

A. CONNECTICUT INNOVATIONS, INCORPORATED
AMENDED AND RESTATED
OPERATING PROCEDURES

Effective as of March 25, 2013

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I.

DEFINITIONS

Definitions of terms used in this Operating Procedure are as stated in Chapters 579 and 581 of the Connecticut General Statutes. References herein to provisions of the Connecticut General Statutes include any amendments thereto.

II.

GENERAL PURPOSE

The general purposes of Connecticut Innovations, Incorporated (the Corporation) shall be as prescribed in Chapters 579 and 581 and other applicable provisions of the Connecticut General Statutes.

III.

GOVERNANCE

Connecticut Innovations, Inc., a quasi-public agency of the State of Connecticut, shall be governed by a Board of Directors (Board) comprised of a number, and appointed in a manner, as prescribed in Section 32-35 of the Connecticut General Statutes. The affairs of the Board shall be conducted in accordance with applicable law, the Corporation's Bylaws and such policies with respect to corporate governance as are adopted by the Board from time to time.

IV.

ADMINISTRATION

The affairs of the Corporation shall be administered in accordance with applicable law, the Bylaws, these Operating Procedures and other administrative policies as may be adopted by the Board from time to time. The Board shall appoint a Chief Executive Officer in accordance with Section 32-38 of the Connecticut General Statutes, who shall have the duties and responsibilities set forth therein and in the Bylaws. The Board may also appoint a President and such other officers as provided in the Bylaws. Under the direction of the Board, such officers shall conduct the business of the Corporation and shall have such authority as is conferred by applicable law, the Bylaws, these Operating Procedures and the Board. References in these Operating Procedures to approval by the Board shall mean and include approval by the Board or by any duly constituted committee thereof authorized to act on behalf of the Board pursuant to the Bylaws of the Corporation.

V.

ADOPTION OF ANNUAL OPERATING BUDGET AND PLAN OF OPERATION

Prior to the close of the current fiscal year, the Chief Executive Officer shall cause to be prepared a suggested Annual Operating Budget for the forthcoming fiscal year, which shall also

comprise the Annual Plan of Operation. The suggested Annual Operating Budget for the forthcoming fiscal year shall be considered by the Board prior to the close of the then current fiscal year, modified if deemed necessary, and adopted to be effective beginning the first day of the forthcoming fiscal year. The Annual Operating Budget may be modified by the Board from time to time during the fiscal year to which it relates.

Any nonbudgeted expenditure greater than five thousand dollars (\$5,000) for the purchase, lease or acquisition of real or personal property or personal services shall require the approval of the Board.

The Annual Operating Budget shall incorporate the Corporation's Annual Plan of Operation by specifying operating, programmatic and investment and other expenses for the forthcoming fiscal year.

VI.

PERSONNEL POLICIES

All employees shall be exempt from the classified service and shall have all rights and benefits provided by applicable law. Grade classifications for each job title shall be established by the Board.

Hiring & Promotions: At least annually, the Board shall establish and approve a schedule of positions and total staffing levels for the Corporation. The schedule of positions shall describe the signature authority, if any, of each position. The Chief Executive Officer, , may from time to time approve any new classification below the "Director" level and fill any position on such schedule of positions and within such total staffing levels, except as may otherwise be provided in any applicable resolution of the Board. The creation of any new Director-level position or above shall require the separate approval of the Board. Whenever possible, the Corporation shall maintain an identifiable career path for each class of positions on the schedule of positions approved by the Board. If the Chief Executive Officer determines it to be appropriate, a current employee's position may be reclassified to another position within said career path. New positions approved by the Board and existing positions that become available as a result of a current employee vacating such position shall be posted internally and, if the Chief Executive Officer determines it to be appropriate, publicly advertised in a manner reasonably designed to reach a range of possible applicants. A current employee shall be eligible for reclassification or promotion to an existing or new position only if such employee has at least six (6) months of service with the Corporation and meets the minimum qualifications for such position.

