

845 Brook Street, Rocky Hill, CT 06067
T 860.563.0015
ctgreenbank.com



July 5, 2017

Dear Audit, Compliance and Governance (ACG) Committee Members,

We look forward to our meeting on Monday, July 10th at the Connecticut Green Bank in Rocky Hill from 8:30 p.m. to 9:15 p.m. We will discuss the following agenda items:

1. Annual Review of Accounting Internal Control Policies;
2. Board Selection Update; and
3. 2017 Legislative and Regulatory Update.

As always, please let me know if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Brian Farn" followed by a long horizontal line.

Brian Farn
General Counsel & Chief Legal Officer



AGENDA

Audit, Compliance and Governance Committee of the
Connecticut Green Bank
845 Brook Street
Rocky Hill, CT 06067

Monday, July 10, 2017
8:30 – 9:30 a.m.

Staff Invited: George Bellas, Brian Farnen, Bryan Garcia, Bert Hunter, Matt Macunas and Eric Shrago

1. Call to order
2. Public Comments – 5 minutes
3. Approve Meeting Minutes for April 24, 2017* – 5 minutes
4. Annual Review of Accounting Internal Control Policies – 10 minutes
5. Board Selection Update – 10 minutes
6. 2017 Legislative and Regulatory Update – 15 minutes
7. Other Business – 15 minutes
8. Adjourn

*Denotes item requiring Committee action

** Denotes item requiring Committee action and recommendation to the Board for approval

Join the meeting online at <https://global.gotomeeting.com/join/969964869>

Or call in using your telephone:

Dial +1 (224) 501-3412

Access Code: 969-964-869

Next Regular Meeting: Wednesday, October 11, 2017 from 8:30-9:30 a.m.
Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT



RESOLUTIONS

Audit, Compliance and Governance Committee of the
Connecticut Green Bank
845 Brook Street
Rocky Hill, CT 06067

Monday, July 10, 2017
8:30 – 9:30 a.m.

Staff Invited: George Bellas, Brian Farnen, Bryan Garcia, Bert Hunter, Matt Macunas and Eric Shrago

1. Call to order
2. Public Comments – 5 minutes
3. Approve Meeting Minutes for April 24, 2017* – 5 minutes

Resolution #1

Motion to approve the minutes of the Audit, Compliance and Governance Committee meeting for April 24, 2017. Second. Discussion. Vote.

4. Annual Review of Accounting Internal Control Policies** – 10 minutes

Resolution #2

RESOLVED, that the Audit, Compliance and Governance Committee hereby recommends to the Board of Directors for approval the proposed revisions to the current internal accounting control policies.
Second. Discussion. Vote

5. Board Selection Update – 10 minutes
6. 2017 Legislative and Regulatory Update – 15 minutes
7. Other Business – 15 minutes
8. Adjourn

*Denotes item requiring Committee action

** Denotes item requiring Committee action and recommendation to the Board for approval

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CONNECTICUT
GREEN BANK

Audit, Compliance and Governance Committee of the Connecticut Green Bank

Agenda Item #1
Call to Order

July 10, 2017
Regular Meeting





CONNECTICUT
GREEN BANK

Audit, Compliance and Governance Committee of the Connecticut Green Bank

Agenda Item #2
Public Comments

July 10, 2017
Regular Meeting





CONNECTICUT
GREEN BANK

Audit, Compliance and Governance Committee of the Connecticut Green Bank

Agenda Item #3

Approval of Meeting Minutes of April 24, 2017
(Special Meeting)

July 10, 2017

Regular Meeting





CONNECTICUT
GREEN BANK

Audit, Compliance and Governance Committee of the Connecticut Green Bank

Agenda Item #4

Annual Review of Accounting Internal Control
Policies

July 10, 2017

Regular Meeting



Connecticut Green Bank



Annual Review of Accounting Internal Control Policies

- Form the basis for safe guarding the Green Bank's assets and ensuring that all disbursements of Green Bank's funds are reviewed and approved at the appropriate management level.
- Are part of the overall system of internal control policies and procedures in place to ensure that all financial transactions are recorded in the financial records of the Green Bank accurately and on a timely basis.
- Reviewed for material weaknesses annually as part of the Green Bank's annual financial audit and issuance of its Comprehensive Annual Financial Report.
- CGB 101 – Purchasing and Accounts Payable
- CGB 102 – Consulting and Advisory Services
- CGB 103 – Credit Cards
- CGB 104 – Mobile Devices
- CGB 105 – Fixed Assets and Depreciation

July 10, 2017
RegularMeeting



Connecticut Green Bank



Annual Review of Accounting Internal Control Policies (continued)

Minor revisions proposed to existing procedures as follows:

CGB 103 Credit Cards – Substitute Director of Operations for President and CEO as second approver of credit card invoices after approval by VP Finance.

CGB 104 Mobile Devices – Reflect change in policy to reimburse employees for monthly service charges only and not for equipment.

CGB 105 Fixed Assets and Depreciation – Reflect increase in threshold requiring capitalization of equipment from \$500 to \$1,000.





