



Budget and Operations Committee

Meeting Date

January 10, 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

845 Brook Street, Rocky Hill, CT 06067
T 860.563.0015
ctgreenbank.com



Budget and Operations Committee Members:

We have our mid-year targets and budget check-in scheduled for Friday, January 10, from 2 pm to 3:30 pm at the Connecticut Green Bank offices in Rocky Hill.

We will be presenting you with revised targets and budget for FY2020 based on market activity through the first half of the year. In addition, we will discuss the Green Bank's search for new office space as our leases in both Rocky Hill and Stamford expire at the end of 2020.

Thank you and please contact me with any questions.

Regards,

Eric N. Shrago
Managing Director of Operations



AGENDA

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

Friday January 10, 2020
2:00-3:30 PM

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

1. Call to order
2. Public Comments – 5 minutes
3. Approve Meeting Minutes for June 12, 2019 Special Meeting* – 5 minutes
4. FY 2020 Targets and Budget** – 40 minutes
5. Update on CGB RFP for Office Space – 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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Access Code: 945-378-629

Next Regular Meeting: Wednesday, May 13, 2020 –2:00 to 3:30 p.m.
Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT



RESOLUTIONS

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

Friday January 10, 2020
2:00-3:30 PM

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

1. Call to order
2. Public Comments – 5 minutes
3. Approve Meeting Minutes for June 12, 2019 Special Meeting* – 5 minutes

Resolution #1

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

Second. Discussion. Vote

4. FY 2020 Targets and Budget** – 40 minutes

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.

Second. Discussion. Vote

5. Update on CGB RFP for Office Space – 10 minutes
6. Adjourn

*Denotes item requiring Committee action

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Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT



Budget and Operations Committee Meeting

January 10, 2020



Budget and Operations Committee

Agenda Item #1

Call to Order

Budget and Operations Committee

Agenda Item #2

Public Comments

Budget and Operations Committee

Agenda Item #3

Approval of June 12, 2019 Meeting Minutes

Budget and Operations Committee

Agenda Item #4

FY 2020 Targets and Budget

Comprehensive Plan

FY 2019 Targets – Proposed Revisions



Product	Channel	Targets				
		Number of Projects (Recast)	Total Capital Deployed (Recast)	CGB Capital Deployed (Recast)	Capacity Installed	Capacity Installed (Recast)
CPACE	Total CPACE	56	25000000	9500000	5.6	7.0
PPA	PPA Total	33	\$ 27,960,000	\$ 16,776,000.0	12.7	12.6
	SBEA	1000	\$ 20,000,000	\$ 2,000,000.0		
SMART-E	Smart-E Total	540	\$ 7,182,000	\$ 596,106	0.5	0.5
	Low Income Loans/Leases (PosiGen)	615	\$ 17,202,165	\$ -	4.2	4.2
	Multi-Family Pre-Dev	2	\$ 140,000	\$ -		
Multi-Family Term	Multi-Family Term Total	8	\$ 1,328,000	\$ 2,396,000.0	0.3	0.2
	Multi-Family Health and Safety Total	2	\$ 110,000			
Strategic Investments	Strategic Investments Total	2	\$ -	\$ 7,500,000.00		-
	Financing Programs Total	2239	\$ 93,762,165	\$ 38,768,106	21.0	22.3
Program		Targets				
					Capacity Installed	
	Residential Solar	7059	\$ 214,200,000	\$ 15,416,149.4	60.0	60.0
	EEPP-Battery Storage				2.0	
	Incentive Programs Total	7059	\$ 214,200,000	\$ 15,416,149.4	60.0	60.0
Business Segment		Targets				
					Capacity Installed	
	Financing Programs Total	2239	\$ 93,762,165	\$ 38,768,106.0	21.0	22.3
	Incentive Programs Total	7059	\$ 214,200,000	\$ 15,416,149.4	60.0	60.0
	Green Bank Total	8629	\$ 289,410,000	\$ 54,072,205	76.3	77.6

To support between no less than **8,629 projects** ~~9,130 projects~~ requiring investment of no less than **\$289.4 million** ~~\$299.5 million~~ to deploy at least **77.6 MW** ~~76.3 MW~~ of clean energy

REFERENCES

Budget

Overall Changes (revenues)



	Fiscal Year 06/30/2020		Year To Date 06/30/2020	
	Budget	FY20 Original Budget	Variance	Actual
Revenue				
Operating Income				
Utility Customer Assessments	25,986,400	25,986,400	0	10,921,592
RGI Auction Proceeds-Renewables	4,193,148	4,031,800	161,348	2,239,348
CPACE Closing Fees	135,000	135,000	0	87,867
REC Sales	8,224,755	8,086,325	138,430	3,690,625
Grant Income-Federal Programs	30,000	30,000	0	25,428
PPA Income	252,000	252,000	0	216,702
LREC/ZREC Income	239,027	50,000	189,027	144,027
Total Operating Income	39,060,330	38,571,525	488,805	17,325,589
Interest Income	5,061,466	5,061,466	0	1,373,097
Interest Income, Capitalized	367,017	367,018	0	27,550
Other Income	135,000	135,000	0	272,469
Total Revenue	\$ 44,623,813	\$ 44,135,009	488,805	\$ 18,998,705

