



CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

845 Brook Street
Rocky Hill, Connecticut 06067

300 Main Street, 4th Floor
Stamford, Connecticut 06901

T: 860.563.0015
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www.ctcleanenergy.com

May 28, 2014

Dear Audit, Compliance and Governance Committee Members,

We look forward to our meeting on Wednesday, June 4th, at CEFIA in Rocky Hill from 4 to 5 p.m. We have one main agenda item:

- Approval Limits Adjustment Recommendation – Funding Requests Under \$300,000 and No More in Aggregate of \$1,500,000

The materials for the meeting can be found at the link below. As always, please let me know if you have any questions.

Sincerely,

Brian Farnen
General Counsel & Chief Legal Officer



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AGENDA

Audit, Compliance and Governance Committee of the
Clean Energy Finance and Investment Authority
845 Brook Street
Rocky Hill, CT 06067

Wednesday, June 4, 2014 – Special Meeting
4:00 to 5:00 p.m.

Staff Invited: Bryan Garcia, Brian Farnen, Bert Hunter, George Bellas, Mackey Dykes

Others Invited:

1. Call to order
2. Public Comments – 5 minutes
3. Approve meeting minutes for April 15, 2014 Regular Meeting* – 5 minutes
4. Approval Limits Adjustment Recommendation – Funding Requests Under \$300,000 and No More in Aggregate of \$1,500,000* – 15 minutes
5. Adjourn

*Denotes item requiring Committee action

Join the meeting online at <https://www4.gotomeeting.com/join/571590711>

Dial +1 (312) 878-3078

Meeting ID: 571-590-711



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RESOLUTIONS

Audit, Compliance and Governance Committee of the
Clean Energy Finance and Investment Authority
845 Brook Street
Rocky Hill, CT 06067

Wednesday, June 4, 2014 – Special Meeting
4:00 to 5:00 p.m.

Staff Invited: Bryan Garcia, Brian Farnen, Bert Hunter George Bellas, Mackey Dykes,

Others Invited:

1. Call to order
2. Public Comments – 5 minutes
3. Approve meeting minutes for April 15, 2014 Regular Meeting* – 5 minutes

Resolution #1

Motion to approve the minutes of the Audit, Compliance and Governance Committee meeting for April 15, 2014. Second. Discussion. Vote.

4. Approval Limits Adjustment Recommendation – Funding Requests Under \$300,000 and No More in Aggregate of \$1,500,000* – 15 minutes

Resolution #2

WHEREAS, pursuant to Section 5.3.1 of the Clean Energy Finance and Investment Authority (CEFIA) Bylaws, the Audit, Compliance & Governance (ACG) Committee is charged with the review and approval of, and in its discretion recommendations to the Board regarding, all governance and administrative matters affecting CEFIA, including but not limited to matters of corporate governance and corporate governance policies;

WHEREAS, on January 18, 2013, the Board of Directors authorized CEFIA staff to evaluate and approve funding requests less than \$300,000 which are pursuant to an established formal approval process requiring the signature of a CEFIA officer, consistent with the CEFIA Comprehensive Plan, approved within CEFIA's fiscal budget and in an aggregate amount not to exceed \$500,000 from the date of the last Deployment Committee meeting ("Staff Approval Policy for Projects Under \$300,000").

NOW, therefore be it:

RESOLVED, that the CEFIA Audit, Compliance and Governance Committee hereby recommends that the Board of Directors adopt a resolution amending the Staff Approval Policy for Projects Under \$300,000 to increase the aggregate amount limit from \$500,000 to \$1,500,000 from the date of the last Deployment Committee meeting.

