

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

October 27, 2020

APPROVED MINUTES

As required under the VEC Bylaws, notice of this meeting was sent to each Director either via US Mail on October 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 noon 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 Operations Officer Peter Rossi, Chief Financial Officer Michael Bursell, Safety & Security Manager John Varney, Manager of Government Affairs and Member Relations Andrea Cohen, and Project Planner Laura Kinney.

SAFETY MINUTE – AGENDA ITEM #2:

Goggin provided a reminder that being on zoom while you are trying to do other things can cause dangerous distractions.

APPROVE BOARD MEETING MINUTES -- AGENDA ITEM #3

Goggin asked for a motion to approve the minutes of the September Board meeting.

Maroni moved and Woodward seconded:

That the minutes of the special meeting of the Board of Directors held on September 29, 2020 be approved.

The minutes were approved by unanimous vote.

#### REVIEW FINANCE COMMITTEE RECOMMENDATIONS -- AGENDA ITEM #4

Ward noted that the Finance Committee had met the previous day to review the 2021 operating budget and a proposed purchase of VELCO stock.

Ward moved and Woodward seconded to accept the Finance Committee's recommendation to approve the purchase of up to \$1.4 million in VT Transco stock in 2021, as presented at the 10/26/2020 Finance Committee meeting.

The motion was approved by unanimous vote.

Ward moved and Van Winkle seconded to accept the Finance Committee's recommendation to approve VEC's 2021 Operating Budget which shows a TIER of 2.0 for 2021, as presented at the 10/26/2020 Finance Committee meeting.

The motion was approved by unanimous vote.

#### 2021 STRATEGIC PLAN -- AGENDA ITEM #5

Towne reminded the Board of the process for Board review of VEC's annual strategic plan. Using the five-year plan, the Board identifies certain areas of focus for the following year; staff then proposes metrics to measure VEC's success in those areas of focus; and the Board then reviews and ultimately approves the final metrics. Staff also proposes potential strategies for achieving the metrics, but these will be refined as VEC teams prepare their 2021 workplans.

She further noted that for 2021, the design of the annual strategic plan was updated to incorporate the Board's five-year strategic initiatives, organized by "Lead with Innovation," "Lead with People," and "Lead with Responsibility."

Towne explained that for 2021, staff has proposed seven metrics for each strategic initiative. Some metrics are carried forward from prior years and some are new this year.

She summarized each metric as well as the potential strategies to achieve that metric. There were numerous questions and suggestions throughout the presentation.

Van Winkle moved and Hoepfner seconded to accept the strategic plan as presented.

The motion was approved by unanimous vote.

#### BOARD INFORMAL DISCUSSION -- AGENDA ITEM #6

There was a break in the meeting at 1:15 and then Board members reconvened in break-out room for informal, social discussions. The meeting resumed at 1:45.

#### COMMUNITY FUND UPDATE -- AGENDA ITEM #6

Van Winkle provided an update as to the activities of the Community Fund Committee. He reminded the Board that the committee is a combined Board-staff team that meets quarterly to allocate funds collected when members round up their bills or donate their patronage capital to the fund. He reported on distributions for the year to date and on the balance remaining in the fund.

He said that the committee's goal is to expand participation and contribution levels and is considering new strategies to achieve that. The committee has also prepared bylaws which it will submit to the Board in the next few months. These will establish standard meeting times, a rotation system for Board members serving on the committee, and other guidelines for the committee.

The Board had a number of questions and ideas for consideration.

#### POWER SUPPLY 101 – PART 1 -- AGENDA ITEM #8

Craig Kieny, VEC's Manager of Power Supply, joined the meeting.

He noted that this is the first in a series of informational presentations on VEC's power supply portfolio, with the goal to provide a baseline understanding of power supply concepts in preparation for a future discussion whether to change VEC's power supply strategy to include more renewable and/or carbon-free resources. Currently, based on past Board guidance, VEC acquires enough renewable resources to meet the Vermont Renewable Energy Standard and after that selects the least expensive options, which are generally fossil-fuel based.

Kieny's presentation covered (1) the three components of wholesale power costs (energy, capacity and ancillary services) and their costs, (2) VEC's annual energy requirements and its committed resources, and (3) VEC's compliance with the Tier I and Tier II of the state Renewable Energy Standard.

There were numerous questions throughout his presentation and extensive discussion throughout.

Kieny noted that future meetings will address (1) a comparison of the costs of various energy resources and (2) renewable energy certificate tracking and trading, all leading to a discussion of whether the Board wants to set a new direction with respect to renewable and/or carbon-free resources.

Kieny left the meeting.

There was a break in the meeting at 3:08, and the meeting resumed at 3:23

### MANAGERS' REPORTS – AGENDA ITEM #8

Towne noted that she had a virtual meeting with the CEOs of the Northeast Associations of Electric Cooperatives (NEAEC) to check in and share ideas and initiatives. They agreed to continue to meet quarterly. On the issue of broadband support, Towne summarized the different approaches of the NEAEC members. Rebecca will follow up with individual coops who are partnering to facilitate and support make-ready for broadband providers. Such a partnership approach may be a good path for VEC as it will allow us to leverage our existing infrastructure, stay within our existing business model, and promote rural development. Discussion ensued.

Goggin noted that Lambert has received additional information about broadband initiatives by NEAEC members, which he asked Lambert to share with the Board.

Brown described the results of a recent employee survey, noting that some employees are feeling the stress of continuing to work under pandemic conditions. She and other senior leaders responded to a number of questions about the state of our workforce.

Bursell answered several questions about details included in his report.

Cohen noted that VEC has received over \$200,000 to date from the Arrearages Assistance Program to apply to member arrearages accumulated during the disconnection moratorium. She also reported on a recent business process review by NISC which may result in improved processes for employees and members. She responded to additional questions.

Varney reported that for the second year VEC was awarded the Cigna Wellness Award, which is a significant achievement as we were one of two companies out of 100 applicants. He also provided an update on the status of the new Newport warehouse.

ADJOURN -- AGENDA ITEM #9

Maroni moved and Worth seconded that the meeting be adjourned.

The motion carried unanimously.

The meeting adjourned at 4:11.

Respectfully submitted:

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Mark Woodward, Secretary

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Rich Goggin, President