

MINUTES OF THE
REGULAR MEETING OF THE

JOINT BUDGET AND FINANCE COMMITTEE
OF THE
BOARDS OF DIRECTORS OF

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
AND
CONNECTICUT TRANSMISSION MUNICIPAL ELECTRIC ENERGY COOPERATIVE

July 29, 2021

A Regular Meeting of the Joint Budget and Finance Committee of the Boards of Directors of Connecticut Municipal Electric Energy Cooperative (“CMEEC”) and Connecticut Transmission Municipal Electric Energy Cooperative (“CTMEEC” d/b/a “Transco”) was held via Zoom and telephonically on Thursday, July 29, 2021 at 10:00 a.m.

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

The following Committee Members participated telephonically or via Zoom:

Groton Utilities: Ronald Gaudet
Groton Municipal Representative: Mark Oefinger
Norwich Public Utilities: Christopher LaRose
East Norwalk, Third Taxing District: Kevin Barber
South Norwalk Electric and Water: Scott Murphy

The following Non-Voting Members participated telephonically or via Zoom:

Jewett City Department of Public Utilities: Louis Demicco, Richard Throwe
East Norwalk Municipal Representative: Pete Johnson

The following CMEEC Staff participated telephonically or via Zoom:

Dave Meisinger, CMEEC CEO
Patricia Meek, CMEEC Director of Finance and Accounting
Joanne Menard, CMEEC Controller
Margaret Job, CMEEC Paralegal

Others participating telephonically or via Zoom:

David Silverstone, Esquire, Municipal Electric Consumer Advocate

Ms. Job recorded.

Chair Christopher LaRose called the meeting to order at 10:01 a.m., noting for the record that the meeting is being held telephonically and via Zoom. He explained that all participants' devices should remain on mute unless speaking to eliminate confusion and background noise. He requested participants state their name before speaking for clarity of the record.

Specific Action Items:

A Public Comment Period

No public comment was made.

B Roll Call

Ms. Job conducted roll call with each participant responding individually as their names were called. Committee Chair LaRose confirmed a quorum was present.

C Approve Minutes of the April 29, 2021, Regular Meeting of the Joint Budget & Finance Committee

A motion was made by Committee Member Mark Oefinger, seconded by Committee Member Kevin Barber to Approve the Minutes of the April 29, 2021, Regular Meeting of the Joint Budget & Finance Committee.

Motion passed unanimously.

D Review of Second Quarter Operating Results

Ms. Meek walked the Committee through a slide deck provided in advance of today's meeting that contained the CMEEC and Transco Income Statement and Balance Sheets for the second quarter of 2021 and the Non-Fuel Operating Expense and Board & Governance Expense detail, providing a thorough review of the materials contained in the presentation. Very good discussion followed at each interval. The Committee and Mr. Silverstone were provided opportunity to ask questions which Ms. Meek answered to their satisfaction.

E Review CMEEC Investment Policy

Ms. Meek walked the Committee through the redline of the CMEEC Investment Policy provided in advance of today's meeting. She explained that the revisions made to the policy mostly reflect simple house cleaning and clarification.

Ms. Meek explained that PFM Asset Management, CMEEC investment advisors, have been purchased by US Bank. She stated that PFM will retain their registered investment advisor designation while operating as a subsidiary of US Bank.

Upon completion of Ms. Meek's overview of the redline Investment Policy, she explained that the next step for this policy is to bring it to the full Board for approval upon the recommendation of this Committee.

After lengthy discussion, the Committee agreed that the Governance Committee would confirm the ethics language removed from the Investment Policy is already sufficiently contained in the CMEEC Ethics Policy which was approved on June 28, 2018, and which is now referenced in the Investment Policy.

Upon inquiry by Committee Member Robert Staley, Ms. Meek agreed that she would provide a copy of the PFM quarterly investment report that CMEEC receives to this Committee for their information.

Also, upon the request of Committee Member Oefinger, Ms. Meek agreed to inquire with PFM about their availability to make a presentation to this Committee at a future meeting. Mr. Meisinger added that a Special meeting would be considered to accommodate this request, since the regular meetings of this Committee remaining for the year will be devoted to the annual budget process.

Committee Chair LaRose entertained a motion to recommend to the full Board that it approve the CMEEC Investment Policy at its meeting on August 26, 2021.

A motion was made by Committee Member Barber, seconded by Committee Member Oefinger to make the recommendation to the full Board as noted above.

Motion passed unanimously.

F Review Cost of Service Study

Ms. Meek walked the Committee through the Cost of Service Study slide deck provided in advance of today's meeting. She explained that the Cost of Service Study was conducted to review and reassess how CMEEC allocates non-project related "Fixed Cost" to Members. She provided background on cost allocation methodology currently in use and walked the Committee through the stages of the Cost of Service Study.

Ms. Meek explained that CMEEC engaged United Financial Services (UFS) to perform services related to the Cost of Service Study including insight into the process they use for retail utility companies, and that UFS also identified potential allocator methodologies. She further explained that while utilizing the UFS process, CMEEC encountered difficulties identifying how to classify Administrative and General expenses as specifically relating to or being driven by demand, load or peak. As a result, the study was brought in-house to be completed internally.

Ms. Meek walked the Committee through the Internal Cost of Service Study results and recommendations. She highlighted other items for the Committee's consideration.

Following lengthy discussion, Ms. Meek agreed to provide information for a scenario which would calculate a cost allocation ratio without the load from special contract customers to compare to the current cost allocation ratio, while still recognizing that special contract customers may pay a fair and appropriate share of MEU and CMEEC

costs. It was also discussed that this content, too, could be addressed further in a Special meeting if desired by the Committee members.

G Review Meeting Schedule for 2022 Budget

Ms. Meek walked the Committee through the 2022 Budget Schedule provided in advance of today's meeting. Discussion followed with respect to the last budget meeting at which the full Board is invited to ask questions related to the proposed budgets. The Committee agreed that it would be best to record the initial budget meetings for the full Board to review at their leisure so that they are able to hear the details discussed at the Committee meetings which they do not attend. Committee Chair LaRose suggested links to the recorded budget meetings be uploaded to the Budget & Finance section of SharePoint.

H Other Business

There was no other business to come before this Committee.

I Adjourn

A motion was made by Committee Member Barber, seconded by Committee Member Ronald Gaudet to adjourn.

Motion passed unanimously.

The meeting was adjourned at 11:45 a.m.