

CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY
Board of Directors
Minutes – Regular Meeting
Friday, December 20, 2013

A regular meeting of the Board of Directors of the **Clean Energy Finance and Investment Authority (the “CEFIA”)** was held on December 20, 2013 at the office of Connecticut Innovations, 865 Brook Street, Rocky Hill, CT.

1. **Call to Order:** Catherine Smith, Chairperson of CEFIA, called the meeting to order at 9:00 a.m. Board members participating: Mun Choi (by phone); Daniel Esty, Vice Chairperson of CEFIA and Commissioner of the Department of Energy and Environmental Protection (“DEEP”); Bettina Ferguson, State Treasurer’s Office; Tom Flynn; John Harrity; Matthew Ranelli; Catherine Smith, Chairperson of CEFIA and Commissioner of the Department of Economic and Community Development (“DECD”); and Patricia Wrice.

Members Absent: Norma Glover and Reed Hundt.

Staff Attending: George Bellas, Andy Brydges, Mackey Dykes (by phone), Brian Farnen, Bryan Garcia, Dale Hedman, Bert Hunter (by phone), Suzanne Kaswan, Shelly Mondo, Kerry O’Neill, Cheryl Samuels, and Genevieve Sherman.

Others Attending: Denise Farrell (Environmental Capital LLC —by phone); Henry Link; Bill Sawicki, Marcum; and John Schuyler, Marcum.

2. **Public Comments**

There were no public comments.

3. **Approval of Minutes of Meeting of November 15, 2013**

Ms. Smith asked the Board to consider the minutes from the November 15, 2013 meeting.

Upon a motion made by Mr. Harrity, seconded by Mr. Esty, the Board members voted in favor of adopting the minutes from the November 15, 2013 meeting as presented (Ms. Wrice was not present for the vote).

4. **Update from the President**

Mr. Garcia thanked Commissioner Smith and acknowledged Mike Lettieri from DECD who validated the direct, indirect and induced-job estimations for fiscal year 2013 for CEFIA. He stated that CEFIA now has a calculator and process for estimating the economic development benefits from the clean energy being deployed as a result of

CEFIA. Mr. Garcia stated that staff will work with DEEP to create a similar process and validation for environmental benefits. He mentioned that a presentation will be made at the end of the Board meeting on Yale University's research of Solarize Connecticut. Board members were invited to attend.

Mr. Esty spoke about DEEP developing the Integrated Resource Plan ("IRP") for the next several years. CEFIA has been asked to participate in the process. He mentioned that the Connecticut model of clean energy focuses on financing at lower costs and de-risking projects to make them more attractive to private capital providers. DEEP was encouraged to also include CEFIA in the process. Mr. Esty discussed the increase in generation charges and need for more infrastructure. He mentioned that six New England governors recently announced a commitment to infrastructure building.

5. Statutory and Infrastructure Sector Program Updates and Recommendations:

a. Residential Solar Investment Program—Step 4 and Beyond

Mr. Garcia stated that under Section 106 of Public Act 11-80, CEFIA is required to help deploy 30 megawatts of new residential solar PV installation in Connecticut before December 31, 2022, and CEFIA has made significant progress towards meeting that requirement. He explained how CEFIA has been able to reduce solar PV costs over time and transition away from ratepayer reliance to support the program. The Board commended staff for the achievements during a time when energy costs have remained fairly stable. Mr. Garcia mentioned that during the Deployment Committee meeting, there was a discussion about the incentives and whether CEFIA is over incentivizing the market. In response to a question about the chart that shows the number of projects versus the demand, staff indicated that the chart will be relabeled to provide more clarity. Mr. Garcia spoke about the performance of the program, noting that approximately 2/3 of the activity is from rebates and 1/3 from performance-based incentives. He compared the program with the ZREC using the objective function, noting that CEFIA's program is "doing more, faster and with less" in comparison to the small (i.e. less than 100 kW) and medium (i.e. between 100 to 250 kW) ZREC projects. Mr. Garcia thanked DEEP for its support of LEAN process improvements and attributed the LEAN activities with CEFIA being able to handle more projects without adding staff.

Staff explained the performance of the program compared with Massachusetts. It was noted that Massachusetts is installing 10 percent more than Connecticut on a watts per capita basis, but Connecticut is installing at a cost 3.5 percent less than Massachusetts on a dollars per watt basis, and Massachusetts provides twice the level of incentives as Connecticut.

