



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

Tuesday, May 13, 2025
8:30 a.m. – 9:15 a.m.

A regular meeting of the Audit, Compliance, and Governance Committee of the **Connecticut Green Bank (the "Green Bank")** was held on May 13, 2025.

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

Committee Members Absent: None

Staff Attending: James DeSantos, Brian Farnen, Bryan Garcia, Bert Hunter, Alex Kovtunencko, Cheryl Lumpkin, Jane Murphy, Tyler Rubega, Ariel Schneider, Eric Shrago, Dan Smith, Mariana Trief

Others present:

1. Call to Order

- Thomas Flynn called the meeting to order at 8:33 am.

2. Public Comments

- No public comments.

3. Approve Meeting Minutes for January 14, 2025

Resolution #1

Motion to approve the minutes of the Audit, Compliance, and Governance Committee meeting for January 14, 2025.

Upon a motion made by Matthew Ranelli and seconded by Joanna Wozniak-Brown, the Audit, Compliance, and Governance Committee voted to approve Resolution 1. None opposed or abstained. Motion approved unanimously.

4. Update on the CGB Loss Decision Process

- Mariana Trief presented the change to the Loan Loss Decision Process into the updated

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Loss Decision Process to align with the Green Bank's evolving project structures to address losses associated with commercial solar projects terminated prior to construction completion and other smaller revisions. She explained the project termination budget structure.

- Thomas Flynn asked what the experience has been for amounts that don't move forward. Mariana Trief responded it is typically \$20,000 to \$50,000 and Dan Smith clarified that this is an annual amount, not per project. Thomas Flynn asked for clarification that the exposure is approximately \$50,000 annually and Dan Smith confirmed. Thomas Flynn asked for more detailed information to be sent to him to review.
- Thomas Flynn asked if the terminations are determined early on or if they are after a couple years or more. Mariana Trief responded it is usually after a year or more and gave some examples of projects that had been terminated and why.
- Mariana Trief explained the proposal to create a development budget through the budgeting process in collaboration with the Accounting, Investments, and Financing teams which would be approved annually. Then any project terminations under the budget would go against that budget item and any terminations over the amount would follow the same value or modification requirements as outlined in the presentation. The group discussed the process, specific monetary values, and balance sheet proposal in more detail.
 - Matthew Ranelli asked if performance assurance is the main category of costs being written off. Mariana Trief responded yes, it is either the ZREC or NRES that is given to the Utilities to secure the incentive and that a portion of it is those funds and another portion is work that has already been done for interconnection, and then she provided some examples.
 - Matthew Ranelli asked if any of the performance assurance payment is shifted to the host, and Mariana Trief responded that currently the Green Bank pays the whole performance assurance and that the majority of development where the Green Bank pays the performance assurance is for State, Municipal, and Affordable Multifamily projects, and of those has been mostly State and Municipal projects. The group discussed the performance assurance costs, exposure risk, and the proposed process further.
 - Thomas Flynn suggested talking to the Auditors and possibly developing a reserve since it would put in the expense budget.
- Brian Farnen noted that as a Staff Action to follow up and report back at the Board Meeting about meeting with the Auditors to determine if any additional action is necessary or recommended and providing additional information on historic terminations.
 - Joanna Wozniak-Brown asked that the past 5 years' of costs be added for additional context.

Resolution #2

WHEREAS, On June 13, 2018 the Connecticut Green Bank ("Green Bank") Board of Directors ("Board") approved a framework and process for funding provisional loss reserves, restructuring, and writing-off transactions on the balance sheet of Green Bank and its subsidiaries, the process was subsequently amended by the Board on April 24, 2020, June 26, 2020, and March 25, 2022 (taken together, being the "Loan Loss Decision Process"); and,

WHEREAS, the staff of the Green Bank proposes certain revisions and clarifications to the Loss Decision Process, as described in the memorandum to the Audit, Compliance, and Governance ("ACG") Committee dated May 6, 2025, and the revised Loss Decision Process attached thereto (the "Revised Loss Decision Process").

NOW, therefore be it:

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RESOLVED, that the ACG Committee has reviewed and approved the Revised Loss Decision Process and recommends that the Board approve the Revised Loss Decision Process.

Upon a motion made by Thomas Flynn and seconded by Matthew Ranelli, the Audit, Compliance, and Governance Committee voted to approve Resolution 2. None opposed or abstained. Motion approved unanimously.

5. Update on the Selection of Audit Firm for Audit Services FY 2025 – 2027

- Dan Smith presented the proposals from the various auditing companies and the evaluation criteria to make a selection. He noted that PKF O'Connor Davies was selected for recommendation and named the main partner and technical partner expected.
 - Thomas Flynn commented that he has high regard for Joe Centofanti and the firm due to many positive past experiences and added that he was not part of the RFP or decision process.
 - Matthew Ranelli asked if there is a limit for the number of years that the same firm can be used and Dan Smith responded yes, the limit is 6 consecutive years and that an RFP is required every 3 years. This would be PKF O'Connor Davies's second 3-year term.

