



CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

October 24, 2011

Dear Clean Energy Finance and Investment Authority Board of Directors:

I am looking forward to continuing our progress in building the Clean Energy Finance and Investment Authority with you.

At this meeting, we will delve into a programmatic update on the status of our American Recovery and Reinvestment Act programs and have a discussion on our comprehensive planning process.

Our special meeting is scheduled for Monday, October 31, 2011 at 11:00 a.m. at our offices located at 865 Brook Street Rocky Hill, CT. For those of you that are interested in participating by webinar, we have established a capability to do that through iMeet. Please see the attached materials for instructions.

To prepare you for the meeting, we have provided you with all of the necessary background information that will be covered on the agenda and the associated resolutions.

If you have any questions, comments or concerns, please feel free to contact me at any time.

We look forward to the meeting next week.

Sincerely,

Bryan Garcia
President and CEO



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AGENDA

Board of Directors of the
Clean Energy Finance and Investment Authority
865 Brook Street
Rocky Hill, CT 06067

Monday, October 31, 2011 – Special Meeting
11:00 a.m. to 1:00 p.m.

Staff Invited: George Bellas, Keith Frame, Bryan Garcia, David Goldberg, Dale Hedman, Dave Ljungquist, Peter Longo, Rick Ross, and Bob Wall

1. Call to order
2. Public Comments – 10 minutes
3. Approval of meeting minutes for September 29, 2011* – 5 minutes
4. Update from the President – 5 minutes
5. Legislative Update – 5 minutes
6. Recommendation by the Audit, Compliance and Governance Committee to the Board of Directors of Approval of FY 2011 Draft CCEF Audited Financial Statements* – 10 minutes
7. American Recovery and Reinvestment Act Update – 40 minutes
 - a. Solar PV
 - b. Solar Thermal
 - c. Geothermal
 - d. Fuel Cells*
8. Comprehensive Planning Process – 40 minutes
9. Adoption of 2012 regular meeting schedule of the Board of Directors* – 5 minutes
10. Adjourn

* Denotes item requiring Board action

***Next Meeting: Monday, November 21, 2011 from 9:00-11:00 a.m.
Clean Energy Finance and Investment Authority, 865 Brook Street, Rocky Hill, CT***



CLEAN ENERGY

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RESOLUTIONS

Board of Directors of the
Clean Energy Finance and Investment Authority
865 Brook Street
Rocky Hill, CT 06067

Monday, October 31, 2011 – Special Meeting
11:00 a.m. to 1:00 p.m.

Staff Invited: George Bellas, Keith Frame, Bryan Garcia, David Goldberg, Dale Hedman, Dave Ljungquist, Peter Longo, Rick Ross, and Bob Wall

1. Call to order
2. Public Comments – 10 minutes
3. Approval of meeting minutes for September 29, 2011* – 5 minutes

Motion to approve the minutes of the Board of Directors September 29, 2011 Special Meeting. Second. Discussion. Vote.

4. Update from the President – 5 minutes
5. Legislative Update – 5 minutes
6. Recommendation by the Audit, Compliance and Governance Committee to the Board of Directors of Approval of FY 2011 Draft CCEF Audited Financial Statements* – 10 minute

Motion to Recommend the Acceptance of the Audit, Compliance and Governance Committee recommendation to approve of the Audited Financial Statements and the Federal Single Audit Report of the Connecticut Clean Energy Fund for the Fiscal Year Ending June 30, 2011. Second. Discussion. Vote.

7. American Recovery and Reinvestment Act Update – 40 minutes
 - a. Solar PV
 - b. Solar Thermal
 - c. Geothermal
 - d. Fuel Cells*

(See attached resolution)

8. Comprehensive Planning Process – 40 minutes
9. Adoption of 2012 regular meeting schedule of the Board of Directors* – 5 minutes

Motion to approve the Regular Board of Directors Meeting Schedule for the calendar year 2012, as presented. Second. Discussion. Vote.

10. Adjourn

*Denotes item requiring Board action

Call-in information: 1-877-885-3221

Access code: 8446562

***Next Meeting: Monday, November 21, 2011 from 9:00-11:00 a.m.
Clean Energy Finance and Investment Authority, 865 Brook Street, Rocky Hill, CT***



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Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #1

Call to Order

October 31, 2011



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Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #2

Public Comments

October 31, 2011



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Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #3

Approval of Meeting Minutes of September 29, 2011

October 31, 2011



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Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #4

Update from the President

October 31, 2011



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Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #5

Legislative Update

October 31, 2011



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Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #6

Audit, Compliance and Governance Committee

October 31, 2011



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Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #7

American Recovery and Reinvestment Act Update

October 31, 2011



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American Recovery and Reinvestment Act Overview

Dale Hedman

Director of Renewable Energy Deployment

October 31, 2011

Purpose of ARRA



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“To preserve and create jobs and promote economic recovery in the near term and to invest in infrastructure that will provide long-term economic benefits.”

State Energy Program (SEP)



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Is an ARRA grant of \$38.542 million to the State's Energy Office (OPM) from the U.S. Department of Energy (DOE) for the state to support energy efficiency and renewable energy programs and initiative.

CEFIA ARRA SEP Grant Allocation



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Total Allocation: \$20.0 million

Initial Program Allocation:

Geothermal Program (New Program) \$5.0 million

Solar Thermal Program (New Program) \$4.0 million

Solar PV Program \$3.0 million

Fuel Cell Program \$8.0 million



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American Recovery and Reinvestment Act Solar Photovoltaic (PV) Update

Christin Cifaldi

Manager of Clean Energy Deployment

October 31, 2011

ARRA PV - Budget



ARRA PV Funding Summary March 2011- October 2011

Total Number of Projects Funded	10
TOTAL kW _{AC}	856.535
TOTAL ARRA Program Funding	\$3,000,000
TOTAL ARRA Funding Reserved	\$2,823,218
ARRA Funding Remaining	\$176,782

A portion of the remaining \$176,782 will be allocated to CEFIA's ARRA Solar Thermal Program.

ARRA PV – Approved Projects



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ARRA Solar PV Program					
Applicant	Installation Location	Solar PV Installation Size (kWAC)	Target Completion Date	Status	Grant
CREC - Metropolitan Learning Center	Bloomfield	77.37	April 2012	Equipment Delivery Pending	\$261,800
Gilead Hill Elementary School	Hebron	76.93	March 2012	Equipment Delivery Pending	\$237,700
Somers Elementary School	Somers	118.66	February 2012	Equipment Delivery Pending	\$331,000
Franklin Academy	East Haddam	86.23	April 2012	Equipment Delivery Pending	\$387,000
Connecticut Sikh Association	Southington	54.74	December 2011	Construction Pending	\$247,700
Windham Water Works	Mansfield	80.08	March 2012	Equipment Delivery Pending	\$389,970
Unified Realty, LLC	Waterford	174.25	December 2011	Payment Pending	\$471,300
Ballek's Garden Center	East Haddam	50.36	December 2011	Payment Pending	\$172,590
John Wallace Middle School	Newington	78.66	April 2012	Equipment Delivery Pending	\$233,500
Leon Tennis	Cos Cob	53.94	February 2012	Equipment Delivery Pending	\$179,600

Ten (10) projects have been approved under CEFIA's ARRA Commercial PV Program.

ARRA PV – Paid Projects



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ARRA COMMERCIAL SOLAR PV PAYMENT SUMMARY - OCTOBER 31 , 2011

Project Name	kWAC	Grant	Month of Approval	Type on Payment	Date of Payment	Amount of Payment
Connecticut Sikh Association	54.00	\$247,700	May-2011	First 50% PMT	10/17/2011	\$123,850
Ballek's Garden Center	50.36	\$172,590	May-2011	First 50% PMT	Pending	\$86,295
Unified Realty, LLC	174.25	\$471,300	Jun-2011	First 50% PMT	Pending	\$235,650
Total	278.61	\$891,590				\$445,795

Three (3) projects have requested payment under CEFIA's ARRA Commercial PV Program.



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American Recovery and Reinvestment Act Solar Thermal Update

David Ljungquist

Director of Energy Efficiency Deployment

October 31, 2011



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American Recovery and Reinvestment Act Geothermal Update

David Ljungquist

Director of Energy Efficiency Deployment

October 31, 2011



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American Recovery and Reinvestment Act Fuel Cell Update

Rick Ross

Senior Manager of Clean Energy Deployment

October 31, 2011

ARRA Fuel Cell - Budget



ARRA Fuel Cell Funding Summary March 2011 - October 2011

Total Number of Projects Funded						6		
TOTAL kW Capacity						3,400		
TOTAL ARRA Program Funding						\$8M		
TOTAL ARRA Funding Pipeline						\$8M		
ARRA Funding Remaining						\$0		

Five of the six fuel cell projects in the pipeline have already been approved for ARRA funding by the CCEF Projects Committee.

ARRA Fuel Cell Projects



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No.	Fuel Cell Project Pipeline	SHPO Approved	NEPA Approved	Capacity Size	Target Project Completion Date	CCEF Grant Approved	Grant Payments
1	City of New Haven (City Hall/Hall of Records)	Approved	Submitted - additional info requested	400 kW (UTC Power)	4/5/2012	\$900K	\$0
2	Central CT State University	Approved	Approved	1.4 MW (FCE)	12/30/2011	\$3.4M	\$0
3	University of Connecticut (Depot Campus)	Approved	Approved	400 kW (UTC Power)	3/4/2012	\$1M	\$0
4	Hamden High School	Approved	Approved	400 kW (UTC Power)	12/16/2011	\$900K	\$450K
5	Eastern CT State University	Approved	Approved	400 kW (UTC Power)	4/8/2012	\$800K	\$0
6	Mt. Sinai Hospital (Pipeline - not yet approved)	Will submit application upon Board approval	Will submit application upon Board approval	400 kW (UTC Power)	4/29/2012	\$1M (pending approval)	\$0
				3.4 MW		\$8M	\$450K

Hamden High School

	Actual/Projected
Contract	4/14/2011
Design begins	5/10/2011
Mobilize onsite	6/20/2011
BOM shipped	8/18/2011
Start up begins	11/15/2011
Witness test	12/13/2011
Commercial Operation Date	12/16/2011
Project Closed	12/26/2011



- ▶ **Startup Process Set to Begin by Mid-November**
- ▶ **Project to be Complete by Year End (2011)**

Mount Sinai Hospital



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	Actual/Projected
Contract	10/31/2011
Site Design Begins	10/10/2011
Mobilize Onsite	12/15/2011
BOM Shipped	1/30/2012
Startup Begins	4/2/2012
Witness Test	4/28/2012
Commercial Operation Date	4/29/2012
Project Closed	5/18/2012



- **Preliminary Design Review November 11th**
- **Electricity Generation and Commercial Operation Date by April 30, 2012**



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Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #8

Comprehensive Planning Process

October 31, 2011



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Comprehensive Planning Process

Bryan Garcia

President and CEO

October 31, 2011

- ▶ **Current Resources and Programs** – what are our current financial resources and where do we invest
- ▶ **Public Act 11-80** – key sections and discussion of expectations
- ▶ **Future Programs** – what areas does the BOD want to see CEFIA invest in and discussion on vision, mission, and metrics of success
- ▶ **Next Steps** – planning and implementation of transition, regular, and statutory programs



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Comprehensive Planning Process Current Resources and Programs

Current Sources of Financial Capital



Annual Sources of Capital	2011 Actual (000's)	2012 Budget (000's)
Utility Customer Assessment	\$28,444	\$27,515
Interest on Deposits	117	118
RECs	53	50
RGGI Auction Proceeds	3,383	1,000
RPS Compliance Penalty Payments	104	100
Other Income	62	130
Sources of Capital	\$32,163	\$28,913

In addition to annual sources of capital, we have nearly **\$30 million** in uncommitted cash (\$18 million) and potentially accessible assets on the balance sheet (\$10-\$15 million)

Technology Innovation

Summary of Current Programs



Pre-Alpha Program

Investment

\$10,000-\$25,000 grants

Program Goals

Identify and fund new concepts and experiments with significant potential

Funding Objectives

Support invention of new concepts and lab studies to validate predictions

Level of Development

Technology concept and/or application formulated

TRL Level 2-3

Risk Focus

Concept
High

Alpha Program

Investment

\$200,000 – \$50,000 grant /
\$150,000 non-recourse loan

Program Goals

Identify and advance promising early stage technologies

Funding Objectives

Support proof of concept and projects to overcome specific technology hurdles

Level of Development

Early stage product development

TRL Level 4-6

Risk Focus

Technology
High (unqualified)

Op Demo Program

Investment

Up to \$500,000 non-recourse loan

Program Goals

Identify and advance technologies on threshold of commercial application

Funding Objectives

Support development and qualification of operational (pre-production) prototypes

Level of Development

Design qualification

Pre-production prototype

TRL Level 6-8

TRL Level 9 (for technologies not yet commercially deployed in CT)

Risk Focus

Product (engineering/operation)
High/ moderate (qualified)

Deployment

Summary of Current Programs



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Statutory Programs

Section 103

Establish 3-year pilot programs for CHP and anaerobic digester projects

Program Goals

Promote the development of new CHP projects below 2MW (not to exceed 50 MW) and anaerobic digester projects below 1.5 MW (not to exceed 5 projects) in Connecticut

Funding Objectives

Deploy \$4 million in capital each year for 3 years

Section 106

Establish 10-year residential solar PV program

Program Goals

Deploy at least 30 MW of projects (3 times 2001-2010)

Funding Objectives

Deploy one-third of ratepayer funds (\$9-10 million) each year for 10 years

Transition Programs

Best of Class Onsite Distributed Generation Program – Solar PV

\$4.5 million competitive solicitation

Program Goals

Transition to the ZREC market from a buydown rebate to a performance-based incentive

Funding Objectives

Deploy solar PV systems on commercial buildings, public buildings and affordable housing

Onsite Distributed Generation Program – Other Technologies

\$3.5 million rolling solicitation

Program Goals

Transition to the ZREC and LREC market from a buydown rebate to a performance-based incentive

Funding Objectives

Deploy fuel cell and other ZREC and LREC systems on commercial and industrial buildings

Regular Programs

Feasibility Studies

Up to \$50,000 non-recourse loan

Funding Objectives

Determine go-no go decision on a new project development (i.e. biofuelplant) or market (i.e. small hydro)

Predevelopment Studies

Up to \$500,000 non-recourse loan

Funding Objectives

Assist project developer with siting, permitting, etc. (i.e. PRE and BNE Energy)

Solar Thermal Deployment

\$4 million

Funding Objectives

To continue to build a sustainable industry in solar thermal deployment for residential, commercial, and industrial applications



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Comprehensive Planning Process
Public Act 11-80

Key Provisions of Public Act 11-80



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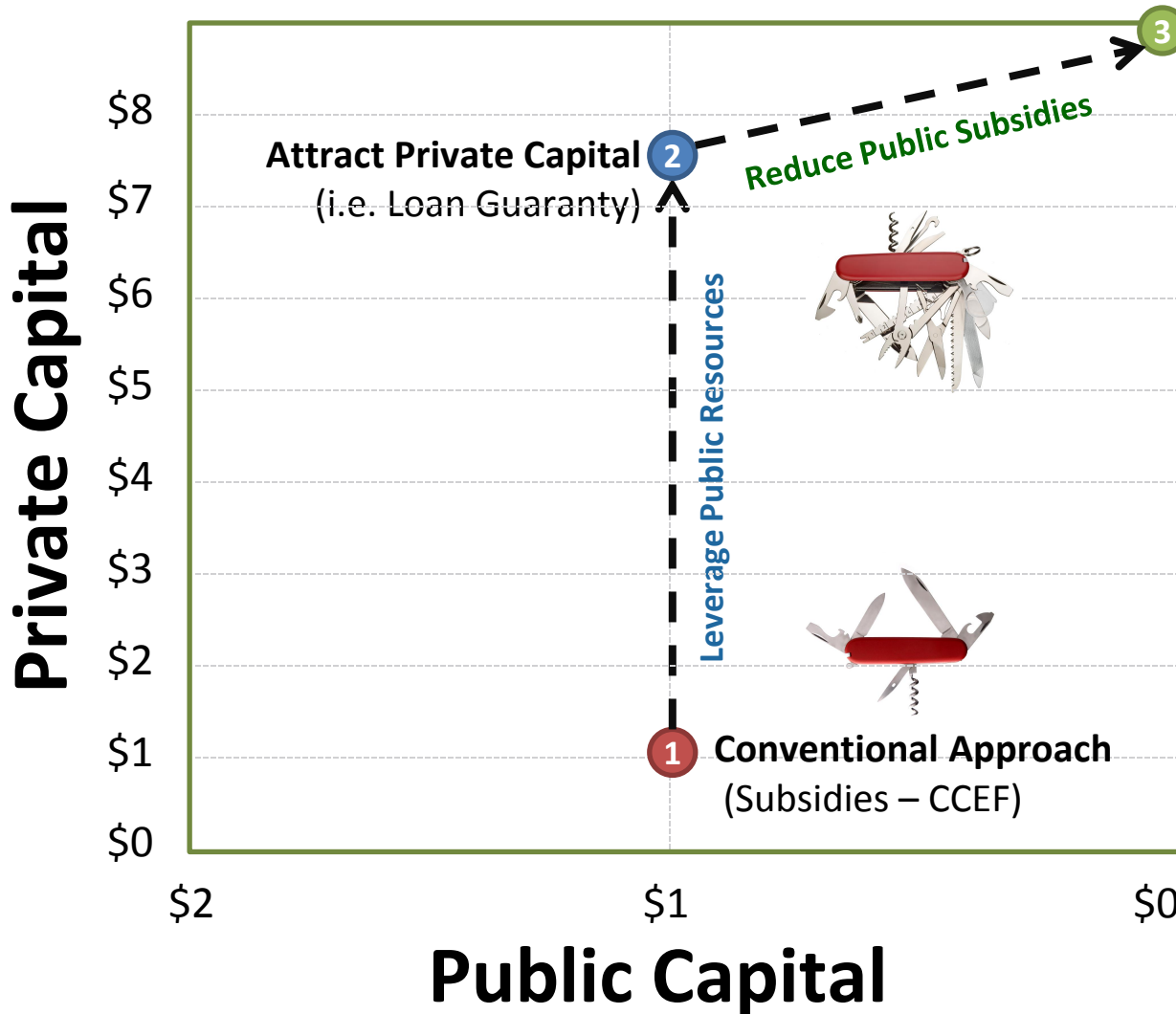
- ▶ Project 150 non-extension of extension date (§91)
- ▶ **New Quasi-Public Authority (§99)**
- ▶ Property Assessed Clean Energy (§100)
- ▶ **Combined Heat and Power and Anaerobic Digester Pilot Programs (§103)**
- ▶ **Residential Solar PV Program (§106)**
- ▶ **Zero Emission and Low Emission Generation Programs (§107-110)**
- ▶ Condominium Program (§111)
- ▶ Residential Heating System Financing and CHP (§116 and 135)
- ▶ Energy Performance Contracting – Leading by Example (§118, 122 and 123)
- ▶ Virtual Net Metering (§121)
- ▶ **Green Connecticut Loan Guaranty Fund (§124)**
- ▶ Disclosure of Consumption Data (§125-126)
- ▶ Grid-Tied Procurement (§127)
- ▶ Building Permit Fee Waiver for Clean Energy (§128)

Deployment Expectation for CEFIA

Leverage Resources and Reduce Subsidies



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Attract Private Capital
(i.e. Financing – CEFIA)

Is this the
right BOD
expectation
of CEFIA?

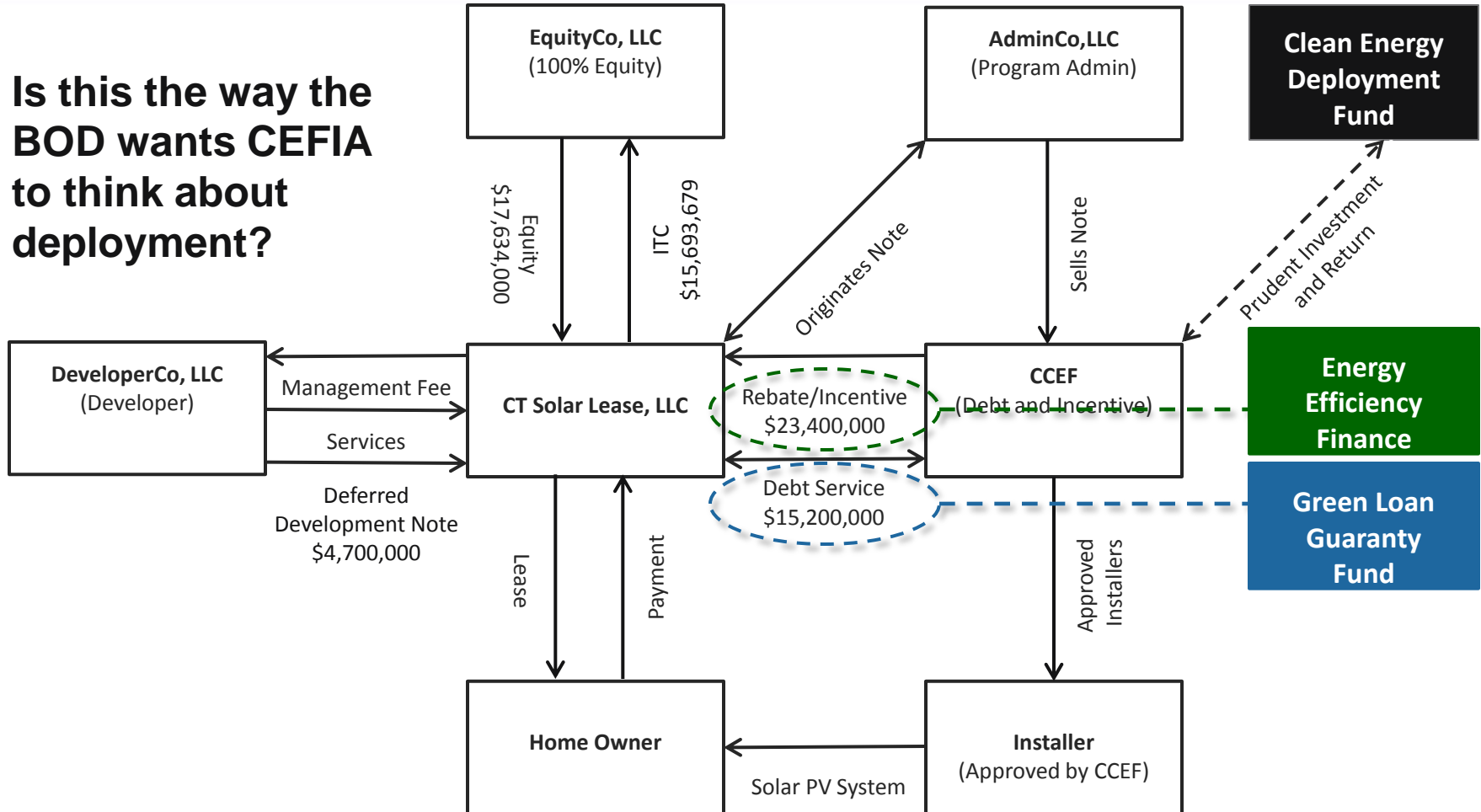
What about
technology
innovation?

Example of Deployment Expectation Connecticut Solar Lease (Version 1.0)



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Is this the way the
BOD wants CEFIA
to think about
deployment?



REFERENCES

Design – 5.5% interest rate (4% to AFC First Financial for sourcing and servicing, 0.5% CT Solar Lease, and 1.0% to CCEF), secured, 200% of median income
 Consumer Credit Guidelines – 640 if salaried, 680 if self-employed for at least 2 years, 720 if self-employed less than 2 years, no bankruptcy in last 7 years, debt to income or monthly obligations to monthly income 50% for all credit scores
 Performance – 800 loans, 6.0 kW AC average system size, from \$5,320/kW rebate in 2009 to \$2,731/kW rebate in 2012, and 2 defaults.



