

REGULAR MEETING OF THE
BOARD OF DIRECTORS OF

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE

March 23, 2017

MINUTES

The Regular March meeting of the Board of Directors (“Board”) of the Connecticut Municipal Electric Energy Cooperative (“CMEEC”) was held on Thursday, March 23, 2017, at Groton Utilities, Operations Center, 1268 Poquonnock Road, Groton, 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 10:06 a.m. and determined a quorum was present.

The following Member Representatives/Directors participated:

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

The following individuals from CMEEC management participated:

Drew Rankin, CMEEC, Chief Executive Officer
Edward Pryor, CMEEC, Chief Financial Officer
Robin Kipnis, CMEEC, General Counsel
Scott Whittier, CMEEC, Director of Enabling Services
Michael Rall, CMEEC, Director, Asset Management
Gabe Stern, CMEEC, Director, Technical Services
Justin Connell, CMEEC, Director, Portfolio Management
Michael Lane, CMEEC, Controller
Ellen Kachmar, CMEEC, Office and Facility Manager
Courtney Merritt, CMEEC, Customer Fulfillment Manager
Margaret Job, CMEEC, Administrative Staff

The following invited guests were in attendance:

Robert Santos, President & CEO, Connecticut Economic Resource Center (“CERC”)

Courtney Hendricson, Vice President Municipal Services, CERC

Alissa DeJonge, Vice President Research, CERC

John O’Toole, Community Relations and Economic Development Lead, Eversource and
Chairman of the Board of CERC

Ms. Job recorded

Chairman Sullivan opened the floor for public comment. No comments were made.

Chairman Sullivan called the meeting to order at 10:06 a.m.

Standard Action Item

(A) Approve Minutes of the CMEEC Regular January 26, 2017 Board of Directors Meeting

A motion was made by Director Yatcko, seconded by Director Sinko, to approve the Minutes of the Regular January 26, 2017 Board of Directors Meeting.

Vote passed unanimously.

(17-03-01)

Specific Action Items

(B) February 2017 Objective Summary 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 month, year to date. He noted that in the February Regional Competitiveness, both the TMR views and the Rate 9 views resulted in a poor month due primarily to lower than budgeted asset performance and power cost only performance coming in over budget, which was due to significantly lower loads and lower LMPs. He stated that the year to date TMR view ended strongly with improved projected year end.

He added that a negative variance was also realized in Customer Fulfillment for both the TMR view and Rate 9 Customer view, due primarily to the Rate 9 power cost only realizing a 3% negative variance, caused by significantly lower loads and lower LMPs.

With respect to Financial Stability metric, Mr. Rankin stated that Risk Management Compliance on the Energy Risk Management Policies are in compliance. There remains work to sure up non-energy related elements as Enterprise Wide Risk Management continues to be deployed. He noted that the portfolio is over-performing year to date resulting in solid financials. He further stated that the equity to debt ratio for the month was targeted at a 20% target but ended with an actual value of 28%. 2017 year-end has a projection of 32%. He noted that a future Member Delegation meeting will be called to consider the Excess Equity. Days Cash on Hand continues to be strong and will be continue to be actively managed to maintain a strong position. He noted that Net Non-Fuel Operating Expense ended even for the month, but was over year to date versus target due to other outside expenses contemplated but not budgeted.

Mr. Rankin briefly discussed the performance of the assets under the Maximize Asset Value metric.

(C) Guest Presentation of CERC Awareness/Interest

Mr. Rankin introduced Robert Santy, President & CEO of Connecticut Economic Resource Center (“CERC”) who provided an overview of CERC, its mission and the benefits of partnering with them in terms of building business in Connecticut.

Mr. Santy introduced members of his team who provided brief overviews of each of the services their respective departments perform on behalf of clients. Mr. Santy introduced Ms. Courtney Hendricson, CERC Vice President Municipal Services. Ms. Hendricson provided an overview of business recruitment activities of CERC, focusing on economic development and her role in the provision of that support to clients. She provided a brief overview of the services CERC provides to clients including complementary 1:1 training related to economic development and building business in Connecticut.

After a providing a brief financial overview of CERC, Mr. Santy introduced Ms. Alyssa DeJonge, CERC Vice President Research. Ms. DeJonge provided a brief overview of the research services CERC provides to its clients. She added that CERC houses information for all towns, including economic and fiscal information. She noted CERC maintains an interactive online site which is used to conduct feasibility studies.

Mr. Santy concluded the presentation by providing an overview of CERC’s business services. CERC’s strategic plan is to market Connecticut as a business location. He added however that due to the State’s current fiscal outlook, business are reluctant to spend resources on making Connecticut business location. CERC works with businesses to find ways to grow in Connecticut.

(D) “ISO Peak Energy Rent” Pierce Impact Review

Mr. Rall provided an overview of the ISO Peak Energy Rent (“PER”) and its effect on Pierce performance. He briefly discussed the reason for the PER review stating that during Pierce forecasting, Asset Management identified Pierce revenues had been reduced. A deeper look revealed greater impact of PER adjustment than originally anticipated. He added that although PER adjustment historically had minimal impact on Forward Capacity Market revenues, significant events in August 2016 changed that trend.

