The meeting was called to order by VEC President Dan Carswell at Smugglers Notch Resort, Jeffersonville, Vermont at 10:00 a.m. President Carswell reminded those present that the ballot box would be closing at 10:30 a.m. President Carswell also noted that copies of the 2017 Annual Meeting minutes, 2017 Financial Statements and VEC Bylaws were available for those members wishing to take a copy home.

INTRODUCTIONS

President Carswell 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; District #6; Rich Goggin, South Hero, District #7; George Lague, First Vice President, Derby, East Zone I; Tom Bailey, Derby, East Zone II; Ken Hoeppner, Jeffersonville, West Zone II; and Rich Westman, Cambridge, West Zone III.

Carswell introduced VEC Interim Chief Executive Officer, Vickie Brown.

Brown recognized the following guests: Chris Root, VELCO; Roger Fox, a board member from Washington Electric Cooperative; Jared Duval, Executive Director of Energy Action Network; Karen Glitman of Efficiency Vermont; Olivia Campbell-Anderson of Renewable Energy Vermont and Barry Bernstein of Washington Electric. Brown also thanked the vendors who supplied booths and displays in the lobby.

Carswell introduced VEC’s Safety and Security Technician David Young to provide a “safety minute.” Young shared information about the VPP award VEC was awarded. He also shared a personal story regarding “packing the parachute” for each other.

PRESIDENT’S ADDRESS

Carswell spoke of how 80 years ago there were huge changes coming to our members as we began to electrify the workload and brightened the long dark winter nights. Now, 80 years later, we are still innovating the electric industry.

He noted we are currently in the midst of a CEO transition and the Board is working hard to ensure we maintain the quality of service our members are accustomed to as we implement a thoughtful search process for our next CEO. Carswell thanked Christine Hallquist for her 16 years of service to the Co-op. He also thanked General Counsel, Vickie Brown, for ably
stepping in to serve as interim CEO until we find our next CEO.

Carswell shared despite the continued upward pressure on rates, we have managed to hold rates steady for the fourth consecutive year while maintaining our A+ bond rating.

He also asked the question, “What does the future look like?” He shared we are preparing for the electrification of our transportation system. We are also preparing for a future when energy storage becomes cost-effective and can help us maximize the convenience for our members and the efficiency for the grid.

Carswell encouraged members to come forward with feedback as they are our greatest resource.

**CERTIFICATE OF QUORUM AND AFFIDAVIT OF MAILING**

Secretary Mark Woodward read the Certificate of Quorum stating that there was a quorum of at least 100 members, meeting the legal requirement in VEC’s bylaws for the meeting to be held.

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 17, 2018, in the manner prescribed by the bylaws.

Woodward noted that it is customary to waive the reading of the Notice of Annual Meeting and asked whether there was any opposition to that. Seeing no opposition, the reading of the notice was waived.

**MINUTES OF THE 2017 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.

Tom Bailey moved and John Hall seconded:

> That the reading of the minutes of the May 6, 2017 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 #3 Director Candidate: Carol Maroni of Craftsbury
District #4 Director Candidates:  Jody Dunklee of Fairfax and Mark Woodward of Johnson
District #5 Director Candidates: Schuyler Jackson of Hinesburg and Charlie Van Winkle of Underhill

TREASURER'S REPORT
Treasurer John Ward presented the Treasurer’s report and financial highlights for the prior year. Ward reported that Vermont Electric Cooperative continues to have very strong financial results. He reported that VEC’s financial rating in Standard & Poor's continues to be an A+ rating with a stable outlook, which is VEC's highest financial rating ever. He noted that stronger financial ratings are beneficial for VEC when negotiating power supply contracts and in borrowing funds at lower interest rates.

He reported that VEC’s independent auditors, Kittell, Branagan & Sargent, completed their independent audit of VEC for 2017 and issued an unqualified accounting opinion, which assures you that all of the financial results presented at our annual financial summary conformed to industry-wide, generally-accepted accounting principles.

Ward reported that for the 2017 calendar year, VEC had revenues of $76.6 million which was essentially the same as 2016. He reported that net income after expenses $6.7 million, an increase of about $2.4 million from the prior year.

Ward reported that between 2013 and 2017, VEC has returned $3.6 million of patronage capital to our members in the form of bill credits to members and checks to former members.

He noted that VEC did not seek rate increases for the past four years and the Co-op’s rate increases over the past nine years have averaged less than .8 percent per annum.

Capital spending for 2017 was $11.5 million to improve our aging infrastructure, increase electric service reliability for our members and to repair storm damage.

VEC’s total operating expenses of $73 million in 2017 decreased by $2.3 million over the prior year.

During 2017 we had nearly $2 million of storm damage from Tropical Storm Philippe. We expect that FEMA will reimburse VEC for nearly 75% of its restoration costs.

Ken Hoeppner moved and John Hall seconded:

That the Treasurer’s Report be accepted as presented earlier in the meeting.

No discussion was forthcoming and the motion carried.
INTERIM CHIEF EXECUTIVE OFFICER’S REPORT

Brown introduced VEC’s senior leadership team: Chief Operations Officer Peter Rossi, Chief Financial Officer Mike Bursell, Manager of Government Affairs and Member Relations Andrea Cohen, and Security and Safety Manager John Varney.

Brown’s presentation discussed the Cooperative’s accomplishments in 2017 in meeting its strategic initiatives, which focused on continuing to build a strong workplace culture, meeting renewable energy goals, implementing a new energy transformation program and attending to core business. Key accomplishments included receiving a VOSHA safety award, keeping rates level since 2014, responding to major storm Phillippe, and exceeding state renewable and energy transformation goals.

KEYNOTE PRESENTATION

Chris Root from VELCO offered a presentation on the challenges that the state is facing as more renewable energy comes on line within Vermont. Specifically, he described an area in northern Vermont, which has been called the Sheffield Highgate Export Interface (or “SHEI”), where renewable generation output exceeds the demand for electricity. In such a case, the excess needs to be exported out of the area, but currently the grid is not sized to allow such exports. The result is that the grid coordinator, ISO-New England, is requiring utilities to shut down existing renewable resources. This is costing money for utilities, including VEC, which invested in those resources. He noted that this is not a reliability problem because shutting down the resources is an available option. He also noted that upgrading the grid to allow additional renewable resources will be complex and costly and he advocated for a statewide discussion involving all stakeholders to address the problem.

A question and answer session followed, with both Ms. Brown and Mr. Root responding to members’ questions.

VOTING RESULTS -- DIRECTOR ELECTION

President Carswell introduced ballot teller Susan Bahr. Bahr presented the election results for the ballot items as follows:

**District 3:**

Carol Maroni received 355 votes and she is the Director for District 3.

**District 4:**

Mark Woodward received 321 votes, and Jody Dunklee received 222 votes.
Mark Woodward is the Director for District 4.

**District 5:**

Charlie Van Winkle received 344 votes, and Schuyler Jackson received 189 votes.

Charlie Van Winkle is the Director for District 5.

The question and answer session resumed for a short period.

**ADJOURNMENT**

There being no further business before the meeting:

The meeting was adjourned by vote of the membership.

The meeting adjourned at 11:40 a.m.

Respectfully submitted by:

Mark Woodward, Secretary

and

Daniel Carswell, President