

CMEEC Board of Director's Regular Meeting

February 25, 2016

MINUTES

A regular meeting of the CMEEC Board of Directors (sometimes referred to as the "Board" or "BOD") was held on Thursday, February 25, 2016 at CMEEC's offices, 30 Stott Avenue, Norwich, Connecticut.

The meeting was legally noticed in compliance with the Connecticut State law and all proceedings and actions hereinafter recorded occurred during the publicly open portions of the meeting.

The 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:

Jewett City – Louis Demicco, Kenneth Sullivan, Richard Throwe
Groton – Edward DeMuzzio, Ronald Gaudet, David Collard
Norwich – John Bilda (arrived at 10:16 a.m.), Robert Groner
East Norwalk – David Brown, James Smith
South Norwalk – Mark Harris, Paul Yatcko (by phone)

The following individuals from CMEEC management participated:

Drew Rankin, CMEEC, Chief Executive Officer
Michael Cassella, CMEEC, Director, Customer Programs
Justin Connell, CMEEC, Director, Portfolio Management
Brian Forshaw, CMEEC, Regulatory and Risk Officer
Ellen Kachmar, CMEEC, Office and Facility Manager
Michael Rall, CMEEC, Director, Asset Management
Gabriel Stern, CMEEC, Director, Technical Services
Philip Sussler, CMEEC General Counsel

Ms. Kachmar recorded.

Standard Action Items

(A) Approve Minutes of the CMEEC January 28, 2016 Board of Director's Meeting.

Mr. Rankin noted a typographical error in the minutes of the January 28, 2016 meeting. The third paragraph read "Vice" Chairman Kenneth Sullivan, and should read "Chairman" Kenneth Sullivan.

A motion was made by Director Collard, seconded by Director Harris, to approve the minutes of the January 28, 2016 Board of Directors' Meeting as amended.

Vote passed. Director Yatcko abstained.

(16-02-01)

(B) Specific Action Items

January 2016 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 the established target value for the performance month, year to date, and 2016 year end. Mr. Rankin noted performance in the month of January was excellent and a positive beginning to the New Year, which was caused in part by changes to CMEEC's power purchasing policy. Mr. Rankin stated that a more explicit quantification of policy changes versus market conditions will be provided at the March Board of Directors meeting. Mr. Rankin reported the Risk Management Committee will be meeting in early March to review *pro formas* on all assets, and this data will be reported to the Board at the March meeting as well. After the completion of the 2015 calendar year financial audit in April, a Member Delegation meeting will be held to review the options for utilizing any excess equity resulting from the 2015 financial results.

(C) January Market Analysis

Mr. Connell reported on January market prices and noted that energy costs were below budget. A discussion ensued regarding natural gas commodity prices, pipelines and transportation, and their effect on New England electric power markets. Board members posed questions regarding natural gas impacts and their relationship to renewable energy. Mr. Rankin noted a subject matter expert in the oil and gas sector will provide a presentation to the Board at the March meeting, and the Board members are welcome to invite their staff to be present for the presentation.

(D) Market Impacts Report Summary

Mr. Forshaw reported on the procedure and results of the most recent Forward Capacity Market (FCM) Auction conducted by the Independent System Operator – New England (ISO-NE). The purpose of this most recent FCM auction is to procure capacity to cover the period June 2019 through May 2020. Mr. Forshaw explained that due to several large generation plants withdrawing from the market, the expectations going into the auction was that it would result in very high clearing prices. This result did not occur; in fact, the clearing prices were relatively low (when compared to expectations), although 1400 MW's of new

generation capacity cleared the auction. The relatively low prices achieved even with a substantial amount of new generation capacity clearing in the auction may be due to a number of factors, including the fact that several of the bidders of new generation capacity clearing in the auction are utilizing existing generating sites and grid interconnection facilities and converting the capacity to alternative fuels and technology, such as from coal to combined-cycle dual fuel (gas / oil) burning units. These “brown-field sites” generally cost less to repower than the development of comparable capacity at green-field sites, not previously used for electric generation.

A Motion was made at 11:24 a.m. by Director Bilda, seconded by Director Brown, to recess the meeting and enter into the Transco Board of Directors meeting.

Vote passed unanimously. (16-02-02)

The CMEEC Board of Directors meeting was recessed at 11:24 a.m.

The CMEEC Board of Directors meeting returned to session at 11:45 a.m.

A Motion was made by Director Bilda, seconded by Director Collard, to amend the Agenda to include discussion of modification to CMEEC’s CEO’s compensation.

Vote passed unanimously. (16-02-03)

A Motion was made by Director DeMuzzio, seconded by Director Demicco, to enter into Executive Session.

Vote passed unanimously. (16-02-04)

The meeting went into Executive Session at 11:51 a.m.

The basis for the going into executive session was Conn. Gen. Stat. Section 1-200(6) (A)(entailing, in relevant part, discussion concerning the appointment, employment, performance, evaluation, health or dismissal of a public officer or employee).

Present during the discussion were the CMEEC Directors and Alternates.

The meeting came back into public session at 12:26 p.m.

A Motion was made by Director Bilda, seconded by Director DeMuzzio, to modify the compensation of CMEEC’s Chief Executive Officer, effective (retroactive to) January 1, 2016.

Vote passed unanimously. (16-02-05)

A motion to adjourn the meeting was made by Chairman Sullivan, seconded by Director Demicco.

Vote passed unanimously. (16-02-06)

There being no further business to come before the Board, the meeting was adjourned at 12:30 p.m.