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Budget and Operations Committee Members:

We have our mid-year budget check-in scheduled for next Wednesday, January 11, from 3pm to 4pm at the Connecticut Green Bank offices in Rocky Hill. First we will be presenting you with revised targets for FY2017 based on market activity through the first half of the year.

Then, we will go through budget to actuals for the first quarter and present reallocations for your consideration. While we are under budget overall for the year, we are requesting additional funding to cover a projected decrease in revenue and additional expenses already incurred in prior years.

Thanks and please contact me with any questions.

Eric

Eric N. Shrago

Director of Operations



## **AGENDA**

Budget and Operations Committee of the  
Connecticut Green Bank  
845 Brook Street  
Rocky Hill, CT 06067

Wednesday, January 11, 2017  
3:00-4:00 p.m.

Staff Invited: George Bellas, Craig Connolly, Mackey Dykes, Brian Farnen, Bryan Garcia, Dale Hedman, Bert Hunter, Kerry O'Neill, and Eric Shrago

1. Call to order
2. Public Comments – 5 minutes
3. Approve Meeting Minutes for June 7, 2016 Regular Meeting\* – 5 minutes
4. FY 2017 Targets\*\* – 25 minutes
5. Budget Reallocation\*\* – 25 minutes
6. Adjourn

\*Denotes item requiring Committee action

\*\* Denotes item requiring Committee action and recommendation to the Board for approval

Join the meeting online at <https://global.gotomeeting.com/join/677895933>

Or call in using your telephone:  
Dial (312) 757-3121  
Access Code: 677-895-933

Next Regular Meeting: May 19, 2017 from 3:00pm – 4:30pm  
Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT



## **Resolutions**

Budget and Operations Committee of the  
Connecticut Green Bank  
845 Brook Street  
Rocky Hill, CT 06067

Wednesday, January 11, 2017  
3:00-4:00 p.m.

Staff Invited: George Bellas, Craig Connolly, Mackey Dykes, Brian Farnen, Bryan Garcia, Dale Hedman, Bert Hunter, Kerry O'Neill, and Eric Shrago

1. Call to order
2. Public Comments – 5 minutes

Approve Meeting Minutes for June 7, 2016 Regular Meeting\* – 5 minutes

### **Resolution #1**

Motion to approve the minutes of the Budget and Operations Committee meeting for June 7, 2016.

Second. Discussion. Vote

3. FY 2017 Targets\*\* – 25 minutes
- 4.

### **Resolution #2**

**RESOLVED, the Budget and Operations Committee recommends the Connecticut Green Bank Board of Directors approve the fiscal year 2017 target adjustments outlined in Attachment A.**

Second. Discussion. Vote

5. Budget Reallocation\*\* – 25 minutes

### **Resolution #3**

**RESOLVED, the Budget and Operations Committee recommends the Connecticut Green Bank Board of Directors approve the fiscal year 2017 reallocations outlined in Attachment B.**

Second. Discussion. Vote

6. Adjourn

\*Denotes item requiring Committee action

\*\* Denotes item requiring Committee action and recommendation to the Board for approval

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# Budget and Operations Committee Meeting

January 11, 2017



# Budget and Operations Committee

## Agenda Item #1

### Call to Order

# Budget and Operations Committee

## Agenda Item #2

### Public Comments

# Budget and Operations Committee

## Agenda Item #3

### FY 2017 Budget and Targets



# Comprehensive Plan

## FY 2017 Targets – Proposed Revisions



Sector	Original			Restated			FY 16		
	Projects	Capital Deployed	Clean Energy Deployed (MW)	Projects	Capital Deployed	Clean Energy Deployed (MW)	Projects	Capital Deployed	Clean Energy Deployed (MW)
Infrastructure	6,378 – 8,501	\$229,800,000 – \$300,302,000	50.1 66.2	6,001	\$191,165,071	49	6,133	\$198,635,863	47.3
Residential	1,093	\$36,599,000	5.4	775	\$32,263,447	5.4	1,098	\$42,497,735	6.7
Commercial, Industrial, & Institutional	94	\$56,800,000	14.8	74	\$41,430,000	11.8	44	\$35,241,313	9.2
Total*	7,565 – 9,688	323,199,000 – \$393,701,000	69.9 – 86	6,850	\$264,858,517	66.2	6,746	\$259,877,345	59.1

To support between no less than **6,800 projects** ~~7,565 projects~~ requiring investment of no less than **\$265 million** ~~\$323 million~~ to deploy at least **63 MW** ~~70 MW~~ of clean energy

# Comprehensive Plan



## FY 2017 Targets – Explanations to Proposal

- Infrastructure – proposed decrease in 6% of projects, 36% in investment, and 26% in MW
  - Southington AD is in permitting process with capital stack nearly assembled
  - Decrease in PBI in RSIP that is only partially offset by EPBBs at Solar City
- Residential – proposed decrease in 29% of projects, 12% in investment, and 0% in MW
  - Resi 1-4 changes due lack of flow from the Smart-E HES/C4C Channel.
  - Multifamily changes due to significant lead time in project development.
  - PosiGen is on target and there is significant % uptake on their ESA
- CI&I – proposed decrease in 21% of projects, 27% in investment, and 20% in MW
  - Changes in C-PACE due to loss of 14 Archdiocese of Bridgeport projects as well as longer lead times in project cycle
  - Commercial Lease #'s are near targets