CONNECTICUT
GREEN BANK

Audit, Compliance and Governance Committee of the Connecticut Green Bank

Agenda Item #5

Board Selection Update

July 10, 2017

Regular Meeting





CONNECTICUT
GREEN BANK

Audit, Compliance and Governance Committee of the Connecticut Green Bank

Agenda Item #6

2017 Legislative and Regulatory Update

July 10, 2017

Regular Meeting



State Budget Update



Temporary State Budget

- Guided by executive authority using Gov. Malloy's [Resource Allocation Plan](#) as of July 1, 2017
- No agreement on biennial state budget yet between legislative party caucuses or between House and Senate



Legislative proposals for revenue diversion

RGGI Auctions

(\$20mm) FY19 – House Democrats

(\$26mm) FY18, FY19 – Senate Republicans

Clean Energy Fund

(\$13mm) FY18 and FY19

- Senate Republicans

Performance Contracting at DOC

(\$7mm) in debt service

FY18 – Senate Republicans

C&LM Fund

(\$68mm) FY18 and FY19

– Senate Republicans

C-PACE Technical Fix

Public Act 17-201



- Makes clear that financing may be applied for new construction
 - Expands program eligibility beyond renovations and retrofits to also allow for energy improvements
- Third-party capital
 - Allows capital providers to provide financing, leases and PPAs, rather than just “loans”
- Clarifies usage and terms around the benefit assessment lien
- Specifies the non-acceleration and non-extinguishment features of PACE



Solar Siting, Anaerobic Digesters

Public Act 17-218



•Solar Siting and Productive Farmlands

- Restricts building 2+ MW solar PV on forest land or prime farmland
- DEEP creates a pilot to instead site 2+ MW facilities on brownfields
- DEEP identifies other suitable sites including state property, highway corridors, prisons
- DEEP must accept expressions of interest from municipalities interested in closed landfill solar



• Agricultural Virtual Net Metering

- Authorizes \$3 million annually in VNM for agricultural customers hosting anaerobic digesters
- Half of the \$3 million is reserved for dairy farms hosting digesters

Fuel Cells, ZREC extension

Public Act 17-144



- Extends ZREC program by one year
 - Catches up the price cap, lowering 64% from original \$350/REC
- Fuel Cells
 - EDCs can build, own, operate, or enter into PPAs for new fuel cell generation, up to 30 MW
 - EDCs may provide incentives to install fuel cell powered CHP systems
- DEEP Solicitations
 - DEEP may solicit proposals and order PPAs up to 20 years for energy, capacity and RECs
 - For fuel cell, offshore wind, or anaerobic digestion facilities
- Ratepayer Impact
 - Starting 2019, Office of Fiscal Analysis attached ratepayer impact statements to bill proposals.
 - 2/3 vote may dispense of requirement
- Class II Renewable Portfolio Standard
 - Now only trash-to-energy facilities
 - Increases, from 3% to 4%, the RPS requirement met by either Class I or Class II facilities



Bridgeport Thermal Loop

Public Act 17-227



•Utility participation

- Allows UI/Avangrid to build, own, and operate a CHP system supplying heat to Bridgeport's district heating system
- Nameplate up to 10 MW, and may include fuel cells
- UI/Avangrid may enter into competitive bidding process to procure system from district heating company

•Comprehensive Energy Strategy

- 2019 CES must include a study on the viability of new district heating networks, with financing recommendations

• District heating company

- Receives the thermal energy, capacity payments and RECs
- Bridgeport may abate property taxes on the project



Autonomous Vehicles

Public Act 17-69



- Establishes a pilot program for autonomous vehicles
 - Run by OPM, in consultation with DMV, DOT, and DESPP
 - Allows manufacturers and fleet service providers to test fully autonomous vehicles in up to four municipalities
 - Creates task force to study AVs and develop legislative recommendations for regulation



Brownfield Land Banks

Public Act 17-214



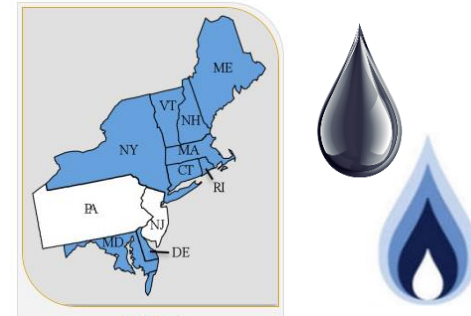
- Sets legal framework for CT Brownfield Land Banks
 - Local nonprofit land banks may acquire and remediate brownfields, and sell the property for redevelopment
- Validation
 - DECD must certify that a land bank meets the Act's requirements before providing incentives
 - To operate, land banks must enter into a land banking agreement with one or more municipalities
- Accessing funding
 - Land banks may access the same brownfield remediation tools and incentives available to municipalities



Deceased (for now)



Millstone Contract



RGGI Fund Use



R-PACE Financing



Tesla Dealerships



CONNECTICUT
GREEN BANK

Audit, Compliance and Governance Committee of the Connecticut Green Bank

Agenda Item #7
Other Business

July 10, 2017
Regular Meeting



Evaluation Framework Progress

- Not completed
- Completed
- In Process

Evaluation Framework
Assessing, Monitoring, and Reporting of Program Impacts and Processes

Evaluation Framework

PosiGen Solar Lease for All Program
Survey Administration Guide - Draft
February 17, 2017

Data Collection and Analysis Protocol

PosiGen

EVALUATION FRAMEWORK SOCIETAL PERFORMANCE

Environmental Impact Overview

The Green Bank will use the US Environmental Protection Agency's (EPA) Adjusted Emissions and Generation Topology (AEG) to calculate and report on the environmental benefits of the Green Bank's clean energy investment activity in Connecticut.

