

**Approved 5/26/20**

**NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.**

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

**April 28, 2020**

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 28, 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; Jeremy Clark, Rates and Revenue Administrator; Michael Jennings, Engineering Manager; Kristen Taylor, Rates and Statistical Analyst; Scott Davis, Power Resources Administrator; Dave Erickson, Director of Access and Distributed Resources; Ken Colburn, NRECA Director for NH; Cooperative Members Erica Banderob, John Banderob, Julie Dolan, Richard Knox, and Tony Wagner; and Sharon Yeaton, Executive Services Administrator (recording).

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

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

**Agenda Review and Approval of Minutes**

A break will be added to the agenda.

The minutes of the March 31, 2020, Board Meeting were reviewed. Upon motion of Mr. French, seconded by Mr. Senie, it was

**VOTED:** To adopt the minutes of the March 31, 2020, meeting of the Board of Directors, as presented.

Vote for the motion was unanimous.

**Board Safety Moment**

Mr. Camerino presented the safety moment on the topic of safety leadership, discussing the importance of making safety a part of the culture and remembering that every one of us is a leader and we need to lead by example and all follow the same rules.

## **Chairman's Report**

Chair Mongeon presented the Chairman's Report, discussing: the draft Confidentiality Policy, which will be addressed at the next Executive Committee meeting; the Annual Meeting on June 22, noting that directors interested in running for an officer position will have time at the May Board meeting to make statements; and the length of board meetings, indicating if anyone has comments or suggestions they should email them to him by May 5.

## **President's Report**

Mr. Camerino presented the President's Report and addressed questions. He reviewed a dashboard of key operating metrics for safety, various financial measures, service reliability, and the Balanced Scorecard (BSC).

Mr. Banderob joined the meeting at 8:47 a.m.

Mr. Camerino also discussed where to find Zoom password information for board and committee meetings, noting that we will also try to send out calendar invitations; a letter from Mr. Beck of the Pemi Climate Emergency Coalition, advising that management will follow-up further with Mr. Beck; the Rural Digital Opportunity Fund (RDOF), mentioning the consortium that the National Rural Telecommunications Cooperative (NRTC) has put together; and thanking the Senior Management Team for all of the work and effort they have put into the operations of the Co-op over these last two months.

Chair Mongeon commented that the board recognizes and appreciates all of the hard work.

## **Capital Credits**

Mr. Camerino mentioned that Ms. Taylor has joined the meeting and she has done a huge amount of work on this project. He advised that with Mrs. Inman's retirement, Ms. Taylor is now leading the capital credit efforts.

A PowerPoint presentation, Capital Credits Update, was shared. Mr. Camerino noted that the purpose of today's discussion is to provide the board with information to enable a decision regarding a November 2020 retirement of capital credits. He reviewed the status prior to COVID-19 and the steps that had to be postponed due to COVID-19, noting that management's recommendation is to begin retirement of capital credits in July 2021.

Mr. Licata reviewed the current timeline, noting that prior to COVID we were on schedule for a November 2020 retirement. He discussed the pre-retirement mailing to former NHEC members, addressing the delays and challenges created by COVID-19. There was discussion regarding the possibility of using an outside service for the processing and handling of mail. Mr. Licata next discussed Member Solutions call volumes, and internal and external communications.

Drawing attention to the Financial Analysis/Forecast slide, Mr. Camerino stated that rather than a forecast, it is scenarios. Mr. Dunagin reviewed the scenarios previously considered by the board in January, and reviewed the impact to rates that would result under a COVID-19 severe adverse financial scenario.

Mr. Camerino indicated that management will move forward with whatever the board decides, but is recommending that we begin retirement of capital credits in July 2021. He noted that by waiting, it will provide us a better sense of our financial situation.

Discussion ensued on the timing for a capital credits retirement. Directors shared comments, including: concern about the pressure on rates if we were to move forward with a November 2020 retirement; a desire to see the momentum continue on the process and move forward with a November 2020 retirement; support for postponing the retirement until July 2021; concern over the financial uncertainty; a suggestion to do a pilot to 100 members or so as a learning opportunity on capital credits retirement communications; support for moving forward with a November 2020 retirement using the LIFO methodology as a way to benefit our members at a time when they may need it; a suggestion that we don't need to pay out capital credits every year, we could do the retirement in November and then skip the next year; the view that it is critical for us to maintain our financial health and we should accept management's recommendation; a statement that we have a legal obligation to retire capital credits and the preferred method would be FIFO; concern with depleting capital when there is so much unknown; support for delaying the retirement until July 2021 and a desire that NHEC not make a distribution in November and then skip two years before another retirement.

