

**BUDGET AND OPERATIONS COMMITTEE OF THE
CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY
Minutes – Special Meeting
Tuesday, May 8, 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 (the “CEFIA”)** was held on May 8, 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 9:06 a.m. Budget Committee members participating: Mun Choi, Daniel Esty, and Norma Glover.

Staff Attending: Mackey Dykes, Brian Farnen (by phone), Bryan Garcia (by phone), and Shelly Mondo.

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 March 14, 2012 and March 22, 2012 meetings.

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 March 14, 2012 and March 22, 2012 meetings as presented.

4. **Review of FY2011 and FY2012 Clean Energy Fund Comprehensive Plan Program, Transition Recommendations and Review of FY2013 Budget:**

Mr. Esty thanked staff for additional information provided on the FY2011 and FY2012 Comprehensive Plan and Budget. At the March meeting, the Budget Committee reviewed the Comprehensive Budget for FY2012 and asked staff to provide more information about each of the programs. Mr. Dykes reported that there are 26 programs within the budget rather than the reported 37 programs in addition to funding for other organization goals and desired outcomes. From the 26 actual programs, Mr. Dykes stated that staff recommends the retention and continuance of 8 of the programs in the next Comprehensive Plan which staff intends to present to the Board in June. It was noted that the input received from the Budget Committee members will be integrating in the Comprehensive Plan. There was general consensus that the draft document should be presented to the Board before the next Board meeting.

For the FY2013 budget, the Budget Committee asked staff to include a metrics for results rather than the percentage of dollars spent. They indicated the importance of getting clarity to understand what CEFIA is trying to achieve and what constitutes success (i.e. megawatt achievement or engagement goals). It was noted that the funds spent can be an instrumental way to look at success but can also be a measure of failure. The Budget Committee members noted the importance of ensuring that the proposed programs and allocations of funding are the right balance for CEFIA.

The Budget Committee members asked staff to provide a breakout of the percentage of time spent by each manager on each task in order to ensure proper management of staff time.

Mr. Dykes reviewed each of the programs, the key staff members assigned to each goal, the budget and progress for each goal, the proposed program timeline, and the transition recommendations.

The Budget Committee members discussed the feasibility studies under goal 1. Questions arose about the importance of the program and the budgeted amount for the program. Mr. Ljungquist explained how the program started and the rationale for splitting the program. In response to a question, Mr. Hedman stated that he feels confident that the money budgeted for the feasibility studies will be deployed in a highly effective manner.

The Budget Committee discussed projected revenues for FY2013 and the projected administrative expenses. Concerns were expressed with expenditures exceeding revenues, and Mr. Esty stated that CEFIA should be fiscally prudent and not spend more than the projected revenue. There were differing opinions on spending practices for the future. Some concern was expressed with having too much cash on hand. It was noted that in the past, the Connecticut Clean Energy Fund spent as much of the revenue as possible to avoid the risk of the State/legislature taking funds to help reduce State budget deficits. Mr. Garcia explained that CEFIA will be turning assets into loan obligations, and it may take some time to transition from a grant providing agency to an agency that provides loan financing. Mr. Esty asked that staff identify the plan for the next five years to help the Board understand the expenditures going forward. It was noted that CEFIA's balance sheet should clearly show the funding and assets that are restricted.

A discussion ensued on the target expenditures for the FY2013 budget. Based on projected revenues, the Budget Committee suggested that staff aim for expenditures of about \$49,000,000, including the operational budget. Staff was asked to ensure that the programs for FY2013 are the right programs for CEFIA and that the funding will be well spent.

The Budget Committee members discussed the transition of the On Site Distributed Generation (“OSDG”) Program and asked that staff only spend funds for the projects that are excellent. It was noted that the staff recommends that the OSDG program be discontinued at CEFIA.

In response to a question, Mr. Ljungquist stated that the Geothermal Program has completed the final round of funding and will not be continued. He noted that staff anticipates moving to a loan program that will be technology agnostic. The Budget Committee members discussed the importance of having metering devices to understand the economics and savings.

The Budget Committee asked that the next version of the plan include the budget for fiscal year 2013 so that everyone can understand the changes from one year to another and the successes or short comes.

Mr. Choi mentioned that the Technology Innovation Committee met yesterday, May 8. CEFIA staff is meeting with CI staff to work out the transition of some of the technology innovation programs. It is anticipated that CEFIA may provide some technical expertise on these programs to CI when needed.

Mr. Wall spoke about the Clean Energy Communities Program under goal 3. He spoke about the rationale for maintaining the Clean Energy Communities Program and Community Innovations Grant program; phasing out the High Performance Schools Program and Net Zero Energy Homes Program; and transitioning the Educational Accreditation Program, The Education and Green Jobs Program and Clean Energy Climate Solutions Program.

The Budget Committee asked staff to consider adding language in the Communities Program to help ensure Connecticut is building schools that are successful models for clean energy going forward.

5. Other Business:

There was consensus to meet in late May or early June to finalize the plan and budget before presenting to the Board in June.

6. Adjournment: Upon a motion made by Mr. Choi, seconded by Ms. Glover, the Budget Committee members voted unanimously in favor of adjourning the May 8, 2012, meeting at 10:08 a.m.

Respectfully submitted,

Daniel Esty, Chairperson of Budget
Committee