

845 Brook Street, Rocky Hill, CT 06067
T 860.563.0015
ctgreenbank.com



Memo

To: Potential RFP Bidders

From: Suzanne Kaswan, Vice President, Human Resources

CC: Mackey Dykes, VP & COO, Connecticut Green Bank

Date: March 10, 2016

Re: Request for Proposal (RFP) – Benchmark Compensation Study - Revised

The Connecticut Green Bank (CGB or Green Bank) is seeking proposals from qualified firms to conduct a benchmark compensation study and make recommendations to update our compensation structure in accordance with the study. The study shall cover all the job classifications within CGB (approximately 30 classifications). The purpose of the project is to review CGB's existing compensation plan as well as to conduct a comprehensive benchmark market study to ensure that all positions within CGB are internally equitable and externally competitive. The end product of the study, as detailed in the Scope of Services, will include recommendations for the following: a wage comparison with comparable public and private sector entities, a compensation plan based on that wage comparison and suggestions for the development an incentive compensation plan.

The RFP contains further information regarding the Project and proposal requirements.

If your firm is interested in submitting a proposal, the following requirements should be observed:

1. Proposals shall be submitted electronically to Suzanne Kaswan at the following email address: Suzanne.Kaswan@ctgreenbank.com. The subject line should be identified as follows: "Proposal for Benchmark Compensation Study". Proposals must be received no later than **March 18, 2016** at 4:00 p.m. Proposals received after the aforementioned date and time will not be considered.
2. CGB reserves the right to reject proposals received after the time and date set forth above. All proposals shall remain open for thirty (30) days after the RFP due date. Proposals will be opened at CGB convenience on or after the RFP due date.
3. Note that all the information submitted in response to this RFP is subject to Connecticut's Freedom of Information Act.
4. All questions regarding this RFP must be submitted in writing to Suzanne Kaswan by email (Suzanne.kaswan@ctgreenbank.com) no later than 3:00 p.m., March 4, 2016. All clarifications will be shared with the other respondents via email on or before March 7, 2016.

5. Any oral communication concerning this RFP is not binding and shall in no way alter a specification, term or condition of this RFP or indicate any selection preference other than that identified herein.
6. By reference, the list of General Requirements of the RFP is incorporated herein and is considered part of the agreement.
7. Firms may be required to interview with CGB management if deemed necessary.
8. The Firm selected will be expected to execute a Standard Professional Services Agreement (PSA) as set forth as Attachment A. If your firm does not agree to any of the terms and conditions of the PSA, you must describe in detail such terms and propose counter language which will be reviewed by as part of the selection process.
9. Award of the contract will be made within sixty (60) days of the date for submission of quotations.

REQUEST FOR PROPOSALS FOR CGB BENCHMARK COMPENSATION STUDY

I. PURPOSE

The CGB is seeking proposals from qualified firms to conduct a benchmark compensation study and develop a comprehensive compensation plan based on the results of that study. The study shall cover all the job classifications within CGB (approximately 30 classifications). The purpose of the project is to review CGB existing compensation plans as well as to conduct a comprehensive benchmark market study to ensure that all positions within CGB are internally equitable and externally competitive. The end product of the study, as detailed in the Scope of Services, will include recommendations for the following: a wage comparison with comparable public and private sector entities, and a compensation plan based on that wage comparison. In addition, CGB is seeking recommendations on the development and potential implementation of an incentive compensation plan.

II. GREEN BANK BACKGROUND

Green Bank was established by Connecticut's General Assembly on July 1, 2011 through Public Act 11-80 as a quasi-public agency that supersedes the former Connecticut Clean Energy Fund (CCEF). Green Bank's mission is to help ensure Connecticut's energy security and community prosperity by realizing its environmental and economic opportunities through clean energy finance and investments. As the nation's first state "Green Bank", Green Bank leverages public and private funds to drive investment and scale-up clean energy deployment in Connecticut. For more information about us, please visit www.ctgreenbank.com.

III. PROGRAM BACKGROUND

CGB conducted a benchmark compensation study in 2012 and developed a compensation structure in accordance with that study. We are looking to update that compensation structure in accordance with updated market data. We are also seeking recommendations on the development of an incentive compensation plan.

IV. SCOPE OF SERVICES

The consultant shall develop recommendations for a compensation system based on the following:

1. Review of Job Descriptions

The consultant will be provided will all job descriptions for the organization(s). Based on those job descriptions, the consultant will determine appropriate private and public sector benchmark comparisons.

2. Market Survey

The consultant shall perform a market salary survey of private and public sector benchmark comparisons similar in size, population, economic climate, proximity to a major city, etc., to CGB which are selected by the consultant in consultation with CGB. Such market survey should include the hours worked per week by employees in the various positions in those comparable communities in an effort to consider both internal and external equity. Compare all employee salaries to internal and external markets. **We would also like market compensation data to be broken down by gender and race to ensure equitable pay in each of these areas.** Determine if there are compression or inequity problems and make recommendations for improvements.

3. Compensation Schedule

Utilizing the market survey results and comparable job descriptions, the consultant shall prepare a recommended compensation plan and salary schedule to correspond to the existing classification plan.

4. Incentive Compensation Plan

In addition, the consultant shall make recommendations regarding of the adoption and structure of an incentive compensation plan. The incentive compensation program would be used to attract and retain qualified professionals and staff to drive investment and scale-up of clean energy deployment within the state. The program should reward performance in support of organizational and state goals.

An incentive plan proposal should include the following:

- Situation or background summary. Your firm should become familiar with Section III regarding Incentive Compensation contained in the "Report and Mandatory Minimum Procedures for Compensation and Benefit Management at Connecticut's QuasiPublic Agencies" submitted to Governor Rell which is Attachment A of this document. (www.ct.gov/governorrell/cwp/view.asp?A=1761&Q=301004). Incentive Compensation Plans must follow the guidelines set forth in this report.
- Objective or purpose of the plan/program
- Proposal, program or recommendation
- Analysis of the advantages and potential adverse consequences
- Cost justification
- Timing of payouts

5. Financial Impact

6. Turnaround Time

Upon the award of this Proposal, all work relating to a compensation study and recommendations of appropriate ranges shall be completed within 60 days from the executed contract.

IV. REQUIREMENTS

1. PREFERRED QUALIFICATIONS

To be considered, a consultant should be a full service consulting firm with expertise in the field of total compensation analysis and valuation techniques. The consultant should be able to demonstrate that their job classification, total compensation system and recommendations have been successfully implemented and maintained in at least three agencies of comparable size and scope. In addition, the consultant should have knowledge of and experience in developing executive level incentive compensation programs;

2. PROPOSAL PROCESS

Each bidder shall carefully examine the RFP and any and all amendments, exhibits, revisions, and other data and materials provided with respect to this RFP process. Bidders should familiarize themselves with all proposal requirements prior to submitting their proposal. Should the bidder note any discrepancies, require clarifications or wish to request interpretations of any kind, the bidder shall submit a written request to Suzanne Kaswan by email [Suzanne.kaswan@ctgreenbank.com]. Green Bank shall respond to such written requests in kind and may, if it so determines, disseminate such written responses to other prospective bidders.

