

**Approved 4/25/23**

**NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.**

**Minutes of the Meeting of the Board of Directors**

**March 28, 2023**

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 March 28, 2023, at the Cooperative's 287 Highland Street Office in Plymouth, NH.

Directors present were Jeffrey Morrill, Brenda Boisvert, William Darcy, Edward French, Madeline McElaney, and Harry Viens. Directors Alana Albee, Sharon Davis, Leo Dwyer, Carolyn Kedersha, and Thomas Mongeon participated via Zoom. Others present were Alyssa Clemsen Roberts, President/CEO; Brian Callnan, VP of Power Resources and Access; Michael Jennings, VP of Operations and Engineering; Carla Munoz, VP of Human Resources; Paul Phillips, Attorney; Kristen Taylor, Interim CFO; Kelley Achenbach, Controller; Matthew Babcock, Safety Administrator; John Geronaitis, Vegetation Management Supervisor; Ken Colburn, NH NRECA Director; Cooperative Members, Will Abbott, Pat Barbour, Brenda Inman, and Fred Van Magness; Terry McMichael, McNair, McLemore, Middlebrooks & Co., LLC; and Sharon Yeaton, Executive Services Administrator (recording). Others participating via Zoom were Josh Mazzei, Director of Operations; and Seth Wheeler, Communications Administrator.

Chair Morrill called the meeting to order at 8:30 a.m. Introductions of NHEC's new VP of Human Resources, members present, and NHEC's external auditor took place.

**Agenda Review and Consent Agenda Approval**

Chair Morrill asked for any changes to the agenda; none were noted. Upon motion of Mr. Darcy, seconded by Mr. French, the board agenda was unanimously approved as presented. Chair Morrill next drew attention to the consent agenda items, including the draft meeting minutes of the February 28, 2023, board meeting and director expense reports. Upon motion of Mr. Darcy, seconded by Mr. French, it was

**VOTED:** That the Board of Directors approves the consent agenda items as presented in the meeting packet.

Vote for the motion was nine in favor and two abstention, with Chair Morrill abstaining as he was not in attendance and Mr. Dwyer abstaining as he has not had a chance to review the minutes.

**Board Safety Moment**

Mr. Babcock presented the Board Safety Moment discussing voltage detectors for personal wear that NHEC will be trialing. He demonstrated two different pieces of equipment, one that can be worn on a lapel or coveralls (V-Watch) and the other that attaches to a hard hat (Safeguard). He noted that this type of equipment is becoming industry standard.

Addressing a question on how well the technology has been tested and a concern of the possibility of it providing a false sense of security, Mr. Babcock explained that the data has shown that this piece of equipment will actually show us the proximity to the line and give us

ample time to address that and step away from it. He noted that the V-Watch has been around for about 15 years and the Safeguard is just a little newer and easier to wear piece of equipment.

Ms. Clemesen Roberts added that this is not new technology, it is just new to us and when we deploy it we will have extensive conversation about this not being their only means of protection and the need to still be alert.

Mr. Babcock left the meeting at 8:37 a.m.

### **Board Operations Moment**

Ms. Boisvert presented the Board Operations Moment on the topic of consensus, commenting that this is getting groups of people into agreement which can be hard. She noted that it is important as we get into strategic planning and is a reminder to be open minded and practice reaching consensus. She mentioned that consensus is not about always having 100% agreement, it is being able to live with the decision that is made.

### **Member Comments**

Mr. Abbott shared that he is encouraged with the steps the Cooperative is taking to address the issue of climate and commented that the environmental resolution passed last August is key, but there is more work ahead. He mentioned meetings with Chair Morrill and Ms. Clemesen Roberts to share thoughts and indicated that his team would also like to try to talk with each director to hear and share thoughts on the issue. He mentioned a report released by the UN earlier this month noting the urgency of reducing carbon emissions globally to keep the cumulative temperature increase down. He encouraged the board to adopt a goal that reduces CO2 emissions from Co-op power.

In response to a director suggestion that the board talk about the idea of discussions with individual directors, Chair Morrill indicated that the board would talk about that and then get back to Mr. Abbott.