5. Adjourn

*Denotes item requiring Committee action

Join the meeting online at <https://www4.gotomeeting.com/join/571590711>

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CLEAN ENERGY
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ACG Committee of the Clean Energy Finance and Investment Authority

Agenda Item #1

Call to Order

June 4, 2014



CLEAN ENERGY
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ACG Committee of the Clean Energy Finance and Investment Authority

Agenda Item #2

Public Comments

June 4, 2014



CLEAN ENERGY
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ACG Committee of the Clean Energy Finance and Investment Authority

Agenda Item #3

Approval of the Meeting Minutes

June 4, 2014



CLEAN ENERGY
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ACG Committee of the Clean Energy Finance and Investment Authority

Agenda Item #4

Approval Limits Adjustment Recommendation

June 4, 2014



BACKGROUND

- ▶ Section 5.3.3 of Bylaws - Deployment Committee evaluates and approves funding requests between \$300,000 and \$2,500,000
- ▶ By-Laws silent on approval requests below \$300,000
- ▶ CCEF passed resolution to empower staff to make allocations under \$300,000
- ▶ CEFIA passed similar resolution based on the following:
 - ▶ pursuant to an established formal approval process
 - ▶ consistent with the CEFIA Comprehensive Plan
 - ▶ approved within CEFIA's fiscal budget
 - ▶ **No more than \$500,000 from date of last Deployment Committee**



CURRENT REQUEST

- ▶ Adjustment in the policy to increase the aggregate amount limit from \$500,000 to \$1,500,000

JUSTIFICATION FOR REQUEST FOR ADJUSTMENT

- ▶ Due to the increased volume of programmatic projects, especially C-PACE
- ▶ CEFIA has operationalized increased standardization with:
 - ▶ Relevant financing documents,
 - ▶ Underwriting, and
 - ▶ Technical review

**AUDIT, COMPLIANCE AND GOVERNANCE COMMITTEE OF THE
CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY
Draft Minutes – Regular Meeting
Tuesday, April 15, 2014**

A regular 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 April 15, 2014, at the office of CEFIA, 845 Brook Street, Rocky Hill, CT.

1. **Call to Order:** Matthew Ranelli, Chairperson of the Audit Committee, called the meeting to order at 1:04 p.m. Audit Committee members participating: Matthew Ranelli (by phone) and John Harrity.

Absent: Patricia Wrice.

Staff Attending: George Bellas, Joe Buonannata, Joe Casparino, Mackey Dykes, Brian Farnen, Bryan Garcia, David Goldberg, Madeline Priest, Cheryl Samuels.

Others Attending: Christopher Luise, ADNET.

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

3. **Approval of Minutes:**

Mr. Ranelli asked the Audit Committee members to consider the minutes from the October 4, 2013 meeting.

Upon a motion made by Mr. Harrity, seconded by Mr. Ranelli, the Audit Committee members voted unanimously in favor of adopting the minutes from the October 4, 2013 meeting as presented.

NOTE: Mr. Ranelli requested that the meeting continue with an edit to the agenda order so that the Legislative Update is presented last.

4. **Review and Recommendation to the Board of Directors of CEFIA for Approval of Certain Employee Handbook Revisions:**

Attorney Farnen recommended that the Committee review the proposed Employee Handbook revisions on an item-by-item basis.

Regarding social media use and other personal computer use during work time, Mr. Ranelli noted that it should be clear in the Employee Handbook that use of the internet by employees is a privilege and a work tool, not a right, and that a 15-minute per day time limit on personal use should be imposed. He stated that the policy should be clear in the Employee Handbook so that employees are aware of it and the CEFIA Board can defend it, if necessary.

Mr. Casparino introduced Mr. Luise, Executive Vice President of ADNET Technologies, LLC, a computer consulting firm who has developed best practices for computer and social media policy. Mr. Luise highlighted the connection of office culture to social media and personal computer use. He questioned what the difference is between an employee calling a relative on a work telephone versus using social media to contact them, to which Mr. Ranelli replied that personal social media use on a work computer can ultimately cause a bandwidth issue, is subject to the Freedom of Information Act, and should be prohibited.

Mr. Harrity pointed to the concept of general misuse of time as already potentially addressing this issue and stated that it is beneficial for employees to take a few minute-long break during the day – during which they can take care of personal matters (e.g., checking-in with their children). Mr. Harrity and Mr. Ranelli agreed to move the resolution forward to the Board, but with the caveats of zero-tolerance use of social media, streaming videos, and that CEFIA should research what policies exist at other agencies.

