



Budget and Operations Committee

Meeting Date

May 13, 2020





Budget & Operations Committee

John Harrity, Chair

President, Connecticut State Council of
Machinists

Eric Brown

Senior Counsel, CT Business & Industry
Association

Mary Sotos

Senior Policy Advisor of Energy, DEEP

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May 5, 2020

Dear Connecticut Green Bank Budget and Operations Committee:

We hope your spring is going well. We have a meeting of the Budget and Operations Committee scheduled for Wednesday, May 13, 2020 from 2:00-3:30 p.m. This meeting will be held online.

On the agenda we have the following items:

- **Meeting Minutes** – review and approval of the meeting minutes for January 10, 2020.
- **FY 2021 Comprehensive Plan and Budget** –we are still working through the organization’s budgets with the team and are making good progress. We are using our discussions from the last strategic retreat to guide our target setting. We thought that we would focus our discussions at this meeting on the following items:
 - a. **Targets** – given the uncertainty we see across the economy at the moment, we are proposing a range for our targets that encompass both what we see as the most optimistic scenario in the current condition that ranges down to a more moderate scenario. We look forward to discussing these targets with you.
 - b. **Revenues** – we will present the initial round of the FY 2021 revenue budget for discussion.
- **Update on the office space search** – As you are aware, our current leases in Stamford and Rocky Hill expire at the end of 2020. We have narrowed the search to a few leading options that meet our goals for being in a space that is economical and aligns with our mission. At this meeting we will discuss our process in preparation of bringing recommendations to the committee to review at their next meeting.

If you have any questions, comments or concerns, please feel free to contact us at any time. We look forward to seeing you next week.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bryan Garcia".

Bryan Garcia
President and CEO

A handwritten signature in blue ink, appearing to read "Eric Shrago".

Eric Shrago
Managing Director of Operations



AGENDA

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

Wednesday, May 13, 2020
2:00-3:30 p.m.

Staff Invited: Mackey Dykes, Brian Farnen, Bryan Garcia, Selya Price, Bert Hunter, Jane Murphy, and Eric Shrago

1. Call to order
2. Public Comments – 5 minutes
3. Approve Meeting Minutes for January 10, 2020 Regular Meeting* – 5 minutes
4. FY 2021 – Budget and Targets** – 70 minutes
5. Update on Office Space Search – 10 minutes
6. Adjourn

*Denotes item requiring Committee action

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

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(For supported devices, tap a one-touch number below to join instantly.)

United States: +1 (571) 317-3122

- One-touch: tel:+15713173122,,353002205#

Access Code: 353-002-205

Next Regular Meeting: Wednesday, June 10, 2020 from 2:00-3:30 p.m.
Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT



CONNECTICUT
GREEN BANK

Budget and Operations Committee Meeting

May 13, 2020



Budget and Operations

Agenda Item #1

Call to Order

Budget and Operations

Agenda Item #2

Public Comment

Budget and Operations

Agenda Item #3

Approve Meeting Minutes

Budget and Operations

Agenda Item #4

FY 2021 Comprehensive Plan – Budget and
Targets

FY21 Budget Plan



TODAY

1. Program Proposed Targets
2. Revenues
3. Office Space Update

NEXT MEETING (6/10)

1. Expenses
2. Office Space Recommendation
3. Cash Flow
4. Balance Sheet Activity & Projections
5. Investments
6. Bond Issuance and Capital Resources
7. Budget and Target Recommendation



Results to Date



	FY2012-2019	FY2012-2020 Target	FY2019	FY2019 Target	FY2020 YTD	FY2020 Target
Years		8	1		0.75	1
Projects	42,165	43,693	12,240	7,748	8,080	9,130
Capital	\$1,666,392,177	\$ 1,681,246,015	\$ 332,604,163	\$ 258,917,500	\$ 250,962,187	\$ 299,575,000
Capacity	354.9	391.7	67.7	72.3	63.8	76.3
CO2 avoided (tons)	319,640		45,842		46,337	

REFERENCES

1. CGB KPIs in Data Warehouse FY 2020 YTD – through May 8, 2020

Proposed FY21 Goals

Overall¹



	FY 2021 Proposed					
	Projects		Capital Deployed		Capacity	
	Min	Max	Min	Max	Min	Max
Financing Programs Total	1,711	2,150	\$ 46,231,870	\$ 63,667,550	12.0	20.0
Incentive Programs Total	3,224	5,106	\$ 89,460,000	\$ 146,740,000	26.0	42.0
Green Bank Total	4,726	6,887	\$ 130,961,320	\$ 202,137,640	36.9	60.1

