

CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY
Board of Directors
Minutes – Special Meeting
Monday, October 31, 2011

A regular meeting of the Board of Directors of the **Clean Energy Finance and Investment Authority (the “Authority”)** was held on October 31, 2011, at the offices of the Department of Energy and Environmental Protection, 79 Elm Street, Hartford, CT.

1. **Call to Order**: Catherine Smith, Chairperson of the Authority, called the meeting to order at 11:01 a.m. Board members participating: Mun Choi; Mark Cirilli; Daniel Esty, Commissioner of the Department of Energy and Environmental Protection; Norma Glover; Reed Hundt; Jonathan Harris, representing Denise Nappier, State Treasurer; John Olsen; Matthew Ranelli; and Catherine Smith, Commissioner of the Department of Economic and Community Development.

Members Absent: Patricia Wrice.

Staff Attending: George Bellas, Christin Cifaldi, Bryan Garcia, David Goldberg, Dale Hedman, Dave Ljungquist, Shelly Mondo, and Bob Wall.

Others Attending: Donald Kirshbaum, State Treasurer’s Office, Jonathan Schrag and Alex Kragie, Department of Energy and Environmental Protection, Scott Murphy, Shipman & Goodwin.

2. **Public Comments**: There were no public comments.

3. **Approval of Meeting Minutes for September 29, 2011**:

Ms. Smith asked the Board to consider the minutes from the September 29, 2011 Board 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 September 29, 2011 meeting as presented.

4. **President’s Report**:

Mr. Garcia mentioned that Mr. Hundt was administered the oath of office as a member of the CEFIA Board several weeks ago. The only remaining member to be administered the oath of office is Ms. Wrice.

Mr. Garcia noted that the draft Operating Procedures authorized by the Board for public comment purposes was published in the Connecticut Law Journal on October 25. The draft Operating Procedures are subject to a 30-day public comment period and will be presented to the Board for consideration at the December Board meeting.

Mr. Garcia stated that the CI employees designated to CEFIA were transferred to CEFIA on October 7, 2011. He mentioned that he is currently working with Mr. Bellas and Mr. Longo to finalize the contract for services between CI and CEFIA. Mr. Garcia stated that CEFIA has sent professional contractors (i.e. legal services, auditing services, etc.) a notice indicating that the contracts will be extended through the end of the fiscal year. In the spring, CEFIA will issue a Request for Proposals for such services for a contract period not to exceed three years.

Mr. Garcia reported on three vacant positions have or will be advertised. He noted that over 50 applications were received for the general counsel position. Telephone interviews were conducted with 15 applicants, and face to face interviews were held with 7 applicants. The list will be narrowed to 4 finalists, and it is expected that the position will be filled in December. The Executive Vice President and Chief Investment Officer position was advertised several weeks ago. Notice of the position was advertised in the Hartford Courant, Career Builders and on the website of Environmental Finance. The Board was encouraged to spread the word on this position to help increase the volume of candidates. Mr. Garcia reported that the position vacancy for the Chief of Staff was revised and will be advertised soon.

Mr. Garcia introduced Jessica Bailey, Program Officer with the Rockefeller Brothers Fund. He noted that the passage of Public Act 11-80 increased interest in CEFIA from nonprofits and foundations that have offered pro-bono services. Mr. Garcia mentioned that Ms. Bailey has offered assistance and will be helping CEFIA with its strategic planning efforts and other activities.

Mr. Garcia reported on iMeet, an online video meeting platform that allows people to meet face-to-face through a personal computer, tablet or smart phone. He thanked Mr. Casparino, Mr. Wall and Mr. Murphy for their efforts with putting this in place. Mr. Garcia stated that with this tool, productivity can be increased and travel time reduced. He mentioned that iMeet will be used internally initially and eventually for business use as well. Ms. Smith encouraged the Board to meet in person when possible. She noted, however, that iMeet will be a great tool to use when traveling or when Board members cannot meet in person.

5. Legislative Update:

Ms. Smith provided an update on legislation passed during the special session that was devoted to jobs and bringing Jackson Laboratories to Connecticut. She summarized that not everything for clean energy made it into final legislation. Ms. Smith emphasized the need to provide the legislators with education to help improve the prospects for future collaboration on clean energy initiatives in the state. Ms. Smith stated that the jobs bill focuses on small businesses and innovation. She mentioned that CI will be receiving \$25,000,000 annually for the next five years. Ms. Smith indicated that there will be funding available to help stimulate jobs. Funding will be provided for bridge repair work, programs to replace boilers and other energy efficiency operations for not-

for-profits and some housing authorities. Ms. Smith indicated that there are a number of items in the legislation for both short-term and long-term workforce development and incentives to retain talents in the State of Connecticut. In response to a question, Ms. Smith indicated that language about the Property Assessed Clean Energy (“PACE”) Program did not get included. She noted the need to address concerns expressed and provide education on the PACE program far in advance of the next regular legislative session. Mr. Esty indicated the need for outreach as well. He stated that it may also be helpful to obtain legal opinions from other states to help mitigate some of the concerns and risks raised by the banking community.

