

CMEEC
Board of Director's Regular Meeting
July 23, 2015
MINUTES

A regular meeting of the CMEEC Board of Directors was held on Thursday, July 23, 2015 at the TPC River Highlands Golf Club in Cromwell, Connecticut.

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

The Chairman, James Sullivan, called the meeting to order at 9:33 a.m. and determined a quorum was present.

The following Member Representatives/Directors participated:

Jewett City – Louis Demicco, Kenneth Sullivan
Groton – David Collard, Edward DeMuzzio (arrived at 9:45)
Norwich – James Sullivan, Stephen Sinko
East Norwalk – James Smith, David Brown
South Norwalk – Scott Whittier, Mark Harris

The following individuals were also in attendance:

Debora Goldstein, Commissioner, East Norwalk
Charles Yost, Alternate Director, East Norwalk

The following individuals from CMEEC management participated:

Drew Rankin, CMEEC, Chief Executive Officer
Justin Connell, CMEEC, Director, Portfolio Management
Michael Rall, CMEEC, Director, Asset Management
Robin Kipnis, CMEEC Assistant General Counsel

Ms. Kipnis recorded.

Chairman J. Sullivan began the meeting by expressing to Mr. Rankin the Board's desire to convey to Philip Sussler the Board's best wishes and hope for a speedy recovery.

Standard Action Items

(A) Approval of the Minutes of the CMEEC June 17, 2015 regular Board of Director's Meeting.

A motion was made by Director Collard and seconded by Director Demicco, to approve the minutes of the June 17, 2015 regular CMEEC Board of Directors' Meeting.

Vote passed with Mark Harris and David Brown abstaining. (15-07-01)

Specific Action Items

(B) Objective Summary Exception Reporting 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 2015 year end, explaining that the most significant deviation occurred as a result of the Pierce Power Project not participating in the locational forward reserve capacity market for the period June-September, 2015. A general discussion and questions followed.

(C) CEO/CFO Authorization of BMO Credit Facility

Mr. Rankin reviewed the background for CMEEC's intention to enter into a revolving credit facility with Bank of Montreal ("BMO") that was previously discussed at the June 17, 2015 Board of Director's meeting, explaining that the purpose of the credit facility was to provide the additional working capital required for CMEEC to supply the municipal aggregation loads that have contracted with the Hampshire Council of Governments ("HCOG") as their competitive supplier in Massachusetts as well as certain additional incremental electric loads previously approved by the Board. Mr. Rankin requested that the Board approve the two Resolutions contained in the Board materials. The first Resolution authorizes the Chief Executive Officer ("CEO") or the Chief Financial Officer ("CFO") to finalize and execute the BMO credit facility documentation and to establish the credit facility documents as a Financial Contract payable out of the Debt Service Account from the Debt Service Fund (the "Authorizing Resolution"). The second Resolution, which is integral to the implementation of the credit facility, designates the BMO credit facility and CMEEC's undertakings with respect to the currently approved HCOG Competitive Supplier customers, Lowell, Marlborough and the Berkshire "10", and additional incremental customer electric loads, previously approved by resolution of the Board, as an "Additional Power Project" under the Replacement Power Sales Contracts ("RPSCs") (the "Additional Power Project" Resolution).

General discussion and questions followed with a request that Edward Pryor provide to the Board the rationale for the eighteen (18) month repayment term for borrowing under the credit

facility. The sale of BMO Capital Markets to Piper Jaffrey Co. and its impact on the credit facility was also addressed, with Mr. Rankin noting that there would be continuity with respect to the credit facility but that subsequent underwriting would most likely change.

Motion by Director Smith, seconded by Director K. Sullivan to amend the Authorizing Resolution to appoint Robin Kipnis as well as Philip Sussler as Assistant Secretary for the purpose of executing documents.

Motion by Director Smith, seconded by Director J. Sullivan to adopt the Authorizing Resolution as amended.

Vote passed unanimously. (15-07-02)

Motion to Approve the Additional Power Project Resolution.

Motion by Director Demicco, seconded by Director Sinko.

