

SUBJECT TO FINAL BOARD APPROVAL

REGULAR MEETING OF THE
BOARD OF DIRECTORS OF

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE

September 28, 2017

MINUTES

The August Regular meeting of the Board of Directors (“Board”) of the Connecticut Municipal Electric Energy Cooperative (“CMEEC”) was held on Thursday, September 28, 2017 at the offices of CMEEC, 30 Stott Avenue, Norwich, CT 06360.

The meeting was legally noticed in compliance with 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 10:01 a.m. and determined a quorum was present.

The following Member Representatives/Directors Participated:

Norwich – John Bilda
Jewett City – Louis Demicco; Kenneth Sullivan; Richard Throwe
Groton – Ronald Gaudet, Keith Hedrick
Bozrah Light and Power Company – David Collard; Richard Tanger; Ralph Winslow
South Norwalk – Kevin Barber
East Norwalk – David Brown

The following Individuals from CMEEC Management Participated:

Drew Rankin, CMEEC, Chief Executive Officer
Robin Kipnis, CMEEC, General Counsel
Edward Pryor, CMEEC, CFO
Michael Lane, CMEEC, Controller
Justin Connell, CMEEC, Director, Portfolio Management
Michael Rall, CMEEC, Director, Asset Management
Scott Whittier, CMEEC, Director, Enabling Services
Dylan Phillips, CMEEC, Risk Analyst
Ellen Kachmar, CMEEC, Manager, Office and Facilities
Margaret Job, CMEEC, Administrative II

The following invited consultant was in attendance:

Dr. Ashley Miles, Ashley Miles Consulting, LLC

The following member of the public was in attendance:

Mike Boucher, Groton Resident

Ms. Job Recorded

Chairman Sullivan opened the floor for public comment. There being no public comment, Chairman Sullivan called the meeting to order at 10:01 a.m.

Standard Action Item

(A) Approve Minutes of the CMEEC Regular August 24, 2017 Board of Directors Meeting

A motion was made by Director Bilda, Seconded by Director Barber, to approve the Minutes of the Regular August 24, 2017 Board of Directors Meeting.

Motion passed unanimously.

(17-09-01)

Specific Action Items

(B) August 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.

Mr. Rankin began by reporting that the Regional Competitiveness TMR View realized a very strong month ending at 32% positive variance with solid underlying Rate 9 Power Cost Only and is projected to end the year at 30%. The Rate 9 Customer View realized a solid month at 14% deviation to benchmark. He added that the Rate 9 Customer View has had a solid performance year to date and is projected for a strong year end.

Customer Fulfillment All-In Cost TMR View performed on target with a strong -4% performance year to date, which performance is also projected at year end. Customer Fulfillment Rate 9 view came in slightly over budget for the month at 2% deviation, with strong performance year to date. Mr. Rankin added that a strong performance is also projected for year-end despite lower than budget loads.

Mr. Rankin reported the month of August ended with a solid foundation in the Financial Stability metric. Risk Management Energy Policy remains in compliance. Mr. Rankin noted that Current Ratio continued to perform strongly in August, year to date and projected year end. He added

that the Budget and Finance Committee is currently working on a comprehensive five year financial plan with the committee, and will be engaging the balance of Board as the review progresses.

Equity to debt ratio for the month of August increased 30% and is projected to remain at that level through year end. Mr. Rankin pointed out that in November the potential Distribution Eligible Equity issuance may lower ratio, but it will remain well above minimum target.

Days cash on hand continues to solidly perform for the month at 148 days, and is projected to remain solid at the same level through the balance of the year.

Net Non Fuel Operating Expense continues with a 3% negative variance for the month of August. Mr. Rankin explained this is due mainly to contemplated, but unbudgeted, outside services expenses.

Mr. Rankin discussed asset performance for the month of August by noting that Pierce experienced a significant negative variance of 29% due to actual market rates being lower than budgeted. He noted that recovery is in process for the second half of 2017, but is projected to fall short of budget.

Market DG continues with positive variance in August, although still with a negative net benefit. Mr. Rankin noted that positive net benefit will be restored in 2018.

MicroGen ended strongly for the month of August at 7% positive variance, benefitting prior period performance. Mr. Rankin added that year to date has a negative variance at 7% with an on-target performance projected for year end.

Transmission Project #1 experienced another low network load month in August, which drove the negative variance, with on target performance year to date, and a slight negative variance of 2.7% projected for year end.

Hydro-Quebec realized an 8% negative variance resulting from capacity revenues underperforming in the month of August, year to date and continuing through projected year end.

CMEEC Margin realized a negative variance of 4% for the month of August. Mr. Rankin explained that this was due to lower than budgeted Lowell loads and MTGA load reduction underperformance. This was partially offset by some sources over performing. Mr. Rankin added that work will continue with the Risk Management Committee.

CMEEC Equity continued with a high positive variance with 50% over performance for the month of August. CMEEC investment performance also continued with a high positive variance with 57% over performance, aided by higher investment capital and higher than budgeted yields. Mr. Rankin added that this performance is projected to continue through year end.

