

Approved 7/30/19

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

Minutes of the Meeting of the Board of Directors

June 25, 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 June 25, 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 Service/Public Affairs; Pam Ouellette, Human Resources Director; Craig Snow, VP of Energy Solutions/Facilities; Geoff Ziminsky, Director of Information Technology; Guy Ford, Corporate Risk and Compliance Executive; Scott Davis, Power Resources Administrator; and Sharon Yeaton, Executive Services Administrator (recording).

Chair Mongeon called the meeting to order at 8:38 a.m.

Agenda Review and Approval of Minutes

There were no changes to the agenda.

The minutes of the May 28, 2019, Board Meeting, the June 12, 2019, Director-Elect Orientation Session and the June 13, 2019, Annual Director Meeting were reviewed. Upon motion of Mr. Senie, seconded by Mrs. Kedersha, it was

VOTED: To adopt the minutes of the May 28, 2019, meeting of the Board of Directors, as amended and the minutes of the June 12, 2019, Director-Elect Orientation Session and the June 13, 2019, Annual Director Meeting, as presented.

Vote for the motion was unanimous.

Board Safety Moment

Mr. Camerino presented the safety moment, first discussing a very impactful companywide safety presentation of "Life after 12,500 Volts" presented by Gary Noland and his wife Jeannie regarding a devastating injury Gary suffered and the message that it only takes a second of inattention. He next shared a slide from one of the safety presentations prepared by employees, as part of last year's Balanced Scorecard initiative, showing statistics on the number of accidents resulting from cell phone use while driving.

Chairman's Report

Chair Mongeon presented the Chair's report, first thanking directors for electing him to this new role and noting that he is looking to continue the process of improving as a board and

organization. He discussed his role as chair, a potential new approach to the Board agendas, and a document that explains governance and oversight versus management. He asked directors to send him any ideas they may have on different concepts for the agenda and board governance/oversight.

Chair Mongeon asked for any questions or thoughts. Concerns were shared with regard to committee member appointments and making sure there is fair and equitable treatment of all directors. Chair Mongeon requested this discussion be addressed under Board Committees on the agenda.

Chair Mongeon next drew attention to the Annual Director Qualification Certification, Attachment #1 in the Board packet, noting that this was introduced last year and is something that needs to be completed annually by directors. He discussed a recent question/concern relative to the category of seasonal/second home and suggested it be split into two separate categories. After a brief discussion it was agreed to have the Executive Committee address this item. Attorney Dean confirmed that as long as the form is completed annually, it doesn't need to be done at this meeting, but should be done soon.

Chair Mongeon next discussed the December Board meeting date. It was agreed to hold the meeting on Monday, December 30th.

President's Report

Mr. Camerino introduced Mike Licata who has joined the Co-op as VP of Member Service/Public Affairs and mentioned the change in Craig Snow's responsibilities and title to VP of Energy Solutions/Facilities.

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 a reduction in health care costs; follow-up to a member letter and the resulting changes we will look into making to ensure all members receive the Annual Report prior to the director election; and Lexicon Project follow-up discussed at the last Board meeting, noting that we won't be moving forward with a separate subcommittee at this time, but more information on staff's follow-up will be provided through the Member Solutions Committee, or some other forum.

Mr. Davis joined the meeting at 9:11 a.m.

Mr. Camerino next discussed the Enterprise Risk Management (ERM) Report and the additional component we are undertaking as part of his CEO goals, noting that the report will be provided for the July Audit Committee meeting. He reminded directors that they are partners with management in developing that report and encouraged them to provide their input.

Mr. Camerino also discussed a new scholarship to be awarded to an individual attending line worker school; the Northeast Association of Electric Cooperatives survey included in the Board packet, noting that Senior Management discussed the survey and was satisfied with how the meeting currently works, but he asked directors to let him know if they have strong feelings on

this; the list of Tips for Improving Remote Meeting Participation, Attachment #3 in the Board packet, noting that if anyone has comments to let him know; a summary that management will provide for discussion at a future Corporate Services Committee meeting related to the question of rate case filing requirements of investor-owned utilities and what items NHEC should provide to the Board; NH Solar Shares and their next project in Warren; the Strategic Plan review scheduled for the August Board meeting; and a session he will be moderating at the CFC Forum next week.

In response to an inquiry, Mr. Camerino advised that NHEC's organizational charts have been posted in OnBoard. If there are documents directors would like to see posted he asked them to let him or Mrs. Yeaton know.

There was discussion on the member letters included in the Board packet. Mr. Camerino will acknowledge the letter that was signed and advise the member that it has been shared with the Board.

Winter Rate Period Variance Discussion

Mr. Davis introduced himself, noting that he is the Power Resources Administrator. He distributed copies of the Power Resources Variance Report, reviewing the winter rate period variances and addressing questions. He noted that current rate period costs were on track with what was placed in rates last September. He reviewed the variances for forecasted costs, revenue and load obligations. He advised that the rate period ended with an over-collection of revenue compared to costs, which will be refunded to members over two rate period.

Mr. Callnan asked for feedback on the format of the variance report. The general sense was that the report provides good information and is helpful.