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Comprehensive Planning Process

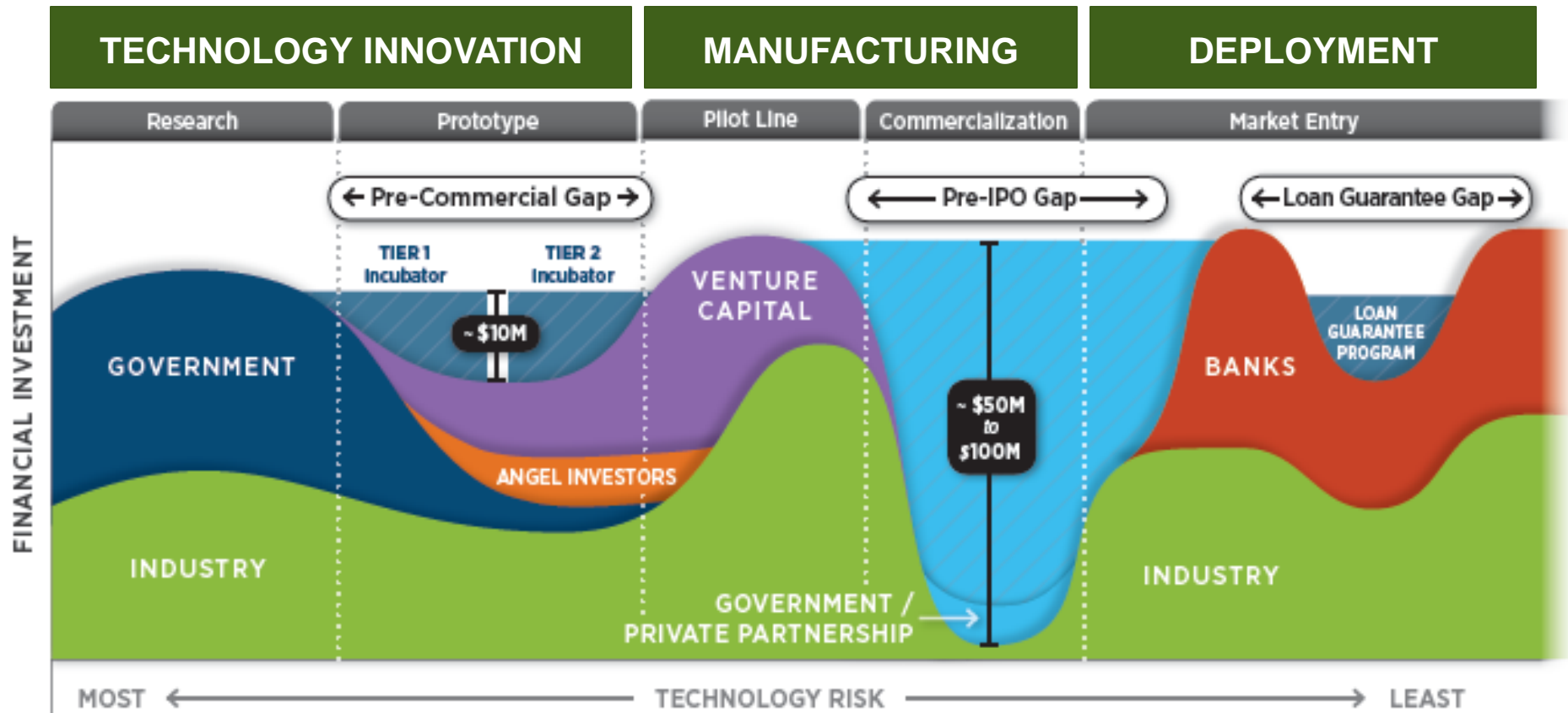
Future Programs

Clean Energy Valleys of Death

Where does CEFIA provide value?



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Are we involved in technology innovation? And/or manufacturing? And/or Deployment?



▶ Vision and Mission

- ❑ Why has CEFIA been created?
- ❑ What problem(s) is CEFIA solving?
- ❑ Who are CEFIA's key constituencies?
- ❑ What structure should CEFIA adopt to pursue its vision and purpose?
- ❑ Why has it been established as a "green bank"?

▶ Metrics of Success

- ❑ What are the metrics of success to help inform strategy, identify trade-offs, determine what expertise to bring in, and what external partnerships to form?
- ❑ How do we monitor progress towards achieving vision and purpose?



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Comprehensive Planning Process

Next Steps



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Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #9

Adoption of 2012 Regular Meeting Schedule

October 31, 2011



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Board of Directors of the Clean Energy Finance and Investment Authority

Agenda Item #10

Adjourn

October 31, 2011



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Comprehensive Planning Process

Appendices

Current Sources of Human Capital



- ▶ **CEFIA Staffing** – transitioned 21.7 FTEs from CI to CEFIA
- ▶ **Administrative Staffing** – negotiating contract with CI for 4.5 FTEs (IT, HR, and administration)
- ▶ **Additional Recruitment** – filling 7.0 FTEs
 - 4.0 FTE vacancies – General Counsel, Manager, Associate and Administrative Assistant
 - 3.0 FTE new hires – EVP and CIO, Chief of Staff, and Associate

Sources and Uses of Capital



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Sources and Uses of Capital	Budget (000's)
Sources of Capital for 2012	\$28,913
Unrestricted Cash Balance (as of August 31, 2011)	<u>27,296</u>
Sources of Capital	\$56,209
Operating Expenses	(5,000)
Technology Innovation	(5,700)
Deployment – Statutory Requirement	(13,171)
Deployment – Transition to ZREC-LREC market	(8,000)
Deployment – Programs	<u>(6,000)</u>
Sources of Capital after Uses	\$18,338



Other Sources of Capital



Other Sources of Capital	Amount (000's)
Project 150 Grants – Unfunded Commitment	4,000
Investment in RECs	1,430
Solar Lease Notes	11,086
Green Loan Guaranty Fund	18,000
Other Potential Revenues	\$37,268



Transition Plan

From the CCEF to CEFIA



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Uses of Capital		Year 1 (000's)	Year 2 (000's)
	Operating Expenses	(\$5,000)	(\$5,000)
TECHNOLOGY INNOVATION	Pre-Alpha and Alpha	(2,050)	(2,050)
	Operational Demonstration	(1,650)	(1,650)
	Other Technology Innovation	(2,000)	(500)
	PA 11-80 (§103) – CHP and Anaerobic Digesters	(4,000)	(4,000)
	PA 11-80 (§106) – 30 MW Residential Solar PV	(9,171)	(9,171)
DEPLOYMENT	Best of Class – Solar PV (ZREC Transition)	(4,500)	
	Best of Class – All Other Technologies (LREC Transition)	(3,500)	
	Solar Thermal	(4,000)	(2,000)
	Feasibility Studies and Predevelopment	(2,000)	(1,000)
	Transition Budget	(37,871)	(25,371)



Section 99 (2)(C)(i)



(C) Funding sources specifically authorized include, but are not limited to:

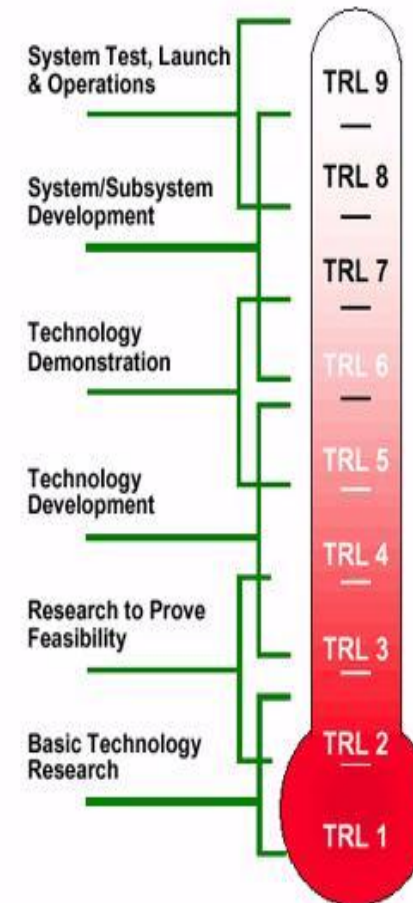
- (i) **Funds repurposed from existing programs** providing financing support for clean energy projects, provided any transfer of funds from such existing programs **shall be subject to approval by the General Assembly** and shall be used for expenses of financing, grants and loans;

Technology Readiness Levels

Technology Innovation Programs



Technology Readiness Level	Description
9. Actual system "field proven" through successful operations	➤ Actual application of the technology in its final form and under true mission or field conditions. Represents the end of system fine tuning.
8. Actual system completed and "field qualified" through test and demonstration	➤ Technology has been proven in its final form and under expected conditions, representing the end of true system development. Examples include test and evaluation to meet system design specs.
7. System prototype demonstration in an operational environment	➤ Prototype near or at planned operational system. Requires demonstration of an actual system in an operational environment.
6. System/subsystem model or prototype demonstration in a relevant environment	➤ Representative model or prototype system that has been tested in a relevant environment. Examples include testing in a "high fidelity" lab environment or in simulated operational environment.
5. Component validation in a relevant environment	➤ The basic technology components are integrated with reasonably realistic supporting elements to allow testing in simulated environments. Examples include "high fidelity" integrated lab components.
4. Component validation in a laboratory environment	➤ Basic technological components are integrated to establish the pieces that will work together (low fidelity). Examples are lab hardware.
3. Analytical and experimental critical function and/or characteristic proof of concept	➤ Active R&D is initiated, including analytical and lab studies to validate predictions of separate elements of technology. Examples include components not yet integrated or representative.
2. Technology concept and/or application formulated	➤ Invention begins based on observation of basic principles. Application is speculative with no proof or detailed analysis.
1. Basic principles observed and reported	➤ Lowest level of technology readiness. Scientific research begins to be translated into applied R&D. Examples include literature studies.

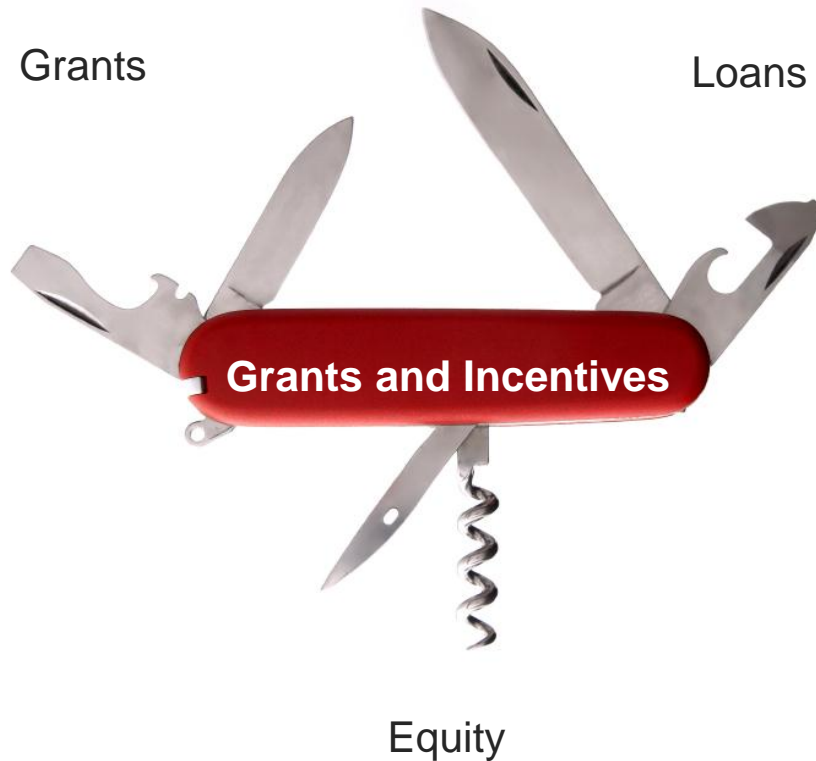


Purpose

Before there was PA 98-28...

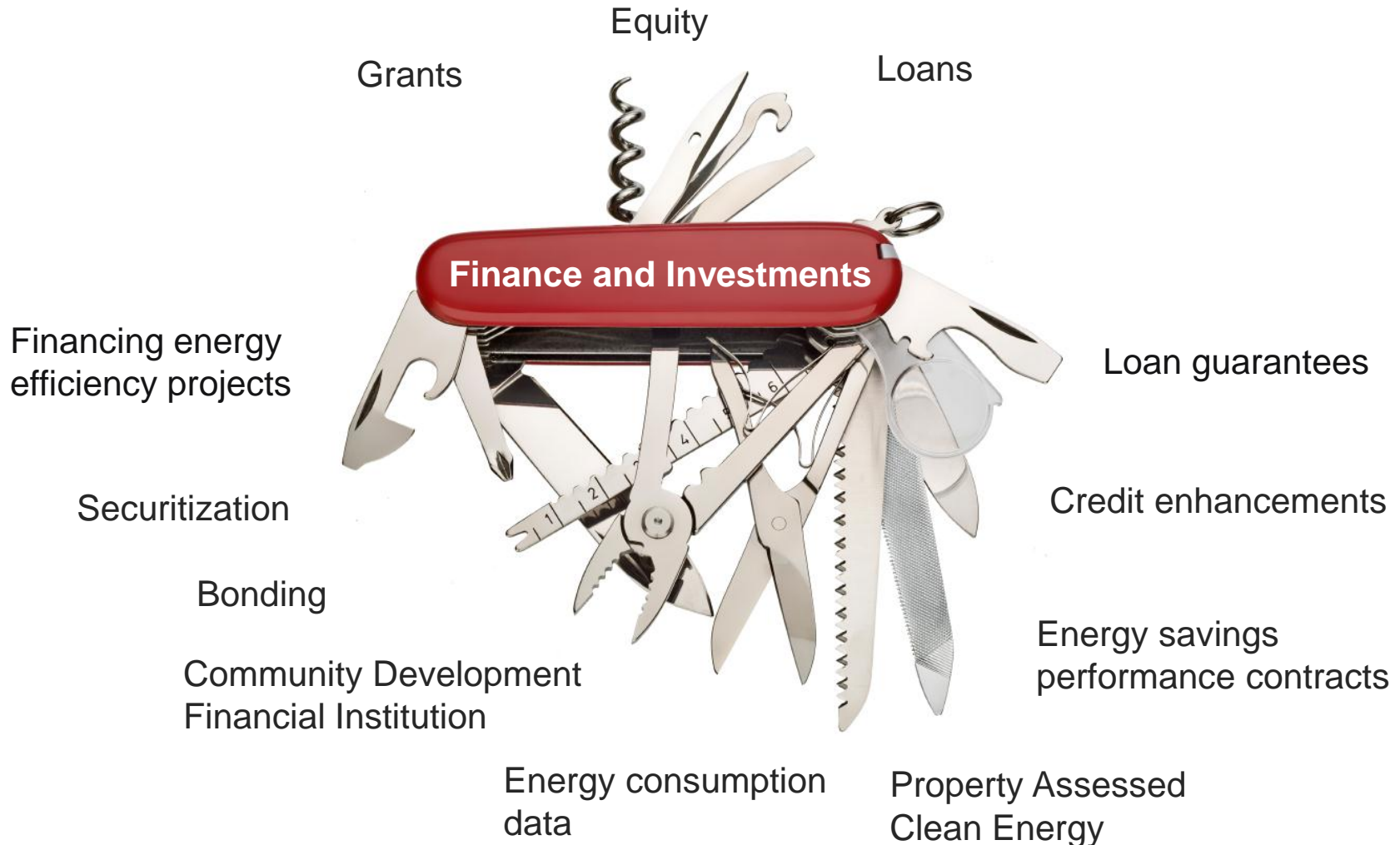


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Purpose

...and now there is PA 11-80



CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY
Board of Directors
Draft 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,

Catherine Smith, Chairperson



CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Memo

To: CEFIA Board of Directors and Bryan Garcia
From: Bob Wall, Director of Marketing and Outreach
Date: October 24, 2011
Re: Introduction of iMeet Online Meeting Platform

CEFIA has subscribed to iMeet, an online video meeting platform that allows up to 15 people to meet “face-to-face” through a personal computer, tablet or smart phone. With this service, we will be able to conduct virtual meetings (or a combination of in-house and remote participants) for the Board of Directors, Board Committees or other purposes.

We propose to offer this service for the October 31, 2011 Board Meeting as a test run, using limited cameras in the Board room and a feed for power point presentations. The Board can decide whether it wishes to use iMeet for this or future Board or committee meetings.

Equipment Needs:

- Personal computer, tablet or smartphone
- Camera (optional) – may be webcam built into above devices or separately attached
- Phone or computer with mic and speakers or headphones







General Instructions:

- User Manual – see attached memo, “iMeet Meeting Instructions for Guests”
- “iMeet Features and Functionality” – permanently stored in Meeting Room virtual file cabinet

Host Instructions: Will be forwarded separately

Guest Quickstart Instructions:

1. Log into iMeet room URL: <http://www.imeet.com/cefia/cefia>
2. Click meeting link from iMeet host
3. Select “Guest Login” (if already “Registered Guest”, skip to step 6)
4. Enter email address + Click Enter

5. Choice: Set up your cube (enter name, email, phone number, photo) or go straight to meeting
6. If “Registered Guest”, enter email address and password + Click Enter
7. Host/User Cube Controls:
 - a.  Webcam On/Off is used to turn your webcam on or off.
 - b.  Raise Hand lets the iMeet Host know you have a question.
 - c.  Step Away tells everyone in the iMeeting that you’re currently away.
 - d.  Info unfolds a cube so you can see a person's profile or edit your own.
 - e.  Microphone Volume is used to control your voice volume in the meeting.
 - f.  Call is used to connect your audio.
8. Visual - Choose visual image:
 - a. Select webcam for live video
 - b. Show your photo
 - c. Show your avatar
9. Audio – Choose audio connection:
 - a. iMeet calls the phone number you entered (cell or landline)
 - b. iMeet calls your computer (use mic and headphones)
 - c. Dial in yourself – Use access phone number and audio key provided
10. To Speak (from remote location) – Click Question Mark to “raise hand” and wait until Host acknowledges
11. iMeet Etiquette:
 - a. Follow step 10 to speak from remote location
 - b. [mute?]
 - c. [Other ?]
12. End of Meeting
 - a. Exit Meeting – Host may leave while others continue
 - b. End Meeting – Ends meeting for all

Tech Support:

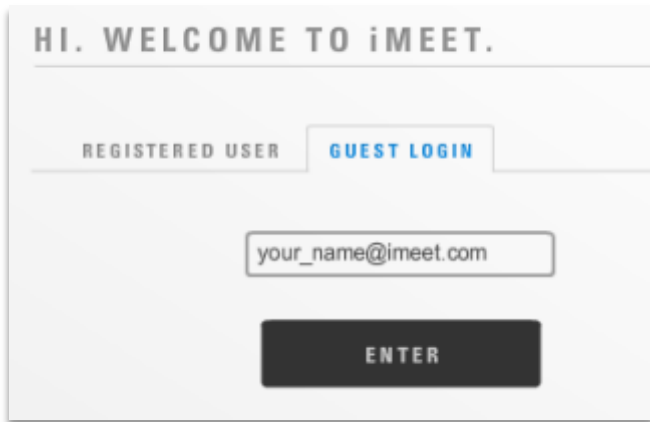
- If PC connection is lost: Repeat from step 1
- If phone/audio connection is lost: [?]
- General help: Call Joe Casparino – IT Director, Connecticut Innovations at (860) 257-2365

iMeet Meeting Directions for Guests

Joining an iMeeting - New Guest

New to iMeet? We just need some basic personal info for your iMeet cube (your face for the meeting) and we'll get you in the room. Of course, the more details you provide about yourself, the more people can learn about you.

To get going, click the meeting link from the iMeet Host. Select "Guest Login", enter your email address and click Enter. You can then set up your cube (it's quick, we promise) or skip straight to the meeting.



HI. WELCOME TO iMEET.

REGISTERED USER GUEST LOGIN

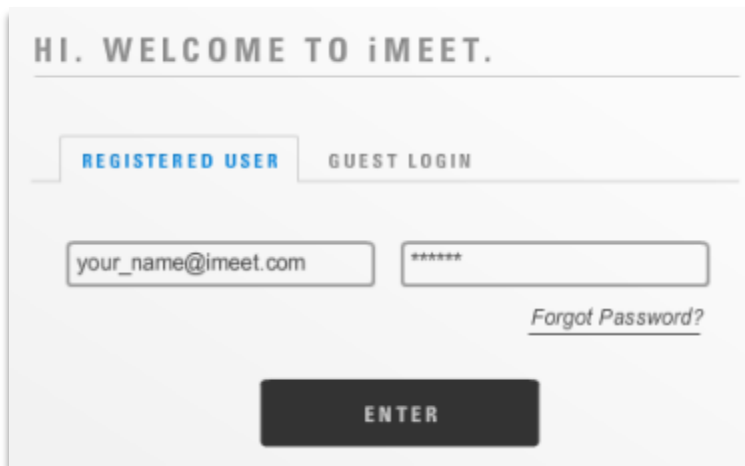
your_name@imeet.com

ENTER

This screenshot shows the iMeet login interface for a new guest. At the top, it says "HI. WELCOME TO iMEET." Below this, there are two tabs: "REGISTERED USER" and "GUEST LOGIN", with "GUEST LOGIN" being the active tab. A text input field contains the placeholder "your_name@imeet.com". Below the input field is a dark button labeled "ENTER".

Joining an iMeeting - Registered Guest

If you already set up your cube (iMeet profile), then iMeet remembers you. Just go to the login screen, type in your email and password, and click "Enter". Like magic, your cube will rise into the iMeet room.



HI. WELCOME TO iMEET.

REGISTERED USER GUEST LOGIN

your_name@imeet.com *****

[Forgot Password?](#)

ENTER

This screenshot shows the iMeet login interface for a registered user. At the top, it says "HI. WELCOME TO iMEET." Below this, there are two tabs: "REGISTERED USER" and "GUEST LOGIN", with "REGISTERED USER" being the active tab. There are two text input fields: the first contains the placeholder "your_name@imeet.com" and the second contains "*****". Below the input fields is a link that says "Forgot Password?". At the bottom is a dark button labeled "ENTER".

Building Your Cube

The first time you enter an iMeet room as a Host or Guest, you will be asked to provide a few things to get your cube started, like name, email and phone number (so iMeet knows what phone to ring for meetings). You can also upload a photo, create an avatar, and provide other details about who you are.

CREATE PROFILE STEP 1 OF 2

THE BASICS

At iMeet, people get to see you.
Let's grab a few things for your profile.

Your Email * your.name@email.com

Name *

Phone

This is just so we know what phone to ring for meetings.

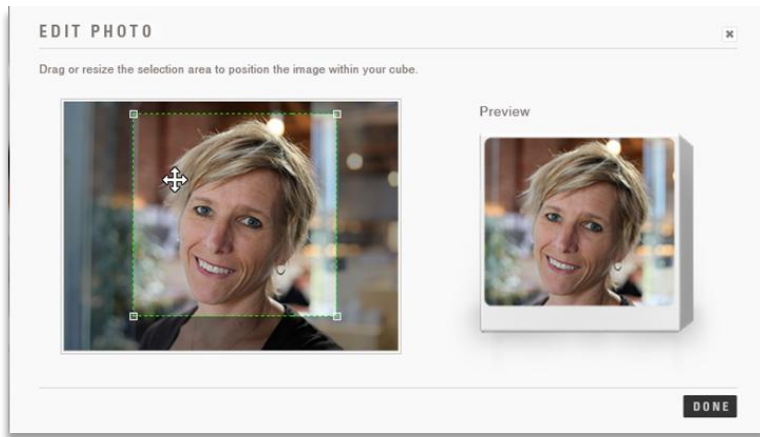
* Required

NEXT >

When you have completed all the fields, click Next at the bottom of the screen.

Your Photo

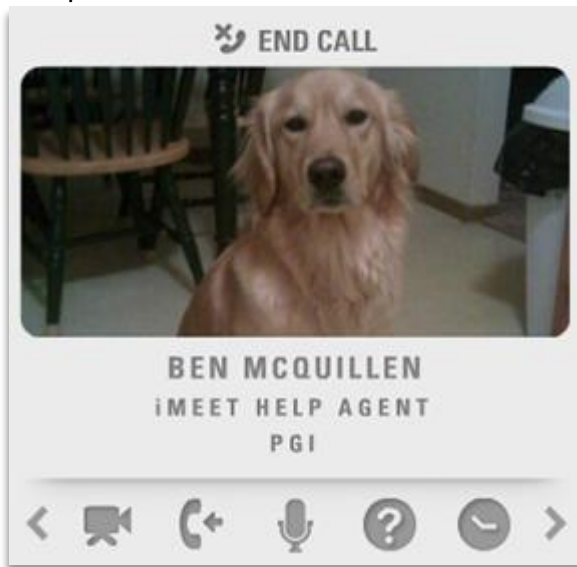
After entering your basic profile info, you'll be asked to upload a photo or avatar. This is how people will see you in iMeet. If you're in a hurry (we know the drill), you can fix up your cube later and go straight to the iMeeting by clicking "Next".



When updating a cube with a new picture the cube owner can import any photo and edit the photo by dragging the selection area to position the image within their cube.

Cube Controls

Your cube has a bunch of controls you can use during an iMeeting. For example, you can adjust your microphone volume or switch to webcam. To bring up the controls, rest your mouse on your cube.




Webcam On/Off is used to turn your webcam on or off (obvious, we know).





Raise Hand lets the iMeet Host know you have a question.



Step Away tells everyone in the iMeeting that you're currently away.

 Info unfolds a cube so you can see a person's profile or edit your own.

 Microphone Volume is used to control your voice volume in the meeting.

 Call is used to connect your audio.

Using a Webcam

If you have a webcam, you can use it to iMeet in video.



To bring up your webcam control, rest your mouse on your cube. Then click the “Webcam” icon in the lower left of your cube.

Choose your camera input and slide the Webcam control to “On”. You will see a preview (make adjustments if needed). When everything looks good, click “OK”.

If your webcam isn’t working properly, check your Flash Settings to make sure everything is configured properly.

