

Approved 6/28/22

**NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.**

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

**May 31, 2022**

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 May 31, 2022, at the Cooperative's 287 Highland Street Office in Plymouth, NH.

Directors present were Jeffrey Morrill, Sharon Davis, William Darcy, Leo Dwyer, Edward French, Carolyn Kedersha, Madeline McElaney, and Harry Viens. Directors Alana Albee, Brenda Boisvert, and Thomas Mongeon participated via Zoom. Others present were Jim Bakas, Interim General Manager; Brian Callnan, VP of Power Resources and Access; Drew Dunagin, VP of Financial Services/CFO; Michael Jennings, Engineering Manager; Geoff Ziminsky, VP of Technology and Business Services/CIO; Josh Mazzei, Operations Manager; NHEC Plymouth District Lineworkers Theron Comeau, Jeramy McClay, and Matt Varin; Ken Colburn, NRECA Director for NH; and Sharon Yeaton, Executive Services Administrator (recording). Others participating via Zoom were Steve Kaminski, Power Planning and Policy Advisor; Mike Licata, VP of Member Services/Public Affairs; and Paul Phillips, Attorney.

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

**Agenda Review**

Chair Morrill asked for review and approval of the agenda. Upon motion of Mr. French, seconded by Mr. Darcy, the agenda was unanimously approved.

**Consent Agenda Approval**

Chair Morrill drew attention to the draft minutes of the April 26, 2022, Board meeting.

Mr. French moved approval of the April 26, 2022, board minutes, which was seconded by Mrs. Kedersha. Mr. Darcy requested removal of the draft minutes from the consent agenda and moved that the underlined portions of page 10 be deleted and the reasons be discussed in executive session as they involve pending litigation and advice of legal counsel. Mr. Dwyer seconded the motion and it was unanimously voted to move the discussion of the minutes to executive session. Director Boisvert was not present for the vote.

Chair Morrill asked for a motion to accept director expense reports. Upon motion of Mrs. McElaney, seconded by Mrs. Kedersha, it was

**VOTED:** That the Board of Directors approves director expense reports.

Vote for the motion was unanimous. Director Boisvert was not present for the vote.

**Board Safety Moment**

Mr. Mazzei presented the safety moment introducing Matt Varin, Jeramy McClay, and Theron Comeau and recognizing them and the entire Plymouth District for their efforts in providing assistance at a motor vehicle accident. He read an email from the Plymouth Police Department

expressing their gratitude to the NHEC employees for their assistance. Mr. Mazzei commented that this is an example of NHEC's core values. Directors shared their appreciation and a round of applause was given.

Messrs. Mazzei, Varin, McClay, and Comeau left the meeting at 8:37 a.m.

### **Board Operations Moment**

Ms. McElaney presented the Board Operations Moment, calling attention to the attachment in the board packet on the book *The Four Agreements*. She discussed the book and reviewed each of the four agreements: be impeccable with your word, don't take anything personally, don't make assumptions, and always do your best. She suggested choosing one agreement to focus on for the duration of the meeting, recommending "don't make assumptions."

Mrs. Boisvert joined the meeting at 8:44 a.m.

It was agreed to focus on the agreement "don't make assumptions."

### **Chairman's Report**

Chair Morrill presented the Chairman's Report, mentioning items to be covered later in the meeting, including herbicide spraying and an update on the CEO search. He noted that the climate goal resolution originally scheduled for this meeting is being delayed since there were more questions that came up. He suggested that discussion would be better done in a committee setting and encouraged setting up another session to discuss and solicit input to make sure there is an understanding of where all board members stand on the topic. He suggested that a focus of the discussion be on how the cost factor and economic implications will play out.

Ms. McElaney mentioned that this is one of those times when "don't make assumptions" comes into play as she was operating under the assumption that everything we did would be cost effective and it is in the best interest of our members to be proactive. She noted that she thinks about the resolution as an overarching aspirational goal that will be addressed in our strategic plan and we should agree on what that resolution will be now so when we get to strategic planning we will have that architecture in place. She noted that the next Member Services Committee meeting will be in July and she encouraged everyone with questions to reach out. She mentioned that the Member Services Committee voted to recommend full board approval of the resolution as written so perhaps we can revisit that next month.

