

4CORE Board Meeting Minutes: May 22, 2014



LOCATION

Carnegie Building Meeting Room

BOARD MEMBERS PRESENT

Werner Heiber
Mary Beth Miles
Peter May Ostendorp
Lew Pratsch
Kurt Schneider
Paul Senecal

ABSENT

Enid Brodsky
Tom Holcomb
Mark McKibben
Roy Peterson
Mark Schwantes

4CORE STAFF IN ATTENDANCE

Gregg Dubit
Bonnie Rozean

GUESTS –

Michelle Sainio, FredrickZink & Associates

Call to order - 3:05 pm

Financial Audit Report - FredrickZink and Associates

The meeting began with the 2013 audit report, presented by Michelle Sainio from FredrickZink and Associates who prepared the audit. Michelle handed out the management letter to the board and went through it briefly. Michelle described the reclassification entries for grant purposes which did not affect the net assets. Michelle discussed the Disagreement with Management paragraph in the management letter which is in regards to the original “going concern” note in the first draft of the auditor’s report. This disagreement was resolved. Michelle reminded the board that the management letter is for board purposes only.

Michelle noted that no significant deficiency letter will be presented for 2013. Michelle discussed the use of Gregg’s signature stamp on reporting when Gregg is out of the office. Michelle suggested that the board review any signature stamps of Gregg’s used in his absence.

Michelle handed out copies of the 2013 audit in draft form and presented the report to the board. Michelle noted that the two new reserve funds are listed on the Statement of Financial Position. Michelle presented the Statement of Activities noting the change in net assets due to transfer of the Weatherization program.

Michelle went over the Cash Flow Statement and the notes. Note 3 discusses strategic changes to the organization that took place in 2013. Michelle noted that any asset valued at \$5,000 or over is depreciated per 4CORE policies. Note 8 is included as a requirement of GAAP. Michelle noted that 4CORE should not need a single audit going forward as the threshold for Federal funds has increased to \$750,000. Michelle noted that there were no findings.

Gregg noted that the scrutiny of an A133 has improved operations at 4CORE. Board consensus was to approve the audit as presented. Michelle invited the board to ask her any questions at anytime.

OLD BUSINESS

Approve Minutes from April 24th

Motion: Werner made a motion to approve the April board meeting minutes as presented; Mary Beth seconded.

Vote: Motion approved.

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NEW BUSINESS

Financial Update – Board Treasurer

Kurt noted that operating cash has increased due to the prepayment of the 2014 County award. Kurt pointed out that the losses are decreasing and went over each focus area. Energy Efficiency losses are decreasing due to the number of audits and the rebate incentives from the City of Durango and Atmos. Information Hub sponsorships were discussed.

Gregg noted that Cori's position ends at the end of May which is under the Education and Training focus area.

Kurt reported that the Innovative Solutions focus area revenue has increased due to the influx of the Solarize fees. Gregg noted that there are 96 signed contracts to date and nearly ½ MW installed.

Gregg made comments about the status of each focus area and probable future funding. Peter raised a question regarding staff capacity in light of any future opportunities that might become available. Gregg noted that the current plan is to offer contract employment to any prior staff to help with any such opportunities.

April 2014 Focus Area Performance Update - ED

Gregg went over the report noting that the Energy Efficiency audits pipeline is not filling as rapidly as needed to meet budget projections currently.

Under Innovative Solutions, Gregg noted that there are more Solarize contracts in place than noted in the report.

Gregg noted that the Energy Efficient Mortgage workshop was disappointing with the incentive not being applicable to the pertinent potential participants. Education will continue at 4CORE but without the focus of the Sustainable Business Education program that Cori's position provided.

Information Hub goals and metrics have been exceeded year to date. Peter shared feedback on the quality of 4CORE's marketing materials including the website. Discussion was held on merging the Education and Information Hub focus areas.

