CONNECTICUT GREEN BANK

Budget Operations and Compensation Committee

Meeting Date

January 11, 2023

Budget, Operations & Compensation Committee Members

Lonnie Reed
Chair
Connecticut Green Bank

John Harrity
Chair
CT Roundtable on Climate and Jobs

Brenda Watson
Executive Director
Operation Fuel

Binu Chandy
Deputy Director
DECD

Adrienne Farrar-Houle
President and CEO
Greater Bridgeport Community
Enterprises, Inc.

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ctgreenbank.com

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Budget, Operations & Compensation Committee Members:

We have our mid-year targets and budget check-in scheduled to be held virtually on Wednesday, January 11, from 2 pm to 3:30 pm.

We will be presenting you with revised targets and budget for FY2023 based on market activity through the first half of the year. These adjustments are summarized in the accompanying memorandum and its attachment.

Additionally, I look forward to discussing with you the results from our recent compensation benchmarking study and the recommended new salary grades and structure.

Thank you and please contact me with any questions.

Regards,

Eric N. Shrago
Vice President of Operations

AGENDA

Budget, Operations, & Compensation Committee of the
Connecticut Green Bank
75 Charter Oak Ave, Suite 1-103
Hartford, CT 06061

Wednesday January 11, 2023
2:00-3:30 PM

Staff Invited: Sergio Carrillo, 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 8, 2022 Meeting* – 5 minutes

4. FY23 Targets and Budget** – 50 minutes

5. 2021-2022 Benchmark Compensation Study – 30 minutes

6. Adjourn

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

Microsoft Teams meeting

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Next Regular Meeting: Wednesday, May 10, 2023 – 2:00 to 3:30 p.m.
Connecticut Green Bank, 75 Charter Oak Ave, Hartford and online

Resolutions

Budget, Operations, & Compensation Committee of the
Connecticut Green Bank
75 Charter Oak Ave
Hartford, CT

Wednesday, January 11, 2023
2-3:30 PM

Staff Invited: Sergio Carrillo, 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 8, 2022 Regular Meeting* – 5 minutes

Resolution #1

Motion to approve the minutes of the Budget, Operations & Compensation Committee meeting for June 8, 2022.

Second. Discussion. Vote

4. FY 2023 – Targets and Budget – 50 minutes

Resolution 2:

WHEREAS, Section 5.2.2 of the Bylaws of the Connecticut Green Bank's requires the recommendation of the Budget, Operations, and Compensation Committee of the annual budget to the Connecticut Green Bank Board of Directors;

NOW, therefore be it:

RESOLVED, that the Budget Operations, and Compensation Committee Green Bank Board hereby recommends approval to the Board of Directors the: (1) the revised FY2023 Targets and Budget, (2) the addition of the Dream Bigger Strategy and budget, and (3) extend the professional services agreements (PSAs) with Inclusive Prosperity Capital for fiscal year 2023 with the amounts of each PSA not to exceed the applicable approved budget line item.

5. 2021 – 2022 Benchmark Compensation Study

6. Adjourn

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

Microsoft Teams meeting
Join on your computer, mobile app or room device
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Phone Conference ID: 523 832 071#

ANNOUNCEMENTS

- **Mute Microphone** – in order to prevent background noise that disturbs the meeting, if you aren't talking, please mute your microphone or phone.

- **Chat Box** – if you aren't being heard, please use the chat box to raise your hand and ask a question.

- **Recording Meeting** – per Executive Order 7B (i.e., suspension of in-person open meeting requirements), we need to record and post this board meeting.

- **State Your Name** – for those talking, please state your name for the record.

Budget, Operations, and Compensation Committee Meeting

January 11, 2023

Budget, Operations, and Compensation Committee

Agenda Item #1

Call to Order

Budget, Operations, and Compensation Committee

Agenda Item #2

Public Comments

Budget, Operations, and Compensation Committee

Agenda Item #3

Approval of June 08, 2022 Meeting Minutes

Budget, Operations, and Compensation Committee

Agenda Item #4

FY 2023 Targets and Budget

CONNECTICUT GREEN BANK

Comprehensive Plan
FY 2023 Incentive Programs Targets – Proposed Revisions

Segment	Program	Targets			
		Number of Projects	Total Capital Deployed		Capacity Installed/ Nameplate Capacity
Incentive Programs	*Residential Storage Incentives Total*	350	14,875,000		4.7
	C&I Storage Incentives Total	30	67,500,000		45.0
	Total Battery Storage	**380**	**$82,375,000**		**49.7**
	Total Smart-E	**960**	**$14,994,623**		**0.2**
	Incentive Programs Total	**1,340**	**$97,369,623**		**49.9**

To support **1,340** ~~**1,460**~~ **projects** attracting investment of **$97,369,623** ~~**$34,994,623**~~ to deploy at least **49.9 MW** ~~**8 MW**~~ of clean energy.