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

**VOTED:** To delay the retirement of capital credits until July 2021, as recommended by management.

Vote for the motion was six in favor and five opposed, the motion carries.

Mr. Camerino commented that Mr. Morrill's suggestion for a pilot regarding capital credits retirement communications is interesting and something that will be followed up on, likely as a Member Services Committee agenda topic. He also mentioned that there is real diversity of views on the methodology and he will coordinate with Chair Mongeon to accelerate that discussion with the board, as compared to when we normally would have planned to do that, so we are not cut short on that discussion.

The meeting recessed at 9:53 a.m. and reconvened at 10:01 a.m.

In order to align the Broadband Discussion with the noted agenda time, the order of topics was revised to address the Default Service and Strategic Plan Update items prior to the Broadband Discussion.

### **NHEC's Role as a Default Service Provider**

Mr. Camerino mentioned that he felt this topic was important for the board to hear because there will be discussion in the Power Resources and Access Committee meeting about resource procurement and risk management policies. He noted that we have a legal obligation to provide a default service offering and we wanted the board to have some background on that.

Attorney Dean reviewed a PowerPoint presentation on Default Service and addressed questions. He noted that this presentation is to provide an overview of the legal structure and history of

default service. He reviewed the origin and purpose of default service, including a discussion of electric utility restructuring in 1996 to create a competitive energy environment, requirements of the state restructuring statute, and requirements of the Public Utilities Commission state-wide restructuring order in 1997. He discussed NHEC's restructuring order, noting that each utility had its own restructuring order. He mentioned that what we refer to as Co-op Power today is essentially the brand name for NHEC's default service. He discussed NHEC's experience with the litigated PUC proceedings for each procurement and the feeling of members that this system was not in the best interest of the members, which resulted in a legislative effort of the Co-op and an amendment to the statutes eliminating PUC regulation of NHEC's power procurement, energy service rates, and terms and conditions. He noted that there is a caveat that NHEC is still subject to potential PUC intervention if NHEC acts in a manner that the PUC concludes is inconsistent with the restructuring policy principles.

Attorney Dean next reviewed NHEC's Co-op Power and default service practices, noting that there is no distinction between the two, as well as NH investor owned utilities' regulated default service. He showed two charts comparing NHEC's Co-op Power rate to other NH utilities' residential default service rates.

Ms. Dolan joined the meeting at 10:21 a.m.

Attorney Dean reviewed the legal options and limitations of default service and Co-op Power, noting what can and cannot be included in each of those rates and mentioning that Co-op Power does not need to be identical to default service.

Mr. Wagner joined the meeting at 10:24 a.m.

### **Strategic Plan Update**

Mr. Camerino provided a high level overview of the status of the implementation of the Strategic Plan, noting that the plan is largely on track with a couple of areas where things are a little more attenuated either due to near-term COVID limitations or discussion at the board level.

Mr. Knox joined the meeting at 10:29 a.m.

Mr. Camerino mentioned that, for reference, the Strategic Plan document we provided after last year's review of the plan has the full implementation plan for each of the four focus areas, and he has collapsed those for purposes of today's presentation. He reviewed the status of initiatives in each of the focus areas, beginning with Voice of the Member.

Messrs. Colburn and Erickson joined the meeting at 10:35 a.m.

Mr. Camerino next reviewed the status of initiatives in the remaining three focus areas: Business Model, Organizational Effectiveness, and Financial Stability.

### **Broadband Discussion**

Chair Mongeon began with a recap of the discussion from the April 21 Special Board Meeting.

Mr. Dwyer reviewed a PowerPoint presentation on a proposal to form a Broadband Ad Hoc Committee. He stated that the question isn't do we want to help members obtain high speed, affordable, reliable fiber broadband, but rather do members need high speed, affordable, reliable fiber broadband. He discussed assumptions, underserved areas of the state, groups seeking better service, the poor quality and high cost of some cable service, and the process and cost for make ready work.

Ms. Taylor and Mr. Erickson left the meeting at 11:00 a.m.