In response to a question asking if his team had any suggestions for how NHEC can manage a 50% reduction in carbon as a Co-op Power goal so that the cost remains reasonable for members, Mr. Abbott stated that he could not address the question on cost but he believes there are people out there who could help with that. He added that he is not advocating for any particular goal he just asks that NHEC does their homework to see what they can set for a goal.

Mr. Van Magness provided comments, first complimenting the employees who restore power. He next shared that he has had communications with NHEC about his concern regarding what he described as overly aggressive tree trimming practices, discussing the trees and landscaping on his property that were damaged by a contract tree crew. He noted that he is interested in hearing today's discussion on vegetation management practices to see if there is any intention to change practices, especially on private land. He also shared his dissatisfaction with the lack of availability of committee minutes in a timely manner and the lack of detail in board minutes. He stated that he would like to see meaningful change in clearing practices on private land and the solicitation of member input.

## Chairman's Report

Chair Morrill presented the Chairman's Report. He stated that he would present the Board Operations Moment at the April meeting around goal setting. He mentioned that as he thought about goal setting, the strategic plan, and issues facing NHEC, he looked for analogies in leadership and teams and shared what he recently heard from Jill Ellis, coach of the U.S. Women's soccer team. He noted that she talked about how to build a team, not just players, and how everyone has a role. He remarked that she did not want "yes" people; she would get to consensus but was adamant she did not want someone who would not call a spade a spade. It all comes back to goal setting and there needs to be alignment to get to the outcome.

## President's Report

Ms. Clemsen Roberts presented the President's Report, sharing highlights from her written report, including the need to appoint voting delegates and alternates for Cooperative Response Center (CRC) and the Northeast Association of Electric Cooperatives (NEAEC); this month's strategic topic discussion on the supply chain issue identified in the Enterprise Risk Management (ERM) Report, noting that we will be walking through other areas of the plan during future strategic topic discussions; the vegetation management presentation scheduled later on the agenda; a staffing update, mentioning the promotion of Mr. Jennings to VP of Operations and Engineering and the hiring of Carla Munoz as VP of Human Resources and Jonathan Nelson as VP of Broadband; and the NHEC director election, sharing upcoming key dates. She also drew attention to the Dashboard Report and advised that the variance in margins and expenses is weather and storm related.

In response to a question, Ms. Clemsen Roberts advised that \$3.1 million of the \$5.9 million NHEC incurred in expenses from winter storm Elliott will be declared under the FEMA event and will receive 75% reimbursement. She mentioned that the whole \$5.9 million is not eligible as several counties did not receive approval.

With regard to the NEAEC, Mr. Dwyer mentioned that he has served as treasurer for the past four years and will be stepping down this year. If anyone is interested in taking on that role they should speak with Mr. Dwyer.

In response to a question regarding the director election, Ms. Clemsen Roberts stated that two petitions have been received.

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

**VOTED:** To appoint Alyssa Clemsen Roberts as NHEC's voting delegate and Shayna Williams as the alternate voting delegate for Cooperative Response Center (CRC).

Vote for the motion was unanimous.

Upon motion of Mr. French, seconded by Ms. McElaney, it was

**VOTED:** To appoint Bill Darcy as NHEC's voting delegate and Tom Mongeon as the alternate voting delegate for the Northeast Association of Electric Cooperatives annual meeting being held via Zoom on May 18, 2023.

Vote for the motion was unanimous.

### **Strategic Topic Discussion – ERM Follow-up Supply Chain Risk**

Mr. Jennings shared a PowerPoint presentation providing an update on the #1 risk identified in the ERM Report, supply chain. He reviewed slides on what has happened, rising costs, NHEC examples of the rise in costs for materials, what we are doing for mitigation steps to reduce the impacts, and where we go from here.

Mr. Mazzei joined the meeting by Zoom at 9:21 a.m., during the presentation.

Mr. Jennings addressed questions on inventory, stating that we have done well and always make sure that we have a minimum inventory for storm events; how long he thinks supply chain will remain a top risk, indicating that he would not be surprised if it remains at the top of the list for the next review as he doesn't see significant alleviation in the near term; and new regulations defining buy American requirements for BEAD grants, noting that could add more issues to the supply chain.

