

**TANNER ELECTRIC COOPERATIVE, INC**  
**BOARD OF DIRECTORS**  
**Regular Meeting –April 21, 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 April 21, 2020.

**I. CALL TO ORDER**

Board President Ed Stephenson called the meeting to order at 1:00 p.m.

**II. ROLL CALL/ESTABLISH QUORUM**

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

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

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

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

### **IV. GUEST SPEAKER**

Kent Lopez, General Manager of the Washington Rural Electric Cooperative Association (WRECA) updated the Board on the current legislative and regulatory issues at both the national and state levels. Mr. Lopez and his team of lobbyists communicate on a regular basis with policymakers in Olympia and Washington, DC to educate them about the impacts of state and federal laws and regulations on the electric cooperatives and their member-consumers.

### **V. APPROVAL OF THE CONSENT AGENDA**

#### **Check List /Write Offs**

Motion: To accept the consent agenda as presented in the Board packet on April 21, 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:** Susan Serrette-Egan    **Second:** Paul Bay    **Status:** Passed

#### **New Membership Applications**

Motion: To accept the new membership applications for the month of March 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**

### **February 18, 2020 TEC Board of Directors Meeting**

Motion: To accept the February 18, 2020 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 February 2020 TEC Board of Director's meeting be, and are hereby approved as amended.

**Moved:** Mike Hodge **Second:** Roger Guay **Status:** Passed

### **TEC Board of Directors Meeting March 17th**

The Federal, Washington State and King and Pierce County governments have declared a state of emergency and adopted or mandatory and recommended measures to prevent the spread of the Corona virus (Covid 19).

The President of the TEC Board of Directors, Edgar Stephenson, deemed it necessary, to cancel the scheduled March 17, 2020 Directors meeting order to comply with the health and safety recommendations and requirements contained in the emergency declarations, and to accommodate state and local recommendations and regulations that prohibit gatherings of 10 or more people.

The customary agenda and meeting documents were made available on the Board member's iPads so they could review the monthly CEO, Operations and Financial reports. The April TEC Board meeting is scheduled for April 21, 2020 and the Board will meet virtually online until further notice, as deemed necessary by the Board President. For the Corporate records, the March Board of Directors meeting minutes were limited to the notice of cancellation from the Board President as stated above.

Motion: To approve the March 2020 minutes 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 minutes of the February 2020 TEC Board of Director's meeting be, and are hereby approved as amended.

**Moved:** Paul Bay    **Second:** Roger Guay    **Status:** Passed

The 2020 Annual Meeting gatherings with the members has also been cancelled due to the COVID 19 current restrictions. A written version of the annual meeting reports will be published in the May Ruralite for the members to read. The Director candidates and election information will be included in the publication. The members will be required to mail-in their voting ballots to the TEC administration building and the Board President will be notified of the winner.

## **VII. APPROVAL OF THE SUMMARY MINUTES FOR *RURALITE***

Motion: To approve the February 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 February minutes for the *Ruralite* magazine be, and are hereby approved.

**Moved:** Roger Guay    **Second:** Mike Hodge    **Status:** Passed

Motion: To approve the March 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 March minutes for the *Ruralite* magazine be, and are hereby approved.

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

## **VIII. OTHER UNFINISHED BUSINESS**

### **King County Update – Joel Merkel**

Corporate Counsel, Joel Merkel, reported on the status of the King County ROW litigation. Attorneys for the municipal water districts group and the non-profit utilities group, to which Tanner belongs, met with the King County attorneys regarding procedures for identifying and resolving outstanding issues that were left unresolved by the Supreme Court's opinion. Among those issues are the utilities claims to have contract rights to use the ROW without compensation and whether the County's proposed methodology for calculating rent is "reasonable." The Supreme Court opinion recognized that these issues remain to be resolved by the trial court. Another issue that was discussed was the case schedule going forward. However, no agreement was reached between the utilities and the County on how to frame these remaining issues in a new trial court Order to govern the case going forward. As a result, the utilities and the County have submitted separate proposed orders to the Court regarding how to proceed. The Court has not yet ruled on these competing proposed orders.

### **2020 TEC Voting Delegates for Cooperative Response Center, Inc. (CRC) (Action Item)**

Motion: To designate CEO, Steven Walter, as the primary voting delegate, and Operations Manager Nick Himebauch as the alternate voting delegate for CRC.

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 2020 TEC voting delegates as stated above be, and are hereby approved.

**Moved:** Roger Guay **Second:** Paul Bay **Status:** Passed

## **IX. REPORTS**

### **CEO Report – Steven Walter**

Mr. Walter presented a verbal report to the Board discussing the events that have transpired with the closing of the TEC office to the members and public approximately 4 weeks ago. Shortly after that he closed the office to most employees and only allowed "Essential" employees to work in the office. All phone calls to the office have been forwarded to employee's homes and through the VPN they can take care of business as usual. Daily business now continues to be operated on a video screen. Zoom or other video platforms, are the new normal. Our Controller

is still working on the Payroll Protection Plan (PPP) but has not received any progress reports or confirmation of funding from Umpqua Bank.

