

Approved 4/30/19

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

Minutes of the Meeting of the Board of Directors

March 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 March 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, 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; Guy Ford, Corporate Risk and Compliance Executive; Frank Parks, Safety Manager; Sharon Dauk, Consultant; and Sharon Yeaton, Executive Services Administrator (recording).

Chair Kwasnik called the meeting to order at 8:32 a.m.

Agenda Review and Approval of Minutes

There were no changes to the agenda.

The minutes of the Board Meeting of February 26, 2019, were reviewed. Upon motion of Mrs. Kedersha, seconded by Mr. French, it was

VOTED: To adopt the minutes of the February 26, 2019, meeting of the Board of Directors, as presented.

Vote for the motion was unanimous.

Board Safety Moment

Frank Parks presented the Safety Moment and addressed questions on the topic of ticks. He shared information on the various types of ticks and precautions to take to avoid tick bites and Lyme disease.

Mr. Parks left the meeting at 8:43 a.m.

Chairman's Report

Chair Kwasnik presented the Chairman's Report, advising that the customized NRECA Governance course approved at the January Board meeting will be scheduled for May 7, 2019. He also mentioned that Attorney Dean will be presenting a proposed bylaw change later in the meeting.

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 the update provided at the March 18th Strategic Planning Steering Committee meeting, Federal Energy Regulatory Commission (FERC) meetings Mr. Callnan recently attended, a meeting he recently attended of a group being formed to bring co-ops in the State of NH together, upcoming meetings of the Northeast Association of Electric Cooperatives (NEAEC) and the Association of Large Distribution Cooperatives (ALDC), continued work on strategic partnerships with National Information Solutions Cooperative (NISC), and the status of property tax legislation.

Mr. Camerino presented Mrs. Aubrey with the Director Gold Certificate for training from the National Rural Electric Cooperative Association (NRECA).

Board Committees

Chair Kwasnik drew attention to the draft minutes from the February 25, 2019, Power Resources and Access Committee meeting, Attachment #2 in the Board packet. Upon motion of Mr. Mongeon, seconded by Mrs. Boisvert, it was

VOTED: To approve the minutes of the February 25, 2019, Power Resources and Access Committee meeting, as presented.

Vote for the motion was unanimous.

Chair Kwasnik next drew attention to the draft minutes from the February 25, 2019, Governance Committee meeting, Attachment #3 in the Board packet. Upon motion of Mr. French, seconded by Mrs. Thomas, it was

VOTED: To approve the minutes of the February 25, 2019, Governance Committee meeting, as presented.

Vote for the motion was unanimous.

Power Resources and Access Committee Chair Viens discussed the Committee's recommendation to reaffirm Board Policies B-2, Attachment E and B-27 and revisit them next year. Upon motion of Mrs. Thomas, seconded by Mrs. Kedersha, it was

VOTED: That the Board of Directors reaffirms Board Policies B-2, Attachment E, Power Resources & Access Committee, and B-27, Wholesale Power Resources and Related Environmental Products and Risk Policy.

Vote for the motion was unanimous.

Chair Kwasnik drew attention to the resolution to reaffirm various Executive Committee policies, Attachment #5 in the Board packet. Upon motion of Mrs. Kedersha, seconded by Mr. French, it was

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VOTED: That the Board of Directors reaffirms Board Policies B-1, Statement of Purpose, Mission, Vision & Values; B-3 Attachment B, Board/Management Communications; B-31, Code of Conduct; B-36, CEO Succession; B-38, Director Electric Accounts; B-40, Nominating Committee and B-41, Project Justification and Approval Guidelines, as presented.

Vote for the motion was unanimous.

Audit Committee Chair French provided a report on yesterday's Audit Committee meeting, noting that topics covered included the Internal Controls Audit, as well as a presentation of NHEC's audited financials by BerryDunn. Upon motion of Mrs. Boisvert, seconded by Mrs. Thomas, it was

VOTED: That the Board of Directors accepts the 2018 audited financial statements as presented by BerryDunn.

Vote for the motion was unanimous.

Audit Committee Chair French noted that the Committee also approved its meeting schedule.

Corporate Services Committee Chair Kedersha drew attention to the items recommended for Board approval from the Corporate Services Committee meeting held yesterday, including the accounts receivable write-offs and the Co-op Power and Regional Access Charge rate changes, Attachments #6 and #7 in the Board packet. Upon motion of Mr. French, seconded by Mr. Viens, it was

VOTED: That the Board of Directors authorizes a write-off for uncollectible electric accounts in the amount of \$111,373.63 for accounts final billed April 2018 to September 2018 as well as bankruptcy filings through February 2019. The write off includes \$4,449.36 for bankruptcies and \$6.84 for disputed bills. The board directs staff to continue to attempt recovery of these uncollectible accounts.

Vote for the motion was unanimous.

