



VERMONT ELECTRIC COOPERATIVE, INC.
REGULAR MEETING OF THE BOARD OF DIRECTORS

APPROVED MINUTES

January 31, 2023

As required under the VEC Bylaws, notice of this meeting was sent to each director on January 4, 2023, either via US Mail or by electronic means for those directors requesting such delivery.

Board Members Present: Rich Goggin (President), Paul Lambert (First Vice President), Carol Maroni (Second Vice President), Jody Dunklee (Secretary), John Ward (Treasurer), Tom Bailey, Ken Hoepfner, George Lague, Bonnie Pratt, Mark Woodward, Charlie Van Winkle, and Don Worth.

Staff Present: Rebecca Towne (CEO), Peter Rossi (Chief Operations Officer), Caroline Mashia (Chief Financial Officer), Andrea Cohen (Manager of Government Affairs and Member Relations), John Varney (Manager of Safety, Security, and Facilities), Cyril Brunner (Innovation and Technology Leader), Jeff Bickford (People and Culture Leader), Laura Kinney (Project Planner), and Vickie Brown (General Counsel)

AGENDA ITEM #1 -- CALL TO ORDER

President Goggin called the meeting to order at 12:02 p.m.

AGENDA ITEM #2 -- SAFETY MINUTE

Lambert emphasized the importance of clearing and sanding walkways when they are icy.

AGENDA ITEM #3 -- APPROVE BOARD MEETING MINUTES

Maroni moved and Bailey seconded that the minutes of the regular monthly Board of Directors meeting held December 20, 2022 be approved as presented.

The minutes were approved by unanimous vote.

AGENDA ITEM #4 – REVIEW 11.28.2022 POWER SUPPLY AND OPERATIONS COMMITTEE MEETING MINUTES

Lague moved and Ward seconded that the minutes of the Power Supply and Operations Committee meeting held on November 28, 2022 be approved as presented.

The minutes were approved by unanimous vote.

AGENDA ITEM #5 – CEO REPORT: 2022 ANNUAL PERFORMANCE PLAN

Towne shared the year-end results of the company's 2022 Performance Plan. Highlights included:

- VEC implemented six pilot programs in the energy transformation area, hitting their “stretch” goal.
- VEC is partnering on a pilot project to implement a microgrid facility at the Craftsbury Outdoor Center.
- Electric vehicle adoption increased beyond expectations despite supply chain challenges.
- The company exceeded goals for energy transformation programs, with heat pumps being a key driver.
- VEC supported 290 miles of make-ready work to enable fiber to be installed on their poles for the buildout of broadband in Vermont.
- VEC exceeded the goal to develop new strategies to promote community solar, including a low-income program.
- VEC's Community Fund had its best year ever in terms of member contributions and grants.
- VEC increased its engagement with other electric cooperatives and other energy organizations to support innovative ideas and to connect with other sources of mutual aid.
- VEC exceeded its goals in the areas of improving member interaction, e.g. through SmartHub
- VEC completed a cyber-security penetration test to improve the integrity of their systems.
- VEC continued to work on improving the 10 “worst-performing” circuits.
- VEC missed its goal for load management projects used for peak reduction, largely due to battery pricing and availability.

- VEC also missed two financial goals, due to a volatile power market and the large storm in late December.

There were numerous questions from directors throughout the presentation.

AGENDA ITEM #6 – RISK MANAGEMENT

Towne shared ideas as to how the Board could implement a mechanism to obtain a comprehensive yet high-level view of VEC’s key risks. She explained the concept of enterprise risk management, which involves an iterative process for identifying top risks, assessing the extent of the risk, and evaluating risk mitigation strategies. Towne noted that risk is a common topic in the boardroom, that this process would bring all the risks into one document and conversation.

She provided examples from other companies of visual presentations of risks. Discussion ensued about what approach would work best to keep the Board apprised of risks for VEC.

The consensus of the Board was for the management team to create a draft of risk trends using the VELCO model to share with the Board for review. Once in place, it will be updated and provided to the Board periodically for review.

AGENDA ITEM #7 – REVIEW BOARD ONSITE TRAINING OPPORTUNITIES

Kinney gave an overview of NRECA-sponsored Board in-person training offerings, noting that the NEAEC meeting in October will include a Board training session on risk management. As to format for the training, the Board consensus was to schedule the training in the summer for a day or a day and a half and to invite Washington Electric Cooperative directors. As to topics for the training, the consensus was to focus on either “Being the Consumer-Centric Utility” or “Electric Vehicles: Strategy and Policy Considerations.”