Mr. Hedman described the step 4 incentive proposal, noting that the overall reduction in incentives is about 20 percent lower than step 3. He indicated that it is hopeful that the differential between the system sizes will be eliminated in step 5 for rebates. Mr. Hedman stated that it is likely that CEFIA will achieve the 10 year legislative

requirement within 3 years. He noted that the Deployment Committee asked staff to report to the Board in the fall of any policy changes that should be recommended as a result of meeting the statutory goals early.

Upon a motion made by Mr. Harrity, seconded by Ms. Ferguson, the Board members voted unanimously in favor of adopting the following resolution regarding Step 4 of the Residential Solar Investment Program:

WHEREAS, Section 106 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” (the “Act”) requires the Clean Energy Finance and Investment Authority (“CEFIA”) to design and implement a Residential Solar Photovoltaic (“PV”) Investment Program (“Program Plan”) that results in a minimum of thirty (30) megawatts of new residential PV installation in Connecticut before December 31, 2022; and

WHEREAS, as of November 29, 2013, the Program Plan has thus far resulted in approximately fifteen (15) megawatts of new residential PV installation application approvals in Connecticut; and

WHEREAS, pursuant to Section 106 of the Act, CEFIA has prepared a Program Plan and a declining incentive block schedule (“Schedule”) that offer direct financial incentives, in the form of performance-based incentives (“PBI”) or expected performance-based buydowns (“Rebate”), for the purchase or lease of qualifying residential solar photovoltaic systems; and

WHEREAS, performance of the Rebate model in Step 3 is faster in deploying rooftop solar PV and requires less ratepayer subsidies than the PBI model therefore maximizing the amount of clean energy deployed per dollar of ratepayer funds at risk; and

WHEREAS, on December 21, 2012, the CEFIA Board of Directors (“Board”) reviewed and approved the staff recommendations to establish a Step 4 “Race to the Solar Rooftop” capacity of 10 MW; and

WHEREAS, the Deployment Committee recommends that the Board hereby approves the Schedule of Incentives for Step 4 outlined above to achieve 10 MW of solar PV deployment; and

WHEREAS, Solarize Connecticut is a program designed to encourage the adoption of residential solar PV by lowering customer acquisition costs through a coordinated education, marketing and outreach effort, combined with a tiered pricing structure that provides increased savings to homeowners as more people in a selected municipality go solar (“Solarize Communities”).

NOW, therefore be it:

RESOLVED, that the CEFIA Board of Directors approves the Schedule of Incentives for Step 4 outlined above to achieve 10.0 MW of solar PV deployment as follows:

5.0 MW of Rebates,
3.0 MW of PBI, and
2.0 MW of additional capacity for the models to compete for incentives.

RESOLVED, that the CEFIA Board of Directors directs staff that at the point where 5.0 MWs of committed capacity is reached during Step 4 of the Schedule, or earlier if staff deems it appropriate to release a report that makes a recommendation to the Deployment Committee on the Step 5 and beyond for capacity allocation and incentive levels.

RESOLVED, that by (a) the point of the Step 4 incentive where 7.5 MW of committed capacity is reached for either the PBI or the Rebate models or (b) January 1, 2015, whichever comes first, the Board will approve a Step 5 capacity allocation and incentive level to ensure the sustained and orderly deployment of the residential solar market in Connecticut.

RESOLVED, that the CEIFA Board of Directors approves Step 4 incentives be maintained for Solarize Communities down selected for Phase 4 of the Solarize Connecticut program throughout the entirety of the campaign if Step 4 incentives are in place at the beginning of Phase 4.

RESOLVED, that this Board action is consistent with Section 106 of the Act.

