

**CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY**  
**Board of Directors**  
**Minutes – Special Meeting**  
**Thursday, September 29, 2011**

A special meeting of the Board of Directors of the **Clean Energy Finance and Investment Authority (the “Authority”)** was held on September 29, 2011, at the office of CEFIA, 865 Brook Street, Rocky Hill, CT.

1. **Call to Order**: Catherine Smith, Chairperson of the Authority, called the meeting to order at 3:07 p.m. Board members participating: Mun Choi; Mark Cirilli; Daniel Esty, Commissioner of the Department of Energy and Environmental Protection; Norma Glover; Donald Kirshbaum, representing the State Treasurer; John Olsen; Matthew Ranelli (by phone); and Catherine Smith, Commissioner of the Department of Economic and Community Development.

Members Absent: Reed Hundt; and Patricia Wrice.

Staff Attending: George Bellas, Keith Frame, Bryan Garcia, Dale Hedman, Suzanne Kaswan, Dave Ljungquist, Peter Longo, Shelly Mondo, Cheryl Samuels and Bob Wall.

Others Attending: Bruce Chudwick, Shipman & Goodwin and Scott Murphy, Shipman & Goodwin; Eric Brown, CBIA; Richard Shaw, UTC Power; and Robert Brooker and Jim Hoffman from Hoffman Engineers speaking on behalf of Gaylord Hospital.

2. **Public Comments**: There were no public comments.

3. **Oath of Office**:

Attorney Chudwick from Shipman & Goodwin administered the oath of office to Mr. Choi, Mr. Cirilli, Mr. Kirshbaum, Mr. Olsen and Ms. Smith as members of the Board of Directors of the Authority.

4. **Welcome and Introductions**: Ms. Smith welcomed everyone, and the Board members introduced themselves. Ms. Smith noted the efforts being made for CEFIA to be “lean and green” and to use electronic documents and communication to reduce printing and mailing.

5. **Minutes of Meeting for August 3, 2011**:

Ms. Smith asked the Board to consider the minutes from the August 3, 2011 Board meeting.

**Upon a motion made by Mr. Esty, seconded by Ms. Glover, the Board members voted in favor of adopting the minutes from the August 3,**

**2011 meeting as presented (Mr. Choi and Mr. Cirilli abstained from the vote).**

**6. Directors' and Officers' Insurance—Policy on Litigation Costs:**

Mr. Bellas reviewed insurance coverage in place for the Authority retroactive to July 1, 2011 for D&O and Employment Practices coverage.. After a discussion, there was general consensus that the coverage discussed by Mr. Bellas is sufficient. In response to a question, Attorney Murphy explained that Section 1-125 of the Connecticut General Statutes provides personal liability indemnification to directors, officers and employees of quasi-public agencies in the performance of their duties if an act is not wanton, reckless, willful or malicious.

**Upon a motion made by Ms. Glover, seconded by Mr. Kirshbaum, the Board members voted unanimously in favor of adopting the following resolution approving the Policy on Litigation Costs of Directors, Officers and Employees.**

**RESOLUTION FOR APPROVAL OF POLICY ON  
LITIGATION COSTS OF DIRECTORS, OFFICERS AND EMPLOYEES**

**WHEREAS, Section 1-125 of the General Statutes (i) provides that the directors, officers and employees of the Clean Energy Finance and Investment Authority (the "Authority") shall not be personally liable for damage or injury, not wanton, reckless, willful or malicious, caused in the performance of their duties and within the scope of their employment or appointment, and (ii) requires the Authority to protect, save harmless and indemnify each of its directors, officers and employees from financial loss and expense, including legal fees and costs, if any, arising out of any claim, demand, suit or judgment by reason of any alleged negligence, alleged deprivation of any person's civil rights or any other act or omission resulting in damage or injury, if the director, officer or employee is found to have been acting in the discharge of his or her duties or within the scope of his or her employment and such act or omission is found not to have been wanton, reckless, willful or malicious; and**

**WHEREAS, in order to attract and retain qualified individuals to serve as directors, officers and employees of the Authority and in order to properly manage the risks to the Authority associated with litigation to which directors, officers or employees of the Authority are made parties by reason of their relationship with the Authority, it is in the best interests of the Authority, consistent with the purposes of Section 1-125 of the General Statutes, to undertake the defense of Authority directors, officers and employees in appropriate circumstances, including the engagement of counsel and the payment of litigation costs.**

