

MINUTES OF THE
REGULAR MEETING OF THE

JOINT BUDGET AND FINANCE COMMITTEE
OF THE
BOARDS OF DIRECTORS OF

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
AND
CONNECTICUT TRANSMISSION MUNICIPAL ELECTRIC ENERGY COOPERATIVE

January 6, 2022

A Regular Meeting of the Joint Budget and Finance Committee of the Boards of Directors of Connecticut Municipal Electric Energy Cooperative (“CMEEC”) and Connecticut Transmission Municipal Electric Energy Cooperative (“CTMEEC” dba Transco) was held via Zoom and telephonically on Thursday, January 6, 2022 at 10:00 a.m.

The meeting was legally noticed in compliance with Connecticut General Statutes and all proceedings and actions hereafter recorded occurred during the publicly open portions of the meeting.

The following Committee Members participated telephonically or via Zoom:

Bozrah Municipal Representative: Joseph Cirrito
Groton Utilities: Ronald Gaudet
Groton Municipal Representative: Mark Oefinger
Norwich Public Utilities: Christopher LaRose, Robert Staley
Norwich Municipal Representative: David Eggleston
South Norwalk Electric & Water: Eric Strom
Third Taxing District, East Norwalk: Kevin Barber

The following Non-Voting Members participated telephonically or via Zoom:

Jewett City Department of Public Utilities: Louis Demicco, Richard Throwe
South Norwalk Electric & Water: Alan Huth

The following CMEEC Staff participated telephonically or via Zoom:

Dave Meisinger, CMEEC CEO
Robin Kipnis, Esquire, CMEEC General Counsel
Michael Cyr, CMEEC Director of Portfolio Management
Patricia Meek, CMEEC Director of Finance & Accounting
Joanne Menard, CMEEC Controller
Margaret Job, CMEEC Paralegal and Compliance Specialist

Others participating telephonically or via Zoom:

David Silverstone, Esquire, Municipal Electric Consumer Advocate

Ms. Job recorded.

Committee Chair Christopher LaRose called the meeting to order at 10:01 a.m. noting for the record that today's meeting is being held telephonically and via Zoom. He explained that all participants' devices should remain on mute unless speaking to eliminate confusion and background noise. He requested participants state their names before speaking for clarity of the record.

Specific Action Items

A Public Comment Period

No public comment was made.

B Roll Call

Ms. Job conducted roll call. Committee Chair LaRose confirmed a quorum was present.

C Selection of Joint Budget & Finance Committee Chair

Committee Chair LaRose opened nominations for the position of Chairperson of the Budget and Finance Committee. Member Kevin Barber nominated Chris LaRose. There were no other nominations.

A motion was made by Committee Member Kevin Barber, seconded by Committee Member Mark Oefinger to re-elect Committee Chair LaRose as Chair of the Joint Budget & Finance Committee

Motion passed unanimously.

D Approve the Minutes of the October 29, 2021 Regular Meeting of the CMEEC / CTMEEC Joint Budget & Finance Committee

A motion was made by Committee Member Oefinger, seconded by Committee Member Ronald Gaudet to approve the Minutes of the October 29, 2021 Regular Meeting of the CMEEC / CTMEEC Joint Budget & Finance Committee, with Committee Member Eric Strom abstaining.

Motion passed.

E New Committee Member Onboarding

Ms. Meek explained the purpose of the Budget & Finance Committee for the benefit of the new Committee members in attendance at today's meeting. She explained the specific activities this Committee engages in and its impact on the CMEEC and Transco annual budgets. She added that this Committee also reviews all CMEEC financial policies. Ms. Meek also explained that with the dissolution of the Joint Compensation Committee effective January 1, 2022, this Committee received an additional responsibility under its Charter which will be discussed later in today's meeting.

Committee Member Robert Staley offered that the Committee might focus on CMEEC's investment strategies. Committee Chair LaRose explained that this topic will be discussed later on today's agenda.

Ms. Meek explained this Committee meets several times throughout the year to prepare and discuss the budget package. These meetings provide detail that the final package does not include. She noted that the full Board is invited to attend all of those meetings and added that she can provide copies of the materials reviewed at each Committee meeting containing full detail to any new Committee member that expresses interest.

F Review of Revised Joint Budget & Finance Committee Charter

Ms. Kipnis walked the Committee through the proposed edits to the Budget & Finance Committee Charter. She highlighted the new responsibilities delegated to it resulting from the dissolution of the Joint Compensation Committee.

Following discussion, Committee Chair LaRose entertained a motion to vote to adopt the Revised Charter and Propose it for Approval by the full Board at its meeting on January 27, 2022.

A motion was made by Committee Member Kevin Barber, seconded by Committee Member Oefinger.

Motion passed unanimously.

G Discussion: Joint Budget & Finance Committee Goals for 2022

Ms. Meek explained that normally a self-evaluation survey is sent to the Committee which asks the Committee members to evaluate the past year's Committee performance and suggest proposed goals for the following year. However, that survey was not completed at the end of 2021, and with the new members it was determined it was best not to send a survey on Committee past performance and focus on Committee goals for 2022.