If Contractor is interested in submitting a proposal, the following requirements should be observed:

- a. Proposals shall be submitted electronically to Suzanne Kaswan at the following email address: Suzanne.Kaswan@ctgreenbank.com. Proposals must be received no later than March 11, 2016. Proposals received after the aforementioned date and time may not be considered in Green Bank's sole discretion.
- b. Contractors may be required to interview with Green Bank staff if deemed necessary.

3. PROPOSAL FORMAT

The following format should be followed in order to provide Green Bank with a working basis on which to compare one proposal with another. Each of the elements within this outline is expected to be addressed in any submitted proposal. However, additions may be made where necessary for purposes of clarification or amplification. Please limit proposals to no more than 10 pages.

a. EXECUTIVE SUMMARY

1. General background of Contractor, including history of the company, number of employees, clients and retail projects evaluated, including a description of the projects and their size.

2. Listing of three (3) clients for reference use for whom Contractor has performed similar services as those contemplated by this RFP, please include the name and telephone number(s) of the contact person at each reference.
3. Description of any litigation, pending judgments, etc., which could affect the proposer's ability to enter into an agreement with Green Bank. A description of the circumstances involved in any defaults by the proposer. If you have been subjected to any outside audits in the past three years, state by whom the audit was performed, for whom, the facility involved, and the results of the audit.

Include in the proposal any other information you may deem relevant or helpful in Green Bank's evaluation of Contractor or proposal.

b. TECHNICAL REQUIREMENTS

All proposals which comply with submittal requirements will set forth Contractor's areas of expertise from the description above.

1. Describe your overall approach, plans, and qualifications for accomplishing the specific services described above. CGB is seeking proposals from companies with established expertise in the following area: Assessment of job classifications and the ability to determine appropriate benchmarks. The ability to conduct a comprehensive, relevant market study and determine an appropriate compensation structure for CGB.
2. Provide the names of the employees in your company who would be assigned to this project, give a description of each person's experience and qualifications, indicate probable areas of responsibility.

c. COST OF SERVICES

1. Please provide your proposed costs for the completion of this project in its entirety. Cost estimates will be considered as "not to exceed" quotations, except to the extent that the assumed scope is changed by mutual agreement in writing.
2. If Contractor has discounted rates for governmental entities such as Green Bank, then please provide such rates.

VI. GENERAL TERMS AND CONDITIONS

If Contractor elects to respond to this RFP, submission of your proposal assumes the acceptance of the following understandings:

1. Green Bank reserves the right to reject any or all of the proposals received in response to the RFP, to waive irregularities or to cancel or modify the RFP in any way, and at any Green Bank chooses, in its sole discretion, if Green Bank determines that it is in the interest of Green Bank.
2. Green Bank further reserves the right to make awards under this RFP without discussion of the proposals received. Proposals should be submitted on the most favorable terms

from a technical, qualifications, and price standpoint. Green Bank reserves the right not to accept the lowest priced proposal.

3. Proposals must be signed by an authorized officer of the Contractor. Proposals must also provide name, title, address and telephone number for individuals with authority to negotiate and contractually bind Contractor, and for those who may be contacted for the purpose of clarifying or supporting the information provided in the proposal.
4. Green Bank will not be responsible for any expenses incurred by any proposer in conjunction with the preparation or presentation of any proposal with respect to this RFP.
5. Green Bank's selection of a Contractor through this RFP is not an offer and Green Bank reserves the right to continue negotiations with the selected Contractor until the parties reach a mutual agreement.
6. Contractor will execute a Professional Service Agreement (PSA) as set forth in the attached Exhibit A. If the Contractor does not agree with any of the specific terms set forth in the PSA, the Contractor must set forth such terms and rationale in your response to this RFP.

GREEN BANK IS SUBJECT TO THE REQUIREMENTS OUTLINED IN SECTIONS 16-245N OF THE CONNECTICUT GENERAL STATUTES. GREEN BANK SHALL HAVE NO LIABILITY OR OBLIGATION OF ANY SORT HEREUNDER, INCLUDING, WITHOUT LIMITATION, IF FOR ANY REASON OR NO REASON A BINDING AGREEMENT IS NOT ENTERED INTO WITH ANY PROPOSER. IN MAKING ITS SELECTION OF A SUCCESSFUL BIDDER, GREEN BANK MAY CONSIDER ANY AND ALL FACTORS AND CONSIDERATIONS WHICH GREEN BANK, IN ITS SOLE DISCRETION, DEEMS RELEVANT, THE RELATIVE IMPORTANCE OF WHICH SHALL BE IN THE SOLE DISCRETION OF GREEN BANK.

STANDARD PROFESSIONAL SERVICES AGREEMENT

This Standard Professional Services Agreement ("Agreement") is made on INSERT DATE ("Effective Date"), by and between the CONNECTICUT GREEN BANK ("Green Bank"), a quasi-public agency of the State of Connecticut, having its business address at 845 Brook Street, Rocky Hill, CT 06067, and [INSERT NAME] ("Consultant"), having its business address at [INSERT ADDRESS]. Green Bank and Consultant together are the Parties and each individually is a Party to this Agreement.

WHEREAS, INSERT SUMMARY LANGUAGE AS NECESSARY; and

WHEREAS, INSERT SUMMARY LANGUAGE AS NECESSARY;

NOW, THEREFORE, Green Bank and Consultant, intending to be legally bound, agree as follows:

1. Scope of Services. Consultant shall provide Green Bank with professional consulting services ("Work") as detailed in Consultant's proposal in Attachment A, which is incorporated into this Agreement. In the event of a conflict between the terms and conditions in this Agreement and the terms and conditions in the Proposal, this Agreement shall control.

[INSTEAD OF AN ATTACHMENT, YOU MAY DROP-IN THE SCOPE OF SERVICES.]

2. Period of Performance. Green Bank agrees to retain Consultant, and Consultant agrees to perform the Work under this Agreement, beginning on the Effective Date and ending twelve (12) months from the Effective Date ("Period of Performance"), unless earlier terminated in accordance with Section 8 of this Agreement. The Parties can extend the Period of Performance only by a written amendment to this Agreement signed and dated by Green Bank and Consultant.

