

**AUDIT, COMPLIANCE, AND GOVERNANCE COMMITTEE OF THE  
CONNECTICUT GREEN BANK  
Minutes –Regular Meeting  
Wednesday, April 22, 2015**

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 22, 2015, 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 8:30 a.m. Audit Committee members participating: Matthew Ranelli, and John Harranty.

Members Absent: Patricia Wrice.

Staff Attending: Bryan Garcia, Brian Farnen, Bert Hunter, George Bellas, and Mackey Dykes (by phone).

2. **Public Comments:**

There were no public comments.

3. **Approval of Minutes:**

Mr. Ranelli asked the Audit Committee members to consider the minutes from the December 2, 2014 meeting.

**Upon a motion by Mr. Harranty, seconded by Mr. Ranelli, the Audit Committee members voted unanimously in favor of adopting the minutes from the December 2, 2014 meeting as presented.**

4. **Discuss Proposed Revisions to the Current Internal Accounting Control Procedures:**

Broad discussion on the need for annual review and updating of our current accounting control procedures to address comments received from the last audit, including best practices, and amendments to reflect structural and organization changes to the Green Bank.

Mr. Bellas gave example of how our internal controls work he cannot wire money himself. Nobody in the building can do that. He can key this information into the system, but must have the approvals to be able to wire the money. The bank will not honor the transfers until the approvals are done. Only the authorized signatories can release the money.

Mr. Dykes (by phone) explains that these rules do apply to all the affiliates. We’re making it so that all the procedures apply to all the affiliates.

Mr. Ranelli was curious that if these processes are adopted by the Green Bank that they will be the same for each of the affiliates. Specifically, he wanted to know if there is a process that needs to be followed with each affiliate. His main point was if they adopt the processes within the Green Bank will they be automatically adopted within the affiliates as well.

Mr. Farnen explained that the answer is yes, but within the resolution they should add language to implement this.

Mr. Bellas explains that they do have a separate Board of Directors and that Green Bank may have to present it to its own Board of Directors as well.

Mr. Ranelli agreed with presenting to the Board of Directors.

Mr. Bellas explained that in a couple of recent transactions that they have declared that the affiliates follow the policies.

Mr. Harrity questioned that there was nothing unusual for organizations or businesses in the policy or the revisions that the committee is being asked to recommend approval.

Mr. Bellas explained that in his experience, the answer is no and this is pretty restrictive internal control policy and he gave the example again regarding the need for two signatures on a \$5000 level disbursement outside of the organization. He explained that in the private sector they usually don't have that low of a restriction. He explains that the Green Bank is on the conservative side. He explained that the credit card procedures have to be approved by the CEO and the Green Bank only has 3 credit cards that are used for limited purposes. He also explained that there are mobile phone procedures that have to be approved at a very high level. He explained that these policies are not new. He explained that these policies are actually carried forward from Connecticut Innovations.

Mr. Farnen explained that these policy revisions are not loosening the standards. He explained that the public has a high level of expectation in the Green Bank as a quasi-public, which makes it necessary to have the strict standards in place.

Mr. Bellas agreed.

Mr. Ranelli asked if the credit cards that the Green Bank holds have cash advance abilities at ATM's. He explained that the ability to get that money back in the event of theft is difficult. He questioned that if the cards to offer that ability is there a way to get that turned off.

Mr. Bellas advised that he would look into that with the banks that Green Bank holds their credit cards with.

Mr. Ranelli advised that he is just discussing in the event of theft.

Mr. Bellas advised that he understood and will follow up with the banks on that issue.

Mr. Farnen advised that he doesn't believe there are any plans to go beyond the three existing credit cards that the Green Bank holds.

Mr. Bellas explained that this was done in response to a study done many years ago on mobile phones and credit cards. After that study came out they decided to codify the two policies. He reiterated that he would follow up with the banks on the cash advance issue.

Mr. Ranelli asked if Mr. Harrity had any further questions on this subject.

Mr. Harrity wanted to know if the mobile phone policy is reasonable.

Mr. Bellas advised that this is a reasonable policy. He explained that the most of it is for the cost of the phones. He advised that the Green Bank will reimburse up to \$150 towards the phone itself. Any amount above that would be an out of pocket expense. He also advised that not everyone will get one. They have to be approved.

