

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

Minutes of the Meeting of the Board of Directors October 29, 2024

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 29, 2024, at the Cooperative's 287 Highland Street Office in Plymouth, NH.

Directors present were William Darcy (Chair), Leo Dwyer, Jeff Morrill (via Teams), Harry Viens, Alana Albee (via Teams), Thomas Mongeon (via Teams), Pat Barbour, Carolyn Kedersha, Jerry Stringham, Peter Laufenberg, and John Goodrich.

Others present were Alyssa Clemens Roberts, President/CEO; Kristen Taylor, Chief Financial Officer; Maria Stella, Assistant Controller; Joshua Mazzei, VP of Operations; Jeremy Clark, Financial Planning, Analysis, and Rates Manager; Todd Fahey, Attorney; Sonja Gonzalez, Chief Information Officer; Michael Jennings, VP of Energy Delivery; Peter Glenshaw, VP of Member Engagement; Autumn Doan, Budget Executive; Maida Lessard, Executive Services Administrator (recording); Madeline McElaney, NRECA Director for New Hampshire (via Teams); Brenda Inman, Cooperative Member; and Jeanne Ryer, Cooperative Member (via Teams).

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

Agenda Review and Consent Agenda Approval

Chair Darcy then drew attention to the consent agenda items. He stated he would like to move the discussion on the CFC loan agreement 9097 for \$29 million, attachment 5n, schedule 1, and the associated resolution attachment 5o on page 293 items 3 and 5 to the executive session. After it is discussed, we can move out of executive session.

The next item is the consent agenda which includes both the draft minutes from the September 24, 2024 Board of Directors Meeting and expense reports.

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

VOTED That the Board of Directors approve the consent agenda items as presented in the board packet.

Vote for the motion was unanimous.

Chairman's Report

Chair Darcy drew attention to October being International Cooperative Month and Governor Sununu issued an executive proclamation making this Cooperative Month in New Hampshire. He noted that a great example of the cooperative spirit is our line crews traveling down to North

Carolina to help with the devastation that occurred down there. They assisted crews at Energy United and Rutherford EMC and did a great job. He expressed his appreciation to those line crews for their hard work. He also expressed his appreciation to Jim Horan who took the new directors on a ride out of some of our territory. Chair Darcy received rave reviews from all four directors and they expressed how informative and helpful this background was to them. He also called out Gary Lemay for taking some of the board members on a tour of the Moultonborough Solar array as everyone found it to be very helpful.

Board Committees

Executive Committee

Chair Darcy drew attention to the resolution for setting the date and location of the 2025 Annual Meeting. He asked for affirmation that we will be seeking sponsorships again to cover the cost as we did previously as a member had concerns about the cost of meeting in a resort.

Mr. Glenshaw confirmed that we would be seeking sponsorships as we did last year.

Chair Darcy asked for a motion to approve the NHEC Annual Meeting date of June 17, 2025 at 5:00 p.m. to be held at the Owl's Nest Resort in Thornton, NH.

Upon a motion of Mr. Goodrich, seconded by Mr. Laufenberg, it was

VOTED That the Board of Directors approve the NHEC Annual Meeting date of June 17, 2025 at 5:00 p.m. to be held at the Owl's Nest Resort in Thornton, NH.

Vote for the motion was unanimous.

Chair Darcy then made a motion to adopt the new board policies B-5, B-8, B-9, B-13 and the revised index as stated in the agenda package and explained in a memorandum to all the board members. Seconded by Mr. Mongeon, it was

VOTED That the New Hampshire Electric Cooperative (NHEC) Board of Directors adopts the new board policies B-5, General Counsel, B-8, Disclosure of NHEC Information and the Open Conduct of Meetings of the Board of Directors and its Committees, B-9, Board and Staff Expenses and Board Stipends, and B-13 Code of Ethical Conduct, Anti-Discrimination, Anti-Harassment, Whistleblower and Complaint Procedure, and deletes obsolete policies, including the former Code of Conduct, Statement of Ethics and Whistleblower policies, and the Board Policy index will be revised to be consistent with the changes.

Vote for the motion was unanimous.

Chair Darcy then drew attention to the 2025 Nominating Committee Questionnaire and noted the only changes were the list of directors that the Nominating Committee candidates could contact and an additional sentence to question #8 asking to include any previous experience and the year as a member of the Nominating Committee.

Upon motion of Mr. Viens, seconded by Ms. Kedersha, it was

VOTED That the Board of Directors approve the 2025 Nominating Committee Questionnaire.

Vote for the motion was unanimous.

