

Approved 1/25/22

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

Minutes of the Meeting of the Board of Directors

December 28, 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 December 28, 2021. In light of the COVID-19 pandemic and in response to the NHEC Board Chair's COVID-related Emergency Determination, the meeting was conducted remotely via Zoom videoconferencing.

Directors present were Jeffrey Morrill, Alana Albee, Brenda Boisvert, William Darcy, Sharon Davis, Leo Dwyer, Edward French, Carolyn Kedersha, Madeline McElaney, Thomas Mongeon, and Daniel Senie. Others present were Jim Bakas, Interim General Manager; Brian Callnan, VP of Power Resources and Access; Mark Dean, Attorney; Drew Dunagin, VP of Financial Services/CFO; Michael Jennings, Engineering Manager; Steve Kaminski, Power Planning and Policy Advisor; Mike Licata, VP of Member Services/Public Affairs; Paul Phillips, Attorney; Geoff Ziminsky, VP of Technology and Business Services/CIO; Josh Mazzei, Operations Manager; John Geronaitis, Utility Arborist; Beth Stewart, Vegetation Management Supervisor; Dennis Western, Engineering Supervisor; Ken Colburn, NRECA Director for NH; and Sharon Yeaton, Executive Services Administrator (recording).

Chair Morrill called the meeting to order at 8:30 a.m.

Agenda Review

Mr. Mongeon requested two additions to the agenda: 1) how to improve transparency, and 2) how to improve recording of executive session minutes.

Strategic topics discussion was added to the agenda under the Chairman's Report and discussion of executive session minutes will be addressed during executive session.

Ms. Albee commented that she was expecting to receive a report this month on the renewables goal setting exercise with Dartmouth. Mr. Licata responded that we have reengaged with Dartmouth and that work is ongoing with the member partners. He needs to connect with Ms. McElaney about having an update at the Member Services Committee meeting, which would then inform a future board meeting with a series of recommendations.

Approval of Consent Agenda

Chair Morrill drew attention to the consent agenda to approve the minutes.

Upon motion of Mr. Darcy, seconded by Mr. Dwyer, it was

VOTED: To amend the November 30, 2021 minutes to add "the vegetation management fees owed to NHEC by Consolidated Communications" as another item discussed related to the budget on page 5, line 5.

Vote for the motion was unanimous.

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Upon motion of Ms. Albee, seconded by Mr. Darcy, it was

VOTED: To amend the first sentence on line 17 of page 3 of the November 30, 2021 minutes to read “Ms. Albee stated that the Corporate Services executive session was not recorded and therefore was unavailable to board members who were unable to attend,” and to add “Ms. Albee objected to the proposed operating budget because of inclusion of 20 plus staff positions prior to the appointment of a new CEO,” to line 17 on page 5.

Vote for the motion was unanimous.

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

MOVED: To amend the November 30, 2021 minutes to include the main reason for Mr. Mongeon’s vote against the proposed budget to indicate that he felt there wasn’t sufficient strategic thinking that had gone into the budget.

A process question was raised as to whether suggested edits to the minutes could be submitted electronically and we could have them ready for the meeting. Chair Morrill stated that after the motion is addressed we can discuss that.

Discussion ensued on the motion. Mrs. Kedersha expressed concern that Mr. Mongeon’s proposed change suggests that the board did not talk about the strategic nature of the budget and the ramifications of it. Mr. French indicated he did not recall that statement and believes there would have been a response as the budget was based on the Strategic Plan.

Vote for the motion was four in favor (Directors Davis, Mongeon, Dwyer, and Morrill) and six opposed (Directors Kedersha, French, McElaney, Boisvert, Darcy, and Albee). The motion fails.

Discussion ensued regarding submitting proposed edits to the minutes electronically so they could be ready for the meeting, with Chair Morrill indicating that we will try to do that going forward so proposed changes can be reviewed prior to the meeting. Ms. Albee suggested there be a motion on that and commented that people shouldn’t be excluded from proposing changes at the meeting. Upon motion of Ms. Albee, seconded by Mrs. Davis, it was

VOTED: That board members are enabled to make comments on the minutes prior to board meetings to the Executive Services Coordinator, as minute taker, and the Board Chair, for revision prior to the board meeting. This does not exclude the right to raise changes at the meeting.

