



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

Friday, January 10, 2020  
2:00 – 3:30 p.m.

A regular meeting of the Budget and Operations Committee of the **Connecticut Green Bank (the “Green Bank”)** was held on January 10, 2020 at the office of the Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT, in the Colonel Albert Pope Board Room.

Committee Members Present: Eric Brown (on phone for first half), John Harrity, Michael Li (phone, in place of Mary Sotos), Lonnie Reed

Committee Members Absent: None

Staff Attending: Brian Farnen, Bryan Garcia, Bert Hunter, Jane Murphy, Selya Price, Cheryl Samuels, Ariel Schneider, Eric Shrago

Others present:

**1. Call to Order**

- John Harrity called the meeting to order at 2:07 pm.

**2. Public Comments**

- No public comments.

**3. Meeting Minutes from June 12, 2019**

**Resolution #1**

Motion to approve the meeting minutes of the Budget and Operations Committee from June 12, 2019.

**Upon a motion made by Michael Li and seconded by John Harrity, the Budget and Operations Committee voted to approve Resolution 1. None opposed, Michael Li abstained, all others approved. Motion approved.**

#### 4. FY 2020 Targets and Budget

- Eric Shrago summarized the proposed revisions to the FY 2020 Targets. He stated that overall everything is in line with the goals set last spring. The Board of Directors will receive an update to the progress on targets at their next meeting. He pointed out a few changes:
  - In the Investment Business, 1 project is being removed: a CPACE-backed multifamily project that is no longer going to happen. The Green Bank is also increasing its targets due to new third-party C-PACE projects with third-party lenders. He stated it isn't Green Bank money but per methodology, it will be included.
  - Regarding Incentive Programs, the Green Bank is still on target with RSIP. Eric stated one notable change is that although the Green Bank was approved for the Electric Efficiency Partners Program and the program itself was proposed, the docket is now on hold. Due to that hold, that is removed from the target since it cannot be completed before end of year.
    - Bryan Garcia clarified that PURA designated the Green Bank as a Partner, but what DEEP and PURA wanted to do was to move the battery storage discussion under the grid modernization discussion. There is currently an equitable grid modernization docket open for public comment. It's been a comprehensive process in terms of receiving feedback, so he is cautiously optimistic that the Chair of that docket will see a future in battery storage. The Green Bank just doesn't have a timeline currently.
    - John Harrity asked if the program was approved immediately, could the program be running before end of fiscal year. Selya answered that it would be unlikely. Although the Green Bank has enough RSIP staff that will work on this program too, if it was immediately approved then work may start before the end of fiscal year, because those staff have already planned on covering the program. Eric Shrago further clarified that the Green Bank could effectively develop the guidelines and start the program but said there is no expectation projects will be started before the year end.
    - Lonnie Reed asked for examples of how regular people will be able to understand the benefits. Bryan stated the Green Bank has commented on proposed legislation and suggested coming up with 3 talking points on how ratepayers benefit from battery storage. He also stated the Green Bank is doing an analysis now to develop that.
- Eric Shrago corrected some math in the final summary. Due to the third-party CPACE projects, the Green Bank is aiming to require approximately \$296,910,000 instead of the presented \$289,400,000.
  - Bryan Garcia noted the high volume of CPACE projects and its benefits. He also noted that the Green Bank is ahead of its 50% midway target currently.
- Eric Shrago noted the low variance between the budgeted and actual revenue for RGGI projects based on the Green Bank's receipts. As well, the REC Sales have a positive variance from the original budget due to increased sales and a higher clearing price. He noted the same trends for LREC and ZREC Income, and that the Green Bank is approximately \$500,000 ahead of projections.
  - Lonnie Reed asked if RGGI revenues were decreasing. Eric confirmed that it was in the past, but it's been rebounding as of late.

