

SUBJECT TO BOARD APPROVAL

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

August 22, 2019

The August Regular Meeting of the Board of Directors (the “Board”) of the Connecticut Municipal Electric Energy Cooperative (“CMEEC”) was held on Thursday, August 22, 2019 at the CMEEC offices located at 30 Stott Avenue, Norwich, CT at 10:00 a.m.

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 (via telephone), Keith Hedrick, Mark Oefinger
Norwich Public Utilities: David Eggleston, Christopher LaRose, Stewart Peil, Robert Staley
Bozrah Light & Power: Seymour Adelman, Scott Barber, Ralph Winslow
South Norwalk Electric & Water: Dawn DelGreco, Paul Yatcko (via telephone)
Third Taxing District: Kevin Barber, Debora Goldstein, Pete Johnson
Jewett City Department of Public Utilities: Louis Demicco, George Kennedy, Kenneth Sullivan, Richard Throwe

The following CMEEC Staff participated:

Michael Lane, CMEEC CFO and Interim CEO
Robin Kipnis, Esquire, CMEEC General Counsel
Bella Chernovitsky, CMEEC Director, Business Intelligence
Justin Connell, CMEEC Director, Sustainability and Services
Michael Cyr, CMEEC Director, Portfolio Management
Patricia Meek, CMEEC, Financial Planning & Analysis Manager
Joanne Menard, CMEEC Controller
Michael Rall, CMEEC Director, Asset Management
Gabriel Stern, CMEEC Director, Technical Services
Bradley Svalberg, CMEEC, Treasury Consultant
Scott Whittier, CMEEC Director, Enabling Services
Margaret Job, CMEEC Executive Assistant and Paralegal
Ellen Kachmar, CMEEC Office & Facility Manager

Others in Attendance:

Thomas Hendrick, Freedom of Information Commission Officer
David Silverstone, Esquire, Municipal Electric Consumer Advocate

Ms. Job recorded.

Chair Kenneth Sullivan called the meeting to order at 10:00 a.m. and noted for the record that today's meeting is being held at the CMEEC offices located at 30 Stott Avenue, Norwich, CT and confirmed a quorum was present.

Chair Sullivan announced that a brief meeting of the Executive Search Committee would immediately follow today's Board of Directors' meeting.

Standard Agenda Items

A Public Attendee Comment Period

No public comment was made.

B Introduction of New Board Members

Chair Sullivan asked all participating at today's meeting to identify themselves for the benefit of all new members of the Board of Directors present.

C Conduct Voting Roster / Roll Call

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

D Approve Minutes of the CMEEC Regular July 25, 2019 Board of Directors' Meeting

A motion was made by Municipal Representative Mark Oefinger, seconded by Member Representative Debora Goldstein to approve the Minutes of the CMEEC Regular July 25, 2019 Board of Directors' Meeting.

Motion passed with Member Representative Louis Demicco, Paul Yatcko and Alternate Member Representative Seymour Adelman abstaining.

19-08-01

E FOIA Education Session

Attorney Kipnis introduced Thomas Hendrick, Public Education Officer from the Connecticut Freedom of Information Commission who provided refresher education to the Board on the public agency requirements of the Connecticut Freedom of Information Act (FOIA), focusing on FOIA and meeting requirements. Members of the Board engaged Mr. Hendrick in a lengthy question and answer session.

F July 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 identified three new measures under the Financial Stability metric: Unrestricted Cash – Fitch Ratings; Liquidity Cushion – Fitch Ratings and Adjusted Days Liquidity – Moody’s. He explained that these three new metrics would take the place of the prior Days Cash on Hand metric. Patricia Meek, CMEEC, Financial Planning & Analysis Manager, provided additional explanation of the new measures which are designed to reflect the rating procedures of Fitch and Moody’s.

