



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

Tuesday, October 10, 2023
8:30 a.m. – 9:30 a.m.

A regular meeting of the Board of Directors of the **Connecticut Green Bank (the “Green Bank”)** was held on October 10, 2023.

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

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

Committee Members Absent: Joanna Wozniak-Brown

Staff Attending: Joe Buonannata, Sergio Carrillo, Shawne Cartelli, James DeSantos, Blaire Backman, Bryan Garcia, Bert Hunter, Cheryl Lumpkin, Jane Murphy, Ariel Schneider, Eric Shrago, Dan Smith, Leigh Whelpton

Others present: Joseph Centofanti and Katherine Patnaude from PKF O’Connor Davies,

1. Call to Order

- Thomas Flynn called the meeting to order at 8:20 am.

2. Public Comments

- No public comments.

3. Approve Meeting Minutes for May 16, 2023

Resolution #1

Motion to approve the minutes of the Audit, Compliance, and Governance Committee meeting for May 16, 2023.

Upon a motion made by Thomas Flynn, the ACG Committee voted to approve Resolution 1. None opposed or abstained. Motion approved unanimously.

4. Annual Comprehensive Financial Report (ACFR) Review

- Joseph Centofanti summarized the ACFR highlights, required communications, and future considerations. For highlights, the depreciation expense is now presented on the Statement of Revenues, Expenses, and Changes in Fund Balance, there was no

Federal Single audit necessary, GASB No 96 was implemented this year but was determined to be not material.

- Thomas Flynn asked for clarification that there was nothing found compared to last year and no additional findings this year, which Joseph Centofanti confirmed and stated the team was proactive with recommendations.
- Joseph Centofanti stated the financial statements will receive an unmodified opinion, recommended reading the Management Discussion and Analysis then reviewed some highlights including some of the items which drove the changes to revenues and expenses. He also showed a chart displaying revenues for the last five years which shows positive growth.
 - Thomas Flynn asked what drove the increase in the loan loss provision, and Jane Murphy responded that it was because there were more loans on the balance sheet this year and it was a percentage-based calculation. David Smith also clarified that last year some COVID reserves were taken down because they were not needed, leading to a lower-than-average number then. Thomas Flynn accepted that the numbers were average, and that last year was actually an outlier year.
- Katherine Patnaude summarized the required communications such as estimates significant to the financial statements and that the key factors and assumptions in those estimates were reasonable. As well, the disclosures are neutral, consistent, and clear.
 - Thomas Flynn requested that email headers from the audit firm be worded a bit more cautiously as one email that went out recently caused unnecessary concerns. Lonnie Reed agreed and supported the request as to not cause information to be incorrectly interpreted.
- For future considerations, Katherine Patnaude stated updates to GASB 100 for accounting changes and error corrections, and then updates for GASB 101 which will be effective in FY 2025 in relation compensated absences.
 - Thomas Flynn asked how the audit went from both the Green Bank perspective and auditor's perspective. Jane Murphy responded that it is a lot of work, but it did go smoothly, with the exception that some larger files became challenging to send, but procedurally it went fine. Joseph Centofanti said that the audit went fine and that the second year is always smoother, and that the Green Bank's response time to requests is very prompt and much higher than their average response time from clients.
 - Thomas Flynn asked if there is anything that should be watched for or raises potential concerns. Joseph Centofanti responded that nothing comes to mind, but improvements to readability of the report may help.
 - Matthew Ranelli asked about the non-financial statistics, and Bryan Garcia clarified they are included in the ACFR document as well as a quick summary of the sections found in it.

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, 2023.

Upon a motion made by Thomas Flynn, the ACG Committee voted to approve Resolution 2. None opposed or abstained. Motion approved unanimously.

5. Employee Handbook Revisions

- Joe Buonannata reviewed the updates to the employee handbook including wording revisions and policy and procedure revisions, such as expense report policy amendments, educational assistance policy amendments, and cell phone policy amendments. He further explained the updates to the Mobile Device Management policy.
 - Thomas Flynn stated his support for the updates to the Mobile Device Management policy especially after the feedback from the last meeting.
 - Matthew Ranelli asked if it was in alignment with the data policy, and Eric Shrago stated yes as all communications are stored within a cloud server and cell phones are just a means of access.

Resolution #3

WHEREAS, pursuant to Section 5.2.1 of the Connecticut Green Bank (Green Bank) Bylaws, the Audit, Compliance, & Governance 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 Green Bank Employee Handbook;

NOW, therefore be it:

RESOLVED, that the Audit, Compliance & Governance Committee hereby recommends that the Board of the Green Bank approve of the revisions to the Green Bank Employee Handbook presented on October 10, 2023.

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

6. Legislative Process

- James Desantos summarized the objectives for the legislative process and team including developing systematic processes and associated timeline to align with important annual deadlines, create transparency and engagement throughout the organization, increase public hearing engagement, and present helpful session updates and post-session updates.
 - Matthe Ranelli thanked the team for their hard work and improvement of the legislative agenda and working with sister agencies and legislators. He stated that before it is presented to the Board in full, that it be socialized with Board members who also sit within agencies to get their input. James Desantos agreed.
 - Thomas Flynn asked for an update on making communications more readable and digestible. Bryan Garcia responded that there is a set of abridged financial statements which are sent to the Board quarterly and are intended to be used to help them communicate certain messages to legislative leaders.
 - Matthew Ranelli asked if the policies are written in a way that covers Board Members specifically in relation to speaking to others as a Board Member of the Green Bank or not, just to avoid missteps. Others stated that it has not been an issue previously, but as a framework for communicating with the legislative bodies is formalized, guidance for how Board Members can present themselves may be necessary. Bryan Garcia and James Desantos agreed.

Resolution #4

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.

WHEREAS, Green Bank staff developed a systematic process and associated timeline to align with (1) Connecticut legislative session deadlines, (2) Board and ACG Committee Meetings, and (3) PURA regulatory proceeding process per appropriate docket.

NOW, therefore be it:

RESOLVED, that the ACG Committee hereby recommends that the Board approve of the proposed recommendations as outlined in the proposed Legislative & Policy Board Process Memo dated October 3, 2023.

Upon a motion made by Thomas Flynn, the ACG Committee voted to approve Resolution 4. None opposed or abstained. Motion approved unanimously.

7. Impact Methodology Update

- Eric Shrago gave an update to the Emissions and Air Quality impact methodology, which will be updated to use the EPA's factors and models directly to save staff time, be more accurate, and produce estimates to reductions of more types of pollutants which feed into air quality and public health.
 - Matthew Ranelli asked for more clarification offline as to how the model incorporates the sale of RECs and Eric Shrago agreed.

Resolution #5

RESOLVED, that the Audit, Compliance and Governance Committee hereby recommends to the Board of Directors for approval on its consent agenda the updated EPA AVERT Model for the Evaluation and Measurement of the environmental impact of Green Bank supported projects including the new pollutants.

Upon a motion made by Thomas Flynn, the ACG Committee voted to approve Resolution 5. None opposed or abstained. Motion approved unanimously.

8. Governance **a. Annual Governance Review**

- There are no updates to the Annual Governance Review.

9. BOD Membership Terms Updates and Attendance Review

- Bryan Garcia summarized the status of the Board Members and which positions are open or not.

10. Adjourn

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

Respectfully submitted,

Thomas Flynn, Chairperson