

MASSACHUSETTS MUNICIPAL WHOLESALE ELECTRIC COMPANY

BOARD OF DIRECTORS' MEETING

RICHARD D. CARNEY MUNICIPAL OFFICE BUILDING  
SHREWSBURY, MA

REGULAR SESSION  
FEBRUARY 20, 2019

MINUTES

A. PROCEDURE

1. Chairman Flynn called the meeting to order at 10:00 a.m. stating that a quorum was present.

Those present:

Directors and Officers:

Chairman Michael Flynn; President Peter Dion; Directors Sean Hamilton, John Driscoll, Kevin Kelly, Joseph Sollecito, James Lavelle; CEO and Secretary Ronald C. DeCurzio; Executive Director, Energy & Financial Markets and Treasurer, Matthew J. Ide; Assistant Secretary Nancy A. Brown

Others:

Hull Manager, Panos Tokadjian; Peabody Manager, Charles Orphanos; Shrewsbury Manager, Michael Hale; Marblehead Manager, Joseph Kowalik

2. Approval of Agenda

A motion was made by Mr. Lavelle, seconded by Mr. Hamilton, and it was unanimously voted to approve the agenda as presented.

3. Approval of January 9, 2019 Regular Session Minutes

A motion was made by Mr. Driscoll, seconded by Mr. Hamilton, and it was unanimously voted to approve the January 9, 2019 Regular Session Minutes as presented.

B. CURRENT AGENDA

1. Member/Participant Comments

The Board was asked if they would like to conduct another legislative/State House day like the one held last year in June. It was the unanimous consensus of the Board to plan the event. Mr. DeCurzio also mentioned that there are a lot of new local members on committees. He would like to invite them to MMWEC to educate them on what MMWEC is and what it does.

There was mention of the DC visit next week with MMWEC staff and member systems being represented.

## 2. Activities Report

Mr. DeCurzio referred to page 13 regarding MMWEC's auction rate securities debt. Mr. DeCurzio said that the variable rate debt was issued as an interest rate risk management strategy. MMWEC took advantage of the flexibility inherent in the bonds to reduce interest costs as short-term interest rates increased. The debt was totally paid off on February 13 saving about \$29,000 in interest expenses.

There were no further questions or comments on the Activities Report.

## 3. Pooled Loan Financing

Mr. Flynn asked for a motion and a second to discuss the Pooled Loan Program and that the intent is to take the votes as a group, but list separately. A motion was made by Mr. Hamilton, seconded by Mr. Driscoll to take all votes in a group and list them separately after discussion occurs.

Mr. Ide handled out a summary sheet. Mr. Ide began the discussion by stating who has used the program this far. Ide said that since December 2016, \$50M has been advanced. \$26M for wind, solar and battery. A revolving line of credit is still in place with Bank of America. It was explained that the first term out for \$20M in 2017 was private placement which means the bank bought the bond which has loss cost for closing and no rating agency fees. This second term out, will be done the same way. The private placement does not require additional insurance. The proceeds of the term loan will be paying down the revolver. One system will be staying in the revolver. Mr. Ide explained that systems may need to get a commission vote to ratify action. The closing is planned for some time in March. This will be a fixed rate loan for the term. In response to a question about reserve requirement, DeCurzio stated that 10% of borrowed amount goes into reserve at the beginning and then rolls and continues. With a traditional loan, a step up would be included as with 2015A meaning if one system defaulted, all others need to step up and pay. This pooled loan has no step up, no cross default.

Chairman Flynn read the first paragraph explaining what this program was set up to do, with the rest being recorded below: A motion was made by Mr. Kelly, seconded by Mr. Sollecito and it was unanimously:

**WHEREAS**, in accordance with St. 1975, c, 775, Section 5(k) and Section 6 and as authorized by the April 24, 2014 Order of the Department of Public Utilities in Re: MMWEC, DPU 13-162, in September of 2014, the Massachusetts Municipal Wholesale Electric Company ("MMWEC") established and commenced "a pooled loan program on behalf of and for the benefit of its members, to make loans to its members and to enter into leases on behalf of its members, both as lessee and lessor"(the "Pooled Loan Program");

**WHEREAS**, on September 25, 2014, the MMWEC Board of Directors adopted Resolution 14-42 ("Pooled Loan Program Resolution"), which, among other things, allows for the Board to authorize Supplemental Resolutions;

