

**BUDGET AND OPERATIONS COMMITTEE OF THE  
CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY  
Minutes – Special Meeting  
Monday, July 15, 2013**

A special meeting of the Budget and Operations Committee (“Budget Committee”) of the Board of Directors of the **Clean Energy Finance and Investment Authority ( “CEFIA”)** was held on July 15, 2013, at the office of the Clean Energy Finance and Investment Authority, 845 Brook Street, Rocky Hill, CT 06067.

1. **Call to Order:** The meeting was called to order at 2:21 p.m. Budget Committee members participating: Mun Choi (by phone), Daniel Esty (by phone), and Norma Glover.

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

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

3. **Approval of Meeting Minutes:**

The Budget Committee members were asked to consider the minutes from the June 11, 2013 meeting. Ms. Glover asked that the minutes be changed on page 1 to reflect that she asked the question about the changes in revenues.

**Upon a motion made by Mr. Choi, seconded by Ms. Glover, the Budget Committee members voted unanimously in favor of adopting the minutes from the June 11, 2013 meeting as revised.**

4. **Human Resources Budget:**

Mr. Dykes mentioned that at the last Board meeting there was a discussion about the salary adjustments proposed by staff, and the Board asked staff to provide the Budget Committee with more information and comparisons with the state and other quasi-public agencies about the cost of living adjustments, merit increases and promotion increases before making a decision.

Mr. Garcia spoke about the importance of the human resources at CEFIA and noted that the total compensation increase being recommended by management is below the increases approved for other state agencies and quasi-public organizations. Mr. Garcia discussed the significant increase in staff activity and projected increase in order to achieve the ambitious goals outlined in the two-year Comprehensive Plan.

A concern was expressed by Ms. Glover with the lack of written material provided in advance of the meeting relative to the increases and noted that she probably would not vote on the issue because she was not able to review the material in advance of the meeting. Mr. Esty raised concerns and cautioned against approving pay raises because of the scrutiny and potential political backlash. Staff was asked to provide a summary sheet no later than Wednesday, July 17, showing the proposals and comparisons for the Board to consider on Friday, July 19.

Ms. Kaswan discussed the comparison of salary adjustments (cost of living, merit increase, and promotion pool, where applicable) with the State Bargaining Unit, State Managers, Connecticut Innovations ("CI"), Connecticut Housing Finance Authority and the State Lottery. In response to a question, Ms. Kaswan indicated that the State Bargaining Unit salary adjustments are a result of a long-term contract negotiation. The adjustments for managers were negotiated more recently with OPM. She explained the different categories of adjustments for each of the organizations used for comparison purposes. Ms. Kaswan noted that CI and CEFIA do not participate in longevity payments. She reviewed the salary adjustments made in 2008 and 2010 for the former Connecticut Clean Energy Fund employees, noting that the cost of living increase provided in 2010 offset an increase to the retiree health fund.

Mr. Garcia reiterated the need to reward employees for performance who continually dedicate their time and produce outstanding work. The Budget Committee members discussed the financial problems in the State. A discussion ensued on not wanting to create detrimental staff morale because other state employees and quasi-public agencies are being compensated and recognized.

Mr. Dykes explained the proposed cost of living adjustment, noting that only those employees that "meet expectations" or better in their performance review would be eligible to receive a cost of living adjustment. A comment was made that the automatic cost of living increase takes away the flexibility to reward those employees that are contributing to the mission of the organization.

The Budget Committee members discussed employee performance and there was a general preference for rewarding employees who perform on an exceptional basis rather than having an automatic cost of living increase. Mr. Garcia mentioned that Ms. Smith expressed a preference for the CHFA approach of rewarding performance versus an across the board increase. Ms. Glover noted that CEFIA does not have to be compared to state agencies and can act more independently.

The Budget Committee members discussed an appropriate percentage as a salary adjustment base pool. A suggestion was made to use a 4.5 percent merit pool, but staff was asked how this compares with CI. Mr. Choi indicated a preference for salary adjustments being consistent with CI. The Budget Committee noted that no employee should receive more than a 4.5 percent increase. Another suggestion was made by Ms. Glover and Mr. Esty to recommend a 2.0 cost of living increase for only those employees that meet expectations, a 2.0 merit pool and a 1.0 promotion pool. In

response to a question, Ms. Kaswan explained that if an employee performs below expectations, he/she is put on a performance improvement plan. When he/she comes off the performance improvement plan, such employee would be eligible for the cost of living increase. After noting the potential criticism for a 4.5 percent merit pool increase, Mr. Dykes noted that an increase of 4.5 percent is below the state bargaining unit adjustments.

The Budget Committee was unable to reach consensus on this issue and asked that staff present the two options discussed by the Budget Committee and staff's recommendations to the Board at meeting scheduled for July 19 with no specific recommendation from the Budget Committee.

Mr. Bellas discussed the need to make an adjustment to the fiscal 2014 budget to reflect the increase in employee benefits. He explained that when the fiscal year 2014 budget was approved it was anticipated that the increase in employee benefits would be approximately 66.2 percent while the actual increase announced by the State Comptroller is 74.38 percent. Some concern was expressed with having to fund gaps made by the past administration by underfunding pensions and health care costs.

#### **5. Marketing Budget:**

Mr. Dykes briefly reviewed the marketing budget for fiscal year 2013 to launch new products and investments. He indicated that there are unspent marketing funds, and staff recommends carrying those funds to the 2014 fiscal year budget to continue to launch new programs and investments to meet the aggressive goals established in the Comprehensive Plan.

The Budget Committee members asked staff to provide a summary page showing the full scope of the marketing budget for fiscal year 2013, the amount that was spent, the amount unspent and the marketing ramp up required for fiscal year 2014.

**Upon a motion made by Ms. Glover, seconded by Mr. Esty the Budget Committee members voted in favor of adopting the following resolution recommending approval of adding unspent funds in the fiscal year 2013 budget to the fiscal year 2014 marketing budget (Mr. Choi was not present for the vote):**

**WHEREAS**, Article V of the Clean Energy Finance and Investment Authority (CEFIA) Operating Procedures requires the CEFIA Board of Directors (the "Board") to adopt an Annual Operating Budget for each forthcoming fiscal year;

**WHEREAS**, Article V, section 5.3.2 of the CEFIA by-laws requires the Budget and Operations Committee (the "Committee") to review and recommend to the Board any increases to the operating budget in excess of seventy-five thousand;

**NOW**, therefore be it:

**RESOLVED**, that the Committee hereby recommends to the Board for approval that the unspent or unallocated fiscal year 2013 marketing be added to the fiscal year 2014 marketing budget.

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**6. Adjournment:** Upon a motion made by Ms. Glover, seconded by Mr. Esty, the Budget Committee members voted in favor of adjourning the July 15, 2013 meeting at 3:39 p.m.

Respectfully submitted,

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Daniel Esty, Chairperson of Budget  
Committee