Staff will follow up to investigate availability as well as locations and other logistics.

AGENDA ITEM #8 -- BREAK

There was a break in the meeting at 2:18 and the meeting resumed at 2:33.

AGENDA ITEM #9 –REVIEW STORM ELLIOT

Rossi reported on the recent storm that hit the state over the Christmas holidays. He summarized the key take-aways from the storm recovery effort as follows:

- VEC employees showed their dedication to members. Virtually every available employee in the company played a role in storm restoration, giving up planned vacation time and sacrificing Christmas with families, and in some cases working 16+ hour days.
- No injuries. There was only one minor vehicle issue and no injuries to VEC employees or contractors.
- Best managed storm to date. Rossi performed a statistical analysis compared to an earlier storm with a similar profile and VEC sustained less damage, fewer outages and a faster recovery
- Investments in resiliency have paid off. The data showed that the areas which VEC upgraded using FEMA resiliency grants performed well with few outages.
- New mutual aid companies worked well. VEC used a recent new alliance with the New England Public Power Association (NEPPA) to access municipal utility workers from Massachusetts.

AGENDA ITEM #10 – GOVERNANCE COMMITTEE REPORT

Hoepfner noted that this item will be deferred to the February Board meeting.

AGENDA ITEM #11 – BOARD TREASURER NEXT STEPS

Goggin noted that John Ward has given his resignation as VEC Treasurer.

Lague moved and Ward seconded to elect Van Winkle as Treasurer effective February 1, 2023. The motion passed by unanimous vote. Goggin thanked Ward for his years of service as Treasurer.

AGENDA ITEM #12 –MANAGERS' REPORTS

There were several questions and comments as to details in the managers' reports.

Bailey moved and Charlie seconded to go into executive session to discuss personnel matters involving the union contract. The Board entered executive session at 3:33 p.m. and exited at 3:45 p.m.

Bickford noted that one item included in the new IBEW contract was to allow new employees to contribute to their 401(k) plan at the end of their 90-day probation period rather than at the end of their first year.

Ward moved and Bailey seconded to approve the following resolution:

WHEREAS, Vermont Electric Cooperative Inc. participates in the 401(k) Pension Plan (the “401(k) Plan”), and;

WHEREAS, the Board of Directors of Vermont Electric Cooperative Inc. (“the Board”) now desires to amend these plans pursuant to Paragraph 18.2 of the 401(k) Plan, and does hereby authorize the amendment effective January 1, 2023, by executing the appropriate Adoption Agreements;

BE IT RESOLVED, that the amendment to the 401(k) Plan is as follows:

Eligibility Requirements

The Eligibility period for Employees to become Participants and begin making Employee Elective Contributions shall be changed from the completion of 12 months to the completion of 3 months.

In addition, the Eligibility period for Employees to receive Employer Contributions shall remain unchanged at the completion of 12 months.

All other plan provisions shall remain unchanged.

BE IT FURTHER RESOLVED, that the Board does hereby authorize and direct the 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.

The motion passed by unanimous vote.

Woodward noted that he thought it would be appropriate for the Board to acknowledge VEC employees’ work during the Christmas Holiday storm.

Woodward moved and Bailey seconded to approve the following resolution:

BE IT RESOLVED:

That the VEC Board of Directors appreciates the significant restoration efforts of the VEC team during Winter Storm Elliott. The team's preparation, hard work and personal sacrifices were noted and appreciated by the communities we serve. Thank you.

The motion passed by unanimous vote.

AGENDA ITEM #13 –LAUNCH CEO ASSESSMENT

Bailey moved and Van Winkle moved to go into executive session to discuss personnel matters concerning the CEO's annual assessment. The motion passed, and the Board entered executive session at 4:00.

By unanimous consent, the Board exited executive session at 4:14.

AGENDA ITEM #14 –OTHER BUSINESS

There was no other business.

AGENDA ITEM #15 – ADJOURN

Ward moved and Bailey seconded to adjourn. By unanimous vote, the meeting adjourned at 4:15 p.m.

Respectfully submitted:

Jody Dunklee, Secretary

Rich Goggin, President