Notwithstanding any other provision of this section or any employee handbook or other personnel policies of the Corporation, any appointment to the position of Chief Executive Officer, the manner of the conduct of any search for qualified applicants for such position, and terms and conditions of employment in such position, including matters of compensation, dismissal and severance, shall be in the discretion and subject to the approval of the Board. Hiring and promotion shall in all cases be in accordance with the Corporation's Affirmative Action Plan and applicable statutes.

Compensation and Benefits: The Board shall establish and may from time to time modify reasonable compensation plans and employee benefits programs and policies as the

Board determines to be necessary or appropriate to attract and retain qualified employees and carry out the Corporation's statutory mission including:

1. a compensation plan, which shall consist of sufficient salary grades to provide such compensation rates as may be determined to be necessary or desirable for all job classifications within the Corporation, and which may include an incentive compensation program for all jobs classifications;
2. an employee benefits program, which may include vacation days, holidays, sick days, group health, life and disability insurance, tuition reimbursement, length of service awards and other benefits, including eligibility criteria and benefit levels;
3. a performance evaluation system, which may be used to determine merit increases in salary and incentive compensation levels;
4. policies with respect to severance pay and benefits;
5. policies with respect to business and travel reimbursement; and
6. other reasonable compensation and employee benefits programs and policies as the Board determines to be necessary and appropriate to attract and retain qualified employees to fill positions or vacancies as authorized by the Board.

The Chief Executive Officer has the authority to establish and modify certain employee policies involving workplace flexibility that do not in the aggregate have an adverse financial impact on the Corporation.

The Chief Executive Officer shall be empowered to administer the Corporation's compensation plan and employee benefit programs and policies as approved by the Board, and shall have the authority to approve performance evaluations, determine merit increases and incentive compensation payments and carry out such other duties and responsibilities as appropriate within the overall salary and employee benefits administration plan, except that performance evaluations, and determination of merit or other salary increases and bonus payments for the position of Chief Executive Officer shall be reserved to the Board or the committee of the board with responsibility for matters of compensation. The Board shall review the Corporation's compensation plan and employee benefit programs as part of its annual review of the Corporation's budget and plan of operation.

Dismissal: Employment with the Corporation is at will, which means that either the employee or the Corporation may terminate the relationship at any time and for any reason, with or without cause. The Chief Executive Officer has the authority and reserves the right to enter into any level of disciplinary action or termination based upon the severity of the offense requiring discipline and the employee's past work record. This in no way alters the at-will employment policy.

VII.

PURCHASE AND LEASE OF REAL AND PERSONAL PROPERTY

The Corporation, acting through the Chief Executive Officer or another duly authorized officer, shall have the authority to invest in, acquire, lease, purchase, own, manage, hold and dispose of real and personal property, and to lease, convey or deal in or enter into agreements with respect to such real and personal property, on any terms necessary or incidental to the carrying out of the purposes of the Corporation.

Procurement Procedures: The Corporation may purchase, lease or acquire real and personal property on a bid, negotiated or open-market basis, including through a sole source procurement or in such other manner as the Chief Executive Officer determines to be appropriate and in the best interests of the Corporation in the circumstances, provided that in the case of any contract or agreement for the purchase, lease or acquisition of real or personal property requiring an expenditure by the Corporation in excess of one hundred fifty thousand dollars (\$150,000), wherever possible bids or proposals shall be solicited from at least three (3) qualified parties. The requirements of this subsection shall not be applicable to either (i) transactions entered into by the Corporation primarily for the purpose of providing financial assistance to a particular business, or (ii) the purchase, lease or acquisition of real or personal property by affiliates of the Corporation which affiliates engage in such activities primarily for their own business purposes, except in circumstances where the Corporation has sole authority and control over such purchase, lease or acquisition.