(E) CMEEC Audit Review / Approval (Vote)

Mr. Pryor provided an overview of the 2016 Audit Report. He noted that the auditors issued an unqualified opinion with respect to the 2016 financials. He explained the draft audit packet that was included with the Board materials was due to final attorney opinion letters not being completed in time. He confirmed that the final packet provided to those present at today’s meeting does not contain any change from the draft packet included with the Board materials. Mr. Pryor highlighted portions of the audit packet.

Chairman Sullivan indicated he would entertain a motion to approve the 2016 Audit Report as provided to the Board.

A motion was made by Director Collard, seconded by Director Smith to approve the 2016 Audit Report.

Vote passed unanimously. (17-03-02)

(F) SUBASE Fuel Cell Project (Vote)

Mr. Rankin provided background and history of the project. The Board concluded that it would move to vote on the resolution to participate in the SUBASE Fuel Cell Project; however, the draft resolution language related to entitlement allocation would be amended to reflect different ownership interest base than originally contemplated, as well as Exhibit I.

Chairman Sullivan indicated he would entertain a motion to approve the resolution providing for CMEEC's participation in the SUBASE Fuel Cell Project with the understanding that the resolution would be amended to reflect the change in ownership interest.

Motion by Director Yatcko, seconded by Director DeMuzzio to approve the resolution for CMEEC's participation in the SUBASE Fuel Cell Project with amendments.

Vote passed unanimously. (17-03-03)

(G) NYPA St. Lawrence Project Agreement Authorization (Vote)

Mr. Whittier provided an overview of the NYPA St. Lawrence Project. He provided a brief background of the project. He explained that NYPA owns and operates the St. Lawrence-FDR Project, however a recent FERC License requires 34.5 MWs of the project output be sold to six neighboring states, Connecticut being one of them. CMEEC has been designated the Designated Bargaining Agent (BA) for the State of Connecticut. Under an agreement expiring April 30, 2017 (the “Agreement”), Connecticut is allocated approximately 3.1 MW of the project capacity. As BA, CMEEC is responsible for development and administration of the Agreement. A proposed new agreement is awaiting final approval from NYPA and signature by Governor Cuomo. Following signature by Governor Cuomo, CMEEC may sign the Agreement.

Chairman Sullivan indicated he would entertain a motion to approve the Resolution Authorizing the Chief Executive Officer to Finalize and Execute the “Agreement for the Sale of Saint Lawrence – FDR Project Power and Energy to CMEEC” for an on behalf of CMEEC as Designated Bargaining Agent.

Motion by Director Yatcko, seconded by Director Smith to approve the Resolution Authorizing the Chief Executive Officer to Finalize and Execute the “Agreement for the Sale of Saint Lawrence – FDR Project Power and Energy to CMEEC” for an on behalf of CMEEC as Designated Bargaining Agent.

Vote passed unanimously. (17-03-04)

(H) Clarifying Resolution for Community Solar Gardens (Vote)

Mr. Rankin provided overview of the clarifying resolutions discussed at the January 2017 Board meeting noting that the resolution clarifying the establishment of an entitlement allocation for the Community Solar Gardens was tabled for further discussion. He noted that the clarifying resolution brought before this meeting reflects all such discussions.

Chairman Sullivan indicated he would entertain motion to approve the clarifying resolution establishing the entitlement allocation for community solar gardens.

Motion by Director Collard, seconded by Director Demicco to approve the Resolution Clarifying the Establishment of an Entitlement Allocation for the Community Solar Gardens.

Vote passed unanimously. (17-03-05)

(I) February 2017 Energy Market Analysis

Mr. Connell provided an overview of the February 2017 Energy Costs Analysis. He noted that the energy costs were above budget by \$0.21/MWh. Actual demand was 8,201 MWh lower, and unit contingent resources were 880 MWh lower than the budget. He

noted Henry Hub gas price was lower than budget and that transportation cost was lower than budget resulting in Day Ahead LMP lower than budget.

He added that natural gas transportation costs were lower than expected and budgeted for the month.

Chairman Sullivan indicated he would entertain a motion to move the meeting into executive session to discuss the Arbitration Update and Governance Committee Ethics Consultant Evaluation and Proposal.

A motion was made by Director DeMuzzio, seconded by Director Tanger, to enter into executive session.

Vote passed unanimously. (17-03-06)

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, Mr. Pryor and Ms. Kipnis. The meeting went into executive session at 12:34 p.m.

The meeting came out of executive session at 1:48 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 Demicco, seconded by Director Collard, to adjourn the meeting.

Vote passed unanimously. (17-03-07)

There being no further business to come before this Board, the meeting was adjourned at 1:48 p.m.

