

Approved 3/26/19

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

Minutes of the Meeting of the Board of Directors

February 26, 2019

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 26, 2019, at the Cooperative's 287 Highland Street Office in Plymouth, NH.

Directors present were Joseph Kwasnik, Joan Aubrey, Brenda Boisvert, Leo Dwyer, Edward French, Carolyn Kedersha, Thomas Mongeon, Jeffrey Morrill, Georgie Thomas, and Harry Viens. Director Daniel Senie participated by telephone. Others present were Steve Camerino, President/CEO; Jim Bakas, VP of Operations and Engineering; Brian Callnan, VP of Power Resources and Access; Mark Dean, Attorney; Brenda Inman, VP of Financial Services/CFO; Pam Ouellette, Human Resources Director; Craig Snow, VP of Member Services; Geoff Ziminsky, Director of Information Technology; Jeremy Clark, Rates and Revenue Administrator; Guy Ford, Corporate Risk and Compliance Executive; Josh Mazzei, Manager of Operations; Kyle Jacques and Kevin McPhee, Raymond District Lineworkers; Frank Parks, Safety Manager; Kristen Taylor, Rates and Statistical Analyst; Derek Troian, Raymond District Operations Supervisor; and Sharon Yeaton, Executive Services Administrator (recording). Also participating by telephone was Ken Colburn, New Hampshire's NRECA Director.

Chair Kwasnik called the meeting to order at 8:30 a.m. and introduced and welcomed visitors to the meeting.

Board Safety Moment

Mr. Bakas introduced Raymond District Lineworkers Kyle Jacques and Kevin McPhee.

Mr. Parks began the safety moment discussing the AED and CPR training that is provided to NHEC lineworkers. He discussed how Messrs. Jacques and McPhee recently put this training to use to save the life of a truck driver in Candia who suffered a cardiac event. Messrs. Jacques and McPhee shared details of their experience in rendering aid during this medical emergency.

Chair Kwasnik expressed the Board's appreciation and read a resolution recognizing and honoring Messrs. Jacques and McPhee. The following resolution was moved by Mr. French and seconded by Mr. Mongeon,

WHEREAS, Kyle Jacques and Kevin McPhee are New Hampshire Electric Cooperative Lineworkers based in the Raymond District; and

WHEREAS, Kyle and Kevin have both been trained and certified in lifesaving skills, including CPR, as part of their Lineworker training; and

WHEREAS, Kyle and Kevin arrived at the Irving gas station in Candia, NH on the morning of February 13, 2019 to find a man collapsed in the parking lot with two people rendering aid; and

WHEREAS, Kyle immediately ran into the store looking for an Automated External Defibrillator (AED) and Kevin joined those giving aid; and

WHEREAS, Kyle, having found no AED in the store, retrieved a CPR mask from the NHEC bucket truck, informed the police officer on scene that he was CPR-certified, and commenced mouth-to-mouth resuscitation on the victim; and

WHEREAS, after several minutes of CPR efforts by Kyle, Kevin and others, the victim, a truck driver from Tennessee, was revived;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of New Hampshire Electric Cooperative hereby recognizes and honors Kyle Jacques and Kevin McPhee for their extraordinary and exemplary response to a medical emergency. Their calm professionalism and use of their Lineworker training helped save a man's life.

The resolution was unanimously approved.

Messrs. Jacques, McPhee, Parks and Troian left the meeting at 8:38 a.m.

Mr. Camerino mentioned that Mr. Parks is working on a project to get AEDs in all NHEC vehicles by the end of the year.

Approval of Minutes and Agenda Review

The minutes of the Board Meeting of January 29, 2019, were reviewed. Upon motion of Mr. Mongeon, seconded by Mr. French, it was

VOTED: To adopt the minutes of the January 29, 2019, meeting of the Board of Directors, as presented.

Vote for the motion was unanimous.

There were no changes to the agenda.

Understanding Rate Codes

Mr. Camerino mentioned this is one of our deep dives topics and he encouraged directors to ask questions.