Budget

Overall Changes (Expenses)



	Fiscal Year			Year To Date
	Budget	06/30/2020 FY20 Original Budget	Variance	06/30/2020 Actual
Operating Expenses				
Compensation and Benefits				
Employee Compensation	4,552,130	4,552,130	0	2,067,570
Employee Benefits	3,925,744	3,925,744	0	1,713,758
Total Compensation and Benefits	8,477,874	8,477,874	0	3,781,328
Program Development & Administration	4,161,885	4,156,885	5,000	1,426,419
Marketing Expense	985,155	856,055	129,100	238,302
E M & V	395,000	525,000	(130,000)	79,247
Consulting and Professional Fees				
Consulting/Advisory Fees	540,900	460,900	80,000	150,219
Accounting and Auditing Fees	248,750	248,750	0	38,677
Legal Fees & Related Expenses	414,499	284,499	130,000	220,797
Bond Issuance Costs	1,800,000	180,000	1,620,000	800
Total Consulting and Professional Fees	3,004,149	1,174,149	1,830,000	410,493
Research and Development	310,000	290,000	20,000	45,000
Rent and Location Related Expenses				
Rent/Utilities/Maintenance	309,999	309,999	0	25,789
Telephone/Communication	124,599	124,598	0	42,768
Depreciation & Amortization	348,833	348,834	0	151,687
Total-Rent and Location Related Expenses	783,431	783,431	0	220,244
Office, Computer & Other Expenses				
Office Expense	229,395	104,395	125,000	43,645
Insurance	90,000	90,000	0	5,032
Subscriptions	120,000	120,000	0	41,894
Training & Education	110,750	110,750	0	20,420
IT Operations	405,489	405,488	0	168,264
Travel, Meeting & Related Expenses	119,999	120,000	0	29,343
Total-Office, Computer & Other Exp	1,075,633	950,633	125,000	308,598
Total Operating Expenses	\$ 19,193,127	\$ 17,214,027	1,979,100	\$ 6,509,631
Program Incentives and Grants				
Total Program Incentives and Grants	\$ 15,635,131	\$ 15,635,131	0	\$ 9,276,772
Operating Income/(Loss)	\$ 9,795,554	\$ 11,285,850	(1,490,296)	\$ 3,212,302
Non-Operating Expenses				
Total Non-Operating Expenses	\$ 7,402,297	\$ 7,402,297	0	\$ 1,375,157
Net Revenues Over (Under) Expenses	\$ 2,393,257	\$ 3,883,553	(1,490,296)	\$ 1,837,145

Budget Incentive Business



- Revenues from RECs have been updated (increase of \$138,430 vs. original estimates)
- The following expenses are all cost recoverable:
 - Reallocation of \$75,000 from the Investment business related to Lamont Financial
 - An additional \$1.62 million in bond issuance costs to cover the legal expenses and fees associated with the issuance.;
 - \$80,000 in consulting for RSIP and the SHREC issuance.
 - \$85,000 in marketing expenses related to the sale of the retail green bonds for the SHREC offering in April;
 - \$190,000 in additional legal expenses reflect the costs associated with securing a credit facility backed by the tranche 3 systems.
 - reduction of \$75,000 in Evaluation, Measurement and Verification expenses.

Green Bank 2.0



Green Bonds US and "Mini" Green Bonds



Bond Sale Marketing Tactics

- Creation of investor relations website through BondLink
- Emails to Green Bank stakeholders
- Direct mail to previous Green Bank customers (Smart-E, C-PACE, RSIP)
- Digital/broadcast campaign similar to Phase #1
- Radio and print media advertisements
- Earned media (press release, local and national coverage)
- Outreach through like-minded organizations
- Event attendance

Investor Relations Portal



BONDLINK 

My BondLink Log Out

ABOUT

BONDS

DOCUMENTS



RESOURCES

Welcome to Our Investor Relations Site







I would like to welcome you to our new investor relations website. We appreciate your interest and investment in bonds issued by Connecticut Green Bank as it allows us to make critical investments in public infrastructure throughout the State. We are committed to maintaining our strong bond ratings, and we are also committed to being as transparent as possible with the investor community and public at large.

Bryan Garcia, *President and CEO*

 **ISSUER OVERVIEW** NOTIFICATIONS  OFF

Connecticut Green Bank
Issuer Type: State/Province

 BONDS	 DOCUMENTS
 NEWS/EVENTS	 CONTACT US

Budget



Investment Business and General Operations

- Increased revenue of \$350,375 based on higher than expected LREC/ZREC income and a higher clearing price for RGGI auctions.
- Additional Expenses:
 - Additional \$30,000 in technology to support the monitoring of the systems in the PPA funds;
 - \$16,000 in dues to support the Green Bank network and other similar organizations that benefit the Green Bank's mission;
 - \$10,000 increase in inspections for Smart-E;
 - Reduction of \$55,000 in Evaluation, Measurement and Verification expenses.
 - Increase in R&D expenses by \$20,000.
- Addition of \$120,000 in consulting expenses related to the anticipated move next fiscal year. This is split between both the incentive business and investment business (\$29,378 in Incentives vs. \$95,622 in Investment).

