

Approved 8/27/19

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

Minutes of the Meeting of the Board of Directors

July 30, 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 July 30, 2019, at the Cooperative's 287 Highland Street Office in Plymouth, NH.

Directors present were Thomas Mongeon, Alana Albee, Joan Aubrey, Brenda Boisvert, Sharon Davis, Leo Dwyer, Edward French, Carolyn Kedersha, Jeffrey Morrill, Daniel Senie, and Harry Viens. 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; Mike Licata, VP of Member Services/Public Affairs; Craig Snow, VP of Energy Solutions/Facilities; Geoff Ziminsky, Director of Information Technology; Ryan Timms, IT System Analyst; Frank Parks, Safety Manager; Jeremy Clark, Rates and Revenue Administrator; Lynne Turmel, PR/Marketing Supervisor; Vicky Cormiea, Operations Services Coordinator; Bethany Fralick, Member Solutions Representative; Scott Davis, Power Resources Administrator; Ken Colburn, New Hampshire's NRECA Director; and Sharon Yeaton, Executive Services Administrator (recording).

Chair Mongeon 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 June 25, 2019, Board Meeting were reviewed. Upon motion of Mr. Dwyer, seconded by Mr. French, it was

VOTED: To adopt the minutes of the June 25, 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 an electrical contact involving a contractor who was installing a septic system for a camp. He advised that it was a fortunate outcome with no serious injuries.

Mr. Parks left the meeting at 8:46 a.m.

Chairman's Report

Chair Mongeon presented the Chairman's Report, mentioning an Electric Vehicle article in the August issue of RE Magazine; referring to the list of Major Decisions/Issues distributed at the last Board meeting, noting that he will work with Mr. Camerino on developing that further; following up on last month's mention of a new approach to the Board agendas and a governance oversight document, stating that after Strategic Planning he plans to share the document with the

Board; discussing Strategic Planning and whether the Board should consider organizing its committees around the focus areas in the Plan, suggesting this is something for later Board discussion; thanking staff for their responsiveness with providing video capability and outlets in the table; and discussing the work he and Mr. Camerino are doing with Sharon Dauk.

Mr. Ziminsky introduced Ryan Timms, IT System Analyst, noting that Mr. Timms has been setting up the video equipment and he is here to get a sense for how the video will integrate with the Board 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 gross versus net sales on the Distribution Sales Report, with input from Mr. Clark; the Strategic Plan Clarity and Alignment workshops being held with all employees; and follow-up on the employee Listening Campaign.

Mr. Camerino next presented Mr. Bakas with the Credentialed Cooperative Director Certificate for training from the National Rural Electric Cooperative Association (NRECA).

Chair Mongeon introduced Ken Colburn, New Hampshire's NRECA Director, noting that he was remiss in not introducing him at the beginning of the meeting.

Mr. Clark left the meeting at 9:15 a.m.

Strategic Plan Review/Update on Process

Chair Mongeon discussed the August Strategic Planning retreat, drawing attention to the proposed agenda. He mentioned that management will provide a SWOT analysis (Strengths, Weaknesses, Opportunities and Threats) prior to the retreat and the Board will have an opportunity to provide input. He also commented that it is his sense that the Board still feels the current direction in the plan is appropriate, but if anyone feels there needs to be a change in direction they should let him and Mr. Camerino know within the next week. It was also noted that if someone feels there needs to be a change in direction they should also provide information to support the reason for the change.

Mr. Camerino discussed the current vision statement and direction of the Strategic Plan, noting that it is a member-driven future. He mentioned that if there is not agreement on the direction then it is important that we know prior to the meeting so we can incorporate plans to spend time on that discussion into the agenda.

Chair Mongeon discussed strategy and the importance of Board and staff alignment on top level strategies.

In response to a question on when new initiatives are brought to the Board, Mr. Camerino stated that items with budget impacts that will require Board support need to be shared with the Board in the conceptual stage and these items tend to be called out in the Strategic Plan, the Balanced Scorecard or the budget.

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There was discussion on the financial impacts and the timing of items in the Strategic Plan, as well as the importance of communicating to members why we are doing the things we identify and how it benefits them.

The meeting recessed at 10:07 a.m. and reconvened at 10:19 a.m. All those in attendance prior to the recess rejoined the meeting and Mrs. Turmel also joined the meeting at this time.

Member Segmentation

Mrs. Turmel shared a presentation on NHEC's residential member segmentation study that was done by the Taylor Group and UNH Survey Center in 2015. She reviewed the objective of the study, the method of the survey, and each of the five segments.

Mr. Davis joined the meeting at 10:31 a.m.

Mrs. Turmel next discussed NHEC's strategy to engage its members and the various engagement mediums. She circulated some of the marketing materials NHEC has used.

Mrs. Cormiea and Mrs. Fralick joined the meeting at 10:45 a.m.

Mrs. Turmel next addressed questions.

Chair Mongeon shared his gratitude to Mrs. Turmel for her work and presentation.

Mrs. Turmel left the meeting at 10:50 a.m.

Construction Pilot

Mr. Camerino introduced Mrs. Cormiea and Mrs. Fralick and provided a brief background on the new construction pilot project they developed, noting that this was undertaken on their own initiative.

Mrs. Cormiea and Mrs. Fralick provided a presentation on the new construction pilot and addressed questions. They noted that the purpose of the pilot is to streamline the process and give our members one point of contact when establishing a new service. They reviewed the current process, the number and types of work orders, what has worked well under the pilot, some rough cost savings achieved through the pilot, and some of the positive feedback received from members and staff.

