

MINUTES OF THE
REGULAR MEETING OF THE

BUDGET & FINANCE COMMITTEE
OF THE
BOARDS OF DIRECTORS OF
CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
AND
CONNECTICUT TRANSMISSION MUNICIPAL ELECTRIC ENERGY COOPERATIVE

October 2, 2020

A Regular Meeting of the Joint Budget & Finance Committee of the Boards of Directors of Connecticut Municipal Electric Energy Cooperative (“CMEEC”) and Connecticut Transmission Municipal Electric Energy Cooperative (“CTMEEC” and “Transco”) we held telephonically and via Zoom on Friday, October 2, 2020.

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

The following Committee Members participated telephonically or via Zoom

Groton Utilities: Ronald Gaudet
Norwich Public Utilities: Christopher LaRose, Stewart Peil
Norwich Municipal Representative: David Eggleston
East Norwalk, Third Taxing District: Kevin Barber

The following Non-Committee members participated telephonically or via Zoom

Jewett City Department of Public Utilities: Louis Demicco

The following CMEEC Staff participated telephonically or via Zoom

Dave Meisinger, CMEEC CEO
Robin Kipnis, Esquire CMEEC General Counsel
Patricia Meek, CMEEC Interim Director of Finance & Accounting
Joanne Menard, CMEEC Controller
Michael Rall, CMEEC Director of Asset Management
Scott Whittier, CMEEC Director of Enabling Services
Margaret Job, CMEEC Executive Assistant / Paralegal

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 12:03 p.m., noting for the record that the 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 that those speaking state their name before speaking for clarity of the record.

Specific Agenda Item

A Public Comment Period

No public comment was made.

B Roll Call

Ms. Job conducted roll call with each participant responding individually as their names were called. Chair LaRose confirmed a quorum was present.

C Approve the Minutes of the September 18, 2020 Regular Meeting of the Joint Budget & Finance Committee

A motion was made by Committee Member Kevin Barber, seconded by Committee Member Ronald Gaudet to approve the Minutes of the September 18, 2020 Regular Meeting of the Joint Budget & Finance Committee.

Motion passed unanimously.

D Review changes to the proposed 2021 CMEEC Budget for Salary and Benefits

Ms. Meek walked the Committee through the slide deck entitled CMEEC Proposed Salary and Benefits Budget 2021 stating that no changes in amounts presented had been made since it was last reviewed by them. She stated that in response to the discussion on this topic at this Committee's meeting on September 18, 2020, changes were made to the language used in the presentation regarding the use of a salary escalator and would now be shown as a total dollar amount available for potential salary increases across all staff.

Mr. Meisinger discussed the history of staff bonuses noting that in the last several years CMEEC has had a bonus program that was not typically budgeted. He explained that past bonuses had been based on a formula created by the previous CEO which, he opined, mirrored the bonus calculation used in that CEO's employment agreement. Although a formal bonus program, to replace the historic one, does not yet exist, the Strategic Plan currently being developed will provide one, which will be reviewed by the Compensation Committee and/or the Board. Discussion followed.

Following lengthy discussion, Mr. Meisinger and Ms. Meek agreed to bring the Proposed 2021 CMEEC Salary and Benefits Budget back to this Committee's meeting on October 16, 2020 with changes that will include a place holder for bonuses, and will include a proposed methodology used to create the place holder.

E Review Proposed 2021 CMEEC Non-Fuel Operating Budget

Ms. Meek walked the Committee through the slide deck titled CMEEC Proposed 2021 Budget – Non-Fuel Operating Expense (NFO). The NFO includes operating and maintenance expenses for projects, administrative and general expenses, and depreciation and amortization for items not purchased with bond proceeds. Ms. Meek explained each slide in detail answering questions posed by the Committee and Mr. Silverstone.

F Review Proposed 2021 CMEEC Capital Budget

Ms. Meek walked the Committee through the slide deck titled CMEEC Proposed 2021 Budget Capital and Major Maintenance. She highlighted there are seven capital projects and one major maintenance project proposed for 2021. Michael Rall, CMEEC Director of Asset Management, provided additional detail related to the proposed projects in connection with the Pierce and MicroGen projects. Scott Whittier, CMEEC Director of Enabling Services, provided additional detail related to the proposed capital project in connection with the replacement computer equipment.

Chair LaRose entertained a motion to amend the Agenda to add Agenda Item G for Discussion of Transco Proposed Budget.

A motion was made by Committee Member Barber, seconded by Committee Member Gaudet to Amend the Agenda to Add Agenda Item G to Discuss the Proposed 2021 Transco Budget.

Motion passed unanimously.

Ms. Meek explained that this budget had been reviewed at this Committee's meeting on September 18, 2020 however there were errors on pages 16 and 17 of the slide deck, stating that she discovered an incorrect formula in years 2022 – 2025 of the five year forecast and wanted to bring the correction to the Committee's attention. She stated that the Committee will be discussing this budget at its meeting on October 16, 2020 to garner further questions the Board may have prior to its vote on the Proposed Transco Budget at its meeting on October 22, 2020.

Ms. Meek then provided this Committee an overview of topics that will be discussed at its meeting on October 16, 2020. She added that any items not discussed at the October 16 meeting can be added to the agenda for the October 30, 2020 meeting of this Committee.

Discussion followed regarding the Cost of Service Study being conducted with consultant Mark Beuchamp of Utility Financial Solutions (UFS). Mr. Meisinger informed the Committee that the engagement with UFS had been put on hold to allow CMEEC staff to refine the work performed by Mr. Beuchamp. Once completed, the study will be reviewed by Mr. Beuchamp, and then reported to this Committee and the full Board.

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

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

Motion passed unanimously.

The meeting was adjourned at 1:47 p.m.