

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

June 30, 2020

APPROVED MINUTES

As required under the VEC Bylaws, notice of this meeting was sent to each Director either via US Mail on June 21, 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 (time) 12:01p.m. via video conference. 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, 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.

SAFETY MINUTE – AGENDA ITEM #2:

Maroni shared a recent mishap where she experienced an injury to her neck when she came into contact with a low-hanging tree branch when mowing her lawn. She recommended lopping off low-hanging tree limbs.

APPROVE BOARD MEETING MINUTES -- AGENDA ITEM #3

President Goggin noted that although the minutes of the annual members meeting were included in the packet, they would be voted on next year by the members. He asked if there were any additions or corrections to the minutes of the organizational meeting of the Board of Directors held on May 26, 2020.

Hoepfner moved Westman seconded:

That the minutes of the organizational meeting of the Board of Directors held on May 26, 2020 be approved.

The minutes were approved by unanimous vote.

Woodward moved and Hoepner seconded:

That the minutes of the regular monthly Board of Directors meeting held on May 26, 2020 be approved.

The minutes were approved by unanimous vote.

FORM 990 -- AGENDA ITEM #4

Bursell reported that we received an extension for filing the Form 990 this year due to COVID-19 issues. It has been reviewed and approved by the auditors. With Board approval, management will file the Form 990 in July. Bursell fielded several questions from several as to some of the details in the Form 990 and agreed to make one minor descriptive change at the request of a director.

Hoepner moved and Westman seconded:

That the VEC Board approve the presented 2019 IRS Form 990 tax report for VEC subject to any final changes recommended from VEC's auditors.

The motion was approved by unanimous vote.

REVIEW OF DEAL TO PURCHASE POLE OWNERSHIP SHARES FROM CONSOLIDATED COMMUNICATIONS -- AGENDA ITEM #5

Bursell provided details about the proposed purchase from Consolidated Communications Company of their half interest in 1438 poles in five towns in the Northeast Kingdom. He noted that this is a small acquisition but will support a reliability project that we will be conducting in this area. It will also allow us to switch certain customers back on to VEC's system from New Hampshire and save on transmission charges.

There were numerous questions from the Board about the terms of the deal which Bursell addressed

Hoepner moved and VanWinkle seconded

That the VEC Board authorize the CEO, CFO or COO to execute all the necessary documents to complete the acquisition of the joint-owned poles based on terms materially consistent with those summarized in the Board packet.

There was additional discussion as to the terms of the resolution.

The motion was approved by unanimous vote.

BOARD MEETING SCHEDULE -- AGENDA ITEM #6

Goggin noted that he has reached out to directors as to preferences for meeting times and dates. There was consensus to move the December meeting to the week before Christmas week (December 22). He proposed that the Board hold its February meeting on the usual Tuesday meeting day, and assuming that the meeting is remote, during the evening hours. There was discussion and the consensus was to try the evening meeting in February, subject to change if the Board returns to in-person meetings.

NEW VEC WEBSITE -- AGENDA ITEM #7

Cohen took the Board on a virtual tour of VEC's new and improved website. She pointed out new features, such as simpler usability, the addition of electronic forms that members can submit from the website directly and additional on-line paperless options that members can use to transact business with VEC. She noted that the site is also much better to use from a cell phone, which is how many members access it. She recommended that directors take some time to explore the website for themselves. She noted that in the future we may add an instant chat feature for members who prefer that.

There were a number of questions about the website throughout her presentation.

CEO PERFORMANCE EVALUATION -- AGENDA ITEM #10

(Agenda items 10, 11 and part of 12 were brought forward due to timing issues.)

Brown noted that the tool that the Board has used in the past several years for the annual CEO review is part of a subscription that VEC has with BoardSource. The annual subscription ends in July, and she sought the Board's advice whether they would prefer to continue to use the tool, or whether we should explore less costly alternatives. There was a consensus to allow the

subscription to expire and look at alternatives (including those offered by the NRECA) that are more cost-effective but still provide for a robust evaluation.

FINANCE COMMITTEE REPORT -- AGENDA ITEM #11

Ward noted that the Board has already addressed the recommendations from the last Finance Committee meeting.

