



**AUDIT, COMPLIANCE AND GOVERNANCE OF THE
CONNECTICUT GREEN BANK**
Special Meeting Minutes

Tuesday, May 19, 2020
8:30 – 9:30 a.m.

A regular meeting of the Audit, Compliance and Governance Committee of the **Connecticut Green Bank (the “Green Bank”)** was held on May 19, 2020.

Due to COVID-19, all participants joined via the conference call.

Committee Members Present: Matt Ranelli, Lonnie Reed, Thomas Flynn

Committee Members Absent: Michael Li, Mary Sotos

Staff Attending: Brian Farnen, Bryan Garcia, Bert Hunter, Matt Macunas, Jane Murphy, Cheryl Samuels, Ariel Schneider, Eric Shrago

Others present: None

1. Call to Order

- Matt Ranelli called the meeting to order at 8:33 am.

2. Public Comments

- No public comments.

3. Approve Meeting Minutes for March 11, 2020

Resolution #1

Motion to approve the minutes of the Audit, Compliance, and Governance Committee meeting for March 11, 2020.

Upon a motion made by Lonnie Reed and seconded by Matt Ranelli, the ACG Committee voted to approve Resolution 1. None opposed, Thomas Flynn abstained. Motion approved.

4. Proposed Loan Loss Decision Framework and Process - Subsidiaries

- Bryan Garcia summarized the Loan Loss Reserve Framework, the changes due to COVID-19, and the proposed Subsidiaries Loan Loss framework. The proposed framework will also be presented to the Deployment Committee and Board of Directors. The Framework is the same from the Loan Loss Reserve but will just be applied to the Subsidiaries.
 - Matt Ranelli asked about a report-back requirement in response to restructures from Staff. Bryan Garcia and Brian Farnen confirmed there is a quarterly reporting requirement normally, but due to COVID-19, there has been more effort to report month-to-month. Matt Ranelli asked if there are many future restructuring requests, if the committees be informed. Brian Farnen said yes, and Bert Hunter elaborated further on some current restructuring in process, though it is less than 5% of the Commercial Portfolio and less than 1% of the Residential Portfolio. Bert Hunter stated he expects the numbers to increase but believes the Green Bank will be stable despite any increase given its substantial net assets position and recently increased loan loss reserve.
 - Matt Ranelli asked if forbearance over forgiveness is being seeing in restructured projects, and Bert Hunter said yes and evaluated on the Green Bank's process to restructure which allows for customer payment flexibility. He also noted that he has seen many instances of forbearance in other companies' and banks' Q1 portfolios when presented, and in comparison, the Green Bank looks quite stable.

Resolution #2

WHEREAS, pursuant to Section 5.3.1 of the Connecticut Green Bank (Green Bank) Bylaws, the Audit, Compliance & Governance (ACG) Committee is charged with the review and approval of, and in its discretion recommendations to the Board regarding, all governance and administrative matters affecting the Green Bank, including but not limited to matters of corporate governance and corporate governance policies;

WHEREAS, on October 20, 2017, the Green Bank Board of Directors approved of a recommendation brought forth by the ACG Committee and Deployment Committee to approve the authorization to amend the Staff Approval Policy to increase program funding requests for Projects Under \$300,000 to \$500,000 with an aggregate amount limit of \$1,000,000 from the date of the last Deployment Committee meeting; and

WHEREAS, based on a recommendation brought forth by the Deployment and ACG Committees, the Board approved and authorized the Green Bank staff to implement the Loan Loss Decision Framework and Process for managing assets requiring restructuring or write-off from the Green Bank's balance sheet and consistent with the memorandum to the Board dated June 13, 2018 ("Loan Loss Decision Framework and Process ") and for a similar framework to be developed at a future date for the Green Bank's special purpose vehicles (i.e., subsidiaries); and

WHEREAS, in response to the COVID-19 pandemic, the staff of the Green Bank proposed a modification to the Loan Loss Decision Framework and Process with regards to

restructuring transactions, as well as the Green Bank's provision for loan losses, in order to help families and businesses manage through this public health crisis, which the Board approved on April 24, 2020.

NOW, therefore be it:

RESOLVED, that the ACG Committee recommends that the Board of Directors approve of the Staff proposed Loan Loss Decision Framework and Process for Subsidiaries for managing assets requiring restructuring or write-off from the Green Bank's balance sheet and consistent with the memorandum dated May 12, 2020.

Upon a motion made by Lonnie Reed and seconded by Matt Ranelli, the ACG Committee voted to approve Resolution 2. None opposed or abstained. Motion approved unanimously.