3. Payment. Green Bank agrees to pay Consultant for the Work performed within the Scope of Services of this Agreement, but in an amount not-to-exceed [INSERT AMOUNT] inclusive of hourly fees and any other expenses. The person(s), and their title and their hourly rate, performing the Work under this Agreement are as follows:

INSERT NAME(S) AND TITLE(S)

INSERT HOURLY RATE

THE NOT-TO-EXCEED AMOUNT OF THIS AGREEMENT CAN BE MODIFIED BY THE PARTIES ONLY BY A WRITTEN AMENDMENT SIGNED AND DATED BY GREEN BANK AND CONSULTANT PRIOR TO ANY WORK TO BE PERFORMED BY CONSULTANT WHICH WOULD RESULT IN PAYMENTS IN EXCESS OF THE NOT-TO-EXCEED AMOUNT OF THIS AGREEMENT.

4. Invoices. Consultant shall submit itemized monthly invoices with detailed accounting for hourly fees and expenses. All invoices shall be subject to Green Bank's approval for conformity with the terms and conditions of this Agreement. For approved invoices, Green Bank will pay Consultant within thirty (30) days of receipt by Green Bank of an invoice. Consultant agrees to include the PSA #, which can be found at the top of this Agreement, on all invoices submitted to

Green Bank in connection with Work performed under this Agreement. Invoices shall be submitted to:

Connecticut Green Bank
845 Brook Street
Rocky Hill, CT 06067
Attn: Accounts Payable Department

UNDER NO CIRCUMSTANCES WILL GREEN BANK ACCEPT INVOICE(S) SUBMITTED BY CONSULTANT WHICH THE TOTAL AMOUNT OF THE INVOICE(S) EXCEEDS THE NOT-TO-EXCEED AMOUNT OF THIS AGREEMENT.

5. Subcontracting or Assignment. Consultant shall not subcontract, assign, or delegate any portions of the Work under this Agreement to any other person or entity not identified in Section 3, above, without prior written approval from Green Bank.

6. Independent Contractor. Consultant understands that it is acting as an independent contractor and shall not hold itself out as representing or acting in any manner on behalf of Green Bank except within the Scope of Work of this Agreement or any other active agreements between Green Bank and Consultant.

7. Disclosure of Information. Consultant agrees to disclose to Green Bank any information discovered or derived in the performance of the Work required under this Agreement. Consultant shall not disclose to others any such information, any information received or derived in performance of this Agreement, or any information relating to Green Bank without the prior written permission of Green Bank, unless such information is otherwise available in the public domain.

8. Termination.

(a) This Agreement may be terminated by either Party giving ten (10) business days prior written notice to the other Party. In the event of such termination, Green Bank shall be liable only for payment in accordance with the payment provisions of the Agreement for the Work actually performed prior to the date of termination.

(b) If this Agreement is not renewed at the end of this term, or is terminated for any reason, the Contractor must provide for a reasonable, mutually agreed period of time after the expiration or termination of this Agreement, all reasonable transition assistance requested by Green Bank, to allow for the expired or terminated portion of the services to continue without interruption or adverse effect, and to facilitate the orderly transfer of such services to Green Bank or its designees. Such transition assistance will be deemed by the Parties to be governed by the terms and conditions of this Agreement, except for those terms or conditions that do not reasonably apply to such transition assistance. Green Bank will pay the Contractor for any resources utilized in performing such transition assistance at the most current rates provided by this Agreement. If there are no established contract rates, then the rate shall be mutually agreed

upon. If Green Bank terminates this Agreement for cause, then Green Bank will be entitled to offset the cost of paying the Contractor for the additional resources the Contractor utilized in providing transition assistance with any damages Green Bank may have otherwise accrued as a result of said termination.

9. Indemnification and Limitation of Liability. Consultant agrees, to the fullest extent permitted by law, to indemnify and hold harmless Green Bank, its officers, directors, and employees against all damages, liabilities, or costs, including reasonable attorneys' fees and defense costs, to the extent caused by the Consultant's negligent performance of professional services under this Agreement and that of its sub-consultants or anyone for whom the Consultant is legally liable.

Neither Party shall be liable to the other Party for indirect, incidental, punitive, special, or consequential damages arising out of this Agreement, even if the Party has been informed of the possibility of such damages, including but not limited to, loss of profits, loss of revenues, failure to realize expected savings, loss of data, loss of business opportunity, or similar losses of any kind. However, this limitation shall not apply to damages of any kind related to criminal, intentional, reckless, or grossly negligent conduct or omissions on the part of either Party.

10. Quality of Service. Consultant shall perform the Work with care, skill, and diligence in accordance with the applicable professional standards currently recognized by his/her profession, and shall be responsible for the professional quality, technical accuracy, completeness, and coordination of all work product and/or Work furnished under this Agreement. If Consultant fails to meet applicable professional standards, Consultant shall, without additional compensation, correct or revise any errors or deficiencies in any work product and/or Work furnished under this Agreement.

11. Severability. In the event that any one or more of the provisions contained in this Agreement shall be held to be invalid, illegal, or unenforceable in any respect, then such invalidity, illegality, or unenforceability shall not affect any other provisions of this Agreement, and all other provisions shall remain in full force and effect. If any provision of this Agreement is held to be excessively broad, then that provision shall be reformed and construed by limiting and reducing it to be enforceable to the maximum extent permitted by law.

12. Entire Agreement. This Agreement constitutes the entire agreement of the Parties hereto, and supersedes any previous agreement or understanding. This Agreement may not be modified or extended except in writing executed by the Parties.

13. Governing Law. The validity, interpretation, and performance of this Agreement shall be governed by the laws of the State of Connecticut. All disputes which arise in connection with, or in relation to, this Agreement or any claimed breach thereof shall be resolved, if not sooner settled, by litigation only in Connecticut or the Federal Court otherwise having subject matter jurisdiction over the dispute and not elsewhere, subject only to the authority of the Court in question to order changes of venue. To this end, Consultant waives any rights it may have to insist that litigation related to this Agreement to which Consultant is a party be had in any venue

other than the above court, and covenants not to sue Green Bank in court other than the above courts with respect to any dispute related to this Agreement.

14. State Contracting Obligations. Consultant understands and agrees that Green Bank will comply with Conn. Gen. Stat. Sections 4a-60 and 4a-60a. Consultant agrees to comply for the Period of Performance with the state contracting obligations in this Section 14. For purposes of this Section 14, Contractor and Consultant shall have the same meaning and Contract and Agreement shall have the same meaning.