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**

Seeking New Office Space

RFPs to Property Owners and Broker



Request for Proposal to Property Owners

- October 19, 2018 sought proposals from qualified property owners and managers for headquarters (i.e., Rocky Hill staff) and satellite (i.e., Stamford staff) offices
- Focused on **(1)** physically central location (e.g., Hartford) for headquarters, and **(2)** represents “green” mission and values of the organization (e.g., LEED, C-PACE, etc.)
- Received 13 proposals and visited 3 properties – got a better sense of available properties in Hartford with key criteria in mind

Request for Proposal to Brokers

- October 16, 2019 sought proposals from qualified brokers – received 3 proposals and hired CBRE as broker
- Focused on **(1)** location of Hartford to Middletown for headquarters and within 10 minutes walk from train station in or close to Stamford, and **(2)** represents “green” mission of and values of the organization

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

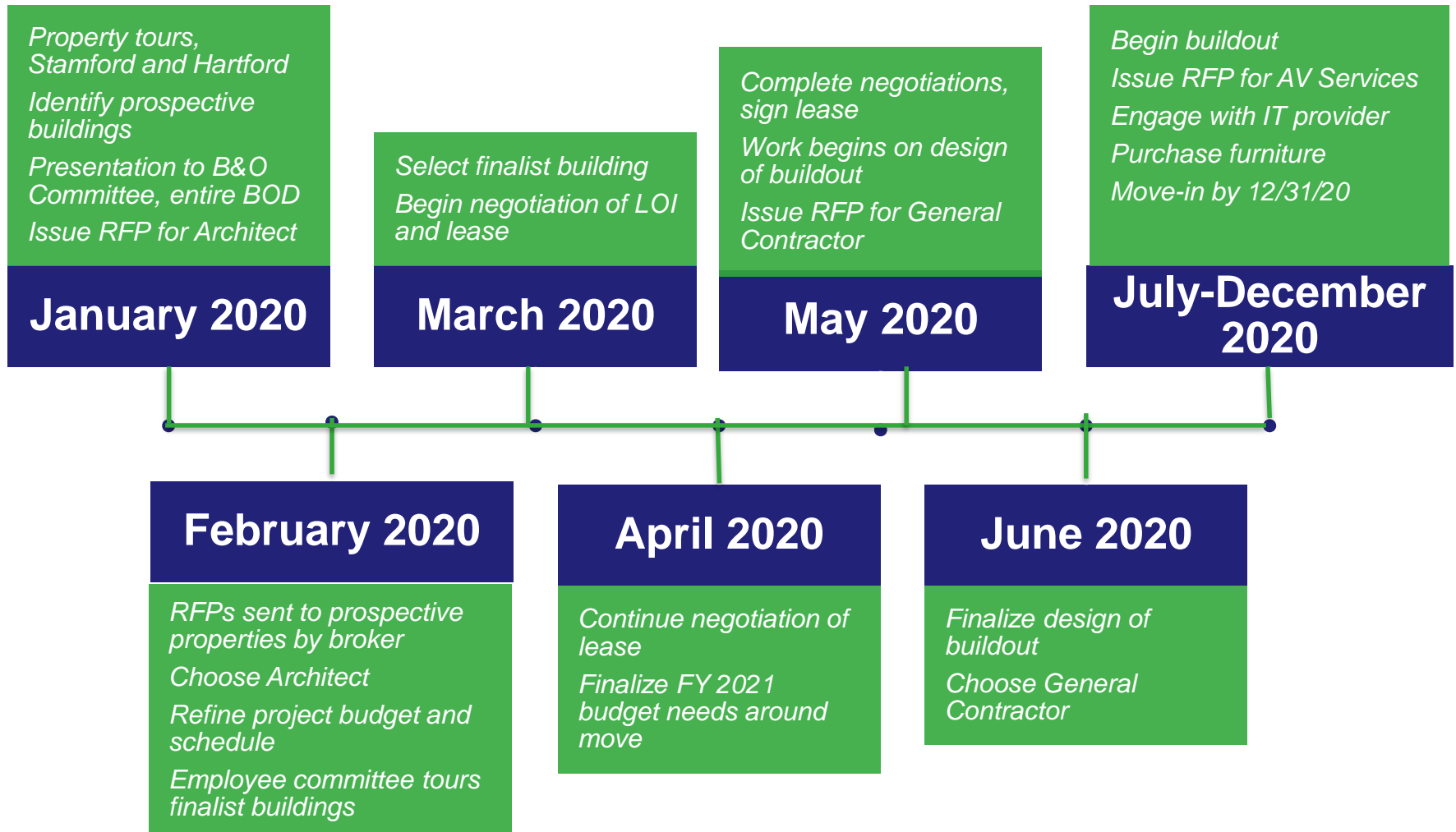
Costs comparable to the State of Connecticut,
but sustainability leader!!!