6. Approval of FY2011 Draft CCEF Audited Financial Statements

Mr. Garcia noted that the Audit Committee was not able to meet this morning, so it is not able to make a recommendation on the FY2011 Draft CCEF Audited Financial Statements. The Audit Committee meeting will be rescheduled to meet some time before the November Board meeting. Any questions or comments on the draft fiscal year 2011 CCEF audited financial statements should be directed to Mr. Bellas or Mr. Garcia.

7. American Recovery and Reinvestment Act Update

Mr. Hedman stated that the American Recovery and Reinvestment Act (“ARRA”) funding was provided by the federal government “to preserve and create jobs and promote economic recovery in the near term and to invest in infrastructure that will provide long-term economic benefits.” The State of Connecticut through the Office of Policy and Management received approximately \$38,500,000 of the federal ARRA funds of which \$20,000,000 was allocated to CCEF. Mr. Hedman indicated that from the \$20,000,000, \$5,000,000 was allocated to geothermal, \$4,000,000 to solar thermal, \$3,000,000 to solar photovoltaic and \$8,000,000 to fuel cells. He stated that both the solar thermal and geothermal programs were newly created programs as a result of the ARRA funding.

Ms. Cifaldi provided an update on the solar PV program. She noted that close to all of the \$3,000,000 allocated for solar PV program will be spent on 10 projects. Approximately \$176,000 will be left over, and it is anticipated that a portion of that will be allocated to the solar thermal program. The remaining portion of the \$176,000 is being held for administrative costs for such things as inspection fees and higher than anticipated wages for the projects that were approved. Ms. Cifaldi explained that staff has asked for clarification on wages for solar installers from the U.S. Department of Energy (“DOE”) and should have an answer within the next two weeks. In response to a question, Ms. Cifaldi explained that if the funds are not needed, they could be reallocated to the solar thermal or geothermal programs as needed. The Board emphasized the need to ensure that the funds are utilized and not returned. Staff was asked to determine within the next 30 days whether the funding is needed to pay higher than anticipated wages or for anything else and develop a precise plan on how the

funds will be spent. Noting that he would be at the DOE in Washington next week, Mr. Esty offered his assistance with obtaining any unanswered questions. A concern was expressed with installers not being able to get on CEFIA's list of qualified solar installers. Ms. Cifaldi clarified that CEFIA has a list of qualified residential installers, but there is no list for commercial installers. She will meet with Mr. Olsen to discuss some of his concerns in this regard.

Ms. Cifaldi explained that one of the ten solar PV projects has changed since last reported to the CCEF Board. She mentioned that the Molodich Farms project that was approved in September 2010 has withdrawn its application, and Leon Tennis, a 53.94 kW_{AC} PV project in Cos Cob with a grant of \$179,600, has been substituted.

Ms. Cifaldi stated that staff is confident that all of the solar PV projects will be completed and producing energy by the April 30 deadline. Some concern was expressed that the estimated project completion dates are too close to the deadline. The Board asked staff to request regular updates from the installers to ensure that the projects will be completed and producing energy before the deadline. In response to a question, Mr. Hedman stated that Financial Assistance Agreements are structured so that there is no liability to CEFIA in the event the project owners miss deadlines.

Mr. Ljungquist provided an update on the solar thermal program. He noted that there is approximately \$80,000 more requests than funding allocated for solar thermal projects. Mr. Ljungquist stated that staff does not anticipate that the full amount of administrative funds for solar thermal will be utilized and can be used to fund all of the projects in the pipeline. He indicated that the program is still open, and CEFIA is still receiving applications. Over the last several weeks, CEFIA received about 20 additional applications for residential solar thermal projects. In response to a question, Mr. Ljungquist stated that it is anticipated that once the ARRA funding has been depleted, CEFIA will continue to fund a solar thermal program. He noted that solar thermal projects can be completed in a short time frame. However, CEFIA has been experiencing a slight delay with getting SHPO approval. Ms. Smith requested that staff provide her with a memorandum outlining the issues so she can ensure more streamlined communications and that approvals are provided within the agreed upon time frame.