Conn. Gen. Stat. § 4a-60(a):

“Every contract to which the state or any political subdivision of the state other than a municipality is a party shall contain the following provisions:

(1) The contractor agrees and warrants that in the performance of the contract such contractor will not discriminate or permit discrimination against any person or group of persons on the grounds of race, color, religious creed, age, marital status, national origin, ancestry, sex, mental retardation, mental disability or physical disability, including, but not limited to, blindness, unless it is shown by such contractor that such disability prevents performance of the work involved, in any manner prohibited by the laws of the United States or of the state of Connecticut; and the contractor further agrees to take affirmative action to insure that applicants with job-related qualifications are employed and that employees are treated when employed without regard to their race, color, religious creed, age, marital status, national origin, ancestry, sex, mental retardation, mental disability or physical disability, including, but not limited to, blindness, unless it is shown by such contractor that such disability prevents performance of the work involved;

(2) The contractor agrees, in all solicitations or advertisements for employees placed by or on behalf of the contractor, to state that it is an "affirmative action-equal opportunity employer" in accordance with regulations adopted by the commission;

(3) The contractor agrees to provide each labor union or representative of workers with which such contractor has a collective bargaining agreement or other contract or understanding and each vendor with which such contractor has a contract or understanding, a notice to be provided by the commission advising the labor union or workers' representative of the contractor's commitments under this section, and to post copies of the notice in conspicuous places available to employees and applicants for employment;

(4) The contractor agrees to comply with each provision of this section and sections 46a-68e and 46a-68f and with each regulation or relevant order issued by said commission pursuant to sections 46a-56, 46a-68e and 46a-68f; and

(5) The contractor agrees to provide the Commission on Human Rights and Opportunities with such information requested by the commission, and permit access to

pertinent books, records and accounts, concerning the employment practices and procedures of the contractor as relate to the provisions of this section and section 46a-56.”

Conn. Gen. Stat. § 4a-60a(a):

“Every contract to which the state or any political subdivision of the state other than a municipality is a party shall contain the following provisions:

(1) The contractor agrees and warrants that in the performance of the contract such contractor will not discriminate or permit discrimination against any person or group of persons on the grounds of sexual orientation, in any manner prohibited by the laws of the United States or of the state of Connecticut, and that employees are treated when employed without regard to their sexual orientation;

(2) The contractor agrees to provide each labor union or representative of workers with which such contractor has a collective bargaining agreement or other contract or understanding and each vendor with which such contractor has a contract or understanding, a notice to be provided by the Commission on Human Rights and Opportunities advising the labor union or workers' representative of the contractor's commitments under this section, and to post copies of the notice in conspicuous places available to employees and applicants for employment;

(3) The contractor agrees to comply with each provision of this section and with each regulation or relevant order issued by said commission pursuant to section 46a-56; and

(4) The contractor agrees to provide the Commission on Human Rights and Opportunities with such information requested by the commission, and permit access to pertinent books, records and accounts, concerning the employment practices and procedures of the contractor which relate to the provisions of this section and section 46a-56.”

Nondiscrimination Certification. Consultant represents and warrants that, prior to entering into this Agreement, Consultant has provided Green Bank with documentation evidencing Consultant's support of the nondiscrimination agreements and warranties of the statutory nondiscrimination sections, above. A form of the Nondiscrimination Certification to be signed by the Consultant is attached.

Campaign Contribution Restrictions. For all state contracts, as defined in Conn. Gen. Stat. § 9-612(g)(1)(C), having a value in a calendar year of \$50,000 or more or a combination or series of such agreements or contracts having a value of \$100,000 or more, the authorized signatory to this Agreement expressly acknowledges receipt of the State Elections Enforcement Commission's notice advising state contractors of state campaign contribution and solicitation prohibitions, and will inform its principals of the contents of the notice. See <http://www.ct.gov/dpw/lib/dpw/Form11SEEC.pdf>.

Occupational Safety and Health Act Compliance. Consultant certifies it (1) has not been cited for three or more willful or serious violations of any occupational safety and health act or of any standard, order or regulation promulgated pursuant to such act, during the three-year period preceding the date of the Agreement, provided such violations were cited in accordance with the provisions of any state occupational safety and health act or the Occupational Safety and Health Act of 1970, and not abated within the time fixed by the citation and such citation has not been set aside following appeal to the appropriate agency or court having jurisdiction or (2) has not received one or more criminal convictions related to the injury or death of any employee in the three-year period preceding the date of the Agreement.

Consulting Agreements. Consultant hereby swears and attests as true to the best knowledge and belief that no consulting agreement, as defined in Conn. Gen. Stat. § 4a-81, has been entered into in connection with this Agreement. Contractor agrees to amend this representation if and when any consulting agreement is entered into during the term of this Agreement. See Affidavit Regarding Consulting Agreements, attached.

15. Limitation on Recourse. All liabilities and obligations of Green Bank under this Agreement are subject and limited to the funding available under Connecticut law.

16. Available Funding. Green Bank shall not be obligated to provide payment or any portion of the payment under this Agreement if there are insufficient funds for such purpose because of any legislative or regulatory action expressly curtailing, reducing, or eliminating Green Bank funding.

17. Freedom of Information Act. Green Bank is a "public agency" for purposes of the Connecticut Freedom of Information Act ("FOIA"). This Agreement and information received pursuant to this Agreement will be considered public records and will be subject to disclosure under the FOIA, except for information falling within one of the exemptions in Conn. Gen. Stat. Sections § 1-210(b) and § 16-245n(d).

Because only the particular information falling within one of these exemptions can be withheld by Green Bank pursuant to an FOIA request, Consultant should specifically and in writing identify to Green Bank the information that Consultant claims to be exempt. Consultant should further provide a statement stating the basis for each claim of exemption. It will not be sufficient to state generally that the information is proprietary or confidential in nature and not, therefore, subject to release to third parties. A convincing explanation and rationale sufficient to justify each exemption consistent with General Statutes §1-210(b) and § 16-245n(d) must be provided.

Consultant acknowledges that (1) Green Bank has no obligation to notify Consultant of any FOIA request it receives, (2) Green Bank may disclose materials claimed by Consultant to be exempt if in its judgment such materials do not appear to fall within a statutory exemption, (3) Green Bank may in its discretion notify Consultant of FOIA requests and/or of complaints made to the Freedom of Information Commission concerning items for which an exemption has been claimed, but Green Bank has no obligation to initiate, prosecute, or defend any legal proceeding, or to seek to secure any protective order or other relief to prevent disclosure of any information pursuant to an FOIA request, (4) Consultant will have the burden of establishing the availability of any FOIA exemption in any such legal proceeding, and (5) in no event shall Green Bank or any of its officers, directors, or employees have any liability for the disclosure of

documents or information in Green Bank's possession where Green Bank, or such officer, director, or employee, in good faith believes the disclosure to be required under the FOIA or other law.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first above written.

CONNECTICUT GREEN BANK

By: _____

Bryan T. Garcia, President and CEO

CONSULTANT

By: _____

INSERT NAME

INSERT TITLE



STATE OF CONNECTICUT

CERTIFICATION OF STATE AGENCY OFFICIAL OR EMPLOYEE
AUTHORIZED TO EXECUTE CONTRACT

Certification to accompany a State contract, having a value of \$50,000 or more, pursuant to Connecticut General Statutes §§ 4-250 and 4-252(b), and Governor Dannel P. Malloy's Executive Order 49.