G July 2019 Pierce and MicroGen Performance (Informing)

Michael Rall, CMEEC Director of Asset Management, provided a high-level overview of the project portfolio performance for the month of July. He highlighted that MicroGen successfully optimized the monthly peak load which occurred on Sunday, July 21, 2019. He added that MicroGen also successfully optimized the ISO-NE annual peak-to-date on Tuesday, July 30, 2019. The peak realized a reduced load of approximately 48MW from an available 50 MW during the peak hour.

Mr. Rall provided an update on the Pierce capital project upgrade of the control system noting that the current control system has reached end of life and the upgrade will be completed during the month of October.

Discussion followed with respect to an inquiry from David Silverstone, Esquire, Municipal Electric Consumer Advocate, in connection with the detail of the project portfolio dash board contained in the Board package on p. 23 resulting in an explanation from CMEEC staff that the project portfolio summary was not a report on overall project performance but a report on project performance as compared to budgeted performance, which is important to the CMEEC Members as a determinant of project net benefit.

H July 2019 Energy Market Analysis (Informing)

Michael Cyr, CMEEC Director of Portfolio Management, provided a high-level review of the Energy Market Analysis for July 2019 provided to the Board in advance of today’s meeting.

Mr. Cyr noted that Actual Loads came in 951 MWh higher than budget at 86,600 MWh. Actual Energy Cost was \$36.52/MWh coming in at \$0.08/MWh lower than budget. Weighted average energy cost at LMPs were \$31.51/MWh. He added that actual average Hub daily Day Ahead LMPs were \$29.78/MWh, ranging from \$22.61/MWh to \$44.19/MWh.

Natural Gas Henry Hub Gas Price was \$2.30/MMBTU which was \$0.25/MMBTU lower than budget and ranged between \$2.17 to \$2.49/MMBTU. Algonquin Citygate Gas Price

was \$2.29/MMBTU, \$0.94/MMBTU lower than budget ranging between \$2.07 to \$2.59/MMBTU. Mr. Cyr stated this was the lowest LMPs for the month.

The West Texas Intermediate Oil settlement price was \$58.53/Barrel which was \$3.87/Barrel higher than June 2019.

Mr. Cyr highlighted the mitigating actions taken to comply with the Risk Management policy minimum volume targets. He added that because of heat and humidity, additional resources were purchased in July. He explained that no excess resources were sold and no physical call option was conducted with MicroGen fleet.

I Governance Committee Report

Member Representative Ronald Gaudet, Governance Committee Chair, provided an overview of the Special Committee Recommendations Grid (the “Grid”) provided to the Board in advance of today’s meeting. He explained that the Grid is reviewed at each meeting of the Governance Committee and added that approximately half of the recommendations have been completed to date. He informed the Board that the Grid will continue to be a monthly agenda item under the Governance Committee report to the Board until all recommendations have been completed.

Robin Kipnis, Esquire, CMEEC General Counsel, explained that at the direction of the Governance Committee, she was tasked with creating a dotted line reporting structure of the Chief Financial Officer and the General Counsel to the Board of Directors. She explained that the reporting structure reflects the dotted line reporting of these two positions to the Board of Directors when the CEO did not address an issue or in the best professional judgement of the CFO and/or General Counsel, the CEO did not address adequately.

She added that the CFO and General Counsel job descriptions along with the CMEEC Ethics and Conflict of Interest policy will be revised to reflect the reporting requirement and will be brought to the Board for approval at a future meeting.

Ms. Kipnis discussed the Related Party Transaction policy provided to the Board in advance of today’s meeting. She explained that this policy was created as a result of findings of the Forensic Examination and was a recommendation made by the Special Committee. She noted that the policy requires full disclosure of financial transactions with related parties and the process by which these would be addressed by the Board.

Member Goldstein recommended an amendment to the Related Party Transaction Policy to revise the third bullet in Section III. D. to read as follows:

Transactions with MEUs: Transaction where all Members are eligible to receive proportional benefits, or the transaction involves a transaction with a Member in the ordinary course of CMEEC business.

