

MINUTES OF THE
REGULAR 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

September 16, 2022

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” dba Transco) was held via Zoom and telephonically on Friday, September 16, 2022 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:

Groton Utilities: Ronald Gaudet
Groton Municipal Representative: Mark Oefinger
Norwich Public Utilities: Christopher LaRose, Robert Staley
Norwich Municipal Representative: David Eggleston
South Norwalk Electric & Water: Scott Murphy, David Westmoreland
Third Taxing District, East Norwalk: Kevin Barber

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

Jewett City Department of Public Utilities: Louis Demicco
Jewett City Municipal Representative: George Kennedy
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 Director of Finance & Accounting
Joanne Menard, CMEEC Controller
Michael Rall, CMEEC Director of Asset Management
Candice DaVita, CMEEC Financial Analyst
Margaret Job, CMEEC Paralegal and Compliance Specialist

The following CMEEC Staff participated telephonically or via Zoom:

Leslie Williams, CMEEC Principal Accountant

Others participated 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 today's 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 names before speaking for clarity of the record.

Specific Agenda Items

A Public Comment Period

No public comment was made.

B Roll Call

Ms. Job conducted roll call. Committee Chair LaRose confirmed a quorum was present.

C Approve Minutes of the July 25, 2022 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 July 25, 2022 Regular Meeting of the Joint Budget & Finance Committee.

Motion passed unanimously.

D Bank of America Line of Credit – Replacement of Libor

Ms. Meek explained that the London Interbank Offered Rate (LIBOR) is scheduled to sunset in June of 2023. She further explained that Bank of America, with whom CMEEC has a Line of Credit, is transitioning away from the use of LIBOR by December 31, 2022. CMEEC's current line of credit with Bank of America uses LIBOR in calculating interest. In anticipation of the sunset of LIBOR, Bank of America has offered two replacements, Secured Overnight Financing Rate (SOFR) and Bloomberg Short-Term Bank Yield Index (BSBY).

Ms. Meek then reviewed a slide-deck presenting an overview of the two replacements being offered .

At this time, Chair LaRose entertained a motion to accept d the recommendation of CMEEC staff to replace LIBOR with BSBY

A motion was made by Committee Member Kevin Barber, seconded by Committee Member Oefinger to approve the CMEEC Staff a recommendation to the to replace LIBOR with BSBY for the Bank of America Line of Credit.

Motion passed unanimously.

E Review Proposed 2023 Transco Budget

Ms. Meek walked the Committee through the proposed Transco Budget and 5 Year Forecast (2023 – 2027). She provided a refresher overview of Transco by reviewing Project #1, MEU Transmission and CMEEC Transmission and how each are treated in the budget. She then discussed highlights of the Transco Proposed 2023 Budget. Ms. Meek provided further details of Project #1 as well as MEU Transmission and CMEEC Transmission budgets followed by review of the details of the proposed Five-Year Forecast.

Ms. Meek explained that as next steps, changes resulting from today’s meeting, if any, will be incorporated into the final budget package. She then stated that Transco budget will be voted on at the October Board meeting. Ms. Meek reminded the Committee that pursuant to the General Transmission Service Agreement, the Transco budget is required to be approved by the Transco Board in advance of its consolidation into the CMEEC budget. The CMEEC budget will be the subject of future meetings of this Committee and will be considered for approval at the Joint Board meeting on November 17, 2022.

Following discussion, Ms. Meek walked the Committee through the key Transco budget assumptions and the PTO-AC Rates Working Group Five-Year Forecast.

F Review Proposed 2023 CMEEC Capital Budget

Ms. Meek explained that the 2023 Proposed CMEEC Capital Budget presentation included three capital projects. She provided information related to the necessity and purpose of the proposed capital projects Ms. Meek explained that the project for the general ledger software upgrade presented today is being removed and the Proposed Capital Budget will be adjusted to reflect this for the next meeting of this Committee She emphasized that the project associated with Norwich’s Waste Water Treatment Plant would be brought to the Joint Risk Management Committee and the Board before implementing.

Ms. Meek then walked the Committee through the 2024-2027 Capital Forecast identifying future proposed projects along with cost and timing for each.

Ms. Meek discussed the status of 2022 capital projects. Per the request made by the Municipal Electric Consumer Advocate at the July 25, 2022 meeting of this Committee, she provided an analysis of an electric truck option for the Microgen fleet including costs and drawbacks and stated that staff recommends the purchase of a gas-powered truck as opposed to an electric powered truck at this time.

Lengthy discussion followed.

G Review Proposed 2023 CMEEC Budget for Salary and Benefits

Ms. Meek walked the Committee through the Proposed 2023 CMEEC Salary & Benefits budget stating that salary expenses are higher than the 2022 budget adding that salary adjustments continue to be made in accordance with the 2021 Compensation Study. She highlighted new entry level positions filled in 2022 and that another entry level position is proposed for 2023. Ms. Meek explained that the budgeted Communications position was not filled in 2022 therefore that FTE was re-budgeted.

Ms. Meek noted that an overall estimated 6% wage escalator was applied to staff salaries (excluding CEO salary) to create a budget for potential wage increases and adjustments to align with the Compensation Study.

Ms. Meek explained that employee benefit budget is 3% lower than the 2022 budget noting that health insurance is based on headcount mix of family/individual coverage and assumes a 25% premium increase over the current rate. She noted that monthly payments for former key employee severance has ended. Ms. Meek stated that a new category for Executive Benefit Restoration has been created as well as a new category for Longevity Awards, which was formerly budgeted under Office Expense.

Upon inquiry, the Committee agreed that they would like to continue to see the CMEEC salaries by position in the budget planning materials going forward.

H New Business

Ms. Meek reminded the Committee that on October 6, 2022 the MicroGen portion of the 2013 Bonds will be refunded which will allow for the outstanding Pierce debt calculation to be finalized.

I Adjourn

A motion was made by Committee Member Barber, seconded by Committee Member Ronald Gaudet to adjourn.

Motion passed unanimously.

The meeting was adjourned at 11:30 a.m.