

Approved 6/25/19

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

Minutes of the Meeting of the Board of Directors

May 28, 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 May 28, 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, Georgie Thomas, and Harry Viens. Others present were Steve Camerino, President/CEO; 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; Kenn Lamb, Engineering Services Manager; Josh Mazzei, Manager of Operations; Frank Parks, Safety Manager; Seth Wheeler, Communications Administrator; Scott Davis, Power Resources Administrator; and Sharon Yeaton, Executive Services Administrator (recording). Scott Peterson, NRECA Senior Vice President-Communications joined the meeting by telephone.

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

Agenda Review and Approval of Minutes

There were no changes to the agenda.

The minutes of the Board Meeting of April 30, 2019, were reviewed. Upon motion of Mr. French, seconded by Mrs. Thomas, it was

VOTED: To adopt the minutes of the April 30, 2019, meeting of the Board of Directors, as presented.

Vote for the motion was unanimous.

Board Safety Moment

Mr. Parks presented the Safety Moment and addressed questions on the topic of anaphylactic shock.

Lexicon Project

Mr. Camerino introduced Scott Peterson, Senior Vice President-Communication at NRECA and noted that Mr. Peterson presented a WebEx on the Lexicon Project to the Senior Management Team and we felt it would be good to share with the Board as well.

Mr. Peterson presented a WebEx on NRECA's Lexicon Project and addressed questions. He shared some key findings of the project, which focused on developing a common language for co-ops to use in communicating with their members.

Mr. Wheeler joined the meeting at 9:27 a.m.

Chair Kwasnik suggested an ad hoc committee be formed to go through the finding from the Lexicon Project and come up with some recommendations on how NHEC should proceed.

Mr. Camerino noted that he would want to weigh this new initiative against the four key areas we have already identified in the Strategic Plan when we decide where to focus our time and resources and this could feed well into our August Strategic Planning meeting.

Chair Kwasnik appointed Mr. Viens to chair the ad hoc committee and asked him to report back at the June Board meeting with a suggested charter/scope and appointment of committee members.

Chairman's Report

Chair Kwasnik presented the Chairman's Report, discussing the new director orientation meeting scheduled for June 12th. He next stated that it has been his pleasure to serve as a director and the Chair of NHEC and he wished everyone success in the future.

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 new director orientation meeting that Chair Kwasnik mentioned; the employee workshop with Korn Ferry held in May and the next steps in planning for future sessions; a "What If Café" brainstorming session with a group of employees to discuss a concept called the true co-op; a virtual employee Telephone Town Hall Meeting held last week; recent meetings he attended, including the BIA Annual Meeting, the Association of Large Distribution Cooperatives Spring Meeting, and the Northeast Association of Electric Cooperatives Annual Meeting.

Mr. Camerino next discussed video conferencing equipment for the Board room. He reviewed the cost, current status of the Board's budget, and the option to purchase the equipment now or include it in next year's budget. Mr. Ziminsky described the equipment to be purchased and the plan to use Zoom conferencing.

The Board agreed to move forward and purchase the video conferencing equipment now.

Mr. Camerino mentioned that Mrs. Aubrey had suggested having a protocol for how we operate when people are participating remotely and a draft proposal will be provided next month.

Continuing his report, Mr. Camerino discussed health insurance renewal rates; cyber security education; Enterprise Risk Management (ERM), asking directors to let him know if they have items they feel should be included; and Strategic Planning, asking directors to let him know what information they would need for the August meeting. Mr. Mongeon suggested a Strategic Planning Steering Committee meeting be scheduled to discuss the planning for the August meeting.

Mr. Camerino presented Mrs. Thomas with the Director Gold Certificate for training from the National Rural Electric Cooperative Association.

Mr. Camerino next recognized and thanked departing directors Georgie Thomas and Joe Kwasnik. He thanked them both for their dedication and service to NHEC on behalf of its members, Board and staff, recognizing Mrs. Thomas for 15 years of service on the Board and Mr. Kwasnik for 9 years of service on the Board, 2 years as Vice Chair, and the past 3 years as Chair. He presented each of them with an appreciation gift.

The meeting recessed at 10:36 a.m. and reconvened at 10:50 a.m. All those in attendance prior to the recess rejoined the meeting with the exception of Mr. Wheeler.

Discussion on Pace of Change

Chair Kwasnik led a discussion on the pace of change, indicating that he would like to see the Board continue to have these types of discussions. Thoughts shared included: the fact that it is hard to assess the process and pace of change when you are in the middle of it and this is why the Strategic Plan is so important; decisions we make in the future need to be directionally correct; we need to be nimble and able to adjust quickly; how do we change the culture so we are responding to changes; how can the Board be more constructive in the pace of change; we exist for the benefit of our members, which is a unique position and opportunity; we need to better understand the drivers for change; we need to understand the competition and why we need to change; how do you bring together the need to continue with the day-to-day operations while trying to be more entrepreneurial so you have the right pace of change; the Board should dedicate time on a regular basis for forward thinking strategic discussions; and finding ways to make space for innovation, doesn't need to be new technology could be things like rate design.

