

## **CMEEC Ad-hoc Retreat Committee Meeting Minutes**

**November 7, 2016**

A meeting of the Connecticut Municipal Electric Energy Cooperative (“CMEEC”) Ad-hoc Retreat Committee was held on Monday, November 7, 2016 at CMEEC’s office, 30 Stott Avenue, Norwich, CT.

Chairman of the Committee, Kenneth Sullivan, called the meeting to order at 10:09 a.m.

### **The following Committee Members participated:**

Bozrah Light and Power Company – Richard Tanger  
Jewett City –Kenneth Sullivan  
Norwich – John Bilda  
East Norwalk – David Brown  
South Norwalk – Kevin Barber, Paul Yatcko

### **Guests Attending:**

Claire Bessette, Reporter, New London Day

Ms. Kachmar recorded.

Kenneth Sullivan, Chairman of the CMEEC Board of Directors, called the meeting to order at 10:09 a.m. and made the following statement:

“Our customers and communities have spoken loudly. They have made it clear that we dropped the ball. The time for words is past and the time for action is at hand. I want to make absolutely certain that the work that comes out of this ad hoc committee speaks to the concerns of the many and speaks loudly. Let’s begin.”

Chairman Sullivan asked each of the committee members in attendance to introduce themselves, and state their affiliation with the municipal utilities and with CMEEC.

Paul Yatcko – General Manager and CEO of South Norwalk Electric and Water, and CMEEC Board member

Kevin Barber – Director of Financial and Services of South Norwalk Electric and Water, and CMEEC Board member

John Bilda – General Manager of Norwich Public Utilities, and CMEEC Board member

Ellen Kachmar – Office and Facility Manager of CMEEC, records Minutes for the CMEEC Board of Directors

David Brown – Utilities Commissioner for the Third Taxing District, City of Norwalk, and CMEEC Board member

Kenneth Sullivan – Director of Utilities for Jewett City Department of Public Utilities, CMEEC Chairman of the Board, moderator of CMEEC Ad-hoc Retreat Committee

Chairman Sullivan asked those who did not attend any of the Strategic Retreats to raise their hands, they were Paul Yatcko, David Brown, and Kevin Barber. Paul Yatcko noted that he was previously employed as Director of Utilities at Groton Utilities during the first two retreats and did not attend.

Chairman Sullivan asked if the Southwest CT members had heard of or received any feedback regarding the retreats in their areas. Paul Yatcko stated he was not aware of anything in the press, nor had he heard any communication from his Utility Commissioners. David Brown stated a City Council person had asked Commissioner Goldstein, but she replied that she did not know anything about it.

Chairman Sullivan noted the group was brought together because the community and customers are concerned with what they heard from the press about the 2016 Strategic Retreat. Chairman Sullivan stated that public comments included phrases such as “there was a lot of money spent, it was lavish, retreats could have been done at other places for less money, they lacked of formal meeting minutes”.

Chairman Sullivan stated that we recognize these concerns, need to make appropriate recommendations to the Board of Directors, and the situation needs to be acted upon. Focus must be placed on how these retreats are perceived by customers because the own us, and our reputation is critical to the organizations. Chairman Sullivan asked for member’s thoughts about the retreat.

David Brown stated there have been other retreats such as lunches, dinners, golf outings, and they added value. He noted that his area in East Norwalk has affluent businessmen who understand the value of such retreats. Since he did not attend, Director Brown could not speak of the value added at

the particular retreats being questioned. Chairman Sullivan noted the retreats convey the wrong message. Director Yatcko noted his service area in South Norwalk is lower income and the expense of the 2016 retreat was high. He believes retreats can be of value with a business purpose, but the 40 attendees at the last retreat was dominated by guests. He went on to say having been in business for 42 years, he agrees that annual or semi-annual retreats are not bad for Boards, that retreats including both strategies and social functions (such as golf) can be good, but it is difficult not to raise an eyebrow with the cost of the past retreat. Director Barber agreed with both Director Yatcko and Director Brown, and stated there is a time and place for retreats, but they should be in a fiscally responsible fashion because of the customers and communities. Chairman Sullivan thanked everyone for coming and noted the Ad-hoc committee will create guidance and recommendations for the Board.

