

SUBJECT TO BOARD APPROVAL

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

March 28, 2019

The March Regular Meeting of the Board of Directors (the “Board”) of the Connecticut Municipal Electric Energy Cooperative (“CMEEC”) was held on Thursday, March 28, 2019 at the Holiday Inn, 10 Laura Drive, 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.

Chairman Kenneth Sullivan called the meeting to order at 10:49 a.m.

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, Stewart Peil
Bozrah Light & Power: Richard Tanger (via telephone), Ralph Winslow
South Norwalk Electric & Water: Dawn DelGreco (via telephone), David Westmoreland, Paul Yatcko
Third Taxing District: Kevin Barber, Debora Goldstein, Pete Johnson
Jewett City Department of Public Utilities: Louis Demicco, Kenneth Sullivan

The following CMEEC Staff participated:

Michael Lane, CMEEC Interim Chief Executive Officer
Robin Kipnis, CMEEC General Counsel (Entered the Meeting at 11:30 am)
Bella Chernovitsky, CMEEC Director Business Intelligence
Justin Connell, CMEEC Director, Portfolio Management
Jake Pagragan, CMEEC Director, Business Development
Gabriel Stern, CMEEC Director, Technical Services
Scott Whittier, CMEEC Director, Enabling Services
Ellen Kachmar, CMEEC Office & Facility Manager
Margaret Job, CMEEC Administrative Staff

Other attendees:

Eileen Duggan, Esquire, Suisman Shapiro
Kenneth Weinstock, Esquire, Kainen, Escalera & McHale, P.C.
Michael Cassella, CMEEC Consultant
John Barry, Reporter, The Norwich Bulletin

Claire Bessette, Reporter, The Day
Michael Boucher, Resident, Groton, CT
William Kowalski, Municipal Electric Consumer Advocate
Deb Denfield, Fuss & O'Neil

Ms. Job recorded.

Chairman Sullivan noted for the record that today's meeting is being held at the Holiday Inn, 10 Laura Boulevard, Norwich, CT 06360. He proposed the Board of Directors' Meeting be held at CMEEC headquarters in April 2019.

Standard Action Items

(A) Public Attendee Comment Period

Chairman Sullivan opened the floor for public comment. No public comment was made.

(B) Conduct Voting Roster / Roll Call

Ms. Job conducted roll call identifying the formal voting persons at today's meeting.

Chairman Sullivan confirmed that a quorum was present.

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

A motion was made by Municipal Representative Pete Johnson, seconded by Alternate Member Representative Ralph Winslow, to approve the Minutes of the CMEEC Regular February 28, 2019 Board of Directors' Meeting with Member Representative Jeffrey Godley and Member Representative Dr. Grace Jones abstaining.

Motion passed.

19-03-01

(D) January 2019 Objective Summary Review

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 noted that although Deviation to Benchmark TMR View is in line with the most recent forecast, February was a volatile month, consistent with past Februaries. He added that loads came in roughly 2,900 MW hours under budget which drove up fixed costs from a power cost view. Year-end is projected to be a positive 3% over the regional

benchmark. He added that Deviation to Benchmark Rate 9 came in slightly lower than expected which was primarily driven by lower than expected loads and spot market pricing, which was primarily driven by weather which drove up fixed costs on a per unit basis. Year end is projected to be 14% competitive on a power cost only basis which is a positive 1% over budget.

All-In Cost TMR View realized a volatile month as is consistent with past Februarys, although it was in line with the most recent forecast. As with the Deviation to Benchmark TMR loads came in similarly under budget. Year-end remains to be a positive 3% over the regional benchmark.

All-In Cost Rate 9 View also realized a similar outcome as Deviation to Benchmark Rate 9 View. Year end is projected to be slightly above the target budget levels, however there is opportunity to make up ground throughout the year.

Risk Management Plan remains solid in performance and is projected to continue.

Current Ratio, Equity to Debt, Days Cash on Hand and Gross Non-Fuel Operating Expenses all realized a solid month in February.

CMEEC project portfolio performed below budget for the month due to lower than budgeted LMPs having a negative impact on Community Solar Garden avoided cost and lower than budgeted peak reduction for MicroGen. Projected year end net benefit is currently projected to be greater than budget due mostly to Subase Fuel Cell project commercial operation date being delayed to early 2020 due to site conditions.

CMEEC Margin Portfolio continues to be under budget for the month and year-end projection due to termination of the Tewksbury Competitive Supply agreement in December 2018.

CMEEC Equity Creation also came in below budget for the month due the Tewksbury Competitive Supplier agreement termination. Timing of the termination was after the 2019 budget was prepared and approved.

