

**Approved 5/25/21**

**NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.**

**Minutes of the Meeting of the Board of Directors**

**April 27, 2021**

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 April 27, 2021. In light of the COVID-19 pandemic and in response to Governor Sununu's Executive Order 2020-04, the meeting was conducted remotely via Zoom videoconferencing.

Directors present were Thomas Mongeon, Alana Albee, Brenda Boisvert, William Darcy, Sharon Davis, Leo Dwyer, Edward French, Carolyn Kedersha, Madeline McElaney, Jeffrey Morrill, and Daniel Senie. 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; Drew Dunagin, VP of Financial Services/CFO; Steve Kaminski, Power Planning and Policy Advisor; Mike Licata, VP of Member Services/Public Affairs; Pam Ouellette, VP of Human Resources and Organizational Development; Craig Snow, VP of Energy Solutions/Facilities; Geoff Ziminsky, VP of Technology and Business Services/CIO; Kristen Taylor, Financial Services Manager; Matthew Babcock, Safety Administrator; Ken Colburn, NRECA Director for NH; Cooperative Members Alexander Bernhard, Marcia and Quentin Blaine, Constance Cunningham, Julie Dolan, John Gallagher, Bill Gassman, Ian Gilchrist, Ken Hill and Cynthia Stanton, Helen Ingalls, Richard Knox, Nancy Law, Margaret Merritt, Jeanne Ryer, Shaw Smith, Tony Wagner, and Ken Wells; and Sharon Yeaton, Executive Services Administrator (recording).

Chair Mongeon called the meeting to order at 8:30 a.m. He noted that a number of members will be joining the meeting today and we will allow some time for them to make a statement or ask questions following his Chairman's Report. Directors and Mr. Camerino next introduced themselves.

### **Agenda Review**

No additional changes were made to the agenda.

### **Approval of Consent Agenda**

Chair Mongeon noted that Board Policy B-29, Statement on Ethics, is being removed from the motion approving Audit Committee policies and will be addressed separately under Board Committees. He asked if there were any other items anyone wished to remove from the consent agenda for separate discussion. There were no requests to remove additional items. Upon motion of Mr. French, seconded by Mrs. Kedersha, it was

**VOTED:** That the Board of Directors approves the consent agenda items: March 25, 2021 Special Board Meeting minutes, March 30, 2021 Board minutes, March 11, 2021 Engineering and Operations Committee minutes, March 29, 2021 Corporate Services Committee minutes, IRS Form 990 Resolution, Audit Committee Board Policies Resolution, 2021 Balloting Procedures Resolution, 2021 Virtual Annual Meeting Resolution, Appointment of Ballot Counters Resolution, and Director Expense Reports.

Vote for the motion was unanimous.

Individual motions approved through the consent agenda are as follows:

**VOTED:** That the Board of Directors accepts NHEC's 2020 IRS Form 990 as presented.

**VOTED:** That the Board of Directors reaffirms the Audit Committee Charter and Board Policy B-37 Safeguarding Member Information as presented; and approves Board Policies B-2, Attachment G – Audit Committee; B-28 – Audit Policy; and B-34 – Record Retention and Destruction, as presented.

**WHEREAS**, in light of the COVID-19 pandemic and in accordance with the related emergency executive orders and legal guidance issue by the Governor and Attorney General of State of New Hampshire, NHEC successfully conducted balloting in connection with both its 2020 annual meeting of the membership and the October 20<sup>th</sup> special meeting of the membership in accordance with procedures as presented by management. The manner of voting, ballot processing, and ballot counting maximized the use of electronic communications, transactions and record keeping and maintained the accuracy and integrity of the process, while safeguarding the health of NHEC employees, members, election services vendors, and the public; and

**WHEREAS**, in light of the continuing COVID-19 pandemic and in accordance NHEC bylaws and with the current emergency executive orders and legal guidance issue by the Governor and Attorney General of State of New Hampshire, NHEC has determined it necessary to conduct its 2021 annual meeting balloting according to the same procedures utilized in connection with the 2020 balloting process; and

**WHEREAS**, in light of the NHEC bylaw timeline requirements for conducting NHEC's annual balloting and in consideration of the logistical lead time requirements for the preparation, mailing, return, counting and certification of balloting results, NHEC has determined it necessary to make a binding determination concerning the procedures for its 2021 annual meeting balloting process as of the date of this resolution, which shall not be impacted by any modification or expiration of the current emergency executive orders occurring on or before the day of the 2021 annual meeting.

