

**DRAFT
MINUTES OF THE
JOINT AUDIT COMMITTEE MEETING OF THE
BOARDS OF DIRECTORS OF
CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE and
CONNECTICUT TRANSMISSION MUNICIPAL ELECTRIC ENERGY COOPERATIVE**

March 29, 2018

The Joint Audit Committee of the Boards of Directors of Connecticut Municipal Electric Energy Cooperative (“CMEEC”) and Connecticut Transmission Municipal Electric Energy Cooperative (“CTMEEC”) met at the CMEEC offices on Thursday, March 29, 2018.

David Collard, Committee Chairman, called the meeting to order at 10:02 a.m.

The following Committee Members participated:

Groton Utilities – David Collard
Norwich Public Utilities – Stewart Peil
East Norwalk – Kevin Barber

The following Municipal Representative participated:

Groton Utilities – Mark Oefinger

The following individuals from CMEEC Management participated:

Drew Rankin, CMEEC Chief Executive Officer
Edward Pryor, CMEEC Chief Financial Officer
Michael Lane, CMEEC Controller
Robin Kipnis, CMEEC General Counsel
Joanne Menard, CMEEC Principal Accountant

Other participants:

Jonathan Fink, Blum Shapiro
Matthew Coit, Blum Shapiro
William Kowalski, Municipal Electric Consumer Advocate (via telephone)

Ms. Job recorded.

Committee Chairman Collard stated the purpose of the meeting was to review the draft audit results. He explained that Blum Shapiro will provide an overview of the audit results identifying key audit considerations. He noted that they would also provide a high level overview of the draft financial statements and draft debt covenant letters.

Committee Chairman Collard introduced Jonathan Fink and Matthew Coit of Blum Shapiro and asked those in attendance to introduce themselves for the benefit of individuals participating by phone.

Mr. Fink confirmed that the materials handed out at today's meeting are marked draft to allow the Audit Committee to ask questions prior to them becoming final. He added that Blum Shapiro's concurring partner was conducting final review and he didn't anticipate any additional comments from that review.

He provided a brief overview of what was being discussed by Blum Shapiro for today's meeting. He stated that Blum Shapiro generally meets with the Audit Committee twice per year, but added that they are available throughout the year.

Mr. Fink discussed the Executive Summary. He noted that it was marked draft pending any comments resulting from today's meeting. He stated that it will be dated the same day as the audit report, adding that would be today's date as long as no changes result from today's discussion.

He explained the key accounting estimates noting they are based on management's judgment and experience about past and current events and assumptions about future events. He discussed the key estimates affecting the financial statements.

Mr. Fink discussed the CMEEC Management Representation Letter. The letter confirms CMEEC's representations during the audit and the information provided to Blum Shapiro during the audit review.

Mr. Fink provided a high level overview of the CMEEC Draft Financial Statement, highlighting the comparison of the 2017 financial results to the 2016 financial results.

Mr. Fink introduced Matthew Coit who provided a review of the combined CMEEC and CTMEEC draft financial statements. He stated that CMEEC's accounting records are maintained using the standards of the Governmental Accounting Standards Board and he highlighted the notes to financial statements. He noted that the GASB recommends reviewing financials over a three year period. Currently, CMEEC reviews financials over a two year period, however the next audit will include a three year review.

Mr. Coit provided a high level overview of the statement of net position December 31, 2017 and 2016 highlighting that most of the activity in the past year was due to depreciation, changes due to investments of funds and the Hydro Quebec increase in capital cost.

He added that equity levels were comparable to prior year noting that the rate stabilization fund had increased over the last year. He discussed the operating revenues and how the early termination of the Hampshire Council of Governments (HCOG) affected that item for 2017. He noted that the operating income expenses were consistent with last year and other income and expenses were consistent with prior year.

Mr. Coit reviewed the Transco draft financial statement noting that the format used for Transco mirrored that of the CMEEC draft financial statement adding the Transco key estimates were similar to CMEEC.

He noted that because Transco has a separate set of financials, Blum Shapiro provides a separate Management Representation Letter. He added that items of note were also covered on the CMEEC audit.

Mr. Coit provided a brief overview of the GASB standards affecting the audit at the request of Committee Chairman Collard.

Committee Chairman Collard entertained a motion to enter into Executive Session. Motion by Committee Member Barber, seconded by Committee Member Peil to move the discussion into Executive Session.

Vote passed.

The basis for going into executive session was Conn. Gen. Stat. Secs. 1-200(6)(B) and 1-200(6)(E). Present during the discussion were the Committee Members, Messrs. Rankin, Pryor, Lane, Fink and Coit and Ms. Menard and Ms. Kipnis.

The meeting went into Executive Session at 10:47 a.m.

At 11:15, Messrs. Rankin, Pryor, Lane and Ms. Menard and Ms. Kipnis were excused from executive session.

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

Motion by Committee Member Barber, seconded by Committee Member Peil to adjourn the meeting.

Vote passed.

The meeting was adjourned at 11:45 a.m.