

Approved 5/26/20

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

Minutes of the Meeting of the Board of Directors

April 21, 2020

Pursuant to proper notice duly provided to all Directors, a special meeting of the Directors of the New Hampshire Electric Cooperative, Inc. (NHEC) was held April 21, 2020. 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, Joan Aubrey, Brenda Boisvert, Sharon Davis, Leo Dwyer, Edward French, Carolyn Kedersha, Jeffrey Morrill, Daniel Senie, and Harry Viens. 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; Cooperative Members Erica Banderob, John Banderob, William Darcy, Richard Knox, Mark Portu, and Tony Wagner; Survey and Ballot Systems staff members Bob Claus, Mary Jo Harrington, and Ryan Smith; and Sharon Yeaton, Executive Services Administrator (recording).

Chair Mongeon called the meeting to order at 8:32 a.m., noting that the meeting is being recorded. The meeting began with introductions of directors, staff, and guests.

Chair Mongeon stated that members will be given an opportunity to make statements or ask questions during the broadband petition discussion.

Agenda Review

There was discussion on the agenda. Chair Mongeon indicated that there would be an abbreviated presentation from Mr. Dwyer on a proposal to set up an ad hoc committee to discuss broadband further. He would then like to discuss what other topics might go along with that for discussion at the next board meeting.

Broadband Discussion

Chair Mongeon mentioned that broadband was discussed in January and the board had agreed to continue to direct staff to do what they could to facilitate broadband, and agreed that in the event things changed they would revisit. He noted that a number of things have changed since that time, particularly COVID-19. He asked Mr. Dwyer to share a few of his slides to provide a preview of his presentation.

Due to technical difficulties, Mr. Dwyer's presentation was postponed to the May board meeting.

Discussion of other topics related to broadband for the May board agenda was deferred so full attention could be focused on today's agenda.

Broadband Petition

Mr. Camerino reviewed a PowerPoint presentation on the broadband petition to amend NHEC's Certificate of Organization. He provided background, discussing when NHEC became aware of the petition, staff's outreach to gain a better understanding of what the petitioners are trying to achieve, and verification that the petition has received the required signatures to be placed on the ballot. He reviewed the language of the petition question to amend the certificate of organization to include facilitating access to broadband internet for members.

Attorney Dean next reviewed the bylaw requirements to place a question on the ballot, noting that the petition received more than the required 300 signatures and will be on the ballot. He discussed the requirement for a statement from the board indicating whether or not it recommends the ballot question, and explained that the bylaws also provide for two statements to be included on or with the ballot, one from the proponents in support of the question, and one from the opposition. He advised that if the board recommends the ballot question, there is no further statement to be provided by the board, the statement in support would come from the proponents. If the board opposes the ballot question, then it has the opportunity to provide a statement in support of its position.

Mr. Camerino summarized management's recommendation to the board. He first discussed the opportunity the petition process provides for members to exercise their democratic rights, noting that we welcome the process, but it does not mean we support what is being proposed. He stated that it is management's recommendation that the Board of Directors oppose the ballot question and adopt a statement in opposition. He summarized the reasons for management's recommendation. He noted that broadband is something the board has been considering for the last four years and it has decided two things: 1) not to develop, construct, own, or operate a broadband system, and 2) to do what we can as an organization to facilitate and support the development of broadband in our service territory. He discussed management's concern that the proposal would create a new and competing priority for the Co-op, beyond its core purpose of providing electric service, whereas, not having it included does not preclude the Co-op from looking at broadband. He reviewed some of the things the Co-op engages in today, even though they are not included in the certificate of organization. He also discussed some of the things the Co-op has done to support the expansion of broadband service. He mentioned that we are required by law to treat all parties attaching to our poles in a non-discriminatory way. He discussed some of the additional concerns, including additional resources that would be needed and financial risk to support a broadband system. In closing, he noted that the Co-op stands ready to work with municipalities and others to facilitate broadband expansion, as long as it is allowed under law, does not put electric distribution operations at risk, and does not interfere with the provision of safe, reliable electric service.