**NOW, THEREFORE, BE IT RESOLVED, that the Policy on Litigation Costs of Directors, Officers and Employees attached hereto be and hereby is approved and adopted, and the Chairperson of the Authority, and each other officer designated in any resolution of the Board of Directors implementing such policy, is authorized to take such actions as are necessary and appropriate from time to time, including, without limitation, the engagement of attorneys and other experts and the payment of fees and expenses of such attorneys and experts and other litigation costs from funds of the Authority available therefore, in order to implement and carry out the purposes of such policy.**

**7. CCEF Transition Committee Recommendations:**

Ms. Glover explained the extensive process that was taken that ultimately resulted in the hiring of Bryan Garcia as President of CCEF and interim President of the Authority. She noted that it is the Transition Committee's recommendation to hire Bryan Garcia as President of the Authority.

**Upon a motion made by Mr. Olsen, seconded by Mr. Esty, the Board members voted unanimously in favor of going into executive session at 3:22 p.m. to discuss personnel information related to the hiring of the President and Chief Executive Officer of the Authority.**

The executive session ended at 3:26 p.m., and the special meeting was immediately reconvened.

**Upon a motion made by Mr. Olsen, seconded by Mr. Esty, the Board members voted unanimously in favor of approving the position description for the President and Chief Executive Officer of the Clean Energy Finance and Investment Authority, as presented by the Connecticut Clean Energy Fund Transition Committee.**

**Upon a motion made by Ms. Glover, seconded by Mr. Ranelli, the Board members voted unanimously in favor of appointing Bryan Garcia as President and Chief Executive Officer of the Clean Energy Finance and Investment Authority at an annual salary of \$150,000 effective immediately, as recommended by the Connecticut Clean Energy Fund Transition Committee.**

In response to a question about a contract or agreement with the President and Chief Executive Officer, Attorney Murphy noted that the position serves at the pleasure of the Board.

Mr. Garcia thanked the Board for allowing him to serve in the new endeavor and to work with staff to advance the clean energy agenda in Connecticut. He talked about some of the policies that the Authority staff will be working on. Mr. Garcia mentioned some potential amendments to Public Act 07-242 "An Act Concerning Electricity and Energy

Efficiency.” He discussed some of the challenges of Project 150 and the importance of keeping Project 150 moving forward. Mr. Garcia talked about some possible amendments to Project 150 to make the program more successful. A discussion ensued on offering both grants and loans and having the ability to evaluate how to successfully structure the financing of Project 150 proposals. The Board discussed the importance of ensuring cheap and clean energy and not over subsidizing projects. There was consensus that any language changes should provide the flexibility to make grants and/or loans.

Mr. Garcia discussed some of the significance of Public Act 11-80 “An Act Concerning the Establishment of the Department of Energy and Environmental Protection and Planning for Connecticut’s Energy Future.” He noted that under the act, the Authority can receive general obligation bonds or notes to support its mission. Mr. Garcia mentioned potential amendments that would clarify the quasi-public agency status for the Authority, clearly provide the Clean Energy Fund with the ability to issue bonds and specify pension funds as sources of investments that can come into the Authority.

Mr. Garcia discussed property assessed clean energy (PACE), as identified in Public Act 11-80. He talked about some of the potential challenges and obstacles with financing major energy retrofits. Mr. Garcia indicated the importance of trying to attract private capital funding. He briefly mentioned the Property Assessed Clean Energy Program as a potential vehicle. A suggestion was made to consider utility bills as an alternative mechanism for security and repayment of loans for residential programs.

Mr. Garcia thanked Ms. Glover and the transition team for their assistance during the transition period.

Ms. Glover stated that at the June 2011 meeting of the Connecticut Clean Energy Fund (“CCEF”) Board, Mr. Esty talked about the new Department of Energy and Environmental Protection and Authority asked that several CCEF members work on a transition team to help get the Authority up and running. Ms. Glover mentioned that the CCEF Executive Committee, consisting of herself, Mr. Brown, Mr. Olsen and Mr. Ranelli, was appointed to a transition. Ms. Glover mentioned that Mr. Garcia, Mr. Longo and Attorney Stone worked closely with Attorney Murphy, CI’s special counsel, to draft a Resolution of Special Purposes and to develop Bylaws and Operating Procedures. She stated that the Resolutions of Purpose and Bylaws were adopted by the Authority Board at the August 3, 2011 meeting. Ms. Glover mentioned that the Transition Committee recommends considering revisions to the Resolutions of Purpose, revisions to the Bylaws and approving the publication of Operating Procedures.