# Comprehensive Plan



## FY 2017 Investments – Proposed Revisions

	FY 17 Budget	FY 17 Budget (restated)	% Change
Loans – CGB Program Loans	\$17,799,879	\$17,799,879	0%
Loans – CGB Program Loans: Provisions for Loan Losses	\$1,969,006	\$1,969,006	0%
Loans – CGB Working Capital Loans to Affiliates, CT Solar Lease 3	\$6,196,070	\$6,196,070	0%
<b>Investments - Total</b>	<b>\$25,964,955</b>	<b>\$25,964,955</b>	<b>0%</b>
Credit Enhancements - Loan Loss Reserves - ARRA Funds	\$625,000	\$625,000	0%
Credit Enhancements - Loan Loss Reserves - CGB Funds	\$759,276	\$759,276	0%
Credit Enhancements - Interest rate Buydowns - ARRA Funds	\$981,340	\$981,340	0%
Credit Enhancements - Interest rate Buydowns - CGB Funds	\$100,000	\$100,000	0%
<b>Credit Enhancements - Total</b>	<b>\$2,465,616</b>	<b>\$2,465,616</b>	<b>0%</b>
Incentive - HOPBI/EPBB/PBI Incentives <sup>1</sup>	\$12,549,010	\$12,549,010	0%
Incentive - Legacy projects	\$100,000	\$100,000	0%
Incentive - Clean Energy Communities	\$1,180,000	\$980,000	-17%
Incentive - Clean Energy Business Solutions	\$1,000,000	\$1,000,000	0%
<b>Incentive Total</b>	<b>\$14,829,010</b>	<b>\$14,629,010</b>	<b>-1%</b>
<b>Investments, Credit Enhancements, &amp; Incentives Total</b>	<b>\$43,259,581</b>	<b>\$43,059,581</b>	<b>0%</b>

To invest over \$40 million in public funds to mobilize no less than \$265 ~~\$323~~ million in investment in CT's clean energy economy – \$12.5 million in incentives will come back through SHREC

### REFERENCES

1. All incentives and program administrative costs for the RSIP will be recovered through the SHREC sales to the EDC's through the MPA

# Comprehensive Plan



## FY 2017 Revenues – Proposed Revisions

Revenues	Total Operations & Program Budget FY 2017	Total Operations & Program Budget FY 2017 Restated	Inc(Dec)	% Inc.
Utility customer assessments	\$26,704,434	\$26,704,434	\$0	0%
RGGI auction proceeds - renewables	\$4,105,350	\$3,105,350	(\$1,000,000)	-24%
Interest Income, cash received	\$1,908,397	\$1,908,397	\$0	0%
Interest Income ,capitalized	\$1,223,711	\$1,223,711	\$0	0%
Grant income (Federal Programs)	\$14,632	\$14,632	\$0	0%
REC sales, general	\$2,007,647	\$2,007,647	\$0	0%
REC Sales, SHREC program	\$2,837,514	\$2,837,514	\$0	0%
CPACE Loan closing fees	\$858,000	\$858,000	\$0	0%
Other income	\$228,005	\$228,005	\$0	0%
<b>Total Revenues:</b>	<b>\$39,887,689</b>	<b>\$38,887,690</b>	<b>(\$1,000,000)</b>	<b>-3%</b>

**Lost revenues from RGGI and  
delay in SHREC (i.e., 15-year contracts) sales**

# Comprehensive Plan

## FY 2017 Expenses – Proposed Revisions



	Actual YTD 5 mths Jul- Nov2016	Open PSA's as of Nov2016	FY17 Full Year Budget	\$ Over (Under) Budget	Statutory & Infrastructure Programs	Residential Programs	CI&I Programs	General Operations	All Programs	Revised FY17 Full Year Budget
Compensation and Benefits:	\$ 3,616,167	\$ 48,041	\$ 9,031,762	\$ (5,367,554)	\$ -	\$ -	\$ -	\$ 32,400	\$ 32,400	\$ 9,064,162
Program Development and Administration:	\$ 1,432,203	\$2,199,071	\$ 4,342,659	\$ (711,385)	\$ -	\$ (37,500)	\$ -	\$ -	\$ (37,500)	\$ 4,305,159
Marketing:										
-Operations:	\$ 169,832	\$ 567,149	\$ 1,037,090	\$ (300,108)	\$ -	\$ -	\$ (10,000)	\$ 403,000	\$ 393,000	\$ 1,430,090
-Programs:	\$ 366,007	\$ 673,899	\$ 2,133,000	\$ (1,093,094)	\$ (20,000)	\$ -	\$ (10,000)	\$ -	\$ (30,000)	\$ 2,103,000
E M & V:	101,150	180,024	470,661	(189,487)	-	37,500	-	-	37,500	508,161
Consulting & Professional Fees:	\$ 178,368	\$ 790,026	\$ 1,338,750	\$ (370,356)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,338,750
Research and Development:	50,588	58,823	735,000	(625,588)	-	-	-	-	-	735,000
Rent and location related expenses:	\$ 233,476	\$ -	\$ 628,818	\$ (395,342)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 628,818
Office, computer & other expenses:	\$ 284,310	\$ 38,600	\$ 791,075	\$ (468,165)	\$ -	\$ -	\$ -	\$ 7,600	\$ 7,600	\$ 798,675
Expenses before Incentives, Realized G/L & LLR	\$ 2,815,936	\$4,507,593	\$11,477,053	\$ (4,153,525)	\$ (20,000)	\$ -	\$ (20,000)	\$ 443,000	\$ 403,000	\$20,911,815

