

SUBJECT TO BOARD APPROVAL

MINUTES OF THE
REGULAR MEETING OF THE
BOARD OF DIRECTORS OF

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE

April 22, 2021

The Regular Meeting of the Board of Directors of Connecticut Municipal Electric Energy Cooperative (“CMEEC”) was held on Thursday, April 22, 2021 telephonically and via Zoom at 10:00 a.m.

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

The following Member Representatives / Alternate Member Representatives / Municipal Representatives participated telephonically or via Zoom:

Groton Utilities: Jeffrey Godley

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 & Water: Alan Huth, David Westmoreland

South Norwalk Municipal Representative: Dawn DelGreco

Third Taxing District, East Norwalk: Kevin Barber, Michele Sweeney

East Norwalk 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

Michael Cyr, CMEEC Director of Portfolio Management

Patricia Meek, CMEEC Director of Finance & Accounting

Joanne Menard, CMEEC Controller

Michael Rall, CMEEC Director of Asset Management

Gabriel Stern, CMEEC Director of Technical Services

Scott Whittier, CMEEC Director of Enabling Services

Menglu Tang, CMEEC Lead Energy Market Analyst

Margaret Job, CMEEC Executive Assistant / Paralegal

Ellen Kachmar, CMEEC Office and Facilities Manager

Others participating telephonically or via Zoom:

David Silverstone, Esquire, Municipal Electric Consumer Advocate
Nicholas Denegre, Professor of Earth Sciences, Eastern Connecticut State University

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 telephonically and via Zoom. Chair Barber requested all participants mute their devices unless speaking to eliminate confusion and background noise. He requested those present state their name and where they are from when speaking for clarity of the record.

Specific Agenda Items

A Public Comment

No public comment was made.

B Conduct Roll Call / Voting Roster

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 the Minutes of the Regular March 25, 2021 CMEEC Board of Directors' Meeting

A motion was made by Municipal Representative Mark Oefinger, seconded by Member Representative Richard Tanger to Approve the Minutes of the Regular March 25, 2021 CMEEC Board of Directors' Meeting.

Motion passed unanimously.

21-04-01

D March 2021 Objective Summary

Mr. Meisinger took the opportunity to identify a member of the public in attendance at today's meeting. At this time, Mr. Nicholas Denegre identified himself as a professor at Eastern Connecticut State University interested in CMEEC's work related to integrating solar power with microgrids and other projects that CMEEC might be involved in or interested in pursuing. Mr. Meisinger stated that CMEEC would be happy to consider his interests further and provided his contact information to Mr. Denegre.

Mr. Meisinger next briefly highlighted the Regional Competitiveness and Customer Fulfillment metrics stating that Regional Competitiveness came in similarly to February at 28% below the target of 34% due to moderately lower load and some increased exposure to the spot market volatility during the month. He stated that the year-end projection remained at 29% compared to a target of 31%, mostly reflecting the same

factors as well as some offset due to the unbudgeted 2020 transmission true-up and higher projected forward energy and gas prices.

Customer Fulfillment All-In cost came in at \$86/MWh in March versus a target of \$79/MWh due primarily to moderately lower than anticipated load and exposure to the spot market price volatility along with some unbudgeted projects costs and project revenue timing issues. Year-End projection remains at \$83/MWh similar to last month versus the target of \$81/MWh. He added that this was mostly due to higher forward energy and gas prices as well as the 2020 transmission true-up.

E March 2021 Project Portfolio Summary

Mr. Rall explained that the portfolio is down for the month. He explained that Microgen was up 20% from the previous month due to lower than budgeted fuel and maintenance expenses. He further explained that Pierce was below budget due to higher than budgeted fuel expense and an unbudgeted, but planned, upgrade related to the control system upgrade completed in March which resulted in higher fuel use than budgeted. Transmission Project Number 1 was below budget due to the network load being lower than budgeted. Battery project was below budget due to battery non-performance in February. Community Solar Garden was below budget due to RECs not being sold in March however Mr. Rall stated that projected year end will make this up and expects that the RECs will be sold between now and June 2021. The portfolio year-to-date and year-end budgets remain on target.

F March 2021 Energy Market Update

Mr. Cyr provided a high-level review of the Energy Market Analysis for March highlighting that actual loads were 69,880/MWh which was 161 MWh lower than budget. Actual Energy Cost was \$36.63/MWh, which was \$0.07/MWh lower than budget. Weighted Average Energy Cost at LMPs was \$36.18/MWh and Actual Average Daily Hub Day Ahead LMPs were \$34.88/MWh, ranging from \$19.41/MWh to \$65.92/MWh.

Mr. Cyr explained mitigating actions taken recently and walked the Board through the other materials included in the Board package.

Mr. Cyr also highlighted Eversource's hedging versus CMEEC's hedging position for the remainder of 2021 and going into 2022.

G Budget & Finance Committee Report Possible Vote: Renewal of CMEEC Lines of Credit

Member Representative Christopher LaRose, Budget & Finance Committee Chair, explained that the Committee held a special meeting on April 20, 2021 to discuss the status of the RRIF funds and their use for the Community Solar Gardens ("CSG") project and the CMEEC Lines of Credit. He added that CMEEC staff will be scheduling meetings with the General Managers to come to a consensus on the use of the RRIF monies for the CSG and then meet with each individual member to handle specific billing details.

Member Representative LaRose stated that Ms. Meek walked the Committee through the options CMEEC staff had taken into consideration while reviewing the Lines of Credit, and the reasoning for the recommendation made to the Committee and Board for approval of the second amendment to the CMEEC Lines of Credit with Bank of America. He added that Ms. Meek will provide more information in her presentation to the Board today.

