

**CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY**  
**Board of Directors**  
**Minutes – Special Meeting**  
**Friday, January 18, 2013**

A special meeting of the Board of Directors of the **Clean Energy Finance and Investment Authority (the “CEFIA”)** was held on January 18, 2013, at the office of CEFIA, 865 Brook Street, Rocky Hill, CT.

1. **Call to Order:** Catherine Smith, Chairperson of CEFIA, called the meeting to order at 9:12 a.m. Board members participating: Sharon Dixon-Peary, State Treasurer’s Office (by phone); Norma Glover (by phone); Reed Hundt (by phone); Matthew Ranelli (by phone); Catherine Smith, Chairperson of CEFIA and Commissioner of the Department of Economic and Community Development (“DECD”); and Patricia Wrice (by phone).

Members Absent: Mun Choi; Daniel Esty, Vice Chairperson of CEFIA and Commissioner of the Department of Energy and Environmental Protection (“DEEP”); Tom Flynn; and John Olsen.

Staff Attending: Mackey Dykes, George Bellas, Brian Farnen, Bryan Garcia, David Goldberg, Dale Hedman, Bert Hunter, Shelly Mondo, Cheryl Samuels, Kim Stevenson, and Bob Wall.

2. **Public Comments:**

There were no public comments.

There being no objection, the order of the agenda was changed.

3. **Budget and Operations Committee (“Budget Committee”) Updates and Recommendations for Approval:**

*Financial Reports:*

Mr. Bellas reviewed the financial reports for the six months ended December 31, 2012. Referring to the Statement of Income, Mr. Bellas discussed the areas where there were variances. He noted that changes will be made to the assets in the Balance Sheet in the next several months as programs and activities increase. The Board asked staff to provide six-month, one-year and two-year projections or estimates relating to total cash and changes to the Balance Sheet. Questions arose as to whether CEFIA has a policy about investing its cash or cash equivalent reserves. In response to a question, it was noted that as programs ramp up, some of CEFIA’s cash will convert to assets, loans and other financial instruments. Mr. Hunter explained more specifically the cash that will be needed for the various programs and projects in the next several months. He noted that it is anticipated that within the first two quarters of fiscal year 2014, there will

be a significant increase in the utilization of cash on hand to fund programs. The Board expressed the importance of having an appropriate balance of reserves and cash for programs and expenditures. Staff was asked to develop a month-to-month plan and longer-term plan on projections and investments. Staff will report back within a week on cash flow projections/predictions. Staff was also asked to report at the next Board meeting on six-month and twelve-month predictions and how those predictions could impact CEFIA's Comprehensive Plan.

*Telecommuting Policy:*

Mr. Dykes explained the proposed changes to CEFIA's telecommuting policy. The changes will align CEFIA's Telecommuting Policy with CI's Telecommuting Policy and will allow management to have the flexibility and discretion to use telecommuting in a manner that best meets the business needs of CEFIA. Mr. Dykes noted that the Budget Committee reviewed the proposed changes and recommends approval by the Board.

**Upon a motion made by Ms. Wrice, seconded by Ms. Smith, the Board voted unanimously in favor of adopting the following resolution regarding CEFIA's Telecommuting Policy:**

**RESOLVED**, that the CEFIA Board of Directors hereby approves the proposed changes to the Telecommuting Policy as recommended by the CEFIA Budget and Operations Committee.

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**4. Approval of Minutes of Meeting of December 21, 2012:**

Ms. Smith asked the Board to consider the minutes from the December 21, 2012 meeting.

**Upon a motion made by Mr. Ranelli, seconded by Ms. Glover, the Board members voted unanimously in favor of adopting the minutes from the December 21, 2012 meeting as presented.**

**5. Audit, Compliance, and Governance Committee ("Audit Committee") Updates and Recommendations for Approval:**

Attorney Farnen explained that Section 5.3.3. of CEFIA's Bylaws authorizes the CEFIA Deployment Committee to evaluate and approve programmatic funding between \$300,000 and \$2,500,000. However, the Bylaws are silent on requests for funding below \$300,000. Attorney Farnen mentioned that the Connecticut Clean Energy Fund ("CCEF") passed a resolution empowering staff to approve funding requests below \$300,000, and CEFIA staff recommendations a similar process wherein staff could approve funding requests below \$300,000 pursuant to a formal approval process, consistent with the Comprehensive Plan, and within CEFIA's fiscal budget but no more

than \$500,000 from the date of the last Deployment Committee meeting. This request has been discussed by the Audit, Compliance and Governance Committee and the Deployment Committee. Mr. Garcia explained that having this approval will help staff to be more responsive and move some of the smaller projects quicker. In response to a question, staff explained some of the projects that would fit within the definition of a funding request for staff to consider including feasibility studies, Clean Energy Communities program, and other programs included in the Comprehensive Plan. It was noted that consultants for professional services is not covered under this approval as those expenditures are specifically governed by the Operating Procedures. After further discussion, there was consensus to add the word “program” before the words “funding requests” in the resolution.