- Staff is presenting a range for targets due to current uncertainty in the market
- Ranges go from worst to best case
- New EV Pilot

REFERENCES

1. CGB KPIs in Data Warehouse FY 2020 YTD – through May 8, 2020
2. Totals are adjusted to prevent the double counting/overlap of projects across programs (i.e. Smart-E and RSIP)

Proposed FY21 Goals

Financing Programs¹



	FY 2021 Proposed						FY 2020 actuals through 3/31		
	Projects		Capital Deployed		Capacity		Projects	Capital Deployed	Capacity
	Min	Max	Min	Max	Min	Max			
CPACE	33	48	\$ 15,200,000	\$ 23,300,000	5.3	7.1	39	\$ 17,884,588	5.5
PPA	30	58	\$ 4,000,000	\$ 6,800,000	6.2	11.7	19	\$ 6,250,220	0.6
SBEA/BEA	1,203	1,203	\$ 20,440,000	\$ 20,440,000	-	-	471	\$ 8,402,867	0
SMART-E	270	540	\$ 3,564,000	\$ 7,128,000	-	-	555	\$ 7,831,958	0.7
Low Income Solar for All (PosiGen)	177	304	\$ 4,302,870	\$ 7,414,550	1.2	2.0	466	\$ 11,830,385	2.9
Multi-Family Pre-Dev	-	1	\$ -	\$ 60,000	-	-	4	\$ 998,036	0
Multifamily Term	2	2	\$ 225,000	\$ 225,000	0.1	0.1	12	\$ 4,010,936	1.66
Multi-Family Health and Safety	-	1	\$ -	\$ 100,000	-	-	1	\$ 47,218	0
Strategic Investments	-	-	\$ -	\$ -	-	-	4	\$ 3,892,267	0
Financing Programs Total	1,711	2,150	\$ 46,231,870	\$ 63,667,550	12.0	20.0	1,564	\$ 56,644,753	11.16

- CPACE decreased activity
- PPA includes state and Municipal pipelines
- Green Bank to provide a financing solution for Eversource for BEA
- Smart-E, Posigen success depends on how comfortable homeowners are letting people into their homes
- Multifamily has a severely impacted pipeline
- Many opportunities for strategic investments (SCEF, Battery Storage)

REFERENCES

1. CGB KPIs in Data Warehouse FY 2020 YTD – through May 8, 2020

Proposed FY21 Goals

Incentive Business¹



	FY 2021 Proposed						FY 2020 actuals through 3/31		
	Projects		Capital Deployed		Capacity		Projects	Capital Deployed	Capacity
	Min	Max	Min	Max	Min	Max			
Residential Solar	2,824	4,706	\$ 85,920,000	\$ 143,200,000	24.0	40.0	6,406	\$ 190,014,929	53.0
EEPP-Battery Storage	400	400	\$ 3,540,000	\$ 3,540,000	2.0	2.0	-	\$ -	-
Incentive Programs Total	3,224	5,106	\$ 89,460,000	\$ 146,740,000	26.0	42.0	6,406	\$ 190,014,929	53.0

- Expectation of continued RSIP growth in FY21 as installers push for the rest of the incentive. The speed of the growth depends on homeowner comfort in allowing access to homes.
- Green Bank has proposed prior, using the EEPP to support a new battery storage incentive program for existing RSIP customers. Green Bank is submitting under docket 17-12-03 a response to a Request for Program Design (RFPD) for a combined electric storage and behind the meter residential solar PV program

REFERENCES

1. CGB KPIs in Data Warehouse FY 2020 YTD – through May 8, 2020

Proposed FY20 Budget

Key Insights



Revenue:

- Utility Customer Receipts from the Clean Energy Fund (CEF) forecast down 5% due to decreased electric demand
- Regional Green House Gas Initiative (RGGI) allowance auction proceeds remain even
- Interest Income increasing due to investment activity
- Increased REC Sales

Budget and Operations Committee

Agenda Item #5

Update on CGB RFP for Office Space

Office Space

Overview



Rocky Hill

- Lease ends December 31, 2020
- 35 full-time staff at the Green Bank 30 and Inclusive Prosperity Capital 5 – commute approximately 23 miles on average one-way or 30 minutes
- Approximately 8,500 ft² of space (reduced from 12,122 ft² after “sweeps” with CI sublease)
 - ❑ \$176,292 rent only for 2020 (\$20.75/ft²)

Stamford

- Lease ends December 31, 2020
- 10 full-time staff at the Green Bank 7 and Inclusive Prosperity Capital 2 – commute approximately 23 miles on average one-way or 39 minutes
- 4,000 ft² of space
 - ❑ \$102,000 rent only for 2020 (\$25.50/ft²)

