

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

April 25, 2019

The April Regular Meeting of the Board of Directors (the “Board”) of the Connecticut Municipal Electric Energy Cooperative (“CMEEC”) was held on Thursday, April 25, 2019 at the CMEEC offices located at 30 Stott Avenue, Norwich, CT 06360.

The meeting was legally noticed in compliance with Connecticut State Law 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:

Groton Utilities: Ronald Gaudet, Jeffrey Godley, Keith Hedrick, Mark Oefinger
Norwich Public Utilities: Dr. Grace Jones, Chris LaRose, David Eggleston
Bozrah Light & Power: Ralph Winslow
South Norwalk Electric & Water: Dawn DelGreco, David Westmoreland, Paul Yatcko (via telephone)
Third Taxing District: Kevin Barber, Debora Goldstein, Pete Johnson
Jewett City Department of Public Utilities: Louis Demicco (via telephone), Kenneth Sullivan

The following CMEEC Staff participated:

Michael Lane, CMEEC Interim Chief Executive Officer
Robin Kipnis, CMEEC General Counsel
Bella Chernovitsky, CMEEC Director, Business Intelligence
Justin Connell, CMEEC Director, Portfolio Management
Gabriel Stern, CMEEC Director, Technical Services
Scott Whittier, CMEEC Director, Enabling Services
Margaret Job, CMEEC Administrative Staff
Ellen Kachmar, CMEEC Office & Facility Manager

Other attendees:

Claire Bessette, Reporter, The Day
Michael Cassella, CMEEC Consultant

Ms. Job recorded.

Chair Kenneth Sullivan noted for the record that today’s meeting is being held at the CMEEC offices located at 30 Stott Avenue, Norwich, CT and asked those participating by telephone to identify themselves.

Chair Sullivan entertained a motion to modify today's Agenda by adding Agenda Item K which purpose is to approve a resolution approving the settlement agreement and authorizing the payment of settlement funds in the WED-CMEEC Arbitration, JAMS Arbitration Proceeding Reference Number 1400015484.

A motion was made by Municipal Representative Pete Johnson, seconded by Member Representative Ralph Winslow to amend today's Agenda.

Motion passed unanimously.

19-04-01

Standard Agenda Items

(A) Public Attendee Comment Period

Chair Sullivan opened the floor for public comment period. No public comment was made.

(B) Conduct Voting Roster / Roll Call

At the request of Chair Sullivan, Ms. Kipnis conducted roll call identifying the formal voting persons at today's meeting.

Chair Sullivan introduced David Eggleston who was recently elected as the Norwich Municipal Representative to serve on the CMEEC Board of Directors. Mr. Eggleston made a brief statement adding that members have reached out to him prior to today's meeting welcoming him to the CMEEC Board of Directors.

Chair Sullivan asked all those in attendance, either in person or on the phone, to identify themselves for the benefit of Mr. Eggleston.

(C) Approve Minutes of the CMEEC Regular March 28, 2019 Board of Directors' Meeting

A motion was made by Member Representative Ronald Gaudet, seconded by Municipal Representative Pete Johnson to approve the Minutes of the CMEEC Regular March 28, 2019 Board of Director's meeting, with Municipal Representative Eggleston abstaining.

Motion passed.

19-04-02

(D) March 2019 Objective Summary Review (Informing)

Mr. Lane provided a high-level overview of the exceptions noted in the objective summary dashboard report provided to the Board in advance of the meeting. He reviewed each line item that reflected a deviation from established target value for the month and year to date, providing an explanation of the variance. Mr. Lane provided a summary of each of the metrics highlighting the reasons for the deviations as well as noting the targets that were met. He added that the Financial Stability metric ended strong for the month and is expected to continue to do so for the remainder of the year.

In response to Mr. Lane's explanation of the performance of the CMEEC Project Portfolio under the Maximize Asset Value metric, Municipal Representative Mark Oefinger inquired if CMEEC had any recourse resulting from the delay of operation date in the Fuel Cell project at the Navy SUBASE due to the discovery of extensive ledge at the site. Ms. Kipnis explained that CMEEC has not had any expense related to the project, therefore has not suffered any damage resulting from the delay. The discovery of the ledge simply postpones the project without any adverse consequences to CMEEC.

Several questions arose about the performance of CMEEC's battery storage. Mr. Connell explained that while there is a capacity payment to Tesla for use of the battery, however if they do not perform per the contract, CMEEC makes no payment. He added that the batteries under perform in the cold weather. He added that Tesla has added auxiliary heaters but that even with the heaters, only 75-80% utilization is realized.

(E) March 2019 Pierce and Microgen Performance (Informing)

Mr. Lane provide a high-level overview of the project performance for the month of March 2019. He stated that the project portfolio realized a very good month and is projected to continue to do so through year end and briefly summarized the materials in the Board packet in the Maximize Asset Value tab.

(F) March 2019 Energy Market Analysis

Mr. Connell provided a review of the Energy Market Analysis provided to the Board for March 2019 Performance. He explained that his analysis is a price, volume and market reconciliation outlook for the Rate 9-member residual portfolios, adding that large industrial customer portfolios are carved out.

He stated that Load and Energy were both slightly higher than when it was budgeted in September or October 2018. He explained that had hedging not been done, the LMP average cost to serve the load would have been higher.

He explained the laddering methodology CMEEC utilizes in hedging stating that because the market moves every day and if CMEEC buys too little energy the result would be CMEEC having to buy more costly power at a higher cost to the members.

