

**Renewable Energy Investments Board
Regular Meeting
Monday, September 28, 2009**

A regular meeting of the **Renewable Energy Investments Board hereinafter referred to as “the Connecticut Clean Energy Fund Board”** (the “Board”) was held on September 28, 2009, at the office of the Connecticut Clean Energy Fund, 200 Corporate Place, Rocky Hill, CT.

1. Call to Order: Noting the presence of a quorum, John Olsen, Vice Chairperson of the Board, called the meeting to order at 12:08 p.m. Board members participating: Tracy Babbidge representing the Commissioner of the Department of Environmental Protection; Scott DeVico, Emergency Management and Homeland Security (by phone); Norma Glover; Alan Greene; Mary Healey, Office of Consumer Counsel (by phone); Kevin Hennessy; Bob Maddox (by phone); John Mengacci representing the Secretary of the Office of Policy and Management; Mun Choi; Carol Muradian; John Olsen; Jerry Peters; Matthew Ranelli; Jessie Stratton; and Patricia Wrice.

Staff and Adjunct Staff Attending: George Bellas, Lise Dondy, Dale Hedman, Peter Longo, Paul Michaud, Shelly Mondo, Angela Perondi-Pitel, Emily Smith, Kirsten Weschler and Bob Wall.

Others present: John O’Brien and Pat Early.

2. Public Comments:

There were no public comments.

3. Approval of Minutes: Mr. Olsen asked the Board members to consider the minutes of the July 27, 2009 meeting.

Upon a motion made by Ms. Muradian, seconded by Mr. Hennessy, the Board voted in favor of adopting the minutes from the July 27, 2009 regular meeting as presented (Ms. Babbidge and Mr. Ranelli abstained from the vote, and Ms. Healey and Ms. Wrice were not present for the vote).

4. Introduction of New Board Members and Oath of Office:

Mr. Peters introduced Dr. Mun Choi, the Dean of the School of Engineering at the University of Connecticut, as a new member to the Board of Directors. Mr. Peters spoke about Dr. Choi’s background.

Ms. Dondy introduced Attorney Matthew Ranelli, counsel at Shipman & Goodwin, as a new member of the Board. Ms. Stratton briefly discussed Attorney Ranelli’s background. Dr. Choi and Attorney Ranelli were welcomed to the Board.

Attorney Michaud administered the oath of office to each of the Board members.

5. Vice Chairman's Report:

Mr. Olsen indicated that the Executive Committee met this morning and discussed plans for the Board retreat which will be held on Monday, October 26, 2009, from 9:00 a.m. to approximately 3:00 p.m. He noted that a formal business meeting will be held at the beginning of the day, followed by the retreat. Mr. Olsen mentioned that the Executive Committee also discussed a proposed timeline for revisions to the Joint Operating Procedures and Bylaws.

Mr. Olsen clarified that a recent article written about himself seeking the position of chair is untrue. He stated that he is not seeking the position of chair of the Board.

6. President's Report:

Ms. Dondy reiterated that the Board retreat will be held on October 26 at an offsite location, most likely at one of the companys that has received funding from CCEF for a fuel cell or solar installation. More details will be forthcoming. Ms. Dondy mentioned that the focus of the retreat will be on the Comprehensive Plan that is due on April 1, 2010. Other suggested topics should be forwarded to Ms. Dondy as soon as possible for inclusion on the retreat agenda. Ms. Dondy provided an update on some of the federal initiatives, noting that staff is working closely with the Office of Policy and Management ("OPM") to determine reporting requirements before the programs can be formally launched. She provided updates on the Workforce Development CBIA grant, the Workforce Development Strategic Plan Charter, the deployment of the solar grant, and the solar lease program. With respect to the solar lease program, Ms. Dondy stated that CCEF has over 600 applications either in the pipeline or approved; and the goal was to make 1,000 loans over three years.

Ms. Dondy reported that CCEF staff is working with the Connecticut Municipal Electric Energy Cooperative ("CMEEC") on developing a Memorandum of Understanding to administer a program with CMEEC's funding for solar and fuel cell projects. CCEF would get paid an administrative fee.

Ms. Dondy mentioned that staff will attend a Freedom of Information Commission hearing on Tuesday, September 29, regarding complaints from the Friends of the Quinebaug River about events that occurred at the April 27, 2009 CCEF Board meeting.

