

## **New Buildings Institute Board Meeting**

**February 4, 2015 – 8:30 am – 2:30 pm**

**ACEEE Offices Washington, DC**

A meeting of the Board of Directors of New Buildings Institute was held February 2, 2015, convening at 8:30 AM Eastern time for the purpose of transacting all proper business of the corporation.

Those present, representing a quorum of the Board:

David Goldstein  
Michael McAteer  
Steve Nadel  
Doug Baston  
Jeff Harris  
Ed McGlynn

Jan Berman  
George Malek  
Brendan Owen  
Marge Anderson (via phone)  
Tom Barone (via phone)

### **Staff present:**

Ralph DiNola, CEO  
Cathy Higgins, Research Director

Mark Frankel, Technical Director  
Jim Edelson, Policy Director

The Meeting was called to order by David Goldstein at 8:30 am EST

The board reviewed the agenda for approval:

### **AGENDA**

1. Operations Report
2. Forum Debrief and Discussions
3. Staff Project Updates
4. Generative Discussion: Framing the NBI Strategy  
Lunch
5. Audited Financial Review
6. Finance Committee Report
7. Fundraising Update – Strategies and Streams
8. NBI Policies
9. Closing – other business

### **Board Motion:**

Ed McGlynn made a motion to accept the December Board Minutes

Steve Nadel seconded the motion

There was no discussion

The December meeting minutes were approved unanimously

### **1) Operations Report (Ralph):**

Management update

Ralph briefed the board on potential job postings including development, communications, finance and policy support. The sponsor support is now organized with staff distributed into an Account Manager format. The priority noted by Board was to bring the policy analyst on ahead of overhead staff. Ralph noted that the Fiscal Manager is in lieu of the sub-contracted accounting expenses currently in place.

Board discussed the role and characteristics of the Development Manager since it is planned that they will engage with the sponsors.

NBI Headquarters Relocation

The topic of NBI locating in Portland had been previously brought before the board. Ralph updated the board on locations and the review he has done on the market costs and co-share lease options. He projected a decrease of approximately 50% in rent and overhead and an increased ability to draw good talent.

### **2) Forum Debrief:**

Ralph briefed with the board on the forum. Highly successful in terms of program, attendance and feedback. Michael noted that he was pleased to see so many market players engaged at the event. He also felt that the grid and the inter-connection of buildings and the grid are the big topic areas and especially relevant to state energy offices and utilities. Consider being a session with NASEO at their event and bring the topic to others rather than try to have these topics dominate the Forum.

The forum poll results were shared. The forum likely to break even financially.

### **3) Staff reports:**

Staff present shared NBI project and activity areas:

- Research (Cathy)
- Policy (Jim)
- Projects and Tools (Mark F)

### **4) Generative Session:**

Ralph presented the three areas of NBI Strategic Focus streamlined from past categorization.

1) Getting to Zero, 2) Codes & Policy, and 3) Program Support. Active board discussion on the strategic work areas of NBI as follows:

- Priority to support codes and policy since it drives both sides of the efficiency market.
- Recognition of the growing attention to ZNE from the market and new goals and some programs beyond CA. ZNE and new construction were characterized as 'hot' and NBI is in the nexus of this.
- NBI needs to push the leading edge.
- NBI should not engage in the regulatory framework or models regarding rates or TRC methodology. There are sufficient parties working on this and it is not our expertise. *Staff noted that these issues, while not ours to solve, are important to lay the framework on the ZNE roadmap work we have in hand.* NBI's attention should stay within the program, technical and code arenas.
- Existing buildings /deep retrofit are very important and NBI should dedicate work here. The board would like it discrete rather than contained as a part of *Getting to Zero*. The ambitious goal of zero not yet universally embraced in market and by utilities. Customers may see as too far and 'scary'. Some states are moving toward zero but most will be going very gradually. Break it out and board members anticipated greater sponsorship.
- NBI needs to be seen and known for all buildings not just new and our name can be a barrier to that.
- There are clearly core competency regarding how to get a ZNE building and to a ZNE outcome through post occupancy measures.
- The area of the customer and utility intersect at the meter needs help and NBI would be a good convener on that topic to get people to the table.

### **5) Audited Financial Review:**

Nathalie Renner, GM&C via GoToMeeting – NBI auditor since 2006, presented the audit.

- Nothing unusual, quiet year – all expressed in the letter to the Board. No disagreement with management or need to discuss issues with our accountant.
- “Unmodified Opinion” is the NBI standing and is the highest rating we can give you and is without any exceptions.
- It was a very straight forward year in terms of an audit but was a difficult year for the organization in terms of staff changes and financial loss. 2014 was, per Ralph, a year of transition and reserves were used to make it through but things are turning around.
- The majority of funds came from four funders so revenue is very concentrated.
- No material weakness, nothing that gave her pause, or that she recommend improvement. This was solely on FY 2014 and she had not looked at the current organization of accounting with Amanda leaving etc.

- She would like to see a minimum of 40% of operating reserves. In 2014 this dropped to 21% but that was still a reasonable level.

Comments:

Most of the AR shown in the report has been received (RD). Board members noted the improved ease of review due to the format and historical graphs. The large drop in sponsorships was noted and identified as associated in good part to the model of Initiatives that was not effective.

**Board Motion:**

Jeff Harris moved that the audit be accepted and the list of the board members reflect those present today.

Jan Berman and Ed McGlynn suggested modification that it reflect the names and correct companies for board members as of June 30, 2014. Harris agreed and the motion was changed.

