

AUDIT, COMPLIANCE AND GOVERNANCE COMMITTEE
of Connecticut Innovations, Incorporated
Minutes – Regular Meeting
June 17, 2013

A regular meeting of the **Audit, Compliance and Governance Committee of Connecticut Innovations, Incorporated** (the “Audit Committee”) was held on June 17, 2013, at the office of Connecticut Innovations, Inc., 865 Brook Street, Rocky Hill, CT.

1. **Call to Order:** Paul Pescatello, Chairperson of the Audit Committee, called the meeting to order at 9:32 a.m. Audit Committee members participating: Christine Shaw, State Treasurer’s Office (by phone); Alan Greene, and Paul Pescatello.

Staff Present: George Bellas, Claire Leonardi, Peter Longo, Shelly Mondo, Hilary Scott, Phil Siuta, Douglas Twele, and Dave Wurzer.

2. **Approval of Minutes:**

Mr. Pescatello asked the Audit Committee members to consider the minutes from the October 15, 2012 meeting.

Upon a motion made by Mr. Pescatello, seconded by Ms. Shaw, the Audit Committee members voted in favor of adopting the minutes from the October 15, 2012 meeting as presented (Ms. Shaw abstained from the vote).

3. **Legal Counsel—Recommendation to the Board:**

Mr. Siuta noted that the current arrangement with legal counsel ends June 30, 2013. He mentioned that CI received 14 responses to a Request for Proposals (“RFP”) for legal services, including bond, debt, venture and general counsel services. Mr. Siuta explained the rating, weighting and scoring. He reviewed the experience and fees structure for all 14 responses. Mr. Siuta mentioned that staff recommends the selection of a pool of 10 firms from which staff can select as needed. In response to a question, Mr. Siuta explained the rationale for not choosing four of the firms. After discussion of the recommended firms, there was general consensus to add two additional firms that have national/regional experience. . Mr. Siuta mentioned that interviews may be held with the 12 selected firms to discuss their expertise.

Upon a motion made by Ms. Shaw, seconded by Mr. Greene, the Audit Committee members voted unanimously in favor of recommending to the Board the following firms to serve as legal counsel to CI as needed for up to three years:

- Shipman & Goodwin, Hartford
- Carmody & Torrance, Waterbury
- Updike, Kelly & Spellacy, Hartford
- Harris Beach, New Haven
- Pullman & Comley, Bridgeport
- McCarter & English, Hartford
- Halloran & Sage, New Haven
- Wiggin & Dana, New Haven
- John Morawski, Glastonbury
- Jacobs Walk Rice & Barry, Manchester
- Edwards Wildman, Boston, MA
- Day Pitney, Stamford

4. Auditors—Recommendation to the Board:

Mr. Siuta explained that in response to the RFP published for outside auditor, CI received 5 responses. He stated that Marcum LLP has served as auditor for CI for the last three fiscal years and was eligible to apply under the current RFP. In accordance with state statute, auditors for quasi-public agencies cannot serve for more than six consecutive fiscal years. In response to a question, Mr. Siuta indicated that CEFIA's Audit Committee met on June 5 and will recommend the retention of Marcum as auditor for CEFIA at the CEFIA Board meeting scheduled for June 21. Mr. Siuta explained the rationale for selecting Marcum.

Upon a motion made by Mr. Greene, seconded by Ms. Shaw, the Audit Committee members voted unanimously in favor of recommending to the Board the engagement of Marcum LLP, Hartford as independent auditor for CI for the up to three fiscal years.

5. Loan Review Report from Bennington Partners:

Mr. Siuta discussed the annual report received from Bennington Partners relating to the review of CI's commercial loan portfolio. He summarized that the report indicated that the risk ratings, collections and the loan loss reserves loans are accurate and effective. Mr. Siuta noted that the Board will have an opportunity at a later meeting to discuss this issue with CI's independent auditor and representatives from Bennington. Mr. Twele and his staff were complemented on the positive report.

6. **Adjournment**: Upon a motion made by Mr. Greene, seconded by Ms. Shaw, the Audit Committee members voted to adjourn the June 17, 2013 meeting at 10:07 a.m.

Respectfully submitted,

Paul Pescatello
Chairman of the Audit, Compliance and
Governance Committee