Mr. Davis joined the meeting at 11:16 a.m.

Mr. Camerino remarked that this discussion is very healthy, but expressed his concern that once the direction and priorities have been agreed to in the Strategic Plan a major new initiative could take resources away from our agreed priorities.

Board Committees

Chair Kwasnik drew attention to the draft minutes from the April 17, 2019, Engineering and Operations Committee meeting and the April 29, 2019, Audit and Member Solutions Committee meetings, Attachments #2, #3, and #4, respectively, in the Board packet. Upon motion of Mrs. Thomas, seconded by Mr. Viens, it was

VOTED: To approve the minutes of the April 17, 2019, Engineering and Operations Committee meeting, as presented and the minutes of the April 29, 2019, Audit and Member Solutions Committee meetings, as amended.

Vote for the motion was unanimous.

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Corporate Services Committee Chair Kedersha drew attention to the resolution to adopt the financial goals as presented during the Equity Management Plan discussion last month. Upon motion of Mr. French, seconded by Mrs. Aubrey, it was

VOTED: That the Board of Directors approve the proposed changes to the Financial Goals in the Equity Management Plan as presented.

Mr. Dwyer requested definitions be added to the goals sheet (e.g. equity is a percentage of assets).

Vote for the motion was unanimous.

Corporate Services Committee Chair Kedersha recalled last month's discussion regarding a resolution for the retirement of capital credits, drawing attention to the proposed resolution, Attachment #6 in the Board packet.

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

VOTED: That the Board directs management to prepare all the necessary systems to enable NHEC to retire capital credits beginning in 2020 and continuing thereafter. Management is requested to inform the Board as soon as practical if they determine there are factors that make it inadvisable to begin retiring capital credits in 2020.

Mr. Camerino commented that management understands the Board's direction and is making this a priority, however with some recent staffing changes it is possible we may have to come back to the Board and say we are not ready to begin in 2020.

Vote for the motion was unanimous.

Power Resources and Access Committee Chair Viens reminded everyone of tomorrow's Committee meeting.

Mrs. Aubrey encouraged everyone to use the feature in the OnBoard portal to indicate their attendance at meetings.

Attorney's Report

Attorney Dean stated that the only items for his report will be addressed in Executive Session. In response to a question, Attorney Dean advised that the Governor has not yet signed the property tax legislation.

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 confirmed he would be addressing this with the Board in July.

Mr. Dwyer commented that he doesn't feel it is necessary to add the data analytics item he suggested last month; he would just like to encourage more use of data in the business.

NCSC Voting Delegate

Chair Kwasnik appointed Steve Camerino as the voting delegate for the National Cooperative Services Corporation (NCSC) Annual Meeting.

Committee Meetings

Following is a list of upcoming meetings:

- Power Resources and Access Committee – May 29th at 8:30 a.m.
- New Director Orientation – June 12th at 9:00 a.m.
- NHEC Annual Meeting – June 13th at 6:00 p.m.
- Board Organizational Meeting – June 13th following Annual Meeting

NRECA Report

Mrs. Thomas provided an update on Ken Colburn's recovery from knee surgery. Chair Kwasnik mentioned that Mr. Colburn will be attending the NRECA Board meeting in June so will not be able to attend NHEC's Board meeting, but he will be here in July.

Expense Reports

Chair Kwasnik noted that expense reports were circulated for review.

Miscellaneous

There was a brief discussion on legislation mentioned in the news relating to low income solar projects for utilities.

The meeting recessed at 11:53 a.m. and reconvened at 12:16 p.m. All those in attendance prior to the recess rejoined the meeting with the exception of Mr. Davis.

Executive Session

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

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 12:16 p.m.

The Board moved out of Executive Session at 1:02 p.m. Mrs. Yeaton rejoined the meeting at this time.

There was a discussion on change management, including the Board's role and staff's perception of the Board's expectations.

Mrs. Thomas left the meeting at 1:16 p.m.

Mr. Camerino commented that if anyone has thoughts for him regarding change management they should feel free to reach out to him.

Mr. Camerino advised that he would follow up with Courtney Metzger of CFC regarding Mr. Dwyer's conversation with her related to the Cost of Service Study and discussion of rate classes.

Mr. Camerino and Mrs. Yeaton left the meeting at 1:35 p.m. and Executive Session resumed for the purpose of discussion of confidential personnel matters.

The Board moved out of Executive Session at 2:15 p.m.

Adjournment

Chair Kwasnik adjourned the meeting at 2:15 p.m.

Joan Aubrey, Secretary

A TRUE COPY ATTEST:

Thomas Mongeon, Chair of the Board