**WHEREAS**, on September 25, 2014, the MMWEC Board of Directors adopted Supplemental Resolution 14-42A, which supplemented Resolution 14-42 and which: (1) provided for the issuance of the Series 2014A Bond for the purpose of financing or refinancing loans and leases under the Pooled Loan Program, pursuant to the terms and conditions of the Loan Agreement (Pooled Loan Credit Facility) with Bank of America, N.A. (the “Bank”), which subsequently was executed dated December 16, 2014 (“2014 Loan Agreement”); and (2) approved the form and content and authorized the execution of: (a) the 2014 Loan Agreement; (b) the Pooled Loan Program Bond Series 2014A - Revolving Line of Credit Note, which was subsequently issued by MMWEC and made payable to the Bank on December 16, 2014 (“2014 Note”); and (c) the Security Agreement by MMWEC in favor of the Bank, which subsequently was executed dated December 16, 2014 (the “2014 Security Agreement”);

**WHEREAS**, the 2014 Loan Agreement was amended by Amendments #1 -14 (the “Prior Amendments”) for purposes of, among other things, extending the “Expiration Date” and changing the dollar amount of the “Commitment”, as such terms are defined in the 2014 Loan Agreement;

**WHEREAS**, certain Loans and Leases (as defined in the Pooled Loan Program Resolution) were funded under the Series 2014A Bond and issued to certain Pooled Loan Program participants comprised of the Town of Ashburnham, acting by and through the Ashburnham Municipal Light Plant, the Town of Marblehead, acting by and through the Marblehead Municipal Light Department, the Town of Shrewsbury, acting by and through the Shrewsbury Electric Light and Cable Operations, and the Town of Wakefield, acting by and through the Wakefield Municipal Gas & Light Department for Qualified Utility Assets and/or Qualified Utility Projects (each as defined in the Pooled Loan Program Resolution);

**WHEREAS**, the Treasurer has determined that it would be prudent and in the best interests of MMWEC to refund that portion of the outstanding Series 2014A Bond attributable to such Qualified Utility Assets and/or Qualified Utility Projects (the “Refunded Debt”) so that the useful lives of such Loans and Leases would be more appropriately matched to long term, fixed rate financing; and

**WHEREAS**, a new Loan has been requested by MMWEC member, the Town of Templeton, acting by and through the Templeton Municipal Light and Water Department, for a Qualified Utility Asset (the “Templeton Loan”) that the Treasurer has determined would be more appropriately funded with long term, fixed rate financing; and

**WHEREAS**, the MMWEC Staff has provided information to the MMWEC Board of Directors relating to the refunding of the Refunded Debt and funding the Templeton Loan through the issuance of long term, fixed rate, tax-exempt debt through a new loan agreement between MMWEC and the Bank and a new note from MMWEC to the Bank, secured by a new security agreement by MMWEC in favor of the Bank.

**NOW, THEREFORE**, it is voted that the MMWEC Board of Directors hereby:

(VOTED 19-04): Accepts the recommendations of the Chief Executive Officer and Treasurer and hereby determines that it is prudent and in the best interests of MMWEC to amend and restate the 2014 Loan Agreement to incorporate the Prior Amendments and make such changes as are necessary or appropriate as a result of the refunding of the Refunded Debt;

(VOTED 19-05): Approves the Amended and Restated Loan Agreement (Pooled Loan Program Credit Facility) between MMWEC and the Bank, which amends and restates the 2014 Loan Agreement, substantially in the form presented at this meeting

and made a part of the records of this meeting, and hereby authorizes the Authorized Signatory (as defined in the Supplemental Resolution) to make such amendments, modifications and changes thereto, with the advice of the Treasurer and MMWEC Counsel, he deems necessary or appropriate to carry out the intent and purpose of the Amended and Restated Loan Agreement (Pooled Loan Program) and the intent and purpose of the Pooled Loan Program (including amendments, modifications and changes to the business terms including but not limited to the interest rate), and hereby further authorizes and directs the Authorized Signatory to: (1) execute the Amended and Restated Loan Agreement (Pooled Loan Program Credit Facility) at such time as the Authorized Signatory deems necessary or appropriate to effectuate the intent of this vote; and (2) deliver and cause MMWEC to perform all of its obligations under such Amended and Restated Loan Agreement (Pooled Loan Program Credit Facility).