6. Commercial and Industrial Sector Program Updates and Recommendations

- a. *110 West Main Street, Meriden*
- b. *99 Tuttle Road, Middletown*
- c. *425 Hartford Turnpike, Vernon*
- d. *255 Bank Street, Waterbury*
- e. *1095 Dayhill Road, Windsor*
- f. *21 Mount Parnassus Drive, East Haddam*

Ms. Sherman discussed the request for C-PACE financing to fund the \$372,466 efficiency upgrades at the Meriden YMCA, 110 West Main Street, Meriden, CT. She noted that the CHP Program is being utilized to buy down the interest rate on the loan. In response to a question, Ms. Sherman mentioned that the loan-to-value ratio includes the mortgage. Ms. Sherman reviewed the cash flow projections, key financial metrics and terms and conditions of the loan. A discussion ensued on the benefit assessment, and Ms. Sherman explained that the loan gets paid through assessment payments on

the property tax bill over time and not automatically paid off when the property is sold. A suggestion was made to consider getting paid back sooner in order to recycle CEFIA's funds to more properties that might install energy conservation measures. Mr. Esty explained the advantages to the cost of capital by having the loan connected to the property and staff pointed out that as private capital is, for the most part, financing these projects through the C-PACE loan "sell down" process, the program is likely to have adequate resources without requiring early payment. In addition, staff noted that a key part of the attraction of C-PACE financing is that the obligation stays with the property; requiring an early payment in connection with a sale of the property could disincentivize property owners to install energy conservation measures. A request was made to monitor the situation and potentially look at the situation in the future.

Ms. Sherman discussed the request for C-PACE financing to fund a 500kW solar installation at Bourdon Forge at 99 Tuttle Road, Middletown. She reviewed the cash flow projections, key financial metrics and terms and conditions of the loan.

Ms. Sherman reviewed the proposed C-PACE financing to fund a 200kW solar installation at the Quality Inn located at 425 Hartford Turnpike, Vernon. She explained that it is likely that the loan will be less than the \$850,000 requested. In response to a question from Matt Ranelli about the loan versus the appraised value, Ms. Sherman explained the underwriting process, the value of the asset and the value of the building with the improvements. She mentioned that the owner has the option to get the building reappraised. After further discussion, there was general agreement that the loan shall be in the amount of "the lesser of \$850,000 or 80 percent of the appraised value" for 425 Hartford Turnpike, Vernon and the resolution should reflect that this loan must be consistent with the C-PACE underwriting guidelines related to the 80 percent of the appraised value limitation.

Ms. Sherman discussed the request for C-PACE funding of up to \$524,941 to fund comprehensive energy efficiency upgrades at 255 Bank Street, Waterbury. She reviewed the request for C-PACE funding of up to \$829,399 to fund comprehensive energy efficiency upgrades a 206kW solar installation for 1095 Day Hill Road, Windsor and funding of up to \$478,000 to fund a 157kW solar installation for 21 Mount Parnassus Drive, East Haddam. She noted that the term of the loan for 21 Mount Parnassus Drive is 10 years.

There was a discussion about some of the contractors not being located in Connecticut, and it was noted that the owner chooses the contractor. Ms. Sherman stated that on a regular basis, CEFIA markets and trains Connecticut contractors. She spoke about some of the efforts being taken to encourage local contractors and small vendors to bring projects forward.

Upon a motion made by Mr. Ranelli, seconded by Ms. Wrice, the Board members voted unanimously in favor of adopting the following resolutions regarding the C-PACE transactions for 1) 110 West Main Street, Meriden; 2) 99 Tuttle Road, Middletown; 3) 425 Hartford Turnpike, Vernon (as amended); 4) 255 Bank Street,

Waterbury; 5) 1095 Dayhill Road, Windsor; and 6) 21 Mount Parnassus Drive, East Haddam.

110 West Main Street, Meriden

WHEREAS, Pursuant to Section 157 of Public Act No. 12-2 of the June 12, 2012 Special Session of the Connecticut General Assembly and as amended (the "Act"), CEFIA is directed to, amongst other things, establish a commercial sustainable energy program for Connecticut, known as Commercial Property Assessed Clean Energy ("C-PACE"); and

WHEREAS, the CEFIA Board of Directors has approved a \$40,000,000 C-PACE construction and term loan program; and

WHEREAS, CEFIA seeks to provide a \$372,466 construction and (potentially) term loan under the C-PACE program to the Meriden Young Men's Christian Association, Inc., the property owner of 110 West Main Street, Meriden, CT (the "Loan") to finance the construction of specified clean energy measures in line with the State's Comprehensive Energy Strategy and CEFIA's Strategic Plan.

