

SUBJECT TO BOARD APPROVAL
MINUTES OF THE
REGULAR MEETING OF THE
BOARD OF DIRECTORS
OF
CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE

January 23, 2020

The Regular Meeting of the Board of Directors of Connecticut Municipal Electric Energy Cooperative (“CMEEC”) was held on Thursday, January 23, 2020 at the CMEEC offices located at 30 Stott Avenue, Norwich, CT.

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

The following Member Representatives / Alternate Member Representatives / Municipal Representatives participated:

Groton Utilities: Ronald Gaudet, Jeffrey Godley, Esquire, Keith Hedrick
Groton Municipal Representative: Mark Oefinger
Norwich Public Utilities: Christopher LaRose; Stewart Peil; Robert Staley
Norwich Municipal Representative: David Eggleston
Bozrah Light & Power: Seymour Adelman, Scott Barber, Richard Tanger (via telephone), Ralph Winslow
South Norwalk Electric and Water: David Westmoreland (via telephone)
South Norwalk Electric and Water Municipal Representative: Dawn DelGreco
Third Taxing District: Kevin Barber
Jewett City Department of Public Utilities: Louis Demicco, Richard Throwe

The following CMEEC Staff Participated:

David Meisinger, CMEEC CEO
Michael Lane, CMEEC CFO
Robin Kipnis, Esquire, CMEEC General Counsel
Bella Chernovitsky, CMEEC Director Business Intelligence
Justin Connell, CMEEC Director of Sustainability and Services
Michael Cyr, CMEEC Director of Portfolio Management
Michael Rall, CMEEC Director of Asset Management
Scott Whittier, CMEEC Director of Enabling Services

Patricia Meek, CMEEC Financial Planner & Analyst Manager
Joanne Menard, CMEEC Controller
Bradley Svalberg, CMEEC Treasury Consultant
Margaret Job, CMEEC Executive Assistant / Paralegal
Ellen Kachmar, CMEEC Office and Facility Manager

The following individuals also participated:

Claire Bessette, Reporter, The Day
David Silverstone, Esquire, Municipal Electric Consumer Advocate (via telephone)

Ms. Job recorded.

Chair Kevin Barber called the meeting to order at 10:01 a.m. He stated for the record that this meeting is being held via telephone and in person at the CMEEC offices located at 30 Stott Avenue, Norwich, CT.

Standard Agenda Items

A Public Comment Period

No public comment was made.

Chair Barber commenced the meeting with a thank you to last years' officers, Ken Sullivan, Ron Gaudet and Louis Demicco.

Chair Barber next entertained a motion to amend the agenda to add an informing update on refinancing of CMEEC / CTMEEC outstanding bonds. He stated the discussion would take place before Agenda Item G.

A motion was made by Norwich Municipal Representative David Eggleston, seconded by Member Representative Louis Demicco, to amend the agenda to add an informing update on refinancing of CMEEC / CTMEEC outstanding bonds.

Motion passed unanimously.

20-01-01

B Conduct of Voting Roster / Roll Call

Ms. Job conducted roll call identifying the formal voting persons at today's meeting.
Chair Barber confirmed a quorum was present.

C Approve Minutes of the CMEEC Regular December 19, 2019 Board of Directors' Meeting

A motion was made by Member Representative Christopher LaRose, seconded by Member Representative Jeffrey Godley, Esquire to approve the Minutes of the

CMEEC Regular December 19, 2019 Board of Directors' Meeting, with Member Representative Ronald Gaudet and South Norwalk Electric and Water Municipal Representative Dawn DelGreco abstaining.

Motion passed.

20-01-02

D December 2019 Objective Summary Review

David Meisinger, CMEEC CEO, explained that normally the CMEEC CEO presents the Objective Summary. He stated, however, since today's Objective Summary review represents 2019-year end closing, Michael Lane, CMEEC CFO, will present today given he was the CMEEC Interim CEO through the end of year 2019.

Mr. Lane explained that the power supply costs surpassed targeted values for Regional Competitiveness and Customer Fulfillment with "All in" Cost R9 Customer view coming in at budget for the year end. He added that the Projects also ended on a positive note. The investment policy allowed for an excellent annual investment income. All of these contributed to the positive variance on the Deviation to Benchmark Regional Competitiveness view.