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

VOTED: That the Board of Directors authorizes management to set the Co-op Power and Regional Access Charges as recommended in the proposal on a bills-rendered basis effective May 1, 2019.

Mr. Dwyer requested it be noted that it was agreed at the Corporate Services Committee meeting that we would review the philosophy behind this rate change one or two meetings before the next rate change proposal is presented.

Mr. Camerino noted that the issue Mr. Dwyer is raising is on the power resources side and management will look at making this one of the deep dive topics for the Board. He noted that he

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would like some time to discuss this with Mrs. Inman and Mr. Callnan to make sure committing to Mr. Dwyer's request in the next five months is doable.

Vote for the motion was unanimous.

Corporate Services Committee Chair Kedersha next drew attention to the Terms and Conditions resolution related to the LED lighting rate, Attachment #8 in the Board packet. Upon motion of Mrs. Boisvert, seconded by Mrs. Thomas, it was

VOTED: That the Board of Directors authorizes management to update Terms and Conditions Section O and to set the LED lighting rate as recommended in the proposal on a bills-rendered basis effective on or after May 1, 2019.

In response to a question, Mr. Snow stated that any new fixtures being installed are LED and any failures are replaced with LED, but there are still a number of old fixtures out there. Mr. Viens commented that he would be interested in seeing a list of how many old fixtures are left.

Vote for the motion was unanimous.

Corporate Services Committee Chair Kedersha next drew attention to the Terms and Conditions and Balanced Scorecard incentive resolutions, Attachments #9 and #10 in the Board packet. Upon motion of Mrs. Aubrey, seconded by Mr. Viens, it was

VOTED: That the Board of Directors authorizes management to update Terms and Conditions Section F – Payment Terms, Section J – Characteristics of Service, Section P – Construction of Distribution Facilities, Section X – Net Metering, and Schedule of Fees as proposed.

Vote for the motion was unanimous.

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

VOTED: Based on achievement of 75% of the established 2018 Balanced Scorecard goals, the Board of Directors authorizes the payment of \$243,750 to individuals employed during calendar year 2019 in accordance with the provisions of the NHEC Success Sharing Plan.

Vote for the motion was unanimous.

Chair Kwasnik discussed the March 18th Strategic Planning Steering Committee meeting and noted that the minutes from that meeting would be included in the next Board packet.

Mr. Camerino noted that per request, the Korn Ferry presentation from yesterday's Special Board meeting would be provided to directors.

Attorney's Report

Attorney Dean presented his report and addressed questions. He noted that he would have a few items to address in Executive Session. He drew attention to the proposed bylaw amendment language to create a mechanism to enforce the existing director qualifications bylaw provision, Attachment #11 in the Board packet.

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

VOTED: That the Board of Directors approves the proposed bylaw amendment language and Board statement as presented.

Vote for the motion was unanimous.

Board General Session

Board Tracking Report

Chair Kwasnik noted there is one item remaining on the Board Tracking Report, Non-financial Internal Controls Process.

Mr. Ford discussed the status of this item, explaining the process of an operational assessment which will look at internal controls. He advised that the updated Enterprise Risk Management (ERM) Report will be presented to the Audit Committee in July.

Appointment of Voting Delegates

Chair Kwasnik noted that a voting delegate and alternate are needed for the Northeast Association of Electric Cooperatives (NEAEC) Annual meeting in May. Carolyn Kedersha was appointed as the voting delegate and Georgie Thomas as the alternate.

Chair Kwasnik next discussed the need for a voting delegate and alternate for Cooperative Response Center (CRC). Craig Snow was appointed as the voting delegate and Steve Camerino as the alternate.

Committee Meetings

Following is a list of upcoming committee meetings:

- Audit Committee – April 29th at 8:30 a.m.
- Member Solutions Committee – April 29th following the Audit Committee

Mrs. Kedersha asked committee chairs to check with the VP for their committee to see if the timing of the four quarterly meetings being proposed will work for them and get back to her by the April Board meeting. She also requested that everyone interested in running for an officer position in June make that known at the April Board meeting.

NRECA Report

Chair Kwasnik drew attention to the written NRECA Report provided by Ken Colburn.

NHEC Foundation

Mrs. Kedersha reported on the NHEC Foundation Board meeting held yesterday, noting that grants totaling \$59,000 were approved.

Expense Reports

Chair Kwasnik noted that expense reports were circulated for review.

The meeting recessed at 9:29 a.m. and reconvened at 9:52 a.m. All those in attendance prior to the recess, with the exception of Mr. Ford, rejoined the meeting at this time.

Executive Session

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

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

Vote for the motion was unanimous and the Board moved into Executive Session at 9:52 a.m.

The Board moved out of Executive Session at 1:00 p.m.

Adjournment

Chair Kwasnik adjourned the meeting at 1:00 p.m.

Joan Aubrey, Secretary

A TRUE COPY ATTEST:

Joseph Kwasnik, Chair of the Board