Chair Mongeon commented that it is important to point out that there is significant common ground between staff, the board, and the petitioners and no one is looking for the Co-op to finance, own, or operate a fiber network.

Chair Mongeon lost connection to the meeting at 9:00 a.m.

Mr. Camerino next reviewed the slide on board actions, noting that these are the steps Attorney Dean discussed earlier. He stated that if the board decides not to recommend the ballot question and wants to make a statement in opposition, it would need to adopt a statement today due to time constraints. He noted that management has provided four sample opposition statements to help with that process, and management has a preference for version 4, which emphasizes that the proposal would create a competing purpose for the Co-op.

Vice Chair Morrill next called on members who shared their input. Comments included: mention of the fact that some other rural electric co-ops are stepping up to provide broadband service in their communities; the indication that every alternative the Sandwich Broadband Committee has investigated requires some kind of access to the electrical right-of-way; many vital services are not possible in many rural communities due to the lack of high speed broadband access; even those with cable broadband in many cases are having to pay exorbitant amounts for limited speeds; no one wants to see any threats to our electrical service; there will be vast new amounts of money available for broadband infrastructure; the request for the Co-op to take more of a leadership position; the technical difficulties experienced today underscore the need for broadband; if the Co-op is already facilitating broadband then the proposed amendment just formalizes what the Co-op is doing and does not take away the board's discretion; the necessity of broadband is becoming more evident every day; it only seems reasonable that the Co-op's role in making broadband available to its members be explicitly part of its charter; and to oppose the amendment sends the wrong message to members.

Chair Mongeon reconnected to the meeting at 9:10 a.m.

Additional members provided comments, including: this is also in the Co-op's best interest for future electrical service since you will need fiber for smart grid and so the Co-op should consider this also from the point of view of future electrical needs and services, the petition would make it more likely that the Cooperative would be an enthusiastic supporter of broadband where it makes economic sense for the members as well as the Cooperative.

Mr. Camerino responded to a question, addressing what NHEC has been doing to facilitate broadband, including meetings with municipal officials in a number of towns, meetings with fiber optic developers, and discussions with people at the state level.

Questions of clarification from directors were next addressed and included discussion on the number of signatures on the petition, input from Dr. Wagner on the efforts of the Sandwich Broadband Committee to work with other organizations on a broadband venture, and a discussion of NHEC's obligation to provide non-discriminatory access to its poles.

Mr. Senie shared that many small towns in Massachusetts, with help from the state, are floating bond issues to own their own fiber networks and it wouldn't be unreasonable for the Co-op to be petitioning the governor and legislature to consider getting involved.

Upon motion of Mrs. Aubrey, seconded by Mrs. Davis, it was

VOTED: That the Board of Directors not recommend the petition.

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Discussion ensued on the motion with directors sharing their views in support and in opposition to recommending the petition.

Ms. Banderob left the meeting at 9:40 a.m.

Messrs. Smith and Claus and Ms. Harrington joined the meeting at 9:42 a.m.

Following discussion, vote for the motion to not recommend the petition was seven in favor, three opposed, and one abstention, the motion carries.

Chair Mongeon noted that the next question for the board is whether they want to put a statement with the ballot stating that they do not recommend it and why.

Attorney Dean indicated that the board has voted to not recommend and that will appear on the ballot. The question before the board now is whether they want to have a statement on the ballot, of no more than 250 words, from the Board of Directors in opposition to the question.

Chair Mongeon took a vote of the directors. Eight directors were in favor of including a statement in opposition to the question and three were opposed, the motion carries.

Chair Mongeon noted that there are four draft opposition statements and suggested going through each one to see if there is strong support for one of the version.

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

VOTED: That the Board of Directors consider Opposition Statement #4, which is management's choice.

Opposition Statement #4 was shared on the screen and Mr. Licata read the text.

There was discussion on the motion.

Ms. Albee offered an amendment to the motion, which was seconded by Mrs. Aubrey,

VOTED: To amend Opposition Statement #4, to include the results of the director vote.

Vote for the motion to amend was unanimous.

Mr. Licata shared his screen showing the changes made to Opposition Statement #4.

