

VERMONT ELECTRIC COOPERATIVE, INC.
74TH ANNUAL MEETING OF MEMBERS
MAY 12, 2012
APPROVED MINUTES

President Thomas Bailey welcomed members and introduced Bill Stenger, president and co-owner of Jay Peak. Stenger thanked VEC for having their meeting at the resort. He welcomed VEC members and invited them to take time after the meeting to walk around the facility.

The meeting was called to order by VEC President Thomas Bailey at the Jay Peak Resort, 830 Jay Peak, Road, Jay, Vermont at 10:10 a.m. President Bailey reminded those present that if they had not yet voted they should do so as the ballot box would be closing at 10:30 a.m. President Bailey also mentioned that copies of the 2011 Annual Meeting minutes, Special Meeting minutes, and 2011 Financial Statements were available for those members wishing to take a copy home.

INTRODUCTION

President Bailey introduced himself to the members. Bailey also introduced Dave Hallquist, Chief Executive Officer; Michelle DaVia, Secretary; John Ward, Treasurer; and Randy Pratt, Parliamentarian.

INTRODUCTION OF DIRECTORS

President Bailey introduced the following Directors present at the Annual Meeting, in addition to Michelle DaVia, Westford, District #5 and John Ward, Newport, East Zone I: Carol Maroni, Craftsbury, District #3; Mark Woodward, Johnson, District #4; Dan Parsons, Second Vice President, Richford, District #6; John Miller, North Hero, District #7; at large directors George Lague, Derby, East Zone I; Dan Carswell, First Vice President, Enosburg Falls, West Zone I; Craig Kneeland, Eden Mills, West Zone II; and Dorothy Allard, Bakersfield, West Zone III. President Bailey noted that Don Worth, Island Pond, District #1 was not present.

INTRODUCTION OF GUESTS

CEO Dave Hallquist introduced the invited guests at the Annual Meeting: Barry Bernstein, Washington Electric Cooperative; Roger Fox, Washington Electric Cooperative; Don Kreis, Vermont Law School; Vince Illuzzi, Senator; and Duncan Kilmartin, State Representative.

CERTIFICATE OF QUORUM AND AFFIDAVIT OF MAILING

Secretary DaVia read the Certificate of Quorum stating that of the total membership of 31,848, there was a quorum of 100 members present and that the meeting could legally begin.

DaVia continued by reading the Mailing Affidavit certifying that a copy of the notice relative to the Annual Meeting of the members was mailed to each member of the Cooperative on April 17, 2012, in the manner prescribed by the Bylaws.

Frank Davis moved and Sarah Cushing seconded:

That the reading of the Notice of the 2012 Annual Meeting of Members be waived.

No discussion was forthcoming and the motion carried unanimously.

MINUTES OF THE 2011 ANNUAL MEETING OF MEMBERS

John Bissonette moved and Director Dorothy Allard seconded:

That the reading of the minutes of the 5/21/2011 Annual Meeting of Members be waived, and that the minutes be approved as presented.

No discussion was forthcoming and the motion carried unanimously.

President Tom Bailey moved and Frank Davis seconded:

That the reading of the minutes of the 7/26/2011 Special Meeting of Members be waived, and that the minutes be approved as presented.

No discussion was forthcoming and the motion carried unanimously.

CERTIFICATE OF CANDIDATES READ AND CANDIDATES INTRODUCED

DaVia read the Certificate of Candidates:

District 7 Director Candidates:

- Mitzi Johnson – South Hero
- John (Jack) Miller – North Hero
- George Rice – South Hero

East Zone I At-Large Director Candidates:

- Skip Gosselin – Newport
- Bill Hafer – Newport
- George Lague – Derby
- Sam Young – West Glover

Western Zone II At-Large Director Candidates:

- Candice Campbell – Richmond
- Ken Hoepfner – Jeffersonville
- Schuyler Jackson – Hinesburg
- Cecil King – Franklin
- Craig Kneeland – Eden Mills
- Mark Larivee – Enosburg Falls
- J.J. Laukaitis – Williston
- Brad Schwartz - Fairfax

PRESIDENT'S ADDRESS

President Bailey then addressed members by summarizing the Board's activities during the past year. He reported that while many of our members continue to struggle economically with the aftermath of the recession, VEC is seeing signs that the local economy is gaining strength. In particular, he noted that commercial and industrial and electric sales are approaching pre-recession levels, with Jay Peak's recent expansion being a prime example.

He noted that revenue growth coupled with storm recovery relief from FEMA have allowed VEC to avoid an electric rate increase for 2012 and that VEC now has sufficient equity to prepare a plan to begin paying out patronage capital dollars.

Bailey noted that while business has been very positive, the human side of VEC's closely-knit family has suffered significant loss, with the fatal injury of Bruce Lamb and the serious accident suffered by Jimmy Sequin. In addition, VEC lost recently-retired director Howard Leighton and director and treasurer Bert Lague.

TREASURER'S REPORT

President Bailey introduced VEC's Treasurer John Ward. Ward then presented the Treasurer's report and financial highlights.

Director Jack Miller moved and Director Dorothy Allard seconded:

That the Treasurer's Report be accepted as presented.

No discussion was forthcoming and the motion carried unanimously.

CHIEF EXECUTIVE OFFICER'S REPORT

President Bailey introduced VEC's Chief Executive Office, David Hallquist. Hallquist introduced a video on the low and high points of 2011 at VEC.

