

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

July 23, 2020

The Regular meeting of the Board of Directors of Connecticut Municipal Electric Energy Cooperative (“CMEEC”) was held on Thursday, July 23, 2020 telephonically and via Zoom.

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 telephonically or via Zoom

Groton Utilities: Ronald Gaudet, Keith Hedrick
Groton Municipal Representative: Mark Oefinger
Norwich Public Utilities: Christopher LaRose, Stewart Peil, Robert Staley
Norwich Municipal Representative: David Eggleston
Bozrah Light & Power: Scott Barber, Richard Tanger
South Norwalk Electric and Water: Alan Huth, Eric Strom, David Westmoreland
South Norwalk Municipal Representative: Dawn Del Greco
Third Taxing District: Kevin Barber, Michele Sweeney
Third Taxing District Municipal Representative: Pete Johnson
Jewett City Department of Public Utilities: Louis Demicco, Kenneth Sullivan, Richard Throwe
Jewett City Municipal Representative: George Kennedy

The following CMEEC Staff participated telephonically or via Zoom

Dave Meisinger, CMEEC CEO
Robin Kipnis, Esquire, CMEEC General Counsel
Bella Chernovitsky, CMEEC Director of Business Intelligence
Justin Connell, CMEEC Director of Sustainability and Services
Patricia Meek, CMEEC Interim Director of Finance & Accounting
Joanne Menard, CMEEC Controller
Michael Rall, CMEEC Director of Asset Management
Gabe Stern, CMEEC Director of Technical Services
Scott Whittier, CMEEC Director of Enabling Services
Margaret Job, CMEEC Executive Assistant / Paralegal

Ellen Kachmar, CMEEC Office and Facilities Manager

The following individuals participated via telephone or Zoom

David Silverstone, Esquire, Municipal Electric Consumer Advocate

Ms. Job recorded.

Chair Kevin Barber called the meeting to order at 10:00 a.m. He stated for the record that today's meeting is being held via Zoom and telephonically.

Chair Barber walked the Board through the conduct of today's meeting stating that all participants' audio should remain on mute unless speaking to eliminate confusion and background noise. He requested that those present announce their name and where they are from when speaking up for clarity of the record.

Chair Barber made some announcements including Scott Barber's change in appointment to the CMEEC Board from Alternate Member Representative to Member Representative replacing Ralph Winslow in that capacity. He also congratulated Justin Connell on his recent election to serve as President of the Board of Directors for the Northeast Public Power Association.

Standard Agenda Items

A Public Comment Period

No public comment was made.

B Conduct Voting Roster / Roll Call

Ms. Job conducted roll call with each member responding individually as their names were called. Following roll call, Ms. Job identified the voting persons at today's meeting. Chair Barber confirmed a quorum was present.

C Approve Minutes of the CMEEC Regular June 25, 2020 Board of Directors' Meeting

A motion was made by Member Representative Ronald Gaudet, seconded by Third Taxing District Municipal Representative Pete Johnson to approve the Minutes of the CMEEC Regular June 25, 2020 Board of Directors' Meeting, with Member Representative Stewart Peil abstaining.

Motion passed.

20-07-01

D June 2020 Objective Summary

Mr. Meisinger provided the Dashboard review noting that the Regional Competitiveness Deviation to Benchmark TMR view realized a strong month coming in at 44% exceeding the 39% target. He added that Regional Competitiveness Rate 9 view also realized a strong month coming in at 32% versus a budget of 28%. He explained that the strong results are reflective of project portfolio performance despite the reduction in load due to Covid-19. He also cited the recently revised Enterprise Risk Management Policy with revised hedging requirements, allowing CMEEC to take advantage of low spot market pricing. He stated that Year-End also looks to be strong coming in at 39% versus a budget of 31% in the TMR view and 27% versus a budget of 18% for Rate 9. He added that recent changes in Eversource's rate, mainly attributable to transmission and FMCC charges effective July 1, 2020 favorably impacted the CMEEC Regional Competitiveness benchmark as that is tied into the Eversource residential retail rate.

Customer Fulfillment All-In TMR View also realized a strong month coming in at \$73/MWh versus a budget of \$75/MWh, and that the Rate 9 "All-In" cost perspective was at the \$88/MWh target. He explained that, overall, the Regional Competitiveness and Customer Fulfillment metrics reflected strong performance for June.

