

## **CMEEC Board of Directors' Regular Meeting**

**June 17, 2015**

### **MINUTES**

The Board of Directors (referred to hereafter as the "Board" or the "BOD") of the Connecticut Municipal Electric Energy Cooperative ("CMEEC") conducted a regular meeting of the Board on Wednesday, June 17, 2015 at CMEEC's office, 30 Stott Avenue, Norwich, Connecticut.

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

Chairman J. Sullivan called the meeting to order at 9:36 a.m. and determined that a quorum was present.

#### **The following Member Representatives/Directors participated:**

Jewett City – Louis Demicco, Kenneth Sullivan, Richard Throwe  
Groton – Edward DeMuzzio, David Collard  
Norwich – James Sullivan, Steven Sinko  
East Norwalk – James Smith (arrived at 9:52 a.m.)  
South Norwalk – Paul Yatcko (by phone), Scott Whittier

#### **The following individuals from CMEEC management and staff participated:**

Drew Rankin, CMEEC, Chief Executive Officer  
Edward Pryor, CMEEC, Chief Financial Officer  
Justin Connell, CMEEC, Director, Portfolio Management  
Michael Rall, CMEEC, Director, Asset Management  
Gabriel Stern, CMEEC, Director, Technical Services  
Philip Sussler, CMEEC General Counsel  
Ellen Kachmar, CMEEC, Office and Facility Manager

Ms. Kachmar recorded.

Chairman J. Sullivan requested the Agenda for the Executive Session be amended to include the following:

- (1) Discuss topics from a meeting with Electric Boat
- (2) Discuss a potential project with the Mohegan Tribe of Indians of Connecticut (MTIC)

**Motion by Vice Chairman K. Sullivan, seconded by Director Demicco, to approve the amended agenda, to include the additional items, to be discussed in Executive Session.**

**Vote passed unanimously.**

**(15-06-01)**

### **Standard Action Items**

**(A) Approval of the Minutes of the CMEEC May 28, 2015 regular Board of Directors' Meeting.**

**A motion was made by Director K. Sullivan, seconded by Director Demicco, to approve the Minutes of the May 28, 2015 regular CMEEC Board of Directors' Meeting.**

**Vote passed unanimously.**

**(15-06-02)**

### **Specific Action Items**

**(B) BMO Financing Update (informing)**

Mr. Rankin reported that due to the lead and lag in revenues and expenses related to CMEEC's supply to new loads from competitive supplier agreements, CMEEC's working capital requirements have increased causing a need for expansion of credit. Mr. Rankin noted that Mr. Pryor, CMEEC's Chief Financial Officer, will provide an update on the status of putting the credit agreement to allow for this expansion in place. Mr. Rankin noted that the Budget and Finance Committee has been updated about this activity and proposed additional credit facility. Mr. Pryor reported that, based on current circumstances and CMEEC planning, the working capital requirements for each 1 million MWh of load supplied by CMEEC are approximately \$30 million. Mr. Pryor noted that CMEEC has revolving credit facilities already in place in excess of this amount, but prefers not to utilize them for this purpose, but rather to keep them in place to support CMEEC's other activities. Based on the review by CMEEC staff, there are two (2) additional options available to satisfy the identified incremental working capital requirements: (1) to have a working capital credit facility; or (2) to utilize taxable long-term bond financing to fund the incremental requirement. When reviewed by the Budget and Finance Committee, CMEEC staff recommended utilizing a new working capital revolving credit facility (option 1). Mr. Pryor noted that a final term sheet has been negotiated and agreed with the Bank of Montreal for the revolving credit facility. Pending is the negotiation of the final revolving credit facility agreement. Mr. Pryor reported that CMEEC staff anticipates presenting parameter Resolutions for adoption by the Board at the July 23, 2015 Board of Directors meeting which would authorize CMEEC's CEO and CFO to enter into agreements within the parameters of the Resolutions to allow putting in place the revolving credit facility.

Mr. Pryor then reviewed the key elements of the proposed revolving credit facility, including restrictions on the use of proceeds and the estimated legal and closing fees. The Board members had a few questions, which were answered by Mr. Pryor and Mr. Rankin.

**(C) Airgas Contract Extension to Year-end 2015 (Resolution Vote).**

Mr. Rankin reported that an extension to the Power Supply contract (“PSC”) between Airgas and Bozrah Light and Power (“BL&P”) will expire on June 30, 2015. CMEEC supplies BL&P, which, in turn, supplies Airgas. An extension of the Airgas PSC, thus, requires a similar extension of the CMEEC resupply arrangement with BL&P (the “CMEEC-BL&P (Airgas) MPPSA”). Although it is anticipated that negotiations for a new contract will be completed by August 1, 2015, Mr. Rankin would prefer the extension of the CMEEC-BL&P (Airgas) MPPSA be secured through the end of the year 2015, in the event Airgas’ internal authorizations take longer than expected for approval of the Airgas PSC.

