

MASSACHUSETTS MUNICIPAL WHOLESALE ELECTRIC COMPANY

BOARD OF DIRECTORS' MEETING

MMWEC VIA GO TO MEETING

REGULAR SESSION
SEPTEMBER 22, 2021

MINUTES

A. PROCEDURE

1. Chairman Flynn called the meeting to order at 10:05 a.m. stating, following a roll call, that a quorum was present.

Those present:

Directors and Officers:

Chairman Michael Flynn; President Peter Dion; Directors: Kevin Kelly, Joseph Sollecito, Tara Rondeau, John Driscoll, James Lavelle, Christopher Roy, Chuck Orphanos; CEO and Secretary Ronald C. DeCurzio; General Counsel Peter Barry; Executive Director, Energy & Financial Markets and Treasurer Matthew J. Ide; Nancy A. Brown, Assistant Secretary

Members:

Kevin Sullivan, Ashburnham Manager; Mark Barakian, Boylston Manager; James Lisowski, Chicopee Manager; Jane Parenteau, Holden Manager; Panos Tokadjian, Hull Manager; Joseph Kowalik, Marblehead Manager; Sean Fitzgerald, South Hadley Manager; Jonathan Fitch, West Boylston Manager

Others:

Director, Engineering and Generation Assets Brian Quinn; Director of Business Support and Administrative Services Eric Womack; Director of Communications and External Affairs Kate Roy; Director of Financial Reporting and Corporate Technologies Carol Martucci

2. Approval of Agenda

Chairman Flynn asked for approval of agenda. A motion was made by Ms. Rondeau, seconded by Mr. Sollecito and it was unanimously voted to accept the agenda as presented.

B. CURRENT AGENDA

1. Member/Participant Comments

a. Resolution – Jane Parenteau

Mr. Flynn read into the record a Resolution for Ms. Jane Parenteau (attached to these minutes). Ms. Parenteau is retiring after many years of service as General Manager of Holden Light Department. Ms. Parenteau served on the MMWEC Audit Committee from 2019-2021, and on the NEPPA Advocacy and Reporting Committee since 2018 and her contributions are very much appreciated.

b. Resolution - Nancy Brown

Mr. Flynn read into the record a Resolution for Ms. Nancy Brown (attached to these minutes). Ms. Brown is retiring after 42 years of service with MMWEC. Ms. Brown also served as Assistant Secretary for the Board of Directors of MMWEC from 2001 - 2021. Many Board members expressed their deep appreciation for her service.

Mr. DeCurzio welcomed Heather Santaniello who will be assuming many of the responsibilities of Ms. Brown and who joined this meeting today.

2. Activities Report

Mr. DeCurzio began the discussion by drawing attention to page 11 of the Activities Report. NEPOOL filed an amendment with FERC that would not require reconstituting of behind-the-meter assets. FERC staff formally raised some questions with the amendment through a Deficiency Letter. In response to those questions, it was pointed out that metering of such assets would be impractical and that, in any event, no significant cost shifting would result. A final decision is expected from FERC by the end of the year.

Mr. DeCurzio provided an update on the roadmaps for power portfolios being developed for members which effort is discussed on page 13 of the Activities Report.

The discussion moved to Remote Dispatch, which is gaining popularity outside of MMWEC. The efforts of Mr. Ide and his team were recognized.

Ashburnham and Wakefield have batteries that are being recalled due to risk of fire. They will be replaced in the first quarter of 2022. Any revenue loss is expected to be covered by the manufacturer. Legal counsel is currently reviewing the matter. The replacement batteries will extend life after lease.

The final page of the Activities Report provided an update on the New York Power Authority (NYPA) Hydro Contracts. These contracts do not expire until 2025, but Mr. Ide explained MMWEC staff wants to get a head start on an extension. Neighboring states and the NYPA Board of Trustees have approved the extension, and the governor of NY is expected to sign it. MMWEC acts as the agent to the Massachusetts DPU and that agency has agreed to extend as well. A finalized agreement should be submitted to the ISO by

October 2021 and uninterrupted capacity revenue will continue to flow to project power recipients until at least 2032.