(C) August 2017 Energy Market Analysis

Mr. Connell provided a brief overview of the August 2017 Energy Market Analysis by stating that energy costs were above budget by \$1.41 per MWh (or 3.52%). Actual demand was 3,118 MWh lower, and Unit Contingent resources were 1,625 MWh higher than budget. He noted that Henry Hub gas price was \$0.17 lower than budget and transportation cost was \$0.43 lower than budget, resulting in day ahead LMP being lower than budget. Algonquin transportation price varied between \$2.10 and \$3.38 per MMBTU and Henry Hub price varied between \$2.75 and \$3.01 per MMBTU.

Mr. Connell explained that average daily LMPs (4000) ranged from a low of \$15.59 per MWh to a high of \$38.52 per MWh.

He added that the August 2017 budget Rate 9 energy cost was \$40.17 per MWh and the August 2017 projected Rate 9 energy cost was \$41.58 per MWh. He pointed out that had no hedges been in place, the August 2017 Average LMP (CMEEC Load) would have been \$27.22 per MWh.

(D) Budget Process / 5 Year Financial Plan Process Update

Mr. Pryor provided a brief overview of the CMEEC/Transco Budget Process Update. A handout was issued to the Members of the Board. He outlined the meetings scheduled for discussion and review of the budgets. He provided a high level overview of the status of the CMEEC/Transco five-year financial plan update and highlighted stability metrics and business performance targets.

(E) Project Thor IRS Declaration of Intent - Resolution

Mr. Rankin provided a brief overview discussing the need for approving the resolution. He provided background on Project Thor and included a status report on the potential project. He explained that the need for the resolution was to insure that expenses that have been authorized by the Board for investigating the feasibility of Project Thor can be capitalized and recovered as part of the bond issuance, should there be one in the case of Project Thor.

He further explained that although CMEEC Board has not voted to formally approve Project Thor, in the event that the Board does approve the project, CMEEC will most likely be required to issue bonds to finance its share of the project.

A motion was made by Director Winslow, Seconded by Director Tanger, to approve the motion for Project Thor IRS Declaration of Intent.

Motion passed unanimously.

(17-09-02)

(F) Customer Request Temporary Contract Suspension - Resolution

Mr. Rankin explained that the Town of Tewksbury, Massachusetts requested a temporary suspension of its electric supply contract with CMEEC to maintain regional competitiveness in light of the investor owned utility (IOU) standard service pricing dynamics and the ability to socialize capacity

price increases. He further explained that market based circumstances surrounding the customer's request had changed which may eliminate the need for the suspension, but that even though circumstances have changed, CMEEC is uncertain of the customer's preference at this time, and it may be beneficial to provide the option to execute the suspension, or not, depending on the customer decision.

A motion to amend the Resolution to provide that the suspension must be entered into within fifteen (15) days was moved and passed unanimously.

Motion by Director Bilda, seconded by Director Collard to pass the resolution, as amended, authorizing suspension of the Tewksbury electric supply agreement.

Motion passed unanimously.

(17-09-03)

Chairman Sullivan indicated he would entertain a motion to move the meeting into Executive Session to conduct Board Health: Performance and Self-Evaluation and for discussion of legislative body appointments to the CMEEC Board of Directors.

A motion was made by Director Demicco, seconded by Director Winslow, to enter into Executive Session with direction to the Board to come back into Public Session upon completion of the discussion in Executive Session.

Motion passed unanimously.

The basis for going into Executive Session was Conn. Gen. Stat. Secs. 1-200(6)(A). Present during the discussion were the Board Members, Mr. Rankin, Ms. Kipnis, Mr. Pryor, Mr. Whittier and Dr. Miles. The meeting entered Executive Session at 11:01 a.m.

The meeting came out of executive session at 12:07 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 Bilda, seconded by Director Tanger, to adjourn the meeting.

Vote passed unanimously.

(17-09-04)

There being no further business to come before this Board, the meeting was adjourned at 12:07 p.m.

**CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
RESOLUTION 17-09-02**

RESOLUTION OF THE BOARD OF DIRECTORS OF THE CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE DECLARING ITS OFFICIAL INTENTION TO REIMBURSE CERTAIN EXPENDITURES FROM THE PROCEEDS OF A FINANCING, AS REQUIRED BY UNITED STATES DEPARTMENT OF TREASURY REGULATIONS SECTION 1.150-2

WHEREAS, the Connecticut Municipal Electric Energy Cooperative ("CMEEC") is contemplating the issuance of obligations (the "Bonds") to fund jointly with the Mohegan Tribe of Indians, the cost of acquisition and construction, of a not to exceed thirty-six megawatts (36 MW) combined heat and power plant to be located on Mohegan Trust Land ("Project Thor"); and

WHEREAS, certain "Project Thor" expenditures will occur prior to the date of issuance of the Bonds (the "Reimbursable Expenditures"); and

WHEREAS, section 1.150-2 of the Treasury Regulations (the "Treasury Regulations") promulgated under the Internal Revenue Code of 1986, as amended, requires that in order that an allocation of proceeds of the Bonds to a capital expenditure paid prior to the issuance of the Bonds be recognized by the Internal Revenue Service, CMEEC generally must no later than sixty (60) days following such payment have declared its reasonable official intent to reimburse for such payment out of proceeds of debt obligations; and

WHEREAS, CMEEC desires to facilitate the allocation of proceeds of the Bonds to the reimbursement for payment of the Reimbursable Expenditures for "Project Thor";

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

Section 1. The foregoing recitals are true and correct.

