

MINUTES OF THE SPECIAL MEETING OF THE
JOINT GOVERNANCE COMMITTEE OF THE
BOARD OF DIRECTORS OF
CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE

April 11, 2019

A special meeting of the Joint Governance Committee of the Board of Directors of Connecticut Municipal Electric Energy Cooperative (“CMEEC”) and Connecticut Transmission Municipal Electric Energy Cooperative (“CTMEEC”) was held on Thursday, April 11, 2019 at 1:00 p.m. at CMEEC, 30 Stott Avenue, Norwich, CT and via telephone.

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

The following Committee Members participated:

Groton Utilities: Ronald Gaudet, Mark Oefinger
Jewett City Department of Public Utilities: Richard Throwe
Norwich Public Utilities: Dr. Grace Jones
South Norwalk SNEW: David Westmoreland (via telephone)
East Norwalk TTD: Debora Goldstein (via telephone)

The following CMEEC staff participated:

Robin Kipnis, CMEEC General Counsel
Michael Lane, CMEEC CFO and Interim CEO
Scott Whittier, CMEEC Director Enabling Services
Margaret Job, CMEEC Administrative Staff

Other participants:

William Kowalski, Municipal Electric Consumer Advocate (via telephone)

Ms. Job recorded

Chair Ronald Gaudet called the meeting to order at 1:01 p.m. and noted for the record that the meeting was taking place in person and telephonically at the CMEEC offices. He conducted roll call identifying those participating in person and those participating via telephone and noted that a quorum was present.

Agenda Item

1) Approval of Minutes of the February 21, 2019 Joint Governance Committee Meeting

A Motion was made by Committee Member Mark Oefinger, seconded by Committee Member Richard Throwe to approve the Minutes of the February 21, 2019 Joint Governance Committee Meeting, with Committee Member Dr. Grace Jones abstaining.

Motion passed.

Mr. Lane requested that the CMEEC Lead for this Committee be changed from Scott Whittier to Robin Kipnis.

2) Review of Charter Revisions and Possible Recommendation for Board Approval

Chair Gaudet explained that the Governance Charter had been reviewed once before at its meeting in February. He referred the Committee to the red-lined version previously provided, that addressed the changes discussed at the prior Governance Committee meeting as well as some additional items for discussion.

Attorney Kipnis walked the Committee through the red-line. She explained that the Governance Committee asked her to review paragraph 3 in Section I which authorizes the Governance Committee to investigate ethics conflicts. She determined that the language conflicted with language already contained in the Ethics and Conflict of Interest Policy and therefore recommends deleting this language from the Governance Committee Charter.

The Committee commenced discussion related to the last bullet of Section III, paragraph 1 as it pertains to the committee's timely review of Boards' performance. After discussion it was determined that its intent was unclear and therefore that last bullet was stricken.

Discussion followed regarding Section IV, Responsibilities. Ms. Kipnis noted that the descriptions for the Board Officers were not consistent with the CMEEC's Bylaws language and recommended that the Bylaw provisions should prevail. The Committee was in agreement and struck the descriptions of the Board Officers.

After discussion, The Committee revised the first paragraph under Section IV to read as follows:

“The Committee is responsible for establishing the qualifications, roles and responsibility for the Officers, with associated responsibilities set forth as a guide to the Boards with the understanding the Committee may recommend that the Board alter or supplement them as appropriate to the extent permitted by law, or Bylaws, with appropriate input from General Counsel.”

Additional discussion occurred with respect to some of the existing provisions of the Governance Committee charter and additional changes were made, all of which will be reflected in a subsequent red-line of the Committee Charter which will be provided for the Committee to review.

Upon inquiry by Committee Member Oefinger, Chair Gaudet confirmed that attendance records were reviewed when the Committee develops its slate of Officers.

The Committee next took up discussion of the job description of the Chief Executive Officer (CEO) and other CMEEC Officers and who had responsibility for periodically reviewing and updating the job description. It was determined that this item should be tabled for a discussion at a later time.

With respect to specific discussion on the role and responsibility of the Chief Financial Officer (CFO), Chair Gaudet asked Ms. Kipnis to review best practices of whether the CFO should directly report to the Board of Directors or the CEO of the company.

Mr. Kowalski inquired about whether there has been non-voting board members on the CMEEC Board to which the Committee responded that not to the best of their knowledge had this occurred on CMEEC's Board. Scott Whittier, CMEEC Director of Enabling Services, added that there was a time in CMEEC history that the Board utilized "Board Advisors" on a consultant basis but that they were not voting members of the Board. Committee Member Goldstein expressed concern over whether this would dilute the interest of the Members.

