

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

July 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 Thursday, July 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-Voting Members of the Board participated telephonically or via Zoom

Bozrah Municipal Representative: Joseph Cirrito
Jewett City Department of Public Utilities: Louis Demicco
Norwich Public Utilities: Stephen Sinko
South Norwalk Electric & Water: Alan Huth

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
Margaret Job, CMEEC Executive Assistant / Paralegal

Other 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 10:00 a.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 Action Item

A Public Comment

No public comment was made.

B Roll Call

Ms. Job conducted roll call with each member responding individually as their names were called. Chair LaRose confirmed a quorum was present.

C Approve the Minutes of the April 30, 2020 Regular Meeting of the Joint Budget & Finance Committee

A motion was made by Committee Member Ronald Gaudet, seconded by Committee Member Kevin Barber to approve the Minutes of the April 30, 2020 Regular Meeting of the Joint Budget & Finance Committee.

Motion passed unanimously.

D Review of CMEEC Capital Policy

Patricia Meek, CMEEC Interim Director of Finance & Accounting, walked the Committee through the CMEEC Capital Policy provided to this Committee in advance of today's meeting. She explained that this policy, along with others, were first presented to this Committee for review at its meeting on April 30, 2020. She highlighted the expenditure threshold identified on the policy as being \$25,000, and the minimum service life of a capital asset being defined as three years. Discussion followed in connection with the rationale for setting the expenditure threshold at this amount. Joanne Menard, CMEEC Controller, confirmed that these parameters are regularly discussed with CMEEC's external auditors and they agreed that these are appropriate thresholds to maintain.

Discussion followed related to the definition of Capital Assets found in section 3.1 of the policy. Dave Meisinger, CMEEC CEO, stated that if the Committee felt the definition as written is too broad, staff will take another look at it. Committee Member Mark Oefinger suggested that staff review what the industry standard is for defining what a capital asset is and also inquire with the CMEEC external auditor as to what they feel is an appropriate definition for a capital asset for a joint action agency.

A question arose whether this policy should be approved by the Board. Mr. Meisinger noted this policy has historically been a staff-level policy. Discussion followed related to whether this is a Board policy versus a CMEEC level policy. Mr. Meisinger requested that Ms. Kipnis research whether this Policy had gone to the Board for approval. He also explained that the next meeting of this Committee is on September 18, 2020 and that prior to that meeting staff can work on some proposed changes and also poll this Committee's members to determine if this should be a Board-approved policy. Committee Chair LaRose requested confirmation that the CMEEC external auditor review the Capital Policy each year. Ms. Menard so confirmed.

E Review of CMEEC and Transco Year to Date June Income Statements and Balance Sheets

Ms. Meek walked the Committee through a slide deck that contained the CMEEC and Transco second quarter Income Statement and Balance Sheets year to date through June 2020 that had been provided to the Committee prior to today's meeting. She provided a thorough review of the materials while responding to inquiries from the Committee and Attorney Silverstone.

F Review of CMEEC Capital Projects

Ms. Meek walked the Committee through the slide detailing the CMEEC capital projects and major maintenance spending as of June 30, 2020. She explained that the three projects with gray shading have been completed, noting that all three were completed below the project budget. After discussion and questions posed by the Committee, Ms. Meek inquired if the Committee would require more detail for this report. The Committee agreed that the detail was sufficient.

G CMEEC 5 Year Financial Plan

Committee Chair LaRose explained that the CMEEC 5-Year Financial Plan was discussed at the April 30, 2020 meeting of this Committee and was also briefly discussed at the recent Board of Directors' and Member Delegation meetings.

Ms. Meek stated that based on those discussions she felt it would be beneficial to put on today's agenda to continue the discussion with this Committee. She stated that some aspects of the current plan are outdated. She added that it was created by Edward Pryor, CMEEC former CFO, after the last Strategic Plan was created a number of years ago. She stated that it is her preference that a formal Financial Plan is not approved until after

the current Strategic Plan being created by the Board and staff is approved (currently scheduled to be rolled out at the Board of Directors' meeting on September 24, 2020). She added that the Financial Plan will need to support the Strategic Plan. She shared the process by which she is reviewing and revising the current Financial Plan. Lengthy discussion ensued. After inquiry, Ms. Meek stated that the current Financial Plan was never fully adopted by this Committee or the Board however she will provide a copy of it to members of this Committee.

Discussion followed in connection with possible agenda items for the September 18, 2020 meeting of this Committee including a potential revision to the CMEEC Capital Policy.

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 Barber to adjourn.

Motion passed unanimously.

The meeting was adjourned at 11:32 a.m.