

REGULAR MEETING OF THE
BOARD OF DIRECTORS OF

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE

January 26, 2017

MINUTES

The Regular January meeting of the Board of Directors of the Connecticut Municipal Electric Energy Cooperative (“CMEEC”) was held on Thursday, January 26, 2017. The meeting was originally noticed to be held at the offices of Norwich Public Utilities, 16 South Golden Street, Norwich, CT, but was adjourned at that location and relocated to the offices of CMEEC, 30 Stott Avenue, Norwich, CT. The meeting was legally noticed in compliance with the Connecticut State law and all proceedings and actions hereafter recorded occurred during the publicly open portions of the meeting.

Chairman Kenneth Sullivan called the meeting to order at 10:05 a.m. and determined a quorum was present.

The following Member Representatives/Directors participated:

Bozrah Light and Power Company – David Collard, Richard Tanger
Jewett City – Louis Demicco, Kenneth Sullivan, Richard Throwe
Groton – Edward DeMuzzio, Ronald Gaudet
Norwich – John Bilda, Robert Groner
East Norwalk – David Brown, James Smith
South Norwalk – Kevin Barber, Paul Yatcko (via phone)

The following individuals from CMEEC management participated:

Drew Rankin, CMEEC, Chief Executive Officer
Robin Kipnis, CMEEC, General Counsel
Scott Whittier, CMEEC, Director of Enabling Services
Dylan Phillips, CMEEC, Risk Analyst
Michael Rall, CMEEC, Director, Asset Management
Gabe Stern, CMEEC, Director, Technical Services
Justin Connell, CMEEC, Director, Portfolio Management
Bella Chernovitsky, CMEEC, Director, Business Intelligence
Michael Lane, CMEEC, Controller
Brad Svalberg, CMEEC, Consultant
Courtney Merritt, CMEEC, Customer Fulfillment Manager
Margaret Job, CMEEC, Administrative Staff

The following individuals were also in attendance:

Thomas Ritter, Esquire, Brown Rudnick, LLP

Timothy Shea, Esquire, Brown Rudnick, LLP

Paul Alfonso, Esquire, Brown Rudnick, LLP

Brian Forshaw, Consultant, Energy Market Advisors, LLC

Tony Sheridan, President & CEO, Eastern Connecticut Chamber of Commerce

Ryan Blessing, Reporter, The Norwich Bulletin

Claire Besette, Reporter, The New London Day

Chairman Sullivan recognized the public present at the meeting asking for their cooperation and courtesy during the meeting. He opened the floor for public comment.

There being no further comment, Chairman Kenneth Sullivan called the meeting to order at 10:05 a.m.

Standard Action Item

(A) Approve Minutes of the CMEEC Regular December 15, 2016 Board of Directors Meeting

A motion was made by Director Brown, seconded by Director Gaudet, to approve the Minutes of the Regular December 15, 2016 Board of Directors Meeting.

Vote passed unanimously.

(17-01-01)

Specific Action Items

(B) Objective Summary / 2016 Review

Mr. Rankin provided an overview of the exceptions to the summary dashboard report provided to the Board in advance of the meeting, reviewing the line items that reflected a deviation from established target value for the performance projected 2016 year end. He reported that the Regional Competitiveness Deviation to Benchmark projected 2016 year-end target value was 30% and that at 2016 year end that target had been met. The Financial Stability metric ended strongly for the month of December and year end. He explained that the Net Non-Fuel Operating Expense was a little over budget as a result of the costs associated with the Wallingford Arbitration. The projected year end Net Non-Fuel Operating Expense also reflects excess equity available to member delegates after the audit. Mr. Rankin added that this projection would not be valid until the official audit has been completed.

Mr. Rankin noted that the MicroGen project ended strongly at December month end and noted a positive variance for the year. After a brief discussion of the Pierce project and at Director DeMuzzio's request, Mr. Rankin agreed that a separate meeting would be scheduled to discuss the Pierce project pro forma.

Mr. Rankin highlighted the fact that the Hydro-Quebec project ended strongly. He also noted that the CMEEC margin for the month reflected a correction to account for current under collection from HCOG and that the year-end margin projection was lower than target due to lower than projected loads. The CMEEC equity projection is higher than target and the total portfolio of assets projection resulted in higher than target value.