Reliability Indices and What Moves Them

Mr. Bakas reviewed a presentation and addressed questions on Reliability Indices and What Moves Them. He discussed the most important indices utilities use and reviewed NHEC's average for each of these indices over the last five years. He discussed the difficulty of benchmarking with other utilities in the state, noting that NHEC provides its information to the Public Utilities Commission (PUC) on a quarterly basis, but our methodology is different than the other utilities in the state. He reviewed NHEC's positive movement in reliability indices from 2009 to 2018, discussed some inherent facts of our service territory that have a negative impact on reliability, reviewed things NHEC does to improve reliability, and discussed some potential areas for additional reliability improvement.

Mr. Camerino shared some comments, noting that we have to balance how much we will spend to drive reliability results.

Attorney Dean pointed out that the PUC doesn't have jurisdiction over NHEC for the quarterly filings Mr. Bakas mentioned, but NHEC has agreed to provide this information and has also voluntarily participated in after storm reviews conducted by the PUC.

The meeting recessed at 10:34 a.m. and reconvened at 10:48 a.m. with all those previously in attendance, with the exception of Mr. Davis, rejoining the meeting.

Discussion Regarding Significant Matters in the Coming Year

Mr. Camerino distributed and reviewed a handout, Major Decisions/Issues for Coming Year, noting that based on a quick look and limited discussion these are the items senior management has identified.

Chair Mongeon mentioned that he requested the list for planning purposes so we know what is coming up and we can use this to drive the agendas for the Board and committee meetings. He mentioned that a rough timeline and a little more detail on each of these items would help determine which Board meetings these items are addressed. Directors shared feedback on the list.

Chair Mongeon commented that he would like to take the input received from directors and regroup with Mr. Camerino. If anyone has additional input they can send it to Chair Mongeon.

Mr. Camerino cautioned the Board to carefully consider that if the Board wants to dig deeply into these issues management will stop and wait for direction so staff doesn't put a lot of time and effort into something the Board may later decide it doesn't want to do. Management will continue to take initiative in coming to the Board with ideas and then when the decision is made about direction will proceed.

Chair Mongeon stated that the Board is not looking at changing strategic direction, but rather looking at a different structure for discussion and perhaps driving some things down to the committee level.

Chair Mongeon stated that the Strategic Planning Steering Committee will be discussing the process for the retreat and wrapping in these other issues. He noted that part of the new agenda outline would be to have 30 – 45 minutes at each meeting to talk about the issues on the list, and any other strategic issues that might come up outside of the retreat.

Board Committees

Chair Mongeon drew attention to the draft minutes from the May 29, 2019, Power Resources and Assess Committee meeting, Attachment #7 in the Board packet. Upon motion of Mr. Viens, seconded by Mr. Dwyer, it was

VOTED: To approve the minutes of the May 29, 2019, Power Resources and Access Committee meeting, as amended.

Vote for the motion was unanimous.

Chair Mongeon discussed his general strategy when appointing committees, including consideration of the level of individual interest, areas of expertise, availability, etc. He acknowledged his oversight in not considering diversity as a priority.

It was mentioned that committee membership changes annually for the standing committees and it was felt that the same philosophy should be used for appointing the Strategic Planning Steering Committee.

Chair Mongeon advised that he would like to make the Strategic Planning Steering Committee more diverse and asked if there are any women interested in serving on that committee that they reach out to him in the next day or two.

In response to the question of when an ad hoc committee becomes a standing committee, Chair Mongeon stated that he would like to address that at the first Executive Committee meeting.

Attorney's Report

Attorney Dean reported that the Governor has signed HB 700, which will become effective on August 20th. He explained that the next step is for the Department of Revenue Administration (DRA) to conduct a rulemaking process to establish the types of reports, information and forms that utilities will be providing to towns beginning in May of 2020.

Board General Session

Board Tracking Report

Chair Mongeon noted there is one item remaining on the Board Tracking Report, Non-financial Internal Controls Process. Mr. Camerino noted that there will be some discussion around this item when the ERM Report is presented to the Audit Committee in July.

Chair Mongeon mentioned that Mr. Camerino has requested input from directors on potential risks. It was agreed that Mrs. Yeaton would e-mail the 2018 ERM Risk Report to directors with a reminder to provide any feedback to Messrs. Camerino and Mongeon by July 16th. The document will also be posted in OnBoard.

Committee Meetings

Following is a list of upcoming meetings:

- Audit Committee – July 29th at 8:30 a.m.
- Corporate Services Committee – July 29th following Audit Committee
- Member Services Committee – July 29th following Corporate Services Committee

NHEC Foundation Report

NHEC Foundation Chair Davis drew attention to the NHEC Foundation Board Report included in the Board package as Attachment #9.

Mr. French reported on the event this past Saturday in the Raymond district to install smoke detectors as part of the Foundation's grant provided to the American Red Cross.

NRECA Voting Delegate

Dan Senie was appointed as the Voting Delegate for the NRECA Regional meeting being held September 4 – 6 in Buffalo, NY.

NRECA Director Election

Mrs. Yeaton discussed a proposed change in the date for the NRECA Director Election. It was agreed to reschedule the election from the August 27th Board meeting to the September 24th Board meeting. Mrs. Yeaton will communicate the change to Ken Colburn, who as New Hampshire current NRECA director, is responsible for setting the election date with NRECA.

Expense Reports

Chair Mongeon noted that expense reports were circulated for review.

Executive Session

Upon motion of Mrs. Kedersha, seconded by Mr. French, 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 11:51 a.m.

Adjournment

Chair Mongeon adjourned the meeting at 12:45 p.m.

Joan Aubrey, Secretary

A TRUE COPY ATTEST:

Thomas Mongeon, Chair of the Board