

**Efficiency Maine Trust
Board Meeting Minutes**

**October 12, 2011
Governor Hill Mansion
136 State Street, Augusta, ME**

Trust Board Members

✓ Adam Lee, Chair	✓ Dale McCormick
✓ Naomi Mermin, Vice Chair	✓ Glenn Poole
✓ James Atwell, Secretary	✓ John Rohman
✓ Al Hodsdon	✓ Doug Smith
✓ Ken Fletcher	

Efficiency Maine Trust Staff:

- Michael Stoddard
- Elizabeth Crabtree
- Peter Roehrig
- Dana Fischer
- Rick Meinking
- Paul Badeau
- John Quartararo

Partial List of Other Attendees:

- Steve Ward – Maine Community Action Association (MCAA)
- Sue Coakley – Northeast Energy Efficiency Partnership, Inc.
- Dylan Voorhees – NRCM

1.0 Approve Draft Agenda and Minutes

Mr. Lee called the meeting to order at 9:10 am.

ACTION: Upon a motion duly made (McCormick) and seconded (Atwell), the Board voted unanimously to approve the minutes from the September 7, 2011 meeting.

ACTION: Upon a motion duly made (McCormick) and seconded (Atwell), the Board voted unanimously to approve the Agenda for today’s meeting.

2.0 Public Comment

Mr. Atwell asked what staff had done to accommodate suggestions of Ms. Goggin. Mr. Stoddard reported that Staff had posted the Board agenda online a week in advance and indicated the nature of action items on the agenda.

Mr. Voorhees of NRCM encouraged Staff to continue making use of the website with announcements and informational documents, such as the presentations made at the Trust's Symposium from September 7, 2011.

3.0 Executive Director Report

Mr. Stoddard reported highlights of the prior month.

There has been good press coverage on the PACE program. Getting the word out about loan program is going to be critical. On October 20 the Trust is officially kicking off the Save Like a Mainer campaign to raise awareness and educate consumers about the benefits and opportunities of energy efficiency. A primary focus will be educating residential customers about the opportunity to weatherize homes and use the PACE loan program.

The Business Program recently completed its quarterly program review and is ahead of where it was this time last year. Stoddard provided highlights of the quarterly progress report.

Staff is also making progress with third-party evaluations of prior programs. Four evaluations are on street for competitive bids, which Staff expects to award and contract over the next several months.

Ms. Mermin took time to recognize the service of Mr. Tietenberg who cycled off the Board this month but had chaired the *ad hoc* Evaluation Work Group and had been a contributor to the Staff's efforts to quantify and review program performance. Ms. Mermin proposed organizing another informal presentation form Staff to the Board to help returning and new members get up to speed and to help interpret results as they come in. Mr. Fletcher encouraged Staff to try to include returning legislators in these kinds of informational presentations.

Mr. Stoddard also presented highlights from the Programs, including:

- The Home Energy Savings Program gave out its final rebate in September. Among other accomplishments, the program prompted 5,000 BPI certified audits fully paid for by customers, resulting in 3,100 completed weatherization projects that saved \$1,400 per year per customer (on average) and stimulated \$28 million in construction-related activity.
- The Residential Lighting program is encountering rising prices from retailers due to increasing manufacturing costs of compact fluorescents which will potentially place a challenge on meeting goal this year, especially since we learned last year that price point was what mattered the most in breaking prior years' sales goals. This was followed by a discussion about tracking the opportunity of promoting LED lights and techniques that the Staff uses to ensure that all of the financial incentives go to the benefit of the customer (i.e., are not absorbed by the retailer or manufacturer).
- The Business Program is ahead of its performance for the same period of time one year ago.

3.0 Committee Reports

1. Governance Committee

a. Election of New Officers

The Governance Committee includes Mr. Rohman, Mr. Poole and Mr. Atwell. The Committee met several times to consider slate of officers for trust board and recommends the following:

Chair of Board: Ms. Mermin

Vice Chair: Mr. Atwell

Treasurer: Mr. Poole

Secretary: Mr. Hodsdon

Ms. McCormick shared her view that Mr. Lee has been a great chair and recognized that this work took a great deal of time since there was no staff for a whole year and there was such a significant workload.

ACTION: Upon a motion duly made (Smith) and seconded (McCormick) the board voted unanimously to elect the slate of officers as proposed by the Governance Committee.