REFERENCES

Office Space Vision

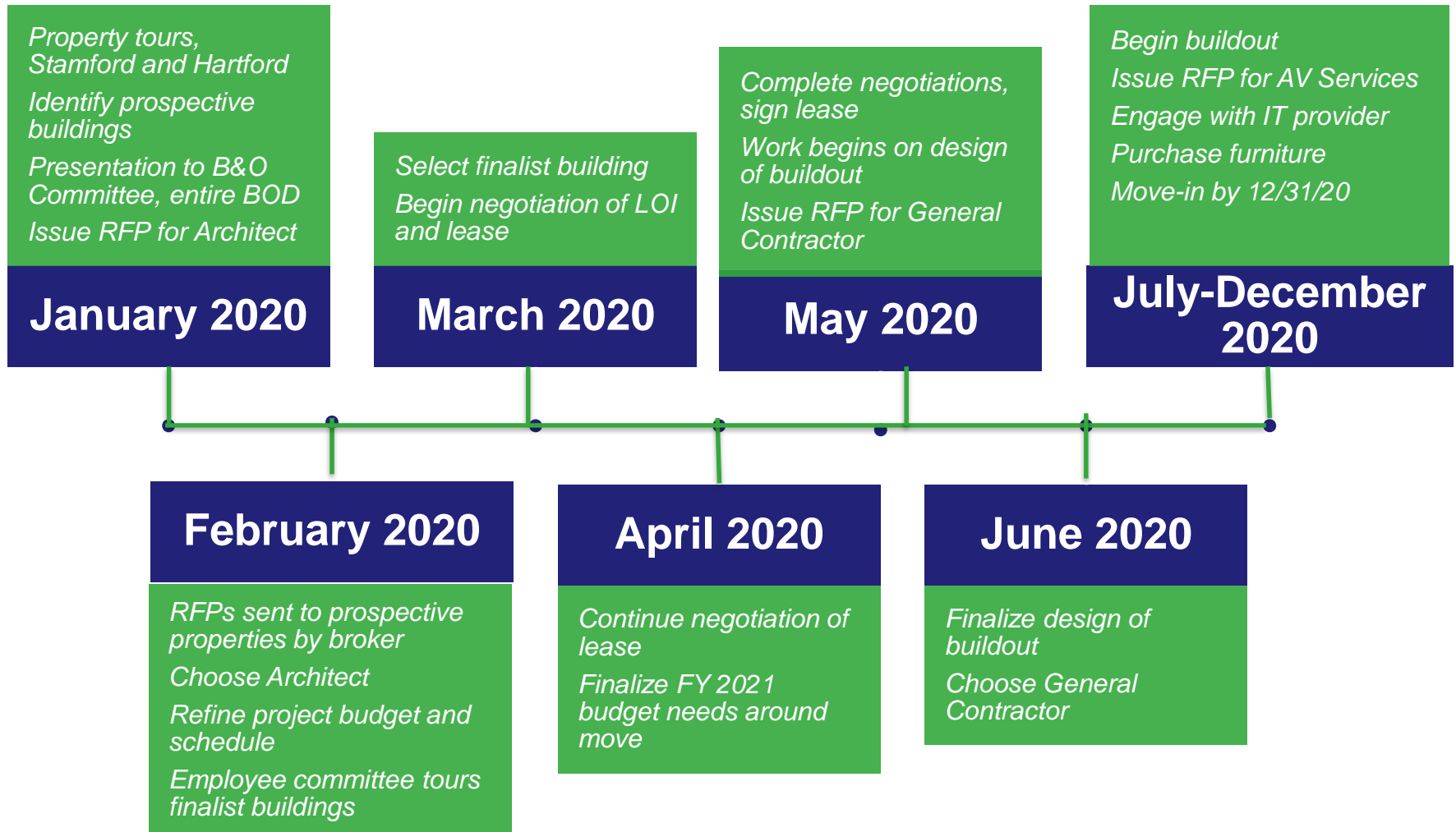


**Community
Revitalization**



**Excellence in
Sustainability**

CGB Office Move FY 20-21 Timeline



Connecticut Green Bank

Hartford/Rocky Hill Options



Option	Size (ft ²)	Net Average Rent/square foot (\$/ft ²)	Average Annual Cost	Mission Alignment
1	9,500	36	\$340,195	Has used C-PACE in past, not much incremental opportunities available
2	10,913	39	\$423,315	Some present, additional opportunities available
3	10,000	26	\$260,400	Many opportunities available, engaged ownership
4	9,500	44	\$414,865	Very green building, has implemented many technologies already
5	10,884	29	\$318,684	Some green technology exists, landlord open to discussion