**8. Revised Resolution of Purposes, Revised Bylaws and Draft Operating Procedures:**

Mr. Garcia stated that at the August 3, 2011 meeting, the Board adopted a Resolutions of Purpose Pursuant to Section 16-245n of the Connecticut General Statutes. As a

result of comments made at the August 3, 2011 meeting, changes were made. Mr. Garcia summarized the proposed changes.

**Upon a motion made by Ms. Glover, seconded by Mr. Kirshbaum, the Board members voted unanimously in favor of adopting the following revised Resolution of Purposes Pursuant to Section 16-245n of the Connecticut General Statutes:**

**In accordance with Section 16-245n(d)(1) of the Connecticut General Statutes, the Board of Directors of the Clean Energy Finance and Investment Authority (the "Authority") hereby adopts this resolution of purposes.**

**The Connecticut General Assembly has found and determined that stimulating, supporting, and increasing the use of clean energy, investment in clean energy projects and sources, demand for clean energy, the development of technologies that support clean energy, and the development of the state's energy-related economy are important state policy objectives. To achieve those objectives, the General Assembly, among other things, created the Authority.**

**The purposes of the Authority are to achieve the foregoing objectives to the fullest extent authorized or permitted by Section 16-245n of the Connecticut General Statutes, as amended, or any other provisions of the Connecticut General Statutes pertaining to the responsibilities or activities of the Authority. Such purposes include but are not limited to: (1) implementing the Comprehensive Plan developed by the Authority pursuant to Section 16-245n(c) of the Connecticut General Statutes, as amended; (2) developing programs to finance and otherwise support clean energy investment in residential, municipal, small business and larger commercial projects, and such others as the Authority may determine; (3) supporting financing or other expenditures that promote investment in clean energy sources to foster the growth, development, and commercialization of clean energy sources and related enterprises; and (4) stimulating demand for clean energy and the deployment of clean energy sources within the state that serve end-use customers in the state.**

**For the Authority's purposes, "clean energy" has the meaning as provided in Connecticut General Statutes Section 16-245n(a), as amended from time to time.**

**The Authority may seek to qualify as a Community Development Financial Institution under Section 4702 of the United States Code. If approved as a Community Development Financial Institution, then the Authority would be treated as a qualified community development entity for purposes of Section 45D and Section 1400N(m) of the Internal Revenue Code.**

Mr. Garcia mentioned that at the August 3, 2011 Board meeting, the Board adopted Bylaws. Based on the input received at the meeting and later discussed with the Transition Team, proposed amendments were made. Mr. Garcia summarized the

proposed changes. A discussion ensued on the proposed Board committees. Mr. Garcia mentioned that the Board members will be polled to see on which committees they desire to serve. There was a discussion about the number of committee members that should serve on each committee, and some concern was expressed with having too few members on each committee. It was noted that the Bylaws indicate that each committee shall have a minimum of three members, and the committees can have more than three members if so desired. Additionally, the Chairperson of the Board has the ability to serve on all committees if needed for quorum purposes. There was consensus to move forward with the adoption of the amended bylaws and to consider further amendments if necessary at a future meeting to address issues with committees and committee quorums.

**Upon a motion made by Mr. Olsen, seconded by Ms. Glover, the Board members voted unanimously in favor of adopting the attached revised Bylaws of the Authority (Version September 2011).**

Attorney Murphy provided an overview of the Draft Operating Procedures for the Authority. He noted that in accordance with Connecticut General Statutes, quasi-public agencies are required to adopt operating procedures. Attorney Murphy noted that generally, operating procedures relate to the way a quasi-public agency interacts with the public and applicants. He explained that following Board approval, a notice of the intent to adopt the procedures is required to be posted in the Connecticut Law Journal and subject to 30 days of public comments before consideration by the Board for final adoption. He stated that the public comments are provided to the Board; and if there are comments that require substantial amendments, a notice of the amendments would have to be republished and subject to an additional public comment period. Attorney Murphy stated that the operating procedures can be amended at any time with proper notification and public comment period. He explained that the draft procedures were modeled after the Connecticut Development Authority and Connecticut Innovations with a few exceptions. Attorney Murphy noted that the section about general applicability to financial assistance was modeled after the procedures that were in place for the Connecticut Clean Energy Fund through the Renewable Energy Investment Board. He stated that the intent in drafting the operating procedures was to keep them as general and flexible as possible.