- Eric Shrago summarized the Overall Changes to Expenses.
  - In the Incentive Business: The Green Bank is requesting a total of \$1,900,000 in additional expenses which is mostly for bond issuance costs, and that is likely an overestimation. The cost wasn't included in original budget because originally the hope was to amortize the bond issuance costs over the life of the bond, but between that plan and now, it turns out that amortizing isn't an option and it must be realized and paid up front. Jane Murphy stated that it's because of the GASB Pronouncement for Government Entities, which the auditors made us aware of. Lonnie Reed stated it sounded like a better plan to pay it up front.
  - Eric continued to say that the bond issuance costs is the biggest increase. The estimation is put together based on legal and banking fees from previous projects. The Green Bank accessed asset backed security markets, but this time it'll go through municipal markets, which should result in lower fees, and it's likely to come in below the \$1,900,000 estimation.
- Eric Shrago continued with other expenses for the Incentive Business which are all cost recoverable:
  - \$75,000 associated with Lamont Financial, which is Bob Lamb's consultancy, is being moved from the financing programs. It should be cost recovered because it is related to funding RSIP.
  - \$80,000 added related to consulting. The Green Bank wants to be able to supplement our staff if something occurs, so those expenses would be covered by that. It also covers engineer related issuances due to slightly higher SHREC engineer issues as of late, which caused us to rely on more third parties.
    - Bryan Garcia stated the Green Bank works with a company, DNV, that looks at actual production, and they give an independent analysis and overview on the risk of these kind of investments.
    - Lonnie Reed asked where the DNV headquarters are located. Eric Shrago stated he was not entirely certain but they have a local branch, and clarified they are a well-respected name in solar engineering.
    - John Harrity asked if the company physically looks at meters, etc. Eric stated they look at the paperwork and then physically sample a subset. The Green Bank staff feel confident with their capabilities.
    - Lonnie Reed asked if DNV has done community solar projects before. Eric clarified that this is just for rooftop residential solar projects.
  - \$85,000 added in Marketing, related to sale of Mini Green Bonds.
  - \$190,000 added in additional legal expenses related to security a credit facility backed by the tranche 3 systems.
- Eric stated the Green Bank is making cuts on evaluation, measurement and verification (EM&V) for incentive programs, including about \$75,000, that is not needed for some of the extensive work with Navigant and the GIS project with Kevala coming up.
  - Bryan Garcia stated the Green Bank could back those costs down until we really know what is needed, then bring them back up when we have more information.
  - Lonnie Reed asked about the special RFP projects the Green Bank will be receiving. Eric clarified that those expenses depend on what is presented. He clarified that if someone presents a standard project, it probably won't require too many new expenses, such as for a new fuel cell project. And the Green Bank would ultimately go to the Board for those expenses if they were out of the ordinary. There's also that if we announce the RFP, the Green Bank will probably get some responses, but he doesn't expect the actual expenses would be needed before the next fiscal year.

- Eric Shrago summarized progress with the Mini Green Bonds. The Green Bank is still on target for the 4/22/2020 launch. Currently working with bankers, lawyers, and marketers to spread the word in the community as much as possible. He is open to any suggestions to increase engagement though.
  - John Harrity asked if there is there a replacement for Craig Connolly. Eric stated no, but he has taken a more active role in overseeing the Marketing team for now. The Green Bank is still figuring out the structure and is currently relying a bit more on external parties but isn't incurring many more expenses which is working for now. He is putting together a more strategic direction for this calendar year. John stated that he imagines Craig would have been assigning many of those tasks anyway, so that isn't the worry, but stated the need for someone set to oversee the strategy.
  - Bryan Garcia stated the staff are really stepping up to oversee the creative opportunities. Eric noted they even put to our attention a vendor who puts together a portal for green bonds investors. The Green Bonds US website is a result of that. He also noted that the marketing team is working to get some artwork for the bonds and for more campaigns. Bryan stated they are drawing inspiration from the WW2 posters and trying to bring it into a modern setting.
- Eric Shrago summarized the Investment Business and General Operations changes.
  - \$30,000 additional expense for PPA funds. He clarified it was never separated out in the past but will be going forward.
  - \$16,000 expense for dues to support the Green Bank network and other organizations that benefit the Green Bank mission. He clarified that many of the memberships end up paying for themselves from grants and other financial benefits that the Green Bank receives only because it is a member. Bryan noted that Selya Price and the team have been very effective at winning Sunshot grants and others.
  - \$10,000 expense increase for Smart-E Inspections. Eric stated the Green Bank hasn't spent much so far but expect to see more expenses for inspections specifically related to the Smart-E IRB and renewable heating and cooling. That information will be presented to the Board at the next meeting. They already approved the funds allocation, but the design will be coming soon.
  - \$55,000 expense reduction in EMV expenses for various reasons.
  - \$20,000 expense increase in R&D. A couple cuts were made within that budget but still looking to reallocate those funds to launch new programs. Bryan clarified a project was missed with the original budget related to carbon offsets. The Green Bank developed an international standard for carbon offsets based on location. Now the organization is preparing a pilot that will try to aggregate charging stations carbon offsets. He stated Matt Macunas made major progress in the and this could play a part in the Transportation Climate Initiative.
    - Eric Brown asked if some of the budget is going to helping to fund and finance charging stations. Eric Shrago clarified the Green Bank is not funding stations through this program. This is about how to credit someone for having installed it and how to monetize the credit. He stated if someone installs the charger, they may want to know if they can sell the assets from it, and how is that determined. The Green Bank worked with consultants to develop that criteria and is now working to move it from the theoretical to something within the market. Eric Brown stated he understood and is just trying to understand the transition from the traditional Green Bank role to the newer mission statement. He stated he is worried that the Green Bank is headed away from its original mission

