



CMEEC Board of Directors' Meeting

January 26, 2012

MINUTES

A regular meeting of the Board of Directors of the Connecticut Municipal Electric Energy Cooperative (“CMEEC”) was conducted on Thursday, January 26, 2012 at CMEEC’s offices. The meeting was legally noticed in compliance with Connecticut State law and all proceedings hereinafter were taken while the meeting was open to the attendance of the public.

Chairman Hiscock called the meeting to order at 9:42 a.m. and determined a quorum was present.

The following were present:

Directors and Alternate Directors

Jewett City – Louis Demicco, Richard Throwe
Groton – Edward DeMuzzio, David Collard
Norwich – John Bilda, James Sullivan (by phone), Stephen Sinko
East Norwalk – David Brown, George Leary
South Norwalk – Mark Harris, John Hiscock, Scott Whittier
Wallingford – George Adair, David Gessert

Also present were the following:

Brian Forshaw, CMEEC, Director Power Supply
Kenneth Horne, CMEEC, Program Manager for Technology Development
Ellen Kachmar, CMEEC, Office and Facility Manager
Edward Pryor, CMEEC, Director Finance and Accounting
Drew Rankin, CMEEC, Chief Executive Officer
Thomas Solinsky, CMEEC, Manager of Engineering Services
Philip Sussler, CMEEC, General Counsel

Ms. Kachmar recorded

Action Items:

(1) Approve Minutes of the CMEEC December 15, 2011 Board of Directors' Meeting

Motion by Director Leary, seconded by Director DeMuzzio to approve the Minutes of the CMEEC December 15, 2011 Board of Directors' Meeting.

Vote passed. Director Demicco abstained.

(12-01)

Chairman Hiscock stated that Action Items 2, 2A, and 2B (below) would be addressed in Executive Session later in the meeting.

(2) Resolution for CMEEC CEO to execute Wallingford Memorandum of Agreement

(2A) Resolution for CMEEC CEO to execute Wallingford Contract Extension

(2B) Resolution for CMEEC CEO to execute MTUA Power Supply Agreement

Agenda Items:

(3) Power Supply Report

Mr. Forshaw reported on the impact of mild weather in November and December on the budget vs. actual power supply costs. Mr. Forshaw reported historically low commodity gas prices and CMEEC's intent to purchase electric forwards for 2015 and 2016 consistent with the Risk Management Policy. Chairman Hiscock noted the Risk Management Policy will be discussed in detail at the upcoming February 15th meeting of the Risk Management Committee.

(4) Asset Management Report

Mr. Solinsky reviewed the financial performance of the Pierce, Market DG, and 50 in 5 assets. In response to questions, Mr. Rankin noted that some of the line items of cost / benefit in the Power Supply cost report when compared to the Asset Management income statement do not match due to differences in convention. The Asset Management income statements are stated in total asset dollars, whereas the Power Supply cost report factors in entitlement allocations, thereby creating a difference. Director DeMuzzio requested a notation to that effect be on future reports. A Board discussion occurred about the financial status of the CMEEC generating assets resulting in Wallingford Directors Adair and Gessert requesting re-forecasted *pro formas* of the assets for their Public Utility Commission. A request was also made for preparation or restatement of a long-term plan for deployment/disposition of the generating assets, including projections of possible changes in the ISO-NE capacity markets which could impact the assets.

Mr. Rankin described various options for such deployment/disposition applicable to the generating assets, which will be reviewed with the Risk Management and Budget and Finance Committees, and also described various measures currently being taken to design

out expenses of non-fuel items, and assured the Board that asset-related scenario options are being formulated. Mr. Solinsky reported CMEEC-PSE (CMEEC's classification title by North American Electric Reliability Corporation ("NERC") as a Power Supply Entity) was selected by the Northeast Power Coordinating Council ("NPCC") for a spot audit check in February, for which CMEEC believes they are compliant. Mr. Solinsky also reported CMEEC was selected by the Connecticut Department of Energy and Environmental Protection ("CT DEEP") for a PIQ Inspection (Pre-Information Questionnaire) at the Pierce plant in March.

(5) CFO Financial Performance Report

Mr. Pryor reported CMEEC's A&G expense costs will finish under budget for year-end 2011. Mr. Pryor reported a positive cash-on-hand status, which positions CMEEC favorably for the upcoming re-financing of the Transmission Project No. 1 acquisition related debt. CMEEC's target debt-to-equity ratio was discussed. A request was made to staff for consideration of inclusion of other financial metrics in the report such as the current ratio.

IMCS Project Update Summary

Director DeMuzzio requested a status discussion on the Information Management and Collaboration System project ("IMCS"). Mr. Rankin issued a hard copy cost and schedule report, and reported a pilot group is currently using the system to find "bugs" that may exist in the system prior to its deployment to all CMEEC staff. Mr. Rankin explained the purpose and value of the system and suggested a demonstration to the Board once the system is fully implemented.

Motion by Director DeMuzzio, seconded by Director Gessert to go into Executive Session.

Vote unanimous.

(12-02)

The basis for going into executive session was Conn. Gen. Stat. Section 1-200(6)(E)(entailing discussion of any matter which would result in the disclosure of public records or the information contained therein described in section (b) of section 1-210).

The meeting went into executive session at 10:57 a.m. to discuss the Resolutions noted above in Action items 2, 2A, and 2B, as well as the 50 in 5 FERC/ISO update, the MTUA Contract update, and the Wallingford Memorandum of Agreement ("MOA").

Present during the executive session in addition to the Directors were Mr. Rankin, Mr. Pryor, and Mr. Sussler.

Directors Adair and Gessert left the meeting during the discussion of the Wallingford MOA, following an initial presentation by Director Adair to the Board of Directors.

Motion to come out of executive session made by Director Bilda, seconded by Director Harris.

Vote unanimous. (12-03)

The meeting came out of executive session at 12:25 p.m. Directors Adair and Gessert rejoined the meeting at this time.

Motion to approve the resolution attached hereto with respect to the MTUA Power Supply Agreement made by Director Gessert, seconded by Director Bilda (with inclusion of a revision limiting CEO Rankin's authority to act pursuant to the resolution to the period before February 29, 2012).

Vote unanimous. (12-04)

Motion to approve the resolution with respect to the Wallingford Memorandum of Agreement attached hereto made by Director Throwe, seconded by Director Leary.

Vote in favor of all Directors present (with exceptions as noted). (12-05)
(with Directors Adair and Gessert abstaining).

Motion to approve the resolution with respect to a one year extension of the CMEEC-Town of Wallingford power supply contract, attached hereto, made by Director Brown, seconded by Director Harris.

Vote in favor by all Directors present (with exceptions as noted). (12-06)
(with Directors Adair and Gessert abstaining).

There was an inquiry and discussion about the current status of legislative representation of CMEEC and the municipal electric systems in Hartford for the upcoming 2012 legislative session.

Motion to adjourn the meeting made by Director Gessert, seconded by Director Brown.

Vote unanimous. (12-07)

There being no further business of the Board, the meeting was adjourned at 12:40 p.m.

Respectfully submitted,



Philip L. Sussler
2nd Assistant Secretary