

Approved 3/29/22

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

Minutes of the Special Board Meeting

February 28, 2022

Pursuant to notice provided to all Directors, a Special Meeting of the New Hampshire Electric Cooperative, Inc. (NHEC) Board of Directors was held February 28, 2022. 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 Jim Bakas, Interim General Manager; Brian Callnan, VP of Power Resources and Access; Drew Dunagin, VP of Financial Services/CFO; Michael Jennings, Engineering Manager; Steve Kaminski, Power Planning and Policy Advisor; Mike Licata, VP of Member Services/Public Affairs; Paul Phillips, Attorney; Geoff Ziminsky, VP of Technology and Business Services/CIO; Kristen Taylor, Financial Services Manager; Cooperative Members Brian DuBois, Richard Knox, and Terry Sylvester; and Sharon Yeaton, Executive Services Administrator (recording).

Chair Morrill lost connection to the meeting so Vice Chair Senie called the meeting to order at 8:32 a.m. He noted that most of the meeting will be in executive session.

Agenda Review

Mr. Mongeon requested time in public session at the end of the meeting, time permitting, to discuss anything we can do in the future to improve how we prepare for these types of broadband discussions, including preparation materials and how we handle deliberations. Vice Chair Senie stated that time permitting he would accept this addition to the agenda.

Member Comments

Vice Chair Senie called on Mr. Knox for comments.

Chair Morrill rejoined the meeting at 8:36 a.m.

Mr. Knox indicated that he was glad to be here and asked if members attending today could be notified if the board goes back into public session either earlier or later than noted on the agenda. He also commented that it would be helpful if they could see the wording of the resolution that will be voted on today.

Chair Morrill replied that we don't normally share proposed resolution publicly before they are voted on and we will text Messrs. Knox and DuBois when we go back into public session so they can rejoin the meeting.

Mr. DuBois echoed Mr. Knox's comments regarding rejoining the meeting. He also mentioned that Mr. Dwyer attended the Wentworth Selectboard meeting the other night and gave a great presentation. He thanked Mr. Dwyer and the gentleman from Conexon who participated.

Chair Morrill thanked the cross functional team that did all of the work in putting the broadband plan together. He noted that this is our pathway forward to identify risks and how to navigate things going forward.

Mr. Mongeon mentioned that we sometimes record the executive session portion of the meeting, keeping it separate and confidential, and he wondered if it would make sense to do that for today for the reasons of process improvement. Vice Chair Senie suggested we could have that discussion once we move into executive session.

Executive Session

Upon motion of Ms. Albee, seconded by Mrs. Kedersha, it was

VOTED: That the Board of Directors move into executive session for the purpose of discussion of confidential financial information related to broadband.

Vote for the motion was unanimous and the board moved into executive session at 8:40 a.m.

The board moved out of executive session at 10:55 a.m. and the meeting recessed at this time. The meeting reconvened at 11:01 a.m. Messrs. DuBois and Knox rejoined the meeting at this time.

First Year Build Resolution

Chair Morrill explained that the board would be taking a roll call vote of the proposed resolution, which discusses where we have been and where we are going with broadband. He noted that the resolution activates the next step of our journey in Grafton County, which is consistent with our Rural Digital Opportunity Fund (RDOF) grant commitments. The resolution was shared on screen.

Mr. Darcy offered the following resolution, which was seconded by Mr. French,

Whereas, in October 2020 the New Hampshire Electric Cooperative (NHEC) Board of Directors (Board) authorized management to submit seventy (70) bids in the Federal Communications Commission (FCC) Rural Digital Opportunity Fund (RDOF) Phase I auction for numerous unserved census blocks in NHEC's service area; and

Whereas, the Board's RDOF bid authorization was based on a "bidding model" that found the fiber internet project was financially feasible based on offering fiber internet services to approximately 35,000 members in the census block groups adjacent to the RDOF census blocks; and

Whereas NHEC won all the RDOF bids it submitted and was awarded \$6.5 million in the RDOF auction and is obligated to provide internet and voice services in all those census blocks; and

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Whereas on January 12, 2022, the FCC authorized funding support for NHEC's 70 RDOF winning bids and that month NHEC started receiving monthly payments to support its efforts to supply fiber internet to the RDOF census blocks; and

Whereas, the NHEC substations in Grafton County provide service to the largest share of the NHEC RDOF census blocks that NHEC won in the FCC auction (29 of 70) and building fiber to serve those areas will go a long way to fulfilling NHEC's RDOF obligations;

Whereas, NHEC's RDOF census block groups in Grafton County include approximately 17,000 NHEC members, representing a high proportion of NHEC's remaining unserved members; and Whereas, building the next phase of NHEC's fiber internet network in Grafton County will meet NHEC's federal grant seeking objectives, provide a continuous area with no significant physical barriers to the fiber buildout, address competitive challenges, bring fiber broadband service to a large number of unserved members, and provide other significant benefits; and

Whereas, NHEC's updated financial models and project analysis demonstrate that providing fiber internet service to members produces better financial results than the 2020 "bidding model" upon which the RDOF bids were based and that meet all Board financial criteria; and

Whereas on June 21, 2021, NHEC entered into a Master Services Agreement with Conexon, LLC (Conexon), which was subsequently amended by a First Amendment entered into as of November 29, 2021, under which Conexon agreed to "provide the Company with dark fiber to be used in support of its electric distribution operations and business needs"; and

Whereas, in contemplation of the proposed Grafton County fiber build, NHEC management team engaged Power System Engineering, Inc. (PSE) to evaluate the present and future-ready fiber needs of NHEC's electric distribution operations and business, and NHEC management on February 25, 2022, received PSE's final report of the available options, estimated costs and capacity of those fiber needs;

