



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

Wednesday, June 10, 2020
2:00 – 3:30 p.m.

A regular meeting of the Budget, Operations, and Compensation Committee of the **Connecticut Green Bank (the “Green Bank”)** was held on June 10, 2020.

Due to COVID-19, all participants joined via the conference call.

Committee Members Present: Eric Brown, John Harrity, Michael Li, Lonnie Reed

Committee Members Absent: None

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

Others present: None

1. Call to Order

- John Harrity called the meeting to order at 2:03 pm.

2. Public Comments

- No public comments.

3. Meeting Minutes from May 13, 2020

Resolution #1

Motion to approve the meeting minutes of the Budget, Operations, and Compensation Committee from May 13, 2020.

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

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4. Changes in Bylaws Impacting the Committee

- Bryan Garcia reviewed the redline changes to the bylaws. The changes include some best practices from other quasi-public agencies and comments from audits of other organizations.
 - A new Treasurer position to be elected by the Board of Directors. Other bylaws included a Treasurer, and given the upcoming bond issuance, it was determined that a Treasurer would be beneficial for the general financial oversight of the Green Bank.
 - A change in this committee's name to include Compensation as part of its responsibility. Though some quasi-public agencies have their own stand-alone Compensation committee, it felt appropriate for the Green Bank to incorporate it into the existing Budget & Operations Committee.
 - The Budget, Operations, and Compensation Committee will gain additional responsibilities, including the adoption of a formal compensation philosophy, an annual review of compensatory time, and annual review of reimbursable education assistance.
- John Harranty asked if there had been any issues in past regarding compensation time or educational assistance at the Green Bank. Bryan Garcia clarified that for compensation time, he doesn't believe there is an issue. Director positions and higher don't receive compensation time, and other employees need approval from the Directors. For education reimbursement assistance, the Green Bank will continue reviewing what is been reimbursed. Again, he doesn't believe there are any issues, but that is the importance of the review. Eric Shrago agreed and stated many staff have finished their degrees and goals recently, and the Green Bank policy is pretty generous.
- John Harranty urged the committee members to review all documents and forward any questions to Bryan Garcia before the next Board of Directors meeting on June 26.
- Eric Brown asked if the reports about what is found from the reviews have to be sent anywhere or kept on file and what happens to the data once its collected. Bryan Garcia stated this would be the first time the Green Bank collects and reviews the information, and it would likely be presented as a memo to the Board at the September meeting, and then reported on an annual basis going forward.

5. Succession Plan

- Bryan Garcia reviewed the history of the Succession Plan. Typically, the Audit, Compliance, and Governance Committee is responsible for Succession management. The info was presented to the ACG Committee, and it has been made a key focus of the Green Bank to retain the best and brightest. This previous Succession Plan worked well: in the last 3 years, 6 of 11 senior management transitioned, so the plan helped tremendously during those times. The Proposed Plan is the third, an update to the second plan, and includes an extensive amount of information and analysis.
- The Senior Team continues to be motivated by non-compensation benefits and goes above what is expected, even with the impacts from COVID-19.
- The Plan's findings include that the Green Bank's lack of current successors is an issue that needs to be addressed, though there is strong leadership potential. It is likely that in 2-5 years those employees will be appropriately prepared. As well, National elections might have an impact on senior staff, as the results of the 2020 election may cause them to transition in support of the U.S. Government.

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- In terms of how the Succession Plans related to the BOC Committee, there are 4 main points which include discussion of the compensation, benefits, development, merit, and promotion pools and wanting to develop a system of compensation that was internally equitable and externally competitive.
- John Harrity asked without the formal analysis, but based on personal knowledge, if it seem as though Green Bank jobs are externally competitive currently. Bryan Garcia expressed concern that a great rising star group was built, but local businesses may be offering 25% more with bonuses which may be more attractive to them. Therefore, the goal is to provide professional development so employees feel satisfied. John Harrity also asked if there has ever been any discussion about a senior executive recruitment policy for people who are at the end of their career who want to help the Green Bank directly before they fully retire. Eric Shrago commented that the Green Bank attracted some of the talent it has now by doing just that without it being a formal system but noted it may also compete with the goal of moving lower level people up through the organization given the investment in them. He noted the need to look at on a case by case basis. Bryan Garcia also commented that the ACG Committee suggested keeping in touch with individuals who reflect the Green Bank's interests, ideals, and are not be shy about trying to recruit them as appropriate.
 - Lonnie Reed added that it is good to keep an eye on the full spectrum of opportunities which can be difficult but is so useful.