Additional comments were shared, including concern that the breadth of the proposed resolution may conflict with NHEC's mission statement to provide affordable, reliable electric service and should be examined in the context of the strategic plan, and a question of what we should do differently from a process standpoint in the future since this has come before the Member Services Committee twice already. Chair Morrill suggested we can set this up for success with more involved conversation.

### **Interim General Manager's Report**

Mr. Bakas drew attention to his written report included in the board packet and highlighted a couple of items, including the NEPPA Rodeo, noting that NHEC's teams did a great job and thanking Mrs. Kedersha and her husband for sending pictures; and the Organizational Effectiveness Update, commenting that things are going well.

## **CEO Search Update**

CEO Search Committee Chair Davis shared a PowerPoint presentation reviewing the remaining timeline for the CEO search, updating on the status of the search, and describing the next steps in the search process.

Addressing questions, CEO Search Committee Chair Davis: explained that after the finalist candidates are selected they will be informed of the TTI assessment; noted that this CEO search process is more enhanced than the one conducted for the former CEO; confirmed that finalist candidate interviews will be conducted by the full board in the Pemi Board room with each director formulating their own questions based on their objective goals and noting that directors don't need to provide their questions to her ahead of time; addressed the candidate scoring and selection process, advising that the goal is to see if the board can come to consensus, but confirming that directors could propose bringing another candidate back or starting the search over if they felt that was warranted.

Mr. Mongeon mentioned that onboarding of the new CEO is critical and suggested that more thought should be put into the CEO onboarding procedure and timeline and that there should be more board involvement in those discussions than just the board chair.

## **Officer Elections – Preliminary Statements of Intentions**

Chair Morrill indicated that today's meeting is an opportunity for directors to express their interest in running for officer positions. Indications of interest were shared for each officer position. It was noted that indications of interest are voluntary and not binding at this time and if any new directors are elected they also have an opportunity to run.

In response to an inquiry regarding an orientation session if any new directors are elected, Chair Morrill advised that it will either be June 10 or June 13 and once the date is confirmed it will be sent to directors.

## **General Counsel Reporting Structure**

Chair Morrill mentioned that General Counsel reporting has been discussed periodically and Attorney Phillips was asked for his point of view, which led to the proposed resolution in the board packet to move back to the previous reporting and policy with the addition of language that the general counsel also supports the CEO and senior management.

Attorney Phillips noted that he spoke with Attorney Dean who worked under the old policy for 25 years and the new policy for five years and he shared that from Attorney Dean's perspective the reporting structure change did not affect anything he did and he still felt a strong obligation to the board and if a question ever came up about a specific duty or responsibility he would refer back to the previous policy as the guideline. Attorney Phillips stated that from his perspective it clarifies a lot of the duties that he has and he is more comfortable having it formalized into a policy rather than referring to a rescinded policy. He mentioned that the addition of the new paragraph regarding assistance the general counsel provides to the CEO and senior management is an important addition that was lacking in the previous policy.

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

**Approved 6/28/22**

**VOTED:** That Board Policy No. B-5 (General Counsel Functions), which was first adopted by the Board of Directors on February 28, 1989, last modified by the Board on November 26, 2013, and reaffirmed annually by the Board thereafter until being rescinded by the Board on February 23, 2016, is hereby reinstated in all respects, subject to the amendments described hereinafter; and

**VOTED:** That the Board, having reinstated Board Policy No. B-5, hereby amends such policy as follows:

A. By adding new Paragraph II(A)(4), to read as follows:

“4. Assist and advise the CEO and senior management as needed to identify, evaluate, analyze, and/or resolve legal issues that arise in the course of NHEC’s business.”

B. By sequentially renumbering the paragraphs that follow new Paragraph II(A)(4).

Following discussion, including a comment that it was agreed at the last board meeting that there would be a structured discussion to review this, which hasn’t happened, so should there be more discussion about this; a question asking if input was received from staff; and appreciation to those who brought this item forward to put this policy in place.

Vote for the motion was unanimous. Mr. Mongeon indicated that he was voting in favor of the motion, but would have preferred to have staff’s input.