He explained that the Financial Stability metric balance sheet was very strong for the year stating that Current Ratio, Equity to Debt, Unrestricted Cash, Liquidity Cushion and Adjusted Days Liquidity all realized a very positive year-to-date variance.

Mr. Lane noted that under the Maximize Asset Value metric, Project Portfolio continues to remain strong. He added that the Margin Portfolio and Equity Creation year to date was largely impacted by the termination of the Tewksbury contract in 2018 but budgeted for in 2019. The Investment Portfolio came in at 10% over budget.

E December 2019 Project Portfolio Performance

Michael Rall, CMEEC Director of Asset Management, provided a very high-level review of the Project Portfolio performance, focusing on 2019 year-end. He began by stating that the Project Portfolio benefit came in at \$2 million over budget stating that the Subase fuel cell project with FCE not being in operation was a contributor to that figure. He stated that Pierce ended the year at approximately \$670,000 above budget. He explained that Transmission Project #1 reserve accrual recorded for 2014-2015 was reversed due to the unlikely event that a refund on return on equity would occur. He stated it was withheld with the belief that there would be a reduction to the return on equity however, that did not happen so those dollars were credited back to the project. He explained that Community Solar Garden projected year end was better than budget for the month of December and for year end. Finally, he stated Project Portfolio benefit was 5% above budget for year-end after removing Subase and the return on equity for Transmission Project #1.

Upon inquiry related to an update of the Subase fuel cell project, Mr. Rall explained that most of the work has been completed with respect to the foundation work for Unit Number 1. He stated that Unit 1 has been delivered and placed on the pad. Electrical and piping work is underway. He expects Unit Number 1 to be started up by the end of April 2020. He stated that Unit Number 2 would be delivered in approximately one month and expects that unit to be started up by the end of June 2020.

Discussion followed with respect to FCE financial stability.

Further discussion was made in connection with an update to the spill report at Pierce and that a licensed environmental professional recommended by DEEP has been serving as a liaison between DEEP and the EPA. He also stated that quarterly monitoring of the site is occurring and that the latest results showed no soil contamination. The Board was brought up to speed on the costs of the clean-up and efforts to recoup costs from Ethos Energy and/or insurance.

F December 2019 Energy Market Analysis

Michael Cyr, CMEEC Director of Portfolio Management, provided a high-level review of the Energy Market Analysis for December.

Mr. Cyr explained that actual loads came in 1,083 MWh lower than budget at 76,929 MWh. He added that CMEEC was 99% hedged for December. Actual Energy Cost for December was \$44.23/MWh, which was \$1.22/MWh lower than budget. Weighted Actual Energy Cost at LMPs was \$41.61/MWh and the Actual Average Hub Daily Day Ahead LMPS were \$41.79/MWh, ranging from \$23.00/MWh to \$115.00/MWh (correcting an error which stated \$109.33/MWh in the report provided to the Board prior to today's meeting).

Natural Gas Henry Hub Price was \$2.21/MMBTU which was \$0.60/MMBTU lower than budget, ranging from \$1.82 to \$2.40/MMBTU. Algonquin Citygate Gas Price came in at \$4.54/MMBTU which was \$4.12/MMBTU lower than budget, ranging from \$2.00 to \$13.96/MMBTU.

West Texas Intermediate Oil November settlement price was \$57.03/Barrel which was \$3.07/Barrel higher than previous month.

Mr. Cyr explained that the Forward Capacity Auction Clearing Price was \$7.03/kW-Mo for the month of December and the Actual Net Regional Capacity Clearing Price was \$7.14/Kw-Mo, which was the same as last month.

Mr. Cyr highlighted that in the months leading to December 2019, CMEEC purchased 40 MW at \$53.97/MWh to comply with the Risk Management Policy minimum volume targets. The price for spot energy in the budget was \$59.83/MWh. He added that within the month of December 2019, CMEEC purchased no additional resources, sold no excess resources and there was no physical call option with the MicroGen fleet.

He noted that on January 28, 2020, Eversource will seek to fill up another 40% of their wholesale power for the second half of the year of 2020. With this RFP, Eversource will be 100% hedged for the first half of 2020 and 70% hedged for the second half of 2020.

Discussion followed with respect to Forward Market pricing.

David Silverstone, Esquire, Municipal Electric Consumer Advocate, suggested that a graph be developed that detailed the fuel mix (gas, oil, hydro) for the Board to see regularly. Mr. Cyr responded that since CMEEC buys energy from ISO-NE, CMEEC's fuel mix will reflect ISO_NE's but that CMEEC is looking at the developing a graph to present that mix.