**Budget Adjustments represent a balancing of  
resources to meet current activity.**

**\$403,000 adjustment needed to cover  
prior year bills for EnergizeCT from Eversource.**

# Budget and Operations Committee

## Agenda Item #9

### Adjourn

# **BUDGET AND OPERATIONS COMMITTEE OF THE CONNECTICUT GREEN BANK**

Draft Minutes – Regular Meeting  
Tuesday, June 7, 2016  
9:00 AM - 10:30 AM

A regular meeting of the Budget and Operations Committee (“Budget Committee”) of the Board of Directors of the Connecticut Green Bank (the “Green Bank”) was held on June 7, 2016, at the office of the Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT.

1. **Call to order:** Commissioner Klee called the meeting to order at 9:20 a.m.

Members Attending: Rob Klee (Chair) and Norma Glover

Staff Attending: Bryan Garcia, Brian Farnen (by phone), Bert Hunter (by phone), George Bellas, Craig Connolly, Cheryl Samuels, and Eric Shrago.

2. **Public Comments:**

There were no public comments.

3. **Approve Meeting Minutes for May 25, 2016 Regular Meeting:**

Upon a motion made by Norma Glover, and seconded by Commissioner Klee, the Committee voted unanimously to approve the Meeting Minutes from the May 25, 2016 meeting.

## **Resolution #1**

Motion to approve the minutes of the Budget and Operations Committee meeting for May 25, 2016.

Second. Discussion. Vote

4. **FY 2017 Comprehensive Plan – Budget and Targets:**

Bryan Garcia discussed the Goals and Targets, with a focus on underserved markets. He explained that four goals had been set as well as, targets. He explained that the targets and goals are very achievable. He explained that there is approximately \$390 million in clean investment in the state economy, in terms of the FY 2017 targets for the various sectors. He explained that they have allocated human and financial resources – investment and expenses – to meet the targets that have been set.

Eric Shrago discussed the investment goals and targets. He provided an overview of the various sectors. Commissioner Klee questioned energy efficiency in the PosiGen product within the residential sector. Bryan Garcia explained that every project goes through Home Energy Solutions Income Eligible. He explained that 65% of those customers also pay \$10 more per month for “deeper” and more comprehensive energy

efficiency measures, including insulation and thermostats. Commissioner Klee asked if they must do solar as the energy efficiency ESA is interesting. Bryan Garcia advised that yes that is a requirement because PosiGen is a solar PV financing program with an energy efficiency special offer. Commissioner Klee questioned the leverage ratio of \$20 million of funds invested versus the \$400 million of clean energy investment for FY 2017. Bryan Garcia explained that this is the target for FY 2017.

Commissioner Klee stated that this will be the first full year of SHREC. George Bellas explained that they invoices approximately \$2 million this year in conventional RECs that were sold.

Bryan Garcia discussed the Research and Development budget. He explained that they are targeting areas that they need to understand a bit better in order to be a catalyst in the market. Commissioner Klee stated that HES IE, Home Energy Investment Audits, points to the need to have the next step taken for "deeper" energy efficiency. Consideration should be given to looking at energy efficiency ESA's more for the residential sector. He advised that solar is one that is easily done and that he is seeing it all over Connecticut. He advised that efficiency difficult to see, but that it needs to be done. Bryan Garcia explained that the residential teams are working with the utilities and spending time to drive "deeper" efficiency. He explained that 65% of households participating in PosiGen are also doing the \$10 per month energy efficiency upgrade. Commissioner Klee asked if they can do just the ESA. Bryan Garcia stated that he will touch base with Kerry O'Neill to discuss how through the Joint Committee "deeper" energy efficiency can be done through ESA's. Norma Glover advised that this should be put into the Joint Committee goals.

Eric Shrago discussed the Commercial and Industrial sector. Norma Glover stated that they need to get C-PACE back up and running. Eric Shrago stated that Mackey Dykes is working on that pipeline. Bryan Garcia stated that they are looking at how they're using the C-PACE vehicle. He explained that he'd like to see those investments being made. He stated that that market is there for that type of investment. Commissioner Klee advised that if that market keeps growing they can help bring in new contractors and new entrants. Bryan Garcia stated that Green Works is identifying the contractors with the most work. He explained that they need to build a larger pipeline of contractors. He explained that as they start to open up the customer channels they'll start to market into those channels. Commissioner Klee stated that it's about catalyzing and getting the deployment scale, the other part of it is that we're seeing it in our comprehensive strategy. He explained that it's putting pressure on farms and forests. He stated that he'd rather see solar put on roofs than on the farm land. He explained that they should get a map of the roofs out there that should be having solar installed. He explained that they should be putting solar where the load is, in the larger cities. He explained that C-PACE is part of that.

