

CMEEC Board of Directors' Regular Meeting

March 26, 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 March 26, 2015 at Groton Utilities Operations Center, 1240 Poquonnock Road, Groton, CT.

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 9:35 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 (left at 10:30 a.m.), David Collard
Norwich – James Sullivan, Steven Sinko
East Norwalk – David Brown, James Smith
South Norwalk – Mark Harris, Paul Yatcko, Scott Whittier

The following individuals from CMEEC management and staff participated:

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

The following individuals were also present:

Tom Bachey, Groton Utilities, Interim Director of Utilities
Paul Afonso, Brown Rudnick
Timothy Shea, Brown Rudnick

Ms. Kachmar recorded

Mr. Bachey, the Interim Director for Groton Utilities, gave a safety debriefing, noting the Groton property housed the Electric and Water Operations' Centers as well as the Water Filter Plant.

Standard Action Items

(A) Approval of the Minutes of the CMEEC February 26, 2015 regular Board of Directors' Meeting

A motion was made by Director DeMuzzio, seconded by Director Demicco, to approve the Minutes of the February 26, 2015 regular CMEEC Board of Directors' Meeting.

Vote passed, Director Brown abstained.

(15-03-01)

Specific Action Items

(B) Objective Summary Review

Mr. Rankin provided a discussion of the summary dashboard report on CMEEC operations and metrics included in the package of materials previously distributed to the Board in advance of the meeting. Mr. Rankin noted the Regional Competitiveness benchmark metrics are more clearly defined. Each Objective and associated metric was summarized, with miscellaneous questions asked and answers provided regarding budget versus actual performance.

Mr. Rankin stated that with the completion of 2014 Audited Financials, a Member Delegation meeting would be scheduled in April to review the issue of equity distribution. A Board discussion related to projects' equity followed.

(C) Audited Financials Report – Board Vote

Mr. Pryor, CMEEC's Chief Financial Officer, reported the audit process occurred on schedule and the Joint Audit Committee had met to review the Audited Financials in detail. He thanked Directors Collard and Harris for their diligent and comprehensive examination of the audit materials. Director Collard, Chairman of the Audit Committee, thanked the other members of the Joint Audit Committee for their diligence as well. Director Collard noted the Committee had met with the auditors to present their comments, to which the auditors were attentive with explanations and changes. Director Collard stated the report conveyed a very good picture of who CMEEC is, which is important for the rating agencies' assessment of CMEEC. Director Collard commended Ms. Ouimet and Ms. Meek, CMEEC Finance and Accounting staff, who had joined the audit process after the previous audit lead left the company. On behalf of the Joint Audit Committee, Director Collard recommended the Board adopt and accept the 2014 Audit Report.

A motion was made by Director Smith, seconded by Director Yatcko, to approve the 2014 Audit Report.

Vote passed unanimously.

(15-03-02)

(D) Bozrah Light and Power / Airgas Contracts – Board Vote

Mr. Rankin reported a power supply extension agreement between Bozrah Light and Power (BLP) and Airgas, a special electric customer, expires at the end of March 2015. Mr. Rankin noted the parties are currently negotiating a new 5-year contract, and require additional time to do so. CMEEC is therefore seeking Board permission for the CEO to execute an extension agreement through August 1, 2015, AND authority to execute a new 5-year contract, once the terms have been negotiated. Mr. Rankin noted that prior to execution of the 5-year contract, approval from the Joint Risk Management Committee would be required. Director Yatcko, Chairman of the Joint Risk Management Committee, stated the Joint Risk Management Committee recommends passage of the Resolution.

A motion was made by Director Demicco, seconded by Director DeMuzzio, to approve the Resolution granting the CMEEC CEO authority to execute an extension agreement to provide power to Airgas until August 1, 2015, AND authority to execute a new 5-year power supply contract, providing the terms are acceptable to the Joint Risk Management Committee.

Vote passed unanimously.

(15-03-03)

(E) Solar Garden Coupled Storage Project – Board Vote

Mr. Rankin summarized the project and key components, noting its “avoided cost” model. Mr. Rankin reported that under the terms of the Replacement Power Sales Contracts (RPSC), a venture of this type is considered a project and various levels of participation are available to the Member Delegation. Director Yatcko, Chairman of the Joint Risk Management Committee, stated the committee had a robust discussion on the project topic, had requested additional information which they received, and were satisfied. A detailed Board discussion occurred.

A motion was made by Director K. Sullivan, seconded by Director DeMuzzio, to approve the Resolution authorizing the Solar Garden Coupled Storage Project.

Vote passed unanimously.