Certain Real Estate Transactions: The purchase, lease or acquisition of real property for use by the Corporation with amounts appropriated by the state to the Corporation or with the proceeds of bonds supported by the full faith and credit of the state shall be subject to the approval of the Secretary of the Office of Policy and Management and such provisions of Section 4b-23 of the Connecticut General Statutes as the Secretary determines to be applicable in the circumstances.

VIII.

CONTRACTING FOR PERSONAL SERVICES

The Corporation, acting through the Chief Executive Officer or another duly authorized officer, shall have the authority to engage accountants, attorneys, appraisers, financial advisers, investment advisors, underwriters, investment managers, investment bankers, brokers, architects, construction managers, engineers and other consultants and professionals on any terms necessary or incidental to the carrying out of the purposes of the Corporation.

Procurement Procedures: Contracts for personal services shall be awarded by the Corporation in such manner, including on the basis of a sole source procurement, as the Chief Executive Officer determines to be appropriate and in the best interests of the Corporation in the circumstances, provided that in the case of any contract for personal services requiring an expenditure by the Corporation in excess of one hundred fifty thousand dollars (\$150,000) over a period of one fiscal year, wherever possible, such contract shall be awarded on the basis of a process of competitive negotiation where proposals are solicited from at least three (3) qualified parties. In any case where the Corporation is providing financial assistance in conjunction with another state agency or quasi-public authority, nothing in this section shall prohibit the

Corporation from utilizing accountants, attorneys, appraisers, financial advisers, investment advisers, underwriters, investment managers, investment bankers, brokers, architects, construction managers, engineers and other consultants and professional approved or provided by such state agency or quasi-public authority as a part of its normal contracting process, provided such use does not create any conflict of interest.

Solicitation of Proposals for Certain Services: The Corporation shall solicit proposals at least once every three (3) years for financial, legal, bond, underwriting and other professional services required by the Corporation on a regular and ongoing basis. The Corporation shall not contract with the same person, firm or corporation to conduct financial audits of the Corporation for more than six (6) consecutive fiscal years.

IX.

STATE CONTRACTING REQUIREMENTS

Any solicitation of bids or proposals by the Corporation, and any award of a contract by the Corporation, shall be subject to all state procurement and contracting requirements applicable to quasi-public agencies of the state, including without limitation the following to the extent applicable in the circumstances:

- Section 9-612(g) of the General Statutes, as amended, relating to campaign contributions by state contractors and their principals and related notices to state contractors and prospective state contractors;
- Section 4-252 of the General Statutes relating to affidavits as to gifts from contractors under certain large state contracts;
- Section 4a-81 of the General Statutes relating to affidavits with respect to consulting fees;
- Section 3-13l of the General Statutes relating to the prohibition of finder's fees in connection with investment transactions;
- Section 3-13j of the General Statutes relating to the disclosure of third party fees attributable to investment services contracts;
- Section 4-61dd of the General Statutes relating to whistleblower protections; and
- Section 4a-60 and 4a-60a of the General Statutes relating to non-discrimination in state contracting and documentation of contractor adoption of a corporate policy supporting the non-discrimination agreements and warranties required by Sections 4a-60 and 4a-60a.

X.

ISSUING AND RETIRING BONDS, BOND ANTICIPATION NOTES AND OTHER OBLIGATIONS OF THE CORPORATION

The Board shall approve the issuance and retirement of all bonds, bond anticipation notes and other obligations of the Corporation. The issuance of any bonds, bond anticipation notes or other obligations of the Corporation pursuant to the authority granted in Section 32-23f of the Connecticut General Statutes, or which are guaranteed by the State of Connecticut or for which there is a capital reserve fund of any kind which is in any way satisfied to or guaranteed

by the State of Connecticut, shall be subject to the approval of the Treasurer or the Deputy Treasurer in the manner provided in Sections 32-23f and 1-124 of the Connecticut General Statutes.

XI.

APPROVAL PROCESS FOR FINANCIAL ASSISTANCE

Financial assistance may be offered from time to time by the Corporation in any form permitted by Chapters 579 and 581 and any other provisions of the Connecticut General Statutes applicable to the Corporation.

