

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

January 16, 2024

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” dba Transco) was held via Zoom on Tuesday, January 16, 2024 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:

Bozrah Light & Power: William Ballinger
Groton Utilities: Ronald Gaudet, Yi Xiang (Non-Board Member)
Groton Municipal Representative: Mark Oefinger
Norwich Public Utilities: Christopher LaRose, Robert Staley
Norwich Municipal Representative: David Eggleston
South Norwalk Electric & Water: David Westmoreland
Third Taxing District, East Norwalk: Kevin Barber
East Norwalk Municipal Representative: Pete Johnson

The following Non-Voting Members participated:

Bozrah Light & Power: Scott Barber
Jewett City Department of Public Utilities: Louis Demicco
Jewett City Municipal Representative: George Kennedy

The following CMEEC Staff participated:

Dave Meisinger, CMEEC CEO
Bella Chernovitsky, CMEEC Director of Business Intelligence
Patricia Meek, CMEEC Director of Finance & Accounting
Joanne Menard, CMEEC Controller
Candice DiVita, CMEEC Financial Analyst

The following CMEEC Staff participated (cont'd):

Margaret Job, CMEEC Paralegal and Compliance Manager
Heidi Winnick, CMEEC Financial & Treasury Analyst

Others participated:

David Silverstone, Esquire Municipal Electric Consumer Advocate

Ms. Job recorded.

Committee Chair Christopher LaRose called the meeting to order at 10:00 a.m. noting for the record that today's meeting is being held 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 names before speaking for clarity of the record.

Specific Agenda Item

A Public Comment Period

No public comment was made.

B Roll Call

Ms. Job conducted roll call. Committee Chair LaRose confirmed a quorum of the Committee was present.

C Selection of Joint Budget & Finance Committee Chair

Committee Member Barber nominated Committee Chair LaRose to serve as Chair of the Joint Budget & Finance Committee for the year 2024. No other nominations were made.

A motion was made Committee Member Barber, seconded by Committee Member Oefinger to appoint Committee Chair LaRose to serve as the Joint Budget & Finance Committee Chair for the year 2024.

Motion passed unanimously.

D Approve the Minutes of the November 3, 2023 Regular Meeting of the CMEEC / CTMEEC Joint Budget & Finance Committee

A motion was made by Committee Member Johnson, seconded by Committee Member Ballinger to Approve the Minutes of the November 3, 2023 Regular Meeting of the CMEEC / CTMEEC Joint Budget & Finance Committee

Motion passed unanimously.

E Review Joint Budget & Finance Committee Charter

Ms. Meek provided a high-level overview of the Budget & Finance Committee Charter. Although this year's slate of Committee members is the same as last year's slate, Ms. Meek walked the Committee through the New Committee Member section of the Charter explaining that a new Committee Member Onboarding would include the bulleted items identified in this Section of the Charter.

Ms. Meek explained that staff are not recommending any changes to the Charter and Committee Chair LaRose confirmed that no changes were requested by Committee members.

F Review Results of the Joint Budget & Finance Committee Self-Evaluation

Committee Chair LaRose walked the Committee through the results of their Self-Evaluation noting that 8 of the 11 Committee members responded. Committee Chair LaRose explained that the majority of the topics received overall scores of outstanding. He walked the Committee through the general comments made by respondents.

G Discuss Joint Budget & Finance Committee Goals for 2024

Committee Chair LaRose walked the Committee through the list of goals developed during the Committee Self-Evaluation. Ms. Meek reviewed the goals in more detail identifying activities conducted in 2023 by this Committee which similarly address some of the goals listed for 2024 as well as topics of goals that will be addressed in today's discussion of the five-year financial plan. Completion of the five-year financial plan, to include discussion regarding various underlying rationale and targets for equity retention and capital reserves, is the primary Committee goal for 2024.

Ms. Meek informed the Committee that the 2024 self-evaluation will include the goals set for the year, so each Committee member will be able to opine on goal completion when completing the questionnaire. She then walked the Committee through the goals set for 2023 identifying those that have been completed.

In response to Mr. Silverstone's inquiry addressing potentially adding a review of the CMEEC fringe benefit plan to the 2024 goals, Mr. Meisinger reminded the Committee that a full compensation study was performed in 2021 and is updated each spring during staff compensation adjustment review. However, if the Board feels an update is due, Mr. Meisinger stated he can contact the consultant that conducted the study in 2021 to update it prior to the next compensation adjustment review. He added that he will work with Committee Chair LaRose and Mr. Silverstone to identify how the topic might be best addressed.

H 5-Year Financial Plan Discussion

Ms. Meek walked the Committee through the slide deck discussing the 5-year Financial Plan (the "Plan"). She explained that the metrics in the Plan are broken down between those that are used by the rating agencies and those that CMEEC should continue to

monitor. She added that the current draft has some target value placeholders that have been carried over from previous drafts of the Plan for discussion by the Committee today.

Ms. Meek explained that the Plan is broken into six sections. She then proceeded to highlight certain sections of the Plan seeking guidance from the Committee as to how to address certain outstanding questions under each.

After lengthy discussion under Section 2 of the Plan, the Committee agreed as follows:

- Maintain current Debt Service Coverage ratio. Staff will also review the Bond Covenant and add language regarding the importance of the minimum.
- Maintain a minimum of three months coverage under the Billing Reserve Balance without setting a maximum.
- Clarify the description of the Capital Reserve Balances regarding ownership of the Municipal Competitive Trust accounts.
- Staff will prepare more information regarding the Capital Reserve Balance and the Target Equity Level metrics for discussion at the next regular meeting of this Committee

Ms. Meek also said that she would facilitate a meeting between PFM Financial Advisors, Member financial staff, and other interested Member staff, to begin better communications between CMEEC, the MEUs, and PFM regarding planning for the use of Member trusts.

Ms. Meek then proceeded to discuss Section 3 of the Plan which addresses Rating Agency Key Indicators. She explained that the key indicators are the rating agency's methodologies under which they rate CMEEC and are more fully explained in the Plan.

I New Business

Ms. Meek explained a special meeting of this Committee will be called for some time in March and that Ms. Job will send a poll to the Committee for availability. She explained that the Bank of America line of credit expires at the end of April, and this meeting will be held to discuss available options to CMEEC regarding the line of credit. Since the next regular meeting of this Committee is not until April 24, 2024, and the Board meeting at which a vote will have to be held on this topic is the next day, April 25, 2024, this will give the Committee an opportunity to fully discuss options allowing time for staff follow-up if necessary.

J Adjourn

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

Motion passed unanimously.

The meeting was adjourned at 12:02 p.m.