Mr. Clark made a presentation, first discussing NHEC's rate codes, noting that this information is available on NHEC's website. He also reviewed the redesigned monthly sales report included in the Board packet, explaining each section of the report. Questions were addressed throughout the presentation by Messrs. Clark and Camerino and Mrs. Inman.

Mr. Clark closed the presentation with a report on current projects.

Chairman's Report

Chair Kwasnik presented the Chairman's Report, discussing input he will provide to the Nominating Committee at their meeting on March 4th.

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, service reliability and the Balanced Scorecard (BSC). He also discussed some final adjustments to year-end financial results for 2018 and mentioned yesterday's outages caused from the high winds, noting that our line crews, control center and overall distribution system performed extremely well.

Mr. Mazzei discussed recent system improvements that enabled us to restore power more quickly by switching loads between our substations. He also mentioned that all of the right-of-way clearing we have done benefitted us during this wind event as well. Mr. Bakas added that as the SCADA is expanded beyond the substations we will increasingly be able to do the switching through the Control Center instead of in the field.

Mr. Camerino asked for feedback on the OnBoard software application and drew attention to Attachment #3 in the Board packet for a list of frequently asked questions. Directors shared their feedback.

Mr. Ziminsky mentioned last month's discussion on the use of two-factor authentication and indicated that IT has done some testing and we would like to turn on that feature. He advised that it can be set up to either receive an e-mail or text.

Mr. Camerino also mentioned the need to schedule a Strategic Planning Steering Committee meeting at the end of March; discussed meeting scheduling in general; reminded directors to check with him or Chair Kwasnik prior to incurring any expenses, not just those related to their training budget; mentioned a NextEra event at the NRECA Annual meeting, noting that Mr. Callnan will forward information to directors attending the NRECA meeting; and discussed the North American Electric Reliability Corporation (NERC) Grid Security Exercise, stating that we do not plan to participate, but are looking into the possibility of being an observer and/or getting a copy of the report.

The meeting recessed at 9:58 a.m. Mr. Clark and Ms. Taylor left the meeting at this time. The meeting reconvened at 10:10 a.m.

Referring back to the discussion of two-factor authentication in the OnBoard application, it was agreed that we would begin using this.

Board Committees

Member Solutions Committee Chair Thomas drew attention to the draft minutes from the Committee's January 28, 2019, meeting. Upon motion of Mr. Mongeon, seconded by Mr. Viens, it was

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VOTED: To approve the minutes of the January 28, 2019, Member Solutions Committee meeting, as presented.

Vote for the motion was unanimous.

Mr. Snow provided an update on the upcoming Telephone Town Hall Meeting (TTHM) on the topic of heat pumps, noting that due to scheduling conflicts the date has been moved to March 14th.

Director Compensation Committee Chair Aubrey drew attention to the draft minutes from the Committee's February 8, 2019, meeting. Upon motion of Mr. French, seconded by Mrs. Boisvert, it was

VOTED: To approve the minutes of the February 8, 2019, Director Compensation Committee meeting, as presented.

Vote for the motion was unanimous.

Director Compensation Committee Chair Aubrey next reviewed the Director Compensation and Training Budget Proposal Executive Summary, Attachment #6 in the Board packet. She noted that the proposed changes in stipends and fees are reflected in the proposed changes to Board Policy B-9, Board of Director's Stipends and Expenses. She mentioned that the calculation for director training should be based on 11 current directors rather than 9 so the total budget would be \$62,600. Upon motion of Mr. French, seconded by Mrs. Boisvert, it was

VOTED: That the Board of Directors approves the changes to director compensation as outlined in the Director Compensation and Training Budget Proposal Executive Summary effective June 1, 2019. The Board further agrees that an annual review of director compensation using comparable data from National Rural Electric Cooperative Association (NRECA), National Rural Utilities Cooperative Finance Corporation (CFC) or other third parties, as appropriate, will be conducted. The Board also approves the amendment of the director training budget for 2019 to \$62,600 to reflect an individual training allocation of \$4,600 for each current director and \$12,000 for two new directors to attend the NRECA Credentialed Cooperative Director training program.

Vote for the motion was unanimous.