INSTRUCTIONS:

Complete all sections of the form. Sign and date in the presence of a Commissioner of the Superior Court or Notary Public. Submit to the awarding State agency at the time of contract execution.

CERTIFICATION:

I, the undersigned State agency official or State employee, certify that (1) I am authorized to execute the attached contract on behalf of the State agency named below, and (2) the selection of the contractor named below was not the result of collusion, the giving of a gift or the promise of a gift, compensation, fraud or inappropriate influence from any person.

Sworn as true to the best of my knowledge and belief, subject to the penalties of false statement.

Contractor Name

Connecticut Green Bank

Awarding State Agency

State Agency Official or Employee Signature

Date

Printed Name

Title

Sworn and subscribed before me on this _____ day of _____, 20

Commissioner of the Superior Court
or Notary Public

My Commission Expires



STATE OF CONNECTICUT
 NONDISCRIMINATION CERTIFICATION — Affidavit
By Entity
 For Contracts Valued at \$50,000 or More

Documentation in the form of an affidavit signed under penalty of false statement by a chief executive officer, president, chairperson, member, or other corporate officer duly authorized to adopt corporate, company, or partnership policy that certifies the contractor complies with the nondiscrimination agreements and warranties under Connecticut General Statutes §§ 4a-60(a)(1) and 4a-60a(a)(1), as amended

INSTRUCTIONS:

For use by an entity (corporation, limited liability company, or partnership) when entering into any contract type with the State of Connecticut valued at \$50,000 or more for any year of the contract. Complete all sections of the form. Sign form in the presence of a Commissioner of Superior Court or Notary Public. Submit to the awarding State agency prior to contract execution.

AFFIDAVIT:

I, the undersigned, am over the age of eighteen (18) and understand and appreciate the obligations of

an oath. I am _____ of _____, an
 entity

Signatory's Title

Name of Entity

duly formed and existing under the laws of _____.

Name of State or Commonwealth

I certify that I am authorized to execute and deliver this affidavit on behalf of

_____ and that _____

ATTACHMENT A



**REPORT AND MANDATORY MINIMUM PROCEDURES FOR COMPENSATION AND
BENEFIT MANAGEMENT AT CONNECTICUT'S QUASI-PUBLIC AGENCIES**

A PROJECT OF THE QUASI-PUBLIC COMPENSATION REVIEW PANEL

ADOPTED FOR SUBMISSION TO

GOVERNOR M. JODI RELLE

SEPTEMBER 2, 2005

QUASI-PUBLIC COMPENSATION REVIEW PANEL

The Quasi-Public Compensation Review Panel (the "Panel") was constituted at the direction of Governor M. Jodi Rell to ensure that the compensation and benefit management policies of the State of Connecticut's quasi-public agencies reflect the public nature of each agency's mission. Governor Rell convened the Panel after receiving a report from the Office of Policy and Management which detailed excesses and significant inconsistencies within the compensation and benefits policies of Connecticut's quasi-public agencies. Governor Rell explicitly charged the Chairpersons of each of the quasi-public agencies, together with members of her staff, to form the Panel and seek "uniformity, reasonableness and rationality" in the agencies' compensation and benefit policies.

The purpose of this report and the attached mandatory minimum procedures is to respond to Governor Rell's charge and to provide instruction, guidance and specific recommendations to the quasi-public agencies of the State of Connecticut identified in Section 1-120 of the Connecticut General Statutes (individually an "Agency" or collectively "Agencies"). Governor Rell's fervent belief that it is the obligation of the Agencies to responsibly manage their personnel policies and act as vigilant stewards of public resources directed the Panel in its work.

The Chairperson of each Agency was asked to participate on the Panel, or to designate a member of the Agency's Board of Directors to represent the Agency on the Panel. Members of the Panel who worked to complete this report and the attached mandatory minimum procedures were:

- Robert DeLisa, Designee of the Chairwoman of the Board of Connecticut Innovations, Incorporated;
- L. Scott Frantz, Chairman of the Board of the Connecticut Development Authority;
- Joseph Gianni, Member of the Board of the Capital City Economic Development Authority;
- Michael McKeeman, Chairman of the Board of the Connecticut Higher Education Student Loan Authority;
- Anne M. Noble, Chairwoman, Connecticut Lottery Corporation;
- Leslie O'Lear, Chairwoman of the Board of the Connecticut Housing Finance Authority;
- Michael Pace, Chairman of the Board of the Connecticut Resources Recovery Authority;
- Kevin J. Rasch, Legal Counsel, Office of Governor M. Jodi Rell;
- Barbara Rubin, Chairwoman of the Board of the Connecticut Health and Educational Facilities Authority; and
- Rachel Rubin, Ethics Counsel, Office of Governor M. Jodi Rell.

Audit by the Office of Policy and Management Ordered by Governor Rell.

On October 14, 2004, Governor M. Jodi Rell directed the State of Connecticut Office of Policy and Management ("OPM") to audit the Agencies' compensation, bonus, perquisites, compensatory-time and hiring/severance policies (the "OPM Audit"). On January 7, 2005, OPM presented Governor Rell with the results of its audit.

The OPM Audit found significant and unacceptable disparities in the salary, bonus, perquisite and compensatory-time policies of the Agencies. Among other things, the OPM Audit revealed that the base salary for chief executives of the Agencies ranged from \$102,000 to \$229,500. At the time of the OPM Audit, policies on the awarding of bonuses were widely varied. The OPM Audit showed that five Agencies had not awarded bonuses. Meanwhile, the range of bonuses at the three Agencies that did award bonuses was from approximately \$11,000 to \$28,000. Additionally, among the three Agencies that awarded bonuses, at least one Agency limited bonuses to senior management - while at the other two Agencies that awarded bonuses all employees were eligible for bonuses.

The OPM Audit also demonstrated that some Agencies participate in the State of Connecticut's employee health insurance coverage plan, and in the State's 457 and pension plans. However, other Agencies maintained private health insurance coverage and provided individually managed defined contribution retirement plans. The OPM Audit found that most of the Agencies do not match employee contributions to individually managed deferred compensation plans. Yet, two Agencies, which do not participate in the State of Connecticut's retirement and pension plan options, do in fact match employee contributions to their deferred compensation plans. At the same time, roughly half of the Agencies provide their employees with employer-paid life insurance and disability insurance benefits while those benefits were not offered to employees at the remainder of the Agencies or are not generally paid for by the State on behalf of employees of Executive Branch agencies within the State of Connecticut.