E&O Committee

Mr. Mongeon noted that the committee met on October 4th and covered a number of topics, including an overview of the NHEC power system, a grants update, and facilities update. The committee voted to approve the recommendation of the 2025 Capital Construction budget of \$21.7 million as well as reaffirmation of the board policy B-2, Attachment C to the board.

Upon motion of Chair Darcy, seconded by Mr. Dwyer, it was

VOTED That the Board of Directors approve the reaffirmation of the board policy B-2, Attachment C with no changes.

Vote for the motion was unanimous.

Mr. Jennings drew attention to two follow-up questions from the meeting. The first question was in reference to the cost for the mobile substation in 2021. When we originally presented it, we estimated it to be about \$3 million. The final cost will be coming in at \$2.8 million which is inclusive of all the change orders and an additional \$30,000 of engineering costs associated with that, so it is still under \$3 million we originally estimated.

The second follow-up question was in regards to the grant discussion and the FLORA grant through the State of New Hampshire. We asked about the small utility set aside and they responded that all New Hampshire utilities meet the requirements for the small utility set aside as it is determined through power supply sales. We submitted our letter of intent for that grant before the deadline.

Chair Darcy drew attention to the date of the NH Broadband LLC Manager's meeting and the December board meeting being on December 30th and 31st and the need to re-schedule it for earlier in the month. It was decided to change the NH Broadband LLC meeting to Monday, December 16th, and the board meeting to Tuesday, December 17th.

Ms. Clemens Roberts noted that the financials will not be available that early in the month and several staff members have vacation scheduled around the holidays.

Mr. Mongeon suggested the financials can be forwarded to the board when they are available.

Chair Darcy made a motion to re-schedule the December board meeting, seconded by Mr. Laufenberg, it was

VOTED That the Board of Directors re-schedule the December board meeting from December 31st to December 17th due to the holidays.

Vote for the motion was unanimous.

Audit Committee

Ms. Albee reported the Audit Committee met on October 21st and the committee unanimously recommended to the board the revised policies which consolidate previous audit policies including the charter. Staff reviewed the revised policies and they provided editorial revisions.

Ms. Albee made a motion to adopt the revised audit policies B-2, Attachment D, and B-12, seconded by Ms. Kedersha, it was

VOTED That the Board of Directors adopt the new audit board policies B-2, Attachment D, and B-12.

Vote for the motion was unanimous.

Ms. Albee then drew attention to the audit engagement letter with the external auditors. There have been some edits requested by the committee that clarify the board and the Audit Committee's role in considering and being informed of recommendations and opinions of the external auditor and that the Audit chair should sign the letter. The committee voted unanimously that the letter is approved and should be signed once the edits were complete.

The internal audit was approved by the committee and they appreciated the useful report and next steps on procedures and compliance testing. There are a number of outstanding procedural updates that still need to be done and this has in some cases caused delays in internal compliance testing and auditing.

Several additional actions were requested by the committee such as a full list of procedures and plans with dates of the most recent revisions and compliance auditing will be provided to the board. The procurement procedure series 800 has been updated and uploaded to OnBoard following the meeting. Ms. Clemens Roberts has agreed to come back to the committee with a suggestion as to how many procedures and plans of NHEC can be made viewable to the board.

She noted there is an internal intranet system that the staff uses and this is not the same as OnBoard.

Two outstanding requests of the board were agreed to be uploaded to OnBoard: the completed vegetation management plan and the cybersecurity addendum to the third party contracts which relates to data and cyber. It is now often incorporated within new contracts and not a separate addendum.

The enterprise risk management (ERM) was discussed and feedback was given by the committee members and board members who were in attendance. Issues were raised relating to this year's simplified CFC process and report, blank governance section, the monitoring of mitigation measures, the board's role in ERM, the potential for harmonizing ERM with the strategic plan, and staff requested ERM be moved from an annual process to every other year. It was agreed to table this year's ERM and suggestions for further discussion at the board level in the new year.

Cyber was discussed, an update was given and one action item was agreed that the CIS cyber control area update according to the 18 different areas would be provided to the audit committee.

Ms. Taylor commented that she sent the revisions to the engagement letter to the external auditor yesterday and all the suggested revisions can be completed except one that would require some further discussion and she will forward the comments to Chair Darcy and Ms. Albee for review.

Budget, Finance, and Rates Committee

Mr. Stringham noted that the Budget, Finance, and Rates Committee met on October 25th and the main follow up was questions will be collected and answered all at once. There will be additional presentations before a formal vote will happen on the budget.