Mr. Mongeon mentioned an article from Deloitte that he forwarded that talked at a high level about supply chain issues in industry and digitization. He noted that when you talk about supply chain management there are degrees and digitization helps with some of these issues. He mentioned the national co-op we work with on these issues, National Information Solutions Cooperative (NISC), and making sure they are doing what they can on behalf of co-ops nationally. Mr. Jennings commented that being a member of the National Rural Electric Cooperative Association (NRECA), the American Public Power Association (APPA), and the Coalition for the Advancement of Reliable Electric Services (CARES) all help leverage this for us.

### **Vegetation Management Practices**

Upon request, Mr. Mazzei shared that he is currently in New York City taking courses for the week at the Institute of Labor Relations.

Mr. Mazzei shared a PowerPoint presentation on vegetation management clearing practices. He reviewed slides on full width clearance; minimum standard clearance; clearing method comparison, showing full width clearance and minimum standard clearance costs on two separate projects; full width vs. minimum standard clearance results for trim cycle, trimming methods, traffic control costs, and outage restoration/repair; safety, mechanical trimming, outage restoration, and costs for minimum standards clearance trimming; and safety, mechanical trimming, outage restoration, and costs for full width clearance trimming.

Mr. Geronaitis joined the meeting at 9:45 a.m., during the presentation.

Mr. Mazzei addressed questions, confirming that the clearance zones are the same for all rights-of-way. He mentioned that sometimes members may ask if they can cut out and maintain the right-of-way if they understand the standards, but our preference is that the Cooperative keep the lines clear, noting especially our concern for safety.

Ms. Clemsen Roberts noted that letters are sent to members 45-days prior to clearing and members do at times contact us and an arborist will go out and talk to them about where they need to relocate plantings, but the reason we are in this situation is that we have made side deals

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and negotiations with certain members instead of adhering to our standards so as we are clearing our lines during this 8-year clearance cycle we are making sure that we adhere to standards.

Addressing a question on clearing cost, Mr. Mazzei explained that the cost varies by job based on what needs to be cut, location of the cutting, and how it needs to be cut. Mr. Geronaitis also mentioned that the per mile bid prices do not include removal of hazard trees as that is separate. Ms. Clemsen Roberts added that the average price presented does not include emergency clearing during storms.

In response to a question on the timeframe for presentation of the full Vegetation Management Plan as outlined in the internal audit, Mr. Jennings advised that the plan is scheduled for completion in October.

It was mentioned that an extensive study was previously done on vegetation management and is posted in OnBoard. Chair Morrill requested that the link to the document be sent to directors.

Ms. Taylor indicated that the Vegetation Management Plan on the internal audit report is 10% complete and the due date will be inserted in next month's report to the Audit Committee.

The meeting recessed at 10:02 a.m. and Messrs. Mazzei, Geronaitis, and Van Magness left the meeting. The meeting reconvened at 10:12 a.m.

## Board Committees

### *Executive Committee*

Mr. French reported on the items addressed at the February 28<sup>th</sup> Executive Committee meeting, including proposed changes to NHEC's bylaws to make all pronouns non-gender specific and to provide clarity related to electronic voting. Attorney Phillips mentioned the two aspects of the bylaws related to electronic voting that had to be circumvented were ballots being received at headquarters and the appointment of NHEC's vendor as ballot clerks so the purpose of this bylaw amendment is to give the board flexibility in the process of electronic ballots.

In response to a comment that the change related to voting seems overly broad in allowing the board to suspend any and all ballot requirements, Attorney Phillips explained that the specific language is limited to implementation of electronic voting. He mentioned that when electronic voting was implemented, voting by mail was redefined to include electronic and that did not encompass the hands off aspect so electronic voting still needs to be handled in a hands on way. Without adopting a whole new bylaw provision this gives the board additional flexibility when implementing electronic voting.