**RESOLVED**, that in light of the COVID-19 pandemic and in accordance with the related emergency executive orders and legal guidance issue by the Governor and Attorney General of State of New Hampshire, and pursuant to Article III, Sections 4, 5, and 7 of NHEC's bylaws, NHEC shall conduct its 2021 annual member voting as usually scheduled and according to the proposed procedures as presented by management. The manner of voting, ballot processing, and ballot counting shall maximize the use of electronic communications, transactions and record keeping in order to maintain the accuracy and integrity of the process, to safeguard the health of NHEC employees, members, election services vendors, and the public, and to comply with both NHEC's bylaws and the applicable emergency orders.

**WHEREAS**, in light of the COVID-19 pandemic and in accordance with the related emergency executive orders and legal guidance issue by the Governor and Attorney General of State of New Hampshire, NHEC successfully conducted its 2020 annual meeting of the membership in a virtual format, utilizing electronic voice and video communication technologies for remote attendance and participation; and

**WHEREAS**, in light of the continuing COVID-19 pandemic and in accordance with the current emergency executive orders and legal guidance issue by the Governor and Attorney General of State of New Hampshire, NHEC has determined it necessary to conduct its 2021 annual meeting of the membership in a virtual format, utilizing electronic voice and video communication technologies for remote attendance and participation, in a manner consistent with the 2020 meeting; and

**WHEREAS**, in light of the NHEC bylaw timeline requirements for conducting NHEC's annual balloting and annual meeting, and in consideration of the logistical lead time requirements for organizing and hosting the annual meeting, NHEC has determined it necessary to make a binding determination concerning the conduct its 2021 annual meeting of the membership as of the date of this resolution, which shall not be impacted by any modification or expiration of the current emergency executive orders occurring on or before the day of the 2021 annual meeting.

**RESOLVED**, that there will be no physical location for the 2021 NHEC annual meeting of the membership. The notice of the meeting shall identify the day and time of the meeting and provide instructions, and/or contact information for obtaining instructions, for remote attendance and participation. The use of a virtual meeting format is intended to safeguard the health of NHEC employees, members, and the public, and to comply with both NHEC's bylaws and the current emergency orders.

**RESOLVED**, that in accordance with Article III, Sections 4, 5 and 7 of the New Hampshire Electric Cooperative's Bylaws the ballots shall be opened and counted in the manner to be designated in the annual meeting notice, by a committee of tellers as appointed herewith:

NHEC Employees: Doug Bergholm (Chair), Seth Wheeler, Sharon Yeaton, Kristen Taylor, and Mike Licata; and Survey and Ballot Systems Employees: Leigh Peroutka, Kyla Erickson, Sara Bornes, Marylee Horstmann, Jenny Gerling, Kristin Bunkenburg, Greg Westerhaus, Carrie Claus, Tyler Oppenheimer, Adam Fleischhacker, Ryan Smith, Missy Fiala, and Mary Jo Harrington.

### **Board Safety Moment**

Mr. Babcock presented the safety moment covering the topic of ticks, sharing ideas on the prevention of tick bites and the safe removal of ticks.

### **Chairman's Report**

Chair Mongeon presented the Chairman's Report first mentioning the appointment of a voting delegate for the May 20 Northeast Association of Electric Cooperative's Annual Meeting. Upon motion of Mr. Darcy, seconded by Mrs. Boisvert, it was

**VOTED:** The Board of Directors appoints Leo Dwyer as the voting delegate for the May 20, 2021, Northeast Association of Electric Cooperatives Annual Meeting.

Vote for the motion was unanimous.

Chair Mongeon expressed his thanks to staff and the board for their ongoing efforts on broadband and to members for their ongoing encouragement.

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Mr. Babcock left the meeting and Mr. and Mrs. Blaine and Ms. Ingalls joined the meeting at 8:38 a.m.

Chair Mongeon reported on the Strategic Planning Steering Committee, advising that he has appointed Directors Albee, McElaney, and Morrill to the committee, and discussing the committee's role, outreach to other directors, plans for a first meeting, and the role of Directors Senie and Dwyer to serve as advisors for initial research and data to support the planning process.

