

MINUTES OF THE
SPECIAL MEETING OF THE
SPECIAL COMMITTEE
OF THE BOARD OF DIRECTORS OF

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE

June 27, 2019

The Special Meeting of the Special Committee of the Board of Directors of Connecticut Municipal Electric Energy Cooperative (CMEEC) was held on Thursday, June 27, 2019 at the CMEEC offices located at 30 Stott Avenue, Norwich, CT.

The following Committee Members participated:

Bozrah Light & Power: Richard Tanger
Groton Utilities: Mark Oefinger
East Norwalk: Debora Goldstein
South Norwalk: Paul Yatcko (via telephone)

The following Board Members participated:

East Norwalk: Kevin Barber (left the meeting at 1:00 p.m.); Pete Johnson (joined the meeting at 12:55 p.m.; left the meeting at 1:00 p.m.)
Norwich Public Utilities: Chris LaRose (left the meeting at 12:15 p.m.)

The following individuals from CMEEC Management participated:

Michael Lane, CMEEC CFO and Interim CEO
Margaret Job, CMEEC Executive Assistant/Paralegal

Other attendees:

Claire Bessette, Reporter, The Day
David Silverstone, Esquire, Municipal Electric Consumer Advocate

Ms. Job recorded.

Committee Chair Debora Goldstein called the meeting to order at 12:13 p.m. She requested roll call of attendance of those participating in person for the benefit of those participating by telephone. She noted members of the media were also in attendance and asked that those participating by telephone identify themselves. All telephone participants confirmed that they could hear and be heard.

Specific Action Item

(A) Public Comment

Chair Goldstein identified Mr. Silverstone as the newly appointed Municipal Electric Consumer Advocate and asked if he would like to speak to the Committee. Mr. Silverstone stated that he spoke at the Board of Directors' meeting held earlier in the day and that he would hold any comments he might have until after the Committee reached Agenda Item E on today's Agenda.

No further public comments were made.

(B) Approval of the Minutes of the March 28, 2019 Special Meeting of the Special Committee

Chair Goldstein entertained a motion to approve the minutes of the March 28, 2019 Special Meeting of the Special Committee.

A motion was made by Committee Member Mark Oefinger, seconded by Committee Member Richard Tanger to approve the Minutes of the March 28, 2019 Special Meeting of the Special Committee.

Motion passed unanimously.

(C) Receive and discuss any feedback and additional recommendations resulting from the joint meeting sessions of the Board of Directors and the Special Committee held on May 23rd and June 27th

Chair Goldstein reviewed the notes from the May Board of Directors' meeting from which she identified discussion of loose recommendations made by the Board at that time. They included: a facilitated meeting, to be held locally, to conduct governance related education; a session to conduct a strategic meeting to develop or revise a strategic plan; and a suggestion that had since been renounced as being misunderstood. She reminded the committee members that the Board of Directors' meeting held earlier today also included an agenda item which intent was to solicit additional recommendations from the Board stemming from the investigative report and Forensic Exam for consideration by this Committee at this meeting. She added that no additional recommendations were made by the Board at their meeting earlier today and that this Committee had not received any additional suggestions in writing in response to a memo to the Board of Directors' provided to them in advance of their meeting earlier today. Chair Goldstein opened this meeting up for discussion by the Special Committee members. There was no further discussion.

(D) Review progress on findings and recommendation of the Special Committee to date

Chair Goldstein identified the Special Committee recommendations list and grid provided to the Committee in advance of today's meeting. She explained that the Governance Committee had committed to taking on the responsibility of ongoing monitoring of the Special Committee's recommendations, and that the grid identified those recommendations that have been assigned to each of the CMEEC joint committees by the Governance Committee, along with the status of activity on each, based upon available meeting minutes. She further explained the reason for today's discussion was to point out that the Joint Governance Committee had met several times to conduct follow-up on the recommendations to date. The Joint Governance Committee appeared to have voluntarily assumed the responsibility for the Special Committee's recommendation for sustained follow-up of all committees' activities in connection with the Special Committee recommendations.

Discussion followed with respect to inviting all members of the Board of Directors to all joint committee meetings or at least notifying them when any joint committee would be meeting. Committee Member Oefinger suggested that the committee consider a recommendation to provide a copy of joint committee agendas to the Board in advance of any joint committee meeting.

Committee Member Oefinger stated that in the interest of providing sustained follow up of the status of the Special Committee recommendations, that the grid, or something similar, continue to be updated and added to the Board agenda on a routine basis. Discussion followed in connection with the Joint Governance Committee and when its responsibility to continue follow-up of the status of the Special Committee recommendations would cease.

Member Representative Kevin Barber inquired whether the Special Committee would remain a committee until all the recommendations have been completed by each committee they were assigned to. Committee Member Oefinger stated that the Special Committee will eventually need to be dissolved. He offered that a recommendation to dissolve this Committee could be added to the next Board of Directors' meeting agenda with the recommendation that the Joint Governance Committee be assigned the task of tracking status; and include the updated status grid regularly on future Board of Director meeting agendas to show progress. Discussion followed with respect to who has ultimate responsibility for ensuring follow-through of the Special Committee recommendations.

