

845 Brook Street, Rocky Hill, CT 06067
T 860.563.0015
ctgreenbank.com



Budget and Operations Committee Members:

We have our mid-year targets check-in scheduled for Friday, January 12, from 10 am to 11 am at the Connecticut Green Bank offices in Rocky Hill.

We will be presenting you with revised targets for FY2018 based on market activity through the first half of the year.

Thank you and please contact me with any questions.

Eric N. Shrago

Director of Operations



AGENDA

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

Friday, January 12, 2018
10:00-11:00 a.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 August 24, 2017 Regular Meeting* – 5 minutes
4. FY 2018 Targets** – 50 minutes
5. Adjourn

*Denotes item requiring Committee action

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

Fri, Jan 12, 2018 10:00 AM - 11:00 AM EST

Please join my meeting from your computer, tablet or smartphone.

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Next Regular Meeting: May 16, 2018 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

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10:00-11:00 a.m.

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1. Call to order
2. Public Comments – 5 minutes
3. Approve Meeting Minutes for August 24, 2017 Regular Meeting* – 5 minutes
Resolution #1

Motion to approve the minutes of the Budget and Operations Committee meeting for August 24, 2017.

Second. Discussion. Vote

4. FY 2018 Targets** – 50 minutes
5. **Resolution #2**

RESOLVED, the Budget and Operations Committee recommends the Connecticut Green Bank Board of Directors approve the fiscal year 2018 target adjustments outlined in Attachment A.

Second. Discussion. Vote

6. Adjourn

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CONNECTICUT
GREEN BANK

Budget and Operations Committee Meeting

January 12, 2018



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

Approval of August 24, 2017 Meeting Minutes

Budget and Operations Committee

Agenda Item #3

FY 2018 Targets

Comprehensive Plan

FY 2018 Targets – Proposed Revisions



	Original			Revised			FY17 Closed		
	# of Projects	Capital Deployed	MW Deployed	# of Projects	Capital Deployed	MW Deployed	# of Projects	Capital Deployed	MW Deployed
RSIP	4,431	\$ 136,300,000	37	4,431	\$ 136,300,000	37.0	4,691	\$ 127,546,216	36.4
AD/CHP	1	\$ 20,000,000	1.6	0	0	-	1	\$ 3,401,392	0.8
Strategic Investments	1	\$ 15,000,000	3.7	1	\$ 15,000,000	3.7	1	\$ 4,538,212	0.2
Infrastructure Total:	4,433	\$ 171,300,000	42.3	4,432	\$ 151,300,000	40.7	4,693	\$ 135,485,820	37.4
Smart-E	440	\$ 8,153,050	1.3	1352	\$24,765,556	2.6	523	\$ 8,590,911	1.2
Posigen	720	\$ 20,087,746	4.5	556	\$14,805,838	3.2	661	\$ 18,093,563	4
Multifamily Term	16	\$ 7,550,000	0.6	12	\$ 7,550,000	0.4	12	\$ 7,990,126	1
Multifamily Predevelopment	9	\$ 188,400	N/A	6	\$ 188,400	N/A	4	\$ 13,247,298	0
Residential Total	1,185	\$ 35,979,196	6.4	1,926	\$ 47,309,794	6.2	1,200	\$ 47,921,898	6.2
CPACE	51	\$ 24,400,000	6.4	51	\$ 24,400,000	6.4	38	\$ 15,052,160	4
CT Solar Lease	25	\$ 15,000,000	6.3	25	\$ 15,000,000	6.3	29	\$ 30,340,759	10.2
SBEA	1,600	\$ 28,000,000	0	400	\$ 7,000,000	-			
C&I Total	1,667	\$62,000,000	10.4	467	41,000,000	10.4	58	\$42,082,692	12.2
CGB Total (w/SBEA)	6,451	\$246,996,946	52.5	5,966	218,039,152	48.6			
CGB Total (w/o SBEA)	4,845	\$217,629,445	52.5	5,566	211,039,152	48.6	5,076	\$199,726,349	49.9

To support between no less than **5,966 projects** ~~6,451 projects~~ requiring investment of no less than **\$218 million** ~~\$246.9 million~~ to deploy at least **49 MW** ~~52.5 MW~~ of clean energy

