APPROVED
2.6.26

New Hampshire Electric Cooperative, Inc.
Minutes of the Meeting of the Funds Management Committee
Teams Meeting
January 16, 2026 10:00 a.m.

Present: Funds Management Committee Board Members: Bill Darcy, Peter Laufenberg (Chair), Pat Barbour, Robert MacLeod

Other Board Members: Harry Viens, Jerry Stringham

NHEC Employees: Michael Jennings, Kristen Taylor, and Maida Lessard (Recording)

Meeting Called to Order

Chair Laufenberg called the meeting to order at 9:58 a.m.

Agenda Review

A change was requested to move item VI. Revision of the Plan to the beginning of the agenda.

Revision of the Plan Policy

Mr. Darcy provided a detailed history of the New Hampshire Electric Cooperative Post-Retirement Benefit Plan as stated from the 2026 actuarial evaluation, originally adopted in 1996 alongside the establishment of a trust fund. He explained that the trust fund was effectively abandoned, beginning in 2000 when the Cooperative transitioned to a pay-as-you-go approach for retiree health benefits, as permitted by changes in PUC requirements. He noted:

- No funds have been drawn from the trust since 2000, allowing assets to grow through market performance.
- Audited financial statement notes from 2002 document the transition to pay-as-you-go funding and the evolving investment policies.
- Obsolete references to welfare plans and trust fund mechanics that no longer exist.
- An unworkable claims and appeals process that has never been utilized in practice.
- A missing or outdated "Exhibit 1," which originally listed plan benefits but has been revised informally over time as contracts changed.
- Suggests that the plan be simplified to clearly state the obligation to pay retiree health benefits as governed by collective bargaining agreements, executive contracts, and personnel policies.
- Authority to update Exhibit 1 should reside with staff rather than requiring Board approval for each change. The Board ultimately approves changes by approving the union contract.
- The plan must explicitly authorize pay-as-you-go payments, with discretionary

reimbursement from reserve funds.

He noted from 2000 through 2005, the actuarial future costs over 10 years of benefits was going to be $2.6 million and there were $777,000 of fund assets. In 2006, the notes state that the plan was underfunded by about $1.5 million and revealed that the board and committee had established a policy that determined how to manage the funds that included managing the funds to exceed inflation, meet actuarial assumptions, perform in line with benchmark returns, and fund the operating needs. It adopted a fund allocation of 55% bond funds and 45% of stock funds.

The 2006 actuarial evaluation also contained a statement that there were no plan amendments recognized. NHEC decided to terminate the trust fund as a result of a resolution on November 25th by the board and because the liquidation does not affect benefits under the plan, it does not trigger a curtailment of settlement of the plan. The ERISA attorney that reviewed this trust confirmed there was no violation in terminating the trust as we did.

It is not clear if life insurance benefits were included as part of the plan. The NRECA actuarial evaluation has a note that says the cooperative pays premiums for 9 grandfathered retirees in the 2022 valuation and will be paid until the age of 70. As the plan is about health benefits, we should exclude life insurance from the committee's jurisdiction and from the plan.

Amending the plan will be a lengthy process as we need to eliminate reference to the trust fund, obsolete references to welfare plans, and either eliminate or substantially modify the claim procedure to give staff more clear power over it. It should be made clear that the committee can tell staff to implement the pay as you go and then at the end of the year the committee can make decisions as to whether to reimburse from the fund or leave it as is. It should also be made clear that the board doesn't have to approve any revisions of Exhibit 1, the statement of benefits, which is under the committee's jurisdiction.

Mr. Viens recalled that the fund was abandoned some time ago and the idea was they put money into it and it was not anticipated we would have to put any more funds into it. There were no provisions that he recalled for moving those funds or reallocating them once we hit the point where nobody was filing claims against it.

Mr. Darcy is going to re-write the red-lined document that was included in the meeting packet and submit a different document to include the existing procedure along with some requirements for the staff to report to the committee the people who retired (not by name) and their age at retirement. This will provide the committee an estimate of what the funding requirements are going to be in the future.

Mr. Jennings commented that it is clear who is eligible and to what extent in the past so there hasn't been a need to adjudicate things.

Ms. Barbour asked if this is a policy that would go through the normal policy review from the attorneys or get any input on the wording.

Mr. Darcy replied that he doesn't think that is necessary as we have to pay the obligations to the employees that are obligated by the contract.

Mr. MacLeod asked if no one knew the fund existed and that's why it wasn't used. He also asked if no money was put into it, would the fund be exhausted at some point.

Mr. Darcy replied yes it would've been exhausted if it had been used. We were able to terminate the fund because NHEC made payments out of pocket that exceeded the fund assets. This allowed us to reimburse NHEC for all past payments that brought the fund to zero and enabled us to terminate the fund.

Mr. Jennings commented the reason the funds weren't utilized is because the rate of return was going to be higher than our borrowing rate. Because of this, it was decided to borrow to pay our obligations as opposed to utilizing the fund.