NOW, therefore be it:

RESOLVED, that the President of CEFIA and any other duly authorized officer of CEFIA, is authorized to execute and deliver Loan in an amount not to be greater than one hundred and ten percent of the Loan amount with terms and conditions consistent with the memorandum submitted to the Board of Directors dated December 13, 2013, and as he or she shall deem to be in the interests of CEFIA and the ratepayers no later than 90 days from December 20, 2013.

RESOLVED, that before executing the Loan, the President of CEFIA and any other duly authorized officer of CEFIA shall receive confirmation that the C-PACE transaction meets the statutory obligations of the Act, including but not limited to the savings to investment ratio and lender consent requirements.

RESOLVED, that the proper CEFIA officers are authorized and empowered to do all other acts and execute and deliver all other documents and instruments as they shall deem necessary and desirable to effect the above-mentioned legal instrument.

99 Tuttle Road, Middletown

WHEREAS, Pursuant to Section 157 of Public Act No. 12-2 of the June 12, 2012 Special Session of the Connecticut General Assembly and as amended (the "Act"), CEFIA is directed to, amongst other things, establish a commercial sustainable energy program for Connecticut, known as Commercial Property Assessed Clean Energy ("C-PACE"); and

WHEREAS, the CEFIA Board of Directors has approved a \$40,000,000 C-PACE construction and term loan program; and

WHEREAS, CEFIA seeks to provide a \$1,500,000 construction and (potentially) term loan under the C-PACE program to Bourdon Acres LLC, to the property owner of 99 Tuttle Road, Middletown, CT (the "Loan") to finance the construction of specified clean energy measures in line with the State's Comprehensive Energy Strategy and CEFIA's Strategic Plan.

NOW, therefore be it:

RESOLVED, that the President of CEFIA and any other duly authorized officer of CEFIA, is authorized to execute and deliver Loan in an amount not to be greater than one hundred and ten percent of the Loan amount with terms and conditions consistent with the memorandum submitted to the Board of Directors dated December 13, 2013, and as he or she shall deem to be in the interests of CEFIA and the ratepayers no later than 90 days from December 20, 2013.

RESOLVED, that before executing the Loan, the President of CEFIA and any other duly authorized officer of CEFIA shall receive confirmation that the C-PACE transaction meets the statutory obligations of the Act, including but not limited to the savings to investment ratio and lender consent requirements.

RESOLVED, that the proper CEFIA officers are authorized and empowered to do all other acts and execute and deliver all other documents and instruments as they shall deem necessary and desirable to effect the above-mentioned legal instrument.

425 Hartford Turnpike, Vernon

WHEREAS, Pursuant to Section 157 of Public Act No. 12-2 of the June 12, 2012 Special Session of the Connecticut General Assembly and as amended (the "Act"), CEFIA is directed to, amongst other things, establish a commercial sustainable energy program for Connecticut, known as Commercial Property Assessed Clean Energy ("C-PACE"); and

WHEREAS, the CEFIA Board of Directors has approved a \$40,000,000 C-PACE construction and term loan program; and

WHEREAS, CEFIA seeks to provide up to a \$850,000 construction and (potentially) term loan under the C-PACE program to Khima LLC, to the property owner of 425 Hartford Turnpike, Vernon, CT (the "Loan") to finance the construction of specified clean energy measures in line with the State's Comprehensive Energy Strategy and CEFIA's Strategic Plan.

NOW, therefore be it:

RESOLVED, that the President of CEFIA and any other duly authorized officer of CEFIA, is authorized to execute and deliver Loan in an amount that is the lesser of \$850,000 or 80 percent of the appraised value with terms and conditions consistent with the memorandum submitted to the Board of Directors dated December 13, 2013, consistent with the C-PACE underwriting criteria and as he or she shall deem to be in the interests of CEFIA and the ratepayers no later than 90 days from December 20, 2013.

RESOLVED, that before executing the Loan, the President of CEFIA and any other duly authorized officer of CEFIA shall receive confirmation that the C-PACE transaction meets the statutory obligations of the Act, including but not limited to the savings to investment ratio and lender consent requirements.

RESOLVED, that the proper CEFIA officers are authorized and empowered to do all other acts and execute and deliver all other documents and instruments as they shall deem necessary and desirable to effect the above-mentioned legal instrument.

