michael Hodge, would like it noted in the meeting minutes, that the current Board committee members active, unless any Board member voice a concern to be reappointed.

IX. ADJOURN BOARD MEETING

Following no further business, the Board President adjourned the May 2021 Tec Board of Directors meeting at 5:30 p.m. The next Board of Directors meeting is scheduled for June 22, at 3:00 p.m. at the Administration building in North Bend.