E June 2020 Project Portfolio Performance

Michael Rall, CMEEC Director of Asset Management, provided a high-level review of the Project Portfolio performance noting that the June Project Portfolio came in 21% lower than budget, excluding Subase Fuel Cell. He explained a driving factor in the positive variance for result was MicroGen due to the 2019 LNS true-up that is being applied January 2020 through June 2020. Another factor was a higher than budgeted capacity reserve margin with 69% actual versus 42% budgeted, reflecting a greater avoided cost for MicroGen that will continue through May 2021.

He explained another driver in Project Portfolio performance was Pierce being down due to a fire resulting in a plant outage of eight to ten days in June. He noted that the plant was back in service on June 15 adding that minimal damage or cost resulted from the fire event.

Transmission Project #1 June actual net benefit was lower than budget due to lower than budgeted RNS transmission rates. He explained that a slight budgeting error had been found in the attribution of RNS transmission revenues which fluctuates between a positive and negative impact, with June showing negative.

Community Solar Gardens net benefit was lower than budget due to higher than budget generation for the month. Mr. Rall also explained that June actual net benefit was lower than budget due to no RECs being sold in June and higher than budgeted PPA and REC expenses.

Discussion followed in connection with the June results. In the projected Year-End view, MicroGen is in a good position to be a driver of positive Project Portfolio results mainly due to projected lower fuel costs for the remainder of the year and the increases to the capacity reserve margin. Transmission Project #1 is lower than budget due to lower than budget loads combined with weather conditions and stay at home orders.

Community Solar Garden projected Year-End is lower than budget due to lower real time LMPs.

Upon inquiry, Ms. Kipnis provided an update on the Tesla Solar Garden dispute.

F June 2020 Energy Market Update

Michael Cyr, CMEEC Director of Portfolio Management, provided a high-level review of the Energy Market Analysis for June highlighting that loads were 4.3% higher in June than budgeted and that CMEEC is 85% hedged for the month.

Mr. Cyr explained that Actual Loads came in at 69,990 MWh which was 2,908 MWh higher than budget. Actual Energy Cost for the month was \$31.42/MWh which was \$2.28/MWh lower than budget, Weighted Average Energy Cost at LMPs was \$20.63/MWh and Actual Average Daily Hub Day Ahead LMPs came at \$19.84/MWh, ranging from \$15.52/MWh to \$25.19/MWh.

In Natural Gas, Henry Hub Gas Price came in at \$1.56/MMBTU which was \$0.80/MMBTU lower than budget ranging from \$1.38 to \$1.77/MMBTU.

West Texas Intermediate Oil Price was \$38.31/Barrel which was \$9.75/Barrel higher than previous month and Ultra Low Sulphur Diesel Oil Price was \$8.00/MMBtu which was \$5.22/MMBtu lower than Budget.

Mr. Cyr explained that the Forward Capacity Auction Clearing Price came in at \$5.30/kW-Mo for the month and Actual Net Regional Capacity Clearing Price was \$5.78/kW-Mo, which was \$1.37/Kw-Mo lower than previous month due to the new capacity year beginning.

Mr. Cyr highlighted mitigation actions taken over the past month to stay within compliance of the CMEEC Risk Management Policy. He noted that CMEEC purchased additional megawatts in June as a response to the high heat and increased loads. He also explained that on July 21, 2020 Eversource will seek to fill up another 40% of their wholesale power for the first half of the year of 2021. Doing so will result in Eversource being 70% hedged for the first half of 2021.

G Governance Committee Report

Ms. Kipnis began the report of the Governance Committee by providing an overview of the items discussed at the July 9, 2020 Governance Committee meeting. She explained

that the Committee reviewed a memorandum establishing the framework for a nepotism policy to be drafted in connection with the Related Party Transaction Policy already in place. The Committee agreed that nepotism would generally be discouraged with certain exceptions to be developed and presented to the Governance Committee. The CEO would have the authority to make an exception and report that decision to the Board. That Board report would include how the CEO applied the guidelines in coming to his conclusion.

Mr. Meisinger added that the Committee also discussed the creation of a Committee and Board self-evaluation form. He added that results from the form would be reviewed and compiled by staff. The Committee discussed the possibility of the survey being conducted electronically.