(G) Report of Governance Committee (Informing)

Chair Sullivan explained that the agenda calls for approval of the Governance Committee Charter, however since the incorrect version of that Charter was included in the Board book, that agenda item will be tabled.

Member Representative Gaudet, Chair of the Governance Committee, explained that the Governance Committee met several times, however at its last meeting the Committee discussed three key items:

- Charitable Giving by CMEEC
- Governance Committee Charter
- Special Committee Recommendations

Member Representative Gaudet stated that the Committee conducted lengthy discussion regarding whether CMEEC should make charitable donations. He explained that the Committee concluded that because the Members already make charitable contributions in their communities, the recommendation from the Governance Committee is that CMEEC not participate in charitable giving. The Governance Committee did recommend that CMEEC continue to maintain its civic and electric industry memberships.

Upon Member Representative David Westmoreland's inquiry to whether guidelines will be developed and brought before the Board of Directors for review and approval, Mr. Lane stated that guidelines will be drafted for approval.

Member Representative Westmoreland requested confirmation that the Boards' acceptance of the policy for CMEEC not to make charitable contributions satisfies the recommendation in the Forensic Examination. Mr. Lane replied by stating that it does in fact satisfy the recommendation of the Forensic Examination.

With respect to the Governance Committee's review of its Charter, Member Representative Gaudet explained that changes to the Charter were discussed extensively by the Committee and offered to walk through the changes, acknowledging that the wrong version of the Charter was included in today's Board package.

He stated that reference to retaining advisors in Section III, paragraph 4, was removed from the Charter to be consistent with other CMEEC charters. He added that Section IV of the Charter contained job descriptions of the Board Officers of CMEEC. He stated that they were removed from the Charter since they were not consistent with CMEEC's bylaw language.

He added that paragraph 13, Board Compensation and Expense, of Section IV, was also removed from this Charter because that is addressed in the Compensation Committee Charter.

It was also recommended by Member Representatives Jones and Goldstein to make the language of this Charter gender neutral.

Member Representative Gaudet explained that the Committee also reviewed the Special Committee's Recommendations by going through the list of 15 recommendations and marking complete those recommendations that had already been addressed and assigning others to various CMEEC committees depending on their focus and expertise.

Chair Sullivan entertained a motion to table the resolution approving the Governance Committee Charter.

A motion was made by Member Representative Gaudet, seconded by Member Representative Jones to table the resolution approving the Governance Committee Charter.

Motion passed unanimously. 19-04-03

Chair Sullivan entertained a motion to approve the Governance Committee recommendations on Charitable Contribution and Strategic Membership policy.

A motion was made by Member Representative Kevin Barber, seconded by Municipal Representative Johnson to approve the Governance Committee recommendations on Charitable Contribution and Strategic Membership Policy.

Motion passed unanimously. 19-04-04

(H) Approve Revised Compensation Committee Charter

Mr. Lane explained that the Compensation Committee Charter is consistent with other CMEEC Committee charters stating that paragraph 2 of Section II, Membership was revised to be consistent with current practices. He added that paragraphs 3 and 5 of Section III, Procedures, were deleted to be consistent with other CMEEC Committee Charters.

Member Representative Goldstein responded in the affirmative to an inquiry about Municipal Electric Consumer Advocate's involvement and input into this Committee's Charter.

Chair Sullivan entertained a motion to approve the Revised Compensation Committee Charter.

A motion was made by Member Representative Keith Hedrick, seconded by Member Representative Jeffrey Godley to approve the Revised Compensation Committee Charter with Municipal Representative Eggleston abstaining.

Motion passed. 19-04-05

(I) Legislative Update

Mr. Lane provided an update of the current legislation Senate Bill 961 and reviewed the fiscal note on the legislation, noting that the cost of the legislation to ratepayers would

exceed \$400,000. Discussion followed with respect to how those expenses will affect the rate payers. Each of the Municipal Representatives present at today's meeting voiced their concerns and offered their opinion of its effect should the legislation be passed and its fiscal impact.

(J) Proposed Executive Session

Chair Sullivan entertained a motion to enter Executive Session to discuss the CMEEC-WED Arbitration and legal advice related to the CMEEC-WED Arbitration.

A motion was made by Municipal Representative Johnson, seconded by Member Representative Jones to enter Executive Session.

Motion passed unanimously. 19-04-06

The basis for entering Executive Session is to discuss CMEEC-WED Arbitration and legal advice related to the CMEEC-WED Arbitration pursuant to C.G.S. Sections 1-225(f), 1-200(6)(8), 1-200(6)(E), 1-210(b)(4) and (10). Members of the Board of Directors, as well as Attorney. Kipnis and Mr. Lane, remained.

The Board entered Executive Session at 11:29 a.m.

At this time Member Representative Ralph Winslow left the meeting and did not return to the public session of the meeting.

The Board re-entered Public Session at 12:00 p.m.

(K) CMEEC Resolution Approving the Settlement Agreement and Release in Connection with the WED-CMEEC Arbitration

Chair Sullivan entertained a motion to approve the resolution approving the settlement agreement and release and authorizing the payment of settlement funds in the WED-CMEEC Arbitration, JAMS Arbitration Proceeding Ref. # 1400015484.

A motion was made by Member Representative Gaudet, seconded by Municipal Representative Johnson to approve the Resolution.

Motion passed unanimously. 19-04-07

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

A motion was made by Member Representative Chris LaRose, seconded by Member Representative Barber to adjourn.

Motion passed unanimously. 19-04-08

The meeting was adjourned at 12:15 p.m.