Mr. Ljungquist reported on the geothermal program. Based on the projects in the current pipeline, he estimated that approximately \$200,000 remains unallocated and available for geothermal projects. Staff will keep the program open until CEFIA receives enough applications to complete its goal under the program. In response to a question, Mr. Ljungquist stated that the reallocation of the funds would require approval from the Office of Policy and Management. It was noted that the turnover time for most of the commercial programs is too long, and a suggestion was made to reallocate unallocated funds to the residential solar thermal program. A suggestion was also made to look at some of the smaller state building sheds or maintenance facilities for geothermal projects. Mr. Ljungquist stated that it is unlikely that a decision can be made by any large institution, hospital, college or the state within the required timeframe. There was

general agreement that the remaining funds should be used for residential geothermal and solar thermal projects.

A discussion ensued on marketing efforts to get funding out. Suggestions were made to market the programs to all contractors and the consumers directly. Mr. Garcia was directed to ensure that the ARRA funding is spent and to develop a plan in the event the funding cannot be spent as originally allocated. There was general agreement that the programs should be oversubscribed rather than there being a risk of losing any funding.

There was a discussion about CEFIA's funding strategies in general. The Board discussed several options: 1) having a large pot of funds which gives customers choices and flexibility about renewable energy choices; and 2) having specific pots of funds for specific programs. There was general agreement that this issue and marketing strategies should be discussed further at the Board retreat scheduled for November 7 and 8. Further discussions should include how to be more mainstreamed, generate more competition, and provide more opportunities while recognizing the need for some energy advisors for customers.

Mr. Hedman reported on the fuel cell projects. He noted that six fuel cell projects have been approved, and five are moving forward. Mr. Hedman explained that the Weston Middle School 400 kW fuel cell project has withdrawn, leaving an incentive gap of approximately \$1,000,000. Mr. Hedman stated that UTC Power has submitted an application for a 400 kW fuel cell project at Mt. Sinai Hospital in Bloomfield, and staff recommends replacing this project for the Weston Middle School project that has withdrawn. Staff would like to close on the project as soon as possible to ensure that the ARRA funds allocated for fuel cells get utilized. Mr. Hedman discussed the proposed resolution that authorizes the redeployment of the funds approved for the Weston Middle School fuel cell project to the Mt. Sinai Hospital project. He noted that UTC Power is aware of the time constraints associated with the funding. The Board discussed the need for staff to develop a contingency plan in the event any of the fuel cell projects do not move forward and/or any of the projects will not comply with the required time constraints.

The Board discussed the specifics of the resolution, and there was consensus to modify the resolution so that the President of CEFIA can identify and further redeploy one or more other unfunded projects that can be completed and placed in service no later than April 30, 2012 as long as it meets prudent business criteria and employs the standard financial assistance agreement, without requiring further CEFIA Board consideration. Mr. Garcia was asked to prepare a backup plan for the next Board meeting in the event one or more of the fuel cell projects does not move forward. A suggestion was made to develop a pipeline of projects for each of the categories.

Upon a motion made by Mr. Ranelli, seconded by Ms. Glover, the Board members voted unanimously in favor of adopting the following resolution authorizing the substitution of the Mt. Sinai Hospital, Bloomfield 400 kW fuel cell project for the previously approved Weston Middle School 400 kW fuel cell project:

**Resolution Authorizing the Substitution of
Fuel Cell Project Mt. Sinai Hospital, Bloomfield**

WHEREAS, CEFIA has been notified that the Town of Weston has decided not to proceed with the development of the 400 kW fuel cell project proposed for the Weston Middle School site, which was approved by the CCEF Projects Committee on September 16, 2010 for a grant of ARRA funds in an amount not to exceed One Million Dollars (\$1,000,000); and

WHEREAS, the UTC Power division of United Technologies Corporation (“UTC Power”) has submitted an application for a 400 kW fuel cell system to be located at the Mt. Sinai Hospital, 500 Blue Hills Avenue (the “Mt. Sinai Project”), which UTC Power has represented can be completed and brought on line by the ARRA project completion deadline of April 30, 2012, and UTC Power has indicated that it is willing to commit to project completion by April 30, 2012 as a definitive condition and requirement of a Financial Assistance Agreement with CEFIA; and

WHEREAS, if such a Financial Assistance Agreement is not successfully negotiated between CEFIA and UTC no later than the November 21, 2011, CEFIA staff has recommended that the available ARRA funds be redeployed to one or more other unfunded projects employing other technologies that can be completed and placed in service by the ARRA deadline; and

WHEREAS, given the deadline for ARRA-funded projects and the related risk of loss of available ARRA funding if eligible projects are not approved in an expedited manner, the CEFIA Board wishes to empower the President of CEFIA to take certain actions to assure the deployment of available ARRA funding for eligible projects able to meet the April 30, 2012 ARRA completion deadline.

