

SUBJECT TO FINAL BOARD APPROVAL

**ANNUAL AND REGULAR NOVEMBER MEETING OF
THE BOARD OF DIRECTORS OF**

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE

November 16, 2017

**Norwich Inn & Spa
607 West Thames Street, Norwich, Connecticut**

MINUTES

The Annual and Regular November Meeting of the Board of Directors of the Connecticut Municipal Electric Energy Cooperative (“CMEEC”) was held on Thursday, November 16, 2017, at the Norwich Inn & Spa, 607 West Thames Street, Norwich, 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.

In the absence of the Chairman and Vice-Chairman, Secretary Louis Demicco called the meeting to order at 10:13 a.m. and determined a quorum was present.

Representatives	Groton -	Ronald Gaudet, Keith Hedrick
Of the Members	Norwich -	Grace Jones, Stewart Peil
Present:	Jewett City -	Louis Demicco, Richard Throwe
	East Norwalk -	David Brown, Kevin Barber, Debora Goldstein
	Bozrah -	David Collard, Richard Tanger, Ralph Winslow

Also present were the following:

Drew Rankin, CMEEC, Chief Executive Officer
Edward Pryor, CMEEC, Chief Financial Officer
Robin Kipnis, CMEEC, General Counsel
Justin Connell, CMEEC, Director, Portfolio Management
Michael Rall, CMEEC, Director, Asset Management
Michael Lane, CMEEC, Controller
Scott Whittier, CMEEC, Director, Enabling Services
Patricia Meek, CMEEC, Financial Planning & Analysis Manager
Jake Pagragan, CMEEC, Director of Customer & Community Prosperity
Ellen Kachmar, CMEEC, Office & Facility Manager
Dylan Phillips, CMEEC, Risk Analyst
Margaret Job, CMEEC, Administrative II

The following members of the public were in attendance:

Ryan Blessing, Reporter, The Norwich Bulletin
Claire Bessette, Reporter, The New London Day
Raphael Herz, Director, Wholesale Sales, Enernoc, Inc.

Ms. Job recorded

For the benefit of new Board Members present at the meeting, Mr. Rankin explained that an Annual Meeting of the Boards of Directors of CMEEC and CTMEEC is required by state statutes and the CMEEC Bylaws.

Prior to reviewing the Objective Summary metrics, Mr. Rankin noted four out of nine of CMEEC's quantitative objectives comprise the report. He explained the measures utilized in calculating regional competitiveness was the comparison of cost of wholesale power between CMEEC and Eversource, the majority provider of power in Connecticut. Mr. Rankin stated that this comparison data is utilized by rating agencies to determine economic viability.

Standard Action Item

(A) Approve Minutes of the CMEEC October 26, 2017 Board of Directors Meeting.

A motion was made by Member Representative Barber, seconded by Alternate Member Representative Winslow, to approve the Minutes of the October 26, 2017 Board of Directors Meeting.

Motion passed unanimously.

(17-11-01)

Specific Action Items

(B) October 2017 Objective Summary 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 established target value for the performance month and year to date.

Mr. Rankin began by reporting that both the Regional Competitiveness TMR View and Rate 9 View realized a significant negative variance to target due to the underlying Regional Competitiveness Rate 9 View underperforming with a 14% deviation to the target regional benchmark due to seasonal compression in monthly power cost as the Rate 9 Weighted Average Cost of Electricity (WACOE) increased against a six month rate of Regional Benchmark.

Both the Customer Fulfillment All-In Cost TMR View and All-In Rate 9 Customer View finished strongly for the month despite a slightly negative variance in the All-In Rate 9 Customer View. Mr. Rankin noted that was the result of lower than budgeted loads, but was still within

1% of budget. He added that Actual to Budget remains strong year to date and at projected year end.

Mr. Rankin reported that the Financial Stability metrics remain strong, noting that CMEEC remains in compliance with the Risk Management Plan and is projected to remain so throughout the balance of the year. The Current Ratio continues to realize strong performance due to strong assets against a lower liability / expense and continues with a strong year to date which is projected to remain strong throughout the year. Equity to Debt Ratio continues with a strong positive variance with a year-end projection of 36%, with no distribution of eligible equity. Mr. Rankin noted that if the remaining 56 % of Distribution Eligible Equity is issued, projected year end ration will be approximately 31%. Days Cash on Hand remains strong at 154 days due to lower energy prices and decreasing energy volumes, while cash and liquidity vehicles remain strong and available or unused. He noted that this trend will continue through year end cautioning that excessive winter power cost could drive days to lower Cash on Hand than recent figures, but still within target. Net Non-Fuel Operating Expense continues with a negative variance, due to contemplated but unbudgeted outside services expenses.

Mr. Rankin discussed the metrics under Maximize Asset Value by noting that Pierce experienced a positive variance of \$151,851 due to three (3) ISO dispatches and earning variable margin through the month causing the year to date positive and projected year end to be slightly over budget. Market DG performed positively for the month due to taking on capacity supply obligations and associated non budgeted revenues, although the Market DGs will still see a negative net benefit at year end. . Transmission Project #1 performed below budget for the month due to decreased network loads, but still expected to provide a net benefit at year-end of \$741,904. . In much the same way, Hydro-Quebec continues to under-perform below budget. Mr. Rankin explained this performance was driven largely by decreased capacity revenues in the first half of the year. He added that projected year end benefit remains lower than budget, but still expected to provide a net benefit of \$634,446. CMEEC Margin continues to perform under budget due to a write down from a customer default, but still showing margin at end of year in excess of \$3,000,000. MTGA load reduction impacted margin this second half of the year as has customer loads in general for the year. Mr. Rankin explained that CMEEC Equity rate continues with strong performance for the month, year to date and for projected year end. Investment performance continues strong with investment of CMEEC funds continuing to earn interest in nominal dollars and yield above budget with potential increasing yields as market interest rates experience upward pressure.

