

SUBJECT TO BOARD APPROVAL

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

September 26, 2019

The September Regular Meeting of the Board of Directors of Connecticut Municipal Electric Energy Cooperative (“CMEEC”) was held on Thursday, September 26, 2019 at the CMEEC offices located at 30 Stott Avenue, Norwich, CT at 10:00 a.m.

The meeting was legally noticed in compliance with Connecticut State Statutes 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: Jeffrey Godley, Mark Oefinger
Norwich Public Utilities: David Eggleston, Chris LaRose, Stewart Peil, Robert Staley
Bozrah Light & Power: Scott Barber, Richard Tanger (via telephone), Ralph Winslow
South Norwalk Electric & Water: Dawn Del Greco, David Westmoreland, Paul Yatcko (via telephone)
Third Taxing District: Kevin Barber, Debora Goldstein, Pete Johnson
Jewett City Department of Public Utilities: Louis Demicco, George Kennedy, Kenneth Sullivan

The following CMEEC Staff Participated:

Robin Kipnis, Esquire, CMEEC General Counsel
Bella Chernovitsky, CMEEC Director of Business Intelligence
Justin Connell, CMEEC Director of Sustainability and Customer Engagement
Michael Cyr, CMEEC Director of Portfolio Management
Patricia Meek, CMEEC Financial Planning & Analysis Manager
Joanne Menard, CMEEC Controller
Michael Rall, CMEEC Director of Asset Management
Bradley Svalberg, CMEEC Treasury Consultant
Scott Whittier, CMEEC Director of Enabling Services
Margaret Job, CMEEC Executive Assistant and Paralegal

Others in Attendance:

David Silverstone, Esquire, Municipal Electric Consumer Advocate

Ms. Job Recorded.

Chair Kenneth Sullivan called the meeting to order at 10:02 a.m. and noted for the record that today's meeting is being held in person and via telephone at the CMEEC offices located at 30 Stott Avenue, Norwich, CT.

Standard Agenda Items

A Public Attendee Comment Period

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. Chair Sullivan confirmed a quorum was present.

C Approve Minutes of the CMEEC Regular August 22, 2019 Board of Directors' Meeting

A motion was made by Member Representative Louis Demicco, seconded by Member Representative Ralph Winslow to approve the Minutes of the CMEEC Regular August 22, 2019 Board of Directors' Meeting.

Motion passed with Member Representative Richard Tanger abstaining.

19-09-01

D August 2019 Objective Summary Review (Informing)

In Mr. Lane's absence, Michael Rall, CMEEC Director of Asset Management, provided a high-level overview of the exceptions noted in the objective summary dashboard report provided to the Board in advance of today's 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. As was identified last month, three new measures under the Financial Stability metric were created to reflect the rating procedures of Fitch and Moody's.

Upon Attorney Silverstone's inquiry and following lengthy discussion, it was agreed that the project portfolio metrics relating to the SUBASE Fuel Cell would be reviewed by the Budget & Finance Committee at a future meeting.

Upon further inquiry, it was also determined that certain information included in the Board package is not included in the Public version of the Board package. Discussion followed reflecting the desire to re-visit the contents of the Public version of the package.

E August 2019 Project Portfolio Performance (Informing)

Mr. Rall provided a high-level overview of the project portfolio performance for the month of August. He explained that MicroGen's August actual net benefit was higher than budgeted due mainly to lower than budgeted fuel and staff expenses. He noted that the monthly peak occurred on August 19, 2019 in the hour ending 16:00. He explained that pop-up storms caused loads to drop quickly throughout Connecticut and New England. He added that MicroGen units were started quickly when the storms began but were not fully online until 15:15 resulting in them being online for only 45 minutes of the peak hour.

Pierce realized a strong month having a net benefit higher than budget due to higher than budgeted Summer LFR rate and lower than budgeted staff expenses.

Transmission Project #1 was above budget for August due to higher than budgeted pool network peak load and lower than budgeted O&M expenses.

Community Solar Garden was below budget due to reduced production for solar and lower LMPs. Mr. Rall added that solar producing peak hours are moving to later in the day which results in less reduction as summer draws to an end.

Mr. Rall explained that the Subase Fuel Cell for August realized a higher than budget net benefit due to no expenses for commissioning activities that were budgeted but not expensed due to construction delays.

Mr. Rall provided an update on the construction at the site of the fuel cell at the Subase stating that FCE was hopeful that the foundations would be poured by Monday, September 30, 2019. He added that Unit 1 would be installed by March 2020 and Unit 2 would be installed in April 2020 with both being fully operational and online in May 2020.

Ms. Kipnis added that the Navy consented to a modification of commercial operation based on delays related to Fuel Cell Energy's liquidity issues.

F August 2019 Energy Market Analysis (Informing)

Mr. Cyr, CMEEC Director of Portfolio Management, provided a high-level review of the Energy Market Analysis for August 2019 provided to the Board in advance of today's meeting.

Mr. Cyr explained that actual loads came in at 80,677 MWh for August which was 2,718 MWh lower than budget.