Vote for the motion was ten in favor and one opposed, with Mr. Senie opposing. The motion carries.

Mr. Mongeon commented that it should be standard policy that when directors state the reason they are voting against a motion that be put in the minutes.

Upon motion of Mr. Darcy, seconded by Mr. Dwyer, it was

VOTED: That the Board of Directors approves the minutes of the November 30, 2021 Board meeting, as amended.

Vote for the motion was unanimous.

Board Safety Moment

Mr. Western introduced himself and presented the board safety moment, sharing tips for safe winter driving.

Mrs. Stewart joined the meeting during the safety moment at 8:51 a.m.

Chair Morrill thanked Mr. Western for his report. Mr. Western left the meeting at 8:55 a.m.

Chairman's Report

Chair Morrill presented the Chairman's report, noting that he would be covering the topics of the Nominating Committee, the Committee Pilot, and Strategic Topics.

Nominating Committee Appointment & Fees

Chair Morrill reviewed the resolution to appoint members of the Nominating Committee. He discussed compensation for the Nominating Committee, noting that it was last adjusted in 2007. He recommended an increase to \$350 per meeting with a cap of \$1,050 and an additional \$150 for the Committee Chair and \$100 for the Vice Chair. Upon motion of Mr. Senie, seconded by Mr. French, it was

VOTED: That members of the 2022 Nominating Committee shall be compensated \$350 per meeting, capped at a maximum payment of \$1,050. The Nominating Committee Chair will receive an additional \$150 and the Vice Chair will receive an additional \$100.

Mr. Mongeon commented that it is good to recognize the need for an increase, but expressed concern that at times we are getting too liberal with the members' money and suggested the fee instead be increased from \$200 to \$300.

Vote for the motion was seven in favor and two abstentions, with Mrs. Kedersha and Mr. Mongeon abstaining since they are up for reelection this year.

The resolution for appointment of the Nominating Committee was next addressed. In response to a question, Attorney Dean advised that board policy requires those directors up for reelection to have no participation in the selection or approval of the Nominating Committee. Upon motion of Mr. Darcy, seconded by Mr. Dwyer, it was

VOTED: That the Board of Directors appoints Rose-Lynn Armstrong, Paul Bolduc, Michael Clark, Virginia Erickson, Joanne Haight, Lori Salesksi, and William Webb to the 2022 Nominating Committee.

Vote for the motion was seven in favor and four abstentions, with Directors Albee, Davis, Kedersha, and Mongeon abstaining as they are up for reelection this year.

Mr. Geronaitis joined the meeting at 9:02 a.m.

Mr. Mongeon asked if it would be helpful for additional transparency for directors to acknowledge if they have any relationships with members of the Nominating Committee. Following discussion, including recognition that applicants need to answer questions regarding relatives, Mr. Mongeon indicated he would stand down from his request.

Committee Pilot

Chair Morrill noted that feedback on the Committee Pilot has been generally positive, with the addition of the ability to invite everyone if a committee requires it, so there is flexibility when needed.

Comments shared included: agreement with the ability to invite all directors to committee meetings where items of critical importance are being discussed; a suggestion that directors should be able to reach out to committee chairs if there is a topic on an agenda that they are particularly interested in hearing and they are not a member of that committee; a question asking if non-committee members could listen in, but not participate at committee meetings, with Chair Morrill indicating that he believes so and also mentioning it is a learning opportunity for new board members and he believes there will be variations going forward; a comment that the pilot was a good evolution in trying to improve our efficiency around committee meetings; a suggestion that it go to the Executive Committee to review objectives of the pilot and measurement criteria to determine what success looks like; a recommendation to consider having committees organized around the strategic focus areas in the Strategic Plan; a suggestion to work through what are the overall expectations of a board member and what do they need to understand of the business in order to make decisions on voting, so we don't overburden board members with feeling there's a responsibility or expectation that they understand each and every aspect of the business in the different committees; and a suggestion to continue with the practice of committees developing SMART goals.

