

**BUDGET AND OPERATIONS COMMITTEE OF THE
CONNECTICUT GREEN BANK
Minutes –Special Meeting
Friday, May 29, 2015
9:00 a.m. – 10:30 a.m.**

A special 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 May 29, 2015, at the office of the Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT.

1. **Call to Order:** Mr. Klee called the meeting to order at 9:09 a.m.

Members Attending: Rob Klee (Chair), Mun Young Choi (Phone), Norma Glover

Staff Attending: Bryan Garcia, Mackey Dykes, Brian Farnen, George Bellas, and Cheryl Samuels.

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 April 27, 2015 meeting.

Minutes from the previous meeting were not made available to the members prior to this meeting. Approval of the April 27, 2015 meeting minutes was postponed until the next meeting.

4. **Fiscal Year 2016 Budget and Goals:**

Mackey Dykes provided an overview of the proposed plan to tackle the FY16 budget and goals. He stated that the committee will be making a recommendation on the draft budget to the Board at the June 19, 2015 meeting. Mackey Dykes highlighted the progress of the past three years and stated that the first three quarters have exceeded the total investment deployed thus far. Norma Glover questioned as to whether the Green Bank is meeting the megawatts required by the Legislature. Bryan Garcia advised that yes, they had exceeded the target. Mackey Dykes stated that the eight year goal for residential solar PV through the Residential Solar Investment Program (RSIP) was for 30 megawatts. He advised that the Green Bank had doubled that seven years ahead of schedule. Rob Klee questioned if this was only counting renewables. Mackey Dykes confirmed. Rob Klee questioned if there is a number on the efficiency side. Mackey Dykes stated that they do set efficiency goals as well but there is no data from the Clean Energy fund to compare to.

Mackey Dykes provided an update on the statutory and infrastructure sector for FY16. He stated that this plan is with the assumption that Solar Home Renewable Energy Credit (SHREC) policy passes. He advised that if it does not pass they will need to come up with a new plan to afford the goal of 100 megawatts for FY16. Brian Farnen advised that there is a solar permit Bill that is wrapped in the SHREC. He stated that all of the language on that has been finalized at this point. He stated that he feels that it should pass. Rob Klee reiterated that they cannot afford the goal of 100 megawatts if SHREC does not pass. Mackey Dykes advised that on the Anaerobic Digester program we expect to see three projects close and two more on the CHP side. Bryan Garcia explained that they partnered with DEEP on the food waste aggregation policy in combination with AD projects. Mackey Dykes explained that overall for the sector there are 13,000 projects. For the residential sector, Mackey Dykes explained that there has been large growth. He explained that the overall goal is over 2,000 projects exceeds \$46 million. He explained that CGB financing now aligns with financing from the EEB and that the HES channel should now yield projects for Smart-E. Bryan Garcia stated that a recommendation will be brought to the Board through the Joint Committee of the Energy Efficiency Board and the Connecticut Green Bank to have shared goals with the utilities that are administering the Connecticut Energy Efficiency Fund.

Mackey Dykes went on to highlight the CT Solar Lease program. He stated that the fund will stop taking applications in June or July. He explained that private capital will take over at that point. He explained that they are working with a company that focuses on providing financing to low income people. Norma Glover asked if there are other state agencies that are working with the Green Bank on low income financing. Bryan Garcia explained that there are approximately 10 agencies, including Connecticut Housing and Finance Authority, Department of Housing, DEEP, and others trying to set goals and that they are working towards total collaboration. Rob Klee questioned how low income is defined in the residential sector. Bryan Garcia stated that he thinks its 80 – 100% AMI, but that they will look into that as this was an issue raised during the recent lean process on low income. Rob Klee then asked if they are working with profit or non-profit companies. Mackey Dykes explained that they are working with a company out of Louisiana that is for profit. He explained that they are helping them to come to Connecticut and establish a beachhead in Bridgeport. Bryan Garcia explained that if SHREC goes through there is a Governor's target of 300 megawatts. He explained that they would like to see an increase in percentage in the low income market penetration given the priorities of the Board. He also touched on the fact that they are also close to closing on the MacArthur Program Related Investment Project. Brian Farnen explained that they are ready to move forward after some language issues were worked through. Bryan Garcia explained that this will send a huge message to the market that green banks can advance clean energy in low income market segments as well.

