

CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY
Board of Directors
Minutes – Special Meeting
Wednesday, August 3, 2011

A special meeting of the Board of Directors of the **Clean Energy Finance and Investment Authority (the “Authority”)** was held on August 3, 2011, at the office of the Department of Energy and Environmental Protection, Hartford, CT.

1. **Call to Order:** Jonathan Harris, Deputy State Treasurer, called the meeting to order at 10:33 a.m. Board members participating: Daniel Esty, Commissioner of the Department of Energy and Environmental Protection (DEEP); Norma Glover; Jonathan Harris, Deputy State Treasurer representing the State Treasurer; Matthew Ranelli; and Catherine Smith, Chairperson of CI and Commissioner of the Department of Economic and Community Development (by phone).

Staff and Adjunct Staff Attending: Bryan Garcia (CEFIA), Shelly Mondo (CEFIA), Alex Kragie (DEEP), and Don Kirshbaum (State Treasurer’s Office).

Others Attending: Bruce Chudwick, Shipman & Goodwin, Eric Brown, CBIA (by phone)

Mr. Harris stated that he has a letter dated August 2, 2011 from the State Treasurer designating him to represent her as a member of the Authority at today’s meeting. It was also noted that pursuant to Connecticut General Statutes Public Act 11-80, Section 99e, the Honorable Governor Malloy has submitted a letter dated August 3, 2011 appointing the State Treasurer as the Chair of the Authority; and therefore, Jonathan Harris, as the Treasurer’s designee, will Chair today’s meeting.

2. **Oath of Office:**

Attorney Chudwick from Shipman & Goodwin administered the oath of office to Mr. Esty, Ms. Glover, Mr. Harris, and Mr. Ranelli as members of the Board of Directors of the Authority. He noted that he cannot swear in the members who are participating telephonically. Attorney Chudwick explained that the members participating telephonically may partake in the discussions today but cannot vote on any items.

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

4. **Appointment of Member to Preside Over the Meeting:** In light of the letter provided by Governor Malloy, it was not necessary to discuss this agenda item.

5. Review, Possible Modification and Adoption of Resolution of Purposes:

Mr. Harris asked the Board to consider the resolution of purposes. A suggestion was made by Mr. Ranelli, to eliminate the definition of “clean energy” in the resolution and instead make a statutory reference in the event the definition is statutorily changed in the future. Commissioner Esty suggested that the Authority may wish to be ahead of the legislature on its purpose, and that the board of directors might not want to directly tie the purpose to the statutes by reference only. In order to expedite moving forward with getting the organization up and running and since the legislature is not currently in session, Mr. Harris suggested that the Board consider the resolution as presented, and any amendments to the Bylaws or any other documents could be considered at the next meeting of the Board. A discussion ensued on the importance of hiring a director of investments with expertise and contacts with private capital funding, municipal bond financing, investment bankers, etc. as soon as possible.

Upon a motion made by Ms. Glover, seconded by Mr. Ranelli, the Board members eligible to vote voted unanimously in favor of adopting the following resolution of purposes:

RESOLVED:

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) the implementation of the Comprehensive Plan developed by the Authority pursuant to Section 16-245n(c) of the Connecticut General Statutes, as amended; (2) the development of 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" means solar photovoltaic energy, solar thermal, geothermal energy, wind, ocean thermal energy, wave or tidal energy, fuel cells, landfill gas, hydropower that meets the low-impact standards of the Low-Impact Hydropower Institute, hydrogen production and hydrogen conversion technologies, low emission advanced biomass conversion technologies, alternative fuels used for electricity generation including ethanol, biodiesel, or other fuel produced in Connecticut and derived from agricultural produce, food waste or waste vegetable oil, provided the Commissioner of Energy and Environmental Protection determines that such fuels provide net reductions in greenhouse gas emissions and fossil fuel consumption, usable electricity from combined heat and power systems with waste heat recovery systems, thermal storage systems, other energy resources and emerging technologies which have significant potential for commercialization and which do not involve the combustion of coal, petroleum or petroleum products, municipal solid waste or nuclear fission, financing of energy efficiency projects, and projects that seek to deploy electric, electric hybrid, natural gas or alternative fuel vehicles and associated infrastructure and any related storage, distribution, manufacturing technologies or facilities.