Mr. French drew attention to attachment #10 in the meeting packet and noted that the Executive Committee recommended these changes. The following resolutions were moved by Mr. Morrill and seconded by Ms. McElaney:

### Resolution 1

**WHEREAS**, New Hampshire Electric Cooperative, Inc. ("NHEC") is a member-owned cooperative that serves members and communities across the State of New Hampshire; and

**WHEREAS,** The NHEC Board of Directors has adopted policies that advance the principles of tolerance and respect for all people on a non-discriminatory basis, as reflected most recently in Board Policy No. B-29 (Statement on Ethics); and

**WHEREAS,** The State of New Hampshire in 2018 (Laws 2018 Chapter 176) enacted a law prohibiting discrimination in employment and public accommodations on the basis of gender identity; and

**WHEREAS,** Gendered language means language, including pronouns, that is gender-specific, such as referring to individuals as “he,” “him,” “she” or “her;” and

**WHEREAS,** The NHEC Code of Bylaws contains gender-specific terminology, such as the singular use of male and female pronouns, to refer to individuals; and

**WHEREAS,** The NHEC Board of Directors desires to eliminate gender-specific language from the NHEC Code of Bylaws.

**NOW, THEREFORE, BE IT**

**VOTED:** That the Board of Directors recommends approval of amendments to the NHEC Code of Bylaws to replace each occurrence of a singular, gender-specific pronoun with its corresponding plural, gender-neutral pronoun, such as “they,” “their” or “them;” and

**VOTED:** That the Board of Directors shall, and by this Resolution does, authorize the placement of a question on the 2023 member ballot which, if adopted by the members, will amend the NHEC Code of Bylaws so as to put these Resolutions into effect.

Resolution 2

**VOTED:** That the proposed changes to NHEC’s Bylaws, as recommended at the February 28, 2023, Executive Committee meeting, be placed on the 2023 ballot for membership vote. Further details will be available in the minutes of the committee meeting.

Vote for both motions was unanimous.

Mr. French stated that the second item was Board Policy B-3, Attachment B - Board/Management Communications, which was brought back to committee for review and is being recommendation for adoption with the suggested edits. Upon motion of Mr. Morrill, seconded by Mr. Viens, it was

**VOTED:** That the Board of Directors approves the changes to Board Policy B-3, Attachment B – Board/Management Communications, as recommended at the February 28, 2022, Executive Committee meeting. Further details will be available in the minutes of the committee meeting.

It was mentioned that the revised policy should have been included in the board packet so directors could see the changes they are voting on. It was suggested that there is some confusion and ambiguity with the proposed changes, with it noted that the sentence added under Section II.

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A. (A director may request information directly from the CEO during a Board meeting.) does not relate to the board directing management and is already covered in Section II. B so is not needed.

Attorney Phillips mentioned that this policy has had a significant amount of review and was unanimously recommended by the Executive Committee.

Vote for the motion was eight in favor and three opposed with Directors Dwyer, Mongeon, and Albee opposing. Reasons for the opposition included that the language in the policy was ambiguous and full information was not included in the board packet. The motion carries.

Mr. French noted that the subject of director compensation was also on the committee's agenda. Chair Morrill added that a review of director compensation is an annual item. Mr. French shared that the committee is not recommending any change in director compensation for 2023 and felt it should be added to the Board Tracking Report for review in first quarter 2024 with a subcommittee assigned to do a deeper dive review as was done several years ago.

Upon motion of Mr. Morrill, seconded by Mr. Darcy, it was

**VOTED:** That there not be an increase in director compensation for 2023 and it be reviewed again in 2024.

Vote for the motion was unanimous.

### ***Engineering and Operations Committee***

Engineering and Operations (E&O) Committee Chair Mongeon reported on the E&O Committee meeting held earlier this month, noting that items covered included the 2022 capital construction budget, presentation on safety results and initiatives, a grants update, supply chain, and vegetation management. He noted that the next meeting is planned for October.

Mr. Jennings mentioned that as we discussed the FEMA reimbursement and grants, since the winter storm has now been declared a FEMA event we are also looking strongly into applying for mitigation funds. He noted that it is an opportunity to alleviate some of the problems we had in the recent storm.

### ***Corporate Services Committee***

Corporate Services Committee Chair French reported on the March 16<sup>th</sup> committee meeting, first mentioning the 2022 BSC incentive payout for achievement of 56.5% of the established goals. Upon motion of Ms. McElaney, seconded by Mr. Viens,

**VOTED:** Based on achievement of 56.5% of the established 2022 Balanced Scorecard (BSC) goals, the Board of Directors authorizes the payment of \$286,054 to eligible individuals in accordance with the provisions of the NHEC Success Sharing Plan.

Ms. Albee indicated she is not against this in principle, but will vote no because committee minutes are not available and the resolution does not reference any details.