3. Financial Statements (Unaudited) dated June 30, 2021

Ms. Martucci reviewed Financial Statements beginning with the Administrative and General statement, which currently shows an \$800,000 underrun (p.2) mostly due to Covid-19 impacts, remote work environment, and timing issues. The forecast for the same statement (p.3) shows an overall \$700,000 underrun, due mostly to less than expected costs for medical, dental and unemployment. The pandemic has also reduced costs in training and travel. Consultant and legal fees also show an underrun but do not include Projects 2015A or 2020A, which have separate project budgets and whose outside professional services have been greater than expected.

Ms. Martucci gave a brief recap of the financial reports on each project. The Stony Brook Intermediate Project is reporting on a full contract year with an underrun on billed operating expenses and fuel, and a total decrease of 39%. Millstone is flat on operating expenses and is currently experiencing an underrun on decommissioning expenses. Seabrook is experiencing an underrun based on terminating decommissioning contributions and lower than expected state taxes. Reporting on Wyman will end in January, 2022.

There was no further discussion on the Financial Statements. A motion was made Mr. Sollecito, seconded by Ms. Rondeau and it was unanimously:

(VOTED 21-48): that the Board of Directors accepts the recommendation of the Treasurer and Director of Financial Reporting & Corporate Technology and hereby accepts the Consolidated Balance Sheet as of June 30, 2021 and the Administrative and General Statement of Revenues & Expenses for the Six Months Ended June 30, 2021, as submitted to and made a part of the permanent records of this meeting.

(VOTED 21-49): that the Board of Directors accepts the recommendation of the Treasurer and Director of Financial Reporting & Corporate Technology and hereby accepts the Review of Actual Power Costs and Statement of Revenues & Expenses for the Twelve Months Ended June 30, 2021, for Nuclear Mix No. 1 as submitted to and made a part of the permanent records of this meeting.

(VOTED 21-50): that the Board of Directors accepts the recommendation of the Treasurer and Director of Financial Reporting & Corporate Technology and hereby accepts the Review of Actual Power Costs and Statement of Revenues & Expenses for the Twelve Months Ended June 30, 2021, for the Nuclear Project No. 3, as submitted to and made a part of the permanent records of this meeting.

- (VOTED 21-51): that the Board of Directors accepts the recommendation of the Treasurer and Director of Financial Reporting & Corporate Technology and hereby accepts the Review of Actual Power Costs and Statement of Revenues & Expenses for the Twelve Months Ended June 30, 2021, for the Nuclear Project No. 4, as submitted to and made a part of the permanent records of this meeting.
- (VOTED 21-52): that the Board of Directors accepts the recommendation of the Treasurer and Director of Financial Reporting & Corporate Technology and hereby accepts the Review of Actual Power Costs and Statement of Revenues & Expenses for the Twelve Months Ended June 30, 2021, for the Nuclear Project No. 5, as submitted to and made a part of the permanent records of this meeting.
- (VOTED 21-53): that the Board of Directors accepts the recommendation of the Treasurer and Director of Financial Reporting & Corporate Technology and hereby accepts the Review of Actual Power Costs and Statement of Revenues & Expenses for the Twelve Months Ended June 30, 2021, for the Project No. 6, as submitted to and made a part of the permanent records of this meeting.
- (VOTED 21-54): that the Board of Directors accepts the recommendation of the Treasurer and Director of Financial Reporting & Corporate Technology and hereby accepts the Review of Actual Power Costs and Statement of Revenues & Expenses for the Twelve Months Ended June 30, 2021, for the Stony Brook Peaking Project as submitted to and made a part of the permanent records of this meeting.
- (VOTED 21-55): that the Board of Directors accepts the recommendation of the Treasurer and Director of Financial Reporting & Corporate Technology and hereby accepts the Review of Actual Power Costs and Statement of Revenues & Expenses for the Twelve Months Ended June 30, 2021, for the Stony Brook Intermediate Project, as submitted to and made a part of the permanent records of this meeting.
- (VOTED 21-56): that the Board of Directors accepts the recommendation of the Treasurer and Director of Financial Reporting & Corporate Technology and hereby accepts the Review of Actual Power Costs and Statement of Revenues & Expenses for the Twelve Months Ended June 30, 2021, for the Wyman Unit No. 4 Project, as submitted to and made a part of the permanent records of this meeting.