Types of Assistance: Financial assistance may take the form of loans, loan guarantees, self-sustaining bonds, tax incremental financing, sales and use tax abatement, risk capital investments, grants, equity participations or any combination thereof. The term financial assistance shall include categories of financial assistance set forth in Connecticut General Statutes Section 32-34(4).

Eligibility Criteria: At a minimum, applicants for financial assistance must be resident in and operating in Connecticut, or proposing to relocate operations, in whole or in part, to Connecticut as a condition of such financial assistance. Benefits of successfully completed projects granted financial assistance must inure to the people of Connecticut. Additional eligibility criteria may from time to time be prescribed by the Board and, when incorporated in the literature of the Corporation readily available to the public, shall be applied in deciding upon eligibility for application.

Application Process: Applicants for financial assistance meeting the eligibility criteria outlined above shall submit an application to the Corporation. Such application shall contain information sufficient for the Corporation to evaluate the specific need presented and assess the appropriate program(s) or initiative(s) available to the applicant. Any such application shall be signed under penalty of false statement as required by Section 1-126 of the Connecticut General Statutes.

Review and Decision Process: Applications deemed to be completed will be reviewed by appropriate staff. The review process will consider such things as business need, technology reviews, use of funds requested, expected outcomes, benefits to the State of Connecticut, etc. The Corporation offers several different programs and initiatives providing financial assistance. The review process may differ according to the specific program or initiative applied for and will be conducted based on specific policies or processes incorporated as a part of a program plan approved by the Board for each such program or initiative.

- **Internal Approval Process:** Each complete application shall undergo an internal approval process to be conducted by staff. Depending on the program or initiative being applied for, type of request and amount of financial assistance requested, the internal approval process may vary. Applications recommended for further consideration following the internal approval process will be considered during the formal review process outlined below. Applicants will be notified as to the disposition of the request following completion of the internal approval process.

- **Formal Approval Process:** Unless an earlier decision has been made by the Corporation not to proceed with an application, an application shall be approved or disapproved by the Corporation by action of the Board or a duly authorized committee thereof. Consideration by the Board or a duly authorized committee thereof may include consideration of a recommendation from an authorized advisory committee to the Board. Terms and conditions of financial assistance shall be determined at the discretion of the Board or a duly authorized committee thereof consistent with policies established by the Board.
- **Notification to Applicant:** Each applicant will be notified promptly of the final decision of the Board or its duly authorized committee. Such notification, if of approval, will offer the terms of approval. Such final decision and notice to the applicant of approval or disapproval shall be no later than six (6) months following the submission by the applicant of a complete application for financial assistance. All financial assistance will be contingent upon completion of appropriate contractual agreements between the Corporation and the applicant.

XII.

STRATEGIC ECONOMIC DEVELOPMENT OPPORTUNITIES

While the processes outlined above in Sections XI are anticipated most often to be in the best interest of the Corporation and are to be strongly preferred, there are nevertheless recognized to be certain circumstances in which, based on special capabilities, uniqueness of the opportunity, urgency of need, cost and similar factors, the public interest and the strategic mission of the Corporation is best served by direct participation by the Corporation in, and funding of, a particular opportunity, known as a Strategic Economic Development Opportunity, outside of the processes established in Sections XI.

Strategic Economic Development Opportunities shall be presented to the Board. The Board shall, by majority of the Board members present at a meeting of the Board, adopt an affirmative resolution, determine that the particular opportunity presented to it qualifies as a Strategic Economic Development Opportunity based on a finding that at least two (2) of the following characteristics are present and are of predominant importance to the Corporation:

- A. Special Capabilities - The opportunity is presented by a party with exceptional experience, expertise or availability or holding patent or other proprietary rights of special value to the Corporation.
- B. Uniqueness - The opportunity is exceptional by virtue of location, high visibility, and leverage with other already committed public or private funding or similar unique attributes.
- C. Strategic Importance - The opportunity has exceptionally strong compatibility with the mission of the Corporation or offers the Corporation an organizational role, participation in governance, a formative or other key role in the industry, high funding leverage potential, broad market reach, exceptional educational or public relations value or similar special strategic advantages important to the Corporation.