Peter asked what activities are taking place to shore up the Energy Efficiency focus areas in the summer season. Gregg reported that Sara is calling leads and Gregg is conducting the RSBP employee education presentations where he includes promotional material for HRx and CRx. Ads are running in the newspaper and on KSUT. A neighborhood blitz approach was discussed. Mary Beth noted that the City incentive is posted on the website and offered to hand out any materials at board meetings.

Compensation Analysis – Board Chair & Board Treasurer

Peter shared that the board decided to conduct a compensation analysis to include wages and benefits. Kurt noted that findings so far include nonprofits which are compensating with wages in lieu of medical benefits in light of the Affordable Care Act.

Local Funding Partner Strategies – Vice Chair

Werner reported that he had worked with Enid and handed a proposed outreach strategy with the current funding partners, to the board. The strategy is divided into three phases. The desire is to meet the goals of Phase One of the strategy by the end of July. Werner noted that 4CORE will be looking for office space in late July and would appreciate any accommodations the City might be able to provide. This space would be in addition to the block grant award. Werner and Lew will be meeting with the elected officials. Peter requested to be included in the City meeting; Kurt will assist with the County. Werner will send out a schedule of the meetings. Discussion continued about having a vision for the partners to get the ideas flowing during the meetings. During Phase One it is anticipated that the meetings will be more casual. Phase Two involves 4CORE staff and funding partner staff. Werner will send the Outreach Strategy electronically to the board. Gregg will compile testimonials and packets for distribution and send out to the board so all members are familiar with the materials.

Gregg noted that the current board is well informed and primed to conduct the outreach. Per capita revenue requests were discussed.

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Mary Beth will check on office space noting that the likelihood of free space might be limited. It was discussed that 4CORE is capable of bringing energy management expertise to the funding partners.

Community Solar Update & Strategies – Tom Holcomb & Kurt Schneider

This topic is in regards to the BP parcel. Kurt noted that he, Tom, and Gregg met to begin conducting due diligence research on the land including legal and tax advice. Gregg will reach back to BP regarding any specific intents of the use of the land. An agreement letter will be requested spelling out the specifics of any expectations of the donation. Kurt recommends that a letter of interest be drafted from the 4CORE board. There are several easements on the property including ditches, a natural gas pipeline, a natural gas well, and a substation. Kurt is reviewing the deed. Gregg has drafted the letter of interest to BP for Kurt and Tom's review. BP will receive a tax credit if the land is donated to 4CORE. The land was originally offered to LPEA to build a utility owned solar garden. LPEA declined the offer as they had no plans to build a utility owned solar garden. The first letter will be an inquiry to BP regarding any intent restrictions. Then Kurt recommended that the board prepare a formal letter of interest to BP. It is anticipated that the diligence will be done by the June board meeting.

Membership vs. Referral Fee Pro & Con Discussion – ED

This was tabled.

New Opportunities: USDA, REAP, SJRC&D, Solar Market Pathways, Source Gas

Gregg discussed the San Juan Resource Conservation and Development Rural Energy for America Program (REAP) funding opportunity as described in the press release that was included in the board packet. 4CORE is ineligible to directly apply for the funding. The funding would be utilized for energy auditing. Gregg noted that 4CORE could prepare the second round application which is due in September. LPEA is conducting training in a couple of weeks on how to apply for the funding. 4CORE will be attending the LPEA training. The amount for energy audits is \$100,000.

Gregg went over the Source Gas energy audit and upgrade rebate opportunities for large facilities including cities and counties.

Gregg next presented the Solar Market Pathway funding for solar planning including grid capacity analysis. A two page project concept is being solicited for further review and funding application. Gregg will prepare the project concept for board review. Werner requested that any future possibilities be included in the outreach packets.

Paul made a motion to adjourn; Mary Beth and Werner co-seconded. Motion carried.

NEXT MEETING

June 26th, 3:00 – 5:00 pm at the Carnegie Building

Drafted by Bonnie Rozean, Finance Manager

Respectfully submitted by:

Paul Senecal, Secretary

4CORE Board of Directors