

FINANCE, OPERATIONS AND COMPENSATION COMMITTEE
of Connecticut Innovations, Incorporated
Minutes – Regular Meeting
Monday, May 13, 2013

A regular meeting of the **Finance, Operations and Compensation Committee of Connecticut Innovations, Incorporated** (the “Finance Committee”) was held on May 13, 2013, at the office of Connecticut Innovations, Inc., 865 Brook Street, Rocky Hill, CT.

1. Call to Order: Mr. Swift, Chairperson of the Finance Committee, called the meeting to order at 10:33 a.m. Finance Committee members present: Karen Buffkin (by phone); Joseph Kaliko (by phone); John Olsen (by phone); Catherine Smith, Chairperson of the CI Board and Commissioner of the Department of Economic and Community Development (“DECD”) (by phone); and Christopher Swift.

Absent: Stephen Nocera

Staff present: George Bellas, Suzanne Kaswan, Claire Leonardi, Peter Longo, Shelly Mondo, Pauline Murphy, Hill Scott, Phil Siuta, and Dave Wurzer.

2. Approval of Minutes:

The Finance Committee members were asked to consider the minutes of the April 29, 2013 and March 18, 2013 meetings.

Upon a motion made by Ms. Buffkin, seconded by Mr. Kaliko, the Finance Committee members voted unanimously in favor of adopting the minutes of the April 29, 2013 and March 18, 2013 meetings as presented.

3. Review of the FY14 Consolidated Operating Budget:

Mr. Siuta discussed the goals, assumptions, and strategic initiatives that were considered in developing the proposed fiscal year 2014 budget. He compared the investment and lending goals with the actual activity for the year ended June 30, 2012 and projected activity for fiscal year ended June 30, 2013. Mr. Siuta referenced the significant increase in both investments and lending for fiscal year 2014. Questions arose regarding the balancing of funds in comparison with the investments/lending. Mr. Siuta explained that some of the difficulty with interpreting the reports is because not all programs are cash based or require investments. Staff was asked to separate the programs that require cash and those that do not.

Mr. Siuta reviewed the assumptions made for the proposed budget for fiscal year ending June 30, 2014. In response to questions, Mr. Siuta explained the bond funding received and anticipated to be received from the “Jobs Bill.”

In response to questions, staff explained the rationale for the proposed budget for the ecosystem. Some reluctance was expressed with significantly reducing the budget for the ecosystem without having a better understanding. Since the ecosystem is so important for the state’s overall economic development strategy, Ms. Smith suggested CI staff talk with the Department of Economic and Community Development (“DECD”) staff to look at this issue further. The Finance Committee members expressed a need to better understand the mission and deliverables of the ecosystem. Staff was asked to provide more clarity on the administrative costs and expenditures for the ecosystem. There was concurrence that this issue should be discussed further before making a recommendation on reducing the budget for the ecosystem.

A discussion ensued on the administration of the Stem Cell Research Program. Ms. Leonardi will follow up on the status of the bill from the Department of Health on the potential funding change for the administration of the program.

Mr. Siuta reviewed projections with respect to divestitures, loan interest, investment income and the fringe benefits rate. Staff was asked to break out and provide more information on the fringe benefits.

Mr. Kaliko provided an update on the discussions held during the Board retreat on May 6, 2013. He reported on his outreach and potential networking efforts with Connecticut venture capital firms. The Finance Committee members noted the importance of the Board having the opportunity to discuss the strategic objectives brought forth by staff at the Board retreat to ensure they reflect the direction of the Board. It was noted that the objectives did not include anything related to job creation or the ecosystem-type work.

Mr. Siuta reviewed the proposed consolidated operating budget for fiscal year 2014 in comparison with fiscal year 2013. He noted that the salaries are net of the reimbursement received from CEFIA, DECD and Jackson Laboratory. The Finance Committee asked that the reimbursed portion be broken out. It was noted that the proposed compensation reflects increases for cost of living, merit increases and promotions. The budget does not include any funds for a compensation plan. Staff was asked to report on potential amounts for a compensation plan.

In response to a question about the reported operating loss, Ms. Leonardi explained the need to provide more information and clarify on how the information is presented. The Finance Committee members discussed the need to have a strategy to manage the profit and losses following the infusion of funding from the “Jobs Bill.”

Mr. Siuta reviewed the projected cash flows. A discussion ensued on CI becoming more self-sustaining. The Finance Committee members discussed the projected cash and questioned whether that amount is appropriate. Mr. Siuta explained the measures in place or available in the event of shortfalls. Staff explained some of the opportunities being considered to expand and diversify CI's funds for the future.

Mr. Siuta talked about CI's equity lending and the history of CI's investments.

It was noted that in accordance with Connecticut General Statutes, the Board has to approve an operating budget before July 1, 2013. Staff will follow-up on the items raised by the Finance Committee members, and a special Finance Committee meeting will be scheduled for the near future. It is likely that the Board meeting scheduled for Monday, May 20 will be canceled, and a special Board meeting will be scheduled for early June for the Board to review and consider the fiscal year 2014 budget.

4. Review of Job Specification:

The Finance Committee members discussed the job specification for the Vice President of Marketing and Communications. Staff indicated that this is a new class.

Upon a motion made by Mr. Kaliko, seconded by Mr. Swift, the Finance Committee members voted unanimously in favor of approving the job specification for the position of Vice President of Marketing and Communications.

5. Other Business: There was no other business to discuss.

6. Adjournment: Upon a motion made by Mr. Olsen, seconded by Ms. Smith, the Finance Committee members voted unanimously in favor of adjourning the May 13, 2013 meeting at 11:36 a.m.

Respectfully submitted,

Christopher Swift
Chairperson of the Finance,
Operations and
Compensation Committee