

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

March 30, 2020

APPROVED MINUTES

As required under the VEC Bylaws, notice of this meeting was sent to each Director either via US Mail on March 23, 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 12:00 p.m. via videoconference. Present were Directors Ken Hoepfner, Carol Maroni (Second Vice President), Mark Woodward (Secretary), George Lague, Charlie Van Winkle, Rich Westman, Don Worth, Paul Lambert (First Vice President), John Ward (Treasurer), Tom Bailey, and Jody Dunklee. Also present from VEC were CEO Rebecca Towne, General Counsel Vickie Brown, Chief Financial Officer Mike Bursell, Chief Operations Officer Peter Rossi, Safety & Security Manager John Varney, and Manager of Government Affairs and Member Relations Andrea Cohen, and Project Planner Laura Kinney.

SAFETY MINUTE – AGENDA ITEM #2:

Jody Dunklee presented the safety minute. While preparing for weeks in quarantine, Dunklee was looking for places in her house to store supplies. She located a large shelf that seemed to work but to make sure that a full shelf did not tip over, she secured it to the wall.

APPROVE 2.24.20 REGULAR BOARD MEETING MINUTES -- AGENDA ITEM #3

President Goggin asked if there were any additions or corrections to the minutes of the regular monthly Board of Directors meeting held on February 24, 2020.

Woodward moved and Worth seconded:

That the minutes of the regular monthly Board of Directors meeting held on February 24, 2020 be approved.

The minutes were approved by unanimous vote.

NEWPORT FACILITY UPDATED BUDGET -- AGENDA ITEM #4

Varney described the layout and design of the planned Newport warehouse facilities, both the office space and the garage space. He explained some of the environmental protections required by various permits. He noted that during the detailed design work there were several items that came in at higher cost, including site work, the HVAC system and electrical equipment, and fire suppression requirements. The revised projection is \$2,849,000.

The building construction has not yet begun, pending approval for the increased budget and receipt of the final fire permit. VEC had anticipated construction starting in April, but it is currently uncertain whether this work that can commence during the statewide shutdown.

He noted that the lease at our current location runs until the end of the year. Contingency planning is underway to either stay in place or find other locations in the area, if the new facility is not available.

He noted that the cost per square foot of the revised cost estimate is \$118.00.

There were a number of questions concerning the reasons for the cost changes. There was a discussion as to whether the capital budget should absorb these excess costs within the budget already in place. Varney noted that he is deferring as many items related to this facility as possible into his 2021 facilities budget. Bursell noted that the costs of the facility will be recovered over the life of the project and won't have a significant impact on rates. There were a number of questions about the details of the project costs, timeline, and management.

Goggin noted that action on the request will be deferred to the Special Meeting that follows the Board meeting.

CORONAVIRUS RESPONSE UPDATE -- AGENDA ITEM #5

Towne updated the Board generally on the steps VEC is taking to respond to coronavirus and support our employees.

Cohen explained that VEC's member service representative have been able to continue to respond to members' concerns while working largely remotely. Members are appreciative of the no-disconnection decision but some are confused that this is forgiveness for arrearages. This will be a challenge to sort out in the future, but for now we are able to continue our work. Meter work has changed in that we are not approaching members or having direct interaction and we are also shifting to more capital work to minimize impacts on rates. Some of our commercial and industrial customers are cutting back their workforce, which will affect us. We are revising our communications plan to focus on the immediate crisis and defer some messaging for the

future. The next Co-op Life will include messaging around annual meeting and the election. Annual meeting will be via webinar and we are still working out the logistics for that.

Rossi described VEC's response from an operations perspective. The Incident Command Structure has been stood up and we are coordinating with the state emergency response team. We have moved our line crews into 50-50 rotation, with every worker having their own vehicle and half on call at home and half working on capital projects. Field employees are practicing safe distancing. IT personnel are working remotely. New control center protocols ensure that only one worker is in the control center at a time. We have implemented heightened cleaning protocols throughout the company. Rossi responded to a number of questions from the Board members.

Bursell reported that from a finance perspective, VEC anticipates reduced sales, especially on the commercial side, more bad debt, delayed payments, and excess power that may be sold at a loss. VEC has sufficient financial resources to support continued operations and access to additional debt if needed. To mitigate impacts, he has identified about 20 different significant cost items and prioritized them according to importance to the business. VEC will use these "levers" as circumstances play out. There may be also funding in the recent federal stimulus package that VEC can access. Bursell responded to a number of questions from Board members.

Towne noted that she would continue to keep directors updated as the situation evolves, knowing that we will be in this mode for some time.

There was a break in the meeting at 1:36. The meeting resumed at 1:53.

MANAGERS' REPORTS – AGENDA ITEM #6

Towne reported that the broadband grant is still on track to be awarded on April 3, and all indications are that the state will be moving forward. Connectivity has become of increased concern as we all try to work from home.

Annual meeting planning is ongoing. The plan is to close the election prior to the meeting and comply with the minimum requirements of the bylaws. At the same time we will use other communications avenues to continue to inform members about what is going on at the Co-op.

The annual meeting will be held from noon to 12:30 on the day of the May Board meeting, followed by the organizational meeting, and then the regular Board meeting.

Cohen reported that the legislature is meeting via video or phone sporadically only on emergency-related issues. We may be looking for regulatory or legislative relief down the road, e.g., waiving the requirement for the annual member survey.

Brown provided clarification as to the salary adjustment for certain employees based on a 401(k) plan change that will allow employees who had been excluded because they were highly compensated to re-join the 401(k) (non-union) plan.

Bursell explained that he would be looking for Board approval for the acquisition of certain physical plant (wires) from VELCO which will allow savings in operations and maintenance expense going forward. Brown and Bursell further responded to several additional questions about the details in their reports.

ANY OTHER BUSINESS – AGENDA ITEM #12

There was no other business.

ADJOURN -- AGENDA ITEM #13

Westman moved and Woodward seconded that the meeting be adjourned.

The motion carried unanimously.

The meeting adjourned at 2:52.

Respectfully submitted:

Mark Woodward, Secretary

Rich Goggin, President