(15-03-04)

Chairman J. Sullivan announced a minor change in the Agenda to address Agenda Item G, Board Committee Revision, prior to Agenda item F, February Market Analysis.

(F) Board Committee Revision (L. Demicco to RMC) – Board Vote

Mr. Rankin conveyed Director Demicco’s desire to join the Joint Risk Management Committee.

A motion was made by Director Yatcko, seconded by Director Brown to approve Director Demicco’s appointment to the Joint Risk Management Committee.

Vote passed unanimously.

(15-03-05)

(G) February Market Analysis

Mr. Connell reported energy costs above budget in February. Demand during the month was higher and unit contingent resources were lower than budget. Mr. Connell noted Henry Hub gas price was lower than budget and lower gas transportation costs resulted in Day Ahead LMP lower than budget.

(H) Brown Rudnick Report Out

Mr. Afonso and Mr. Shea of the law firm Brown Rudnick, CMEEEC's lobbyist consultants, reported the status of legislative affairs to the Board. Mr. Afonso reported on significant issues in Massachusetts and New England, while Mr. Shea updated the Board on issues of importance in Connecticut. Board members asked questions regarding specific State Senate Bills, and discussion occurred.

Chairman J. Sullivan pointed out his intention to have the Board continue with strategic planning sessions with Mr. Miles. He suggested the next Board meeting have a light agenda, followed by a 2-hour strategic planning session with Mr. Miles.

Chairman J. Sullivan stated the Audit Report triggered other items which need to be addressed by the Board, such as the release of equity and CEO compensation. The Chairman noted these issues will be discussed at the next Board meeting.

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

Voted passed unanimously

(15-03-06).

There being no further matters to be discussed, the meeting was adjourned at 11:10 a.m.

Connecticut Municipal Electric Energy Cooperative

Resolution 15-03-02

Acceptance of the 2014 Audit Report

Whereas, the firm of Blum Shapiro (the “Outside Accountants”) was previously engaged by CMEEEC to audit CMEEEC’s books and records for CMEEEC’s operations during calendar year 2014 and;

Whereas, the Outside Accountants have completed their annual audit of CMEEEC’s books and accounts for the calendar year 2014, and have submitted the written report of that audit to the CMEEEC Board of Directors (the “2014 Audit Report”), and;

Whereas, the Joint CMEEEC and TRANSCO Audit Committee (Audit Committee) has reviewed the results of the 2014 Audit and the 2014 Audit Report with the representatives of the Outside Accountants responsible for the conduct of the audit of CMEEEC’s books and accounts and with CMEEEC management, and;

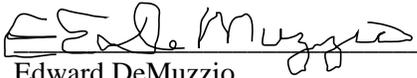
Whereas, all comments and input of the Audit Committee deemed appropriate by the Outside Accountants has been incorporated into the final report, and;

Whereas, the Audit Committee unanimously recommends to the full Board acceptance of the 2014 Audit Report as presented at this meeting.

Now Therefore Be it Resolved That:

The Board of Directors of CMEEEC does hereby accept the receipt and completion of the 2014 Audit Report.

March 26, 2015


Edward DeMuzzio
Secretary

Connecticut Municipal Electric Energy Cooperative

Board of Directors

Resolution 15-03-03

WHEREAS, the Connecticut Municipal Electric Energy Cooperative (“CMEEC”) desires:

- (1) to restate and amend the agreement by and between the Connecticut Municipal Electric Energy Cooperative and the Bozrah Light and Power Company (“BL&P”) for the supply of BL&P’s full requirements electric supply (the “Restated and Amended CMEEC-BL&P Power Sales Agreement”);
- (2) (a) to extend the existing arrangements for the supply of Market-Based Power by CMEEC to BL&P which, in turn, is resold to Airgas Merchant Gasses, Inc., LLC or an affiliate thereof (“Airgas”) for a four (4) month period (the “Current BL&P-Airgas Supply Arrangement”); and
- (2) (b) for CMEEC and BL&P to enter into a new agreement for the supply by CMEEC to BL&P of Electric Products (the “CMEEC-BL&P Airgas Supply Agreement”), which BL&P will then resell to Airgas pursuant to a separate contractual undertaking between BL&P and Airgas which, when executed by the parties, will supersede the arrangements described in (2)(a) above.