Eric Shrago discussed the revenues. He explained that staff is forecasting an overall increase in revenues primarily as a result of the initial revenues to be generated from SHREC sales in FY17. He also noted that revenues related to interest earned on program loans is expected to increase in FY17 as well. . George Bellas stated that RGGI is forecast to decrease in FY17 as a result of market forces... Eric Shrago stated that they're trying to do more with less money.



Eric Shrago discussed the budget. He stated that employee costs will net to a slight decrease. He explained that that is due to the renegotiated and statutory relationship with CI. George Bellas stated that the Green Bank no longer shares CI employees for certain administrative and IT functions and that the Green Bank has engaged an outside vendor to provide IT services. He explained that the Green Bank has not budgeted for additional employee in FY17., but that he is waiting on more information regarding the cost of employee benefits. He explained that the Green Bank's contribution to the State Employee Retirement System is a significant percentage of the Green Bank's benefit costs with the Green Bank contributing 54% of every dollar paid out in compensation to the plan. He is waiting for notification from the State Comptroller's office as to what that contribution percentage will be in FY17.

Bert Hunter stated that he understands there are three proposals dealing with the pension matter. He explained that the difficulty is in changing the game after the rules have already been set. He questioned interplay between the P&L item and that portion that is buried in the pension liability on the balance sheet. George Bellas stated that one feeds off of the other. He explained that they will receive information as to the Green Bank's pension liability for FY16 sometime in August from the State Auditors.

Bert Hunter questioned if the Green Bank is paying for just benefits of their own employees or if we are also paying for unfunded pension liabilities associated with State of Connecticut government employees generally. George Bellas stated that this is not specifically for the Green Bank's employees as he understands it. He stated that he doesn't know the actual calculations. Bert Hunter stated that a 30% to 40% loading factor is typical for businesses. He explained that the 54% loading factor suggests the Green Bank is paying about an extra \$2 million in the budget for P&L.

Eric Shrago stated that staff are reducing program administration and development expenses. He explained that there is a slight increase in EM&V. He stated that the Consulting and Advisory fees have decreased by about \$200,000, excluding this year's R&D classifications. He explained that budget for rent is remaining the same. Additional space sought in Stamford in FY 2016 was not secured during the fiscal year and is being sought in FY17. He advised there is a slight increase in Technology to improve efficiency and transparency.

George Bellas stated that they have \$1 million budgeted for the Clean Energy Business Solutions (CEBS) grant program. He also explained that Clean Energy Communities grant program's budget is about \$1.2 million for FY17. Bryan Garcia stated that municipalities participating in the program must meet certain milestones before the Green Bank will disburse grant monies to them. He stated that they want to end that program by the end of the calendar year. He explained that they will work with DEEP and others for the next generation of sustainability. He explained that they are not doing any other grants other than those two programs.

Commissioner Klee asked if DECD will be requesting the funds set aside for the CEBS program in FY17. Bryan Garcia stated that he believes so. He also stated that if DECD requests the monies, this request will be brought to the Deployment Committee or Board of Directors for approval. George Bellas also stated that funds have been budgeted for the DECD program Energy on the Line in the form of interest rate buy downs. Bryan Garcia stated that they are working with DECD trying to open up a marketing channel in manufacturing through the partnership.

Eric Shrago discussed the program budgets. He explained that they have a slight down tick from the budget to budget from year to date. He explained that there is a slight increase on S&I for Residential. He explained that they expect continued growth for the SMART E loan. He explained that they expect growth to be through a strong C-PACE pipeline. Eric Shrago discussed staffing and space, stating that there is no additional space needed in Rocky Hill.

Bryan Garcia stated that he had a conversation with Commissioner Smith, discussing the Research and Development (R&D) budget - its naming and appropriateness, including various elements like green bonds. He explained that they want to ensure that all of their Green Bond transactions are carbon ready. He stated that they are looking to develop their first issue this year.

Bryan Garcia stated that they are looking into whether or not to create a CDFI under Public Act 11-80. He explained that federal banks like to put money into them at lower interest rates and longer term maturities. He explained that the Housing Development Fund is a CDFI, helping new homeowners. Brian Farnen stated that a CDFI cannot be owned or operated by a government entity. Bryan Garcia stated that the Hampshire Foundation is interested in scaling up what the Connecticut Green Bank develops for the rest of the country and will contribute a grant to the study on the CDFI.

He gave other examples of what the R&D initiative would be doing, including SRS, renewable thermal technologies with Yale, and utility 2.0 and grid modernization pilots with Avangrid.

Bert Hunter asked if Lamont should be on the list of core partners. Bryan Garcia stated that they should be on the list. George Bellas stated that they will layer that into the budget.