- Current annual rent in Rocky Hill: \$270,000 for 8400/square feet

REFERENCES

CBRE Analyses of offers made to CGB/broker
 Target Hartford assumes staff for Green Bank and IPC grows from 35 to 40

Connecticut Green Bank

Stamford Options



Option	Size (ft ²)	Net Average Rent/square foot (\$/ft ²)	Average Annual Cost	Mission Alignment
Space 1	2,746	45	\$122,224	Some technologies implemented, owner engaged in discussions
Space 2	3,244	37	\$119,866	Some technologies implemented, owner engaged in discussions
Space 3	2,533	35	\$88,883	Owner has used C-PACE financing to green the building significantly
Space 4 (existing location)	2,785	TBD	TBD	TBD

- Current annual rent in Stamford: \$125,000 for 4000 square feet

REFERENCES

CBRE Analyses of offers made to CGB/broker
 Target Stamford assumes staff for Green Bank and IPC stays at 10

Connecticut Green Bank

Rent and Renovation Comparatives



Organization	Rent Benchmark (\$/ft ²)	Space (ft ²)	Space Benchmark (\$/employee)	Renovation Benchmark (\$/ft ²)
Department of Banking	\$24.53	30,144	\$6,320	N/A
Department of Insurance	\$23.08	41,887	\$6,400	N/A
State of Connecticut 1	N/A	580,443	N/A	\$230
State of Connecticut 2	N/A	321,493	N/A	\$640
CT Green Bank				
▪Rocky Hill	\$20.75	8,496	\$5,000	N/A
▪Stamford	\$25.50	4,000	\$10,200	N/A
Average Hartford	\$19.90	10,159	\$5,776	
Average Stamford	\$35.33	2,841	\$10,037	

Costs comparable to the State of Connecticut,
but sustainability leader!!!

REFERENCES

DOB and DOI data provided by DAS
Averages are base rent only

Budget and Operations

Agenda Item #6

Adjourn

Subject to Changes and Deletions



**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.

Subject to Changes and Deletions

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.

Subject to Changes and Deletions

- 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.

Subject to Changes and Deletions

- 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

Subject to Changes and Deletions

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

Subject to Changes and Deletions

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.

Subject to Changes and Deletions

- 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



Memo

To: Budget and Operations Committee

From: Bryan Garcia (President and CEO), Jane Murphy (Vice President of Finance and Administration), and Eric Shrago (Managing Director of Operations)

Date: May 6, 2020

Re: Proposed FY2021 Targets, and FY2021 Budget Revenues

I. Targets

The Green Bank has proposed the following targets for each sector's programs for the upcoming fiscal year:

	FY 2021 Proposed						FY 2020 actuals through 3/31		
	Projects		Capital Deployed		Capacity		Projects	Capital Deployed	Capacity
	Min	Max	Min	Max	Min	Max			
CSPACE	33	48	\$ 15,200,000	\$ 23,300,000	5.3	7.1	39	\$ 17,884,588	5.5
PPA	30	58	\$ 4,000,000	\$ 6,800,000	6.2	11.7	19	\$ 6,250,220	0.6
SBEA/BEA	1,203	1,203	\$ 20,440,000	\$ 20,440,000	-	-	471	\$ 8,402,867	0
SMART-E	270	540	\$ 3,564,000	\$ 7,128,000	-	-	555	\$ 7,831,958	0.7
Low Income Solar for All (PosiGen)	177	304	\$ 4,302,870	\$ 7,414,550	1.2	2.0	466	\$ 11,830,385	2.9
Multi-Family Pre-Dev	-	1	\$ -	\$ 60,000	-	-	4	\$ 998,036	0
Multifamily Term	2	2	\$ 225,000	\$ 225,000	0.1	0.1	12	\$ 4,010,936	1.66
Multi-Family Health and Safety	-	1	\$ -	\$ 100,000	-	-	1	\$ 47,218	0
Strategic Investments	-	-	\$ -	\$ -	-	-	4	\$ 3,892,267	0
Financing Programs Total	1,711	2,150	\$ 46,231,870	\$ 63,667,550	12.0	20.0	1,564	\$ 56,644,753	11.16
Residential Solar	2,824	4,706	\$ 85,920,000	\$ 143,200,000	24.0	40.0	6,406	\$ 190,014,929	53.0
EPPP-Battery Storage	400	400	\$ 3,540,000	\$ 3,540,000	2.0	2.0	-	\$ -	-
Incentive Programs Total	3,224	5,106	\$ 89,460,000	\$ 146,740,000	26.0	42.0	6,406	\$ 190,014,929	53.0
Financing Programs Total	1,711	2,150	\$ 46,231,870	\$ 63,667,550	12.0	20.0	1,564	\$ 56,644,753	11.2
Incentive Programs Total	3,224	5,106	\$ 89,460,000	\$ 146,740,000	26.0	42.0	6,406	\$ 190,014,929	53.0
Green Bank Total	4,726	6,887	\$ 130,961,320	\$ 202,137,640	36.9	60.1	7,408	\$ 231,991,448	61.3

