

MINUTES OF THE
JOINT AUDIT COMMITTEE OF THE
BOARDS OF DIRECTORS OF
CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
AND
CONNECTICUT TRANSMISSION ELECTRIC ENERGY COOPERATIVE

March 20, 2024

A Regular Hybrid 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” dba Transco) was held via Zoom and in person at 30 Stott Avenue, Norwich, CT on Wednesday, March 20, 2024 at 10:00 a.m.

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

The following Committee Members participated:

Bozrah Light & Power: Scott Barber
Jewett City Department of Public Utilities: Kenneth Sullivan
Norwich Public Utilities: Stewart Peil, Robert Staley
Norwich Municipal Representative: David Eggleston
South Norwalk Municipal Representative: Dawn DelGreco
Third Taxing District, East Norwalk: Kevin Barber

The following Non-Voting Members participated:

Bozrah Light & Power: William Ballinger
Jewett City Department of Public Utilities: Louis Demicco, James DeRusha
Jewett City Municipal Representative: George Kennedy
South Norwalk Electric & Water: Alan Huth
East Norwalk Municipal Representative: Pete Johnson

The following CMEEC staff participated:

Dave Meisinger, CMEEC CEO
Patricia Meek, CMEEC Director of Finance & Accounting
Joanne Menard, CMEEC Controller
Candice DiVita, CMEEC Lead Accounts Payable Accountant
Margaret Job, CMEEC Paralegal and Compliance Manager
Leslie Williams, CMEEC Principal Accountant
Heidi Winnick, CMEEC Financial & Treasury Analyst

Others participated:

Jessica Aniskoff, CliftonLarsonAllen
Brandon Cathcart, CliftonLarsonAllen
David Silverstone, Esquire, Municipal Electric Consumer Advocate

Ms. Job recorded.

Committee Chair Stewart Pail called the meeting to order at 10:00 a.m. noting for the record that today's meeting is being held via Zoom and in person at 30 Stott Avenue, Norwich, CT. He reminded participants to keep their devices on mute unless speaking to eliminate background noise and 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. Committee Chair Peil confirmed a quorum of the Committee was present.

C Approve the Minutes of the January 9, 2024 Regular Meeting of the CMEEC / CTMEEC Joint Audit Committee

A motion was made by Committee Member Eggleston, seconded by Committee Member Staley to Approve the Minutes of the January 9, 2024 Regular Meeting of the CMEEC / CTMEEC Joint Audit Committee.

Motion passed unanimously.

D 2023 Financial Audit Results Presented by CliftonLarsonAllen, LLP

Ms. Menard explained to the Committee that the 2023 Financial Audit has been completed and introduced the CliftonLarsonAllen, LLP (CLA) team.

Ms. Aniskoff introduced herself and Brandon Cathcart as the principal and senior staff on this engagement. She then walked the Committee through the PowerPoint presentation summarizing the 2023 financial audit results of the blended financial statements of CMEEC and Transco provided to this Committee in advance of today's meeting.

Ms. Aniskoff explained the terms of engagement, audit results summary and financial highlights. She then explained that new standards were adopted for this audit cycle by adding GASB 96 which addresses subscription-based information technology arrangements. She added that no material items were recorded.

Ms. Aniskoff further explained that during the audit activities there were no disagreements with management, management did not consult with other accountants, CLA encountered no difficulties during the audit and there were no independence issues.

Finally, Ms. Aniskoff walked the Committee through upcoming GASB pronouncements that may apply to CMEEC in 2024 and 2025.

Ms. Aniskoff thanked CMEEC staff for their assistance during the audit process. Committee Chair Peil congratulated the CMEEC team for a successful audit resulting in an unmodified opinion.

At this time, Committee Chair Peil entertained a motion to recommend the acceptance of the CMEEC and Transco 2023 Audited Financial Statements by the Boards of Directors at their meeting on March 28, 2024.

A motion was made by Committee Member Eggleston, seconded by Committee Member Sullivan to recommend acceptance of the CMEEC and Transco 2023 Audited Financial Statements in the form presented today by the Boards of Directors at their meeting on March 28, 2024.

Motion passed unanimously.

