



**Audit, Compliance and Governance Committee of the
Connecticut Green Bank
Special Meeting Minutes**

Tuesday, August 26, 2019
2:00pm – 3:00pm

A special meeting of the Audit, Compliance and Governance Committee of the Connecticut Green Bank (the “Green Bank”) was held on Tuesday, August 26, 2019 at the office of the Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT, in the Bernard Baker Conference Room.

1. Call to Order

Mr. Matt Ranelli called the meeting to order at 2:07pm

Committee members participating: Matthew Ranelli (by phone), Mary Sotos (by phone)

Members absent: Thomas M. Flynn

Others attending:

Staff attendees: Brian Farnen, Bryan Garcia, Matt Macunas, Jane Murphy, Selya Price, Eric Shrago

2. Public Comments

There were no public comments.

3. Approve Meeting Minutes for October 8, 2018

Not approved at this time.

4. Review and discuss the Audit Report of the APA

Audit Report of APA (State of Auditors of Public Accounts). Mr. Ranelli explained that the auditors had 7 findings (a-g) from the recent FY16-FY17 audit of the Green Bank—some of which require follow-up. Mr.

Ranelli explained this committee's role as to review the APA's findings and recommendations and staff responses to the findings and recommendations.

a. The Connecticut Green Bank should strengthen internal controls over payroll to include a reconciliation between internal and Core-CT records.

Jane Murphy responded that the Green Bank will annually reconcile the Intacct financial management payroll records to CORE-CT payroll records beginning with FY19 – and revisiting for FY18 for the upcoming audit. FY19 is complete with follow-up items relating to retiree health still to be addressed. The FY18 reconciliation has not yet been performed. The staff will report out to the ACG Committee on FY18 and FY19 when complete.

The ACG Committee members were fine with this response by the staff.

b. The Connecticut Green Bank should revise its bylaws to require separation agreements be approved by its board of directors based on the recommendations of the Budget & Operations Committee.

Bryan Garcia explained that the Green Bank is working through its Audit, Compliance and Governance Committee and Board of Directors to review the severance agreement policy and associated agreements to ensure that they are consistent with Public Act 18-137. Moving forward, the Green Bank will revise its processes and procedures to require that all severance agreements be approved by the Board of Directors.

The ACG Committee members were fine with this response by the staff after discussion and noted the need for continued compliance with Public Act 18-137.

c. The Connecticut Green Bank should consider requiring a refundable application fee that would cover costs related to the review of potential C-PACE projects.

Bryan Garcia explained that the Green Bank, in October of 2018, revised its contract structure and pricing model with SRS eliminating project cancellation fees for the C-PACE program. The Green Bank is charging all third-party C-PACE capital providers a program administration fee to offset the administrative costs of the program.

After discussion, ACG Committee members were fine with the proposed response by the staff.

d. The Connecticut Green Bank should strengthen internal controls to ensure compliance with reporting requirements as prescribed by the Connecticut General Statutes.

Acknowledging that this is a repeat finding of the APA from the FY14 and FY15 audit, and then again in the FY16 and FY17 audit, the Green Bank has had a difficult time meeting the statutorily required filing dates. The Green Bank has filed all required reports, but on several occasions, it has not been done in a timely manner. For example, in FY19 as the former Vice President of Finance retired, and the Controller was promoted to Vice President of Accounting and Financial Reporting, we were unable to complete two

(2) quarterly financial reports to the Office of Fiscal Analysis in a timely manner given the challenges with the leadership transition.

Discussions focused on the need to make timely submission of statutorily required reports a priority goal for FY20 and beyond. In doing so, the Green Bank will (1) meet with the appropriate authorities (e.g., OFA, OLR, etc.), including the APA, to confirm the appropriate reporting requirements and filing schedules;; (2) prioritize timely filing of such reporting as a performance goal for relevant staff, (3) establish automated reminders for relevant staff and confirm the submission schedules against such reminders at the beginning of each fiscal year, and (4) report out status twice a year to the Audit, Compliance and Governance Committee.

It was noted that reports were done on January 1, 2019 but not filed until January 11, 2019 because of swearing in of new Governor (Lamont). Mr. Ranelli asked about a Reporting Calendar and Mr. Garcia confirmed there is a calendar reminder/schedule. Mr. Garcia stated he would provide guidance to senior staff regarding reports they are responsible for and employee performance will be measured by meeting those deadlines. Mr. Ranelli asked that this Report Calendar be sent to this Committee for review and confirmation of reporting. Ms. Sotos approved suggestions.

e. The Connecticut Green Bank should strengthen internal controls by ensuring that applications are properly completed prior to the execution of a financing agreement.

Bryan Garcia explained that the Green Bank currently administers (or co-administers) the following programs that require contractors, capital providers, and customers to complete and application:

Program	Contractor	Capital Provider	Customer	Utility
Smart-E Loan	X	X	N/A (via Capital Provider)	N/A
C-PACE	N/A	X	X	N/A
Solar PPA	X	N/A	X	N/A
RSIP	X	N/A	X	N/A
SBEA (loan purchase)	N/A	N/A	N/A (via Utility)	N/A

It was further explained that in general, the Green Bank onboards contractors that install clean energy projects for customers. Contractors often are the conduit in providing incentive and/or financing on behalf of the Green Bank for participating customers.