Technology	CO ₂ (lbs) / kWh	SO ₂ (lb) / kWh	NO _x (lb) / kWh
Solar PV	0.9601	0.0174	0.4037
Energy Efficiency	0.5432	0.4803	0.3397
Energy Efficiency-PV	0.5238	0.5295	0.3734
Wind	0.0212	0.0264	0.0310

Table 2: AEG's¹ Emissions

Capacity	Annual expected generation (MWh)	CO ₂ savings (tons)	SO ₂ savings (lbs)	NO _x savings (lbs)	SO ₂ equivalent (lbs)
Solar PV	78,220	44,520	45,580	32,480	32,480
Energy Efficiency	85,890	34,290	36,310	21,410	21,410
Wind	16,430	36,430	44,830	34,980	34,980

EVALUATION FRAMEWORK SOCIETAL PERSPECTIVE

Economic Development Overview

Results of AEG job yields are detailed in investment analysis. Below is a summary of the results of the analysis of direct, indirect, and induced job yields by each technology for investment in clean energy. (Washington in Connecticut)

- 12 jobs per MW for solar installers
- 10 jobs per MW for residential solar installers
- 14 jobs per MW for commercial EE installers
- 2 jobs per MW for EV charging installers
- 10 jobs per MW for full-scale manufacturers
- 16 jobs per MW for RIT installers
- 7 jobs per MW for commercial solar installers
- 18 jobs per MW for wind project installers
- 18 jobs per MW for residential EE installers

Economy (DECD)

C-PACE

Smart-E

Energy Efficiency (PSD and SRS)

Others (e.g., RTT, AFV and Infrastructure)

Equivalencies (EPA AVERT)

Equivalencies (EPA AVERT)

Public Health (EPA COBRA)

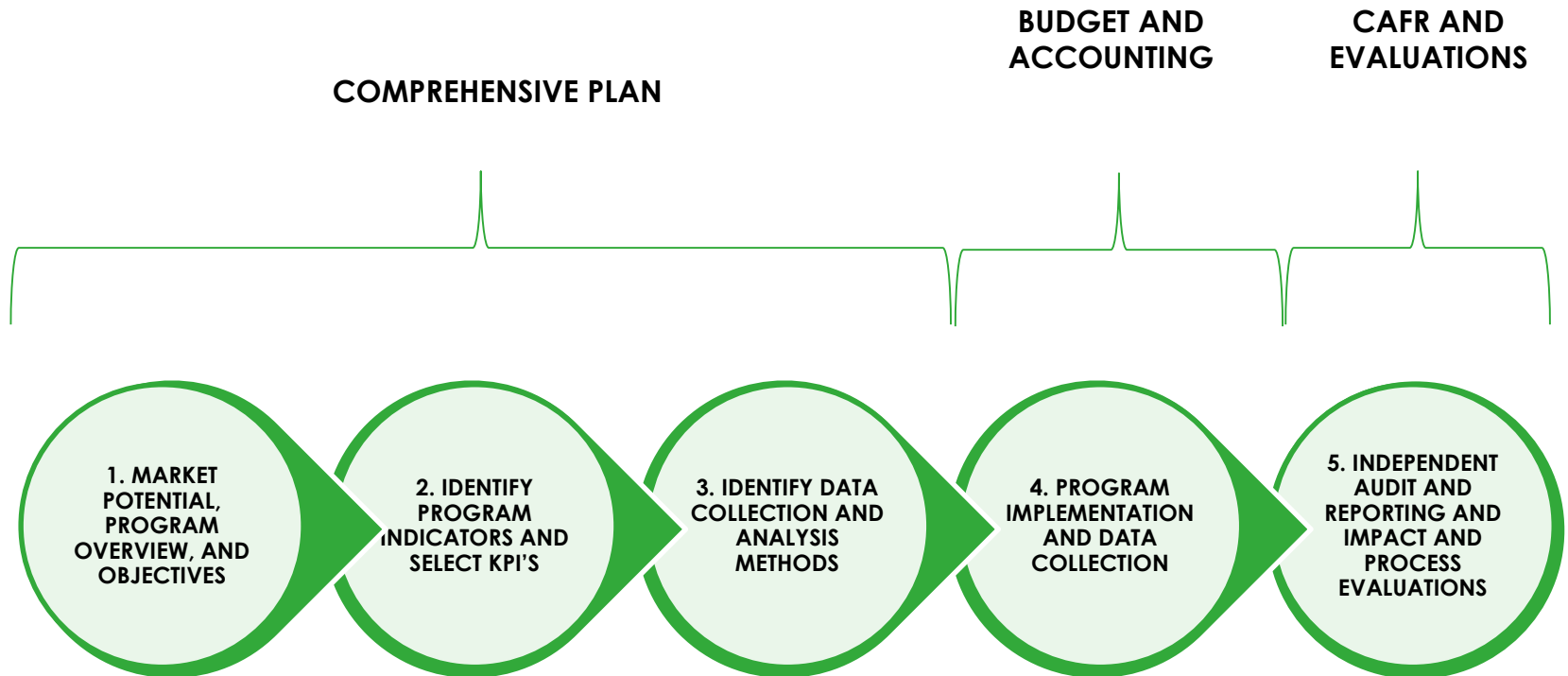
Investment

Direct, Indirect, and Induced Jobs

Others (e.g., GDP growth, tax revenue, etc.)