The Board had a discussion about "Strategic Selection and Awards." It was noted that this section allows applicants that do not fit under the normal process the ability to be considered for financing. Two-thirds majority of the members of the Board present at the meeting would be required to find that at least three of five identified characteristics are present for a proposal to be considered for funding as a strategic selection and award.

There was a discussion about procurement procedures with respect to contracting for professional services. The President has the sole approval for contracts requiring expenditure by the Authority up to and including \$75,000 for a period of one fiscal year. The President and Chairperson must approve contracts requiring an expenditure by the

Authority over \$75,000 up to and including \$150,000. Contracts requiring expenditures by the Authority over \$150,000 would be awarded on the basis of a competitive negotiation where proposals are solicited from at least three qualified parties. Some concern was expressed that the amounts suggested for the proposed procurement process are too high, and a suggestion was made to require a competitive process for expenditures at some amount to be determined but less than \$150,000. It was suggested that the public comment process with the Connecticut Law Journal may identify this procedure as an issue, but for the Board to wait for that process to conclude before making a decision.

In response to a question, it was noted that a memorandum of understanding and/or agreement will be drafted that will identify the Authority's relationship and services with CI. The Board asked Mr. Garcia to ensure that the proper paperwork is in place with CI as well as its professional contractors (i.e. legal and financial).

**Upon a motion made by Ms. Glover, seconded by Mr. Olsen, the Board members voted unanimously in favor of authorizing the President to publish a notice of intent to adopt the Authority's Operating Procedures for public comment purposes, in accordance with Connecticut General Statutes Section 1-121.**

#### **9. Reconfigured Organizational Structure:**

Mr. Garcia discussed the evolution of the Authority, beginning with the Connecticut Clean Energy Fund ("CCEF") over 10 years ago. He discussed the funding provided and accomplishments made over the last 10 years. Mr. Garcia summarized CCEF's three main goals which included: 1) supply, 2) investments in emerging technologies, and 3) demand. Mr. Garcia reviewed the internal functions that supported each of the goals. He explained how Public Act 11-80 and some of the new mandates affect the framework and goals previously established by CCEF. Rather than seeing clean energy as a niche, Mr. Garcia explained that clean energy has to be fully deployed in Connecticut. Additionally, the Authority will be required to diversify its resources and look at other forms of financing. Mr. Garcia noted that the definition of clean energy has been broadened.

Mr. Garcia noted the importance of working closely with the Department of Energy and Environmental Protection, the agency responsible for energy policy in the state, as well as the Department of Economic and Community Development. He discussed the importance of keeping technology in Connecticut. Mr. Garcia explained how the Authority will be responsible for taking technology innovation from an idea to commercial viability to ultimately reduce energy demand and increase renewable energy supply. He discussed a proposed organizational structure to help accomplish the two main programmatic areas which would consist of technology innovation and deployment. A suggestion was made to include transportation or energy infrastructure.

Mr. Garcia reviewed the main areas of staffing and director level positions that would be required to help achieve the Authority's main objectives. A suggestion was made to change the title of the "Director of Finance and Investments" to another name to attract higher level candidates. Another suggestion was made to add a chief of staff position. After further discussion, there was consensus to change the proposed "Director of Finance and Investments" position to "Executive Vice President and Chief Investment Officer," and to have the Operations Committee, when established, work out the details of the job descriptions and salaries of the positions.

A discussion ensued on how to model the Authority and the following were identified: 1) as a bank, 2) as a venture capital fund, and 3) as a traditional governmental agency. There was general consensus that the Authority should be modeled after either a bank or venture capital but that a decision is not necessary at this time. It was noted that further discussions on this issue are necessary with Mr. Cirilli.

Mr. Bellas explained that until certain approvals and documents are in place, he recommends that the Board authorizes the continued use of the CI/CCEF Internal Control Procedures Manual, CI Employee Handbook, existing bank accounts and the CCEF FY 2012 operating budget.