NOW, THEREFORE, BE IT:

RESOLVED, that upon receipt from the Town of Weston of written confirmation that it does not intend to proceed with the Weston Middle School fuel cell project, the One Million Dollar (\$1,000,000) in available ARRA funding previously earmarked for such project be redeployed and made available for funding for the Mt. Sinai Project, provided that a satisfactory Financial Assistance Agreement among CEFIA, UTC Power and Mt. Sinai Hospital committing to a project completion date no later than April 30, 2012 is negotiated and entered into no later than November 21, 2011.

RESOLVED, that if for any reason it appears that such a Financial Assistance Agreement will not be successfully negotiated and entered into by November 21, 2011, then the President of CEFIA is authorized to identify one or more other unfunded projects employing other technologies that are eligible for ARRA funding and that can be completed and placed in service no later than April 30, 2012, and propose a further redevelopment of available ARRA funds to such project or projects as long as the project or projects meet prudent business criteria.

8. Comprehensive Planning Process:

Mr. Garcia discussed the Strategic Planning Retreat which will be held on November 7 and 8, 2011 at the Pocantico Conference Center in Tarrytown, New York. He reviewed the current resources and programs and discussed some of the key sections of Public Act 11-80 that impact CEFIA. He asked for input from the Board on areas the Board wants to see CEFIA invest. Mr. Garcia noted that feedback will help to reshape the agenda for the Strategic Planning Retreat. Mr. Garcia summarized the “Green Storm Session” held on October 14 with a group of clean energy experts and advisors to provide advice, guidance and insight relating to the future strategy and activities of CEFIA. It was noted that the group believes that CEFIA needs to define certain core issues more clearly, including the financial model most appropriate for CEFIA to pursue. A further discussion ensued on this issue.

A Suggestion was made to focus on one main priority. A discussion ensued on whether CEFIA has the skill sets to be more like a bank or a venture fund. The Board discussed some of the differences between CI and CEFIA and the importance of not recreating something already in place with another agency. The Board discussed the other quasi-public agencies and noted the importance of mapping what each quasi-public agency can offer. The Board was asked for guidance with the structure for CEFIA to adopt that would most effectively pursue its vision and purpose. After discussing some of the differences between creation and deployment, a suggestion was made for CEFIA to concentrate on the deployment of clean energy and to leave venture capital investing to CI. There was general agreement that CEFIA should be organized as a form of bank rather than a venture fund which should be done by CI with technical assistance provided by CEFIA as needed. It was noted that it may be helpful to have more CEFIA/CI Board and/or Committee overlap. A suggestion was made to involve UCONN and other universities and corporate R&D programs more by asking them to assist with testing new technology. CEFIA’s role will be to help position Connecticut as a leadership state in clean technology by building a supportive infrastructure.

Mr. Garcia talked about establishing specific focused goals. He noted the need to identify the market gaps and dislocations that CEFIA could solve. Mr. Garcia stated that one of the governor’s goals is for Connecticut to become the most energy efficient state in the country. It was noted that the focus should also be on bringing down the costs of energy in the state – cleaner and cheaper. A discussion ensued on in-state generation

versus out-of-state generation and how to determine the appropriate percentage of out-of-state generation to achieve lower costs. Positioning Connecticut as a leadership state on developing the clean energy economy is also a key goal for CEFIA. Mr. Garcia talked about the need to be prepared to implement the mandates of Public Act 11-80.

There was consensus that more education is needed with legislature and banking commission on energy efficiency, renewable energy and generation. Ms. Smith noted that she, Mr. Esty and Mr. Garcia will start meeting with the legislative energy committees and ranking members in November to provide information and discuss a potential legislative agenda.

A suggestion was made to schedule several follow-up meetings to discuss the issues from the retreat.

9. Adoption of 2012 Regular Meeting Schedule of the Board of Directors:

Upon a motion made by Ms. Glover, seconded by Mr. Choi, the Board members voted unanimously in favor of adopting the following Board of Director meeting dates for the 2012 calendar year:

Regular Quarterly Meetings:

- **March 16, 2012**
- **June 15, 2012**
- **September 21, 2012**
- **December 21, 2012**

Regular Meetings, if necessary:

- **January 20, 2012**
- **February 17, 2012**
- **April 20, 2012**
- **May 18, 2012**
- **July 20, 2012**
- **August 17, 2012**
- **October 19, 2012**
- **November 16, 2012**

10. Adjournment: Upon a motion made by Mr. Esty, seconded by Mr. Choi, the Board members voted in favor of adjourning the October 31, 2011, meeting at 1:02 p.m.

Respectfully submitted,

Catherine Smith, Chairperson