In addition to these targets, we are also for the first time, proposing targets for our Electric Vehicle Charger Pilot. We are targeting adding 1,800 chargers to our offsets portfolio. Additionally, we are looking to add estimates of GHG impacts to ALL of our targets and will have those for the next committee meeting.

We look forward to discussing the program targets with you.

II. Draft Green Bank FY 2021 Operating and Program Budget

Enclosed is the first draft of the Green Bank's FY 2021 revenue budget for review and discussion at the May 13th meeting. This is the staff's initial draft and we will be looking to the Committee to provide us with further guidance so that we can make any needed adjustments and present a final version of the budget for your review in early June, and then requesting that you recommend for approval by the full Board at its June meeting.

For the upcoming May 13th B&O Committee meeting, we will be focusing only on the revenue side of the FY 2021 budget. We expect to have the expense and investment budgets prepared for the June meeting as well as the Employee Staffing Plan for discussion.

On the Revenue Schedules, please note the following items:

- Utility Customer Assessments – This is money that comes from the 1 mil that ratepayers pay into the Connecticut Clean Energy Fund. The YOY decrease of 5% is due to the current economic conditions and the forecast of their carrying through next fiscal year.
- RGGI Auction Proceeds – The Green Bank receives 23% of the proceeds from the Regional Green House Gas Initiative Auctions for tradeable discharge permits each quarter. While the clearing price for these auctions have been declining in recent years they have made somewhat of a rebound in FY2020.
- Interest Income – This comes from the repayment to the Green Bank from borrowers for our projects such as CPACE, Loans, etc. The increase YOY is due to successful increased lending by the Green Bank in FY2020.
- Grant Income – The Green Bank has received and expects to a small grant from the Federal Government.
- REC Sales – The Green Bank produces approximately 40,000 Renewable Energy Certificates from pre-SHREC and yet to be tranced RSIP projects annually and is subject to the market price for the certificates. Staff actively follow the REC markets and enter into contracts to sell these RECs in order to optimize the income from them. Present market price is around \$14.50 for 2020 Class 1 REC's.
- REC Sales (SHREC) – The SHRECs are Solar Home Renewable Energy Certificates owned by the Green Bank and designed to recoup the cost of the RSIP incentive and the administration of the RSIP program. The Green Bank sets the price for these with the utilities who have agreed to purchase them under our Master Purchase Agreement.

Connecticut Green Bank
FY 2021 Operating and Program Budget - DRAFT
Revenue Summary