Objective of Compensation Review Panel and Direction by Governor Rell.

At the direction of Governor Rell, the Panel undertook a comprehensive review of the compensation and benefit practices employed by the Agencies to ensure that salaries and benefits reflect the public nature of the Agencies' activities. More importantly, the Panel sought, pursuant to Governor Rell's instructions, to establish uniformity, reasonableness and rationality in the Agencies' compensation and benefit packages. This report and the attached mandatory minimum procedures provide specific instruction on certain aspects of compensation and benefit management for the Agencies, and outline specific mandatory minimum procedures for adoption by the respective Boards of Directors of the Agencies. The Panel agrees with Governor Rell that accountability, consistency and sound human resource administration is fundamental to effective and strategic use of the Agencies' resources. In compiling and recommending this report and the attached mandatory minimum procedures, the Panel recognizes each Agency has a unique and legally distinct mission and that the Connecticut General Statutes vest the management of each Agency exclusively with its Board of Directors. The Panel also recognizes and appreciates the role collective bargaining agreements play in determining compensation and benefits policies of an Agency. As such, nothing herein should be construed to bestow benefits or impinge on the rights and obligations of the negotiating parties to a collective bargaining agreement.

It should be noted that the Panel intends for this report and attached mandatory minimum procedures to be the minimum acceptable standards of organizations for compensation and benefit policies adopted by the Agencies. The Panel endorses the mandatory minimum procedures within this report without reservation and encourages the Boards of Directors of the individual Agencies to adopt and implement the mandatory minimum procedures in a manner designed to enhance the integrity and transparency of the individual Agencies' compensation and benefit policies. Accordingly, the Panel unanimously and unequivocally recommends for adoption by the Boards of Directors of the respective Agencies the attached mandatory minimum procedures.

The Panel anticipates that the individual Boards of Directors of each Agency, as empowered by the applicable enabling statutes, shall immediately take the actions necessary to adopt, revise and conform the compensation and benefit management policies of their respective Agency to this report and the attached mandatory minimum procedures, in a manner consistent with applicable law.

Methodology of the Panel.

The Panel met on six separate occasions, for several hours at a time, over a three and one-half month period for the purposes of reviewing the OPM Audit and developing fair, consistent and logical compensation and benefits policies. During those meetings the Panel reviewed the OPM Audit and compared existing compensation and bonus policies of the Agencies. The Panel focused its attention on three general areas: 1) specific policies regarding certain perquisites; 2) minimum procedures for determining compensation and benefit policies; and 3) minimum procedures for incentive compensation policies.

Specific Policies Regarding Certain Perquisites.

In constructing this report and the attached mandatory minimum procedures, the Panel reviewed eight specific features of Agency compensation and benefit policies. Specifically, the Panel reviewed the policies and process for establishing:

- Salaries;
- Bonuses;
- Deferred Compensation, Pension and Retirement Savings;
- Perquisites (cell phones, automobiles and credit cards);
- Life Insurance;
- Disability Insurance;
- Education Reimbursement; and
- Compensation Time.

The Panel concludes that certain perquisites can be subject to abuse and are not easily monitored. The Panel believes that Agency resources dedicated to monitoring these perquisites and to

ensuring adequate checks and balances on these perquisites are better deployed for other purposes. Therefore, the Panel has determined that prohibitions on compensatory-time for senior management, the elimination of Agency owned or leased motor vehicles, and the ban on the issuance of Agency owned credit cards should be instituted by all of the Agencies. With regard to perquisites such as life insurance, disability insurance, education reimbursement and compensatory-time for non-management employees, there was consensus among the members of the Panel to develop consistent policies applicable to all Agencies.

The Panel believes the *Specific Policies Regarding Certain Perquisites* are consistent with many of the best practices adopted by corporate entities in the private sector. After thorough review and extensive discussion, the members of the Panel unanimously recommend to their respective Boards of Directors the *Specific Policies Regarding Certain Perquisites* set forth in Section I of this report.

Mandatory Minimum Procedures for Compensation Policies and Incentive Compensation.

The Panel has determined that the responsibility of the Boards of Directors to manage the compensation policies of Agencies is best exercised after a thorough and thoughtful discussion among the entire Board of Directors. In developing the *Mandatory Minimum Procedures for Determining Compensation Policies* and the *Mandatory Minimum Procedures for Incentive Compensation* set forth in Sections II and III of this report, the Panel found that mandating the specific outcomes or policies was not appropriate. Rather, the Panel feels that the establishment of compensation committees within the Boards of Directors, together with the institution of mandatory minimum procedures, is the preferred method for increasing involvement and oversight by the Board of Directors of the Agencies.

It was the goal of the Panel to include within the *Mandatory Minimum Procedures for Determining Compensation Policies* features that ensured reviews of executive performance, assured active participation by the Board of Directors, and encouraged the establishment and publication of performance standards for individuals and Agencies. The Panel feels that the implementation of these features is consistent with both the public nature of the Agencies' missions as well as the flexibility bestowed by the governing statutes to manage the Agencies in certain matters like private business entities.

The Panel recognizes the role that incentive compensation plans can play in motivating and managing Agency personnel. It is the Panel's belief that incentive compensation plans should be used to reward successful stewardship of Agency assets and encourage the delivery of high quality products and services while achieving the Agencies' statutorily defined mission. However, the Panel believes that incentive compensation plans should not be applied arbitrarily and must be implemented pursuant to objective, identifiable and measurable eligibility criteria.

The Panel also believes that incentive compensation plans must reward above standard or exceptional performance of both individuals and entire Agencies. It is the Panel's intention in developing the *Mandatory Minimum Procedures for Incentive Compensation* set out in Section III of this report to engage the Boards of Directors in the process of developing incentive compensation plans and instituting an active annual review by each Agency of the specific features of such plans.

SECTION I. SPECIFIC POLICIES REGARDING CERTAIN PERQUISITES.

A. Prohibition on Compensatory Time for Management.

Senior Management of Agencies shall not be eligible for compensation-time. Senior Management includes those individuals that report directly to the Board of Directors, as well as those employees identified by the Board who have significant policy and decision-making authority concerning matters of managerial significance ("Senior Management"). Employees with management responsibilities, other than Senior Management, shall not be eligible to accrue compensation-time unless the employee's position would be eligible for compensatory time under policies adopted for employees with a substantially similar position within the executive branch agencies of the State of Connecticut. The Board of Directors of each Agency shall adopt a formal compensatory time policy for the limited class of employees eligible to accumulate compensation time. The records of compensation-time awarded and used shall be reviewed annually by a compensation committee of the Board of Directors to prevent and detect instances of fraud and abuse.