Mr. Rankin briefly discussed the graph on page 10 of the Board packet which provides a snap shot of the Regional Competitiveness TMR reconciliation for the month of December. He also briefly discussed the graph on page 11 which further breaks down the TMR view Regional Competitiveness Deviation Contribution. Mr. Rankin continued to discuss the graphs on pages 12 through 14.

Mr. Rankin briefly highlighted some of CMEEC's 2016 achievements and advancements outlined on page 13 of the Board packet. He explained that CMEEC has had continuous successful succession planning and noted that existing staff have transitioned into new role changes and that eight new staff have been integrated throughout the various departments. He explained that each staff have a detailed employee development plan in place which works to enhance staff and encourage development and advancement within CMEEC. Discussion followed regarding retaining and developing staff, including explanation of the monthly PIF and implementation of catalytic coaching. He noted that a disaster recovery plan has been instituted so that CMEEC has 100% capability to maintain operations from remote locations throughout Connecticut. He continued to briefly discuss the many achievements and business improvements that CMEEC has attained over the year 2016.

(C) Brown Rudnick Legislative Overview of CT / MA

Brown Rudnick attorneys Thomas Ritter, Timothy Shea and Paul Alfonso presented their legislative overview of Connecticut and Massachusetts. They discussed proposed legislation that is before the Legislatures of Connecticut and Massachusetts. Mr. Alfonso provided a brief background and history of the Massachusetts Executive Branch, the stakeholders in the legislative leadership and discussed relevant legislation. He discussed the current vacancies at FERC, noting that Cheryl LeFleur was named interim chair and noted that was positive because she is familiar with CMEEC. Mr. Alfonso discussed significant regulatory activity on the horizon: Governor Cuomo's announcement that Indian Point would be closing and what impact that would have on the region if that should happen; Global Warming Solutions Act, Massachusetts Clean Energy Standard and Solar.

He discussed regional procurement and noted that private and public stakeholders will likely bid on an RFP. Out of state players, particularly from the mid-West, have been looking at the New England market.

An overview and discussion followed by Mr. Ritter regarding the 2017 Connecticut General Assembly Legislative Session Overview. He provided a brief overview of the Connecticut political landscape. He noted that several new bills have been proposed to go before the legislature. Of significance are the proposed bills affecting CMEEC. Mr. Shea discussed the new bills affecting CMEEC: two calling for more transparency, specifically more relevant notifications on municipal and CMEEC's websites; the repeal of Chapter 101a which created CMEEC; a bill to create joint purchasing agencies; and a bill to remove requirements regarding municipal electric utilities and rate design studies.

Discussing followed with respect to educating members and state representatives and the legislature on the positive impact CMEEC has on member municipal rate payers. Mr. Shea stressed the importance of educating so that CMEEC is able to continue to do the good work they do for its members and its members' rate payers.

Mr. Sheridan, President & CEO, Eastern Connecticut Chamber of Commerce, offered his support in educating the council of governments and work cooperatively to educate the public and municipalities of the value CMEEC provides to its members.

(D) Energy Market Advisors ISO-NE Overview of Major Topics

Mr. Brian Forshaw, Consultant with Energy Market Advisors, LLC, provided an overview and handout of electric market issues including regional and national developments. Mr. Forshaw discussed some of the conflicts between State policies and wholesale electric markets and provided a brief overview of FERC, Congress and the Trump Administration and how energy matters might be different under the new administration.

(E) Clarifying Resolutions and Exhibit I Approval on Solar Gardens & Storage

Mr. Rankin reviewed the necessity of clarifying resolutions for the Community Solar Garden project and the Energy Storage project. Mr. Rankin began by explaining that the resolutions for Solar Garden and the Energy Storage projects were approved in 2014 and 2015 (prior to Bozrah Light and Power (BLP) becoming a member). He stated that the resolutions included potentially confusing language related to their having been approved based on Entitlement Allocation but referenced that the Entitlement Allocation would be determined by each Member's residual load Adjusted Net Interchange (ANI). The lack of clarity in the resolutions was discovered when BLP signed its Replacement Power Supply Contract and their Member Agreement. Mr. Rankin stressed that the purpose of the two resolutions was simply to clarify the language and not introducing an Additional Power Project as these Projects had already been approved. Mr. Collard inquired about the extra section four in the Solar Garden resolution. Mr. Rankin explained that the language in section four of the Solar Garden resolution had already been codified in the original Energy Storage resolution but not in the original Solar Garden resolution even though the intent was that it should have been.

