

MINUTES OF THE
SPECIAL MEETING OF THE

JOINT AUDIT COMMITTEE
OF THE
BOARDS OF DIRECTORS OF

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
AND
CONNECTICUT TRANSMISSION MUNICIPAL ELECTRIC ENERGY COOPERATIVE

January 15, 2021

A Special Meeting of the Joint Audit Committee of the Boards of Directors of Connecticut Municipal Electric Energy Cooperative (“CMEEC”) and Connecticut Transmission Municipal Electric Energy Cooperative (“CTMEEC” and “Transco”) was held via Zoom and telephonically on Friday, January 15, 2021 at 10:00 a.m.

The meeting was legally noticed in compliance with Connecticut General Statutes and all proceedings and all actions hereafter recorded occurred during the publicly open portions of the meetings.

The following Committee Members participated via Zoom and telephonically:

Groton Utilities: Keith Hedrick
Groton Municipal Representative: Mark Oefinger
Norwich Public Utilities: Stewart Peil, Robert Staley
South Norwalk Electric & Water: Scott Murphy
South Norwalk Municipal Representative: Dawn DeIGreco
East Norwalk, Third Taxing District: Kevin Barber

The following CMEEC staff participated via Zoom and telephonically:

Dave Meisinger, CMEEC CEO
Robin Kipnis, Esquire, CMEEC General Counsel
Patricia Meek, CMEEC Director of Finance & Accounting
Joanne Menard, CMEEC Controller
Leslie Williams, CMEEC Principal Billing & Rate Analyst
Margaret Job, CMEEC Executive Assistant / Paralegal

Others participating via Zoom and telephonically:

David Silverstone, Esquire, Municipal Electric Consumer Advocate

Ms. Job recorded.

Interim Chair Stewart Peil called the meeting to order at 10:00 a.m. noting for the record that today's meeting is being held telephonically and via Zoom. Interim Chair Peil explained the conduct of today's meeting reminding participants to keep their devices on mute unless speaking to eliminate background noise. He asked participants to state their names when speaking for clarity of the record.

Specific Agenda Item

A Public Comment Period

No public comment was made.

B Roll Call

Ms. Job conducted roll call with each participant responding individually as their names were called. Interim Chair Peil confirmed a quorum of this Committee was present.

C Selection of Joint Audit Committee Chair

A motion was made by Committee Member Mark Oefinger, seconded by Committee Member Kevin Barber to appoint Stewart Peil as Chair of the Audit Committee. There were no additional nominations made.

Motion passed unanimously.

D Approve the Minutes of the December 10, 2020 Regular Meeting of the Joint Audit Committee

A motion was made by Committee Member Oefinger, seconded by Committee Member Robert Staley to Approve the Minutes of the December 10, 2020 Regular Meeting of the Joint Audit Committee.

Motion passed unanimously.

E Review Joint Audit Committee Charter

Committee Chair Peil walked the Committee through the Charter stating that the new language in Section II, paragraph 5 addresses new Committee Member onboarding which this Committee had just conducted earlier this morning. He added that similar language has been added to all of the Committee Charters with an additional edit as noted below:

First bullet under new Paragraph 5 restated as follows:

“New Committee members will receive an onboarding packet of materials through SharePoint **or other electronic format.**”

Second bullet under new Paragraph 5 is restated as follows:

“In addition, new Committee members will participate in an onboarding session either via telephone, Zoom **or other video conference platform**, or in-person, with the CEO, Committee Chairperson, and the Audit Committee CMEEC Staff Lead to answer questions and provide a brief summary of the Committee’s purpose and any potential upcoming Committee work.”

After discussion, the Committee agreed that future onboarding sessions will be held at the beginning of the first Committee meeting each year rather than conduct them separately from those meetings.

Committee Chair Peil also questioned if this Committee’s oversight of the Related Party Transaction, Nepotism and exceptions to the Travel, Events and Retreats Policies should be added as new paragraphs under the Responsibilities section IV. After discussion, the Committee agreed that language should be included to reflect those responsibilities. Committee Chair Peil recommended that CMEEC staff prepare language to address the revisions to Section IV for review at this Committee’s meeting on March 11, 2021. The Committee also agreed to add additional language regarding its duties and responsibilities associated with its “internal audit” requirement.