Comprehensive Plan



FY 2018 Targets – Explanations to Proposal

- Infrastructure – proposed decrease of 0% of projects, 12% in investment, and 4% in MW
 - All changes in targets stem from the Anaerobic Digester pilot program. The project previously expected to close this year is no longer on target to do so and the Green Bank’s ability to support such projects going forward remains tenuous
 - RSIP performance through December is strong
- Residential – proposed increase of 63% in projects, 31% in investment, and but a decrease of 3% in MW
 - Overall Increase in projects and investment is driven by strong performance by Smart-E
 - The decrease in capacity target is due to slower growth for PosiGen and a smaller percentage of solar multifamily term loans
- CI&I – proposed decrease in 72% of projects, 34% in investment, and 0% in MW
 - No Change in targets for CPACE or Commercial Lease
 - SBEA targets are adjusted to represent a Q3/4 close and only 1 quarter of activity

Budget and Operations Committee

Agenda Item #9

Adjourn

**BUDGET AND OPERATIONS COMMITTEE OF THE
CONNECTICUT GREEN BANK
Draft Minutes – Regular Meeting**

Thursday, August 24, 2017
11:00 a.m. - 12:30 p.m.

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 August 24, 2017, 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 11:02 a.m.

Members Attending: Rob Klee (Chair) & John Harrity

Staff Attending: Brian Farnen, Cheryl Samuels, Suzanne Kaswan, Eric Shrago, and George Bellas

Others Attending: Jerry Kardas, & Janet Scott

2. **Public Comments:**

There were no public comments.

3. **Approve Meeting Minutes for June, 9 2017 Regular Meeting:**

Upon a motion by Commissioner Klee, and seconded by John Harrity, the Meeting Minutes for June 9, 2017 were approved unanimously.

Resolution #1

Motion to approve the minutes of the Budget and Operations Committee meeting for June 9, 2017.

Second. Discussion. Vote

4. **Revised Salary Ranges:**

Suzanne Kaswan provided an overview of the Compensation Analysis study conducted by KardasLarson LLC. The Green Bank reviews compensation every three to five years by conducting a benchmark compensation analysis. She stated that they had put out an RFP and had bids from several providers. KardasLarson LLC was selected due to their expertise, approach to conducting the analysis and their competitive bid..

Jerry Kardas provided an overview on KardasLarson, LLC including a description of the firm’s services and the professional expertise of their staff . He explained that the

analysis was completed over a year. He stated that there were five tasks defined in the RFP, and KardasLarson responded to all of those five, which were a review of job descriptions, an external benchmark compensation survey, recommendations on the development of a new compensation structure, assessing and redesigning the incentive plan, and also determining the financial impact of their recommendations.

Janet Scott discussed the job descriptions and the FLSA review stating that they had reviewed the job descriptions for 37 positions to determine if they were appropriately classified as exempt or non-exempt in accordance with FLSA guidelines. She stated that they had also performed an external compensation survey, looking at 30 Public Quasi and Public Non-Quasi, and private organizations. She stated that the analysis yielded reportable data on only 10 of the 37 positions due to the number of responses received to the benchmark compensation survey. She stated that after KardasLarson met with management of the Green Bank they decided to utilize compensation data from a number of other sources to supplement the data that was received in response to the benchmark compensation survey.

Jerry Kardas stated that between the customized benchmark compensation study and the supplemental compensation data, they were able to develop a comprehensive set of benchmarks for all of the positions in the Connecticut Green Bank. They studied both private and public compensation data and determined that for most CGB positions, the private and public data should be weighted equally. However, due to our investment positions being more closely comparable to private sector positions, they should be weighted as 20% public sector and 80% private sector. Commissioner Klee questioned why the difference. Jerry Kardas stated that after looking at the duties and comparing it to the private sector, there was a very close match and they determined that it should that the private sector should have a higher weighting for our investment positions. Suzanne Kaswan stated that despite weighting benchmark data differently for the investment group, those positions still fit into one simplified salary structure.

Jerry Kardas discussed the proposed structure, stating that there are Grades 11 – 21, with a consistent 60% range. Commissioner Klee questioned why there was a 15% and 20% midpoint difference as you get higher in the Grades. Jerry Kardas stated that it's slightly higher in the higher Grades. Janet Scott stated that it's typical in the market. John Harrity stated that mid-range from lowest to highest is a multiple of five, he questioned if that was typical. Jerry Kardas stated that it depends on the industry and the organization.

Janet Scott discussed the incentive plan structure. She stated that after conversations with the Green Bank management team, they made the decision to not move forward with it due to the State of Connecticut's current fiscal crisis at this time.

Jerry Kardas discussed the financial impact analysis. He stated that there were only a few positions that needed to be looked at. He stated that the only changes were position in Grade, but no salary changes. He stated that the recommended financial impact is minimal. He stated that the Connecticut Green Bank has solid benchmarks to ensure their Compensation Structure is fair and equitable. He explained that the new Grade

Structure is easier to implement and administer. Commissioner Klee questions if the new structure allows for more lateral movement. Eric Shrago stated that it makes lateral movement easier. Jerry Kardas stated that it will allow more opportunities to increase salary without having to change the job title.

