

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

July 28, 2020

APPROVED MINUTES

As required under the VEC Bylaws, notice of this meeting was sent to each Director either via US Mail on July 20, 2020 or by electronic means for those Directors requesting such delivery.

CALL TO ORDER – AGENDA ITEM #1

President Rich Goggin called the meeting to order at 12:01p.m. via video conference. Present were Directors Ken Hoepfner, Carol Maroni (Second Vice President), Mark Woodward (Secretary), George Lague, Charlie Van Winkle, Don Worth, Paul Lambert (First Vice President), John Ward (Treasurer), Tom Bailey, Rich Westman, and Jody Dunklee. Also present from VEC were CEO Rebecca Towne, General Counsel Vickie Brown, Chief Financial Officer Mike Bursell, and Chief Operations Officer Peter Rossi, Safety & Security Manager John Varney, Manager of Government Affairs and Member Relations Andrea Cohen, and Project Planner Laura Kinney. Rebecca Foster, of VEIC, joined the meeting as a guest.

SAFETY MINUTE – AGENDA ITEM #2:

Varney shared an advantage of working remotely is the flexibility to get out for a run during the day. He likes to trail run and notes that there are hazards of that – tripping, ticks, and low branches. Keep an eye out for hazards.

GUEST SPEAKER REBECCA FOSTER – AGENDA ITEM #3:

Foster shared with the Board areas where VEIC and VEC are engaged in collaborative efforts, mainly in five areas:

- Electrification support – aimed at offsetting declining load and reducing costs to members, e.g. supply chain support.
- Scaling Tier III projects – targeted at customized commercial and industrial applications and indoor agriculture.
- Economic development – working to lower costs so businesses can remain viable or move to Vermont, e.g. Northeast Sand and Gravel project.

- Community vitality – reducing the energy burden in VEC territory in targeted communities
- Innovation – reducing customers’ costs and preparing for the future, e.g. by supporting flexible load management

Looking ahead Efficiency Vermont is about to enter its next three-year performance plan and proposing a \$10 million budget reduction from the current budget of \$58 million. VEIC will continue to transition to new emphasis on flexible load management and refrigerant management (with new metrics for both initiatives). There will be increased focus on weatherization, which complements the utilities’ work in home heating. She noted that EVT will recommend a flat energy efficiency charge. Finally, she described the Energy Efficiency Modernization Act, which would create a three-year pilot to allow EVT to focus on the transportation and thermal sectors where there is a nexus to electricity – to complement what the utilities are doing but not duplicate their effort. The bill has passed the Senate but it is hard to predict whether it will be enacted.

There were a number of questions from directors throughout the presentation.

Foster left the meeting

APPROVE BOARD MEETING MINUTES -- AGENDA ITEM #4

President Goggin asked if there were any corrections to the minutes of the regular meeting of the Board of Directors held on June 30, 2020.

Maroni moved Woodward seconded:

That the minutes of the regular meeting of the Board of Directors held on June 30, 2020 be approved.

A director pointed out a couple of typographical errors and the minutes were approved by unanimous vote.

STRATEGIC PLANNING – FIVE YEAR PLAN AND 2021 PROCESS -- AGENDA ITEM #5

Towne gave a presentation that started with a review of VEC’s mission, vision and core competencies. She asked whether the Board would like to spend time reviewing those over the next six months or so. There was a general consensus that it would be worth spending time on all three during future Board meetings.

Towne next reviewed with the Board the recently-adopted five year plan to make sure it was still relevant to VEC's work. There were questions and comments throughout with a few language tweaks suggested.

Changes suggested include the following:

On slide 5: Partner with ~~generating~~ members on flexible load, peak shaving.

On slide 8: Explore initiatives that encourage economic growth and **sustained vitality** in northern Vermont.

On slide 12: Pursue diversity at all levels of the organization **and statewide.**

On slide 113: Include supply chain partners.

The Board then reviewed a summary of the key risks and opportunities that VEC faces in 2021, as identified by the Board and the senior leadership team. Towne pointed out that the two groups were in alignment in many ways. She also noted that many of the items on these lists really relate to Covid and would probably not be as high on the list in a more normal year.

The Board next reviewed the strategic initiatives in the five-year plan with certain strategies identified by management as their suggested areas of focus in 2021. The consensus was to include the following as areas of focus:

- Explore utility-scale storage for peak shaving and other grid and financial benefits
- Explore storage solutions for personal and business resiliency
- Pursue cost-effective SHEI grid-constraint solutions including storage, smart electrification and infrastructure
- Encourage electric vehicle ownership with incentives and support
- Enhance incentives and education around energy transformation programs
- Pursue maple, agriculture, and CAP projects to reduce energy costs and support VT industry
- Leverage financial strength & reputation of excellence for energy partnerships or synergies

- Explore power supply options that reduce VEC's carbon impact
- Enhance the dialog and engagement with members
- Continue to develop communication options for members, particularly leveraging technology
- Create a working environment that is flexible, rewarding and stimulating
- Pursue diversity at all levels of the organization
- Focus on safety and leadership programs at all levels of the organization
- Build strong relationships and communication patterns with our regulators
- Pursue resilience through ongoing system hardening and technology deployment
- Maintain high level of cybersecurity controls and practices
- Pursue financial strategies that mitigate rate impacts, including Transco stock
- Achieve TIER consistent with our financial plan
- Advocate for and support rural communities and those who experience high energy burdens
- Position VEC as a valued community partner in northern VT
- Maintain VEC reputation and relationships as a preferred, local, trusted, relevant provider

Management will develop key performance measures for these strategies for further review by the Board.

There was a break in the meeting at 3:00.

BOARD BUDGETING PROCESS FOR 2021 -- AGENDA ITEM #6

Goggin noted that last year he expressed interest in getting the Board more involved in developing its budget. Goggin will reach out to directors as to their budget needs. He noted that travel has been a large variable in the past, but that is probably not going to be possible for the coming year. Once he receives Board input, he will share his proposal with management.

A director asked about possibilities of continuing education via zoom. Goggin noted that the NRECA is trying to figure out how to hold their regional/annual meetings on line and that seems to be an evolving process. Another director suggested continuing to have speakers join –the board meetings.

RDOF BIDDING PROCESS – PROHIBITED COMMUNICATIONS -- AGENDA ITEM #7

Brown provided the Board with guidelines for avoiding “prohibited communications” during the bidding process currently underway as part of the Rural Digital Opportunity Fund (RDOF) auction. The Federal Communications Commission has strict rules against sharing bids or bidding strategies outside of a bidding consortium. This “quiet period” remains in effect until even after the successful bids are announced.

MANAGERS’ REPORTS – AGENDA ITEM #8

Worth moved and VanWinkle seconded to move into executive session to discuss a potential business opportunity.

The motion passed and the Board entered into executive session at 3:30.

By unanimous vote, the Board exited executive session at 3:50.

There were a few comments and questions on some of the details in the managers’ reports.

ANY OTHER BUSINESS – AGENDA ITEM #9

There was no other business.

ADJOURN -- AGENDA ITEM #10

Worth moved and Bailey seconded that the meeting be adjourned.

The motion carried unanimously.

The meeting adjourned at 4:17.

Respectfully submitted:

Mark Woodward, Secretary

Rich Goggin, President