Evaluation Plan

Development and Implementation



...and the **fifth step** is through **either** the independently audited **CAFR** or **program evaluation**, initiated through a **statutory requirement**, **Board of Directors requests**, or at the discretion of the **Green Bank management**

Program Evaluation Types



- **Independent Audit and Reporting** – reviews available CGB program data to determine if they are appropriately reported
- **Impact Evaluation** – focuses on estimating the quantitative output (for clean energy projects) and the quantitative savings (for energy efficiency projects) of a program
- **Process Evaluation** – focuses on examining the efficiency and effectiveness of a program in relation to its objectives and operations. It is intended to provide information and recommendations for program enhancement and to address other non-quantitative topics of interest.

What type of independent evaluation does the Board of Directors want to do?

Evaluation Prioritization Criteria



Criteria for Evaluations	RSIP	C-PACE	Smart-E	PosiGen	CT Solar Loan	CT Solar Lease	ARRA-SEP
Public Policy	X	X					X
Report Required	X						X
Stakeholder Trust	X	X	X	X			
Asset Management	X	X		X	X	X	X
Replicability	X	X	X	X		X	
Process	X	X	X				X
Performance	X	X	X	X			X
Strategic Priority		X	X	X			
Incentive Comp							
[Other]							

What are key criteria for determining what program(s) to independently evaluate?

Program Evaluation Determination



- **Program Evaluation Type** – determine an evaluation type the Board of Directors would like to pursue
- **Evaluation Prioritization** – identify and prioritize criteria for determining what program(s) to evaluate
- **Evaluation Recommendation** – recommend to the Board of Directors the program(s) that will be independently evaluated in FY 2018



CONNECTICUT
GREEN BANK

Audit, Compliance and Governance Committee of the Connecticut Green Bank

Agenda Item #8
Adjourn

July 10, 2017
Regular Meeting



**AUDIT, COMPLIANCE, & GOVERNANCE COMMITTEE OF THE
CONNECTICUT GREEN BANK**

Draft Minutes – Special Meeting

Monday, April 24, 2017

2:30 – 3:30 PM

A special meeting of the Audit, Compliance, and Governance Committee (“Audit Committee”) of the Board of Directors of the Connecticut Green Bank (the “Green Bank”) was held on April 24, 2017 at the office of the Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT in the Albert Pope Board Room.

1. **Call to order:** Mr. Ranelli, Chairperson of the Audit Committee, called the meeting to order at 2:43 p.m. Audit Committee members participating: Matthew Ranelli (by phone), and John Harranty.

Staff Attending: Bryan Garcia, Brian Farnen, Eric Shrago (by phone), George Bellas, Jane Murphy, Cheryl Samuels, and Adam Canosa of Marcum LLP (by phone)

2. **Public Comments**

There were no public comments.

3. **Approve Meeting Minutes for October 21, 2016 Special Meeting***

Upon a motion made by John Harranty and seconded by, Matt Ranelli the resolution passed unanimously.

Resolution #1

Motion to approve the minutes of the Audit, Compliance and Governance Committee meeting for October 21, 2016. Second. Discussion. Vote.

4. **Audit Findings Report Out**

George Bellas and Brian Farnen provided an overview of the draft audit report to be issued by the State Auditors of Public Accounts (APA) for the Green Bank’s 2014 and 2015 fiscal years.

There were three findings, which were not material findings however staff has or will take action to strengthen internal controls in the areas the findings addressed. . The findings recommended strengthening controls over the repurposing of financial commitments by the Board within a specific project, developing a policy to issue RFPs for strategic partnerships at predetermined intervals and the timely filing of statutorily required reports.

Brian Farnen also discussed the APA’s general comments regarding the issuance of severance agreements by State agencies in their report.. He stated that he feels that

Subject to changes and deletions

the legal terms and conditions of such agreement are appropriate to mitigate risk of loss of ratepayer dollars while avenues for whistleblowers to voice concerns are still available. Bryan Garcia stated that it is not a finding, it was just noted in the Report.

John Harrity questioned if any of these findings caused penalties for the Green Bank. George Bellas stated that they did not.

Matt Ranelli commended the team for the great job they're doing.

5. CT SL2 LLC Audit Recommendation**

George Bellas discussed the status of the CT Solar Lease 2 ("CT SL2") audit and the anticipated issuance of its independent accountant, Marcum LLP ("Marcum"), audit report on the financial statements for the year ended December 31, 2016.. CT SL2 is a component unit of the Green Bank and is required to issue separate audited financial statements by its operating agreement and debt covenants under a financing agreement with its lenders. A representative of Marcum, Adam Canosa, was also present to answer any questions the Committee members had with regards to the audit. .

In addition to reviewing the status of the audit, George Bellas also reviewed the steady growth in the assets and revenues of CT SL2 over the last three years.

