

Approved 1/14/22

**New Hampshire Electric Cooperative, Inc.
Minutes of the Meeting of the Executive Committee
Remote Zoom Meeting
December 14, 2021**

Present: Committee members: Jeffrey Morrill (Chair), Brenda Boisvert, Sharon Davis, Edward French, Carolyn Kedersha, and Daniel Senie.

Other Directors: William Darcy, Madeline McElaney, and Thomas Mongeon.

NHEC Employees: Jim Bakas, Brian Callnan, Drew Dunagin, Mike Jennings, Steve Kaminski, Mike Licata, Geoff Ziminsky, and Sharon Yeaton (recording).

Others: Mark Dean, NHEC General Counsel

Chair Morrill called the meeting to order at 8:00 a.m.

Agenda Review

No changes were made to the agenda.

Chair Morrill noted that the majority of the meeting would be in executive session. Upon motion of Mrs. Boisvert, seconded by Mrs. Davis, it was

VOTED: That the Executive Committee move into executive session for the purpose of discussion of confidential personnel matters and confidential legal and contract matters.

Vote for the motion was unanimous and the committee moved into executive session at 8:01 a.m.

The committee moved out of executive session at 8:06 a.m.

Board Succession and Stability

Ms. McElaney discussed materials included in the NRECA Director Recruiting Toolkit that she thought would be helpful to provide to the Nominating Committee. She noted that it would be up to the Nominating Committee whether or not they use it.

Ms. McElaney mentioned that the other piece of the board succession discussion is the possibility of changing the structure of board terms so instead of a three year term it would be a four or five year term with a set limit for the maximum number of years to serve. She noted that there are pros and cons for such a change.

There was first discussion on the NRECA materials. Chair Morrill commented that this is a very educational tool and something that we should share with the Nominating Committee. He suggested that he and Ms. McElaney attend their kick-off meeting to share this.

Chair Morrill mentioned that something that has been raised to him is that the 250 word candidate statements don't capture all the Nominating Committee evaluates through resumes and interviews and he wondered if an evaluation form could be included.

Ms. McElaney shared her screen to display the Board Candidate Evaluation form included in the NRECA Director Recruiting Toolkit. There was support for providing this to the Nominating Committee for them to consider using, but agreement that this isn't something that directors would support sharing with the membership given these are subjective views of a small subset of the membership that make up the Nominating Committee.

Chair Morrill advised that the NRECA Director Recruiting Toolkit would be provided to the Nominating Committee.

Mrs. Kedersha joined the meeting at 8:17 a.m.

Chair Morrill mentioned that the topic relative to longer director terms is something that came up in the Acumen feedback process and he asked for thoughts. Some of the comments shared regarding a longer term limit, included:

- It could limit a members' ability to vote someone out of office if they felt there was someone more qualified.
- It could provide a little more continuity on the board.
- An observation by Attorney Dean that what is being discussed would require a bylaw amendment. He suggested that if it is decided to put this to a member vote, as the board develops its ballot statement in support of the change, it would be good to know if there are other co-ops who have terms longer than three years. He also mentioned that the transition from one set of terms to another is not simple and will affect individual incumbent directors differently. He noted that it isn't a roadblock, just a challenge you need to think about.
- It may reduce the number of people who want to run for the board if they have to make a longer commitment.
- It may be helpful to look back and determine why a three-year term was chosen.
- Directors may become too comfortable if they have a longer term and not focus on continued growth throughout their term.
- A suggestion to create a mentorship program when new directors join so someone is assigned as their "buddy."

Chair Morrill indicated that no action is being proposed on term limits at this time.

Mr. Darcy left the meeting at 8:30 a.m.

ERM Report

Chair Morrill noted that the purpose of the ERM report and tracking is to recognize the risks outlined by the past CEO, make sure the board understands and either agrees or disagrees with them, and we have action plans in place to address each item. He asked if there were questions on any areas in the report. He discussed the workforce item, suggesting that it

should be delegated from the Executive Committee to the Interim General Manager to be assessed from a risk perspective.

In response to a question, Mrs. Davis clarified the role of Jackie Thompson, confirming that she is not the Interim Vice President of Human Resources, and advising that her sole purpose is to work on the CEO search with the CEO Search Committee.

Chair Morrill stated that with the action plans listed we will document that and move on with those individuals taking that forward.

Governance

Chair Morrill mentioned that he had a lack of responses and some indirect responses to his request for feedback at the last board meeting, but he has five topic areas to discuss going forward.

The first item discussed was the procedural process for the random questions or requests for information from directors. Chair Morrill requested that directors go through him and Mr. Bakas from a process perspective. It was noted that the process is outlined in Board Policy B-3, Attachment B – Board/Management Communications.

Chair Morrill mentioned that he wanted to make directors aware that there are some conflicting policies identified from the Audit Committee work done recently around cyber security and Attorney Phillips is looking at those and will hopefully have an update at the December board meeting.