In efforts to keep employees protected who are coming to work when necessary, the office is being disinfected every workday after hours. The staff is also busy procuring any PPE they can find to ensure all TEC employees have masks, gloves, disinfecting wipes and hand sanitizer at their desks and in all the fleet vehicles. We are currently on task to get the line crew back in the field doing only urgent projects by April 27<sup>th</sup> pending any unforeseen circumstances.

### **Operations Manager's Report – Nick Himebauch**

With our crews at home and the office closed, Operations has been focused on outages, service emergencies, encasing the surplus Submarine Cable that is stored at the North Bend substation, bi-weekly fleet maintenance, developing a “return to work plan to ensure the health and safety of our employees and adjusting the budgets and work plans that adapt to COVID 19.

### **Finance & Audit Committee - Chairman Kendel Lyman**

The committee met via online video on April 2<sup>nd</sup> to discuss the financial status of TEC in all aspects including long and short term debt, Capital Budget projects, the Operating Revenue Adjustments (ORA) revisions, the Capital Credits process and the annual TEC financial audit which is in progress electronically. The Finance Chairman will make some recommendations for action based on their findings at the appropriate time during the Board meeting.

### **Policy & Bylaws Committee - Ed Stephenson, Chairman**

The committee met online to continue their work on drafting a Harassment policy.

### **Youth Development Committee – Susan Serrette-Egan, Chairman**

The committee met online in April to select the High School Scholarship winners. The Chairman made a recommendation to the Board to accept the scholarship winners for 2020 as follows: Dora Hues from North Bend, Cooper Joy from Anderson Island and David Lyn from Ames Lake.

Motion: To approve the 2020 scholarship recipients as recommended by the Youth Development 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 2020 High School scholarship winners as stated above be, and are hereby approved.

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

*There were no Personnel, Union Affairs, Operations & Facility or New Technology reports for the April Board meeting.*

## **X. Financial Reports – Steve Chamberlin, Controller**

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

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

**Moved:** Kendel Lyman    **Second:** Mike Hodge    **Status:** Passed

## **XI. NEW BUSINESS**

### **Release of Easements/Lot Combination Anderson Island**

Finding no conflicts with TEC electric facilities, it is recommended to the Board that TEC release easements to combine lots 72, 73 and 74 Lake Josephine Riviera No. 06, according to the plat thereof recorded in Pierce County, Washington.

Motion: To accept and approve the release of easement and lot combination as presented.

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 lot combinations as stated above be, and are hereby approved as presented to the TEC Board of Directors on April 21, 2020.

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

## **Legal Fees for King County Right of Way Tax**

The Finance committee recommended to the Board the additional funding for legal fees related to the King County Right of Way Tax. For members of North Bend and Ames Lake who reside in unincorporated King County, a \$2.00 per month charge will be added to the bills, with the provision that all unspent funds are returned to the members.

Motion: To accept and approve adding a \$2.00 charge to the monthly bills for all members who reside in unincorporated areas North Bend and Ames Lake.

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

RESOLVED, that a \$2.00 charge will be added to the appropriate monthly bills and is hereby approved by the TEC Board of Directors on April 21, 2020.

**Moved:** Kendel Lyman      **Second:** Mike Hodge      **Status:** Passed

## **Suspend Capital Credits (Action Item)**

Based on the recommendations of the Finance Chairman the Board made the following motions:

Motion: To suspend Capital Credit payments until further review of the current Capital Credit Policy and allocation process.

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 suspension of Capital Credit payments be, and is hereby approved by the TEC Board of Directors on April 21, 2020.

**Moved:** Kendel Lyman      **Second:** Paul Bay      **Status:** Passed

## **Suspend Power Cost Adjustments (Action Items)**

Motion: To temporarily suspend the Power Cost Adjustment on the members monthly billing due to the COVID 19 pandemic and its effects to the TEC financials.

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 suspension of the Power Cost Adjustment be, and is hereby approved by the TEC Board of Directors on April 21, 2020.

**Moved:** Kendel Lyman      **Second:** Paul Bay      **Status:** Passed

### **Suspend Operating Revenue Adjustments (Action Items)**

Motion: To temporarily suspend the Operating Revenue Adjustment on the members monthly billing due to the COVID 19 pandemic and its effects on the TEC financials.

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 suspension of the Operating Revenue Adjustment be, and is hereby approved by the TEC Board of Directors on April 21, 2020.

**Moved:** Kendel Lyman      **Second:** Paul Bay      **Status:** Passed

## **XII. ADJOURN MEETING**

There being no further business, the TEC Board meeting was adjourned by the Board President at 3:45 p.m. The next Board of Directors meeting is scheduled for May 19, 2020