

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 16, 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 16, 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:

Bozrah Light & Power: Scott Barber
Jewett City Department of Public Utilities: Louis Demicco
South Norwalk Electric & Water: Eric Strom
East Norwalk, Third Taxing District: Michele Sweeney

The following CMEEC Staff participated telephonically or via Zoom:

Dave Meisinger, CMEEC CEO
Robin Kipnis, Esquire CMEEC General Counsel
Richie Gaudet, CMEEC Modeling & Performance Analyst
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

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 12:02 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. Committee Chair LaRose confirmed a quorum was present.

Committee Chair LaRose entertained a motion to amend the agenda by removing Agenda Items F (Review Changes to the Proposed 2021 CMEEC Budget for Non-Fuel Operating Expenses) and G (Review Proposed 2021 Project Statements) and tabling them for a future meeting.

A motion was made by Committee Member Kevin Barber, seconded by Committee Member Ronald Gaudet to Amend the Agenda by removing Items F and G.

Motion passed unanimously.

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.

C Approve the Minutes of the October 2, 2020 Regular Meeting of the Joint Budget & Finance Committee

A motion was made by Committee Member Barber, seconded by Committee Member Gaudet to approve the Minutes of the October 2, 2020 Regular Meeting of the Joint Budget & Finance Committee, with Committee Member Mark Oefinger abstaining.

Motion passed.

D Review Proposed 2021 Transco Budget

Ms. Meek walked the Board through the detailed 2021 Transco budget slides provided to the Board and Committee members in advance of the meeting for the benefit of members of the Board present at today's meeting that had not been present at previous meetings of this Committee where the proposed budget was discussed.

She identified the revenue and expense factors such as interest and principal payments on the recent bond refinancing, RNS rates, etc. most impacting Transco Project #1, Transmission Project #1, MEU Transmission and CMEEC Transmission and changes from last year's budget. Ms. Meek presented the Five-Year Forecast for Transco stating that it was developed to aid in trending.

She identified next steps including any revisions made as a result of today's discussion will be incorporated into the final budget package for Committee approval in advance of its consolidation into the CMEEC Budget. Ms. Meek reminded the Committee that the CMEEC Budget will be brought before the CMEEC Board for approval at its meeting in November.

Upon Ms. Meek's inquiry, the Committee agreed that the Transco Proposed 2021 Budget presentation in the form presented today will be presented to the Transco Board at its meeting on October 22, 2020 for approval.

E Review Changes to the Proposed 2021 CMEEC Budget for Salary and Benefits

Ms. Meek explained that this topic was discussed at the Budget & Finance Committee meeting on October 2, 2020, when the Committee requested more information on a proposed employee incentive program and that a place holder be included in the 2021 Employee Benefits budget. She explained that the placeholder for potential incentive payments has been added to the 2021 budget and that, while an approved program does not yet exist, the estimation used in the budget is based on a maximum payment of 5% of base pay. As the program is developed, in conjunction with the Strategic Planning implementation, details of the program will be reviewed by the Compensation Committee. The new line in the 2021 Employee Benefits budget has been added this year for planning and transparency.

Mr. Meisinger provided a brief history of the employee incentive (or bonus) program that was implemented by the former CEO. He intends to develop an incentive program for staff that is tied primarily to organizational and also to individual performance, including metrics adopted as part of the Strategic Plan. Lengthy discussion ensued with the MECA participating in the discussion. The Committee agreed that a placeholder in the 2021 budget was appropriate.

H Review Proposed 2021 Budget for CMEEC Margin

Ms. Meek walked the Committee through the slide deck titled CMEEC Proposed 2021 Budget – CMEEC Margin. She explained the changes in CMEEC margin accounting that will begin in January 2021 which will allocate out of margin certain CMEEC costs. Since margin typically flows in the rate stabilization funds of members, Ms. Meek planned on touching base with the finance staff at the MEUs to walk through these changes as well as provide an updated Five year forecast for rate stabilization funds.

I Review Proposed 2021 Budget for Electric Products

In the interest of time and in light of the comingled nature of confidential and proprietary information in the discussion, the Committee agreed it would move Agenda Item I into Executive Session. Mr. Silverstone voiced no objection.

A motion was made by Committee Member Barber, seconded by Committee Member Gaudet to amend the Agenda to move Agenda Item I into Executive Session.

Motion passed unanimously.

Committee Chair LaRose entertained a motion to enter Executive Session.

A motion was made by Committee Member Stewart Peil, seconded by Committee Member Mark Oefinger to enter Executive Session.

Motion passed unanimously.

The Committee entered Executive Session at 1:40 p.m. with instruction to re-enter Public Session upon completion of discussion in Executive Session. Committee Members and Non-Committee Members Scott Barber, Louis Demicco, Alan Huth and Michele Sweeney along with CMEEC Staff of Messrs. Meisinger, Rall and Gaudet; and Mses. Kipnis, Meek, Menard, and Job remained.

The basis for entering Executive Session is to present assumptions used to develop electric products costs pursuant to C.G.S. Section 1-200(b)(5)(A) and (B).

The Committee re-entered Public Session at 2:11 p.m.

K Other Business

Ms. Meek stated that she will bring more information to the Committee meeting scheduled for October 30, 2020 addressing the bond refinancing and GASB rulings for accounting. She explained that the CMEEC auditors require a resolution addressing deferral of costs of issuance associated with the bond refinancing. She added that this item will be added to the November Board of Directors meeting.

Ms. Kipnis added that tabled Agenda Items F and G will be included on the October 30, 2020 agenda of this Committee.

There being no further business to come before this 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 2:20 p.m.