WHEREAS, the Current BL&P-Airgas Supply Arrangement is scheduled to expire on March 31, 2015; and

WHEREAS, BL&P is currently negotiating a modification of the Current BL&P-Airgas Supply Arrangement with Airgas, intending that such modified agreement, when agreed to 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 Restated and Amended CMEEC-BL&P Power Sales Agreement, with the intent, that said agreement: (i) be updated to better reflect changes in the wholesale power markets and applicable law and CMEEC’s relationships with its members and participants; (ii) is better integrated with the CMEEC-BL&P Airgas Supply Agreement currently under negotiation; and

WHEREAS, CMEEC desires to extend the term of the Current BL&P-Airgas Supply Arrangement to August 1, 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; and

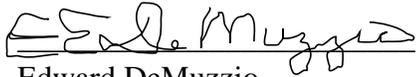
WHEREAS, CMEEC desires to commit to a five (5) year term in the Restated and Amended CMEEC-BL&P Power Sales Agreement, subject to termination upon one (1) year's prior notice thereafter and to otherwise restated and amend said contract; and

WHEREAS, CMEEC management has presented to the Board of Directors of CMEEC at its meeting on March 26, 2015, the proposed parameters of the contractual arrangements to be incorporated into the Restated and Amended CMEEC-BL&P Power Sales Agreement and the CMEEC-BL&P Airgas Supply Agreement (the "Parameters").

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

- (i) the extension of the Current BL&P-Airgas Supply Arrangement until August 1, 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 authorizes the Chief Executive Officer ("CEO") of CMEEC to execute a writing so as to make such extension binding on CMEEC; and
- (ii) the negotiation and execution by the CEO of CMEEC, on behalf of CMEEC, of the Restated and Amended CMEEC-BL&P Power Sales Agreement pursuant to such terms and conditions as are determined by the CEO consistent with the Parameters and subject to prior review of the finally negotiated terms and conditions of such agreement, prior to its execution, by the Risk Management Committee ("RMC") and, only following such review, without objection by the RMC; and
- (iii) the negotiation and execution by the CEO of CMEEC, on behalf of CMEEC, of the CMEEC-BL&P Airgas Supply Agreement pursuant to such terms and conditions as are determined by the CEO consistent with the Parameters and subject to prior review of the finally negotiated terms and conditions of such agreement, prior to its execution, by the RMC and only following such review, without objection by the RMC.

March 26, 2015


Edward DeMuzzio
Secretary

[Additional Power Project Version]

Connecticut Municipal Electric Energy Cooperative

Board of Directors Meeting

Resolution 15-03-04

RESOLUTION TO ESTABLISH THE PARAMETERS FOR AN ELECTRIC STORAGE PROJECT AS AN ADDITIONAL POWER PROJECT

WHEREAS, pursuant to authority afforded CMEEC by Resolution 14-40 of the Board of Directors (the “Board” or “BOD”) CMEEC previously entered into five separate power purchase agreements (“PPA”) with SolarCity Corporation (the “Developer”), with each PPA providing for the purchase by CMEEC of the electric products generated by a separate photovoltaic (“PV”) solar electric generation project (collectively, the “Solar Garden Projects”) to be developed and operated by the Developer and located in the service areas of the municipal electric utilities (“MEUs”) comprising members of CMEEC.

WHEREAS, CMEEC management has had continuing discussions with representatives of the Developer about additional measures and resources which will allow CMEEC to better optimize (i) the power output from and production and use of electric products by the Solar Garden Projects and (ii) CMEEC’s overall provision of power supply to its Member-MEUs.

WHEREAS, these discussions have resulted in a proposal for the development, installation and operation of a battery storage device (the “Storage Project”), to be operated by the Developer which will provide certain capacity and other services to CMEEC under an agreement to be entered into by the CMEEC and the Developer (when referred to collectively, sometimes, the “Parties”) with respect to such development, installation and operation.

WHEREAS, the Parties have negotiated the provisions of a term-sheet (the “Term Sheet”), which is not binding absent further authorization of the Parties, but indicative of the Parties’ intent regarding the development, installation and operation of the Storage Project.

WHEREAS, the Term Sheet contemplates CMEEC entering into an agreement with the Developer with respect to the Storage Project with an initial term of ten years, with additional extensions and an arrangement for an early “put” back of the Storage Project to the Developer by CMEEC under certain conditions.

WHEREAS, CMEEC management presented the Term Sheet for the Storage Project to the Board and has prepared and provided forecasts for review and consideration by the Board of the economic benefit resulting from the Storage Project by CMEEC, which, subject to the assumptions utilized in such forecasts, project a positive net benefit to accrue from participation in the Storage Project (the “Power Project Disclosure Materials”).