255 Bank Street, Waterbury

WHEREAS, Pursuant to Section 157 of Public Act No. 12-2 of the June 12, 2012 Special Session of the Connecticut General Assembly and as amended (the "Act"), CEFIA is directed to, amongst other things, establish a commercial sustainable energy program for Connecticut, known as Commercial Property Assessed Clean Energy ("C-PACE"); and

WHEREAS, the CEFIA Board of Directors has approved a \$40,000,000 C-PACE construction and term loan program; and

WHEREAS, CEFIA seeks to provide a \$524,941 construction and (potentially) term loan under the C-PACE program to Ellenville Associates, LLC, the property owner of 255 Bank Street, Waterbury, CT (the "Loan") to finance the construction of specified clean energy measures in line with the State's Comprehensive Energy Strategy and CEFIA's Strategic Plan.

NOW, therefore be it:

RESOLVED, that the President of CEFIA and any other duly authorized officer of CEFIA, is authorized to execute and deliver Loan in an amount not to be greater than one hundred and ten percent of the Loan amount with terms and conditions consistent with the memorandum submitted to the Board of Directors dated December 13, 2013, and as he or she shall deem to be in the interests of CEFIA and the ratepayers no later than 90 days from December 20, 2013.

RESOLVED, that before executing the Loan, the President of CEFIA and any other duly authorized officer of CEFIA shall receive confirmation that the C-PACE transaction meets the statutory obligations of the Act, including but not limited to the savings to investment ratio and lender consent requirements.

RESOLVED, that the proper CEFIA officers are authorized and empowered to do all other acts and execute and deliver all other documents and instruments as they shall deem necessary and desirable to effect the above-mentioned legal instrument.

1095 Day Hill Road, Windsor

WHEREAS, Pursuant to Section 157 of Public Act No. 12-2 of the June 12, 2012 Special Session of the Connecticut General Assembly and as amended (the "Act"), CEFIA is directed to, amongst other things, establish a commercial sustainable energy program for Connecticut, known as Commercial Property Assessed Clean Energy ("C-PACE"); and

WHEREAS, the CEFIA Board of Directors has approved a \$40,000,000 C-PACE construction and term loan program; and

WHEREAS, CEFIA seeks to provide a \$829,399 construction and (potentially) term loan under the C-PACE program to Infinity VII, LLC, the property owner of 1095 Day Hill Road, Windsor, CT (the "Loan") to finance the construction of specified clean energy measures in line with the State's Comprehensive Energy Strategy and CEFIA's Strategic Plan.

NOW, therefore be it:

RESOLVED, that the President of CEFIA and any other duly authorized officer of CEFIA, is authorized to execute and deliver Loan in an amount not to be greater than one hundred and ten percent of the Loan amount with terms and conditions consistent with the memorandum submitted to the Board of Directors dated December 13, 2013, and as he or she shall deem to be in the interests of CEFIA and the ratepayers no later than 90 days from December 20, 2013.

RESOLVED, that before executing the Loan, the President of CEFIA and any other duly authorized officer of CEFIA shall receive confirmation that the C-PACE transaction meets the statutory obligations of the Act, including but not limited to the savings to investment ratio and lender consent requirements.

RESOLVED, that the proper CEFIA officers are authorized and empowered to do all other acts and execute and deliver all other documents and instruments as they shall deem necessary and desirable to effect the above-mentioned legal instrument.

21 Mount Parnassus Drive, East Haddam

WHEREAS, Pursuant to Section 157 of Public Act No. 12-2 of the June 12, 2012 Special Session of the Connecticut General Assembly and as amended (the "Act"), CEFIA is directed to, amongst other things, establish a commercial sustainable energy program for Connecticut, known as Commercial Property Assessed Clean Energy ("C-PACE"); and

WHEREAS, the CEFIA Board of Directors has approved a \$40,000,000 C-PACE construction and term loan program; and

WHEREAS, CEFIA seeks to provide a \$478,000 construction and (potentially) term loan under the C-PACE program to Bud and Bobby Enterprises, LLC, the property owner of 21 Mt Parnassus Drive, East Haddam, CT (the "Loan") to finance the construction of specified clean energy measures in line with the State's Comprehensive Energy Strategy and CEFIA's Strategic Plan.

NOW, therefore be it:

RESOLVED, that the President of CEFIA and any other duly authorized officer of CEFIA, is authorized to execute and deliver Loan in an amount not to be greater than one hundred and ten percent of the Loan amount with terms and conditions consistent with the memorandum submitted to the Board of Directors dated December 13, 2013, and as he or she shall deem to be in the interests of CEFIA and the ratepayers no later than 90 days from December 20, 2013.