Vote passed unanimously. (15-07-03)

(D) SUBASE Microgrid Project

Mr. Rall discussed the materials previously provided to the Board, highlighting an update to the budgeted versus actual costs of the Project. Mr. Rall explained that, although the current projected costs are slightly over the targeted budget due to the increased estimate for the cost of engineering, the SUBASE Project is still expected to be completed below budget for the Project. Mr. Rall stated that the time frame for receipt of the air emissions permit from DEEP is expected in Mid-March of 2016 and that the ISO-NE Section I.3.9 stability study is pending approval from ISO-NE. Mr. Rall explained that the time period for construction of this project will be 5-6 months which is longer than the Backus Microgrid Project due to the more complicated logistics involved with construction within the SUBASE. Mr. Rall reported that the Navy was exercising its entitlement to a contribution in kind, which was part of the lease arrangement in having some needed maintenance repairs performed at the SUBASE. General discussion and questions followed.

(E) June Market Analysis Summary

Mr. Connell reported that June energy costs were under budget by \$0.60/MWh and that CMEEC was 100% hedged for the summer period due to volatility of prices usually seen in the summer months. Mr. Connell pointed out that locational marginal prices (“LMP”) and forward market prices were lower than what was budgeted.

(F) 2016 Budget Process Overview

Mr. Rankin reviewed the process for developing the CMEEC annual budget for the upcoming year, stressing the necessity for the members of the Budget and Finance Committee to attend the September 8th and October 5th Budget and Finance Committee meetings. Chairman Sullivan stressed that all CMEEC Board members who are not members of the Budget and Finance

Committee are strongly encouraged to attend the scheduled Budget and Finance Committee meetings.

(G) Rating Agency Meeting and Presentation Overview

Mr. Rankin reported that a delegation consisting of himself, Ed Pryor, CMEEC CFO, James Sullivan, Chairman of the CMEEC Board, and Edward DeMuzzio, CMEEC Board Member from Groton, made a presentation to Moody's Investor Services, Inc. ("Moody's"), one of the entities that rates CMEEC's bond offerings. The purpose of the presentation was to bring Moody's up to date on CMEEC's financial health, financial and regional competitive metrics, and business development efforts. Mr. Rankin briefly described for the CMEEC Board of Directors' the presentation made to Moody's. General discussion and questions ensued with Mr. Rankin concluding that he and the delegation that attended the presentation thought that the presentation was favorably received.

Additional information was requested by the Board with respect to the impact of Bozrah Light and Power's potential membership in CMEEC on the existing members' entitlement allocations, margin, and costs. Mr. Rankin explained that these issues would be addressed for the Board in the near future and that he intends to involve the members of the CMEEC Governance Committee in preparing and discussing these matters.

A motion to adjourn the meeting was made by Director K. Sullivan and seconded by Director Demicco.

The vote passed unanimously.

(15-07-04)

There being no further business to come before the Board, the meeting was adjourned at 11:23 a.m.

**Connecticut Municipal Electric Energy Cooperative
Board of Directors Meeting**

**SUPPLEMENTAL RESOLUTION AUTHORIZING
A REVOLVING CREDIT AGREEMENT
AND RELATED DOCUMENTS**

Resolution 15-07-02

WHEREAS, Connecticut Municipal Electric Energy Cooperative has determined to enter into a Revolving Credit Agreement (the “Credit Agreement”) with the Lenders parity thereto and Bank of Montreal, acting through its Chicago Branch, individually as Lender and as Administrative Agent, (the “Administrative Agent”), a Fee Letter (the “Fee Letter”) with the Administrative Agent and issue a Bank Note or Notes to the Lenders (the “Bank Notes”, and together with the Credit Agreement and the Fee Letter, the “Credit Agreement Documents”);

WHEREAS, the Credit Agreement Documents would constitute a Financial Contract under CMEEC’s Amended and Restated Power Supply Revenue Bond Resolution, adopted March 28, 2013 (the “Amended and Restated Power Supply Revenue Bond Resolution”); and

WHEREAS, the Amended and Restated Power Supply Revenue Bond Resolution provides that the authorization of Financial Contract and determination as to matters relating thereto be by Supplemental Resolution; and

WHEREAS, the form Credit Agreement Documents have been presented to this meeting.

NOW, THEREFORE, BE IT RESOLVED by the Connecticut Municipal Electric Energy Cooperative as follows:

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

Section 1.01 Supplemental Resolution. This Resolution is supplemental to and is adopted in accordance with Article II and Article X of the Amended and Restated Power Supply Revenue Bond Resolution.

Section 1.02 Definitions. All terms which are defined in Section 101 of the Amended and Restated Power Supply Revenue Bond Resolution shall have the same meanings, respectively, in this Supplemental Resolution as such terms are given in said Section 101 of the Amended and Restated Power Supply Revenue Bond Resolution.