There was also a number of actions that were taken that require board approval and they are in the board packet. The first one is the resolution for uncollected write-offs of \$158,000 for accounts billed, and \$8,900 for uncollected pole accidents.

Upon motion of Mr. Viens, seconded by Mr. Goodrich, it was

VOTED That the Board of Directors approve the uncollected write-offs of \$158,000 for accounts billed, and \$8,900 for uncollected pole accidents.

Vote for the motion was unanimous.

The next resolution for approval is the update to the schedule of fees and terms of conditions.

Mr. Clark noted the focus was the annual review of the schedule of fees to make sure our cost-based fees are aligned with the current cost, the inclusion discount percentage rate relating to the purchase receivables program through the PUC and removing a few legacy programs.

Upon motion of Ms. Kedersha, seconded by Mr. Viens, it was

VOTED That the Board of Directors approve the annual review of the schedule of fees and revisions to the terms and conditions.

Vote for the motion was unanimous.

The next resolution for approval is for the net metering annual review proposal. It is recommended to update the schedule of rates and terms and conditions on a bills-rendered basis effective January 1, 2025 as presented to the Budget, Finance, and Rates Committee.

Ms. Albee asked that this is an annual letter that will go out every year and not just this year.

Mr. Clark responded that is correct, the annual review letter will continue to go out for above the cap, but there will also be two additional opportunities for members with credits to be able to cash out those credits.

VOTED That the Board of Directors approve the net metering annual review proposal to update the schedule of rates and terms and conditions on a bills-rendered basis effective January 1, 2025.

Vote for the motion was unanimous.

Mr. Stringham drew attention to the last resolution for approval for the primary rate rebalancing proposal.

Mr. Clark noted this is for large multi -phase rates that take service at primary voltage. On a revenue neutral basis, we are proposing to rebalance the rate to reduce the member service charge.

VOTED That the Board of Directors authorizes staff to update the schedule of rates as recommended in the October 2024 primary rate balancing proposal.

Vote for the motion was unanimous.

Mr. Stringham noted that the initial proposal that was put forward would call for approximately a 5 percent increase in the fixed monthly fees. There were questions about the underlying costs and the apportionment if we want to assign fees on a fixed basis or more variable basis based on usage. There were discussions on the overall budget and questions came up about the

objectives, risks, and lack of built in contingencies for storm damage and whether that represents standard practice for electric cooperatives.

Chair Darcy reminded the board about the deadline of November 6th for any budget questions to be submitted to Ms. Clemesen Roberts and Ms. Taylor.

Ms. Clemesen Roberts commented that staff recommended a 50/50 split of the cost into fixed and variable but we provided the options of 100% either way so the committee could see a scale of what this impact looks like.

Mr. Mongeon suggested the committee consider adding to the agenda for the next meeting the concept of the committee working with the staff to identify the financial reporting that is most appropriate for the board.

Chair Darcy also mentioned there is another Budget, Finance, and Rate Committee meeting scheduled for December 13th to discuss the power purchase guidelines and policies and possibly another committee meeting to discuss the budget once all the questions are received.

Member Comments

NHEC member, Jeanne Ryer thanked everyone for the quick restoration for both broadband and power due to the wind storm in Sandwich on fair weekend. She asked if the Co-op is considering addressing household battery storage as a load management strategy for the Co-op and for a way for members to manage outages that occur. She noted that a household backup generator is now \$13,500 to install and this doesn't count the considerable investment to have a propane tank installed. She is looking for a more affordable backup option and mentioned that neighboring utilities in Vermont have begun installing household battery storage for their members and she encourages the Co-op to consider doing the same. She also asked what the barriers are in doing so.

Mr. Jennings replied that the Co-op does not have any immediate plans but we are looking into a new load management system next year as we just retired our existing one. This may give us some opportunities for implementing batteries as part of a new load management system and this will be part of our exploration next year to see what the cost benefits is for members.

CEO Report

Ms. Clemesen Roberts drew attention to the CEO Report in the board packet and reviewed the two safety items. National Fire Prevention Week was October 6th through the 12th and reminded everyone to check their home smoke alarms and replace the batteries. She reviewed some nonhunter safety tips such as wearing something bright so you can easily be seen if you are in the woods and to also protect your pets.

She noted we were successful in completing the DOE CESER RMUC grant and the DOE informed us that we should be limited in our discussion of this as it is cybersecurity based. We can have more discussions in executive session if necessary. This is a negotiation process with the grant entity and will be a new process for us as no one on staff has ever negotiated a pre award. We are working with the consultant who helped us submit this application.

