

SUBJECT TO FINAL BOARD APPROVAL

REGULAR MEETING OF
THE BOARD OF DIRECTORS
OF THE
CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE

February 22, 2018

The February Regular Meeting of the Board of Directors (“Board”) of the Connecticut Municipal Electric Energy Cooperative (“CMEEC”) was held on Thursday, February 22, 2018 at the Spa at Norwich Inn, Norwich, CT.

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.

Chairperson Kenneth Sullivan called the meeting to order at 10:02 a.m. and determined a quorum was present.

The following Member Representatives/Alternate Member Representatives/Municipal Representatives participated:

Norwich – John Bilda, Rashid Haynes, Dr. Grace Jones, Stewart Peil
Jewett City – Kenneth Sullivan, Louis Demicco, Richard Throwe
Groton – Ronald Gaudet (arrived at 10:15 am), Jeffrey Godley, Keith Hedrick, Mark Oefinger
Bozrah Light and Power Company – David Collard, Richard Tanger (via telephone), Ralph Winslow
East Norwalk – David Brown, Debora Goldstein

The following CMEEC staff participated:

Drew Rankin, CMEEC Chief Executive Officer
Robin Kipnis, CMEEC General Counsel
Edward Pryor, CMEEC Chief Financial Officer
Michael Lane, CMEEC Controller
Michael Rall, CMEEC Director of Asset Management
Justin Connell, CMEEC Director of Portfolio Management
Scott Whittier, CMEEC Director of Enabling Services
Jake Paganan, CMEEC Director of Customer and Community Prosperity
Gabe Stern, CMEEC Director of Strategic Planning
Dylan Philips, CMEEC Risk Analyst
Ellen Kachmar, CMEEC Office & Facility Manager
Margaret Job, CMEEC Administrative Staff

Other participants:

Paul Afonso, Brown Rudnick
Timothy Shea, Brown Rudnick
Michael Boucher, Groton Resident
Claire Besette, Reporter, The New London Day
William Kowalski, Municipal Electric Consumer Advocate

Ms. Job Recorded.

Chairman Sullivan entertained a motion to amend the agenda to add an agenda item to the Executive Session portion of the agenda to discuss Public Act 17-73.

A motion was made by Member Representative Demicco, seconded by Alternate Member Representative Winslow, to amend the Executive Session agenda.

Vote passed unanimously.

(18-02-01)

Standard Action Items

(A) Public Attendee Comment Period

Chairman Sullivan asked if there were any members of the public present who wished to make remarks to the CMEEC Board. Mr. Boucher stood and identified himself as being from Groton, CT. He thanked CMEEC for providing the public copies of the Board materials and handouts. He thanked CMEEC for their work in responding to his FOIA request. He encouraged the municipal representatives to ask questions. He added that he would be recording today's meeting.

(B) Introduction of New & Existing Board Members

Mr. Rankin noted that there were no new Board Members present at today's meeting so this agenda item was not necessary.

(C) Conduct Voting Roster / Roll Call

Mr. Rankin took roll call identifying the formal voting persons at today's meeting.

(D) Approve Minutes of the CMEEC Regular January 25, 2018 Board of Directors' Meeting

A motion was made by Member Representative Collard, seconded by Alternate Member Representative Winslow to approve the Minutes of the Regular January 25, 2018 Board of Directors' Meeting.

Vote passed unanimously.

(18-02-02)

Specific Action Items

(E) January 2018 Objective Summary

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 his review by stating that the Regional Competitiveness Deviation to Benchmark TMR view realized an excellent month in light of typical winter seasonal compression, especially with higher energy cost in January. He noted that the regional benchmark utilizes a six month flat rate versus CMEEC's cost incurred and allocated, is the source of seasonal convergence/divergence. TMR View projected at a solid 30% for year-end.

Mr. Rankin added that similar to the TMR view on seasonal convergence / divergence, Rate 9 View performed well against the annual target. Year-end projected is presently 15% against an 18% target.

Customer Fulfillment All-In Cost TMR View realized an excellent performance within 0.9% negative variance. Mr. Rankin noted that the objective is to be accurate on this metric, however the goal is to always be lower than budget.

Customer Fulfillment All-In Cost Rate 9 Customer View also realized excellent performance with a 0.8% negative variance (\$0.90 / MWh), despite the lower load level and an exceptionally high energy cost impact from the cold weather.

Mr. Rankin reported that the Risk Management Plan Compliance metric under the Financial Stability Objective continues to remain in compliance and is projected to remain so throughout the year. Current Ratio continues strongly as carry-over from 2017 and is projected to continue throughout the year. Equity to Debt started the year at 30% and is projected to remain so throughout the year. Mr. Rankin noted that the ratio will only be impacted by Member Delegation issuing Distribution Eligible Equity or a new debt issuance. Days Cash on Hand continues strong and is projected to remain so through 2018. Mr. Rankin stated that the numbers were not available at the time of printing to report the actual Net Non-Fuel metric. He added those numbers will be included in next month's reports but expects this metric to be projected to remain on budget.

