

Approved 11/24/20

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

Minutes of the Meeting of the Board of Directors

October 27, 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 October 27, 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, Brenda Boisvert, William Darcy, Sharon Davis, Leo Dwyer, Edward French, Carolyn Kedersha, Madeline McElaney, Jeffrey Morrill, and Daniel Senie. 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; Josh Mazzei, Operations Manager; Scott Davis, Power Resources Administrator; Ken Colburn, NRECA Director for NH; NHEC Members Harry Viens, Julie Dolan, Catherine Crooker, and Jerry Stringham; Katherine Pellecchia of Korn Ferry; Mark Smith, Labor Relations Advisor; and Sharon Yeaton, Executive Services Administrator (recording).

Chair Mongeon called the meeting to order at 8:31 a.m.

Agenda Review and Approval of Minutes

There were no changes to the agenda.

The minutes of the September 29, 2020, Board meeting were reviewed. Upon motion of Mrs. Boisvert, seconded by Ms. Albee, it was

VOTED: To adopt the minutes of the September 29, 2020, Board meeting, as presented.

Vote for the motion was unanimous.

Ms. Dolan joined the meeting at 8:33 a.m.

Board Safety Moment

Mr. Mazzei presented the safety moment reviewing a recent incident and sharing the lessons learned.

Mr. Mazzei left the meeting at 8:44 a.m.

Chairman's Report

Chair Mongeon presented the Chairman's Report. He shared a few words about broadband, noting that this is a historic period for the Co-op. He expressed his continued appreciation for

the hard work of all those involved in the broadband effort, as well as the members for their engagement. He next discussed change on the board and senior management team over the last few years.

Mr. Viens joined the meeting at 8:49 a.m.

Chair Mongeon next mentioned committee SMART goals, emails among directors, and director training. He noted that Mrs. Kedersha has offered to make a future presentation to the board to share what she learns from a National Association of Corporate Directors (NACD) cyber course she is taking.

Mr. Davis joined the meeting at 8:54 a.m.

President's Report

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

Mr. Stringham joined the meeting at 9:02 a.m.

Mr. Camerino continued his review of the dashboard, stating that page two is meant to provide the board with an update on the status of priorities that may not otherwise be discussed because there is nothing new to report. He noted that it is a work in process and he welcomes input from directors. Before turning to Mr. Dunagin for the financial update, Mr. Camerino discussed a couple of major variance items.

Mr. Dunagin provided a financial update and addressed questions. He reviewed slides on year-to-date financial results through September compared to budget, delivery service billed revenue compared to budget, September non-residential kWh sales by sector, accounts receivable aging, accounts receivable aging number of accounts, accounts receivable aging compared to the unemployment rate, disposition of 60+ day arrears, and payment arrangements.

Ms. Crooker joined the meeting at 9:16 a.m.

Mr. Callnan reviewed the monthly Power Resources Variance Report and addressed questions. He next discussed the timeline for the Moultonborough Battery Project, noting that the project is on schedule to be operational in the first quarter of 2021 and there will be significant activity at the site.

Capital Credits Update

Chair Mongeon noted that he asked to have a monthly update on Capital Credits and the additional dashboard item can be used to cover that. Mr. Camerino noted that a more detailed update would be provided next month.

Mr. Davis left the meeting at 9:28 a.m.

Broadband

Chair Mongeon welcomed members to the meeting and introductions took place.

Mr. Dwyer provided an update on the CARES projects, noting that we are on track to meet the December 15th deadline.