(E) Discussion/decision of any further findings and recommendations to the CMEEC Board of Directors

Chair Goldstein noted that this Committee had completed all the activities that were within the scope of the enabling resolution and provided a recap of its discussions and activities up to this point. Committee Member Oefinger opined that going forward the Board should be kept apprised of activities of the joint committees. He stated that more engagement from Board members is needed to maintain an environment where people feel comfortable bringing concerns or other information to the Board. Chair Goldstein

inquired if Committee Member Oefinger meant that to appear on a final list of the Special Committee recommendations. Committee Member Oefinger stated that the Joint Governance Committee is willing to conduct the tracking and follow-up of the recommendations but added that discussion with the entire Board is warranted.

Chair Goldstein provided an explanation of how she developed the grid. Discussion followed with respect to clarity and the mechanism to be used to ensure the joint committee understands the intent of the Special Committee recommendation assigned to them. Chair Goldstein invited the Municipal Electric Consumer Advocate to provide his comment at this time, to provide the Committee an opportunity to hear it and discuss it, if they wished.

Municipal Electric Consumer Advocate David Silverstone reminded the Committee that he had formally taken office the day before and had not had an opportunity to review a lot of the activity that had gone before, but that he did feel comfortable making some observations today. He offered that he thought that CMEEC would benefit from the introduction of an internal audit function, explaining what it was, how it could work, and what the potential cost would be for an organization of CMEEC's size. Lengthy discussion followed with respect to the differences between financial audits and internal audits of processes and procedures, and what their benefits are. Mr. Silverstone also pointed out that internal audit functions typically report to the Board to maintain independence, and he recommended that the results of such internal audits be available to the public.

Mr. Silverstone also expressed some concern with the creation of an executive committee of the Board of Directors. He noted that his comments were based upon his own experience. He noted that a Board of Directors that meets monthly has less of a need for one. He cautioned against unintended consequences, such as the possibility of creating two levels of knowledge. Discussion followed with respect to executive committees, and the fact that the implementation of recommendations of the Special Committee was still at the discretion of the Board of Directors.

Chair Goldstein reviewed the additional findings and recommendations provided for discussion at today's meeting to ensure that they reflected consensus. The Committee also reviewed the committee's understanding of additional recommendations discussed that day. The amended findings and recommendations adopted by the Committee are attached to these minutes.

Chair Goldstein entertained a motion to adopt the Final recommendations as amended.

A motion was made by Committee Member Oefinger, Seconded by Committee Member Tanger to adopt the Final recommendations of the Special Committee as amended at today's meeting.

Motion passed unanimously.

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

A motion was made by Committee Member Oefinger, seconded by Committee Member Tanger to adjourn.

Motion passed unanimously.

The Special Meeting of the Special Committee was adjourned at 1:15 p.m.

Findings and Recommendations of the Special Committee

- A. That the Board of Directors has read and accepted the *Transmittal Memorandum on Findings and Recommendations of the Special Committee*.
- B. That the Board of Directors has read and accepted the *Report to the Special Committee* detailing the investigation and findings of Attorney Duggan.
- C. That the Board of Directors, its committees, and staff have taken significant actions in response to the findings and recommendations resulting from the investigation; including, but not limited to, those relating to former CEO Drew Rankin, those relating to the CohnReznick Forensic Examination and those relating to governance documents and policies.
- D. That the Special Committee has had ample opportunity to receive input from the full Board of Directors in formulating further recommendations, including joint discussions held on May 23, 2019 and on June 27, 2019.
- E. That the Governance Committee has undertaken to conduct the sustained action and monitoring required to address the findings and recommendations adopted by the Board of Directors.
- F. That the Fitch Rating Agency has removed CMEEC from Rating Watch Negative and assigned a Stable Rating Outlook, making specific reference to the conclusion of the investigation and the actions taken by CMEEC in response.
- G. That the contents of the Report to the Special Committee are accessible to members of the public, consistent with the CFOIA.
- H. That the Special Committee could not have done its work without the full cooperation and support of CMEEC staff, and the comprehensive investigation conducted by Attorney Eileen Duggan of Sussman & Shapiro; for which the Special Committee Report extends their thanks and appreciation.
- I. That, after making a final set of findings (herein) and recommendations (below), this Committee has discharged its duties in connection with oversight of a special investigation, as assigned to it by Board Resolution 18-11-13.

Recommendations of the Special Committee

- That the Governance Committee continue its activity relating to board education and training, including a facilitated education session on board governance and development of onboarding materials.
- That the Governance Committee continue to lead the process to ensure that each.

recommendation that has been adopted by the board is considered, and if appropriate, acted upon.

- That the Board of Directors consider requiring implementation of an independent internal audit mechanism focused on process and compliance, separate from the financial audit mechanism and reporting to the Audit Committee of the Board of Directors.

- That all the notices and agendas for regular and special committee meetings be provided to all members of the Board of Directors at the time they are communicated to committee members.

- That, in addition to the efforts of the Governance Committee, ongoing and regular reporting be made to the Board of Directors by each committee and by staff with respect to the Special Committee's recommendations that have been adopted by the Board; with such reporting to include specific actions and outcomes and opportunity for discussion and further guidance of the full Board at Board meetings.

- That the Board of Directors accept and adopt this final set of findings and recommendations of the Special Committee.

- That the Board of Directors include an agenda item at its next regular board meeting to facilitate the approval of the minutes of the final Special Committee special meeting held on June 27th, 2019.

- That the Board of Directors vote on the dissolution of the Special Committee.