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

In response to a request to establish an action item for how we address tracing resolutions back to the committee minutes, Chair Morrill indicated this would be added to the Board Tracking Report and he and Attorney Phillips would take responsibility for this item.

Continuing his report, Committee Chair French mentioned the annual review of NHEC's Equity Management Plan, noting that modifications were changing the equity range from 40-50% to 30-50%, a change in the net margin goal to \$2M, and the addition of a reasonable rate trajectory of 3.5% that was approved last year by the board. Upon motion of Mr. Morrill, seconded by Ms. McElaney, it was

**VOTED:** That the Board of Directors approves the Equity Management Plan through Attachment 2, with Attachment 3 and beyond included as supplemental information, as presented to the Corporate Services Committee March 16, 2023. Further details will be available in the minutes of the committee meeting.

Ms. McElaney mentioned the NRECA course on equity management and board decision making she attended and noted that a key takeaway is that NHEC is in a really solid position.

Mr. Darcy commented that he generally supports the plan, but does not support the 3.5% rate increase as he thinks that should be looked at every year and not be something that goes into perpetuity.

Vote for the motion was eight in favor and three opposed, with Ms. Albee, Mr. Mongeon, and Mr. Darcy opposing. The motion carries. Mr. Mongeon advised that he opposed because of the 3.5% rate trajectory and material not being included in the board packet.

Committee Chair French noted that the committee also reviewed Board Policies B-2, Attachment B – Corporate Services Committee and B-33 – Equity Management Policy and had no changes. Upon motion of Mr. Darcy, seconded by Ms. Boisvert, it was

**VOTED:** That the Board of Directors reaffirms Board Policies B-2, Attachment B – Corporate Services Committee and B-33 – Equity Management Policy, as presented to the Corporate Services Committee on March 16, 2023. Further details will be available in the minutes of the committee meeting.

Vote for the motion was ten in favor and one abstention, with Ms. Albee abstaining. The motion carries.

Committee Chair French next discussed the proposed change to the policy on capital credits to bring it in line with the change made to the Equity Management Plan. Upon motion of Mr. Darcy, seconded by Ms. McElaney, it was

**VOTED:** That the Board of Directors approves the update to the Equity goal range from 40-50% to 30-50% on Attachment B - Procedures for Capital Credit General Retirements of Board Policy B-32, and reaffirms Board Policy B-32 itself, as well as Attachments A and C, as presented to the Corporate Services Committee March 16, 2023. Further details will be available in the committee minutes.



Vote for the motion was unanimous.

Committee Chair French next discussed the Transactive Energy Rate (TER) pilot, noting that there has been significant interaction among various areas of the Co-op. He explained that it is a six-month pilot with a maximum participation of 50 members and allows us to meet what we had identified as one of our key strategic goals. Upon motion of Mr. Mongeon, seconded by Ms. Kedersha, it was

**VOTED:** That the Board of Directors authorizes staff to offer the Transactive Energy Rate Pilot and update the Terms and Conditions consistent with materials presented at the March 16, 2023 Corporate Services Committee meeting. Further details will be available in the minutes of the committee meeting.

Discussion on the motion included pride in the teamwork involved; clarification that if the TER is approved today the NHEC website page on TER will be live and will no longer require a password; comments that we are on the leading edge and very few utilities are doing this; we will learn how much interest members have in a TER; and a desire to ensure an assessment is done following the pilot.

Ms. Albee indicated she would abstain from voting as she did not have all of the background information.

In response to a question, Mr. Callnan explained that this is a 24 hour variable rate and completely different from our time of day rate with two periods. Ms. Clemsen Roberts added that the rate will change based on what the market is doing.

Ms. Kedersha left the meeting at 10:50 a.m.

Addressing further questions, Mr. Callnan stated that NHEC's cost for 2021 was \$48,000 and for 2022 was \$365,000, there are currently 41 members eligible to participate in the pilot, and we will track costs closely but have no plan for a separate over/under recovery balance for this particular rate.

Ms. Clemsen Roberts reminded everyone that this was an initiative that came out of the 5-year Strategic Plan that ended last year, it touches almost all aspects of the cooperative, was very well supported, and we are confident it is ready for a pilot rollout. We will learn from it, and it will be a great discussion for when we have strategic planning and talk about how we determine programs and what strategic initiatives we want. We will be doing a member survey that will launch in April to get an idea what our members are thinking and those can all be things to consider as we discuss the next strategic plan.