RESOLVED, that before executing the Loan, the President of CEFIA and any other duly authorized officer of CEFIA shall receive confirmation that the C-PACE transaction meets the statutory obligations of the Act, including but not limited to the savings to investment ratio and lender consent requirements.

RESOLVED, that the proper CEFIA officers are authorized and empowered to do all other acts and execute and deliver all other documents and instruments as they shall deem necessary and desirable to effect the above-mentioned legal instrument.

g. Update on C-PACE Sell Down Process

Mr. Hunter provided an update on the C-PACE sell down process. He stated that everything is proceeding as expected and when the transaction is complete CEFIA will have access to approximately \$27,000,000 in private capital. Mr. Hunter indicated that it is anticipated that the closing will occur mid-January.

7. Committee Updates and Recommendations:

a. *Budget and Operations Committee*

i. *Budget Modifications*

Mr. Esty summarized the recommendation from the Budget and Operations Committee to amend the budget by \$1,432,700. He summarized that a majority of the increase is for the C-PACE program as a result of its rapid growth.

Mr. Dykes reviewed each of the areas where changes are proposed and explained the rationale for each. In addition to the proposed C-PACE increase of \$1,252,200, staff recommends an increase of \$90,000 for the residential programs and \$90,500 for general operations. It was noted that CEFIA has started to charge a fee for the closing of C-PACE loans and the revenue generated will offset expenses under the program.

Upon a motion made by Mr. Esty, seconded by Mr. Harrity, the Board voted unanimously in favor of adopting the following resolution regarding amendments to the CEFIA fiscal year 2014 budget.

RESOLVED, that the Board of Directors of the Clean Energy Finance and Investment Authority ("CEFIA") approves the requested \$1,432,700 increase in the fiscal year 2014 budget outlined in Tables 2, 3 and 4 of the memorandum presented to the Board dated December 4, 2013 (the "Memorandum").

RESOLVED, that the Board of Directors of CEFIA approves the Budget and Operations Committee recommendation to approve the updated staffing plan detailed in Attachment 2 of the Memorandum.

ii. *Sick Leave Bank*

Mr. Dykes discussed the background of the sick leave bank policy that was established in 2009 by CI and the Connecticut Clean Energy Fund ("CCEF"). He mentioned that at the request of the Board, the policy was reviewed by the Budget and Operations Committee in November, and he explained the changes made to the proposed policy to address some concerns raised at the October 18 Board meeting. Staff provided information about similar policies with other quasi-public and state agencies. Ms. Kaswan reviewed the policy and explained how CEFIA's policy is more restrictive than most other quasi-public agency and state policies. In response to question, it was noted that CEFIA's *Employee Handbook* was reviewed about 1 ½ years ago after the inception of CEFIA. A question arose as to why the policy is being revised now rather than waiting to consider changes to the policy when the full handbook will be reviewed this spring. Ms. Kaswan reviewed the number of employees that have participated, the number of hours donated, the value of the hours donated and the per hour value for the sick bank. She mentioned that the CI Board will be considering the same changes at the next CI Board meeting.

Upon a motion made by Mr. Esty, seconded by Ms. Wrice, the Board voted in favor of adopting the following resolution regarding CEFIA's Sick Leave Bank Policy (Mr. Flynn was opposed noting that he would rather consider this change in a more holistic manner with other changes to the *CEFIA Employee Handbook*):

RESOLVED, that the Board of Directors approves of the Budget and Operations Committee recommendation to revise the CEFIA Employee Handbook for the Sick Leave Bank policy marked in **bold**:

The CEFIA Sick Leave Bank is a pool of sick days that has been established by employees of CEFIA who have made a donation of their accumulated sick days. The Bank is available to members to draw up to ten (10) eight- hour sick days per year in the unfortunate event that they experience a qualified illness or injury.