Chair Morrill stated that the goal of the pilot was to give committees a chance to dig into things, but we also want to make sure we are transparent and don't impede things; there needs to be a balance going forward. He mentioned that director compensation is an item on the Board Tracking Report and any additional comments can be fed into that discussion as it is addressed by the Executive Committee.

Questions regarding the board and committee meeting recordings were addressed, with it noted that the recordings can be found on NHEC's website and are usually posted no later than the day following the meeting. It was also noted that in-person meetings, as well as executive sessions, are not recorded.

Strategic Topics

Chair Morrill indicated that he would like to identify some strategic topics for discussion at future board meetings so we can get them on the schedule and think about how we prepare for them.

The following topics were identified: 1) How to improve transparency (openness, communications, and accountability) - Staff/Board and Board/Board, and to our Members; 2)

Emerging technology - how it affects our rate structure and the use of electricity within our network; 3) Beneficial Electrification - the meaning of scale to our members; 4) Training - practice dialogue on how we have a tough conversation and set some ground rules, and other topics; 5) Voice of the Member - how do we better understand our members, understanding what our members want, what is the value to members, defining what is a “Member WOW,” and member engagement; and 6) Strategic Plan.

Chair Morrill suggested we address the topic of transparency in January and he will work with the Executive Committee to place the other topics on the calendar.

Interim General Manager’s Report

Mr. Bakas presented the Interim General Manager’s Report covering the topics of State of NH Training Grant, Herbicide Follow-up, and the 2022 Balanced Scorecard (BSC).

State of NH Training Grant

Mr. Bakas discussed the availability of grant funds from the State of New Hampshire for training, as outlined in Attachment #12 in the board packet. He noted that he is looking for board approval to sign the agreement with the State. Upon motion of Mr. Dwyer, seconded by Mrs. Boisvert, it was

VOTED: That James T. Bakas, Interim General Manager, is duly authorized to enter into contracts or agreements on behalf of N.H. Electric Cooperative, Inc. with the State of New Hampshire and any of its agencies or departments and further is authorized to execute any documents which may in his/her judgment be desirable or necessary to effect the purpose of this vote.

Following discussion, including explanations that NHEC will secure the training it needs, it is not being provided by the state; and board authorization is a requirement of the authority granting the funds, vote for the motion was unanimous.

Herbicide Follow-up

Mr. Bakas introduced Mr. Mazzei, Mrs. Stewart, and Mr. Geronaitis, indicating they would provide an overview of the Herbicide Program, discuss the website opt out form, and address questions.

Mr. Mazzei shared his screen reviewing a PowerPoint presentation. He covered slides on integrated vegetation management, application process, notification process, treatment, and yearly opt out form for NHEC’s treatment program.

There was discussion regarding the notification process and a permanent opt out option. It was suggested that staff look at ways to improve the notification process, especially given the large number of seasonal members, and assess what additional work would be required to offer a permanent opt out option. Mr. Bakas replied that staff could look into this.

Ms. Albee expressed her desire for a permanent opt out and proposed that the board endorse a resolution for the 2022 electronic opt out to be put in place, as proposed, while also working on a permanent opt out option for future years.

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In response to a question, Mr. Bakas stated that it generally costs more to clear the right of way if the herbicide application is not used. Mr. Mazzei added that if herbicide treatment was not a wide spread option, the trimming cycle would need to be reduced. It was suggested that we should encourage members to maintain low growth in those areas if they opt out. It was suggested that management look at the cost of the spraying application and materials compared to the cost of additional work every seven years to cut those saplings that grow back and present a cost comparison to the board.

Upon motion of Ms. Albee, seconded by Mr. Senie, it was

VOTED: That the Board of Directors approves management's suggested annual online opt out form for vegetation management by members and nonmembers with its availability notified in the newsletter to all members each year at least two months before the deadline for opting out. The Board should consider during 2023 a multi-year or permanent opt out option going forward.

Following further discussion, vote for the motion was unanimous.

Approval of BSC

Mr. Bakas mentioned that he added additional details in the BSC spreadsheet to further explain the items. He noted that this is a management tool, but he is open to suggestions if people want to see something different.