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.

6. Review, Possible Modification and Adoption of Bylaws:

Mr. Harris asked the Board to consider the draft Bylaws. A suggestion was made by Mr. Harris to consider adding language in the Finance Committee section about the responsibilities and authority for bond issuance and to designate that the Treasurer's office shall be an ex-officio member on the Finance Committee. There was a brief discussion about the general membership of the committees which consist of both director and non-director members. It was noted by Mrs. Glover that the non-director members of the committees do not have voting privileges. Mr. Harris indicated that any suggested changes should be discussed at the next meeting of the Board.

Upon a motion made by Mr. Ranelli, seconded by Ms. Glover, the Board members eligible to vote voted unanimously in favor of adopting the attached Bylaws of the Authority (Version 07/27/11).

7. **Elect a Vice Chair of the Board of Directors:**

Mr. Harris noted that this issue is unnecessary at this time.

8. **Review and Approval of Resolution to Appoint Bryan Garcia as Acting President of CEFIA:**

Upon a motion made by Ms. Glover, seconded by Mr. Esty, the Board members eligible to vote voted unanimously in favor of adopting the following resolution appointing Mr. Garcia to serve as Acting President of the Authority:

RESOLVED: That Bryan Garcia is hereby appointed to serve as Acting President of the Authority.

9. **Review and Approval of Resolution to Provide Bryan Garcia as Authorized Signatory:**

Upon a motion made by Mr. Ranelli, seconded by Mr. Esty, the Board members eligible to vote voted unanimously in favor of adopting the following resolution subject to the future adoption of Operating Procedures for the Authority, which are consistent with Connecticut General Statutes.

RESOLVED, that the Acting President shall have the following duties, responsibilities and authority, and shall be subject to the following restrictions, until such time as the Board appoints a President:

1. **GENERAL.** The affairs of the Authority shall be administered in accordance with applicable law, the Bylaws and other administrative policies as may be adopted by the Acting President in consultation with the Board. Under the direction of the Board, the Acting President shall conduct the business of the Authority and shall have such authority as is conferred by applicable law, the Bylaws and the Board. References in this resolution to approval by the Board shall mean and include approval by the Board or by any duly constituted committee thereof authorized to act on behalf of the Board pursuant to the Bylaws of the Authority.

The Acting President may designate one or more banks as a depository for the funds of the Authority and is authorized to sign any and all checks, drafts and other orders against any funds at any time standing to the credit of the Authority with any such bank and that any such bank is hereby authorized to honor any and all checks, drafts and other orders so signed. If any such bank has its own form of resolutions to be adopted by the Board of Directors of the Authority for establishment of accounts with such bank, the Acting President is hereby authorized, for and on behalf of the Authority, to

certify to such bank that such resolutions have been duly adopted by the Board of Directors of the Authority, and the execution and delivery of any such certificate by the Acting President shall be binding upon the Authority and such resolutions shall be conclusively deemed for all purposes to have been duly adopted by the Board of Directors.

2. PERSONNEL POLICIES.

Hiring & Promotions: The Acting President shall, in accordance with the Authority's Bylaws, establish a schedule of positions and total staffing levels for the Authority. The schedule of positions shall describe the signature authority, if any, of each position. The Acting President, acting on behalf of the Board, may from time to time fill any position on such schedule of positions and within such total staffing levels, except as may otherwise be provided in the Bylaws or any applicable resolution of the Board. The creation of any new Director-level position shall require the separate approval of the Board. For these purposes, "Director-level" means an Authority staff position one level under the officers in the Authority's staff organizational chart.