Commissioner Klee questioned if they currently have anyone on staff that is above the recommended grade for their position. Suzanne Kaswan stated that with the adoption of the recommended salary structure, they do not, but they would typically handle that by leaving them where they are and if the time comes for a merit increase, they would pay them out in a lump sum.

John Harrity questioned if there was an education benefit for the staff of the Green Bank. Suzanne Kaswan stated that CGB's Continuing Education Policy pay up to \$10,000 per year for Undergraduate studies and Master's Degrees. George Bellas stated that it is based on the credit hours taken.

Janet Scott stated that the proposed Grade Structure is simpler than CGB's previous structure and will be easier to communicate to staff and prospective employees. She stated that the Green Bank should consider adopting a Compensation Philosophy.

John Harrity questioned if the Green Bank operates independently from the State with respect to proposed salary increases. Commissioner Klee stated that they do, but that they are mindful of what the State is doing. George Bellas stated that there have been years where the Board has followed what the State was doing and did not recommend increases. John Harrity stated that the work that the Green Bank does is substantially different than what is done in the State. He stated that he feels that the Green Bank is an organization that competes against the private sector.

Jerry Kardas stated that they have recommended modifications to two job descriptions in order to ensure they are appropriately classified in accordance with FLSA guidelines and that CGB has modified these specifications in accordance with their recommendation. He stated that all of the staff is compensated appropriately within their ranges for their positions. He stated that they are looking for authorization to move ahead with the new structure.

Jerry Kardas discussed some additional work that the Green Bank had requested assistance with that was beyond the scope of the initial RFP. He stated that they were asked to conduct a compensation analysis by race, ethnicity, and gender. He stated that they were also asked to develop a job grades map, which is a guide for to follow and describes the various levels in an organization with regard to the skills and competencies required at each level. He stated that they were also asked to provide some support at the Board Meetings, as well as to prepare an overall summary report.

Janet Scott stated that they had looked at the analysis by race, ethnicity, and gender, and compared staff within EEO categories. She stated that when they plotted and looked at individual staff, they were putting folks into a bracket to compare them, looking at the

same level of responsibility. She stated that they looked at trends. She stated that they found no patterns of disparate pay. She also stated that it's pretty equal in male to female and that it's particularly diverse in top management. Janet Scott stated that there were two cases from the EEO race, gender and ethnicity compensation analysis that were identified for follow-up. She stated that they worked with HR regarding these 2 cases and it was determined that the compensation analysis was due to experience of the incumbents and not due to any other factors. She stated that they made recommendations for improving job descriptions. She stated that they made a recommendation to make sure that the titles are consistent with other HR records including the payroll system..

Jerry Kardas discussed the Job Grades Map. The job grades map is a chart that describes the various job grades in an organization and the skills and competencies required for each grade. He stated that it's a great discussion tool managers and use with their employees to demonstrate how they can progress in an organization. Commissioner Klee questioned if this will be incorporated with the performance evaluation process. Suzanne Kaswan stated that they would like to use this in order to plan goals for employees to gain the skills and competencies to advance to the next level. She stated that it will be a helpful tool to lay out guidance and expectations.

Commissioner Klee questioned how it is possible to jump from Grade 14 to 15 if prior managerial experience is required. He questioned if it is difficult to move. Suzanne Kaswan stated that they do a good job of continuing education and giving staff a chance to take on some managerial responsibilities (for example, supervising interns) prior to being promoted to the managerial level. She stated that they are able to promote people because they give them specific opportunities to handle projects.

Jerry Kardas stated that they suggest that the Green Bank adopt a formal Compensation Philosophy. John Harrity questioned what a formal philosophy would look like. Jerry Kardas stated that it's a short statement of how they feel the organization feels employee should be compensated. Commissioner Klee asked if he could provide an example. Jerry Kardas stated that it's very simple, four or five sentences and would reflect the organization's commitment to compensating staff considering a variety of factors, including the mission of helping the greater good, the value of benefits, etc. Suzanne Kaswan stated that they will work with KardasLarson and submit a compensation philosophy statement to the Board for approval. .

Upon a motion made by John Harrity, and seconded by Commissioner Klee, the Committee approved the resolution, to bring the new structure to the Board.