Ms. Taylor reached out to People and Culture to ask about the grandfathered retirees and life insurance benefits and will let the committee know what the result is. She referenced an investment policy that was last reviewed and redlined in 2023 that changed the fixed income equity allocation mix to 60/40.

Mr. Darcy asked what the policy was before the change in 2023.

Ms. Taylor will do some research and get back to the committee with that information as well as send the most recent investment policy.

Chair Laufenberg asked her to send the current investment policy to the committee. He also confirmed that the redlined draft plan document distributed in advance will not be acted upon. A substantially revised and simplified draft will be prepared for review at the next meeting.

Mr. Darcy confirmed that is correct. The committee will make a judgment later in the year whether to reimburse from the fund or let the fund grow.

Establishment of Individual Funds

Chair Laufenberg confirmed with Ms. Taylor that the check from the termination of the fund has been received and deposited. He recommended creating two dedicated reserve funds, one for the retiree health benefits and one for a major storm reserve.

Ms. Barbour is in favor of creating a storm reserve fund with part of the money but suggests that we have a strategy for how much money goes where.

Chair Laufenberg confirmed there was consensus of the committee to recommend the creation of both funds to the Board of Directors.

Mr. Darcy suggested to wait until the committee has a complete final package to include the revised plan, the allocation and the rationale for the allocation of the funds to present to the board.

The committee discussed allocation of the approximately $2.627 million previously received. After discussion, members reached consensus to allocate the funds on a 50/50 basis between the two reserve funds, subject to board approval.

Mr. Darcy recommends making it clear that we have an obligation to pay the retirement funds from either the NHEC general fund or from the fund that we have along with the ability to transfer between the funds for flexibility.

Ms. Barbour asked if the creation of these two funds are the only funds that this committee is going to be managing or does NHEC have other monies that would fall into this category.

Ms. Taylor confirmed there are no other funds.

Ms. Barbour drew attention to the footnotes from one of the prior financial statements that referenced the funding status of this plan and the small delta between the balance of the fund and the estimated liability. She asked if there would be a big change to that footnote in the first year as putting money in a storm reserve fund will change the funding status in the footnote which could be a concern to our lenders and auditors.

Mr. Darcy replied it will change the assets and liabilities in the balance sheet, however, in terms of the overall debt, it won't change it much. The note should also state that we terminated the fund and then allocated it between two other funds. According to the ERISA attorney, if there is no change in the plan benefits, there is no problem.

Ms. Taylor doesn't see a problem with the change in the footnote as long as it's explained and it's following accounting guidelines.

Chair Laufenberg commented he is in favor of splitting the amount of money 50/50 into two funds and establish guidelines and parameters as to when the funds would be used. The members of the committee were all in agreement.

Mr. MacLeod asked what the purpose was of having a storm reserve fund and would this take the place of having a line item for major storms on the budget.

Mr. Jennings replied that we do budget for minor storm damage, however, if we have an event, the storm expenses could exceed what we had budgeted for a margin. This fund would be intended to help absorb some of that cost if we were to have a large storm event.

Chair Laufenberg also commented the storm reserve fund would provide a buffer in years where FEMA reimbursements or other external funding may be delayed or unavailable to cover major storms.

Discuss Potential Custodians of the Funds

Chair Laufenberg recommended using Homestead Fund as a potential provider for the two funds.

Mr. Darcy asked how their fees compare to other financial institutions.

Mr. Jennings commented the costs are minimal as you only pay for any costs associated with the fund you are investing in. He suggested having a representative of the Homestead Fund attend the next committee meeting and present what they offer.

Chair Laufenberg asked for confirmation that the Homestead Fund doesn't charge an advisory fee like what we were paying Edward Jones only fund fees for each.

Mr. Jennings confirmed that is correct and the fee calculation will be based on how we decide to invest.

Ms. Taylor also confirmed there would be no advisory or transaction fees and we would need to set the accounts up as a corporate account instead of a trust account, however, she suggests we verify this with them.

Chair Laufenberg also suggested looking at what their menu of funds along with all associated costs are that we can choose from.

Mr. Jennings commented that he has some information he can share and he and Ms. Taylor will follow up to get confirmation in writing on the fees they charge.

Investment Policy Discussion and Creation Funds

Chair Laufenberg acknowledged the existence of a current investment policy that was last updated in 2023 and confirmed Ms. Taylor will send out the most recent investment policy to the committee members for review.

Mr. Darcy has a preference for a policy that allows asset allocation flexibility within defined ranges rather than fixed allocations.

Mr. Jennings reported that we still have two people enrolled in life insurance and they won't age out of eligibility for another five and six years.

The committee agreed to hold more follow-up meetings to review documents before advancing recommendations to the board.

Mr. Darcy commented it isn't necessary to put that in the plan document as NHEC pays them directly.

Upon motion of Mr. Darcy, seconded by Ms. Barbour, it was

VOTED That the Funds Management Committee adjourn the meeting at 10:51 a.m.

Vote for the motion was unanimous.

Next Meeting: February 6, 2026, 10:00 a.m.