Mr. Rankin noted that the view of the Maximize Asset Value Objective has changed slightly in appearance. He added that the Project Portfolio performed very well in the month of January with various offsets of over and under performance resulting in this portfolio coming slightly above target. The CMEEC Margin Portfolio underperformed slightly for the month due to one customer underperforming in an actual demand reduction versus budgeted reduction. CMEEC Equity Creation is on budget and projected to remain so throughout the year. CMEEC Investment Portfolio underperformed slightly for the month of January in response to the bond market turbulence, but is expected to subside and return to projected yields.

F. Brown Rudnick Summary of CT & MA Legislative Matters

Brown Rudnick attorneys Timothy Shea and Paul Afonso presented their legislative overview of Connecticut and Massachusetts. They discussed proposed legislation that is before the Legislatures of Connecticut and Massachusetts. Mr. Afonso provided a brief background and history of the Massachusetts Executive Branch, the stakeholders in the legislative leadership and discussed relevant legislation. He provided a brief overview of the current players at FERC. Mr. Afonso discussed significant regulatory activity on the horizon: Global Warming Solutions Act which include regulations addressing the reduction of CO₂ emissions from electricity generating facilities, and Clean Energy Standard which mandates the retail supply obligation to supply increasing amounts of generation from clean energy resources; he provided an update on Solar; and an overview of the regulations addressing Electric Vehicle. Mr. Afonso provided an overview of the LDC Contracts and Renewable Procurement, including Clean Energy RFPs and Massachusetts Offshore Wind and Large Scale Clean Energy RFPs. He discussed briefly other RFPs issued or being issued in connection with other large scale procurements.

Mr. Shea provided an overview of the 2018 Connecticut General Assembly Legislative Session. He also provided a brief overview of the Connecticut political landscape. He provided a timeline for the 2018 Legislative session highlighting major issues being addressed during the

2018 Legislative session including the State budget; a Comprehensive Energy Strategy, Transportation Funding, Health Care Costs and a Democratic Values Agenda.

G. Overview 2018 Vision / Traction / Organization

Mr. Rankin provided an overview of the CMEEC Vision Traction Organization business model (VTO). He stated that the VTO was developed and implemented in 2013 as a natural extension for the original model deployed in 2011. It is one of twenty-four (24) tools utilized in CMEEC's greater business model and based on the Entrepreneurial Operating System ("EOS"). He added that the VTO is a tool designed and utilized to align all stakeholders' awareness and detailed insight, with special emphasis on CMEEC staff, the Board of Directors and Member Delegation. He explained goal setting under the VTO business model and the steps taken to pursue achieving those goals. A 10 year goal was implemented in 2013/2014 of >40% 3-year rolling Average Deviation to Regional Benchmark on the Total Member Return View (TMR View) by end of 2024. It would equate to \$300MM Member savings and lower cost to Members than if they were on Regional Benchmark wholesale equivalent. Based on actual performance in 2013 through 2015, CMEEC moved the 2024 goal to 2021, and the 2021 goal to 2018 (35% TMR View 3-year rolling average).. He continued to discuss performance years 2016,2017 actual performance, and prospective 2018, with conclusion the original 35% TMR View 2021 goal, now set for 2018, will most likely not be achieved, but will be very close, and actually achieved in early 2019, nearly 3 years in advance and \$200MM savings.

H. January 2018 Energy Market Analysis

Mr. Connell presented the January Energy Cost Analysis by noting that the Member energy prices for the month of January were above budget by \$3.18 / MWh. He noted Member actual demand was lower than budget and the budgeted LMP was higher than budget due to higher gas costs in combination with a higher than expected heat rate due largely in part to the extreme cold weather experienced in the month of January.

I. Overview / Demonstration of Board Portal

Mr. Whittier provided a brief overview and demonstration of the Board Portal portion of the CMEEC website. He provided instruction on how to log in to the portal and how to register for the first time.

Elective Additional Review

Member Representative Godley provided an update on the status of the Ethics policy. He noted that the Ethics Committee will meet in early March so that the policy can be presented to the full Board at their meeting in March.

A motion was made by Member Representative Louis Demicco, seconded by Member Representative John Bilda to enter into Executive Session with direction to the Board to return to Public session upon completion of the discussion in Executive Session.

Motion passed unanimously.

(18-02-03)

The reason for going into Executive Session was pursuant to C.G.S. sec. 1-210(b)(4) for General Counsel to provide a debrief on arbitration and to discuss Public Act 17-73.

A motion was made by Member Representative Ronald Gaudet, seconded by Member Representative Louis Demicco to adjourn the meeting.

Motion passed unanimously.

(18-02-04)

There being no further business to come before this Board, the meeting was adjourned at 1:15 p.m.