Discussion ensued with Mr. Rankin noting that these resolutions are not time sensitive and that a special meeting could be convened to discuss them further. It was suggested that the resolution for the Solar Garden be tabled to a later date.

Committee Chairman Smith indicated he would entertain a motion to table the Resolution Clarifying the Establishment of an Entitlement Allocation for the Community Solar Gardens (Solar Garden Resolution) to a later date.

A motion was made by Director DeMuzzio, seconded by Director Collard, to table the Solar Garden Resolution.

Vote passed unanimously.

(17-01-02)

Brief discussion followed regarding the clarification of the Energy Storage resolution.

A motion was made by Director Bilda and seconded by Director Smith to approve the Resolution Clarifying the Establishment of an Entitlement Allocation for the Storage Project.

Director DeMuzzio abstained.

Vote passed.

(17-01-03)

(F) Energy Market Analysis

Mr. Connell provided an overview of the December 2016 Energy Costs Analysis. He noted that the energy costs were below budget by \$3.89/MWh. Actual demand was 6,721 MWh lower, and unit contingent resources were 562 MWh lower than the budget. He noted Henry Hub gas price was higher than budget and that transportation cost was lower than budget resulting in Day Ahead LMP lower than budget.

He added that the December 2016 budget rate 9 energy cost was \$50.61/MWh; the December 2016 projected rate 9 energy cost was \$46.72/MWh and the December 2016 Average LMP (CMEEC Load) was \$55.66/MWh. He noted that by hedging CMEEC avoided nearly \$800,000 of incremental expenses.

Mr. Connell provided a brief overview of the Budget to Actual Power Sources December 2016 graphic. Director DeMuzzio asked for clarification on budget. Mr. Connell briefly explained the budget practices. Mr. Rankin added that CMEEC's official load forecast should be used for applying the hedge strategy and that this will be added in the monthly forecast.

(G) Resolution Authorizing Letter Amendment No. 1 to the Amended and Restated Credit Agreement and Related Documents

Mr. Rankin explained the reason for the resolution was to extend the Letter of Credit (LoC) with Wells Fargo. The extension of the LoC would result in an increase to the carrying costs from .30 points to .35 points. The resolution would provide Mr. Pryor the authority to take necessary actions to implement the extension to the LoC. Director Brown asked for clarification of the LoC and the carrying costs. Mr. Rankin explained that the existing LoC will not change in value however the carrying costs will increase.

Director Smith inquired if this related to Rate 10 loads. Mr. Rankin clarified that it is in relation to the Rate 9 loads liquidity vehicle for Rate 9 customers.

Motion was made by Director Demicco, seconded by Director Collard to approve the Resolution Authorizing Letter Amendment No. 1 to the Amended and Restated Credit Agreement and Related Documents.

Vote passed unanimously.

(17-01-04)

Chairman Sullivan indicated he would entertain a motion to move the meeting into executive session to discuss the Wallingford Arbitration.

A motion was made by Director Brown, seconded by Director Gaudet, to enter into executive session.

Vote passed unanimously. (17-01-05)

The basis for going into executive session was Conn. Gen. Stat. Secs. 1-200(6)(B) and 1-200(6)(E). Present during the discussion were the Board members, Mr. Rankin and Ms. Kipnis. The meeting went into executive session at 12:30 p.m.

The meeting came out of executive session at 1:30 p.m.

There being no further business, Chairman Sullivan indicated he would entertain a motion to adjourn the meeting.

A motion was made by Director Throwe, seconded by Director Smith, to adjourn the meeting.

Vote passed unanimously. (17-01-06)

There being no further business to come before this Board, the meeting was adjourned at 1:30 p.m.