Mr. Ranelli stated that is it appropriate to add to the Employee Handbook that to the extent to which CEFIA employees are commenting on social media outlets in their capacity as a CEFIA employee, they should use their full name and not a pseudonym.

Mr. Ranelli recommended that Bryan Garcia or his designee keep a list of electronic blogs or forums in which CEFIA employees comment in their formal capacity in an effort to keep a record of where CEFIA is commenting. Attorney Farnen recommended that this be a responsibility of the future Director of Marketing.

Mr. Harrity stated that the Employee Handbook is very well-written overall, but asked whether it was more or less expansive than that of any other agency. Attorney Farnen noted that Suzanne Kaswan would know the answer, but that it is likely on par with those of other quasi-government agencies.

Mr. Dykes provided an overview of the vacation carry-over policy, which clarifies that an employee is allowed to carry-over a maximum of 30 vacation days per year.

Upon a motion made by Mr. Harrity, seconded by Mr. Ranelli, the Audit Committee members voted unanimously in favor of adopting the following resolution:

WHEREAS, the Clean Energy Finance and Investment Authority (CEFIA) has developed and maintains an Employee Handbook which come under continuous review by CEFIA staff and is subject to change from time to time;

NOW, therefore be it:

RESOLVED, that the Committee hereby recommends to the Board of Directors of CEFIA approval of the revisions to the CEFIA Employee Handbook as presented to the Audit, Compliance and Governance Committee on April 15, 2014 subject to staff following up on other agencies' policies and the following caveat and reservation for a broader discussion with the full Board of Directors:

- zero-tolerance for private use of social media and streaming videos.

RESOLVED, that the Committee hereby recommends to the Board of Directors of CEFIA that CEFIA staff shall be authorized to update the Employee Handbook and related appendixes and forms for non-substantive revisions and updates.

5. Review and Recommendation to the Board of Directors of CEFIA for Approval of Certain Operating Procedure Revisions:

Attorney Farnen expressed his desire to clarify Board authorizations as related to CEFIA-written Request for Proposals (RFPs). He stated that Operating Procedures are currently drafted in a manner tied to the old Connecticut Clean Energy Fund model for grants and that having to get an RFP approved by the Board at the time of release is not the most effective way to use Board Resources.

Mr. Ranelli stated that there is not much for the Board to argue in favor of their having to review each RFP. Mr. Harrity concurred, but stated that Board members should still have the option to review an RFP at their request. Mr. Dykes confirmed that this is possible and that all RFPs are made public on CEFIA's website.

Mr. Ranelli asked if the section of Page 7 of the Operating Procedure that discusses the CEFIA President's authority to modify policies is intended to remedy the sick leave policy debate of fall 2013. Mr. Garcia confirmed in the affirmative and stated that Connecticut Innovations has a similar policy. Mr. Ranelli recommended that CEFIA staff be able to explain this in more detail to the Board in case it is asked at their next meeting.

Upon a motion made by Mr. Harrity, seconded by Mr. Ranelli, the Audit Committee members voted unanimously in favor of adopting the following resolution recommending approval of certain Operating Procedure revisions, as written:

WHEREAS, Pursuant to Section 15 of the CEFIA Operating Procedures, the Audit, Compliance and Governance Committee (the “Committee”) shall meet to review and discuss the matters addressed by these procedures and, if deemed necessary, to make recommendations for amendment of these procedures to Board of Directors;

NOW, therefore be it:

RESOLVED, that the Committee hereby approves publication of revisions to CEFIA’s Operating Procedures in the Connecticut Law Journal pursuant to the Notice set forth as **Attachment A**.

RESOLVED, that the Committee hereby recommends to the Board of Directors of CEFIA approval of the revised Operating Procedures contingent upon the review of any and all public comments.