	FY21 Budget			FY20 Budget			FY20 Apr YTD Actuals
	General Operations	Programs	Total Operations & Programs	Total Operations & Programs	\$ Incr / (Decr)	% Incr / (Decr)	Total Operations & Programs
Revenues-Total							
Utility customer assessments	\$ 24,772,400	\$ -	\$ 24,772,400	\$ 25,986,400	\$ (1,214,000)	(5)%	\$ 21,178,771
RGGI auction proceeds - renewables	4,280,200	-	4,280,200	4,193,148	87,052	2 %	3,369,509
Interest Income, cash received	165,137	5,787,861	5,952,998	5,061,466	891,532	18 %	4,229,655
Interest Income, capitalized	-	228,115	228,115	367,018	(138,903)	(38)%	324,891
Grant income (Federal Programs)	-	30,000	30,000	30,000	-	0 %	42,442
REC sales, general	-	579,250	579,250	955,296	(376,046)	(39)%	621,250
REC Sales, SHREC program	-	9,579,357	9,579,357	7,269,459	2,309,898	32 %	7,070,360
CPACE Loan closing fees	-	144,000	144,000	135,000	9,000	7 %	116,586
PPA Income	-	626,000	626,000	252,000	374,000	148 %	330,347
LREC/ZREC Income	-	285,000	285,000	239,027	45,973	19 %	221,638
Other income	148,000	78,000	226,000	135,000	91,000	67 %	345,787
Total Revenues:	\$ 29,365,737	\$ 17,337,583	\$ 46,703,320	\$ 44,623,813	\$ 2,079,507	5 %	\$ 37,851,236
Revenues - Financing Programs							
Utility customer assessments	\$ 24,772,400	\$ -	\$ 24,772,400	\$ 25,986,400	\$ (1,214,000)	(5)%	\$ 21,178,771
RGGI auction proceeds - renewables	4,280,200	-	4,280,200	4,193,148	87,052	2 %	3,369,509
Interest Income, cash received	165,137	5,727,861	5,892,998	4,983,466	909,532	18 %	4,176,695
Interest Income, capitalized	-	228,115	228,115	367,018	(138,903)	(38)%	324,891
Grant income (Federal Programs)	-	30,000	30,000	30,000	-	0 %	42,442
CPACE Loan closing fees	-	144,000	144,000	135,000	9,000	7 %	116,586
PPA Income	-	626,000	626,000	252,000	374,000	148 %	330,347
LREC/ZREC Income	-	285,000	285,000	239,027	45,973	19 %	221,638
Other income	148,000	78,000	226,000	135,000	91,000	67 %	329,126
Total Revenues - Financing Programs:	\$ 29,365,737	\$ 7,118,976	\$ 36,484,713	\$ 36,321,058	\$ 163,655	0 %	\$ 30,090,003
Revenues - Incentive Programs							
Interest Income, cash received	\$ -	\$ 60,000	\$ 60,000	\$ 78,000	\$ (18,000)	(23)%	\$ 52,961
REC sales, general	-	579,250	579,250	955,296	(376,046)	(39)%	621,250
REC Sales, SHREC program	-	9,579,357	9,579,357	7,269,459	2,309,898	32 %	7,070,360
Other income	-	-	-	-	-	0 %	16,662
Total Revenues - Incentive Programs:	\$ -	\$ 10,218,607	\$ 10,218,607	\$ 8,302,755	\$ 1,915,852	23 %	\$ 7,761,232

Connecticut Green Bank
FY 2021 Operating and Program Budget - DRAFT
Revenue Detail

	FY21 Budget	FY20 Budget	\$ Increase / (Decrease)	FY20 Apr YTD Actuals
Revenues				
Utility customer assessments	\$ 24,772,400	\$ 25,986,400	\$ (1,214,000)	\$ 21,178,771
RGGI auction proceeds - renewables	4,280,200	4,193,148	87,052	3,369,509
Interest Income - Cash Intercompany	66,137	64,712	1,425	49,829
Interest Income - Cash deposits	99,000	240,900	(141,900)	140,974
Interest Income - Delinquent CPACE payments	-	-	-	11,983
Interest Income - Capitalized construction interest	228,115	367,018	(138,903)	324,891
Interest Income - CPACE Warehouse, benefit assessments	2,353,783	1,905,176	448,607	1,456,520
Interest Income - Loan portfolio, other programs	3,203,413	2,595,459	607,954	2,326,803
Interest Income - CPACE Selldown Bonds	170,666	177,219	(6,553)	190,585
Interest Income - Solar lease I promissory notes, net	60,000	78,000	(18,000)	52,961
CPACE closing fees	144,000	135,000	9,000	116,586
Grant income (federal programs)	30,000	30,000	-	42,442
REC sales	579,250	955,296	(376,046)	621,250
REC sales to utilities under SHREC program	9,579,357	7,269,459	2,309,898	7,070,360
PPA Income	626,000	252,000	374,000	330,347
LREC/ZREC Income	285,000	239,027	45,973	221,638
Other income - Programs	78,000	35,000	43,000	69,514
Other income - General	148,000	100,000	48,000	276,273
Total Sources of revenue:	<u>\$ 45,792,320</u>	<u>\$ 44,132,786</u>	<u>\$ 1,659,533</u>	<u>\$ 37,299,251</u>

**Connecticut Green Bank
FY 2021 General Operations Budget - DRAFT**

Utility Customer Assessment Projections

	<u>FY21 Budget</u>	<u>FY20 Budget</u>	<u>FY20 Actual / Estimate</u>	<u>FY21 Budget Incr / (Decr) FY20 Budget</u>	<u>FY21 Budget Incr / (Decr) FY20 Projected</u>
July	\$ 2,338,800	\$ 2,433,800	\$ 2,472,297	\$ (95,000)	\$ (133,497)
August	2,519,300	2,632,100	2,631,875	(112,800)	(112,575)
September	2,195,800	2,388,400	2,195,777	(192,600)	23
October	1,803,000	1,951,600	1,803,020	(148,600)	(20)
November	1,818,600	1,914,300	1,818,622	(95,700)	(22)
December	2,128,800	2,164,600	2,174,064	(35,800)	(45,264)
January	2,266,600	2,360,600	2,266,590	(94,000)	10
February	2,099,500	2,193,600	2,099,504	(94,100)	(4)
March	1,910,200	2,073,100	1,910,180	(162,900)	20
April	1,953,400	2,007,600	1,806,840	(54,200)	146,560
May	1,763,200	1,791,000	1,611,900	(27,800)	151,300
June	1,975,200	2,075,700	1,868,130	(100,500)	107,070
Total assessments:	<u>\$ 24,772,400</u>	<u>\$ 25,986,400</u>	<u>\$ 24,658,801</u>	<u>\$ (1,214,000)</u>	<u>\$ 113,599</u>
				<u>(4.7%)</u>	<u>0.5%</u>

