

SUBJECT TO BOARD APPROVAL

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

June 27, 2019

The June Regular Meeting of the Board of Directors (the “Board”) of the Connecticut Municipal Electric Energy Cooperative (“CMEEC”) was held on Thursday, June 27, 2019 at the CMEEC offices located at 30 Stott Avenue, Norwich, CT 06360

The meeting was legally noticed in compliance with Connecticut State Law 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: Mark Oefinger

Norwich Public Utilities: David Eggleston, Chris LaRose

Bozrah Light & Power: Richard Tanger, Ralph Winslow

South Norwalk Electric & Water: Dawn DelGreco, David Westmoreland, Paul Yatcko (via telephone)

Third Taxing District: Kevin Barber, Debora Goldstein, Pete Johnson

Jewett City Department of Public Utilities: Kenneth Sullivan, Richard Throwe

The following CMEEC Staff participated:

Michael Lane, CMEEC CFO and Interim CEO

Bella Chernovitsky, CMEEC Director, Business Intelligence

Michael Cyr, CMEEC Director, Portfolio Management

Justin Connell, CMEEC Director, Sustainability and Services

Joanne Menard, CMEEC Controller

Michael Rall, CMEEC Director, Asset Management

Gabriel Stern, CMEEC Director, Technical Services

Bradley Svalberg, CMEEC Treasury Consultant

Margaret Job, CMEEC Executive Assistant/Paralegal

Ellen Kachmar, CMEEC Office & Facility Manager

Other attendees:

Claire Bessette, Reporter, The Day

Karen Etchells, Innovast Digital Marketing

David Silverstone, Esquire, Municipal Electric Consumer Advocate

Ms. Job recorded.

Chair Kenneth Sullivan noted for the record that today's meeting is being held at the CMEEC offices located at 30 Stott Avenue, Norwich, CT and asked those participating by telephone identify themselves. Chair Sullivan called the meeting to order at 10:04 a.m. confirming a quorum was present.

Chair Sullivan entertained a motion to modify today's Agenda to add two items in Executive Session to 1) discuss records pertaining to strategy and negotiations with respect to pending claims or pending litigation concerning the termination of the former CEO pursuant to Connecticut General Statutes Section 1-210(b)(4) and 2) discuss personnel matters pursuant to Connecticut General Statutes Section 1-200(6)(A).

A motion was made by Member Representative Kevin Barber, seconded by Municipal Representative Pete Johnson to amend today's agenda to add two items for discussion in Executive Session.

Motion passed unanimously.

19-06-01

Michael Lane, Interim CEO, introduced David Silverstone, Esquire, CMEEC's newly appointed Municipal Electric Consumer Advocate (MECA). Mr. Silverstone addressed the Board stating that he was appointed to complete William Kowalski's term ending December 31, 2019, as Mr. Kowalski had resigned his position for family health reasons. He provided a brief overview of his background noting he worked in public utilities regulatory functions during the 1970's, consulting in the 1980's and 1990's at which time he worked with Norwich Public Utilities and with CMEEC until 1999. He oversaw the water authority for the City of New Haven from 2001 to 2008 and was the State's first independent consumer advocate for the MDC (Metropolitan District Commission) for water.

Standard Agenda Items

A Public Attendee Comment Period

Chair Sullivan opened the floor for public comment. No public comment was made.

B Conduct of Voting Roster / Roll Call

Ms. Job conducted roll call identifying the formal voting persons at today's meeting.

C Approve Minutes of the CMEEC Regular May 23, 2019 Board of Director's Meeting.

A motion was made by Member Representative Barber, seconded by Municipal Representative Pete Johnson to approve the minutes of the CMEEC Regular May 23, 2019 Board of Directors' meeting.

Motion passed unanimously.

19-06-02

D May 2019 Objective Summary Review (Informing)

Michael Lane, CMEEC CFO and Interim CEO, provided a high-level overview of the exceptions noted in the objective summary dashboard report provided to the Board in advance of this meeting. He reviewed each line item that reflected a deviation from established target value for the month and year to date, providing an explanation of the variance. Mr. Lane provided a summary of each of the metrics highlighting the reasons for deviations as well as noting the targets that were met. He added that the project portfolio realized a strong month having come in above budget due mainly to several Community Solar Garden RECs for 2019 being sold in May at lower than budgeted expenses.

E May 2019 Pierce and Microgen Performance (Informing)

Michael Rall, CMEEC Director of Asset Management, provided a quick overview of the projects. He stated the project portfolio performed very well for the month of May identifying a key driver as the Microgen units successfully optimizing the monthly peak load for May. The overall monthly budget however was still under budget due to lower avoided costs from the April peak when power lines down in Groton prevented several of the units from running. The Subase New London Fuel Cell Project affected the budget as well due to its commencement being delayed to 2020. Mr. Rall also noted the Pierce Project May actual net benefit was higher than budget due mostly to lower than budgeted maintenance and staff expenses.