Chair Gaudet entertained a motion to approve and recommend the Charter to the Board of Directors with revisions.

A motion was made by Committee Member Oefinger, seconded by Committee Member Throwe to approve and recommend the Charter to the Board of Directors with revisions as discussed at this meeting.

Motion passed unanimously.

3) Consideration of CMEEC Charitable Contributions

Mr. Lane provided a chart titled "Charitable and Other Philanthropic Contributions 2016-2018" to the Committee members participating in person as well as provided via email to those participating by phone.

After discussion and deliberation, it was determined that a charitable giving policy would need to be drafted, if the CMEEC Board was in accord, in response to the Forensic Examination that stated that CMEEC would not be entertaining requests for donations to philanthropic organizations. It was noted that the CMEEC Members already are engaged in this practice. It was determined that CMEEC should develop a policy to address

memberships in civic organizations and industry organizations as well as some guidelines along donations for economic development purposes.

It was suggested that an informing agenda item could be added to the next Board of Directors' meeting providing this Committee's recommendation with respect to non-participation in charitable giving and could address CMEEC's contribution to Economic Development Funds, Community and Civic Engagement and Business Memberships.

Chair Gaudet entertained a motion to make these recommendations to the Board of Directors for their approval and vote.

A motion was made by Committee Member Goldstein, seconded by Committee Member Oefinger to recommend to the Board of Directors to adopt a resolution identifying said contributory activities by CMEEC.

Motion passed unanimously.

4) Consideration of Special Committee Recommendations to the CMEEC Board of Directors

Chair Gaudet drew the committee's attention to paragraph 5, **Recommendations of the Special Committee**, on page 3 of the Transmittal Memorandum on Findings and Recommendations of the Special Committee to the CMEEC Board of Directors which was attached to the Governance Committee package for today's meeting.

The Governance Committee reviewed each of the bullet points under paragraph 5 assigning them to appropriate CMEEC committees as well as identifying those items that have been completed as of the date of today's meeting as follows:

5. Recommendations of the Special Committee

- That the Board of Directors accept and adopt the Report to the Special Committee, including its findings.

Status: Complete

- That the Board authorize CMEEC's General Counsel to immediately initiate the pre-disciplinary termination proceedings required by law with respect to Drew Rankin's employment status.

Status: Complete

- Amend the charters of the standing committees of the Board of Directors to clarify that recommendations to the Board must be supported by a clear record and vote by each committee.

Status: Assigned to Governance Committee

- Establish an Executive Committee to meet regularly with the CEO.

Status: Assigned to Governance Committee

- Re-examine the policy for approval of expenses by Officers, including appropriate visibility for the full Board of Directors.

Status: Assigned to Audit Committee / Management

- Examine budgets presented to the Board of Directors for appropriate amounts of detail and consistency in presentation.

Status: Assigned to Budget & Finance Committee

- Establish an onboarding education process for new Board Members and identify opportunities for further training for existing Board Members.

Status: Assigned to Governance Committee

- That CMEEC continue to follow-up on the recommendations in Section V. of the Forensic Examination report for Fiscal Years Ended December 31, 2013 through December 31, 2017.

Status: Assigned to Audit Committee

- Examine policies governing related-party transactions for Board Members and amend if necessary.

Status: Assigned to Governance Committee

- Review the policy for hiring and oversight of lobbyists.

Status: Assigned to Legislative Committee

- Examine policy around travel and expense reimbursements for non-employees/non-Board Members.

Status: Assigned to Audit Committee

- Establish policy by which Officers of CMEEC document/get approval for travel and expense exceptions to the policy.

Status: Assigned to Audit Committee

- Schedule a joint Special Committee/Board of Directors meeting to receive ideas/recommendations from the Board of Directors in response to the Forensic Examination and the Report to the Special Committee.

Status: Suggested to review with Board Chair.

- That the Board of Directors implement a means to ensure that each recommendation is considered, and if appropriate, acted upon.

Status: Assigned to Governance Committee

- That the Board of Directors release the Report to the Special Committee upon the conclusion of the mandated pre-disciplinary proceedings and final determination with respect to Drew Rankin's employment status.

Status: Awaiting conclusion of pre-disciplinary proceedings

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

A motion was made by Committee Member Throwe, seconded by Committee Member Oefinger to adjourn the meeting.

Motion passed unanimously.

The meeting adjourned at 3:18 p.m.