Ms. Albee made suggestions on wording in the Success Sharing Plan under eligibility, recommending that the requirement to be employed at the time of payout should be increased to at least six months, and that in the absence of a CEO and VP of Human Resources decisions on performance issues should be taken jointly by the Interim General Manager and the Board Chair. She noted that she would like to amend the resolution in the packet to add "with further work to strengthen the indicators by September 2023 in consultant with the newly appointed CEO."

Mrs. Stewart and Mr. Geronaitis left the meeting at 9:59 a.m.

With regard to performance issues, Mr. Bakas questioned whether or not it makes sense to involve the Board Chair. He noted that a new CEO should be onboard at that point, and this could be crossing the line. Ms. Albee explained the reason for her suggestion is to be transparent about a level playing field and the decisions on those people.

Chair Morrill shared his thoughts, including: that the purpose of incentives is usually to drive a specific behavior and with 19 different tasks with payout percentages he doesn't think it is driving behavior; that several goals are participation based and he doesn't know if that is challenging us at a level board members would want, sharing specific examples of the Peak Days Program, paperless billing, attendance at training, and the engagement survey; and encouraging management to think about whether 19 specific goals will help accomplish what you want to do, or if fewer streamlined, impactful goals could drive a better outcome.

Upon motion of Ms. Albee, seconded by Mr. Darcy, it was

VOTED: That the Board of Directors approves the 2022 Balanced Scorecard and Success Sharing Plan as presented, with further work to strengthen indicators by September 2023 in consultation with the newly appointed CEO.

Mrs. Kedersha shared her thoughts, agreeing that a lot of the goals are just incremental adjustments upward, sharing the example of new load from beneficial electrification, suggesting that if this is important to us we should be pushing for a goal of 10 – 12%.

Sharing his thoughts, Mr. Mongeon commented that he could have some specific suggestions too, but this is a management tool and he is in favor of the motion. He mentioned that he wants employees to feel stability, and we need our new CEO to take a look at things and he is looking for that person to evolve the culture and the BSC.

Ms. Albee requested that the items raised be in the minutes for reference for future changes and considered currently where relevant.

Vote for the motion was unanimous.

Other Items

Messrs. Jennings and Bakas addressed questions related to SAIDI, explaining that we did not meet the goal as we had a couple of months where the numbers were high, but under the threshold of a major event, and the reason the goal for 2022 has been reduced is because it is based on historical trends. It was requested that SAIDI numbers, historically over time with storms included, be provided to help with the board's understanding of our investments in plant and preventative measures.

There was discussion on the Ethics Point system. Mr. Bakas explained that everything is working properly and the only outstanding item is to determine who else might get notifications. Ms. Albee indicated that she thought the board was going to be briefed today on the way the system works, make sure they agree and endorse who receives notifications of complaints, address the board's need to understand what complaints are being filed by staff, and agree with the notification categories. Mr. Bakas stated that he wasn't aware that was a request for this meeting so he can pull it together for next month. In response to a question of who receives notifications of complaints, Mr. Bakas advised that there are three administrators, Paul Phillips, Sharon Yeaton, and Susan Karkheck, and items related to audit and finance go to Ms. Albee.

There was discussion regarding whether the Audit Committee motion related to the Ethics Point system had been met. Mr. Bakas advised that the motion was to have a confidential reporting system in place and working by December 31 and that has been met. He also reiterated that the system has been communicated to employees.

Mr. Dunagin addressed a question regarding the distribution financial performance on the Dashboard Report, discussing the reasons for the variance, including the error on depreciation, timing of expenses related to vegetation management, higher than expected revenues, and staff time being charged to the broadband entity.

COVID Update

Mr. Licata provided an update on NHEC's COVID response, reviewing slides on NHEC's coordinated response, vaccinations, employee safety, contingency planning, and the OSHA Large Employer ETS.

There was discussion on the OSHA Larger Employer ETS. Mr. Licata provided information on the current status and advised that NHEC is not out of compliance and the Pandemic Response Team is working toward meeting the requirements if this goes into effect after the court rulings.

