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**FINANCE COMMITTEE**  
of the Renewable Energy Investments Board  
Minutes – Regular Meeting  
Wednesday, May 19, 2010

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 Wednesday, May 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 2:36 p.m. Participating: Tracy Babbidge, Department of Environmental Protection; Mary Healey, Office of Consumer Counsel (by phone); John Mengacci, Office of Policy and Management; Carol Muradian (by phone); and Patricia Wrice (by phone).

Committee Member Absent: John Olsen.

Staff and Adjunct Staff Attending: George Bellas, Lise Dondy, Peter Longo, Shelly Mondo, John Schuyler, Marcum, LLP, (by phone) and Emily Smith.

There being no objection, the order of the agenda was changed.

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

3. **Approval of the January 19, 2010 Meeting Minutes:**

Mr. Mengacci asked the Committee members to consider the minutes from the January 19, 2010 meeting.

Ms. Healey suggested a change in the motion on page 3 to indicate that the increase in the operating budget was a result of an increase in fringe benefits that were required by the State Office of the Comptroller.

**Upon a motion made by Ms. Babbidge, seconded by Ms. Muradian, the Committee members voted unanimously in favor of adopting the minutes from the January 19, 2010 meeting with the amendment suggested.**

4. **Discussion with the New Audit Firm to Develop Audit Plan for FY2010:**

Mr. Bellas introduced Mr. Schuyler from Marcum, LLP (Marcum), the outside auditor hired to perform the audit for CI and CCEF for FY2010. Mr. Schuyler highlighted the audit plan for FY2010. He encouraged the committee members to contact him or any of

the team members at Marcum about any concerns and/or questions. He noted that Marcum will be available to meet with the Finance Committee throughout the year to discuss the audit plan, the audit results, new accounting and auditing standards and their assessment of the quality of the accounting and financial reporting functions. Mr. Schuyler assured the members that they will be notified promptly of any audit differences for which management's viewpoint differs from Marcum's; any material disagreements with management; any significant internal control deficiencies, illegal acts and fraud; and any unresponsiveness of management regarding critical internal control weaknesses or other audit findings.

Mr. Schuyler reviewed Marcum's scope of services which includes an audit of the 2010 financial statements of CCEF.

Mr. Schuyler reviewed the proposed timetable for the 2010 audit plan, which includes at least one more meeting with the committee to discuss the audit results and sooner if requested by the Committee and/or Board.

In response to a question, Mr. Bellas indicated that Marcum was hired following a competitive Request for Proposals ("RFP") process. He stated that five firms responded to the RFP. Mr. Bellas explained that the firms were reviewed by an internal committee, and the results were discussed with the CI Finance Committee. The CI Board engaged the services of Marcum based on the recommendation made by the CI Finance Committee. Mr. Bellas mentioned that members of the CCEF Finance Committee were invited to participate with the interviews; however, approval of the firm is made by the CI Board, and no action is required by the CCEF Board or committees.

#### **5. Review of FY2010 Third Quarter Budget to Actual Analysis:**

Mr. Bellas discussed the recommendation to reallocate funds to address anticipated shortfalls. He stated that based on the budget to actual analysis for the third quarter and projected expenses through the end of the fiscal year, staff recommends reallocating \$12,500 from travel expenses and \$12,500 from telephone/communications to legal expense cover an anticipated shortfall of \$25,000.. Additionally, staff recommends moving \$26,000 from salaries to cover an anticipated shortfall of \$26,000 for temporary employees. Mr. Bellas stated that in accordance with CCEF's Bylaws, the Finance Committee is authorized to approve the reallocation of budget items that do not cumulatively exceed \$75,000.

The Committee members asked staff to continue to reduce legal fees. Ms. Dondy explained that the legal fees proposed for the remainder of the fiscal year are reflective of the past, and staff is doing as much as possible in house.

