

**JOINT 2014 ANNUAL and NOVEMBER 2014 REGULAR  
BOARD OF DIRECTORS' MEETING**

**CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE**

**MINUTES**

**November 20, 2014**

**CMEEC Offices**

**30 Stott Avenue, Norwich, Connecticut**

The Joint 2014 Annual and November 2014 Regular Board of Directors' Meeting of the Connecticut Municipal Electric Energy Cooperative ("CMEEC") was conducted on Thursday, November 20, 2014 at CMEEC's office, 30 Stott Avenue, Norwich, Connecticut. The meeting was a joint annual and regular meeting legally noticed in compliance with State law, and all proceedings hereinafter shown were taken while the meeting was open to the attendance of the public.

Chairman James Sullivan of the CMEEC Board of Directors (sometimes referred to herein as the "Board") called the meeting to order at 9:25 A.M. and determined a quorum was present.

**Member Representatives/Directors and Alternates:**

Groton -	Paul Yatcko, Edward DeMuzzio (arrived at 9:33 A.M.), David Collard (arrived at 9:33 A.M.)
Norwich -	John Bilda (left meeting at 10:43 A.M.), James Sullivan
Jewett City -	Louis Demicco, Kenneth Sullivan, Richard Throwe
East Norwalk -	David Brown (arrived at 9:34 A.M.), James Smith (arrived at 9:34 A.M.)
South Norwalk -	John Hiscock, Mark Harris (arrived at 9:33 A.M.)

**Also present were the following:**

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

Ms. Kachmar recorded

Standard Action Items (with references to whether considered as Regular or Annual Meeting matters).

**A. Approval of the Minutes of the October 23, 2014 Board of Directors Meeting (regular meeting matter)**

**Motion by Director Yatcko, seconded by Director Hiscock to approve the Minutes of the October 23, 2014 regular Board of Directors Meeting.**

**Vote passed. Director Bilda abstained. (14-63).**

**B. Objective Summary Report Review (regular meeting matter)**

Mr. Rankin reported that all values reported in the Objective Summary of the Board package and associated metrics now reflect information for the month of October, the most recent completed month. Some of the values, primarily with respect to certain power costs, are estimated due to ISO-NE reporting conventions which are not finalized by the date of preparation of the CMEEC monthly reports. For all future Board Meetings, the Board's "CMEEC Performance Report" will include actual and projected performance data through the most recent whole month completed.

Mr. Rankin reported that CMEEC performed well under the Regional Competitiveness Objective during the month of October. Deviation from the regional benchmark target, with investments, was (34%), and without investments was (31%). By year-end, Mr. Rankin stated that the deviation under this Objective is anticipated to be (27%) and (25%), respectively.

Mr. Rankin reported with respect to the Customer Fulfillment Objective, that CMEEC had a negative variance of 4% over budget due to higher than anticipated loads in October, and added incremental costs due to high transmission loads in September, which were billed in October. The year-end negative variance is projected at 6-7% over-budget.

Mr. Rankin reported that CMEEC's performance under the Financial Stability Objective was excellent for the month of October. CMEEC remains in compliance with the Enterprise Risk Management Plan and Policy and CMEEC staff continues to develop additional tools for determining and measuring compliance. The Current Ratio and Days Cash on Hand metrics improved significantly due to the posting by Citibank of cash collateral for power supply transactions Citibank assumed, through a novation, which were previously transactions between CMEEC and a Deutsche Bank subsidiary. CMEEC's Equity to Debt Ratio remained strong at 23%. Mr. Rankin also indicated that the Net A&G metric was at budget for the month, with the year-end positive variance currently projected to be 10% below budget.

CMEEC's performance under the Maximize Asset Value Objective was strong for the Pierce Plant and Market DG units, but the MicroGen underperformed due to additional run-hours than budgeted, in chasing the peak, coupled with an adverse "spark spread" between the energy price applicable to the hours of operation and the variable cost of operation of the MicroGen units. A brief discussion occurred about the methods used to predict the peak.

Mr. Rankin reported that Transmission Project #1 performed well in October. He also indicated that CMEEC Margin is strong and is anticipated to continue to perform well for the balance of the year due to the addition of new customers.

**C. Approve CMEEC 2015 Operating and Capital Budget (regular meeting matter)**

Mr. Rankin informed the Board that the Budget and Finance Committee had met several times to review the 2015 budget in detail, and a meeting was held open to all Board Members with interest to review the budget. In an overall summary, Mr. Rankin noted the A&G budget has remained relatively flat compared to the 2014 budget. The Member systems' and balance of customers' individual budgets will be broken out of the main budget and provided in the near future. Mr. Pryor reviewed sections of the 2015 budget and answered questions from the Board.