Mr. Darcy discussed the resolution regarding broadband, noting that it is intended to provide a public record of the basis for the board's action on broadband taken during executive session so the public knows what we are doing and why we are doing it. The following resolution was offered by Mr. Dwyer and seconded by Mr. Senie:

WHEREAS reliable high-speed internet service has become an essential service for communications, education, health and business; and

WHEREAS the rural nature of much of NHEC's service area has resulted in a large number of members with slow and unreliable internet service that hampers their ability to meaningfully engage in education, business opportunities, social activities, entertainment, tele-medicine, and in other activities important to their lives; and

WHEREAS for-profit commercial telecommunications providers have not met the needs of many members for fast, reliable and cost-effective internet services; and

WHEREAS the mission of electric cooperatives and NHEC is to provide essential services to members who are not having their needs met by for-profit commercial providers; and

WHEREAS the COVID-19 pandemic highlighted the need for high speed internet service on par with electricity and water; and

WHEREAS fiber to the home internet provides fast and reliable internet service that is capable of meeting members' needs into the future; and

WHEREAS, the Board of Directors recognizing the above stated facts authorized submission of applications to Connecting New Hampshire Broadband Expansion Program, signing grant agreements, and signing construction contracts to provide fiber internet services in a pilot program to members in Lempster, Colebrook, Stewartstown and Clarksville; and

WHEREAS over a hundred fifty electric cooperatives in the United States have decided to implement broadband internet services for their members; and

WHEREAS NRTC was founded in 1986 by electric cooperatives, the National Rural Electric Cooperative Association (NRECA), and the National Rural Utilities Cooperative Finance Corporation (CFC), and today provides over 1,500 rural utilities and affiliates in 48 states with telecommunications and advisory services; and

WHEREAS the Board has hired NRTC for its expertise in advising electric cooperatives considering implementation of broadband solutions for its members; and

WHEREAS NRTC has provided NHEC with numerous financial feasibility models tailored to NHEC's electric system infrastructure to evaluate the economics of broadband implementation; and

WHEREAS NRTC has attended numerous meetings with the Board's Broadband Committee and NHEC staff reviewing, evaluating and modifying the financial and operational scenarios included in the feasibility analysis, which included NHEC's electric capital construction plans for the future; and

WHEREAS NHEC's most important goal is protecting the interests of its electric members by assuring the financial viability of the broadband initiative to mitigate any potential negative impacts on members' electricity service; and

WHEREAS the financial feasibility models show the buildout of a fiber optic network in NHEC's service territory is viable, poses reasonable business risks and great benefit to NHEC's members and the communities it serves; and

WHEREAS based on the financial viability analysis and the financial and operational risks which the Board has evaluated, the Board of Directors finds that the significant benefits to members, the communities we serve, local and state economy, and electric system operations outweigh the potential risks of providing fiber optic internet service to our members and the electric system; and

WHEREAS there will be additional opportunities to control financial and operational risks by the timing of the fiber buildout; the corporate organization to implement broadband services to members; by contracts and partnerships; and by improving the financial viability of the broadband business by seeking state and federal grant funds and low interest loans;

WHEREAS NHEC members have expressed support for NHEC facilitating provision of broadband services through a membership vote this spring, in member surveys, Telephone Town Hall, and in other forums; and

WHEREAS NHEC members were asked in September and October of this year to vote to revise the NHEC Bylaws "to provide the flexibility needed to quickly and efficiently take advantage of opportunities to ensure all members have access to affordable, reliable, high speed internet," and they responded with an overwhelming 88% vote of approval;

WHEREFORE, BE IT RESOLVED, That the Board of Directors supports providing high speed internet service to members, and authorizes the President and staff to implement the provision of high speed fiber optic internet and seek fiber internet funding opportunities to increase the financial strength of NHEC and the viability of the high speed internet business.

Vote for the motion was unanimous.

Chair Mongeon provided an update on the broadband executive search. There was discussion on the logistics for the in-person interviews scheduled for Friday. Mrs. Ouellette discussed the COVID protocols that will be in place and advised that she would be sending the candidates NHEC's COVID guidelines. She noted that she will also provide a conference call number for

those wishing to participate remotely. It was also mentioned that any director not able to attend the debrief session on Saturday should email Chair Mongeon and Mrs. Ouellette with their thoughts on the candidates.

Chair Mongeon noted that as the Broadband Committee continues to evolve and a broadband executive is hired we will want to relook at the committee charter.