Actual energy cost for August was \$35.54/MWh which was \$0.97/MWh lower than budget. Weighted average energy cost at LMPs came in at \$27.28/MWh and Actual

average Hub Daily DA LMPs came in at \$25.69/MWh which ranged from \$16.90/MWh to \$37.25/MWh.

He explained that Henry Hub gas price came in at \$0.49/MMBTU lower than budget at \$2.16/MMBTU. This price ranged from \$2.03 to \$2.35/MMBTU. Algonquin Citygate gas price was \$2.03/MMBTU coming in at \$1.23/MMBTU lower than budget, ranging from \$1.78 to \$2.38/MMBTU.

West Texas Intermediate Oil July Settlement price was \$57.35/Barrel which was \$2.69/Barrel higher than previous month.

Mr. Cyr explained the mitigating actions taken to remain in compliance with the Risk Management Policy minimum volume targets.

He provided a brief explanation of the Spot purchases and Spot sales made over the month of August.

He explained that natural gas storage levels are 15% above where they were last year.

G Governance Committee Report

Municipal Representative Mark Oefinger provided an overview of the activities of the Joint Governance Committee over the past month in Member Representative Gaudet's absence, who is Governance Committee Chair. He explained that the Committee met on September 11, 2019 and noted that each member of the CMEEC Board of Directors should have received an email with a link to a survey of committee and board slate interest. He added that the email also contained descriptions of the committees for reference. He stated that interested Board members should complete the survey by October 1, 2019 so that at its meeting in October, the Governance Committee can create the slate of officers and committee membership for vote at the November Annual Meeting of the Boards of Directors.

Municipal Representative Oefinger continued to explain that the Governance Committee has conducted extensive discussion on the Special Committee's recommendations concerning governance training for the Board. He stated that training has been scheduled for October 30, 2019 and is being facilitated by Tim Blodgett of Hometown Connections. The training will take place at a centrally located venue. He added that the training will be much more effective if all members of the Board of Directors are present. Municipal Representative Oefinger discussed the Special Committee Recommendations Status Grid that was provided to the Board in advance of today's meeting. He stated that 50% of the recommendations have been addressed and urged all the Joint Committees with outstanding assignments address them at their next meetings.

H Budget & Finance Committee Report; Report on Transco Budget

Member Representative Kevin Barber, Budget & Finance Committee Chair, explained that the Budget & Finance Committee met on September 20, 2019 to begin the budget review process. He stated that the Committee received and reviewed the Transco budget and added that the Transco budget will be presented to the Board of Directors at its meeting in October for approval.

He added that the Committee began its preliminary review of the CMEEC budget focusing on salary, benefits and staffing levels. He explained that the Committee would review the CMEEC budget further at its upcoming meetings that are scheduled to be held before the October Board of Directors' meetings.

Member Representative Barber encouraged all members of the Board of Directors to participate in the budget review. He added that all information is shared with the full Board and they are invited to participate at the Committee meetings. He said if anyone has any questions about the budget material they are encouraged to contact either him, Ms. Meek or Mr. Rall.

I Risk Management Committee Report; Report and Potential Vote Authorizing Utility Facilitated Distributed Energy Resources Pilot Project

Justin Connell, Director of Sustainability and Customer Engagement, walked the Board through his presentation entitled "CMEEC DER Initiatives" dated September 26, 2019 which provides a deeper view of the concept supporting solar installation and battery storage at commercial and industrial locations of a MEU. He explained that the Risk Management Committee first met to discuss the project at its meeting on August 15, 2019 and added that the project had been presented preliminarily to the Board of Directors at its meeting on August 22, 2019. At that meeting, Mr. Connell explained that the project would be further stress tested through the Risk Management Committee. He added that the Risk Management Committee met to review the project again at its meeting on September 20, 2019.

Upon inquiry by Member Representative Goldstein about unforeseen catastrophic events resulting in loss of the building upon which the solar panels would be placed, Mr. Connell explained that there is no capital being invested by CMEEC for the project and the only loss to CMEEC would be lost opportunity. The goal is to ensure CMEEC is contractually protected.

After significant discussion with respect to next steps, several Committee members expressed their views both for and against venturing into such a project. David Silverstone, Esquire, Municipal Electric Consumer Advocate, re-stated his opinion expressed at both the August 15, 2019 and September 20, 2019 Risk Management Committee meetings that he considered this a very good project to enter into since it is a pilot project at this time and would be an excellent learning opportunity with little risk to CMEEC or member utilities.

The Board recessed at 11:44 a.m. for a short break.

The Board reconvened at 11:48 a.m.

Discussion followed with respect to the resolution before the Board for approval. Upon suggestion of Municipal Representative Oefinger, Chair Sullivan entertained a motion to amend the Resolution Establishing a Distributed Energy Solar Pilot Project at 25 Van Zant, East Norwalk, CT (the “Resolution”) to add an additional “Whereas” clause before the “Now, therefore be it resolved” clause that states the following:

“Whereas, a more in-depth presentation of the concept, indicative risk, forecasts of costs and benefits for a twenty (20) year period was presented to the Board of Directors at its September 26, 2019 Board meeting.”