Section 2. This Resolution is adopted solely for purposes of establishing compliance with the requirements of section 1.150-2 of the Treasury Regulations. This Resolution does not obligate CMEEC to make any expenditure, issue the bonds, or proceed with Project Thor.

Section 3. CMEEC hereby declares its reasonable official intention to issue Bonds or incur other obligations in an amount that is not expected to exceed fifty million dollars (\$50,000,000) and to apply a portion of the proceeds thereof to the reimbursement for the prior payment of Reimbursable Expenditures. CMEEC recognizes that under section 1.150-2 of the Treasury Regulations, the allocation of proceeds of the Bonds to Reimbursable Expenditures (other than certain de minimis or preliminary expenditures described in section 1.150-2(f) of the Treasury Regulations) will be recognized only if (i) the Reimbursable Expenditures were paid not earlier than sixty (60) days prior to the adoption of this Resolution and (ii) the allocation of proceeds of the Bonds to such reimbursement is made not later than the later of (a) eighteen (18) months after the date of payment of the Reimbursable Expenditures or (b) eighteen (18) months after the date upon which Project Thor is placed in service or abandoned, but in no event more than three (3) years after the date of the original expenditure of such monies.

Section 4. This Resolution shall become effective immediately.

September 28, 2017



Louis Demicco
Secretary

**CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
RESOLUTION 17-09-03 (AS AMENDED)**

AUTHORIZING SUSPENSION OF THE TEWKSBURY ELECTRIC SUPPLY AGREEMENT

WHEREAS, pursuant to the authorization of the CMEEC Board of Directors in Resolution 15-01-03 approving incremental load increases for the Massachusetts competitive supplier obligations, CMEEC entered into an Electric Supply Agreement (ESA) with the Town of Tewksbury (Tewksbury), a municipal aggregation located in Massachusetts, for a five year term commencing with meter reads in the month of May, 2016;

WHEREAS, the Tewksbury load is served by National Grid the "EDC" in both the WCMA load zone (Western Central Mass) and NEMA (Northeast Massachusetts/Boston) load zones but the capacity prices in the NEMA load zone have disproportionately increased compared to that of the socialized cost of Capacity in the balance of the National Grid Service Territory, necessitating a rate increase by CMEEC that would be above the Basic Service Rate offered by the EDC;

WHEREAS, the town of Tewksbury expressed intent with CMEEC on how to better serve the ratepayers in Tewksbury during this geographically biased condition, and CMEEC has been in discussions with Tewksbury to potentially suspend the operation of the ESA for a period of time while CMEEC's rate is above the Basic Service Rate while also making CMEEC whole; and

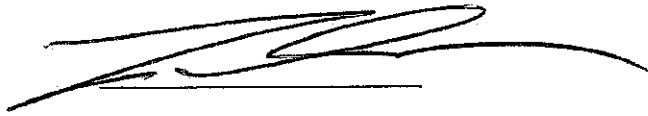
WHEREAS, the BOD desires, if necessary to achieve the objectives outlined above, to authorize the CEO to enter into an agreement for a temporary suspension of the ESA on the terms and conditions as are essentially provided below.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF CMEEC AS FOLLOWS:

1. The Term of the ESA shall be extended one month for every month of the suspension.
2. CMEEC is authorized to liquidate its forward contract positions taken with respect to the Tewksbury municipal aggregation and on the receipt of final ISO-NE settlement data for the Tewksbury load asset, determine whether there is an undercollection of revenues owed to CMEEC or an overcollection due to Tewksbury, (the "Collection Balance").
3. An interest expense shall be added to any Collection Balance based on cost of capital carrying cost to compensate CMEEC or, in the event of an over-collection, Tewksbury, for any short term real interest earned, and the Collection Balance shall be either be collected as an adder to the ESA Rate when the suspension is lifted and the Tewksbury ESA is resumed, or returned to Tewksbury in a manner to be determined.

4. The Collection Balance owed to CMEEEC shall apply until the Collection Balance is zero or no later than three months prior to end of the term of the ESA as extended by the suspension period, whichever occurs first.
5. The Board hereby approves and authorizes the CMEEEC CEO in his discretion and based on the provisions of this Resolution, to enter into and execute an agreement that amends the ESA with such other changes and additions as the CEO and General Counsel shall approve on the condition that the agreement that amends the ESA is entered into within fifteen (15) days of the date of this Resolution.

Dated this 28th day of September, 2017.

A handwritten signature in black ink, appearing to read 'Louis Demicco', written over a horizontal line.

Louis Demicco
Secretary