CMEEC Investment Portfolio experienced a dip in February due to the sale of a low yield security and purchase of some higher yield securities. This resulted in a short-term performance hit but will attain a longer-term benefit to the overall portfolio. Projected year-end is on pace with budget.

(E) Approve Audited Financials (Vote/Resolution)

Member Representative Kevin Barber, Chairperson of the Audit Committee, stated that the outside auditors, Blum Shapiro, conducted and completed their annual audit of CMEEC's and Transco's books and accounts for the calendar year 2018. He added that the Joint Audit Committee met three times with the auditors. He stated that the Committee recommended unanimously that the Board vote to accept the audited financials.

A motion was made by Member Representative Dr. Grace Jones, seconded by Municipal Representative Pete Johnson to accept the 2018 Blum Shapiro Audited Financial Statements and Report on the Audit of the CMEEC Financial Statements for the year ended December 31, 2018 and 2017, with Member Representative Debora Goldstein abstaining.

Motion passed.

19-03-02

(F) Project Portfolio February 2019 Performance and Fuel Cell Update (Informing)

In Mr. Rall's absence, Mr. Lane provided a brief, high-level review of the project portfolio for February 2019 performance and fuel cell update. He stated low budgeted LMPs resulted in a negative impact on the Community Solar Gardens. He added that projection for year-end is still on target due to the fuel cell project being moved to 2020.

(G) Energy Market Analysis February 2019 Performance (Informing)

Mr. Connell provided a review of the Energy Market Analysis provided to the Board for February 2019 Performance. He stated that although power cost was expected to start the month on budget it came in 5% higher than budget. He explained that loads came in lower than expected. This means that in accordance with the Enterprise Risk Management Policy, CMEEC was required to be 100% volumetrically hedged. Since February was a mild weather month CMEEC sold off excess hedge positions at a loss due to higher LMPs.

(H) Forensic Exam Recommendations Update (Informing)

Mr. Lane provided a brief overview of the progress being made in implementing CohnReznick recommendations arising out of the forensic examination. He stated that the only recommendation he did not agree with was the recommendation of CohnReznick to turn economic development funds directly over to the MEUs monthly. He stated that doing so would hinder CMEEC's availability to invest that cash on the MEU's behalf.

Mr. Lane reported that the Joint Governance Committee reviewed a preliminary draft of a Charitable Contribution policy. This was also one of the recommendations made in the forensic examination. Discussion followed with respect to different options for CMEEC in connection with charitable giving. Member Representative Gaudet explained that CMEEC perhaps possibly should not participate in charitable giving since the MEUs

already engage in charitable activities in their communities. The Governance committee is to review and discuss this at the upcoming Governance committee meeting on April 11, 2019

Mr. Lane reported that, in response to the recommendation of CohnReznick to insure and provide appropriate documentation that CMEEC expenses aligns with CMEEC's purpose, CMEEC has begun a robust training program on expense reports covering requests for reimbursement and required documentation as well as overall budgeting activities. Mr. Lane added Board training on the expense report policy for will also occur. Alternate Member Representative Keith Hedrick opined it would be prudent to continue to update the Board until all recommendations from the forensic examination are complete.

At this time, Chairman Sullivan entertained a motion to enter Executive Session for the General Counsel to discuss the status of the Wallingford arbitration.

A motion was made by Member Representative Debora Goldstein, seconded by Member Representative Louis Demicco to enter Executive Session.

Motion passed unanimously.

19-03-03

The basis for entering Executive Session is the strategy and negotiations with respect to pending litigation, C.G.S. Section 1-210(b)(4). Members of the Board, as well as Ms. Kipnis and Mr. Lane, remained.

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

The Board re-entered Public Session briefly at 11:36 a.m.

Chairman Sullivan entertained a motion to authorize Interim CEO, Michael Lane, and General Counsel, Robin Kipnis, to enter into settlement negotiations and execute the documents necessary to settle the Wallingford Arbitration Settlement Agreement and to report back to the CMEEC Board on the final settlement.

A motion was made by Municipal Representative Pete Johnson, seconded by Member Representative David Westmoreland.

Motion passed unanimously.

19-03-04

Chairman Sullivan entertained a motion to amend the Agenda to add an additional Agenda Item M for discussion with respect to employment matters.

A motion was made by Member Representative Richard Tanger, seconded by Member Representative Kevin Barber to amend the agenda to add additional Agenda Item M for discussion with respect to Privileged Attorney-Client Communication about a pending employment matter.

Motion passed unanimously.

19-03-05

Insurance Claim Update

A motion was made by Member Representative Demicco, seconded by Member Representative Ronald Gaudet to re-enter Executive Session to discuss Agenda Item J with instructions to the Board of Directors to re-enter Public Session at the end of their discussion in Executive Session.