Connecticut Municipal Electric Energy Cooperative

Board of Directors Meeting

Resolution 17-01-03

RESOLUTION CLARIFYING THE ESTABLISHMENT OF AN ENTITLEMENT ALLOCATION FOR THE STORAGE PROJECT

WHEREAS, the CMEEC Members have individually entered into a Replacement Power Supply Contract (the RPSC”);

WHEREAS, Section 5.1 of the RPSC requires that Exhibit I of the RPSC will be updated to include the Entitlement Allocation (“EA”) applicable to each Additional Power Project approved by the BOD;

WHEREAS, since each member has executed the RPSC, the BOD has approved Additional Power Projects resulting in a need to update Exhibit I in the manner required by the RPSC;

WHEREAS, Bozrah Light and Power, Inc. executed the RPSC effective January 1, 2016 whereby Exhibit I was updated as part of the RPSC to include the EA for the Storage Project, but in reviewing Exhibit I to the Bozrah Light and Power RPSC, it was discovered that the Exhibit I description of the Storage Project EA varied slightly from the BOD Resolution establishing the Storage Project as an Additional Power Project, leading to potential confusion;

WHEREAS, in order to clarify the intent of BOD Resolution 15-03-04 with respect to EA and to remove any realized or unrealized confusion, the BOD desires to restate the Project Participants EA for the Storage Project as an Additional Power Project in the manner specified in this Resolution.

NOW THEREFORE, be it resolved that the BOD does hereby vote and approve the following resolution;

Section 1. The foregoing recitals are true and correct.

Section 2. Pursuant to Resolution 14-40, the BOD offered participation in the Storage Project to the CMEEC Members in conformity with the provisions of the CMEEC Membership Agreement (“MA”) and, in conformity with those procedures, the CMEEC Members elected to acquire Entitlement Allocations (“EAs”) in the Power Project comprising 100% of the EAs in the Power Project.

Section 3. The EAs among the Project Participants are to be established in the same proportion as the monthly electric loads of such Project Participants designated as adjusted net interchange loads (“ANI”) calculated by CMEEC as a billing determinant under and in conformity with Rate 9 under the RPSC.

Section 4. Except as clarified above, Resolution 15-03-04 is hereby ratified and confirmed.

January 26, 2017

Handwritten signature of Edward DeMuzzio in cursive script.

Edward DeMuzzio

Secretary

**RESOLUTION AUTHORIZING LETTER AMENDMENT No. 1 TO THE AMENDED
AND RESTATED CREDIT AGREEMENT
AND RELATED DOCUMENTS**

Board of Directors Meeting

Resolution 17-01-04

WHEREAS, Connecticut Municipal Electric Energy Cooperative (“CMEEC”) has determined to enter into Letter Amendment No. 1 to the Amended and Restated Credit Agreement (the “Credit Agreement Amendment”) with Wells Fargo Bank, N.A., (the “Bank”) and issue an Amendment to the Amended and Restated Revolving Line of Credit Note (the “Note Amendment”, and together with the Credit Agreement Amendment, the “Credit Agreement Documents”);

WHEREAS, the Credit Agreement Documents constitute Subordinated Debt under CMEEC’s Amended and Restated Power Supply System Revenue Bond Resolution, adopted on March 28, 2013 (the “Bond Resolution”); and

WHEREAS, the form of the Credit Agreement Documents have been presented to this meeting.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of CMEEC as follows:

Section 1. Definitions. All terms which are defined in Section 101 of the Bond Resolution shall have the same meanings, respectively, in this Resolution as such terms are given in said Section 101 of the Bond Resolution.

Section 2. Authorization. Each of the Credit Agreement Documents is hereby authorized and approved in substantially the form submitted to this meeting, subject to and with such changes therein as shall be approved by the Chairman, Vice Chairman, the Executive Director or the Chief Financial Officer, such authorization and approval to be evidenced conclusively by the execution of the Credit Agreement Documents. The Chairman, the Vice Chairman the Executive Director or the Chief Financial Officer, be, and each of them hereby is, authorized on behalf of CMEEC to execute and deliver the Credit Agreement Documents. All officers of CMEEC including said officers, are each hereby authorized and directed to carry out or cause to be carried out the obligations of CMEEC under the Credit Agreement Documents. Robin Kipnis and Edward J. Pryor are each hereby appointed an Assistant Secretary for the purpose of executing the various documents to be delivered in connection with the execution and delivery of the Credit Agreement Documents.

Section 3. Determination. The Credit Agreement Documents are determined to be a Subordinated Debt for the purposes of the Bond Resolution.

Section 4. Effective Date. The provisions of this resolution shall take effect immediately.

January 26, 2017



Edward DeMuzzio

Secretary