B. Prohibition on Agency Owned or Leased Vehicles or Vehicle Allowances.

Assignment for home-to-office or personal use of Agency owned or leased vehicles shall not be permitted. Vehicle allowances shall not be permitted. Any exception to the vehicle or vehicle allowance rules shall be limited to those individuals who have direct public health, safety or security responsibilities that the Board of Directors determines warrant the assignment of an Agency owned or leased vehicle. Employees using their personal vehicles for Agency business may be reimbursed in accordance with applicable IRS guidelines and written Agency policies. The Board of Directors shall ensure implementation of appropriate procedures to manage and audit reimbursement policies to prevent and detect instances of fraud and abuse.

C. Limitations of Agency Owned or Leased Cellular Phones.

Agency owned or leased cell phones shall only be provided to Senior Management, unless business or operational circumstances dictate the need for Agency cell phones among sales personnel, field staff or other classifications of employees. The Agency shall permit reasonable personal use of Agency owned or leased cell phones. However, all costs and expenses related to personal, non-Agency related uses of Agency owned or leased cell phones shall be promptly reimbursed by the employee. The Board of Directors shall establish and secure implementation of appropriate measures to manage and audit reimbursement policies to prevent and detect instances of fraud and abuse.

D. Prohibition On Agency Owned Credit Cards Issued to Individuals.

Agencies shall not provide employees with Agency owned credit cards issued to individuals and in the name of such individuals. Permissible business expenses undertaken by an individual with personal funds shall be promptly reimbursed to the individual. The Board of Directors shall establish and implement procedures to manage and audit reimbursement policies. However, the Agencies shall be permitted to have Agency owned credit cards, gas cards, and purchase cards in the name of the Agency under the control of the Agencies' purchasing agents for the purpose of making permissible business expenditures for the Agencies. The use of such cards shall be regularly audited in accordance with Agency policy to prevent and detect instances of fraud and abuse.

E. Restrictions on the Provision of Life and Disability Insurance.

The provision of life and disability insurance benefits by an Agency shall approximate those benefits generally provided to employees of executive branch agencies of the State of Connecticut. Nothing in this report shall require that the Agency extend additional benefits to employees or reduce the benefits presently provided. If an Agency's present benefits are in excess of benefits generally provided to state employees, such benefits shall not be increased or enhanced in any way until employees of executive branch agencies of the State of Connecticut are generally afforded equal benefits. However, the Agency may continue to provide such benefits in instances where such benefits are offered in lieu of or in substitution of another benefit.

Agencies shall consult with the Commissioner of the Department of Administrative Services at least annually to determine the policies regarding life and disability insurance benefits generally provided to employees of executive branch agencies of the State of Connecticut. The provision of life and disability insurance benefits by the Agency shall be reviewed annually by the compensation committee of the Board of Directors, which shall report the findings of its review and recommendations to the full Board.

F. Restrictions on the Provision of Retirement Plan Contributions by Agencies.

Policies regarding retirement plan contributions by an Agency shall approximate those benefits generally provided to employees of executive branch agencies of the State of Connecticut. Nothing in this report shall require that the Agency extend additional benefits to employees or reduce the benefits presently provided. If an Agency's present benefits are in excess of benefits generally provided to state employees, such benefits shall not be increased or enhanced in any way until employees of executive branch agencies of the State of Connecticut are generally afforded equal benefits. However, the Agency may continue to provide such benefits in instances where such benefits are offered in lieu of or in substitution of another benefit.

Agencies shall consult with the Commissioner of the Department of Administrative Services annually to determine the policies regarding employer

contributions to retirement plans generally provided to employees of executive branch agencies of the State of Connecticut. The provision of retirement plan contributions by the Agency shall be reviewed annually by a compensation committee of the Board of Directors which shall report the findings of its review and recommendations to the full Board.

G. Restrictions on Agency Paid or Reimbursed Education.

Policies regarding employer paid or reimbursed education benefits by an Agency shall approximate those benefits generally provided to employees of executive branch agencies of the State of Connecticut. Nothing in this report shall require that the Agency extend additional benefits to employees or reduce the benefits presently provided. If an Agency's present benefits are in excess of benefits generally provided to state employees, such benefits shall not be increased or enhanced in any way until employees of executive branch agencies of the State of Connecticut are generally afforded equal benefits. However, the Agency may continue to provide such benefits in instances where such benefits are offered in lieu of or in substitution of another benefit.

Agencies shall consult with the Commissioner of the Department of Administrative Services at least annually to determine the policies regarding the payment or reimbursement of educational expenses generally provided to employees of executive branch agencies of the State of Connecticut. The provision of Agency paid or reimbursed education expenses shall be reviewed annually by a compensation committee of the Board of Directors, which shall report the findings of its review, together with its recommendations to the full Board.

H. Availability of Documentation.

All documents, policies and procedures of the Agency relating to compensation, benefit and incentive plans shall be made available to the public, except in those instances where an exemption from the Connecticut Freedom of Information Act would otherwise apply. Additionally, each Agency shall include in its required annual reports to the Governor and/or the General Assembly, a description of the actions and efforts made in the preceding year to adhere to the applicable policies guidelines and spirit of this report.

SECTION II. MANDATORY MINIMUM PROCEDURES FOR DETERMINING COMPENSATION POLICIES.

A. Creation of Compensation Committees.

The Board of Directors shall create and convene at least annually a Compensation Committee of the Board of Directors consisting of members of the Board whose charge it shall be to recommend, oversee and annually review the compensation and benefit policies of the Agency. In place of creating a new

committee of the full Board of Directors, the Board may designate an existing human resources or executive committee of the Board to serve as a Compensation Committee of the Board of Directors. However, no member of the Compensation Committee shall be an employee or paid consultant, contractor or vendor of the Agency. Compensation, benefit and incentive policies adopted by the Compensation Committee and the Board of Directors shall be directly related to both the results of the Agency's operations and attainment of identified goals within the Agency's strategic plan. The Compensation Committee and the full Board of Directors shall ensure that compensation and benefit policies work to encourage quality of results from the Agency's operations and reward successful stewardship and management of the Agency, without compromising the quality of products and services provided by the Agency.

B. Designation of Key Personnel as Senior Management.

The Compensation Committee shall determine specific positions within each Agency to be designated as "Senior Management." Senior Management shall include those individuals that report directly to the Board of Directors, as well as those employees identified by the Board who have significant policy and decision-making authority concerning matters of managerial significance.

C. Compensation Committee Annual Review of Executive Performance.

The Compensation Committee shall annually review the performance of the chief executive officer of the Agency, shall report its findings regarding such chief executive's performance and shall make recommendations to the full Board of Directors regarding such executive's compensation. After review of the findings of the Compensation Committee and its compensation recommendations, the Board of Directors shall set the compensation for the chief executive officer.