E Review and Discussion of Responses to the Accounts Payable Active Vendor List Related Party Transaction Survey

Ms. Menard explained that the CMEEC list of active vendors was provided to the full Board of Directors and to CMEEC staff to aid in identifying any potential or actual relationship with a CMEEC vendor pursuant to the CMEEC Related Party Transaction Policy which this Committee is tasked with administering under its Charter. She added that the responses identified minor, insignificant relationships, not requiring action by this Committee. Ms. Menard responded to an inquiry related to the type of minor relationship identified. After discussion, the Committee agreed no action is required in response to the results discussed.

After further discussion, the Committee agreed that an annual review of the CMEEC list of vendors will be conducted by the Board of Directors and CMEEC staff to aid in the identification of any potential or actual relationship(s). The review will be facilitated by the CMEEC lead of this Committee.

F Update and Status on Timeline of Cybersecurity Gap Analysis

Mr. Meisinger reminded the Committee that at its meeting on January 9, 2024 CMEEC staff member Ginger Palmer and CMEEC consultant Greg Bugbee of Novus Insight provided an update on the Cybersecurity Gap Analysis project as requested by the Committee at its meeting in November 2023. He stated that an audit of CMEEC's Cybersecurity program was the first audit requested by this Committee which was based on a Special Committee recommendation in 2019.

Mr. Meisinger continued to explain that while the ISO 27001 framework was chosen as the basis for CMEEC's Cybersecurity Policy, the project team believes it may have over-adopted some of the framework and so it has decided to briefly pause and revisit its initial assumptions about risk tolerance and mitigation before moving further ahead.

Mr. Meisinger stated that rather than provide an update and status on the timeline for this project today, the next meeting of this Committee which will be a Special meeting will include this report along with an update on the status of the revisions to the CMEEC Safety Manual and the results of the CMEEC Insurance Program audit.

The Committee agreed with this approach.

G Possible Vote to Enter Executive Session Pursuant to C.G.S. § 1-200(6)(A) to Review and Discuss Employment Related Matter Involving Application of CMEEC's Nepotism Policy to CMEEC Hiring Decision

Mr. Meisinger provided a high-level review of the CMEEC Nepotism policy noting that this discussion is in connection with a potential hire CMEEC is contemplating. He stated that if the Committee requested more detail as to the potential hire, the meeting will move into Executive Session for any specific employment related discussion.

Mr. Meisinger explained that this discussion stems from the Related Party Transaction Policy which was adopted by the Board in 2019, which was used to retroactively address CMEEC's previous hiring of the son of a Member of the CMEEC Board. He added that this Committee reviewed and affirmed the circumstances surrounding that hiring, and as a result of the exercise, the Governance Committee was tasked with developing the CMEEC Nepotism Policy which was approved by the Board of Directors in 2020, and in 2021 the Audit Committee Charter was revised to include the responsibility to administer the Nepotism Policy even though the Policy itself is self-executing.

Mr. Meisinger then reviewed Section III of the Nepotism Policy which provides that the CMEEC CEO has the authority to determine whether it would be in the best interest of CMEEC to hire a close family member of a related party as those two terms are defined in the policy. He added that the CEO is given the authority to review the five considerations provided in the Nepotism Policy to determine if it would be in the best interest of CMEEC to hire a close family member of a related party and provide a report to the Board of his findings.

After discussion, the Committee agreed that Mr. Meisinger has the authority to make the hiring decision based on the language of the Nepotism Policy and that the Board Member with the relationship identified will be asked to disclose that relationship with the staff member when voting on CMEEC annual budgets.

After further discussion, the Committee agreed to review its Charter in January 2025 to clarify the role of the Audit Committee under the Nepotism Policy.

H New Business

Ms. Menard informed the Committee that as Mr. Meisinger previously mentioned, a special meeting will be scheduled in mid to late May to review the status of the external reviews of the Cybersecurity Gap Analysis, the status of the implementation of the recommendations associated with the review of the CMEEC Safety Manual and status of the results of the review of the CMEEC Insurance Program (excluding Benefits). She added that Ms. Job will send a meeting poll to the Committee.

Ms. Menard reported that there were no exceptions to the Travel Policy since the last report to this Committee.

I Adjourn

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

Motion passed unanimously.

The meeting was adjourned at 10:49 a.m.