

Approved 5/30/23

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

Minutes of the Meeting of the Board of Directors

April 25, 2023

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 25, 2023, at the Cooperative's 287 Highland Street Office in Plymouth, NH.

Directors present were Jeffrey Morrill, William Darcy, Sharon Davis, Leo Dwyer, Edward French, and Harry Viens. Directors Alana Albee, Brenda Boisvert, Carolyn Kedersha, and Thomas Mongeon participated via Zoom. Director Madeline McElaney was absent. Others present were Alyssa Clemsen Roberts, President/CEO; Brian Callnan, VP of Power Resources and Access; Carla Munoz, VP of Human Resources; Jonathan Nelson, VP of Broadband; Paul Phillips, Attorney; Kristen Taylor, Interim CFO; Dustin Ryan, Safety Manager; Ken Colburn, NH NRECA Director; Cooperative Members, Pat Barbour, Jeff Hubbell, Brenda Inman, Steve Kaminski, and Lee Pierhal; and Sharon Yeaton, Executive Services Administrator (recording). Others participating via Zoom were Michael Jennings, VP of Operations and Engineering; Kelley Achenbach, Controller; Seth Wheeler, Communications Administrator; and Cooperative member Sandra Jones.

Chair Morrill called the meeting to order at 8:30 a.m. He mentioned that several guests are in attendance and there will be an opportunity for introductions later in the meeting.

Agenda Review and Consent Agenda Approval

Chair Morrill asked for any changes to the agenda; none were noted. He drew attention to the consent agenda items, including the draft meeting minutes of the March 28, 2023, board meeting and director expense reports. Upon motion of Ms. Davis, seconded by Ms. Kedersha, it was

VOTED: That the Board of Directors approves the consent agenda items as presented in the meeting packet.

Vote for the motion was unanimous.

Board Safety Moment

Mr. Ryan presented the Board Safety Moment on the topic of tick awareness. He shared prevention tips to avoid tick bites, instructions for removing a tick, and signs to watch for post tick bite. He mentioned that NHEC will be distributing tick kits to field personnel and noted that additional steps that have been taken to bring awareness over the past couple of years resulted in a drop from 10 tick bite reports in 2021 to only 5 in 2022.

Mr. Ryan left the meeting at 8:39 a.m.

Board Operations Moment

Chair Morrill presented the Board Operations Moment on the topic of goal setting and oversight. He mentioned SMART goals (specific, measurable, achievable, relevant, and time-bound), discussed the different ways people set and achieve goals, and the importance of tracking and

reporting on goals so if there are any problems the root causes are identified. He mentioned that some key objectives for strategic planning will be how do we keep costs down, how do we scale broadband, and how do we reduce our carbon footprint; how will we set SMART goals and monitor them from an oversight perspective.

Member Comments

Chair Morrill called on guests in attendance to introduce themselves and offered them an opportunity to make comments.

Mr. Hubbell indicated that he is interested in becoming more knowledgeable about NHEC; Mr. Pierhal noted that he is running for a seat on the board and is here to observe; Ms. Jones stated that she is the Director of the Plymouth Area Renewable Energy Initiative (PAREI) and an NHEC member, she offered comments noted below; Ms. Inman noted she is a member and former employee and is here to observe; Ms. Barbour mentioned that she is a candidate for the board and is here to observe and learn; Mr. Nelson stated that he is the new VP of Broadband for NHEC; and Mr. Kaminski commented that he is a member and retiree of NHEC.

Ms. Jones commented that she is pleased to hear that the board is committed to include a reduction in NHEC's carbon footprint as part of its strategic plan and she wanted to reinforce the importance of that. She shared that reducing carbon emissions falls into the category of safety by providing cleaner air, less climate issues, and fewer storms; remarked that the community looks to NHEC as its energy expert and is looking to NHEC to be a leader in our region on this topic; encouraged NHEC to look at its solar energy rates and provide a net metering rate that would encourage more people to install solar; and thanked NHEC for its strong partnership with NH Solar shares, a program that brings solar credits to low income families.

Chairman's Report

Chair Morrill presented the Chairman's Report. He mentioned that Earth Day was this past Saturday and discussed how his organization reduced their carbon dioxide emissions yesterday by having no video calls for the day. He noted that for every hour of video use it creates 1,000 grams of carbon dioxide. He also noted that a 75 mile drive creates 75 pounds of CO₂ emissions.

Chair Morrill mentioned the upcoming director election and wished everyone good luck. He noted that any director who wants to run for an officer position will be able to make a candidate statement at next month's meeting and he asked that they let him know if they are interested.