**Motion by Director Yatcko, seconded by Director Brown, to Approve the CMEEC 2015 Operating and Capital Budget.**

**Vote passed unanimously. (14-64).**

**D. Approve 2015 CMEEC Officers and CMEEC representatives to the CMEEC and the Connecticut Transmission Municipal Electric Energy Cooperative ("TRANSCO") Board of Directors' Joint Committees (annual meeting matters)**

Chairman James Sullivan thanked the Governance Committee for its work in preparing the nominations for Officer and Committee membership positions.

**Motion by Director Demicco, seconded by Director Harris, to Approve the CMEEC 2015 Officers.**

**Vote passed unanimously. (14-65).**

Mr. Rankin noted that the appointments to the Joint CMEEC and TRANSCO Board of Directors' Committees, which will be open due to Director Hiscock's pending retirement, will be addressed in the near future as Director Hiscock's successor is named.

**Motion by Director Bilda, seconded by Director Yatcko, to Approve the CMEEC representatives to the Joint CMEEC and TRANSCO Board of Directors' Committees for 2015.**

**Vote passed unanimously. (14-66).**

**E. Approve CMEEC 2015 Schedule of Board Meeting Dates (annual meeting matter)**

**Motion by Director Demicco, seconded by Director Smith, to Approve the 2015 Schedule of CMEEC Board Meeting Dates, as Amended.**

The amendment changes the meeting start times of those meetings being held in East and South Norwalk to 10:30 A.M.

**Vote passed unanimously.**

**(14-67).**

**F. Energy Cost Analysis Summary Overview (regular meeting matter).**

Mr. Connell reported the October energy costs were above budget by 2.42%, and that actual demand was 5,420 MWh higher and unit contingent resources were 1,980 MWh lower than budget. Mr. Connell noted the gas and natural gas transportation prices were lower than budget. A brief discussion occurred regarding a procurement strategy under review assessing the risks associated with unit contingent resources and for firming up the supply of such resources if warranted.

**Legislative Affairs Energy Update (regular meeting matter)**

Mr. Rankin reported on the energy issues update meeting held at CMEEC on Nov. 19, 2014, with several legislators and community officials in attendance. The meeting was designed to educate the legislators on the status of the energy situation in New England, and elevate awareness of the issues, particularly regarding: (i) the anticipated substantial increases in generation capacity cost due to generation unit retirements; and (ii) the disproportionate electric costs borne each winter by the New England region due New England's increasing dependence on natural gas to fuel electric generation coupled with existing west to east natural gas transmission pipeline constraints.

Mr. Rankin noted that the attending legislators were appreciative of the information provided by CMEEC and showed interest and concern. Mr. Rankin reported that the legislators asked what they can specifically do to help. Mr. Rankin indicated that he will be preparing further responses to address the legislators' inquiries.

**Motion to add to the meeting agenda discussion of the pending claims dispute with the Wallingford Electric Division ("WED") and to go into Executive Session to discuss the matter (regular meeting matter).**

**Motion by Director K. Sullivan, seconded by Director Demicco to add as an item to the meeting agenda and to go into Executive Session to discuss the CMEEC-WED mediation/arbitration issues, with direction to the Chair to direct that the meeting enter back into public session upon the completion of the discussion.**

**Vote passed unanimously.**

**(14-68).**

The meeting went into Executive Session at 10:45 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, and the CMEEEC staff listed on page 1 of these Minutes.

The meeting came back into public session at 11:23 A.M.

**Motion to Adjourn.**

**Motion by Director Demicco, seconded by Director Harris, to adjourn the meeting.**

**Vote passed unanimously. (14-69).**

There being no further matters to be discussed, the meeting was adjourned at 11:23 A.M.

**Connecticut Municipal Electric Energy Cooperative**  
**Resolution 14-64**

**Resolution Approving CMEEC's Operating and Capital Budget for 2015**

**WHEREAS**, under the term of the Replacement Power Sales Contract (RPSC), and other governing documents, CMEEC is required to prepare for Board approval an annual budget for the ensuing year which sets forth in reasonable detail the fixed costs and the revenue requirements for the ensuing year; and,

**WHEREAS**, under the terms of the same RPSC, the approved annual budget shall be filed with each purchaser prior to January 1<sup>st</sup>; and,

**WHEREAS**, CMEEC staff has prepared a proposed budget as required and reviewed it with the Budget and Finance Committee of the Board; and

**WHEREAS**, the Budget and Finance Committee recommends to the Board that the proposed budget for 2015 be approved and adopted by the Board.

**NOW THEREFORE BE IT RESOLVED**, that the Board of Directors hereby accepts the recommendation of the Budget and Finance Committee and approves and adopts the CMEEC 2015 Operating and Capital Budgets.

