

MINUTES OF THE MEETING OF THE
JOINT BUDGET AND FINANCE COMMITTEE OF THE
BOARDS OF DIRECTORS OF
CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
AND
CONNECTCUT TRANSMISSION MUNICIPAL ELECTRIC ENERGY COOPERATIVE

October 11, 2019

A Regular Meeting of the Joint Budget and Finance Committee of the Boards of Directors of Connecticut Municipal Electric Energy Cooperative (“CMEEC”) and Connecticut Transmission Municipal Electric Energy Cooperative (“CTMEEC” or “Transco”) was held on Friday, October 11, 2019 at 11:00 a.m. at the offices of CMEEC, 30 Stott Avenue, Norwich, CT and via telephone.

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.

The following Committee Members participated:

Bozrah Light and Power: Ralph Winslow
Groton Utilities: Ronald Gaudet
Norwich Public Utilities: Stewart Peil (via telephone)
East Norwalk, TTD: Kevin Barber (via telephone)

The following non-Committee Members participated:

Groton Utilities: Mark Oefinger
Norwich Public Utilities: Christopher LaRose
East Norwalk, TTD: Debora Goldstein

The following CMEEC staff participated:

Michael Lane, CMEEC Interim CEO and CFO
Robin Kipnis, Esquire, CMEEC General Counsel
Patricia Meek, CMEEC Financial Planning & Analysis Manager
Joanne Menard, CMEEC Controller
Michael Rall, CMEEC Director of Asset Management
Linda Timman, CMEEC Principal Accountant
Scott Whittier, CMEEC Director of Enabling Services

Other participants:

David Silverstone, Esquire, Municipal Electric Consumer Advocate

Ms. Kipnis recorded.

Committee Member Ronald Gaudet, in the absence of Kevin Barber, Budget & Finance Committee Chair, who was participating by telephone, called the meeting to order at 11:10 a.m. Committee Member Gaudet requested the meeting participants identify themselves both on the phone and in person and confirmed a quorum was present.

Committee Member Gaudet stated that due to a conflict in schedules, there was a request to alter the sequence of the agenda items to move Item F of the Agenda to follow Item D.

A motion was made by Committee Member Stewart Peil, seconded by Committee Member Ralph Winslow to amend the Agenda.

Motion passed unanimously.

Agenda Item

A Public Comment Period

There was no public comment.

B Approve Minutes of the September 20, 2019 Meeting of the CMEEC / CTMEEC Joint Budget & Finance Committee

A motion was made by Committee Member Winslow, seconded by Chair Kevin Barber to approve the Minutes of the September 20, 2019 Meeting of the CMEEC / CTMEEC Joint Budget & Finance Committee.

Motion passed with Committee Member Stewart Peil abstaining.

C Discussion to revise Project Performance Reporting in Board Package Objective Summary to Exclude Subase

Michael Lane, CMEEC Interim CEO and CFO, briefed the Committee on the background to this agenda item. This item was initiated by David Silverstone, Esquire, Municipal Electric Consumer Advocate, who questioned the reporting of the Navy Subase project as part of operational reporting when it is not yet in commercial operation. Even though the current reporting is intended to report actual versus budget, it was determined that a line item would be added subtotaling project performance with and without the Subase. Mr. Silverstone also suggested that there should be other key performance metrics considered when reporting on projects. It was determined that this suggestion would be incorporated after the current budget period.

D Discussion of Public Version of Board Package

It was decided that the monthly Board package would be reviewed by CMEEC staff to determine what, if any, part of the package would be exempt from disclosure under the Connecticut Freedom of Information Act. The Committee will review the results of this review.

F Review proposed 2020 CMEEC Capital Budget

The meeting participants reviewed the handout entitled “CMEEC Proposed Capital and Major Maintenance Budget 2020” which contained details of eight (8) capital projects proposed for 2020 and one (1) major maintenance project for the Pierce plant which was to be funded out of the Pierce Reserve Account. Michael Rall, CMEEC Director of Asset Management, and Scott Whittier, CMEEC Director of Enabling Services, walked the participants through the rationale for and the cost details of the capital expenses. The meeting participants discussed the need for presenting a multi-year CWIP and CMEEC’s practice of not encumbering funds for capital projects. Other suggestions were made as to the description of the capital expenditure which CMEEC staff will incorporate into the next version of the capital budget.

Patricia Meek, CMEEC Financial Planning & Analysis Manager, led a discussion of a new account in the capital budget for a contingency account equal to 10% of the approved total expenditures of the capital budget. Discussion ensued as to what should be CMEEC’s practice with respect to a contingency fund. It was determined that instead of an aggregate contingency account, each line item of capital expense would reflect a 10% contingency. It was decided that the resolution approving the capital budget would allow for this line item 10% contingency and that the resolution would expressly state that this is an exception to the CEO’s budget authority granted in the Membership Agreement.

E Review of Proposed 2020 CMEEC NFO Budget

Ms. Meek walked the meeting participants through, in detail, the handout entitled “Non Fuel Operating Expenses” which presented a proposed 2020 budget as compared to the approved 2019 budget and projected 2019 year end. She explained that the NFO budget is the largest component of CMEEC Member’s Fixed Cost obligation. The meeting participants engaged in discussion with CMEEC staff and it was suggested that there be additional comments added to the Comment section of the line item detail presentation, that the 2020 budgeted costs for the internal audit be moved from the Board & Governance Outside Services line item to the Outside Auditors line item and that the 2020 budgeted costs of the CEO arbitration be moved from Board and Governance Outside Services line item to Outside Services - legal line item. There was also a suggestion that CMEEC benchmark its labor loading factor to other joint action agencies.

Given the length of the meeting, a **Motion** was made by Chair Barber, **Seconded** by Committee Member Peil to table review of **Agenda Item G: Review proposed 2020 CMEEC Project Statements** to a subsequent meeting.

Motion passed unanimously.

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

A motion was made by Chair Barber, seconded by Committee Member Peil, to adjourn the meeting.

Motion passed unanimously.

The meeting was adjourned at 2:30p.m.