

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

Minutes – Regular Meeting

Monday, June 9, 2014

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 9, 2014, at the office of the Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT 06067.

1. Call to Order: The meeting was called to order at 2:04 p.m. Budget Committee members participating: Norma Glover and Commissioner Rob Klee (by phone).

Member Absent: Mun Choi

Staff Attending: George Bellas, Mackey Dykes, Bryan Garcia, Bert Hunter (by phone), Joe Buonannata and Andrea Janecko

Others Attending: Alex Kragie (by phone) Tracey Babbidge (by phone)

2. Public Comments:

There were no public comments.

3. Approval of Meeting Minutes:

The Budget Committee members were asked to consider the minutes from the May 16, 2014 meeting.

Upon a motion made by Mrs. Glover, seconded by Commission Klee, the Budget Committee members voted unanimously in favor of adopting the minutes from the May 16, 2014 meeting as presented.

4. Fiscal Year 2015 – 2016 Comprehensive Plan:

Vision Statement Proposal: The new Comprehensive Plan proposes a change to the organizations current vision statement to more ambitiously advance the green bank movement and support the long term goals of the organization. New vision statement is focused on advancing the green bank movement, economic development, energy independence and climate change.

Public Policy Review: Mr. Dykes stated that as part of the FY 2015 Comprehensive Plan, we have accessed historical public policies in Connecticut to identify opportunities to attract and deploy capital to help the state meet its clean energy goals. This public policy review looks at those statutes that either directly or indirectly involve CEFIA. Mr. Garcia added that the plan aligns with the goals of the CES, IRP and other state energy goals (e.g., statutory and planning)

Financing: Mr. Dykes provided high level financial vision for next two years, emphasizing a need to increase private capital, reduce subsidies and transition to financing. Mr. Dykes explained that to date the Green Bank has been successful in attracting capital for terms that enable consumers of all types to make the desired investments in clean energy with no cash investment up front in most cases. Green Bank programs have also demonstrated that lengthening loan maturity can be an effective way to make projects more attractive to consumers. Bert Hunter added that C-PACE Program rates are offered at 6% for 20 years, attracting a lot of interest in the program. We're over \$30M in terms of approved projects, most of which are closed. Owners are taking note that they can get the transactions done at a reasonable cost of capital.

Marketing Importance: Mr. Dykes expressed marketing to be a necessary component for success over the next two years. Mr. Dykes explained that an aggressive marketing effort will be required to increase demand. A major focus of the Green Bank is to not only to attract capital to finance the clean energy goals for Connecticut, but to also deploy capital. Through various marketing channels including our utility partners, local lenders and contractors, on the ground community efforts, and online, more and more consumers are receiving access to cleaner, cheaper, and more reliable sources of energy.

FY 15 Targets: Residential targets are expected to triple from FY 2014 performance - a large part of this percentage focusing on solar and based on the statutory target for RSIP program. We are seeing 60% of the state market transition to national companies leaving 40% of the market for local installers. From there, half are expected to use a CEFIA financing product. Mr. Dykes expressed a need to work with partner HDF to revamp marketing efforts for Cozy Home Loans. Mr. Garcia added that through an equitable distribution of funds, required under state statute per P.A. 11-80, a limited-income community based pilot and other targeted outreach efforts will be implemented. We have a commitment to low income housing and will take more steps to get on the ground and understand the market. Norma Glover and Tracy Babbidge acknowledged that this is not an easy market, but an important one to focus on.

C&I targets are projected to double the results achieved in FY14 while more solar projects are expected. Commissioner Klee asked if the focus of C-PACE will continue to be on recruiting towns or if focus will shift to projects going forward. Mr. Dykes explained C-PACE has moved on from town recruitment unless a town demonstrates interest – currently approximately 80% of the commercial real estate square footage is in a town that has opted into the program. C-PACE is now focused on projects and

building pipelines. Mr. Garcia expressed C&I lesson's learned from last years to this year's target: seeing more energy savings than expected as projects are multi-measure and going deeper.

Institutional targets will piggy back off DEEP model of Lead by Example program. In the first year of activity we are expected to move 7 projects. Mr. Dykes explained that where Lead by Example may not work we're working on an off-balance sheet energy savings agreement product

Statutory & Infrastructure: Mr. Dykes stated that residential PV installations have been doubling for last two years. That is not expected to continue in FY15 but the target still represents a significant increase. Still looking at creating nearly a \$100M market and will hit the 30MW statutory target in FY2015. However starting to potentially hit the limit of capacity for some installers. We are trying to connect installers with DECD to help expand their businesses. Mr. Garcia added while we continue to push incentives down, the demand has increased and the market is working towards accessing more financing. The RSIP incentive is comparable to a ZREC price of 55 to 70 dollars – an incentive that's lower than the Alternative Compliance Payment of the Connecticut Class I RPS. We are now seeing a foot race between ZREC and CEFIA programs. Mr. Dykes stated that 5 AD projects are expected to close this year while Bert Hunter can potentially work with prospective buyers to sell down the projects and replenish funds. More investment may be required to scale up this space. Commissioner Klee: Do you think you'd use Green Bank's bonding authority? Mr. Garcia responds that all options are being looked into however current tolerance level is focused on getting projects off the ground and finished.

5. Fiscal Year 2015 – 2016 Budget:

The Budget Committee members discussed cash on hand and expenses for each sector. Mr. Hunter expressed the expectation of a series of sell offs at 25K each while Mr. Dykes expressed operating budget to be heavily focused on marketing and driving demand. Mr. Dykes expressed the need to increase staffing from 36 to 45 FTE's – 4 of which are transfers from CI to the Green Bank from the Accounting Department – to meet the added demand of the organization. Requested positions were presented and discussed resulting in support of the committee members.

The Budget Committee would like to meet again to allow DEEP partners to review comp plan and budget prior to voting. Special meeting is scheduled to take place on 6/16/14.

6. Adjournment: Upon a motion made by Ms. Glover, seconded by Commissioner Klee, the Budget Committee members voted unanimously in favor of adjourning the June 98, 2014, meeting at 3:50 p.m.

Respectfully submitted,

Robert Klee, Chairperson of Budget
Committee