NHEC members shared their appreciation for NHEC's broadband efforts.

Employee Engagement Survey

Mr. Camerino reminded the board that as part of our organizational effectiveness efforts a key to that is creating a culture that is more nimble and responsive. He noted that we teamed up with Korn Ferry and surveyed our employees to identify where we are seeing the kinds of behaviors and culture we want to have and where are we falling short of that so that we can develop a plan on how to move the needle.

Ms. Crooker, Ms. Dolan, and Mr. Stringham left the meeting and Ms. Pellecchia joined the meeting at 9:57 a.m.

Mrs. Ouellette introduced Ms. Pellecchia, a principal at Korn Ferry, noting that she and her team worked extensively with Mrs. Ouellette and overcame delays due to COVID to make sure we got this survey out to our employees.

Ms. Pellecchia reviewed a PowerPoint presentation of NHEC's 2020 Employee Engagement Survey Results and addressed questions. She stated that NHEC's scores were exceptionally strong for its first cycle and employees feel both engaged and enabled. She reviewed NHEC's strengths and opportunities for improvement, Korn Ferry's Engaged Performance™ Framework, and foci to drive engagement and enablement. She noted that leaders and managers are highly engaged and enabled and employees are highly effective. She shared a high level view of the survey data and reviewed the top themes from employee comments. She discussed the overall conclusions, reviewing strengths and priorities.

Mr. Camerino commented that the three big takeaways are aligned with things that are either in our strategic plan, or consistent with it: Performance Management system, training and advancement, and communication.

The meeting recessed at 10:29 a.m. Ms. Pellecchia left the meeting at this time.

The meeting reconvened at 10:40 a.m.

Board Committees

The draft minutes of the September 28, 2020, meetings of the Corporate Services and Power Resources and Access Committees and the September 29, 2020, Executive Committee meeting were reviewed. Upon motion of Mr. French, seconded by Mr. Senie, it was

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VOTED: To approve the minutes of the September 28, 2020, Corporate Services and Power Resources and Access Committee meetings and the September 29, 2020, Executive Committee meeting, as presented.

Chair Mongeon reported that the motion passed unanimously with all ten directors present voting in favor of the motion. It was noted that director Morrill lost connection to the meeting and did not vote.

Executive Committee

Chair Mongeon drew attention to the three board policies addressed by the Executive Committee that were included in the board packet. Upon motion of Mrs. Boisvert, seconded by Mrs. Kedersha, it was

VOTED: That the Board of Directors adopts the changes to Board Policies B-9, Board of Director's Stipends and Expenses; B-38, Director Electric Accounts; and B-40, Nominating Committee, as presented.

Chair Mongeon reported that the motion passed unanimously with all ten directors present voting in favor of the motion. It was noted that director Morrill lost connection to the meeting and did not vote.

Chair Mongeon next drew attention to the proposed 2021 Nominating Committee Questionnaire included in the board packet. Upon motion of Mr. Senie, seconded by Mrs. Boisvert, it was

VOTED: That the Board of Directors approves the Nominating Committee Questionnaire as presented.

Chair Mongeon reported that the motion passed unanimously with all ten directors present voting in favor of the motion. It was noted that director Morrill lost connection to the meeting and did not vote.

Mrs. Kedersha noted that she disagrees with the definition of a past due account described in Board Policy B-38, suggesting that anyone being considered should be able to fulfill the basic responsibility of not being past due.

Chair Mongeon next discussed the Executive Committee SMART goals.

Audit Committee

Audit Committee Chair Albee reported on yesterday's committee meeting, advising that they agreed to sign the letter of engagement with BerryDunn and the committee has opened communications with both internal and external auditors and everything is on track.

Corporate Services Committee

Corporate Services Committee Chair French reported on yesterday's committee meeting covering the topics of the inventory adjustment, preliminary 2021 budget review, and a follow-up discussion on the biannual rate changes.

