

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

Minutes of the Meeting of the Board of Directors

April 24, 2018

Pursuant to proper notice duly provided to all Directors, the regular meeting of the Directors of the New Hampshire Electric Cooperative, Inc. (NHEC) was held April 24, 2018, at the Cooperative's 287 Highland Street Office in Plymouth, NH.

Directors present were Joseph Kwasnik, Joan Aubrey, Charles Braxton, Kenneth Colburn, Sharon Davis, Leo Dwyer, Carolyn Kedersha, Thomas Mongeon, David Talbot, Georgie Thomas, and Harry Viens. Others present were Steve Camerino, President/CEO; Jim Bakas, VP of Operations & Engineering; Brenda Inman, VP of Financial Services/CFO; Craig Snow, VP of Member Services; Mark Dean, Attorney; Brian Callnan, Director of Power Resources and Access; Guy Ford, Corporate Risk and Compliance Executive; Pam Ouellette, Director of Human Resources; Kenn Lamb, Engineering Services Manager; Peter Phipps, Facilities Engineer Supervisor; Lynne Turmel, PR/Marketing Supervisor; Rob Howland, Power Resources Executive; Cooperative Members Edward French and Neil Irvine; and Sharon Yeaton, Executive Services Administrator (recording).

Chair Kwasnik called the meeting to order at 8:30 a.m.

Approval of Minutes and Agenda Review

The minutes of the Board Meeting of March 27, 2018, were reviewed. Upon motion of Mr. Braxton, seconded by Mrs. Davis, it was

VOTED: To adopt the minutes of the March 27, 2018, meeting of the Board of Directors as presented.

Vote for the motion was unanimous.

No changes were made to the agenda.

Board Safety Moment

Mr. Braxton presented the Safety Moment addressing safety precautions to be taken to avoid tick bites.

SCADA Presentation

Mr. Lamb shared a presentation on SCADA (Supervisory Control and Data Acquisition), noting that with SCADA we can remotely control devices in the field and look at the data available at substations from a particular device. He discussed the components of SCADA, reviewed NHEC's current SCADA configuration and data flow, discussed plans for the SCADA upgrade and addressed questions.

Lincoln LMR Project

Mr. Phipps discussed the Land Mobile Radio Expansion Report prepared by Power System Engineering (PSE), Attachment #13 in the Board packet and addressed questions. He reviewed history of the current system and discussed the significant radio signal coverage degradation we are experiencing in the Lincoln area due to radio frequency interference as well as the fact that Lincoln is below a ridge from its primary LMR communications site which is Mt. Tecumseh. He discussed the radio signal propagation analysis studies, which indicated that coverage could be significantly improved by adding another LMR repeater at the Lincoln or North Woodstock substation, followed by the LMR repeater pilot deployment at the Lincoln substation, which confirmed the study findings. He noted that the next question was how to get a new LMR site integrated into the rest of the LMR system with backhaul. He mentioned that a number of solutions were considered and noted that the PSE report covers the details of the alternatives that were analyzed, including the pros and cons for each.

Mr. Phipps discussed the conclusion, which is to locate two permanent LMR repeaters in the Lincoln substation to address the coverage problem and extension of our fiber optic cable system from Plymouth to the Lincoln substation to provide the backhaul. He discussed the cost of the project, noting that funding is included in the 2018 budget.

Mr. Phipps mentioned the presentation PSE will be making on the state of the telecommunications industry on May 14th, noting that the Board is welcome to attend.

Mrs. Turmel joined the meeting at 9:35 a.m.

Upon motion of Mr. Talbot, seconded by Mr. Mongeon, it was

VOTED: That the Board of Directors authorizes utilization of the funds budgeted for the Land Mobile Radio (LMR) expansion project, including fiber expansion, as outlined in the Land Mobile Radio Expansion Report.

Vote for the motion was unanimous.

Mr. Phipps left the meeting at 9:44 a.m.

Chairman's Report

Chair Kwasnik presented the Chairman's Report, drawing attention to Mrs. Aubrey's Letter to the Editor, Attachment #14 in the Board packet. It was agreed that Mrs. Aubrey and others could use this for their local papers.

Chair Kwasnik next drew attention to the Parking Lot Report, Attachment #15 in the Board packet. It was agreed that the items listed would be removed from the report and this would be used as a tool in the future, if needed.

Chair Kwasnik distributed copies of the draft Guide to the Candidates that will be provided to members with their election ballot, noting that he received some comments on the nature of what is being provided and today is the last day to make changes. He noted that the primary change

from the recent past is in the heading of each of the candidate statements with the addition of information on the character of the account.

Referring to the opening page of the brochure, it was suggested that it also note that ballots can be submitted on-line. Mrs. Turmel will make the suggested change.

