

BOARD OF DIRECTORS
of Connecticut Innovations, Incorporated
Minutes – Special Meeting
Monday, June 25, 2012

A special meeting of the **Board of Directors of Connecticut Innovations, Incorporated** (the “Board”) was held on June 25, 2012 at the Office of Connecticut Innovations, Inc., 865 Brook Street, Rocky Hill, CT.

1. **Call to Order:** Noting the presence of a quorum, Catherine Smith called the regular Board meeting to order at 4:03 p.m. Participating: Karen Buffkin representing the Office of Policy and Management; Mun Choi; Daniel Esty, Commissioner of the Department of Energy and Environmental Protection, Alan Greene (by phone); Drew Harris; Stephen Nocera (by phone); Paul Pescatello; George Schiele (by phone); and Catherine Smith, Chairperson of CI and Commissioner of the Department of Economic and Community Development.

Absent: Robert Kennedy, Board of Regents of Higher Education; Lou George; John Olsen; and Rafael Santiago.

Staff Attending: George Bellas, Claire Leonardi, Peter Longo, Shelly Mondo, Pauline Murphy, and Dave Wurzer.

Others Present: Joe Harpie, CDA; Scott Murphy, Shipman & Goodwin; Marie O’Brien; CDA; Casey Pickett, DECD; Tony Roberto, CDA; and Phil Siuta, CDA.

2. **CI/CDA Merger:**

Operating Procedures:

Ms. Leonardi mentioned that the proposed changes to the Operating Procedures reflect the merger between CI and the Connecticut Development Authority (“CDA”). CI and CDA staff worked together with legal counsel to make sure that the changes to the Operating Procedures allow the merged organization to operate effectively. Ms. Leonardi mentioned that the revised draft Operating Procedures were previously provided to the Board in anticipation of the merger, and a legal notice was published in May. She indicated that the only difference in this draft is that the section that would have given the Board the authority to delegate financial assistance approval to staff has been removed. Attorney Murphy explained that the legal notice of CI’s intent to adopt changes to the Operating Procedures was published for public comment purposes in the *Connecticut Law Journal*. In response to a question, Attorney Murphy indicated that eliminating the section that would have delegated authority to staff does not

require CI to republish the Operating Procedures. He stated that he is not aware of any public comments received.

Ms. Leonardi and Attorney Murphy discussed the comment brought up at a previous meeting about raising the \$75,000 threshold to \$150,000 for purposes of obtaining qualified bids when purchasing, leasing or acquiring real, personal property or personal services. Ms. Leonardi stated that the other quasi-public agencies have different numbers, none of which have \$150,000. The \$75,000 that was CI's previous threshold had been in place for approximately 8 years, and CI uses a significant amount of outside contractors and consultants that are over \$75,000 per year. Attorney Murphy explained that the threshold for other quasi-public agencies ranges from \$25,000 to \$100,000. Some concern was raised that \$150,000 is too high, and that the threshold should be consistent with other quasi-public agencies unless there is a specific reason to go higher. Ms. Leonardi explained that many of the consultants and contractors required by CI are very unique, and therefore going out for bid would be laborious and impractical at times. Mr. Pescatello stated that he felt that the high cost and amount of time needed to go out for an RFP justified the increased level. After further discussion, there was general consensus that the \$150,000 threshold is appropriate.

Upon a motion made by Mr. Greene, seconded by Mr. Pescatello, the Board members unanimously voted in favor of adopting CI's Amended and Restated Operating Procedures dated June 19, 2012 to become effective on July 1, 2012.

Bylaws:

Ms. Leonardi reviewed the proposed revisions to CI's Bylaws. She noted that the red-lined version provided shows the differences from the existing bylaws and the changes made. Ms. Leonardi stated that the Bylaws are consistent with Connecticut General Statutes. In response to a question, Ms. Leonardi mentioned that the composition of the Board is statutory. Ms. Smith explained that a new loan committee will be formed to recommend and monitor compliance with loan and debt instruments. Additionally, a loan advisory committee will be formed and will include non-Directors to provide guidance and advise the loan committee members.

