

VERMONT ELECTRIC COOPERATIVE, INC.
77TH ANNUAL MEETING OF MEMBERS
MAY 9, 2015
APPROVED MINUTES

The meeting was called to order by VEC President Thomas Bailey at the Jay Peak Resort, Jay Peak, Vermont at 10:10 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 2014 Annual Meeting minutes and 2014 Financial Statements were available for those members wishing to take a copy home.

INTRODUCTIONS

President Bailey introduced himself and also introduced David Hallquist, Chief Executive Officer, and introduced the following members of the VEC Board of Directors:

Don Worth, Island Pond, District #1; John Ward, Treasurer, Newport, East Zone I; Carol Maroni, Second Vice President, Craftsbury, District #3; Mark Woodward, Secretary, Johnson, District #4; Michelle DaVia, Westwood, District #5; Dan Parsons, Richford, District #6 - not present; Mitzi Johnson, South Hero, District #7- not present; George Lague, Derby, East Zone I; Dan Carswell, First Vice President, Franklin, West Zone I; Ken Hoepfner, Jeffersonville, West Zone II; and Rich Westman, Cambridge, West Zone III.

CEO Hallquist recognized Patty Richards, General Manager of Washington Electric Coop; Roger Fox, President of the Board of Washington Electric Coop; George Twigg, State Director Office of the Congressman Peter Welch; Liz Gamache, Director of Efficiency Vermont; Carolyn Leighton, a member who has supported VEC for many years as an election teller; Julia Northrop whose husband Bob Northrop lead the Board for 20 years; Tim Perrin from Efficiency Vermont; Will Linder, who writes for Co-op Life; Warren Coleman, who assists VEC in public and legislative affairs; and Darren Springer, Deputy Commissioner of the Department of Public Service

He also recognized three employees who organized the annual meeting: Amanda Zay, Lisa Morris, and Nina Russo-Sanchez.

PRESIDENT'S ADDRESS

Bailey reported that Northern Vermont's economy as measured by our megawatt-hour sales growth was steadily getting stronger and that the past year was consistent with previous years, as

VEC experienced a one percent increase in overall energy sales.

He noted that energy sales growth was primarily in the industrial and commercial sectors, and that our residential megawatt-hour sales were relatively flat for 2014, as slightly colder than normal weather was offset by homeowners' conservation efforts and customer self-generation.

He noted the Board's role in working closely with VEC's management team to establish and approve a physically responsible budget for 2015.

CERTIFICATE OF QUORUM AND AFFIDAVIT OF MAILING

Secretary Mark Woodward read the Certificate of Quorum stating that of the total membership of 32,029, there was a quorum of 100 members present, meeting the legal requirement in VEC's bylaws.

Woodward 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 14, 2015, in the manner prescribed by the bylaws.

Woodward 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 Charlotte Kennedy seconded:

That the reading of the Notice of the 2015 Annual Meeting of Members be waived.

No discussion was forthcoming and the motion carried.

MINUTES OF THE 2014 ANNUAL MEETING OF MEMBERS

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

Georgia Davidson moved and Shirley Common seconded:

That the reading of the minutes of the 5/17/2014 Annual Meeting of Members be waived.

No discussion was forthcoming and the motion carried.

CERTIFICATE OF CANDIDATES

Woodward read the Certificate of Candidates and asked that those candidates present please stand.

District #1 Director Candidate: Don Worth – Island Pond

District #6 Director Candidates: Molly Lambert – Swanton; John Youland – Montgomery Center

District #7 Director Candidate: John Jack Miller – North Hero

West Zone I Director Candidates: Dan Carswell – Franklin; Leslie Nulty – Jericho Center; Bob Pearl – Grand Isle; Charlie Van Winkle - Underhill

TREASURER'S REPORT

Treasurer John Ward presented the Treasurer's report and financial highlights for the prior year.

Ward reported that for the 2014 calendar year, VEC had revenues of \$77.7 million which was an increase of 4.3 percent from the prior year. He reported that net income after expenses increased by 2.5 percent to \$3.7 million.

Ward reported that between 2013 and 2014, VEC has returned \$1.35 million of patronage capital to our members in the form of bill credits to members and checks to former members.

Bruce Morgan moved and Frank Davis seconded:

That the Treasurer's Report be accepted as presented.

No discussion was forthcoming and the motion carried.