Ms. Cunningham left the meeting at 8:40 a.m.

Chair Mongeon noted that in the May Board meeting there will be an opportunity for directors to announce their interest in officer positions for the ensuing year. He also mentioned that director orientation has been scheduled for June 15 at 8:30 a.m.

On the subject of broadband, Chair Mongeon discussed the visit of Vice President Harris and Senator Hassan to the Co-op last Friday and thanked Messrs. Camerino, Licata, Snow, and others who made this event happen. He mentioned the tremendous member support for our broadband initiative and addressed the question of why the Co-op is not discussing broadband more in public sessions, noting that it is a matter of finding the balance between the confidentiality of our work with consultants and potential partners and the need for disclosure to our members.

Chair Mongeon offered members an opportunity to introduce themselves and make a statement or ask a question. Comments and questions included: congratulations on the Vice President's visit to the Co-op; a reminder that the lack of reliable internet service is still an issue for the daily lives of members; a question asking if there is a broadband expansion plan, when members will hear about a plan, and how can we facilitate a plan; an indication that the Town of Sandwich is in the process of applying for federal funding and they will give whatever money they can get to whichever company can help them solve this problem; expressions of interest in how the Co-op is doing in rolling out broadband; encouragement to speed up the process and move rapidly with the broadband rollout; concern about the ability to scale the support for broadband customers; a question on whether thought has been given to the potential competitive risk that could come from a satellite internet provider; frustration caused by the lack of reliable internet service; the importance of reliable internet for social and economic development in the north country, for access to telemedicine, and for school and work; a request for a broadband build schedule to be included on the website; interest in knowing how the Co-op plans to coordinate with existing RSAs on the creation of communication districts; appreciation and thanks for the Co-op's broadband efforts; and a sharing of the history of the evolution of the broadband effort since last October, the lack of any recent updates, and the need for the Co-op to be more visible and forthcoming and to show members a greater sense of urgency.

During the member comment and question period, Mr. Smith joined the meeting at 8:53 a.m. and Ms. Ryer left the meeting at 9:00 a.m.

Chair Mongeon thanked members for their clear, concise comments and questions.

Mr. Camerino offered some remarks, first expressing appreciation to the members for speaking to us today and constructively conveying their sense of urgency for broadband. He noted that the

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sense of urgency is why we moved forward very quickly at the end of last year with the CARES projects, participated in the RDOF auction, and formed the Broadband LLC. He advised that we have engaged highly experienced, nationally recognized, broadband consultants to help us identify partners and funding opportunities so we can move as quickly and as efficiently as possible with an overall plan. He discussed the significant issues that need to be addressed, including review of funding opportunities, as well as competitive threats. He noted that given the competitive landscape we don't believe it is wise to publish every intention, but we have been clear that our intent is to first build in communities that are unserved or underserved and we have indicated where we have received funding to do that. In closing, he stated that we take the concerns expressed today very seriously and he assured members we are actively working on a plan. This is a major long-term undertaking and we want to make sure that what we launch will meet members' needs and the Co-op's needs for several decades to come.

Chair Mongeon indicated that he would be meeting with Mr. Camerino and the Chair and Vice Chair of the Broadband LLC later this week and they would review the questions asked today and generate responses, or a rough timetable of when they could respond.

Mr. Gilchrist left the meeting at 9:12 a.m.

Mr. Dwyer acknowledged the need of many members for high speed internet and stated that NHEC is working hard to provide that. He mentioned that there are many organizations, such as towns and counties, interesting in having high speed internet provided for their constituents and there may be an opportunity for us to think through how we can work together.

Mr. Darcy conveyed to members that NHEC has the same passion and sense of urgency as they do with regard to broadband and we are working on it. He indicated that we will try to be better at communicating with members about our plans.

Chair Mongeon echoed the comments of Messrs. Darcy, Dwyer, and Camerino.

Ms. Ingalls left the meeting at 9:15 a.m.

A few additional comments were shared by members, including mention of the difficult process of applying for grant funding that some towns are going through and the suggestion that it would be nice to have a resource to help with that; a request for information on who to contact, with it noted that email addresses for Messrs. Camerino and Licata would be provided; appreciation for NHEC's broadband efforts and acknowledgement that communication goes a long way; and recognition of the tremendous difference broadband can make in our communities.