Motion passed unanimously.

19-03-06

The basis for entering Executive Session is in accordance with C.G.S. Sections 1-210(b)(4). Members of the Board, as well Ms. Kipnis and Mr. Lane, remained.

The Board re-entered Executive Session at 11:41 a.m.

The Board re-entered Public Session at 11:50 a.m.

Receive Attorney-Client Privileged Information on Special Investigation

A motion was made by Member Representative Gaudet, seconded by Member Representative Chris LaRose to enter Executive Session to discuss Agenda Item K with instructions to the Board of Directors to re-enter Public Session at the end of their discussion in Executive Session.

Motion passed unanimously.

19-03-07

The basis for entering Executive Session is in accordance with C.G.S. Sections 1-200(6)(B) and 1-200(6)(E). Members of the Board, as well as Ms. Kipnis, Mr. Lane, Ms. Duggan and Mr. Weinstock, remained.

The Board re-entered Executive Session at 11:51 a.m.

Public Session

The Board re-entered Public Session 12:58 p.m.

Chairman Sullivan called the Public Session to order at 1:01 p.m.

(L) Possible Vote on Findings and Recommendations of the Special Committee

Debora Goldstein, Chair of the Special Committee, provided a summary of the Transmittal Memorandum of the Special Committee to the CMEEC Board of Directors. She reported that these findings and recommendations include a recommendation that the CMEEC Board of Directors accept the findings made in Attorney Duggan's Report to the Special Committee of the CMEEC Board of Directors and accept the Special Committee's recommendation that the General Counsel commence pre-disciplinary termination proceedings for Drew Rankin. She reported that Attorney Duggan's findings were made on her completion of a four-month long investigation.

Chairman Sullivan requested a motion to appoint Member Representative Kevin Barber as Chairman Pro-Tem as Chairman Sullivan, Member Representative Gaudet and Member Representative Demicco recused themselves from voting on this matter.

Motion by Member Representative Dr. Grace Jones, seconded by Member Representative Paul Yatcko to appoint Member Representative Barber's Chairman Pro-Tem.

Motion passed unanimously. 19-03-08

Member Representative Dr. Grace Jones made a motion, seconded by Member Representative Keith Hedrick, that the Board of Directors accept and adopt findings of Attorney Duggan's Investigative Report to the Special Committee of the CMEEC Board of Directors and to accept the additional findings and recommendations contained in the Transmittal Memorandum of the Special Committee to the CMEEC Board of Directors dated March 28, 2019.

Motion passed unanimously. 19-03-09

A motion was made by Member Representative Paul Yatcko, seconded by Member Representative David Westmoreland to authorize CMEEC's General Counsel to immediately begin the pre-disciplinary process required for possible termination of Mr. Rankin's employment.

Motion passed unanimously. 19-03-10

Chairman Sullivan, Member Representatives Demicco and Gaudet re-entered the meeting.

Member Representative Barber requested that Attorney Kenneth Weinstock provide an overview of the procedure and timing of the pre-disciplinary meeting. Attorney Weinstock explained that Mr. Rankin, by law, has a due process right to respond to the findings made in the investigative report. This will allow the Board to render a decision after evaluating all the evidence. He added that the investigative report will not be made public until after the Board makes its final decision so as not to jeopardize the objectivity of the Board and Mr. Rankin's rights.

Municipal Representative Mark Oefinger inquired about timing. Mr. Weinstock stated that on determining an available date and place, CMEEC's General Counsel will notify Mr. Rankin, taking into account the time needed by Mr. Rankin to review the investigative report and the exhibits.

Ms. Kipnis also explained that although Attorney Duggan's report makes findings regarding Mr. Pryor, because he has retired from CMEEC, there can be no further employment action taken by CMEEC.

A motion was made by Municipal Representative Pete Johnson, seconded by Member Representative David Westmoreland to enter Executive Session to discuss Attorney-Client Privileged Communications regarding an employment matter with respect to Mr. Rankin.

Motion passed unanimously.

19-03-11

The basis for entering Executive Session is C.G.S. Sections 1-210(b)(10); 1-200(6)(B); and 1-200(9). Members of the Board, as well as Ms. Kipnis, Mr. Lane, Ms. Duggan and Mr. Weinstock remained.

The Board re-entered Public Session at 1:45 p.m.

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

A motion was made by Member Representative Jeffrey Godley, seconded by Member Representative Gaudet to adjourn the meeting.

Motion passed unanimously.

19-03-12

The meeting was adjourned at 1:46 p.m.