There was discussion on the additional account information being provided. As discussed at the March Board meeting, the additional information will be included in the brochure and if members have questions or are confused we can revisit it and make improvements next year.

Chair Kwasnik mentioned that the next Executive Committee meeting is scheduled for May 21st on the topic of director qualifications. He noted that he will also have some recommendations related to expense reporting.

President's Report

Mr. Camerino presented the President's Report and addressed questions. He reviewed a dashboard of key operating metrics for safety, various financial measures, the Balanced Scorecard (BSC) and service reliability and discussed the recent wind and ice storm. He reviewed the schedule of topics for presentation at future Board meetings, noting that the telecommunications presentation by PSE on May 14th is an additional opportunity. Per request, staff will determine if the May 14th presentation can be live streamed for those not able to attend in person. The schedule of topics will be added to the Board Reporting Calendar.

For the Strategic Planning meeting in August, Chair Kwasnik stated that he would work with Mr. Camerino on how to structure the meeting and will bring back a recommendation to the Board.

Mr. Camerino provided a brief update on Enterprise Risk Management (ERM), noting that for this year the work plan was to implement the three mitigation plans (cyber security, call center capacity and business continuity plan) that were developed last year and they are proceeding on schedule.

Mr. Howland joined the meeting at 10:20 a.m.

Mr. Camerino provided an update on the Strategic Plan, reviewing the implementation steps and current status for each of the key areas of strategic focus (Voice of the Member, Business Model, Organizational Effectiveness and Financial Stability). He also discussed "Member WOW" and played a voice mail message he received from a member regarding exceptional service they received when calling NHEC.

The meeting recessed at 10:29 a.m. and reconvened at 10:38 a.m. Mr. Lamb left the meeting at this time.

Governance Team

Committee Chair Kedersha reported on the April 23rd Governance Team meeting. She provided background on the self-assessment process of the committees and noted that she will provide an updated summary of the self-assessments to include information from the Audit Committee. She

advised that the Governance Team discussed the fact that committees have key interactions and that led to a discussion and some ideas regarding committee structure and she will be working with Messrs. Dwyer and Mongeon to put together a matrix of the pros and cons of these variations to bring back to the Board for discussion.

Member Solutions Committee

Committee Chair Thomas called on Mrs. Turmel to provide an update on plans for the Annual meeting.

Mrs. Turmel provided an update and addressed questions on details relating to the Annual meeting scheduled for June 19th at Merrill Place on the campus of Plymouth State University, including the plan to live stream the event and how it will be promoted to members.

In response to a question, Chair Kwasnik stated he would work with Mr. Camerino regarding the potential of having a guest speaker.

Committee Chair Thomas drew attention to the resolution to appoint ballot counters, Attachment #16 in the Board packet. Upon motion of Mr. Talbot, seconded by Mrs. Aubrey, it was

RESOLVED, that in accordance with Article III, Section 4, of the New Hampshire Electric Cooperative's Bylaws the ballots shall be opened and counted on such date and place as designated in the annual meeting notice, by a committee of tellers as appointed herewith: Brenda Inman, Chair; Seth Wheeler, Patti Corbeil, Shauna McNair, Terry Matthews, Robyn Sarette, Doug Bergholm, Kristie Saulnier, Daron Whitehouse, Autumn Doan, Phyllis Evans, Edee Murphy, Sharon Yeaton, Sara Thielbar, Karen Hanks, Kathryn Borger, Christy Pendarvis, Lisa Sheehy, Scott Davis, Shayna Williams and Sharyn-Lynn Gilpatric.

Vote for the motion was unanimous.

Mrs. Turmel left the meeting at 10:56 a.m.

Mr. Snow addressed questions on the timing for discussion of the Plymouth Area Renewable Energy Initiative (PAREI) net metering request, as well as NHEC's heat pump program.

Audit Committee

Committee Chair Braxton reported on the April 23rd Audit Committee meeting, requesting Board approval of the draft minutes from the March 27th Audit Committee meeting. Upon motion of Mrs. Kedersha, seconded by Mrs. Thomas, it was

VOTED: To approve the minutes of the March 27, 2018, Audit Committee meeting as presented.

Vote for the motion was unanimous.

Committee Chair Braxton noted that the committee adopted changes to the Audit Charter and the revised document will be provided to the full board. They also reviewed NHEC's IRS Form 990

with a recommendation that it be accepted by the full board. Upon motion of Mrs. Thomas, seconded by Mr. Colburn, it was

VOTED: That the Board of Directors accepts NHEC's 2017 IRS Form 990 as presented.

Vote for the motion was unanimous.

Committee Chair Braxton discussed other items addressed at the committee meeting, including the committee's self-evaluation, a resolution passed to issue an RFI for audit firms for the coming year and a discussion of non-financial internal controls and how that ties together with Enterprise Risk Management (ERM).