REFERENCES

DOB and DOI data provided by DAS

Target Hartford assumes staff for Green Bank and IPC grows from 35 to 40

CGB Office Move FY 20-21 Timeline



Budget and Operations Committee

Agenda Item #6

Adjourn



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

Draft Minutes – Special Meeting
845 Brook Street
Rocky Hill, CT 06067

Wednesday, June 12, 2019
1:00 – 2:30 p.m.

A regular meeting of the Budget and Operations Committee of the Connecticut Green Bank (the “Green Bank”) was held on Wednesday, June 12, 2019 at the office of the Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT, in the Bernard Baker Conference Room.

1. Call to Order

Mr. John Harrity called the meeting to order at 1:02pm

Committee members participating: Eric Brown, John Harrity (by phone)

Members absent: Mary Sotos

Others attending:

Staff attendees: Brian Farnen (by phone), Bryan Garcia (by phone), Bert Hunter (by phone), Jane Murphy, Eric Shrago

2. Public Comments

There were no public comments.

3. Approve Meeting Minutes for December 6, 2018 and May 15, 2019 - Regular Meetings

Resolution #1

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

Upon a motion made by John Harrity and seconded by Eric Brown, the Resolution passed unanimously.

Motion to approve the minutes of the Budget and Operations Committee meeting for May 15, 2019

Upon a motion made by Eric Brown and seconded by John Harrity, the Resolution passed unanimously.

4. FY 2020 – Budget and Targets

Mr. Shrago presented a recap of the annual budget and targets process and quickly highlighted the targets, investments and revenues. He noted that the targets include multiple Programs and that the overall total is contingent upon implementing the EEPP-Battery Storage incentive program (still under review and awaiting a decision by PURA). Mr. Brown asked about the timeline for the battery storage approval. Mr. Garcia stated a meeting is upcoming and by autumn, a decision is expected from PURA.

Mr. Shrago then proceeded to walk the committee through the proposed expenses for FY2020. Mr. Harrity asked if another marketer will be hired for C-PACE specifically to which Mr. Shrago responded that that is included in the staffing budget. Mr. Harrity stated that to the extent we can expand our origination, it would be helpful to bring awareness to our programs. Mr. Brown asked what other marketing programs are there? Mr. Shrago gave a high level overview. Mr. Brown asked if utility companies have been asked about marketing in their mailings? There is currently no commercial marketing program for Energize CT or the SMART-E loan programs. Mr. Brown stated he would be happy to bring up this marketing option at the next Joint Committee meeting to which Mr. Garcia responded that it was a good idea.

Next Mr. Shrago reviewed the staffing plan. He highlighted the organization's commitment to the sustainability plan and its desire to keep costs in line with that plan but emphasized that there are some critical hires that need to be made. In order to attain investment goals, manage risk, etc. Mr. Harrity inquired about bond issuance costs and asked if these included employee time spent working on that and were these onetime expenses or long-term engagements? Mr. Shrago confirmed that some experts are necessary and incur independent costs, that there are additional costs for temporary employees and Ms. Murphy added that some costs for bonding include SEC filings and underwriting

Mr. Harrity reviewed a list of employees with regular hours, others with less hours and asked if some are part-time or interns? Mr. Shrago stated that where some employees recently retired, at least one is back in a consulting role, some are part-time interns and—depending on the timing of staff hiring—it will affect the hours and budget figures. Mr. Harrity asked, for example the Asset Manager, how does the Green Bank go about attracting and hiring [qualified] candidates? Mr. Shrago shared that for the summer interns there was an overwhelming response with over 100 applicants for 4 positions and 3 were hired. He went on to share that for the recent Controller position there were 79 applicants. Mr. Shrago feels the Green Bank does well to attract talented potential employees.

Mr. Harrity further asked regarding retaining employees with cost-of-living, bonus or other increases. Mr. Shrago shared that there is a Merit Pool at a 3% increase with no cost-of-living increases. Increases in pay are based on a specific review process where employees have the ability to earn between 0-5% based on performance. Mr. Harrity asked that increases are based all on merit and that there are no cost-of-living increases? Mr. Shrago verified that increases are based solely on merit. Mr. Garcia expanded on the three-part merit-based program stating that there are established goals for employees with quantitative and some qualitative, with a 360° view from the entire organization, and a determination as to how each department is helping the balance sheet and “contributing to the bottom line.” Reviews are done in August, reviewed by management and increases implemented by October. There are currently 40 employees who will be reviewed this year. Mr. Harrity asked if there is any employee who does not