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

VOTED: That the Board of Directors authorizes a write-off for the physical inventory in the amount of \$34,182.28 taken September 17, 2020.

Vote for the motion was unanimous.

Member Services Committee

Member Services Committee Chair Morrill reported on yesterday's committee meeting, discussing the 2021 Annual Meeting, some topics that cross both the Member Services and Power Resources and Access committees, and the annual review of committee policies.

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

VOTED: That the Board of Directors approves the revisions, as presented, to Board Policies B-12, Membership Dues and Contributions Policy; B-2, Attachment D, Member Services Committee; B-23, Economic and Community Development; and B-39, Member Electrical Usage Data.

Vote for the motion was unanimous.

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

VOTED: That the Board of Directors sets the date, time, and location for the 2021 NHEC Annual Meeting of the Members as Wednesday, June 16, 2021, at 10:00 a.m. with the meeting to be held virtually.

Vote for the motion was unanimous.

Referring back to the Audit Committee Report, Ms. Albee mentioned that the presentation on the SCADA assessment and IT risk assessment was cut off at the end and so a final slide will be prepared to update the committee. She also noted that Messrs. Dunagin and Camerino will also keep the committee up to date on the Enterprise Risk Management (ERM) Report.

Updates from Other Committees

Engineering and Operations Committee Chair Senie noted that the next committee meeting is scheduled for Monday, November 2nd.

Power Resources and Access Committee Chair Dwyer noted that a joint meeting with the Member Services Committee to discuss the battery project will be scheduled. He reviewed the Power Resources and Access Committee's SMART goals.

Mr. Callnan provided clarification on the Power Resources and Access Committee SMART goals.

Mr. Smith joined the meeting at 10:57

Attorney's Report

Attorney Dean advised that he had nothing to report outside of executive session.

Board General Session

Board Tracking Report

Chair Mongeon indicated that he would provide some language for the tracking report to add an item relative to relooking at the bylaws and the possibility of narrowing the scope of the recent bylaw change.

Committee Meetings

Following is a list of upcoming committee meetings:

- Engineering and Operations Committee – November 2 at 8:30 a.m.
- Corporate Services Committee – November 23 at 8:30 a.m.

NHEC Foundation Report

NHEC Foundation Chair Davis presented the NHEC Foundation report, drawing attention to the written report included in the board packet. She noted that the next NHEC Foundation meeting is scheduled for December 28th.

Director Expense Reports

Chair Mongeon pointed out that a director expense report was included in the board packet.

NRECA Report

Mr. Colburn presented the NRECA Report, sharing highlights from his written report which was included in the board packet. He also discussed a conversation he had with NRECA CEO Jim Matheson, suggesting to him that in future congressional legislation or COVID relief efforts it would be good to support broadband on the part of co-ops beyond just the first movers.

Mr. Mazzei rejoined the meeting at 11:09 a.m.

Mr. French discussed his experience attending the NRECA Regional Meeting. He suggested that an item be added to the Board Tracking Report to determine if it is feasible for the board to review NRECA resolutions and determine its position prior to the delegate voting at the NRECA meeting.

Mr. Viens reported that NRECA has just announced that its standing committee meetings scheduled in January will be held as virtual meetings.

Chair Mongeon expressed his appreciation to Mr. Colburn for providing links to readings and videos and asked him to give some thought to creating a running list that he could just add to and keep as part of his report.

Executive Session

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

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VOTED: That the Board of Directors move into executive session for the purpose of discussion of confidential legal claims/litigation/contract negotiations, confidential personnel matters, and confidential attorney/client consultation.

Vote for the motion was unanimous and the board moved into executive session at 11:14 a.m. Messrs. Colburn and Viens left the meeting at this time.

The board moved out of executive session at 12:14 p.m.

Chair Mongeon noted that there are two resolutions to be addressed as a result of the discussion in executive session.