Vote for the motion was nine in favor and one abstention, with Ms. Albee abstaining. The motion carries. It was noted that Ms. Kedersha was not present for the vote.

### ***Audit Committee***

Audit Committee Chair Albee first thanked Mr. McMichael for joining the meeting. She indicated that she prepared a statement for the minutes because it was a heavy meeting. She

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thanked Ms. Taylor and team for putting up additional information last night with the changes to the audit resulting from discussion. Ms. Albee read her prepared statement:

This was the first year of audit by the new firm of McNair, McLemore and Middleton. No material concerns were found and no difficulties were encountered during the process. Therefore the Audit Committee recommends acceptance of the Audit by the Board, and a resolution is presented. The Committee recommends Board members familiarize themselves with the audit which provides important information including an analytical presentation of significant changes in 2022 showing increased power costs, new leases booked (a new audit requirement), asset increases, a small decrease in equity and an increase in long-term debts. The changes were, in part due to the inclusion this year of NH Broadband initiative for the first time.

Noteworthy were the identified “risks” (pgs. 31 & 32: MATTERS TO BE COMMUNICATED WITH THOSE CHARGED WITH GOVERNANCE) in two areas: “management risk overrides” and “Lender compliance”. The statements raised the concern from the committee members. However, the auditors stated these are standard statements issued by them and they found no concerning evidence of either risk in NHEC. When asked to adjust the statement to indicate none were found, the Auditors indicated they are required by their firm to include these statements and they recommended the “Matters to be communicated with those charged with governance” in the Audit Report 2022 not be included in NHEC public documents.

Adjustments agreed on the draft Audit presented to the Committee included:

1. Significantly, an annex explaining the MAIN reclassifications made this year, so comparisons against previous years can be done. And:
2. Pg 19: % on the weighted average interest rate incorrectly reported should be 3.8% (requested by Management).
3. Pg 8: “change in deferred debt,” include a footnote of explaining why the 2021 figure differs here than in the published 2021 Audit.
4. Pg 9: removal of the word “certain” in relation to members who will receive Broadband.
5. Pg 25: Complete the incomplete chart on post-retirement healthcare.
6. Pg 28: “Contingencies” adjust wording from “other receivables” to “accounts receivable” in relation to \$8.7m on legal expenses on the consolidated balance sheet.

Upon motion of Mr. French, seconded by Ms. Davis, it was

**VOTED:** That the Board of Directors accepts the 2022 audited financial statements as amended at the March 27, 2023, Audit Committee meeting. Further details will be available in the committee minutes.

Upon inquiry of when the board would go into executive session with just the auditors, it was moved by Ms. Boisvert, seconded by Mr. Darcy:

**VOTED:** That the Board of Directors move into executive session for the purpose of confidential discussion of the audit report with NHEC’s external auditor.

Vote for the motion was unanimous and the board moved into executive session at 10:57 a.m. with only directors and Mr. McMichael in attendance. Ms. Kedersha was not present.

The board moved out of executive session at 11:07 a.m. and staff and guests rejoined the meeting.

It was mentioned that NHEC has three very distinct businesses, including power supply, distribution, and broadband and the question was raised to Mr. McMichael if any of their clients do any kind of business segmentation presentation within the audit. Mr. McMichael advised that while it is not as prevalent in the electric distribution cooperative world, some of the larger cooperatives do publish some of that segmentation reporting in the front of their audited financial statements; he noted that this would not be subject to audit, but would be read for consistency and reasonableness.

Ms. Achenbach mentioned that last year we started including a breakout of the various divisions in our Form 7 reporting to help us identify and see the difference in our distinct businesses.

It was mentioned that including such a statement explains what happened in the last year and provides context that makes it more understandable.

It was mentioned that this gets into a discussion of what the audit may look like next year, and suggested that staff will be looking at any feedback that comes in from members and making suggestions if any changes need to be made.

Vote for the motion to accept the 2022 audited financial statements was unanimous. It was noted that Ms. Kedersha was not present for the vote.