Matt Ranelli sought clarification as to the composition of CT SL2's asset structure and how the CT SL2 stand-alone audit is integrated into the Green Bank's annual Comprehensive Annual Financial Report ("CAFR"). George Bellas explained that CT SL2's asset base primarily consisted of Solar PV facilities leased or supporting power purchase agreements with residential and commercial customers. He also explained that the financial statements of CT SL2 will be incorporated in the Green Bank's CAFR as a discretely presented component unit. George requested the Committee recommend the Board approve the issuance of CT SL2's audited financial statements absent any material adjustments to the draft statements presented to the Committee. . Adam Canosa stated he does not anticipate any additional material adjustments to the statements as presented. He also stated that they he doesn't see any issues with meeting the end of month deadline to issue the audited financials..

Adam stated that they did have two minor adjustments that were passed on, not really material, but large enough to make management aware. He reviewed these adjustments with the Committee members.

Brian Farnen made the Committee members aware that the staff could leave the room if they wished to speak with Adam privately. The Committee members did not deem this necessary.

Upon a motion made by John Harrity, and seconded by Matt Ranelli, the Committee unanimously approved.

Resolution #2

WHEREAS, Article V, Section 5.3.1(ii) of the Connecticut Green Bank ("Green Bank") Operating Procedures requires the Audit, Compliance, and the Governance Committee

(the “Committee”) to meet with the auditors to review the annual audit and formulation of an appropriate report and recommendations to the Board of Directors of the Green Bank (the “Board”) with respect to the approval of the audit report;

NOW, therefore be it:

RESOLVED, that the Committee hereby recommends to the Board for approval the proposed draft CT Solar Lease 2 LLC audited financial statements the year ended December 31, 2016 contingent upon no further adjustments to the financial statements or additional required disclosures which would materially change the financial position of CT Solar Lease 2 LLC as presented. Second. Discussion. Vote

6. EMV (approval of environment benefit methodology) **

Eric Shrago discussed the Evaluation Framework – Environmental Impacts. He stated that the Framework was previously approved and that they’ve been implementing official methodologies for the societal impact sections. He stated that they are seeking approval for a new tool, developed by the EPA, called, Avert to be the official methodology for measuring environmental impacts. He discussed Avert and explained the details.

Matt Ranelli questioned how they can get this down to a Municipal level. Eric Shrago stated that they are very happy to get it on a State and County level. He stated that they are not seeking to do anything further at this time.

John Harrity questioned if this is better than what they have been using, and if this is an industry standard. Eric Shrago stated that this is much closer to industry standard, and that they have been using old methodology.

Matt Ranelli questioned if there is a way to spend some time looking at the data and information. Eric Shrago stated that you can go into the EPA’s website. He stated that the tool is there to be downloaded. Bryan Garcia stated that they could put all of their input assumptions into Avert for the public, on the website. He explained that they do have roadmap sections there now. He stated that they are going to also link a fact sheet to Avert.

Eric Shrago stated that Avert updates the file based off of generation every year. He stated that the impact from the projects is going to diminish, the grid will get cleaner over time.

Matt Ranelli questioned if the REC’s they sell are included in the model. Eric Shrago advised that they are not. Bryan Garcia stated that they disclose this in the Fact Sheet and will do the same in the CAFR.

**Upon a motion made by John Harrity, and seconded by Matt Ranelli,
Resolution 3 passed unanimously.**

Resolution #3

RESOLVED, that the Audit, Compliance and Governance Committee hereby recommends to the Board of Directors for approval on its consent agenda the proposed Environment Benefit Methodology.
Second. Discussion. Vote.

7. Information Technology Vendor Management**

Eric Shrago discussed Information Technology Vendor Management. He stated that they are looking to have a Statement of Control or Certification for their IT Systems. She stated that this would be a great benefit. He stated that they are working to get everything up to the standards of the SOC2. He stated that they are implementing best practices around the Core Information Technology Systems.

John Harrity stated that he would like to add OSHA and DOL on page 87 of the application. Eric Shrago stated that he would look into getting this added. John Harrity also suggested that they also put in a preference for Connecticut vendors. Brian Farnen stated that they will look into adding this.

Upon a motion made by John Harrity, and seconded by Matt Ranelli, an amended Resolution, adding the initials IT in front of Vendor, was passed unanimously.

RESOLVED, that the Audit, Compliance and Governance Committee hereby recommends to the Board of Directors for approval on its consent agenda the proposed draft Information Technology Vendor Management Policy. Second. Discussion. Vote.

8. Board Membership and Recruitment Update

Brian Farnen provided an update on Board Membership and Recruitment. He stated that Gina McCarthy will be replacing Mun Choi. Betsy Crum will be replacing Pat Wrice. He also stated that Norma Glover will be ending her time with the Board in the near term. He stated that they we are beginning conversations regarding a replacement for Norma Glover.

9. 2017 Legislative and Regulatory Update

Brian Farnen provided a Legislative and Regulatory update. He stated that they will provide support for RPACE. He stated that Senate Bill 106 has a lot of Renewables attached to it but it looks less likely to get passed. He also explained that they are working with legislative leaders on both sides of the aisle and our supporters to minimize any potential impact to the Green Bank's Balance Sheet, in the event that interests in Hartford proposes a sweep of ratepayer funds.