Sick Leave Bank members will receive benefits in the form of paid sick leave if all of the following requirements are met:

- the member has a medical condition that prevents them from working that has been verified by a Medical Certificate OR a member's immediate family member has a medical condition that has been verified by a Medical Certificate and requires the Sick Leave Bank member's care.
- the member has been out on approved medical leave (paid or unpaid) as described above for at least two consecutive weeks.
- the member has exhausted all of their sick, ~~vacation~~, personal leave and compensatory time;
- **the member has exhausted all of his/her vacation time in excess of 30 days (or 240 hours)**
- the member has not been disciplined for an absence-related reason for the past 12 months; **provided however, a committee comprised of Senior Management and Human Resources may waive this requirement.**
- the member has completed a Sick Leave Bank Withdrawal Request Form and it has been approved by human resources.

b. Audit, Compliance and Governance Committee ("Audit Committee")

Mr. Ranelli mentioned that the Audit Committee reviewed the 2013 audited financial statements for CEFIA, and the questions raised by the Audit Committee have been addressed. Bill Sawicki stated that Marcum provided an unmodified opinion on the financial statements and reported on internal control over financial reporting and on compliance and other matters required under *Government Auditing Standards* and required under Federal OMB Circular A-133. He reviewed management's responsibilities as well as Marcum's responsibilities regarding the audit. In response to a question, Mr. Sawicki indicated that CEFIA has done a good job given the size and

complexities of the organization. He explained one mathematical typographical error that was detected and quickly corrected. Mr. Ranelli thanked Mr. Bellas for his work and stated that the Audit Committee members asked Mr. Bellas to provide recommendations on how to make the complex process easier. He mentioned that the Audit Committee also discussed the recommendation made to Marcum to issue a Comprehensive Annual Financial Report (“CAFR”) in the future. Mr. Schuyler mentioned that CEFIA is already preparing most of the information needed and it may help CEFIA provide clearer information to the public.

Upon a motion made by Mr. Flynn, seconded by Ms. Wrice, the Board voted unanimously in favor of adopting the following resolution accepting the financial statements of CEFIA for fiscal year 2013:

RESOLVED, that the CEFIA Board of Directors approves the Audited Financial Statements and the Federal Single Audit Report of the Clean Energy Finance and Investment Authority for Fiscal Year Ending June 30, 2013 as presented on December 20, 2013.

Upon a motion made by Mr. Ranelli, seconded by Mr. Harrity, the Board voted unanimously in favor of adopting the following resolution regarding consideration of a Comprehensive Annual Financial Report for fiscal year 2014:

RESOLVED, that the CEFIA Board of Directors directs CEFIA staff to investigate and provide a recommendation to the Board on the merits of utilizing a Comprehensive Annual Financial Report (CAFR) for the Fiscal Year 2014 annual audit.

c. Deployment Committee and Budget and Operations Committee

Mr. Garcia stated that the Deployment Committee and Budget and Operations Committee held a joint meeting on December 11 to look at how to move forward with a recommendation on how to proceed with a policy for the CEFIA Class I Renewable Energy Credit (“REC”) asset portfolio. Mr. Healey stated that CEFIA reached out to experts to develop guidelines for managing the REC portfolio. He reviewed the key objectives of the policy and discussed the proposed three step policy. The first step includes the annual Renewable Solar Investment Program portfolio analysis, the second step is the semiannual market analysis and the third step is the price transaction in the spot and/or forward markets to ensure highest and best return. Mr. Healey stated that CEFIA is working with 5 qualified brokers. He explained that the REC brokers will provide pricing in the market. For non-investment grade counterparties, appropriate financial safeguards will be in place when trading. CEFIA will develop a standard draft REC transaction contract to limit risk of failed closings. Mr. Garcia stated that CEFIA sought input from experts, and the feedback was incorporated into the draft guidelines.

If the guidelines are approved, CEFIA anticipates going to the market in the first quarter of 2014.

Upon a motion made by Mr. Ranelli, seconded by Mr. Harrity, the Board voted unanimously in favor of adopting the following resolution regarding the Guidelines and Procedures for CEFIA Management of the Class I REC Asset Portfolio:

WHEREAS, Article V, section 5.3.2 of the Clean Energy Finance and Investment Authority (“CEFIA”) Bylaws requires the Budget and Operations Committee (the “B&O Committee”) to recommend and monitor compliance with prudent fiscal policies, procedures, and practices to assure that CEFIA has the financial resources and financial strategy necessary to carry out its statutory responsibilities and mission; and

WHEREAS, Article V, section 5.3.3 of the CEFIA Bylaws requires the Deployment Committee to provide oversight of policies and practices relating to the evaluation and recommendation of initial investments, follow-on investments, investment modifications and restructurings, and the sale or other disposition of investments by CEFIA’s professional investment staff, including implementation of existing strategies; and

WHEREAS, both the Deployment and B&O Committees recommend to the Board for approval the draft Guidelines and Procedures for CEFIA Management of Class I REC Asset Portfolio in substantially the form provided to the committees in the memorandum dated December 4, 2013 and which may be revised by CEFIA staff from time to time to incorporate the recommendations of independent third-party consultants with REC market expertise.

