



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

Minutes – Regular Meeting
845 Brook Street
Rocky Hill, CT 06067

Thursday, December 6, 2018
10:00 – 11:00 a.m.

A regular meeting of the Budget and Operations Committee of the Connecticut Green Bank (the “Green Bank”) was held on December 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 10:01am.

Committee members participating: John Harrity, Rob Klee, Eric Brown

Others attending:

Staff attending: George Bellas, Brian Farnen (by phone), Bryan Garcia, Jane Murphy, Eric Shrago

2. Public Comments

There were no public comments.

3. Approve Meeting Minutes for July 6, 2018 Special Meeting

Resolution #1

Motion to approve the minutes of the Budget and Operations Committee meeting for July 6, 2018

Upon a motion made by Rob Klee and seconded by Eric Brown, the Resolution passed unanimously.

4. FY 2019 Targets and Budget

- Discussion began with Mr. Shrago stating that targets were mostly flat and Residential sector on track for what planned—no changes there. There is a request for changes in RSIP as work is deployment faster in this sector than originally expected.
- Mr. Garcia pointed out tariffs on steel and aluminum or the threat thereof are driving potential clients to speed up delivery and installation. Also, contractors are increasing their prices as their prior margins were so tight and one would think that would drive potential clients to rethink but it is actually encouraging them to proceed with installations now so tariffs may not affect their pricing.
- Further pointed out that PURA needs to speed up their ruling regarding tariffs. There is a new capacity target due to high demand.
- Mr. Klee asked Mr. Shrago if there is a seasonal or cyclable pattern to when new jobs close? To which Mr. Shrago answered that it is not so much seasonal as cyclical. Mr. Garcia pointed out that there is a longer sales cycle for industrial jobs as they may have a longer approval process. Mr. Harrity voiced a concern about how CGB can “crack that nut” better to help companies sign up for green initiatives. Mr. Brown stated CPACE may be limited and will seek to find out why some still hold out.
- Mackey Dykes entered room at this time and discussion regarding CPACE continued. Mr. Harrity wants to try and determine why companies are not jumping on CPACE opportunities. Mr. Dykes stated that the ZREC auction was delayed which held up some of those projects but now those are beginning to move forward. Mr. Dykes went on to say that the broader issue of why there are not more industrial installations under CPACE is the education component; his team is trying to educate businesses, speaking at all types of events they can to educate and draw interest, trying to double-down on contractors so they can determine why some of the commercial installers are not using the program to finance more projects and what barriers there may be. Mr. Dykes hopes increased coordination with the utilities could yield more project. The metrics devised by the Joint Committee will determine what the utility pipeline of larger projects looks like. Mr. Harrity pointed out that companies may be stating that the utilities are already doing green initiatives and that they don’t have to do anything to which Mr. Dykes stated they are hearing a lot of that. Mr. Klee pointed out that the utilities also have different goals.
- Mr. Dykes stated that solar drives a lot of our projects and there is a market for energy efficiency just for that however all the risk is on the building owner. Mr. Dykes said staff was in the early stages of determining the viability of performance insurance. Mr. Brown stated that the installation of solar is that it will cost less than the savings they will receive on a monthly basis from energy costs—are they looking for insurance to insure that? Mr. Dykes stated that once solar installation completed the “expected” energy savings is to exceed cost but there is no guarantee that will materialize. Mr. Brown asked if projects are not going forward because of this cause? Mr. Dykes is not certain but there are not a lot of complaints Mr. Dykes stated the tracking of ongoing projects to determine trends and obtaining feedback from owners is the next step in finding out what is driving companies to not go forward.
- Mr. Klee pointed out the prior effort to segment marketing to certain industries like car dealerships, boat marinas and mid-size shopping strip malls. These are more streamlined and we should work on and plan to win these types of projects. Mr. Dykes agreed that marketing to car dealerships was a great idea and also coordinated with non-profits to market solar assessments. Not a lot of traction on these

however and may be spread too thin. Mr. Dykes stated if anyone has any suggestions to address these issues to please bring them to his attention. Mr. Harrity stated they will keep all this in mind.

- Mr. Shrago talked about the previous inaccurate pricing for the Solar Home Renewable Energy Credits (SHREC's). It was also a slightly rainier year than planned which also affected the REC's. The CGB overbudgeted what the price was going to be; the volume was good, but price variance affected the bottom line. Looking forward, the prepared price estimate is secured at \$20 so CGB will be more comfortable to not overestimate income.
- Mr. Shrago pointed out that CGB spending more but not on staff. To ensure properly working SHREC meters, they are being replaced incurring more costs. CGB is looking to spend \$57,500 to attract investment from regular citizens to which Mr. Harrity thought people should be enthusiastic about. Mr. Shrago stated that they will issue an RFP for a company to handle the marketing and bond issuance. The purpose being the co-investing by regular citizens with a \$200-\$300 per bond investment. Mr. Garcia reviewed that small investors would be able to invest in future endeavors of CGB. Mr. Harrity recalled receiving US Savings Bonds as kids and feels that these small bond investments in green initiatives will be "snapped up" but pointed out that the \$300 may be harder to reach than amounts of \$200-\$250.
- Mr. Brown was putting his skeptic hat on voicing concern about increased compensation costs as noted in the budget report. Mr. Garcia pointed out that the compensation should be a wash and may not be reflected that way in the report. Further, the newly formed Inclusive Prosperity Capital (IPC) should lower CGB expenditures due to CGB carrying personnel costs when IPC first spun off; putting a narrative to the adjustment for the IPC salary and benefit expenses and notation/adjustments will be made for the next Board meeting. Mr. Shrago noted that some funding cutting in to marketing budget but CPACE budget going forward with marketing plans. Mr. Garcia said team would make a graph of current year and prior year and define the IPC changes and note narrative.

Resolution #2

RESOLVED, the Budget and Operations Committee recommends the Connecticut Green Bank Board of Directors approve the fiscal year 2019 budget and target adjustments outlined in Attachment A.

Upon a motion made by Rob Klee and seconded by John Harrity, the Resolution passed unanimously.

Issue still under discussion as Mr. Brown stated the resolution goes right to the numbers under Residential solar and Catherine [Smith] will have her eagle eyes on it. Mr. Garcia stated the team will work on updates [for the next Board meeting] in accordance with suggestions from the Budget & Operations Committee.

- Mr. Shrago advised the Committee that the Stamford and Rocky Hill leases are up in year 2020 and his team has begun reviewing real estate options in both areas looking for commercial property with green initiatives and close to public transportation to meet the needs of personnel in both offices. CGB has issued Requests for Proposals (RFP's) and has received 13 responses. Mr. Shrago feels that being out in front of this so early in process will permit CGB to find the best options and his plan is to bring presentation to the Board by early spring. Mr. Brown asked if the plan is to keep two offices and Mr. Shrago answered affirmative. Mr. Klee pointed out that Stamford is in the heart of the city and easily accessible to public transit however, both Mr. Shrago and Mr. Garcia pointed out that the heat/AC does

not work properly in that location and the employees are open to moving. Mr. Harrity joked that Essex on the shore would be good.... Mr. Brown voiced that the PURA facility may be an option as well. Mr. Harrity asked that the Committee be kept apprised of this review.

5. Adjourn

Upon a motion made by Rob Klee and seconded by Eric Brown, the Committee unanimously agreed to adjourn meeting at 10:55 a.m.

Respectfully submitted,

John Harrity, Chairperson