

SUBJECT TO BOARD APPROVAL

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

July 25, 2019

The July Regular Meeting of the Board of Directors (the “Board”) of the Connecticut Municipal Electric Energy Cooperative (“CMEEC”) was held on Thursday, July 25, 2019 at the Pastime Athletic Club, 59 Seaview Avenue, East Norwalk, 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 (via telephone), Mark Oefinger
Norwich Public Utilities: Christopher LaRose, Stewart Peil, David Eggleston (via telephone)
Bozrah Light & Power: Richard Tanger
South Norwalk Electric & Water: Dawn DelGreco (via telephone), David Westmoreland (via telephone)
Third Taxing District: Kevin Barber, Debora Goldstein, Pete Johnson
Jewett City Department of Public Utilities: Louis Demicco (via telephone), Richard Throwe (via telephone)

The following CMEEC Staff participated:

Michael Lane, CMEEC CFO and Interim CEO
Robin Kipnis, CMEEC General Counsel
Michael Cyr, CMEEC Director, Portfolio Management
Michael Rall, CMEEC Director, Asset Management
Gabriel Stern, CMEEC Director, Technical Services
Scott Whittier, CMEEC Director, Enabling Services
Margaret Job, CMEEC Executive Assistant and Paralegal
Ellen Kachmar, CMEEC Office & Facility Manager

Others in attendance:

David Silverstone, Esquire, Municipal Electric Consumer Advocate (via telephone)
Kenneth Weinstock, Esquire, Kainen, Escalera & McHale (11:24 a.m.)

Ms. Job recorded.

In the absence of the Chair, Vice Chair Ronald Gaudet noted for the record that today's meeting is being held at the Pastime Athletic Club, 59 Seaview Avenue, East Norwalk, CT and asked that those participating by telephone identify themselves. Vice Chair Gaudet called the meeting to order at 10:36 a.m. confirming a quorum was present.

Standard Agenda Items

A Public Attendee Comment Period

No public comment was made.

B Conduct 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 June 27, 2019 Board of Directors' Meeting

A motion was made by Municipal Representative Mark Oefinger, seconded by Member Representative Christopher LaRose, to approve the Minutes of the Regular June 27, 2019 Board of Director's Meeting with Member Representative Jeffrey Godley and Member Representative Stewart Peil abstaining.

Motion passed.

19-07-01

Member Representative Debora Goldstein made a motion, seconded by Member Representative Richard Tanger to amend today's Agenda to include new Agenda Item L in the Proposed Executive Session to receive an update on the SUBASE Proforma.

Motion passed unanimously.

19-07-02

D June 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. In response to an inquiry by Vice Chair Gaudet, Mr. Lane explained Total Non-Fuel Budget variance for June was largely driven by the delay in the Subase Fuel Cell project. Mr. Lane added staff continue to refine expenses versus budget in the Total Non-Fuel Budget expense line

E June 2019 Pierce and MicroGen Performance (Informing)

Michael Rall, CMEEC Director of Asset Management, provided an overview of the projects. He stated that transmission true up resulted in credit to CMEEC load. He stated that the Pierce Summer LFO rate is expected to remain strong for the rest of the year. He noted that Transmission Project Number 1 loads were down. He continued to explain that MicroGen remains strong year-to-date and that Pierce project is expected to be in line with budget.

Mr. Rall provided an update on July peak. He stated that a peak shave was conducted over the weekend of July 19, 20, and 21, 2019 identifying Saturday, July 20, 2019 as the ISO annual peak.

F June 2019 Energy Market Analysis (Informing)

Michael Cyr, CMEEC Director of Portfolio Management, provided a high-level review of the Energy Market Analysis provided in advance to the Board for June 2019 performance.

Mr. Cyr noted that actual loads for June were 65,279 MWH which was 5,088 MWh lower than budget or 7% lower than expected. He added that Actual Energy Cost for June was \$35.60/MWh coming in at \$0.03/MWh higher than budget. He added that despite loads coming in at 7% lower than budget, energy realized a strong month. Weighted average Energy Cost at LMPs was \$23.12/MWh and Actual Average Hub Daily DA LMPs came in at \$22.09/MWh, ranging from \$17.70/ MWh to \$24.99/MWh. He added that we were 98% hedged.