Comprehensive Plan
FY 2022 Financing Programs Targets – Proposed Revisions

Segment	Product	Targets			
		Number of Projects	Total Capital Deployed	CGB Capital Deployed	Capacity Installed
Financing Programs	CPACE	23	$31,000,000	$7,000,000	0.0
	PPA/RoofLeases	19	$13,710,000	$2,700,000	7.6
	SBEA	839	$18,600,000	$3,720,000	
	Multi-Family Pre-Dev	0	$0		0.0
	Multi-Family Term	6	$1,380,000	$0	0.6
	Multi-Family Health and Safety Total	1	$892,500		
	Transportation	0	0		0
	Strategic Investments	0	$0		0.0
	Financing Programs Total	882	$ 64,202,500	$ 13,420,000	7.6

To support **882 projects** attracting investment of **$64,202,500** to deploy at least **7.6 MW** of clean energy. These targets have not changed.

Budget - Revenue Changes

	Fiscal Year Jun 30 2023		
	Recast Budget	**FY23 Original Budget**	**Variance**
Revenue			
Operating Income			
Utility Customer Assessments	24,737,413	24,408,800	328,613 {A}
RGGI Auction Proceeds-Renewables	8,910,288	10,884,140	(1,973,852) {B}
CPACE Closing Fees	123,000	123,000	0
REC Sales	13,917,136	13,917,136	0
Grant Income-Federal Programs	40,000	40,000	0
PPA Income	465,000	465,000	0
LREC/ZREC Income	325,000	325,000	0
Total Operating Income	48,517,837	50,163,076	(1,645,239)
Interest Income	6,158,000	6,158,000	0
Interest Income, Capitalized	48,000	48,000	0
Other Income	404,535	404,535	0
Total Revenue	**$ 55,128,372**	**$ 56,773,611**	**(1,645,239)**

Budget - Expense Changes

Operating Expenses				
Compensation and Benefits				
Employee Compensation	6,345,292	6,279,476	65,816	{C}
Employee Benefits	5,618,380	5,568,865	49,515	{C}
Total Compensation and Benefits	11,963,672	11,848,341	115,331	{C}
Program Development & Administration	4,828,766	4,623,266	205,500	{D}
Program Administration-IPC Fee	1,366,220	1,366,220	0	
Lease Origination Services	4,000	4,000	0	
Marketing Expense	1,750,165	1,750,165	0	
E M & V	1,048,000	963,000	85,000	{E}
Research and Development	720,000	200,000	520,000	{F}
Consulting and Professional Fees				
Consulting/Advisory Fees	975,700	1,020,700	(45,000)	{G}
Accounting and Auditing Fees	318,350	318,350	0	
Legal Fees & Related Expenses	242,000	242,000	0	
Total Consulting and Professional Fees	1,536,050	1,581,050	(45,000)	
Rent and Location Related Expenses				
Rent/Utilities/Maintenance	308,716	308,716	0	
Telephone/Communication	56,400	56,400	0	
Depreciation & Amortization	673,314	673,314	0	
Total-Rent and Location Related Expenses	1,038,430	1,038,430	0	
Office, Computer & Other Expenses	1,780,265	1,780,265	0	
Total Operating Expenses	**26,035,567**	**25,154,737**	**880,831**	
Program Incentives and Grants				
Financial Incentives-CGB Grants	5,185,000	5,185,000	0	
Program Expenditures-Federal Grants	40,000	40,000	0	
EPBB/PBI/HOPBI Incentives	9,396,958	14,250,000	(4,853,042)	{H}
Battery Storage Incentives	1,657,012	2,430,284	(773,272)	{I}
Total Program Incentives and Grants	**$ 16,278,970**	**$ 21,905,284**	**(5,626,314)**	
Operating Income/(Loss)	**$ 12,813,835**	**$ 9,713,590**	**3,100,244**	
Non-Operating Expenses				
Interest Expense	2,554,641	2,554,641	0	
Provision for Loan Loss	2,333,000	2,333,000	0	
Interest Rate Buydowns-ARRA	600,000	600,000	0	
Total Non-Operating Expenses	**$ 5,487,641**	**$ 5,487,641**	**0**	
Net Revenues Over (Under) Expenses	**7,326,194**	**4,225,950**	**3,100,244**	