Chair Mongeon reiterated NHEC's passion and hard work, noted that we can do better in communicating to our members, and advised members that if they have additional thoughts they can email him and Mr. Camerino. He thanked members for their time, support, and for joining us today.

Cooperative Members Hill/Stanton, Gallagher, Dolan, Knox, Wagner, and Blaine left the meeting at 9:22 a.m.

## President's Report

Mr. Camerino presented the President's Report, drawing attention to the written report in the board packet. He discussed safety; called out the CFO report in the board packet; and discussed Vice President Harris's visit to NHEC, recognizing the incredible efforts of Messrs. Licata and Snow in making arrangements for the event.

Mr. Gassman left the meeting at 9:26 a.m.

## Capital Credits

Mr. Camerino noted that Mr. Dunagin and Ms. Taylor will take us through the financial soundness review for the first ever retirement of capital credits by NHEC.

Mr. Dunagin first called on Attorney Dean, who discussed the board's responsibility in this process and reviewed the history of discussions and preparations for a capital credits retirement. He noted that while this is a big step and a momentous day, for directors it is the same standard of the business judgment rule of being informed and taking advantage of expert advice, as any other decision they make.

Ms. Taylor mentioned that the Capital Credit Retirement Executive Summary provided in the board packet contains details on the three objectives that will be reviewed in today's presentation. She reviewed each of the goals: financial soundness review, final board approval of general retirement methodology and amount, and board review of capital credit policy.

Mr. Dunagin recognized the board for working through these matters in the last couple of years and acknowledged Kristen Taylor, Robyn Sarette, and Mike Licata and member of his team for all of their efforts in this process. He mentioned that the Co-op has come a long way since bankruptcy and is now in a strong financial position.

Mr. Dunagin and Ms. Taylor reviewed slides addressing financial soundness review, NHEC's financial position, general retirement methodology and amount, pre-retirement reporting results, the board's annual review responsibility, capital credits policy, and capital credits attachments.

During the Capital Credits presentation, Mr. Wells left the meeting at 9:38 a.m., Ms. Law joined the meeting and Ms. Merritt left the meeting at 9:40 a.m., and Mr. Bernhard left the meeting at 9:42 a.m.

Questions were addressed related to the current amount and treatment of unclaimed equity. Ms. Taylor indicated that the total unclaimed equity for the 2021 retirement is \$2,042,888, which will be put in an unclaimed equity bucket until the five year waiting period has passed and then it will become permanent equity. Mr. Camerino added that the way to think of the unclaimed turning into permanent equity is that, in a modest way, it reduces the amount of equity we will need from our members going forward, so it has a very small rate mitigating impact. Mr. Dunagin also confirmed that the unclaimed equity bucket does remain in the equity section of the balance sheet.

Mr. Smith left the meeting at 9:50 a.m.

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There was discussion regarding the range of equity to be maintained following a capital credit retirement. Mr. Dunagin explained that the target is to remain between 40 – 50% equity at all times, therefore, we wouldn't want to retire capital credits to a point that would take us below 42% equity because you will have operations following the retirement that may reduce equity further.

Chair Mongeon thanked the team for all of their work on capital credits. He asked about the time period during which we will likely drop below 40% equity because of broadband. Mr. Dunagin explained that around year three the ratio drops to about 35% and rebounds to 40% by year nine or ten and our lender is onboard with this. Mr. Camerino added that the lender accepts the drop in equity because it is from broadband; we could not drop to those levels for operational reasons within the electric business. He also noted that they will review everything in light of our business plan, so we would still need to perform in accordance with the business plan on the broadband side.

Upon motion of Mr. Senie, seconded by Mr. French, it was

**VOTED:** That the Board of Directors authorizes management to take all steps necessary and appropriate to proceed with the retirement of capital credits totaling \$3,978,947.08, payable in July 2021, and consisting 70% of capital credits relating to the years 1971-1982 and 30% to the year 2020.

Vote for the motion was unanimous.

Chair Mongeon next offered Ms. Law an opportunity to address the board. Ms. Law indicated she was interested in the discussion of the broadband implementation and the timeframe for bringing broadband into Meredith. Chair Mongeon explained that we don't have answers yet, but we will provide more information in the future. Mr. Camerino added that the board meetings are recorded and a link gets posted to the website if Ms. Law would like to listen to the earlier discussion and questions regarding broadband.