Ms. Meek then walked the Board through the CMEEC Lines of Credit presentation. She explained that CMEEC currently has two lines of credit totaling \$50,000,000 and identified the current annual costs to maintain the lines of credit. She added that the lines of credit are held with two different institutions, Bank of America in the amount of \$20,000,000 and Wells Fargo in the amount of \$30,000,000. She explained that they are mainly held for liquidity purposes. Ms. Meek explained CMEEC's relationship with each institution stating CMEEC has its operating accounts, the line of credit and purchasing card accounts with Bank of America and that Wells Fargo administers Transco operating accounts and bond trust accounts, and a CMEEC line of credit.

Ms. Meek then illustrated current renewal options of the lines of credit as either maintaining the limit at \$50,000,000 or reducing the total lines of credit to \$40,000,000, a step which by itself would provide a potential savings of \$50,000 annually as compared to current annual costs. She added a third option of combining the lines of credit with one institution and extend the renewal period beyond two years.

Ms. Meek then provided a side-by-side illustration of the credit line impact on liquidity metrics with Moody's and Fitch Ratings at both the \$50,000,000 and \$40,000,000 level noting the satisfaction of the liquidity metrics was lower but still sufficient at the \$40,000,000 level.

Ms. Meek explained that three institutions were asked to provide terms for the line of credit renewal, stating that Bank of America came in lower.

Ms. Meek then provided a side-by-side credit ratings comparison of each of the three institutions, highlighting that Bank of America currently holds the higher overall ratings of the three institutions.

Ms. Meek next highlighted a summary of proposed options highlighting three year and one-year savings compared to the status quo, calculated for each of the proposed terms provided by the three institutions and discussed considerations regarding each. Ms. Meek stated that CMEEC is recommending a reduction of the credit limit to the proposed amount of \$40,000,000 and that it be consolidated and administered by Bank of America.

After discussion, Chair Barber provided time for the Board to review the resolution provided in advance of today's meeting and to ask any questions they might have. Ms. Kipnis added that the resolution is in a format required by Bank of America and that she has reviewed it.

Chair Barber entertained a motion to approve the resolution.

A motion was made by Member Representative Jeffrey Godley, seconded by Municipal Representative Pete Johnson to Approve the Resolution Authorizing a Credit Agreement and Amendments to a Credit Agreement with Bank of America.

Motion passed unanimously.

21-04-02

H Discussion re: NYPA Neighboring States Peaking Power Letter of Intent and Possible Vote to Enter into Additional NYPA Transactions

Mr. Stern explained that a month ago the Board approved renewal of the NYPA Power Contract for the State of Connecticut, with CMEEC acting as bargaining agent for the eight Connecticut Qualified entities. He explained that NYPA has recently and unexpectedly offered to CMEEC in its bargaining agent capacity for the Qualified Entities, additional NS-2 “Firm Peaking Power” which includes up to 7.6MW to Connecticut, but it requires that a Letter of Intent be signed by April 26, 2021. He stated that CMEEC can accept or reject the offer with no impact on the current agreement.

Mr. Stern walked the Board through the presentation provided in advance of today’s meeting. He provided an overview of the economic and qualitative considerations highlighting that the arrangement includes a 90-day withdrawal clause that can be exercised by either party at its sole discretion. He explained the likely annual losses and gains resulting in a break-even scenario for the full period. Mr. Stern also pointed out there is a pending inquiry with ISO if this project would carry with it capacity recognition for at least the later years of the term of this arrangement, however they have not replied as of today. He explained that if ISO-NE is unable to recognize or compensate for the capacity value of resource, then only reconfiguration auction revenues will be received for the life of this arrangement, and a loss would then likely be realized over the entire period of the contract.

Mr. Stern provided staff’s recommendation, based on whether or not ISO-NE recognizes capacity, stating that if ISO-NE does recognize the capacity associated with this new offer in annual forward capacity auctions, then staff recommends accepting the offer. If ISO-NE does not, then staff recommends rejecting the offer.

After lengthy discussion, Chair Barber entertained a motion.

A motion was made by Municipal Representative Johnson, seconded by Municipal Representative Oefinger to authorize the CEO to enter into the Letter of Intent with NYPA on behalf of the CMEEC Members on the understanding that it is non-binding and authorizes the CEO to enter into an agreement with NYPA with respect to the additional peaking power on such reasonable terms and conditions that he deems appropriate and on his reasonable expectation that CMEEC is more likely than not to receive ISO-NE capacity credit for that additional peaking power. The Board also authorizes the CEO to terminate the Agreement in the event that capacity credit is not available for inclusion in forward capacity auctions.

Motion passed unanimously.

21-04-03

I MEU Roundtable

Mr. Meisinger acknowledged the Board's desire to receive material as soon as reasonably possible in advance of Board and Committee meetings, recognizing that certain material may be delayed due to circumstances not in staff control. He added staff is aware and strives to provide information in a timely manner and will continue to do so.

Mr. Meisinger explained that Board and Committee meetings will continue to be held using the Zoom and telephone format.

J New Business

Mr. Meisinger thanked Mr. Whittier for his work on the UniteCT initiative with the Member systems and the CT Department of Housing. He also informed the Board that he had joined the Board of Directors of the Chamber of Commerce of Eastern Connecticut for a term of three years.

K Adjournment

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

A motion was made by Municipal Representative Johnson, seconded by Municipal Representative Dawn DelGreco to adjourn.

Motion passed unanimously.

21-04-04

The meeting was adjourned at 11:17 a.m.