receive a raise? Mr. Shrago shared that most receive a raise. Mr. Harrity asked if an under-performing employee would receive notice before this review? Mr. Garcia stated that as the organization has grown, there are very few employees not performing up to par. If this situation does arise, the applicable manager will sit with the employee, issue a performance plan with a timeline to improve and with outcomes defined if performance does not change. Mr. Garcia noted they have had to deal with some employees in this situation in the past. Mr. Shrago confirmed that management gives employees a lot of notice and guidance for improvement. Mr. Harrity asked how is the situation handled if the employee does not agree with their performance assessment? Although Mr. Garcia stated this is a rare occasion, the applicable manager would have a discussion with either Mr. Garcia or Mr. Shrago before the manager's discussion with the employee to outline a plan of improvement. Mr. Garcia stated the door is always open for managers or employees to talk with him or Mr. Shrago to discuss issues further. Mr. Harrity stated that some employees may not agree with an assessment of their job performance and with a strong organization like the Green Bank, employees need to know where they can go for remediation. Mr. Hunter agrees with Mr. Harrity that something should be available to those employees and that they should know where to go if necessary. Mr. Brown asked if this should be discussed with the Board of Directors? Mr. Shrago stated he will provide information to the B&O Committee off-line with details of current program and if they wish to update them, this Committee can discuss further. Mr. Harrity wants employees to have the opportunity to raise their hand and say they disagree if such a situation arises and that this information should be available in the Employee Handbook.

Mr. Shrago continued with a review of the expenses, so all can see the funds expended on each program. Mr. Harrity asked if the additional expenses in the Multifamily programs include remedial work to which Mr. Shrago responded no, these are strictly Operating expenses. Mr. Harrity asked if all that remedial work [in multi-family program] without depleting margins? Mr. Garcia stated that there may be returns for various projects finance (e.g., fuel cells) with a 7-8% return that could be used to support (or subsidize) a lower return for affordable multi-family homes. Together, as a portfolio, they would meet the 5% return over a 10-year term.

Next Mr. Shrago reviewed the Core Partners to which the B&O Committee will ask the Board of Directors to approve and sign PSA's with. Mr. Brown asked about ReCurve Analytics and inquired about what they do. Mr. Shrago stated the Green Bank has done work with them in the past on EM&V for CPACE and are looking to do more. Mr. Garcia stated they do a better job of measuring energy savings with a proprietary IT system to determine savings.

Resolution #2

RESOLVED, the Connecticut Green Bank's (Green Bank) Budget and Operations Committee recommends that the Green Bank Board of Directors approve the Fiscal Year 2020 Targets and Budget;

RESOLVED, the Budget and Operations Committee recommends that the Board of Directors authorizes Green Bank staff to extend the professional services agreements (PSA's) currently in place with the following, contingent upon a competitive bid process having occurred in the last three years (except Cortland Capital Services and Inclusive Prosperity Capital):

- I. Adnet Technologies, LLC
- II. Clean Power Research, LLC
- III. Cortland Capital Services

- IV. CSW, LLC
- V. Inclusive Prosperity Capital
- VI. Locus Energy LLC
- VII. ReCurve Analytics
- VIII. Sustainable Real Estate Solutions, Inc.

For fiscal year 2020 with the amounts of each PSA not to exceed the applicable approved budget line item;

RESOLVED, the Budget and Operations Committee recommends that the Board of Directs authorize and empower the proper Green Bank officers to do all other acts and execute and deliver all other documents and instruments as they shall deem necessary and desirable to execute these extensions.

Upon a motion made by John Harrity and seconded by Eric Brown, the Resolution passed unanimously.

Mr. Harrity added that staff continues to innovate—despite obstacles—and he appreciates [their hard work]. He further stated that this work is possibly why other states are looking to the Green Bank for innovations to their own programs.

5. Green Bank Bond Strategy and Authorization Resolution

Mr. Shrago reviewed the organization's bonding strategy and plans for FY2020. He introduced the Bond Team, the need for bonding and the 2019 timeline. The Bond Team includes financial advisor Bob Lamb at Lamont Financial, legal advisor Bruce Chudwick at Shipman & Goodwin, Board Member advisor Bettina Bronisz from the Office of the Treasurer and the Green Bank team of Mackey Dykes, Brian Farnen, Bryan Garcia as Facilitator, Bert Hunter as Lead and Eric Shrago. In development for the Bond Team will be Underwriter(s), a Trustee, Rating Agencies and Green Bond Certifiers. The goals are to scale-up investment and lower the cost capital. The team are working on an official intent resolution that will be presented to the board for each project at the time of approval allowing it to be used for bonding. Mr. Harrity asked how unusual is it for our organization to be issuing bonds? Mr. Garcia named other state agencies/authorities that issue bonds to raise funds and that it is common (e.g., CHEFA, CHFA, CI-CDA) — however it is atypical for the Green Bank. Mr. Harrity agrees this is a good move to make and thanked Mr. Garcia for naming the other state agencies that raise funds with issuing bonds.

6. Update on Green Bank Financial Sustainability Plan

Mr. Garcia presented an update on progress toward the Financial sustainability plan presented in 2017 in response to the Sweeps ahead of a planned update to the board in June.

The Green Bank segmented its businesses into two lines, incentive and financing where the incentive business is cost recovered (i.e. the SHREC recovers the costs of the RSIP and its administration).

The Financing Programs has had the need to get Revenues greater than Operating Expenses over time. The team successfully reduced operating expenses from FY 2018 to FY 2019 by at \$5MM. They also needed to increase interest income through investments. They successfully invested \$42.2M in transactions in FY 2019 achieving a 6.7% return and an average loan term of 8 years.

