

Approved 10/26/21

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

Minutes of the Meeting of the Board of Directors

September 28, 2021

Pursuant to proper notice duly provided to all Directors, the regular meeting of the Directors of the New Hampshire Electric Cooperative, Inc. (NHEC) was held September 28, 2021. In light of the COVID-19 pandemic and in response to the NHEC Board Chair's COVID-related Emergency Determination, the meeting was conducted remotely via Zoom videoconferencing.

Directors present were Jeffrey Morrill, Alana Albee, Brenda Boisvert, William Darcy, Sharon Davis, Leo Dwyer, Edward French, Carolyn Kedersha, Madeline McElaney, Thomas Mongeon, and Daniel Senie. Others present were 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; Geoff Ziminsky, VP of Technology and Business Services/CIO; Michael Jennings, Engineering Manager; Josh Mazzei, Operations Managers; Kristen Taylor, Financial Services Manager; Karen Hanks, Financial Analyst; Scott Davis, Power Resources Administrator; Ken Colburn, NRECA Director for NH; and Sharon Yeaton, Executive Services Administrator (recording).

Chair Morrill called the meeting to order at 8:33 a.m. He mentioned that Jim Bakas, Interim General Manager, would not be at the meeting today.

Agenda Review

There were no changes to the agenda.

Approval of Consent Agenda

Chair Morrill drew attention to the items to be approved as part of the consent agenda. Upon motion of Mr. Darcy, seconded by Mr. French, it was

VOTED: That the Board of Directors approves the consent agenda items: August 27, 2021 Executive Committee Minutes, August 30, 2021 Audit Committee Meeting Minutes, August 31, 2021 Board Meeting Minutes, and a Director Expense Report.

Vote for the motion was unanimous.

Board Safety Moment

Ms. Hanks presented the safety moment on the topic of various hazards encountered during the fall season and shared tips to stay safe.

Mr. Mazzei reported on NHEC's successful participation in the Northeast Public Power Association (NEPPA) Lineman's Rodeo, noting that NHEC sent two teams (Team 1 - Nick Tarmey, Chris Comeau, and Sheldon Farnsworth and Team 2 - Brandon Eldridge, Brian Downing, and William True and team coaches Jeff Smith and Derek Troian). He announced that Team 1 was the overall winner of the rodeo and both teams placed in at least one event.

Chair Morrill asked that the board's congratulations be conveyed to all team members.

Mr. Mazzei and Ms. Hanks left the meeting at 8:46 a.m.

Chairman's Report

Chair Morrill presented the Chairman's report, commenting that there is lot going on and asking that everyone keep communicating, asking questions, and trusting in some of the processes. He thanked everyone for leaning into the new committee pilot process. He mentioned he has had some questions about resources and there will further discussion of the details in executive session. Lastly, he mentioned the Board Tracking Report Succession Planning item that he and Ms. McElaney have been working on, advising that the plan is to have a guided discussion on that next month as the strategic topic discussion in executive session.

Interim General Manager's Report

Mr. Licata noted that the report was included in the board packet and if there are any questions the appropriate Vice President can address them.

Mr. Dunagin addressed questions related to distribution margins, discussing the favorable variance, drawing attention to the Financial Report for details on variance items, and advising that the loss in broadband is not consolidated it is an offset.

CFC Financing

Mr. Dunagin provided some background, noting that NHEC has been using its current lines of credit to fund broadband thus far and we need to set up a line of credit specifically for the purpose of broadband. He discussed the \$20 million line of credit that CFC has approved for broadband, noting that it will also require a guaranty from the broadband entity.

Attorney Dean provided an overview of each the documents required for the \$20 million line of credit, all of which are included in Attachment #7 of the board packet.

Questions were next addressed on the interest rate for the line of credit, which is NHEC's standard line of credit rate, currently at 2.45%; directors and officers insurance coverage as it relates to both the NHEC board and the NH Broadband, LLC managers, with it noted that there is nothing in the provisions that exclude decisions on guaranties for borrowing and the same fiduciary duty/standard for NHEC applies to the NH Broadband, LLC; and the rationale for having the documents signed by the board chair, since NHEC does not currently have a CEO.