5. Discuss Draft Succession Plan

- Bryan Garcia summarized the history of the Succession Plan and noted that the FY17-FY20 Succession Plan is coming to an end and hence the need to establish the next iteration of the plan. This is the third plan update and helps prepare the Green Bank should a senior staff member be unable to be retained.
- Overall, the senior staff continues to be motivated by non-compensation benefits such as the mission of the Green Bank, the work-life balance it provides, and the ability to make a measurable impact. As for current findings, there is a lack of current successors, though there is a growing number of strong future leaders. As well, the national election results may impact the Green Bank's senior staff if any are called to service in support of the government. Bryan Garcia noted that the plan in the past has not been a formally approved document but a guide which allowed for more flexibility based on staff.
 - Matt Ranelli and Lonnie Reed both commented about the importance and success of the document. Thomas Flynn noted it would be interesting to use the plan to address any identified holes or shortcomings, which Bryan Garcia responded that given the changes by COVID-19, the situation is ever changing. Thomas Flynn agreed but stressed the need to proactively address potential issues now more than ever.
 - Matt Ranelli suggested identifying subsidiaries as a possible source of recruitment as well as establishing a more formal Green Bank alumni list in the future. Eric Shrago agreed that the alumni list would be a great idea.

6. Employee Handbook Revisions for Recommendation to BOD

- Eric Shrago summarized the 2020 Handbook Updates. There are regular small changes to be made, but the larger updates are designed to capture the COVID-19 impacts, including clarifying the telecommuting policy changes, and changes to current technology in terms of platforms, systems, and forms. Eric Shrago also noted that the Green Bank handbook was compared to handbooks of comparable companies and minor, rephrasing changes were made as appropriate.
- Bryan Garcia expanded on the changes to the telecommuting policy and flex-time. The Green Bank staff has adapted well to the full-time telecommuting policy in the wake of COVID-19. In terms of flex-time, the current flex-time schedule is rather restrictive, but

changes would allow individuals to be able to handle the new challenges of work-life balance better, again especially due to the impacts of COVID-19.

- Lonnie Reed agreed that the changes seem smart and agreed with them.
- Thomas Flynn asked if the Governor's Orders were long term or short term, and if it would be appropriate to include them. Brian Farnen responded that the Orders had a set time frame and eventually will expire, but the Handbook is flexible enough to be changed later if needed, even if the Orders have long-since ended. Bryan Garcia also noted that the changes seem like they may just become a best-practice, as the COVID-19 changes seem to have only thrust those changes into the current time instead of later. It was reinforced that the Handbook is still able to be edited later should the need arise. Matt Ranelli noted his desire to make sure the business hours are still clearly established in order to promote public confidence in the business.

Resolution #3

WHEREAS, pursuant to Section 5.2.1 of the Connecticut Green Bank (Green Bank) Bylaws, the Audit, Compliance & Governance (ACG) Committee is charged with the review and approval of, and in its discretion recommendations to the Board of Directors (Board) regarding, all governance and administrative matters affecting the Green Bank, including but not limited to the Connecticut Green Bank Employee Handbook;

NOW, therefore be it:

RESOLVED, that the Audit, Compliance and Governance Committee hereby recommends that the Board of Directors of the Connecticut Green Bank approval of the revisions to the Connecticut Green Bank Employee Handbook presented on May 19, 2020.

Upon a motion made by Thomas Flynn and seconded by Lonnie Reed, the ACG Committee voted to approve Resolution 3. None opposed or abstained. Motion approved unanimously.

7. BOD Membership Terms Update

- Brian Farnen summarized the Board of Directors membership terms. There is only one position to fill at this time: Bettina Bronisz will be changed to Steven Meier for the State Treasurer position. Other positions have ended as well but as no successor has been identified, those officers remain in their positions.

8. Update to Statutory Report Status

- Matt Macunas summarized the Statutory Report updates and the Green Bank is up to date with reporting.

9. Legislative Update

- Matt Macunas summarized the Post-Session Wrap Up of the 2020 Legislative Session. Due to COVID-19 and legislative closures, the session closed in May 2020 without

further votes or discussions on the proposed bills that were introduced and testified on earlier. For contingent legislative sessions, the Green Bank has identified two items that have priority: the RSIP extension for Residential solar PV market stability and CPACE resiliency financing. The situation remains fluid however.

10. Adjourn

Upon a motion made by Thomas Flynn and seconded by Lonnie Reed, Audit, Compliance and Governance Committee Meeting adjourned at 9:28 am.

Respectfully submitted,

Matthew Ranelli, Chairperson