WHEREAS, participation has been offered in the Storage Project, comprising an Additional Power Project under the Replacement Power Sales Contracts (“RPSCs”), to the Members in conformity with the provisions of the CMEEC Membership Agreement (“MA”) and, in conformity with those procedures, the CMEEC Members have elected to acquire in the Storage Project Entitlement Allocations (“EAs”), as that term is defined in the RPSCs, comprising one hundred percent (100%) of the EAs in the Storage Project, with such EAs among the Project Participants established to be in the same proportion as the monthly electric loads of such Project Participants, designated as adjusted net interchange loads (“ANI”)

calculated by CMEEC as a billing determinant under and in conformity with Rate 9, pursuant to the RPSCs; and

WHEREAS, the Storage Project comprises an Additional Power Project, as that term is defined in the RPSCs, thereby allowing for the incurrence by CMEEC of Fixed Costs obligations under the RPSCs with respect to such Storage Project and the Project Participants assume their obligation to pay for such Fixed Cost obligations as provided under the RPSCs.

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE AS FOLLOWS:

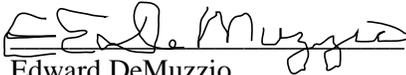
Section 1. The Storage Project, as further defined by the Additional Power Project Parameters as set forth in Section 2 and Attachment A hereof, is approved; and CMEEC is authorized to enter into one or more agreement(s) for the procurement by CMEEC of the services to be provided by the Storage Project and such other agreements as are appropriate and required for the construction and operation of the Storage Project, subject to the terms of this Resolution.

Section 2. The Additional Power Project Parameters, as such term is defined in the RPSCs, are as set forth in Attachment A, attached hereto.

Section 3. The Project Participants Entitlement Allocations shall be based on the Membership Interest Levels in effect at the date of Project designation, and incorporated into the RPSC exhibit. Each Project Participant through its duly authorized representatives on the Board has agreed and approved such Project Participant's participation in the Storage Project as determined pursuant to this Section 3.

Section 4. The Chief Executive Officer of CMEEC (the "CEO") is authorized on behalf of CMEEC to finalize, execute, and deliver the agreements and such other documentation as may be necessary and appropriate to be entered into by CMEEC with the Developer to proceed with the Storage Project, subject to such reasonable terms and conditions conforming to the general description of the Storage Project set forth in Attachment A and the Power Project Disclosure Materials.

March 26, 2015


Edward DeMuzzio
Secretary

ATTACHMENT A – Additional Power Project Parameters

The Additional Power Project consists of two, 0.75 Megawatt (MW) lithium-ion batteries, totaling 1.5 MW of capacity, with individual energy discharge capacities of three (3) Megawatt-hours (MWh), for a total of six (6) MWh of energy discharge. The capacity and energy discharge rights to the batteries are structured through a Capacity Services Agreement (“CSA”) for a term of ten (10) years, with a renewal option at the end of the first term, subject to mutual agreement on term and pricing.

The batteries will be maintained by the owner, SolarCity, and will be operated by CMEEC within the avoided cost model to displace four types of charges in the bulk power system, including Capacity, Transmission, Ancillaries, and ISO Charges. The agreement includes provisions that any such time as CMEEC determines the batteries as no longer economically advantageous, meaning the cost of the CSA is equal to or greater than the avoided cost benefit, CMEEC maintains an unilateral right to release the batteries back to SolarCity and to cease CSA payments. The agreement also contains provisions during the term for SolarCity to perform, and if the batteries do not perform as defined, the CSA payment is not required for that month

Due to the term being greater than five (5) years, the battery storage project is required to be processed as an Additional Power Project under the Replacement Power Supply Contract (“RPSC”)

Resolution

Appointment to Committee

Connecticut Municipal Electric Energy Cooperative

Board of Directors Meeting

Resolution 15-03-05

RESOLUTION FOR APPOINTMENT OF LOUIS DEMICCO TO

JOINT RISK MANAGEMENT COMMITTEE

WHEREAS, at the November 2014 Annual Board meeting, the Board of Directors of CMEEC (the "BOD") had appointed, by resolution, persons to serve on the various Committees of the BOD during 2015; and

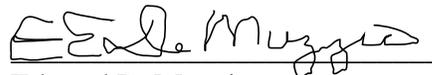
WHEREAS, at the February 2015 Board of Directors meeting, by recommendation of the Governance Committee, a revised Joint CMEEC and TRANSCO list of Committee participants was approved; and

WHEREAS, subsequent to the February 2015 Board of Directors meeting, Director Louis Demicco has agreed to serve on the Joint Risk Management Committee.

NOW THEREFORE BE IT RESOLVED BY THE BOARD AS FOLLOWS:

The BOD does hereby confirm and appoint Louis Demicco to the Joint Risk Management Committee for service during the balance of 2015 or until otherwise replaced by the BOD as provided in Attachment A.

March 26, 2015



Edward DeMuzzio
Secretary