

NEW HAMPSHIRE ELECTRIC COOPERATIVE 2020 SPECIAL MEETING OFFICIAL BALLOT

VOTING INSTRUCTIONS

1. Fill in the circle next to your choice using a black or blue ink pen or a No. 2 pencil.
2. Place ballot in white, postage-paid return envelope.
3. To be counted, ballots must be received by 4:30 p.m., Wednesday, October 14, 2020.
4. Ballots will be counted remotely by Survey & Ballot Systems in conjunction with NHEC election tellers.
5. If voting online, do not return this ballot.

Marking Instructions

- Use black or blue ink or No. 2 pencil only.
- If marked in error, erase or draw line through mistaken answer
- Fill circles completely.

BYLAW AMENDMENT QUESTION

This question was proposed by the NHEC Board of Directors

The NHEC Board of Directors recommends approval of this proposal (a YES vote).

Shall NHEC's Bylaws be amended to provide the Co-op with additional flexibility to more quickly approve and make investments when providing "other goods and services," by making the following changes?

Amend Article X, Section 1. Paragraphs (d) and (e) to add, "*and/or other facilities, equipment or property necessary to provide other goods and services or for the orderly furtherance of the business and operations of the Cooperative*";

Amend Article X, Section 2. to reference "*controlled affiliate*" in place of "*controlled nonprofit cooperative (affiliate)*";

Amend Article XII, to remove, "*on a nonprofit basis*" concerning organizations to which NHEC may become a member or hold an ownership interest;

Amend Article XII to add, "*necessary to provide other goods and services or for the orderly furtherance of the business and operations of the Cooperative, or is otherwise*";

Yes

No

Full text of Articles X and XII, with proposed changes shown is in ballot materials

See back of ballot for statement of purpose.

Statement of Purpose

NHEC's Board of Directors recommends a YES vote to amend the Co-op's bylaws to provide the flexibility needed to quickly and efficiently take advantage of opportunities to ensure all members have access to affordable, reliable, high speed internet.

NHEC's current bylaws require that any capital investment in "other goods and services," like broadband, be approved by vote of NHEC's full membership. Membership votes are significant undertakings that take over three months to complete. This requirement may restrict NHEC's ability to pursue local, state, and federal grants and partnerships to further our goal of ensuring all members have access to the high speed internet they need. The amendment would make the approval process the same for investments in "other goods and services," like broadband, as it is for investments in electric infrastructure.

While focused on the same goal - expanding broadband to members - the proposed bylaw changes are different from the amendment to NHEC's Certificate of Organization that fell just short of the two-thirds required for passage earlier this year. These bylaw changes would have been required even if the earlier vote had passed.

More information can be found on NHEC's website: <https://www.nhec.com/broadband>.

Special Meeting of Members

Tuesday, October 20, 2020
10 a.m.

NHEC has scheduled a Special Meeting of Members On October 20, 2020 at 10 a.m. for the purpose of announcing the results of the vote. Due to ongoing restrictions on public gatherings, this meeting will be held via Zoom Webinar. To register to attend the meeting, please visit <https://www.nhec.com/broadband> and click the registration link.

Proposed additions to the NHEC Bylaws are underlined below.
Proposed deletions are struck through.

ARTICLE X

Disposition and Acquisition of Property

Section 1. Ordinary Transactions. Affirmative vote of at least two-thirds (2/3) of the members voting by mail ballot is required for the Cooperative to acquire, sell, mortgage, lease or otherwise dispose of or encumber any of its property other than:

- (a) disposition of property which in the judgment of the Board of Directors neither is, nor will be, necessary or useful in operating and maintaining the Cooperative's system and facilities; provided, however, that all sales of such property shall not, in any one (1) year exceed in value ten per centum (10%) of the value of the Cooperative's "Total Utility Plant" as stated in the most recent Annual Report of the Cooperative;
- (b) disposition of property which is damaged, or in the judgment of the President/CEO is obsolete, provided that the President/CEO may dispose of or otherwise transfer any one item of such property valued (at depreciated book) at \$25,000.00 or less;
- (c) service of all kinds, including electric service;
- (d) acquisition of generation, transmission and/or distribution facilities and/or other facilities, equipment or property necessary to provide other goods and services or for the orderly furtherance of the business and operation of the Cooperative, the purchase price of which does not exceed ten per centum (10 %) of the value of the Cooperative's "Total Utility Plant" as that value is stated in the most recent Annual Report of the Cooperative, after a specific vote of a majority of all the members of the Board of Directors of this Cooperative;
- (e) acquisition of generation, transmission and/or distribution facilities and/or other facilities, equipment or property necessary to provide other goods and services or for the orderly furtherance of the business and operation of the Cooperative, the purchase price of which is greater than ten per centum (10%) but does not exceed twenty-five per centum (25%) of the value of the Cooperative's "Total Utility Plant" as that value is stated in the most recent Annual Report of the Cooperative, after a specific vote of at least two-thirds (2/3) of all members of the Board of Directors of this Cooperative; and
- (f) mortgage, encumbrance of Cooperative property or other disposition as been approved, after specific vote of the Board of Directors who shall have the authority to enable the Cooperative to borrow money which, in the judgment of the directors, may be necessary to the orderly furtherance of the business and operation of the Cooperative. In connection with such borrowing, the Board of Directors shall have the authority to make and issue bonds, notes, security instruments or other evidences of indebtedness to secure the payment thereof and to authorize the execution and delivery of a mortgage or mortgages, or deed or deeds of trust, pledging or encumbering of any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative whether acquired or to be acquired and wherever situated, all upon such terms and conditions as the Board of Directors shall determine.

Section 2. Transfer of Assets to Affiliate. The transfer of assets to and from a controlled ~~nonprofit cooperative~~ (affiliate) may be made upon a vote of at least two-thirds (2/3) of all the members of the

Board of Directors of this Cooperative.

Section 3. Sale of System. The sale of the Cooperative's entire system or the dissolution of the Cooperative shall require an affirmative vote of two-thirds (2/3) of all members of the Cooperative.

ARTICLE XII

Membership in Other Organizations

The Cooperative may establish a controlled affiliate upon the affirmative vote of at least (2/3) of the Board of Directors. A "controlled affiliate" is any cooperative or other entity in which this Cooperative holds a sufficient voting interest to allow it to elect or appoint a majority of the directors of the affiliate.

The Cooperative shall not become a member of or purchase stock in any other organization without an affirmative vote of the members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchase; provided, however, that the Cooperative may upon the authorization of the board, purchase stock in or become a member of any corporation or organization organized ~~on a nonprofit basis~~ for the purpose of engaging in or furthering the cause of rural electrification, or for promoting local community, civic or business development, or of any other corporation for the purpose of acquiring, constructing, leasing or operating electric or other facilities or equipment **necessary to provide other goods and services or for the orderly furtherance of the business and operation of the Cooperative, or is otherwise** incident to the operation of the Cooperative.