We received very nice notes back from the CEO at Energy United as well as feedback from one of their supervisors saying how they appreciated our crews time and professionalism while helping with mutual aid in North Carolina.

Mr. Dwyer asked if the accounting for mutual aid goes through our P&L income and expense.

Ms. Taylor replied it is non-operating income and a savings of payroll dollars for our linemen as they are not getting paid by us. We invoice the other Co-op or utilities and anything additional would go to non-operating income.

Ms. Clemens Roberts commented we have received a lot of mutual aid these last two years, so it was nice to be able to help out other cooperatives.

In September the senior leadership team and employees across the organization did some volunteer work. Most of the SLT did some work with the Circle Program here in Plymouth at their camp based in Hebron. This program provides mentorship to preteen and teenage women who are at risk and may lack resources.

NHEC also participated in the Greater Wakefield Resource Center Communities for Alcohol and Drug-free Youth program and the Belmont Early Learning Center. Eleven employees participated and we donated about 70 hours worth of service which is in line with our new strategic plan.

In September there was an LSR request regarding NHEC certificate of deregulation and the Consumer Advocate has also put forth a recommendation or request from the legislature regarding that.

We have successfully transitioned fully from Zoom to Microsoft Teams for our board and committee meetings. This has allowed us to reduce annual costs as we are not supporting another platform. Everyone's NHEC credentials are required to access the recordings as this is how we make sure to keep these recordings safe. Any questions or concerns can be directed Ms. Clemens Roberts or Ms. Gonzalez.

Chair Darcy commented we should oppose the LSR request regarding the certificate of deregulation. The intent as elaborated on by the Consumer Advocate is not something that is in the best interest of our members.

He would like to assign the strategic plan updates to the Audit Committee to ask periodic questions as the board meeting is not the right forum for it.

Mr. Mongeon commented on page 92 of the strategic plan update, the third column under Q3 update at the bottom in bold it says insert DBC numbers here and looks like it wasn't included. He would like to see an update for that at some point. He also suggested to add the words "on track" or "not on track" when putting together the quarterly updates.

Ms. Clemens Roberts replied it was missed and an update will be provided and we will add his suggested wording to the quarterly updates.

Ms. Albee commented that she agrees with Mr. Mongeon's request to state clearly if we are on track or not for the quarterly update for the strategic plan. She also commented that the timing of the Audit Committee meetings would make it difficult to track the strategic plan updates and suggested the Executive Committee would be more appropriate.

Chair Darcy agreed and will assign it to the Executive Committee and will include it in the agenda next month.

CFC Financing

Ms. Taylor commented that RDOF requires winning bidders to obtain and maintain a letter of credit from their qualified bank for each state. This is equivalent to one year of support for each year of participation in RDOF. We have received notification from USAC on September 27th that our letter of credit needs to increase from the 24 months of support to three years of RDOF support. The first item in the packet is for approval for the letter of credit increase to \$1,959,202.80 which is equivalent to three years of annual RDOF support. We initiated a 20% milestone verification process in June as an attempt to reduce our letter of credit requirements. USAC requires a filled out questionnaire and three different data requests that had due dates spread out over weeks of time. We submitted these before their due dates and they came back on September 30th with an additional request to confirm that the 1 gig speed is available for seven locations that they chose from our data request and we are still waiting for them to review. This could take approximately six months from start to finish. This was initiated in June and we were well above the 20%.

Chair Darcy made a motion to approve the increase of the existing RDOF letter of credit to \$1,959,202.80 valid until November 16, 2025, seconded by Mr. Dwyer, it was

VOTED That the Board of Directors approves the increase of the existing RDOF Letter of Credit with CFC from \$1,306,132.20 to \$1,959,202.80, which reflects 3 years of RDOF support and is required by Universal Service Administrative Company (USAC). This letter of credit will be valid until November 16, 2025.

Vote for the motion was unanimous.

Ms. Taylor then drew attention to the CFC line of credit modification and extension for broadband. This is for line of credit 5105, which is currently \$20 million and is a revolving line of credit with an upcoming maturity date of November 10th. We're looking for a modification of this line of credit to be extended one year for a maturity date of November 10th, 2025, and for it to become non revolving and reduced to \$5.5 million to match what we currently have available on our related long term borrowing note 9089. Having the line of credit match the long term borrowing is something that CFC has requested.

Mr. Dwyer asked it be tabled until Executive Session as he has some questions.

Chair Darcy agreed.

Ms. Taylor went on to the next request of approval for the distribution note 9095 for \$4 million which is referred to as our Power Vision loan and that is to support our core electric needs. We prepared our financial forecast to show our capital needs for 2024 and 2025, and with the borrowing that we have available, we need an additional \$4 million.