An additional part of the plan was the establishment of a non-profit lending partner to reduce costs. To that end, Inclusive Prosperity Capital (IPC) was launched in 2018 with former Green Bank staffers. IPC has been working hard to get additional funding by attracting other mission-related investors in underserved markets and meeting targets.

Mr. Harrity shared that with only 8 months of funds to operate at the Green Bank with a board member saying it would run out [of funds] and the legislature would have to do something (back in 2017)—what a difference the establishment of IPC made and how this benefits the State of Connecticut. Mr. Garcia remembers back to that time and is now optimistically looking ahead to 2020. Mr. Brown asked about the timeframe for self-sufficiency. Mr. Garcia stated that team continues to work on sustainability until it becomes the fabric of the organization—and for the Green Bank to continue the discipline of keeping expenses low and project/investment driven to keep a strong balance sheet for the future.

7. FY 2020 and Beyond Comprehensive Plan (Draft)

Mr. Garcia discussed recent history of actions and upcoming meetings and events and goals. A lot of Mr. Harrity's recommendations in the Comprehensive Plan will be presented to the Board of Directors later this month. The Comprehensive Plan document has been issued to the B&O Committee members for their review and feedback. Mr. Harrity stated he read through the draft and is please with it—he will also read it through again. Mr. Harrity wants to have an impact with this plan which points to the future in exciting ways.

Mr. Shrago noted that there will be some adjustments to the 2019 budget (which will include the grant from DEEP to IPC) to present at the next Board of Directors meeting as there was not ample time to compile that information for today's meeting.

Mr. Brown asked for Committee deadline for comments on Comprehensive Plan and Mr. Garcia asked that they be submitted the week before the Board meeting in June and that there would be another opportunity in early July.

8. Adjourn

Meeting was adjourned at 2:21pm

Respectfully submitted,

John Harrity, Chairperson



Memo

To: Connecticut Green Bank Board of Directors
From: Bryan Garcia (President and CEO), Jane Murphy (Vice President of Finance and Administration), and Eric Shrago (Managing Director of Operations)
Date: January 6, 2020
Re: Proposed updates to FY2020 Targets and Budget

I. Targets

After two quarters of assessing program performance and market conditions, the Green Bank staff has proposed keeping targets where we initially set them for all programs except for CPACE, PPA and Multifamily.

- Staff are proposing reducing the PPA and Multifamily goal by 1 project, \$165K in capital deployment, and 0.1 MW of capacity.
- Due to the 3rd party activity seen in the CPACE market thus far this year, staff expects to see an additional \$3 million in capital deployment by third party financiers that should deliver an additional 1.4 MW in capacity.
- Staff are proposing removing the EEPP Battery Storage targets for FY 2020 as the EEPP Battery storage program has not been approved by PURA.

Overall, targets for the organization are relatively flat after these proposed changes and are summarized in the attached chart.

II. Proposed Changes to the Green Bank Investment and Operating Budgets

The overall net proposed budget represents an increased spend of \$1.936 Million. The proposed updated budget differs from the original, approved budget in the following ways:

Incentive Business:

Staff proposes a total of \$1.895 million additional expenses and investment in the Incentive Business to reflect the cost of the issuance of the new SHREC backed bond and to prepare for the wind down of the RSIP. Note that all of these expenses in the Incentive Business are cost recoverable through the sale of SHREC's as part of the Green Bank's administration of the RSIP.

- Revenues from RECs have been updated (increase of \$138,430 vs. original estimates)
- The following expenses are all cost recoverable:
 - Reallocation of \$75,000 from the Investment business related to Lamont Financial's consulting on bonding to the SHREC Tranche 3 issuance of the municipal bond (i.e., versus the asset back securitization for Tranche 1 and 2);
 - An additional \$1.62 million in bond issuance costs to cover the legal expenses and fees associated with the issuance. When the budget was originally created, staff were operating with the understanding that this would be amortized over the life of the bond and expense realized in the current fiscal year would be significantly less. We have since received guidance to the contrary and are updating this budget to reflect the actual cost of these expenses upfront for this fiscal year as opposed to over time through the term of the bond;
 - \$80,000 in consulting for RSIP and the SHREC issuance. This is to cover any policy related work associated with implementation of battery storage programs, or the transition to a tariff as well as consulting by the organization's outside engineers with regard to the production of systems in tranche 3;
 - \$85,000 in marketing expenses related to the sale of the retail green bonds for the SHREC offering in April;
 - \$190,000 in additional legal expenses reflect the costs associated with securing a credit facility backed by the tranche 3 systems.
 - These additional expenses are offset by a reduction of \$75,000 in Evaluation, Measurement and Verification expenses achieved by delaying a GIS visualization project and delays in battery storage programs.