**Upon a motion made by Mr. Ranelli, seconded by Ms. Glover, the Board members voted unanimously in favor of adopting the following resolution, as amended, regarding staff approval for certain program funding requests:**

**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.

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**6. Technology Innovations Committee Updates:**

Ms. Stevenson provided an overview on the transition of the Technology Innovation Programs and Operational Demonstration (“Op Demo”) projects. She mentioned that the transition of the Alpha Program pipeline has been completed, and CEFIA is in the process of transitioning the Op Demo Program and legacy investments. Ms. Stevenson discussed the Alpha Program pipeline and the status of each of the projects. She reviewed the Op Demo Request for Proposals (“RFP”) process. Ms. Stevenson stated that approximately 36 serious inquiries from the last Op Demo Program solicitation resulted in 17 pre-qualification surveys, 8 full applications and 4 finalists. The two highest ranking projects were recommended to and approved for funding by the Technology Innovations Committee (“TIC”) on January 8, 2013 and included: 1) New England Hydropower Company, LLC, to demonstrate the commercial viability of their small hydropower technology; and 2) RPM Sustainable Technologies, Inc., to demonstrate the commercial viability of their innovative processing equipment for biofuels production. Ms. Stevenson answered questions about renewable energy credits and CEFIA and DEEP’s role in participating in the New England Hydropower Company. Staff was encouraged to involve as many supporters as possible with trying to streamline the hydro permitting process. In response to a question, Ms. Stevenson indicated that the loans under the Op Demo Program are non-recourse and repayable upon commercial success. Staff will continue to perform due diligence on the remaining two Op Demo project proposals. Ms. Stevenson reported on the status of the legacy investments funded by the former Connecticut Clean Energy Fund. She noted that the TIC discussed the value of the CEFIA Technology Innovation Programs and potential consequences for new technology development if the program is transitioned from CEFIA. Ms. Stevenson stated that staff was asked to report back to the TIC on the values and losses from transitioning the programs, any potential gaps as a result of the transition, and recommendations on how to avoid or manage the gaps and maintain the new technology innovation market. Recommendations will be developed in collaboration with Connecticut Innovations and provided to the TIC and CEFIA Board. A suggestion was made to consider taking advantage of the cleantech innovation HUB emerging at UCONN to help with mentoring and other resources that may be lost with the transition.

## **7. Deployment Committee Updates:**

Mr. Garcia provided an update on the Solarize Connecticut campaign, developed to encourage and bring competitively priced solar PV systems to homeowners throughout the state based on a proven residential aggregation model designed to bring down costs. He mentioned that four towns were identified to pilot the program—Durham, Fairfield, Portland and Westport. The pilot has been completed, and Mr. Wall reviewed the results by town, noting the success in installed capacity as a result of Solarize Connecticut. Additionally, Mr. Wall mentioned that in all of the towns the prices dropped to tier 5 pricing as more solar PVs were installed. Mr. Garcia talked about the payback of the systems under the program based on different scenarios, noting that Solarize Connecticut reduces costs by approximately \$7,700 per home on average or by \$2,200,000 to the participating towns. Mr. Wall acknowledged and thanked Mr. Goldberg, Mr. Hedman, and Mr. Farnen for their assistance and support which helped

to make the pilot program a success. Mr. Wall explained how Solarize Connecticut can continue to help reduce acquisition costs. He spoke about the expansion of the program to distressed municipalities such as Bridgeport and Windham. Mr. Wall talked about adding new financing options such as CEFIA's lease and loan products as components of Solarize Connecticut. He mentioned that staff is looking at trying to expand the Solarize model to support the ramp-up of other clean energy technologies. Staff was asked to report back on how the Solarize model can be utilized at a significantly faster pace to target a higher number of homes (e.g. 100,000 homes). It was noted that 30 megawatts is the minimum required by legislation. Issues such as the number of installers, the panels available and quality of work and the industry are issues that must be considered. The Board noted the importance of being able to identify quality issues and having an audit mechanism in place. This issue will be discussed in further detail at the next Deployment Committee meeting.

**8. Adjournment:** Upon a motion made by Ms. Glover, seconded by Mr. Ranelli, the Board members voted unanimously in favor of adjourning the January 18, 2013 meeting at 10:25 a.m.

Respectfully submitted,

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Catherine Smith, Chairperson