

VERMONT ELECTRIC COOPERATIVE, INC.
75TH ANNUAL MEETING OF MEMBERS
MAY 18, 2013
APPROVED MINUTES

The meeting was called to order by VEC President Thomas Bailey at the Smuggler's Notch Resort, Jeffersonville, Vermont at 10:00 a.m. President Bailey reminded those present that the ballot box would be closing at 10:30 a.m. President Bailey also noted that copies of the 2012 Annual Meeting minutes and 2012 Financial Statements were available for those members wishing to take a copy home.

INTRODUCTIONS

President Bailey introduced himself and also introduced Dave Hallquist, Chief Executive Officer; Michelle DaVia, Secretary, director from Westwood, District #5; and John Ward, Treasurer, director from Newport, East Zone I.

President Bailey introduced the following members of the VEC Board of Directors:

Don Worth, Island Pond, District #1; Carol Maroni, Craftsbury, District #3; Mark Woodward, Johnson, District #4; Dan Parsons, Second Vice President, Richford, District #6; Mitzi Johnson, South Hero, District #7; George Lague, Derby, East Zone I; Dan Carswell, First Vice President, Enosburg Falls, West Zone I; Ken Hoepfner, Jeffersonville, West Zone II. President Bailey noted that Dorothy Allard, Bakersfield, West Zone III, was not present.

CEO Dave Hallquist recognized state representatives Rich Westman, Mark Woodward, and Mitzi Johnson. CEO Hallquist introduced invited guests Andy Reid and Roger Fox, both from Washington Electric Cooperative.

CERTIFICATE OF QUORUM AND AFFIDAVIT OF MAILING

Secretary DaVia read the Certificate of Quorum stating that of the total membership of 31,901, there was a quorum of 100 members present and that the meeting could legally begin.

DaVia read the Mailing Affidavit certifying that a copy of the notice of Annual Meeting of the members was mailed to each member of the Cooperative on April 23, 2013, in the manner prescribed by the Bylaws.

DaVia noted that it is customary to waive the reading of the Notice of Annual Meeting and requested a motion to that effect.

Frank Davis moved and Jack Miller seconded:

That the reading of the Notice of the 2013 Annual Meeting of Members be waived.

No discussion was forthcoming and the motion carried.

MINUTES OF THE 2011 ANNUAL MEETING OF MEMBERS

DaVia noted that it is also customary to waive the reading of the unapproved minutes of the previous year's annual meeting and requested that a motion to that effect.

Brian Schaefer moved and William Hafer seconded:

That the reading of the minutes of the 5/12/2012 Annual Meeting of Members be waived.

No discussion was forthcoming and the motion carried.

PRESIDENT'S ADDRESS

Bailey reported on the year just completed, noting that electric sales have increased as the economy improved, due in part to investment in the Northeast Kingdom funded through the EB-5 visa program. He also expressed appreciation for the service of former VEC president Bob Northrup who passed away early in 2013. Finally, Bailey thanked the VEC Board of Directors and VEC employees for their ongoing efforts in providing members with affordable, clean and reliable electricity for their homes, farms and businesses.

TREASURER'S REPORT

CEO Hallquist introduced VEC's Treasurer John Ward to present the Treasurer's report and financial highlights for the prior year. Ward noted that VEC continues to have strong financial results with revenues for 2012 of \$72.8 million, which represents a slight decrease of .1 percent from the previous year. He noted that capital spending for 2012 was \$13.5 million, a decrease of 11 percent from the previous year. Ward noted that the VEC Board of Directors, management and staff are aware of northern Vermont's challenging economy and are committed to delivering reliable energy in a safe manner and an affordable price.

Bruce Barter moved and Frank Davis seconded:

That the Treasurer's Report be accepted as presented.

No discussion was forthcoming and the motion carried.

DaVia requested a vote in favor of approving the minutes of the 5/12/2012 Annual Meeting of Members as presented.

The motion carried.

CHIEF EXECUTIVE OFFICER'S REPORT

Safety Drill - CEO David Hallquist introduced Safety Manager John Varney, who informed the members that a typical VEC meeting starts with a safety moment with the goal of placing safety in the forefront for all employees as they go through the day. For his safety moment, Varney showed a photo of a typical car-pole accident and reviewed what to and what not to do in this type of situation.

Hallquist introduced the other members of VEC's senior leadership team: General Counsel Vickie Brown, Manager of Corporate Services Liz Gamache, Chief Financial Officer Mike Bursell, and Chief Operations Officer Jeff Wright

Hallquist noted that we are celebrating the 75th anniversary of VEC's founding and noted that VEC wants to honor the past, celebrate the present, and look forward to the future. Hallquist presented a video showing the changes VEC has experienced on its 75-year history.

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 continued his report by noting that the Department of Energy has provided a grant to VEC of approximately \$11.4 million, which has been used to further automate the electric distribution system. He noted the importance of using advanced technology in improving outage recovery time.

Hallquist recognized the VEC Operations team for their laser focus on reducing outage frequency and duration. He also recognized the VEC Finance team for their work in implementing VEC's patronage capital pay out program in 2012 and 2013.

Hallquist invited members to provide feedback on the quality of VEC's member service.

Hallquist took comments from members and engaged in a lengthy question and answer period.

VOTING RESULTS

President Bailey introduced head ballot teller Susan Barr to present the voting results.

Susan Barr stated that out of approximately 31,906 eligible voters, 3,647 paper and 248 electronic valid ballots were cast.

Barr then presented to members the voting results for changes to Bylaw amendment as follows:

Ballot Item #1:

Shall Article IV, Section 4(b) be amended to (1) clarify which Board policies that, if violated, could subject a Director to possible removal as a Director; and (2) state that a Director who is being considered for removal may not vote on a motion to remove?

There was a total of 3,195 yes votes; 158 no votes.

Ballot Item #1: Passed

Ballot Item #2:

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

District 2:

- Richard Gosselin received 145 votes
- Skip Gosselin received 91 votes
- William (Bill) Hafer received 63 votes
- Karen Jenne received 176 votes
- John O. Ward, Jr. received 332 votes

John O. Ward, Jr. is the Director for District 2.

East Zone II Director at Large:

- John F. Alexander received 168 votes
- Tom Bailey received 918 votes
- Tom Collins received 358 votes
- Edward F. Cunningham received 95 votes
- Dianne Laplante received 91 votes
- John M. Lewandowski received 210 votes
- Henry G. Sauvagnat received 82 votes

Tom Bailey is the Director at Large for East Zone II.

Western Zone III Director at Large:


- George Brisson received 227 votes
- Patrick J. Calecas received 129 votes
- Schuyler Jackson received 214 votes
- John (Jack) Miller received 568 votes
- Brian J. Schaffer received 129 votes
- Richard A. Westman received 615 votes

Richard A. Westman is the Director at Large for West Zone III.

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