

Approved 2/26/19

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

Minutes of the Meeting of the Board of Directors

January 29, 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 January 29, 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, Daniel Senie, and Harry Viens. Director Georgie Thomas 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; Brenda Inman, VP of Financial Services/CFO; Craig Snow, VP of Member Services; Pam Ouellette, Human Resources Director; Guy Ford, Corporate Risk and Compliance Executive; JoAnne Cordero, Data Administrator; Nici Colby, Safety Administrator; Geoff Ziminsky, Director of Information Technology; Sheldon Petersen, CEO of National Rural Utilities Cooperative Finance Corporation; Madeline McElaney, NHEC Nominating Committee Member; and Sharon Yeaton, Executive Services Administrator (recording). Also participating by telephone was Mark Dean, Attorney and Ken Colburn, New Hampshire's NRECA Director.

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 December 18, 2018, were reviewed. Upon motion of Mr. French, seconded by Mrs. Boisvert, it was

VOTED: To adopt the minutes of the December 18, 2018, meeting of the Board of Directors, as presented.

Vote for the motion was unanimous.

Resolutions from the January 28th Governance Committee meeting were added to the agenda.

Attorney's Report

Attorney Dean reported on the property tax legislation bill, noting that the first hearing is scheduled for tomorrow. He advised that the final version of the bill is such that NHEC is able to support the bill as introduced.

Chair Kwasnik introduced Madeline McElaney, a member of this year's Nominating Committee.

Board Safety Moment

Nici Colby presented the Safety Moment and addressed questions on the topic of slips, trips and falls.

Ms. Colby and Attorney Dean left the meeting at 8:42 a.m.

Sheldon Petersen Presentation

Messrs. Kwasnik and Camerino introduced Sheldon Petersen, CEO of CFC, and shared appreciation for all that Mr. Petersen and his organization do for NHEC.

Mr. Petersen addressed the board and answered questions. He discussed CFC's vision, mission and value statement, noting that they want to help co-ops prepare for the time when they will no longer be monopolies. CFC understands that the electric co-op industry is changing and the business model will change in the future. He shared some history of how CFC evolved, discussed products and services as well as value-added services that CFC makes available to co-ops, and discussed where he sees the industry going.

Mrs. Cordero joined the meeting at 9:51 a.m.

Discussion continued with Mr. Petersen and the board on the topics of broadband and strategic partnerships.

Everyone expressed their appreciation for Mr. Petersen taking the time to come here and meet with the Board. Mr. Petersen remarked that he appreciated the opportunity and CFC is grateful for the opportunity to work with us.

Chair Kwasnik also recognized NHEC staff for their capabilities.

OnBoard Software Demo

Mr. Camerino introduced JoAnne Cordero for a demonstration of the OnBoard software application.

The meeting recessed at 10:05 a.m. and reconvened at 10:14 a.m.

Mrs. Cordero shared a demonstration and addressed questions on OnBoard, a board portal software application. She distributed copies of some basic instructions and reviewed some of the available functions.

The Board agreed to use OnBoard for the February meeting.

Mrs. Cordero was thanked for her presentation and left the meeting at 10:43 a.m.

Chairman's Report

Chair Kwasnik presented the Chairman's Report, discussing yesterday's Governance Committee meeting and next steps, noting that another committee meeting will be scheduled. He drew attention to the ALDC survey that was included in the Board packet as Attachment #20 and appointed an ad hoc Director Compensation Committee consisting of Mrs. Aubrey (Chair), Mr. French and Mrs. Boisvert to review director compensation and the 2019 director training budget and asked them to report back to the Board with any recommendations.

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 discussed safety metrics, reviewing where we have been historically and how we are trending and shared information on SAIDI (System Average Interruption Duration Index), drawing attention to the fact that 75% of these outages were caused from trees outside the right-of-way. Mr. Camerino also discussed the National Renewables Cooperative Organization (NRCO) meeting he and Mr. Callnan recently presented at, the Nominating Committee's first meeting scheduled for later this week, the retirement party for long-time lineworker Woody Crawford in the Colebrook district, and some follow-up research on broadband.

With regard to the Strategic Plan, Mr. Camerino discussed the approach we are now taking related to facilities and the RFP to select a consultant, noting this is going a little slower than planned. He also drew attention to the outline defining Strategic Partnership, noting that we welcome any input directors may have.

Chair Kwasnik mentioned a report he heard on NPR that mentioned a bill designed to put together an independent study committee to make recommendations related to securing a large contract of renewables for the state. Mr. Camerino advised that he would mention this to Attorney Dean who has been tracking legislation for us.

Mr. Camerino next made a presentation and addressed question on the 2018 Year in Review, discussing the Balanced Scorecard, ongoing Strategic Plan work, other major achievements, and some areas for improvement.

NRECA Report

Mr. Colburn presented the National Rural Electric Cooperative Association (NRECA) Report, mentioning a few things that NRECA has been focusing on and discussing the upcoming NRECA Annual Meeting in Orlando.

The meeting recessed at 12:01 p.m. and reconvened at 12:13 p.m. Messrs. Dwyer, Petersen and Colburn and Ms. McElaney left the meeting at this time.