Chair Mongeon mentioned the need to reaffirm Board Policy B-32, Capital Credits. Upon motion of Mrs. Davis, seconded by Mrs. Boisvert, it was

**VOTED:** That the Board of Directors reaffirms Board Policy B-32, Capital Credits, and its attachments.

Vote was unanimous.

Mr. Dunagin left the meeting at 10:03 a.m.

### Board Development

Chair Mongeon indicated that he drafted a board self-assessment action plan/matrix of the main takeaways. He mentioned the focus areas of meeting effectiveness and efficiency (which he would like to take down to the committee level) and roles. He advised that the board oversight checklist he mentioned at the last meeting will be provided shortly. He will be reaching out to a couple of directors to see if they can provide assistance on draft plans for a couple of the categories (policymaking practices and external relations practices).

The meeting recessed at 10:08 a.m. Ms. Law left the meeting at this time. The meeting reconvened at 10:18 a.m.

## **Board Committees**

Chair Mongeon called on Ms. Albee for discussion of Board Policy B-29, Statement on Ethics. Ms. Albee reviewed the proposed change to eliminate item E under section IV, which refers to NHEC's credit rating. It was explained that this language was added when NHEC had a private credit rating and is no longer relevant. Upon motion of Ms. Albee, seconded by Mr. Darcy, it was

**VOTED:** That the Board of Directors approves the changes to Board Policy B-29, Statement on Ethics, as presented.

Vote for the motion was unanimous.

Addressing other committee items, Engineering and Operations Committee Chair Senie noted that the minutes from the last committee meeting were approved under the consent agenda and Chair Mongeon advised that the Executive Committee will be meeting next month.

## **Board General Session**

### ***Board Tracking Report***

Chair Mongeon mentioned the notion of creating tracking reports at the committee level, as well as the potential of rolling those up into the board tracking report, noting that he will poll committee chairs to get consensus on this idea. He also suggested having a meeting of committee chairs in June or July to discuss progress on SMART goals, tracking reports, etc.

### ***Committee Meetings***

Following is a list of upcoming meetings:

- Power Resources and Access Committee – May 24, 8:30 a.m.
- Executive Committee – May 24, following Power Resources and Access Committee

### ***NHEC Foundation Report***

NHEC Foundation Chair Davis drew attention to the written report that was included in the meeting packet and offered to address any questions. There were no questions.

### ***NRECA Report***

Mr. Colburn first congratulated NHEC on its decision to retire capital credits. He next presented the NRECA Report and addressed questions. He discussed the recent NRECA Board meeting and Legislative Conference, shared some highlights from his written report, which was included in the board packet, and mentioned the additions to the bibliography.

### ***Review of April Draft Agenda***

Chair Mongeon drew attention to the draft agenda for May's meeting that was included in the board packet and asked if there were any questions or comments; none were noted.

## Review of Parking Lot

Chair Mongeon stated that no items were identified for the parking lot.

## Immediate Meeting Assessment

Chair Mongeon noted that the immediate meeting assessment feedback would take place following executive session.

## Strategic Planning

Mr. Camerino provided an overview of the strategic plan implementation steps for Voice of the Member as a core working principle, 90% member satisfaction, SCADA expansion to distribution system, communications infrastructure study, transactive energy business model pilot, beneficial electrification, performance management, engagement survey, business process improvement, training and development, facilities, resource management, maintaining NHEC's financial strength, and capital credits.

Chair Mongeon noted that time would be allotted on the May agenda to address any questions.

Mr. Camerino stated that we are not proposing any changes to the Strategic Plan itself, this is the work plan that management uses on an annual basis.

Mr. Camerino reported that it is Sheldon Petersen's last week at CFC and discussed how fortunate we have been to have worked with him and CFC. He noted that Andrew Don, CFO of CFC, will be taking over as their CEO next week.

## Executive Session

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

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

Vote for the motion was unanimous and the board moved into executive session at 10:50 a.m. Mr. Colburn left the meeting at this time.

## Adjournment

The board moved out of executive session and Chair Mongeon adjourned the meeting at 2:15 p.m.

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Brenda Boisvert, Secretary

A TRUE COPY ATTEST:

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Thomas Mongeon, Chair of the Board