The Committee also discussed new Board Member On-Boarding. Mr. Meisinger stated that on-boarding was supposed to be conducted this past April however that was postponed due to the Coronavirus. The Committee agreed that this is an important exercise and that it could be conducted via Zoom and scheduled prior to the Board meeting on September 24, 2020. He added that the Committee also discussed board data management stating that no feedback has been received with respect to any Member of the Board having difficulty with the new purely electronic process.

H Strategic Planning Committee Report

Mark Oefinger, Chair of the Strategic Committee, explained that this Committee met on July 14, 2020 with Tim Blodgett of Hometown Connections.

Mr. Meisinger added that the meeting was held on July 14 via Zoom and telephone. He noted that a few Committee members also participated in person at the Groton Utilities Operations Building. He explained that some members of the Board also participated. He walked the Board through the activity of the Committee noting that the Committee reviewed slides that CMEEC staff had worked on refining the Mission, Vision and Values statements. He added that staff held a session on July 17, 2020 with Mr. Blodgett facilitating. Staff began working on Strategic Priorities that had been laid out in the Board Survey responses. Staff will be working on Strategic Priorities and Goals between now and the next Strategic Planning Committee meeting scheduled for August 18, 2020. They will further refine the goals and work on establishing Action Plans in order to achieve them. Mr. Meisinger informed the Board that the slides worked on by Staff will be made available to the Committee and the Board prior to the date of the Committee meeting. He also added that subject to travel restrictions, Mr. Blodgett will again facilitate the Strategic Planning Committee meeting in person and Committee members and Board members wishing to participate will be able to do so either via Zoom, telephonically or in person in a small group. He asked the Board to let Mr. Oefinger or him know if they would like to participate in person.

I Bank of America Line of Credit Extension

Mr. Meisinger explained that CMEEC currently holds two lines of Credit, one with Bank of America which is up for renewal at the end of this month and the other with Wells Fargo which will be up for renewal in April 2021. He explained that CMEEC has been working with Bank of America and PFM, CMEEC's financial advisors, on how to proceed with an extension. He introduced Pat Meek, CMEEC Interim Director of Finance & Accounting, who walked the Board through a slide deck that provided an overview of options for extension of the Bank of America Line of Credit.

Ms. Meek explained that with the economic uncertainty caused by the coronavirus pandemic and the favorable terms being offered by Bank of America on the extension, PFM has recommended CMEEC maintain both lines of credit. She also addressed the fact that LIBOR (London interbank offered rate) which is a benchmark used for calculating rates (including in the Bank of America Line of Credit) will be discontinued by December 31, 2021, with speculation that the SOFR (Secured Overnight Financing Rate) will be used in its place. She explained that despite pushback from CMEEC, Bank of America is unwilling to commit to either a new rate or other language that would give CMEEC a voice in the choice of a new rate, but that this is also standard industry practice at this time.

Lengthy discussion ensued in connection with the extension of the Bank of America Line of Credit, including the standby fees, with the Board agreeing that it would approve the amendment extending the line of credit for two years in essentially the form as presented at today's meeting.

Chair Barber entertained a motion to approve the Resolution Authorizing CEO to Execute the Amendment to the Bank of America Line of Credit.

A motion was made by Alternate Member Representative Keith Hedrick, seconded by Municipal Representative Johnson to Approve the Resolution Authorizing the CEO to Execute the Extension of the Bank of America Line of Credit.

Motion passed unanimously.

20-07-02

J Coronavirus Status Updates

Mr. Meisinger provided an update on the MTUA invoice deferral stating that the MTUA had requested and been granted a two-month deferment and noted that they are paying the April and June invoices now and will pay the May and July invoices next month. He added that the deferment has had no significant impact on CMEEC.

Mr. Meisinger explained that CMEEC staff continue to work remotely with approximately 2-6 employees coming into the office on any given day. No guests are visiting the offices. He noted that work is being done on the building by contractors while staff presence is low, adding that all work has been previously budgeted for.

CMEEC will begin a tracking protocol in August with staff completing an electronic form before coming into the office to certify that they, among other things, are not currently sick, have not traveled from another state deemed to be a 'hot spot', etc. He added that all contractors completing work on site will also continue to be required to complete the form.