IPC PSA Amendments

CONNECTICUT GREEN BANK

Request to extend the professional services agreements (PSAs) with Inclusive Prosperity Capital for fiscal year 2023 with the amounts of each PSA not to exceed the applicable approved budget line item:

	Previous	Increase	New Amount
Smart-E	$1,236,648	$317,022	$1,553,670
Multifamily	$1,474,878	$307,615	$1,782,493
Commercial	$1,473,656	$741,582	$2,215,238

Resolution #2

WHEREAS, Section 5.2.2 of the Bylaws of the Connecticut Green Bank's requires the recommendation of the Budget, Operations, and Compensation Committee of the annual budget to the Connecticut Green Bank Board of Directors;

NOW, therefore be it**:**

RESOLVED, that the Budget Operations, and Compensation Committee Green Bank Board hereby recommends approval to the Board of Directors the: (1) the revised FY2023 Targets and Budget, (2) the addition of the Dream Bigger Strategy and budget, and (3) extend the professional services agreements (PSAs) with Inclusive Prosperity Capital for fiscal year 2023 with the amounts of each PSA not to exceed the applicable approved budget line item.

Second. Discussion. Vote

Budget and Operations Committee

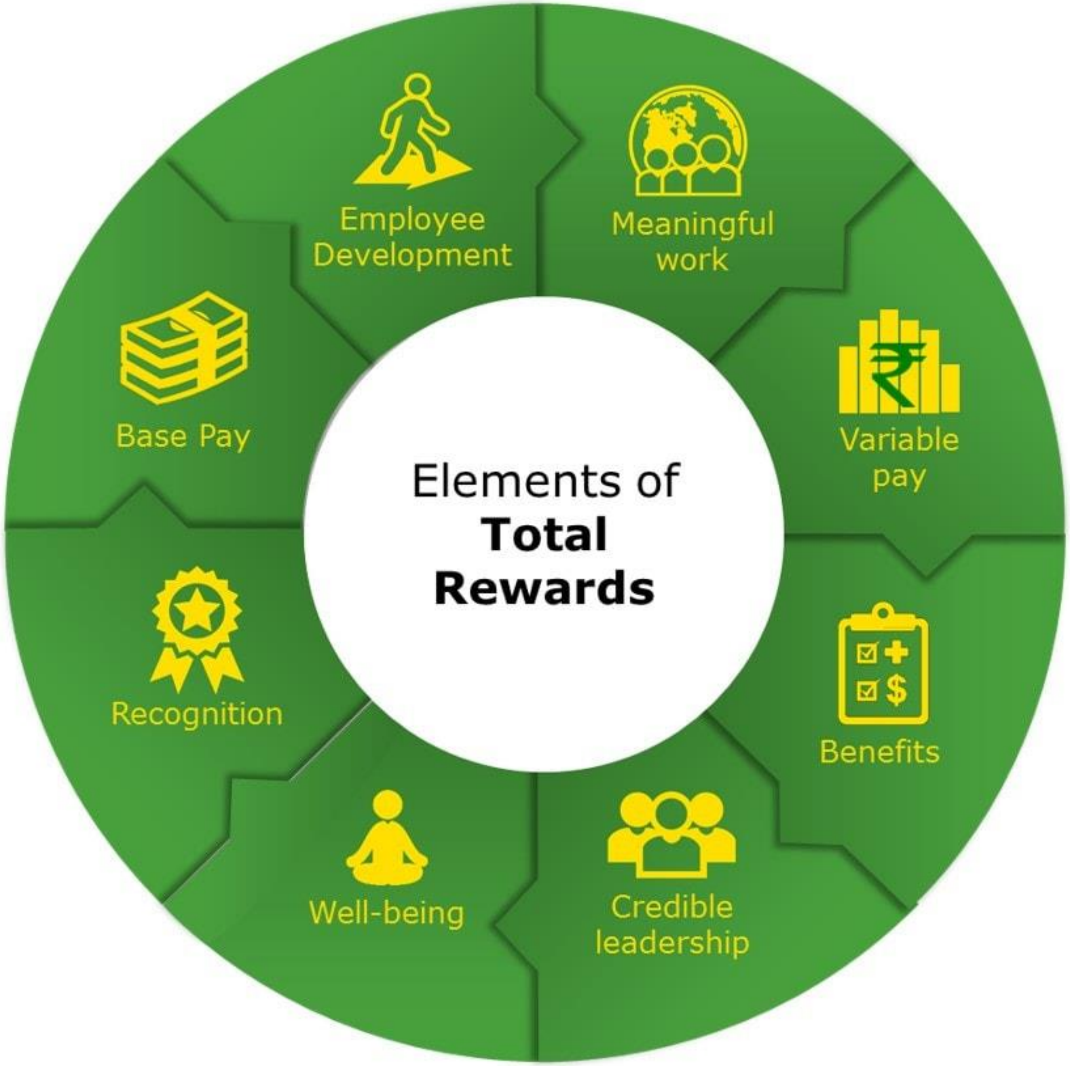
Agenda Item #6

2021-2022 Benchmark Compensation Study

Compensation Plan Objectives

A wholistic approach to compensating Green Bank employees that:

- Ensures fairness and equity
- Maximizes employee motivation and productivity
- Differentiates and rewards top performers
- Aligns with organizational goals; fosters goal attainment
- Reinforces the organization's ability to attract and retain great talent



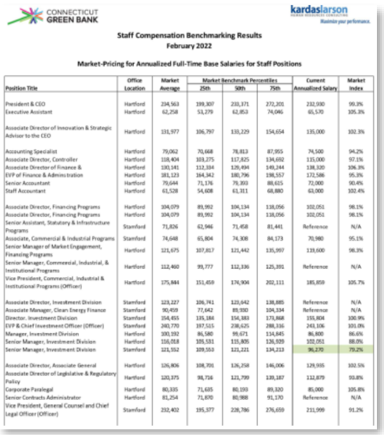
Compensation & Total Rewards

Planned Approach - Preparation and Data Gathering

- Compensation Benchmarking Study *(Conducted in February 2022)*