Mackey Dykes explained that there are 2,000 projects for residential, nearly doubling the growth. He stated that 1/3rd of the new goal is in low income. He went on to highlight that this is the first year that they are setting goals in multi-family. He stated that they are thinking of combining Market Rate Multi-Family and Affordable Multi-

Family into one goal. He explained that C-PACE has a little bit larger of a goal in terms of projects. He explained that they are working on improving the time from approval to close, because at this point it has increased. Norma Glover questioned how this has grown. Mackey Dykes explained that they need to look into why this is the case. Norma Glover advised that this must be figured out or this will kill the projects. Bryan Garcia agreed that they must manage the executions and that continuing to improve the efficiencies of the program through lean will be important. Mackey Dykes went on to explain that private capital has more stringent requirements. He also agrees that they do not want to frustrate the customers.

Mackey Dykes highlighted the institutional sector. He stated that this sector had large goals last year. He also stated that they did not make the progress last year that was expected. He did explain that they have just been approved to utilize state bonds for funding, moving forward. Bryan Garcia explained that they are working very closely with DEEP and the Bond Commission to free up bond money. He also explained that the Connecticut Green Bank is looking into a bond indenture for Green Bonds, as well as utilizing more private capital for funding. Mun Young Choi advised that they should get some advice on what they need to be aware of for bonds to allow a smooth transition.

Mackey Dykes highlighted the municipal sector stating that the larger towns do this on their own. He explained that it's mainly the smaller towns that need assistance with funding. He advised that the the Green Bank will partner with municipalities to help them through the fundraising process but won't require CGB capital. Mackey Dykes went on to discuss RGGI, explaining that FY16 should be free and clear after the final auction. He advised that they will come back to the committee after the final auction in June. Bryan Garcia advised that FY14/15 transfers of \$25.4 million to the general fund show a \$2 – \$3 million loss due to the sweep – meaning it is expected that RGGI allowance proceeds will not make-up the entire transfer to the General Fund. Bryan Garcia explained that they need to look at alternative sources (i.e., fees for services, franchising, etc.) and need to assess new sources of funding (i.e., bond funding set aside for clean energy). He explained that they will need to discuss such sources and other options at the next meeting. Mackey Dykes explained that there has been no realization from the proceeds of state bonds despite budgeting for \$5 million of revenues through the Renewable Energy and Efficient Energy Finance Account in FY 2015.

George Bellas provided an update on projected revenues from various sources and compared the projections to previous budget projections and actual revenues received through April of 2015..

Mackey Dykes explained that there has been an overall drop of 32% in revenues. He explained that expenses have dropped in shared employees. Project Development and Administration there has been a large increase. He explained that most of this increase is RSIP expenses. He also explained that they will recover all of those expenses as long as SHREC passes. He explained that there has been a 13% increase in marketing expenses for FY 2016. Mackey Dykes explained that

an option is to get state bond funds and get into to solar subsidiary companies to cut on the operations side.

Rob Klee asked if there are any areas of the budget that can be cut. He also asked if FY17 will be a larger negative number. Mackey Dykes advised that they need to go out and recoup funding up front. George Bellas advised that they do need to discuss the cash flow statement. Bryan Garcia advised that they need to go back and look at revenues and expenses and cut where appropriate while balancing the targets we are seeking to achieve. He explained that they need to lay the groundwork for the future and that they may need to reign things in to ensure a solid financial position for the organization. Norma Glover advised that they need to look at the consulting line.

5. **Adjournment:**

Upon a motion made by Ms. Glover, seconded by Mr. Klee, the Budget and Operations Committee members voted unanimously in favor of adjourning the May 29, 2015, meeting at 10:29 a.m.

Respectfully submitted,

Robert Klee, Chairperson of Budget
Committee