Mr. Scott Davis joined the meeting at 9:06 a.m.

Mr. Darcy moved the following two resolutions that were included in Attachment #7 of the board packet, seconded by Mr. French:

Resolution #1

RESOLVED, that the Cooperative establish a line of credit and authorize borrowing from CFC in an amount which shall not at any one time exceed \$20,000,000.00 (the "Line of Credit Amount"), subject to the provisions of the Line of Credit Agreement substantially in the form submitted to this meeting (the "Line of Credit Agreement"); and,

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RESOLVED, that the individuals listed below are hereby authorized to execute and to deliver to CFC the Line of Credit Agreement; and

RESOLVED, each of the following individuals is hereby authorized in the name and on behalf of the Cooperative to negotiate, to execute and to deliver all such other documents and instruments as may be necessary or appropriate, to execute any future amendments to said Line of Credit Agreement as such individual may deem appropriate within the within the Line of Credit Amount so authorized and to do all such other acts as in the opinion of such authorized individual acting may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions

<u>Office or Title</u>	<u>Name (typed or printed)</u>
<u>Chair of the Board</u>	<u>Jeffrey Morrill</u>

Resolution #2

WHEREAS, the Cooperative has applied to establish a line of credit and authorized borrowing from CFC in an amount which shall not at any one time exceed \$20,000,000.00 (the "Line of Credit Amount"), subject to the provisions of the Line of Credit Agreement substantially in the form submitted to this meeting (the "Line of Credit Agreement"); and,

WHEREAS, as a condition of entering the Line of Credit Agreement CFC requires that NH Broadband, LLC provide a Guaranty of payments due to CFC under the Line of Credit Agreement and certain related instruments (the "Guaranty Documents"); and

WHEREAS, pursuant to Article V. Paragraphs 5.5(h) and 5.5(i) of the NH Broadband, LLC Operating Agreement, authority for the decisions and actions necessary for NH Broadband, LLC to execute and perform under the Guaranty Documents are reserved exclusively to the Cooperative;

RESOLVED, that the Cooperative hereby authorizes and directs NH Broadband, LLC to execute and be bound by the Guaranty Documents and authorizes and directs the NH Broadband, LLC Managers' Committee to authorize and direct the Chair of the Managers' Committee, in the name and on behalf of NH Broadband, LLC, to execute and to deliver the Guaranty Documents.

The vote for both resolutions was unanimous.

Board Committees

Power Resources and Access Committee

Power Resources and Access Committee Chair Senie reported on the topics discussed at yesterday's committee meeting, including the Moultonborough battery project, a presentation by Black and Veatch on Power Resources and Access Procurement Coverage Targets, an update on current events, and scheduling of future committee meetings.

Ms. Albee added that the review of the section of the Enterprise Risk Management (ERM) report is an outstanding issue for the committee, and that staff will recommend procurement coverage targets based on the data provided by Black and Veatch at the next committee meeting.

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Mr. Callnan called the board's attention to the 2020 Environmental Disclosure Label, Attachment #21 in the board packet. He pointed out that additional Renewable Energy Certificates (RECs) beyond the requirements of the NH Renewable Portfolio Standard (RPS) were purchased for the benefit of this report. He stated that this is the second year that this has occurred and that it is getting harder to do economically so it's possible this purchase will not be made in the same fashion next year. The cost of the additional RECs was about \$110,000.

Mr. Callnan addressed questions from Ms. Albee on the 2020 Environmental Disclosure label, stating that he would provide Committee Chair Senie with information on the resource mix or emissions profile for the imported power line item on the report as well as a trending of NHEC's air emissions. Mr. Callnan also answered a question from Committee Chair Senie on the process of setting the price of RECs purchased from members by explaining that the price is set annually.

