

SUBJECT TO BOARD APPROVAL

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

May 23, 2019

The May Regular Meeting of the Board of Directors (the “Board”) of the Connecticut Municipal Electric Energy Cooperative (“CMEEC”) was held on Thursday, May 23, 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: Ronald Gaudet, Keith Hedrick (via telephone)
Norwich Public Utilities: David Eggleston, Chris LaRose, Stewart Peil
Bozrah Light & Power: Richard Tanger, Ralph Winslow
South Norwalk Electric & Water: Dawn DelGreco, David Westmoreland (via telephone), Paul Yatcko (via telephone)
Third Taxing District: Kevin Barber, Debora Goldstein, Pete Johnson
Jewett City Department of Public Utilities: Louis Demicco, Kenneth Sullivan, Richard Throwe

The following CMEEC Staff participated:

Michael Lane, CMEEC CFO and Interim CEO
Robin Kipnis, CMEEC General Counsel
Bella Chernovitsky, CMEEC Director, Business Intelligence
Justin Connell, CMEEC Director, Sustainability and Services
Michael Rall, CMEEC Director, Asset Management
Gabriel Stern, CMEEC Director, Technical Services
Scott Whittier, CMEEC Director, Enabling Services
Margaret Job, CMEEC Executive Assistant/Paralegal
Ellen Kachmar, CMEEC Office & Facility Manager

Other attendees:

Jeff Brining, Norwich Public Utilities
Raphael Herzog, Enel X North America, Inc.

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 10:00 a.m. confirming a quorum was present.

Chair Sullivan entertained a motion to modify today's Agenda by adding Agenda Item N in Executive Session to discuss potential litigation involving the former CEO in connection with Connecticut General Statutes Section 1-200(6)(b).

A motion was made by Member Representative Ronald Gaudet, seconded by Member Representative Louis Demicco to modify today's meeting Agenda.

Motion passed unanimously.

19-05-05

Standard Agenda Items

A Public Attendee Comment Period

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

B Conduct Voting Roster / Roll Call

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

C Approve Minutes of CMEEC Regular April 25, 2019 Board of Directors' Meeting

A motion was made by Member Representative Kevin Barber, seconded by Member Representative Ralph Winslow to approve the minutes of the CMEEC Regular April 25, 2019 Board of Directors' meeting, with Member Representative Stewart Peil and Member Representative Richard Tanger abstaining.

Motion passed.

19-05-06

D Approve Minutes of the Joint CMEEC CTMEEC Special May 9, 2019 Board of Directors' Meeting

A motion was made by Member Representative Chris LaRose, seconded by Member Representative Ralph Winslow to approve the minutes of the Joint CMEEC CTMEEC Special May 9, 2019 Board of Directors' meeting, with Member Representative Ronald Gaudet, Municipal Representative David Eggleston, Member Representative Louis Demicco, Member Representative Kenneth Sullivan and Alternate Member Representative Richard Throwe abstaining.

Motion passed.

19-05-07

E April 2019 Objective Summary Review (Informing)

Michael Lane, 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 the deviations as well as noting the targets that were met. He added that the Financial Stability metric realized a very strong month and year to date noting that the Net Non-Fuel Operating Expense metric realized a small negative variance due mainly to non-budgeted, non-contemplated outside services for crisis management consultants.

Municipal Representative David Eggleston inquired about the Days Cash on Hand Metric asking for explanation for the amount of days in this metric. Mr. Lane explained that the target for this metric is based on rating agency requirement.

F April 2019 Pierce and Microgen Performance (Informing)

Mr. Rall, CMEEC Director of Asset Management, provided a quick overview of the projects. He stated that all projects are in line with budget for the month and year to date.

He provided an update on the Subase project stating that due to the abundance of ledge at the site, blasting was conducted and completed successfully. He added that the project received a waiver to conduct the blasting from the Navy with help from the Pentagon. He stated that the site is ready to begin construction.

Member Representative Debora Goldstein inquired about the community solar garden project asking if it would be referred to the CMEEC Joint Risk Management Committee for review. Mr. Lane explained that this project has always been budgeted as a negative. He stated that the Board recognizes that this project is a premium product that the variance to budget is due to the avoided cost being lower due to lower LMPS. He stated we experienced mild winter weather which lowered the real time LMPs. He added that CMEEC is exploring its options with respect to this project.

