

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

March 30, 2021

APPROVED MINUTES

As required under the VEC Bylaws, notice of this meeting was sent to each Director either via US Mail on March 22, 2021 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 3:02 pm 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 Mike Bursell, Manager of Government Affairs and Member Relations Andrea Cohen, Manager of Safety, Security, and Facilities John Varney, and Project Planner Laura Kinney.

SAFETY MINUTE – AGENDA ITEM #2:

Van Winkle advised that when walking on snow or ice in the winter, it is best not to have your hands in your pockets.

APPROVE BOARD MEETING MINUTES -- AGENDA ITEM #3

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

Woodward moved:

That the minutes of the regular meeting of the Board of Directors held on February 23, 2021 be approved.

Worth seconded. A director noted that the minutes did not indicate who seconded a motion.

With that correction, the minutes were approved by unanimous vote.

REVIEW FINAL 2020 FINANCIAL REPORT- AGENDA ITEM #4

Mark Mayer and Bill Keyser, of Kittell, Branagan and Sargent, VEC's audit firm, joined the meeting. Caroline Mashia, VEC's Controller, also joined.

Keyser reported on the results of the 2020 audit. The auditors issued an unqualified opinion with no audit findings. This was a "single audit" because of three different FEMA grants that were awarded in 2020. A single audit requires more in-depth examination of internal controls and more testing. The auditors recommended no adjustments to the financial statements that the Board has reviewed throughout the year.

Keyser reported that VEC met all of its financial covenants for 2020, which turned out to be a strong year for VEC. The Paycheck Protection Program loan was recorded as a note payable, pending a determination of forgiveness. Mayer noted that no entity which received a PPP loan over \$2 million has been notified about loan forgiveness yet, so VEC is not the only company still waiting.

He noted that the company increased its estimates for potential write offs due to the moratorium on disconnection and resulting arrearages. There may be additional federal funding to help members pay down the arrearages.

Finally, he reported that in 2020, VEC implemented its first rate increase since 2014, resulting in an increase in gross revenues. Equity levels are above 40%, which is required under Board policy for patronage capital retirements.

Looking forward, KBS will be preparing VEC's Form 990 and provide a draft to the Board in April.

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

Lague moved and Worth seconded to go into executive session to discuss the audit report without staff present.

The motion passed by unanimous vote and the Board entered into executive session at 3:25 p.m.

All VEC staff left the meeting.

By unanimous consent, the Board exited executive session at 3:47 p.m.

Staff rejoined the meeting.

Ward moved and Worth seconded to accept the auditor's report. The motion carried by unanimous vote.

Mayer, Keyser and Mashia left the meeting.

2021 TEXAS POWER OUTAGE AND VEC'S TOP 10 WORST PERFORMING CIRCUITS REVIEW – AGENDA ITEM #5

Rossi provided a presentation on the causes for the recent dramatic Texas power failures following extreme winter temperatures. The low temperatures caused numerous generators in the state to fail which required the grid operator to reduce load in order to maintain the necessary frequency levels. He also described the solutions that Texas is considering in response.

He next summarized the situation in New England which may face similar concerns that make it difficult to respond to extreme weather conditions. These include limited natural gas supply (with preference given to heating uses, not electricity), high electricity prices, recent power plant retirements and reliance on electricity imported from outside the region.

Rossi then followed with a second presentation focused on VEC to improve both reliability (i.e. preventing outages caused by normal operations) and resiliency (i.e., reducing the time it takes to recover from outages). Reliability investments include vegetation management, upgrading conductor, and fusing side taps. Resiliency investments include moving lines to roadside, splitting circuits into sections, and installing back-up feeders. He noted that VEC's top ten worst performing circuits make up about a quarter of all outages (in terms of numbers and customer hours out), so they are worth focusing attention on. And that focus has paid off by reducing overall outage numbers.

Rossi fielded questions from directors throughout his presentation.

BREAK – AGENDA ITEM #6

There was a break in the meeting at 4:48, and the meeting resumed at 5:11.

REVIEW COMMUNITY FUND BYLAWS – AGENDA ITEM #7

Van Winkle noted that when he became chair of the Committee, he was provided with a document containing guidelines from the Board, which included a direction that the Committee create bylaws for how it will function. He prepared the bylaws with input from the Committee and asked the Board to approve the bylaws.

There were a number of questions as to why the document was called “bylaws” rather than a “policy” or “procedure.” Van Winkle noted that he used a suggested template for committee bylaws that he found from a volunteer organization. There were questions as to the appropriate level of oversight by the Board. Van Winkle clarified that this was not a Board committee, covered under the Board policy on committees but rather a VEC committee with representation by both Board members and VEC staff on a rotating basis, with Towne being a permanent member.

Ward moved and Woodward seconded to approve the Community Fund Bylaws as presented.

There was further discussion and debate as to oversight of the committee and whether Board approval of the bylaws is needed.

Maroni moved and Worth seconded to amend the motion to approve to include additional language in the section defining committee members to state that the CEO will have ultimate oversight and responsibility for the committee.

The amendment passed by unanimous vote.

Maroni moved and Hoepfner seconded to further amend to motion to change the title from “Bylaws” to “Charter.”

The amendment passed by unanimous vote.

The motion, with the two amendments, passed by unanimous vote. Board members complimented Van Winkle on his work.

COMMITTEE REPORTS – AGENDA ITEM #8

This item was deferred to next month.

MANAGERS’ REPORTS – AGENDA ITEM #9

There were a number of questions from directors as to details in the managers' reports. Cohen provided an update that the new outage page has been launched.

ANY OTHER BUSINESS – AGENDA ITEM #10

Woodward asked whether VEC as an entity is carbon-neutral or whether there is a plan to move in that direction. Towne noted that we are not, and we have a sustainability committee looking at our environmental footprint. She noted that our fleet is entirely reliant on fossil fuels, which is a challenge that will take time to address.

Lambert noted the Northeast Association of Electric Cooperatives (NEAEC) annual meeting will be held on Thursday, May 20. It will be virtual with no substantive content beyond that required by the bylaws. Lambert noted that he is an officer of the organization and willing to run again if the Board supports that. The consensus was to that Lambert would continue to represent VEC at the NEAEC. He further noted that there may be a fall meeting in person, with details to follow.

ADJOURN -- AGENDA ITEM #11

Westman moved and Woodward seconded that the meeting be adjourned.

The motion was approved by unanimous vote.

The meeting adjourned at 6:10 pm.

Respectfully submitted:

Mark Woodward, Secretary

Rich Goggin, President