



MINUTES

Northwest Open Access Network
Meeting of the Board of Directors
May 13, 2020

Via Video Conference and Conference Telephone Due to Covid-19 Pandemic

The meeting of the Board of Directors of Northwest Open Access Network ("NoaNet") commenced at 9:11 a.m. on May 13, 2020.

Present

The following Board members were in attendance:

Chris Folta	(Benton PUD)
Roger Wright (arr. 9:48 a.m.)	(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)
Ron Gadeberg	(Okanogan PUD)

Also present were: Tom Farmer (Mason PUD. No. 3); Annette Creekpaum (Mason PUD No. 3); Ben Hooper (Franklin PUD); Rick Larson (Pend Oreille PUD); Sarah Holderman (Pend Oreille PUD); Jim Civilla (Kitsap PUD); Heather Pauly (Kitsap PUD); Deborah Lester (Kitsap PUD); Bob Hunter (Kitsap PUD); Jeff Hall (Benton PUD); Debbie Oakes (Pacific PUD); Dave Anderson (Clallam PUD); Kevin Streett (Jefferson PUD); Dave Spencer (NoaNet); Paul Harding (NoaNet); Rob Kopp (NoaNet); John Fryling (NoaNet); Craig Nelsen (NoaNet); John Smith (NoaNet); Mike Henson (NoaNet); Chris Walker (NoaNet); Cindy Zehnder (NoaNet consultant); Diana Carlen (NoaNet consultant); Jim Rowland (NoaNet consultant); Phil Von Buchwaldt (Washington Trust Bank); Don Cohen (Gordon Thomas Honeywell).

Those present attended by video conference or speaker phone.

Preliminary Remarks

President of the Board Linda Gott welcomed those present.



Approval of Minutes

The minutes of the Board of Directors meeting of April 8, 2020 were presented for approval.

Motion: Ken Collins moved, and Chris Folta seconded, approval of the minutes of April 8, 2020. The motion passed.

Approval of Payments for March 2020

NoaNet CFO Paul Harding commented on several items in the March 2020 payment approval form.

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

Financial Report

Paul Harding stated that March was another excellent month for NoaNet, and that first quarter 2020 was very strong. Cash is up significantly from last year. NoaNet's Pension Plan payments are on track. Accounts receivable are 100% current, and accounts payable are down slightly from last year. Operating income was 71% above last year, and EBITDA was 79% above last year. Budget-to-actual figures were: revenues—100%; expenses—98%. Adjusted operating income (net of one-time items) is significantly up from last year. This takes into account the Pension Plan accrual of \$100,000 per month, which was deferred for the first six months of last year. Debt service covenants are being met. Overall, March was an excellent month. Discussion included a description of revenues from NG-911 service.

Covid-19 Emergency Declaration Update

CEO Dave Spencer introduced this subject and turned it over to NoaNet COO Craig Nelsen, who reviewed customer impacts of the Covid-19 situation. Mr. Nelsen stated that quotes have increased significantly, and the realization rate is very favorable. NoaNet's activity level is very high, and NoaNet's customers appear to be weathering the Covid-19 situation well.

Mr. Nelsen then described a request from a large carrier customer for a significant reduction in monthly recurring charges based on Covid-19 impacts. Discussion followed. The consensus expressed was that the request should not be granted based on legal and business reasons, although if there are other ways NoaNet might assist the customer in meeting Covid-19 challenges, NoaNet would consider those.

Chief Security Officer Mike Henson provided an update on drive-in Wi-Fi remote education hotspots around the state and NoaNet's and its Members' significant role in this effort. He stated that NoaNet and various PUDs have deployed 155 hotspots to date and will be involved in more than 200 of the over 600 sites the state is contemplating. Discussion followed.



This included the importance of the efforts of NoaNet and PUDs in implementing this project, and current and future funding opportunities. Dave Spencer reported on the very positive recognition NoaNet and PUDs have received, and how it dovetails with NoaNet's mission and vision. He stated that NoaNet is providing this on a volunteer basis and is keeping track of costs incurred. NoaNet was highly complimented on its efforts and the importance of its coordination of services in this regard.

Craig Nelsen commented on smaller communities around the state that still have significant need for remote learning services. Dave Spencer asked Members interested in providing assistance to these communities to let him and Mr. Nelsen know.

Telecommunications Director Chris Walker described various state and federal grant and loan programs to support universal broadband as part of the state's target goals in this regard. Mr. Walker emphasized the benefits of a collective PUD focus in these efforts. Dave Spencer said that staff will continue to track potential funding sources. There was discussion throughout.

Operations and Marketing

NoaNet Chief Technology Officer John Smith stated that sales are very good and network reliability continues to be very high. He described outages during the past month. Mr. Smith noted that more NoaNet customers are requesting 100G service, and he commented on how NoaNet can implement that efficiently and cost-effectively. Dave Spencer noted the tie-in between this and NoaNet's periodic backbone upgrades. John Smith then described new wireless technologies and summarized other NoaNet activities to support technology development and sales.

Craig Nelsen provided further information on the significant sales activities during first quarter 2020. He noted that order fulfillment continues to be very busy. He summarized the status of several large customer projects underway, as well as opportunities being pursued. There was discussion of possible funding sources to support new potentially significant customer business, including the Member line of credit, bank funding, and cash flow that potentially could impact Pension Plan accruals and payments. There was no support expressed for using cash flow that would adversely affect Pension Plan payments. Upfront customer payments, where realistically possible, were also discussed. A preference for bank financing was expressed, along with Member line of credit financing as long as the repayment was within 5 years. Dave Spencer confirmed that time frame, also noting that the specific business case for these kinds of opportunities would be presented at a later meeting. He stated that his preference was bank financing and that discussions with Washington Trust Bank about that possibility were already underway.

Next Meeting

The next meeting of the Board will be at 9:00 a.m. on June 10, 2020. It is scheduled for the NOC in Spokane, but, after discussion, the conclusion reached was that



the meeting should be conducted remotely. Whether subsequent Board meetings this year will be in person or virtual will be monitored and decided at a later date. If a special meeting is needed for significant customer business, that will be scheduled.

Executive Session

An executive session was convened at 11:50 a.m. to discuss the CEO’s performance review. It was anticipated to last approximately 30 minutes, with potential action after the end of the executive session. The executive session ended at 12:20 p.m. No action was taken during the executive session.

Chief Executive Officer Compensation

Motion: Roger Wright moved, and Ken Collins seconded, a motion to approve a 5% salary increase in the CEO’s compensation effective April 5, 2020. The motion passed.

Adjournment

There being no further business, the meeting of the Board of Directors adjourned at 12:23 p.m.

Respectfully submitted,

David H. Spencer
Chief Executive Officer

Attest:

Linda Gott
President of the Board