

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

May 28, 2020

The Regular Meeting of the Board of Directors of Connecticut Municipal Electric Energy Cooperative (“CMEEC”) was held telephonically on Thursday, May 28, 2020.

The meeting was legally noticed in compliance with Connecticut General 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 telephonically:

Groton Utilities: Ronald Gaudet, Jeffrey Godley, Keith Hedrick
Groton Municipal Representative: Mark Oefinger
Norwich Public Utilities: Christopher LaRose, Robert Staley
Norwich Municipal Representative: David Eggleston
Bozrah Light & Power: Seymour Adelman, Scott Barber, Richard Tanger
South Norwalk Electric and Water: Eric Strom, David Westmoreland
South Norwalk Electric and Water Municipal Representative: Dawn DelGreco
Third Taxing District: Kevin Barber, Michele Sweeney
Third Taxing District Municipal Representative: Pete Johnson
Jewett City Department of Public Utilities: Louis Demicco, Kenneth Sullivan, Richard Throwe
Jewett City Department of Public Utilities Municipal Representative: George Kennedy

The following CMEEC Staff participated telephonically:

Dave Meisinger, CMEEC CEO
Michael Lane, CMEEC CFO
Robin Kipnis, Esquire, CMEEC General Counsel
Bella Chernovitsky, CMEEC Director of Business Intelligence
Justin Connell, CMEEC Director of Sustainability and Services
Michael Cyr, CMEEC Director of Portfolio Management
Michael Rall, CMEEC Director of Asset Management
Gabriel Stern, CMEEC Director of Technical Services
Scott Whittier, CMEEC Director of Enabling Services
Margaret Job, CMEEC Executive Assistant and Paralegal

Ellen Kachmar, CMEEC Office and Facilities Manager
Patricia Meek, CMEEC Financial Planning & Analysis Manager
Joanne Menard, CMEEC Controller
Heidi Winnick, CMEEC Treasury Analyst

The following individual also participated telephonically:

David Silverstone, Esquire, Municipal Electric Consumer Advocate (MECA)

Ms. Job recorded.

Chair Kevin Barber called the meeting to order at 10:01 a.m. He stated for the record that this meeting is being held telephonically.

Chair Barber walked the Board through the conduct of today's meeting reminding participants that their phones should remain on mute unless speaking to eliminate background noise. He stated that attendance would be taken, followed by voting roll call. He asked that participants of today's meeting state their name prior to speaking for clarity of the record. He confirmed that all participants were able to hear and be heard.

Standard Agenda Items

A Public Comment Period

No public comment was made.

B Conduct Voting Roster / Roll Call

Ms. Job conducted roll call with each member responding individually as their names were called. Following roll call, Ms. Job identified the voting persons at today's meeting. Chair Barber confirmed a quorum was present.

C Approve Minutes of the CMEEC Regular April 23, 2020 Board of Directors' Meeting.

A motion was made by Municipal Representative Mark Oefinger, seconded by Member Representative Ronald Gaudet to approve the Minutes of the CMEEC Regular April 23, 2020 Board of Directors' Meeting, with Member Representative Jeffrey Godley abstaining.

Motion passed.

20-05-01

D April 2020 Objective Summary Review

Dave Meisinger, CMEEC CEO, walked the Board through the Regional Competitiveness and Customer Fulfilment metrics stating that each realized strong performance for the

month. He stated that Regional Competitiveness came in at 29% for April, just ahead of the target of 28%. He added that this result is reflective of the strong portfolio performance offset by load levels that were lower than originally anticipated and the continued impact of the 2019 LNS transmission true-up. He also added that the lower than budgeted load levels increases the cost on a per MWh basis.

Mr. Meisinger reviewed the one-on-one activities CMEEC has engaged in with the Member Utilities and its response to the impact on utilities resulting from Covid-19.

E April 2020 Project Portfolio Performance

Michael Rall, CMEEC Director of Asset Management, provided an overview of the performance of the project portfolio. He stated that the big driver for the results this month was MicroGen. He stated that MicroGen was not successful in operating during the monthly peak in March which resulted in a significantly lower actual net benefit. He explained that the peak was predicted to occur later in the evening which was the time MicroGen was planning on running. However, the peak occurred between 5pm and 6pm and loads dropped off after that time. He added that due to milder weather and with the stay at home orders due to Covid-19, it has been very difficult to predict the peak.

Mr. Rall explained that MicroGen did operate during the April peak which reduced the load by 35.32 MW during the peak hour.

Mr. Rall further explained that Community Solar Garden performance was lower than budgeted due to lower LMPs with similar results for Transmission Project #1 due to lower than average loads. Pierce was under budget.

F April 2020 Energy Market Update

Michael Cyr, CMEEC Director of Portfolio Management, provided a high-level review of the Energy Market Analysis for April noting that actual loads came in at 60,368 MWh which was 262 MWh higher than budget due to the relatively cold weather in April. Actual energy cost came in at \$32.18/MWh which was \$3.42/MWh lower than budget. Weighted Average Energy Cost at LMPs was \$18.05/MWh and Actual average daily Hub Day Ahead LMPs came in at \$18.36/MWh, ranging between \$14.42/MWh to \$22.84/MWh.

