

BUDGET AND OPERATIONS COMMITTEE OF THE CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY

**Minutes – Special Meeting
Wednesday, March 14, 2012**

A special meeting of the Budget and Operations Committee (“Budget Committee”) of the Board of Directors of the **Clean Energy Finance and Investment Authority (‘CEFIA’)** was held on March 14, 2012, at the office of the CEFIA, 865 Brook Street, Rocky Hill, CT.

- 1. Call to Order:** Daniel Esty, Chairperson of the Budget Committee, called the meeting to order at 11:07 a.m. Budget Committee members participating: Mun Choi, Daniel Esty, and Norma Glover.

Other CEFIA Board Member Attending: Reed Hundt (by phone).

Staff Attending: George Bellas, Mackey Dykes, Brian Farnen, Bryan Garcia, and Shelly Mondo.

Others Attending: Peggy Diaz, Department of Energy and Environmental Protection.

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

- 3. Approval of Meeting Minutes:**

Mr. Esty asked the Budget Committee members to consider the minutes from the December 12, 2011 meeting.

Upon a motion made by Mr. Choi, seconded by Ms. Glover, the Budget Committee members voted unanimously in favor of adopting the minutes from the December 12, 2011 meeting as presented.

- 3. Review and Approval of the Proposed Revisions to the CEFIA Employee Handbook:**

Mr. Dykes reviewed the recommended changes to the CEFIA Employee Handbook. He mentioned that most of the changes were made to clarify some of the duties of the Chief of Staff. In response to a question, Mr. Dykes noted that the changes will help staff to understand the duties of the new position. Mr. Dykes talked about the policies and practices for compensatory time. He noted that compensatory time is for unique situations and is not provided on a regular basis. Mr. Dykes mentioned that a meeting will be held with all employees to provide an overview of the policies, including compensatory time and telecommuting.

Upon a motion made by Ms. Glover, seconded by Mr. Choi, the Budget Committee members voted unanimously in favor of recommending to the Board for consideration the amendments to the CEFIA Employee Handbook.

Mr. Dykes mentioned that the proposed revisions to the CEFIA Employee Handbook will be presented to the Board in April.

4. Comprehensive Budget for Fiscal Year 2012 and Cash Flow Projections:

Mr. Bellas provided an overview of the consolidated budget and cash forecast for fiscal year 2012 compared with the actual revenues and expenses for the last seven months. He reviewed the revenues received and projected to be received for the remainder of the fiscal year. Mr. Bellas stated that based on actual revenues received, CEFIA is on track to meet revenue projections through the end of the fiscal year.

Mr. Bellas discussed the operating and program expenditures, noting that expenditures should be on track with budget projections through the end of the year. He indicated that the goal for the proposed fiscal year 2013 budget is to further break out the total operations and program administrative expenses. The Budget Committee members suggested adding a column that projects the end of the year reconciliation.

A discussion ensued on the financial incentives not yet committed or spent. Mr. Garcia explained that the Connecticut Clean Energy Fund ("CCEF") budget was prepared before the enactment of Public Act 11-80, and the financial incentives in the current budget represent the forecast from the two-year Comprehensive Plan for the program goals of CCEF. He briefly explained each of the program goals and the approximate percentage of funding allocated for each of the program goals. Mr. Garcia indicated that CEFIA anticipates phasing out its on-site distributed generation programs in light of the ZREC and LREC market, and some of the funds budgeted by CCEF for financial incentives may be reallocated. Mr. Bellas explained that staff recommends moving to an one-year consolidated budget for CEFIA based on its fiscal year as opposed to calendar year.

It was noted that the evolving focus of CEFIA is on financing the deployment of clean energy. Mr. Garcia explained that some of CEFIA's existing programs would fit better within other state agencies, quasi-public agencies or other organizations. He noted that staff is in the process of finalizing a new Comprehensive Plan that will change the focus and programs of CEFIA. The Budget Committee members discussed the importance of determining which programs fit the CEFIA model and should be priorities.

The Budget Committee members asked staff to break out the information in the Statement of Revenues and Expenses by program or to include a supplemental report that would contain at least the following information for each program:

- a summary of the program
- whether the program will remain or be phased out
- a time frame for the program or the phasing out
- who manages the program and the staff assigned to the program
- the goals of the program and what CEFIA is trying to achieve
- the progress made to achieve the goals of the program
- the delivered outcomes, successes, obstacles, prerequisites, etc.
- the budget for the program
- constant monitoring of actual versus budget projections for each program
- whether the program is cost effective based on an identified set of metrics
- timelines for each of the programs

Staff was also asked to identify any programs CEFIA is legislatively required to have. It was noted that the transformations of the programs may be result in unpredictabilities with spending and there may be a need for contingency funding.

The Budget Committee members noted the need to have different systems in place to be able to provide daily, weekly, monthly and quarterly reports on certain program information and to be able to provide historical information as well as new goals and metrics. The Committee was supportive of staff pursuing steps to design, develop and implement better data management systems for the organization.

The Budget Committee would like to meet again to discuss the specific information requested from staff and with staff's input to recommend to the Board priorities and budget allocations for each of the programs.

Staff was urged to move as expeditiously as possible to transition to the new CEFIA focus and financing structure.

The Budget Committee members discussed the cash on hand, commitments and obligations of CEFIA. In response to a question, Mr. Bellas explained that the funds allocated to Project 150 are considered a liability because there are outstanding contracts. The Budget Committee members asked staff to provide a written status report on the Project 150 projects and to determine which projects will come to fruition within one year. Staff was urged to conclude Project 150 and take the necessary steps to cancel the Project 150 contracts for those projects that will not be completed within a year. A suggestion was made to send a letter to the Public Utilities Regulatory Committee to obtain guidance.

5. Review of Organizational Chart:

Mr. Dykes asked for input from the Budget Committee members on the draft organizational chart that reflects the new direction of CEFIA. The Budget Committee members noted the importance of having the Executive Vice President – Chief Financial Officer in place before finalizing the organizational chart.

6. Update on Stamford office:

Staff reported that satellite office space will be sought in the Stamford area for approximately 4 to 7 employees. After a brief discussion, staff was encouraged to work with the Department of Economic and Community Development (“DECD”) to ensure that the vision for the Stamford office space is in line with DECD’s expectations. A suggestion was made to link the Stamford satellite office with the model for HUBs.

7. Adjournment: Upon a motion made by Mr. Choi, seconded by Ms. Glover, the Budget Committee members voted unanimously in favor of adjourning the March 14, 2012, meeting at 12:30 p.m.

Respectfully submitted,

Daniel Esty, Chairperson of Budget Committee