Ward moved and Maroni seconded to accept the committee meeting minutes as presented.

Dunklee noted that the minutes incorrectly stated that the meeting was held in the Johnson office when it was held by videoconference. With that change, the motion passed by unanimous vote.

MANAGERS' REPORTS – AGENDA ITEM #12

Maroni moved and Worth seconded to go into executive session to discuss a possible confidential business deal. The motion passed by unanimous vote and the Board entered into executive session at 1:04.

By unanimous vote, the Board exited executive session at 1:20.

Towne updated the Board on the status of our broadband feasibility study, and we will have a fuller discussion at the August Board meeting. She noted that there is now money available from the state for broadband deployment and the Department of Public Service is considering how best to distribute the funding.

There were a number of questions from the Board.

GUEST SPEAKER TOM DUNN, CEO OF VELCO – AGENDA ITEM #8

Towne introduced Tom Dunn, the CEO of VELCO, which is Vermont's state-wide transmission utility.

Dunn began by providing some back ground on VELCO, as the owner and operator of most transmission assets in Vermont. Its owners are the Vermont distribution utilities as well as the Vermont Low Interest Trust Corporation, a public benefit corporation, established after the GMP-CVPS merger, to ensure VELCO has a variety of voices on its Board of Directors. VELCO is a for-profit corporation which pays dividends back to its owners.

He described some of the unique challenges and opportunities of operating an increasingly complex electric grid. He also explained the source of VELCO's revenues and its costs. He explained VELCO's profile over the past couple of decades, going from as steady-state operations mode, then tackling a number of large construction projects, and now moving into developing as an information company.

He noted the strong relationship that VELCO has with VEC and how that provides value to both companies. He provided several example of VELCO-VEC collaborations, including on reliability enhancements, fiber paths, data analytics, and app development.

There were numerous questions from directors throughout the presentation.

RENEWABLE ENERGY STANDARD REVIEW – AGENDA ITEM #9

Lisa Morris joined the meeting to provide a presentation on the Renewable Energy Standard. She briefly described the power supply side of the RES, Tiers I (total renewable energy) and II (new in-state renewable energy). Tier I starts at 55% and increases to 75% in 2032, and Tier II started at 1% and increases to 10% by 2032. She noted that VEC meets its Tier I requirements with Hydro Quebec and Kingdom Community Wind, among other resources, and its Tier II requirements with new solar projects constructed since 2015 (including net metering).

Tier III by contrast focuses on acquiring carbon credits from the transportation and heating sectors, with the goal of getting Vermont to 90% renewable by 2050. She described the types of measures that we provide incentives for as part of Tier III.

She noted that the Tier III requirements become very aggressive over time. VEC has met its requirements to date but that may become more challenging. The theory was that utilities would drive market transformation and at some point these technologies would be widely adopted.

She shared VEC's Tier III accomplishments to date, as well as a comparison between VEC's progress and that of other utilities. Notably, VEC has been able to meet all Tier III goals without using Tier II renewable energy credit and VEC's cost per MWh for Tier III resources is the lowest in the state.

There were numerous questions throughout the presentation.

Morris left the meeting.

MANAGERS' REPORTS – AGENDA ITEM #12 - CONTINUED

Brown reported that we are working closely with employees to monitor and follow up with health screening that is required by VOSHA prior to entering the workplace. She also provided an update as to the status of five large net-metering projects located in the SHEI that are still pending at the PUC.

There were further questions on her update.

Bursell answered questions about contingency planning due to COVID uncertainties, the prospects and process for turning the Paycheck Protection Program loan into a grant, and the FEMA mitigation grants that we are handling.

Cohen fielded questions on legislative issues and addressing arrearages caused by the disconnection moratorium.

ANY OTHER BUSINESS – AGENDA ITEM #13

There was no other business.

ADJOURN -- AGENDA ITEM #14

Worth moved and VanWinkle seconded that the meeting be adjourned.

The motion carried unanimously.

The meeting adjourned at 4:15.

Respectfully submitted:

Mark Woodward, Secretary

Rich Goggin, President