It was noted that CDA approves transactions at Board meetings rather than committee meetings. Therefore, it may be necessary at the first meeting after the merger for the CI Board to approve certain CDA related transactions while the new committee is being formed.

Another change in the Bylaws is that the Audit, Compliance and Governance Committee ("Audit Committee") members can serve as members of any committee other than the Finance, Operations and Compensation Committee

("Finance Committee"). The existing bylaws do not allow Audit Committee members to serve on any other committees. Ms. Smith stated that the change gives the Board the opportunity to allow Audit Committee members to serve on other committees, with the exception of the Finance Committee. She noted that it is typical for Audit Committee members to serve on other committees, and there may become a need to spread with the work with the limited number of board members. Attorney Murphy stated that the other quasi-public agencies do not have a rule against Audit Committee members serving on other committees.

Upon a motion made by Mr. Choi, seconded by Ms. Buffkin, the Board members unanimously in favor of adopting CI's Bylaws dated June 20, 2012 to become effective on July 1, 2012.

Additional signatories:

Ms. Leonardi explained that with the merger, there is a need to appoint additional officers to sign loan agreements and other documents necessary for CI to operate effectively. The proposed resolution and Schedule A list the individuals appointed as officers. Ms. Leonardi mentioned that this list is temporary since the structure for CI has not yet been finalized. Mr. Roberto explained that CDA issues self-sustained bonds and the organization has to attest to signatory authority and approval by the Board for bond transactions.

Upon a motion made by Mr. Harris, seconded by Mr. Choi, the Board members voted in favor of adopting the following resolution regarding signatory authority for CI:

1. That the Chairman, Vice Chairman, the Secretary, Chief Executive Officer, President, and any Vice President, or any other officer or employee of Connecticut Innovations, Incorporated ("Corporation") expressly authorized and empowered by the Chairman, Chief Executive Officer or President of the Corporation to execute and deliver documents for and on behalf of the Corporation, and each such officer and employee individually, be and hereby is authorized and empowered to execute and deliver, for and on behalf of the Corporation, any and all of the following contracts, documents, instruments or agreements that may be required:
 - a) loan and security documents, loan guarantees and guarantee certificates, lease guarantees, mortgages and mortgage guarantees, stock purchase agreements, subscription agreements, financial assistance agreements, participation agreements, operating agreements, partnership agreements, and all other documents, instruments and/or agreements evidencing loans, loan, lease and mortgage guarantees, loan participations, grants, investments and other forms of financial assistance, and all

extensions, renewals, consents, waivers, amendments, modifications, assignments, subordinations, releases and terminations of any of the foregoing, which have been approved or authorized by, or which implements an action or transaction approved or authorized by, the Board of Directors or a duly constituted committee thereof, or by the Chairman, Chief Executive Officer or President pursuant to delegation of authority from the Board of Directors or a duly constituted committee thereof, or otherwise authorized pursuant to applicable program requirements, policies, procedures or resolutions of the Corporation;

b) Uniform Commercial Code financing statements, Uniform Commercial Code continuation statements, and other filings, notices and instruments required to give effect to, preserve or assert rights of the Corporation pursuant to loan and security documents or other agreements and instruments entered into in connection with loans, guarantees, grants, investments or other financial assistance provided by the Corporation, and of all appropriate renewals, extensions, amendments, modifications, subordinations and assignments thereof;

c) releases, termination and other instruments of satisfaction and discharge, including mortgage releases, Uniform Commercial Code termination statements and releases of personal guarantees and life insurance assignments, in connection with loans, guarantees, grants, investments, or other financial assistance provided by the Corporation which has been, or upon delivery of such instruments will be, fully paid, released or otherwise satisfied; and

d) agreements, contracts, instruments or other documents relating to the day-to-day operations of the Corporation, the management of its assets, properties and subsidiaries, the internal management and administration of the Corporation or its subsidiaries, or dealings with the Department of Economic and Community Development or other agencies, quasi-public agencies and political subdivisions of the State of Connecticut including, without limitation, all real and personal property leases, sale agreements, sale contracts, personal service contracts, employment contracts, consulting agreements, agreements in connection with banking relationships, memoranda of understanding, settlement agreements, corporate consents, corporate and tax filings, including applications for exemption, and other agreements, contracts, instruments and documents presented to or submitted to the Corporation for execution in the ordinary course of the business of the Corporation; subject in each

case to the general supervision, direction and control of the Board of Directors or a committee thereof and compliance with all applicable policies and procedures of the Corporation; and provided that the Chairman, Chief Executive Officer and the President are authorized to restrict such signature authority of any officer or employee to particular matters or to particular documents, instruments or agreements, or to require, in connection with the exercise of such signature authority by any officer or employee, the approval or direction of one or more other designated officer or employees.