**Audio Recording of Board Meetings**

Chair Morrill mentioned the decision made last month regarding meeting recordings, noting that based on input shared by Attorney Phillips we put the item back on the agenda this month. He shared that the recommendation is to only keep meeting recordings until the written minutes have been approved. Mr. Darcy offered the following resolution, which was seconded by Mrs. Davis:

Whereas, to address the COVID-19 pandemic emergency NHEC changed policies on meeting minutes and recordings to accommodate the Board, staff and member needs; and

Whereas, the emergency has sufficiently abated that the Board can return to prior practices consistent with public information laws, WHEREFORE it is

**VOTED:**

That audiovisual or audio-only recordings will be made of the public portions of Board and Committee meetings, which shall be available to Board members and staff and retained until the Board has approved the written minutes of said meetings; and

That the resolution adopted by the Board of Directors at its April 26, 2022 meeting to require the audiovisual recording and public availability of the public portions of all Board and Committee meetings is hereby rescinded; and

## Approved 6/28/22

That in all cases the Board and its Committees shall keep written minutes of their respective meetings and be mindful of the requirements of N.H. RSA Chapter 91-A as limited by the provisions of N.H. RSA 301:61.

There was discussion on the motion, including comments that this is the way public bodies operate and is prudent and best practice; given technology today do you ever really delete something; there are numerous recordings in our system today and the board should review and determine if we should dispose of those, with Chair Morrill noting that if the resolution passes it would include historical recordings; and that the written minutes are the official record of the meeting versus a recording.

Mr. Mongeon stated that we are a member-owned cooperative and he looks at that differently than a public organization. He asked if there has been an issue in the past that would have put us in a legal situation. Chair Morrill commented that people have different perspectives and some have been uncomfortable since we started recording meetings and it is just now coming to resolution.

Vote for the motion was ten in favor and one opposed with Director Mongeon opposing citing that we are a member owned cooperative as his reason for opposition. The motion carries.

### **Capital Construction Budget Update**

Mr. Jennings reported that prices are continuing to increase on materials, sharing the example of a single phase pad mount transformer which previously cost us about \$4,000 and is now about \$18,000 and noting that there are a number of other materials that have gone up in price as much as four times their previous cost. He advised that these increases are starting to put pressure on the capital construction budget, which we expect to be over budget by about \$2 million by year-end as shown on the capital construction budget summary included in the board packet. He advised that we will continue following up with projections on a monthly basis and he plans to have an Engineering and Operations Committee meeting, perhaps at the end of July, to do a deep dive.

There was discussion on member contributions in aid of construction with it noted that the charges in NHEC's schedule of fees are no longer reflective of the actual cost due to price increases so these will be revisited with an initial discussion taking place at the July Corporate Services Committee meeting. It was suggested that we need to go beyond an initial discussion in July and react expeditiously to these cost increases.

Additional questions were addressed and comments made on materials management; supply chain issues; other things that could impact our profit and loss statement and cause future upward rate pressure; reliability projects and cost savings through increased reliability; and distributors who are now being rationed on materials they can get.

### **Herbicide Spraying**

Mr. Bakas provided an update, noting that an herbicide spraying online opt-out form is now available on the website, there will be an article in the June member newsletter on the form's availability, and the call center is fully trained on the opt-out options.

In response to a question by Ms. Albee, Mr. Bakas indicated that he believed that as long as spraying had not started in an area opt-out could take place even if it was after June 1, but he would check on that.

With regard to the date for the next discussion on a multi-year opt out, Chair Morrill confirmed that it will be noted as January 2023 on the Board Tracking Report.

The meeting recessed at 9:44 and reconvened at 9:55 a.m.

## **Broadband Update**

Mr. Dwyer noted that Mr. Jennings would provide an update on the Sandwich/Acworth and Grafton County Projects and Mr. Darcy will discuss the Notice of Funding Opportunity (NOFO). He mentioned an invitation he received to have lunch with Senator Shaheen on Thursday which will give us an opportunity to discuss broadband.

Reporting on the Sandwich/Acworth Project and the Grafton County build, Mr. Jennings reported that things are going well. He noted that Acworth is on track to start installations in June, fiber and strands are being hung in Sandwich, and make ready engineering is being done for the Grafton County build.

Mr. Darcy mentioned that there were three notice of funding opportunities filed by the National Telecommunications and Information Administration (NTIA): 1) a \$42.5 billion program for the construction of broadband networks, 2) a middle mile proposal which has a September application deadline, and 3) a digital equity planning grant program which involves the state. He called attention to the extensive analysis from our FCC counsel included in the executive session packet, noting that it will be discussed further in executive session.

Mr. Mongeon recalled that he had asked Mr. Viens at the last board meeting about his insights when he referred to NHEC having an innovative approach to broadband and asked Mr. Viens if he would share what he felt was innovative. Mr. Viens indicated that he believes he was thinking of the financing, noting that he was initially skeptical that there was that much grant money available, but NHEC seemed to find it.