Due to the availability of CMEEC's financial advisor for the

G Governance Committee Report
Review on Status of Committee Assignments Identified on Special Committee Recommendations Grid
Review and Possible Vote on Revision to Travel and Expense Policy per Special Committee Recommendation

Member Representative Ronald Gaudet, Chair CMEEC / CTMEEC Joint Governance Committee, thanked all the Committees for their work to vote on their Chairs and Charter review at each of their meetings that took place earlier this month. He proceeded to identify each of the Chair assignments for the Committees. He handed out the approved 2020 Officer and Committee slates for the Board to review and to retain as reference going forward. Member Representative Gaudet explained that the Governance Committee reviewed its Charter at its meeting on January 16, 2020 and although no changes were made to it, the Committee thought it best to format their Charter to mirror the format of the other Committee charters.

Member Representative Gaudet explained that at its meeting in January, the Governance Committee revised the Travel and Expense Policy to include the requirements of third parties traveling on CMEEC business as recommended by the Special Committee. Ms. Kipnis walked the Board through the changes that the Governance Committee made. Following discussion, Ms. Kipnis explained that the Board will approve the changes made by the Governance Committee today and then send the policy to the Audit Committee to be included in their work on establishing a comprehensive policy by which officers of CMEEC document/get approval for travel and expense exceptions to the policy.

Chair Barber entertained a motion to approve the Resolution Adopting the Amended CMEEC Travel, Events and Retreat Policy in the format presented to the Board of Directors at this meeting.

A motion was made by Member Representative Godley, seconded by Member Representative Ralph Winslow to approve the Resolution Adopting the Amended CMEEC Travel, Events and Retreat Policy.

Motion passed unanimously.

20-01-03

H Strategic Planning

David Meisinger, CMEEC CEO, walked the Board through the slide deck distributed to the Board at today's meeting. He recapped discussion from the recently held Governance Committee meeting surrounding strategic planning and the potential need for a strategic planning committee, and it was determined that discussion needed to be continued with the Board. Mr. Meisinger briefly discussed each of the steps identified in the slide deck in the development of a strategic plan.

Mr. Meisinger added that business strategy also occurs at the employee level. Assessing progress at the company-wide level, departments and individuals measure and evaluate their own performance when appropriate. He stated that a strategic plan will challenge the Board to create a roadmap identifying key short-term deliverables. He added that now is an appropriate time to engage in the process of development a strategic plan and determination of who or what subset of the Board, or the Board as a whole, should work to create the plan. He stated that as CEO, it is his responsibility to guide the process, but that the Board is fundamental to shaping the strategy.

Conversation then followed with respect to the need for a strategic planning subcommittee or ad hoc committee of the Board and its membership. Chair Barber asked members of the Board to let him know their interest in being a member on an ad hoc strategic planning committee. Groton Municipal Representative Mark Oefinger suggested that since there are several newer board members, a kick off session with Tim Blodgett be conducted prior to forming an ad hoc committee.

Alternate Member Representative Keith Hedrick suggested that an ad hoc strategic planning committee report would be made monthly to the Board highlighting its activities. Chair Barber agreed that such a committee would report to the Board monthly or as needed, as is currently the practice of established Board Committees.

After further discussion it was determined that all General Managers of the Members would be on the committee (unless they elect to opt out) with the addition of any other Board member who has an interest in serving. Member Representative David Westmoreland stated that he would be a member of the sub committee until a new General Manager has been hired at South Norwalk Electric and Water.

Mr. Meisinger added that the first meeting of this sub committee would be to create a charter, elect a chair and determine dates for Mr. Blodgett to facilitate strategic planning sessions.

Chair Barber requested that Robin Kipnis, Esquire, CMEEC General Counsel, draft a motion to create an ad hoc subcommittee of the Board of Directors tasked with the development of a strategic plan that the Board would vote on today.

Ms. Kipnis provided a Motion for the creation of an ad hoc subcommittee of the Board of Directors consisting of at least one representative from each of the CMEEC Member Systems to work with the CMEEC CEO and Staff to develop the process and strategic plan and bring that back to the Board for discussion and approval.

