

**BUDGET AND OPERATIONS COMMITTEE OF THE
CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY
Minutes – Special Meeting
Monday, December 12, 2011**

A special meeting of the Budget and Operations Committee (“Budget Committee”) of the Board of Directors of the **Clean Energy Finance and Investment Authority (the “Authority”)** was held on December 12, 2011, at the office of the Department of Energy and Environmental Protection, 79 Elm Street, Hartford, CT.

1. Call to Order: Daniel Esty, Chairperson of the Budget Committee, called the meeting to order at 11:06 a.m. Budget Committee members participating: Mun Choi, Daniel Esty, and Norma Glover.

Staff Attending: George Bellas, Brian Farnen, Bryan Garcia, and Shelly Mondo.

Others Attending: Peggy Diaz, Department of Energy and Environmental Protection.

2. Review of Public Comments Submitted on Operating Procedures:

Mr. Garcia explained that the CEFIA Board authorized staff to advertise a notice of intent to adopt CEFIA’s Operating Procedures. The notice of intent was published in the Connecticut Law Journal on October 25, 2011, and only one comment was received from CEFIA’s former legal counsel, Attorney Stone, who offered grammatical changes. Mr. Garcia mentioned that staff worked with Attorney Stone and Shipman & Goodwin, outside legal counsel, to clarify the definition of “Clean Energy Project” in the proposed Operating Procedures. Since the definition is a clarifying change and not substantive, CEFIA has been advised by legal counsel that the additional change does not require further public comments. In response to a question, Mr. Garcia mentioned that the definition of “Clean Energy Project” has been broadened and references Connecticut General Statutes Section 16-245n(a), which also includes financing energy efficiency projects.

Mr. Garcia mentioned that the most significant change in the draft Operating Procedures is with respect to contracting for professional services and the procurement process for approving contracts. Mr. Bellas and Mr. Garcia indicated that the changes will be helpful for daily staff operations to expedite transactions while balancing the need for internal controls.

Upon a motion made by Ms. Glover, seconded by Mr. Choi, the Budget Committee voted unanimously in favor of recommending to the Board for consideration the approval of the proposed Operating Procedures.

Upon a motion made by Ms. Glover, seconded by Mr. Choi, the Budget Committee voted unanimously in favor of including the

revised definition in Section I of the Operating Procedures for “Clean Energy Project” as follows:

Clean Energy Project: An activity that (i) promotes investment in clean energy; (ii) fosters the growth, development and commercialization of clean energy sources and related enterprises; (iii) stimulates demand for clean energy and deployment of clean energy sources that serve end-use customers in this state; or (iv) supports the development of advanced technologies that reduce energy use from traditional sources. For purposes of this definition, “clean energy” has the meaning as provided in Connecticut General Statutes Section 16-245n(a), as may be amended from time to time.

3. Review and Approval of the Proposed Employee Handbook and other Policies and Practices:

Mr. Garcia explained that one of the responsibilities of the Budget Committee, as identified in the Bylaws, is to recommend to the Board various employee policies, internal control procedures and operational practices. He stated that the proposed CEFIA Employee Handbook, policies and procedures were modeled after Connecticut Innovations. In response to a question about any potential problematic areas, Mr. Garcia stated that one of the areas being addressed is telecommuting. He stated that expectations and enforcement policies have been laid out but have not yet been audited. A suggestion was made to have the Chief of Staff position responsible for the enforcement of this policy.

A discussion ensued on the proposed Severance Policy. The Budget Committee asked staff to review the language in the proposed policy to:

- Ensure that the Budget Committee and/or Board approves each individual severance package.
- Ensure that the service time for purposes of the Severance Policy means service as a quasi-public agency employee and not a state employee.
- Include language that has the flexibility to offer a severance package to employees being encouraged to leave that have not caused a violation or misconduct.

Upon a motion made by Ms. Glover, seconded by Mr. Choi, the Budget Committee voted unanimously in favor of recommending to the Board for consideration acceptance of the Employee Handbook and Severance Policy, subject to incorporating the revisions suggested in the Severance Policy.

