

TANNER ELECTRIC COOPERATIVE, INC
BOARD OF DIRECTORS
Regular Meeting –May 19, 2020

MINUTES

The Board of Directors of Tanner Electric Cooperative (TEC) met in Regular Session at 1:00 p.m. online with video conferencing on Tuesday May 19, 2020.

I. CALL TO ORDER

Board President Ed Stephenson called the meeting to order at 1:07 p.m.

II. ROLL CALL/ESTABLISH QUORUM

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

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

Absent: None

A quorum was established.

Staff Present:

Steven W. Walter, Chief Executive Officer
Nick Himebauch, Operations Manager
Steve Chamberlin, Controller
Lisa Peabody, Executive Administrative Assistant
Corporate Counsel, Joel Merkel

III. APPROVAL OF THE MEETING AGENDA

Motion: To accept the meeting agenda as written.

The motion was seconded and passed by a unanimous voice vote of all Directors present and participating by video conference as follows:

RESOLVED, that the May 2020 TEC Board meeting agenda be, and is hereby approved.

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

IV. NEW DIRECTOR

Incumbent Board member Kendel Lyman's three-year term expired in April and she did not intend to pursue re-election. There were two candidates running for the TEC Board position on Anderson Island, David McGoldrick and Tom Krueger.

The voting ballots were published in the May Ruralite and the members from the Island mailed in their votes to the TEC Administrative office in North Bend. On May 16th, all ballots received were opened and counted. David McGoldrick was elected and today he will begin his first term as a member of the TEC Board of Directors.

V. APPROVAL OF THE CONSENT AGENDA

Check List /Write Offs

Motion: To accept the consent agenda as presented in the Board packet on May 19, 2020.

The motion was seconded and passed by a unanimous voice vote of all Directors present and participating by video conference as follows:

RESOLVED, that the consent agenda as set forth in an attachment to the meeting agenda and was distributed to all the Board members be, and is hereby approved.

Moved: Dutch Siedentopf **Second:** Susan Serrette-Egan **Status:** Passed

New Membership Applications

Motion: To accept the new membership applications for April 2020.

The motion was seconded and passed by a unanimous voice vote of all Directors present and participating by video conference as follows:

RESOLVED, that the new membership applications as they appeared on the attachment to the Board meeting agenda be, and are hereby approved.

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

VI. APPROVAL OF THE TEC BOARD OF DIRECTOR'S MEETING MINUTES

TEC Board of Directors Meeting April 21, 2020

Motion: To accept and approve the April 2020 Board meeting minutes as modified.

The motion was seconded and passed by a unanimous voice vote of all Directors present and participating by video conference as follows:

RESOLVED, that the minutes of the April 2020 TEC Board of Director's meeting be, and are hereby approved as amended.

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

VII. APPROVAL OF THE SUMMARY MINUTES FOR *RURALITE*

Motion: To approve and accept the April 2020 TEC Board meeting minutes as modified for the *Ruralite* publication.

The motion was seconded and passed by a unanimous voice vote of all Directors present and participating by video conference as follows:

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

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

VIII. OTHER UNFINISHED BUSINESS

King County Update – Joel Merkel

General Counsel Joel Merkel provided an update on the status of the lawsuit by utilities challenging King County’s ordinance imposing a “rental charge” on utilities for use of the public right of way for their distribution facilities. King County originally sued 21 Water Districts for a declaratory ruling and a group of King County cooperative utilities of which Tanner is a member successfully moved to intervene.

The utilities successfully challenged the rental charge ordinance in the trial court, however, the Washington Supreme Court reversed the trial court and held that the ordinance was “facially valid;” however, the Supreme Court remanded the case to Superior Court to consider various issues, including the reasonableness of the rental charge, whether the County followed the correct procedure in adopting the ordinance, whether the utilities have contractual rights under Plat Easements and other agreements that preclude the rental charge, and other issues that were not addressed in the initial round of the litigation.

The utilities recently met with County attorneys in an attempt to reach agreement on an order implementing the Supreme Court decision and that would characterize the remaining (unresolved) issues and lay out a procedural path forward, however, the parties failed to reach agreement. The utilities and the County each presented an alternative order to the Court. The Court adopted a compromise order, which was generally in accord with the utilities’ proposed order and that recognized the issues that remain to be resolved.

The utilities are now in the process of drafting an amended Answer to the County’s original lawsuit, which will be filed in the next month. Merkel stated that the coop group of utilities is particularly interested in pursuing the contractual claims recognized by the Supreme Court, but which were not addressed in the initial round of litigation. The coop group will continue its alliance with the 21 Water Districts. The next step will be to develop a strategy for how to litigate the unresolved issues. The utilities group will also work together to pursue a legislative solution in the next session of the Washington Legislature.