F Discussion: Joint Audit Committee Self-Evaluation Results and Establishment of Audit Committee Goals for 2021

Ms. Menard reviewed the results of the self-evaluation with the Committee noting that most of the self-evaluation reflected satisfactory results.

Committee Chair Peil then discussed potential goals highlighting the suggested goal of doing more due diligence on the audit and engaging the auditor more. Ms. Meek noted that the recommendations section of the self-evaluation included a statement that the Charter requires that at least one member of this Committee be designated as an “audit committee financial expert”. Discussion followed with respect to the inclusion of a non-voting Board member to serve on a committee, as such an expert, perhaps a CPA. Ms. Kipnis identified the Bylaw provision addressing the ability of the Board to appoint any qualified person to serve on a Committee of the Board based on qualifications specified by the Charter of an affected Committee. After further discussion, Ms. Kipnis offered to review best practices related to the inclusion of a non-board member subject matter expert on a Board committee.

Discussion then focused on the recommendation made by a Committee member under self-evaluation related to the possibility of combining the Board Committees. This topic was tabled for a future meeting.

G Discussion: 2021 Internal Audit Selection

Ms. Menard provided an overview of the table of examples of Internal Audit Policy/Focus areas provided to this Committee in advance of today's meeting. Mr. Silverstone stated that the purpose of an Internal Audit is not to set a new policy or recommend changes in areas, but to see if there is a policy in place to check the efficacy of a specific area and whether it is adequate and if it is being complied with or enforced.

Mr. Meisinger agreed and noted that the origin of the conduct of an internal audit was from a recommendation made by the Special Committee.

After considerable discussion, the Committee agreed that the NRECA Participant review of NRECA administered benefits, which is scheduled to be conducted in 2021, would be the focus of the Internal Audit. Ms. Menard explained that NRECA administers the pension, 401k, life insurance, AD&D, business travel, and dental plans for CMEEC. Committee Member Kevin Barber suggested to augment the NRECA review to include an audit of other employee benefits such as the administration of sick and vacation time and health insurance, to ensure proper employees and beneficiaries are being insured and that no fictitious employees are on the roll.

Committee Chair Peil entertained a vote to select the "Employee Benefits Administration (Note: NRECA Participant Review Scheduled for 2021)" as the focus of the 2021 Internal Audit.

A motion was made by Committee Member Barber, seconded by Committee Member Oefinger to select the NRECA Employee Benefits Administration audit to be the focus of the 2021 Internal Audit.

Motion passed unanimously.

H Discussion: Engagement of Outside Firm to Conduct the NRECA Participant Review

Ms. Menard explained that the Employee Benefits Administration review has historically been conducted by NRECA. CMEEC received notice that NRECA will no longer be doing so, however the review must still be conducted. The review takes place every five years, and it is due to be completed in 2021. NRECA provided CMEEC with a list of firms to contact and engage separately. From that list, CMEEC chose four firms and Blum Shapiro to request a quote to conduct the review. The firm of Brady Martz & Associates was chosen to conduct the review with a quote of \$2,845.00. She added, however, that this quote is for the original scope of the participant review and that if this Committee would like to expand that scope by adding the additional employee benefits identified by Committee Member Barber, CMEEC could submit an RFQ.

After lengthy discussion, the Committee agreed to engage Brady Martz & Associates to conduct the review of the NRECA plans, subject to CMEEC staff conferring after today's

meeting whether to combine the NRECA participant review with an employee benefits audit, or to conduct the audit and review separately.

A motion was made by Committee Member Oefinger, seconded by Committee Member Keith Hedrick to engage Brady Marks & Associates to conduct the Participant Review of the NRECA Plans.

Motion passed unanimously.

I Other Business

Ms. Menard explained that effective January 1, 2021, Blum Shapiro has merged with Clifton Allen Larson, LLP. She further explained that the team conducting CMEEC's external audit will remain the same and that their services will remain unchanged. Upon inquiry, Ms. Menard stated she would provide the Committee with a link to the Clifton Larson Allen, LLP website.

There being no further business to come before this Committee, Committee Chair Peil entertained a motion to adjourn.

A motion was made by Committee Member Barber, seconded by Committee Member Hedrick to adjourn.

Motion passed unanimously.

The meeting was adjourned at 11:31 a.m.