Connecticut Municipal Electric Energy Cooperative (“CMEEEC”)

Resolution 17-03-02

Acceptance of the 2016 Audit Report

Whereas, the firm of Blum, Shapiro (the “Outside Accountants”) was previously engaged by CMEEEC to audit CMEEEC’s books and records for CMEEEC’s operations during calendar year 2016 and;

Whereas, the Outside Accountants have completed their annual audit of CMEEEC’s books and accounts for the calendar year 2016, and have submitted the written report of that audit to the CMEEEC Board of Directors (the “2016 Audit Report”), and;

Whereas, the CMEEEC and Transco Board of Director’s Joint Audit Committee has reviewed the results of the 2016 Audit and the 2016 Audit Report with the representatives of the Outside Accountants responsible for the conduct of the audit of CMEEEC’s books and accounts and with CMEEEC management, and;

Whereas, all comments and input of the Joint Audit Committee deemed appropriate by the Outside Accountants has been incorporated into the final report, and;

Whereas, the Audit Committee unanimously recommends to the full Board acceptance of the 2016 Audit Report as presented at this meeting.

Now Therefore Be it Resolved That:

The Board of Directors of CMEEEC does hereby accept the receipt and completion of the 2016 Audit Report.

March 23, 2017



Edward DeMuzzio
Secretary

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE

BOARD OF DIRECTORS

RESOLUTION 17-03-04

Resolution Authorizing the Chief Executive Officer to Finalize and Execute the “Agreement for the Sale of Saint Lawrence – FDR Project Power and Energy to CMEEC” for and on behalf of CMEEC as Designated Bargaining Agent

Whereas, the Connecticut Municipal Electric Energy Cooperative (CMEEC), acting in its capacity as the Designated Bargaining Agent for the State of Connecticut, entered into an agreement with the New York Power Authority (NYPA) for the purchase of Electric Products from the Saint Lawrence – FDR Project (the “Project”), which agreement expires April 30, 2017.

Whereas, the purchase of Electric Products from the Project was made by CMEEC for delivery to the “qualifying entities” as that is defined in the Agreement, which entities included Groton Utilities, Norwich Public Utilities, the Third Taxing District of the City of Norwalk, Jewett City Department of Public Utilities, Wallingford Electric Division and the Second Taxing District of the City of Norwalk (the “Participating Municipal Utilities” or “PMEU”s).

Whereas, the purchase of Electric Products from the Project was authorized as an Additional Power Project by way of Resolution 14-06, which also established the Entitlement Allocations (EA”s) of the PMEUs in Attachment B to that Resolution.

Whereas, CMEEC, in coordination with Bargaining Agents representing the states of Vermont, Rhode Island, New Jersey, Pennsylvania, and Ohio (together the “Neighboring State Entities” or “NSE”s) has been in negotiations with NYPA for a replacement Agreement to continue the purchase and delivery of Electric Products, commencing May 1, 2017 and with a termination date of April 30, 2032.

Whereas, CMEEC management has presented the Agreement, in the form reflecting agreement between NSE and NYPA staff, to the Board.

Whereas, said Agreement requires final authorization by the NYPA Board of Directors and the Governor of the State of New York, which authorization is anticipated to occur by April 30, 2017.

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE AS FOLLOWS:

Section 1. The Board does hereby approve the Agreement as presented to the Board and authorizes the Chief Executive Officer of CMEEC to execute and deliver the Agreement, as presented to the Board, with such changes as the CEO shall deem necessary and appropriate.

Section 2. The EAs of the PMEUs shall be finally determined at such time as CMEEC, as designated Bargaining Agent, makes a final determination as to the entities that qualify to receive the Electric Products under the Agreement, with consideration being made to whether the Mohegan Tribal Utility Authority, and Eversource Energy, and/or Avangrid qualify for purchase and delivery of the Electric Products under the Agreement. After such determination is made, the CEO is directed to present an amendment to Attachment B provided in connection with Resolution 14-06 setting forth the proposed EAs in the Project.

March 23, 2017



Edward DeMuzzio
Secretary

Connecticut Municipal Electric Energy Cooperative

Board of Directors Meeting

Resolution 17-03-05

RESOLUTION CLARIFYING THE ESTABLISHMENT OF AN ENTITLEMENT ALLOCATION FOR THE COMMUNITY SOLAR GARDENS

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 Community Solar Garden, but in reviewing Exhibit I to the Bozrah Light and Power RPSC, it was discovered that the Exhibit I description of the Community Solar Garden EA varied slightly from the BOD Resolution establishing the Community Solar Garden as an Additional Power Project, leading to potential confusion;

WHEREAS, in order to clarify the intent of BOD Resolution 14-40 with respect to EA and to remove any realized or unrealized confusion, the BOD desires to restate the Project Participants EA for the Community Solar Garden 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.

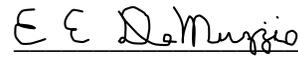
Section 2. Pursuant to Resolution 14-40, the BOD offered participation in the Community Solar Gardens to the CMEEC Members in conformity with the provisions of the CMEEC Membership Agreement (“MA”) and, in conformity with those procedures, the CMEEC Members elected to acquire Entitlement Allocations (“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. The Renewable Resource Investment Funds (“RRIF”) may be utilized to offset the solar power purchase agreement rate by up to \$45 / MWh

Section 5. Except as clarified above, Resolution 14-40 is hereby ratified and confirmed.
March 23, 2017

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Edward DeMuzzio

Secretary

March 23, 2017