G April 2019 Energy Market Analysis (Informing)

Justin Connell, CMEEC Director of Portfolio Management, provided a high-level review of the Energy Market Analysis provided to the Board for April 2019 Performance. He explained that actual loads came in 926 MWh lower than budgeted for the month of April. He added that the actual energy costs were \$0.87/MWh lower than budget with weighted average energy cost at LMPs being \$27.43/MWh and actual average Hub Daily DA LMPs ranging between \$21.63/MWh and \$35.50/MWh.

Henry Hub Gas Price was \$0.01/MMBTU lower than budget ranging from \$2.47 to \$2.74/MMBTU. Algonquin Citygate Gas Price was \$1.55/MMBTU lower than budget

ranging between \$2.21 and \$3.22/MMBTU. WTI settlement price was \$5.68/Barrel higher than previous month.

Mr. Connell shared key news that Eversource had announced a new generation service charge rate between July and December at 6% lower than CMEEC first projected.

H Governance Committee Report

➤ Approve Revised Governance Committee Charter (Vote/Resolution)

Member Representative Gaudet briefly reviewed the revised Governance Committee charter before this Board for approval. Chair Sullivan entertained a motion to approve the Revised Governance Committee Charter as presented to the Board.

A motion was made by Member Representative Debora Goldstein, seconded by Member Representative Mark Oefinger to approve the Revised Governance Committee Charter.

Motion passed unanimously.

19-05-08

➤ Review of CEO Job Description

Member Representative Gaudet discussed the need to start the search for a new Chief Executive Officer (CEO). He stated that the Governance Committee met on May 22, 2019 and began a preliminary discussion related to a new CEO search adding that the Governance Committee would discuss the CEO job description at that meeting and provide a draft to the whole Board and to the Compensation Committee to conduct analysis of an appropriate compensation range. He added the Governance Committee also discussed the need to create a search committee to assist in the CEO selection process. He added that Mr. Lane is not participating in any of these processes. He reviewed the last interview process conducted when Mr. Rankin was hired as CMEEC's CEO. He stated that the full board participated in the interview process. He explained that the Governance Committee would work on creating a job description and bring that job description to the full Board for its review and approval.

Extensive discussion followed with respect to search / selection committee activities. Member Representative Goldstein opined that it would be best that the full Board act as the search committee then vet the interview process through a smaller committee.

I Approve Revised Audit Committee Charter (Vote/Resolution)

Member Representative Kevin Barber walked the Board through the Revised Audit Committee Charter highlighting the revisions made.

Chair Sullivan entertained a motion to approve the Revised Audit Committee Charter.

A motion was made by Member Representative Barber, seconded by Municipal Representative Pete Johnson to approve the Revised Audit Committee Charter.

Motion passed unanimously.

19-05-09

J Approved Revised Risk Management Charter (Vote/Resolution)

Municipal Representative Johnson provided an overview of the revisions made to the Revised Risk Management Charter highlighting revisions made for consistency with other Board committee charters.

Member Representative Goldstein inquired if this Charter had been revised to reflect gender-neutral language, which it was confirmed it had not been. She requested that the Charter be amended by vote today and a subsequent vote to approve the Revised Charter as amended.

Chair Sullivan entertained a motion to amend the Revised Risk Management Charter to reflect gender-neutral language.

A motion was made by Member Representative Goldstein, seconded by Municipal Representative Oefinger to amend the Revised Risk Management Charter.

Motion passed unanimously.

19-05-10

Chair Sullivan entertained a motion to approve the Revised Risk Management Charter, as amended.

A motion was made by Municipal Representative Oefinger, seconded by Member Representative Barber to Approve the Revised Risk Management Charter, as amended.

Motion passed unanimously.

19-05-11

K Introduction: Sustainability Director Role and Responsibilities

Mr. Lane introduced this agenda item stating that this position had evolved from a previous position held by a former employee with some added dimensions and introduced the new role being filled by Justin Connell.

Mr. Connell walked the Board through a slide deck explaining the nuances of the new role providing an introduction to the sustainability aspect of his new role and overarching scope.

Lengthy discussion followed on the sustainability portion of his new role. Mr. Connell responded that investment in renewable technology is important but doing that in a cost-

effective manner is key and that will be his challenge. Member Representative Gaudet inquired if the sustainability role would be from a per project basis or as a Board driven role as would be defined in an overall strategic goal.