Commissioner Klee questioned if they have a general rule of thumb on how often they go out for an RFP. Eric Shrago stated that they review, but that they don't have a max time yet. He stated that it's usually about three years and they look at it.

Norma Glover asked what the time commitments are the professional service agreements. George Bellas stated that the general commitment is one year.

**Upon a motion made by Norma Glover, and seconded by Commissioner Klee, the Resolution passed unanimously.**

## **Resolution #2**

**RESOLVED**, the Connecticut Green Bank's (Green Bank) Budget and Operations Committee recommends that the Green Bank Board of Directors approve the Fiscal Year 2017 Targets and Budget;

**RESOLVED**, the Budget and Operations Committee recommends that the Board of Directors authorizes Green Bank staff to extend the professional services agreements (PSAs) currently in place with:

Subject to changes and deletions

- i. Archaeological & Historical Services, Inc.
- ii. The Cadmus Group
- iii. Clean Power Research, LLC
- iv. Cortland Capital Services
- v. EnergySage Inc.
- vi. Lamont Financial Services Corporation
- vii. Locus Energy LLC
- viii. METIS, Financial Network, Inc.
- ix. New Ecology
- x. Opinion Dynamics and Dunskey Energy Consulting
- xi. SmartPower Inc.
- xii. Sustainable Real Estate Solutions, Inc.
- xiii. Wegowise
- xiv. Yale University

For fiscal year 2017 with the amounts of each PSA not to exceed the applicable approved budget line item

**RESOLVED**, the Budget and Operations Committee recommends that the Board of Directors authorize and empower the proper Green Bank officers to do all other acts and execute and deliver all other documents and instruments as they shall deem necessary and desirable to execute these extensions.

Second. Discussion. Vote

#### **5. Evaluation Framework:**

Bryan Garcia provided an overview regarding the Evaluation Framework. He explained that it's important that they have it in place, because it plays into the Green Bonds. Given limited time on the agenda, he asked the B&O Committee members to review the document and provide him with comments. He expects to bring the Evaluation Framework to the Board of Directors at the July meeting.

They did not move on Resolution 3.

#### **Resolution #3**

**RESOLVED**, that the Budget and Operations Committee hereby recommends to the Board of Directors for approval the proposed draft Evaluation Framework.

Second. Discussion. Vote

#### **6. Executive Session:**

**The Committee voted unanimously to go into Executive Session for personnel reasons at 10:26 a.m.**

Upon reconvening from executive session, a motion was set forth by Norma Glover, and seconded by Commissioner Klee.

The Budget Committee members vote unanimously in favor of a resolution accepting and approving the recommendation of the President and the Vice President of Human Resources regarding three release and separation agreements and one transition agreement as discussed in executive session and consistent with the approved guidelines set forth in the Green Bank's Severance Policy.

**7. Adjourn:**

Commissioner Klee adjourned the meeting at 10:53 a.m.

**Respectfully Submitted,**

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**Rob Klee, Chairperson of the  
Budget Committee**

# Memo

**To:** Budget and Operations Committee, Connecticut Green Bank

**From:** Eric Shrago, Director of Operations, Mackey Dykes, Vice President of Commercial, Industrial and Institutional Programs, Kerry O'Neill, Managing Director of Residential Programs, and Dale Hunter, Managing Director of Statutory and Infrastructure Programs

**CC:** Bryan Garcia, President & CEO

**Date:** January 6, 2017

**Re:** Fiscal Year 2017 Target Adjustments

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As we are halfway through fiscal year (FY) 2017, we have better insight into how each program, product and sector are shaping up for the year. With this experience and insight, we wish to make the following adjustments to our targets for FY 2017.

## **Commercial, Industrial and Institutional Sector**

CGB originally set the Sector's target for the year of completing 94 projects, deploying \$56.8 million, and 14.8 MW in capacity. Of these, 79 were CPACE projects and 15 were to be commercial lease projects. Due to the loss of 14 linked projects with one property owner and the overall difficulty in building the pipeline, CGB would like to set the new target at 74 projects for the sector, \$41.43 million in capital deployment, and 11.8 MW in capacity. This represents a 21% decrease in number of projects, 27% decrease in capital deployed, and a 20% decrease in capacity deployed.

## **Residential Sector**

The board approved target for FY 2017 from last summer is completing 1093 projects, deploying \$36.6 million, and 5.4 MW in capacity. We would like to revise the target to be completing 775 projects, deploying \$32.2 million, and 5.4 MW in capacity. These changes stem primarily from the inactivity of the HES channel of SMART-E and a decrease in project numbers in the multifamily numbers. Capacity and capital deployment targets for multifamily remain the same. This represents a 29% decrease in number of projects, 12% decrease in capital deployed, and a 0% decrease in capacity deployed.

## **Statutory and Infrastructure Sector**

Based on the current observations of the solar market, we expect to see 6000 RSIP projects, deploying \$191 million, resulting in 49 MW of capacity installed. This is a step down from the original low end target of 6378 projects, \$300 million deployed, and 60 MW of capacity installed. This represents a 6% decrease in number of projects, 36% decrease in capital deployed, and a 26% decrease in capacity deployed.