Capital Credit Update

Mr. Merkel also prepared an update on the Bylaws in relation to Tanner Wind Energy’s losses/gains and how that affects TEC’s net margins, patronage, and the allocation of Capital Credits to the membership.

IX. REPORTS

CEO Report – Steven Walter

Mr. Walter submitted a written report to the Board updating them on how the employees, the Cooperative, and Annual meetings have all been impacted over the last month due to the Covid-19 Pandemic.

The staff has been is working on funds available from FEMA, applying for the Payroll Protection Plan (PPP)and the Cares Act funding. As of this meeting we have not received confirmation or approval of any financial assistance.

Mr. Walter is also staying in close contact with the NRECA, who are diligently working in Washington D.C. at the national level to facilitate acquiring any financial assistance from the Federal Government for the utilities and coops throughout the regions.

Operations Manager’s Report – Nick Himebauch

Mr. Himebauch submitted a written report to the Board. The crew is back to work in the field but with restrictive policies related to the way they handle the daily operations. We have implemented these changes to maintain a healthy environment for all employees with very little impact on their productivity.

Finance & Audit Committee – Chairman Paul Bay

The committee met via online to discuss the financial status of TEC in all aspects including the Capital Credits policy and disbursements. The annual TEC financial audit is still in progress electronically.

It was announced that Director Paul Bay will replace Kendel Lyman as the Finance Chairman.

Youth Development Committee – Susan Serrette-Egan, Chairman

The committee Chairman announced that the annual NRECA Youth Tour in Washington D.C. was cancelled due to the national Covid-19 Pandemic.

Union Affairs

The Chairman, Mr. Walter reported the current union contract for IBEW Local 77 expires on July 1, 2020. He is proposing a one year extension of the current contract to allow the Cooperative to recover from the financial effects of these unprecedented times and until such a time that social distancing is not required. That way he can conduct face to face negotiations with the union representatives.

There were no Personnel, Operations & Facility, Policy & Bylaws or New Technology reports.

X. Financial Reports – Steve Chamberlin, Controller

Mr. Chamberlin presented an overview of the financials, expenses, and actual results vs. budget.

Motion: To receive the April financial reports as submitted by the Controller. The motion was seconded and passed by a unanimous voice vote of all Directors present and participating by video conference as follows:

RESOLVED, that the April 2020 financial statements be, and are hereby accepted as presented to the TEC Board of Directors on May 19, 2020.

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

XI. NEW BUSINESS

TEC Board Resolution 20-258 – Appointing the 2020 TEC Board Officers

The Officer Nominating Committee Chairman Roger Guay made a recommendation to the Board for the 2020 TEC Officers:

Board President – Edgar Stephenson

Vice -President Paul Bay

Treasurer – Mike Hodge

Secretary – Susan Serrette-Egan

Motion: To accept and approve Resolution 20-258 as presented on May 19, 2020. The motion was seconded and passed by a unanimous voice vote of all Directors present and participating by video conference as follows:

RESOLVED, that the Resolution 20-258 be, and is hereby approved by the TEC Board of Directors on May 19, 2020.

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

TEC Board Resolution 20-259 – TEC 2020 Committee Assignments

The Board President presented the committee assignments for the 2020 term as outlined in Resolution 20-259.

Motion: To accept and approve the 2020 Board Committee assignments as proposed. The motion was seconded and passed by a unanimous voice vote of all Directors present and participating by video conference as follows:

RESOLVED, that the Resolution 20-259 be, and is hereby approved by TEC Board of Directors on May 19, 2020.

Moved: Dutch Siedentopf **Second:** Roger Guay **Status:** Passed

TEC Board Resolution 20-260 – Authorizing CoBank Loan Application

The TEC Board has the authority as outlined in the Bylaws to allow the borrowing of money in the form of loans or grants in the best interest of the Cooperative. It was proposed that Tanner Electric become a member of CoBANK for the purpose of applying for a PPP Loan. The motion was seconded and passed by a unanimous voice vote of all Directors present and participating by video conference as follows:

Motion: To approve Resolution 20-260 authorizing the CEO enter and execute any loan/grant transactions with the lender CoBank on behalf of the Cooperative.

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

Conflict of Interest Statements

Following the annual meeting typically in May, the Board reviews the TEC Conflict of Interest Policy No. 101 and each Board member is required to submit an annual Conflict of Interest statement.

XII. ADJOURN MEETING

There being no further business, the TEC Board meeting was adjourned by the Board President at 2:45 p.m. The next Board of Directors meeting is scheduled for June 16, 2020