A motion was made by Member Gaudet, seconded by Member Representative Demicco to create an ad hoc subcommittee of the Board of Directors consisting of the General Managers of CMEEC's Member Systems and ensuring that at least one representative from each of the CMEEC Member Systems work with a facilitator, the CMEEC CEO and CMEEC Staff to develop the process for developing a strategic plan. The ad hoc Strategic Planning Committee would report to the Board on at least a quarterly basis as to its activities.

Motion passed unanimously.

20-01-04

➤ **Informing Update on Refinancing of CMEEC / CTMEEC Outstanding Bonds**

Michael Mace, Managing Director, PFM Financial Advisors, LLC joined the meeting at this time via telephone.

Michael Lane explained that at its meeting on November 1, 2019, the Budget & Finance Committee discussed the debt refinancing opportunities for the bonds held by CMEEC at with a 5% coupon rate. Michael Mace of PFM Finance Advisors, LLC made a presentation at that meeting and recommended that the CMEEC Board determine what NPV would warrant a debt refinancing and construct a refinancing of the bonds that would accomplish this NPV, assuming the Board finds it prudent to refinance this debt in advance of the call dates of the existing debt. He also stated that Mr. Mace at that meeting advised that next steps would be the development and issuance of an RFP for an investment bank. Mr. Lane advised the Board that the RFP was developed and provided to several investment banks, five of which were interviewed in early January. Mr. Lane then introduced Mr. Mace to the Board.

Mr. Mace walked the Board through the slide deck that was distributed to the Board at today's meeting. He provided scenarios of various savings for the refinancing of the outstanding bonds, as well as the ramifications of taking no action at this time.

After considerable discussion, Chair Barber asked if Board action was required today. Mr. Lane explained that the first decision the Board would need to make is whether staff should continue to go forward with consideration of the refinancing opportunities. If the Board decides to do so, then CMEEC staff would establish parameters and develop a robust presentation for the February Board of Directors' meeting. The Board would be

asked to approve through resolution to delegate the authority to staff to execute the debt refinancing. Mr. Lane also informed the Board that CMEEC has met with its bond counsel so that they are aware of CMEEC's plan to refinance its outstanding bonds.

Mr. Mace left the discussion upon completion of his presentation. Mr. Mace's presentation was well received.

I Budget & Finance Committee Report

Member Representative Christopher LaRose, Budget & Finance Committee Chair, informed the Board that this Committee held a meeting on January 14, 2020. He thanked the previous Committee members for the excellent work they did on the 2020 Budget and for setting new metrics that will be helpful to the Board. He explained that the Committee reviewed its Charter and it revised the timing of its review of budget to actual in the same level of detail as was reviewed by the Committee when approving the 2020 annual budget, with such review by the Committee to occur on a quarterly basis.

Member Representative LaRose explained that a non-voting member with budgeting expertise will be added to Budget and Finance Committee. Patricia Meek, CMEEC Financial Planner & Analyst Manager, added that staff will provide more detail and education to ensure Committee and Board understanding. Mr. Lane added that more detail will feature NFO being further broken down to show forecast, actual to budget and quarterly.

J Risk Management Committee Report Review and Possible Vote on Revision to Risk Management Committee Charter

Scott Whittier, CMEEC Director of Enabling Services and Risk Management Committee CMEEC Lead, explained that the Committee met on January 14, 2020 to select its Chair and to review its Charter. He informed the Board that Kenneth Sullivan was selected as Committee Chair. He also explained that the Charter contained one minor edit which changes the reporting frequency. The Charter states in Section IV.2. that the Committee would make quarterly reports to the Board of Directors however, the Committee will make reports to the Board as risk exposures arise. Mr. Whittier stated that a Resolution is included in the Board material for approval of the revised Charter.

Chair Barber entertained a motion to approve the Resolution for the approval and adoption of the revised Charter of the CMEEC Joint Risk Management Committee.

A motion was made by Member Representative Gaudet, Seconded by Member Representative Godley to Approve the Resolution for the Approval and Adoption of the Revised Charter of the CMEEC Joint Risk Management Committee.

Motion passed unanimously.

20-01-05

**K Audit Committee Report
Review and Possible Vote on Revisions to the Audit Committee Charter**

Member Representative Stewart Peil, Audit Committee Chair, explained that the Audit Committee met on January 14, 2020 to select a Committee Chair and review its Charter. He added that the Committee also had planned to meet to discuss the implementation of a Related Party Transaction Policy, but that meeting was postponed to January 23, 2020.

