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FINANCE COMMITTEE
of the Renewable Energy Investments Board
Draft Minutes – Regular Meeting
Friday, May 15, 2009

A regular 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 Friday, May 15, 2009, 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 1:02 p.m. Participating: Tracy Babbidge, Department of Environmental Protection (by phone); John Mengacci, Office of Policy and Management; and Carol Muradian.

Committee Member Absent: Mary Healey, Consumer Counsel; and John Olsen.

Non-Voting Participant: Richard Steeves, Office of Consumer Counsel (by phone).

Staff and Adjunct Staff Attending: George Bellas, Lise Dondy, Peter Longo; Shelly Mondo; Reed Risteen, BlumShapiro; and Jenna Lombardo, BlumShapiro.

2. **Approval of April 15, 2009 Meeting Minutes:**

Mr. Mengacci asked the Committee members to consider the minutes from the April 15, 2009 meeting.

Upon a motion made by Ms. Muradian, seconded by Ms. Babbidge, the Committee members voted in favor of adopting the minutes from the April 15, 2009 meeting as presented (Ms. Babbidge abstained from the vote).

3. **FY2009 Audit Planning Discussion:**

Mr. Risteen reviewed the audit communications letter and discussed the process and plan for the 2009 fiscal year audit. He mentioned that BlumShapiro began the planning and preliminary work for the 2009 fiscal year audit. Mr. Risteen noted that the scope of services is the same as the 2008 fiscal year audit. The audit will be performed in accordance with Generally Accepted U.S. Accounting Standards and Generally Accepted Government Accounting Standards which require testing for compliance with anything that could have a material affect on the financial position of the organization. For state component units, additional compliance testing will be performed in the areas of affirmative action, personnel practices, purchase of goods and services, use of surplus funds and awards of loans. Mr. Risteen noted that BlumShapiro will look at internal controls to plan the audit but will not express an opinion on the internal controls.

BlumShapiro will be auditing the financial statements prepared by management and staff and express an opinion as to whether the statements fairly represent the financial activities of the entity. The responsibility of BlumShapiro is to give assurance that no material misstatements have been made and to report any internal control weaknesses.

Ms. Lombardo described some of the preliminary work that has been done to plan for the audit process. Mr. Risteen reviewed the timetable for the audit process. The field work should be completed by mid-August, and a draft audit will be prepared on or before September 16. The final audited financial statements will be completed on or before September 28, 2009.

Mr. Risteen noted that the significant audit areas are cash, investments accounts' payable expenses, and payroll. He stated that there are no major changes to the audit process from the prior year. Mr. Risteen mentioned that the two new areas that differ from the 2008 audit have been discussed with Mr. Bellas and include: 1) recognizing and classifying the renewable energy certificates; and 2) reserves against losses for the solar lease program.

Mr. Risteen described two new Governmental Accounting Standards Boards announcements. He mentioned that one of the changes redefines governmental fund types but does not impact CCEF. The second change would allow CCEF to more accurately describe the restricted funds and the different components of the fund balance. Management left the meeting at 1:22 p.m. and the Committee members discussed the audit and audit process with Mr. Risteen.

Management rejoined the meeting at 1:30 p.m.

4. Review of FY 2010 Operating Budget:

Ms. Muradian mentioned that the CI Finance Committee met this morning and recommended that the CCEF budget be presented to the CCEF Finance Committee and then to the CCEF Board for approval.

Mr. Bellas reviewed the proposed Operating Budget for FY 2010 for CCEF. He mentioned that the budget for FY 2010 reflects the first year that funding will be received from the Federal Government for the State Energy Program. Mr. Bellas explained that staff is working with the State Office of Policy and Management to clarify the annual administrative costs for the program, and the draft budget will need to be adjusted accordingly. Mr. Bellas discussed the detailed Income Statement for FY 2010. He reviewed the projected revenues in detail. There was a discussion on how to obtain more accurate projections on utility customer assessments. Mr. Bellas will work with the Office of Consumer Counsel and the public utilities to try to obtain more detailed information for the budget projections. Projected Regional Greenhouse Gas Initiative funding will also be included under revenues for the proposed FY 2010 budget.

Mr. Bellas reviewed in detail the projected expenditures and expenses for the FY 2010 budget. With the exception of salaries and benefits, the operating expenses for FY 2010 will be decreased. The Committee discussed the schedule of positions by department, including the allocation of shared employees. Mr. Bellas and Ms. Dondy explained the proposed new positions included on the schedule of positions, noting that funding for three of the positions will be reimbursed with federal funding for the new programs, and staff will also be seeking opportunities to obtain funding for the interns. Mr. Bellas noted that the salaries line item does not include cost of living increases, merit increases or longevity payments but does include some funding for promotions and an incentive compensation pool that would be paid out in fiscal year 2011. Mr. Bellas mentioned that a placeholder has been added for benefits because the final number will not be provided by the state until June.

The Committee discussed the Statement of Cash Flows. Mr. Bellas stated that he will include an analysis of the commitments as of June 30, 2009 to show the commitments against the cash balance. It was noted that if the state takes money from CCEF, it would adversely impact the federal funding to enhance existing programs.

Mr. Bellas reviewed the projected capital expenditures for FY 2010. Mr. Bellas explained that in accordance with the Joint Operating Procedures, staff must present the administrative officers of CCEF. The Committee reviewed the administrative officers and job descriptions for the positions.

Upon a motion made by Ms. Muradian, seconded by Ms. Babbidge, the Committee members voted in favor of authorizing staff to present the proposed FY 2010 CCEF Operating Budget with the amendments discussed to the Board for approval.

5. Other Business:

Mr. Bellas stated that because of extensive Freedom of Information requests, legal expenses will exceed the \$100,000 that was budgeted for FY 2009. He asked the Committee to consider authorizing staff to reallocate funding from the FY 2009 budget to cover the legal expenses. In response to a question, Mr. Bellas indicated that there is sufficient funding in the FY 2009 budget to cover the legal fees. In an effort to control legal costs, Ms. Dondy mentioned that in-house counsel will handle as many Freedom of Information requests as internal resources allow.

Upon a motion made by Ms. Muradian, seconded by Ms. Babbidge, the Committee members voted in favor of authorizing staff to reallocate up to \$50,000 within the FY 2009 CCEF operating budget for legal fees.

6. **Adjournment:** Upon a motion made by Ms. Muradian, seconded by Ms. Babbidge, the Committee members voted unanimously in favor of adjourning the May 15, 2009 meeting at 2:30 p.m.

Respectfully submitted,

John Mengacci
Chair of the Finance Committee

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