The next Board meeting will be held on August 27, 2020 and will be conducted under the same format as has been followed over recent months with participants attending via telephone and Zoom. Mr. Meisinger added that four Committee meetings are also scheduled over the few months with a Regular Budget & Finance meeting on July 30, 2020, a Regular Risk Management and a Special Audit Committee scheduled for August 13, 2020. The Audit Committee has called a special meeting to discuss and select an auditor for the annual audits for the next five years. On August 18, 2020, the Strategic Planning Committee will meet. These Committee meetings will also be conducted using the same socially responsible format.

Mr. Meisinger also reminded the Board that immediately following today's Board meeting, the Member Delegation is meeting to reconvene its meeting held on April 23, 2020 to decide on 2019 excess equity distribution.

Mr. Meisinger noted that at last month's Board meeting, the General Managers provided an update on the impact of Covid-19 at their respective utilities and invited them to the same today. Discussion followed with each General Manager providing a further update.

K New Business

1. Proposed Executive Session: Pursuant to Connecticut General Statutes 1-200(6)(B): Litigation Update: Criminal Trial and D&O Insurance Policy

A motion was made by South Norwalk Municipal Representative Dawn Del Greco, seconded by Alternate Member Hedrick to enter Executive Session with instructions to the Board of Directors to re-enter Public Session upon completion of their discussion in Executive Session.

Motion passed unanimously.

20-07-03

The basis for entering Executive Session is in accordance with Connecticut General Statutes 1-200(6)(B). All Members of the Board remained. Also remaining were Mr. Meisinger, Ms. Kipnis and Ms. Job.

The Board entered Executive Session at 11:42 a.m.

The Board re-entered Public Session at 12:10 p.m.

2. Other

Ms. Kipnis explained that US Bank, with whom CMEEC has a long-standing relationship, has a new procedure requiring a Board resolution designating certain individuals with whom they can interact regarding the US Bank accounts. She pointed out the form before this Board, and provided to them in advance of today's meeting, will be sent to US Bank which includes the names of those individuals with whom US Bank may rely on as Board approved individuals to maintain such communications along with their signatures.

She stated that CMEEC is asking the Board to vote to authorize Dave Meisinger in his capacity as CMEEC CEO, Patricia Meek, in her capacity as CMEEC Interim Director of Finance & Accounting and Joanne Menard in her capacity as CMEEC Controller to act on behalf of CMEEC with respect to the accounts identified on the form and to authorize US Bank to act on directives from the above-referenced individuals.

A motion was made by Municipal Representative Johnson, seconded by Member Representative Gaudet to authorize Dave Meisinger in his capacity as CMEEC CEO, Patricia Meek, in her capacity as CMEEC Interim Director of Finance & Accounting and Joanne Menard in her capacity as CMEEC Controller to act on behalf of CMEEC with respect to the accounts identified on the form and to authorize US Bank to act on directives from them.

Motion passed unanimously.

20-07-04

Mr. Meisinger explained the second item under this "Other" agenda item is a high-level discussion of the email that was sent to the Board advising them that effective July 13, 2020, Michael Lane is no longer employed as the CMEEC CFO. He stated that if any Board member had any questions, the order of business would be to amend the agenda and add an executive session and that Mr. Lane had been apprised of his right to have any such discussion in a public session, but he had not responded. No Board member present had any further questions.

He added that Pat Meek has been appointed Interim Director of Finance & Accounting stating that the title and role of "Director of Finance & Accounting" had been in place until relatively recently when it was replaced with the CFO role. He added that depending on how the Strategic Plan looks upon completion, he would determine whether to maintain the Director level position or the CFO role. He also stated that the permanent position would be posted internally first, and then he would consider posting externally. Ms. Meek will however continue in this role at least through the end of this year. He reminded the Board that Ms. Meek is the point of contact on any topic for which they normally would have contacted the CFO.

Upon inquiry, Ms. Kipnis confirmed that Ms. Meek has been notified of her responsibility, in the absence of a CFO, created by the Board in August 2019 whereby

the CFO and General Counsel were granted certain specific reporting duties to the Board. Ms. Meek agreed to fulfill that responsibility.

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

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

Motion passed unanimously.

20-07-05

The meeting was adjourned at 12:28 p.m.