Chair Sullivan entertained a motion to approve the amendment to the Related Party Transaction policy.

A motion was made by Municipal Representative Pete Johnson, seconded by Member Representative Gaudet to approve the amendment to the Related Party Transaction policy.

Motion passed unanimously.

19-08-02

Chair Sullivan entertained a motion to approve the Related Party Transaction policy as amended.

A motion was made by Municipal Representative Oefinger, seconded by Member Representative Stewart Peil to approve the Related Party Transaction policy as amended.

Motion passed unanimously.

19-08-03

J Risk Management Committee Report

Municipal Representative Johnson, Chair of Risk Management Committee, provided a brief overview of the activities undertaken by the Risk Management Committee at its recent meeting including the presentation by Deloitte of its GAP Analysis of CMEEC's Enterprise Risk Management Plan and the Risk Management Committee's plan to develop risk policies in line with Deloitte's analysis and a presentation by Justin Connell, Director of Sustainability and Services, on a utility distributed energy resource potential project.

Justin Connell, Director of Sustainability and Services walked the Board through his presentation entitled "CMEEC Sustainability and Services DER Initiatives" dated August 22, 2019 which presents a potential pilot project that supports solar installation and battery storage at commercial and industrial locations of a MEU in a fashion that maintains low cost energy and preserves MEU electric load. He stressed the preliminary nature of this concept and that prior to implementation, it would require additional risk evaluation and stress testing.

Lengthy discussion followed with respect to the potential plan and how this pilot fits or does not fit into an existing strategic plan.

Mr. Connell explained that the Board is not being solicited for an approval of such a pilot project noting that further diligence is warranted. He stated that the Risk Management Committee will continue to stress test the project and further reporting to the Board of its activities.

K Subase Update – Status of FCE and Revised Plan for Construction (Informing)

Mr. Lane explained that CMEEC has been communicating with FCE, Fifth Third Bank and Connecticut Green Bank related to the SUBASE project. He informed the Board that FCE had had some financial difficulties over the past few months however, they have been able to raise some capital and are able to continue with the project.

Mr. Rall explained that the FCE financial difficulties resulted in their inability to pay a major contractor which resulted in that contractor leaving the project. With the recent capital raised, FCE has brought that contractor back to the project and they are on site. Mr. Rall explained that FCE equipment will be delivered by the end of this year with Unit 1 being commissioned February – March 2020 and Unit 2 being commissioned March – April 2020. He further explained that by the end of April the equipment will be fully operational and online.

Mr. Lane added that CMEEC continues to conduct weekly calls with FCE and lenders and will continue to do so until commercial operation of the units.

L Municipal Electric Consumer Advocate: Announcement of Annual Meeting of Rate Payers (Informing)

Attorney Silverstone, Municipal Electric Consumer Advocate, explained that under statute he is required to meet with consumers on the second Wednesday of October. He explained that since that date conflicts with his observance of a religious holiday, he received approval from legislators to change that meeting to the third Wednesday in October. Having said that, he stated that his meeting with consumers will take place on Wednesday, October 16, 2019 at 2:00 p.m. at the CMEEC offices located at 30 Stott Avenue, Norwich, CT. He added that he has requested that the notice of the meeting, which he drafted, be included in the MEU utility bills and on their websites.

Upon Chair Sullivan's inquiry of additional business to be conducted, Member Representative Kevin Barber explained that the CMEEC Joint Budget & Finance Committee has scheduled a meeting for Thursday, August 29, 2019 at 1:00 p.m. and encouraged all Board members to participate along with the Committee members.

Member Representative Goldstein also requested that discussion of a strategic plan be included on a future Board agenda to which Chair Sullivan stated it will appear on the agenda for the September Board of Directors' meeting.

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

A motion was made by Member Representative Louis Demicco, seconded by Municipal Representative George Kennedy to adjourn.

Motion passed unanimously.

19-08-04

The meeting was adjourned at 1:03 p.m.