



MINUTES

Northwest Open Access Network
Meeting of the Board of Directors
March 11, 2020

Washington Public Utility Districts Association
212 Union Avenue SE, Suite 201
Olympia, WA 98501

The meeting of the Board of Directors of Northwest Open Access Network ("NoaNet") commenced at 9:03 a.m. on March 11, 2020.

Present

The following Board members were in attendance:

Chris Folta	(Benton PUD)
Roger Wright	(Franklin PUD)
Angela Bennink	(Kitsap PUD)
Colin Willenbrock	(Pend Oreille PUD)
Linda Gott	(Mason PUD No. 3)
Ken Collins	(Jefferson PUD)
Dean Kovacs	(Energy Northwest)
Jason Dunsmoor	(Pacific PUD)
Steve Schopfer	(Clallam PUD)

Also present were: Annette Creekpaum (Mason PUD No. 3); Tom Farmer (Mason PUD No. 3); Ben Hooper (Franklin PUD); Curt Knapp (Pend Oreille PUD); Jim Civilla (Kitsap PUD); Heather Pauly (Kitsap PUD); Jeff Hall (Benton PUD); Debbie Oakes (Pacific PUD); John Irvan (Energy Northwest); Dave Spencer (NoaNet); Paul Harding (NoaNet); Rob Kopp (NoaNet); John Fryling (NoaNet); Craig Nelsen (NoaNet); John Smith (NoaNet); Mike Henson (NoaNet); Chris Walker (NoaNet); Claire Ward (NoaNet); Phil Von Buchwaldt (Washington Trust Bank); Diana Carlen (NoaNet consultant); Jim Rowland (NoaNet consultant); Greg Marney (retired NoaNet CEO); Ryan Hallock (Intuplex); Don Cohen (Gordon Thomas Honeywell).

Some of those present attended by video conference or speaker phone.

Preliminary Remarks

President of the Board Linda Gott welcomed those present. There were introductions around the room.



Approval of Minutes

The minutes of the Board of Directors meeting of February 12, 2020 were presented for approval.

Motion: Dean Kovacs moved, and Angela Bennink seconded, approval of the minutes of February 12, 2020. The motion passed.

Approval of Payments for January 2020

NoaNet CFO Paul Harding commented on several items in the January 2020 payment approval form. Discussion followed.

Motion: Angela Bennink moved, and Dean Kovacs seconded, approval of the expenses in the Payment Certification form for January 2020, dated January 31, 2020. The motion passed.

Financial Report

Paul Harding stated that January was another solid month for NoaNet. Cash was up significantly from last year due to new business. This is after the pension payment of \$1.25 million was made in January. Accounts receivable are up substantially, and accounts payable are down from last year. Mr. Harding noted that draws have decreased on NoaNet's lines of credit, and payments on the lines of credit are being made on time. Budget to actual figures showed revenues at approximately 98%. Adjusted operating income (net of one-time items) is up from last year. Overall, the forecast is very strong. Discussion followed.

Legislative Initiatives Update

Jim Rowland commented on legislative issues. He noted that the Covid-19 situation has taken a considerable amount of the attention of the legislature. He described funding for the State Broadband Office now available to provide support for its new Director. He also commented on the subjects the Broadband Office will be focusing on. Discussion followed.

Operations and Marketing

NoaNet Chief Security Officer Mike Henson summarized the current Washington State status of the Covid-19 situation and various health agency recommendations. He described NoaNet's actions to keep its employees safe and its network operating properly. He noted that NoaNet is prepared to operate the NOC remotely, if necessary. There was discussion throughout.

Chief Technology Officer John Smith stated that NoaNet's NG-911 reliability remains steady at 100%, noting the importance of this, particularly in light of the Covid-



19 challenges. He stated that this high reliability is the result of the efforts of both NoaNet and its Members.

Mike Henson described the final transition process from the State's previous E-911 provider, CenturyLink, to NoaNet. John Smith described several outages the past month due to fiber breaks resulting from trucks, flooding, and other reasons not attributable to NoaNet. He also described upgrades to several customers' services.

Chris Walker of NoaNet described NoaNet's accomplishments over the past 20 years. He continued that, in light of NoaNet's 20-year anniversary and its increasing role in bringing high-speed communications to unserved and underserved areas of the state, NoaNet staff believes the time is right to engage in an initiative to publicize NoaNet's messaging and branding. With the assistance of a consultant, this process will be developing over the next 3-4 months. Mr. Walker described the key elements of this initiative, including emphasizing NoaNet's public purpose focus. Discussion followed. A short example of a preliminary video supporting this messaging and branding initiative was then shown, including NoaNet's significant community impacts.

Chief Operating Officer Craig Nelsen stated that February sales were excellent, and March is anticipated to be strong also. He described various business opportunities being pursued, customer quotes provided, and customer contracts being fulfilled.

Chris Walker described some of the community outreach projects and municipal broadband projects in which NoaNet is involved.

There was discussion throughout.

Other Items for Discussion

Linda Gott commented on the work done over a number of months regarding a possible new form of alliance between NoaNet and Energy Northwest. She turned the discussion over to Dean Kovacs.

Mr. Kovacs provided an update, including Energy Northwest's decision not to pursue the potential opportunity with NoaNet at this time and to withdraw its expression of interest. He stated that NoaNet's finances have improved considerably since Energy Northwest first began exploring this possibility, when the need for assistance from Energy Northwest in funding NoaNet capital seemed more compelling. This NoaNet financial performance improvement, plus the financing and structural issues Energy Northwest would face, led Energy Northwest to conclude it could not accomplish what it had hoped to achieve. Mr. Kovacs noted, among other things, the Pension Plan funding challenges, commenting also, however, that NoaNet's financial projections and more recent performance are strong.

Mr. Kovacs said that Energy Northwest feels this has been a useful process for Energy Northwest, and it will continue to analyze how best it can play a role with NoaNet. He then



articulated several recommendations Energy Northwest had for NoaNet resulting from its analysis. These included: continued funding of the Pension Plan; alignment of employee benefit contributions with Pension Plan requirements; taking a longer term strategic planning view; exploring opportunities for incentivizing sales staff; having a Board-level retreat to discuss key issues for NoaNet’s future, including organizational issues like voting by the Board of Directors. Linda Gott commented that some of these recommendations relate to issues that were put on hold from the June 2019 Strategic Planning Workshop, pending Energy Northwest’s analysis. Ms. Gott continued that a Board of Directors retreat was unlikely to occur before June, given other NoaNet commitments.

Mr. Kovacs stated that a written report will be provided to NoaNet when completed.

A brief discussion followed regarding enhancing the synergies between NoaNet and Energy Northwest.

Next Meeting

The next meeting of the Board will be at 9:00 a.m. on April 8, 2020 at the NOC in Spokane. Linda Gott stated that that meeting will include an executive session to continue the CEO’s performance review.

Adjournment

There being no further business, the meeting of the Board of Directors adjourned at 11:03 a.m.

Respectfully submitted,

David H. Spencer
Chief Executive Officer

Attest:

Linda Gott
President of the Board