10. Adjourn

Upon a motion made by John Harrity, and seconded by, Matt Ranelli, the meeting was adjourned at 3:46 p.m.

Respectfully Submitted,

Matthew Ranelli, Chairperson of the Audit,
Compliance, and Governance Committee

DRAFT



Memo

To: Audit, Compliance and Governance Committee

From: George Bellas (VP Finance and Administration)

Date: July 10, 2017

Re: Review and proposed revisions to Internal Accounting Control Procedures

It is a best practice to review the Connecticut Green Bank ("CGB") 's internal accounting control procedures with the CGB Audit, Compliance and Governance ("ACG") Committee and changes, if necessary, to these procedures to reflect changes in the organization and its programs. I have included the following control procedure documents in your package for review and further discussion at our meeting:

CGB 101 – Purchasing and Accounts Payable

CGB 102 – Consulting and Advisory Services

CGB 103 – Credit Cards

CGB 104 – Mobile Devices

CGB 105 - Fixed Assets and Depreciation

We are proposing minor changes to the Credit Card, Mobile Device and Fixed Asset procedures which are reflected in the documents using the track changes feature of Word. We will also discuss any additional changes that the Committee members might wish to make to these procedures at our meeting as well.

Staff is requesting that the following resolution be adopted by the ACG Committee:

RESOLUTION

RESOLVED, that the Audit, Compliance and Governance Committee hereby recommends to the Board of Directors for approval the proposed revisions to Internal Accounting Control Procedures as presented.

845 Brook Street, Rocky Hill, CT 06067
T 860.563.0015
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Connecticut Green Bank and Component Units

Accounting Department Internal Controls and Procedures Index

CGB 101 – Purchasing and Accounts Payable

CGB 102 – Consulting and Advisory Services

CGB 103 – Credit Cards

CGB 104 – Mobile Devices

CGB 105 – Fixed Assets and Depreciation

Purchasing and Accounts Payable Policies and Procedures

I. Purpose: To provide procedures for procurement methods and completion of related documents.

II. Scope: This procedure applies to the purchase of supplies, materials, services, sponsorships, memberships, software and capital assets for all departments within the Connecticut Green Bank (CGB) as well as for all affiliates for which CGB provides accounting and financial reporting services, whether operating or programmatic in nature.

III. Responsibility:

Procurement of supplies will be facilitated through the department of finance and administration. Procurement of services will be facilitated by the person requiring the services. Subscriptions will be facilitated by the marketing and outreach department. All named parties are responsible for using good purchasing methods for optimizing price savings, quality and value of products, vendor working relationships, and for assuring proper control and inspection as required by these policies. All named parties will utilize purchase orders or such other purchasing documents that are developed and revised from time to time as necessary by the department of finance and administration.

IV. Procedure:

A. ORDER PLACEMENT AND APPROVALS

1. Office supplies - and other goods and services used in the normal course of business are approved by the VP, Finance and Administration (“VPF”) or the Director of Operations (“DOO”).
2. Office furniture, fixtures and equipment - must be approved by the President & CEO or the DOO.
3. Subscriptions and Reference Materials – Subscriptions to magazines, newspapers, on-line reference and search services, etc. must be approved by the President and CEO or the DOO.
4. Computer Equipment and Software - All purchases of computer equipment, software and related items must be in writing. All purchases

- under \$1,000 will be approved by the Office Manager. All purchases \$1,000 or greater will follow the approval process outlined in B1 below.
5. Travel and Entertainment – All business travel and entertainment must be approved by the employee’s immediate supervisor. All requests for reimbursement of T&E expenses greater than \$1,000 must follow the approval guidelines set forth in Section B below. All international travel must be pre- approved by the President &CEO. All international travel by the President & CEO must be pre- approved by the Chairperson of the CGB Board. See the Company Travel and Entertainment Policy for guidelines on business expenditures that will be reimbursed.
 6. Financial Assistance- The process of approving financial assistance consisting of grants, loans, loan guarantees, debt and equity investments or other financial products is outlined in the bylaws and operating procedures of the CGB.
 7. Sponsorships and Memberships – All CGB sponsorships and memberships must be approved by Director level staff and the DOO.
 8. Consulting and Advisory Services – See CGB – 102 for procedures related to internal management of consulting and advisory services.
 9. Legal Fees – Due to the nature of legal fees, approval for fees is obtained when the invoice is received. All invoices will be forwarded to the Chief Legal Counsel and DOO for their approvals before payment is made.

B. PROCESSING OF VENDOR INVOICES FOR GOODS AND SERVICES

1. Approval of Invoices – must be obtained prior to sending to Accounts Payable for payment processing.
 - a. Goods and Services –
 - Invoice < \$1000 – requires signature of project/department manager level or higher.
 - Invoice equal to or greater than \$1,000 –requires the signature of one of the following: VPF; DOO; Chief Legal Officer; President & CEO; EVP and Chief Investment Officer; collectively named “Management”.
 - Invoice equal to or greater than \$5,000 – requires 2 signatures from Management.
 - Invoice equal to or greater than \$25,000 – requires 2 signatures from. Management, one of which must be the President and CEO.
 - Non-budgeted items –requires signature of VPF as well as approval according to \$ limit approval procedures noted above.
 - Finance Assistance up to \$25,000 – requires 2 signatures from Management, one of which must be the President & CEO or the DOO or, in both their absence, the VPF.
 - Finance Assistance (as defined in A6 above) equal to or above \$25,000 – requires 2 signatures from Management,

one of which must be the President & CEO or in his or her absence the VPF.