Resolution #2

WHEREAS, per the Operating Procedures and Section VII Personnel Policies of the Connecticut Green Bank, grade classifications for each job title are established by the President, subject to Board approval,

Subject to changes and deletions

WHEREAS, pursuant to the Succession Plan developed by the President of the Connecticut Green Bank, there is a need to conduct a market compensation analysis every 3 to 5 years,

WHEREAS, through a competitive Request for Proposals (RFP), the Connecticut Green Bank engaged KardasLarson to conduct a compensation study that benchmarks the current salaries of staff at the Connecticut Green Bank with other comparable public and private organizations to determine market competitiveness of compensation,

NOW THEREFORE the following be resolved

RESOLVED, the Connecticut Green Bank's Budget and Operations Committee recommends that the CGB Board of Directors approve the grade classifications and salary ranges for the positions outlined in Attachment A.

5. **Adjourn:**

Upon a motion made by John Harrity, and seconded by Commissioner Klee, the meeting was adjourned at 12:15 p.m.

Respectfully Submitted,

Commissioner Klee, Chairperson



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, Vice President of Residential Programs, and Dale Hunter, Managing Director of Statutory and Infrastructure Programs

CC: Bryan Garcia, President & CEO, Lucy Charpentier, Manager of Evaluation, Measurement, and Verification

Date: January 10, 2018

Re: Fiscal Year 2018 Target Adjustments

As we are halfway through fiscal year (FY) 2018, 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 2018.

Commercial, Industrial and Institutional Sector

We are seeing projects proceed as expected and we are not seeking to make any changes to targets for CPACE and Commercial Lease. The Green Bank's proposed recapitalization of the Energy Efficiency Board's Small Business Energy Advantage program has been delayed but we are optimistic that this will be completed this quarter. Therefore, we are adjusting the targets associated with this program down by 75% from 1600 projects and \$28 million deployed to 400 projects and \$7 million deployed. The overall sector targets will be the tightened range of between 67 and 467 projects, between \$34 and \$41 million dollars deployed, and 10.4MW in installed capacity.

Residential Sector

With the .99% special offer for the Smart-E loan coupled with better inroads with the program's contractors, the product has surpassed its original target of 440 projects, \$8.1 million deployed, and 1.3 MW of generation installed. Staff recommends increasing the targets for this program to 1352 projects, \$24.7 million deployed, and 2.6 MW of generation capacity installed.

Staff also recommends a decrease in the targets for Posigen to reflect the slower growth they are experiencing and the decreased outreach support provided by the Green Bank as a result of our budget cuts. The new targets are 556 projects, \$14.8 million deployed, and 3.19 MW installed.

For the Green Bank's Multifamily Term lending target, projects in the pipeline have been larger in dollar size but are fewer in number than expected. Staff recommends reducing the target to 12 projects from 16 for .4 MW installed capacity from .6 and leaving the capital deployed target the same at \$7.5 million.

Similarly, to reflect decreased activity in predevelopment projects, staff recommends reducing the number of projects target from 9 to 6 but to leave the capital deployed target the same.

Statutory and Infrastructure Sector

Based on the current observations of the solar market, we affirm our previous target of 4,431 projects for \$136.3 million deployed and 37 MW installed for the RSIP.

As the committee is aware, the Green Bank as part of our budget cuts, no longer expects to close on an Anaerobic Digestion project this year. Staff recommends removing this from the targets.

Overall, we are decreasing our organization wide project target from 6,451 to 5,966 (a decrease of 8%), our capital deployed target from \$246.9 million to \$218 million (12% decrease), and our installed capacity from 52.5 MW to 48.6 MW (7% decrease).

Recommendation

We recommend that Budget & Operations Committee 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**.

Attachment A: Proposed Target adjustments for Fiscal Year 2018

	Original			Revised		
	# of Projects	Capital Deployed	MW Deployed	# of Projects	Capital Deployed	MW Deployed
RSIP	4,431	\$ 136,300,000	37	4,431	\$ 136,300,000	37.0
AD/CHP	1	\$ 20,000,000	1.6	0	\$ -	-
Strategic Investments	1	\$ 15,000,000	3.7	1	\$ 15,000,000	3.7
Infrastructure Total:	4,433	\$ 171,300,000	42.3	4,432	\$ 151,300,000	40.7
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SBEA	1,600	\$ 28,000,000	0	400	\$ 7,000,000	-
C&I Total	1,667	\$ 62,000,000	10.4	467	\$ 41,000,000	10.4
CGB Total (w/SBEA)	6,451	\$ 246,996,946	52.5	5,966	\$ 218,039,152	48.6
CGB Total (w/o SBEA)	4,845	\$ 217,629,445	52.5	5,566	\$ 211,039,152	48.6