4. Berkshire Wind WTG 9 Gearbox Replacement Update

Mr. Quinn stated that Phase 2 of Berkshire Wind was commissioned in October, 2019. The two-year warranty is expiring, and there is a vibration on gearbox #9. GE was asked to inspect and reported that it was non-critical and not detrimental to structural integrity and recommended replacement next spring. MMWEC requested that the replacement be completed before the extreme winter weather due to the requirement of cranes. MMWEC has also noticed degradation of oil quality in the gearbox. Although the warranty covers parts only MMWEC has asked GE to pay for parts, labor and the crane to cover the replacement. MMWEC is also looking at gearbox #8. The replacement may have to wait until spring, and if so, MMWEC wants to take proactive steps to preserve the warranty coverage. MMWEC staff is meeting with GE later this week and will have more information at the conclusion of that meeting.

5. SBEC – Fall outage critical path projects

Mr. Quinn stated that this Sunday begins the critical project work at Stony Brook. The DEP confirmed the wetlands delineation caused by the excessive rainfall recently and requiring additional stonework and site prep. The project is expected to be complete within three weeks. The replacement of five tanks (one for each turbine) which originally was part of the capital expenses budgeted for last year will be done as part of this outage.

6. Project 2020A Site Solar Update

Mr. DeCurzio stated that he met with the Town of Ludlow last week and that there is a financing package being developed. Attorney Barry explained the interim financing package from Bank of America and the purpose of the vote. A motion was made by Mr. Orphanos, seconded by Ms. Rondeau and it was unanimously:

(VOTED 21-57):

WHEREAS, in accordance with St. 1975, c, 775, Section 5(p), the Massachusetts Municipal Wholesale Electric Company (“MMWEC”) intends to own, construct, operate and maintain a solar generation facility known as Project 2020A that will provide a renewable, non-carbon emitting energy resource for the MMWEC member Project Participants in Project 2020A;

WHEREAS, the schedule for Project 2020A requires that the state-of-the-art Ground Mounted Solar Photovoltaic 6.9 MW AC System generate energy in the summer of 2022;

WHEREAS, in order to commence the proposed construction schedule so as to meet the required completion time frame for Project 2020A, design engineering, a Notice to Proceed and related preliminary work activities are required to occur in the fall of 2021 pursuant to the Solar System Construction Agreement (“Initial Activities”);

WHEREAS, in order to have sufficient funds to pay for the required Initial Activities, MMWEC intends to enter into an interim short-term financing arrangement with Bank of America, N.A. (“Bank”) in the principal amount of approximately \$3.5 million through a taxable short-term loan facility (the “Interim Loan”);

WHEREAS, the remaining cost of acquisition and construction to complete Project 2020A and repayment of the Interim Loan will be financed on a long-term basis by bonds, notes, or other evidences of indebtedness to be approved by the Department of Public Utilities (“DPU”);

WHEREAS, St. 1975, c, 775, Section 17 allows for the Interim Loan without DPU approval because the duration of the Interim Loan will be less than one year;

WHEREAS, MMWEC’s Treasurer and Assistant Treasurer have determined that the taxable nature of the Interim Loan is preferable to, and more economical than, a tax-exempt facility based on the costs associated with obtaining tax certificates regarding tax exempt status and other required closing costs attributable to having a tax-exempt facility; and

WHEREAS, MMWEC’s Chief Executive Officer and Treasurer have determined that it is prudent and in the best interest of MMWEC to enter into the Interim Loan on such terms and conditions as are usual and customary for taxable facilities of durations of less than one year;

WHEREFORE, it is voted that the Board of Directors accepts the recommendation of MMWEC’s Chief Executive Officer and Treasurer and hereby votes to:

- a) approve the interim financing of Project 2020A via a short-term loan with the Bank in the principal amount of approximately \$3.5 million through a taxable loan facility on such terms and conditions as are usual and customary for taxable facilities of durations of less than one year;
- b) authorize the Chief Executive Officer with the advice of MMWEC’s Treasurer and MMWEC’s counsel, to: (1) execute, and deliver a loan agreement to consummate the Interim Loan from the Bank to MMWEC (“Loan Agreement”) on such terms and conditions as are usual and customary for taxable facilities of durations of less than one year, and (2) make such amendments, additions, or deletions to the Loan Agreement, as are deemed necessary or appropriate to complete the Interim Loan transaction with the Bank and the interim financing of Project 2020A, all without the need for further action or approval by the MMWEC Board of Directors;
- c) authorize the Chief Executive Officer with the advice of MMWEC’s Treasurer and MMWEC’s counsel, to: (1) issue, execute and deliver a promissory note, or such other similar document, to be executed by MMWEC in favor of the Bank (“Promissory Note”) for payment of the Interim Loan, and (2) make such amendments, additions, or deletions to

the Promissory Note, as are deemed necessary or appropriate to complete the Interim Loan transaction with the Bank, all without the need for further action or approval by the MMWEC Board of Directors;