6. FY2021 – Expenses (Staffing, Incentive Programs, and General Operations)

- Eric Shrago reviewed the Staffing Plan changes from FY20 to FY21. Changes include 2 new positions in addition to 4 from FY20 that weren't filled. The systems and processes that the proposed Residential Asset Manager would manage are technical and complex, so having someone focused in on those would help make sure that everything run smoothly.
 - John Harrity asked if it was likely that one or both would be filled internally. Eric Shrago answered that they both could be filled internally, and conversations have begun with candidates, but they haven't been finalized yet. Bryan Garcia also commented that the Special Advisor to the President and CEO position may be held for Selya Price, who is looking to resign from her position, but her knowledge, skillset, and experience is invaluable to the Green Bank so if she can be retained in a new position, that would be the best outcome. The other, being an important technology and policy position, it would be ideal for current employees to apply, but are conducting an external search as well to be thorough. John Harrity commented that it seemed the Special Advisor position would be hard to be effective at if filled by someone new to the Green Bank. Bryan Garcia agreed and said if Selya Price decided not to take it, then it would be eliminated.
 - Eric Shrago explained that for the battery storage program, the Green Bank is seeking an additional 3 to help with the implementation and management of it. So, the positions are contingent upon the battery storage program even being approved for the Green Bank in the fall. Bryan Garcia added that right now PURA is running the docket which includes battery storage among other topics, and that the Green Bank is putting together a design to submit which will be considered. It may be funded through the older grid modernization plan, which is the current contingency plan.
 - Eric Shrago also pointed out that the Director of Multifamily Housing Programs

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position has been eliminated and rolled into the responsibilities of Inclusive Prosperity Capital.

- In summary, FY21 is has a higher Staffing Budget of \$4.7 million in comparison to FY20's \$4.1 million, but the merit pool is not to be used while the COVID-19 changes and disruption is in place. John Harray asked where the variance is coming from. Eric Shrago answered that the new and contingent employees. Bryan Garcia suggested bringing more clarity to the variance with a more detailed breakdown.
 - Eric Brown asked if the positions that are characterized as being used to attract more customers to the Green Bank, if any of the payment for those positions is contingent on the actual results of their efforts, such as a commission-based model. Eric Shrago noted that building pipelines had been attempted before through external companies, but it never really panned out. Paying on a per-deal basis or through bonuses has not worked for the Green Bank, so it isn't being considered at this time. The Committee discussed the possibility of a commission-based plan for the position including some of the benefits and downsides of it. Eric Shrago said possible models can be investigated.
- Eric Shrago reviewed the FY21 Incentive Program expenses. Most changes are due to the possibility of the battery storage program. Some is recoverable through RSIP and some through PURA. Overall differences to highlight include compensation changes due to Selya Price and the 3 positions discussed earlier and the move of some expenses into the Incentive Programs budget as deemed appropriate. Bond issuance costs have been included in case the issuance isn't started in FY20, but they are lower than previous estimates.
- For FY21 General Operation expenses, the overall budget has decreased, and it is noted that some expenses are allocated out to other programs. There is a drastic decrease in the Research and Development budget from \$310,000 to \$71,000 (\$40,000 is not shown in the presentation due to a recent change as to that money's allocation).
- For FY21 Marketing expenses, most changes are from rebranding efforts along with a push to develop stronger relationships with companies directly instead of only through programs specifically. Parts of the budgets from individual programs have been moved to Marketing for those opportunities that are being led by the Marketing team.
- For FY21 Other Operating Expenses, changes are mostly due to depreciation and insurance increases.
- For FY21 Capital, the increased budget is due to the offices moving.
- The Committee then discussed potential concerns about suspending energy bill payments from CT following RI's lead to do so, which would impact the Green Bank's income streams. Eric Shrago said he would include the revenue projection in the mailing for the next meeting where they would be reviewed briefly.
- The final budget updates will be mailed for the BOC Committee meeting on June 16, 2020.

7. Update on Office Space Search

- Eric Shrago summarized that the selections for the Rocky Hill office are narrowed down to the current location and 75 Charter Oak Ave in Hartford at the CT Non-Profit Center. For the Stamford office, the best choice is 700 Canal Street, 5th Floor, in Stamford. The team is building towards final recommendations next week.
- Eric Brown asked if there is any opportunity to indicate the Green Bank's presence externally on the building, whichever is selected. Eric Shrago said it has only come up

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for one property, but it didn't pan out. He said it can be discussed, but the buildings have a lot of connectivity to the communities in their areas, so even if not, then there may be an opportunity to build connections through that network. John Harrity commented that a visual marquee, especially in Hartford, should be pursued as it could be a great benefit.

8. Adjourn

Upon a motion made by Eric Brown and seconded by Michael Li, the Budget and Operations Committee Meeting adjourned at 3:32 pm.

Respectfully submitted,

John Harrity, Chairperson

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