**Upon a motion made by Mr. Esty, seconded by Ms. Glover, the Board members voted in favor of adopting the following resolutions:**

**RESOLVED:** that the Board of Directors of the Clean Energy Finance and Investment Authority (the "Authority") authorizes Connecticut Innovations, Inc. ("CI") acting solely as administrator of the Authority, to follow the administrative policies in place as of June 30, 2011 as set forth in the following documents which were established by both CI and the Connecticut Clean Energy Fund ("CCEF") when CCEF was within CI for administrative purposes until such time as the Authority establishes and adopts new administrative policies:

- CI/CCEF Internal Control Procedures Manual
- CI Employee Handbook

**RESOLVED:** that the Board of Directors of the Clean Energy Finance and Investment Authority (the "Authority") authorizes Connecticut Innovations, Inc. ("CI") acting solely as administrator of the Authority, to continue to use bank accounts established under the Connecticut Clean Energy Fund ("CCEF") to conduct the Authority's business until such time as new Authority bank accounts can be established. **RESOLVED:** that the Board of Directors of the Clean Energy Finance and Investment Authority (the "Authority") authorizes Connecticut Innovations, Inc. ("CI") acting solely as administrator of the Authority, to continue to follow the FY2012 operating budget guidelines established by the Connecticut Clean Energy Fund ("CCEF") Board until such time as the Authority Board approves revisions to such budget.



**10. Schedule of Positions and Banking Resolution:**

Mr. Garcia discussed the schedule of positions. He reviewed each of the senior level positions. In response to a question, he noted that the proposed schedule of positions assumes 25 total positions, several of which are currently vacant and will be filled and several new hires. A suggestion was made to add a chief of staff position and change the name of the proposed Director of Finance and Investments. There was consensus that the Board does not have to opine on the full schedule of positions but to consider only the senior level positions.

**Upon a motion made by Mr. Esty, seconded by Mr. Cirilli, the Board members voted in favor of approving the following senior level positions:**

- **General Counsel**
- **Director of Government and External Relations**
- **Executive Vice President and Chief Investment Officer**
- **Chief of Staff**
- **Director of Marketing and Outreach**
- **Director of Technology Development**
- **Director of Renewable Energy Deployment**
- **Director of Energy Efficiency Deployment**

Mr. Bellas explained the need to approve a resolution to allow for multiple signatories on bank accounts established by the President and Chief Executive Officer.

**Upon a motion made by Mr. Olsen, seconded by Ms. Glover the Board members voted in favor of adopting the following resolution regarding authorized signatories:**

**RESOLVED:** that the Board of Directors of the Clean Energy Finance and Investment Authority (the "Authority") authorizes each of the following Authority employees to draw checks and initiate wire transfers from bank accounts established by the President and Chief Executive Officer of the Authority in accordance with limits on signatory authority as stated in the Authority internal control procedures manual:

- President and Chief Executive Officer
- Vice President of Finance and Administration
- Executive Vice President and Chief Investment Officer
- Director Renewable Energy Deployment

**11. FY2011 CCEF Audited Financial Statement and Revisions to FY2012 Operating Budget:**

A discussion ensued on the FY2011 CCEF Audited Financial Statements and questions arose as to whether the Authority Board has to take any action on those financial statements. Attorney Murphy stated that the Authority Board should consider the CCEF financial statements as successor to the CCEF Board. Mr. Bellas stated that the financial statements have to be delivered to the State Comptroller's Office. Ms. Smith noted that the CI Board reviewed the CCEF fiscal year 2011 audited financial statements and there were no issues. The Board discussed how to proceed, and there was consensus to approve the audited financial statements conditioned upon review by the appropriate Board committee, the Audit, Compliance and Governance Committee, as soon as possible.

Mr. Bellas explained proposed modifications to the FY2012 operating budget to reflect changes in salaries and benefits for several employees that will be moved from CI to the Authority and for consulting and professional fees.

**Upon a motion made by Mr. Esty, seconded by Mr. Olsen, the Board members voted in favor of accepting the FY2011 CCEF Audited Financial Statements conditioned upon the review and acceptance by the Audit, Compliance and Governance Committee.**

**Upon a motion made by Ms. Glover, seconded by Mr. Esty, the Board members voted in favor of adopting the following resolution authorizing the transfer of Connecticut Innovations, Inc. employees to the Authority:**

**RESOLVED: that the Board of Directors of the Clean Energy Investment and Finance Authority (the "Authority") authorizes the transfer of Connecticut Innovations, Inc. employees to the Authority as presented.**

**12. Elect a Vice Chair and Secretary of the Board of Directors:**

Mr. Esty was nominated as Vice Chair, and Mr. Ranelli was nominated as Secretary of the Board. There were no other nominations.