Investment Business

The Green Bank is proposing adjusting the Investment business revenue upward by \$350,375 based on higher than expected LREC/ZREC income and a higher clearing price for RGGI auctions. Staff also proposes additional expenses of \$41,000 in the Investment Business to cover the resourcing needed to hit targets. It breaks down as follows:

- Additional \$30,000 in technology to support the monitoring of the systems in the PPA funds;
- \$16,000 in dues to support the Green Bank network and other similar organizations that benefit the Green Bank's mission;
- \$10,000 increase in inspections to support anticipated volume stemming from the special offer interest rate buy-down for Smart-E;
- Reduction of \$55,000 in Evaluation, Measurement and Verification expenses achieved by delaying a GIS visualization project, delays in battery storage programs, and other cuts.
- Increase in R&D expenses by \$20,000 to cover implementation of the transportation carbon offset pilot. This expense is offset by reducing expected projects related to ESA's and renewable heating and cooling.

In terms of general operations, staff are requesting an addition of \$120,000 in consulting expenses related to the anticipated move next fiscal year. This is split between both the

incentive business and investment business (\$29,378 in Incentives vs. \$95,622 in Investment).

We look forward to our meeting this week and to discussing these with you at that time.

Segment	Product	Channel	Targets							
			Number of Projects	Number of Projects (Recast)	Total Capital Deployed	Total Capital Deployed (Recast)	CGB Capital Deployed	CGB Capital Deployed (Recast)	Capacity Installed	Capacity Installed (Recast)
Investment Business	CPACE	Total CPACE	56	56	\$ 22,000,000	25000000	\$ 9,500,000.0	9500000	5.6	7.0
	PPA	PPA Total	34	33	\$ 28,125,000	\$ 27,960,000	\$ 16,875,000.0	\$ 16,776,000.0	12.7	12.6
	SBEA		1000	1000	\$ 20,000,000	\$ 20,000,000	\$ 2,000,000.0	\$ 2,000,000.0		
	SMART-E	Smart-E Total	540	540	\$ 7,182,000	\$ 7,182,000	\$ 596,106	\$ 596,106	0.5	0.5
	Low Income Loans/Leases (PosiGen)		615	615	\$ 17,202,165	\$ 17,202,165	\$ -	\$ -	4.2	4.2
	Multi-Family Pre-Dev		2	2	\$ 140,000	\$ 140,000	\$ -	\$ -		
	Multi-Family Term	Multi-Family Term Total	9	8	\$ 1,493,000	\$ 1,328,000	\$ 2,495,000.0	\$ 2,396,000.0	0.3	0.2
	Multi-Family Health and Safety Total		2	2	\$ 110,000	\$ 110,000	\$ -	\$ -		
	Strategic Investments	Strategic Investments Total	2	2	\$ 7,500,000.00	\$ -	\$ 7,500,000.00	\$ 7,500,000.00		-
	Financing Programs Total		2240	2239	\$ 98,427,165	\$ 93,762,165	\$ 38,966,106	\$ 38,768,106	21.0	22.3

Segment	Program	Targets							
		Number of Projects		Total Capital Deployed		CGB Capital Deployed		Capacity Installed	
Incentive Business	Residential Solar	7059	7059	\$ 214,200,000	\$ 214,200,000	\$ 15,416,149.4	\$ 15,416,149.4	60.0	60.0
	EEPP-Battery Storage	500		\$ 5,500,000		\$ 2,000,000.0		2.0	
	Incentive Programs Total	7559	7059	\$ 219,700,000	\$ 214,200,000	\$ 17,416,149.4	\$ 15,416,149.4	60.0	60.0

Segment	Business Segment	Targets							
		Number of Projects		Total Capital Deployed		CGB Capital Deployed		Capacity Installed	
CGB	Financing Programs Total	2240	2239	\$ 98,427,165	\$ 93,762,165	\$ 38,966,106.0	\$ 38,768,106.0	21.0	22.3
	Incentive Programs Total	7559	7059	\$ 219,700,000	\$ 214,200,000	\$ 17,416,149.4	\$ 15,416,149.4	60.0	60.0
	Green Bank Total	9130	8629	\$ 299,575,000	\$ 289,410,000	\$ 56,270,205	\$ 54,072,205	76.3	77.6

\$ 5.3

Connecticut Green Bank
Fiscal Year Budget - Recast vs. Original
Fiscal Year ended June 30, 2020