- Employee Survey *(February-March 2022)*
- Follow-On Focus Groups *(April 2022)*

Position Benchmarking

- In good shape, overall, improved over the 2016-2017 study, well controlled
- Justification for two sets of benchmarks- Hartford and Stamford
- A few lows in the management function matches employee survey feedback, with two Managers in the Investment Division below the 25th percentile
- Some disparity among Associates in the Incentive Programs function; one employee below the 25th percentile

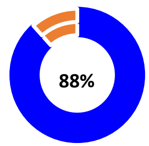

Staff Compensation Benchmarking Results
February 2022
Market-Pricing for Annualized Full-Time Base Salaries for Staff Positions

Position Title	Office Location	Market Average	Market Benchmark Percentiles 25th	50th	75th	Current Annualized Salary	Market Index
Senior Manager, Investment Division	Hartford	116,018	105,531	115,805	126,929	102,051	88.0%
Senior Manager, Investment Division	Stamford	121,552	109,553	121,221	134,213	96,270	79.2%
Associate, Incentive Programs	Hartford	71,223	63,088	70,953	79,898	70,000	98.3%
Associate, Incentive Programs	Hartford	71,223	63,088	70,953	79,898	71,674	100.6%
Associate, Incentive Programs	Hartford	71,223	63,088	70,953	79,898	61,950	87.0%

Recommendation: Market adjustments for three employees to bring them up to the 25th percentile, with a financial impact of $17,901

Employee Survey Results

- Survey conducted by DeLisaGroup, Simsbury CT
- Outstanding response rate, overall results



Division	Department	Count of Employees	Count of Responses	Response Rate
Corporate Division	Accounting	6	5	83%
	Executive & Legal	6	5	83%
	Operations	8	8	100%
Investment Division	Investment	5	4	80%
Programs Division	Executive & Legal	1	1	100%
	Financing Programs	6	5	83%
	Incentive Programs	11	10	91%
Totals		**43**	**38**	**88%**