Mr. Dykes (by phone) agreed that this is a reasonable policy. He explained that it's not everyone in the organization. He explained that it's for senior manager and above.

Mr. Ranelli agreed that this is a needed policy, advising that it's difficult to operate without access at a certain level.

Mr. Harrity agreed that it's good policy.

Mr. Ranelli agreed that \$150 is good for a phone. He advised that if people are paying out of pocket for a normal phone then the policy should be looked at again.

Mr. Bellas agreed and advised that if that were the case they would relook at the policy. He also advised that the policy includes \$80 for the ceiling on the plan. He explained that they will be flexible with that.

**Upon a motion made by Mr. Harrity, the Audit Committee members voted unanimously in favor of recommending to the Board of Directors for approval for the proposed revisions to the current Internal Accounting Control Procedures.**

**5. Discuss Proposed Revisions to the Green Bank's Banking Signatories:**

Mr. Farnen advised that the Green Bank would like to add Mackey Dykes as an additional signatory. He explained that it would make sense to have an additional signatory as a back-up.

Mr. Bellas explained that this would assist him when emergency wires need to go out and there is not anyone available, as well as with the many transactions that do occur. He explained that it would make things much easier.

Mr. Farnen explained that the signatories are still limited to four.

Mr. Ranelli questioned if the signatory guidelines could be updated to reflect Dale Hedman's current title.

Mr. Bellas explained that the last time the revisions were made it was 2011, so he did have a different title.

Mr. Bellas advised that the correction will be made.

Mr. Ranelli requested a motion to recommend the adoption of the proposed revisions to the Green Bank's banking signatories as needed to reflect the actual titles of the positions that are listed.

**Upon a motion made by Mr. Harrity, seconded by Mr. Ranelli, the Audit Committee members voted unanimously in favor of recommending to the Board of Directors for approval of the proposed revisions to the Green Bank's banking signatories.**

**6. 2015 Legislative Update:**

Mr. Farnen advised that they are working hand in hand with the Governor's office on the Governor's SHREC Bill. He advised that feedback has been received from stakeholders to make the Bill even better. He advised that they will be meeting with Acadia Center later today. He also stated that they will be meeting with the OCC on Tuesday to go over some additional revisions that were made to the Bill. They're going to use those revisions to assure greater public and stakeholder support for the SHREC legislation. He advised that the E&T Chairs had also been very supportive. He advised that E&T is really the committee that the Green Bank deals with the most in regards to clean energy policy and legislation. He advised that they have also begun to come to the Green Bank for different things that are not strictly within the Green Bank's specific offerings. He explained choosing which policy initiatives to actively play a role in shaping is a balancing act, but when there is good policy they want to be able to help shape good policy without getting out of what the Green Bank's core legislative agenda is. He advised that the Green Bank is on a good path for this legislative session but he advised that this legislative session is being dominated by budgetary issues. He advised that there are always concerns about budgetary cuts, but he advised that at this point all within the power of the Green Bank has been done to ensure that the Green Bank's legislative agenda has the best chance of passing. He explained that staff is laser focus on the SHREC, avoiding another transfer of funds to the general budget of the state and revisions to the C-PACE that make it clear the role of private capital. He explained that Green Bank has been doing everything that can be done to show that it would be unwise to start looking at the Green Bank to plug potential budget holes.

Mr. Ranelli advised that it would be a good idea to have Matt identify appropriate vehicles in the event that the SHREC Bill dies.

Mr. Farnen agreed. He advised that Matt has the background from his years at the LOB and continues to be up in Hartford as the organizations eyes and ears on the ground. He agrees that he will work that to have a running list.

Mr. Ranelli explained that he was under the impression that they had made an effort to have the capital committed.

Mr. Farnen advised that they do that as much as possible. He advised that there are limits on how to do it. He passed to George to elaborate.

Mr. Bellas explained that he sends the cash flow statements periodically to OPM. He explained that they don't see a pile of money. He explained that they see cash, but they then see all the commitments. He explained that it only goes so far, but it is at least some communication. He advised that he has a good relationship and the gentlemen will call him if there is an issue.

