

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

Minutes of the Meeting of the Board of Directors

February 27, 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 February 27, 2018, at the Cooperative's 287 Highland Street Office in Plymouth, NH.

Directors present were Joseph Kwasnik, Joan Aubrey, Charles Braxton, Sharon Davis, Leo Dwyer, Thomas Mongeon, David Talbot, and Georgie Thomas. Directors Kenneth Colburn, Carolyn Kedersha, and Harry Viens participated by telephone. Others present were Jim Bakas, VP of Operations & Engineering; Dena DeLucca, VP of Corporate Services; Brenda Inman, VP of Financial Services/CFO; Steve Kaminski, VP of Power Resources & Access; 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; Cooperative Members Richard Dion, 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 January 30, 2018, were reviewed. Upon motion of Mr. Braxton, seconded by Mrs. Aubrey, it was

VOTED: To adopt the minutes of the January 30, 2018, meeting of the Board of Directors as presented.

Vote for the motion was unanimous.

There were no changes to the agenda.

Board Safety Moment

Mr. Braxton presented the Safety Moment distributing and reviewing copies of a sign on a construction project in Vail, CO outlining the safety requirements for all employees working on the project.

Chair Kwasnik introduced and welcomed visitors to the meeting.

Chairman's Report

Chair Kwasnik presented the Chairman's Report, mentioning a Governance Task Force Report from the National Rural Electric Cooperative Association (NRECA) that may provide some helpful information for NHEC's governance process; discussing his meeting with the Nominating Committee to provide input on the recommendations from the Board on skills and qualification, distributing copies of the information he provided to the Committee; and sharing plans to hold an orientation sessions for new directors on June 18th.

Executive Committee

Chair Kwasnik reported on the Executive Committee meeting held on February 23rd, advising that the outcome of the discussion on director qualifications was to request: 1) Attorney Dean research the issue of residency requirements further and provide any recommendations for potential bylaw changes, 2) management draft some language changes to Board Policy B-31, Code of Conduct, relating to some of the director qualifications, and 3) management develop an annual questionnaire addressing director qualifications.

With regard to the development of an annual questionnaire, Mr. Mongeon noted that Mr. Braxton has provided a draft set of questions to the Executive Committee.

Chair Kwasnik also noted that the residency situation of two current directors was discussed and the Committee felt that with the changes each has made in their lease arrangements no further action is required.

Upon motion of Mr. Talbot, seconded by Mrs. Kedersha, it was

VOTED: That the Board of Directors approves the recommendations of the Executive Committee and requests: 1) Attorney Dean further provide any recommendations for potential bylaw changes relating to director qualifications, 2) management draft potential language changes to Board Policy B-31, Code of Conduct, relating to director qualifications, and 3) management develop an annual questionnaire updating current director qualifications.

After discussion, it was agreed that any proposed bylaw amendments would be presented to the Board by January 2019 and changes to Board Policy B-31 would be presented to the Board for approval no later than May 2018. It was also agreed that these items would be added to the Board Tracking Report.

Vote for the motion was unanimous.

Chair Kwasnik stated that the Executive Committee also discussed Board Policy, B-3, Attachment B, Board/Management Communications and Board Policy B-3, Attachment A, Responsibilities of the Board Officers. He noted that recommended changes were sent to directors via e-mail. Upon motion of Mrs. Davis, seconded by Mr. Talbot, it was

VOTED: That the Board of Directors approves changes to Board Policy B-3, Attachment A, Responsibilities of the Board Officers and adopts Board Policy B-3, Attachment B, Board/Management Communications, as presented.

Vote for the motion was unanimous.

Chair Kwasnik reported on other items discussed by the Executive Committee, including Executive Committee governance, business travel expenses, and new director orientation. He also distributed copies of the deferred compensation calculation for Mr. Camerino, noting that this was provided to directors who were at the Committee meeting.

President's Report

Mr. Bakas presented the President's Report on behalf of Mr. Camerino and addressed questions. He discussed safety, financial measures, service reliability and NHEC's membership in the American Public Power Association. Upon motion of Mr. Talbot, seconded by Mr. Mongeon, it was

VOTED: That the Board of Directors approves NHEC's membership in the American Public Power Association (APPA).

There was discussion of the various benefits of APPA membership.

Vote for the motion was unanimous.

Mr. Bakas reported on the Telephone Town Hall meeting held last week on the topic of power restoration. Mr. Snow shared information on the number of members who participated on the call.

Mr. Viens joined the meeting at 9:22 a.m.