Mr. Dwyer noted that he is not suggesting NHEC invest \$150 million to build and operate a fiber to home network, and would not want to take on that financial risk. He stated that there are funding sources and that investor capital is available. He discussed the Rural Digital Opportunity Fund (RDOF). He noted that NHEC needs to be clever in how it constructs a deal and leverages its critical assets to provide maximum benefit to members with no risk. He remarked that we should at least investigate the possibility by forming an ad hoc committee. Upon motion of Mr. Dwyer, seconded by Mr. Senie, it was

**VOTED:** That the Board of Directors form an Ad Hoc Committee charged with exploring the best way to maximize the possibility of our members benefitting from the Rural Digital Opportunity Fund auction and to make a recommendation to the full board.

Mr. Dwyer noted that the recommendation from the committee would be made to the full board in May.

Mr. Davis joined the meeting at 11:26 a.m.

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

Chair Mongeon appointed Leo Dwyer, Dan Senie, Jeff Morrill, and Joan Aubrey to the Broadband Ad Hoc Committee. He requested that directors who are not on the committee send him the input and questions they shared today within the next couple of days. Mr. Dwyer will schedule the first meeting by the end of this week to establish a charter, define the roles within the committee, identify any additional support that will be needed, establish a timeline, and define the deliverables.

There was discussion regarding NHEC's participation in the consortium being put together by NRTC. Mr. Camerino will contact NRTC to get clarity around participation requirements.

## **2020 Strategic Planning Process – Next Steps**

Chair Mongeon mentioned that he would like to start the discussion about preparations and planning for the August Strategic Planning retreat, noting that this will be a topic for the May Executive Committee meeting. He noted some of the things he wants to discuss, including objectives for the retreat, the timeline, how comprehensive the process will be, what the Co-op can take on given everything on our plate, the role of a consultant or advisory groups, does scenario planning fit, how do we continue to build the strategic planning process into the overall goal of strategic thinking, and preparation required for the retreat.

There was discussion regarding how comprehensive this year's Strategic Planning process needs to be and the intended outcome. Mr. Camerino mentioned that the current plan is working well and there is no urgency to do a major overhaul right now. He shared his concern that if there could be a major additional undertaking, such as broadband, it would be better to have a sense of that prior to having a deeper strategic planning discussion.

There was discussion and consensus on the idea of moving forward with status quo for this year and discussing some key issues that we might need to do a deeper dive on for the next strategic plan.

The meeting recessed for lunch at 12:10 p.m. and reconvened at 12:31 p.m. All those in attendance prior to the recess rejoined the meeting, with the exception of Messrs. Banderob and Knox and Ms. Banderob.

Chair Mongeon requested directors take a look at the last SWOT analysis and consider PESTEL and Porter's five forces model to see if there is anything that has changed significantly in the environment that would require us to address our Strategic Plan in any way. At its May meeting, the Executive Committee will discuss the strategic planning process for this year and whether moving forward with status quo is appropriate.

### **Board Development Committee**

As a follow-up to last month's report, Chair Mongeon indicated that no additional feedback was received on the proposed board development goals. The first three goal areas: board and committee meeting performance/effectiveness, understanding (and discharging) what it means to be a board member, and board education/development will be finalized and posted to OnBoard.

Chair Mongeon indicated he will work with Mrs. Yeaton to set up an appropriate organizational structure in OnBoard so incoming chairs have a folder (available to all directors) to go to containing items that they should keep in mind.

Mrs. Kedersha indicated that for the fourth goal, board communication with its members/member engagement, she will outline a communications calendar for the May board meeting.

Chair Mongeon stated that he and Mrs. Kedersha will discuss whether it makes sense to continue the ad hoc committee and come back with a recommendation to the full board at the May meeting.

### **Board Committees**

The draft minutes of the March 30, 2020, Corporate Services Committee meeting were reviewed. Upon motion of Mr. Senie, seconded by Ms. Albee, it was

**VOTED:** To approve the minutes of the March 30, 2020, Corporate Services Committee meeting, as presented.

Vote for the motion was unanimous.

**Audit Committee**

Audit Committee Chair French reviewed items covered at yesterday’s Audit Committee meeting, including a review of IRS Form 990, financial internal control audit presentation, and the annual review of the committee charter and policies. Upon motion of Mrs. Davis, seconded by Mr. Morrill, it was

**VOTED:** That the Board of Directors accepts NHEC’s 2019 IRS Form 990 as presented.

Vote for the motion was unanimous.