6. Legislative Update:

Mr. Goldberg provided an update on legislation, stating that Senate Bill 357 with CEFIA’s three matters (On-Bill Repayment for electric distribution companies, microgrids in C-PACE, and the agency’s name change) was referred to the General Assembly’s Environment Committee on April 9, 2014. He hoped to have an update from the Energy & Technology Committee chairs on SB-357 in the upcoming days. He also highlighted SB-240, SB-353, SB-404, and HB-5413 as being of interest to CEFIA.

Mr. Harrity requested a copy of Mr. Goldberg’s Legislative Update slide.

7. Adjournment: Upon a motion made by Mr. Harrity, seconded by Mr. Ranelli, the Audit Committee members voted unanimously in favor of adjourning the April 15, 2014 meeting at 2:00 p.m.

Respectfully submitted,

Matthew Ranelli, Chairperson of Audit,
Compliance and Governance Committee



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Memo

To: Audit, Compliance and Governance Committee

From: Brian Farnen (General Counsel and CLO), Bryan Garcia (President and CEO), Bert Hunter (Executive Vice President and CIO)

CC: Jessica Bailey, Andy Brydges, Mackey Dykes, Dale Hedman, and Kerry O'Neill,

Date: May 28, 2014

Re: Request for Adjustment in Officer Approvals – Funding Requests below \$300,000 and in Aggregate less than \$1,500,000

BACKGROUND

On January 18, 2013, the CEFIA Board of Directors approved of a recommendation brought forth by the Deployment Committee to approve the authorization of CEFIA staff to evaluate and approve program funding requests less than \$300,000 which are pursuant to an established formal approval process requiring the signature of a CEFIA officer, consistent with the CEFIA Comprehensive Plan, approved within CEFIA's fiscal budget and in an aggregate amount not to exceed \$500,000 from the date of the last Deployment Committee meeting – **see Appendix I for the Resolution**. This policy is consistent with that of the Connecticut Clean Energy Fund (CCEF), the predecessor to CEFIA, who's Board passed a similar resolution permitting staff to approve funding requests below \$300,000.

By authorizing CEFIA staff to approve funding requests below \$300,000 within clear established guidelines, CEFIA staff is further empowered to manage the day to day operations of CEFIA consistent with the broader vision of the CEFIA Board. CEFIA staff is now requesting an adjustment in the policy to increase the aggregate amount limit from \$500,000 to \$1,500,000.

PRIOR APPROVALS

As of May 1, 2014, \$2,337,829 in staff approvals of 22 transactions have taken place since the inception of the internal approval policy approved by the CEFIA Board of Directors on January 18, 2013. Staff has submitted 6 memos to the Deployment Committee demonstrating on average that \$390,000 of transactions have occurred between Deployment Committee meetings. Over 70 percent of the amount of those approvals was in the form of loans (i.e. 12 projects totaling on average of \$135,000 per loan), with the remaining 30 percent in grants (i.e. 10 projects on average of \$70,000 per grant). See **Appendix II for a summary of projects**.

JUSTIFICATION FOR REQUEST FOR ADJUSTMENT

CEFIA staff is making this request due to the increased volume of projects, especially within the C-PACE program. Additionally, CEFIA has operationalized increased standardization with the relevant financing documents, underwriting and technical review for such programmatic projects.

RESOLUTION

WHEREAS, pursuant to Section 5.3.1 of the Clean Energy Finance and Investment Authority (CEFIA) Bylaws, the Audit, Compliance & Governance (ACG) Committee is charged with the review and approval of, and in its discretion recommendations to the Board regarding, all governance and administrative matters affecting CEFIA, including but not limited to matters of corporate governance and corporate governance policies;

WHEREAS, on January 18, 2013, the Board of Directors authorized CEFIA staff to evaluate and approve funding requests less than \$300,000 which are pursuant to an established formal approval process requiring the signature of a CEFIA officer, consistent with the CEFIA Comprehensive Plan, approved within CEFIA's fiscal budget *and in an aggregate amount not to exceed \$500,000* from the date of the last Deployment Committee meeting ("Staff Approval Policy for Projects Under \$300,000").