**Upon a motion made by Ms. Glover, seconded by Mr. Olsen, the Board members voted in favor of appointing Daniel Esty as Vice Chair and Matthew Ranelli as Secretary of the Clean Energy Finance and Investment Authority.).**

Mr. Garcia mentioned that the committee chairs and members will be announced over the next month or so. A suggestion was made to appoint the Treasurer's designee as the chair of the Audit, Compliance and Governance Committee.

**13. Meeting Schedule through December 2011:**

The Board members reviewed the proposed Board meeting dates through the end of the 2011 calendar year.

**Upon a motion made by Ms. Glover, seconded by Mr. Kirshbaum, the Board members voted in favor of approving the following Board of Director meeting dates for the remainder of the 2011 calendar year:**

- **Monday, October 31, 2011**
- **Monday, November 21, 2011**
- **Friday, December 16, 2011**

**14. Gaylord Hospital—Solar Thermal Project:**

*Noting a potential conflict of interest, Mr. Ranelli recused himself from the vote and discussion on the Gaylord Hospital proposal.*

Mr. Ljungquist discussed the application received from Gaylord Hospital requesting a loan of \$150,000 under the Strategic Investment Opportunity Program to enable a timely start and completion of the solar thermal system that was approved for funding under the American Recovery and Reinvestment Act (“ARRA”)-funded Solar Thermal Rebate Program. Mr. Ljungquist explained that four separate systems will be installed on the buildings, and all equipment was ordered at the same time to secure economies of scale and avoid significant rise in prices. He stated that there was a failure in the hot water system in one of the buildings. As a result of the advance purchase of equipment and the equipment failure, the hospital is experiencing cash flow problems which threaten the planned start of construction. The hospital has requested a loan to bridge the gap between now and completion of the project. Mr. Ljungquist explained that the loan will be repaid from the ARRA grant proceeds upon completion of the projects.

Mr. Ljungquist explained that staff believes that this request for a loan qualifies under the existing Operating Procedures as a Strategic Investment Opportunity based on the following criteria:

1) Strategic Importance. Mr. Ljungquist explained that the solar thermal project at Gaylord represents approximately 7 percent of the total ARRA funding for the Solar Thermal Rebate Program. He stated that failure to complete the projects on time would result in the funding having to be returned to the federal government. Mr. Ljungquist indicated that the Gaylord projects are the first hospital applications for solar thermal technology in many years in Connecticut and will be a highly visible example of the technology.

2) Urgency and Timeliness. Mr. Ljungquist stated that the pending rise in equipment costs required the hospital to purchase all of the equipment in advance. If construction is delayed because of cash flow issues, much of the work will be scheduled for the winter months, and completion by April 30, 2012 could be jeopardized. Mr. Ljungquist stated that the loan will help keep the project on schedule.

3) Multi-Phase Project – Follow-on Investment. Mr. Ljungquist explained that the Gaylord projects represent a substantial portion of the total grant allocation under the ARRA Solar Thermal Rebate Program. Failure to complete the projects on time will cause the Authority to miss its objectives for the program and create adverse publicity if the incentive is returned.

The Board reviewed the five criteria identified in the Joint Operating Procedures for a project to be eligible to receive consideration for a Strategic Investment Opportunity. It was noted that the Board must identify three of the five characteristics for the proposal to be considered.

In response to a question, Mr. Ljungquist mentioned that prevailing wages are being paid for this project, as they are for all commercial ARRA-funded projects. There was a discussion about the likelihood of getting repaid. Mr. Ljungquist stated that it is very likely that the project will be completed on time or ahead of schedule, and the loan will be repaid. Mr. Ljungquist stated that the source of funds would be from the Clean Energy Fund. In future proposals, the Board asked for more information about the transaction, including the source of funds at least one week prior to the meeting.

The Board expressed the need to structure the loan agreement in a manner that obligates the hospital to pay in the event the ARRA grant is not received. Jim Hoffman from Hoffman Engineering was invited to provide input on the application from the hospital. Mr. Hoffman explained the importance of obtaining bridge financing to complete the projects on time. He stated that the loan could be an obligation of the hospital, although he does not have the authority to make that commitment. A question arose as to whether the loan can be secured by the hospital's assets. There was consensus to allow staff to structure and negotiate the security of the loan.