Mr. Harrity advised that he met with Majority Leader Joe Aresimowicz yesterday. He advised that he is supporting capping the fixed charge on the utilities at \$10/month. He advised that so far the Bill is alive and well. He advised that it goes to the Senate. The Governor is announcing a reboot of the Climate Change Action Plan.

Mr. Farnen advised that Commissioner Klee would be at that announcement today. He advised that the single use plastic bags initiative is getting a lot of attention.

Mr. Ranelli asked a question regarding the Treasurer's Office and financing and considering debt.

Mr. Farnen advised that there is an allocation for \$41 million for GO Bonds that will be used for the first set of Lead By Example projects. He explained that that is the cheapest option out there. For the second round they're going to use the Green Bank's bonding capability and look to do those projects with the SCRF, Special Capital Reserve Funding for those follow on projects. He explained that that is the plan for now.

Mr. Ranelli asked if there were any further questions.

**7. Discuss Succession Plan:**

Mr. Farnen advised that the next step is for the Board Members to be able to provide comments back to the ACG Committee. If necessary they can have another ACG Meeting. If the Board Members are happy with the succession plan as drafted then it will be just moving forward to the next Board Meeting and approving the plan. He advised that a question on whether or not to include the Board of Director's in the succession plan had come up.

Mr. Ranelli explained that when the bylaws were done originally they were trying to not have too many members on committees, because of the time commitment. He also explained that with more members on each committee, there was more absenteeism in the past. He explained that there is less urgency about Board Member succession. He explained that the more important aspect is the appointing authorities to make sure that they appoint so that there are not any vacancies. He suggested looking at previous Board Members as good resources for future Green Bank fellowship opportunities like Jessica Bailey.

Mr. Garcia advised that some adjustments would be made to Mr. Brydges based on recent positive developments with LBE. He advised that approval will happen at the June 19<sup>th</sup> Board Meeting.

Mr. Farnen advised that there's no need to hold an additional ACG meeting to make a formal recommendation unless there are subsequent issues within the succession plan that need to be resolved.

Mr. Ranelli advised that he would be happy to send something to the ACG so that they know that the Board has looked at it. He recommended to the Board with amendments consistent with what they've discussed and Board Member comments.

**Upon a motion made by Mr. Harrity, seconded by Mr. Ranelli, the Audit Committee members voted unanimously in favor of recommending to the Board of Directors for approval on the succession plan.**

**8. Compliance Reporting:**

Mr. Farnen advised that out of the most recent audit, staff agreed to create a statutory audit checklist including all the items that were required to be filed and completed and have them all

in one location for easy access. He advised that a spreadsheet has been set up with everything all in one place. He advised that all of the filings have been done on time except for one item, the cash flow reports that has not been completed.

Mr. Bellas advised that he has provided two of those and that he will finish the other two within the next two weeks. He advised that he does have a good relationship with OFA and that if there are any issues they will contact him. He advised that they are getting the picture that outstanding commitments are more than the cash balance. He advised that they would be current at that time.

**9. Discuss Board Member Appointments Ending During Fiscal Year 2015:**

Mr. Farnen advised that they are reaching out to the Board Members whose terms are ending to determine if they would like to continue on. If not, we will want to touch base with the appointing authority to make plans so that there are no gaps or vacancies in Board service. He advised that the Board positions are very important for the proper functioning of the Green Bank and they want to make sure that they have a full Board. He advised that maybe at the end of the year as part of the packet to include what the attendance is for people for the year. He feels that it is important.

Mr. Ranelli agreed that it would be good for people to know their own attendance. He advised that maybe it is previewed with other members just to be sure.

Mr. Farnen informed the Members that he and Bryan Garcia plan to look at the bylaws and the operating procedures to do an annual type review and to present any revisions to the committee for their consideration.

Mr. Ranelli agreed that it's good to keep reviewing.

**10. Adjournment:**

**Upon a motion made by Mr. Harrity, seconded by Mr. Ranelli, the Audit Committee members voted unanimously in favor of adjourning the April 22, 2015 meeting at 9:17 a.m.**

Respectfully submitted

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Matthew Ranelli, Chairperson of Audit,

Compliance and Governance Committee