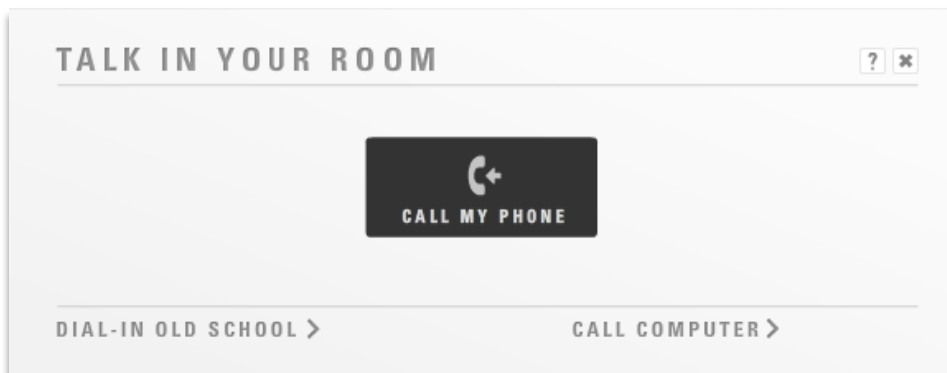
Audio

After your cube rises into the room (the visual part of iMeet), you will be asked to pick an audio connection so you can talk and/or listen to others in the iMeeting. There are a few ways you can connect:

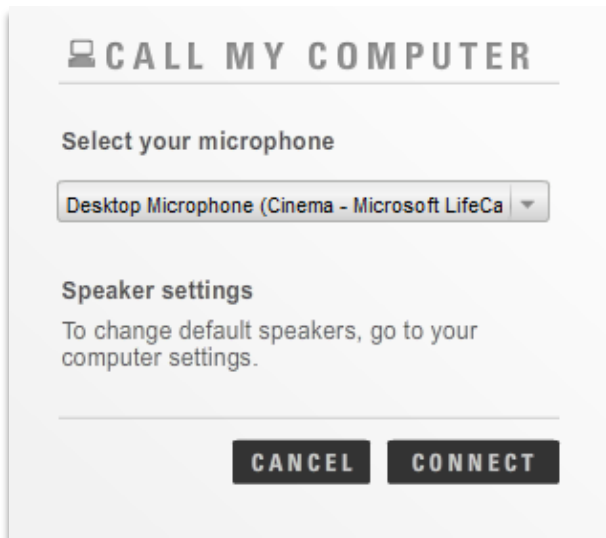
- Have iMeet call your phone (cell or landline)
- Have iMeet call your computer (use mic and headphones)
- Dial-in to iMeet old-school with the numbers provided
- Do nothing and connect later

Call My Computer

If your computer has a mic and speakers, you can have iMeet call your computer. (Cool, right?)



After your cube rises into the room, iMeet will prompt you pick your audio connection (Talk In Your Room box). Click "Call Computer".

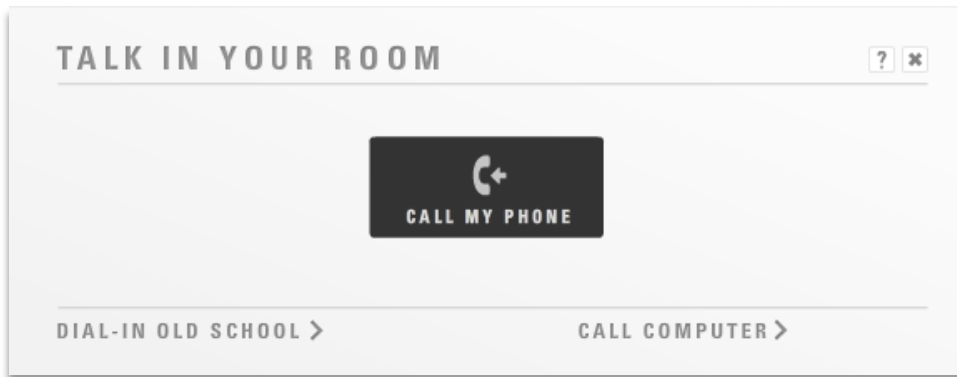


You will then be asked to select a microphone.

iMeet may check your computer Flash settings to optimize your connection.

Call My Phone

Yes, iMeet actually calls you.

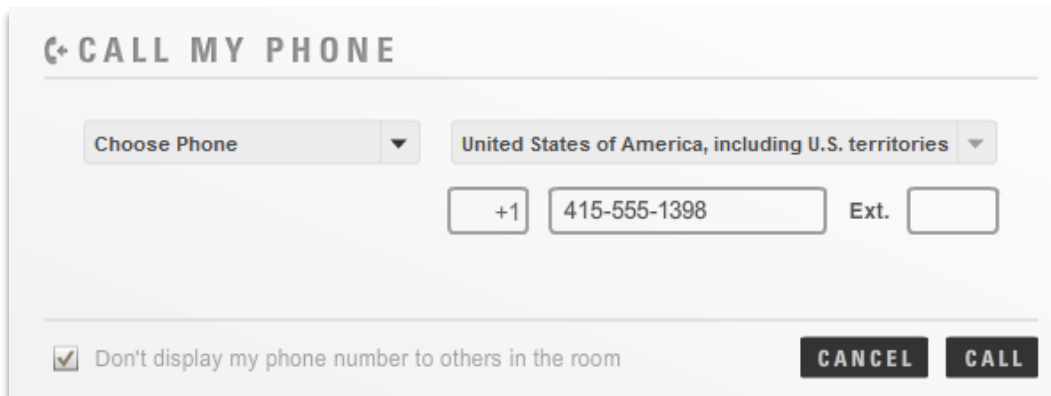


After your cube enters the room, iMeet will ask you to pick your audio connection (Talk In Your Room box). Click "Call My Phone".

You can have iMeet call the phone saved in your profile (automatically appears) or enter a new number (if you have a work extension, enter that too). After you click "Call", follow the voice prompts to complete your audio connection.

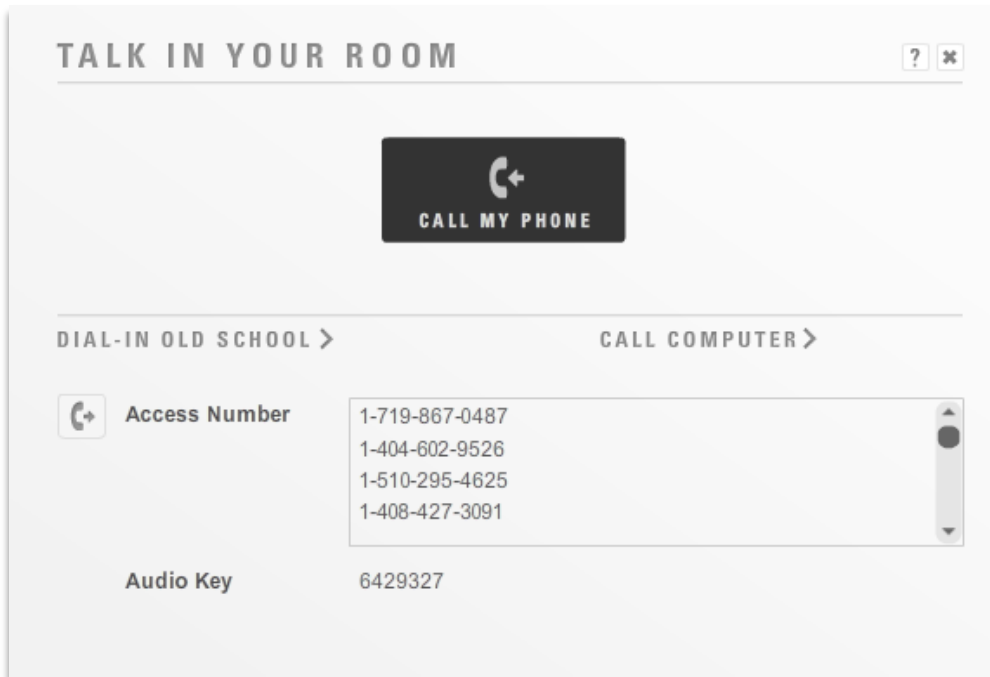
A screenshot of a dialog box titled "CALL MY PHONE" with a phone handset icon. It features a "Choose Phone" dropdown menu, a text input field containing "415-555-1398", and an "Ext." input field. At the bottom, there is a checked checkbox labeled "Don't display this number on my cube." and two buttons: "CANCEL" and "CALL".

If you have International Dial enabled you will see the box shown below. Simply select your country and enter the phone number in and click "Call".

A screenshot of a dialog box titled "CALL MY PHONE" with a phone handset icon. It features a "Choose Phone" dropdown menu, a dropdown menu for "United States of America, including U.S. territories", a text input field containing "+1", another text input field containing "415-555-1398", and an "Ext." input field. At the bottom, there is a checked checkbox labeled "Don't display my phone number to others in the room" and two buttons: "CANCEL" and "CALL".

Dial-In Old School

Want to join a meeting when your away from a computer? No problem, just "Dial-In Old School" from any phone. To get a list of the numbers you can dial to connect to your iMeet room. Simply click on "Dial-In Old School" when you are prompted to connect your audio after joining your room. This will show you a list of numbers assigned to your iMeet room, along with the Audio Key needed to enter your room.



Flash Settings

If you're using a computer for your iMeet audio connection (to speak and/or listen), a small window may appear so you can adjust your Flash settings. To adjust your settings if no window appears, simply right click into any open area of your room, and select "Settings".

If this is your first time using a computer for iMeet audio, you may want to check your settings before connecting.

Let's look at each tab in the Settings panel (sounds like fun, huh).



Enable hardware acceleration. This can increase the speed Flash runs, especially for higher quality video and images.



Privacy. This is where you let iMeet access your computer's hardware (necessary if you want to use your camera or microphone).



Local Storage. This lets you control how much info iMeet (the Flash part) can store on your computer. The default is set to 100k.



Microphone. Here's where you select your microphone for iMeet audio. You can also control mic volume and reduce echo (if needed).



Camera. If you have a webcam and want to iMeet in video, select it here (this has nothing to do with your iMeet audio connection).

Your Profile

Your cube is what shows up in an iMeet room. On the outside, people see your name and photo or avatar. On the inside, people see your iMeet profile. This includes things like your contact info, personal bio, photos and social networking links (Facebook, LinkedIn, etc.) so other iMeeters can learn more about you.

Your cube puts a face with the name.



All your personal info (including photos) so people can get to know you.



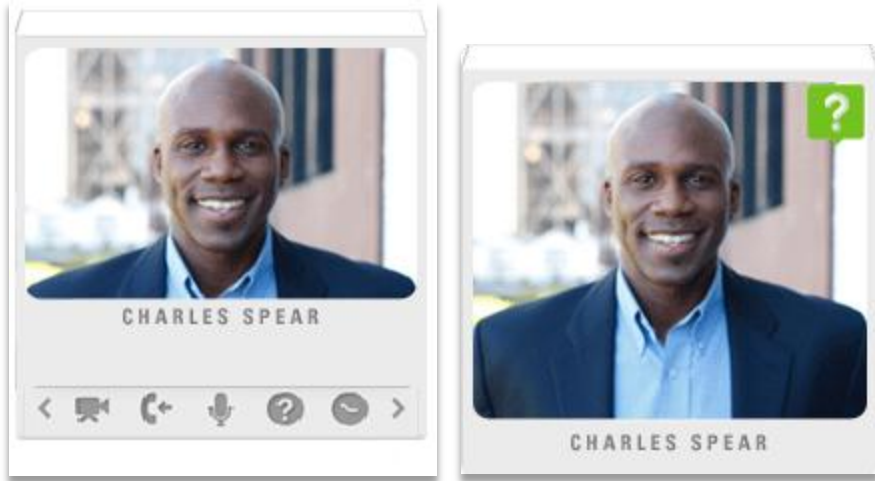
When people talk, their cube glows green. (No more "Who's that?" on a conference call.)



If you don't have an iMeet audio connection, this icon appears on your cube. If you want to get audio going, click the "Connect" button in the right side menu.

Changing Your Room Status

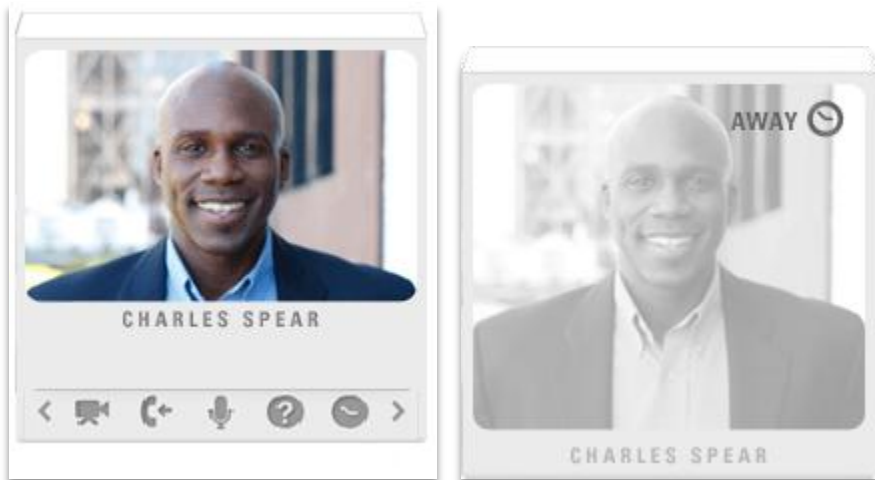
If you have questions or need to step away from the meeting, you can let others know by displaying status icons on your cube. To bring up these controls, rest your mouse on your cube.



Raise Hand

To raise your hand during an iMeeting, click the “Raise Hand” icon in the lower right corner of your cube, it's the question mark icon. A green question mark will appear on your cube, telling the Host you have a question.

When done, click the same icon again and your cube status will return to normal.



Status Change

If you need to step away from an iMeeting, click the “Step Away” icon on your cube, it's the clock icon.

To return to the iMeeting, rest your mouse over your cube. When the “Away” message changes to “Return?”, click the message and your cube will return to its normal state.

Accessing Help



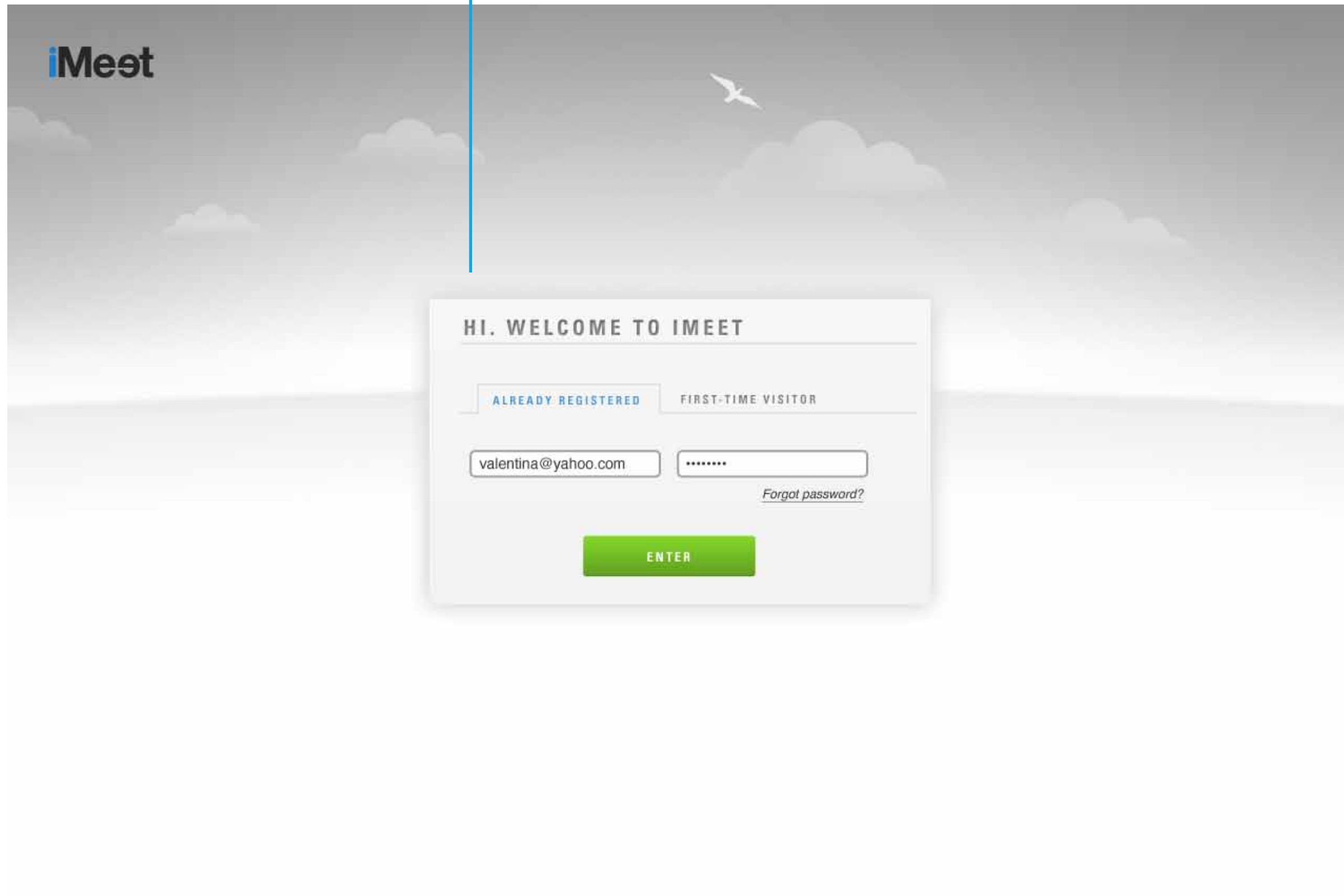
To get help with iMeet, open the main menu (right hand side) and click the Help button.

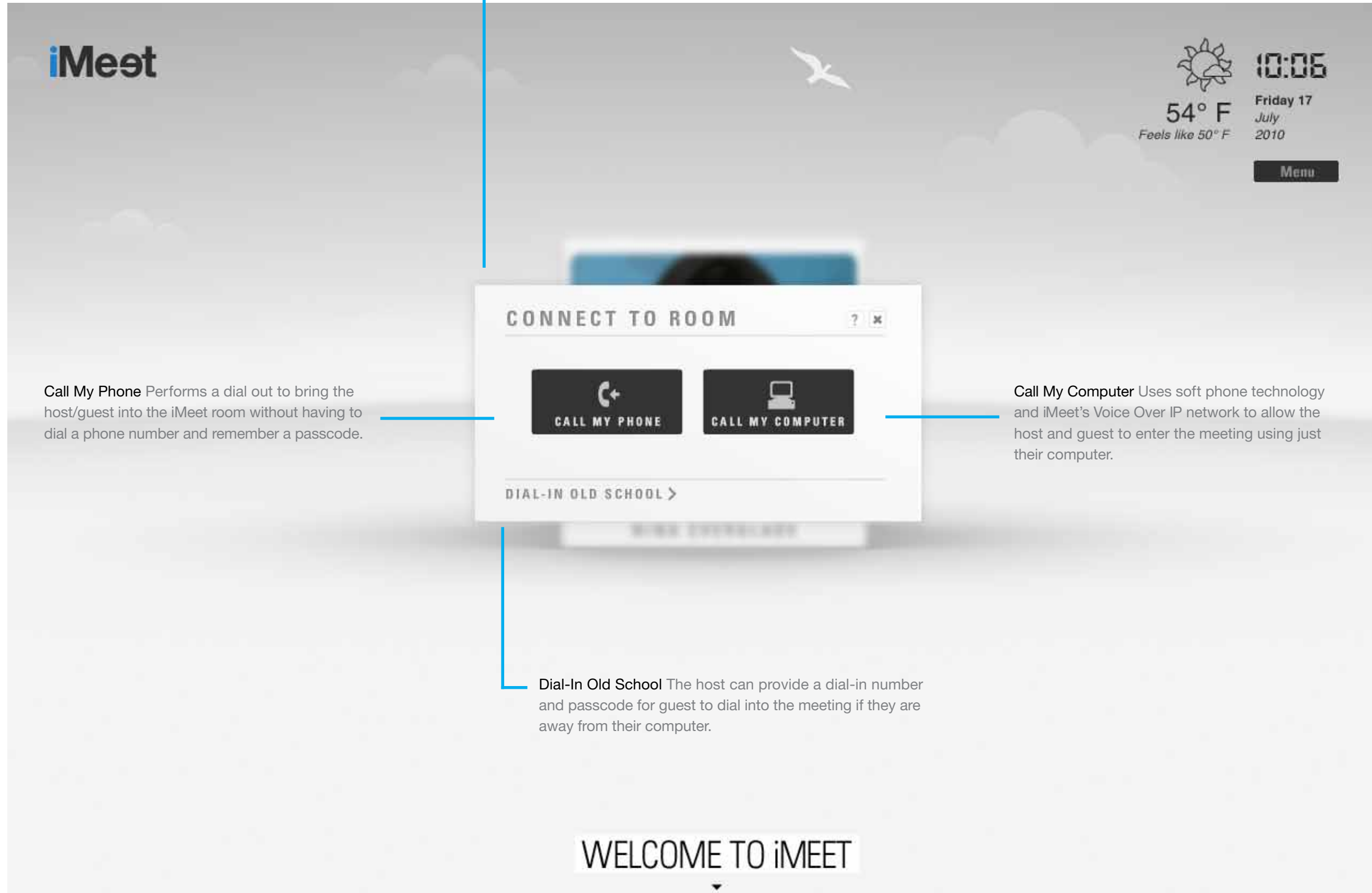
The logo for iMeet, featuring a blue lowercase 'i' followed by the word 'Meet' in a bold, black, sans-serif font. A registered trademark symbol (®) is positioned at the top right of the 't'.

FEATURES AND FUNCTIONALITY GUIDE

The image displays the iMeet interface. In the top left corner is the iMeet logo. In the top right corner, there is a weather widget showing a sun icon, the temperature 54° F, and the text "Feels like 50° F". Next to it is a clock showing 10:06 and the date Friday 16 July 2010. Below the weather and clock is a "Menu" button. In the center of the screen, there is a grid of six participant portraits, each with a name label below it: MARY LEE, MICHAEL ROSSI, LUISA YOUNG, ARTHUR STONE, JESSICA NEIL, and HOLDEN MAYER. At the bottom center, the text "WELCOME TO iMEET" is displayed with a small downward-pointing triangle below it. In the bottom left corner, there is a "Chat" button with a speech bubble icon.

Login Screen This is where you enter your email id and password.





Join A Meeting iMeet can call your phone or computer (use mic and headphones), or you can dial in directly to the room or connect later.

Call My Phone Performs a dial out to bring the host/guest into the iMeet room without having to dial a phone number and remember a passcode.

Call My Computer Uses soft phone technology and iMeet's Voice Over IP network to allow the host and guest to enter the meeting using just their computer.

Dial-In Old School The host can provide a dial-in number and passcode for guest to dial into the meeting if they are away from their computer.

WELCOME TO iMEET

Main Menu



Main Menu Command a meeting with minimal clicks. Grab guests. Connect your audio. Show stuff. Change the room's look. Even email files right to your room.

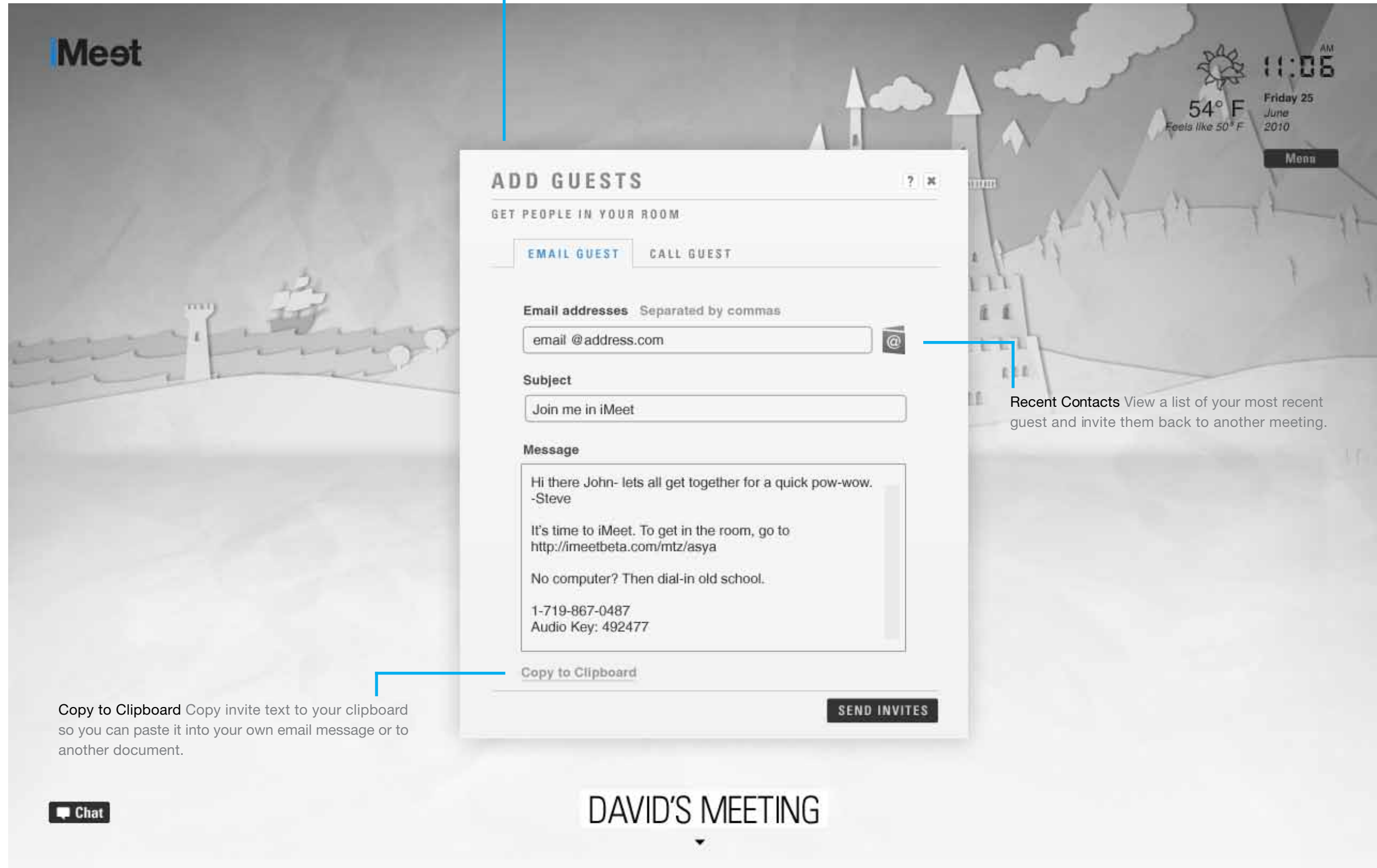
Chat Have a side conversation within a meeting.