and moving towards only being focused on climate rather than getting renewable energy to businesses. Bryan Garcia clarified the definition of clean energy that Green Bank uses from its enabling statutes includes alternative fuel vehicles and associated infrastructure, such as natural gas or hydrogen refueling stations, so this is research is trying to find another source of revenue that isn't being captured. For example, Yale wants to offset their emissions campus wide and are looking to buy credits and do more research on a national level. He stated the Green Bank is serving as an aggregator of revenue, and then using that revenue to reinvest it elsewhere by looking for sources outside of ratepayers and taxpayers.

- Eric Shrago continued to note an additional \$120,000 related to incentive business (\$29,378) and investment businesses (\$95,622) to cover architects or engineers helping design a space as part of the office move. He notes the estimate of this cost was calculated after talking to brokers, CI, etc.
  - John Harrity asked when the lease ends. Bryan answered the end of calendar year. John asked if the Green Bank has begun looking at properties. Bryan noted it is the next topic to discuss and suggested holding the vote on Resolution 2 until after the office move discussion.
  - Eric Shrago noted the additional expenses are about \$40,000, additional revenue is about \$350,000, and therefore the net gains are about \$310,000. John said the committee would vote on the budget first.
- Eric Brown asked how many votes were needed to pass the motion. Bryan Garcia clarified 3 of 4 present.

## **Resolution #2**

**RESOLVED**, the Budget and Operations Committee recommends the Connecticut Green Bank Board of Directors approve the fiscal year 2020 budget and target adjustments outlined in Attachment A.

**Upon a motion made by Lonnie Reed and seconded by John Harrity, the Budget and Operations Committee voted to approve Resolution 2. None opposed, Eric Brown abstained, all others approved. Motion approved.**

## **5. Update on the CGB RFP for Office Space**

- Eric Shrago summarized the current office leases, spaces, and staff for the Rocky Hill and Stamford locations. Both leases end on 12/31/2020.
- Bryan Garcia spoke about the vision for the new office. He stated the Green Bank has always been in Rocky Hill, for basically the last 2 decades including when it was the Clean Energy Fund. Connecticut Innovations (CI) is leaving their office and moving to into 2 offices as a smaller one in Hartford and their primary office in New Haven. In terms of the Green Bank, years ago there was a debate on opening an office in Stamford, but in order to attract finance talent, there was a strong need for a presence there, and as it is now, the Green Bank Finance specialists are primarily in Stamford, and that is where they will stay once a new lease is sorted. As far as Rocky Hill, The Green Bank wanted to be a part of the community revitalization, and Rocky Hill has always had a lot of growth but moving to Hartford and being closer to stake holders is

important to the Green Bank mission. He also noted that as far as sustainability, he feels the Green Bank should be the exemplars. Though it is great to have the EV rechargers currently and the property owners did discuss upgrades through CPACE, they have not taken any action. The Green Bank wants to find a place that represents its values and leads the image of sustainability.