Upon motion of Mr. Dwyer, seconded by Mr. Senie, it was moved to further amend Opposition Statement #4 by striking the sentence "Supporting the ballot question may also increase NHEC's costs, and therefore electric rates, as a result." After discussion, vote for the motion to amend was two in favor and nine opposed, the motion fails.

Mr. Morrill suggested the statement should include a reference to the consulting work NHEC has done. Upon motion of Mrs. Kedersha, seconded by Mrs. Davis, it was

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VOTED: To further amend Opposition Statement #4 by adding a paragraph “In 2018, to explore if NHEC has a role in facilitating broadband, the Board engaged a consultant to review the business case for NHEC offering residential broadband service. After careful review, the Board determined that the \$150+ million investment required posed an unacceptable risk to our members’ electric service,” and to revise the beginning of the following paragraph to read, “Additionally, NHEC continues to actively work to support...”

Following discussion, vote for the motion to amend was ten in favor and one opposed, the motion carries.

Upon motion of Mrs. Albee, seconded by Mr. Senie, it was moved to further amend Opposition Statement #4 to revise the first sentence to replace “a new competing purpose” with “an additional purpose” and to revise the last paragraph to replace “urges members to vote “no” on the proposed question...” to “urges members to vote.” Following discussion, vote for the motion was four in favor, six opposed, and one abstention, the motion fails.

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

VOTED: To further amend the Opposition Statement #4 to revise the first sentence to replace “a new competing purpose” with “an additional purpose.”

Vote for the motion was nine in favor and two opposed, the motion carries.

Mrs. Kedersha suggested a sentence be added at the end of the second to last paragraph to recommend members consider creating a separate broadband cooperative in order to advance this issue.

Attorney Dean shared his perspective that adding a discussion to this statement about a separate broadband cooperative, which the board has never discussed, adds an interesting idea, but isn't directly connected to the ballot question to be presented to members. He also shared thoughts regarding the paragraph that was added concerning the \$150 million investment, suggesting that a statement that has as little detail about specifics is better. He noted that his advice is to keep the statement as short as you can.

Mrs. Kedersha offered a motion to add the sentence “For this reason, members should consider creating a separate broadband cooperative to advance this issue.” The motion failed for lack of a second.

Ms. Albee moved, and Mrs. Davis seconded, a motion: To further amend Opposition Statement #4 by changing the newly added fourth paragraph to remove “\$150+ million” from the sentence.

Discussion ensued on the motion.

Additional grammatical changes were noted in the statement.

Chair Mongeon asked for a motion to make the changes as represented in the fourth paragraph as shown on the screen. Upon motion of Mr. Morrill, seconded by Mr. Senie, it was

VOTED: To accept the changes discussed in paragraph number four of Opposition Statement #4 to read, “In 2018, to explore if NHEC has a role in facilitating broadband, the Board engaged a consultant to review the business case for NHEC offering residential broadband service. After careful review, the Board determined that the investment required posed an unacceptable risk to our members’ electric service.”

Following discussion, vote for the motion was ten in favor and one abstention, the motion carries.

The Board’s action of Mr. Morrill’s motion incorporated the amendment previously offered by Ms. Albee, making further action on the previous motion unnecessary.

Chair Mongeon went by paragraph to see if there were any additional changes. There was discussion regarding changing “competing” to “additional” in the last paragraph to be consistent with the first paragraph. Mr. Senie made a motion to make that change, which was seconded by Ms. Albee. Following discussion, vote for the motion was five in favor and six opposed, the motion fails.

Upon motion of Mrs. Davis, seconded by Mrs. Aubrey, it was

VOTED: That the Board of Directors approves Opposition Statement #4, as now amended.

Vote for the motion was ten in favor and one abstention, the motion carries.

Mr. Camerino noted that it is management’s intention to continue to facilitate and support broadband even if the petition question doesn’t pass, and we need to be able to do that in a constructive way with the board and management working together.

Chair Mongeon suggested that for future discussion we need to further explore what facilitating means and discuss whether we should be increasing messaging to our members.