	Fiscal Year 06/30/2020			Incentive Programs Fiscal Year 06/30/2020			Financing Programs Fiscal Year 06/30/2020		
	Budget	FY20 Original Budget	Variance	Budget	FY20 Original Budget	Variance	Budget	FY20 Original Budget	Variance
Revenue									
Operating Income									
Utility Customer Assessments	25,986,400	25,986,400	0	0	0	0	25,986,400	25,986,400	0
RGGI Auction Proceeds-Renewables	4,193,148	4,031,800	161,348	0	0	0	4,193,148	4,031,800	161,348
CPACE Closing Fees	135,000	135,000	0	0	0	0	135,000	135,000	0
REC Sales	8,224,755	8,086,325	138,430	8,013,975	7,875,545	138,430	210,780	210,780	0
Grant Income-Federal Programs	30,000	30,000	0	0	0	0	30,000	30,000	0
PPA Income	252,000	252,000	0	0	0	0	252,000	252,000	0
LREC/ZREC Income	239,027	50,000	189,027	0	0	0	239,027	50,000	189,027
Total Operating Income	39,060,330	38,571,525	488,805	8,013,975	7,875,545	138,430	31,046,355	30,695,980	350,375
Interest Income	5,061,466	5,061,466	0	78,000	78,000	0	4,983,466	4,983,466	0
Interest Income, Capitalized	367,017	367,018	0	0	0	0	367,017	367,017	0
Other Income	135,000	135,000	0	0	0	0	135,000	135,000	0
Total Revenue	\$ 44,623,813	\$ 44,135,009	488,805	\$ 8,091,975	\$ 7,953,545	138,430	\$ 36,531,838	\$ 36,181,463	350,375
Operating Expenses									
Compensation and Benefits									
Employee Compensation	4,552,130	4,552,130	0	1,153,935	1,153,935	0	3,398,195	3,398,195	0
Employee Benefits	3,925,744	3,925,744	0	920,270	920,270	0	3,005,475	3,005,475	0
Total Compensation and Benefits	8,477,874	8,477,874	0	2,074,205	2,074,205	0	6,403,670	6,403,670	0
Program Development & Administration	2,863,929	2,858,929	5,000	1,609,895	1,614,895	(5,000)	1,254,033	1,244,033	10,000
Program Administration-IPC Fee	1,297,956	1,297,956	0	0	0	0	1,297,957	1,297,957	0
Marketing Expense	985,155	856,055	129,100	160,000	46,900	113,100	825,155	809,155	16,000
E M & V	395,000	525,000	(130,000)	125,000	199,999	(75,000)	270,000	325,000	(55,000)
Consulting and Professional Fees									
Consulting/Advisory Fees	540,900	460,900	80,000	287,400	132,400	155,000	253,500	328,499	(75,000)
Accounting and Auditing Fees	248,750	248,750	0	0	0	0	248,749	248,750	0
Legal Fees & Related Expenses	414,499	284,499	130,000	150,000	20,000	130,000	264,500	264,499	0
Bond Issuance Costs	1,800,000	180,000	1,620,000	1,800,000	180,000	1,620,000	0	0	0
Total Consulting and Professional Fees	3,004,149	1,174,149	1,830,000	2,237,400	332,400	1,905,000	766,749	841,748	(75,000)
Research and Development	310,000	290,000	20,000	0	0	0	310,000	290,000	20,000
Rent and Location Related Expenses									
Rent/Utilities/Maintenance	309,999	309,999	0	72,856	72,856	0	237,142	237,143	0
Telephone/Communication	124,599	124,598	0	29,283	29,284	0	95,316	95,316	0
Depreciation & Amortization	348,833	348,834	0	8,454	8,453	0	340,380	340,380	0
Total-Rent and Location Related Expenses	783,431	783,431	0	110,593	110,593	0	672,838	672,839	0

Connecticut Green Bank
Fiscal Year Budget - Recast vs. Original
Fiscal Year ended June 30, 2020

	Fiscal Year 06/30/2020			Incentive Programs Fiscal Year 06/30/2020			Financing Programs Fiscal Year 06/30/2020		
	Budget	FY20 Original Budget	Variance	Budget	FY20 Original Budget	Variance	Budget	FY20 Original Budget	Variance
Office, Computer & Other Expenses	1,075,633	950,633	125,000	238,212	208,835	29,378	837,420	741,798	95,622
Total Operating Expenses	19,193,127	17,214,027	1,979,100	6,555,305	4,587,827	1,967,478	12,637,822	12,626,200	11,622
Program Incentives and Grants									
Financial Incentives-CGB Grants	100,000	100,000	0	0	0	0	100,000	100,000	0
Program Expenditures-Federal Grants	30,000	30,000	0	0	0	0	30,000	30,000	0
EPBB/PBI/HOPBI Incentives	15,505,131	15,505,131	0	15,505,131	15,505,131	0	0	0	0
Total Program Incentives and Grants	\$ 15,635,131	\$ 15,635,131	0	\$ 15,505,131	\$ 15,505,131	0	\$ 130,000	\$ 130,000	0
Operating Income/(Loss)	\$ 9,795,554	\$ 11,285,850	(1,490,296)	\$ (13,968,461)	\$ (12,139,413)	(1,829,049)	\$ 23,764,016	\$ 23,425,263	338,753
Non-Operating Expenses									
Interest Expense	2,636,672	2,636,672	0	2,209,161	2,209,161	0	427,511	427,511	0
Provision for Loan Loss	2,965,625	2,965,625	0	0	0	0	2,965,625	2,965,625	0
Interest Rate Buydowns-ARRA	1,800,000	1,800,000	0	1,800,000	1,800,000	0	0	0	0
Total Non-Operating Expenses	\$ 7,402,297	\$ 7,402,297	0	\$ 4,009,161	\$ 4,009,161	0	\$ 3,393,136	\$ 3,393,136	0
Net Revenues Over (Under) Expenses	\$ 2,393,257	\$ 3,883,553	(1,490,296)	\$ (17,977,622)	\$ (16,148,574)	(1,829,049)	\$ 20,370,880	\$ 20,032,127	338,753



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