The video was played.

BALLOT BOX CLOSED

At 10:30 a.m., President Bailey announced that the ballot box was officially closed and that votes that were cast today would be counted.

CHIEF EXECUTIVE OFFICER'S REPORT - CONTINUED

Hallquist gave a presentation on VEC's proposal for how the company and the state should plan its transition to a greener portfolio. He cautioned that, while goals of a greener portfolio are laudable, utility planners must consider physical realities, such as impacts on the electric grid, and economic consequences, such as higher rates, of adding more renewable resources. The legislature should consider the entire picture before moving forward with additional renewable mandates. He continued by inviting members to ask questions after the video and presentation.

Hallquist noted that it has been a year of great success and significant loss. He reported that VEC has been successful in that there will be no rate increase for 2012, our outage performance continues to improve, and that VEC is on track to meet the state's 2017 renewable resource goals by 2013.

Hallquist answered questions presented to him by members.

VOTING RESULTS

CEO Hallquist introduced ballot tellers Susan Barr and Helen Walker to present the voting results.

Susan Barr stated that out of approximately 31,827 eligible voters, 4,117 votes were cast.

Barr then presented to members the voting results on changes to ballot items as follows:

Ballot Item #1:

Shall the Power Purchase and Sale Agreement with NextEra Energy Seabrook, LLC, as described in the Notice of Annual Meeting, be approved?

There was a total of 3,127 yes votes and 696 no votes.

Ballot Item #1: Passed

Barr then presented voting results for changes to Bylaw amendments as follows:

Ballot Item #2:

Shall Articles I, III, IV, and XIII be amended (1) to allow for members to vote using electronic means in addition to in-person and mail-in voting and (2) to remove a restriction in Article III that mailed-in ballots must be received at least twelve hours in advance of a members' meeting, both as described in the Notice of Annual Meeting?

There was a total of 3,411 yes votes and 470 no votes.

Ballot Item #2: Passed

Ballot Item #3:

Shall Article III, Section 2(e) be amended (1) to allow Zone meetings in addition to District meetings to be called; (2) to require that requests of Directors for a Zone or District meeting be approved by the VEC President, and (3) to change the threshold for allowing members to request a District or Zone meeting from 10% of the District members to 250 members of the District or Zone, as described in the Notice of Annual Meeting?

There was a total of 3,342 yes votes and 485 no votes.

Ballot Item #3: Passed

Ballot Item #4:

Shall Article IV, Section 5 be amended to alter the way in which a vacant Director's seat is filled when such seat becomes vacant before its normal expiration date, as described in the Notice of Annual Meeting?

There was a total of 3,143 yes votes and 667 no votes.

Ballot Item #4: Passed

Ballot Item #5:

Shall Article V, Section 2 be amended to allow a special meeting of the Board of Directors to be held anywhere within the State of Vermont, even if not within VEC's service territory, as described in the Notice of Annual Meeting?

There was a total of 2,598 yes votes and 1,248 no votes.

Ballot Item #5: Passed

Ballot Item #6:

Shall Article V, Section 4 be amended to allow members of the Board of Directors to elect to receive notice of Directors' meetings via electronic means, as described in the Notice of Annual Meeting?

There was a total of 3,497 yes votes and 361 no votes.

Ballot Item #6: Passed

Ballot Item #7:

Shall Article IV, Section 3(f)(2) be amended to preclude a former Vermont Electric Cooperative employee from serving on the Board of Directors for a period of one year after such employment ends, as described in the Notice of Annual Meeting?

There was a total of 3,201 yes votes and 631 no votes.

Ballot Item #7: Passed

Ballot Item #8:

Barr presented the election results for the remainder of the ballot items: Candidates running for the Board of Directors are as follows:

District 7:

- Mitzi Johnson received 258 votes
- John Miller received 257 votes
- George Rice received 198 votes

Mitzi Johnson is the Director for District 7.

East Zone I Director at Large:

- Skip Gosselin received 328 votes
- Bill Hafer received 89 votes

- George Lague received 804 votes
- Sam Young received 584 votes

George Lague is the Director at Large for East Zone I.

Western Zone II Director at Large:

- Candice Campbell received 275 votes
- Ken Hoepfner received 403 votes
- Schuyler Jackson received 156 votes
- Cecil King received 260 votes
- Craig Kneeland received 370 votes
- Mark Larivee received 253 votes
- J.J. Laukaitis received 216 votes
- Brad Schwartz received 129 votes

Ken Hoepfner is the Director at Large for West Zone II.

CEO Hallquist noted that an organizational meeting will be held at the conclusion of the meeting and that those board members who were elected will join the meeting.

Hallquist invited members to continue with their questions. A question and answer session ensued with many questions focused on renewable energy, nuclear power, Vermont Yankee and Seabrook. A transcript of the question and answer session is available upon request.

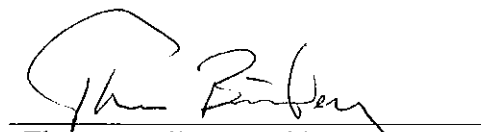
ADJOURNMENT

There being no further business before the meeting, the meeting adjourned at approximately 11:45 a.m.

Respectfully submitted by:


Michelle DaVia, Secretary

and


Thomas Bailey, President