Overall, we are decreasing our institutional project target from 7,423 to 6,742 (a decrease of 6%), our capital deployed target from \$389.6 million to \$261 million (33% decrease), and our installed capacity from 86.4 MW to 66.2 MW (23% decrease).

**Recommendation**

We recommend that B&O approve the new suggested targets and recommend these adjustments to the Board of Directors.

**Resolution**

**RESOLVED**, the Budget and Operations Committee recommends the Connecticut Green Bank Board of Directors approve the fiscal year 2017 target adjustments outlined in **Attachment A**.

Product/Program	Projects			Capital Deployment		
	Original Target	New Target	Target Delta	Original Target	New Target	Target Delta
CPACE	79	56	-29%	\$ 45,550,000.00	\$ 27,930,000	-39%
Commercial Lease	15	18	20%	\$ 11,250,000.00	\$ 13,500,000	20%
<b>C&amp;I Total</b>	<b>94</b>	<b>74</b>	<b>-21%</b>	<b>\$ 56,800,000.00</b>	<b>\$ 41,430,000</b>	<b>-27%</b>

Smart-E	538	254	-53%	\$ 9,039,000.00	\$ 5,873,447	-35%
Low Income Loans/Leases (PosiGen)	500	500	0%	\$ 15,250,000.00	\$ 15,250,000	0%
Multi-Family (Term Only)	55	17	-69%	\$ 12,310,000.00	\$ 11,140,000	-10%
<b>Resi Total</b>	<b>1,093</b>	<b>775</b>	<b>-29%</b>	<b>\$ 36,599,000.00</b>	<b>\$ 32,263,447</b>	<b>-12%</b>

Anaerobic Digesters	1	1	0%	\$ 18,000,000.00	\$ 18,000,000	0%
Residential Solar	6,378	6,000	-6%	\$ 282,302,000.00	\$ 173,165,071	-39%
<b>S&amp;I Total</b>	<b>6,379</b>	<b>6,001</b>	<b>-6%</b>	<b>\$ 300,302,000.00</b>	<b>\$ 191,165,071</b>	<b>-36%</b>

<b>CGB Total</b>	<b>7,423</b>	<b>6,742</b>	<b>-6%</b>	<b>\$ 389,697,000.00</b>	<b>\$ 261,071,877</b>	<b>-33%</b>
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Capacity		
Original Target	New Target	Target Delta
11.10	7.30	-34%
3.70	4.50	22%
14.80	11.80	-20%

1.10	1.10	0%
3.40	3.40	0%
0.90	0.90	0%
5.40	5.40	0%

1.60	1.60	0%
64.60	47.40	-27%
66.20	49.00	-26%

86.40	66.20	-23%
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# Memo

**To:** Budget and Operations Committee, Connecticut Green Bank

**From:** Eric Shrago, Director of Operations, Jane Murphy, Controller, and George Bellas, VP of Finance & Administration

**CC:** Bryan Garcia, President & CEO

**Date:** January 6, 2017

**Re:** Fiscal Year 2017 Budget Reallocations

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As we are halfway through fiscal year (FY) 2017, we have better insight into areas of the budget that will be under and over spent per their approved line item allocation. Broadly, on the expense side, we are under budget, with 30% of the total operating budget expended 5 months into the fiscal year. However, a few particular line items are on track to exceed their budgeted amounts. In addition, as priorities have changed throughout the year, dollars can be better put to use elsewhere. We are proposing reallocations of approved dollars for the most part but do seek to add to our budget to cover a large unforeseen expense resulting from prior year activities. Overall, we propose reallocating \$277,500 amongst line items. Additionally, we need to change the size of our budget by \$1,203,000.

These changes represent a .5% increase in expenditures for the organization and a decrease of 2.5% in revenue. Attachment B outlines the proposed changes at the organizational level and Attachment C details them by program.

## Marketing

\$40,000 will be reallocated from the Marketing budget, with \$20,000 moving from CPACE Program Marketing (50/50 between website development and collateral) and \$20,000 moving from RSIP Outreach to General Operations. We are using these funds to identify projects by sponsoring Environmental Defense Fund Climate Corps Fellows, similar to what we did last year.

Additionally, we are seeking to increase our budget by \$203,000 to cover \$403,000 in EnergizeCT marketing expenses incurred by United Illuminating (UI) from 2014 to present. UI only recently presented CGB with \$202,000 of these bills. We plan to offset \$200,000 of this expense by reallocating unspent funds from the Clean Energy Communities Program.

## Residential Programs

We will be reallocating \$10,000 from Program Development and \$27,500 from Program Administration to Residential EM&V. This is to cover CGB's portion of a market study

performed in a prior year by Opinion Dynamics. Costs for the study were split with Eversource who just recently billed CGB.

### **Revenue**

As recent Regional Greenhouse Gas Initiative (RGGI) auction proceeds have declined and the State of Connecticut has will be diverting proceeds for the upcoming March Auction, CGB intends to decrease its revenue projections by \$1,000,000.