Multiple Chat Have a side conversation with more than one guest.

Private Chat Have a private side conversation, not visible to everyone in the room.

Minimize Chat Click the chat button a second time to minimize the chat window.

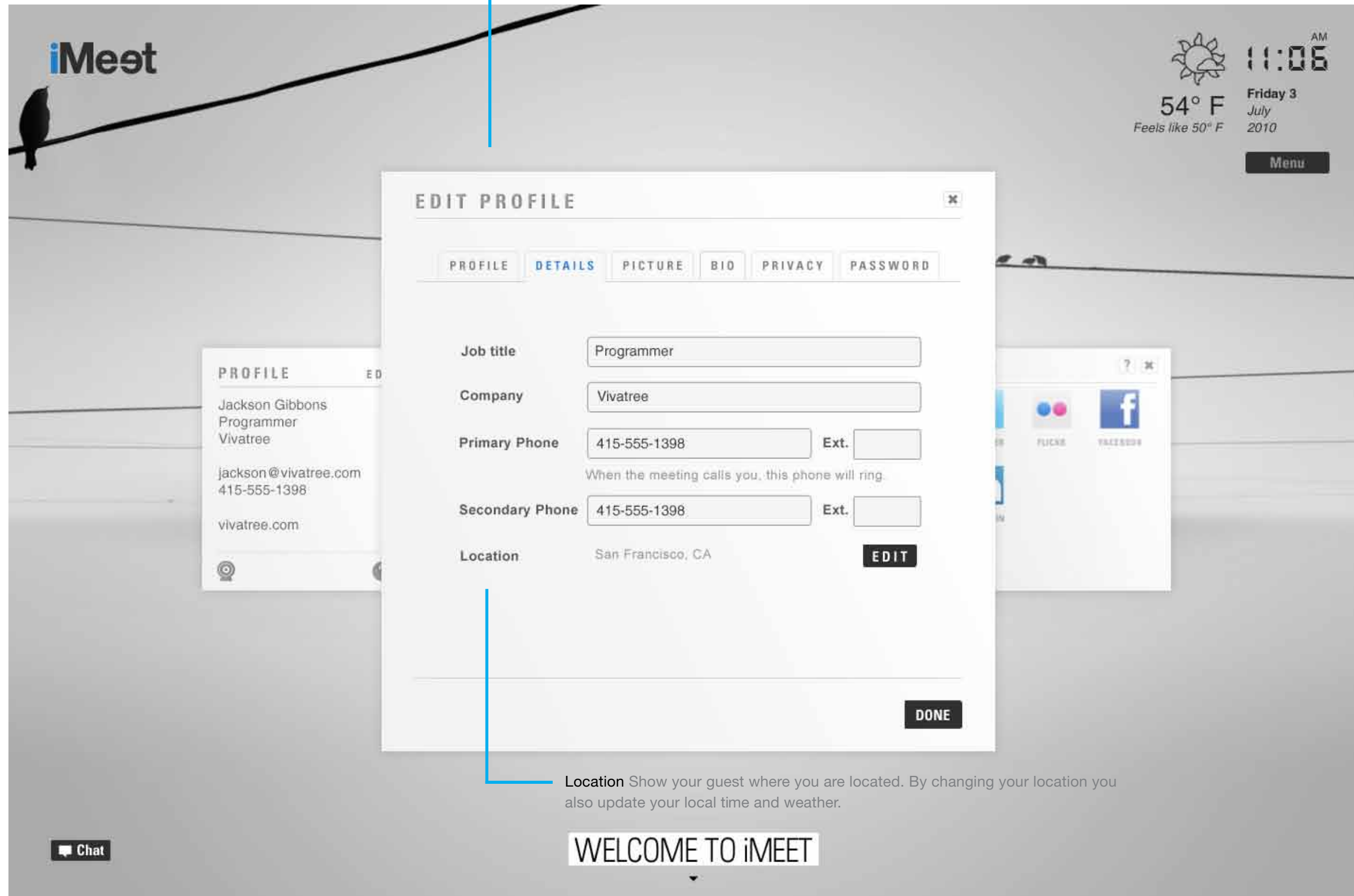
Bottom Nav Collapsed



Add Guests Add guests to your meeting at any point. You can send an email invite or call them directly from the room. Add a personal message to your invite.

Recent Contacts View a list of your most recent guest and invite them back to another meeting.

Copy to Clipboard Copy invite text to your clipboard so you can paste it into your own email message or to another document.

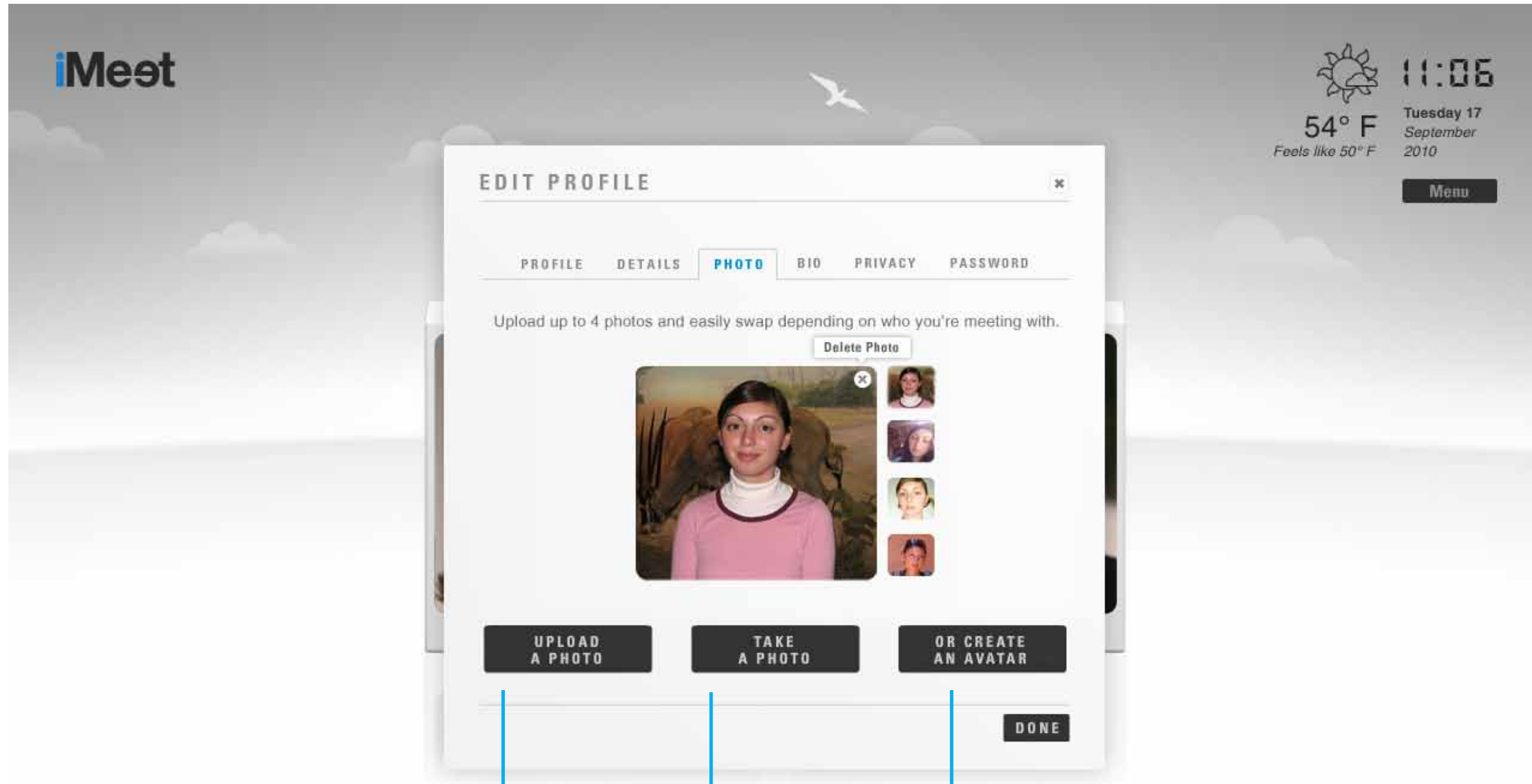


Edit Profile Make changes to your profile at any time.

Location Show your guest where you are located. By changing your location you also update your local time and weather.

Chat

WELCOME TO iMEET



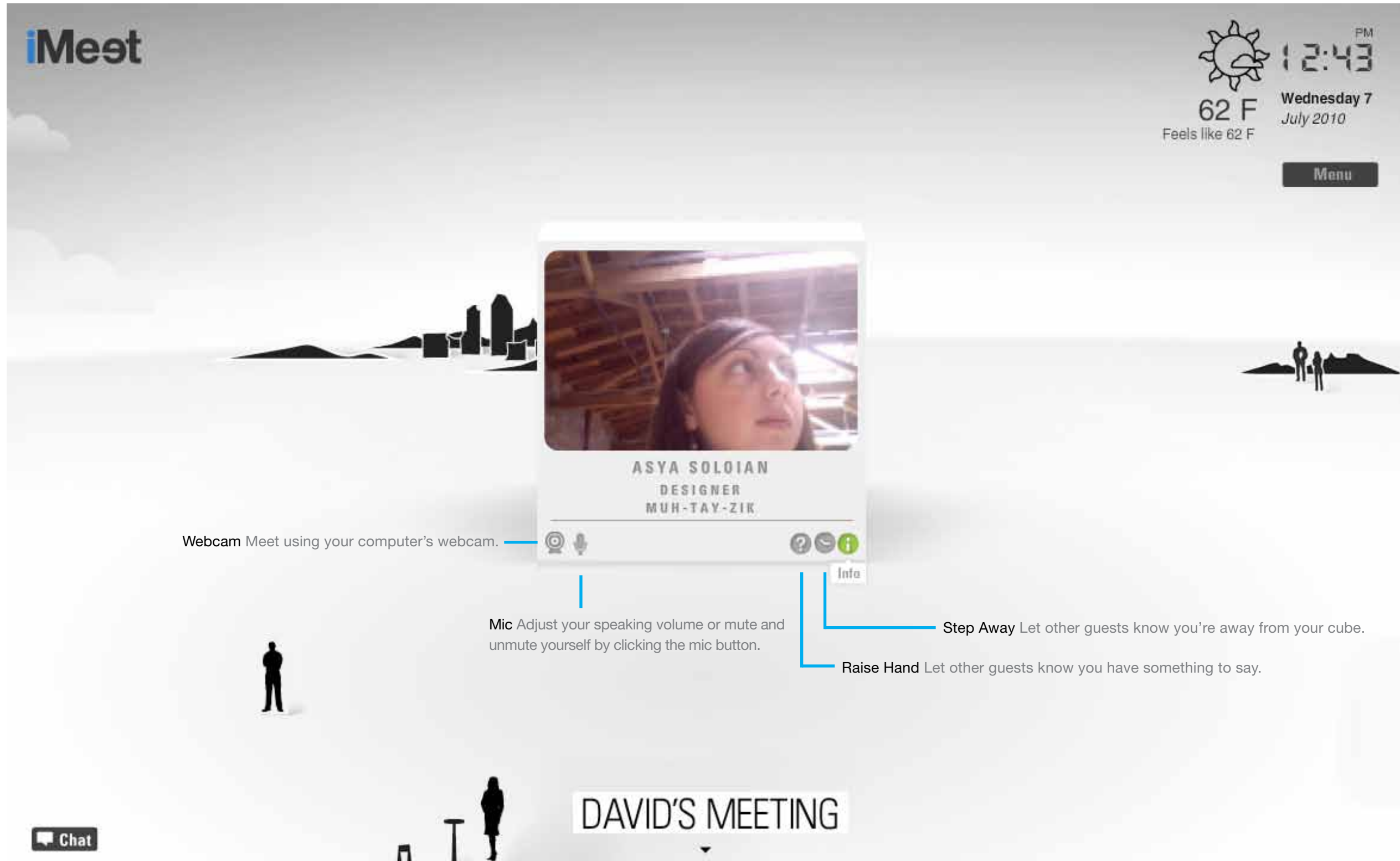
Upload a Photo Upload up to four photos so you can display the appropriate photo for the meeting you are about to have.

Take a Photo Use your web cam to take a photo of yourself.

Create an Avatar Create a unique avatar by selecting gender, skin color, eyes, hair and more features.

 Chat

KATE'S MEETING



Webcam Meet using your computer's webcam.

Mic Adjust your speaking volume or mute and unmute yourself by clicking the mic button.

Step Away Let other guests know you're away from your cube.

Raise Hand Let other guests know you have something to say.

Chat

DAVID'S MEETING

Profile By clicking info in any guest's cube, their cube will open and their personal profile info will be displayed.

The screenshot displays the iMeet interface with a cityscape background. In the top right corner, there is a weather widget showing 54° F, Friday 3 July 2010, and a 'Menu' button. A row of guest cubes is visible, with the cube for Jackson Gibbons selected and expanded. The expanded profile card for Jackson Gibbons includes the following information:

- PROFILE** (with an 'EDIT' icon)
- Name: Jackson Gibbons
- Role: Programmer
- Company: Vivatree
- Contact: jackson@vivatree.com, 415-555-1398
- Website: vivatree.com
- Profile picture of Jackson Gibbons
- Biography: *When I'm not busy with my "programmer" duties, I head outdoors. I'm an avid cyclist and a sucker for most anything on two wheels. I got my first bike when I was in middle school and have been hooked ever since. (Yeah, I even wear the spandex shorts.) I also love hangin out with my German Shepard Milton. He's a rescue and turned out to be a great dog.*
- APPS** section with icons for:
 - TWITTER
 - FLICKR
 - FACEBOOK
 - LINKEDIN

Below the profile card, the names of other guests are visible: MICHELLE BLAIR, AARON LARKIN, JANET SMITH, ARTHUR POLK, and ERIC LYON. At the bottom of the screen, there is a 'Chat' button and the text 'WELCOME TO iMEET'.

Facebook Let others view your Facebook stuff (friends, photos, profile) right inside your cube.

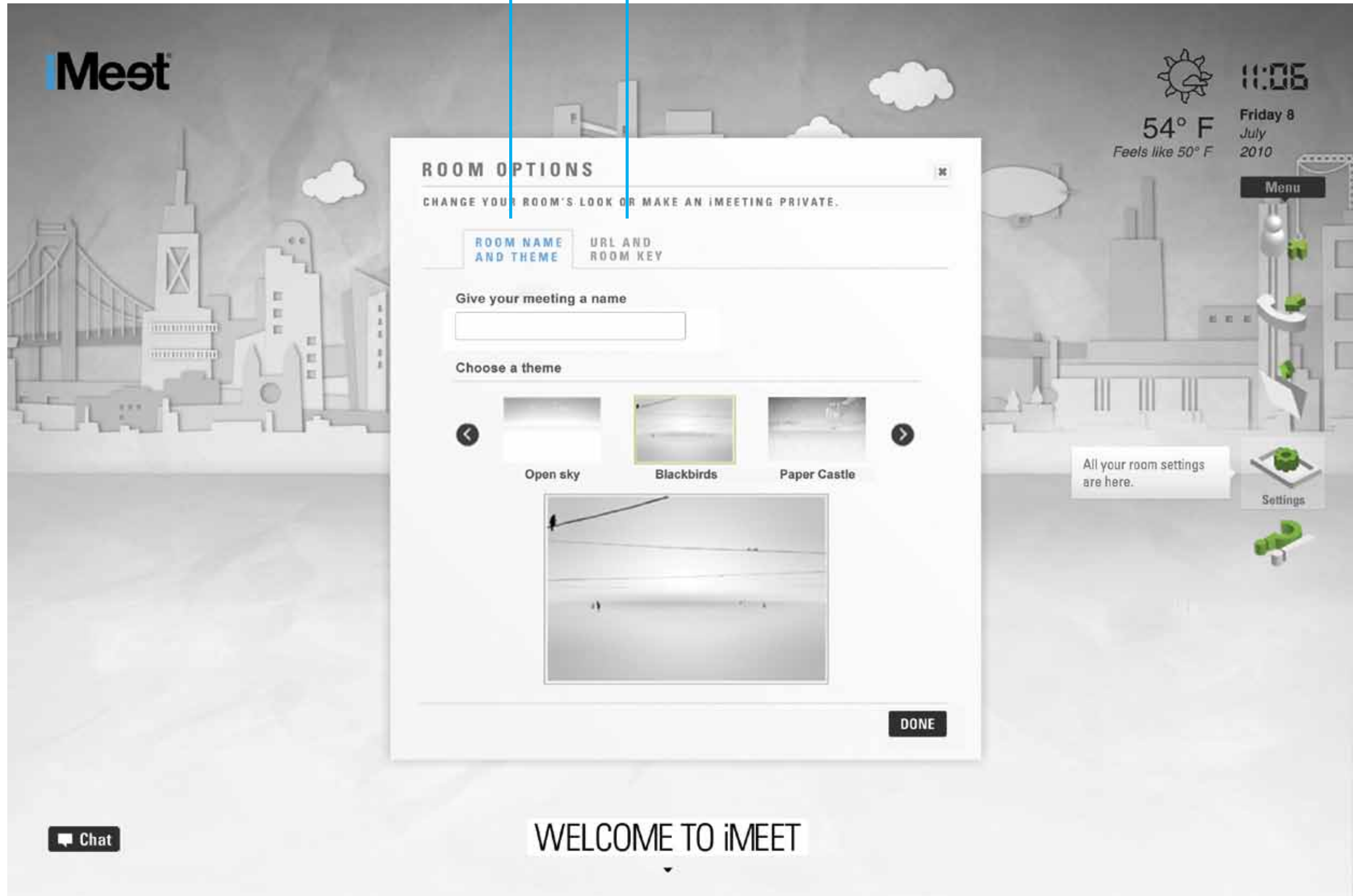
LinkedIn Allow guests to view your LinkedIn profile information and invite you to connect.

Twitter See real time tweets or tweet straight from your iMeet room.

Flickr Link your photo stream to your profile so others can view your photos.

Room Theme Pick a look for your iMeet room (choose from different background designs).

URL and Room Key Extra security can be added to the room requiring your guest to enter a room key that you have defined before entering your room.



iMeet

Active Talker A green glow shows who is currently speaking.

Weather Date/Clock Roll over someone's cube to see their local weather and time.

Connection Status Not connected by phone.

Connection Status On mute.

Connection Status Hasn't joined the audio bridge yet.

Connection Status Not connected by a computer.

Room Name Name your meeting whatever you want.

Volume Control Adjust the volume in a meeting.

Mute/Unmute Control whether other meeting guests can hear you.

Lock Room Keep out unwanted guests by locking your room.

Chat

MARIO'S MEETING

6

END MEETING

End This Meeting

MARY LEE

MICHAEL ROSSI

LUISA YOUNG

MARIO STONE

JESSICA NEIL

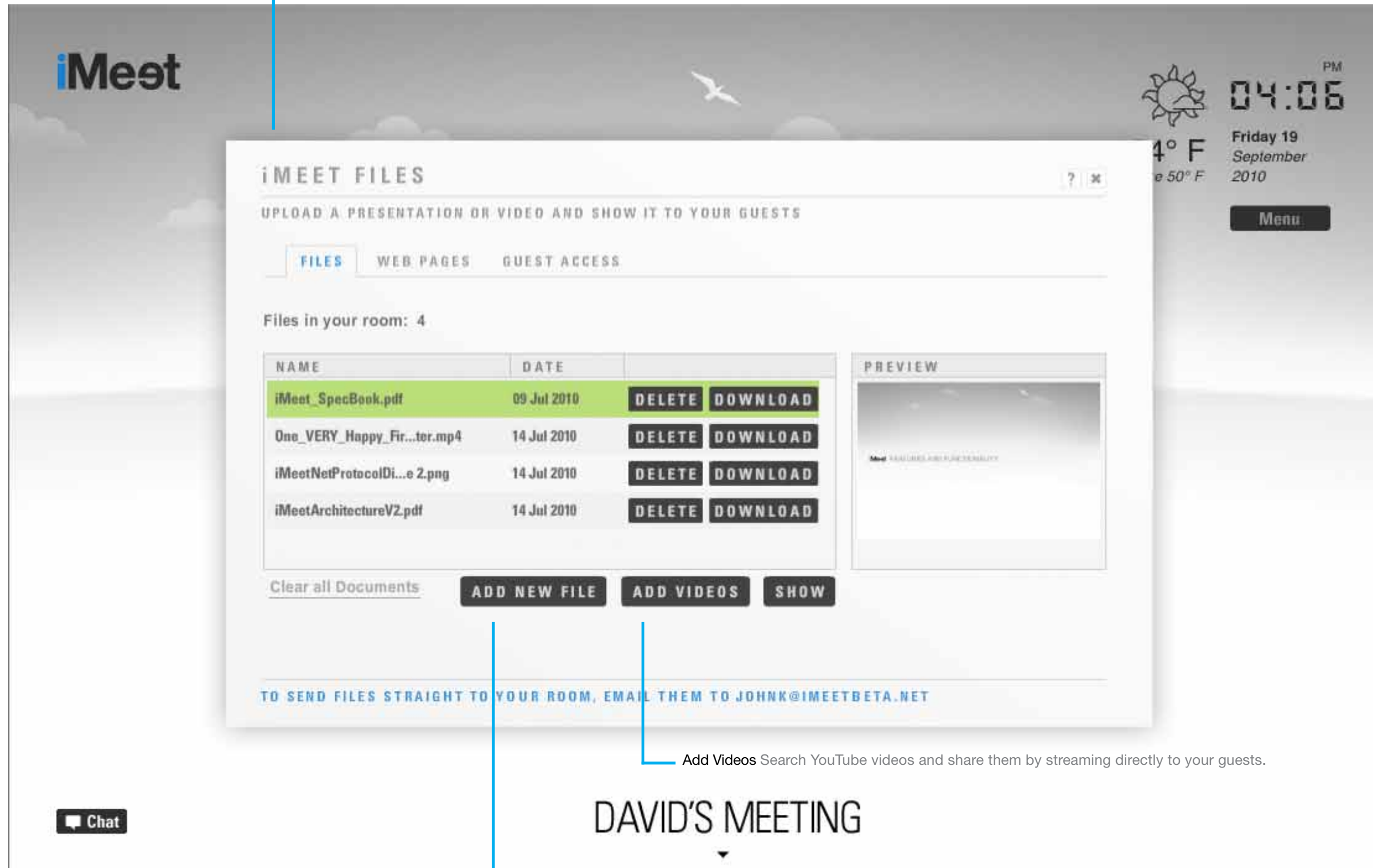
HOLDEN MAYER

54° F
Feels like 50° F

10:06
Friday 17
July
2010

Menu

DIALING
(415) 255-6363

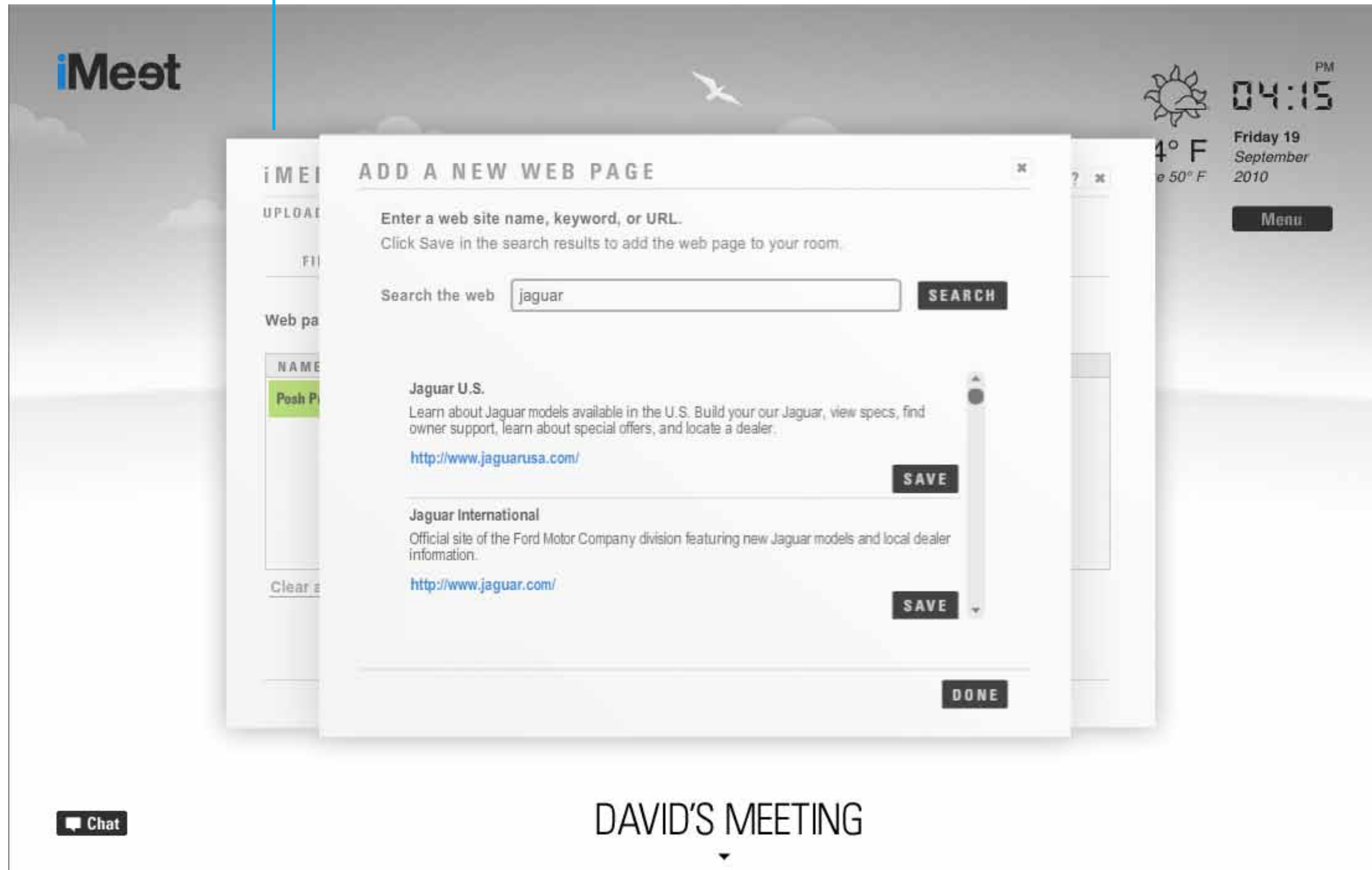


Upload Files Show Files for all major file types (PDF, PPT, Excel, Word, JPG, MP4).