Member Representative Peil explained that the MECA had requested that discussions pertaining to Related Party Transactions be held in open session. He added that with respect to a current related party review, the Committee agreed to provide a report on the proceedings in open session within 60 days from its review. A Special meeting of the Audit Committee will take place following today's Board of Directors' meeting. Chair Barber clarified that the 60-day time frame is only being utilized for this upcoming related party matter to be reviewed in executive session.

Member Representative Peil added that the Committee's review of its Charter resulted in the change in frequency with which audit firms are selected and engaged or re-engaged. He stated that the Committee determined that the frequency of sending RFPs for the selection of an audit firm will be changed from three years to five years, beginning with an RFP for the 2021 audit. He stated that a Resolution to approve the adoption of the revised Audit Committee Charter is included in the materials for today's meeting for approval by the Board.

Chair Barber entertained a motion to approve the resolution for the approval of the Revised Charter of the CMEEC Joint Audit Committee.

A motion was made by Member Representative Demicco, seconded by Member Representative Godley to Approve the Resolution for Approval and Adoption of the Revised Charter of the CMEEC Joint Audit Committee in the format provided at today's meeting.

Motion passed unanimously.

20-01-06

**L Legislative Committee Report
Review and Possible Vote on Revision to Legislative Committee Charter**

Review and Possible Vote to Adopt CMEEC Lobbying Policy per Special Committee Recommendation

Member Representative Demicco, Legislative Committee Interim Chair, explained that this Committee met on January 16, 2020 to select a Chair and review its charter. The Committee also heard a presentation by Timothy Shea, Brown Rudnick. Mr. Shea provided a preview of the 2020 Legislative Session.

Member Representative Demicco stated that the Committee tabled the selection of the Committee Chair until the Committee's next meeting. He stated that the Committee agreed that it would change its name to "Legislative and Governmental Affairs Committee" reflecting a view that the Committee had a broader scope than just legislative affairs. Member Representative Demicco walked the Board through the revisions to the Charter that are before this Board for approval.

Robin Kipnis, Esquire, CMEEC General Counsel, stated the name change was generated by the Special Committee recommendations to bring more control over lobbying activities, as that is defined in the Lobbying Policy, at the regulatory and trade association level and to include a broader scope of review for this Committee.

Chair Barber entertained a motion to approve the resolution for the approval and adoption of the revised Charter of the CMEEC Joint Legislative and Governmental Affairs Committee.

A motion was made by Member Representative Gaudet, seconded by Member Representative LaRose to Approve the Resolution for Approval and Adoption of the Revised Charter of the CMEEC Joint Audit Committee in the format provided at this meeting.

Motion passed unanimously.

20-01-07

Ms. Kipnis explained that the Lobbying Policy before this Board today came from the recommendation of the Special Committee. The Legislative and Governmental Affairs Committee reviewed the Policy and made suggested edits which are represented by redline in the document provided to this Board in advance of today's meeting. She explained that this Policy is in alignment with the Legislative and Governmental Affairs Charter which sets forth requirements of lobbying for CMEEC by CMEEC officers and employees, as well as paid lobbyists. She walked the Board through the revisions made to the Policy. She highlighted the fact that this Policy requires the board to approve the retention of any Registered Lobbyist as that term is defined in the policy. She also stated that individuals are required to seek pre-approval from the CEO under certain circumstances. Lengthy discussion followed.

Chair Barber entertained a motion to approve the resolution adopting the CMEEC Lobbying Policy.

A motion was made by Groton Municipal Representative Mark Oefinger, seconded by Member Representative Gaudet to Approve the Resolution Adopting the CMEEC Lobbying Policy as presented to the Board at today's meeting.

Motion passed unanimously.

20-01-08

Dave Meisinger requested an update on the Legislative Rally. Mr. Whittier explained that the Legislative Rally is taking place in Washington, DC on February 25 and 26,

2020. He stated that so far one Board Member has expressed interest in attending while four CMEEC staff will be attending. He asked the Board to let him know by the end of the week if they would be interested in attending as plans for the delegation need to be completed soon.

There being no further business to come before this Board, Chair Barber entertained a motion to adjourn.

A motion was made by Member Representative Demicco, seconded by Alternate Member Representative Richard Throwe to adjourn the meeting.

Motion passed unanimously.

20-01-09

The meeting was adjourned at 12:26 p.m.