Henry Hub Gas Prices were \$2.34/MMBTU which was \$0.27/MMBTU lower than budget, ranging from \$2.20 to \$2.45/MMBTU. Algonquin Citygate Gas Price for June was \$2.12/MMBTU which was \$1.10/MMBTU lower than budget, ranging from \$1.99 to \$2.30/MMBTU. Western Texas Intermediate settlement price was \$54.66/Barrel, coming in \$6.17/Barrel lower than May.

Mr. Cyr provided a July update noting that loads were up due to temperatures being high during the week of July 15, 2019. He added that loads should come in at forecast or above noting that higher market purchases were made but assured that July will still come in under budget.

Mr. Cyr explained that gas storage is strong and higher than previous year adding that the five-year average looks strong for storage.

**G Governance Committee Report
Special Committee Recommendations Status Grid**

Vice Chair Gaudet, who serves as Chair of the Governance Committee, reported on the Governance Committee's activities monitoring the status of the Special Committee Recommendations.

He explained that the Governance Committee, having reviewed the CEO Job Description, determined that the Executive Search Committee should provide a final review of the CEO job description at its meeting scheduled for today.

He also informed the Board that the Governance Committee discussed the recommendation made by the Special Committee that an Executive Committee of the Board of Directors be established. After considerable discussion at the Governance Committee meetings, it was determined that the Governance Committee would not recommend to the Board of Directors that it establish an Executive Committee. He stated that the rationale for not recommending the establishment of an Executive Committee was mainly: 1) due to the fact that the Board of Directors meets monthly instead of infrequently; and 2) concern that authority would rest in too few of the Board members. Discussion followed.

Mr. Gaudet also explained that the Governance Committee recommends that it take over tracking completion of the Special Committee Recommendations and that the Special Committee be dissolved. The grid provided to the Board in advance of today's meeting contained all the Special Committee Recommendations and the status of each. Mr. Gaudet explained that for ease of tracking the recommendations were incorporated into a grid that will be provided to the Board as an update each month.

He informed the Board that the Governance Committee has a special meeting scheduled for later today to discuss the following topics:

- Discussion of Organizational Best Practices for Chief Financial Officer and General Counsel
- Agenda Development: Board Governance Training and Possible Strategic Session
- Discussion of Board Member Onboarding Process
- Examine Policies Governing Related Party Transactions
- Review Special Committee Recommendations

H Budget and Finance Committee Report Vote on Approval of Amended Charter

Member Representative Kevin Barber explained that the Budget & Finance Committee met for the first time this year on Monday, July 22, 2019 noting that the Committee's first order of business was to elect a Committee Chair. He explained that he had been nominated and elected to serve as the Committee Chair.

He stated that at its meeting on July 22, 2019, an update on CMEEC's investment policy was provided to the Committee and plans to start a five-year financial plan was discussed. He added that the Committee began discussion of the 2020 budget process and of the Special Committee Recommendation to examine budgets presented to the Board of Directors for appropriate amounts of detail and consistency in presentation.

He further explained that the Committee reviewed the revised Budget & Finance Committee Charter provided in advance of this meeting and is recommending it for

approval by the Board. He explained that the revisions made were like other committee charters and made for consistency.

A motion was made by Municipal Representative Oefinger, seconded by Member Representative Barber to approve the Revised Charter of the Budget & Finance Committee.

Motion passed unanimously.

19-07-03

**I Risk Management Committee Report
Vote to Amend Enterprise Risk Management Policy to Authorize
Additional Personnel to Purchase Power (Vote / Resolution)**

Municipal Representative Pete Johnson, Chair of the Risk Management Committee, deferred discussion to Member Representative Barber who acted in his absence as Chair Pro Tem at the Risk Management Committee meeting held on July 22, 2019. Member Representative Barber explained that the Joint Risk Management Committee met on Monday, July 22, 2019 to discuss an amendment to the Enterprise Risk Management Policy (ERMP) and recommended approval to the Board. He reported that they also heard, in executive session, a presentation of the Subase project proforma which will be presented at today's Board meeting as new Agenda Item L.