Whenever possible, the Authority shall maintain an identifiable career path for each class of positions on the schedule of positions approved by the Board. If the Acting President determines it to be appropriate, then a current employee's position may be reclassified to another position within said career path. New positions approved by the Board and existing positions that become available as a result of a current employee vacating such position shall be posted internally and, if the Acting President determines it to be appropriate, then publicly advertised in a manner reasonably designed to reach a range of possible applicants. A current employee shall be eligible for reclassification or promotion to an existing or new position only if such employee has at least six (6) months of service with the Authority and meets the minimum qualifications for such position.

Notwithstanding any other provision of this resolution or any employee handbook or other personnel policies of the Authority, the position of the Acting President, the manner of the conduct of any search for qualified applicants for such position, and the terms and conditions of employment in such position, including matters of compensation, dismissal, and severance, shall be in the discretion and subject to the approval of the Board. Hiring and promotion shall in all cases be in accordance with the Authority's Affirmative Action Plan and applicable statutes.

Compensation and Benefits: The Board shall establish and may from time to time modify reasonable compensation plans and employee benefits programs and policies as the Board determines to be necessary or appropriate to attract and retain qualified employees and carry out the Authority's statutory mission, including:

1. a compensation plan, which shall consist of sufficient salary grades to provide such compensation rates as may be determined to be necessary or desirable for all job classifications within the Authority, and which may include an incentive compensation program for all jobs classifications;
2. an employee benefits program, which may include, but is not limited to, vacation days, holidays, sick days, group health, life, and disability insurance, tuition reimbursement, length of service awards and other benefits, including eligibility criteria and benefit levels;
3. a performance evaluation system, which may be used to determine merit increases in salary and incentive compensation levels;
4. policies with respect to compensatory time, flex-time, and telecommuting;
5. policies with respect to severance pay and benefits;
6. policies with respect to business and travel reimbursement; and
7. other reasonable compensation and employee benefits programs and policies as the Board determines to be necessary and appropriate to attract and retain qualified employees.

The Acting President shall be empowered to administer the Authority's compensation plan and employee benefit programs and policies as approved by the Board, and shall have the authority to approve performance evaluations, determine merit increases and incentive compensation payments, and carry out such other duties and responsibilities as appropriate within the overall salary and employee benefits administration plan, except that performance evaluations and determination of merit or other salary increases and bonus payments for the position of Acting President shall be reserved to the Board or the committee of the Board with responsibility for matters of compensation. The Board shall review the Authority's compensation plan and employee benefit programs a part of its annual review of the Authority's budget and plan of operation.

Dismissal: Employment with the Authority is at-will, which means that either the employee or the Authority may terminate the relationship at any time and for any reason, with or without cause. The Acting President may impose any level of disciplinary action, including termination, based upon the severity of the offense requiring discipline and the employee's past work record. This in no way alters the at-will employment policy.

Coordination with and Administration by Connecticut Innovations, Incorporated: To the extent permitted by any contract for administrative support

and services between the Authority and Connecticut Innovations, Incorporated, personnel policies, compensation plans, and benefit programs and polices of the Authority may be coordinated and/or combined with, and administered by, Connecticut Innovations, Incorporated, subject to appropriate cost sharing.

3. PURCHASE, LEASE, ACQUISITION POLICY FOR REAL AND PERSONAL PROPERTY

The Authority, acting through the Acting President or another duly authorized officer, shall have the authority to invest in, acquire, lease, purchase, own, manage, hold, and dispose of real and personal property, and to lease, convey, or deal in or enter into agreements with respect to such real and personal property, on any terms necessary or incidental to the carrying out of the purposes of the Authority.

