



**AUDIT, COMPLIANCE AND GOVERNANCE OF THE
CONNECTICUT GREEN BANK**

Regular Meeting Minutes

Tuesday, January 16, 2024
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 January 16, 2024.

Committee Members Present: Matthew Ranelli, Lonnie Reed, Joanna Wozniak-Brown

Committee Members Absent: Thomas Flynn

Staff Attending: James DeSantos, Brian Farnen, Bryan Garcia, Bert Hunter, Cheryl Lumpkin, Jane Murphy, Ariel Schneider, Eric Shrago, Leigh Whelpton

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

1. Call to Order

- Brian Farnen called the meeting to order at 8:37 am.

2. Public Comments

- No public comments.

3. Approve Meeting Minutes for October 10, 2023

Resolution #1

Motion to approve the minutes of the Audit, Compliance, and Governance Committee meeting for October 10, 2023.

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

4. Loan Forgiveness Approval for Operational Demonstration Projects

- Bert Hunter summarized the history of the Connecticut Clean Energy Fund’s (CCEF’s) Op Demo Program (which was inherited by the Clean Energy Finance and Investment Authority (CEFIA) which was subsequently renamed to the Connecticut Green Bank) to support the exploration of pre-commercial technologies. In accordance with the Op Demo program

requirements, loan amounts outstanding would be reduced to 0 after 10 years from their execution date if the projects failed to achieve “Commercial Success” status or realize a “liquidity event” (as explained more thoroughly in the memorandum to the ACG Committee) , and the 2 projects being discussed today have already been written down to \$1 each, from an accounting perspective on the books of the Green Bank. Mr. Hunter explained that there were several projects in this program which were overseen for some time by Connecticut Innovations (CI) under a shared services arrangement (which ended a few years ago). Since the end of CI’s oversight, the Green Bank has been monitoring the portfolio, which is down to two final projects. The two projects did not achieve commercial success or a liquidity event. Bert Hunter noted that the New England Hydropower Company’s project – in return for the Green Bank’s ongoing support of the Meriden CT hydroelectric project – has a Revenue Sharing Agreement which remains in place until 2036.

- Matthew Ranelli asked if there are any other terms of the Op Demo agreements that might still be wanted after the expiration of the ten year term, such as signage or non-monetary terms. Bert Hunter answered that signage requirements are carried in the transactional documents but there are no obligations after the 10-year period, but at least with New England Hydropower Company there is an ongoing relationship. Brian Farnen noted that any signage would have occurred within the first 10 years, however.

- Matthew Ranelli asked if this is in compliance with the write-off procedure. Brian Farnen responded affirmatively, and any write down or loan forgiveness are the purview of the ACG Committee while loan restructurings go through the Deployment Committee per the established procedures.

Resolution #2

WHEREAS, on October 20, 2017, the Green Bank Board of Directors approved of a recommendation brought forth by both the Audit, Compliance and Governance (“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, on May 19, 2020, the ACG Committee, and on May 27, 2020, the Deployment Committee, recommended 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 memorandums presented to the committees May 12, 2020, and May 20, 2020, respectively; and

WHEREAS, the Clean Energy Finance and Investment Authority (“CEFIA”) had an Operational Demonstration Program (“Op Demo Program”) to provide non-recourse loans (“Op

Demo Loans”) which contained provisions for the forgiveness of the loan amount if they did not achieve Commercial Success or a Liquidity Event (as defined in the agreements);

WHEREAS, the Green Bank staff is requesting approval to forgive a \$500,000 loan to New England Hydropower Company LLC and a \$150,000 loan to Anchor Science LLC consistent with the terms of the Op Demo Loans as explained in the memorandum to the ACG Committee dated January 9, 2024 (the “Op Demo Loan Memo”);

NOW, therefore be it:

RESOLVED, that the ACG Committee approves of the Staff proceeding with forgiving Op Demo loans to New England Hydropower Company LLC and Anchor Science LLC, consistent with the Op Demo Loan agreements and the Op Demo Loan Memo.

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

5. Legislative and Regulatory Policy Process and Update

- James Desantos reviewed the expected 2024 Legislative Session energy topics including the Uniform Tax Code, Resiliency and TIF Financing, NRES Expansion, Hydropower Task Force, Residential Solar Consumer Protection, EV Regulations, and Heat Loans.
 - Matthew Ranelli asked to be kept updated regarding the NRES Expansion, Residential Solar Consumer Protection, and TIF Financing bills. Brian Farnen clarified information related to the bills or policy topics but agreed to keep him up to date as things progress.
- Brian Farnen mentioned there are also new processes in place to keep the Committee up to date and address issues in real time within the legislative session.

6. Auditors of Public Accounts (APA) Report Out

- Jane Murphy summarized the FY2020 and FY2021 Audit findings, which included two relatively small findings. The first one related to language about false statements in the contracts, and as of February 2023 all the contracts have the updated language. The second finding was in relation to tracking of surplus funds related to the Bond Issuances, and up until FY2021 with the first issuance, the Green Bank was not aware of the requirement, and so now procedures have been updated to reflect the requirement. The first two issuances during didn’t have any surplus funds so they were not affected, but the procedures are still needed and will be applied going forward.
- Jane Murphy noted the auditors stated they have a group that should be ready soon to review the FY2022 and FY2023 audit years.

7. Update on Statutory Report Status

- Brian Farnen and James Desantos summarized the statuses of the Statutory Reports, which were all filed on time or early, and then reviewed the reporting changes coming in 2024.

8. Adjourn

Upon a motion made by Matthew Ranelli and seconded by Lonnie Reed, the Audit, Compliance, and Governance Committee Meeting adjourned at 9:13 am.

Respectfully submitted,

Thomas Flynn, Chairperson