(C) October 2017 Market Analysis

Mr. Connell provided a brief overview of the October 2017 Energy Cost Analysis. He noted that the Projected Rate 9 Energy Costs were below the Budgeted Rate 9 Energy Costs by \$0.86/MWh (or 1.89%). Mr. Connell continued by noting that the October 2017 budget rate 9 energy cost was \$45.65/MWh and the October 2017 Projected Rate 9 Energy Cost was \$44.79/MWh. Actual Demand was 2,810 MWh lower and Unit Contingent resources were 830 MWh higher than the budget. Henry Hub gas price was \$0.16 lower than the budget and transportation cost was \$0.03 lower than the budget. He noted that despite lower gas costs, a higher than expected heat rate resulted in the Day Ahead LMP coming in higher than the budget. He noted that had the hedges

not been in place, the October 2017 Average LMP (CMEEC Load) would have been \$31.95/MWh.

He added that average daily LMPs (4000) ranged from a low of \$12.72 per MWh to a high of \$47.16 per MWh.

The Algonquin price varied between \$2.75 and \$3.35 per MMBTU and the Henry Hub price varied between \$2.74 and \$3.01 per MMBTU.

Mr. Connell discussed the Delivered Price of Natural Gas for October 2017. He stated that the New England delivered natural gas prices averaged \$2.87/MMBTU for the month. There were 20 days under \$2.87/MMBTU and 6 days above \$3.20/MMBTU. This resulted in the LMP and forward market prices to be \$3.62/MWh higher than expected and budgeted for the month.

Mr. Connell described the mitigating actions taken for the month noting that in the months leading to October 2017, 2.0 MW were purchased at \$26.89/MWh to comply with Risk Management policy minimum targets. He added that the price for spot energy in the budget was \$27.95/MWh. He explained that no additional resources were purchased during the month of October 2017 and there was no physical call option with MicroGen fleet for the month of October 2017.

(D) Approve CMEEC 2018 Operating and Capital Budgets

Mr. Pryor explained the process leading up to the Board's approval of the 2018 Operating and Capital budgets. He noted that there were approximately four (4) Budget and Finance Committee meetings held in the months prior to October at which the budgets were discussed in great detail. He added that all Board of Directors were invited to participate in several of the meetings so that questions might be answered prior to today's meeting.

A resolution which included a recommendation from the Budget and Finance Committee to approve the CMEEC 2018 Operating and Capital budgets were presented for the Board's consideration.

Motion was made by Member Representative Gaudet, seconded by Alternate Member Representative Winslow to approve Resolution 17-11-02 "Resolution Approving CMEEC's 2018 Operating and Capital Budgets." Member Representative Jones Abstaining.

Motion passed.

(17-11-02)

Mr. Pryor took a moment to thank the members of the Budget and Finance Committee and other Board members who actively participated in the budget process for their work over the last several months on the development of the 2018 Budgets. He also thanked CMEEC staff member Patricia Meek for her outstanding work in her role as budget facilitator.

(E) Approve Joint 2018 Officers and Committees of the CMEEC and Transco Boards

Member Representative Gaudet thanked everyone for their input in creating the slates of Officers and Committee Members being brought to this meeting for approval. He noted that Paul Yatcko's name appeared twice on the Joint Audit Committee slates and that the duplicate occurrence should be removed. He explained that nominees were chosen for certain committees based on their expertise. Mr. Rankin noted that each Committee has a specific charter and added that those charters are covered in CMEEC 101, which is offered as education for new CMEEC Board of Directors. Mr. Gaudet opened the floor to the new nominees to pose any questions they may have regarding their appointments. Ms. Jones asked that the Officers present at today's meeting be identified.

Mr. Gaudet reviewed the list of Officer Nominations and he introduced those Officers present at today's meeting for the benefit of the new Member Representatives present. He then introduced the Committee Chairs.

Mr. Gaudet suggested that as the Board of Directors is increasing in number, a Board of Directors book be created which would include Board of Directors responsibilities and Board structure, among other topics.

Motion by Alternate Member Representative Goldstein, seconded by Alternate Member Representative Winslow, to approve the Joint 2018 Officers and Committees of the CMEEC and Transco Boards, as amended.

Motion passed unanimously. (17-11-03)

(F) Approve CMEEC 2018 Schedule of Board Meeting Dates

Mr. Rankin noted that the January 2018 meeting contained a typo and explained that it should read Thursday, January 25, 2018 rather than Thursday, January 26, 2018. He added that the location of the Board of Directors meetings going forward will be spread between the Members and the Norwich Inn & Spa.

Motion by Member Representative Gaudet, seconded by Alternate Member Representative Winslow to approve the CMEEC 2018 Schedule of Board Meeting Dates, as amended.

Motion passed unanimously. (17-11-04)

Motion by Member Representative Collard, seconded by Alternate Member Representative Winslow to adjourn the meeting.

Motion passed unanimously. (17-11-05)

There being no further business to come before this Board, the meeting was adjourned at 11:05 a.m.