There was discussion regarding NHEC covering the cost of weekly COVID testing. Upon motion of Ms. Albee, seconded by Mrs. Davis, it was

VOTED: That NHEC will cover the test cost of OSHA required COVID testing for its employees and that the board endorses the OSHA large employer standards, in principle.

Discussion ensued on the motion, including a desire for further information in terms of the costs implications before making a decision.

Vote for the motion was six in favor and five opposed, with Directors French, Kedersha, Dwyer, Darcy, and Boisvert opposing. The motion carries.

It was agreed that an estimate for the cost for testing would be presented to the Executive Committee at their January meeting.

The meeting recessed at 10:58 a.m. and reconvened at 11:06 a.m.

Board Committees

Audit Committee

Audit Committee Chair Albee reported on recent Audit Committee meetings related to the Audit Committee's role in cybersecurity oversight. She advised that suggested changes to cybersecurity staffing, including a contracting arrangement going forward, would be presented in detail to the board in January.

In response to a question, Chair Morrill suggested that the cultural issue raised related to the investigation is a topic for executive session and will likely show up in the discussion next month on transparency as well.

Executive Committee

Chair Morrill reviewed the topics covered at the December 14th Executive Committee Meeting, including board succession, the Enterprise Risk Management (ERM) report and status, governance, potential risks and mitigation plans, review of bylaws, and an update on the CEO search. He mentioned that several items discussed today are being referred to the Executive Committee.

Additional Committee Items

Ms. McElaney noted that Member Services Committee meeting dates have been set for 2022 and are on the board calendar.

There was discussion regarding why the CEO search update is being addressed in executive session and it was explained that it involves a contract issue.

Mr. Dwyer had questions related to the Power Resources Variance Report, which Chair Morrill suggested he send to Messrs. Senie and Callnan for the Power Resources and Access Committee meeting.

Board General Session

Board Tracking Report

Chair Morrill pointed out that the Board Succession Planning item will be completed and removed from the report.

Committee Meetings

Following is a list of upcoming meetings:

- Executive Committee Meeting – January 14, 9:00 a.m.
- Power Resources and Access Committee – January 18, 8:30 a.m.
- Member Services Committee – January 18, following Power Resources Committee

NHEC Foundation Report

NHEC Foundation Chair Davis discussed yesterday's NHEC Foundation meeting, reporting on the awarding of 16 grant applications totaling \$60,700, the vote to award two scholarships from the Kathy Anderson Fund which would close out that fund, the annual review of policies, and recognition of Chuck Braxton a founding member of the NHEC Foundation who recently passed away.

NRECA Report

Mr. Colburn presented the NRECA Report and addressed questions. He shared highlights from his written report and mentioned the additional entry to his bibliography, both of which were included in the board packet. He mentioned the NRECA Annual Meeting in early March and encouraged staff and board attendance.

With regard to Mr. Colburn's comments related to cybersecurity and NHEC not using NRECA's Essence 2.0 monitoring system, Mr. Ziminsky advised that NHEC has looked at this system and while it may be something we consider using in the future it is just maturing right now and because of that the majority of co-ops are not currently using it. He also mentioned that we have had staff attend some of NRECA's cybersecurity seminars.

Mr. Mongeon suggested an ongoing relationship with NRECA's cybersecurity staff makes a lot of sense. He also suggested it might make sense for staff to follow up with Keith Dennis on beneficial electrification and perhaps load shaping. Mr. Callnan advised that staff has had a conversation with Keith Dennis and hopes to get together with him after the first of the year.

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Chair Morrill expressed a big thank you to Attorney Dean, noting that he has been supporting NHEC for some time and on behalf of the board he thanked him for his service to NHEC.

Attorney Dean expressed his appreciation, noting that it is just shy of 32 years that he has had some level of representation of the Co-op as a client and it has been a privilege for three plus decades.

Executive Session

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

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

Vote for the motion was unanimous and the board moved into executive session at 11:35 a.m.

The board moved out of executive session at 3:02 p.m.

Adjournment

Chair Morrill adjourned the meeting at 3:02 p.m.

Brenda Boisvert, Secretary

A TRUE COPY ATTEST:

Jeffrey Morrill, Chair of the Board