Mr. Ford discussed the annual cycle of the ERM work assessments, noting that risk assessment workbooks are due by the end of this month and then the steering committee will review and aggregate any risks and develop a year-end report. Mr. Camerino added that this is not intended to be a management only process so if there are things that directors feel are missing they should let him or Mr. Ford know.

Committee Chair Braxton noted that the committee also had a report on Meltdown/Spectre and discussed increasing the number of Audit Committee meeting. Mrs. Davis added that it was agreed to increase the number of Audit Committee meetings to four a year.

Power Resources & Access Committee

Committee Chair Viens drew attention to the draft minutes of the March 14th Power Resources and Access Committee meeting, Attachment #17 in the Board packet. Upon motion of Mr. Mongeon, seconded by Mrs. Aubrey, it was

VOTED: To approve the minutes of the March 14, 2018, Power Resources and Access Committee meeting as presented.

After a brief discussion, vote for the motion was unanimous.

Committee Chair Viens mentioned that a schedule for quarterly committee meetings is being set.

In response to a request for the default service rate comparison graphs to be provided on an annual basis, Mr. Callnan agreed to follow-up with Mr. Kaminski to determine if this is a possibility since the data was provided as a favor from an outside source.

Mr. Howland addressed questions on the value of Renewable Energy Credits (RECs) for excess solar (Class II).

Attorney's Report

Attorney Dean presented his report and addressed questions. He provided an update on legislative and regulatory activities, including property tax legislation, the pole attachment rulemaking proceeding at the Public Utilities Commission (PUC) and an investigation opened by

the PUC “Investigation of Utility Poles and Attachments Storm Damage and Response Issues”. He noted that he would provide an update on Elster litigation during executive session.

Engineering & Operations Committee

Committee Chair Mongeon noted that the Engineering & Operations Committee has not met since the last Board meeting. He advised that the next meeting is scheduled for May 21st and the direct buried underground project will be on the agenda, as well as a proposal for a new Engineering & Operations Committee charter, if time permits.

Corporate Services Committee

Committee Chair Davis reported on the April 23rd Corporate Services Committee meeting, stating that the committee approved minutes from its March 26th meeting and received an update on proposed changes to the Balanced Scorecard and Success Sharing Plan. Upon motion of Mr. Braxton, seconded by Mrs. Kedersha, it was

VOTED: That the Board of Directors approves the revised 2018 Balanced Scorecard and Success Sharing Plan allocations as presented.

Vote for the motion was unanimous.

In response to a question regarding the approval of committee minutes, Mrs. Davis explained they were approved by the committee and, therefore, do not require approval of the full board.

Committee Chair Davis mentioned that the committee also received an LED lighting rate proposal. Upon motion of Mr. Dwyer, seconded by Mr. Viens, it was

VOTED: That the Board of Directors authorizes management to update Terms and Conditions Section O and to set the LED lighting rates as recommended in the proposal on a bills-rendered basis effective May 1, 2018.

Vote for the motion was unanimous.

Committee Chair Davis provided an update on a question that arose regarding the items in the committee’s policy relating to the approval of miscellaneous and accounts receivable write-offs and inventory adjustments. She advised that Mrs. Inman surveyed other co-ops and found that the majority bring these items through committee so we will continue to do this.

Board General Session

Board Tracking Report

There were no changes to the Board Tracking Report.

Committee Meetings

Following is a list of upcoming committee meetings:

- Executive Committee – Monday, May 21st at 9:00 a.m.

- Engineering & Operations Committee – Monday, May 21st following Executive Committee¹

NRECA Report

Mr. Colburn presented the NRECA Report and addressed questions. He drew attention to his written report previously e-mailed to directors and elaborated of a few of the items discussed at the NRECA board meeting.

NHEC Foundation Report

NHEC Foundation Chair Davis reported on the Foundation, advising that the June meeting date/time is being changed to Monday, June 25th, 9 – 11:30 a.m. and will be the regular and annual meeting. She also mentioned that if directors are interested in serving on the Foundation board they should let her or Sara Thielbar know.

Expense Reports

There were no expense reports for review.

Executive Session

Upon motion of Mr. Talbot, seconded by Mr. Kwasnik, it was

VOTED: That the Board of Directors move into Executive Session for the purpose of confidential discussion of legal claims/litigation, confidential contract negotiations and confidential personnel matters.

Vote for the motion was unanimous and the Board moved into Executive Session at 11:44 a.m. Messrs. Ford, French and Irvine left the meeting at this time.

Adjournment

The Board moved out of Executive Session and Chair Kwasnik adjourned the meeting at 1:30 p.m.

Joan Aubrey, Secretary

A TRUE COPY ATTEST:

Joseph Kwasnik, Chair of the Board

¹ This meeting was later rescheduled.