Resolution #3

RESOLVED, that the Audit, Compliance and Governance Committee hereby recommends to the Board of Directors for approval of PKF O'Connor Davies to perform professional audit services for the Connecticut Green Bank for the fiscal years 2025, 2026, and 2027.

Upon a motion made by Joanna Wozniak-Brown and seconded by Matthew Ranelli, the Audit, Compliance, and Governance Committee voted to approve Resolution 3. None opposed or abstained. Motion approved unanimously.

6. Update on Banking Resolutions

- Jane Murphy summarized the history of the banking resolutions in regard to setting up bank accounts, drawing checks, and initiating and/or releasing wires and ACHs and then presented the proposal to update the list authorized signers to include Director Level or higher Accounting Unit members, noting that those position descriptions have been approved by the Board of Directors. She explained it would give additional coverage, especially when staff are out, as the Green Bank grows.
 - Matthew Ranelli expressed concern about the description of Director Level Accounting Unit positions as authorized signers due to the ambiguity it could create and asked if increasing the amount for double signature checks would instead be better. Jane Murphy responded that the most difficult issue is requiring 2 signatures for checks over \$5000.00 and then asked Brian Farnen if he knew where the limit comes from. Brian Farnen responded that it was not a Statue requirement and believes it may be an APA suggestion from over 10 years prior. Matthew Ranelli continued to express his concern about potential ambiguity caused by staff changes. Bryan Garcia added that any Director Level position or above has to be reviewed and approved by the Board of Directors and suggested that an extra flag could be created for those in the Accounting

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Department.

- Matthew Ranelli asked how many people would be expected to qualify for a Director Level Accounting Unit position and Jane Murphy responded that she believes it would be two at most.
- Thomas Flynn agreed that the Director Level position description is ambiguous and suggested that moving more towards electronic payments could be one solution. Jane Murphy responded that 90-95% of the transactions are done electronically but there are some outliers that will always remain as physical checks to avoid the potential issues of having those funds withdrawn automatically.
- Jane Murphy explained that she is currently the only one authorized to approve the electronic transactions after Dan Smith or Shawne Cartelli initiate them. The update would allow the Director Level position members to approve those transactions.
 - Joanna Wozniak-Brown asked if there is an industry standard based on organization size for authorizations. Jane Murphy responded that she is unsure, and Thomas Flynn responded that for private organizations it is dependent per organization, and that there isn't typically a standard.
 - Joanna Wozniak-Brown asked if there was a dollar amount threshold to allow the new authorized signatory and Jane Murphy responded it would be for all checks and for approving electronic payments. Thomas Flynn and Joanna Wozniak-Brown both agreed with the concerns of Matthew Ranelli.
- The Committee agreed that a revision of the Resolution to include the specific title and name of Dan Smith to the list instead of the more generic description proposed would be better.

Resolution #4

RESOLVED, that the Audit, Compliance and Governance Committee hereby recommends to the Board of Directors for approval the updated list of authorized Green Bank employee positions to sign checks and initiate and release wire or ACH transfers from Green Bank bank accounts in accordance with the established signatory authority as stated in the Green Bank internal control procedures documentation:

- President and CEO
- Executive Vice President Finance and Administration
- Executive Vice President and Chief Investment Officer
- Executive Vice President, Financing Programs
- Vice President of Operations
- Director of Accounting and Reporting

RESOLVED, that the Audit, Compliance and Governance Committee affirms that as of the date of this resolution these positions are occupied by the following individuals:

- President and CEO - Bryan Garcia
- Executive Vice President Finance and Administration – Jane Murphy
- Executive Vice President and Chief Investment Officer – Roberto Hunter
- Executive Vice President, Financing Programs – Michael Dykes
- Vice President of Operations – Eric Shrager
- Director of Accounting and Reporting – Dan Smith

Upon a motion made by Matthew Ranelli and seconded by Thomas Flynn, the Audit, Compliance, and Governance Committee voted to approve Resolution 4 as amended. None opposed or abstained. Motion approved unanimously.

7. Legislative Session and Regulatory Policy Update

- Brian Farnen gave a quick update to SB-9 in that it is out of Committee with the vote and that at the Federal level, the first version of the new tax bill was issued, and provided some quick notes about that news.
- James Desantos summarized the update to the legislative session including updates to HB-5004, SB-9, SB-1560, and SB-4, and changes to other bills and items. He noted that everything the team does know about is in a good position and that newer items be followed thoroughly.

8. Update on Statutory Report Status

- Brian Farnen noted that all quarterly statutory filings are up to date and the bulk of the reports and filings come at calendar year end.

9. Board of Directors Membership Status Update

- Brian Farnen reviewed the Board of Directors updates, including that Laura Hoydick's position is outstanding, and suggested coming together with Board leadership soon to discuss potential new candidates.

10. Adjourn

Upon a motion made by Matthew Ranelli and seconded by Thomas Flynn, the Audit, Compliance, and Governance Committee Meeting adjourned at 9:30 am.