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

CEO Hallquist informed the members that a typical VEC meeting starts with a safety moment. Hallquist introduced Safety & Security Manager John Varney. Varney stressed the need to pay attention to construction crews on the highways and to obey the flagman's directions. He also noted to be cautious when approaching a crew not to distract them from their work.

Bailey recognized another guest, Sarah Hofmann from the Public Service Board.

Hallquist introduced the other members of VEC's senior leadership team: Chief Financial Officer Mike Bursell, Chief Operations Officer Jeff Wright, General Counsel Vickie Brown, Sue Bernier, acting Manager of Corporate Services, and Andrea Cohen who will join VEC in June as the Manager of Government Affairs and Member Relations.

Hallquist shared the strategic planning process that VEC uses to set its course each year. It starts with the Board of Directors, which sets the company's vision and mission. The senior leadership team breaks that vision and mission into core competencies and key focus areas. At that point employees get involved in developing strategies to achieve VEC's goals. For 2015 VEC's core

competencies are Safety and Security, Financial Balance, Keeping the Lights on, Member Focus, Innovation, and Connecting Employees. Hallquist then explained some of the actions planned in each of these areas.

GUEST SPEAKER – DARREN SPRINGER

Hallquist introduced the guest speaker, Darren Springer, the Deputy Commissioner of the Department of Public Service. Mr. Springer summarized the goals and requirements of a recently-enacted statute, called Act 56, which sets goals for Vermont utilities to acquire 75 percent of their energy from renewable resources by 2032. The Act also places requirements on utilities to implement “energy transformation” projects to reduce fossil fuel use in sectors beyond electric generation, including heating and transportation. The goal is to ultimately save ratepayers money by making better use of the electric grid.

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

VOTING RESULTS

President Bailey introduced ballot teller Susan Bahr to present the voting results. Bahr stated that out of approximately 32,032 eligible voters, 2,972 valid ballots were cast.

Barr then presented the results of to the proposed Bylaw amendments which were included on the ballot, as follows:

Ballot Item #1:

Shall Article IV, Section 1(a) be amended to include a statement that the Cooperative encourages all eligible members to seek election to the VEC Board of Directors, particularly members with the experience, skills, education, critical judgment, and integrity critical to shaping the success and future direction of the Cooperative, as described in the Notice of Annual Meeting?

There was a total of 2,867 yes votes; 75 no votes.

Ballot Item #1: Passed

Ballot Item #2:

Shall Article IV be amended to state that no Director shall be eligible for re-election to the VEC Board of Directors that has served three (3) full terms of not less than twelve (12) consecutive years. After a period of three (3) years absence from the Board, a Director may be re-elected to the Board for an additional term cycle within these limits.

There was a total of 985 yes votes; 1,947 no votes.

Ballot Item #2: Did Not Pass

Ballot Item #3:

Shall Article V, Section 6 be amended to allow VEC's directors to participate in meetings by video or teleconference with permission from the Board President, provided that they are not entitled to vote at the meeting and will not receive a meeting stipend, as described in the Notice of Annual Meeting?

There was a total of 2,726 yes votes; 196 no votes.

Ballot Item #3: Passed

Ballot Item #4:

Shall VEC's participation in a proposed 2.5 megawatt community solar project be approved, as described in the Notice of Annual Meeting?

There was a total of 2,643 yes votes; 263 no votes.

Ballot Item #4: Passed

Ballot Item #5:

Shall the capacity purchase and sales agreement with NextEra Energy Seabrook, LLC be approved as described by the Notice of Annual Meeting?

There was a total of 2,608 yes votes; 262 no votes.

Ballot Item #5: Passed

Ballot Item #6 & #7:

Barr then presented the election results for open seats on the Board of Directors, as follows:

District 1:

- Don Worth received 379 votes

Don Worth is the Director for District 1.

District 6:

- Molly Lambert received 182 votes
- John Youland received 178 votes

Molly Lambert is the Director for District 6.

District 7:

- Jack Miller received 441 votes

Jack Miller is the Director for District 7.

West Zone #1:

- Dan Carswell received 554 votes
- Leslie Nulty received 496 votes
- Bob Pearl received 327 votes
- Charlie Van Winkle received 254 votes

Dan Carswell in the Director for West Zone 1.

ADJOURNMENT

There being no further business before the meeting:

Jeffrey moved and Rosanne Baudry seconded:

That the meeting be adjourned.

The meeting adjourned at 12:00p.m.

Respectfully submitted by:



Mark Woodward, Secretary

and



Thomas Bailey, President