**Connecticut Green Bank
 FY 2021 General Operations Budget - DRAFT
 RGGI Auction Receipts**

	FY21 Action #	Price	Allowances	FY21 Budget	FY20 Budget	FY20 Actual / Estimate	FY21 Budget Incr / (Decr) FY20 Budget	FY21 Budget Incr / (Decr) FY20 Projected
September Auction	49	\$ 5.49	870,052	\$ 1,098,600	\$ 1,077,207	\$ 1,077,207	\$ 21,393	\$ -
December Auction	50	\$ 5.41	870,052	1,082,600	1,162,141	1,162,141	(79,541)	-
March Auction	51	\$ 5.33	840,120	1,029,900	972,500	1,130,161	57,400	157,661
June Auction	52	\$ 5.25	885,374	1,069,100	981,300	1,174,174	87,800	192,874
Total auction receipts:				<u>\$ 4,280,200</u>	<u>\$ 4,193,148</u>	<u>\$ 4,543,683</u>	<u>\$ 87,052</u>	<u>\$ 350,535</u>
							<u>0.0%</u>	<u>0.0%</u>

**Connecticut Green Bank
FY 2021 RSIP Budget - DRAFT
REC Revenue**

Tranche	Description	FY21 Budget - DRAFT					Total Fiscal 2020 Budget	YOY Budget Incr / (Decr)	FY20 Actual / Estimate	Fiscal 2020 Budget vs Actual
		Fiscal Q1 2021	Fiscal Q2 2021	Fiscal Q3 2021	Fiscal Q4 2021	Total Fiscal 2021				
		Calendar Q1 2020	Calendar Q2 2020	Calendar Q3 2020	Calendar Q4 2020	Total Calendar Year 2020				
	Generation Month									
SHREC T1	P90 Generation (mWh)	8,751.0	15,135.5	14,605.9	6,643.5	45,135.9	50,559.0	(5,423.1)	46,491.0	(4,068.0)
SHREC T1	Revenue @ \$50 / mWh	\$ 437,549	\$ 756,774	\$ 730,295	\$ 332,176	\$ 2,256,795	\$2,527,949	\$ (271,154)	\$2,324,550	\$ (203,399)
SHREC T2	P90 Generation (mWh)	11,126.5	18,867.0	18,251.8	8,484.2	56,729.5	57,639.0	(909.5)	58,274.0	635.0
SHREC T2	Revenue @ \$49 / mWh	\$ 545,200	\$ 924,481	\$ 894,337	\$ 415,727	\$ 2,779,745	\$2,824,310	\$ (44,564)	\$2,855,426	\$ 31,116
SHREC T3	P90 Generation (mWh)	7,271.5	12,750.4	12,337.8	5,522.3	37,882.1	39,941.7	(2,059.6)	39,383.0	(558.7)
SHREC T3	Revenue @ \$48 / mWh	\$ 349,032	\$ 612,021	\$ 592,216	\$ 265,070	\$ 1,818,339	\$1,917,200	\$ (98,861)	\$1,890,384	\$ (26,816)
SHREC T4	P90 Generation (mWh)	11,890.1	18,598.2	18,056.9	9,422.4	57,967.6	-	57,967.6	-	-
SHREC T4	Revenue @ \$47 / mWh	\$ 558,836	\$ 874,114	\$ 848,673	\$ 442,855	\$ 2,724,478	\$ -	\$2,724,478	\$ -	\$ -
	Total SHREC Revenue	\$1,890,617	\$3,167,390	\$3,065,522	\$1,455,828	\$ 9,579,357	\$7,269,459	\$2,309,898	\$7,070,360	\$ (199,099)
	Generation Month									
Non-SHREC Residential	Residential P90 Generation (mWh)	8,327.7	13,257.4	12,939.6	6,475.3	41,000.0	47,603.3	(6,603.3)	40,000.0	(7,603.3)
Non-SHREC Residential	Revenue @ \$14.378* / mWh	\$ -	\$ -	\$ -	\$ 589,500	\$ 589,500	\$ 744,516	\$ (155,016)	\$ 631,250	\$ (113,266)
Non-SHREC Commercial	Commercial P90 Generation (mWh)	-	-	-	-	-	14,500.0	(14,500.0)	-	(14,500.0)
Non-SHREC Commercial	Revenue @ \$14.378* / mWh	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 226,780	\$ (226,780)	\$ -	\$ (226,780)
	Commission Expense	-	-	-	(10,250)	(10,250)	(16,000)	5,750.0	(10,000)	6,000.0
	Total Non-SHREC Revenue	\$ -	\$ -	\$ -	\$ 579,250	\$ 579,250	\$ 955,296	\$ (376,046)	\$ 621,250	\$ (334,046)
	Total REC Revenue	\$1,890,617	\$3,167,390	\$3,065,522	\$2,035,078	\$10,158,607	\$8,224,755	\$1,933,852	\$7,691,610	\$ (533,145)