- D. Urgency and Timeliness - There is an urgent need to act on the opportunity as a result of public exigency or emergency, or a strategically important opportunity would become unavailable as a result of delay, or it would take an unacceptable length of time for a similar opportunity to reach the same level of readiness.
- E. Multiphase Project; Follow-on Loan or Investment - The opportunity relates to the next phase of a multiphase opportunity or the expenditure is necessary to support or protect an existing loan, investment or initiative of the Corporation's.

A Strategic Economic Development Opportunity that is determined to be qualified shall then be subject to approval by the Board.

XIII.

SURPLUS FUNDS

Surplus funds, if any accrued by the Corporation shall be deposited and applied as provided by Section 32-41a of the Connecticut General Statutes.

XIV.

WAIVER OF FEES UNDER THE FREEDOM OF INFORMATION ACT

General Statutes Section 1-212(d) of the Connecticut Freedom of Information Act ("FOIA") requires a public agency to waive fees under the Act under certain circumstances. A fee waiver is mandatory if the person requesting the records is an indigent individual. Under decisions by the Freedom of Information Commission, each agency may adopt a reasonable policy for determining whether a person is indigent. The policy should be applied consistently. If an agency does not adopt a policy and procedure for determining indigency, it may be required to accept a requester's claim to be indigent.

Source of Proposed Policy: The attached proposed policy is based on Section 1-212(d) of the Connecticut General Statutes. It omits the required waiver for elected officials under Section 1-212(d)(4) of the Connecticut General Statutes because that provision relates only to elected officials receiving copies from the political subdivision they serve. Since the Corporation has no elected officials within the scope of Section 1-212(d)(4) of the Connecticut General Statutes, that provision does not apply to the Corporation.

The indigency policy is adapted from Section 52-259b of the Connecticut General Statutes, which governs fee waivers in Connecticut's courts, with modifications to provide bright-line rules for ease of administration.

Additional Information: The proposed 2-page form for the fee waiver application and financial affidavit shall be provided upon request of the Corporation's Freedom of Information Officer.

A table with the federal poverty guidelines and the calculation of 125% of the federal poverty guidelines shall be provided upon request of the Connecticut Innovations Freedom of Information Officer.

Fees provided under the Connecticut Freedom of Information Act will be waived if:

- (1) the person requesting the waiver is an indigent individual, as defined by this policy;
- (2) the records located in response to a request are found to be exempt from disclosure under Section 1-210(b) of the Connecticut General Statutes; or
- (3) in the judgment of the FOIA officer, in consultation with legal counsel, compliance with the applicant's request for a fee waiver benefits the general welfare.

A person will be deemed to be indigent for purposes of a fee waiver under the FOIA if:

- (1) such person receive public assistance, or
- (2) such person's household income after taxes and mandatory wage deductions is one hundred twenty-five percent or less of the federal poverty guidelines published in the Federal Register each year by the United States Department of Health and Human Services, or
- (3) such person's monthly household expenses for housing, utilities, food, clothing, insurance, transportation, child care, and other legal obligations exceeds such person's monthly household income, and such person's available household assets are less than one thousand dollars.

For purposes of this policy, "public assistance" includes

- (1) state-administered general assistance,
- (2) temporary family assistance,
- (3) aid to the aged, blind, and disabled,
- (4) food stamps, or
- (5) Supplemental Security Income.

A person requesting a fee waiver will be required to submit a fee waiver application and financial affidavit obtained from the Corporation's Freedom of Information Officer. The FOIA officer shall grant a fee waiver upon receipt of a sworn affidavit that demonstrates indigency under the standards set forth above.

XV.

AMENDMENT OF PROCEDURES

These Operating Procedures may be amended in accordance with Section 1-121 of the Connecticut General Statutes.