

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

February 24, 2020

APPROVED MINUTES

As required under the VEC Bylaws, notice of this meeting was sent to each Director either via US Mail on February 19, 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 12:03 p.m. in the Robert P. Northrop Boardroom at VEC offices in Johnson, Vermont. Present were Directors Ken Hoepfner, Carol Maroni (Second Vice President), Mark Woodward (Secretary), George Lague, Rich Westman, Paul Lambert (First Vice President), Tom Bailey, and Jody Dunklee. Also present from VEC were CEO Rebecca Towne, General Counsel Vickie Brown, Chief Financial Officer Mike Bursell, and Safety & Security Manager John Varney. Don Worth joined the meeting by videoconference.

MEMBER INPUT – AGENDA ITEM #2

No members were present.

SAFETY MINUTE – AGENDA ITEM #3:

Hoepfner shared an experience when he became dizzy while he was driving. He was taken to the hospital and nothing was wrong. He continued to experience the same sensation and found out that it was vertigo caused by problems with the middle ear. There is an exercise that helps alleviate the problem.

Dunkley will do the safety minute for next month.

Goggin shared a cyber-incident involving the South Hero Fire Department's attempt to buy a boat. They had everything ready to go and wired the down payment of \$28,000. Unbeknownst to the town, the email address for the deposit was misdirected by someone who had hacked the boat seller and the deposit was sent to another, similar-looking email address.

APPROVE REGULAR 1/28/2020 BOARD MEETING MINUTES -- AGENDA ITEM #4

President Goggin asked if there were any additions or corrections to the minutes of the regular monthly Board of Directors meeting held on January 28, 2020.

Lague moved and Hoepfner seconded:

That the minutes of the regular monthly Board of Directors meeting held on January 28, 2020 be approved.

The minutes were approved by unanimous vote.

REPORT ON VEC/WEC MEETING -- AGENDA ITEM #5

Goggin asked for those directors who attended the joint WEC/VEC meeting held earlier this month. Directors shared the following observations and comment:

- The discussion was robust with a good exchange of information.
- There is an opportunity to engage in more joint action with WEC, *e.g.* on legislative issues or shared co-op life stories.
- This was a good opportunity for peer-to-peer dialog.
- Both co-ops are dealing with the same issues, *e.g.* broadband, even if we are taking different approaches.
- WEC has new rates in effect on 1/1/20 subject to refund; their rate design proposal was previously approved but phased in over two years.
- WEC is considering a low-income program, as required as a condition in their rate design case, and we will keep tabs on their new program.

CEO Assessment and Salary Determination -- AGENDA ITEM #6

Maroni moved and Woodward seconded to go into executive session to discuss personnel issues. By unanimous vote, the Board entered into executive session at 1:15. Varney, Brown and Bursell left the meeting. The executive session continued with Towne present for a portion of the executive session.

By unanimous vote, the Board exited executive session at 2:15. There was a break in the meeting, and the meeting resumed at 2:30. Brown, Varney, and Bursell re-joined the meeting. COO Peter Rossi joined the meeting, along with Manager of System Operations Kris Smith.

CYBER SECURITY ANNUAL UPDATE -- AGENDA ITEM #7

Rossi provided a presentation on the activities that VEC has undertaken to ensure that the company is protected from cyber security threats, following industry best practices and a continuous improvement model. He described VEC's robust program, noting that we have created a new cyber security position, replacing an Operations Supervisor with a System Operations Associate who will devote a significant part of his time on cyber activities. Since 2016, VEC has invested \$350,000 in capital spending and \$400,000 in expense spending toward cyber security systems. Rossi and Smith fielded numerous questions throughout the presentation.

2020 ANNUAL MEETING PLANNING -- AGENDA ITEM #8

Smith left the meeting, and Manager of Government Affairs and Member Relations Andrea Cohen and Laura Kinney, Project Planner, joined the meeting.

Cohen presented the schedule for Annual Meeting planning, noting that several items needed Board approval at today's meeting.

The first is to select the Candidate Review Committee, which consists of two staff and two Board directors. Woodward and Maroni volunteered to be the director members, and Cohen and Lisa Morris will be the staff members. The consensus of the Board was to move forward with that committee composition.

There were no changes to the policy establishing Rules and Procedures for Voting at member meetings.

Brown noted that she had drafted a bylaw amendment that would allow Board members to fully participate in regular board meetings via video (including voting and compensation), with approval of the President.

Maroni moved and Hoepfner seconded to accept the bylaw change set forth below, along with the explanation of the change as written.

Article V: Meeting of Directors

Section 6. Meeting by Conference Telephone. Special meetings of the Board of Directors, or any committee thereof, may be conducted by means of a telephone conference or like communications facility through which all persons

participating in the meeting are able to hear each other. The provisions of this Article regarding notice and quorum shall be fully applicable to any such telephone conference meeting and participation in such meeting shall constitute presence in person at such meeting. A Director may participate in a regular meeting of the Board of Directors by video or teleconference with permission from the Board President, ~~provided that they are not entitled to vote at the meeting and will not receive a meeting stipend.~~

After discussion, the motion passed by unanimous vote.

There was a discussion of meeting topics and ideas.

MANAGERS' REPORTS – AGENDA ITEM #9

Towne noted that we continue to provide operations support for Barton as an interim measure until they decide their future as an electric department. We also will provide a valuation of their assets.

She described the request for proposals process for potential companies to perform a feasibility analysis of broadband in VEC's service territory. We had five bidders, but will not award the bid until we know that we will receive the state grant money. She noted that there is another large grant opportunity for broadband available beginning in the fall from the FCC.

There were questions and discussion regarding some of the details in the other managers' reports.

Varney reported on revised estimates for the Newport warehouse project. Site work and the heating system proved more expensive. He is working to improve these numbers but it appears that the project will exceed the approved budget. He will have a firmer budget request for the Board during the March meeting.

ANY OTHER BUSINESS – AGENDA ITEM #10

Goggin noted that in executive session, the Board had discussed pay and combined time off (CTO) for Towne for 2020.

Westman moved and Maroni seconded that Towne be given a 2% pay increase and five additional days of approved CTO, retroactive to January 1, 2020.

The motion passed by unanimous vote.

ADJOURN -- AGENDA ITEM #11

Bailey moved and Westman seconded that the meeting be adjourned.

The motion carried unanimously.

The meeting adjourned at 4:29.

Respectfully submitted:

DocuSigned by:

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Mark Woodward, Secretary

DocuSigned by:

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Rich Goggin, President