He continued to explain that cost of natural gas continues to be low stating that Henry Hub gas price was \$1.68/MMBTU, which was \$0.67/MMBTU lower than budget and ranged between \$1.45 to \$1.87/MMBTU. Algonquin Citygate gas price was \$1.68/MMBTU which was \$2.75/MMBTU lower than budget and ranged between \$1.39 to \$2.10/MMBTU.

West Texas Intermediate oil price came in at \$16.55/Barrel which was \$12.66/Barrel lower than previous month with a cost of -\$36.98/Barrel on April 20, 2020. Ultra-Low

Sulfur Diesel oil price came in at \$7.00/MMBtu which was \$6.36/MMBtu lower than budget.

Mr. Cyr explained that forward capacity auction clearing price came in at \$7.03/kW-Mo for the month and actual net regional capacity clearing price was \$7.13/Kw-Mo, which was \$0.13/Kw-Mo higher than the previous month.

Prior to Mr. Cyr reporting on mitigating actions undertaken by CMEEC in its purchase of energy, Ms. Kipnis explained that normally CMEEC considers mitigating actions taken by the CMEEC Portfolio Management team to be strategy which is not otherwise made public, however she explained that CMEEC did not take any mitigating actions this month so that this portion of the report remains public information. She further noted that reporting this publicly this month does not represent a waiver of CMEEC's right to present this information in Executive Session in the future.

Mr. Cyr explained that CMEEC was already 81% hedged for April and given the changes made to the Risk Management Policy allowing CMEEC to be 60% hedged there were no additional purchases or hedge purchases required to be made within the month of April. He further explained that in connection with changes made to the Risk Management Policy to hedge lower, pricing is lower for the months of June through August and with forecast for a very hot summer, coupled with business reopening, CMEEC made some purchases this week to reach 80% hedge for June through August to capture the low energy prices.

G Report of Audit Committee

In the absence of Member Representative Stewart Peil, Chair of the Audit Committee, Michael Lane, CMEEC CFO, provided a report of the Audit Committee. Mr. Lane stated that the Audit Committee met on May 7, 2020 with three agenda items to discuss. He stated that the first item discussed was the mandate of the Audit Committee charter to issue a five-year Request for Quote (RFQ) to solicit auditing firms for services related to the preparation of the annual CMEEC and Transco audited financial statements. He added that the RFQ was recently issued and sent to several firms in Connecticut, regional and national in size stating that responses are due June 30, 2020. The next step will be the Committee being provided with a summary of the responses and recommendations from CMEEC staff. Selection of the firm will be the task of the Audit Committee and then recommended to the Board for approval.

Next, Mr. Lane explained that the Committee also discussed options for which focus area or policy of CMEEC to conduct an independent internal audit. The Committee determined that an internal audit of the CMEEC Cyber Security policies and procedures would be most appropriate. A Request for Proposal will be drafted and issued to qualified and capable firms.

Finally, the Audit Committee discussed the presentation of the draft audited financial statements to the Audit Committee during its review and approval meeting and the need

for possible executive session. After discussion, the Committee agreed it would conduct discussion of the public portions of the draft audited financial statements in public session, while not waiving its right to enter executive session to discuss specific confidential matters as they may arise on a case-by-case basis.

H Report of the Budget & Finance Committee

Member Representative Christopher LaRose, Chair of the Budget & Finance Committee, stated that the Budget & Finance Committee met on April 30, 2020 with a full agenda. He stated that the Committee received an update on the liquidity forecasting analysis conducted by CMEEC staff from Mr. Lane and Ms. Patricia Meek, CMEEC Financial Planning & Analysis Manager. The liquidity analysis is to be discussed in more detail later in the Board meeting.

Mr. LaRose explained that the Committee also received a thorough review of the First Quarter Income Statement and Balance sheet from Ms. Meek. He added that, upon the Committee's request, a quarterly update on capital projects will be included in the next quarterly update and presented to this Committee at its meeting in July.

The Committee also discussed the five-year financial plan needing to be reviewed and updated. Mr. LaRose explained that the last plan was developed in 2015 or 2016. A revised plan will be drafted by CMEEC staff and provided to this Committee, likely after this year's strategic planning exercise.

The Committee discussed three CMEEC policies that had been previously endorsed by this Committee (the CMEEC Capital Policy, CMEEC/Transco Investment Policy and the CMEEC Prepaid Policy). Mr. LaRose explained that the Committee agreed that it would conduct a review of the CMEEC Capital Policy and bring comments back at its next scheduled meeting for further discussion. He also reported that a Capital Expenditure forecast will be included in future reports.

Lastly Mr. LaRose noted that the Committee discussed the impact of MTUA deferment which he stated will also be addressed at today's Board of Directors' meeting.