This inquiry prompted in-depth discussion with respect to the CMEEC Strategic Goals and whether this new role and responsibilities should be incorporated into a new strategic plan.

Mr. Connell explained that sustainability is already reflected in the CMEEC mission by pointing out the long-term cost of delivered power cost in TMR is already a part of CMEEC's sustainability efforts.

Mr. Connell stated that today's presentation was intended to be high level to garner reaction from the Board, to start the process of educating the Board and to reassure them that maintaining the low-cost to the MEU's remains paramount.

Chair Sullivan inquired if a strategic initiative is needed to be put before this Board. Mr. Connell stated the purpose of today's presentation is to create awareness of the scope of this new role. Adding that much education is required along with stakeholder buy-in.

Discussion followed with respect to investment in solar and wind and reducing carbon footprint. The Board voiced the importance of CMEEC's involvement in sustainability. Member Representative Chris LaRose opined that the Board needs direction to assist in amending its Strategic Plan and to move this initiative forward.

Mr. Rall also pointed out a large part of Mr. Connell's role is the business development portion. He added that Mr. Connell, with his extensive knowledge of the ISO and wholesale markets, is an excellent fit for soliciting new customers. He added that Mr. Connell, in his new role, has the ability to explore new programs to be rolled out to Members to work on load reduction with benefit to the environment.

Jeff Brining, Norwich Public Utilities ("NPU"), commented that NPU has been involved in Conservation Load Management activities since 2006. Continued activities involve advanced technology which, he opined, would require CMEEC support to help NPU remain competitive.

L Special Committee: Discussion Re: Additional Recommendations Stemming from Investigative Report

Member Representative Goldstein stated that recommendation of the Special Committee was to hold joint sessions with the Board of Directors and the Special Committee to allow the Board to provide additional suggested recommendations it may have stemming from the Investigative Report.

Chair Sullivan recommended a five (5) minute recess at this point in the meeting. The Board recessed from the public portion of the meeting at 11:35 a.m.

The Board re-entered the public portion of the meeting at 11:40 a.m.

Chair Sullivan re-introduced Agenda Item L, Discussion of Special Committee stating this agenda item is informational only.

Member Representative Goldstein explained that the Special Committee made fifteen recommendations based on the findings in the Investigative Report and the Governance Committee has been referring specific recommendations to certain Board Committees to act. She added that the Special Committee felt that the full Board of Directors should be given the opportunity to participate in a brainstorming session to offer any additional recommendations in connection with the Investigative Report and provide those recommendations to the Special Committee to include with the original fifteen. She stated that one last order of business of the Special Committee would be to dissolve it as the work of the Committee is complete. She made a personal observation related to the sensitivity of those Directors who responsibly recused themselves from various board discussions surrounding the Investigative Report stating that they may want to provide observations and suggestions as they relate to those prior events.

Discussion followed with respect to whether this agenda item should be postponed to a future meeting to allow the Board additional time to prepare their suggestions or whether this would best be done as part of a Board retreat with a facilitated meeting to be held locally sometime in the fall. The suggestion was that the retreat could include a two-part session including governance related education and a session to conduct a strategic meeting to develop or revise a strategic plan.

Member Representative Gaudet volunteered that the Governance Committee would develop the Agenda for a Board Retreat.

Proposed Executive Session

M Discussion of Performance of Interim CEO

Chair Sullivan entertained a motion to enter Executive Session for the discussion of the performance of the Interim CEO.

A motion was made by Member Representative Demicco, seconded by Member Representative LaRose to enter Executive Session.

Motion passed unanimously.

19-05-12

The basis for entering Executive Session is to discuss the performance of the Interim CEO pursuant to C.G.S. Section 1-200(6)(A). Members of the Board of Directors remained. All CMEEC staff was excused.

N Chair Sullivan stated that the Board will remain in Executive Session for the discussion of the new Agenda Item N, discussion of potential litigation involving the former CEO. At which time Ms. Kipnis and Mr. Lane will be invited to participate. The basis for that Executive Session discussion is in accordance with C.G.S. Section 1-200(6)(B).

The Board entered Executive Session at 12:15 p.m.

The Board re-entered Public Session at 1:14 p.m.

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

A motion was made by Municipal Representative Johnson, seconded by Member Representative Richard Tanger to adjourn.

Motion passed unanimously.

19-05-13

The meeting was adjourned at 1:15 p.m.