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FINANCE COMMITTEE
of the Renewable Energy Investments Board
Minutes – Special Meeting
Tuesday, January 19, 2010

A special meeting of the Finance Committee (the “Committee”) of the **Renewable Energy Investments Board hereinafter referred to as “the Connecticut Clean Energy Fund Board”** (the “Board”) was held on Tuesday, January 19, 2010, at the office of the Connecticut Clean Energy Fund, 200 Corporate Place, Rocky Hill, Connecticut.

1. **Call to Order:** Mr. Mengacci, Chairman of the Committee, called the meeting to order at 3:07 p.m. Participating: Tracy Babbidge, Department of Environmental Protection; Mary Healey, Office of Consumer Counsel (by phone); John Mengacci, Office of Policy and Management (by phone); and Carol Muradian (by phone).

Committee Members Absent: John Olsen and Patricia Wrice.

Staff and Adjunct Staff Attending: George Bellas, Lise Dondy, Peter Longo, and Shelly Mondo.

2. **Approval of November 30, 2009 Meeting Minutes:**

Mr. Mengacci asked the Committee members to consider the minutes from the November 30, 2009 meeting.

Upon a motion made by Ms. Babbidge, seconded by Ms. Muradian, the Committee members voted in favor of adopting the minutes from the November 30, 2009 meeting as presented (Ms. Healey abstained from the vote).

3. **FY2010 Budget to Actual Financial Analysis for Second Quarter:**

Mr. Bellas summarized the budget to actual financial analysis for the second quarter of 2010. He reviewed the detailed statement of revenues and expenditures. Mr. Bellas mentioned that total revenues were under budget due primarily to the shortfall in utility customer assessments remitted to CCEF. He reviewed staff’s analysis of utility customer assessments. Mr. Bellas will contact the public utility companies for monthly projections and more detailed information. Staff will watch this issue closely to keep track of the shortfall and determine how the shortfall will affect future commitments. Mr. Bellas mentioned that interest earned on deposits was under budget due to the current interest rate environment.

Mr. Bellas explained the accounting for grants, noting that CCEF recognizes grant income to the extent of grant expenses incurred.

Mr. Bellas reviewed the operating expenses, noting that the overall actual expenses are below budget projections. Mr. Bellas noted that in several instances expenditures were being delayed until the third quarter in addition to an overall effort by management to contain costs. Mr. Bellas noted that when the budget was prepared in May of 2009, an overall fringe benefit rate of 56% was used for budgeting purposes. In July of 2009 the State Comptroller's office published new employer contribution rates for the State employees' retirement plan. This new rate increases CCEF's overall fringe benefit rate by six percentage points to 62%. This new rate will increase the FY10 budgeted amount for fringe benefits by an estimated \$136,000. Mr. Bellas requested that the Committee recommend to the full Board that it approve this increase for fringe benefit expense.

Mr. Bellas then discussed the legal expense line item of the budget. He explained that the budget for legal fees for FY2010 is \$150,000 for the full year. To date, approximately \$114,000 has been incurred, and staff projects that it will incur \$225,000 for the year which would require a budget adjustment of \$75,000. The Committee members reviewed the detailed memorandum prepared by staff on the legal fees incurred to date. The legal fees incurred and expected to be incurred for the fiscal year relate to Freedom of Information requests, general governance matters and the review of the Joint Operating Procedures ("JOP") as requested by the Department of Public Utility Control for potential amendments. Staff was directed to ask legal counsel to reconsider the current billable arrangements (i.e. have associates with lower billable rates work on more routine matters for CCEF, consider a monthly retainer, etc.) Ms. Dondy mentioned that discussions have been held with legal counsel, and legal counsel has reduced their rates from their already discounted rates. Staff was asked to provide the Committee members with the legal counsel billable rates.

Ms. Dondy summarized some of the efforts being made to try to reduce legal costs. She noted that going forward the Freedom of Information (FOI) requests will primarily be handled internally by staff. Ms. Dondy discussed the number of hours spent by staff going through documents in addition to the hours spent by outside counsel on FOI requests. After additional discussion on the legal expenses incurred and expected to be incurred, the Committee members concurred that an increase in the budget for legal expense appears warranted. Suggestion was made to look at ways to transfer the funds from other areas in the budget, and Mr. Bellas confirmed that half of the requested \$75,000 could be transferred from the external relations line item and half could be transferred from advisory fees under the consulting and professional fees line item. There was consensus that staff should monitor this issue closely and report back to the committee in the third quarter.

Upon a motion made by Ms. Muradian, seconded by Ms. Healey, the Committee members voted unanimously in favor of authorizing the transfer of \$37,500 from the external relations line item and \$37,500 from advisory fees under the consulting and professional fees line item in the FY2010 budget to the legal line item under consulting and professional fees.

Mr. Bellas reviewed the program commitments, cash on hand and FY2011 commitments. He summarized that approximately \$11,189,000 is expected to be funded with future cash flows. Mr. Bellas reviewed the commitment analysis and explained that staff is monitoring the situation and managing commitments.

Upon a motion made by Ms. Muradian, seconded by Ms. Healey, the Committee members voted unanimously in favor of recommending to the Board for consideration, an increase in the operating budget of \$136,000 as a result of an increase in the employee fringe benefit rate.

4. **Other Business:** There was no other business.
5. **Adjournment:** Upon a motion made by Ms. Muradian, seconded by Ms. Babbidge, the Committee members voted unanimously in favor of adjourning the January 19, 2010 meeting at 3:44 p.m.

Respectfully submitted,

John Mengacci
Chair of the Finance Committee