2. That prior resolutions of the Board of Directors with respect to the signature authority of officers and employees of the Corporation, to the extent more limiting than the foregoing resolution, are hereby rescinded and withdrawn.
3. That the individuals named on Schedule A be appointed officers of the Corporation as of July 1, 2012, with the respective titles set forth opposite their names of Schedule A.
4. That any prior resolution of the Connecticut Development Authority granting signature authority to the "President" or the "Executive Director" shall be deemed to grant the same signature authority on and after July 1, 2012 to the Chief Executive Officer of the Corporation.

3. Jackson Labs—Lender's Representative:

Ms. Leonardi provided an update on the Jackson Laboratory transaction. She indicated that an important piece of the transaction is hiring an independent firm to review the final plans for the facility and to review the requests for drawdowns against the facility loan. Mr. Bellas explained that in accordance with the Funding Agreement between The Jackson Laboratory and CI, a Request for Proposal ("RFP") was issued to seek services of an independent architectural, engineering or construction management firm for this purpose. The inspector would be used to review the final plans and specifications of the project, the facility budget, construction contracts and construction schedule and approval all requisitions for advances for the facility loan. Mr. Bellas mentioned that the CI Board will approve the final plans. Mr. Bellas indicated that he and Mr. Siuta will be working with the inspector to ensure everything is acceptable before approving draw downs. Mr. Bellas indicated that seven firms responded to the RFP that was issued in May. The proposals were scored. The three highest scoring applicants were invited to be interviewed. Mr. Bellas stated that the applicant's fixed costs, average hourly rates, total project hours, the projects completed by the applicants, scope and size of projects completed, and the experience and depth of the applicants were considered. Mr. Bellas summarized that the three teams interviewed were well qualified to provide such services.

Staff recommended the hiring of Diversified Project Management (“DPM”) from East Hartford. The resolution authorizes CI’s Executive Director and Chief Executive Officer to enter into an agreement with DPM in an amount not to exceed \$396,879, plus reimbursable expenses. Mr. Bellas explained that the agreement with CPM will not exceed \$396,879 unless CI changes the scope of the work.

The Board questioned whether the recommended firm has the expertise or can get the expertise to deal with some of the technical issues related to the lab. The Board asked staff to confirm that the recommended firm has the requisite experience.

Upon a motion made by Mr. Harris, seconded by Ms. Buffkin, the Board members voted in favor of adopting the following resolution authorizing the retention of Diversified Project Management, East Hartford as the Lender’s Construction Representative for The Jackson Laboratory, subject to confirmation that Diversified Project Management has or can obtain the requisite technical experience (Mr. Choi abstained from the vote):

RESOLVED:

That Claire R. Leonardi, Executive Director and Chief Executive Officer of Connecticut Innovations, Inc. is authorized to enter into a contract with Diversified Project Management of East Hartford, CT to provide Lender’s Construction Representative/Inspector services to CI for The Jackson Laboratory Genomic Medicine Facility in Farmington, CT in an amount not to exceed \$396,879 plus reimbursable expenses.

4. Revision of CEFIA MOU:

Ms. Leonardi recommended that the Board considers Supplement One to the Memorandum of Understanding (“MOU”) entered into with CEFIA in November 2011. She mentioned that CEFIA has moved to a different business model focusing on project finance rather than funding of small start-up companies and early-stage demonstration projects. As previously discussed, CEFIA proposes transferring the management and administration of several innovation technology programs, including the Alpha and Demonstration Programs to CI. Ms. Leonardi stated that CEFIA would fund the programs and provide an annual fee to CI for the management of the investments. The assets will remain with CEFIA. Ms. Leonardi mentioned that the CEFIA Board has approved the Supplement to the MOU.