The meeting recessed at 10:48 a.m. and reconvened at 11:06 a.m. All those in attendance prior to the recess, with the exception of Messrs. Banderob, Portu, and Wagner, rejoined the meeting at this time.

Director Election Process and Annual Meeting of the Members

Attorney Dean introduced Messrs. Claus and Smith and Ms. Harrington from Survey and Ballot Systems.

Mr. Camerino introduced the presentation on the NHEC director election and annual meeting of the members, noting that given the constraints of operating under COVID-19, we have been doing some forward planning on how to conduct the director election and comply with the requirements of the bylaws.

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Mr. Licata reviewed the timeline associated with the director election, NHEC's current ballot processing procedure, and the impacts and uncertainties created by COVID-19, noting that decisions will need to be made today on how we will proceed.

Mr. Licata next addressed questions on awareness of the petition statement deadline, the allowance for observation of the ballot count, the usual number of spoiled ballots, and awareness of information NRECA has gathered related to what other cooperatives are doing to address the handling of their annual meetings.

Attorney Dean mentioned that NHEC is in a better position than many co-ops since we already hold elections by mail and we amended the bylaws a few years ago to allow for electronic voting, which includes electronic handling and counting of the ballots, making it easier for NHEC to adapt to the current situation. He reviewed the goals for how we would move forward and the option being recommended to meet those goals, which is for SBS to handle this year's ballot processing and count. He reviewed the steps that would be taken by SBS and noted that at the May Board meeting we would appoint tellers, which would include SBS employees. He advised that the proposed adjustments to this year's process are in compliance with NHEC's Bylaws, which allow for the use of electronic communications, transactions, and records.

Mr. Licata addressed a question around further communications with members regarding the election, noting that there is nothing planned to further discuss the process, but there would be communications around the Annual Meeting being a virtual meeting and how members would participate.

There was discussion around putting a higher priority around getting more email addresses from members in order to get the word out on electronic voting and increase the number of members using that option to vote.

There was discussion on whether or not NHEC would have further communications regarding the petition. This will be discussed further at the upcoming Member Services Committee meeting.

Mrs. Aubrey offered the following resolution, which was seconded by Mrs. Kedersha,

RESOLVED, that in light of 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, and pursuant to Article III, Sections 4, 5, and 7 of NHEC's bylaws, NHEC shall conduct its 2020 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.

Following discussion, vote for the motion was unanimous.

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Attorney Dean thanked Messrs. Claus and Smith and Ms. Harrington for their patience and indicated they are free to leave the meeting. Mr. Smith and Ms. Harrington left the meeting at 11:48 a.m.

The Annual Meeting of Members was next addressed. Mr. French offered the following resolution, which was seconded by Mr. Senie,

RESOLVED, that in light of 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 shall conduct its 2020 annual meeting of the membership in a virtual format, utilizing electronic voice and video communication technologies for remote attendance and participation. There will be no physical location for the meeting. 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 applicable emergency orders.

Following discussion, vote for the motion was unanimous.

Mrs. Aubrey noted that prior to the meeting we will need to have a detailed script on how the meeting will run. Mr. Camerino agreed, noting that staff has discussed this and will also be testing the technology with an all-employee meeting.

Mr. Dwyer requested a copy of the finalized Annual Report to Members be provided to the board. Mr. Camerino stated that it will be provided.

Mr. Claus thanked everyone for letting SBS join the meeting. He mentioned they work with about 160 co-ops and are very comfortable with the process.

Chair Mongeon noted that the next agenda item will be Executive Session. He thanked guests for joining.

Mr. Knox expressed his thanks.

The meeting recessed for lunch at 11:58 a.m. and reconvened at 12:18 p.m. with directors and staff rejoining the meeting.

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

VOTED: That the Board of Directors move into Executive Session for the purpose of confidential discussion of matters relating to preparation for and the carrying out of emergency functions and personnel matters.

Vote for the motion was unanimous and the board moved into Executive Session at 12:18 p.m.

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Adjournment

The board moved out of Executive Session and Chair Mongeon adjourned the meeting at 2:07 p.m.

Joan Aubrey, Secretary

A TRUE COPY ATTEST:

Thomas Mongeon, Chair of the Board