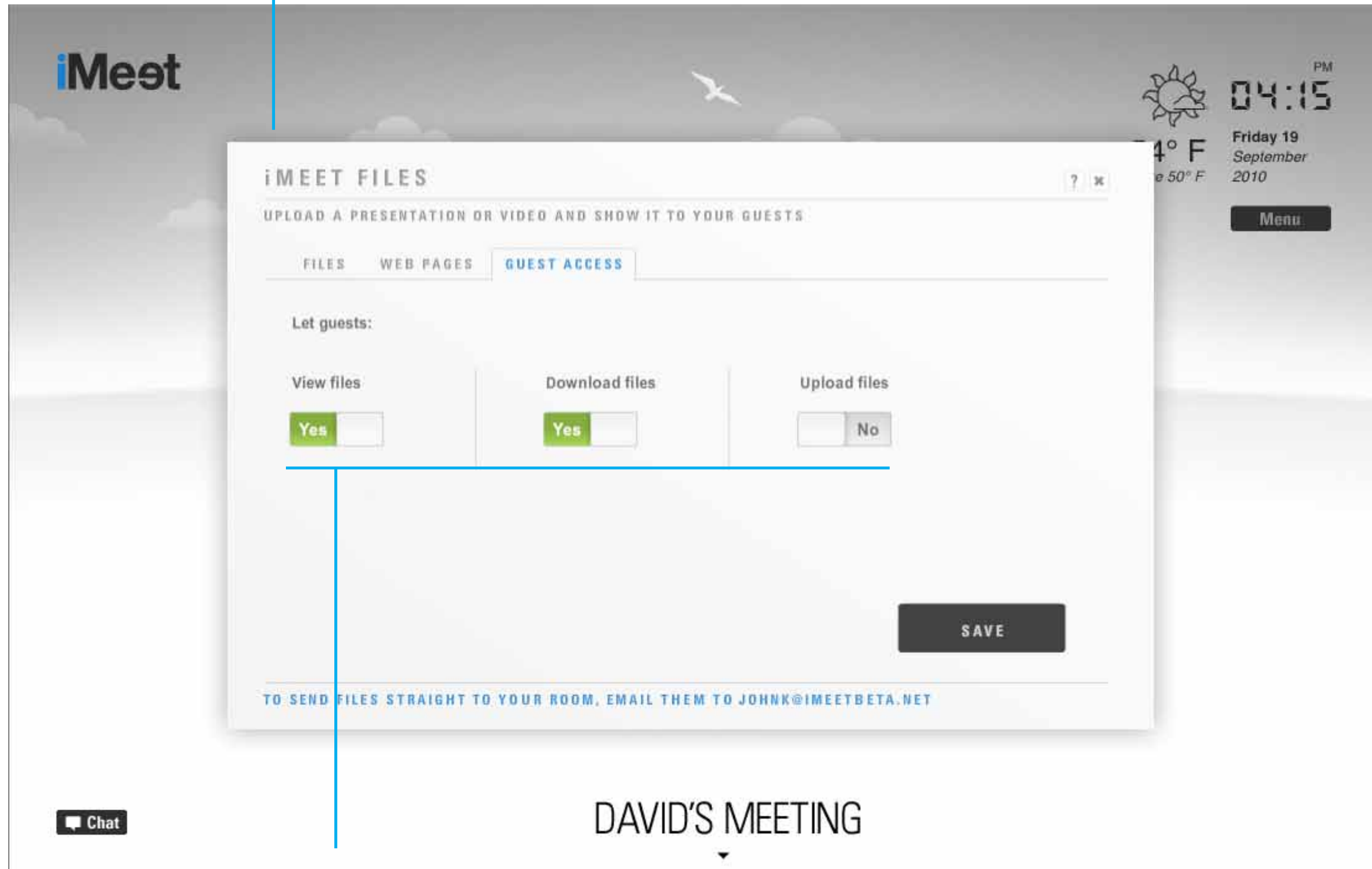
Add Videos Search YouTube videos and share them by streaming directly to your guests.

Add New File Select files to share with your guest. You can share supported file formats in the presentation window or you can store files in your repository and grant permission for your guest to download them.

Add a New Web Page Allows the host to search the web and select web pages they wish to share with their guest.



Guest Access Set how much control guests have with room files.



View Files Allow guest to select the files they want to view on their own while in your room.
Download Files Allow guest to download any file you have stored in your iMeet repository.
Upload Files Allow guest to upload files directly into your iMeet repository from their computer.

Share Files Add files from your iMeet folder, computer or Web and share them with your guests.

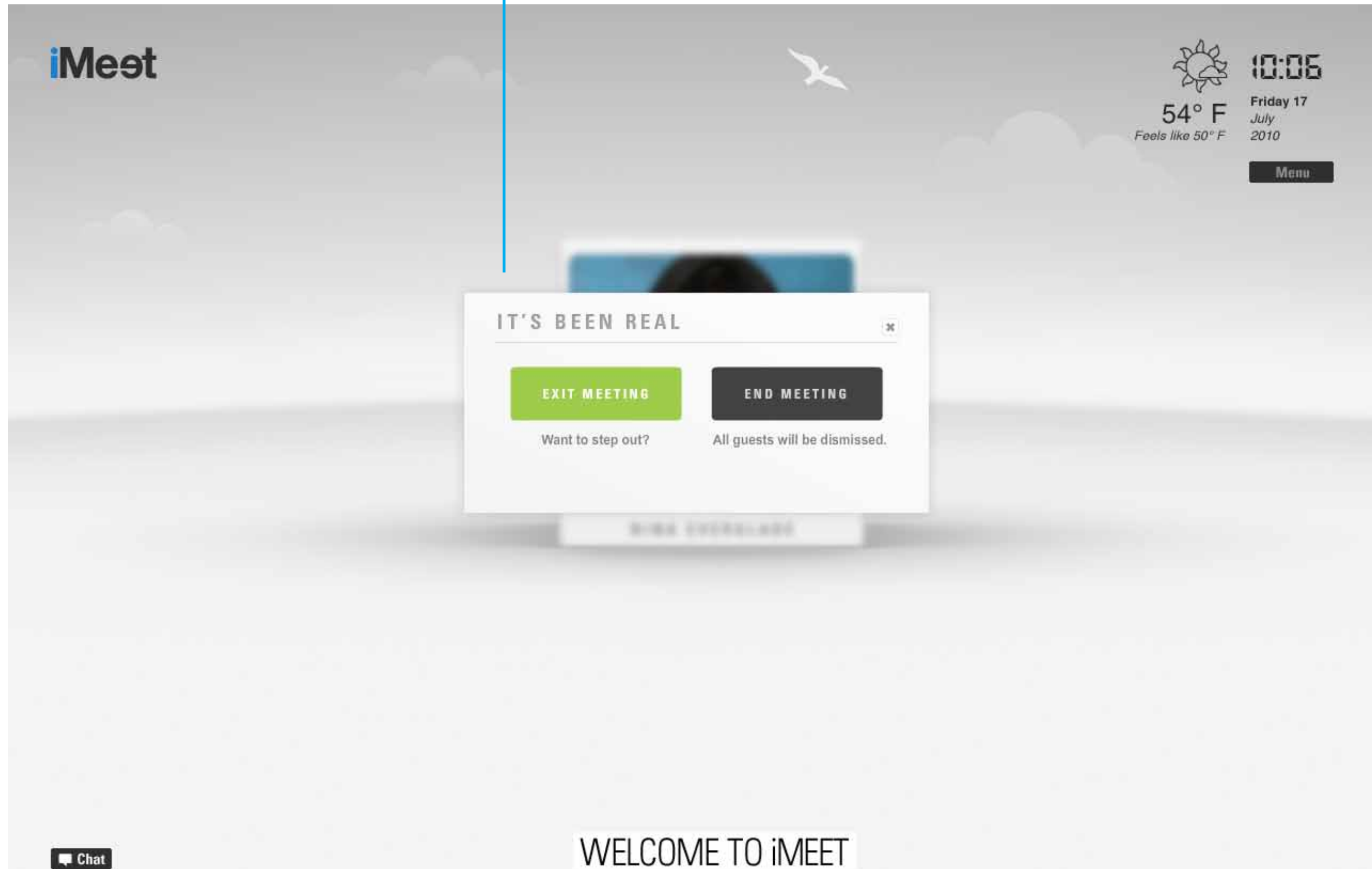
The screenshot displays the iMeet interface during a meeting. At the top left is the iMeet logo. In the top right corner, there is a weather widget showing a sun icon, a temperature of 64° F, and the date Friday 19 September 2010, along with a 'Menu' button. The main area features a presentation window titled 'MARY'S PRESENTATION' which is currently on 'PAGE 1' showing a red espresso machine. To the left of the main slide is a vertical thumbnail gallery with three items labeled 'PAGE 1', 'PAGE 2', and 'PAGE 3'. Below the main slide are navigation controls: '< PREV 1/3 NEXT >' and a 'Rotate' button. In the bottom right corner of the presentation area, there is a video thumbnail of a woman named 'MARY KLEIN'. At the bottom left of the meeting interface is a 'Chat' button, and at the bottom center is the text 'DAVID'S MEETING' with a downward-pointing arrow.

Expand View Make your presentation view larger.

Thumbnails Review all reduced sized pages of your presentation.

Exit Meeting This allows the iMeet host to leave the meeting without kicking anyone out of their room.

End Meeting This ends your meeting and ensures that all guests are dismissed.



General Functionality

Soft phone	Talk and listen through your computer (instead of your phone).
Host a meeting	Invite guests to your iMeet room by phone, email, text or IM. Since the meeting is in your personal iMeet room, you can control the flow of the meeting. Share files, videos or web pages. If someone gets unruly, mute them or dismiss them from the room altogether.
Join a meeting	iMeet can call your phone or computer. If you want to dial-in old school, you can do that too.
Add guests	Bring guests into your iMeet room at any time. Send them an email invite or have iMeet call them directly.
Upload photo	Grab a photo to put on the front of your cube.
Volume control	Adjust the volume in a meeting.
Mute/unmute	Control whether other meeting guests can hear you.
Lock room	Keep out unwanted guests by locking your room.
End meeting	This will end your meeting. You can leave the room open for guests to continue without you or automatically kick everyone out.
Webcam	Join the meeting in video using your webcam.
Raise hand	Let everyone know you have a question or comment.
Step away	Let everyone know you're away from your cube.
Dismiss	Remove a guest from your iMeet room.
Room name	Name your meeting whatever you like.
Room theme	Pick a look for your iMeet room (choose from different background designs).
Room key	Extra security can be added to the room requiring your guest to enter a room key that you have defined before entering your room.
Weather	See the weather in the upper right corner. Want to see the weather in a guest's location? Simply roll over their cube.
Date/clock	The date and time where you are. Want to see the time in a guest's location? Simply roll over their cube.
Merge users	Brings multiple guests together into one cube.
Active talker	A green glow shows who's currently speaking.
Share/add files as host	Upload files to your room's iMeet folder (store any file type) or email files directly. Hosts can allow guests to download, upload and view files.
Show video	Show videos to guests in your room.
Email files to room	Send files directly to your iMeet folder using your iMeet files email address.
Dial in conference number	The number you can call to join an iMeet meeting.
Photo picker	Quickly pick a photo for the front of your cube. Up to five photos can be stored at one time, allowing you to select different profile photos for different types of meetings.
Web search	Lets the host search the web using Yahoo search and select web pages to share with guests.
YouTube search	Enter a search into the YouTube search bar and get back top results. Choose the videos you want to upload to your iMeet folder.
Show files for all major file types	View all major file types directly in your room (PDF, PPT, Excel, Word, JPG, MP4).
Post meeting reports	See who attended your iMeet meeting.

Meeting Room Views

Up to 15 cubes	A meeting room can hold up to 15 cubes at one time.
----------------	---

Personalization

Saved photos	Save your favorite pics to use any time.
Take a photo	Snap a photo of yourself using your computer's webcam.
Create avatar	Create a custom avatar (instead of using a photo).
Upload bio	Upload info about yourself to share with other guests.
Edit profile	Make changes to your profile at any time.

Communication Options

Chat	Have a side conversation during an iMeet meeting.
Multiple chat	Have a side conversation with more than one guest.
Private chat	Have a private side conversation (not visible to everyone in the room).

Apps/Social Networking

Facebook	Let others view your Facebook stuff (wall, friends' news feeds) right inside your cube.
LinkedIn	Allow guests to view your LinkedIn profile and connect.
Twitter	See real-time tweets or tweet straight from your iMeet cube.
Flickr	Link your photo stream to your profile so others can view your photos.

Security/Privacy

Set file and sharing privileges for guests	Set how much control guests have with room files.
V-card option to download	Decide if guests can download your profile info as a vCard.
Change password	Create a new password any time.
TLS (Transport Layer Security)	Provides encryption between the application and the transport layer. TLS is able to transverse corporate firewalls better than https while using less bandwidth.

Help

Contextual help	Detailed help for various iMeet features and scenarios.
User's guide	A practical guide for iMeetings.
Tutorials	Videos that show you how to use iMeet.
Meeting tips	Learn how to get the most from your iMeet meetings.
FAQ's	Answers to commonly asked questions about iMeet.
Chat support	Real time, personalized support to help you with iMeet.

Billing

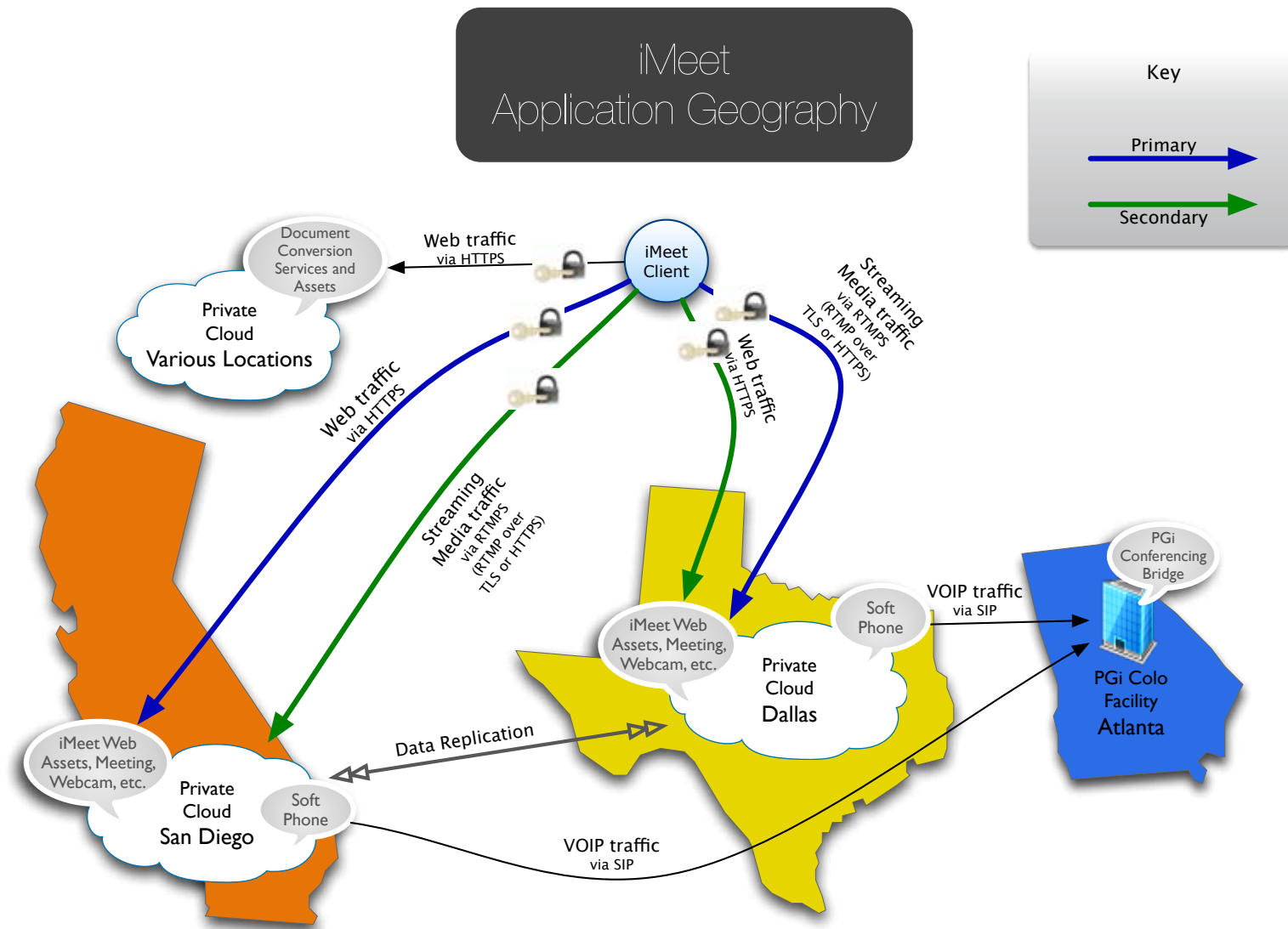
Account management	View and manage your account details.
--------------------	---------------------------------------

Tools

Room monitor	(Single click into the room). Makes it easy for you to know what's happening in your room. See when guests pay you a visit, send a message to your guests or dismiss everyone from the room. All from your desktop.
iMeet outlook plugin	(Single click into the room). The iMeet toolbar gives you shortcuts to easily manage your iMeet room through Microsoft Outlook®. Schedule meetings. Send requests. And get instant access to your room, iMeet.com and iMeet support.

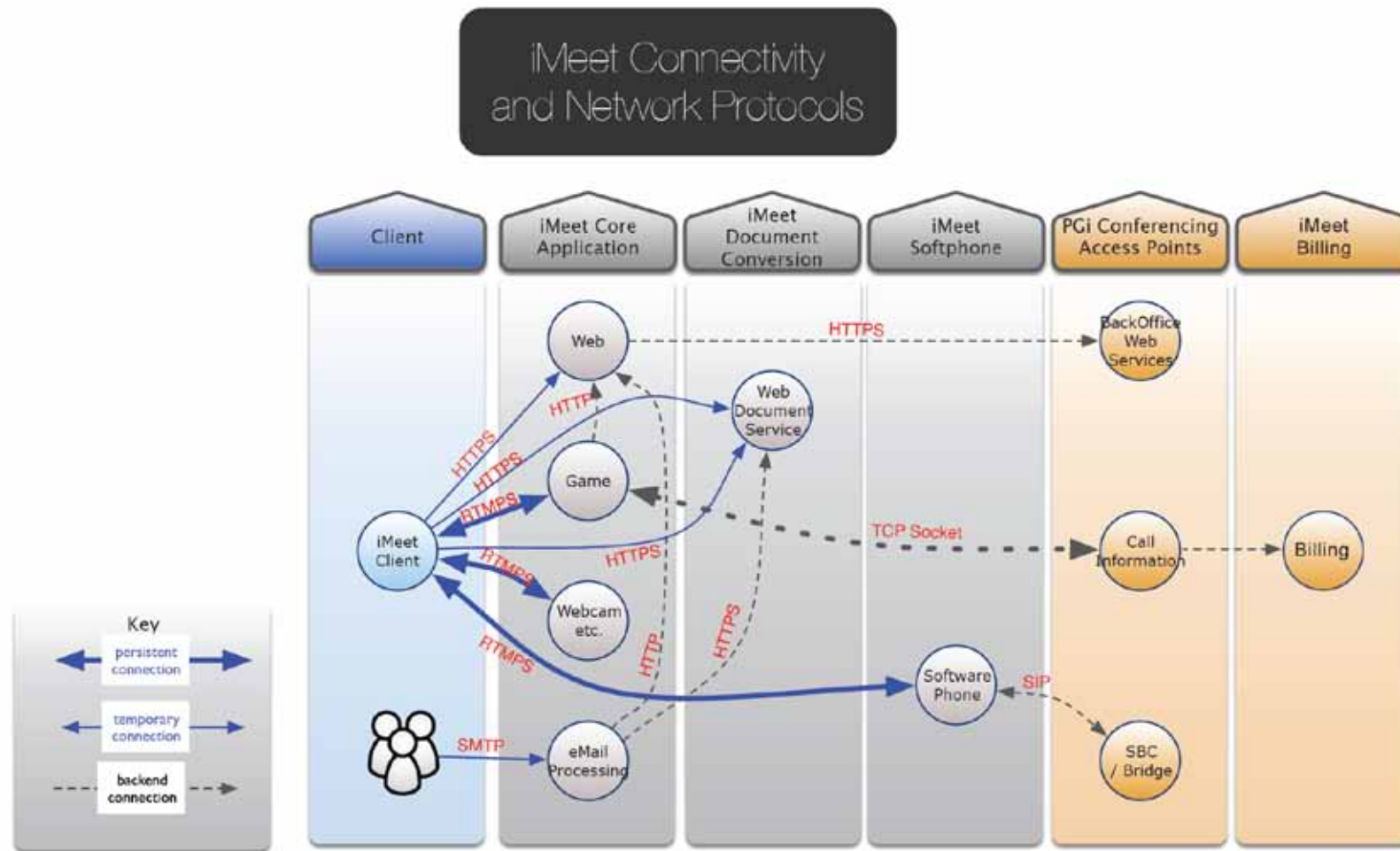


TECHNICAL SPECIFICATIONS



iMeet is your personal meeting space to get together any time. You can see everyone and learn more about people. It's the best of conference calling, web conferencing and social networking, all cleaned-up and ready for business. iMeet is entirely browser-based, so there is nothing to download or install. All you need is a browser and Flash 10 or greater to get started. iMeet is made to run on Microsoft Windows, and Mac OS.

iMeet 1.0 is deployed using a distributed cloud-based infrastructure with primary and secondary environments to provide both load balancing and redundancy. iMeet components have been constructed in a way that facilitates independent scaling – as well as geographic diversity – of its major components such as webcam, softphone, game server, web assets, etc.



Data sent between the client and the iMeet servers is secured using TLS encrypted communications protocol; specifically: traffic is encrypted with HTTPS and streaming traffic is tunneled through a pure TLS connection via RTMPS. The one exception to data encryption in iMeet is the email-to-room feature which currently uses standard SMTP communications but will eventually also support a TLS-based encrypted SMTP service.

Cloud-oriented backend communication over public networks are similarly secured via SSL with the exception of SIP (voice) traffic between iMeet and the conferencing bridge. By using industry standard Transport Layer Security (TLS) for streaming content iMeet can better negotiate with customers' firewalls; the TLS streams also provide a good real-time user experience by minimizing latency through the use of persistent connections. In certain customer cases advanced enterprise firewalls have been implemented that block pure TLS connections: iMeet can provide the same functional user experience to enterprise customers at a small latency cost by bundling the streaming data inside of easily passed HTTPS request/response polls.

STATE OF CONNECTICUT



*AUDITORS' REPORT
CONNECTICUT INNOVATIONS, INCORPORATED
INCLUDING
THE CONNECTICUT CLEAN ENERGY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010*

AUDITORS OF PUBLIC ACCOUNTS
JOHN C. GERAGOSIAN ❖ ROBERT M. WARD

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STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

State Capitol
210 Capitol Avenue
Hartford, Connecticut 06106-1559

JOHN C. GERAGOSIAN

ROBERT M. WARD

September 30, 2011

**AUDITORS' REPORT
CONNECTICUT INNOVATIONS, INCORPORATED
INCLUDING
THE CONNECTICUT CLEAN ENERGY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

We have examined the books, records and accounts of the Connecticut Innovations, Incorporated (Corporation), including the Connecticut Clean Energy Fund (CCEF), as provided in Section 2-90 and Section 1-122 of the General Statutes, for the fiscal year ended June 30, 2010.

SCOPE OF AUDIT:

This audit was primarily limited to performing tests of the Corporation's and the CCEF's compliance with certain provisions of laws, regulations, contracts and grants, including but not limited to a determination of whether the Corporation and the CCEF have complied with their written operating procedures, as required per Section 32-35, subsection (d), and Section 16-245n, subsection (e), respectively, of the General Statutes, concerning the following areas:

- Affirmative action
- Personnel practices
- Purchase of goods and services
- Use of surplus funds
- Distribution of loans, grants and other financial resources

We also considered the Corporation's and the CCEF's internal control over their financial operations and compliance with requirements that could have a material or significant effect on the Corporation's or the CCEF's financial operations in order to determine our auditing procedures for the purpose of evaluating the Corporation's and the CCEF's financial operations and compliance with certain provisions of laws, regulations, contracts and grants, and not to provide assurance on the

internal control over those control objectives. Our consideration of internal control included the five areas identified above.