- Consulting and Advisory Services – See CEFIA – 102
- Re-occurring charges – for disbursements that occur on a regular basis (rents, equipment lease payments, etc. the VPF must approve the invoice. A second signature from a member of Management is not required.
- Transfers of funds between CGB and its affiliates for working capital purposes – transfers of funds between CGB and its affiliates for working capital purposes will only require the approval of the VPF at time of transfer. Documentation of the transfer will be forwarded to the President and CEO for review and sign off within 2 business days after transfer. All transfers will be executed by wire transfer which require approval and release by 2 authorized check signers.

2. Approval in the absence of the President & CEO – If the President & CEO is unavailable for a period of time to approve invoices or purchases enumerated in section A above, he/she may delegate his/her authority to approve such purchases and invoices to the VPF or in the absence of the VPF, the DOO, Chief Investment Officer or Chief Legal Officer in writing. The VPF or such other designee listed above must then submit all such items to the President & CEO upon his/her return to the office and obtain approval from the President & CEO at that time.

3. Payment of invoices –

- a. Accounts Payable will process invoices for payment when all approvals are obtained by requestor.
- b. Payment of invoices will be made based on vendor terms.
- c. Check signing:
 - Invoice and all related documents are submitted to Accounts Payable.
 - Check amounts equal to or greater than \$5,000 require 2 signatures
 - The Board of Directors will authorize specific senior level positions to sign checks on behalf of the Company. This authorization will be documented in the Board meeting minutes.

4. Check requests

- a. A check request may be used as approval documentation for invoices. Invoices may be signed directly as well. The finance and administration department will develop and maintain check request forms.

5. Wire/ACH transfers

- a. The processing of wire/ACH disbursements will follow the same process for checks as documented in section 3c. above with the exception that all wires or ACH transactions require that 2 authorized check signors are required to execute the transaction: one to initiate and approve and one to release the transaction.
- b. Financial Assistance – No wire/ACH will be initiated until the VPF has reviewed all appropriate executed legal documents to verify that the disbursement is being made in accordance with the requirements of such documents.

Consulting and Advisory Services

- I Purpose:** Pursuant to operating procedures initially adopted by the Board of Directors of the Connecticut Green Bank (CGB) on December 16, 2011 as amended from time to time; CGB may contract for consulting and advisory services as part of its operations and programs.
- II. Scope:** These services may include expertise or specialized advice, training, research or analysis, special projects or other work where the (a) appropriate experience, skills or expertise is not then available among the staff because of workload or other constraints, (b) the time duration, frequency of need or other nature of the services does not justify employing staff to provide such services, or (c) Board of Directors has determined that the use of such services is warranted and in the best interest of CGB. These procedures also apply to all affiliates of CGB for which CGB provides accounting and financial reporting services. CGB and its affiliates are collectively referred to as the “Company” in these procedures.
- III. Responsibility:** All staff contracting for consulting and advisory services must follow this procedure.
- IV. Procedure:**
- A. Request for Services - All such services will be requested through the use of the Company’s standard Approval Release Slip (ARS). The ARS will be attached to a draft Professional Service Agreement (PSA) developed and revised from time to time as necessary by the Company’s legal department. Upon the approval of the ARS by staff as outlined below in section B, a PSA will be executed between the Company and the provider of the services requested.
 - B. Approval of ARS and execution of PSA:
 - 1. Approval of ARS: All ARS forms require the following sign offs before the Company’s legal department will process the related PSA: 1) the manager who has budget responsibility for the program seeking the services, 2) the VPF, 3) the DOO and 4) the Chief Legal Officer.

2. Execution of the PSA: The President & CEO will execute all PSA's on behalf of the company. However, see 5 below.
3. ARS requests greater than \$75,000 to \$150,000 must be approved in writing by the President and CEO and Chairperson of the Board prior to execution of PSA under B1 above.
4. ARS requests greater than \$150,000 must follow the RFP requirements in section C prior to execution of PSA under B1 above.
5. Execution of PSA's and approval of ARS requests the absence of the President & CEO – If the President & CEO is unavailable for a period of time to execute PSAs or approve ARS's as required, he/she may delegate his/her authority to approve purchases to the VPF or in the absence of the VPF the DOO, Chief Investment Officer or Chief Legal Officer in writing. The VPF must then forward all items approved under this section to the President & CEO upon his/her return to the office and obtain approval from the President and CEO at that time.
6. All ARS requests will be reviewed by the DOO and VPF to ensure that the requested disbursement falls within the appropriate departmental budget for the current fiscal year prior to approval.

C. PSA duration and RFP requirements

1. Duration - The duration of PSAs for consulting or advisory services will generally not exceed one year without written approval of the President & CEO.
2. Whenever possible, an RFP is to be completed prior to entering into any contract in an amount over \$150,000 in any one fiscal year.
3. Contractors with multiple contracts - CGB may engage the same contractor for several different projects or for continuations of a single project during a fiscal year. A PSA which will, if executed, result in cumulative expenditures to the contractor exceeding \$150,000 in any one fiscal year will require, whenever possible, that an RFP be completed prior to the execution of the PSA.