ARTICLE II

AUTHORIZATION OF CREDIT AGREEMENT DOCUMENTS

Section 2.01 Authorization. Each of the Credit Agreement Documents is hereby authorized and approved in substantially the form submitted to this meeting, subject to and with such changes therein as shall be approved by the Chief Executive Officer or the Chief Financial Officer, such authorization and approval to

be evidenced conclusively by the execution of the Credit Agreement Documents. The Chief Executive Officer and the Chief Financial Officer be, and each of them hereby is, authorized on behalf of CMEEC to execute and deliver the Credit Agreement Documents. All officers of the CMEEC, including said officers, are each hereby authorized and directed to carry out or cause to be carried out the obligations of CMEEC under the Credit Agreement Documents. Philip Sussler is hereby appointed an Assistant Secretary for the purpose of executing the various documents to be delivered in connection with the execution and delivery of the Credit Agreement Documents.

ARTICLE III

DETERMINATIONS UNDER THE AMENDED AND RESTATED POWER SUPPLY REVENUE BOND RESOLUTION

Section 3.01 Determination. The authorization, execution and delivery of the Credit Agreement Documents is determined to be necessary and desirable. The Credit Agreement Documents are determined to be a Financial Contract for the purposes of the Amended and Restated Power Supply Revenue Bond Resolution.

Section 3.02 Payments. Any payments required to be made by CMEEC pursuant to the Credit Agreement Documents shall be payable from the Debt Service Account of the Debt Service Fund as provided in Section 507 of the Amended and Restated Power Supply Revenue Bond Resolution and such payments shall be on a parity with other required payments from the Debt Service Fund.

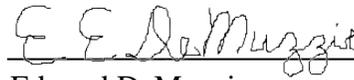
Section 3.03 Withdrawals from the Debt Service Reserve Account. If at any time payment of amounts due with respect to the Credit Agreement Documents have not been made in full or provided for, the Trustee shall withdraw from the Debt Service Reserve Account of the Debt Service Fund and deposit in the Debt Service Account of the Debt Service Fund such amount as shall be required to make payment of the amounts due under the Credit Agreement Documents.

Section 3.04 Treatment in Event of Default. For purposes of Article VIII of the Amended and Restated Power Supply Revenue Bond Resolution, the amounts payable by CMEEC pursuant to the Credit Agreement Documents shall be determined to be amounts payable as principal of or interest on the Bonds (as defined in the Amended and Restated Power Supply Revenue Bond Resolution).

ARTICLE IV

EFFECTIVE DATE

Section 4.01 Effective Date. The provisions of the Supplemental Resolution shall take effect immediately.



Edward DeMuzzio
Secretary

July 23, 2015

**Connecticut Municipal Electric Energy Cooperative
Board of Directors Meeting**

Resolution 15-07-03

**RESOLUTION FOR ADDITIONAL AUTHORIZATIONS RELATED TO THE
ADOPTION AND EXECUTION BY CMEEC OF A REVOLVING CREDIT
AGREEMENT AND RELATED DOCUMENTS**

WHEREAS, capitalized terms, not otherwise defined in the body of this Resolution, are as defined in the Attachment No. 1 to this Resolution.

WHEREAS, CMEEC previously established a program for the purchase and supply of Electric and Related Products to Third-Party CSP Customers (collectively, the “CSP”) pursuant to authorizations approved by CMEEC Board Resolutions Nos. 14-46 (City of Lowell MA, Municipal Aggregation Plan (“MAP”)), 14-47 (City of Marlborough, MA, MAP), 15-01-02 (State of Connecticut Purchasing Pool) and 15-01-03 (HCOG Incremental Load).

WHEREAS, CMEEC may from time to time establish Additional Power Projects or “APPs” pursuant to the RPSCs.

WHEREAS, CMEEC desires to enter into a Revolving Credit Agreement and Related documents (collectively, the “RCA”) as set forth in the RCA Supplemental Resolution proposed for adoption by the Board on this date.

WHEREAS, the RCA, when in effect, is intended to provide and fund working capital to enable CMEEC to support and fully benefit from the implementation and administration of the CSP.

WHEREAS, the RCA obligates, CMEEC, among other matters, to provide that: “Any costs incurred by CMEEC in order to provide Electric Products to Customers pursuant to the CSP, including transmission costs, that are not recovered by CMEEC from Customers pursuant to the CSP Transactions will be costs that may be recovered by CMEEC from its Members pursuant to the RPSCs.” Revolving Credit Agreement Section 3.17.