Our audit included a review of a representative sample of the Corporation's and the CCEF's activities during the fiscal year in the five areas identified above and a review of such other areas as we considered necessary. The financial statement audits of the Corporation and the CCEF, for the fiscal year indicated above, were conducted by the Corporation's and the CCEF's independent public accountants.

This report on our examination consists of the Comments, Recommendations and Certification that follow.

COMMENTS

FOREWORD:

Connecticut Innovations, Incorporated:

Connecticut Innovations, Incorporated (Corporation) operates primarily under Chapter 581, Sections 32-32 through 32-47a of the General Statutes. Pursuant to Section 32-35 of those statutes, it is a public instrumentality and political subdivision of the state. Pursuant to Chapter 12 of the General Statutes, the Corporation is classified as a quasi-public agency subject to the requirements related to such agencies as may be found in Chapter 12. As a quasi-public agency, the Corporation's financial information is included as a component unit in the State of Connecticut's Comprehensive Annual Financial Report (CAFR).

The Corporation was established to stimulate and encourage the research and development of new technologies, businesses and products and the development and operation of science parks and incubator facilities, and to promote science, engineering, mathematics and other disciplines essential to the development of and application of technology within Connecticut.

The Corporation provides financial assistance to Connecticut businesses for the development and marketing of high-technology products, services, and processes. This assistance has been made in the form of loans, royalty agreements and equity (ownership) investments. The Corporation also funds other organizations such as Connecticut universities and technology research or application centers. The Corporation includes contingent payback provisions to those funds as a means of sharing in the royalties and other earnings from successful research projects.

The Corporation targets early stage high-technology enterprises. These include: advanced materials, aerospace, bioscience, energy and environmental systems, information technology, applied optics and microelectronics. The Corporation utilizes a number of limited partnerships and financial investments to achieve its objectives of assisting qualified organizations.

The Corporation provides several financial and technical programs to assist qualifying Connecticut companies, colleges and universities. These include:

Connecticut Emerging Enterprises Limited Partnership (CEELP) – CEELP is a partnership comprised of the Corporation and a major commercial bank. The program invests in initial and follow-on rounds of financings for early-stage, technology growth enterprises with significant proprietary innovations or other unique, sustainable competitive advantages.

Eli Whitney Fund – This program may be used for risk capital investments in emerging and established companies to stimulate their development of high technology products, processes and services. The program also provides working capital to assist companies in marketing and launching technology products, processes and services.

Next Generation Ventures, LLC – This joint venture between the Corporation and a major commercial insurer invests in start-up and young technology companies in Connecticut by providing them seed or early-stage financing.

Yankee Ingenuity Technology Program – This program seeks to support royalty based, market-driven funding for applied high technology research and development which leads to marketable products or processes with high potential to contribute to long-term, sustainable economic growth in Connecticut. The program promotes technological innovation through partnerships between Connecticut businesses and Connecticut colleges and universities. Scientists from business and academics combine their research capability and expertise to invent new products and processes.

BioScience Facilities Fund – This program was developed to enable the development of laboratory space in Connecticut in order to encourage the growth of biotechnology research and development companies.

Seed Investment Fund and BioSeed Fund – These programs were developed to address the needs of entrepreneurs by promoting and investing in early-stage Connecticut-based emerging technology and biotechnology companies.

Pre-Seed Fund – This program was developed to provide support and assistance to prepare high technology companies for future investments.

Clean Tech Fund – This program was developed to support the demand for alternative energy technologies which focus on energy conservation, environmental protection, or the elimination of harmful waste.

Small Business Innovation Research (SBIR) Program – The SBIR program supports Connecticut-based innovators, entrepreneurs and small businesses to commercialize their new products. The program also provides matching grants to manufacturers to design and develop innovative technologies to diversify their portfolio of products, thereby retaining and increasing sales and employment in the state. The SBIR program also assists companies to obtain federal grants through the federal SBIR program. This program was transferred to the Connecticut Innovations Inc. from the Connecticut Center for Advanced Technology (CCAT) in April 2009.

In addition, in the footnotes to its financial statements for the fiscal year ended June 30, 2010, the following organizations are identified as blended component units of the Corporation that, although legally separate entities, are in substance part of the Corporation's operations:

Connecticut Technology Development Corporation (CTDC) – The CTDC was established to address the need by new biotech firms for wet laboratory space in “move-in” condition. The only activities through the 2009-2010 fiscal year have been the leasing and fit-out of laboratory space expenses at 25 Science Park in New Haven. The total expenses of CTDC during the fiscal year ended June 30, 2010, were \$330,517. These amounts are included in the Corporation's financial statements.

Connecticut Innovations Educational Foundation (CIEF) – The Corporation's board approved the creation of the CIEF at its meeting on May 14, 2001. It is a non-stock corporation, exempt from federal income taxes. The Corporation explains that the foundation was created so that it could solicit funds from external sources to provide additional funding for certain programs. Apparently, the foundation was not successful in its fundraising efforts, and at its meeting on July 28, 2006, the board approved the dissolution of the foundation, which occurred in March 2010. The Corporation assumed responsibility over the conduct and ongoing programs of the foundation.

Organizationally, the Corporation is divided into six major areas:

- Finance and Administration – responsible for accounting, administration, finance, and information technology support for the Corporation and the Connecticut Clean Energy Fund.
- Investment Team – responsible for identifying opportunities that fall within the Corporation's scope and providing, where appropriate, capital for invention and innovation when financial aid is not available from normal commercial sources.
- External Relations – responsible for communications, marketing and media relations related to the Corporation and the Connecticut Clean Energy Fund.
- Business Development – responsible for developing and supporting business opportunities for the Corporation and its portfolio companies.
- Connecticut Clean Energy Fund operations – responsible for the operation of the Connecticut Clean Energy Fund.
- Small Business Innovation Research – responsible for helping businesses learn about the funds available to them from the Federal Small Business Innovation Research program.

Significant State Legislation:

Public Act 09-172, effective July 1, 2009, amended Section 32-47a of the General Statutes to address the apparent statutory conflict between Section 32-47a and Section 32-40, subsection (c) of the General Statutes. The act requires that in the preparation of CI's annual report on its financial assistance programs, gross revenues shall be reported for organizations that make the

information public in the normal course of business. For organizations that do not make the information public in the normal course of business, the gross revenue information must be provided separately, concealing the organizations' names and identities, in a manner consistent with the provisions of Section 32-40, subsection (c), of the General Statutes. The act allows the Governor and chairpersons and ranking members of the Finance, Revenue and Bonding and Commerce Committees, after a request to CI, to examine the detailed report data in confidence, including the specific revenue data for each identifiable business included in the report. The act also allows the committee chairpersons and ranking members to disclose the data to other committee members and requires that they also keep the data confidential.

Board of Directors and Administrative Officials:

Pursuant to Section 32-35, subsection (b), of the General Statutes, a 15-member board of directors governs the Corporation. Eight members are appointed by the Governor and four are appointed by various legislative leaders. In addition, the Commissioner of the Department of Economic and Community Development, the Commissioner of the Department of Higher Education and the Secretary of the Office of Policy and Management serve as ex-officio members. Subsection (c) of Section 32-35 provides that the chairperson of the board shall be appointed by the Governor with the advice and consent of the legislature.

The members of the Corporation's Board of Directors as of June 30, 2010, were as follows:

Appointed by the Governor:

Peter L. Cashman
Louis N. George, Esq.
R. Carol Muradian
John W. Olsen
Paul R. Pescatello, Esq.
Rafael A. Santiago
George W. Schiele
Amrutur V. Srinivasan, Ph.D.

Legislative Appointments:

Alan K. Greene
Harris L. Marcus
Stephen Nocera
Drew Harris

Ex-Officio:

Joan McDonald, Chairperson, Commissioner of the Department of Economic and Community Development
Michael Cicchetti, Secretary (Designee) of the Office of Policy and Management
Michael P. Meotti, Commissioner of the Department of Higher Education

Joan McDonald was appointed Chairperson effective May 21, 2008.

In addition, the board has set up several committees and sub-committees to expedite certain business activities of the Corporation and to maintain controls over its transactions. The Corporation has the following three standing committees: Audit, Compliance and Governance Committee; Finance, Operations and Compensation Committee; and Eli Whitney Investment Committee. The Corporation also has two advisory committees including the Eli Whitney Advisory Committee, and the Valuation Committee, which met through the audit period. There is a BioSeed Advisory Committee, which did not meet during the fiscal year under review, nor is it scheduled to meet through the end of the 2011 calendar year.

The Board appointed Peter V. Longo, the Corporation's Deputy Executive Director, to Acting Executive Director on April 30, 2007 and subsequently to the position of President and Executive Director on October 26, 2007, in which he continues to serve.

Connecticut Clean Energy Fund:

The Renewable Energy Investment Fund (commonly referred to as the Connecticut Clean Energy Fund) was established in July 1998 under Title 16, Section 16-245n of the General Statutes, which until October 1, 2007, required that the Corporation administer the fund. However, Public Act 07-152, effective October 1, 2007, amended said section by placing the Connecticut Clean Energy Fund (CCEF) within the Corporation for administrative purposes only.

Section 16-245n provides that, on or after January 1, 2004, the Department of Public Utility Control shall assess or cause to be assessed a charge per kilowatt-hour to each end-user of electrical service in the state. It is this assessment that provides the financing for the CCEF. Unlike the majority of the Corporation's investments, the CCEF is not limited to Connecticut businesses. Upon authorization by the CCEF board, the Corporation may use any amount in the fund for expenditures that promote investment in renewable energy sources in accordance with a comprehensive plan developed by the CCEF board to foster the growth, development and commercialization of renewable energy sources and related enterprises and stimulate demand for renewable energy and deployment of renewable energy sources that serve end use customers in this state and for the further purpose of supporting operational demonstration projects for advanced technologies that reduce energy use from traditional sources. Such expenditures may include, but not be limited to, reimbursement for services provided by the Corporation including a management fee, disbursements to develop and carry out the comprehensive plan, grants, direct or equity investments, contracts or other actions which support research, development, manufacturing, commercialization, deployment and installation of renewable energy technologies, and actions which expand the expertise of individuals, businesses and lending institutions with regard to renewable energy technologies.

The three strategic objectives of the CCEF's programs and initiatives are for Connecticut ratepayers to have access to a diverse supply of clean energy resources, to identify and promote renewable energy technologies and tools to address challenging energy issues while providing economic development opportunities, and to increase the demand for clean energy by creating model sustainable communities.

Board of Directors and Administrative Officials:

Pursuant to Section 16-245n of the General Statutes, as amended by Public Act 07-152, effective October 1, 2007, the Renewable Energy Investments Board (commonly referred to as the Connecticut Clean Energy Fund Board) acts on matters related to the CCEF. Section 16-245n, subsection (e), provides that the CCEF Board shall include up to 15 members with knowledge and expertise in matters related to the purpose and activities of the CCEF and shall consist of three members appointed by the Governor, six members appointed by various legislative leaders, two members appointed by the Board of Directors of Connecticut Innovations, Inc., the Consumer Counsel and the heads or designees of the Department of Emergency Management and Homeland Security, the Office of Policy and Management, and the Department of Environmental Protection. The board shall elect a chairperson biennially and shall adopt bylaws and procedures deemed necessary to carry out its functions.

The members of the CCEF Board as of June 30, 2010, were as follows:

Norma Glover, Chairperson
Mary Healey (Consumer Counsel)
Scott DeVico (designee – Department of Emergency Management and Homeland Security)
John Mengacci (designee – Office of Policy and Management)
Tracy Babbidge (designee – Department of Environmental Protection)
Mun Y. Choi
Kevin Hennessy
Robert Maddox
John Olsen
Jerry Peters
Matthew Ranelli
Jessie Stratton
Patricia Wrice

Appointed by the Board of Directors of Connecticut Innovations, Inc.:

Alan Greene
Carol Muradian

Timothy Bowles was elected chairperson on October 1, 2007 and served until his resignation, effective September 1, 2009. Norma Glover was elected chairperson effective October 1, 2009.

In addition, the board has set up several committees and sub-committees to review and discuss issues and assist the board in making decisions related to the CCEF. The CCEF Board has the following four standing committees: Executive Committee, Finance Committee, Projects Committee, and Technology Review Committee.

Lise Dondy served as President of the CCEF throughout the audited period. She subsequently resigned, effective October 1, 2010. Dale E. Hedman was appointed the Acting President of the CCEF at a special meeting held September 8, 2010 and he continued to serve in that capacity until May 31, 2011, when Bryan Garcia was appointed President of CCEF.

RÉSUMÉ OF OPERATIONS:

State Accounts:

The State of Connecticut provided significant initial financing for the Corporation's programs through the proceeds of General Obligation Bonds. It is these bond proceeds and any net income from operations that are used to finance the Corporation's investments.

State expenditures related to the Corporation include bond fund proceeds to finance various grants and investments. They also include certain operating expenses processed through Core-CT, the state's accounting system. These transactions are processed through two state funds – a special revenue fund (Grants to Local Governments and Others) and an enterprise fund (Connecticut Innovations, Incorporated Fund).

The Grants to Local Governments and Others Fund is a special revenue fund used to process certain grant awards authorized by the State Legislature through various authorizing special acts and the action of the State Bond Commission. Bond payments are processed through Core-CT and are recorded on both the state's and the Corporation's books. The State Comptroller records state bond proceeds to finance loans and investments as expenditures, while the Corporation records them as investments and as contributed capital. During the audited period, \$402,950 of special revenue funds were used for capital improvements associated with the BioBus mobile laboratory program, as authorized under Public Act 07-7, Section 13(n) of the June Special Session.

The Connecticut Innovations, Incorporated Fund is an enterprise fund authorized by Section 32-41a of the General Statutes. That statute provides that this fund be used to carry out the purposes of the Corporation and for the repayment of state bonds when required by the State Bond Commission. Total bond fund monies authorized by Sections 32-41, 32-41b, and 32-41o, amounted to \$114,800,500 as of June 30, 2010. Core-CT is used by the Corporation for the processing of enterprise fund payroll and other operating expenses. Expenditures charged to the enterprise fund during the audited period consisted entirely of payroll costs for the Corporation and the CCEF, which were funded by cash transfers by the Corporation (see Connecticut Innovations, Incorporated section below) to the Connecticut Innovations, Inc. Fund. A summary of the Corporation's expenditures during the audited period, as compared to the previous fiscal year, follows:

	<u>Fiscal Year Ended June 30,</u>	
	<u>2010</u>	<u>2009</u>
Personal Services	\$ 4,344,360	\$ 4,058,544
Fringe Benefits	<u>2,606,267</u>	<u>2,164,290</u>
Totals	<u>\$ 6,950,627</u>	<u>\$ 6,222,834</u>

The increase in personal services and fringe benefits is due to an increase in salaries, the number of employees and benefit accruals. There were no state expenditures made from the enterprise fund for investment purposes.

Connecticut Innovations, Incorporated:

Pursuant to subsection (b) of Section 32-41a of the General Statutes, all investment income, loan repayments, and grants with payback provisions are deposited into the Corporation's operating account. The operating account is used to pay administrative expenses, including the transfers to the enterprise fund for reimbursements of personal services, fringe benefits and other administrative costs charged to the fund.

Any excess funds in the operating account are transferred to short-term investments and marketable securities, including the State Treasurer's Short Term Investment Fund (STIF), to earn investment income. It should be noted that the Corporation may be required by the Bond Commission to repay the monies advanced by the Bond Commission, including interest, under terms the Commission might find desirable and consistent with the purposes of the Corporation. As of June 30, 2010, the Bond Commission had not requested repayment of any principal or interest.

The financial position of the Corporation as of June 30, 2009 and 2010, per its audited financial statements, is presented below. The following amounts do not include the Connecticut Clean Energy Fund.

	As of June 30	
	<u>2010</u>	<u>2009</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 40,077,664	\$ 39,095,080
Certificates of deposit	0	6,000,000
Marketable securities	0	0
Current portion of investments	2,589,562	3,555,080
Due from CCEF	159,816	76,309
Other assets	<u>2,523,363</u>	<u>260,688</u>
Total current assets	<u>45,350,405</u>	<u>48,987,157</u>
Non-Current Assets:		
Portfolio Investments:		
Eli Whitney Fund investments	34,177,365	29,709,614
BioScience Facilities Fund investments	3,920,987	9,189,524
Seed Fund investments	987,501	1,687,501
BioSeed Fund investments	2	189,504
Clean Tech Investments	801,250	180,000
Investment in CT Emerging Enterprises, LP	256,302	348,719
Investment in Next Generation Ventures, LLC	388,127	625,733
Other investments	<u>62,500</u>	<u>37,500</u>
Total investments	40,594,034	41,968,095
Less current portion	<u>(2,589,562)</u>	<u>(3,555,080)</u>
Investments – non-current	38,004,472	38,413,015
Capital assets, net of depreciation	<u>622,864</u>	<u>827,845</u>
Total non-current assets	<u>38,627,336</u>	<u>39,240,860</u>
Total Assets	<u>\$ 83,977,741</u>	<u>\$ 88,228,017</u>

Liabilities and Net Assets

Liabilities:

Accounts payable and accrued expenses	\$ 1,697,366	\$ 694,279
Custodial liability	30,544	159,493
Due to State of Connecticut	<u>0</u>	<u>0</u>
Total liabilities	<u>1,727,910</u>	<u>853,772</u>

Net Assets:

Invested in capital assets	622,864	827,845
Unrestricted	<u>81,626,967</u>	<u>86,546,400</u>
Total net assets	<u>82,249,831</u>	<u>87,374,245</u>
Total Liabilities and Net Assets	<u>\$ 83,977,741</u>	<u>\$ 88,228,017</u>

The Corporation makes risk capital investments of no more than six million dollars, with the approval of the Finance Committee of the Board of Directors, in high-technology applicant companies. Investments greater than six million dollars are possible, with approval of the full Board of Directors. The Corporation primarily makes investments in equity securities of emerging high-tech companies. It has substantially eliminated the use of royalty financing arrangements but continues to recover the cost and revenues of past royalty arrangements. The Corporation has nearly 70 percent of its investments in equity securities.

In the absence of readily determinable market values, investments are carried at fair value as estimated by the Valuation Committee of the Corporation, using United States Private Equity Valuation Guidelines promulgated by the Private Equity Investment Guidelines Group. As is commonplace with investments such as those held by the Corporation, and as disclosed in the Corporation's audited financial statements, due to the inherent uncertainty of valuation, those estimated values may differ significantly from the amounts ultimately realized from the investments, and the differences could be material.

The Corporation also provides loans that are generally convertible into equity to Connecticut companies to bring new high-technology products to market. Loans may be used for any business-related purpose such as hiring, marketing, research and development, inventory buildup and capital expenditures. A loan must be repaid within six years according to an arranged payment schedule.

A schedule of revenues, expenses and changes in net assets for the fiscal years ended June 30, 2009 and 2010, follows. The information was obtained from the Corporation's audited financial statements, and does not include the Connecticut Clean Energy Fund.

	<u>Fiscal Year Ended June 30,</u>	
	<u>2010</u>	<u>2009</u>
Operating Revenues:		
Interest on short-term investments and cash deposits	\$ 167,324	\$ 732,823
Interest on investments	789,320	973,433
Other income	<u>920,611</u>	<u>541,369</u>
Total Revenues	<u>1,877,255</u>	<u>2,247,625</u>
Operating Expenses:		
Compensation and benefits	3,434,106	2,942,187
General and administrative expenses	1,503,211	1,723,310

Grants and programs	<u>28,478</u>	<u>39,340</u>
Total Expenses	<u>4,965,795</u>	<u>4,704,837</u>
Operating Loss	<u>(3,088,540)</u>	<u>(2,457,212)</u>
Non-Operating Revenues (Expenses):		
Unrealized gain (loss) on investments	7,541,071	(4,469,810)
Realized gain (loss) on sale of investments	<u>(10,885,445)</u>	<u>3,000,982</u>
Total Non-Operating Revenues (Expenses)	<u>(3,344,374)</u>	<u>(1,468,828)</u>
Change in Net Assets Before Capital Contributions	(6,432,914)	(3,926,040)
Capital Contributions	<u>1,308,500</u>	<u>0</u>
Change in Net Assets	<u>\$ (5,124,414)</u>	<u>\$ (3,926,040)</u>

Total revenues decreased by \$370,370 during the 2009-2010 fiscal year. Interest on short-term investments and cash deposits decreased by \$565,499 during the 2009-2010 fiscal year due to interest rate decreases for the fiscal year. Interest earned on investments decreased by \$184,113 as a result of pay-offs and pay-downs of loans. Other income increased by \$379,242 due to the receipt of non-recurring grant income during the 2009-2010 fiscal year.

Compensation, benefits and payroll taxes increased by \$491,919 during the 2009-2010 fiscal year, primarily as a result of the transfer of the Connecticut SBIR office staff to the Corporation and an increase in the contribution to the State Employees Retirement System.

General and administrative expenses decreased by \$220,099 during the 2009-2010 fiscal year due primarily to decreases in office related expenses.

Total expenditures for grants and scholarship programs during the 2009-2010 fiscal year were \$28,478, a decrease of \$10,862 from the prior year. The decrease was largely due to a decline in funding of the scholarship program during the 2008-2009 fiscal year.

Net realized loss on investments for the year were \$10,885,445, as compared to realized gains of \$3,000,982 during the 2008-2009 fiscal year. During the 2009-2010 fiscal year, the realized losses were primarily the result of investment write-offs which were recorded as unrealized losses in previous years. The \$3,000,982 in realized gains during the 2008-2009 fiscal year resulted from the divestitures of investments.

During the 2009-2010 fiscal year, capital contributions of \$1,308,500 were received for the BioScience Facilities Fund. Capital contributions were not received during the 2008-2009 fiscal year. The capital contributions consist of state bond proceeds authorized under Public Act 01-2, Section 9(e).

The Corporation's board approved \$15,210,627 for new investments during the fiscal year ended June 30, 2010, and funded \$12,322,247, based on current and prior year approvals. The Eli Whitney Fund comprised the majority of the approved and funded amounts.

Connecticut Clean Energy Fund:

Section 16-245n, subsection (c), of the General Statutes provides that the CCEF may receive any amount required by law to be deposited into the CCEF and may receive any federal funds available to the state for renewable energy investments. The Corporation, upon authorization of the CCEF Board, is allowed to use CCEF monies for expenditures that promote investment in renewable energy sources in accordance with its Comprehensive Plan.

The financial position of the Connecticut Clean Energy Fund as of June 30, 2009 and 2010, as presented in its audited financial statements, follows:

	<u>As of June 30,</u>	
	<u>2010</u>	<u>2009</u>
Assets		
Cash and cash equivalents	\$ 54,749,142	\$ 64,952,366
Certificates of deposit	0	6,000,000
Marketable securities	0	0
Utility customer assessments receivable	2,223,292	2,491,466
RGGI auction receivable	1,187,914	1,076,659
Investments	1,348,715	1,223,718
Other assets	1,466,776	1,245,369
Solar Lease Notes	6,287,804	0
Restricted assets	<u>3,448,823</u>	<u>395,415</u>
Total Assets	<u>\$ 70,712,466</u>	<u>\$ 77,384,993</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,661,838	\$ 3,255,105
Due to Fund Administrator	159,816	76,309
Deferred Revenue	<u>3,159,579</u>	<u>0</u>
Total Liabilities	<u>4,981,233</u>	<u>3,331,414</u>
Net Assets:		
Restricted	289,245	395,415
Unrestricted	<u>65,441,988</u>	<u>73,658,164</u>
Total Net Assets	<u>65,731,233</u>	<u>74,053,579</u>
Total Liabilities and Net Assets	<u>\$ 70,712,466</u>	<u>\$ 77,384,993</u>

Connecticut Clean Energy Fund revenues, expenditures and the changes in net assets for the fiscal years ended June 30, 2009 and 2010, are presented below. The information was taken from the Connecticut Clean Energy Fund audited financial statements for those fiscal years.

	<u>Fiscal Year Ended June 30,</u>	
	<u>2010</u>	<u>2009</u>
Revenues:		
Utility customer assessments	\$ 27,252,497	\$ 28,104,415
Interest on short-term investments	408,723	1,192,800
RGGI Auction Income	4,017,149	4,305,254

Other income	<u>1,447,525</u>	<u>3,112,941</u>
Total Revenues	<u>33,125,894</u>	<u>36,715,410</u>
Expenditures/Expenses:		
Program:		
Grants	35,943,115	48,853,603
Program expenses	<u>3,589,659</u>	<u>3,363,494</u>
Total program expenses	39,532,774	52,217,097
General and administrative expenses	<u>1,859,571</u>	<u>1,987,455</u>
Total Expenditures and Expenses	<u>41,392,345</u>	<u>54,204,552</u>
Change in Net Assets Before Changes in the Fair Value of Investments	(8,266,451)	(17,489,142)
Net realized gain (loss) on investments	(1,525,000)	851,739
Net increase (decrease) in the fair value of investments	<u>1,469,105</u>	<u>1,746,298</u>
Net Change in Net Assets	(8,322,346)	(14,891,105)
Net assets, Beginning of Year	<u>74,053,579</u>	<u>88,944,684</u>
Net assets, End of Year	<u>\$ 65,731,233</u>	<u>\$ 74,053,579</u>

Revenues from utility customer assessments decreased by \$851,918 during the 2009-2010 fiscal year primarily as a result of a decrease in utility usage.