**Jeff Harris moved that the audit be accepted with the list of Board Members to be those as of June 30, 2014. S. Nadel seconded the motion. All in favor and passed unanimously.**

**Staff action:** Modify audit per the above motion and update company names for Ed McGlynn and Tom Barone.

**6) Finance Committee Report:**

Ed McGlynn and Ralph DiNola met via phone January 28<sup>th</sup> to discuss the NBI budget and finances as well as preparation for the upcoming board meeting. The board discussed activating the Finance Committee. Current Finance Committee Members include – Ed McGlynn (Chair), Steve Nadel, Michael McAteer and Ralph DiNola. Jan Berman would like to join the committee. Finance meetings will be called monthly. The committee informed the board that they had adopted the following as an interim policy:

- The Finance Committee will review and approve decisions to hire each new person not already included in the budget, or cost neutral (replacement) with the objective is to review financial capability of the organization to pay new hires, not to review the qualifications of the hires.

Jan requested the following budget forecast and information from the committee:

- Historic analysis of forecast sales to actual sales to understand potential biases in the sales forecasting model.
- Sensitivity analysis in forecast – how dependent is NBI on a few big deals, or on a lot of low probability deals?
- Separate sort of contracts, grants, and sponsorships to understand financial contribution from each of these.

- Development of a Cash flow forecast:
  - Cash Out -- need to look at salary and expense projections
  - Cash In -- need to look at timing of receipts of cash.

The board agreed that the Finance Committee established the following steps regarding hiring:

- Demonstrate that NBI has the financial capability to hire. Finance Committee to review revenue, expense, cash forecasts
- A minimum of three months reserve will be a key metric for the Finance Committee. *Note: Due to trade-offs of current costs some new hires could occur with no increase in expenses (eg. Finance Mgr).*
- Determine what type of staff to hire based on long run strategic plan and funded work that needs to be done.

## **7) Fundraising Update – Strategies and Streams:**

### **Potential revenue streams:**

- Sponsorships – current model is to pledge a package of standard benefits and at higher levels of sponsorship, custom benefits in return for sponsorship.
- Foundations – development of foundation grants is consistent with long run vision of NBI, but decisions from foundations and the time investments to procure are long.
- Contracts – an important component of NBI work and could grow with strategic consulting. Some board members need to understand the forecast for this component better.
- Multi-sponsor projects – NBI is working with multiple sponsors on Prop. 39 (school ZNE retrofits in CA) and with CABA and should further explore opportunities in this area. Used successfully by other non-profits, this effort could be expanded.
- Revenue stream could be possible from sales of tools. NBI is working with the Weidt Group on an MOU and this model of development and hand off in exchange for a fee or share of revenue is a better match for NBI than owning and maintaining tools in-house.

### **Strategic Partnerships:**

The board discussed potential collaborative partnerships for key project and fundraising, potential collaborations include:

- Architecture 2030 (Ed Mazria) - Ralph is exploring potential partnerships

- Institute for Market Transformation - Ralph broached the subject of a partnership with Cliff - Good east/west coast coverage. Hasn't explored very much but agreed to meet after the forum.
- EcoDistrict – A small firm, could be a lot of synergies if we want to play in this space.
- RMI - Ralph spoke with RMI leadership. Partnership discussions are ongoing. RMI is focusing on commercial real estate and China.

Recommendation and agreement that we continue focused discussions of strategic partnerships with only the most likely partnerships that will bear fruit, such as Architecture 2030.

### **8) NBI Policies:**

The board discussed activating the Development Committee. The Board Development Committee Members include: Doug Baston (Chair), Michael McAteer, Tom Barone and Ralph DiNola. Board member qualifications and criteria were established in the September 2013 board meeting, as well as a list of potential candidates.

- Looking for financial and/or intellectual contribution
- Staff suggested the committee consider Mark MacCracken CEO of Calmac
- Board Development Committee to convene a phone meeting within the next few weeks (before the end of February), and invite all Board members to generate ideas. Jan Berman offered to help.
- The committee will contact board members who are not participating in the NBI board and ask them to step down.

### **General Board organization and policies:**

Board should review NBI policies annually.

**Staff action:** Circulate the Board primer from the State of Oregon will be forwarded to us. The current versions of the Articles of Incorporation, Bylaws, Employee Policy Handbook and Conflict of Interest / Non-Disclosure Forms will be posted to the Board Portal for review.

**Board Action:** Any edits should be proposed to the full board for review prior to the July 2015 board meeting so that changes can be approved and voted on during that meeting

### **9) Closing/other business:**

**Accomplishments document** - Michael asked for a document like this so this is in the works. Foundations want to see what our impacts have been.

**Staff Action:** Ralph to circulate to the board "as is" to get real time feedback with a respond by date.

### **Meeting planning protocol:**

1. Board will suggest months and locations for meetings
2. NBI Staff will send doodle poll for at three potential dates in that month
3. Board members will respond to the doodle poll within three days and hold those dates as “tentative” on their calendars
4. After three days, NBI Staff will secure best dates for the board meeting based on doodle poll results and send an outlook appointment with GoToMeeting call information. It is anticipated that all board members that marked their availability for dates on the doodle poll will be present for the meeting.

**Proposed future meetings:**

- April conference call (doodle poll needed)
- June 2015, virtual meeting to approve budget (doodle poll needed)
- July 2015, west coast, potentially Portland in new office (doodle poll needed)
- September 2015 – proposed to be in conjunction with ACEEE EERE conference in Little Rock (doodle poll needed)

Meeting adjourned at 2:30 PM.