Audit Committee Chair Albee continued with her written statement:

**Internal Audit:** The Committee thanked the staff for significant progress and encourage this to continue, including on completing the challenging Procurement Procedures 800 (outstanding since 2017). The Committee approved the request to combine cash management and remove member construction deposits. The Committee requested inclusion of target completion dates on grids presented to the Audit Committee going forward.

**Deferred Revenue Fund** was discussed and questions responded to by the Auditors. The information set bounds of discretion and highlighted the accounting standards that would be required. No immediate action is required.

Ms. Taylor mentioned the internal audit resolution addressed by the Audit Committee. Upon motion of Mr. French, seconded by Mr. Darcy, it was

**VOTED:** That the Board of Directors accepts the internal audit and recommendations to 1) merge the Cash Disbursements and Cash Receipts audit areas and change the designation to Cash Management and 2) remove Construction Deposit compliance from the Internal Controls Audit Plan as presented in the March 27, 2023, Audit Committee meeting. Further details will be available in the minutes of the committee meeting.

Vote for the motion was unanimous. Ms. Kedersha was not present for the vote.

Ms. Inman left the meeting at 11:14 a.m.

Concluding her report, Audit Committee Chair Albee finished reading her written statement:

**Cybersecurity** shows deep strengthening which was appreciated by the Committee. Only 7 work areas remain in response to the extensive gaps identified earlier; and a roadmap for 2023 was presented. The MSSP has helped this progress, and a survey of views (management and Audit Committee) revealed unified agreement that the current arrangement have improved reporting and tracking, compliance and transparency. It was agreed that views would be gathered annually going forward (rather than every 6 months). Finally, and significantly, the improvements in cyber have enabled NHEC to qualify for significantly more insurance coverage.

In response to a suggestion to add an area to the gap list as raised at the Audit Committee meeting, Ms. Clemens Roberts stated that she believed it was already previously agreed to work on that.

### ***Other Committee Items – Power Resources Variance Report***

Power Resources and Access Committee Chair Darcy pointed out that Mr. Callnan supplied information on both the current rate period, which is 6% lower than expected, and anticipation that the spring rate period will be a little higher than last year.

Mr. Callnan noted that this is the last variance report for this rate period. The current spring period (February – July) will be in the next report. He advised that we ended the rate period 6% under projections from a unit perspective and we were about 1% lower than forecast on purchases. He noted that the report also shows where we are currently, pointing out that the spring rate was set in December. He mentioned that currently costs are forecasted to be about 4% under what we thought they would be for the next rate period.

## **Board General Session**

### ***Board Tracking Report***

Chair Morrill noted that a couple of items from today's meeting will be added to the Board Tracking Report.

### ***Committee Meetings***

Following is a list of upcoming committee meetings:

- Audit Committee – April 21, 10:00 a.m.

### ***NHEC Foundation Report***

NHEC Foundation Chair Davis reported on yesterday's NHEC Foundation meeting, stating that 19 applications were reviewed and 16 grants totaling \$128,928 were awarded. She advised that the next meeting is scheduled for June 26, which is also the annual meeting. She noted that detailed information on the grants provided would be included in next month's board packet.

### ***NRECA Report***

Mr. Colburn presented the NRECA Report, first offering kudos on approval of the transactive energy rate. He next shared highlights from his written report included in the board packet,

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discussing the NRECA Board meeting, the NRECA Annual Meeting (PowerXchange), Tech Advantage, the NRECA spring board meeting, the NRECA Legislative Conference, and items in his bibliography.

In response to a question asking if there is a list of cooperatives that support cooperatives, Ms. Clemens Roberts replied that information can be found on NRECA's website.

**Executive Session**

Upon motion of Mr. French, seconded by Ms. Boisvert, it was

**VOTED:** That the Board of Directors move into executive session for the purpose of discussion of confidential legal, litigation and personnel matters.

Vote for the motion was unanimous and the Board moved into executive session at 11:33 a.m. Mr. Abbott, Ms. Achenbach, Ms. Barbour, Mr. Colburn, Mr. McMichael, and Mr. Wheeler left the meeting at this time.

The Board moved out of executive session at 12:26 p.m.

**Adjournment**

Chair Morrill adjourned the meeting at 12:26 p.m.

\_\_\_\_\_  
Brenda Boisvert, Secretary

A TRUE COPY ATTEST:

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Jeffrey Morrill, Chair of the Board