Procurement Procedures: The Authority may purchase, lease, or acquire real and personal property on a bid, negotiated, or open-market basis, including through a sole-source procurement or in such other manner as the Acting President determines to be appropriate and in the best interests of the Authority in the circumstances, provided that in the case of any contract or agreement for the purchase, lease, or acquisition of real or personal property requiring an expenditure by the Authority in excess of seventy-five thousand dollars (\$75,000), wherever possible bids or proposals shall be solicited from at least three (3) qualified parties. The requirements of this section shall not be applicable to transactions entered into by the Authority primarily for the purpose of providing financial assistance in the form of grants, loans or loan guarantees or debt and equity investments made by the Authority in support of the Authority's Resolution of Purpose and as otherwise provide by law. To the extent permitted by any contract for administrative support and services between the Authority and Connecticut Innovations, Incorporated, space, systems, supplies and other property, goods or services necessary for the business operations of the Authority may be provided by Connecticut Innovations, Incorporated, subject to appropriate cost sharing, and in such cases the procurement procedures of Connecticut Innovations, Incorporated shall apply thereto.

4. CONTRACTING FOR PROFESSIONAL SERVICES

The Authority, acting through the Acting President or another duly authorized officer, shall have the authority to engage accountants, attorneys, appraisers, financial advisers, investment advisors, underwriters, investment managers, investment bankers, brokers, architects, construction managers, engineers, and other consultants and professionals on any terms necessary or incidental to the carrying out of the purposes of the Authority. In the absence of a conflict of interest, such consultants and professionals may be those also providing services to Connecticut Innovations, Incorporated.

Procurement Procedures: Contracts for professional services shall be awarded by the Authority in such manner, including on the basis of a sole-source procurement, as the Board determines to be appropriate and in the best interests of the Authority in the circumstances, provided that (i) for such contracts requiring an expenditure by the Authority up to and including seventy-five thousand dollars (\$75,000) over a period of one fiscal year, the Acting President has sole approval authority; (ii) for such contracts requiring an expenditure by the Authority over seventy-five thousand dollars (\$75,000) and up to and including one hundred fifty thousand dollars (\$150,000) over a period of one fiscal year, the Acting President and the Chairperson must both approve the expenditure; and (iii) for such contracts requiring an expenditure by the Authority of over one hundred fifty thousand dollars (\$150,000), such contract shall, whenever possible, be awarded on the basis of a process of competitive negotiation where proposals are solicited from at least three (3) qualified parties. To the extent permitted by any contract for administrative support and services between the Authority and Connecticut Innovations, Incorporated, professional services may also be provided by consultants and professionals selected by and under contract to Connecticut Innovations, Incorporated, subject to appropriate cost sharing. The provisions of Section 1-127 of the General Statutes shall apply to the engagement of auditors by the Authority.

5. STATE CONTRACTING REQUIREMENTS

Any solicitation of bids or proposals by the Authority, and any award of a contract by the Authority, shall be subject to all state procurement and contracting requirements applicable to quasi-public agencies of the state, including without limitation, the following to the extent applicable in the circumstances:

1. Section 9-612 of the General Statutes, as amended, relating to campaign contributions by state contractors and their principals and related notices to state contractors and prospective state contractors;
2. Section 4-252 of the General Statutes relating to affidavits as to gifts from contractors under certain large state contracts;
3. Section 4a-81 of the General Statutes relating to affidavits with respect to consulting fees;
4. Section 3-13l of the General Statutes relating to the prohibition of finder's fees in connection with investment transactions;
5. Section 3-13j of the General Statutes relating to the disclosure of third party fees attributable to investment services contracts;
6. Section 4-61dd of the General Statutes relating to whistleblower protections; and
7. Section 4a-60 and 4a-60a of the General Statutes relating to nondiscrimination in state contracting and documentation of contractor adoption of a corporate policy supporting the

nondiscrimination agreements and warranties required by Sections 4a-60 and 40a-60a.

10. **Adjournment**: Upon a motion made by Ms. Glover, seconded by Mr. Esty, the Board members voted unanimously in favor of adjourning the August 3, 2011, meeting at 10:49 a.m.

Respectfully submitted,

Jonathan Harris, Chairman