President's Report

Ms. Clemens Roberts presented the President's Report, sharing highlights from her written report, including two resolutions regarding the processing and counting of election ballots; NHEC's S&P credit rating, which has been affirmed 'A' stable; a letter from Chairman Goldner of the Public Utilities Commission and NHEC's response regarding what we do differently than the regulated utilities regarding the procurement of power; the NH Department of Energy (NH DOE) order which lowered Class III REC requirements and will save \$125,000 in NHEC's budget over the next 12 months; the various presentations she participated in over the past month; and NHEC's submission of a concept paper for the Energy Improvements in Rural or Remote Areas (ERA) grant program.

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Mr. Jennings shared details on the proposed project for a substation rebuild in Colebrook outlined in the ERA grant concept paper, attachment #24 in the meeting packet. He noted that this will be a very competitive process with only one grant awarded for the entire Northeast. He mentioned that the next deadline in the process is just around the corner and we will need to start working on that before we hear from the DOE on our concept paper.

Messrs. Darcy and Mongeon both shared their compliments on the concept paper.

Ms. Clemsen Roberts shared with everyone that Mr. Callnan has accepted a new position as the CEO of Community Power Coalition of NH (CPCNH). She thanked Mr. Callnan for his time, efforts, and the great job he has done managing NHEC's power supply. The group offered a round of applause for Mr. Callnan.

Ms. Clemsen Roberts noted that Mr. Callnan's departure leaves her as the sole signatory for bank transfers. She noted that typically this is brought to the Corporate Services Committee as part of the annual review of the signatory authority listing in June, however, given the current status and her authority under Board Policy B-4 to delegate authority, she will be adding Mr. Jennings, Ms. Munoz, and Mr. Nelson as signatories.

Ms. Clemsen Roberts next recognized retired NHEC employee Steve Kaminski, noting that he was a member of the National Renewable Cooperative Organization (NRCO) board and has been a valuable and contributing board member for them and they asked if we would honor Mr. Kaminski and present him with an award. She thanked Mr. Kaminski for his participation and presented him with a plaque on behalf of NRCO. The group offered a round of applause for Mr. Kaminski. Mr. Kaminski expressed his appreciation and mentioned that NHEC was a charter member of NRCO.

The ballot processing and counting resolutions, attachments #5 and #6 in the board packet, were next addressed. Attorney Phillips shared the history of the change in ballot processing that the board first approved during the COVID pandemic in 2020 to allow for the director election to be processed, counted, and reported by an outside vendor and the similar resolutions adopted thereafter. He mentioned the proposed bylaw amendment for 2023, which if passed will go into effect in 2024, that would facilitate the continued use of electronic ballot processing measures. He noted that the second resolution appoints our outside vendors and some internal staff as the ballot tellers, which is also a bylaw requirement.

In response to a question, Attorney Phillips confirmed that there is no change in the procedure from recent elections.

The following resolutions were moved by Mr. French and seconded by Mr. Dwyer:

Resolution 1

WHEREAS, in response to the COVID-19 pandemic, and in accordance with the related emergency executive orders and legal guidance issued by the Governor and Attorney General of the State of New Hampshire, NHEC successfully conducted balloting in connection with its 2020 and 2021 annual meetings of the membership and its 2020 special meeting of the membership in accordance with procedures presented by management; and

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WHEREAS, the procedures for member voting, ballot processing, and ballot counting used in relation to the aforesaid membership meetings maximized the use of electronic communications, transactions, and record keeping and maintained the accuracy and integrity of the election process while safeguarding the health and safety of NHEC employees, members, election service vendors, and the public; and

WHEREAS, the Board approved new voting procedures in 2020, 2021 and 2022 pursuant to its authority under Article III, Sections 4, 5, and 7 of NHEC's Bylaws, and the Board's authority to adopt such voting procedures under the Bylaws is not limited to use during pandemics or states of emergency; and

WHEREAS, NHEC's use of new voting procedures in relation to the 2020, 2021 and 2022 membership meetings demonstrated that electronic transmission, processing, and counting of member ballots saves time, reduces costs, increases efficiency, ensures accuracy and integrity, and promotes the health and safety of all persons involved in the voting, ballot processing, and ballot counting process; and

WHEREAS, the Board has evaluated the voting procedures used in relation to the 2020, 2021 and 2022 membership meetings and has determined that the benefits of such procedures warrant their continued use in the conduct of member voting in relation to future membership meetings; and

WHEREAS, the Board has recommended approval of amendments to NHEC's Bylaws to facilitate the continued use of electronic ballot processing measures which, if approved by the members, will not take effect until the 2024 annual meeting of the membership; and

WHEREAS, in anticipation of more streamlined procedures being available in 2024, NHEC's management recommends that the same voting procedures used in relation to the 2020, 2021 and 2022 membership meetings should be approved for use in member voting in relation to the 2023 annual meeting of the membership.