NOW, THEREFORE, be it:

RESOLVED, that the CEFIA Board of Directors approves the draft Guidelines and Procedures for CEFIA Management of Class I REC Asset Portfolio in the form provided to the Board in the memorandum dated December 13, 2013 and which may be revised by CEFIA staff from time to time to incorporate the recommendations of independent third-party consultants with REC market expertise.

d. 2014 Schedule of Board and Committee Meetings

The Board members considered the schedule of Board and Committee meetings for 2014.

Upon a motion made by Mr. Flynn, seconded by Mr. Ranelli, the Board voted unanimously in favor of approving the regular meeting schedule of the Board of Directors; Audit, Compliance and

Governance Committee; Budget and Operations Committee; and Deployment Committee for 2014 for the Clean Energy Finance and Investment Authority.

8. Residential Sector Program Updates and Recommendations:

Ms. O'Neill provided a brief update on the residential sector program. She mentioned that under the Smart-E Program, approximately \$1,000,000 of energy efficiency and renewable energy projects has been approved.

a. Multifamily and Affordable Housing Programs

Mr. Garcia mentioned that Ms. Stevenson led the close out of the Technology Innovation program and is now working on multifamily affordable housing initiatives. Ms. Stevenson provided an overview of some of the market opportunities and challenges with multifamily and affordable housing. She indicated that there are approximately 250,000 multifamily units in buildings with 5 or more units. Ms. Stevenson mentioned that "affordable" housing ranges from single to thousands of units, and there is a potential for \$125,000,000 of annual energy cost savings from this market. She stated that 50 percent of the units are concentrated in cities. A large percentage of units are electric or oil heated, and many are close to natural gas lines. Ms. Stevenson indicated that 22 percent of families in Connecticut owe more in utility bills than they can afford, and reducing that number will strengthen the quality of life for Connecticut families. A discussion ensued on the challenges with having separate meters and the importance of sub-metering.

Ms. Stevenson reviewed some of the challenges to opening up the multifamily affordable housing market in Connecticut, which include the lack of capital to plan and finance and the lack of performance data to help understand how the units are performing. Ms. Stevenson discussed some of the approaches taken by CEFIA to date. She stated that staff has been speaking with stakeholders to understand the centers of excellence. Ms. Stevenson indicated that CEFIA is trying to determine how to assist and who it can partner with to open the market in Connecticut. She discussed four main initiatives which include: 1) building a multifamily affordable housing market through C-PACE; 2) partnering with Community Development Financial Institutions; 3) partnering with CHFA; and 4) partnering with WINN-HUDE OME. Ms. Stevenson mentioned that the Deployment Committee members recommended the creation of an Advisory Committee. After discussion on the issue, there was general agreement to create a working group rather than a formal advisory committee to help staff with the development of a program. Mr. Ranelli will help Ms. O'Neill and Ms. Stevenson develop a preliminary list of members for the working group.

9. Other Business:

Ms. Smith asked the Board to consider adding to the agenda an executive session to discuss a confidential personnel matter.

Upon a motion made by Mr. Esty, seconded by Mr. Harrity, the Board voted in favor of adding to the agenda an executive session to discuss a personnel matter (Ms. Ferguson was not present for the vote).

Upon a motion made by Harrity, seconded by Mr. Flynn, the Board voted in favor of going into executive session at 10:55 a.m. to discuss a confidential personnel matter.

The executive session ended at 11:12 a.m., and the regular meeting was immediately reconvened.

10. Adjournment: Upon a motion made by Mr. Harrity, seconded by Mr. Flynn, the Board members voted unanimously in favor of adjourning the December 20, 2013 meeting at 11:14 a.m.

Respectfully submitted,

Catherine Smith, Chairperson