2. Finance Committee

The Finance Committee met on September 28 to discuss various audit reports, the HUD PowerSavers program opportunity, and some modifications to existing contracts. John Quartararo reported the issues and recommendations from the Finance Committee.

a. Annual financial and auditor's reports

i. Acceptance of the Financial Report for the Period Ending June 30, 2011 and the Independent Auditor's Report

Mr. Quartararo introduced the memorandum explaining the auditor's completion of the Financial component of the Trust's year-end report. Mr. Quartararo also introduced the staff of the Trust's independent auditor. There were no questions posed about the memorandum or the Financial Report.

ACTION: Upon a motion duly made (Atwood) and seconded (Mermin) the board voted unanimously to accept the Financial Report for the Period Ending June 30, 2011 and the Independent Auditor's Report.

ii. Acceptance of Auditor's Report on MGEA Corrective Action Plan

Mr. Quartararo reminded the Board that in April, an independent audit of the Maine Green Energy Alliance (MGEA) had found \$273,000 in “Questioned Costs” resulting from procedural or accounting deficiencies related to segregation of duties, record keeping, and documentation. In response to the auditor’s report, MGEA filed a Corrective Action Plan presenting its intentions to cure the issues. At the July meeting of the Board, we discussed our intention to have an auditor review the execution of the Corrective Action Plan and report its findings.

Mr. Quartararo presented the findings of the review, which was conducted in accordance with the accepted standards of the American Institute of Certified Public Accountants. Regarding the concerns surrounding documentation of time records for salaried employees, the review of MGEA’s execution of the Corrective Action Plan resulted in “no findings” of Questioned Costs. Regarding concerns about expense authorizations and expense documentation, the review found outstanding Questioned Costs totaling \$173.09. These outstanding Questioned Costs resulted from three expenditures – \$35.05 at a restaurant, \$95.54 at Staples and \$42.50 for mileage reimbursement – which were found not to have sufficiently detailed documentation to determine if the purchases complied with OMB Circular A-122.

The Staff discussed these findings with US Department of Energy (DOE) and was advised that determination of the issue lies with the Trust. Staff reported its view that the outstanding Questioned Costs are *de minimis*, and will be reporting the outcome of the Corrective Action Plan review to the Legislature’s Government Oversight Committee.

Mr. Smith asked if the shortcomings of the Trust in its oversight of the MGEA sub-grant were evaluated by the review, and Staff reported that the review did not relate to the Trust’s initiatives to respond to the recommendations directed at the Trust in the OPEGA report. Ms. Mermin noted that the Trust had previously voted to accept several amendments to the Trust’s Monitoring and Compliance Plan designed specifically to incorporate recommendations by OPEGA to reduce the Trust’s exposure to the risk of sub-grantees having weak financial controls and capacity to comply with federal and state regulations.

ACTION: Upon a motion duly made (Atwell) and seconded (Mermin) the board voted unanimously to accept the external auditor’s “Agreed-Upon Procedures” (AUP) report, dated August 9, 2011, concerning Maine Green Energy Alliance’s corrective action plan in response to MGEA’s Single Audit report.

b. HUD PowerSaver Program

Mr. Quartararo presented the Staff’s recommendation that the Board authorize participation in US Department of Housing and Urban Development (HUD) PowerSaver program so that the loan capital in the BetterBuildings’ PACE revolving loan fund could benefit from the insurance and additional financial resources offered by the program. The approval sought by the Staff is to:

1. participate in the PowerSaver program

2. submit an application to HUD to become a “government lender”
3. authorize the use of BetterBuildings grant funds for financing loans
4. authorize staff to renegotiate and amend contract with AFC First

Among the benefits of joining the program are that the Trust could make its loan fund available in every town in the state, thus giving access to weatherization financing to homeowners who are excluded from access to PACE loans. It also allows homeowners to take loans up to \$25,000 (i.e., \$10,000 more than the statutory limitation on PACE loans). Players in the secondary market (e.g., Fannie Mae) have indicated they will be willing to purchase PowerSaver loans which can help achieve the Trust’s plan to recapitalize the revolving loan fund when the BetterBuildings’ grant funds are exhausted. Only one financial service company, AFC First, responded to the HUD competitive solicitation to offer PowerSaver loans in Maine. AFC First was awarded the ability to offer the PowerSaver loans in Maine, and the Trust is looking forward to partnering with AFC First as a means to make financing more accessible, at lower risk, for more Maine homeowners. This will also require re-opening the contract with AFC First to negotiate terms for services.