Ms. Dondy discussed the various events that have occurred involving staff and the upcoming events.

7. Projects Committee Report:

Mr. Peters, Chairperson of the Projects Committee, provided the Projects Committee report. He summarized that at the July Projects Committee meeting, the Projects Committee approved the following: a 100 kW_{STC} PV system to be installed on the roof of the Morgan High School in Clinton, a 400 kW fuel cell system to be located at the Stop & Shop Supermarket in Torrington and modifications to the caps under the On-Site DG Program for both fuel cell and solar PV projects. At the September 24, 2009 meeting, Mr. Peters mentioned that the Projects Committee approved the following: a 207 kW_{STC} PV system to be installed on the roof of the Lufkin Hockey Rink in Washington, Connecticut; and a 94.2 kW_{STC} PV system to be installed on the roof of Sikorsky's facility in Stratford, Connecticut. Due to the size of the Arnold Foods Bakery fuel cell proposal, the Projects Committee recommends that the proposal be considered by the full Board.

Mr. Olsen indicated that at the Projects Committee meeting, he disclosed that he is a taxpayer in Clinton and that Stop and Shop workers are associated with the AFL-CIO. He stated that in instances where there could be an appearance of a conflict of interest, he will continue to disclose pertinent information. It was noted that the Projects Committee members did not feel that there was a conflict of interest.

8. Election of Officers:

Mr. Olsen listed the officer positions that need be filled for the Board of Directors: Chairperson, Vice Chairperson and Secretary. He asked for nominations for a Chairperson. A nomination was made to appoint Norma Glover as Chairperson of the Board. Ms. Glover accepted the nomination. There were no other nominations, and the nomination for Chairperson was closed.

Upon a motion made by Mr. Mengacci, seconded by Ms. Muradian, the Board voted unanimously in favor of appointing Norma Glover as the Chairperson of the Board.

It was noted that the officers' positions become effective October 1, 2009. Nominations were asked for Vice Chairperson. A nomination was made to appoint John Olsen as Vice Chairperson of the Board, and Mr. Olsen accepted the nomination. There were no other nominations, and the nomination for Vice Chairperson was closed.

Upon a motion duly made by Mr. Peters, seconded by Ms. Muradian, the Board voted unanimously in favor of appointing John Olsen as Vice Chairperson of the Board.

Mr. Olsen asked for nominations for Secretary. A nomination was made to appoint Jerry Peters as Secretary of the Board, and Mr. Peters accepted the nomination. There were no other nominations, and the nomination for Secretary was closed.

Upon a motion duly made by Mr. Maddox, seconded by Mr. Greene, the Board voted unanimously in favor of appointing Jerry Peters as Secretary of the Board.

9. Approval of Independent Audit for 2009:

Mr. Mengacci summarized that the Finance Committee met on Friday, September 23, with Reed Risteen from BlumShaprio, CI/CCEF's independent auditor, to review the 2009 audited financial statements. He reported that CCEF received an unqualified opinion in accordance with standards applicable to financial audits contained in Government Auditing Standards. Mr. Mengacci stated that as a result of the audit no material changes were made to the financial statements prepared by staff. He noted that Mr. Bellas was commended by the auditor for his financial oversight with CCEF. In response to a question, Mr. Bellas mentioned that the auditor recommends that CI/CCEF adopt and test a disaster recovery plan. Mr. Bellas explained that a plan was done about five years ago and that some parts of the plan were implemented while others were not until further analysis could be done. He noted that CCEF's data/information systems are very secure, and backup tapes are stored off site. Mr. Bellas stated that staff will prepare a written summary of the procedures that are in place for data security, and what the implementation of the remaining procedures of the existing disaster recovery plan would entail along with associated costs..

Mr. Mengacci noted that the audit performed by the independent accountant is a financial audit and not a compliance audit. Even though BlumShapiro's consideration of internal controls over financial reporting is limited, the accountants performed certain tests; and there were no deficiencies with internal controls over financial reporting that were considered a material weakness.

Mr. Mengacci stated that the Finance Committee recommends that the Board accepts the 2009 audited financial statements for CCEF as presented.

Upon a motion made by Mr. Mengacci, seconded by Ms. Healey, the Board voted unanimously in favor of accepting the 2009 audited financial statements for CCEF as presented.