Chair Mongeon thanked Mrs. Cormiea and Mrs. Fralick for their initiative on this project and their presentation. The board applauded Mrs. Cormiea and Mrs. Fralick for their work on this project and the success it has achieved.

Mrs. Cormiea and Mrs. Fralick left the meeting at 11:06 a.m.

Mr. Camerino addressed questions on staffing and resources.

Board Committees

Chair Mongeon drew attention to the draft minutes from the June 25, 2019, and July 15, 2019, Strategic Planning Steering Committee meetings, Attachments #2 and #3, respectively, in the Board packet. Upon motion of Mr. French, seconded by Mr. Viens, it was

VOTED: To approve the minutes of the June 25, 2019, and July 15, 2019, Strategic Planning Steering Committee meetings, as presented.

Vote for the motion was unanimous.

Audit Committee Chair French reported on the Audit Committee meeting, and noted that the committee had received a very positive cyber security audit report from Sage Consulting. Mr. French congratulated management for their significant efforts in this regard.

Chair Mongeon mentioned there was discussion at the Audit Committee meeting on the topic of risks and agreement that the major risk areas would be assigned to the various Board committees. He asked Mr. French to elaborate on that discussion.

Audit Committee Chair French reviewed the Enterprise Risk Management (ERM) discussion held at yesterday's Audit Committee meeting, noting that there was agreement to modify the ERM report and discussion to do a deeper dive at the committee level for some of the risk areas.

There was discussion on the Board's risk appetite. Mr. Camerino noted that the risk tolerance will need to be determined for each of the risk items and that will determine what type of mitigation is needed. Chair Mongeon advised that he would work with Mr. Camerino on next steps.

Corporate Services Committee Chair Kedersha reviewed the items recommended for Board approval from the Corporate Services Committee meeting held yesterday, including the board policy and signatory authority list, the physical inventory adjustment and a Terms and Conditions update.

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

VOTED: That the Board of Directors reaffirms Board Policy B-2, Attachment B – Corporate Services Committee and the NHEC Signature Authority List with recommended changes as presented.

Vote for the motion was unanimous.

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

VOTED: That the Board of Directors authorizes management to adjust the physical inventory as a result of the 2019 inventory in the amount of \$413.14.

Mrs. Aubrey shared positive comments about the small size of the inventory adjustment.

Vote for the motion was unanimous.

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

VOTED: That the Board of Directors authorizes management to update Terms and Conditions Section P – Construction of Distribution Facilities as proposed.

Vote for the motion was unanimous.

Member Solutions Committee Chair Morrill noted that there were no action items from yesterday's Member Solutions Committee meeting. He noted that there was a lot of conversation about potentially looking at the Annual Meeting format.

NRECA Report

Mr. Colburn presented the NRECA Report and addressed questions. He shared information on his background, discussed the NRECA Director position, and shared highlights from his written NRECA Report. He stated that if directors have thoughts on what they would like to see and hear from him in his report, to please let him know.

Mr. Colburn left the meeting at 11:46 a.m.

Minutes

Chair Mongeon led a discussion on the use of Board and Committee minutes and the staff resources required to take minutes. It was agreed that minutes did not need to include a detailed recounting of who said what, and that an overview of the topic and ideas was sufficient.

Chair Mongeon noted that it is helpful if directors can note their planned meeting attendance in the OnBoard application.

Attorney's Report

Attorney Dean stated that the only items for his report will be addressed in Executive Session.

Board General Session

Board Tracking Report

Chair Mongeon noted that the one item remaining on the Board Tracking Report, Non-financial Internal Controls Process, can now be removed from the report.

Committee Meetings

Following is a list of upcoming meetings:

- Engineering and Operations Committee – September 16th at 9:00 a.m.
- Power Resources and Access Committee – September 23rd at 10:00 a.m.
- Corporate Services Committee – September 24th at 8:35 a.m.

Mr. Camerino advised that the time for the NRECA Director Election has been noticed for 8:30 a.m. on September 24th so that will be conducted prior to the start of the Corporate Services Committee meeting.

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There was a brief discussion on the NRECA Director position. Anyone who is interested in this position, or has questions, should contact Mr. Mongeon. Mr. Mongeon will see if there is a document available that describes the NRECA Director role.

CFC Voting Delegate

Dan Senie was appointed as the CFC voting delegate for the upcoming Regional meeting being held September 4 – 6 in Buffalo, NY.

Director Expense Reports

Chair Mongeon noted that a Director Expense Report was circulated for review.

NHEC Foundation Report

Drawing attention to Attachment #8 in the Board packet, NHEC Foundation Chair Davis noted that the plan is to include an NHEC Foundation highlight each month between the quarterly meetings.

Miscellaneous

There was discussion on the Typical Bill Comparison, Attachment #17 in the Board packet.

The meeting recessed at 12:02 p.m. and reconvened at 12:22 p.m. with all those previously in attendance rejoining the meeting, with the exception of Messrs. Davis and Timms.

Executive Session

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

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

Vote for the motion was unanimous and the Board moved into Executive Session at 12:23 p.m.

Adjournment

The Board moved out of Executive Session and Chair Mongeon adjourned the meeting at 2:00 p.m.

Joan Aubrey, Secretary

A TRUE COPY ATTEST:

Thomas Mongeon, Chair of the Board