

**AUDIT, COMPLIANCE AND GOVERNANCE COMMITTEE OF THE  
CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY  
Minutes – Special Meeting  
Friday, March 16, 2012**

A special meeting of the Audit, Compliance and Governance Committee (“Audit Committee”) of the Board of Directors of the **Clean Energy Finance and Investment Authority (the “Authority”)** was held on March 16, 2012, at the office of CEFIA, 865 Brook Street, Rocky Hill, CT.

1. **Call to Order:** John Olsen, Chairperson of the Audit Committee, called the meeting to order at 8:20 a.m. Audit Committee members participating: Daniel Esty, Vice Chairperson of the CEFIA Board; John Olsen, and Matthew Ranelli.

Audit Committee Member absent: Patricia Wrice.

Staff Attending: George Bellas, Mackey Dykes, Brian Farnen, Suzanne Kaswan, and Shelly Mondo.

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

3. **Approval of Minutes:**

Mr. Olsen asked the Audit Committee members to consider the minutes from the November 21, 2011 special meeting.

**Upon a motion made by Mr. Esty, seconded by Mr. Ranelli, the Audit Committee members voted in favor of adopting the minutes from the November 21, 2011 special meeting as presented (Mr. Esty abstained from the vote).**

4. **Audit Findings and Remedial Actions:**

Mr. Bellas reported on the progress to address the audit findings by the State Auditors of Public Accounts for the fiscal year 2010 audit. He explained that in response to the audit finding about employee performance appraisals, he and Ms. Kaswan, CI’s Manager of Human Resources, have developed and will maintain a log of performance appraisal due dates for all employees for all appraisal types.

With respect to the audit finding for not consistently collecting written reports in accordance with loan documentation, CEFIA has developed a mechanism to track contractual obligations. Mr. Farnen noted that this requirement has been linked to individual employee performance evaluations to ensure that individual goals align with duties and requirements. In response to a question, it was noted that Mr. Dykes will be the management staff responsible for ensuring that the new process is implemented and is being followed.

Mr. Bellas indicated that the State Auditors of Public Accounts will be starting the audit of the Connecticut Clean Energy Fund (CCEF") financial reports for fiscal year ended June 30, 2011 at the end of March. It is anticipated that the audit report will be issued in the fall. Mr. Bellas noted that this is the last year the audit will be performed for CI/CCEF, and CEFIA will have its own audit for its financial statements going forward. In response to a question, Mr. Bellas stated that he is not aware of any issues that may arise. No formal action is required on the audit findings for 2010.

#### **5. Ethics Compliance Officer:**

Mr. Farnen stated that the State of Connecticut Code of Ethics for Public Officials requires CEFIA to designate an ethics compliance officer. In accordance with CEFIA's Bylaws, the Audit Committee should recommend to the Board the appointment of an ethics compliance officer for CEFIA. Mr. Farnen stated that the proposed resolution designates the General Counsel as CEFIA's ethics compliance officer.

**Upon a motion made by Mr. Esty, seconded by Mr. Ranelli, the Audit Committee members voted unanimously in favor of adopting the following resolution recommending to the Board the appointment of Brian Farnen, General Counsel, as CEFIA's ethics compliance officer:**

**WHEREAS**, Section 1-101rr(a) State of Connecticut Code of Ethics requires the Clean Energy Finance and Investment Authority ("CEFIA") to designate an ethics compliance officer to be responsible for the development of the ethics policies, to coordinate ethics training programs and to monitor ethics policy compliance;

**WHEREAS**, pursuant to Section 5.3.1(vi) of the CEFIA Bylaws, the Audit, Compliance and Governance Committee (the "Audit Committee") shall give its recommendation to the Board as to the selection of CEFIA's ethics compliance officer.

**NOW**, therefore be it:

**RESOLVED**, that the Audit Committee hereby recommends approval of Brian Farnen, General Counsel of CEFIA, as CEFIA's ethics compliance officer.

---

It was noted that the resolution will be presented to the Board in April.

#### **6. Board and CEFIA Ethics Policy and Statement:**

Mr. Farnen stated that CCEF had ethics policies for staff but not a formal policy for the Board. He explained that he used existing policies from other agencies and simplified some of the language to develop ethics policies for CEIFA and the Board. Mr. Farnen mentioned that the Office of State Ethics has reviewed the draft policies. Mr. Ranelli

explained the clarifying changes he recommended. A discussion ensued as to whether the policy should extend to Advisory Committee members. Mr. Farnen clarified that the policy applies to Advisory Committee members “to the extent required by law.” Mr. Farnen was asked to investigate this issue further and present the requirements of the law for Advisory Committee members at the next meeting.

**Upon a motion made by Mr. Esty, seconded by Mr. Ranelli, the Audit Committee members voted unanimously in favor of adopting the following resolution regarding the Board Ethical Conduct Policy and CEFIA’s Ethical Conduct Policy and Ethics Statement:**

WHEREAS, Section 1-101rr(a) State of Connecticut Code of Ethics for Public Officials requires the ethic compliance officer of the Clean Energy Finance and Investment Authority (“CEFIA”) to develop the ethics policies of CEFIA;

WHEREAS, pursuant to Section 5.3.1 (viii) of the CEFIA Bylaws, the Audit, Compliance and Governance Committee (the “Audit Committee”) shall review and approve, and in its discretion, recommend to the CEFIA Board of Directors (the “Board”) all governing and administrative matters affecting CEFIA, including corporate governance policies;

NOW, therefore, be it:

RESOLVED, that the Audit Committee hereby recommends approval of CEFIA’s Board of Directors’ Ethical Conduct Policy.

---

WHEREAS, Section 1-101rr(a) State of Connecticut Code of Ethics for Public Officials requires the ethic compliance officer of the Clean Energy Finance and Investment Authority (“CEFIA”) to develop the ethics policies of CEFIA;

WHEREAS, pursuant to Section 5.3.1 (viii) of the CEFIA Bylaws, the Audit, Compliance and Governance Committee (the “Audit Committee”) shall review and approve, and in its discretion, recommend to the CEFIA Board of Directors (the “Board”) all governing and administrative matters affecting CEFIA, including corporate governance policies;

NOW, therefore, be it:

RESOLVED, that the Audit Committee hereby recommends approval of CEFIA’s Ethical Conduct Policy and Ethics Statement.

---

**7. Ethics, Sexual Harassment Prevention & Diversity Training:**

Ms. Kaswan indicated that CEFIA is working with the Employee Assistance Program provider to provide ethics, sexual harassment prevention and diversity training to employees. She explained that to keep costs low, training and costs are shared with CI. Mr. Farnen stated that even though CEFIA is not required to provide sexual harassment prevention training, CEFIA proactively provides the training. Ms. Kaswan stated that workplace violence prevention training was offered to staff before it became a required. She is investigating to determine whether additional training is necessary; and if it is necessary, additional training will be provided.

**8. Adjournment:** Upon a motion made by Mr. Esty, seconded by Mr. Ranelli, the Audit Committee members voted unanimously in favor of adjourning the March 16, 2012, meeting at 8:45 a.m.

Respectfully submitted,

---

John Olsen, Chairperson of Audit  
Committee