D. Recordkeeping

1. The department of finance and administration will prepare and maintain a summary of all outstanding contracts. The summary will include the name of the contractor, a brief description of the services/project, the total amount of the contract and actual amount paid to date.

2. The VPF will be responsible for monitoring the status of approved contracts and ensuring that all contracts are in compliance with these operating procedures.

Credit Card Policy and Procedures

I. Purpose:

To provide procedures for the use of Connecticut Green Bank, (“CGB”) owned credit cards by authorized employees of the CGB.

II. Policy/Scope:

CGB owned credit cards will be issued to those employees who are designated as purchasing agents for CGB by the President and CEO. CGB owned credit cards will be used for official CGB business to purchase goods and services on behalf of CGB or to make travel arrangements on behalf of CGB employees who are traveling on CGB business. CGB owned credit cards shall not be used for personal or private business. Intentional misuse or fraudulent abuse of any CGB owned credit card may result in disciplinary action, up to and including dismissal. In addition, the authorized holder of the CGB owned credit card shall promptly reimburse CGB for any unacceptable or unauthorized purchases.

III. Responsibility:

The Vice President, Finance and Administration (“VPF”) shall be responsible for the administration of the CGB credit card account.

IV. Procedures:

1. The President and CEO (“CEO”) and the Director of Operations (“DOO”) are authorized purchasing agents of the CGB. The CEO shall provide the VPF with a list of additional employees who are authorized purchasing agents for CGB. This list will be updated from time to time by the CEO as circumstances warrant. A credit card dollar limit will be approved by the CEO for each authorized purchasing agent.
2. The VPF as administrator of the CGB credit card account will approve and submit an application to the credit card issuer requesting that a card be issued (with the authorized dollar limit) to the CGB purchasing agent.
3. Once the CGB credit card is issued to the authorized purchasing agent, the purchasing agent will be responsible for maintaining adequate documentation supporting all purchases made with the credit card. This documentation shall be attached to the monthly credit card invoice and submitted to the VPF for review and approval. The VPF will review

the documentation submitted to determine that the expenditure was for an appropriate business purpose. The credit card invoice will be approved by the VPF and the ~~DOOGE~~.

4. It is the purchasing agent's responsibility to monitor his or her account for unauthorized activity. All unauthorized activity should immediately be reported to the credit card issuer and VPF for appropriate action.

5. Purchasing agents who have been issued a CGB owned card will be responsible for safeguarding the card at all times. The purchasing agent is responsible for immediately and properly reporting a lost or stolen card to the credit card issuer and the VPF.

6. A copy of this policy will be provided to each purchasing agent. The purchasing agent will be required to acknowledge receipt of the policy.

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Mobile Device Policy and Reimbursement Procedure

Policy

The Connecticut Green Bank (“CGB”) often must have immediate access to key employees. Accordingly, CGB will provide mobile devices with cell and internet access to an employee if the employee’s responsibilities require the employee to be out of the office on Company business and the employee needs to be in contact with CGB staff or its partners during that time.

Procedure

Mobile device plans bundle “voice” minutes and “data” minutes for a monthly fee.

Employees can be reimbursed for the associated monthly voice and data charges by submitting an approved employee expense report with appropriate backup including dates of service to the accounting department on a monthly basis up to the limit established by the organization. If an employee’s cell phone service is part of a “family” plan, the employee will only be reimbursed for the charges allocated to their cell phone number. Dollar limits will be reviewed and adjusted periodically by the President and CEO and the Director of Operations (“DOO”) . Pre-Approval forms may be obtained from the accounting department. All requests for mobile communications devices and associated voice/data plans must be approved by the DOO. ***Charges incurred that were not pre-approved or above the pre-approved limit will be the responsibility of the employee.***

Costs outside of this procedure will be reviewed on a case by case basis and should seek pre-approval whenever possible.

Fixed Assets and Depreciation

I. Purpose: To set policy and controls over the recording of fixed assets related depreciation.

II. Scope: This policy applies to all purchases of furniture, equipment, software and leasehold improvements.

III. Responsibility: The Controller is responsible monitoring and tracking fixed assets and related depreciation.

IV. Procedure:

- a. All computer hardware and software, office furniture and equipment, and leasehold improvement items purchased with a value greater than \$~~1,000~~500 are capitalized and recorded as fixed assets.
- b. The Staff Accountant records the fixed asset vendor invoice to the appropriate fixed asset account. Invoices are approved using internal accounting control procedure CGB 101 – Purchasing and Accounts Payable
- c. The Senior Accountant reviews fixed asset purchases on a monthly basis and inputs the appropriate financial information in the Intacct business system using the following categories and useful lives:
 - i. Furniture and Equipment – 5 years
 - ii. Computer Hardware – 3 years
 - iii. Computer Software – 3 or 2 years
 - iv. Leasehold Improvements – 5 years or life of lease, whichever is less
- d. Depreciation is calculated by Intacct using the straight-line method on a yearly basis, and reconciled monthly.