### **Recommendation**

The Budget and Operations Committee has authority to reallocate up to \$75,000 between budget line items. Because some of the changes exceed the \$75,000 limit, we ask that the Budget and Operations Committee recommend that the Board of Directors approve of the proposed budget reallocations.

### **Resolution**

**RESOLVED**, the Budget and Operations Committee recommends the Connecticut Green Bank Board of Directors approve the fiscal year 2017 reallocations outlined in **Attachment B**.

Connecticut Green Bank  
Total Agency, Budget vs. Actual  
July 2016 through June 2017 (actual through 11/30/2016)

	Actual YTD 5 mths Jul-Nov2016	Open PSA's as of Nov2016	FY17 Full Year Budget	\$ Over (Under) Budget	Proposed Budget Reallocations								Revised FY17 Full Year Budget
					Statutory & Infrastructure Programs	Residential Programs	Multifamily Programs	CI&I Programs	Clean Energy Finance	Other Programs	General Operations	All Programs	
<b>Revenues</b>													
Utility Customer Assessments	\$ 11,684,634	\$ -	\$ 26,704,434	\$ (15,019,799)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,704,434
RGGI Auction Proceeds-Renewables	1,042,614	-	4,105,350	(3,062,736)	-	-	-	-	-	-	(1,000,000)	(1,000,000)	3,105,350
CPACE Closing Fees	39,055	-	858,000	(818,945)	-	-	-	-	-	-	-	-	858,000
REC Sales	-	(40,434)	4,845,161	(4,885,595)	-	-	-	-	-	-	-	-	4,845,161
Grant Income-Federal Programs	18,761	-	14,632	4,129	-	-	-	-	-	-	-	-	14,632
Interest Income	810,597	-	1,893,913	(1,083,315)	-	-	-	-	-	-	-	-	1,893,913
Interest Income, Capitalized	162,506	-	1,223,711	(1,061,205)	-	-	-	-	-	-	-	-	1,223,711
Other Income	134,806	-	242,489	(107,683)	-	-	-	-	-	-	-	-	242,489
<b>Total Revenues</b>	<b>\$ 13,892,974</b>	<b>\$ (40,434)</b>	<b>\$ 39,887,689</b>	<b>\$ (26,035,150)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,000,000)</b>	<b>\$ (1,000,000)</b>	<b>\$ 38,887,689</b>
<b>Expenses</b>													
<b>Compensation and Benefits:</b>													
Salaries & Wages	\$ 2,086,041	\$ -	\$ 5,020,091	\$ (2,934,050)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,000	\$ 30,000	\$ 5,050,091
Employee Benefits	1,508,325	-	3,915,671	(2,407,346)	-	-	-	-	-	-	2,400	2,400	3,918,071
Temporary Employees	21,802	48,041	96,000	(26,158)	-	-	-	-	-	-	-	-	96,000
<b>Program Development and Administration:</b>													
Municipal Fees and Support	43,400	850	97,750	(53,500)	-	-	-	-	-	-	-	-	97,750
Technical Administrator	141,485	852,403	1,024,750	(30,863)	-	-	-	-	-	-	-	-	1,024,750
Program Development Costs	92,765	540,695	570,000	63,459	-	(10,000)	-	-	-	-	-	(10,000)	560,000
Program Administration Costs	56,102	163,299	533,850	(314,449)	-	(27,500)	-	-	-	-	-	(27,500)	506,350
Project Inspections	182,886	574,307	987,449	(230,257)	-	-	-	-	-	-	-	-	987,449
Tech Support Costs	894,948	12,675	1,020,000	(112,378)	-	-	-	-	-	-	-	-	1,020,000
Loan Servicing Fees	20,619	54,844	108,860	(33,397)	-	-	-	-	-	-	-	-	108,860
<b>Marketing:</b>													
<b>-Operations:</b>													
Marketing - Membership Dues	41,139	-	121,715	(80,576)	-	-	-	-	-	-	-	-	121,715
Marketing - Other	26,639	24,970	158,000	(106,391)	-	-	-	-	-	-	-	-	158,000
Marketing - Website Design and Maintenance	17,416	238,451	264,000	(8,133)	-	-	-	(10,000)	-	-	-	(10,000)	254,000
Marketing - Event Sponsorships	35,799	-	73,375	(37,576)	-	-	-	-	-	-	-	-	73,375
Marketing - Advert.& Branding	48,840	303,728	420,000	(67,432)	-	-	-	-	-	-	403,000	403,000	823,000
<b>-Programs:</b>													
Marketing - Event Consultants	-	1,900	42,000	(40,100)	-	-	-	-	-	-	-	-	42,000
Marketing - Agency Expenses	98,237	137,634	333,200	(97,329)	-	-	-	-	-	-	-	-	333,200
Marketing - Public Relations	40,901	51,322	329,000	(236,777)	-	-	-	-	-	-	-	-	329,000
Marketing - Outreach Campaigns	39,581	171,512	653,800	(442,707)	(20,000)	-	-	-	-	-	-	(20,000)	633,800
Marketing - Paid Media	21,012	20,752	345,000	(303,236)	-	-	-	-	-	-	-	-	345,000
Marketing - Collateral Production	151,329	244,978	330,000	66,306	-	-	-	(10,000)	-	-	-	(10,000)	320,000
Marketing - Relationship Managers	14,949	45,801	100,000	(39,250)	-	-	-	-	-	-	-	-	100,000
<b>E M &amp; V:</b>	101,150	180,024	470,661	(189,487)	-	37,500	-	-	-	-	-	37,500	508,161
<b>Consulting &amp; Professional Fees:</b>													
Consulting/Advisory Fees	88,199	788,026	731,750	144,475	-	-	-	-	-	-	-	-	731,750
Accounting and Auditing Fees	20,900	2,000	145,000	(122,100)	-	-	-	-	-	-	-	-	145,000
Legal Fees & Related Expenses	69,269	-	462,000	(392,731)	-	-	-	-	-	-	-	-	462,000
<b>Research and Development:</b>	50,588	58,823	735,000	(625,588)	-	-	-	-	-	-	-	-	735,000
<b>Rent and location related expenses:</b>													
Rent/Utilities/Maintenance	137,954	-	370,918	(232,965)	-	-	-	-	-	-	-	-	370,918
Telephone/Communication	38,964	-	107,900	(68,936)	-	-	-	-	-	-	-	-	107,900
Depreciation & Amortization	56,559	-	150,000	(93,441)	-	-	-	-	-	-	-	-	150,000
<b>Office, computer &amp; other expenses:</b>													
Office Expense	46,487	-	100,000	(53,513)	-	-	-	-	-	-	-	-	100,000
Insurance	33,162	-	92,175	(59,013)	-	-	-	-	-	-	-	-	92,175
Subscriptions	24,496	-	71,000	(46,504)	-	-	-	-	-	-	-	-	71,000
Training & Education	31,939	-	74,500	(42,561)	-	-	-	-	-	-	-	-	74,500
IT Operations	101,631	38,600	333,400	(193,169)	-	-	-	-	-	-	-	-	333,400
Travel, Meeting & Related Expenses	46,595	-	120,000	(73,405)	-	-	-	-	-	-	7,600	7,600	127,600
<b>Expenses before Incentives, Realized G/L &amp; LLR</b>	<b>\$ 6,432,103</b>	<b>\$ 4,555,634</b>	<b>\$ 20,508,815</b>	<b>\$ (9,521,079)</b>	<b>\$ (20,000)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (20,000)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 443,000</b>	<b>\$ 403,000</b>	<b>\$ 20,911,815</b>