1. Considering everything, how would you rate your overall satisfaction with the organization at the present time? (87% Favorable)

Overall:

Perspective	Actual	NR	1	2	3	4	5	Avg	% Unfavorable ---------------------------- % Favorable
Overall	38	0	0	1	4	11	22	4.42	3 11 87

Employee Survey - Highs and Lows

Perspective: Overall

HIGHEST: 9. The CT Green Bank promotes a safe working environment. (97%)

10. We perform high quality work here. (97%)

16. I have the flexibility I need to arrange my work so that I can meet my business objectives and balance my family and personal needs. (97%)

22. Leadership is taking the organization in the right direction. (97%)

30. My manager gives me enough freedom to do my work. (97%)

LOWEST: 11. The organization's performance appraisal and review process is effective. (27%)

3. I am satisfied with the pension and retirement benefits offered to CT Green Bank employees. (16%)

42. The CT Green Bank Teams/Departments work well together across the organization. (13%)

5. The CT Green Bank provides appropriate compensation considering duties and responsibilities. (11%)

19. Monthly staff meetings are beneficial. (11%)

39. The CT Green Bank demonstrates visible commitment to equity and diversity when dealing with employees. (11%)

Normative Data indicates a dissatisfied population typically in the 17% to 26% range

Compensation – Demographic Breakdowns

CONNECTICUT GREEN BANK

5. The CT Green Bank provides appropriate compensation considering duties and responsibilities.

Perspective	Actual	NR	1	2	3	4	5	Avg	% Unfavorable ---------------------------- % Favorable
Overall	38	0	0	4	7	19	8	3.82	11 / 18 / 71
Accounting	5	0	0	0	0	3	2	4.40	100
Executive & Legal	6	0	0	0	0	3	3	4.50	100
Financing Programs	5	0	0	0	2	3	0	3.60	40 / 60
Incentive Programs	10	0	0	2	2	4	2	3.60	20 / 20 / 60
Investment	4	0	0	1	1	1	1	3.50	25 / 25 / 50
Operations	8	0	0	1	2	5	0	3.50	12 / 25 / 62
Manager	11	0	0	3	1	5	2	3.55	27 / 9 / 64
Non-Manager	27	0	0	1	6	14	6	3.93	4 / 22 / 74

Follow-On Focus Group Feedback

- Employees feel that comp studies and grade leveling do a good job of making things fair, though it's hard to properly benchmark the unique nature of Green Bank roles without a "deep dive" into what each employee does; general perception that pay is distributed equitably
- While the benefits package is perceived as great, there's a sense it's slightly eroding
- Employees perceive that being part of a state entity means they will give up something on the pay side in exchange for great benefits and meaningful work
- The concept of "pay for performance" and merit-based pay is vague, and employees are not able to make a strong enough connection that doing a great job means their pay will be increased
- Employees perceive very little upside monetary reward for doing a great job
- The goal setting process falls short of being effective
  - Not meaningful or personalized
  - Not cascaded
  - Not challenging, doesn't motivate high achievement
  - Not properly documented or measured
  - Not timed properly
- Employees expressed interested in a variable compensation program that has closer ties to performance, as used to happen in the past

Recommendation: Move to COLA + Merit

Unbundling of components; changes in process, timing and order of:

- Performance appraisal meetings
- Progress update meetings, 360 feedback
- Goal setting meetings
- Administration of COLA increases
- Determination and allocation of merit increases

Budget and Operations Committee

Agenda Item #7

Adjourn

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

Wednesday, June 8, 2022
2:00 p.m. – 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 8, 2022.

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

Committee Members Present: Binu Chandy, John Harrity, Adrienne Houël

Committee Members Absent: Lonnie Reed, Brenda Watson

Staff Attending: Bert Hunter, Cheryl Lumpkin, Jane Murphy, Ariel Schneider, Eric Shrago, Dan Smith

Others present: None

1. Call to Order

- John Harrity called the meeting to order at 2:00 pm.

2. Public Comments

- No public comments.

3. Approve Meeting Minutes from January 12, 2022 and May 24, 2022

<u>Resolution #1</u>

Motion to approve the meeting minutes of the Budget, Operations, and Compensation Committee from the meetings on January 12, 2022 and May 24, 2022.