I Update on ISO-NE's Energy Security Filing

Justin Connell, CMEEC Director of Sustainability and Services, provided a high-level update of a potential material change to ISO-NE's tariff addressing fuel and energy security. He walked the Board through a slide deck which was provided to the Board in advance of today's meeting. Mr. Connell advised the Board that ISO-NE, through its execution of the capacity market, recently has effectively enabled almost exclusively, the development of natural gas combined cycle (NGCC) power plants. This has resulted in the older and less efficient generation resources with firm fuel inventory to retire because they are unable to compete with the low capital and fuel costs of new NGCCs and mounting environmental pressures.

He explained that the filing addresses reliability issues due to these retirements. He also added that the ISO ESI filing adds cost burden to consumers all with the uncertainty of whether the program will actually work. Concerns related to the filing include market mechanisms submitted to provide fuel security that goes beyond the time period of the critical months (winter); and the filing is incomplete as it does not provide details critical to ensuring proper market oversight to protect consumers.

Mr. Kipnis reported that recently CMEEC jointly filed an Intervention and Protest with Massachusetts Municipal Wholesale Electric Company (“MMWEC”) and New Hampshire Electric Cooperative (“NHEC”) on May 15, 2020. The filing challenges the ISO-NE’s ESI filing and requests either dismissal of the filing or approval of an alternative filing by NEPOOL. CMEEC will continue to monitor and continue to intervene in an effort to mitigate potential adverse impact to rate payers.

Lengthy discussion followed.

J Coronavirus Status Update

➤ Liquidity Forecasting & Stress Testing

Mr. Lane provided a high-level review of the liquidity forecasting and stress testing recently conducted. He stated that the results were also recently shared with the rating agency as part of the recent CMEEC credit rating review. He walked the Board through the details of the slide deck provided to the Board in advance of today’s meeting. He added that the stress testing was conducted through the end of 2020.

Mr. Lane provided detail of the two aggressive stress test scenarios that were conducted against both Fitch and Moody’s liquidity metrics. The first being Current Forecast with the Use of Rate Stabilization Funds for 25% of Monthly Invoices for the Remainder of 2020 and the second being Current Forecast with the Use of Rate Stabilization Funds for 50% of Monthly Invoices for the Remainder of 2020.

Discussion followed.

➤ MTUA Deferral

Mr. Meisinger provided an update of MTUA’s request for deferral of payment for services in April and May. He explained that there is a chance they may ask for a third month of deferral stating that if they do, the request will be discussed with this Board. He noted that MTUA’s target is to partially open Mohegan Sun on June 1. He added that there is also potential of extending the PPA.

➤ **Strategic Planning Schedule Update**

Mr. Meisinger provided an update of the schedule for the Strategic Plan activities. He acknowledged the interest of the Board to have this completed. He stated that a formal planning committee was established around February of this year and that Tim Blodgett, of Hometown Connections, had been engaged to conduct a series of strategic planning meetings beginning in April and continuing through August. He reminded the Board that with Covid-19, the schedule had to be re-arranged with the first meeting being in June and completing the process in September. He also acknowledged the desire to conduct the meetings in person however given the current state of the pandemic that would not be advisable. After discussion, a decision was made by the Board to keep the current June through September meeting schedule while consulting with Mr. Blodgett on a monthly basis to determine if any meetings should be held in person or by Zoom or other platform. He reminded the Board that the process will begin with a Special meeting of the Board already scheduled for June 16, 2020.

Discussion followed in connection with the future conduct of the Strategic Planning meetings.

K New Business

Mr. Meisinger provided an update on CMEEC's response to Covid-19. He stated that staff continue to work remotely with the exception of a few employees who come to the office occasionally to conduct specific activities. He added that building projects are being completed while staff is working remotely.

Mr. Meisinger noted that early stages of a re-open plan are being reviewed however there currently is no schedule yet for staff to return to the office adding that working remotely is working well for the staff.

He stated that meetings scheduled for June will be held remotely using today's format or Zoom.

Mr. Meisinger noted that at last month's Board meeting, the General Managers provided an update on the impact of Covid-19 at their respective utilities. Discussion followed with each General Manager providing a further update.

Mr. Meisinger reminded the Board that in February 2020 a group from CMEEC traveled to Washington, DC and met with delegates. CMEEC mailed a follow-up letter a few weeks ago regarding ISO-NE ESI and Covid-19. He explained that recently Congressman Joe Courtney's office reached out to CMEEC which resulted in good discussion and allowed for CMEEC to ask for support for relief for public power systems that were impacted by Covid-19 deferral and moratoriums on shut-offs.

He also discussed the recent Fitch upgrade for CMEEC and Transco from A+ to AA- noting that the stress testing analysis provided to them along with the governance improvements CMEEC has made helped in obtaining that upgrade.

Upon Member Representative Jeffrey Godley inquiry about the status of the iPad project, Mr. Meisinger explained that CMEEC has reviewed some platforms and that an internally created platform is being considered. He added that a complete report of the status of this project will be provided at the June Board of Directors' meeting.

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

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

Motion passed unanimously.

20-05-02

The meeting was adjourned at 11:22 a.m.