

MINUTES OF THE
REGULAR MEETING OF THE

BUDGET & FINANCE COMMITTEE
OF THE
BOARDS OF DIRECTORS OF
CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
AND
CONNECTICUT TRANSMISSION MUNICIPAL ELECTRIC ENERGY COOPERATIVE

October 30, 2020

A Regular Meeting of the Joint Budget & Finance Committee of the Boards of Directors of Connecticut Municipal Electric Energy Cooperative (“CMEEC”) and Connecticut Transmission Municipal Electric Energy Cooperative (“CTMEEC” and “Transco”) was held telephonically and via Zoom on Friday, October 30, 2020.

The meeting was legally noticed in compliance with Connecticut General Statutes and all proceedings and all actions hereafter recorded occurred during the publicly open portions of the meeting.

The following Committee Members participated telephonically or via Zoom:

Groton Utilities: Ronald Gaudet
Groton Municipal Representative: Mark Oefinger
Norwich Public Utilities: Christopher LaRose, Stewart Peil
Norwich Municipal Representative: David Eggleston
East Norwalk Third Taxing District: Kevin Barber

The following Non-Committee Members participated telephonically or via Zoom:

Jewett City Department of Public Utilities: Louis Demicco
South Norwalk Electric & Water: Alan Huth, Scott Murphy

The following CMEEC Staff participated telephonically or via Zoom:

Dave Meisinger, CMEEC CEO
Robin Kipnis, Esquire, CMEEC General Counsel
Patricia Meek, CMEEC Interim Director of Finance & Accounting
Joanne Menard, CMEEC Controller
Michael Rall, CMEEC Director of Asset Management
Scott Whittier, CMEEC Director of Enabling Services
Margaret Job, CMEEC Executive Assistant / Paralegal

Others participating telephonically or via Zoom:

David Silverstone, Esquire, Municipal Electric Consumer Advocate

Ms. Job recorded.

Committee Chair Christopher LaRose called the meeting to order at 12:01 p.m., noting for the record that the meeting is being held telephonically and via Zoom. He explained that all participants' devices should remain on mute unless speaking to eliminate confusion and background noise. He requested that those speaking state their name 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 with each participating responding individually as their names were called. Committee Chair LaRose confirmed a quorum was present.

C Approve the Minutes of the October 16, 2020 Regular Meeting of the Joint Budget & Finance Committee

A motion was made by Committee Member Kevin Barber, seconded by Committee Member Mark Oefinger to approve the Minutes of the October 16, 2020 Regular Meeting of the Joint Budget & Finance Committee.

Motion passed unanimously.

D Review Changes to the Proposed 2021 CMEEC Budget for Non-Fuel Operating

Ms. Meek walked the Committee through the slide deck highlighting changes and additions made to the detail of the Non-Fuel Operating Budget (NFO) that resulted from discussion of the proposed 2021 CMEEC Budget at both the October 2, 2020 and October 16, 2020 meetings of this Committee. Ms. Meek provided detailed explanation of the changes made to the gross NFO without allocations to projects and customers, and also to net NFO. She pointed out that with the changes from the previous version, gross NFO decreased by \$66,000 from the presentation on October 2. She reviewed slide 4 which provided the detail of the line item changes.

Ms. Meek walked the Committee through the insurance premiums for CMEEC, noting they had been reduced from the prior draft. The Committee determined that a methodology for allocating the costs of certain insurance premiums should be developed

in next year's budget if it is practical to do so. Committee Member Oefinger suggested a note be added to the 2021 budget to record the request.

Discussion also ensued over the line item in the budget for a yet to be defined incentive plan for CMEEC employees. Mr. Meisinger pointed out that the specific metrics and targets would be vetted with the appropriate Board Committee. Although the plan is yet to be defined, he felt it was important to have a place holder in the budget for transparency with the Board.

E Review Proposed 2021 Project Statements

Mr. Rall walked the Committee through the slide deck highlighting the Proposed 2021 Project Statements. He provided a review of the proposed budget associated with each Project, noting that the Project Statements were based on conservative modeling. He also provided a five-year projection for each of the Projects. The Committee was provided an opportunity to ask questions, to which Mr. Rall provided answers and explanations.

F Review of Total Proposed CMEEC 2021 Budget

Ms. Meek explained that this slide deck puts all of the information contained in the individual previous slide decks together as the proposed CMEEC 2021 Budget. She explained that this agenda item will be the only item on the agenda for the Committee meeting on November 6, 2020 and which will be held mainly for the purpose of allowing the Board members to ask any further questions. Ms. Meek added that at a previous meeting, Committee Member Oefinger requested summary slides be included which are contained in the slide deck before the Committee today. She also stated that an additional summary slide will be added to the slide deck to take into account the request for a review of insurance premium allocations for the 2022 budget, for the Committee's meeting on November 6.

Ms. Meek explained that the short slide deck at the end of this presentation will be the CMEEC 2021 Budget that will be voted on by the Board at its meeting on November 19, 2020.

Committee Chair LaRose entertained a motion to recommend the Proposed CMEEC 2021 Budget to the Board of Directors for adoption.

A motion was made by Committee Member Barber, seconded by Committee Member Oefinger to recommend the Proposed CMEEC 2021 Budget to the Board of Directors for adoption.

Motion passed unanimously.

Upon Mr. Meisinger's inquiry, Ms. Meek explained that no further voting will be necessary at the November 6, 2020 meeting of this Committee. She stated the purpose of that meeting is to invite any Board member who has not had an opportunity to participate

in any of the previous Committee meetings to ask questions they may have related to the Proposed CMEEC 2021 Budget before it is submitted to the full Board for approval at its meeting on November 19, 2020.

G Bond Refinance Discussion: Deferral of Costs of Issuance

Ms. Meek explained that the CMEEC Auditors had previously suggested that a Board resolution might be needed to approve the recovery of issuance costs and premiums in connection with the bonds that were recently re-financed. She later learned that a resolution is not necessary. She stated she thought it prudent to discuss this topic with this Committee so that they are aware CMEEC amortizes the issuance costs and bond premiums over the life of the Bond. She explained that schedules for the refunding bonds have not been completed as of yet however, when they are completed, they will be presented and discussed at a meeting of this Committee in January 2021. She added that CMEEC will account for the bonds in accordance with current practice. The Committee acknowledged the above and did not have additional questions.

H Other Business

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

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

Motion passed unanimously.

The meeting was adjourned at 1:25 p.m.