A motion was made by Member Representative Goldstein, seconded by Municipal Representative Pete Johnson to amend the Resolution as stated above.

Motion passed with Member Representative Paul Yatcko voting nay.

19-09-02

A motion was made by Member Representative David Westmoreland, seconded by Municipal Representative Johnson to approve the Resolution as amended.

Motion passed with Member Representative Yatcko voting nay.

19-09-03

J Discussion and Possible Vote on Exception to Charitable Contribution Policy for Multi-Year Commitments made Prior to Adoption of Policy

Robin Kipnis, Esquire, CMEEC General Counsel, reminded the Board that at a previous Board of Directors’ meeting on April 25, 2019, the Board voted to not undertake charitable contributions in the name of CMEEC because the Members already make charitable contributions in their communities. She explained that prior to that vote, the former CMEEC CEO entered into multi-year pledges committing CMEEC to monetary donations to two 501(c)(3) organizations. The resolution before this Board is requesting that an exception be made so that CMEEC can honor those two commitments. Both the organizations expressed concern when informed of the CMEEC Board’s policy change since they had relied on the pledges in planning their future activities on those pledges.

After lengthy discussion, it was recommended that the Board revise the resolution so that the outstanding pledged commitments would be paid to each organization in one lump sum. Municipal Member Oefinger noted that he is a member of one of the recipients of the CMEEC pledge and stated he would not be voting on the resolution.

Chair Sullivan entertained a motion to amend the Resolution authorizing the lump-sum payment of the remaining amount of the pledges in the following manner:

"NOW THEREFORE BE IT RESOLVED, that the CMEEC Board of Directors approves the following exception to CMEEC's charitable contribution policy:

1. That CMEEC's remaining commitment of eight thousand (\$8,000) per year for the remaining three (3) years of the commitment to UCFS Healthcare for a total commitment of forty thousand (\$40,000) dollars is hereby honored and CMEEC is authorized to remit payment in one lump sum of the remaining outstanding commitment balance of \$24,000.00.
2. That CMEEC's remaining commitment of nineteen thousand seven hundred and fifty (\$19,750) dollars per year for the remaining three (3) years of the commitment to the USS Groton Sail Foundation in honor of the noble builders and operators/sailors of the United States Navy submarine fleet for a total commitment of one hundred and thirty thousand (\$130,000) dollars is hereby honored and CMEEC is authorized to remit payment in one lump sum of the remaining outstanding balance of \$59,250.00."

A motion was made by Municipal Representative Johnson, seconded by Member Representative Winslow to amend the Resolution as stated above.

Motion passed with Municipal Representative Oefinger abstaining and Member Representatives Goldstein and Yatcko voting nay.

19-09-04

A motion was by Member Representative Louis Demicco, seconded by Municipal Representative Johnson to approve the Resolution as amended.

Motion passed with Municipal Representative Oefinger abstaining and Member Representatives Goldstein and Yatcko voting nay.

19-09-05

It was noted that the 2019 CMEEC budget would need to be amended to reflect this new payment. Chair Sullivan entertained a motion to amend the CMEEC budget.

A motion was made by Municipal Representative Johnson, seconded by Member Representative Barber to amend the CMEEC budget to reflect the new payment arrangement for the two outstanding pledged commitments.

Motion passed with Municipal Representative Oefinger abstaining and Member Representatives Goldstein and Yatcko voting nay.

K Preliminary Discussion on Strategic Planning Session

Member Representative Goldstein began the discussion by stating the CMEEC board should meet and talk about whether CMEEC is structured properly to address new projects that are not completely in line with its current strategic structure. She opined that CMEEC should discuss what it will be doing in the next five years and develop a strategic plan based on those discussions.

Lengthy discussion followed concerning what direction CMEEC should be looking toward in developing a meaningful strategic plan and the CEO's involvement. Member Representative Yatcko provided some insight into the process for developing a strategic plan having had some years of experience in strategic planning.

Discussion then followed with respect to forming an ad hoc committee of the Board to engage management and start the strategic planning process. Member Representative Yatcko recommended that a discussion take place between Chair Sullivan and Mr. Lane regarding advantages and disadvantages of having an ad hoc committee of the Board. He added that if they conclude it would be a valuable step, then the Board can determine who should participate on such a committee.

Upon inquiry, Chair Sullivan provided a summary of the recent visit by some Board members and some CMEEC staff to Moody's Rating Agency in New York. He stated that the meeting went well adding that the focus of the conversation was on sustainability and how it will affect CMEEC's business plan going forward. Ms. Meek added that sustainability will become part of Moody's reviews in the future.

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

A motion was made by Member Representative Demicco, seconded by Municipal Representative Johnson to adjourn the meeting.

Motion passed unanimously.

19-09-07

The meeting adjourned at 12:37 p.m.