## **Board Committees**

### ***Audit Committee***

Audit Committee Chair Albee reported on the topics covered at the May 16<sup>th</sup> Audit Committee meeting, including the RFP for audit firms, the financial and non-financial internal audit, the Managed Security Service Provider (MSSP), and Audit Committee policies. Upon motion of Mrs. Davis, seconded by Mrs. 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, as presented; and reaffirms Policy B-37 Safeguarding Member Information; as presented to the Audit Committee on May 16, 2022.

Vote for the motion was unanimous.

Audit Committee Chair Albee next drew attention to the new Whistleblower Policy that Attorney Phillips helped to develop.

Attorney Phillips thanked those who provided great insights and edits to the draft policy. He noted that the Co-op has an effective system in place to address incidents of employee misconduct through the Human Resources Department and the Whistleblower Policy is not intended to replace or weaken that. The Whistleblower Policy recognizes that some incidents of misconduct are serious enough to threaten the reputation and business of the Co-op and so this is a robust and comprehensive policy that takes whistleblower concerns seriously and addresses them fairly and professionally. He shared details of the policy and associated procedure, a copy of which was included in the board packet. He noted that the policy would be reviewed annually by the Audit Committee with recommendations to the board and the procedures may be amended by the Committee and reported back to the board.

Mr. Mongeon mentioned that he expressed some concerns at the Audit Committee meeting and speaking from his background as someone who has been a whistleblower in the past, the policy needs to be user friendly. He noted that he has a couple issues with some of the wording, including the wording under I. A. that says “on an anonymous basis if appropriate,” stating that this would leave him guessing and II. A. “all good faith allegations,” suggesting that should be just “all allegations.” He commented that we want to create an open environment for folks to reveal their concerns. He stated that the investigative panel doesn’t make sense to him and he didn’t receive an answer to his question asking if this is based on best practice. He also doesn’t see that the policy robustly addresses ongoing board oversight; the board should have a monthly reporting indicating the number of reports, or that there were no reports and the status. He indicated that he would not vote for this policy.

Upon motion of Mrs. Davis, seconded by Mr. French, it was

**VOTED:** That the Board of Directors approves the Whistleblower Protection Policy, as presented.

Vote for the motion was ten in favor and one opposed, with Director Mongeon opposing stating that he doesn’t think it complies with what he considers good governance and doesn’t create an open, friendly environment for potential reporters. The motion carries.

Audit Committee Chair Albee commented that the policy will be reviewed by the Audit Committee annually and Mr. Mongeon’s concerns should be reviewed and the policy finetuned as we go forward.

### ***Committee Structure Team***

Mr. Mongeon drew attention to the PowerPoint slides included in the meeting packet, noting that they are self-explanatory. He mentioned that the team was not chartered to make a recommendation, just to pull together the data to set things up for the next step to collaborate with the new CEO.

Questions were addressed, it was noted that about half of the survey respondents had a similar number of committees as NHEC and half had fewer; none have fewer than nine directors, Mr. Kaminski indicated that he would try to update the matrix to add a column with this information; and the general trend of three committees kept popping up: governance/compensation, executive, and audit.

Chair Morrill thanked the team and indicated that committee structure would be added to the Board Tracking Report for late Q3/Q4.

### ***TTT Team***

Ms. McElaney noted that as of the last board meeting it was agreed to pause the work with the outside facilitator and for the team to regroup. The team met and agreed that the purpose of the team was to strengthen governance and improve managerial effectiveness between the board and senior management, but no agreement was reached on how to achieve that. She stated that her suggestion to the team was to pause for now and once the new CEO is on board include them in the discussion of how we want to proceed. She mentioned that there was conversation about committees, including an ongoing process of agreeing on ground rules and objectives on how we'll work in meetings, having some checks and balances and ensuring that we are abiding by those and asking ourselves if our meetings are effective. She mentioned that as we look at committee structure maybe a governance committee could be set up to do this work.

Suggestions were shared, including: having the board draw up a skeleton agreement outlining the board and CEO roles and interactions to have as a stepping stone to work with new CEO; having the board identify the top four or five expectations of the CEO during their first year and allowing the CEO to come up with the top expectations of the board for the first year to have as parameters; going into committees for the next year with two to three good governance things to check in on during the year rather than each committee setting targets and goals; reviewing lessons learned from work done so far and asking ourselves what are some things that could have made it more successful and setting up some metrics of how we define success so we can measure progress.