Mr. Bakas mentioned that the proposal for the Direct Buried Cable Project will be presented at the March 1st Engineering and Operations Committee meeting.

Power Resources & Access Committee

Committee Chair Viens drew attention to the draft minutes of the February 24th Power Resources and Access Committee meeting, Attachment #11 in the Board packet. After discussion, it was agreed that management would amend the minutes to provide more clarity around the main areas of focus for Power Resources and bring revisions back to the March 14th Committee meeting for review and approval.

Mr. Kaminski discussed the Monthly Report of Power Resources and Access Cost, noting that the attachment will return next month; the results of the Independent System Operator (ISO) Forward Capacity Market (FCM) auction for the period of 2021 – 2022; and the new Federal Energy Regulatory Commission (FERC) rule on storage. He also noted that he would have contract and litigation updates for executive session.

Attorney's Report

Attorney Dean presented his report and addressed questions. He informed the Board of his response explaining NHEC's policies related to smart meters to an individual looking to purchase a house in NH, possibly in NHEC's service territory, who has requested NHEC agree upfront that the individual can have an analog meter instead of a smart meter

Attorney Dean next provided an update on legislative activities, discussing HB 193 relative to traffic control measures, as well as HB 1381 and HB 324 related to the issue of property taxes.

Mr. Viens left the meeting at 9:55 a.m.

Engineering & Operations Committee

Committee Chair Mongeon noted that the next Engineering & Operations Committee meeting will be held on Thursday, March 1st. He provided an update on the Committee's self-evaluation process and discussed next steps.

Referring to the Board Related Issues Tracking Report, Attachment #7 in the Board packet, Committee Chair Mongeon discussed item #6, Tracking Reliability, noting that the discussion at the Committee meeting was around determining if there are other methods to record and improve reliability.

Corporate Services Committee

Committee Chair Davis drew attention to the Director's and Officer's Liability Insurance Executive Summary, Attachment #12 in the Board packet. Mrs. Inman addressed questions.

Upon motion of Mr. Talbot, seconded by Mrs. Thomas, it was

VOTED: That the Board of Directors authorizes management to renew the Board of Director's D&O Insurance with Aegis for \$10,000,000 coverage effective March 1, 2018.

Vote for the motion was unanimous.

Mrs. Inman distributed copies of the January 2018 Form 7, noting that the Form 7 in the Board packet was for 2017.

Committee Chair Davis advised that the next Corporate Services Committee meeting is scheduled for March 26th at 11 a.m.

Member Solutions Committee

Committee Chair Thomas stated that the Member Solutions Committee has not met since the last Board meeting, however, the next meeting is scheduled for March 1st.

Audit Committee

Committee Chair Braxton advised that the next Audit Committee meeting is scheduled for March 27th.

Mr. Ford discussed NHEC's cyber liability insurance renewal and addressed questions. He noted that NHEC would be binding the policy today for \$5 million in coverage.

Board General Session

Board Tracking Report

Items discussed earlier will be added to the Board Related Issues Tracking Report, Attachment #7 in the Board packet.

NRECA Report

Mr. Colburn presented the NRECA Report, mentioning the letters Mr. Camerino sent to New Hampshire's two Senators regarding vegetation management legislation, the NRECA/CFC Governance Task Force Report, and the launch of NRECA's new cooperative.com website.

Committee Meetings

Following is a list of upcoming committee meetings:

- Engineering & Operations Committee – March 1st at 9 a.m.
- Member Solutions Committee – March 1st at 10:30 a.m.
- Power Resources & Access Committee – March 14th at 1:30 p.m.
- Corporate Services Committee – March 26th at 11 a.m.
- Audit Committee – March 27th at 9:35 a.m.

NHEC Foundation Report

NHEC Foundation Chair Davis noted that the next Foundation meeting is scheduled for March 27th. She, Mr. Braxton, and Mrs. Aubrey reported on the Colebrook Mobile Foodbank held this past Saturday.

Expense Reports

Chair Kwasnik noted that there are no expense reports this month.

The meeting recessed at 10:24 a.m. and reconvened at 10:38 a.m. with all those present prior to the recess rejoining the meeting with the exception of Mrs. Kedersha and Messrs. Dion, French, and Irvine.

Executive Session

Upon motion of Mrs. Davis, seconded by Mr. Braxton, it was

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

Vote for the motion was unanimous and the Board moved into Executive Session at 10:38 a.m.

Adjournment

The Board moved out of Executive Session and Chair Kwasnik adjourned the meeting at 11:50 a.m.

Joan Aubrey, Secretary

A TRUE COPY ATTEST:

Joseph Kwasnik, Chair of the Board