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

VOTED: That the Board of Directors approves the two agreements between New Hampshire Electric Cooperative, Inc. and Local Union No. 1837 International Brotherhood of Electrical Workers, as presented in Executive Session.

Mr. Darcy stated as the grounds for his vote that the Directors were not given sufficient time to evaluate the proposed negotiating parameters; that management did not provide Directors with sufficient information on regional wage and benefit settlements and cost of living, to evaluate the proposal; and that the proposed contract far exceeded annual total compensation increases in New Hampshire and the Northeast so as not to be in the best interests of members.

Mr. Camerino commented that management strongly disagrees with Mr. Darcy's characterization and we have discussed his concerns during today's executive session, as well as prior meetings.

Following further discussion, vote for the motion was ten in favor and one opposed, with Mr. Darcy opposing. The motion carries.

Mrs. Davis offered the following resolution, which was seconded by Mr. Senie:

WHEREAS, New Hampshire Electric Cooperative, Inc. ("the Participating System") is participating in the NRECA-sponsored defined benefit plan, the Retirement Security Plan (the "RS Plan"), and the defined contribution plan, the 401(k) Pension Plan (the "401(k) Plan"), and;

WHEREAS, The Board of Directors of New Hampshire Electric Cooperative Inc. ("the Board") now desires to amend the RS Plan pursuant to Section 18.02 of the RS Plan document and Section 18.2 of the 401(k) Plan document, and does hereby authorize the amendments effective January 1, 2021 by executing the appropriate Adoption Agreements;

BE IT RESOLVED, that the RS Plan for 30004-002B and 30004-003A shall be updated as follows:

- Normal Retirement Date:

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New Hampshire Electric Cooperative shall amend the Plan's Normal Retirement Date from the first day of the month coincident with or next following a Participant's attainment of age 62 to the first day of the month coincident with or next following a Participant's attainment of age 65.

- **Normal Retirement Benefits:**

The retirement benefit payable to a Participant who retires on his/her Normal Retirement date, computed as a Joint and Spouse Annuity, shall be equal to 1.7% of the Participant's Final Average Earnings multiplied by years of Benefit Service accrued after December 31, 2020, plus the Participant's accrued benefit before January 1, 2021 derived in accordance with section 7(a)(ii) of the Retirement Security Plan Adoption Agreement and the Specifications of the Retirement Security Plan.

BE IT FURTHER RESOLVED, that the 401(k) Plan for 30004-002 and 30004-003 shall be updated as follows:

- The maximum Employer Matching Contribution shall be increased. Effective January 1, 2021, the Employer Matching Contribution shall equal to 100% of a Participant's Employee Elective Contributions of 0% to 4.5% of the Participant's Base Compensation

BE IT FURTHER RESOLVED, that employees of New Hampshire Electric Cooperative Inc. who will experience a reduction in benefits due to this amendment will receive the proper notification under §204(h) of the Employee Retirement Income Security Act no later than **45** days prior to the effective date of the new plan provision.

BE IT FURTHER RESOLVED, that the Board does hereby authorize and direct Steven V. Camerino the President/CEO, to execute all necessary documents and to take any and all further actions necessary to carry out the intentions of the Board as indicated in this resolution.

Vote for the motion was ten in favor and one opposed, with Mr. Darcy opposing. The motion carries.

The meeting recessed for lunch at 12:22 p.m. Messrs. Mazzei and Kaminski left the meeting at this time.

The meeting reconvened at 12:39 p.m. Upon motion of Mr. Darcy, seconded by Mr. French, it was

VOTED: That the Board of Directors move into executive session for the purpose of discussion of confidential legal claims/litigation/contract negotiations, confidential personnel matters, and confidential attorney/client consultation.

Vote for the motion was unanimous and the board moved into executive session at 12:40 p.m.

Approved 11/24/20

Adjournment

The board moved out of executive session and Chair Mongeon adjourned the meeting at 1:58 p.m.

Brenda Boisvert, Secretary

A TRUE COPY ATTEST:

Thomas Mongeon, Chair of the Board