Chair Morrill stated that another topic that came to him was whether the board is applying the right amount of financial rigor to ensure they maintain their financial fiduciary responsibility.

It was noted that the board is presented with a detailed financial summary for every board meeting that is far more informative than it had been in the past. If directors feel they are not meeting their fiduciary responsibility by monitoring what is going on from a financial perspective, then we need to delve into what they feel is missing so we can provide what is needed.

Chair Morrill described the next step is to challenge the individuals who raised this issue to voice their concern in the pertinent session so we can have those discussions when the concern is had rather than later.

Mr. Darcy rejoined the meeting at 8:45 a.m.

Chair Morrill stated that another potential governance issue that was raised is the different operating styles as identified in the TTI report. There is a core issue in understanding how we operate differently from our TTI profile to not let it impact our governance of the organization. He recommended action items of being respectful, appreciating the differences of the TTI, asking questions of clarity before reacting, focusing on solutions, and continuing to use motions to drive decisions. He asked that we self-police and hold one another accountable. It is about building trust and it is something for all of us to continue to work on.

It was mentioned that the key to trust is transparency and there are things we need to be fully transparent on.

It was suggested that we take five or ten minutes at a future meeting and set ground rules that everyone is comfortable with as it may be helpful during difficult conversations.

It was also suggested that when we know we are coming into a potentially heated discussion that we remind ourselves of the key points in the Code of Conduct. Chair Morrill replied that we could build that into the process.

Chair Morrill advised that one big area of governance was activated with the Broadband LLC. He noted that the subcommittee is working on a business plan with the intent of moving that back into proper “swim lanes” with the right infrastructure and support over time.

With regard to the Balanced Scorecard (BSC), Chair Morrill indicated that is something Mr. Bakas is working on. Mr. Bakas commented that the BSC is an operational tool we use to drive the business and strategic initiatives. If board members have thoughts, ideas, or questions they should send them to him and management is open to considering them. Chair Morrill mentioned previous discussions with the former CEO about using the BSC to make sure it embodies the right spirit of setting goals and making sure they evolve from year to year.

Chair Morrill reported that we continue to be in limbo with Acumen. We are making progress with the Broadband subcommittee who is working on a business plan and we’ll continue to look for opportunities to leverage a partner to help with that. These topics are what we as a collective group have raised as governance concerns and we will continue to work on them.

In response to a comment, Chair Morrill confirmed that we do plan to use Acumen for their TTI executive reports. The CEO candidates will take the TTI so we understand their profile and how it would mix with our board and senior management.

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

VOTED: That the Executive Committee move into executive session for the purpose of discussion of confidential legal matters, confidential personnel matters, and confidential contract and risks issues.

Vote for the motion was unanimous and the committee moved into executive session at 9:02 a.m.

The committee moved out of executive session at 9:18 a.m.

Potential Risks

Chair Morrill mentioned an RE Magazine article about the biggest challenges co-ops faced and overcame in 2021. He discussed the situation on COVID and wondered whether there is more action we could or should be taking.

Mr. Bakas commented that COVID is something the Co-op has been dealing with quite well for a year and nine months and we continue to have a Pandemic Response Team that regularly meets internally and we meet with other utilities in the state weekly. He suggested a presentation at the board meeting for a thorough update on how we are addressing COVID issues.

There was discussion on vaccinations, including NHEC's promotion of the vaccination to staff and potential reasons some may not want to get vaccinated. There was also the question of staffing in the event a large number of employees become ill, with Mr. Bakas explaining that NHEC has contingency plans in place.

It was suggested that with the rise in COVID case in NH that we consider holding board meetings remotely again.

Mr. Licata reported on the Pandemic Response Team's decision at its meeting yesterday to take a step back and only allow employees into facilities for a specific business need. He noted that this message will be communicated to employees later this week.

CEO Search Update

Mrs. Davis provided an update on the CEO search, reporting on the Search Committee's activities. She noted that the committee reviewed seven search firms and over its last two meetings has narrowed it down to two firms and that they will receive presentations from each firm at their next meeting on December 21st. She also stated that Mr. Bakas provided the Association of Large Distribution Cooperatives (ALDC) Compensation Survey and that has been posted in OnBoard. She advised that the committee will have a search firm recommendation for the board at the December meeting.

Mrs. Davis asked Mrs. Kedersha to email her the list of candidates previously provided to Scott Fry so that information could be passed on to the successful search firm.

Mr. Mongeon request that the 2019 compensation report from Winston Tan also be posted in OnBoard.

Review of Bylaws

Chair Morrill noted that the Bylaws were posted in the meeting packet and asked if there were any proposed amendments. None were noted. Upon motion of Mr. Senie, seconded by Mr. French, it was

VOTED: That the Executive Committee has no recommended changes to propose to NHEC's Bylaws.

Vote for the motion was unanimous.

Adjournment

Upon motion of Mr. Senie, seconded by Mr. French, Chair Morrill adjourned the meeting at 9:35 a.m.