NOW, THEREFORE, BE IT:

RESOLVED, that in recognition of the demonstrated advantages of the voting procedures that the Board adopted in relation to the 2020, 2021 and 2022 membership meetings, NHEC shall conduct its 2023 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 follow the procedures that the Board adopted in relation to the 2020, 2021 and 2022 membership meetings and 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 and safety of all persons involved in the voting, ballot processing and ballot counting process, and to comply with NHEC's bylaws.

Resolution 2

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:

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NHEC Employees: Doug Bergholm (Chair), Seth Wheeler, Sharon Yeaton, and Kristen Taylor; and Survey and Ballot Systems Employees: Kyla Erickson, Carrie Claus, Paula Allevan, Kristin Bunkenburg, Marylee Horstmann, and Jenny Gerling.

Vote for both resolutions was unanimous.

Ms. Clemens Roberts advised that the problems experienced trying to log into OnBoard today are due to some technical difficulties OnBoard is experiencing.

Drawing attention to the Power Resources and Access Variance Report, attachment #20 in the board packet, Mr. Darcy pointed out that for the current rate period forecasted costs are 2% less than projected and for the upcoming fall rate period costs are projected to be 10% lower than the last similar rate period.

Capital Credits

Ms. Taylor shared a PowerPoint presentation on capital credits and the financial soundness review. She reviewed slides on the board's responsibility for the annual review; the financial soundness review; NHEC's financial position; the financial forecast; general retirement methodology and amount; pre-retirement reporting results, noting that management recommends approval of a capital credit retirement on a "first-in, first-out" basis in July 2023 in the amount of \$2,042,000; the capital credit policy, mentioning that it was reviewed and approved by the board in March; the communications plan; and the proposed board resolution.

Ms. Taylor addressed questions, confirming that we are projecting \$1.25 million of unclaimed capital credits based on the pre-retirement mailing and confirming that the option to donate capital credits to the NHEC Foundation is available.

Upon motion of Mr. Darcy, 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 on a "first-in, first-out" basis totaling approximately \$2,042,009 payable in July 2023.

Ms. Taylor addressed additional questions, stating that the overall reception from members has been positive, she has heard from fewer than five members that are still confused with what it is and how it is calculated; we do explain that this is an example of being a member of a cooperative; confirming the cash impact is only 50% of the distribution; confirming that the capital credit retirement is funded through borrowing; and advising that the retirement of capital credits is something we visit annually and it will be discussed again during the budget process in the fall to decide if we want to proceed or pause for the following year.

Chair Morrill conducted a roll call vote for the motion, which was unanimous.

Ms. Achenbach left the meeting at 9:20 a.m.

Board Committees

Audit Committee

Audit Committee Chair Albee reported on the April 21st committee meeting, advising that there are two resolutions to be addressed by the board, the first related to NHEC's IRS Form 990 and the second relating to board policies. She noted that the committee reviewed the IRS Form 990 and recommended it, reviewed policies and made some minor changes, reviewed the internal audit matrix and has a resolution in executive session, and confirmed satisfaction with the 2023 Enterprise Risk Management (ERM) process approach that was presented.

Committee Chair Albee read the resolution for the IRS Form 990, attachment #8 in the board packet. Upon motion of Mr. Darcy, seconded by Mr. French, it was

VOTED: That the Board of Directors accepts NHEC's 2022 IRS Form 990 as presented in the meeting packet.

Vote for the motion was unanimous.

Audit Committee Chair Albee next drew attention to the resolution related to board policies falling under the responsibility of the Audit Committee, attachment #9 in the board packet, reviewing the minor changes discussed at the committee meeting and reading the resolution.

Upon motion of Mr. French, seconded by Ms. Kedersha, it was

VOTED: That the Board of Directors approves the Audit Committee Charter and Board Policies B-2, Attachment G – Audit Committee, B-28 Audit Policy, B-29 – Statement on Ethics Policy, B-34 – Record Retention and Destruction, B-37 – Safeguarding Member Information, and B-42 Whistleblower Protection, as presented in the board meeting packet and recommended by the Audit Committee on April 21, 2023.

Ms. Achenbach reconnected to the meeting at 9:25 am.

Vote for the motion was unanimous.

Other Committee Items

Mr. Darcy mentioned the email he sent yesterday with information on external world matters affecting NHEC on power resources, and discussed an article that appeared last night in the Concord Monitor on NHEC's transactive energy rate, indicating that it was very comprehensive and complimentary of NHEC and that he would send it out to everyone.