- d) authorize the Chief Executive Officer with the advice of MMWEC's Treasurer and MMWEC's counsel, to: (1) issue, execute and deliver a security agreement, or such other similar document, to be executed by MMWEC in favor of the Bank ("Security Agreement") to secure payment of the Interim Loan, and (2) make such amendments, additions, or deletions to the Security Agreement, as are deemed necessary or appropriate to complete the interim loan transaction with the Bank, all without the need for further action or approval by the MMWEC Board of Directors;
- e) authorize and direct the Chief Executive Officer and his designees to carry out, or cause to be carried out, all obligations of MMWEC under the Loan Agreement, Promissory Note, and Security Agreement and to perform and undertake such other actions as they, in consultation with MMWEC's counsel, shall consider necessary or advisable to accomplish the interim financing of Project 2020A;
- f) approve and authorize MMWEC's Chief Executive Officer and his designees, with the advice of MMWEC's Treasurer and/or MMWEC's counsel, to execute, deliver or accept such additional 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 this Vote;
- g) authorize and direct MMWEC's Chief Executive Officer and his designees to carry out or cause to be carried out all obligations of MMWEC for the interim financing with the Bank and to perform and undertake such other actions as they, in consultation with MMWEC's counsel, shall consider necessary or advisable to accomplish the interim financing of Project 2020A and to carry out the intent of this Vote;
- h) indemnify all MMWEC officers and directors and MMWEC's counsel in accordance with and pursuant to Article VII of the MMWEC By-laws for all actions taken in connection with the Interim Loan, the Loan Agreement, the Promissory Note and the Security Agreement;
- i) ratify and confirm all previous actions taken by MMWEC's Chief Executive Officer, MMWEC's Treasurer, MMWEC's staff, and MMWEC's counsel for the purposes of the Interim Loan, the Loan Agreement, the Promissory Note, and the Security Agreement; and
- j) authorize the filing of a petition with the DPU in an amount determined to be necessary to finance the cost of acquisition and construction of Project 2020A including the repayment of the Interim Loan.

7. Clean Energy Fund Presentation

Mr. Ide reported that MMWEC has been negotiating with DOER regarding HELPS and GO programs to develop a financing mechanism for energy efficiency and carbon reducing improvements with the money going directly to the homeowner or renter. The former MassSave Heat Loan model did not work. MMWEC wants more flexibility for individual MLPs to handle this through billing to the customer.

MMWEC believes its Pooled Loan Program could be used for funding and a Clean Energy Fund could be established on the balance sheet of each MLP. The Clean Energy program would be considered a qualifying asset with subsidization from DOER, which could pay the interest on the MLP loan from the Pooled Loan. Mr. Lavelle questioned involving DOER at all particularly if the State does not commit to significant subsidization. He pointed out individual MLPs could do this on their own if they so chose. Mr. Lavelle asked how many MLPs have expressed interest in this program. Mr. Ide responded so far, three.

8. Any Other Business

Mr. DeCurzio stated that the next Board of Directors Meeting would be held on October 20, 2021, and it would be the annual Budget Workshop. The MMWEC Annual Conference will be held at Babson College on November 4 & 5.

C. EXECUTIVE SESSION

A motion was made by Sollecito, seconded by 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:

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| Driscoll | "aye" |
| Rondeau | "aye" |
| Roy | "aye" |
| Lavelle | "aye" |
| Orphanos | "aye" |
| Kelly | "aye" |
| Sollecito | "aye" |

It was:

(VOTED 21-58): To enter Executive Session pursuant to St. 1975, c. 775 Section 19(a) for the purpose of discussing strategy and competitively sensitive commercial and financial information that would adversely affect its ability to conduct its business 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 10:43 a.m.

The Board meeting reconvened Regular Session at 12:40 p.m.

All business having been concluded, it was moved by Rondeau, seconded by Orphanos, 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 12:45 p.m.

A TRUE RECORD

ATTEST:



Peter H. Barry, General Counsel to MMWEC

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