Interest on short-term investments and cash deposits decreased by \$784,077 during the 2009-2010 fiscal year due to the decrease in the average cash balance on hand and lower interest rates. Other income during the 2009-2010 fiscal year included \$1.4 million received from the State Treasurer as proceeds from the defeasance of the rate reduction bonds. The fund received \$4 million from the state in Regional Greenhouse Gas Initiative (RGGI) auction proceeds.

Total expenditures for grants and programs during the 2009-2010 fiscal year were \$35,943,115, a decrease of \$12,910,488. Grant and program expenditures fluctuate from year to year as they are based on the achievement of contract milestones by the grantee. During the 2009-2010 fiscal year, the CCEF committed a total of \$41 million for new grants and programs. As of June 30, 2010, the CCEF had outstanding commitments totaling \$36,866,787 expected to be paid over the next two fiscal years.

Program expenses increased by \$226,165 to \$3,589,659 during the 2009-2010 fiscal year due to the increases in costs to administer the Corporation's various programs. General and administrative expenses decreased slightly by \$127,884 to \$1,859,571.

Realized gains on program investments during the 2009-2010 fiscal year decreased by \$2,376,739 over the prior year and unrealized appreciation on these investments decreased by \$277,193 resulting from write-offs of certain investments that had been fully reserved for in prior years.

Other Examinations:

Independent public accountants audited the Corporation's and the CCEF's financial statements for the year under review. Those audits attested that the financial statements presented fairly, in all material respects, the financial position of Connecticut Innovations, Incorporated and the Connecticut Clean Energy Fund for the audited period, and the results of the operations and cash flows during that period in conformity with accounting principles generally accepted in the United States of America.

The independent public accountants' report included an explanatory paragraph regarding the Corporation's use of estimates to determine the fair value of a significant portion of its assets in the absence of readily ascertainable market values. Essentially, it was concluded that the procedures the Corporation used to arrive at the estimated values of its investments were reasonable and appropriately documented; however, because of the inherent uncertainty of valuation, those estimated values could differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material.

As an integral part of their financial statement audits, the independent public accountants also provided reports on compliance and on internal control over financial reporting. These reports disclosed no instances of noncompliance concerning these requirements. The reports on internal control indicated that no material weaknesses in internal control over financial reporting were identified.

CONDITION OF RECORDS

Our review of the records of Connecticut Innovations, Incorporated, including the Connecticut Clean Energy Fund, revealed the following areas that warranted comment.

Personnel Practices – Lack of Employee Performance Appraisals:

Criteria: The Connecticut Innovations Employee Handbook requires that formal performance assessments for new hires and newly promoted employees are conducted at the completion of six (6) months. In addition, once an employee has completed an introductory employment period of six months, formal written performance appraisals are conducted annually.

Condition: We reviewed five personnel files and our review disclosed that four did not contain a signed copy of either an annual or semi-annual performance appraisal as required by the Connecticut Innovations (CI) Employee Handbook. Formal written performance appraisals were missing from the files for two employees upon hire and for two employees upon their promotions in the 2008-2009 and 2009-2010 fiscal years. Additionally, a signed copy of the annual performance appraisal for one employee for the 2009-2010 fiscal year could not be located.

Effect: Semi-annual performance appraisals were not completed as required by the employee handbook. In addition, the agency could not produce a signed copy of an annual performance appraisal for one employee.

Cause: We were informed that semi-annual performance appraisals were not always given if the employee's hire and/or promotion date coincided with the date of an annual review. In addition, it appears that staff may not be fully aware of both the semi-annual requirement upon hire and promotion. The agency could not produce a signed copy from either the supervisor and/or the employee and stated that they did not know where the signed copy was.

Recommendation: Connecticut Innovations Inc. should complete the semi-annual and annual performance appraisals as outlined in their employee handbook and maintain a signed copy in the employee's personnel file. (See Recommendation 1.)

Agency's Response: "Connecticut Innovations will take the following steps to implement this recommendation:

1. The manager of human resources will meet with all managers and supervisors to review employee performance appraisal requirements.

2. The manager of human resources will develop and maintain a log of performance appraisal due dates for all employees for all appraisal types.
3. On a monthly basis the vice president of finance and administration will review the log to ensure that all performance appraisals have been completed as required. Performance appraisals will be reviewed to ensure that all proper signoffs have been obtained.
4. CI will include the conducting of timely staff performance reviews per the CI employee handbook as a annual performance goal for all supervisors and managers of the company.”

CCEF Loan Agreement, Section 5.2.(a)(i) – Lack of Financial Reports:

Criteria: Section 5.2.(a)(i) of each Connecticut Innovations, Incorporated Loan Agreement requires that within thirty days after the end of each fiscal quarter of each fiscal year, the company shall deliver to Connecticut Innovations Inc. consolidated and consolidating balance sheets of the company and the related consolidated and consolidating statements of income, equity, and cash flows, annual reviewed statements, unaudited but prepared in accordance with GAAP and certified by the chief executive, chief financial, or other accounting officer of the company.

Condition: Quarterly financial reports were not obtained for all five loan agreements reviewed.

Effect: Lack of quarterly financial reports prevents the CI from determining the company’s ability to repay the loan.

Cause: We were informed that project monitoring was being accomplished through discussions and meetings.

Recommendation: Loan agreement stipulations should be enforced, including obtaining all required quarterly financial reports. (See Recommendation 2.)

Agency’s Response: “Connecticut Innovations will take the following steps to implement this recommendation:

1. Notify all parties to loan agreements of their obligation to provide quarterly financial reports to CI as required.
2. Develop an electronic monitoring system to:
 - a. Record all reporting obligations of current and future loan

- agreements;
 - b. Track dates when financial reports are due and send reminder letters 15 days prior to due dates to appropriate parties;
 - c. Notify CCEF project managers 15 days in advance of when such financial reports are due;
 - d. Record receipt of all financial reports;
 - e. Notify CCEF project managers of any delinquent financial reports at 15 day intervals, and
 - f. Assist CCEF project managers in obtaining all delinquent financial reports with additional written notifications to appropriate parties.
3. CI will include the proper request and review of quarterly financial reports in a timely manner as required by specific CCEF projects as an annual performance goal for all project and program managers.”

RECOMMENDATIONS

Status of Prior Audit Recommendations:

- There were no prior audit recommendations from 2008-2009.

Current Audit Recommendation:

- 1. Connecticut Innovations Inc. should complete the semi-annual and annual performance appraisals as outlined in their employee handbook and maintain a signed copy in the employee's personnel file.**

Comment:

Our review of five personnel files disclosed that four employee files did not contain a signed copy of either an annual or semi-annual performance appraisal as required by the employee handbook.

- 2. Loan agreement stipulations should be enforced, including obtaining all required quarterly financial reports.**

Comment:

Quarterly financial reports were not obtained for all five loan agreements reviewed.

INDEPENDENT AUDITORS' CERTIFICATION

As required by Section 2-90 and Section 1-122 of the General Statutes, we have conducted an audit of Connecticut Innovations Incorporated's (Corporation) activities, including the Connecticut Clean Energy Fund's (CCEF) activities, for the fiscal year ended June 30, 2010. This audit was primarily limited to performing tests of the Corporation's and the CCEF's compliance with certain provisions of laws, regulations, contracts and grant agreements, including but not limited to a determination of whether the Corporation and the CCEF have complied with its regulations concerning affirmative action, personnel practices, the purchase of goods and services, the use of surplus funds and the distribution of loans, grant agreements and other financial resources, and to understanding and evaluating the effectiveness of the Corporation's and the CCEF's internal control policies and procedures for ensuring that the provisions of certain laws, regulations, contracts and grant agreements applicable to the Corporation and the CCEF are complied with. The financial statement audit of the Connecticut Innovations Incorporated and the Connecticut Clean Energy Fund, for the fiscal year indicated above, was conducted by the Corporation's and the CCEF's independent public accountants.

We conducted our audit in accordance with the requirements of Section 2-90 and Section 1-122 of the General Statutes. In doing so, we planned and performed the audit to obtain reasonable assurance about whether the Connecticut Innovations Incorporated and the Connecticut Clean Energy Fund complied in all material respects with the provisions of certain laws, regulations, contracts and grant agreements and to obtain a sufficient understanding of internal control to plan the audit and determine the nature, timing and extent of tests to be performed during the conduct of the audit.

Internal Control over Financial Operations and Compliance:

In planning and performing our audit, we considered the Corporation's and CCEF's internal control over its financial operations and its compliance with requirements as a basis for designing our auditing procedures for the purpose of evaluating the Corporation's and the CCEF's financial operations and compliance with certain provisions of laws, regulations, contracts and grant agreements, but not for the purpose of providing assurance on the effectiveness of the Corporation's and the CCEF's internal control over those control objectives. Accordingly, we do not express an opinion on the effectiveness of the Corporation's and the CCEF's internal control over financial operations and compliance. Our consideration of internal control included, but was not limited to, the following areas:

- Affirmative action
- Personnel practices
- Purchase of goods and services
- Use of surplus funds
- Distribution of loans, grants and other financial resources

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or

detect and correct unauthorized, illegal or irregular transactions on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that noncompliance which could result in significant unauthorized, illegal, irregular or unsafe transactions and/or material noncompliance with certain provisions of laws, regulations, contracts, and grant agreements that would be material in relation to the Corporation's or the CCEF's financial operations will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial operations and compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial operations and compliance with requirements that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over the Corporation's and the CCEF's financial operations or compliance with requirements that we consider to be material weaknesses, as defined above. However, we consider the following deficiencies, described in detail in the accompanying Condition of Records and Recommendations sections of this report, to be significant deficiencies in internal control over compliance: Recommendation 1 – Lack of semi-annual and annual performance evaluations and Recommendation 2 – Lack of quarterly financial reports.

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters:

As part of obtaining reasonable assurance about whether the Corporation and the CCEF complied with laws, regulations, contracts and grant agreements, noncompliance with which could result in significant unauthorized, illegal, irregular or unsafe transactions or could have a direct and material effect on the results of the Corporation's and CCEF's financial operations or compliance for the fiscal year ended June 30, 2010, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, including but not limited to the following areas:

- Affirmative action
- Personnel practices
- Purchase of goods and services
- Use of surplus funds
- Distribution of loans, grants and other financial resources

Our examination included reviewing all or a representative sample of the Corporation's and the CCEF's activities in those areas and performing such other procedures as we considered necessary in the circumstances.

The results of our tests disclosed no material or significant instances of noncompliance. However, we noted certain matters, which we reported to Corporation's management in the accompanying Condition of Records and Recommendations sections of this report.

The Connecticut Innovations Incorporated's responses to the findings identified in our audit are

described in the accompanying Condition of Records section of this report. We did not audit the Corporation's responses and, accordingly, we express no opinion on them.

This report is intended for the information of the Governor, the State Comptroller, the Appropriations Committee of the General Assembly and the Legislative Committee on Program Review and Investigations. However, this report is a matter of public record and its distribution is not limited. Users of this report should be aware that our audit does not provide a legal determination of the Corporation's compliance with the provisions of the laws, regulations, contracts and grant agreements included within the scope of this audit.

CONCLUSION

We wish to express our appreciation for the cooperation and courtesies extended to our representatives by the personnel of the Connecticut Innovations, Incorporated and the Connecticut Clean Energy Fund during our examination.



Christine J Delaney
Principal Auditor

Approved:



John C. Geragosian
Auditor of Public Accounts



Robert M. Ward
Auditor of Public Accounts

CONNECTICUT CLEAN ENERGY FUND
(A Special Revenue Fund of the State of Connecticut)

FINANCIAL STATEMENTS

JUNE 30, 2011

CONNECTICUT CLEAN ENERGY FUND

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Connecticut Clean Energy Fund

We have audited the accompanying balance sheet and statement of net assets of the Connecticut Clean Energy Fund (the "Fund") (a Special Revenue Fund of the State of Connecticut) as of June 30, 2011 and the related statement of revenues, expenditures and changes in fund balance and statement of activities for the year then ended. These financial statements are the responsibility of Connecticut Clean Energy Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the balance sheet and statement of net assets of the Connecticut Clean Energy Fund as of June 30, 2011 and the changes in financial position and changes in net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2011 on our consideration of Connecticut Clean Energy Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 through 5 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consist primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Hartford, CT
September 27, 2011

CONNECTICUT CLEAN ENERGY FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial performance of the Connecticut Clean Energy Fund (the Fund) (a Special Revenue Fund of the State of Connecticut) for the fiscal year ended June 30, 2011. The information contained in this MD&A should be considered in conjunction with the information contained in the financial statements and notes to financial statements included in the "Financial Statements" section of this report.

FINANCIAL STATEMENTS PRESENTED IN THIS REPORT

The Fund was created to promote investment in renewable energy sources in accordance with a comprehensive plan developed by the Fund to foster the growth, development and commercialization of renewable energy sources and related enterprises, and to stimulate demand for renewable energy and the deployment of renewable energy sources, which serve end-use customers in the State.

The Fund's basic financial statements consist of government-wide financial statements, fund financial statements and notes to the financial statements.

The government-wide financial statements, consisting of the statements of net assets and activities, are designed to provide readers with a broad overview of the Connecticut Clean Energy Fund's finances in a manner similar to private-sector business. All the resources the Fund has at its disposal are shown, including long-term investments. They provide both long-term and short-term information about the Fund's overall financial status.

The statement of net assets presents information on all Fund assets and liabilities, with the difference reported as net assets. Over time, increases and decreases in net assets may serve as an indicator of whether the financial position of the Fund is improving or deteriorating.

The statement of activities presents information showing how the Fund's net assets changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in some future fiscal period.

Fund financial statements, consisting of the balance sheet and statement of revenues, expenditures and changes in fund balance, focus on current financial resources and omit long-term investments.

Notes to the financial statements provide additional detailed information to supplement the basis for reporting and nature of key assets and liabilities.

CONNECTICUT CLEAN ENERGY FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS OF FISCAL 2011*NET ASSETS*

Net assets increased by \$7.0 million to \$72.8 million at June 30, 2011. Cash and certificates of deposit increased by \$1.7 million in 2011 to \$59.9 million. Cash increased primarily as a result of an increase in utility assessment revenues, and grant revenues received during 2011.

As of June 30, 2011, the Board of Directors designated \$34.2 million in net assets to fund outstanding grant commitments as described in Note 6. These grants are expected to be paid over the next two fiscal years. The Fund has also budgeted an additional \$36 million to fund new grants which are expected to be awarded over the next year.

The Fund will continue to face challenges in the near term as it tries to meet its objectives. The type of investments the Fund makes are in new and unproven renewable energy technologies, which will take time to mature and involve considerable risk.

Other assets are composed primarily of utility customer assessments receivables, Regional Greenhouse Gas Initiative (RGGI) auction receivables and promissory notes purchased to fund a residential photovoltaic equipment lease program as of the end of the fiscal year.

The following table summarizes the net assets at June 30, 2011 and 2010 (in thousands):

	<i>Net Assets</i> <i>(in thousands)</i>		
	2011	2010	Increase (Decrease)
Cash, certificates of deposit	\$ 59,899	\$ 58,198	\$ 1,701
Investments	1,699	1,349	350
Promissory notes	10,663	6,288	
Other assets	4,735	4,877	(142)
Total assets	<u>76,996</u>	<u>70,712</u>	<u>6,284</u>
Current liabilities	<u>4,216</u>	<u>4,981</u>	<u>(765)</u>
Total liabilities	<u>4,216</u>	<u>4,981</u>	<u>(765)</u>
Restricted	234	289	(55)
Unrestricted	<u>72,546</u>	<u>65,442</u>	<u>7,104</u>
Total net assets	<u>\$ 72,780</u>	<u>\$ 65,731</u>	<u>\$ 7,049</u>

CONNECTICUT CLEAN ENERGY FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS

CHANGES IN NET ASSETS

Revenues from utility customer assessments were \$28.4 million for 2011 compared to \$27.3 million in 2010. The net increase of \$1.1 million was primarily a result of an increase in utility usage.

Revenues from interest on cash deposits decreased \$.3 million to \$.1 million in 2011. Interest on short-term investments and cash deposits decreased due to the decrease in the average cash balance on hand and lower interest rates. The fund received \$3.4 million from the state in RGGI auction proceeds during the year.

Total expenditures for grants and programs in 2011 were \$24.3 million, a decrease of \$11.7 million from the prior year. Grant and program expenditures fluctuate from year to year as they are based on the achievement of contract milestones by the grantee. During 2011, the Fund committed a total of \$16 million for new grants and programs.

Program expenses increased slightly by \$.2 million to \$3.8 million due to increases in costs to administer the Fund's various programs. General and administrative expenses decreased by \$.4 million to \$1.4 million.

Realized gains on program investments increased by \$.2 million over the prior year and unrealized appreciation on these investments decreased by \$59,000 as a result of Renewable Energy Credit activity during the year.

The following table summarizes the changes in net assets between June 30, 2011 and 2010 (in thousands):

	<i>Changes in Net Assets</i>		
	<i>(in thousands)</i>		
	2011	2010	Increase (Decrease)
Revenues	\$ 36,391	\$ 33,126	\$ 3,265
Operating expenses:			
Grants and program investments	24,254	35,943	(11,689)
Program expenses	3,772	3,590	182
General and administrative expense	1,436	1,859	(423)
Total operating expenses	29,462	41,392	(11,930)
Operating income	6,929	(8,266)	15,195
Net change in unrealized appreciation in fair value of investments	(58)	1,469	(1,527)
Net realized (loss) gain on investments	178	(1,525)	1,703
Net change in net assets	\$ 7,049	\$ (8,322)	\$ 15,371

CONNECTICUT CLEAN ENERGY FUND

BALANCE SHEET AND STATEMENT OF NET ASSETS

JUNE 30, 2011

	Balance Sheet	Adjustments	Statement of Net Assets
Assets			
Cash and cash equivalents	\$ 57,664,091	\$ --	\$57,664,091
Utility customer assessments receivable	2,683,145	--	2,683,145
RGGI auction receivable	329,833	--	329,833
Other assets	291,671	1,429,921	1,721,592
Solar Lease Notes	--	10,663,543	10,663,543
Portfolio investments	--	1,698,715	1,698,715
Restricted assets:			
Cash and cash equivalents	<u>2,234,945</u>	<u>--</u>	<u>2,234,945</u>
Total Assets	<u>\$ 63,203,685</u>	<u>\$ 13,792,179</u>	<u>\$76,995,864</u>
Liabilities and Fund Balance/Net Assets			
Liabilities			
Accounts payable and accrued expenses	\$ 1,753,874	\$ --	\$ 1,753,874
Due to fund administrator	461,752	--	461,752
Deferred revenue	<u>2,000,000</u>	<u>--</u>	<u>2,000,000</u>
Total Liabilities	<u>4,215,626</u>	<u>--</u>	<u>4,215,626</u>
Fund Balance/Net Assets			
Unrestricted net assets	--	72,546,364	72,546,364
Restricted fund balance/ restricted net assets	233,875	--	233,875
Committed fund balance	34,225,106	(34,225,106)	--
Unassigned fund balance	<u>24,529,079</u>	<u>(24,529,079)</u>	<u>--</u>
Total Fund Balance/Net Assets	<u>58,988,060</u>	<u>13,792,179</u>	<u>72,780,239</u>
Total Liabilities and Fund Balance/Net Assets	<u>\$ 63,203,686</u>	<u>\$ 13,792,179</u>	<u>\$76,995,865</u>

The accompanying notes are an integral part of these financial statements.

CONNECTICUT CLEAN ENERGY FUND

BALANCE SHEET AND STATEMENT OF NET ASSETS (CONTINUED)

JUNE 30, 2011

	Balance Sheet	Adjustments	Statement of Net Assets
Amounts reported for governmental activities in the statement of net assets are different because:			
Long-term program investments are treated as expenditures for fund purposes		\$ 1,698,715	
Long-term renewable energy certificates are treated as expenditures for fund purposes		1,429,921	
Long-term solar lease notes receivable are treated as expenditures when the notes are purchased for fund purposes		10,936,961	
Less - Solar Loan Loss Reserve		<u>(273,418)</u>	
Total Adjustments to Net Assets		<u>\$ 13,792,179</u>	

The accompanying notes are an integral part of these financial statements.

CONNECTICUT CLEAN ENERGY FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE AND STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

	Statement of Revenues, Expenditures and Changes in Fund Balance		Statement of Activities
	Balance	Adjustments	
Revenues			
Utility customer assessments	\$ 28,444,062	\$ --	\$ 28,444,062
Interest on short-term investments	117,145	--	117,145
Interest on solar lease notes	447,251	--	447,251
RGGI Auction income	3,383,276	--	3,383,276
Grant revenue	3,808,690	--	3,808,690
Other income	191,340	--	191,340
Total Revenues	<u>36,391,764</u>	<u>--</u>	<u>36,391,764</u>
Expenditures and Expenses			
Program			
Grants	29,288,320	(5,034,678)	24,253,642
Program expenses	3,772,446	--	3,772,446
	33,060,766	(5,034,678)	28,026,088
General and administrative expenses	1,435,869	--	1,435,869
Total Expenditures and Expenses	<u>34,496,635</u>	<u>(5,034,678)</u>	<u>29,461,957</u>
Change in Fund Balance/Net Assets Before Change in Value of Investments	1,895,129	5,034,678	6,929,807
Net Realized Gain on Investments	177,756	--	177,756
Net Decrease in Fair Value of Investments	<u>(58,557)</u>	<u>--</u>	<u>(58,557)</u>
Net Change in Fund Balance/ Net Assets	2,014,328	5,034,678	7,049,006
Fund Balance/Net Assets - Beginning	<u>56,973,732</u>	<u>8,757,501</u>	<u>65,731,233</u>
Fund Balance/Net Assets - End	<u>\$ 58,988,060</u>	<u>\$ 13,792,179</u>	<u>\$ 72,780,239</u>

The accompanying notes are an integral part of these financial statements.

CONNECTICUT CLEAN ENERGY FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE AND STATEMENT OF ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2011

	Prior Year Reconciling Items	Current Year Reconciling Items	Total Statement of Activities
Net Change in Fund Balance		<u>\$ 2,014,328</u>	
Amounts reported for governmental activities in the statement of net assets are different because:			
Long-term program investments are treated as expenditures for fund purposes	\$ 1,348,815	350,000	\$ 1,698,815
Long-term renewable energy certificates are treated as expenditures for fund purposes	1,120,982	308,939	1,429,921
Long-term solar lease notes receivable are treated as expenditures when the notes are purchased for fund purposes	6,449,029	4,487,932	10,936,961
Less - Solar Loan Loss Reserve Provision	<u>(161,225)</u>	<u>(112,193)</u>	<u>(273,418)</u>
Total Adjustments	<u>\$ 8,757,601</u>	<u>5,034,678</u>	<u>\$ 13,792,279</u>
Net Change in Net Assets		<u>\$ 7,049,006</u>	

The accompanying notes are an integral part of these financial statements.

CONNECTICUT CLEAN ENERGY FUND**NOTES TO FINANCIAL STATEMENTS****FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES***NATURE OF OPERATIONS***

The Connecticut Clean Energy Fund (the Fund) (statutorily the Renewable Energy Investment Fund) was established in July 1998 under Title 16, Sec. 16-245n of the General Statutes of the State of Connecticut. The Fund, a Special Revenue Fund of the State of Connecticut, was created to promote investment in renewable energy sources in accordance with a comprehensive plan developed by it to foster the growth, development and commercialization of renewable energy sources and related enterprises and stimulate demand for renewable energy and deployment of renewable energy sources which serve end-use customers in the State. As described in Note 5, the Fund is administered by Connecticut Innovations, Incorporated.

The Department of Public Utility Control assesses a charge per kilowatt-hour to each end-use customer of electric services in the State, which is paid to the Fund. The Fund, through its administrator, Connecticut Innovations, Incorporated, may deploy the funds for grants, direct or equity investments, contracts or other actions which support research, development, manufacture, commercialization, deployment and installation of renewable energy technologies, and actions which expand the expertise of individuals, businesses and lending institutions with regard to renewable energy technologies.

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government and its component units, entities for which the government is considered to be financially accountable, all organizations for which the primary government is financially accountable, and other organizations which by the nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Blended component units, although legally separate entities, are, in substance, part of the government's operations; therefore, data from these units are combined with data of the primary government. Based on these criteria, there are no component units requiring inclusion in these financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION***BASIS OF PRESENTATION***

The accompanying financial statements have been prepared in conformity with the requirements of the Governmental Accounting Standards Board. The more significant of the Fund's accounting policies are described below.

CONNECTICUT CLEAN ENERGY FUND**NOTES TO FINANCIAL STATEMENTS****FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS***

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all activities of the Connecticut Clean Energy Fund.

The government-wide financial statements are reported using economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Fees are recognized as revenues in the year for which they are charged.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Fund considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

USE OF ESTIMATES

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the certain reported amounts and disclosures in the financial statements. The most significant estimates are the determination of the fair value of its investments. Actual results could vary from the estimates that were used.

CASH AND CASH EQUIVALENTS

Cash equivalents consist of cash and highly liquid short-term investments with an original term of 90 days and are recorded at cost, which approximates market value.

CONNECTICUT CLEAN ENERGY FUND**NOTES TO FINANCIAL STATEMENTS****FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***RESTRICTED ASSETS***

Restricted assets consist of short-term investments in the State Treasurer's Short-Term Investment Funds which are legally restricted for a contractual commitment to fund the maintenance of a fuel cell for a municipality in the State of Connecticut.

