



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

**Minutes – Regular Meeting**

845 Brook Street  
Rocky Hill, CT 06067

Wednesday, June 6, 2018  
3:00-4:30 p.m.

A regular meeting of the Budget and Operations Committee of the Connecticut Green Bank (the “Green Bank”) was held on June 6, 2018 at the office of the Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT, in the Colonel Albert Pope Board Room.

**1. Call to Order**

John Harrity called the meeting to order at 3:04 p.m. Committee members participating: John Harrity, Rob Klee, Eric Brown (by phone), and Catherine Smith (by phone)

Members Absent:

Others Attending:

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

**2. Public Comments**

There were no public comments.

**3. Approve Meeting Minutes for January 12, 2018 Regular Meeting\* and May 15, 2018 Regular Meeting**

**Upon a motion made by Rob Klee and seconded by Eric Brown, the Minutes from the two previous meetings were unanimously approved.**

**Resolution #1**

Motion to approve the minutes of the Budget and Operations Committee meeting for January 12, 2018 and May 15, 2018.

Second. Discussion. Vote

#### **4. FY 2018 – Budget (expenses)**

Eric Shrago provided an update on the process of the budget plan. He discussed the goals and targets stating that in FY19 they expect about 6500 projects with about \$223 million in deployed capital and approximately 62 megawatts deployed.

Bryan Garcia discussed C-PACE stating that the Green Bank is the C-PACE Administrator for the state. He stated that about half of the projects are the Green Bank's. He stated that C-PACE overlaps with Commercial PPA projects. Commissioner Smith questioned if there was a decline or an increase relative to what has already been done. Eric Shrago stated that they are relatively on pace with what has been done so far this year.

Eric Shrago discussed RSIP, Residential, and Multi-Family, stating that they are on target with RSIP this year. He also stated that Residential is slightly down regarding Posigen and Smart E. He stated that the pipeline for Multi-Family is not as robust as it has been in the past.

Eric Shrago discussed revenues. He stated that the budget is in line with where they expected it to be. He stated that they are expecting \$3 million to come in from RGGI, but \$2.3 million will be swept.

Eric Shrago discussed the Budget. He stated that overall, they are expecting \$22.8 million in terms of revenue for next year. He stated that they had been projecting \$18.7. He went on to discuss the SHREC tranches. Bryan Garcia stated that the second tranche will be coming into effect. He stated that they are expecting PURA to approve and that they should be able to sell through PPA in July. Commissioner Klee stated that the creation of the SHREC program allowed the Green Bank to negotiate fixed prices for the SHREC Recs. Commissioner Smith questioned if they were comfortable with the numbers. Eric Shrago stated that they are pretty comfortable with the direction and that it is where they would expect them to be. Commissioner Klee stated that they only get paid on recs for the energy produced.

Eric Shrago went on to discuss the expenses. He stated that the expenses are in line with where they projected them to be in terms of sustainability. He stated that the difference is \$17.5 million versus \$15 million. He stated that they budgeted \$2.5 million for funds issuance costs. George Bellas stated that from a cash point of view, they can still spend that money. Bryan Garcia stated that the original budget was \$21 million. He stated that \$17.6 million less the \$2.5 million comes to, \$15.1 million. He stated that they would need to compare against the original budget, not the revised one to see the 27% reduction. He stated that the second column in the current proposed budget would be replaced with the original FY 2018 budget so that a comparison between the original FY 2018 budget and the proposed FY 2019 budget would show the impacts of the sweeps and the restructuring of the organization.

Commissioner Smith questioned where the cost for the employees that are moving to the nonprofit is shown. Eric Shrago stated that that cost is under Program Development and Administration. Commissioner Smith questioned if the nonprofit will pay anything back to the Green Bank. Eric Shrago stated that they have not defined any expectations for them to pay the Green Bank for the next year. He stated that that will kick in in year two, depending on the investments made. He stated that other items are covered down the road. He stated that it will be more of a reimbursement, not income. Commissioner Smith questioned the expenditures to the nonprofit. Eric Shrago stated that \$2.3 million is not going to the nonprofit. He stated that that money is for Program Development and Program Administration.

Eric Shrago discussed the nonprofit budget. He stated that they are still looking to allocate funds. Commissioner Smith questioned the \$5 million from DEEP and if it was reflected in the budget. Eric Shrago stated that it is not in the budget and not part of the expenses.

Eric Shrago discussed the staffing stating that currently, their headcount is 47 and that after the launch of the nonprofit, it will be 39 employees. He stated that they are proposing to convert 2 employees from durational employees to regular employees. He stated that they do have a growing and complex business. He stated that they are focusing on process and technological efficiencies. He stated that they are asking the Board for a 3% merit increase, which they are still staying below other quasi-organizations. Commissioner Smith expressed as long as the cash flow situation and financial stability of the organization is sound in FY 2019, then merit was warranted.

Eric Shrago discussed the core partners/key vendors stating that all have been on the budget previously. Commissioner Klee questioned the expenses. He stated that he would like to be able to compare the difference from previously to now. John Harrity stated that it would be helpful if they could find a way to show the major changes. Bryan Garcia stated that they can include the memo alongside the budget projections with the key bullets by each piece including people, overhead, investments, administrative support from nonprofit, etc.

George Bellas discussed the projected revenues and expenses for FY19. Commissioner Smith questioned how much cash the Green Bank had today. George Bellas stated that they have about \$21 million, but \$14 million will be given to the Treasury. He stated that in Bert Hunter's model, they will have \$9 million coming in from the Webster, Liberty Warehouse.

Eric Shrago stated that they are talking about doing two tranches instead of one for the SHREC Recs. He stated that this is an opportunity to take advantage of those operational efficiencies. Bert Hunter stated that you get access to a more diverse level of investors at a higher issuance. Commissioner Smith questioned the \$9 million from the Warehouse. Bert Hunter stated that they will get an additional \$7 million from the Warehouse in July. He stated that the \$9 million is advanced on tranche one, and they can't advance the

additional monies until the second tranche is signed for by the utilities, which means that they can't draw against that until July. Commissioner Smith questioned if this will be done within the next two months. Bert Hunter stated that they hope to have a draft by the end of the week. He stated that they feel confident. Commissioner Smith questioned what their level of comfort is. Bert Hunter stated that the feasibility of doing two tranches at once is preferred. He stated that in smaller issuances you knock out some of the players that only play at a higher level of issuance. He stated that in terms of \$45 million his confidence level is around 90%, plus.

Commissioner Smith questioned the \$18 million coming in June of 2019. Bert Hunter stated that that is tranche 3. He stated that that assumes that they've done the next tranche by June of 2019 and able to draw against that tranche at that time. Commissioner Smith questioned them owing back \$14 million in state funding in the same month. George Bellas stated that they broke that up into two \$7 million payments.

George Bellas stated that this is preliminary. He stated that in 2018 they buy back the Hannon Portfolio. Commissioner Smith questioned if that is a necessity. Bert Hunter stated that Hannon Armstrong had proposed that they take over the entire portfolio. He stated that that would mean taking the Green Bank's subordinated piece, which goes against their sustainability goals, and robbing the Green Bank of interest income. He stated that the Green Bank can take over the senior piece. He stated that they are comfortable with the risk. He stated that it puts the Green Bank closer to sustainability with more net interest in the portfolio. Commissioner Klee stated that he feels that this is a good move.

## 5. Adjourn

**Upon a motion made by Rob Klee, and seconded by Eric Brown, the meeting was adjourned at 4:20 p.m.**

Respectfully Submitted,

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John Harrity, Chairperson