(VOTED 19-06): Accepts the recommendation of the Chief Executive Officer and Treasurer and hereby determines that it is prudent and in the best interests of MMWEC to refund the Refunded Debt and finance the Templeton Loan on a tax-exempt basis with long term, fixed rate debt; and hereby authorizes the Treasurer to cause the Refunded Debt to be refunded and the Templeton Loan to be financed on a tax-exempt basis, through a new loan agreement with the Bank and a new note from MMWEC to the Bank, secured by a new security agreement by MMWEC in favor of the Bank.

(VOTED 19-07): Adopts Supplemental Resolution No. 19-07A for the issuance of the Pooled Loan Program Bond – Series 2019A (the “Supplemental Resolution”) the purpose of which is to refund the Refunded Debt and finance the Templeton Loan on a tax-exempt basis, substantially in the form of the Supplemental Resolution presented at this meeting and made a part of the record of this meeting.

(VOTED 19-08): Indemnifies all MMWEC officers and directors and MMWEC Counsel in accordance with and pursuant to Article VII of the MMWEC By-laws for all actions taken in connection with the issuance, sale and delivery of the Pooled Loan Program Bond, Series 2019A – Term Note (2019 Term Out).

(VOTED 19-09): Ratifies and confirms all previous actions taken by the Chief Executive Officer, the Treasurer, MMWEC staff, and MMWEC Counsel for the purposes of issuing the Pooled Loan Program Bond, Series 2019A -Term Note (2019 Term Out).

(VOTED 19-10): Approves and authorizes the Chief Executive Officer, or other Authorized Officers, (as defined in the Pooled Loan Resolution) with the advice of MMWEC’s Treasurer and MMWEC Counsel, to execute, or accept such further documents, and take any and all further actions as may be reasonably required to carry out, give effect to and consummate the transactions contemplated by Votes 19-04 through 19-10; and hereby authorizes and directs the Chief Executive Officer and his designees to carry out or cause to be carried out all obligations of MMWEC under the Pooled Loan Program Bond, Series 2019A

– Term Note (2019 Term Out) and the Supplemental Resolution and to perform and undertake such other actions as they, in consultation with MMWEC counsel, shall consider necessary or advisable to accomplish the continuation and administration of the Pooled Loan Program.

4. Forward Capacity Auction 13 – Preliminary Results & Analysis

Mr. Ide handed out a reference sheet of outcomes of the FCA13. Mr. Ide reported that the clearing price was the lowest in six years. He said this was the first auction with CASPR rules. Net installed capacity target was the same as last year; qualified capacity increased by 7%; cleared capacity was the same as last year; surplus capacity increased by more than 50%. Ide also stated that Vineyard Wind did not qualify as a renewable resource in this auction, but the state-sponsored project won a 54MW capacity obligation from a retiring resource in the substitution auction. Wyman did not clear and a 650 MW gas plant in Killingly CT was added as new generation.

Mr. Ide spoke of future capacity forecasts and capacity clearing price forecasts over expected life of project 2015A which is a capacity hedge.

C. EXECUTIVE SESSION

A motion was made by Mr. Kelly, seconded by Mr. Lavelle, that the MMWEC Board meeting enter Executive Session for the purpose of discussing strategy with respect to discussing commercial or financial information the disclosure of which would adversely affect MMWEC’s ability to conduct business in relation to other suppliers of electric power and energy, under St. 1975, c.775 Section 19(a), and to reconvene the meeting in Open Session upon termination of the Executive Session for the purpose of adjournment. Based on roll call vote as follows:

Sollecito	“aye”
Kelly	“aye”
Driscoll	“aye”
Hamilton	“aye”
Lavelle	“aye”
Flynn	“aye”

It was:

(VOTED 19-11): To enter Executive Session for the purpose of discussing strategy with respect to trade secrets under St. 1975, c. 775 Section 19(a) and that upon termination of the Executive Session, the Board Meeting will be reconvened in Regular Session to adjourn the meeting.

The Board entered Executive Session at 11 a.m.

The Board meeting reconvened Regular Session at 11:20 a.m.

All business having been concluded, it was moved by Mr. Sollecito, seconded by Mr. Kelly, and it was unanimously voted to adjourn the Board of Directors' meeting.

Chairman Flynn declared the regular session of the Board of Directors' meeting adjourned at 11:20 a.m.

A TRUE RECORD

ATTEST:   
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Nancy A. Brown, Assistant Secretary  
Massachusetts Municipal Wholesale Electric Company

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