**Motion by Secretary DeMuzzio, seconded by Director Demicco, to approve Resolution 15-06-03 and extend authority of CMEEC’s CEO to execute the new Power Supply contracts related to BL&P for resupply to Airgas.**

**Vote passed unanimously.**

**(15-06-03)**

**(D) May Market Analysis Summary (informing)**

Mr. Connell reported May energy costs were \$2/MWh under budget, actual demand 901 MWh higher, and unit contingent resources 14,369 MWh lower than budget. Mr. Connell reported the Henry Hub gas price was \$0.95/MMBTU lower than budget and lower gas transportation costs resulted in Day Ahead LMP lower than budget. Natural gas transportation costs were much lower than expected and budgeted for the month. Mr. Connell reported that modeling is currently underway which will assist in finding the “maximum hedge mix”. By getting a baseline from many years of data and modeling multiple scenarios, the Portfolio Management Group will develop a strategy for purchasing power. Once developed, this strategy to optimize stability and regional competitiveness will be brought to the Risk Management Committee for review.

**A motion was made by Director Demicco, seconded by Director Smith, to enter Executive Session and to return to regular session upon completion of the Executive Session topics.**

**Voted passed unanimously**

**(15-06-04)**

The meeting went into Executive Session at 10:31 a.m.

The basis for the going into executive session was Conn. Gen. Stat. Section 1-200(6) (B)(entailing, in relevant part, discussion of strategy and negotiations with respect to pending claims or pending litigation to which the public agency is a party until such litigation or claim has been finally adjudicated or otherwise settled) and (E) (entailing discussion of any matter

which would result in the disclosure of public records or the information contained therein described in sub-sections (b) (1), (5), (7) and (10) of Conn. Gen. Stat. section 1-210).

Present during the discussion were the CMEEEC Directors, Alternates, Mr. Rankin, Mr. Pryor, and Mr. Sussler.

The meeting came back into public session at 11:45 a.m.

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

**Voted passed unanimously.**

**(15-06-05).**

There being no further matters to be discussed, the meeting was adjourned at 11:47 a.m.

**Connecticut Municipal Electric Energy Cooperative**

**Board of Directors**

**Resolution 15-06-03**

**WHEREAS**, the Connecticut Municipal Electric Energy Cooperative (“CMEEC”) desires to extend the existing arrangements for the supply of Market-Based Power by CMEEC to Bozrah Light and Power Company (“BL&P”) which, in turn, is resold to Airgas Merchant Gasses, Inc., LLC or an affiliate thereof (“Airgas”) until December 31, 2015 (the “Current BL&P-Airgas Supply Arrangement”); and

**WHEREAS**, the Current BL&P-Airgas Supply Arrangement is scheduled to expire on July 1, 2015; and

**WHEREAS**, BL&P is currently negotiating a modification of the Current BL&P-Airgas Supply Arrangement, intending that such modified agreement, when agreed by BL&P and Airgas, will replace the Current BL&P-Airgas Supply Arrangement; and

**WHEREAS**, CMEEC and BL&P are currently in negotiations with respect to the CMEEC-BL&P Airgas Supply Arrangement to define the terms and conditions for the supply by CMEEC of the Electric Products which BL&P will, in turn, resell to Airgas under the modified arrangements under negotiation as described in the prior recital; and

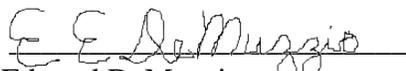
**WHEREAS**, CMEEC and BL&P are also currently in negotiation regarding a Replacement CMEEC-BL&P Power Sales Contract (the “Replacement PSC”) for the supply by CMEEC to BL&P of BL&P’s full requirements for power, to replace the existing agreement between CMEEC and BL&P for such supply (the “Existing PSC”), with the intent that the Replacement PSC shall : (i) shall update the Existing PSC to better reflect changes in the wholesale power markets and applicable law and CMEEC’s relationships with its members and participants; (ii) be better integrated with the CMEEC-BL&P Airgas Supply Agreement currently under negotiation; and

**WHEREAS**, CMEEC desires to temporarily extend the term of the Current BL&P-Airgas Supply Arrangement to December 31, 2015 to allow BL&P and CMEEC sufficient time to fully negotiate and obtain the requisite approvals necessary to finalize the CMEEC-BL&P Airgas Supply Agreement and the contractual undertaking BL&P enters into with Airgas for the supply of Electric Products, which, when adopted, will replace and supersede the Current BL&P Airgas Supply Arrangement.

**NOW THEREFORE BE IT RESOLVED**, that the CMEEC Board of Directors:

- (i) Approves the extension of the Current BL&P-Airgas Supply Arrangement until December 31, 2015 or such earlier date as CMEEC and BL&P agree, execute and make effective the CMEEC-BL&P Airgas Supply Agreement superseding such current arrangements; and
- (ii) Authorizes the Chief Executive Officer (“CEO”) of CMEEC to execute a writing so as to make such extension binding on CMEEC.

June 17, 2015

  
Edward DeMuzzio  
Secretary