The second one is for long term borrowing for broadband note 9096 for \$30 million. This is to finance capital expenditures for the broadband build for the first part of 2025 and related to that, there is a line of credit 5107 for broadband for \$30 million as well. This is a new non revolving line of credit to match the long term borrowing note 9096. The interest rate is set at the beginning of each month and the line of credit was half the term of three years.

Mr. Dwyer asked for the second item on long term borrowing to also be tabled until Executive Session as he has some questions.

Chair Darcy agreed.

Chair Darcy made a motion to approve the distribution note 9095 for \$4 million, seconded by Mr. Stringham, it was

VOTED That the Board of Directors approves the long term borrowing for distribution - note 9095 of \$4 million Power Vision loan for our core electric needs.

Vote for the motion was unanimous.

Ms. Taylor provided a brief financial update of the materials in the board packet.

Board General Session

NRECA Report

Ms. McElaney shared her appreciation to the line workers and families for their assistance with Hurricane Helene restoration efforts.

She included an updated NRECA events calendar along with some miscellaneous national legislative matters that NH and NRECA is focusing on.

She reported that the 2023 audit results are in and NRECA has been given an unmodified clean opinion which means the retirement planning and financial resources is in good shape.

Mr. Mongeon asked if she knew the last time NRECA changed their auditors.

Ms. McElaney replied she does not know but she will find out and report on it at the next board meeting.

NHEC Quarterly Foundation Report

Mr. Viens reported the foundation met on September 30th and received requests for approximately \$135,000.

Mr. Glenshaw shared with group some thoughts on a new vision for the foundation that will better serve the membership, not only increasing the value of the grants that we're doing, but also reducing costs to the members.

Review Board Tracking Report

Chair Darcy noted that the Executive Committee reviewed and revised this report at their last meeting. Ms. Kedersha and Mr. Laufenberg had some concerns about the Nominating Committee and he asked they submit their thoughts in writing and the Executive Committee can consider them at their next meeting.

Chair Darcy asked for a motion to go into executive session.

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

VOTED That the Board of Directors move into Executive Session for purposes of discussion of confidential legal, personnel, and other appropriate matters.

Vote for the motion was unanimous.

Ms. McElaney and NHEC members left the meeting at 9:29 a.m.

The Board of Directors came out of Executive Session at 10:23 a.m.

Approved 11/26/24

Ms. Taylor drew attention to the CFC line of credit modification and extension for broadband and the two new long term notes and line of credits that were previously tabled.

The line of credit 5105 for \$5.5 million to be extended one year and becoming non revolving.

In addition, two long term notes, 9096 and 9097 and two matching lines of credit, 5107 for \$30 million and 5108 for \$29 million.

Upon motion of Chair Darcy, seconded by Ms. Kedersha, it was

VOTED That the Board of Directors approves:

The modification of CFC's Line of Credit NH004-R-5105 to become non-revolving, reduced to \$5.5M to match our related long-term borrowing note (9089), and extend the maturity date to November 10, 2025.

Long term borrowing for Broadband - Note 9096 of \$30 million. This is to finance capital expenditures related to Broadband for the first part of 2025.

Long term borrowing for Broadband – Revised Note 9097 of \$29 million. This is to finance capital expenditures related to Broadband for the second part of 2025.

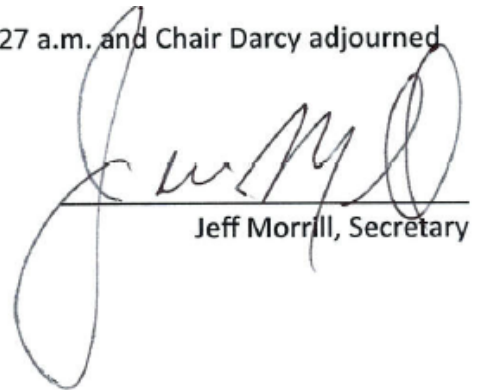
Line of credit 5107 for Broadband of \$30 million. This is a new non-revolving line of credit to match Broadband Note 9096.

Line of credit 5108 for Broadband of \$29 million. This is a new non-revolving line of credit to match Broadband Note 9097.

Vote for the motion was 10 in favor, 1 abstention (Mr. Dwyer).


The Board of Directors went back into Executive Session at 10:26 a.m.

The Board of Directors came out of Executive Session at 11:27 a.m. and Chair Darcy adjourned the meeting.



Jeff Morrill, Secretary

A TRUE COPY ATTEST:



William R. Darcy, Chair of the Board