Upon a motion made by Mr. Pescatello, seconded by Mr. Harris, the Board members voted unanimously in favor of adopting Supplement One to the Memorandum of Understanding between CI and CEFIA to transfer management of the CEFIA funded Alpha and Operational Demonstration projects to CI.

5. Innovation Eco System Hub Approvals:

Mr. Pickett discussed the Innovation Ecosystem strategies, the philosophy for developing Hubs, the objectives of the Hubs, the Request for Proposal (“RFP”) process, selection criteria and applications received. The Innovation Ecosystem Program was created as a component of the 2011 Jobs Bill. The CI Board in December 2011 approved an allocation of \$4,800,000 for funding in the first year of the program, which includes statewide and local hub elements. Mr. Pickett stated that the next step in the process is to approve funding for the hubs, and Board approval is being sought today for a Stamford Hub, New Haven Hub and a software platform for the statewide system.

The five key criteria for the selection of hubs included: 1) effort is driven by entrepreneurs; 2) strong leadership identified; 3) locations’ ability to attract and retain a nationally recognized critical mass of entrepreneurs; 4) intent and ability to become self-sustaining; and 5) focus on collaborating with other Hubs and system management. Mr. Pickett mentioned that four applicants did not receive approval to move from the Request for Qualifications process to the RFP process for various reasons, and two others (CONNSTEP and General Assembly) were approved to respond to the RFP and chose to partner with others or will seek to partner with others. Mr. Pickett stated that two applicants (Hartford and Eastern Connecticut Innovation Corridor centered in Storrs) have great potential and staff will be working with both to determine an appropriate design. It is hopeful that a recommendation to fund the Storrs and potentially Hartford Hubs will be provided

later in the summer or early fall. Mr. Pickett indicated that the applicants proposed for approval at the meeting are the Business Council of Fairfield County, the Stamford iCenter and InnoHVN. He described the Hub elements up for award and the proposed elements to be awarded to both Stamford and New Haven. A discussion ensued on the matching funds and some concern was raised with New Haven not providing as much matching funding as Stamford. Mr. Pickett was asked to determine if there are any in-kind services for New Haven and whether Yale is willing to contribute some support or in-kind services. In response to a question, it was noted that approximately \$400,000 to \$500,000 of the total projected budget is for salaries. The Board noted that the funding should be used for new hires and not to replace funding for existing positions. The Board indicated the desire to have spent less than 50 percent of the total funds spent on the Hubs at the end of five years.

It was noted that a large part of the revenues are for rents. Some concern was expressed with the City providing the first two years' rent. In response to a question, Mr. Pickett explained how the funds are released. He noted that one month is provided in advance then reimbursed monthly. Mr. Pickett discussed some of the benchmarks for measuring success which will be included in the contract with the applicants. Ms. Leonardi mentioned that the real indicators of success will be the creation of more companies and jobs in the State of Connecticut.

There was general consensus that there are no issues with the Stamford Hub proposal but there were concerns with the lack of matching funds for the proposed New Haven Hub.

Mr. Pickett reviewed the recommendation to provide \$300,000 to fund the Innovation Ecosystem Software platform to build on CI's existing work with Concur and to create a Contact Relationship Management system.

Upon a motion made by Ms. Buffkin, seconded by Mr. Choi, the Board voted unanimously in favor of: 1) approving funding of up to \$1,115,000 for the Stamford Hub as proposed, 2) approving funding of up to \$1,115,000 for the New Haven Hub, while holding back some of the funding until additional matching/private funds are raised (the most critical elements should be funded first); and 3) approving funding of up to \$300,000 to fund the Innovation Ecosystem Software Platform.

The Board asked Mr. Pickett to report back after finalizing negotiations with New Haven. Some desire was reiterated with having a Hub located in Groton.

6. **Adjournment:** Upon a motion made by Ms. Buffkin, seconded by Mr. Choi, the Board voted unanimously in favor of adjourning the June 25, 2012 meeting at 5:45 p.m.

Respectfully submitted,

Catherine Smith
Chairperson of CI