- Eric Shrago summarized the current progress in finding new office spaces. The Green Bank initially issued RFPs to property owners. Much of the information that came back just didn't suit the Green Bank's needs. As well, combing looking them all to compare was very difficult. The Green Bank then issued an RFP for a broker and ultimately selected CBRE. CBRE utilizes great proprietary technology and their team is aligned with the Green Bank's goals, so it was a good fit. The Green Bank started to work with them over the last 6 weeks to analyze commutes, survey buildings, and in the end validated that Hartford would not severely impact most employee's commutes. Eric stated he and some others recently went on a large tour of locations in Stamford and will be doing so in Hartford to physically look at buildings and spaces. He noted there seems to be many options but finding the right space may be a challenge.
- Eric Shrago reviewed the costs comparisons to other state agencies. Bryan Garcia noted that in terms of the State, there were a few large renovation projects and building purchases made in the last few years that were being looked at. Eric stated he asked about the buildings on Columbus, but the space is very limited and was unaware of what has been committed or not. He is waiting on definitive answer but noted it probably won't work out. Bryan stated in general, there is a premium in comparison to what the State pays, and the Green Bank wants to be comparable to what the state is paying for space in Hartford. If any renovations are needed, will aim to be lower in cost since the Green Bank won't own the building, but the renovations will still allow it to be a leader in innovation, sustainability, and green energy.
  - John Harranty asked if the Green Bank is looking at East Hartford. Eric Shrago stated no, but it's because the commute variances drastically increased when crossing the river. Bert Hunter noted the benefits of being in proximity to other agencies is high. Being able to move freely especially during legislative sessions is key, and that means being in Hartford.
- Eric continued regarding Stamford, there is currently about 4,000 square ft, the building is older, and on its third or fourth owner in 4 years. Bert Hunter stated the building is very old and it needs a lot of renovation to be up to par with the Green Bank's goals. He stated the previous owners expressed minimal to no interest in investing in energy efficiency in the past. Eric stated new office spaces being considered should have a more efficient footprint without drastic cost increases. Bert Hunter noted the lease cost has been increasing consistently each year, but it would be unrealistic to expect anything too close to the existing rent per square foot being paid because of the low starting cost when the Green Bank first signed the lease. Eric stated there are a few options being considered that are a smaller area or flexible working spaces. Two to three spaces have been looked at so far but are making every effort to be thorough.
- Eric Brown asked if there is a timeframe for the move. Eric Shrago summarized the current timeline, which includes lease negotiations beginning in March, lease negotiations finalizing in May, buildout designs being finalized in June, the buildout beginning, purchasing furniture, and issuing RFPs for AV Services in July, carrying through until the final move in by 12/31/2020. Currently the team is doing property tours to narrow down which spaces are worth serious consideration.
  - Then an RFP will be issued for an architect and pending on the space, they may not be needed. But it is better to have it in case it is needed.

- Eric noted there is a group of staff volunteers from each department who will also go through to look at spaces, keeping their department's needs in mind.
- In March we need to be more serious about the Rocky Hill lease than Stamford, since about 10 months will be needed to complete the move, versus 6 months for Stamford.
- Bert Hunter asked if there will be build out allowances for improvements offered by the landlords. Eric clarified yes, but specifics will need to be determined based on the property owner. In Stamford, many of the spaces are prebuilt but may have allowances.
- Bryan Garcia asked what the term of lease is. Eric stated the longer the lease, the more allowances there will likely be to build. Many of the Stamford property owner comments were related to needing longer leases.
- Lonnie Reed asked if there any competitive advantage to having an entity status and over a start-up company. Eric noted that landlords are eager as they view the Green Bank as an entity of the State. One managing agency even wanted to talk about Green Bank services and was interested in solar and renewable energy. Another building is a CPACE building already. Ultimately hoping to have all vendors and buildings selected by end of fiscal year (June 2020) so the build out can start and move for calendar year end. The full lease will be presented to the Board for review and approval at the meeting in April.
- Bryan Garcia asked if the lease negotiations are something that should be done in Executive Session. Eric stated he knows that CI granted staff authority to negotiate up to a certain value, but it may be better to do it in Executive Session, as we don't want the property owners to know the Green Bank's upper limit.
- John Harrity asked how feasible it seems to be to follow the timeline. Eric Shrago notes that CI has seen several challenges that have caused a few delays, but the building manager has been flexible to allow them to stay, so he hopes they will be as flexible with the Green Bank if it comes down to that. The expectation is that the buildout will not take long though.
- Eric Brown asked if the team has talked with Mayor Luke Bronin at all. Bryan responded no, but it is a great idea. Eric Brown noted the city is redeveloping certain areas for manufacturers. Lonnie Reed noted it may be good to sit down with the Mayor to get him excited. Eric Shrago suggested doing the same in Stamford.

## 6. Adjourn

**Upon a motion made by Lonnie Reed and seconded by John Harrity, the Budget and Operations Committee Meeting adjourned at 3:25 pm.**

Respectfully submitted,

---

John Harrity, Chairperson