NOW, therefore be it:

RESOLVED, that the CEFIA Deployment Committee hereby recommends that the Board of Directors adopt a resolution amending the Staff Approval Policy for Projects Under \$300,000 to increase the aggregate amount limit from \$500,000 to \$1,500,000 from the date of the last Deployment Committee meeting.

Appendix I
Policy on Staff Approval of Program Funding Requests
(Resolution of the CEFIA Board of Directors on January 18, 2013)

WHEREAS, pursuant to Section 5.3.3 of the CEFIA Bylaws, the CEFIA Deployment Committee has been granted the authority to evaluate and approve funding between \$300,000 and \$2,500,000; and

WHEREAS, CEFIA staff requests that staff have the authority to evaluate and approve funding requests less than \$300,000, which are consistent with the CEFIA Comprehensive Plan and approved within CEFIA's fiscal year budget; and

WHEREAS, the Audit, Compliance & Governance Committee recommends approval to the Board of Directors to authorize CEFIA staff to evaluate and approve funding requests less than \$300,000, which are pursuant to an established formal approval process requiring the signature of a CEFIA officer, consistent with the CEFIA Comprehensive Plan, approved within CEFIA's fiscal budget and in an aggregate amount not to exceed \$500,000 from the date of the last Deployment Committee meeting.

NOW, therefore be it:

RESOLVED, that the CEFIA Board of Directors hereby approves the authorization of CEFIA staff to evaluate and approve program funding requests less than \$300,000 which are pursuant to an established formal approval process requiring the signature of a CEFIA officer, consistent with the CEFIA Comprehensive Plan, approved within CEFIA's fiscal budget and in an aggregate amount not to exceed \$500,000 from the date of the last Deployment Committee meeting.

Appendix II
Deployment Committee Memo Summary Tables

February 8, 2013

Project Name	Amount	Type	Staff Request
Florence Blackham Elementary School	\$141,300	Grant	Dale Hedman
Community District Heating and Cooling	\$50,000	Loan	Bert Hunter
542 Westport Avenue	\$185,231	Loan	Jessica Bailey
Chester Town Hall	\$32,000	Grant	Bob Wall
Total	\$408,531		

April 30, 2013

Project Name	Amount	Type	Staff Request
Cesar A. Batella School	\$288,300	Grant	Dale Hedman
Brown's Family Farm	\$4,500	Grant	Rick Ross
Wilton Community Innovations Grant	\$2,000	Grant	Bob Wall
Windham Community Innovations Grant	\$5,000	Grant	Bob Wall
West Haven City Hall	\$24,234	Grant	Bob Wall
Common Ground High School	\$155,200	Grant	Dale Hedman
Total	\$479,234		

July 2, 2013

Project Name	Amount	Type	Staff Request
ID Products	\$107,556	Loan	Jessica Bailey
41 Walnut Street	\$170,000	Loan	Jessica Bailey
Regional YMCA of Western Connecticut	\$87,938	Loan	Jessica Bailey
Reed Intermediate School	\$25,000	Grant	Bob Wall
Southington High School	\$18,000	Grant	Bob Wall
Total	\$408,494		

September 3, 2013

Project Name	Amount	Type	Staff Request
Larsen Ace Hardware	\$153,500	Loan	Jessica Bailey
True Value hardware	\$259,000	Loan	Jessica Bailey
Great Pond Village Urban Micro Grid	\$49,501	Loan	Dale Hedman
Total	\$462,001		

March 7, 2014

Project Name	Amount	Type	Staff Request
Northeast Tools	\$122,471	Loan	Jessica Bailey
Total	\$122,471		

April 25, 2014

Project Name	Amount	Type	Staff Request
Air Temp Mechanical	\$139,050	Loan	Jessica Bailey
Eli Properties	\$266,932	Loan	Jessica Bailey
Calvary Temple Christian Center	\$51,116	Loan	Jessica Bailey
Total	\$457,098		