



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

Thursday, October 15, 2020
8:30 – 9:30 a.m.

A Special Meeting of the Audit, Compliance and Governance Committee (the “ACG Committee”) of the Board of Directors of the **Connecticut Green Bank (the “Green Bank”)** was held on October 15, 2020.

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

Committee Members Present: Michael Li, Matt Ranelli, Lonnie Reed

Committee Members Absent: Thomas Flynn

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

Others present: Jessica Aniskoff, Ronald Nossek, and Dan Smith from Blum Shapiro

1. Call to Order

- Matt Ranelli called the meeting to order at 8:34 am.

2. Public Comments

- No public comments.

3. Approve Meeting Minutes for May 19, 2020

Resolution #1

Motion to approve the minutes of the Audit, Compliance, and Governance Committee meeting for May 19, 2020.

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

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4. BOD Membership Term Updates and Attendance Review

- Brian Farnen explained that letters were sent to every Board member with their attendance to meetings. He noted there is one vacancy in the Finance position that is in the process of being filled. He also noted that a Board Member's term membership remains valid and in place after its expiration until a new appointee is installed or the person steps down.

5. Governance Review

a. Governance Documents

- i. Resolution of Purpose
- ii. Bylaws of the Connecticut Green Bank
- iii. Bylaws of the Joint Committee of the Energy Efficiency Board and the Connecticut Green Bank
- iv. Operating Procedures
- v. Ethics Statement
- vi. Ethical Conduct Policy – Board of Directors
- vii. Ethical Conduct Policy – Staff

- Brian Farnen overviewed the Governance Documents, noting that the Bylaws were revised and changed earlier this year in a response to State Auditor best practice recommendations.

b. Reporting Requirements

- Brian Farnen reviewed the Reporting Checklist that was created out of an audit finding a few years ago which makes adhering to reporting requirements easier.
 - Matthew Ranelli noted there are many reporting requirements and commented that it would be nice to try and streamline the requirements to align with legislature.
 - Michael Li asked if the Green Bank ever reviewed the reporting requirements and removed obsolete or outdated requirements. Brian Farnen asked Michael Li to send a list that was mentioned on how to clean up efforts while maintaining adherence since there is a new effort to evaluate requirements for state agencies.

6. Discuss Proposed Draft Comprehensive Annual Financial Report (CAFR)

- Ronald Nossek reviewed the audit results from the Financial Audit for FY2020. The opinion under the Generally Accepted Auditing Standards is an unmodified audit opinion. Under Generally Accepted Government Auditing Standards he reported that there were no internal control material weaknesses or significant deficiencies identified. With respect to compliance, there were no instances of noncompliance identified.
- Ronald Nossek reviewed the Financial Highlights from the audit including a summary of year over year variances for the Statement of Net Assets and the Statement of Changes in Net Position.
- Ronald Nossek also reviewed the audit team's use of Qualitative Aspects of Accounting Practices. He noted that Management is responsible to select and use appropriate accounting policies. He noted that in the audit there were no transactions entered into

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during the year that lacked authoritative guidance or consensus, and that all significant transactions have been recognized in the financial statements in the proper period. Additionally he discussed four areas of reporting where management has used estimates in the financial statements, which are loan loss reserves, interest rate swap fair values, net pension and OPEB liabilities and asset retirement obligations for leased solar facilities. The audit team evaluated these estimates and determined that they are reasonable. As well, the audit determined that financial statement disclosures are neutral, consistent, and clear.

- Ronald Nossek noted there were no significant difficulties encountered in dealing with management in performing and completing the audit. There were also no uncorrected misstatements identified. There were no significant difficulties in dealing with management in performing and completing the audit. Management representations have not yet been obtained but will be prior to final issuance. There is no knowledge of other independent accounting consultations requested. Any discussions that occurred during the audit were normal and not a condition of their retention.
- Ronald Nossek discussed their review of supplementary information accompanying the financial statements. He noted the good, professional relationship between Blum Shapiro and the Green Bank and made it clear that any of the audit team can be contacted with additional questions if need be.
- Matthew Ranelli thanked the Blum Shapiro team for their work.
 - Michael Li asked for clarification on the level of detail that is done within the audit, noting a poor acquisition choice in a business transaction that happened to another company recently. Ronald Nossek noted that it's possible that that audit team did not do a deep enough evaluation into the purchased company beforehand, but that the Green Bank has been transparent and cooperative with its financial statements.
 - Matthew Ranelli asked for clarification on the decrease in cash and cash equivalents. Ronald Nossek responded that the decreased liquidity would be the first marker for a going-concern but because the ratio is over 100% there is still strong liquidity despite the decrease. Ronald Nossek offered a more detailed analysis. Bryan Garcia highlighted the increase in Program Loans and the change in sustainability strategy which affected the cash flows. Bert Hunter also noted the Green Bank has lines of credit which are secured by assets, and as of the end of FY2020 there was approx. \$13 million available in those lines of credit which allows the Green Bank access to short term liquidity if needed.

Resolution #2

RESOLVED, that the Audit, Compliance and Governance Committee hereby recommends to the Board of Directors for approval the proposed draft Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2020.

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

7. Evaluation Framework – Energy Burden

- Eric Shrago reviewed the evaluation framework which allows the Green Bank to quantify the beneficial impacts it makes. Eric introduced a new proposed methodology to estimate the reduction of the end customer's energy burden due to clean energy. Eric

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reviewed the approach, methodology, and other considerations being used to do so.

- Michael Li asked if the equations being used ultimately lead to a dollar value, which Eric Shrago responded yes and gave an example. Matthew Ranelli suggested a chart to show percentage in relation to AMI.
- Matthew Ranelli asked if perhaps other considerations could be included into the equations to give a more comprehensive view. Eric Shrago agreed that it would be helpful to include some of the other information available, but it isn't as easy to integrate, and so the equations are representing a minimal savings, which would be made clear in any presentations.

Resolution #3

RESOLVED, that the Audit, Compliance and Governance Committee hereby recommends to the Board of Directors for approval the proposed Residential and Commercial Energy Burden Reduction (Solar) methodology fact sheets.

Upon a motion made by Lonnie Reed and seconded by Matthew Ranelli, the ACG Committee voted to approve Resolution 3. None opposed and Michael Li abstained. Motion approved.

8. Legislative Update

- Brian Farnen gave the legislative update in Matt Macunas absence but made it clear he does not have legislative responsibilities at the Green Bank. He explained there was legislation passed to increase accountability of energy providers given the recent storms and a perceived less than acceptable response by energy providers.

9. Adjourn

Upon a motion made by Michael Li and seconded by Matthew Ranelli, the Audit, Compliance and Governance Committee Meeting adjourned at 9:39 am.

Respectfully submitted,

Matthew Ranelli, Chairperson