After brief discussion related to the revision to the ERMP, Vice Chair Gaudet entertained a motion to approve the resolution to amend the Enterprise Risk Management Policy.

A motion was made by Municipal Representative Johnson, seconded by Member Representative Barber to approve the Amended Risk Management Policy to authorize additional personnel to purchase power.

Motion passed unanimously.

19-07-04

**J Special Committee Report
1. Approval of June 27, 2019 Special Committee Minutes
2. Adoption of Additional Findings & Recommendations of the Special Committee
3. Dissolution of Special Committee (Vote / Resolution)**

Member Representative Debora Goldstein, Chairperson of the Special Committee, updated the Board on the activities of the Special Committee, including soliciting the Board as a whole for additional recommendations at a jointly held meeting with the Board. As a result, the Special Committee finalized its list of Recommendations with the additional recommendations that came out of that Board of Directors' meeting.

Ms. Goldstein stated that the Special Committee concluded that it had carried out the duties they had been charged with when the Committee was established and read through the additional recommendations provided in advance of today's meeting. She reviewed the remaining items to be completed by the Board today which are to: 1) approve the Minutes of the June 27, 2019 Special Meeting of the Special Committee; 2) adopt the

additional findings and recommendations of the Special Committee; and 3) dissolve the Special Committee.

After discussion related to Board approval of the last Special Committee minutes, it was concluded that those members of the Board of Directors that were also members of the Special Committee would approve the minutes of the June 27, 2019 Special Meeting of the Special Committee.

A motion was made by Municipal Representative Oefinger, seconded by Member Representative Tanger to approve the Minutes of the June 27, 2019 Special Meeting of the Special Committee, with Member Representative Peil abstaining.

Motion passed.

19-07-05

Vice Chair Gaudet confirmed that Messrs. Oefinger, Tanger and Peil were also members of the Special Committee.

Vice Chair Gaudet entertained a motion to approve the adoption of the Additional Findings and Recommendations of the Special Committee.

A motion was made by Member Representative Barber, seconded by Municipal Member Oefinger to approve the adoption of the Additional Findings and Recommendations of the Special Committee, with Member Representative Louis Demicco abstaining.

Motion passed.

19-07-06

Vice Chair Gaudet entertained a motion to Dissolve the Special Committee.

A motion was made by Member Representative Barber, seconded by Municipal Representative Oefinger to dissolve the Special Committee.

Motion passed unanimously.

19-07-07

K Proposed Executive Session

Vice Chair Gaudet entertained a motion to enter Executive Session for a report on employment matters involving the terminated CEO.

A motion was made by Member Representative Barber, seconded by Member Representative Tanger to enter Executive Session.

Motion passed unanimously.

19-07-08

The basis for entering Executive Session is to receive a report on employment matters involving the terminated CEO and is pursuant to Connecticut General Statutes Sections 1-200(6) and 1-210(b)(4). Members of the Board of Directors, along with Attorney Kipnis, Mr. Lane and Attorney Weinstock, remained.

The Board entered Executive Session at 11:33 a.m. with instructions to return to Public Session upon completion of discussions in Executive Session.

The Board re-entered Public Session at 1:00 p.m.

Vice Chair Gaudet entertained a motion to re-enter Executive Session to receive an update on the SUBASE Proforma.

A motion was made by Member Representative Barber, seconded by Member Representative Tanger to re-enter Executive Session.

Motion passed unanimously.

19-07-09

The basis for entering Executive Session is to receive an update on the SUBASE Proforma and is pursuant to Connecticut General Statutes Sections 1-200(6)(E) and 1-210(b)(5)(A) and (b)(6)(B). Members of the Board of Directors, along with Attorney Kipnis, Mr. Lane and Mr. Rall, remained.

The Board re-entered Executive Session at 1:05 p.m. with instructions to return to Public Session upon completion of discussions in Executive Session.

The Board re-entered Public Session at 1:45 p.m.

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

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

Motion passed unanimously.

19-07-10

The meeting adjourned at 1:45 p.m.