Notes:

The Green Bank manages its price risk by selling its RECS in advance to buyers. To date we have sold 23,000 @ \$13.50/REC, 18,000 @ \$15.50/REC. \$14.378 is the Weighted average price of all contracts entered into by the Green Bank for vintage 2020 RECS and it is used for all budget estimates.

Memo

To: Budget and Operations Committee
From: Barbara Waters (Associate Director of Marketing)
CC: Bryan Garcia (President and CEO) and Eric Shrago (Managing Director of Operations)
Date: May 6, 2020
Re: Update on Office Space Search

In the fall of 2019, Connecticut Green Bank staff began the process of looking for new office space as both our Stamford and Rocky Hill leases are set to expire on 12/31/20. The Green Bank has prioritized being in office space that not only meets our needs for space but is also economical and aligned with our mission to combat climate change.

Initially, staff conducted an RFP for office space but ultimately decided to engage a broker and issued an RFP for a commercial broker in the fall of 2019. Four responses were received and reviewed. Ultimately, CBRE was selected as the best qualified market experts and most aligned to our goal to find new space that most closely meets our green mission.

In December 2019, after defining priorities, CBRE crafted an RFP that were submitted to brokers and building owners. In January 2020, Eric Shrago, Barbara Johnson, and Barbara Waters from CGB spent several days touring multiple buildings for each location. From these tours staff narrowed the list of prospects to five locations in Hartford and four in Stamford, and in February the brokers began the negotiation process.

During this time, the staff also discussed and sought guidance from the Budget & Operations Committee¹ and the Board of Directors² with respect to its intention of moving the headquarters of the organization from Rocky Hill to Hartford, with a focus on economical and sustainable spaces. The board was supportive of the staff direction.

To ensure that the buildings being evaluated are aligned with the Green Bank's mission, staff engaged the C-PACE technical consultant to perform an energy analysis of most of the finalist buildings (some had already done significant work using green energy methods and met our mission criteria). These inspections moved from in-person to remote due to the

¹ January 10, 2020

² January 24, 2020

coronavirus pandemic. These evaluations are completed, and staff are reviewing them with the building owners.

At this point, our options for each location are below:

Hartford

- Current annual rent in Rocky Hill: \$270,000
- Average cost of options below: \$351,492

Option	Amount of Space (SF)	Net Average Rent/SF	Average Annual Cost	Green Energy Notes
Space 1	9,500	\$35.81	\$340,195	Has used C-PACE in past, not much incremental opportunities available
Space 2	10,913	\$38.79	\$423,315	Some present, additional opportunities available
Space 3	10,000	\$26.04	\$260,400	Many opportunities available, engaged ownership
Space 4	9,500	\$43.67	\$414,865	Very green building, has implemented many technologies already
Space 5 (existing location, additional space)	10,884	\$29.28	\$318,684	Some green technology exists, landlord open to discussion

Stamford

- Current annual rent in Stamford: \$125,000
- Average cost of options below: \$110,324

Option	Amount of Space (SF)	Net Average Rent/SF	Average Annual Cost	Green Energy Notes
Space 1	2,746	\$44.51	\$122,224	Some technologies implemented, owner engaged in discussions
Space 2	3,244	\$36.95	\$119,866	Some technologies implemented, owner engaged in discussions
Space 3	2,533	\$35.09	\$88,883	Owner has used C-PACE financing to green the building significantly
Space 4 (existing location)	2,785	TBD	TBD	TBD



845 Brook Street
Rocky Hill, CT 06067

300 Main Street, 4th Floor
Stamford, CT 06901