Now therefore be it:

Resolved, that the next phase of NHEC's broadband initiative will focus on the RDOF census block groups in Grafton County; and

Resolved, that the Board authorizes the management of NHEC and NH Broadband, LLC to bid out, negotiate and enter into contracts to build the next phase of NHEC's broadband network in Grafton County, including make ready engineering and construction, materials procurement and mainline fiber construction consistent with the 2022 Broadband Business Plan; and

Resolved, that the Board authorizes NHEC and NH Broadband management to negotiate and enter into contracts for internet service provider services (operation, management and maintenance) for the NHEC fiber internet system, including all previously authorized projects, consistent with the 2022 Broadband Business Plan; and

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Resolved, that the Board directs NHEC management to present the PSE report for additional electric system fiber needs to the Board at its March 2022 meeting and on an interim basis authorizes NHEC management to add fibers to the Conexon proposed substation feeder construction designs to meet electric system needs so as to not delay construction; and Resolved, that the Board will evaluate and consider future phases of the broadband initiative, at least annually, before authorizing further fiber builds and expenditures.

Vote for the motion was eight in favor (Directors Albee, Boisvert, Davis, Darcy, Dwyer, French, McElaney, and Morrill), two opposed (Directors Kedersha and Senie), and one abstention (Director Mongeon). The motion carries. Directors offered statements when casting their votes:

Ms. Albee indicated she is very much in favor, especially given members' needs and the extensive amount of work done by staff, members of the Broadband LLC, and a number of external technical consultants.

Mr. Darcy stated that this follows strongly on our commitments made to bid on 70 RDOF areas and associated census block areas, which are concentrated in Grafton County. After this build is complete, we will serve a large percentage of our underserved member as well as extend our network to many others that need it. This is a member-centric decision that will be welcomed by everyone in NH.

Mrs. Davis commented that she is very excited that we are moving forward in Grafton County and keeping the wheels in motion. She thanked staff and the LCC for the great job they did in putting together the business plan and other materials directors read to prepare for this meeting.

Mr. Dwyer thanked staff, the members of the LLC, his fellow board members and the consultants that helped us on this path. He recalled a slide he had once shared on raising the first pole in Lempster, NH and the challenges that they faced when they raised that first electric pole, noting that we have similar challenges today. They rose to that occasion and brought electricity to rural NH and we are more than capable of rising to the challenge today and bringing broadband to all our members. It is a very exciting day for our members.

Mr. French mentioned that he shares the sentiments of his colleagues. He commented that while some of our members may feel this was a long time coming, we needed to do the kinds of due diligence that have been done over the past year or more and we have a program that is going to be tremendously helpful to our membership. We have always kept in the forefront of our mind that the electric distribution business cannot be harmed in what we do and we have a program to move us forward in that light.

Mrs. Kedersha shared that as much as she really wants broadband and sees the need, she can't support a plan that fails to address adequate capacity to support our members during peak congestion times, while at the same time the model envisions charging our members such an exorbitant cost. The financial model presented today fails in her judgement to fully consider the necessary expenses to run this in a financially sustainable fashion and she exercises that comment as a qualified financial expert.

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Ms. McElaney commented that she believes the information presented to get us to this vote exercises due diligence. She appreciates the work that staff and the board team have done to get us to this point and feels this information is in line with votes previously made. She thanked other members of the board for continuing to raise their concerns and keeping us all on our toes and asking the right questions as we move forward.

Mr. Mongeon noted that he was one of the early proponents of broadband but he is abstaining today because for him there is insufficient information in the plan; it doesn't adequately address risks and assumptions and he has some financial related concerns. He added that he is also very uncomfortable with the process that the board continues to take over the last several months, including not sufficiently leveraging consultants, as advised by a consultant we spent several months with. He is abstaining, but he wants to see broadband move forward.

Mr. Morrill shared his appreciation for the cross functional Senior Management and Board team that built a plan to outline managing risk and setting up a process for us to manage it going forward, which is critical for keeping the lights on but also meeting our members' needs on the broadband front.

Mr. Senie remarked that he believes there are a number of both financial and technical issues that have not been fully addressed and he is exercising his fiduciary responsibility as a director to vote no and encourage the team to refine the proposal, even though it will pass, to provide answers to the questions raised. He shared that back in August of last year he resigned from NH Broadband, LLC Managers Committee because he had concern about the way the LLC managers board was functioning and he couldn't support it any longer.

Chair Morrill thanked everyone. He opened the meeting to guest comments.

Messrs. Knox and DuBois both shared their thanks and appreciation to the board.

Mr. Sylvester joined at 11:12 a.m.

For the benefit of Mr. Sylvester, Chair Morrill provided a recap of the motion just passed by the board and Mr. Sylvester offered his thanks.

Mr. Mongeon mentioned that we had talked and agreed that if time permitted, we would talk about process improvements relative to broadband.

It was mentioned that there was no discussion or board vote to add this to the agenda. Mr. Mongeon moved to add an agenda item to discuss process improvements in deliberations for future broadband decisions forthcoming. The motion failed for lack of a second. Mr. Mongeon expressed his concern that based on the number of questions we had and the result of this vote that directors are not interested in improving our processes on behalf of our members.

Chair Morrill offered his thanks to everyone.

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Adjournment

Upon motion of Mr. Darcy, seconded by Mr. Senie, it was unanimously voted to adjourn the meeting. Chair Morrill adjourned the meeting at 11:15 a.m.

Brenda Boisvert, Secretary

A TRUE COPY ATTEST:

Jeffrey Morrill, Chair of the Board