Ms. Meek stated that the two topics listed under this agenda item are goals under the Strategic Plan and are being proposed as goals for this Committee to focus on for 2022.

Items from Strategic Plan:

- **Review content included in Board and Committee meeting packages to determine desired level of detail and frequency of information.**

Under this goal, Ms. Meek explained that the Committee would focus on ensuring information is going to the appropriate Committee and that the information is useful. She added that suggested material for incorporation into the Board package will be brought to this Committee for review and discussion. Mr. Meisinger added that under the Strategic Plan a separate goal addressing current metrics is similar to this item.

- **Update and optimize a rolling Five-Year Financial Plan.**

Ms. Meek explained that the process developing a formal Five-Year Financial Plan began in 2016. She added that consensus was to hold off on further review of the Five-Year Financial Plan until the completion of the Strategic Plan. Ms. Meek explained that any proposed edits to the Five-Year Financial Plan will be brought to this Committee for review.

The Committee agreed that it would focus on these two items as goals for 2022 and added an additional goal of considering a CMEEC staff incentive plan in conjunction with the Ad Hoc Compensation Committee's development of an incentive plan for the CEO.

H Review of Financial Policies

Ms. Meek explained that only the Investment Policy required Board approval, and that the remainder of the policies were being presented as informational only to the Committee so that they had awareness of the policies.

- **Purchase Order Policy/Procurement Guidelines**

Ms. Meek explained that the Purchase Order Policy was brought before this Committee last April. At that time, the Committee had asked that additional clarifying language be added to the policy regarding the approval process. She added that staff has worked on developing Procurement Guidelines as part of one of the Strategic Plan initiatives. She further explained that since these two topics dovetail each other, they will be reviewed jointly by this Committee.

Upon inquiry by Mr. Silverstone, Ms. Meek explained that the Purchase Card procedure is separate from the Purchase Order policy.

Ms. Meek then walked the Committee through the Procurement Guidelines. She explained that this is a procedure versus a policy and that it is still in draft form.

- **Prepays Policy**

Ms. Meek walked the Committee through the Prepays Policy explaining it has not been revised since it was last presented to this Committee.

- **Capital Policy**

Ms. Meek walked the Committee through the Capital Policy explaining that it has not been revised since it was last presented to this Committee.

- **Investment Policy**

Ms. Meek explained this policy is the same as presented to this Committee in April 2021 when minor edits had been approved for clarification of reference to statutes and CMEEC funds invested. At that time the Committee chose not to advance the policy to the Board of Directors for a vote, with thoughts of first reviewing alternative investment strategies.

Due to bond refunding and redemption scheduled for 2022, along with the current energy market conditions and other ongoing circumstances that will have impact on cash available to invest in 2022, Ms. Meek recommended maintaining this policy as is and presenting the same to the Board at its meeting on January 27, 2022. She suggested that the redline of revisions discussed by this Committee last April should be included in the Board materials to allow for the Board to understand the non-substantive edits made

Ms. Meek stated that she will invite PFM to a future Committee meeting to discuss the Investment Policy. She suggested that the Committee work on the Investment Policy in conjunction with the Five-Year Financial plan with the expectation that it will be reviewed again in 2023.

Following lengthy discussion of the Investment Policy, Committee Chair LaRose entertained a motion to request approval of the CMEEC Board for the adoption of the Investment Policy in the form discussed at today's meeting.

A motion was made by Committee Member Oefinger, seconded by Committee Member Gaudet to bring the Investment Policy to the Board for Adoption.

Motion passed unanimously.

I Incentive Plan Discussion

Committee Chair LaRose explained that today's discussion will focus on an incentive plan for staff. He stated that an ad hoc committee of the Board will begin to meet this month to develop the CEO incentive plan.

Ms. Meek stated that CMEEC management staff have conducted several internal discussions about what a staff incentive plan might look like, however nothing has been developed to bring before this Committee yet.

Lengthy discussion followed related to the inter-relationship between the CEO incentive plan and the staff incentive Plan. Committee Member Kevin Barber, Chair of an Ad Hoc Compensation Committee created to develop the CEO incentive plan among other CEO compensation related tasks, agreed that the two incentive plans are likely linked and stated that the Ad Hoc Compensation Committee would take that into consideration when it meets. He stated that discussions made there will be brought to this Committee. Ms. Meisinger added that Winston Tan, the consultant engaged to assist with the CMEEC staff salary survey project last year, would be available to assist the Committee.

Committee Chair LaRose then explained that the next meeting of this Committee is on April 25, 2021. He added that if necessary, a special meeting of the Committee could be called for discussion related to the conclusion of the Ad Hoc Committee's discussions at their meetings this month.

J New Business

Ms. Meek walked the Committee through two slides that had not been provided in advance of today's meeting identifying scenarios related to Member payment obligations resulting from the sale of the Pierce project.

Discussion followed related to options available to each Member to meet their obligations which will be discussed with each Pierce project participant individually.

K Adjourn

A motion was made by Committee Member Gaudet, seconded by Committee Member Barber to adjourn.

Motion passes unanimously.

The meeting was adjourned at 11:41 a.m.