Board Committees

Chair Kwasnik drew attention to the draft minutes from the December 13th Engineering and Operations Committee meeting, Attachment #14 in the Board packet. Upon motion of Mrs. Aubrey, seconded by Mrs. Kedersha, it was

VOTED: To approve the minutes of the December 13, 2018, Engineering and Operations Committee meeting, as amended.

Vote for the motion was unanimous.

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Chair Kwasnik next drew attention to the draft minutes from the December 17th Executive Committee meeting, Attachment #15 in the Board packet. Upon motion of Mr. Mongeon, seconded by Mrs. Aubrey, it was

VOTED: To approve the minutes of the December 17, 2018, Executive Committee meeting, as presented.

Vote for the motion was unanimous.

Power Resources and Access Committee Chair Viens advised that future committee meetings are now reflected on the Board calendar. He drew attention to the draft minutes from the December 17th Power Resources and Access Committee meeting, Attachment #16 in the Board packet. Upon motion of Mr. Viens, seconded by Mrs. Kedersha, it was

VOTED: To approve the minutes of the December 17, 2018, Power Resources and Access Committee meeting, as presented.

Vote for the motion was unanimous.

Corporate Services Committee Chair Kedersha mentioned the prior approval of the Board related to the overall accrual of accumulated depreciation reserves. Mrs. Inman provided an update, advising that the depreciation reserve is \$48,000 lower than the amount approved by the Board due to some cleaning up of our assets on the books.

Corporate Services Committee Chair Kedersha drew attention to the changes in the Signatory Authority list, Attachment #17 in the Board packet. Upon motion of Mr. French, seconded by Mr. Viens, it was

VOTED: That the Board of Directors approves the recommended changes to the NHEC Signatory Authority List as presented.

Vote for the motion was unanimous.

Corporate Services Committee Chair Kedersha next drew attention to the updated Balanced Scorecard (BSC) and proposed motion, Attachments #17 and #18 in the Board packet. Upon motion of Mrs. Boisvert, seconded by Mr. Mongeon, it was

VOTED: That the Board of Directors approves the updates to the 2019 Balanced Scorecard and Success Sharing Plan as presented.

Vote for the motion was unanimous.

Governance Committee Chair Kedersha reported on yesterday's Governance Committee meeting and the two resulting motions, noting that all directors were present for that meeting. Upon motion of Mr. Morrill, seconded by Mrs. Aubrey, it was

VOTED: That the Board of Directors institute an annual board assessment process.

Vote for the motion was unanimous.

Mr. Dwyer rejoined the meeting by phone at 12:18 p.m.

Upon motion of Mrs. Aubrey, seconded by Mr. Viens, it was

VOTED: That the Board of Directors approves holding NRECA Course 957.1, How to Evaluate and Improve Board Performance, as a customized in-house director training session.

Vote for the motion was unanimous.

Chair Kwasnik indicated he will work with Mrs. Kedersha to define the scope of the training and then he will contact Pat Mangan of NRECA to work out details.

Board General Session

Board Tracking Report

The Board Tracking Report, Attachment #8 in the Board packet, was reviewed. Item #2 on director training will be addressed at the next Governance Committee meeting.

Committee Meetings

Following is a list of upcoming committee meetings:

- Power Resources and Access Committee – February 25th at 8:30 a.m.
- Governance Committee – February 25th following the Power Resources Committee
- Audit Committee – March 25th at 10:00 a.m.
- Corporate Services Committee – March 25th following the Audit Committee

Mr. Camerino and Mrs. Inman addressed a question on the capital credit reports noted on the Board Reporting Calendar, Attachment #7 in the Board packet. Mrs. Inman advised that April is for the discussion on methodology and she will check with Attorney Dean to see if a Board resolution will be necessary and if additional discussion will be required in June.

Voting Delegates and Alternates

Chair Kwasnik noted that voting delegates and alternates need to be appointed for the upcoming NRECA Annual Meeting in Orlando. By unanimous vote, Carolyn Kedersha was appointed as the voting delegate for NRECA and CFC and the alternate for NRTC and NISC. Tom Mongeon was appointed the voting delegate for NRTC and NISC and the alternate for NRECA and CFC.

NHEC Foundation

Mrs. Kedersha drew attention to the written reported included in the Board packet as Attachment #25 and discussed the check presentation to the Vaughn Community Services Daycare Center in the Mountain Washington Valley.

Expense Reports

Chair Kwasnik noted that expense reports were circulated for review.

White Mountain Gateway Economic Development Corporation

Chair Kwasnik noted that a director needs to be appointed to the WMGEDC Board as an NHEC representative and Jeff Morrill has indicated an interest in filling this role. Upon unanimous vote, Jeff Morrill was appointed to the WMGEDC Board.

Miscellaneous

Mr. Mongeon mentioned that at the last Board meeting he indicated he would work with others who attended the NRECA Director Training to put together some notes to share with the Board and he will be forwarding those to all directors.

Executive Session

Upon motion of Mr. Senie, seconded by Mrs. Aubrey, it was

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

Vote for the motion was unanimous and the Board moved into Executive Session at 12:28 p.m.

The Board moved out of Executive Session at 1:32 p.m.

Adjournment

Chair Kwasnik adjourned the meeting at 1:32 p.m.

Joan Aubrey, Secretary

A TRUE COPY ATTEST:

Joseph Kwasnik, Chair of the Board