**Upon a motion made by Mr. Kirshbaum, seconded by Mr. Choi, the Board members voted in favor of adopting the following resolution approving a loan to Gaylord Hospital for a Solar Thermal Project (Mr. Olsen abstained from the vote, Mr. Ranelli was recused from the vote):**

**WHEREAS, Section 99 of Public Act No. 11-80 amends Section 16-245n of the General Statutes to: (a) establish the Clean Energy Finance and Investment Authority (the "Authority"), (b) rename the Renewable Energy Fund as the Clean Energy Fund, (c) provide that the Authority shall develop separate programs to finance and otherwise support clean energy investment in residential, municipal, small business and larger commercial projects and such others as the Authority may determine; support financing or other expenditures that promote investment in clean energy sources in accordance with a comprehensive plan developed by it to foster the growth, development and commercialization of clean energy sources and related enterprises; and stimulate demand for clean energy and the deployment of clean energy sources within the state that serve end-user**

customers in the state, and (d) provide that the Authority shall constitute a successor agency to Connecticut Innovations, Incorporated for the purposes of administering the Clean Energy Fund in accordance with General Statutes Section 4-38d; and

WHEREAS, General Statutes Section 4-38(a) provides that an authority to which functions, powers or duties are assigned or transferred under the provisions of any act of the General Assembly shall constitute a successor as to such matters and not a grant of new authority; and

WHEREAS, the Authority has not yet established its own Operating Procedures for the purposes of providing grants, loans or loan guarantees, or debt or equity investments to further its purposes as described above; and

WHEREAS, Connecticut Innovations, Incorporated has adopted Amended Joint Operating Procedures of the Renewable Energy Fund Board and Connecticut Innovations, Incorporated, as Administrator (the "Existing Operating Procedures"), which provide in Section C of Article IX that financial assistance and contracts involving the expenditure of funds from the Connecticut Clean Energy Fund may be made on a strategic selection and award basis upon two-thirds majority vote of the board; and

WHEREAS, a copy of Section C of Article IX of the Existing Operating Procedures is attached hereto for reference; and

WHEREAS, as the successor agency to Connecticut Innovations, Incorporated, for the purposes of administering the Clean Energy Fund, the Authority is empowered under General Statutes Section 4-38(b) to utilize the Existing Operating Procedures until such time as the Authority adopts its own Operating Procedures; and

WHEREAS, the Authority has reviewed the proposal for a loan to Gaylord Hospital in an amount not to exceed \$150,000 for the Hospital's Solar Thermal Project, as described in the September 29, 2011 Memorandum from David Ljungquist to the Authority Board of Directors.

**NOW, THEREFORE, IT IS RESOLVED,**

(a) that the Authority finds this request for a loan qualifies for consideration under the Strategic Selection and Award guidelines contained in Section C of Article IX of the Existing Operating Procedures;

(b) that the Authority finds that the following characteristics are present in the case of the loan and are of predominant importance to the Clean Energy Fund: (1) strategic importance, (2) urgency and timeliness, and (3) an exigent

**multi-phase project or initiative, all as more fully set forth in Section C of Article IX of the Existing Operating Procedures; and**

**RESOLVED:**

**(a) that a loan to Gaylord Hospital in an amount not to exceed \$150,000 is hereby approved;**

**(b) the terms of such loan shall be as follows:**

**(i) principal amount not to exceed \$150,000;**

**(ii) use of proceeds limited to cost of equipment and installation of a solar thermal system pending receipt of rebates under the ARRA-funded Solar Thermal Rebate Program, all as more particularly described in the loan proposal;**

**(iii) term not to exceed six (6) months;**

**(iv) no interest owed if repaid when due;**

**(v) to be secured by a lien negotiated by staff and repaid from the proceeds of the Solar Thermal Rebate Program grants due Gaylord Hospital or from the Hospitals other assets in the event the Hospital does not receive a rebate for any reason; and**

**(vi) such other terms and conditions as the President determine to be in the best interest of the Authority;**

**(c) that the President is authorized and directed to prepare and execute on behalf of the Authority a loan agreement with Gaylord Hospital for such purposes and such other documents as he may determine to be necessary and appropriate to evidence, secure and otherwise complete the loan transaction in accordance with this resolution.**

15. **Adjournment**: Upon a motion made by Mr. Esty, seconded by Mr. Choi, the Board members voted in favor of adjourning the September 29, 2011, meeting at 5:26, p.m.

Respectfully submitted,

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Catherine Smith, Chairperson