The Green Bank onboards capital providers to offer customers access to incentives and/or financing through programs that it administers.

The Green Bank provides incentives (e.g., RSIP) and/or financing (e.g., C-PACE, Solar PPA, etc.) directly or indirectly to customers through partnerships with contractors and capital providers.

Applications for program participation are properly completed, as appropriate, prior to the execution of a financing agreement with the customer. The Green Bank staff will ensure that the application is more easily accessible within the organization’s data storage systems.

With regards to special projects (i.e., strategic investments), beyond prior RFP's (e.g., Bridgeport Fuel Cell Park, Colebrook Wind, Southington AD and Meriden Hydro), there will be opportunities for the Green Bank to invest in special projects (e.g., community solar). I will direct the Investment and CI&I teams to develop an application form for special projects.

Ms. Sotos stated there should be consistent information for review. Mr. Ranelli suggested staff reverse engineer a form to fit necessary projects. The ACG Committee members were overall fine with this response by the staff with this additional guidance.

f. The Connecticut Green Bank should strengthen internal controls by ensuring that inspection reports are properly documented and contain the date and time of the inspections.

Selya Price was the lead for this item and explained that given the APA's concerns raised about employees of the State Department of Education who have dual employment with the Green Bank as inspectors, the Green Bank has asked for copies of the inspectors' State Dept of Education Outside Employment forms. Currently, there are five (5) employees of the State Department of Education who are Green Bank inspectors. As of this fall, there will be 6.

Also, the Green Bank has revised inspection reports, specifically Smart-E inspection reports, to include site arrival and departure times and travel time. Also, the Green Bank now requires site arrival and departure times and travel time on invoices submitted for payment. One type of inspection report was not previously updated with all details but will be going forward.

Mr. Ranelli asked if the form is a paper or electronic/application entry inspection form. Ms. Price stated that photos are uploaded to the online platform, PowerClerk. Inspection checklists completed by inspectors are now completed online. Self-inspection reports are completed in hard-copy format and are uploaded to PowerClerk by installers. Mr. Ranelli asked the question because he feels the inspection forms may be easier to fill out on-line.

g. The Connecticut Green Bank should strengthen internal controls to ensure compliance with the General Statutes and bylaws. If the Connecticut Green Bank determines that any of its statutes are impractical or outdated, it should request a legislative change.

Brian Farnen explained that the Green Bank has in both the 2018 and 2019 legislative sessions requested a technical fix through the Energy & Technology Committee of the Connecticut General Assembly to resolve this matter. The technical fix has not been passed. The Green Bank will request in the 2020 legislative session that this technical fix will once again be considered.

Ms. Sotos asked if auditors want proof of request (for new legislation) or success of legislative changes? She also stated that legislative changes/getting laws passed are out of the Green Bank's hands as Mr. Farnen described as well. Mr. Macunas stated that though not initially passed, legislative change ("technical fix") is now on the agenda again.

As it relates to Board attendance and the Bylaw requirement to provide notice of three consecutive missed meetings, it was explained that moving forward, a letter will be issued to Board of Director/Committee members to ensure and improve attendance to scheduled meetings. After missing 3 consecutive meetings, Board member would receive a letter of notice to improve attendance. Per Mr. Garcia there has been a prior hands-off approach, but the APA is asking for more review and control. Mr. Farnen pointed out that committees should try to keep special meetings to a minimum whenever possible to respect members unpaid positions to the Green Bank Board. Mr. Ranelli stated he approves issuing letters to Board/Committee members to improve attendance and asked who is authorized to issue said letter? Mr. Garcia stated that assistant to Brian Farnen, Ms. Loyola French, keeps an attendance record and will notify Mr. Farnen to issue said letter when necessary. Mr. Ranelli stated all appears manageable and Ms. Sotos agreed.

5. Update on Statutory Report status for 2019

Mr. Garcia will send report out to the ACG Committee. As mentioned earlier, some financial reports are delayed.

6. BOD Membership terms update

With Board resignations or terms expiring (e.g., Ms. Gina McCarthy resigned when Governor Malloy left office), Mr. Garcia has been working with Governor Lamont's office to finalize appointments—potentially within the next month. Currently Mr. Tom Flynn and Mr. Matt Ranelli's terms are up on June 30, 2019 however, they may continue in their position until a successor is appointed. Mr. Macunas reached out to the appropriate political parties to ensure any changes to appointees for the Green Bank Board.

7. Adjourn

Mr. Ranelli and Ms. Sotos both stated they had nothing further and thanked staff for putting meeting and information together.

Meeting was adjourned at 3:01pm

Respectfully submitted,

Matt Ranelli, Chairperson