10. Review of FY 2009 Budget to Actual Analysis:

Mr. Bellas reviewed the fiscal year 2009 budget to actual results for CCEF. He summarized that total revenues were approximately 16 percent higher than budgeted, and operating expenses were approximately 13 percent less than budgeted. Mr. Bellas mentioned that the total grant and program funding and related expenses were approximately \$51,000,000, which was 12 percent over budget projections. He indicated that the Auditors of Public Accounts just completed an audit of CCEF, and CCEF did not receive any audit points.

11. Arnold Foods Bakers, Greenwich—Fuel Cell Project:

Mr. Ross described the proposal by Bimbo Bakeries USA under the On-Site Renewable DG Program for a 2.8 MW fuel cell system to be located at the Arnold Foods Bakery Manufacturing facility in Greenwich, Connecticut. He discussed the specifics of the project, including the project participants, financial details, environmental benefits, economic benefits and recommended incentive. A question arose as to whether the incentive is fair, and staff indicated that the formula for the incentive is appropriate at this time. Ms. Dondy noted that CCEF has many projects in the pipeline.

Upon a motion made by Mr. Mengacci, seconded by Ms. Muradian, the Board members voted unanimously in favor of adopting the following resolution regarding the Arnold Foods Bakery Fuel Cell project in Greenwich:

RESOLVED:

- (1) that the 2.8 MW fuel cell system to be located at the Arnold Foods Bakery on 10 Hamilton Avenue in Greenwich, Connecticut (“Project”), has been determined by the Connecticut Clean Energy Fund, Board of Directors (“CCEF Board”) to be in the furtherance of the CCEF Comprehensive Plan and in the interests of ratepayers, and that funding be approved for the Project in an amount not to exceed \$882,000 (“Grant”), and that said Grant is contingent upon sufficient funds being available to CCEF for the purpose of funding renewable energy projects under CCEF’s On-Site Renewable Distributed Generation Program or other CCEF installed capacity programs;
- (2) that if sufficient funds are available to fund the Project, then Peter Longo, President and Executive Director of Connecticut Innovations, Inc. (CI), Lise Dondy, Vice President of CI and President of the CCEF, or any other duly authorized officer of CI, is authorized to execute and deliver for, and on behalf of the CCEF, not later than March 31, 2010, any legal instrument necessary to effectuate such grant on terms and conditions as he or she shall deem to be in the interests of the CCEF and ratepayers, in conformance with the wishes of the CCEF Board, and in conformance with Section VI of the operating procedures of the CCEF Board. The authorized officer’s approval thereof is hereby authorized to be conclusively evidenced by the execution and delivery of said legal instrument; and
- (3) that the proper CI officers are authorized and empowered to do all other acts and execute and deliver all other documents as they shall deem necessary and desirable to effect the above-mentioned legal instrument.

12. Approval of Integrated Resource Plan Expert Consultant:

Attorney Michaud discussed the request to retain an expert consultant to gather data, conduct an analysis and provide expert fact witness testimony on the CCEF's behalf regarding renewable distributed generation (DG) programs before the Department of Public Utility Control ("DPUC") in the DPUC's evidentiary proceeding (or any related proceedings) in connection with the Integrated Resource Plan (the "Plan") to be submitted by the Electric Distribution Utilities on January 1, 2010. Attorney Michaud explained that a potential issue before the DPUC will be whether it would be in the best interests of the electric ratepayers to have a CCEF-administered renewable distributed generation program, a utility-owned and administered renewable distributed generation program or some combination of both programs. In order to assist with the review of the cost/benefit analysis of CCEF's programs, CCEF would like to hire a consultant. Attorney Michaud discussed the proposed tasks for the consultant. Attorney Michaud discussed the time frame, and several members noted their support for moving forward. In response to a question, it was noted that the report can be used for other things, and the consultant will assist CCEF to reach a conclusion about its renewable distributed generation programs after an unbiased analysis of the different options. The Board members discussed different options for proceeding with a consultant, including requiring Board approval before the consultant works on each task. Attorney Michaud indicated that the contract will be drafted based upon certain specified tasks or milestones being met.