November 20, 2014

  
Edward DeMuzzio  
Secretary



**CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE**

**RESOLUTION 14-65**

**WHEREAS**, it is the recommendation of the Governance Committee of the Board of Directors to nominate the following slate of Officers for the year 2015;


**BE IT HEREBY RESOLVED** that the Board of Directors elects the following slate of CMEEC Officers to serve for the year 2015:

<u>Office</u>	<u>2015 Officers</u>
Chairman of the Board	James Sullivan
Vice-Chairman	Kenneth Sullivan
Secretary	Edward DeMuzzio
Treasurer	James Smith

**BE IT FURTHER RESOLVED**, that the Board of Directors approves the recommendation of CMEEC management for the following Officer positions:

Assistant Secretary	Philip Sussler
Assistant Treasurer	Edward Pryor
Chief Executive Officer	Drew Rankin
Chief Financial Officer	Edward Pryor

November 20, 2014

  
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 Edward DeMuzzio  
 Secretary

**RESOLUTION 14-66**

**Annual Board of Directors – Joint CMEEC and Transco Committees for 2015**

**Be it resolved that the Board of Directors of the Connecticut Municipal Electric Energy Cooperative elects the following representatives to serve on the Joint Committees of the CMEEC and Transco Boards for the year 2015.**

<b>Joint Audit Committee</b>	
Board Members	CMEEC Coordinator
<b>Chairperson</b> <b>David Collard</b>	<b>Edward Pryor</b>
Mark Harris	
Kenneth Sullivan	
James Smith	
Stephen Sinko	
<b>Joint Compensation and Policy Committee</b>	
Board Members	CMEEC Coordinator
<b>Chairperson</b> <b>John Bilda</b>	<b>Drew Rankin</b>
Edward DeMuzzio	
<i>Pending Replacement for John Hiscock</i>	
James Smith	
<b>Joint Risk Management Committee</b>	
Board Members	CMEEC Coordinator
<b>Chairperson</b> <b>Paul Yatcko</b>	<b>Brian Forshaw</b>
Edward DeMuzzio	
<i>Pending Replacement for John Hiscock</i>	
John Bilda	
<b>Joint Budget and Finance Committee</b>	
Board Members	CMEEC Coordinator
<b>Chairperson</b> <b>James Smith</b>	<b>Edward Pryor</b>
<i>Pending Replacement for John Hiscock</i>	
Kenneth Sullivan	
Ed DeMuzzio	
Jim Sullivan	
<b>Joint Governance Committee</b>	
Board Members	CMEEC Coordinator
<b>Chairperson</b> <b>Scott Whittier</b>	<b>Drew Rankin</b>
Richard Throwe	
Paul Yatcko	
Stephen Sinko	
<b>Joint Legislative Committee</b>	
Board Members	CMEEC Coordinator
<b>Chairperson</b> <b>James Sullivan</b>	<b>Brian Forshaw</b>
<i>Pending Replacement for John Hiscock</i>	
David Brown	
Louis Demicco	
David Collard	

November 20, 2014

  
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 Edward DeMuzzio  
 Secretary





**THE CONNECTICUT MUNICIPAL ELECTRIC  
ENERGY COOPERATIVE**

**Board of Directors 2015 Meeting Dates**

**RESOLUTION 14-67**

BE IT HEREBY RESOLVED that the Board of Directors of the Connecticut Municipal Electric Energy Cooperative (CMEEC), in accordance with Section 1-225 of the General Statutes of Connecticut and Article III, Section 4, of the CMEEC By-Laws, establishes the following schedule of Regular and Annual meetings of the Board of Directors for **Calendar Year 2015**.

Thursday, January 22, 2015	9:30 A.M.	Regular Board	Norwich Public Utilities
Thursday, February 26, 2015	9:30 A.M.	Regular Board	CMEEC
Thursday, March 26, 2015	9:30 A.M.	Regular Board	Groton Utilities Operations Center
Thursday, April 23, 2015	9:30 A.M.	Regular Board	CMEEC
Thursday, May 28, 2015	9:30 A.M.	Regular Board	Jewett City (off-site)
Thursday, June 25, 2015	9:30 A.M.	Regular Board	CMEEC
Thursday, July 23, 2015	10:30 A.M.	Regular Board	East Norwalk
Thursday, August 27, 2015	9:30 A.M.	Regular Board	CMEEC
Thursday, September 24, 2015	9:30 A.M.	Regular Board	CMEEC
Thursday, October 22, 2015	10:30 A.M.	Regular Board	South Norwalk
Thursday, November 19, 2015	9:15 A.M.	Annual Membership	CMEEC
Thursday, November 19, 2015	9:30 A.M.	Annual & Regular Board	CMEEC
Thursday, December 17, 2015	9:30 A.M.	Regular Board	CMEEC

Edward DeMuzzio  
Secretary

November 20, 2014