PORTFOLIO INVESTMENTS

The Fund carries all investments at fair value as determined by an independent valuation committee using United States Private Equity Valuation Guidelines promulgated by the Private Equity Investment Guidelines Group. In the absence of readily determinable market values, the Committee gives consideration to pertinent information about the companies comprising these investments, including, but not limited to, recent sales prices of the issuer's securities, sales growth, progress toward business goals and other operating data. The Fund has applied procedures in arriving at the estimate of the value of such securities that it believes are reasonable and appropriate. Management reserves the right to establish a reserve in addition to the recommended reserve from the valuation committee to further account for current market conditions and volatility. Due to the inherent uncertainty of valuation, those estimated values may differ significantly from the amounts ultimately realized from the investments, and the differences could be material. The Fund reports gains as realized and unrealized consistent with the practice of venture capital firms. The calculation of realized gains and losses is independent of the calculation of the net change in investment value.

All of the Fund's portfolio investments are uninsured and unregistered, and are held in the administrator's name.

FUND BALANCE/NET ASSETS

The Fund adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. In accordance with the Statement, the Fund has reported its fund balances on the fund financial statements in the following categories:

- Committed Fund Balance – represents amounts that can only be used for specific purposes imposed by formal action of the Board of Directors
- Restricted Fund Balance – represents amounts with restrictions that are legally enforceable
- Unassigned Fund Balance – represents fund balance that is neither restricted, committed or assigned to specific purposes

CONNECTICUT CLEAN ENERGY FUND**NOTES TO FINANCIAL STATEMENTS****FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For government-wide reporting purposes, the Fund has reported its net assets in the following categories:

- Restricted Net Assets – represents amounts with restrictions that are legally enforceable
- Unrestricted – represents net assets that are not restricted

GRANTS AND PROGRAMS

Expenditures for grants and programs are recorded upon the submission of invoices and other supporting documentation and approval by management. Salaries, benefits and overhead expenses are allocated to program expenses based on job functions.

SUBSEQUENT EVENTS

The Fund has performed a review of events subsequent to the balance sheet date through September 27, 2011, the date of the financial statements where available to be issued.

Effective July 1, 2011 Title 16, Sec. 16-245n of the General Statutes of the State of Connecticut under which the Renewable Energy Investment Fund (Connecticut Clean Energy Fund) was established was modified to create the Clean Energy Finance and Investment Authority (CEFIA), a quasi public agency of the State. The Renewable Energy Investment Fund was renamed the Clean Energy Fund. CEFIA is the successor agency to Connecticut Innovations, Inc, a quasi public agency of the State, for purposes of administering the Clean Energy Fund. The CEFIA is within Connecticut Innovations, Inc., a quasi public agency of the State of Connecticut for administrative purposes only.

CONNECTICUT CLEAN ENERGY FUND

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

NOTE 2 – FAIR VALUE MEASUREMENTS

The Fund values certain of its financial assets and liabilities at fair value, which it defines as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

In determining fair value, the Fund utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The Fund also considers nonperformance risk in the overall assessment of fair value.

The Fund uses a three tier valuation hierarchy for fair value disclosure purposes. This hierarchy is based on the transparency of the inputs utilized for the valuation. The three levels are defined as follows:

- Level 1: Quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities. This established hierarchy assigns the highest priority Level 1 assets.
- Level 2: Observable inputs that are based on data not quoted in active markets, but corroborated by market data.
- Level 3: Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset at the reporting date.

Financial assets carried at fair value as of June 30, 2011 are classified in the following table in one of the three categories described above:

	Level 1	Level 2	Level 3	Total
Cash and				
cash equivalents	\$ 59,899,036	\$ --	\$ --	\$ 59,899,036
Portfolio investments	--	--	1,698,715	1,698,715
	<u>\$ 59,899,036</u>	<u>\$ --</u>	<u>\$ 1,698,715</u>	<u>\$ 61,597,751</u>

CONNECTICUT CLEAN ENERGY FUND

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

NOTE 2 – FAIR VALUE MEASUREMENTS (CONTINUED)

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of net assets available for benefits using significant unobservable (Level 3) inputs:

Balance - beginning of year	\$ 1,348,715
Purchases, issuances and settlements - net	<u>350,000</u>
Balance - end of year	<u>\$ 1,698,715</u>

NOTE 3 – CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents at June 30, 2011:

Checking	\$ 193,337
Money Market	500
State Treasurer's Short-Term Investment Fund	<u>57,470,254</u>
Unrestricted cash and cash equivalents	57,664,091
Checking - restricted	100
State Treasurer's Short-Term Investment Fund - restricted	<u>2,234,845</u>
Total cash and cash equivalents	<u>\$ 59,899,036</u>

STATE TREASURER'S SHORT-TERM INVESTMENT FUND

The State Treasurer's Short-Term Investment Fund is an investment pool. The value of the Fund's position in the pool is the same as the value of pool shares. Regulatory oversight is provided by an investment advisory council and the State Treasurer's Cash Management Board.

INVESTMENT MATURITIES

The State Treasurer's Short-Term Investment Fund has no maturity date and is available for withdrawal on demand.

CONNECTICUT CLEAN ENERGY FUND

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

NOTE 3 – CASH AND CASH EQUIVALENTS (CONTINUED)

INTEREST RATE RISK

The Fund manages its exposure to declines in fair value by limiting the average maturity of its cash and cash equivalents to no more than one year.

CREDIT RISK

Connecticut General Statutes authorize the Fund to invest in obligations of the U.S. Treasury including its agencies and instrumentalities, commercial paper, banker's acceptance, repurchase agreements and the State Treasurer's Short-Term Investment Fund.

Investment ratings for the Fund's investments are as follows:

	Moody's Investors Service	Standard & Poor's
State Treasurer's Short-Term Investment Fund	Aaa	AAAm

CONCENTRATION OF CREDIT RISK

The Fund's investment policy does not limit the investment in any one investment vehicle. Other than the State Treasurer's Short-Term Investment Fund (STIF), the Fund has no investments in any one investment vehicle greater than 5% of the Fund's total investments. The STIF lowers risk by investing in high quality, well diversified securities with relatively short average maturities.

CUSTODIAL CREDIT RISK — DEPOSITS

In the case of deposits, this represents the risk that, in the event of a bank failure, the Fund's deposits may not be returned to it. The Fund does not have a deposit policy for custodial credit risk. As of June 30, 2011, none of the Fund's bank balance was exposed to custodial credit risk because it was not covered under federal depository insurance or collateralized.

CUSTODIAL CREDIT RISK — INVESTMENTS

For an investment, this represents the risk that, in the event of the failure of the counterparty, the Fund will not be able to recover the value of the investment. As of June 30, 2011, the Fund has no reportable custodial risk.

CONNECTICUT CLEAN ENERGY FUND

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

NOTE 4 - PORTFOLIO INVESTMENTS

The Fund invests in emerging companies, which, in the event the company becomes successful, could represent a significant portion of the investment balances at a given time. Securities held at June 30, 2011 represent investments in two companies.

NOTE 5 - RELATED PARTY TRANSACTIONS

The Fund is operated by its administrator, Connecticut Innovations, Incorporated, as provided in the General Statutes of the State of Connecticut. The administrator provides services to the Fund, at cost, for its operations. Such services include, but are not limited to, staff to manage and administer the Fund, office space, equipment and supplies, insurance and back office support. Pursuant to State statute, the Fund administrator is subject to a mandated personnel fringe benefit charges because the Fund's employees are paid by the State. The rates charged for fiscal years 2011 and 2010 in the aggregate comprised 63.73% and 62.92% of gross salaries, respectively. Expenses billed to the Fund by its administrator totaled \$3,995,066 for the year ended June 30, 2011. As of June 30, 2011, amounts due to Connecticut Innovations Incorporated, totaled \$131,919.

The administrator's employees may serve as directors and/or officers of portfolio companies and non-profit organizations whose work advances the mission of the Fund. Consistent with State law and the administrator's own policies, employees receive no compensation or benefits from such organizations. Serving as directors and/or officers was contemplated as part of the administrator's official duties.

NOTE 6 - COMMITTED FUND BALANCE

As of June 30, 2011, the Board of Directors has committed a portion of the fund balance to fund grants for specific projects in the following areas:

Fuel cells	\$ 7,087,591
Solar	13,886,583
Other technologies	840,017
Project 150 and Predevelopment Program	10,702,892
Operation Demonstration Program	1,369,777
Education and outreach	<u>338,246</u>
	<u>\$ 34,225,106</u>

These grants are expected to be paid over the next two fiscal years.

CONNECTICUT CLEAN ENERGY FUND**NOTES TO FINANCIAL STATEMENTS****FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 7 - RESTRICTED FUND BALANCE/NET ASSETS

As discussed in Note 1, the Fund has a contractual commitment of \$233,875 to fund the maintenance of a fuel cell for a municipality in the State of Connecticut.

NOTE 8 - RISK MANAGEMENT

The Fund is subject to normal risks associated with its operations. All risks are managed through commercial insurance as the Fund is covered by the insurance policies maintained by the administrator.

NOTE 9 - RENEWABLE ENERGY CREDITS

The Fund owns Class 1 Renewable Energy Certificates (RECs) that are generated by certain renewable energy facilities for which the Fund provided the initial funding. The Fund has entered into agreements to sell a total of 30,000 REC's generated through December 31, 2013 at prices ranging from \$15.00 to 16.50 per REC, totaling \$465,000.

RECs trade on the New England Power Pool (NEPOOL) market. The market price of Connecticut Class 1 RECs as of June 30, 2011 ranged from \$19.00 to \$21.00. However the Fund's inventory as of June 30, 2011 has been priced at the sales price per the agreements. Based on historical performance, management believes that the RECs it will receive from its funded facilities through December 31, 2013 will exceed its commitment to sell under this agreement.

The REC's are reported as part of Other Assets on the Balance Sheet and Statement of Net Assets.

NOTE 10 – DEFERRED REVENUE

The amount represents unspent grant funds received by the Fund under the American Recovery and Reinvestment Act program. These monies, \$2,000,000, will fund State Energy Program Formula Grants for Fuel Cell projects under the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Connecticut Clean Energy Fund

We have audited the balance sheet and statement of net assets of the Connecticut Clean Energy Fund, a special revenue fund of the State of Connecticut, as of June 30, 2010 and the related statement of revenues, expenditures and changes in fund balance and statement of activities for the year then ended, and have issued our report thereon dated September 23, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Connecticut Clean Energy Fund's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Connecticut Clean Energy Fund's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Connecticut Clean Energy Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the Board of Directors, management and the State of Connecticut and is not intended to be and should not be used by anyone other than those specified parties.

Hartford, CT
September 27, 2011

CONNECTICUT CLEAN ENERGY FUND

FEDERAL SINGLE AUDIT

JUNE 30, 2011

DRAFT



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Connecticut Clean Energy Fund

We have audited the financial statements of the Connecticut Clean Energy Fund (CCEF) as of and for the year ended June 30, 2011, and have issued our report thereon dated September 27, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of CCEF is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered CCEF's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CCEF's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of CCEF's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether CCEF's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Trustees, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hartford, Connecticut
September 27, 2011

**REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133 AND
ON THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS**

Board of Trustees
Connecticut Clean Energy Fund

COMPLIANCE

We have audited the Connecticut Clean Energy Fund (CCEF) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of CCEF's major federal programs for the year ended June 30, 2011. The CCEF's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of CCEF's management. Our responsibility is to express an opinion on CCEF's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about CCEF's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of CCEF's compliance with those requirements.

In our opinion, Connecticut Clean Energy Fund complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

INTERNAL CONTROL OVER COMPLIANCE

Management of CCEF is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered CCEF's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CCEF's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We have audited the basic financial statements of Connecticut Clean Energy Fund as of and for the year ended June 30, 2011, and have issued our report thereon dated September 27, 2011. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information of the Board of Trustees, management and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Hartford, Connecticut
September 27, 2011

CONNECTICUT CLEAN ENERGY FUND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

DRAFT

Federal Grantor/ Program Title	CFDA Number	Expenditures
Department of Energy		
State Energy Program (Recovery Act)	81.041	\$ 2,591,470
Energy Efficiency and Conservation		
Block Grant Program (EECBG) (Recovery Act)	81.128	<u>1,176,351</u>
Total Expenditures of Federal Awards		<u><u>\$ 3,767,821</u></u>

See Notes to Schedule of Expenditures of Federal Awards.

CONNECTICUT CLEAN ENERGY FUND**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS****FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES***BASIS OF PRESENTATION***

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Connecticut Clean Energy Fund (CCEF) and is presented on the accrual basis. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

CONNECTICUT CLEAN ENERGY FUND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2011

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes no
- Significant deficiency(ies) identified? ___ yes none reported

Noncompliance material to financial statements noted? ___ yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ___ yes no
- Significant deficiency(ies) identified? ___ yes none reported

Type of auditor's report issued on compliance for major programs: unqualified.

Any audit finding disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? ___ yes no

Major Programs:

<u>Funding Source</u>	<u>Program</u>	<u>CDFA No.</u>
U.S. Department of Energy	State Energy Program (Recovery Act)	81.041
	Energy Efficiency and Conservation Block Grant (Recovery Act)	81.128

Dollar Threshold Used to Distinguish Type A and Type B Programs: \$300,000

Qualification of Auditee as a Low-Risk Auditee: No

CONNECTICUT CLEAN ENERGY FUND**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)****FOR THE YEAR ENDED JUNE 30, 2011**

SECTION II — SUMMARY OF FINDINGS RELATED TO FINANCIAL STATEMENTS REQUIRED UNDER GENERAL ACCEPTED GOVERNMENT AUDITING STANDARDS

- We issued reports, dated September 27, 2011 on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
- Our report on compliance and other matters indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated no material weaknesses.

SECTION III — FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings relating to Federal award programs.

TO: Bryan Garcia, Clean Energy Finance and Investment Authority

FROM: Jessica Bailey (Program Officer with the Rockefeller Brothers Fund) and Martin Whittaker (Advisor to New Energy Risk)

RE: Clean Energy Finance Authority “Green Storm Session” on October 14, 2011

DATE: October 19, 2011

On October 14, 2011 an informal group of clean energy experts and advisors was convened by Bryan Garcia of the Connecticut Clean Energy Finance and Investment Authority (CEFIA) to provide advice, guidance and insight relating to the future strategy and activities of CEFIA – see Appendix I: Agenda. Those assembled share a common interest in supporting the state’s leadership in and commitment to a clean energy economy and in particular in helping CEFIA fulfill it’s potential to become a national model for public-private partnerships in clean energy finance.

This memo summarizes the key takeaways from the meeting. It has been prepared both to inform future discussions among the CEFIA board and staff and to establish the foundation for an on-going process of external consultation and engagement.

The main recommendations arising from the meeting were as follows:

1. CEFIA’s Central Vision and Purpose Needs to be Clarified and Articulated

The group recommended that CEFIA clarify the universal, organizing principles that rationalize its existence in order to clearly describe (a) it’s core vision and purpose, and (b) it’s operating parameters and functions. The group recognized there are statutory mandates that will necessarily inform CEFIA’s purpose and vision, however, the group believed that CEFIA needs to go further in defining these core issues more clearly. The basic questions that CEFIA’s board and staff should focus on include, but are not limited to, the following:

- Why has CEFIA been created?
- What problem is CEFIA solving?
- Who are CEFIA’s constituencies?
- What structure should CEFIA adopt to most effectively pursue its vision and purpose?
- Why has it been established as a “green bank”?
- What does it mean to be a “green bank”?
- What banking model is most appropriate for CEFIA to pursue?
- Can CEFIA also act as a venture fund, technology incubator or similar? Can you be both a bank and a venture fund?
- What market gaps and dislocations is CEFIA solving and why?

In contemplating these fundamental questions, the group urged CEFIA to focus its attention on identifying the fundamental factors that will influence and ultimately determine the organization’s subsequent strategy and structure. While the group did not strive to reach consensus, it was broadly agreed that CEFIA should indeed be organized as a form of bank (as opposed to a venture fund, for example), in order to be most effective in stimulating the creation of financial products and services

that leverage 3rd party capital and expertise, and address the market dislocations affecting the state's ability to meet its defined energy efficiency and renewable energy targets.

2. CEFIA Should Develop Specific Metrics of Success Consistent With its Defined Vision and Purpose

Upon more clearly defining its core vision and purpose, the group recommended that CEFIA develop and define a number of 'metrics of success', that will help inform strategy, identify trade-offs, determine what expertise to bring in and which external partnerships to form, monitor progress and ensure CEFIA's work remains consistent with its underlying vision and purpose. Some options were offered by the group, including:

- private capital leveraged
- jobs created
- return on invested capital
- carbon reduced
- funds deployed
- clean electrons generated
- energy efficiency accomplished
- residential homes 'touched'.

The group recognized the inherent competition that can exist between different metrics, however, it was felt that this process would be conducive to a more focused expression of CEFIA's central vision and purpose, and contribute to a more effective implementation of its strategic objectives.

3. Upon Completion of Steps 1. And 2., CEFIA Should Review and Develop its Strategic Plans and Priorities

The group discussed a variety of strategic and tactical issues known to be of relevance to CEFIA's mandate, including the state's natural advantages in the field of clean energy and finance, the quality of current understanding and knowledge of clean energy initiatives already underway in Connecticut and elsewhere around the world, and ways to entice private capital and insurance capacity into the state's clean energy markets. It was generally felt that the development of such detailed strategic and tactical plans could be more easily and effectively accomplished once the vision, purpose and metrics of success had been clearly defined and articulated. The group therefore recommended that CEFIA develop its detailed set of strategies and tactics once Recommendations 1. and 2. had been implemented, in order to make decisions on which market sub-segments to tackle first and which financial or insurance products and services CEFIA should focus on in order to have the greatest impact.

4. CEFIA and its Network of Stakeholders and Advisors Should Focus Efforts on Obtaining Some Near-Term Wins

While the group was clear in its feeling that CEFIA should pursue the activities laid out in steps #1-3 above in order to rally support around its purpose and vision, identify where to focus, determine who to hire and who to talk to, develop a specific value proposition for private capital providers and raise private capital, and develop a strategy to choose and engage in specific chosen areas (eg, residential energy efficiency), it was also acutely aware of the need for CEFIA to record some near term successes. To accomplish this, the group recommended that CEFIA develop a parallel track of

activity whereby the fundamental vision and strategy setting work is carried on *while* CEFIA begins operating in markets and areas where early wins are most likely to be achieved. In this vein, the group discussed a number of specific initiatives and activities, including

- the “Lead by Example” work already ongoing in the state (pursuing energy efficiency projects at state facilities, changing out the airport light bulbs)
- creating a \$10M loan loss reserve fund for commercial real estate
- providing credit support for Connecticut-based solar PV projects and developers
- establishing insurance risk capacity to enhance bankability for clean energy technologies

Summary

The group gathered (see Appendix II - Participants) was pleased to be invited to offer input at the early stage of the development of CEFIA and indicated a unanimous willingness and interest in continuing to offer whatever support CEFIA may request in the future, including serving as advisors on various committees of the organization.

APPENDIX I

Agenda

Welcome and Introductions	9:00-9:15
Overview of the Clean Energy Finance and Investment Authority <ul style="list-style-type: none">• Purpose• Vision• Organizational Structure• Financial Resources• Financial Innovation• “Top 5” Priorities	9:15-10:15
Facilitated Discussion #1: Finding the Walls <ul style="list-style-type: none">• Broad objectives• Defining the challenges• Big ideas for Connecticut• Examples of programs with lessons learned• War stories and battle scars• What might work in Connecticut and what we know won’t work	10:15-11:00
Break	11:00-11:30
Facilitated Discussion #2: Narrowing the Discussion <ul style="list-style-type: none">• What areas, sectors, sub-markets should we focus on?• Potential pilot projects?• Potential stakeholders and their roles?• Defining success and narrowing objectives	11:30-12:15
Facilitated Discussion #3: Next Steps <ul style="list-style-type: none">• Action oriented• Who does what?• Who else do we need in the room?• What is CEFA’s role?• What is the Committee configuration and potential candidates?	12:15-1:00

APPENDIX II

Participants in the Greenstorming Session on Clean Energy Finance

Ken Berlin, General Counsel of the Coalition for Green Capital	Liddy Karter, Managing Director of Enhanced Capital Partners
Mark Cirilli, Managing Director of Mission Point Capital Partners	Robert Lahey, Vice President of Investment Banking at Arduor Capital
Sharon Dixon-Peay, Debt Manager and Financial Administrator for the Connecticut Treasurer's Office	Kerry O'Neill, Senior Advisor to the Clean Energy Finance Center
Stewart Hudson, President of the Emily Hall Tremaine Foundation	Rosemary Ripley, Managing Director of NGEN Partners
Reed Hundt, Chief Executive Officer of the Coalition for Green Capital	Antonio Roberto, Executive Director of the Connecticut Development Authority
Claire Broido Johnson, Director of Serious Capital at Serious Energy	Jonathan Schrag, Deputy Commissioner, Connecticut Department of Energy and Environmental Protection



CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

**Clean Energy Finance Investment Authority
Strategic Planning Retreat
November 7-8, 2011
Pocantico Conference Center
Tarrytown, NY**

Meeting Agenda

NOVEMBER 7, 2011

10:00-11:00AM **SESSION 1:** *Welcome and setting the stage for the meeting*

- Overview of the agenda and articulation of why we are here
- Introduction of CEFIA staff, board members, other agency staff, innovators, private sector leaders and policy observers in attendance
- Charge to the retreat: presentation by a notable speaker on the importance of CEFIA's role for Connecticut and for the nation

11:00-12:00PM **SESSION 2:** *Review of statute, current programs, and strategic planning timeline*

- Bryan Garcia to present and lay out how we got where we are
 - Why has CEFIA been created
 - Statutory mandates
 - Strategic planning timeline
 - Outstanding questions for CEFIA and guidance requested from this group
- Discussion among group around topics teed up; agenda refinement

12:00-1:00PM **LUNCH**

1:00-2:30PM **SESSION 3:** *Discussion of purpose and structure of CEFIA within the context of the statute*

- Breakout into 3-4 groups that will provide answers to the following 2 questions:
 - What market gaps and dislocations is CEFIA solving and why? What isn't happening in CT that CEFIA can help catalyze?

- What structure should CEFIA adopt to most effectively pursue its vision and purpose? What does it mean to be a “green bank”? Can CEFIA be both a venture capital fund and a bank? What banking model is most appropriate for CEFIA to pursue?

2:30-3:00PM **BREAK**

3:00-4:30PM **SESSION 4:** *Development of the mission, goals and objectives*

- Report back from breakout groups on purpose and structure.
- Within the context of the vision, statute, and metrics of success, what is the mission of CEFIA?
- Refinement of goals and objectives of CEFIA

4:30-5:30PM **TOUR OF KYKUIT, HOME OF ROCKEFELLER FAMILY**

6:00PM-7:00PM **DRINKS ON THE CARRIAGE ROOM**

7:00-8:30PM **DINNER**

8:30PM **CASUAL DISCUSSION IN THE HAYLOFT**

- Conversation to be guided by day’s discussion – did we hit on a set of goals and objectives? Where is there disagreement?

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7:30-8:30AM **BREAKFAST**

8:30-10:00AM **SESSION 5: *Development of the mission, goals and objectives (cont'd)***

- Recap of what we heard yesterday by Bryan Garcia
- Who are CEFIA's target customers?
- Who are CEFIA's target partners?
- What is CEFIA's brand we are trying to attain?
- What are the risks inherent in the proposed mission, goals and objectives we are looking to pursue?
- What expertise do we need succeed?

10:00-10:30AM **BREAK**

10:30-12:00PM **SESSION 6: *Towards "wins"***

- What are the short (next 3 months), medium (next 6 months) and long-term (next year) "wins" that CEFIA must have?

12:00-1:00PM **LUNCH**

1:00-2:00PM **SESSION 7: *Towards "wins" continued***

- Small group session on fleshing out some near and medium term wins for CEFIA

2:00-2:30PM **SESSION 8: *Wrap-Up***

- Next steps

Adjourn at 2:30PM



CLEAN ENERGY

FINANCE AND INVESTMENT AUTHORITY

BOARD OF DIRECTORS **REGULAR MEETING SCHEDULE FOR 2012**

The following is a list of dates and times for **regular quarterly meetings** of the Clean Energy Finance and Investment Authority's Board of Directors through 2012.

- March 16, 2012 – Regular Meeting from 9:00 to 11:00 a.m.
- June 15, 2012 – Regular Meeting from 9:00 to 11:00 a.m.
- September 21, 2012 – Regular Meeting from 3:00 to 5:00 p.m.
- December 21, 2012 – Regular Meeting from 9:00 to 11:00 a.m.

If necessary, the following is a list of dates and times for regular meetings of the Clean Energy Finance and Investment Authority's Board of Directors through 2012.

- January 20, 2012 – Regular Meeting from 9:00 to 11:00 a.m.
- February 17, 2012 – Regular Meeting from 9:00 to 11:00 a.m.
- April 20, 2012 – Regular Meeting from 9:00 to 11:00 a.m.
- May 18, 2012 – Regular Meeting from 9:00 to 11:00 a.m.
- July 20, 2012 – Regular Meeting from 9:00 to 11:00 a.m.
- August 17, 2012 – Regular Meeting from 9:00 to 11:00 a.m.
- October 19, 2012 – Regular Meeting from 9:00 to 11:00 a.m.
- November 16, 2012 – Regular Meeting from 9:00 to 11:00 a.m.

Regular meetings of the Audit, Compliance & Governance, Budget & Operations, Technology Innovation, and Deployment Committees will be separately scheduled.

All regular meetings will take place at:

Clean Energy Finance and Investment Authority
865 Brook Street
Rocky Hill, CT 06067