Upon a motion made by Ms. Glover, seconded by Ms. Wrice, the Board members voted unanimously in favor of adopting the following resolution authorizing the hiring of an expert consultant and fact finding witness on behalf of the CCEF with respect to the Integrated Resource Plan:

RESOLVED:

- (1) that the Board of Directors of the Connecticut Clean Energy Fund ("CCEF") has determined that the retention of an expert consultant is necessary and in the furtherance of the CCEF Comprehensive Plan, and thus authorizes that Navigant Consulting, Inc., be retained to work on the following three tasks on behalf of CCEF:
 - (a) Task 1: Review and analyze existing information sources and data; Task 2: conduct a cost/benefit analysis of a Utility-owned program and compare to an expanded CCEF-administered program; and Task 3: summarize the advantages/disadvantages of an expanded CCEF program administration versus Utility administration at a cost not-to-exceed \$95,000; but that Consultant shall not proceed to work on Task 2 and/or Task 3 until directed by the Board; and

- (b) If directed by the Board, assist CCEF to develop and recommend a hearing strategy for the CCEF On-Site Distributed Generation and Residential Installed Capacity programs based on the results of the fact finding on a time and materials basis, but at a cost not-to-exceed \$25,000.
- (2) that Peter Longo, President and Executive Director of Connecticut Innovations, Inc. (CI), Lise Dondy, Vice President of CI and President of the CCEF, or any other duly authorized officer of CI, is authorized to execute and deliver for, and on behalf of the CCEF, not later than December 31, 2009, any legal instrument necessary to effectuate such grant on terms and conditions as he or she shall deem to be in the interests of the CCEF and ratepayers, in conformance with the wishes of the CCEF Board, and in conformance with Section VI of the operating procedures of the CCEF Board. The authorized officer's approval thereof is hereby authorized to be conclusively evidenced by the execution and delivery of said legal instrument; and
- (3) that the proper CI officers are authorized and empowered to do all other acts and execute and deliver all other documents as they shall deem necessary and desirable to effect the above-mentioned legal instrument.

Upon a motion made by Ms. Stratton, seconded by Mr. Mengacci, the Board members voted unanimously in favor of adding a discussion about the expenditure of the remaining consultant fees for Navigant Consulting, Inc. to the Board meeting agenda for October.

13. Strategic Investment Allocation Request:

Ms. Dondy stated that when the Board considered the Plainfield Renewable Energy ("PRE") project as a strategic investment, there were no funds specifically allocated for strategic investments. She noted that the PRE project has since withdrawn its request for funding. However, there is at least one other project in the pipeline and several other letters of interest from developers that may request funding as a special investment. Ms. Dondy noted that staff has developed a formal application and an internal process to review requests for strategic investments. Staff recommends a reallocation of funding in the amount of \$800,000 from the "All Goals—New Technologies" category of the Comprehensive Plan for the Strategic Initiatives process.

Upon a motion made by Ms. Healey, seconded by Ms. Muradian, the Board voted unanimously in favor of adopting the following resolution regarding the reallocation of funding within the Comprehensive Plan.

RESOLVED:

- (1) that the Board of Directors of the Connecticut Clean Energy Fund has determined that certain funding reallocations are necessary and in the furtherance of the CCEF Comprehensive Plan, and thus are authorized as follows:

Eight Hundred Thousand (\$800,000) shall be reallocated from the "All Goals—New Technologies" category of the Comprehensive Plan to the Strategic Investment Process.

14. Other Business:

Ms. Dondy mentioned that under the Federal American Recovery and Reinvestment Act, the State of Connecticut received funding for energy programs of which \$20,000,000 was allocated to CCEF. Attorney Michaud provided an update on some of the legal issues and requirements that are applicable with the federal funding. He mentioned that staff is working with OPM staff to seek further clarification on Davis Bacon prevailing wage requirements and National Environmental Policy Act requirements. Some concern was expressed with the requirements being too onerous for contractors. In response to a question, Mr. Mengacci stated that CCEF is allowed to retain up to 10 to administer the programs. However, if the actual administrative costs are higher than 10 percent, CCEF may be able to seek additional funding upon approval by OPM.

There being no objection, Mr. Olsen allowed public comments at this time. Mr. John O'Brien and Mr. Pat Early, solar installers, stated that they will provide whatever paperwork is necessary to receive the federal funding, and they urged CCEF to move forward with the launching of the solar thermal program as quickly as possible.

- 15. Adjournment:** Upon a motion made by Ms. Muradian, seconded by Mr. Peters, the Board members voted in favor of adjourning the September 28, 2009, meeting at 2:15 p.m.

Respectfully submitted,

Timothy Bowles, Chairman

Norma Glover, Secretary