WHEREAS, under the RPSCs, CMEEC is authorized to recover the costs of each APP from its Members in accordance with their respective Entitlement Allocations and as otherwise provided under the RPSCs.

WHEREAS, CMEEC desires to establish as an Additional Power Project, the CSP and the commitments undertaken under the RCA.

NOW THEREFORE BE IT RESOLVED BY THE BOARD AS FOLLOWS:

Section 1. The Board does hereby establish and declare the CSP and the RCA to be an Additional Power Project under the RPSCs.

Section 2. The Project Parameters to such APP are as set forth in Attachment No. 2 hereto.

Section 3. This Resolution is subject to adoption by the Board of the RCA Supplemental Resolution.

Section 4. The Entitlement Allocations of each of the Members in the APP established by this Resolution are and shall be determined in accordance with Section 4.1 of the Membership Agreement.

Section 5. The Prior CSP Authorizations are amended and restated to conform to the additional authorizations created by this Resolution.

July 23, 2015



Edward DeMuzzio
Secretary

Attachment No. 1 – Defined Terms:

Capitalized terms, if not otherwise defined in the foregoing Resolution or in the RPSCs, are defined as follows:

- 1. Additional Power Project:** an Additional Power project, as that term is defined under the RPSCs, and duly created under the RPSCs. RPSC, Section 5.
- 2. Board:** the CMEEC Board of Directors.
- 3. CEO:** CMEEC's Chief Executive Officer.
- 4. CFO:** CMEEC's Chief Financial Officer.
- 5. CMEEC:** the Connecticut Municipal Electric Energy Cooperative.
- 6. CSP:** the Competitive Supplier Program entered into by CMEEC to supply the customers as designated through the Prior Approvals and as may be designated in the future by Board approval.
- 7. CSP Customers:** the customers which CMEEC is authorized to supply with Electric and Related Products as part of the CSP.
- 8. CSP Transactions:** Such term is as defined in the RCA.
- 9. Electric Products:** as such term may be defined under the rules and tariffs of the ISO-NE.
- 10. Electric and Related Products:** shall include Electric Products and other products, including RECs, required to serve the electric generation and related requirements of electric load serving entities within New England and the CSP Customers.
- 11. Entitlement Allocation:** This term shall be as defined in the RPSCs.
- 12. HCOG:** the Hampshire Council of Governments.
- 13. Members:** the City of Groton, the Borough of Jewett City, the City of Norwich, the Second Taxing District of the City of Norwalk, and the Third Taxing District of the City of Norwalk, each acting by and through its municipal electric utility and shall include any future municipal electric utility entering into a RPSC with CMEEC.
- 14. Members' Agreement:** The agreement by and among the Members, dated as of June 1, 2013.
- 15. Municipal Aggregation Plan (or MAP) Customers:** Electric customers participating in approved municipal electric aggregation programs in Other States.
- 16. Parameters:** See Attachment 2.
- 17. Prior CSP Authorizations:** CMEEC Board Resolutions 14-46, 14-47, 15-01-02 and 15-02-03.
- 18. RCA Supplemental Resolution:** the supplemental resolution for adoption by CMEEC to authorize CMEEC's execution, delivery and performance of the Revolving Credit Agreement and Related Documents.
- 19. RECs:** Renewable Energy Credits or similar such products comprising the environmental attributes of electric energy or power and constituting Electric and Related Products.
- 20. Revolving Credit Agreement and Related Documents (or RCA).** The Credit Agreement Documents as defined in the RCA Supplemental Resolution.
- 21. RPSCs:** the Replacement Power Sales Agreements, as they may be amended, which CMEEC has entered into with each of the Members.
- 22. Third-Party CSP Customers:** any customers supplied by CMEEC with Electric and Related Products pursuant to the CSP.

23. Third Party Transactions: any contracts for the supply of Electric and Related Products entered into by CMEEC with third-party suppliers as part of the CSP.

Attachment No. 2 – Project Parameters.

1. As defined in the Prior CSP Authorizations –

CMEEC Board of Directors Resolutions 14-46 (Lowell), 14-47 (Marlborough), 15-01-02 (State of Connecticut Purchasing Pool) and 15-01-03 (Incremental HCOG Loads).

2. Obligations of CMEEC as set forth in the RCA Supplemental Resolution with respect to the RCA.