Mrs. Aubrey mentioned that she asked Mrs. Ouellette to check with Winston Tan to see if he has any information on director compensation.

Mrs. Aubrey suggested it is now appropriate to remove item #2, Policy on Director Training, from the Board Tracking Report. After discussion it was agreed to remove this item.

Mrs. Inman drew attention to the Director's & Officer's Liability Insurance Executive Summary, Attachment #7 in the Board packet, noting that management is seeking Board approval for

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continued coverage from AEGIS in the amount of \$10 million. In response to a request for additional information during next year's renewal, Mrs. Inman stated that she will ask if they have specifics such as number of board members and officers and comparisons of coverage levels.

In response to a question, Attorney Dean provided an overview of what would be covered under the Director's & Officer's insurance policy.

Upon motion of Mr. Mongeon, seconded by Mr. French, 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, 2019.

Vote for the motion was unanimous.

Governance Committee Chair Kedersha discussed yesterday's Committee meeting. Drawing attention to the policies that were updated in the Board packet, she reviewed the proposed changes.

There was discussion with regard to the proposed name change from the Executive Committee to the Executive and Governance Committee. It was agreed to keep it as the Executive Committee and add language to the policy to include governance responsibilities.

Upon motion of Mrs. Boisvert, seconded by Mrs. Thomas, it was

VOTED: That the Board of Directors adopts the changes to Board Policies B-2, Board Committees; B-2 Attachment A, Executive Committee; B-3, Functions and Authorities of the Board of Directors; B-3 Attachment A, Nomination, Functions, Authorities and Responsibilities of the Officers of the Board of Directors; B-4, Functions and Authorities of the President/CEO; and B-9, Board of Director's Stipends and Expenses, as presented.

Vote for the motion was unanimous.

Mrs. Kedersha asked Board Committee Chairs to reach out to the appropriate Vice Presidents regarding the proposed meeting schedule for next year to make sure the timing of committee meetings will work for everyone.

Attorney's Report

Attorney Dean presented his report and addressed questions. He provided an update on legislative and regulatory matters, including property tax legislation (HB 700) and rulemaking proceedings at the Public Utilities Commission (PUC).

Board General Session

Board Tracking Report

The Board Tracking Report was reviewed. Upon motion of Mr. French, seconded by Mrs. Boisvert, it was

VOTED: To remove items #2, Policy on Director Training, and #3, Board Governance, from the Board Related Issues Tracking Report.

Vote for the motion was unanimous.

Committee Meetings

Following is a list of upcoming committee meetings:

- Strategic Planning Steering Committee – March 18th at 2:00 p.m.
- Engineering & Operations Committee – March 21st at 9:00 a.m.
- Audit Committee – March 25th at 10:00 a.m.
- Corporate Services Committee – March 25th following the Audit Committee

NRECA Report

Mr. Colburn presented the National Rural Electric Cooperative Association (NRECA) Report, noting that it has been a light month with NRECA Annual Meeting coming up in March. He shared a few developments on the co-op front and discussed the NRECA director election process and proposal to hold NH's election at the August Board meeting.

Chair Kwasnik asked if the Board was in agreement with holding the NRECA Director election at the August Board meeting. This was agreed to and will be added to the Board calendar.

NHEC Foundation

Mrs. Aubrey reported on the Mobile Food Pantry held in Colebrook on Saturday, noting that more than 250 families were served.

Expense Reports

Expense reports were circulated for review.

Miscellaneous

Mr. Camerino displayed a commemorative announcement of the Plymouth Area Renewable Energy Initiative (PAREI) Solar Shares groundbreaking ceremony.

Chair Kwasnik mentioned that there were various interesting articles in the Board packet.

Executive Session

Upon motion of Mr. French, seconded by Mrs. Boisvert, it was

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

Vote for the motion was unanimous and the Board moved into Executive Session at 11:05 a.m.

The Board moved out of Executive Session at 1:22 p.m.

Adjournment

Chair Kwasnik adjourned the meeting at 1:22 p.m.

Joan Aubrey, Secretary

A TRUE COPY ATTEST:

Joseph Kwasnik, Chair of the Board