F May 2019 Energy Market Analysis (Informing)

Mr. Lane provided a brief introduction of Michael Cyr, CMEEC Director of Portfolio Management, stating that he was recently promoted to the position. Justin Connell, CMEEC Director, Sustainability and Services and former Director of Portfolio Management, added that Mr. Cyr has 33 years' experience at CMEEC as the principal trader and provided a brief background on Mr. Cyr's tenure.

Mr. Cyr provided a high-level review of the Energy Market Analysis provided to the Board for May 2019 performance. He explained that May was a challenging month due to loads being lower than forecasted. He provided an executive summary stating that actual loads came in at 58,487 MWh which was 4,535 MWh lower than budget. He added that actual energy cost was \$0.02/MWh higher than budget with weighted average energy cost at LMPs being \$24.86/MWh and actual average Hub Daily DA LMPs ranging between \$20.92/MWh and \$30.000/MWh.

Henry Hub Gas Price came in at \$2.59/MMBTU, \$0.01/MMBTU higher than budget ranging between from \$2.53 to \$2.71/MMBTU. Algonquin Citygate Gas Price was \$2.32/MMBTU, \$0.81/MMBTU lower than budget ranging between \$2.222 to

\$2.60/MMBTU. Western Texas Intermediate Oil Settlement Price was \$60.83/Barrel which was \$3.03/Barrel lower than previous month.

Mr. Cyr added that the June-December forward price of gas is lower due to mild weather in May and June however production is up. He explained that CMEEC has locked up more hedges between June and December which should allow CMEEC to come under budget every month for the rest of the year.

G Governance Committee Report

Establishment of an Executive Search Committee for the Position of CEO; engagement of a National Search Firm and Delegation to Governance Committee (Vote / Resolution)

In the absence of the Chair of the Joint Governance Committee, Municipal Representative Mark Oefinger, acting as Joint Governance Committee Chair Pro Tem, stated that the Joint Governance Committee had met on May 22, 2019 and June 13, 2019 to discuss the establishment of an executive search committee. He explained that after considerable discussion at its meetings, the Joint Governance Committee recommended that the full Board of Directors act as an Executive Search Committee. He added that the Joint Governance Committee also discussed that it would be willing to serve as a subcommittee of the Executive Search Committee to assist the Executive Search Committee by engaging an executive search firm and to draft a new CEO job description, among other activities as needed. He stated that the at its meeting in June, the Joint Governance Committee reviewed several sample job descriptions of CEOs from organizations like CMEEC and that Robin Kipnis, CMEEC General Counsel, is preparing a draft CMEEC CEO job description reflecting the Joint Governance Committee's discussions for Board review at the July Board meeting. He made it clear however, that the Joint Governance Committee is simply offering its services to act as a subcommittee and will not be a decision maker in connection with the activities surrounding the search for a new CEO.

Upon inquiry by Municipal Representative David Eggleston about the potential cost of engaging a search firm, Member Representative David Westmoreland explained that in his experience, the cost of engagement of an executive search firm is approximately 30% of the CEO's first year's salary.

Discussion followed with respect to time frame for the search and interview process.

Municipal Representative Oefinger added that a memo was sent to the full Board of Directors from Ms. Kipnis in advance of today's meeting regarding the establishment of an executive search committee for CEO. The memo pointed out a specific section of the resolution before this Board that states that the Board members constituting the Executive Search Committee have stated without reservation that they are not a candidate for the position of CEO and will not accept such a position even if offered. He stated this statement means that if any member of this Board is considering applying for the CEO

position they must recuse themselves from discussions of the Executive Search Committee.

Chair Sullivan directed the Board's attention to the resolution to approve the recommendation of the CMEEC Joint Governance Committee for the Establishment of an Executive Search Committee provided to them in advance of this meeting. After the Board had opportunity to read the resolution and ask any questions, he entertained a motion to approve the resolution.

A motion was made by Member Representative Westmoreland, seconded by Municipal Representative Dawn DelGreco to approve the Resolution Adopting the Recommendation of the Joint Governance Committee for the Establishment of an Executive Search Committee and Related Matters.

Motion passed unanimously.

19-06-03

H Approve CMEEC Membership Policy (Vote / Resolution)

Mr. Lane explained that the Board of Directors adopted the recommendation of the Joint Governance Committee to develop a policy on membership in civic organizations and organizations related to the public power community with clear guidelines and linked to a specific line-item in the CMEEC Budget. He explained that at its meeting on May 22, 2019, the Governance Committee developed a policy that incorporated the directive of the Board of Directors.

