

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

April 20, 2021

A Special Meeting of the Joint Budget and Finance Committee of the Boards of Directors of Connecticut Municipal Electric Energy Cooperative (“CMEEEC”) and Connecticut Transmission Municipal Electric Energy Cooperative (“CTMEEEC” dba “Transco”) was held via Zoom and telephonically on Tuesday, April 20, 2021 at 10:00 a.m.

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 Committee Members participated telephonically or via Zoom:

Bozrah Light & Power: Scott Barber
Groton Municipal Representative: Mark Oefinger
Norwich Public Utilities: Christopher LaRose, Stewart Peil, Robert Staley
East Norwalk, Third Taxing District: Kevin Barber

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

Bozrah Municipal Representative: Joseph Cirrito
Jewett City Department of Public Utilities: Louis Demicco, Richard Throwe

The following CMEEEC Staff participated telephonically or via Zoom:

Dave Meisinger, CMEEEC CEO
Robin Kipnis, Esquire, CMEEEC General Counsel
Patricia Meek, CMEEEC Director of Finance & Accounting
Joanne Menard, CMEEEC Controller
Heidi Winnick, CMEEEC Financial & Treasury Analyst
Margaret Job, CMEEEC Executive Assistant / Paralegal

The following members of the public participated telephonically or viz Zoom:

David Silverstone, Esquire, Municipal Electric Consumer Advocate

Ms. Job recorded.

Chair Christopher LaRose called the meeting to order at 10:01 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 participants state their name before speaking for clarity of the record.

Specific Action Item:

A Public Comment Period

No public comment was made.

B Roll Call

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

C Approve Minutes of the January 12, 2021 Regular Meeting of the Joint Budget & Finance Committee

A motion was made by Committee Member Mark Oefinger, seconded by Committee Member Robert Staley to approve the Minutes of the January 12, 2021 Regular Meeting of the Joint Budget & Finance Committee.

Motion passed unanimously.

**D CMEEC Lines of Credit and Renewal Options
Possible Vote to Recommend to the Board for Approval**

Ms. Meek walked the Committee through the Lines of Credit renewal presentation provided in advance of today's meeting. She explained the considerations taken into account related to the renewal, identifying the two institutions currently administering lines of credit for both CMEEC and Transco and identifying current options available for renewal. She further explained that CMEEC current lines of credit total \$50,000,000 which bolsters liquidity metrics above rating agency requirements. The current lines of credit are held with Bank of America in the amount of \$20,000,000 and Wells Fargo in the amount of \$30,000,000. Ms. Meek identified the current annual costs to maintain the lines of credit.

Ms. Meek explained the credit line limit impact on liquidity calculations between Moody's and Fitch Ratings on both the current total credit limit of \$50,000,000 versus a proposed total credit limit of \$40,000,000. She noted that CMEEC requested terms from both incumbents, Bank of America, and Wells Fargo, as well as from a new institution

National Cooperative Services Corporation (NCSC), which she stated is a privately funded member owned cooperative that primarily services other cooperatives in the energy industry. She provided a side-by-side credit ratings comparison of each of the three institutions highlighting that Bank of America currently holds the higher overall ratings of the three institutions.

Ms. Meek briefly discussed the terms offered by the three institutions stating that information in the slide deck before the Committee today has been redacted as it is confidential and that the slide deck the Committee received in advance of this meeting contained this information. She next highlighted a summary of proposed options highlighting three year and one year savings compared to the status quo, calculated for each of the three proposed institutions and discussed considerations regarding each.

Ms. Meek stated that CMEEC is recommending a reduction of the credit limit to the proposed amount of \$40,000,000 and that it be administered by Bank of America. Mr. Meisinger explained that if the Committee accepts CMEEC staff recommendations to move to Bank of America, savings realized would be approximately \$144,000 per year with the same value from a credit rating perspective and with no anticipated loss in functional or operational value.

After lengthy discussion Chair LaRose entertained a motion to make a recommendation to the Board that it authorize entering into a three-year Line of Credit with Bank of America in the amount of \$40,000,000.

Ms. Kipnis explained that a resolution will be drafted for consideration by the Board.

A motion was made by Committee Member Staley, seconded by Committee Member Oefinger to recommend to the Board that it authorize the renewal of the CMEEC Line of Credit with Bank of America in the amount of \$40,000,000.

Motion passed unanimously.

E Use of RRIF for Community Solar Gardens

Ms. Meek walked the Committee through the presentation provided in advance of today's meeting regarding use of Renewable Resource Investment Fund ("RRIF") monies for the Community Solar Gardens. She provided background on the RRIF by stating the fund was created in 2008 by Board resolution to accumulate capacity credits received from ISO-NE associated with verified demand-side conservation measures implemented by the municipal systems. She added that initially, the funds were accumulated by CMEEC in an unallocated Conservation and Load Management ("C&LM") account.

She further explained that, by a Board resolution in August 2010, money accumulated in the C&LM account, and future capacity credits from ISO-NE, were to be allocated to the municipal systems in proportion to their annual energy requirements. Of those monies, \$250,000 was allocated to a Preliminary Survey and Investigation account for the Smart Grid project. She added that the August 2010 resolution also designated other uses of the

funds including incenting installation of renewal technologies at customer sites, among others. Any other use required approval of the Board.

Ms. Meek explained that a Board resolution in 2017 clarified the establishment of an entitlement allocation for the Community Solar Gardens allowing for RRIF monies to be utilized to offset the Tesla purchase power agreement (“PPA”) rate by up to \$45/MWh and that CMEEC has charged Member RRIF accounts at the full \$45/MWh rate in accordance with this resolution since commercial operation of the solar gardens. Ms. Meek stated that the RRIF balances have been depleting rapidly since lower capacity rates have in turn reduced the credits received to replenish the funds. She identified one Member having depleted their funds already and that based on current forecasts, another Member is projected to deplete their funds by July 2021. She added that three other Members are projected to deplete their funds in 2022.

Ms. Meek provided background on the Tesla matter stating that CMEEC has declared them in default of the PPAs and that staff continues to work toward resolution which may include new PPA pricing. She stated however that until resolution is reached, CMEEC will continue to account for the cost of the solar power at the current PPA rates. Discussion followed.

Ms. Meek provided several options for the Committee to consider in going forward, including to discontinue offsetting the PPA rate, reduce the RRIF PPA offset, or use other Member funds to continue the PPA offset. Ms. Meek provided a table identifying the forecasted impact on RRIF average dollars per month under various scenarios.

Ms. Meek stated that staff are looking for guidance on budget implication and next steps.

After lengthy discussion, the Committee agreed that CMEEC staff would meet with all of the General Managers of the six Member utilities to come to a consensus on use of RRIF monies for the Community Solar Gardens, and then meet with each individual member to determine whether they want to use other available funds to offset the costs of the Community Solar Gardens. Mr. Meisinger stated that this Committee can inform the Board during its report at this week’s Board meeting and let the General Managers know that we will be scheduling a meeting in the near future.

F Adjourn

Chair LaRose entertained a motion to adjourn.

A motion was made by Committee Member Kevin Barber, seconded by Committee Member Scott Barber to adjourn the meeting.

Motion passed unanimously.

The meeting was adjourned at 11:24 a.m.