At 10:22 a.m. Committee Member Richard Tanger arrived at the meeting. Director Tanger introduced himself as a Board Member of Bozrah Light & Power who is not an employee of Bozrah Light & Power, and is an Alternate Board member on CMEEC's Board of Directors. Chairman Sullivan brought Director Tanger up to speed on the meeting. Mr Tanger's comments were that he has been on the CMEEC Board for 5-6 months and recognized the good work done as a Board and by CMEEC employees. He did not know a lot because he is new, but had heard there was a retreat. Director Tanger agreed the perception in the eastern part of the state is different, they do not understand what larger level companies and Boards do, that good work is done in the local area by the CMEEC Board.

Chairman Sullivan stated that CMEEC produced \$116 million in net savings over four (4) years, and if the ball was dropped, it needs to be fixed. He suggested a two-tier approach for immediate adoption, (1) no Board strategic retreat should be held outside of Connecticut, and (2) qualified external counsel to review CMEEC's operating environments should be retained. Chairman Sullivan stated that findings or some recommendations should be presented to the Board at the November 17 Board meeting.

Director Bilda stated there are over 2200 municipal electric utilities, 100 joint action agencies, and 1000 rural electric cooperatives in the US and we should have someone benchmark what they do for retreats. He stated CMEEC is a \$350 million company and if you add in the municipal electric utilities, there are \$500 million dollars churning in South East Connecticut (in banks, businesses, employment, etc.). Director Bilda stated the committee should bring options to the Board, and that if a "for profit" company spent 1/10<sup>th</sup> of 1% of their income, it would not matter. He suggested a consultant could do this without the expense of attorneys. Chairman Sullivan stated if legal counsel is involved, they can touch on the standards of ethics, whereas benchmarking may not shed light on ethics. Director Bilda replied, that ethics are already being vetted by counsel, dollars spent on a retreat is very subjective.

Director Brown stated that when he began on CMEEC's Board in 2002, there were five (5) separate municipal utilities, and it was Drew Rankin that brought those municipals together as one unit. The Third Taxing District has respect for CMEEC, because the cost of power is 20% less, and whatever the cost of the retreats were, it is all perception.

Director Yatcko proposed a two (2) level approach; (1) concrete tangible standards for retreats, and (2) appropriate standards of ethics to hold ourselves to in public. He noted that we learned that what we do gets done in public, people are watching CMEEC and how the Board is governed.

Chairman Sullivan noted if strategic retreats are structured correctly, they can achieve team effectiveness, and be useful and have a purpose. There is no objection if they are done in a responsible fashion. Director Bilda and Director Brown echoed Director Yatcko's thoughts.

Director Tanger noted he, as a new Board member, needs to know other board members better by spending time with them. The social aspect helps build relationships. Bringing in motivational speakers to learn how to interact with other Board members can also be extremely helpful.

Director Brown stated the Board retreats have been held for 4 years and for the first 3 years people did not know about it. There is an advantage to getting to know each other during business and pleasure functions.

A list of recommendations from the Committee to the Board of Directors was made, they included:

- (1) Benchmark the organization to others
- (2) Look at retreats from within the Board (not outside services), and determine:
  - a. How long they should be
  - b. Who should attend (limited)
  - c. How to structure the agenda
  - d. How much to spend (should it be a dollar figure, or percentage of revenue)
  - e. The location (how far away) should be limited to a certain number of miles or within New England?
  - f. Limit the quality of accommodations
  - g. Need retreats to be ethically bounded with legal advice
- (3) Retreats should include formal meetings with minutes, and have an agenda with objectives
- (4) Set a budget for retreats
- (5) Bring the options to the board with recommendations

The committee agreed that Chairman Sullivan will provide a review of this meeting at the November 17, 2016 Board of Director's meeting. Ms. Kachmar will schedule another meeting to reconvene the committee in early December.

The meeting was adjourned at 11:09 a.m.