Mr. Mongeon mentioned that committee minutes used to be approved at board meetings and it made them more readily accessible to members. He proposed that we go back to that format, noting that committee chairs would have the minutes to review within three weeks of the meeting and once they have completed their review the minutes would then be introduced in the board packet for review and approval.

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Addressing a question on whether it would be the full board or just the committee members approving the minutes, Mr. Mongeon suggested it is more pertinent to have committee members approving, but if that could be done at the next board meeting versus waiting for the next committee meeting it would be more efficient.

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

VOTED: That following review of board committee minutes by the committee chair, committee minutes will be included in the following month's board packet for review and approval by the relevant board committee.

When asked her thoughts on the proposal, Ms. Clemsen Roberts indicated she is fine with it. She noted that the goal is to get the draft minutes to the committee chair three weeks after the meeting, but noted that there may be times, such as when performing storm duties takes priority, that this is not attainable.

Responding to a question on why the board stopped approving committee minutes at board meetings, Ms. Davis explained that it was because it was felt that the minutes should be approved by the committee, but the proposed motion addresses that.

Vote for the motion was unanimous.

In response to a question regarding the board's governance work with CFC scheduled for July 12, Ms. Davis indicated that she would be working with Mrs. Yeaton and CFC on the logistics.

The meeting recessed at 9:36 a.m. Ms. Achenbach, Ms. Inman, Ms. Jones, and Mr. Kaminski left the meeting at this time. The meeting reconvened at 9:47 a.m.

Board General Session

Board Tracking Report

Chair Morrill asked for any comments on the Board Tracking Report; none were noted.

Committee Meetings

There are no committee meetings scheduled for the month of May.

NHEC Foundation Report

NHEC Foundation Chair Davis drew attention to the NHEC Foundation first quarter report, attachment #11 in the board packet. She noted that the next meeting is at the end of June and will also be the annual meeting.

NRECA Report

Mr. Colburn presented the NRECA Report, sharing highlights from his written report included in the board packet, discussing items covered at NRECA's spring board meeting, the focus of the NRECA Legislative Conference, and additions to his bibliography.

With regard to the Cooperative Family Fund, Ms. Clemesen Roberts mentioned that she is looking into whether this is something either NHEC or the NHEC Foundation could support and will report back next month.

With regard to Mr. Colburn's report on NRECA's strategic planning process, Mr. Mongeon shared his concern with their process and suggested they need to do a better job with the board's involvement in strategic planning. He suggested preparing a resolution to go to the NRECA Board requesting they move forward with a more collaborative process with board and staff on strategic planning.

Mr. Colburn replied that he likes the concept of using the NRECA resolutions process to put more emphasis on strategic planning. Mr. Mongeon suggested a two-pronged approach of using the NRECA resolutions process and bringing a resolution to the next NRECA board meeting.

Chair Morrill suggested Messrs. Mongeon and Colburn discuss this further and bring a recommendation back to next month's board meeting for discussion.

Miscellaneous Additional Items

In response to a request for a refresh on what next month's environmental strategic topic discussion would encompass, Ms. Clemesen Roberts recalled that it was requested that staff put together a white paper outlining what they would like to discuss during strategic planning and that will be presented in May. If the board wishes to address the items presented they will be handled during the strategic planning process.

Mr. Callnan mentioned that this is his last board meeting. He shared that it has been a fantastic six years; discussed the good culture that exists at NHEC; mentioned the good value being provided to members; noted that we have strategically moved forward and accomplished some goals; and acknowledged that working with Ms. Clemesen Roberts has been great and it is an inspiration when you see how the cooperative coalesces around her.

Chair Morrill wished Mr. Callnan all the best and Ms. Kedersha thanked him for all of his work.

Executive Session

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

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

Vote for the motion was unanimous and the board moved into executive session at 10:16 a.m. Ms. Barbour and Messrs. Hubbell, Pierhal, and Wheeler left the meeting at this time.

The Board moved out of executive session at 1:20 p.m.

Ms. Davis announced that she is sad to report that Bill Webb recently passed away. She mentioned that Mr. Webb previously served on NHEC's Nominating Committee and was very active in his community of Holderness and the surrounding area.

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Adjournment

Upon motion of Mr. French, seconded by Mr. Darcy the board unanimously voted to adjourn the meeting. Chair Morrill adjourned the meeting at 1:21 p.m.

Brenda Boisvert, Secretary

A TRUE COPY ATTEST:

Jeffrey Morrill, Chair of the Board