D. Compensation Committee Oversight of Annual Performance Reviews of Senior Management.

The Compensation Committee shall annually review the findings of the chief executive officer of the Agency as to the performance of other Senior Management and shall consider the recommendations of the chief executive officers of the Agency as to the compensation of other Senior Management. After a review of the findings and recommendations of the Compensation Committee, the Board of Directors shall approve the compensation of Senior Management.

E. Compensation Committee Oversight of Performance Appraisal and Compensation Policies.

The Compensation Committee shall annually review the performance evaluation and compensation policies applied to all Agency employees whose employment is not subject to a collective bargaining unit. The results of such review shall be reported annually to the full Board of Directors together with the recommendation of the Compensation Committee regarding the compensation

policies for employees of the Agency. The full Board of Directors shall review the report of the Compensation Committee and shall either adopt such policies or direct such changes to the policies as the Board of Directors deems necessary to ensure that accountability, consistency and sound human resource policies are in effect within the Agency. Senior Management, in conjunction with the Compensation Committee and the Board of Directors, shall establish at the beginning of each fiscal or calendar year, both individual and Agency strategic plan goals for the upcoming year. Such goals shall be reviewed in conjunction with performance evaluations and used in making decisions as to increases in compensation for the coming fiscal or calendar year.

F. Peer Group Analysis for Development Compensation Plans.

Wherever possible, the Compensation Committees and the Boards of Directors shall utilize peer group analysis to develop reasonable and rational compensation policies. Peer group analysis may be undertaken through the use of outside consultants. Peer group analysis shall include, at a minimum, a review of compensation and benefits generally granted to employees of executive branch agencies of the State of Connecticut, institutions of similar nature in the private sector and public and quasi-public agencies in other states with similar missions and responsibilities. Peer group analysis shall be a guide and tool for the Board of Directors and does not restrict the Board of Directors from acting independently to establish reasonable and rational compensation and benefit policies. Automatic pay increases shall be disfavored and avoided whenever possible and shall not be permissible features of an Agency's compensation and benefit policies, except as required by law or negotiated pursuant to a collective bargaining agreement. In conducting a peer group analysis or other review of Agency compensation and benefit policies, the Compensation Committee and the Board of Directors shall evaluate job titles and positions of Agency personnel to assure that all employees are properly classified and compensated at appropriate levels.

G. Board and Compensation Committee Consideration of Salary Adjustments.

The Board of Directors shall only approve annual salary adjustments upon the recommendation by the Compensation Committee and after reviewing and considering a report of Agency performance during the prior year and the results of relevant peer group analysis.

H. Publication of Performance Standards.

Compensation and benefit policies, together with individual and Agency performance standards and goals, shall be articulated in writing to all employees of each Agency.

SECTION III. MANDATORY MINIMUM PROCEDURES FOR INCENTIVE COMPENSATION PLANS.

A. Purpose of Incentive Compensation Plans.

The purpose of an incentive compensation plan adopted by the Compensation Committee and the full Board of Directors of an Agency shall be to reward successful stewardship of Agency assets and to encourage the provision of high quality products and services in achieving the Agencies' statutory defined mission.

B. Authority for Incentive Compensation Plans.

Statutory authority to adopt an incentive compensation plan shall provide a basis for the use of incentive compensation policies. In the absence of clear statutory authority, the Board of Directors, in conjunction with the Compensation Committee shall determine whether incentive compensation plans are permissible and appropriate components of compensation policies. Legal and formal peer group analysis shall be utilized in making such determinations.

C. Annual Review of Incentive Compensation by Compensation Committees.

Incentive compensation plans shall be annually reviewed by the Compensation Committee and shall be developed in accordance with the assistance of professionals skilled and experienced in human resources management. Such professionals may be from within the Agency or may be engaged for the purpose of providing reviews and recommendations regarding incentive compensation plans.

D. Mandatory Minimum Incentive Compensation Plan Features.

All incentive compensation plans adopted by an Agency shall at a minimum contain the following features:

1. When awarded, bonuses to an individual shall not exceed the amount equal to the rate of inflation for the year (expressed as a percentage) multiplied by 1.5 multiplied by the individual's base salary. The Agency may exceed the cap on bonuses if the Compensation Committee and the Board of Directors makes a written determination that circumstances exist that warrant exceeding the cap on the amount of bonuses to be awarded to an individual and further finds that paying an additional amount is in the best interests of the Agency.
2. Criteria for measuring attainment of both individual and Agency performance goals shall be objective, identifiable and measurable.

3. Awards under an incentive compensation plan shall be directly related to both overall Agency performance and attainment of individual objectives and measurable goals.
4. Each Agency shall only consider the use of incentive compensation plans that motivate employees to further improve the quality of their work, to conduct above standard performance and to encourage employees to remain with the organization.
5. Incentive compensation plans shall not award incentive payments when individual and Agency performance is only "adequate" or "acceptable".
6. Incentive compensation plans shall be adopted for all employees unless the Board of Directors, acting in conjunction with the Compensation Committee, determines that operational, labor or business circumstances suggest that a non-variable compensation scheme is more appropriate for a particular class of employees, including those employees operating under the terms of a collective bargaining agreement.
7. Incentive compensation plans shall be subject to annual review and approval by the Compensation Committee and the full Board of Directors.

Conclusion of Review Panel.

It is the Panel's intention in promulgating this report and the attached mandatory minimum procedures to increase accountability of management, establish consistency of policies between Agencies and ensure sound human resource administration, all of which is fundamental to effective and strategic use of the Agencies' resources.

The Panel believes that differences in enabling legislation, differing levels of involvement of Senior Management and Board of Directors, disparate models and the lack of regular and comprehensive review of compensation and benefits policies leads to wide disparities in the policies among the Agencies. The Panel believes that the Agencies will all benefit from applying a consistent approach to the establishment and implementation of compensation and benefit policies that can be tailored to their specific statutory charges and business needs of the Agencies. By enacting the reforms and mandatory minimum procedures set forth this report, each Agency can ensure consistent, meaningful involvement by the Boards of Directors in establishing compensation and benefit policies that compliment the dual public/private role of the Agencies.

The Panel expects that the individual Boards of Directors of the Agencies shall continually evaluate, refine and enhance each Agency's compensation, benefit and incentive policies to

continually serve the statutorily mandated goals of the Agency as a hybrid public/private business entity. The Panel also recognized that some Agencies have already established procedures for determining compensation policies that were consistent in manner, but not necessarily in all, with the mandatory minimum procedures set forth in Sections II and III of this report. The Panel expects that those Agencies with established policies shall also continually evaluate, refine and enhance their procedures to conform to the spirit of this report.

Lastly, the Panel supports this report, and the mandatory minimum procedures within it, as a real, effective and efficient model to achieve uniformity, reasonableness and rationality in adjusting the Agencies' compensation and benefit policies, as directed by Governor Rell.