Mr. Fischer explained that while the underwriting standards of the PowerSavers program are nearly identical to standards for PACE, there are some differences:

- PowerSaver includes a requirement of a credit score of 660 or better.
- PowerSaver loans below \$7,500 require no equity in property

There was considerable discussion of the details of the program and various questions posed by the Board. Ms. McCormick encouraged staff to take precautions to avoid duplicating efforts with other financing initiatives in the state, and to pursue opportunities to partner with such other initiatives where appropriate. Other topics included the level of coverage of the federal loan insurance, the fee structure of the relationship with AFC First, the underwriting standards, reasons that this is not duplicative of initiatives at the Maine Bond Bank or MaineHousing. Mr. Fischer reported that the Board is not taking on any additional goals that differ from other programs we already have in place. Mr. Atwell expressed his view that this program adds another arrow in quiver to get the \$20 million capital from the federal BetterBuildings grant out on street by June 2013.

It was agreed that Staff would organize a work meeting for new members to provide more background on the Trust’s residential weatherization finance programs.

ACTION: Upon a motion duly made (Hodsdon) and seconded (Atwell) the board voted unanimously to authorize participation of the Trust in HUD PowerSaver program using funds available from the existing DOE BetterBuildings grant.

c. Banking corporate resolution

Mr. Quartararo introduced the Staff’s request for adoption of a corporate banking resolution to update the names of those authorized to sign checks for the organization so

as to reflect the change in the Officers of the organization. The Board was reminded that as a means to enhance segregation of powers, the Trust has a policy requiring two signatures to cut any checks greater than \$10,000.

ACTION: Upon a motion duly made (Smith) and seconded (Atwell) the board voted unanimously to adopt a corporate banking resolution for Camden National Bank.

d. Contract Amendments

Staff introduced two requests for approval of contract amendments to adjust the amount of the contract with existing contractors. The amendments reflect the actual available funds in the budget as adjusted after the contracts were initially signed. There is no proposed change to the vendors, the duration, or the program design or strategies involved in the contracts.

A discussion ensued to explain the roles and relationship between Staff at the Trust and “Delivery Team” contractors who work for the staff to implement the programs, and to acknowledge that there are varying levels of outsourcing that the Trust uses depending on the available budgets, the expertise required, and the scale of each program.

ACTION: Upon a motion duly made (Mermin) and seconded (Fletcher) the board voted unanimously to authorize amending the amount of the ERS contract for delivery of the Business Program and also the APT contract for delivery of the Residential Lighting and Appliances Program.

3. Strategic Planning Committee

Ms. Mermin reported on the Committee’s plans to prepare an Annual Update to the current Triennial Plan (Plan), as required by statute.

Ms. Mermin report that the main driver of updates to the Plan is that expected funding levels are significantly different than as was originally anticipated. It was discussed that the Committee and Staff were preparing to hold two public workshops in early November to present updates to stakeholders and gather comments in response.

It was noted that the Annual Update is expected to describe what is now known about projected revenues and to establish contingency program budgets and program strategies, but also to keep in place the original plan and pursue every available funding source that is reasonable.

4. Other

a. Presentation by Northeast Energy Efficiency Partnerships

4.0 New Business

There was no new business.

5.0 Next Meeting Agenda

Ms. Mermin asked that Staff provide a review of the process and approach for using independent evaluations to track the effectiveness of Trust programs.

Ms. Mermin also proposed that before shifting to the new schedule of meeting on the fourth Wednesday of each month, we continue monthly meeting first Wednesday for November and December to avoid conflicting with holidays.

After some discussion it was determined that in order to approve the Annual Report and the Triennial Plan Annual Update the last meeting of the year should be pushed up to November 30.

There was also discussion of whether meetings should be held once every month – with exceptions as needed – or once every other month.

ACTION: Upon a motion duly made (Mermin) and seconded (Lee) the board voted 2 in favor to 4 opposed to change the schedule of Board meetings to occur once every other month. The motion having failed, the *status quo* of meeting monthly, with exceptions as needed, was retained.

7.0 Adjourn

ACTION: Upon a motion duly made (Mermin) and seconded (Atwell) the board voted unanimously to adjourn.