Audit Committee Chair French next reviewed additional changes the Audit Committee recommended to its Charter and Board Policy B-29, Statement on Ethics. He noted that the committee wanted the board to weigh in on the proposed edit to B-29, to change item C under Section V to say Bylaws and Board Policies instead of all policies. This was agreed to. Upon motion of Mrs. Aubrey, seconded by Mrs. Davis, it was

**VOTED:** That the Board of Directors reaffirms Board Policy B-37 Safeguarding Member Information as presented; and approves the Audit Committee Charter, Board Policies B-2, Attachment G – Audit Committee; B-28 – Audit Policy; B-34 – Record Retention and Destruction, and B-29 – Statement on Ethics as presented.

Vote for the motion was unanimous.

**Member Services Committee**

Member Services Committee Chair Morrill reported on yesterday’s Member Services Committee meeting, thanking Messrs. Snow and Licata and Mrs. Turmel for sharing the Qualtrics platform and the potential. He mentioned that one item identified for board discussion was what triggers external communication, specifically related to the broadband petition on the ballot.

There was discussion regarding direction from the board on what management would say if contacted with questions regarding the broadband ballot question. Upon motion of Mrs. Davis, seconded by Mr. Viens, it was

**VOTED:** That the Board directs management to respond to any inquiries related to the broadband petition question by stating the facts that have been published.

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

Chair Mongeon stated that there will be additional discussion at the May board meeting on whether or not the board wants to direct staff to provide additional messaging.

**Corporate Services Committee**

Mr. Camerino indicated that the accounts receivable write-off request included in the board packet was to address a technical correction, but it is being withdrawn for now so management

can follow-up on a question raised. Corporate Services Committee Chair Kedersha added that it is immaterial in amount and is just a clarification on some policies and will be brought back to the board at the May meeting.

### ***Engineering and Operations Committee***

Mr. Bakas indicated that Mr. Jennings would provide an overview of the first quarter results of capital construction budget.

Mr. Jennings introduced himself and provided some background for those who have not met him. He reviewed the 2020 Capital Construction Budget Summary, a copy of which was included in the board packet. He pointed out that the report has been split into two sections, uncontrollable costs, and controllable costs. He reviewed each of the sections, indicating that that we are on track with the controllable budget. He noted that we will continue to monitor the uncontrollable costs, and if necessary to stay on budget overall, we can make adjustments in the controllable cost section.

Messrs. Jennings and Bakas provided an update on the transformer issue experienced at the Charlestown Substation.

### ***Power Resources and Access Committee***

Power Resources and Access Committee Chair Viens mentioned that the Committee's next meeting is scheduled for 8:30 a.m. on May 5.

### ***Executive Committee***

Chair Mongeon mentioned the Executive Committee meeting held on April 24. Mr. Camerino discussed the purpose of that meeting was to discuss whether the Co-op should be pursuing monies under the Payroll Protection Program (PPP). He advised that the determination, based on current guidance from the Small Business Administration (SBA), was not to make an application.

### ***Attorney's Report***

Attorney Dean advised he had no items to be addressed in regular session.

### ***Board General Session***

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

Chair Mongeon requested an item be added to the Tracking Report for the Executive Committee to develop a plan in August to hire a board development consultant by year-end. He noted that he will provide additional details on that item to Mrs. Yeaton and will also work with her on adding a due date column to the report.

### ***Committee Meetings***

Following is a list of upcoming meetings:

- Power Resources & Access Committee – May 5 at 8:30 a.m.



***NHEC Foundation Report***

NHEC Foundation Chair Davis reported on a special meeting of the NHEC Foundation Board held on April 6, noting that the board voted to make a \$10,000 donation to the NH Food Bank and issued a reverse challenge to staff with a goal of raising an additional \$10,000.

***NRECA Report***

Chair Mongeon expressed appreciation for Mr. Colburn's written NRECA Report, which was included in the board packet. Mr. Colburn shared a couple of highlights. In response to a question regarding whether NRECA has any plans to offer on-line training, Mr. Colburn stated that NRECA is re-thinking all of its services, but he hasn't received any information on that yet.

***Director Expense Reports***

Chair Mongeon noted that there are no director expense reports requiring approval.

**Executive Session**

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

**VOTED:** That the Board of Directors move into Executive Session for the purpose of confidential discussion of legal claims/litigation/contract negotiations, confidential personnel matters, and confidential matters relating to preparation for and the carrying out of emergency functions.

Vote for the motion was unanimous and the board moved into Executive Session at 1:20 p.m.

**Adjournment**

The board moved out of Executive Session and Chair Mongeon adjourned the meeting at 4:12 p.m.

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Joan Aubrey, Secretary

A TRUE COPY ATTEST:

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Thomas Mongeon, Chair of the Board