Connecticut Green Bank  
**Total Agency, Budget vs. Actual**  
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					Statutory & Infrastructure Programs	Residential Programs	Multifamily Programs	CI&I Programs	Clean Energy Finance	Other Programs	General Operations	All Programs	
<b>Financial Incentives:</b>													
Financial Incentives-CGB Grants	\$ 1,184,767	\$ -	\$ 2,280,000	\$ (1,095,233)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (200,000)	\$ -	\$ (200,000)	\$ 2,080,000
Program Expenditures-Federal Grants	17,358	803	-	18,160	-	-	-	-	-	-	-	-	-
EPBB/PBI/HOPBI Incentives	2,984,379	-	12,549,010	(9,564,631)	-	-	-	-	-	-	-	-	12,549,010
Interest Rate Buydowns	45,300	-	1,081,340	(1,036,040)	-	-	-	-	-	-	-	-	1,081,340
<b>Total Financial Incentives</b>	<b>\$ 4,231,804</b>	<b>\$ 803</b>	<b>\$ 15,910,350</b>	<b>\$ (11,677,744)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (200,000)</b>	<b>\$ -</b>	<b>\$ (200,000)</b>	<b>\$ 15,710,350</b>
<b>Interest Expense, Realized G/L and LLR:</b>													
Interest Expense	\$ 5,000	\$ -	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Realized (Gains) / Losses	67,969	-	-	67,969	-	-	-	-	-	-	-	-	-
Loan Loss Reserves	888,961	-	1,969,006	(1,080,045)	-	-	-	-	-	-	-	-	1,969,006
<b>Interest Expense, Realized G/L and LLR:</b>	<b>\$ 961,931</b>	<b>\$ -</b>	<b>\$ 1,969,006</b>	<b>\$ (1,007,076)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,969,006</b>
<b>Total expenditures:</b>	<b>\$ 11,625,837</b>	<b>\$ 4,556,436</b>	<b>\$ 38,388,172</b>	<b>\$ (22,205,898)</b>	<b>\$ (20,000)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (20,000)</b>	<b>\$ -</b>	<b>\$ (200,000)</b>	<b>\$ 443,000</b>	<b>\$ 203,000</b>	<b>\$ 38,591,172</b>
<b>Revenues over (under) expenditures:</b>	<b>\$ 2,267,137</b>	<b>\$ (4,596,870)</b>	<b>\$ 1,499,518</b>	<b>\$ (3,829,252)</b>	<b>\$ 20,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,000</b>	<b>\$ -</b>	<b>\$ 200,000</b>	<b>\$ (1,443,000)</b>	<b>\$ (1,203,000)</b>	<b>\$ 296,518</b>