Corporate Services Committee

Corporate Services Committee Chair French reported on the topics addressed at yesterday's committee meeting, including the semi-annual write off of accounts receivable, the Co-op Power and Regional Access Charge rate change, the ERM risk assignment, and the schedule for future committee meetings.

There was discussion regarding the reasons for the increase in Co-op Power costs, including disruptions associated with gas storage and global demand. It was also noted that other NH utilities are also likely to see increases in power costs given the State directed Request for Proposals (RFP) process to procure default service products.

It was noted that the Corporate Services and Power Resources and Access committee chairs and staff coordinators will have some discussion on possible changes to our current Co-op Power and RAC adjustment periods.

Mr. Licata discussed communication plans around the rate increase, noting that information explaining what Co-op Power is and why those prices have increased will be provided through a number of channels.

With regard to the accounts receivable write-off, Mr. Dwyer mentioned that we have a \$5 million receivable from Consolidated Communications, Inc. (CCI) that we are carrying on our balance sheet as an asset and we will need to keep an eye on that.

Mrs. Davis moved and Mr. Senie seconded the following two resolutions:

VOTED: That the Board of Directors authorizes a write-off for uncollectible electric accounts, excluding bankruptcies, in the amount of \$83,651 for accounts final billed October 2020 to March 2021 and no miscellaneous accounts receivable for the same period, and directs staff to continue to attempt recovery of these uncollectible accounts, as presented to the Corporate Services Committee on September 27, 2021.

VOTED: That the Board of Directors authorizes management to set the Co-op Power and Regional Access Charges as recommended in the proposal on a bills-rendered basis effective November 1, 2021 as recommended in the November 1, 2021 Co-op Power and Regional Access Rate Change Proposal presented to the Corporate Services Committee on September 27, 2021.

Both motions passed unanimously.

Chair Morrill thanked committee chairs and noted that we will add more time to this section of the agenda next month.

Additional Committee Items

There were no additional committee items to be addressed.

Board General Session

Board Tracking Report

Chair Morrill reviewed the items on the Board Tracking Report. It was agreed to change the due date for item #1, director compensation, to the first quarter of 2022.

Mr. Scott Davis left the meeting at 9:43 a.m.

Committee Meetings

Following is a list of upcoming meetings:

- TTI Board Debrief Working Session – October 14, 1:00 p.m.
- Member Services Committee – October 20, 10:00 a.m.
- Corporate Services Committee – October 21, 8:30 a.m.
- Audit Committee – October 22, 8:30 a.m.

NHEC Foundation Report

NHEC Foundation Chair Davis discussed yesterday's NHEC Foundation meeting, reporting on the appointment of new trustees and the awarding of nine grant applications totaling \$41,927.

NRECA Report

Mr. Colburn presented the NRECA report and addressed questions. He discussed the NRECA Regional Meeting and the NRECA Fall Board Meeting, both held in September. He next shared highlights from his written report and mentioned additional entries to his bibliography, both of which were included in the board packet.

Ms. McElaney shared thoughts on the NRECA Regional meeting and discussed how helpful it was for her to attend.

Review of Parking Lot Items

Chair Morrill stated that there are no parking lot items and we will use the Board Tracking Report for any items going forward.

The meeting recessed at 10:00 a.m. Mr. Colburn left the meeting at this time. The meeting reconvened at 10:13 a.m.

Executive Session

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

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

Vote for the motion was unanimous and the board moved into executive session at 10:13 a.m.

The board moved out of executive session at 12:59 p.m.

Chair Morrill mentioned the request for additional resources, which was discussed in executive session. Upon motion of Mr. French, seconded by Mrs. Kedersha, it was

VOTED: That the Board of Directors approves the request for eight new positions to be created and filled as outlined in the table at the top of page 3 of the proposal presented in executive session.

Vote for the motion was unanimous. It was noted that Director McElaney was not present for the vote.

Adjournment

Chair Morrill adjourned the meeting at 1:02 p.m.

Brenda Boisvert, Secretary

A TRUE COPY ATTEST:

Jeffrey Morrill, Chair of the Board