Mr. Bellas and Mr. Garcia reviewed the following proposed internal control procedures:

- CEFIA 101—Purchasing and Accounts Payable
- CEFIA 102—Contracts
- CEFIA 103—Credit Cards
- CEFIA 104—Mobile Communications
- CEFIA 104A—Mobile Communications Pre-Approval Form

Mr. Garcia mentioned that the internal control procedures were modeled after internal control procedures used by Connecticut Innovations. Mr. Bellas mentioned that these procedures are reviewed annually by the State Auditors of Public Accountants and outside accountants as part of an evaluation of CI and CEFIA's internal accounting control environment. f.

Upon a motion made by Ms. Glover, seconded by Mr. Choi, the Budget Committee members voted unanimously in favor of recommending to the Board for consideration the acceptance of the following internal control procedures:

- CEFIA 101—Purchasing and Accounts Payable
- CEFIA 102—Contracts
- CEFIA 103—Credit Cards
- CEFIA 104—Mobile Communications
- CEFIA 104A—Mobile Communications Pre-Approval Form

4. Discussion of a Proposed Program Plan Outline Document:

Mr. Garcia discussed the recommended management tool that will help provide a disciplined, systematic and comprehensive program design process to align programs with organizational goals and objectives, identify best practices and provide a framework for evaluation. He explained that he worked with the Lawrence Berkeley National Laboratory through the Clean Energy Training Program to develop the outline. Mr. Garcia stated that staff will use the outline document when planning major programs, and a summary memorandum along with the Section 1 Program Summary will be provided to the Board prior to consideration of a program.

It was noted that this document is for internal purposes. There was general consensus that the Board should be reviewing strategic issues rather than the day to day management issues. Questions arose regarding the organizational goals listed in the document, and the Budget Committee members provided some feedback including that consideration should be given to amending the fourth goal or adding a fifth goal focused on spurring innovation in energy efficiency, renewables and clean energy infrastructure. ~~clean energy innovation.~~

5. Review and Approval of the Proposed Revisions to the FY 2012 Operating Budget of CCEF for CEFIA:

Mr. Garcia mentioned that the Board of Directors of the Connecticut Clean Energy Fund (“CCEF”) and the Board of Directors of Connecticut Innovations approved the FY2012 operating budget for CCEF in May 2011. On July 1, 2011 the new quasi-public agency, CEFIA, was created and was the successor to CCEF. Mr. Garcia recommends that the CEFIA Board modify the CCEF budget that was approved by CCEF and CI because it doesn’t reflect the changed nature of the CCEF. After reviewing the actual revenues and expenses for CCEF for FY2011, staff recommends further budget revisions for FY2012 for CEFIA. Mr. Garcia reviewed the variances from the FY2011 CCEF budget. He summarized that the goal is to reduce operating expenses by approximately 6 percent, to support the transition needs from CCEF to CEFIA and to align the operating resources with the development and implementation of the Comprehensive Plan and a Program Budget. Mr. Garcia reviewed the revised projected revenues for FY2012 which are projected to be approximately 9 percent lower than budgeted for CCEF for FY2011. Mr. Garcia talked about the need to expand office space and temporary employees. He discussed the organizational restructuring and personnel. For informational purposes, Mr. Garcia mentioned that a comparative analysis of minimum, maximum and mean salaries with other quasi-public agencies was provided. In summary, he stated that CEFIA average salaries are less than CI and CDA, and that CDA, CI and CHFA maximum salaries are higher than CEFIA.

In response to a question, Mr. Garcia stated that the operating expenses are approximately 15 percent of total revenues, which is similar to CCEF operating expenses for the last three years. The Budget Committee noted the importance of leveraging its assets and income.

Upon a motion made by Ms. Glover, seconded by Mr. Choi, the Budget Committee members voted unanimously in favor of recommending to the Board for consideration the approval of the proposed revisions to the FY 2012 Operating Budget for CEFIA.

6. Approval of Regular Schedule of the Budget Committee for 2012:

Upon a motion made by Ms. Glover, seconded by Mr. Choi, the Budget Committee members voted unanimously in favor of approving the following regular meeting schedule for the Budget Committee for the calendar year 2012:

- **Tuesday, May 8, 2012**
- **Tuesday, November 6, 2012**

7. Adjournment: Upon a motion made by Ms. Glover, seconded by Mr. Choi, the Budget Committee members voted unanimously in favor of adjourning the December 12, 2012, meeting at 12:10 p.m.

Respectfully submitted,

Daniel Esty, Chairperson of Budget
Committee