Chair Sullivan directed the Board's attention to the resolution to approve the Membership in Other Organizations Policy provided to them in advance of this meeting. After the Board had opportunity to read the resolution and ask any questions, he entertained a motion to approve the resolution.

A motion was made by Member Representative Chris LaRose, seconded by Member Representative Westmoreland to approve the CMEEC Membership in Other Organizations Policy.

Motion passed unanimously.

19-06-04

I Legislative Committee Report

Chair of the Legislative Committee, Member Representative Debora Goldstein, reported on behalf of the committee that there had been a meeting on June 13, 2019 after the conclusion of the Connecticut and federal legislative sessions. Timothy Shea of Brown Rudnick attended that meeting and provided a post Legislative session review. She explained that the legislation that CMEEC and its members provided testimony for did not proceed to vote in this Legislative session; however, noting that there had been several attempts to pass some of the provisions via amendments to other legislation, and

that there was still a possibility that it could be raised during the Special Legislative Session(s) being held this summer.

Member Representative Goldstein also reported that staff had briefed the committee on proposed federal legislation regarding pole attachments in connection with 5G cellular network expansion. She explained that the new federal legislation does not contain certain exemptions for public power, and that staff had been authorized to contact the Connecticut delegation in Washington, DC to encourage them to preserve the exemptions that are usually provided in pole attachment legislation. She noted that the Legislative Committee charter did not require a vote of the full board on this matter.

J Solicitation of Additional Recommendations Stemming from the Investigative Report and Forensic Exam for Consideration by the Special Investigative Committee

Chair of the Special Committee, Member Representative Goldstein reminded the board that the Special Committee had made a recommendation, which was adopted by the board to have a joint session to solicit discussion by those members of the Board of Directors that were not on the Special Committee to provide any further recommendations board members may have stemming from their review of the Investigative Report written by Attorney Eileen Duggan and the Cohn Reznick Forensic Examination for the Special Committee to consider. She explained that there had been an agenda item to this effect at the previous Board of Directors' meeting, and that a brief discussion took place, but that the agenda item was ultimately tabled because its intent was unclear. A clarifying memo was provided to the Board of Directors in advance of this meeting which explained the intent of this agenda item.

She explained that the results of the Special Report had included a substantial amount of material, hundreds of pages long, and that the Special Committee had had the opportunity to become familiar with the material over a series of meetings held under Executive Session. The first round of output from the committee had been approximately fifteen recommendations in memo form to the Board of Directors, along with their first opportunity to view the full investigative report. She added that the Special Committee had a strong commitment to providing the Board of Directors ample opportunity to provide feedback and additional suggestions for recommendations they may have resulting from the investigation. She reminded the board members that additional perspectives from those who may have served at the time of the trips, and those who've joined the board with fresher eyes were equally welcome and valuable in contributing to the continuous improvement of the organization.

Member Representative David Westmoreland volunteered that it might be beneficial to allow the newly appointed Municipal Consumer Electric Advocate the opportunity to review the reports and to provide feedback. Mr. Silverstone, upon inquiry, stated that he intended on attending the Special Committee meeting which was to follow today's Board of Directors' meeting.

Chair Sullivan thanked Member Representative Goldstein and the entire Special Committee for the work they accomplished.

K Executive Session: Discussion of records pertaining to the strategy and negotiations with respect to pending claims or pending litigation concerning the termination of the former CEO; and discussion of personnel matters.

Chair Sullivan entertained a motion to enter Executive Session for the discussion of records pertaining to the strategy and negotiations with respect to pending claims or pending litigation concerning the termination of the former CEO and to for the discussion of personnel matters.

A motion was made by Member Representative Kevin Barber, seconded by Member Representative Ralph Winslow to enter Executive Session.

Motion was passed unanimously.

19-06-05

The basis for entering Executive Session is to discuss records pertaining to the strategy and negotiations with respect to pending claims or pending litigation concerning the termination of the former CEO is pursuant to Connecticut General Statutes Section 1-210(b)(4); and to discuss personnel matters is pursuant to Connecticut General Statutes Section 1-200(6)(A). Members of the Board of Directors, along with Mr. Lane, remained.

The Board entered Executive Session at 10:57 a.m.

Mr. Lane was dismissed from Executive Session at 11:15 a.m.

The Board re-entered Public Session at 11:37 a.m.

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

A motion was made by Member Representative Barber, seconded by Member Representative LaRose to adjourn.

Motion passed unanimously.

19-06-06