Mr. Mongeon discussed work done two to three years ago to drill down on roles of the board and CEO. In response to a request, he indicated he would provide the document of that work to Mrs. Yeaton to post in OnBoard.

It was mentioned that it is difficult on some of these issues to rely on metrics to establish success; some metrics may be qualitative instead of quantitative. Miscommunication has been discussed as sometimes being an issue and communication is a main concern for most organizations; there is no easy fix for communication but there are processes to use to continue to make it better.

Chair Morrill commented that the point of clear goals is important. Ms. McElaney suggested the board as a group come up with principles for committee meetings and how we will work together.

### **Board General Session**

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

Chair Morrill indicated that the Board Tracking Report will be updated. If anyone has feedback he asked them to send it to him, Mr. Bakas, and Mrs. Yeaton.

#### ***Committee Meetings***

Following is a list of upcoming committee meetings:

- Power Resources and Access Committee – June 1, 8:30 a.m.
- Corporate Services Committee Meeting – June 16, 10:00 a.m.

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

NHEC Foundation Chair Davis drew attention to the written report included in the meeting packet, noting that 10 grant applications were reviewed and 8 were granted. She noted that the next meeting will be held on July 11.



NHEC Foundation Chair Davis and Mr. French addressed a question regarding the application process, noting that the application and information is on the NHEC website and Sara Thielbar can address any questions regarding the process.

### ***NRECA Report***

Mr. Colburn presented the NRECA Report sharing highlights from his written report, including the NRECA Spring Board meeting, the NRECA Legislative Conference, and the NEAEC Annual Meeting. He also drew attention to the additions to the bibliography.

In response to a question regarding the energy side of the infrastructure bill, Mr. Callnan mentioned that McGuire Whitney has a tracking system and if something fits the Co-op's strategic funding objectives they notify us.

Mr. Darcy asked Mr. Licata to send him the NOFO on grid hardening when it comes out from the Department of Energy (DOE). Mr. Licata mentioned that in April the DOE issued an RFI on grid hardening and we participated in a webinar describing it; these are similar to the American Rescue Plan Act (ARPA) funds for broadband and the funds will flow through the state. We are working on setting up a meeting with the state to get a sense of how they want to structure the grant. This will be run through the DOE at NH.

Mr. Colburn advised that he will be attending the NRECA summer board meeting so will be unable to make NHEC's June board meeting.

Mr. Mongeon recalled a presentation from McGuire Whitney which he believed was in OnBoard and requested a link to its location be sent to the board.

In response to a question regarding setting a goal for improving NRECA's strategic planning process, Mr. Colburn noted that it is a 48 member board and that puts a lot of opportunity and responsibility on staff and he doesn't expect significant changes in the process.

### ***Miscellaneous***

Mr. Mongeon commented that we should make sure there is enough time on the board agenda for questions on the Interim General Manager's Report. He mentioned that on the Board Strategy Report some of the targets don't have dates identified. Mr. Bakas indicated he would follow up on that.

There was mention of the progress made relative to financial reporting. In response to a desire to see the balance sheet broken out by business unit, Mr. Dunagin advised that staff is working toward trying to break out social and environmental responsibility and power resources.

### **Executive Session**

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

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

**Approved 6/28/22**

Vote for the motion was unanimous and the board moved into executive session at 11:13 a.m. Mr. Colburn left the meeting at this time.

The board moved out of executive session at 11:56 a.m.

**Approval of Minutes**

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

**VOTED:** To delete the tracked changes on page 10 of the April 26, 2022, board minutes as posted in the OnBoard meeting packet.

Vote for the motion was ten in favor and one opposed with Director Mongeon opposing. The motion carries.

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

**VOTED:** To approve the minutes of the April 26, 2022, board meeting as amended.

Vote for the motion was ten in favor and one opposed with Director Mongeon opposing. The motion carries.

**Adjournment**

Upon motion of Mr. French, seconded by Mrs. Kedersha, it was unanimously voted to adjourn the meeting. Chair Morrill adjourned the meeting at 11:58 a.m.

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Brenda Boisvert, Secretary

A TRUE COPY ATTEST:

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Jeffrey Morrill, Chair of the Board