

TANNER ELECTRIC COOPERATIVE, INC
BOARD OF DIRECTORS
Regular Meeting Aug 18, 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 August 18, 2020.

I. CALL TO ORDER

Board President Ed Stephenson called the meeting to order at 1:06 p.m.

II. ROLL CALL/ESTABLISH QUORUM

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

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

Absent: Vice-President Paul Bay was excused.

A quorum was established.

Staff Present:

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

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

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 August 2020 TEC Board meeting agenda be, and is hereby approved.

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

IV. AUDIT PRESENTATION

Kenneth Kuhns and Company presented the 2019 audit results to the full TEC Board of Directors. Their review concluded a “clean” audit.

V. APPROVAL OF THE CONSENT AGENDA (Action Items)

Check List and Write Offs

Motion: To accept the consent agenda as presented in the Board packet on August 18, 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 August 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:** Roger Guay **Status:** Passed

New Membership Applications

Motion: To accept the new membership applications for the month of July.

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 July 2020 new membership applications as presented on the attachment to the Board meeting agenda be, and are hereby approved.

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

VI. APPROVAL OF TEC BOARD OF DIRECTOR’S MEETING MINUTES (Action Item)

July Board of Directors Meeting 2020

Motion: To accept and approve the July TEC Board meeting minutes as amended.

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 July 21, 2020 TEC Board of Director’s meeting be, and are hereby approved as written.

Moved: Roger Guay **Second:** David McGoldrick **Status:** Passed

VII. APPROVAL OF THE SUMMARY MINUTES FOR *RURALITE* (Action Item)

Motion: To accept and approve the July 21, 2020 TEC Board meeting minutes as written 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 July 2020 minutes for the *Ruralite* magazine be, and are hereby approved.

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

VIII. OTHER UNFINISHED BUSINESS

King County Update – Joel Merkel

Tanner's General Counsel, Joel Merkel, reported on the status of the King County ROW litigation, as follows:

General Counsel Joel Merkel reported that the Coop/Nonprofit Utility Group, of which Tanner is a member, and the Municipal Water/Sewer District Group, each of which are Intervenors in the lawsuit challenging King County’s ROW rental fee ordinance. The ordinance was held to valid “on its face” by the Supreme Court and the case was remanded to the Superior Court for further

action consistent with the Supreme Court opinion. In early August, both intervenor groups filed their Amended Complaints to address issues concerning whether the King County Ordinance authorizing the ROW rental charge is invalid “as applied” by the County. The Intervenor groups have also filed discovery requests with the County asking that the County produce documentation concerning its methodology for determining the amount of rent and documents related to the donations, plat declarations, easements, deeds or other instruments by which the County obtained its interest in the ROW, and other documents related to the Intervenor groups’ claims that the ordinance is invalid “as applied.” The Intervenor groups are also in the process of seeking a 6 month continuance of the trial date (from February 2021 to August 2021) to allow for discovery, summary motions and other proceedings to occur before a trial is held. Tanner continues to participate actively in the Coop. Finally, Merkel reported on the status of the “Plan of Action” by the Coop/Nonprofit Utility Group, including efforts to seek a change of law from the Legislature to resolve the dispute by clarifying that rental charges cannot exceed the actual cost to the County to administer the ROW.

IX. REPORTS

CEO Report – Steven Walter

Mr. Walter submitted a written report to the Board that discussed the current AR balances due to COVID and the Governor’s extension of no late fees or disconnects moratorium until mid-October.

The NRECA is also working on the frontlines at the national level to request funding to assist the coops with the higher than normal member past due accounts. A request is also being made to Governor Inslee to see if some of the state received CARES Act funds could be allocated to help the coops.

Operations Manager’s Report – Nick Himebauch

Mr. Himebauch submitted a written report to the Board and during the meeting discussed the current capital projects.

Country Club Drive Overhead – Underground Conversion – All conduit, string and conduit is in.

Yoman Rd Overhead – Underground Conversion – The crew has half of the 900 ft of conduit in the ground.

Rattlesnake Ridge – An outage will be scheduled to cut over the 3,780 feet of new wire as soon as time permits.

Circuit 2 - The parts of the circuit that need repair have been documented and will be refurbished in the upcoming months.

Policy & Bylaws Committee, Chairman Dutch Siedentopf

The committee has been working online to review the employee policies. The committee Chairman made a recommendation to the Board for approval of two policies as revised by the committee, Employee Policy 312 & 313.

There were no Finance, Personnel, Operations & Facility, Youth Development or New Technology or Union Affair reports this month.

XI. Financial Reports – Steve Chamberlin, Controller

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

Motion: To accept and receive the July 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 July 2020 financial statements be, and are hereby accepted as presented to the TEC Board of Directors on July 21, 2020.

Moved: Dave McGoldrick **Second:** Dutch Siedentopf **Status:** Passed

XII. NEW BUSINESS

2019 Audit Report (Action Item)

Motion: To accept the audit report as presented by Kenneth Kuhns & Company during the August TEC Board meeting.

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 2019 Financial Audit be, and is hereby accepted as presented to the TEC Board of Directors on August 18, 2020.

Moved: Mike Hodge **Second:** Dave McGoldrick **Status:** Passed

Approval of Hiring an additional TEC Employee (Action Item)

It was recommended by the auditors and the Finance committee to hire one additional fulltime employee for supporting the Controller with the accounting responsibilities.

Motion: To approve the addition of hiring one additional full-time employee for the accounting department. The motion was moved and seconded and the President opened the floor for discussion.

Moved: Mike Hodge **Seconded:** Susan Serrette-Egan **Status:** Failed

Following a discussion, the previous motion to approve was amended as follows:

Motion: To approve the hiring of one additional full-time employee for the accounting department pending the Board be advised of the past deficiencies in providing punctual recording, what lead up to determining the need for the additional accountant and what staff oversight is currently being implemented to ensure these issues don't happen in the future.

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 TEC Board of Directors approved the hiring of one additional employee under the provisions mentioned in the motion and is hereby approved on August 18, 2020.

Moved: Dave McGoldrick **Seconded:** Steve Nicholes **Status:** Passed.

Approval of Employee Policy 312 & 313 (Action Item)

Motion to accept and approve the Policy 312 Employee Travel and Reimbursement & Policy 313 Employee Physicals as recommended by the Policy Committee Chairman.

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 approved Policies 312 & 313 be, and are hereby approved as presented to the TEC Board of Directors on August 18, 2020.

Policy 312 - Moved: Dave McGoldrick **Second:** Steve Nicholes **Status:** Passed
Policy 313 - Moved: Dutch Siedentopf **Second:** Steve Nicholes **Status:** Passed

CFC Loan Repricing (Action Item)

Mr. Walter discussed the interest rates and term repricing of the Tanner loans with CFC and presented a proposal to the Board for approval. It was proposed to reprice the 800K loan to a 2.35% rate and move the line of credit to a 30-year fixed rate of 3.58%.

Motion: To accept and approve the loan repricing as proposed by the CEO.

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 CFC loans as specified be repriced and are hereby accepted as presented to the TEC Board of Directors on August 18, 2020.

Moved: Mike Hodge **Second:** Dave McGoldrick **Status:** Passed

XIII. ADJOURN MEETING

There being no further business, the August 2020 TEC Board meeting was adjourned by the Board President at 4:21 p.m. The next Board of Directors meeting is scheduled for September 15, 2020