**Upon a motion made by Ms. Muradian, seconded by Ms. Babbidge, the Committee members voted unanimously in favor of reallocating \$12,500 from travel expenses and \$12,500 from telephone/communications to legal expense to cover an anticipated**

**shortfall of \$25,000 and to reallocate \$26,000 from salaries to temporary employees to cover an anticipated shortfall of \$26,000.**

Mr. Bellas reviewed in detail the statement of revenues and expenditures for the third quarter of 2010. He discussed the cash on hand in comparison with commitments. Mr. Bellas indicated that staff will continue to manage the commitment and cash flow process.

The Committee members reviewed compensation along with the Schedule of Positions. A concern was expressed with the overall number of employees assigned to CCEF in comparison with United Illuminating and Connecticut Light and Power employees assigned to the Connecticut Energy Efficiency Fund. Mr. Bellas explained the breakdown of CI employees assigned to CCEF, noting that approximately 54 percent of CI's workforce (based on FTE's) works on CCEF matters. Ms. Dondy explained the difficulties with simply comparing the number of employees since the two funds do different kinds of work, have different types of programs and different requirements. It was noted that some of the staff assigned to CCEF are durational employees and are being reimbursed through federal funding.

**6. Review of Proposed FY2011 Budget:**

Mr. Bellas reviewed the proposed FY2011 budget for CCEF. He indicated that staff is projecting an overall decrease of approximately 10 percent for operating revenues, due primarily to the projected decrease of utility customer assessments. Mr. Bellas discussed the rationale for making projections for each of the line items.

Mr. Bellas discussed expenses. He noted that overall, operating expenses for fiscal year 2011 will either be reduced or remain the same. The Committee members reviewed in detail each of the line items. A question arose about the accounting for the principle on the solar lease notes. Mr. Bellas will make an adjustment to the cash flow on Page 4 to reflect projected repayment of principle.

A question arose regarding employee compensation and the increase projected for the 2011 fiscal year budget. Mr. Bellas stated that he will prepare an analysis explaining the difference. Mr. Bellas discussed the Schedule of Positions, noting that several of the positions will be reimbursed under ARRA. He mentioned that the state has not issued the cost for benefits, so it is likely that adjustments will have to be made at the end of June or beginning of July. Ms. Healey suggested that CCEF follow the state and indicated that she does not support any increases or bonuses during this economic climate. In response to a question, Ms. Healey stated that promotions are different, and employees should be compensated for taking on increased responsibilities. Ms. Dondy noted that CI does not have the same compensation structure as the state, and CI employees do not receive step increases.

Mr. Bellas reviewed the capital expenditures projected for fiscal year 2011. He mentioned that staff will be seeking final approval from the CI Finance Committee

before spending any of the funds allocated for capital expenditures pertaining to the new office space that CI will be moving into in October.

The Committee reviewed the Chart of Positions for CCEF which includes the administrative officers and other staff. Mr. Bellas mentioned that there were no changes from the 2010 fiscal year. A question arose regarding the tracking of time and assignment of monetary value to the employees working on CCEF issues. Mr. Bellas indicated that employees record actual time spent working on CCEF matters on a bi-weekly basis on their timesheets. He stated that the allocation methodology is consistent with prior years budget allocation methodology. Mr. Bellas noted that this process has been looked at by both the State Auditors and CI's independent auditor.

**Upon a motion made by Ms. Wrice, seconded by Ms. Babbidge, the Committee members voted in favor of recommending to the CCEF Board the approval of the CCEF budget for fiscal year 2011 (Ms. Healey abstained from the vote).**

**7. Review of Modified Job Descriptions for CI Staff Assigned to CCEF:**

The discussion on this item was deferred.

**8. Other Business: There was no other business.**

9. **Adjournment:** Upon a motion made by Ms. Healey, seconded by Ms. Babbidge, the Committee members voted unanimously in favor of adjourning the May 19, 2010 meeting at 3:48 p.m.

Respectfully submitted,

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John Mengacci  
Chair of the Finance Committee

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