Upon a motion made by Adrienne Houël and seconded by Binu Chandy, the Budget, Operations, and Compensation Committee voted to approve Resolution 1. None opposed and Binu Chandy abstained. Motion approved.

4. FY 2023 – Expenses (Staffing, Incentive Programs, and General Operations)

- Eric Shrago reviewed the proposed goals for FY2023 which covers $99 million in capital deployed and 15 megawatts of capacity installed.
  - John Harrity asked what the price per megawatt and how it compares to the rest of the market. Eric Shrago responded that he does not have a straightforward answer but can calculate one, though some projects may yield different rates which was intentionally included. He added that it's primarily solar and battery storage, but because of that a more detailed breakdown of the targets isn't available. John Harrity asked if the sense is that the Green Bank isn't paying wildly over market rate, and Eric Shrago confirmed the Green Bank is paying in line with the market.
- Eric Shrago reviewed the proposed Staffing Plan and its changes. There were no drastic changes there, but there are some current position vacancies which create a greater change from FY 2022. He expanded on the current open positions.
  - John Harrity asked if Mike Yu and Irene Turker have been given thanks for their work, and Eric Shrago responded absolutely.
- There will be a change to the Merit & COLA compensation. After discussing with compensation consultants and reviewing comparable data, there is a proposed 5% Cost of Living Allowance increase that would be effective July 1, 2022 in addition to a 4% Merit pool that is based on performance during the review process.
  - John Harrity asked if the senior staff officer salary was removed, what the average employee salary is. Eric Shrago responded he would follow up later with the information once he can confirm, which John agreed to, and Eric confirmed a living wage is definitely paid to all employees. Jane Murphy commented that Dan Smith could calculate the numbers while Eric continues. She later commented that the average hourly wage for all non-senior staff employees is $44.44 per hour.
- Eric Shrago reviewed the Incentive Program expense budget. RSIP is reflective that it is in the wind-down phase of the program. Battery Storage is continuing with ESS customer acquisition, and Smart-E is a flat budget year-on-year though the intent is to expand the program into environmental infrastructure.
  - John Harrity asked if there is a program to cover heat pumps, and Eric Shrago responded that Smart-E covers heat pumps and a special offer is coming soon and one of the targeted technologies of that offer is heat pumps.
- Eric Shrago noted for the Financing Programs expense budget, CPACE is flat year-on-year, PPA has some big expenses, but they are reflected at the CGB level rather than in the PPA funds. As well, the investment in Operations and Maintenance PPAs is paying off as the estimated production is being achieved. For Multifamily, the expenses are to support projects in the pipeline and acquisition of new PPA projects.
- For Environmental Infrastructure, staffing has a two-headcount budgeted for the full year and the Program Admin and R&D budgets are set to get the initial offerings developed and off the ground.
- Eric Shrago summarized expenses for individual departments. Clean Energy Finance has an increase in expenses which is primarily driven by changes in staffing. Marketing will continue with the shift from last year in terms if its approach and strategy. For Research & Development, there is an increase due to Environmental Infrastructure and for other renewable clean energy projects.
  - John Harrity asked if in terms of R&D, if some money could be spent to take the technology apart and figure out how to do it more cheaply, especially on heat

pumps. Eric Shrago responded that typically the R&D budget isn't spent on that kind of technology investigation, but it could be looked into.
  - John Harrity asked if for marketing, if any company is pushing article or "free" marketing in local and national publications. Eric Shrago responded that the Green Bank does have a relationship with a PR firm and several instances have been made with varying degrees of success to try and utilize "earned" or "free" media.
- Eric Shrago reviewed the other operating expenses. Year-on-year there is about a $150,000 increase, primarily driven by IT changes. There may be some changes, but the net change will likely remain close to where it is now. For Capital Expenses, there is a decrease year-on-year.

5. Adjourn

Upon a motion made by Binu Chandy and seconded by Adrienne Houël, the Budget, Operations, and Compensation Committee Meeting adjourned at 2:49 pm.

Respectfully submitted,

____
John Harrity, Chairperson

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CONNECTICUT
GREEN BANK

Memo

To: Connecticut Green Bank Board of Directors

From: Bryan Garcia (President and CEO), Jane Murphy (Executive Vice President of Finance and Administration), Eric Shrago (Vice President of Operations), & Dan Smith (Associate Director of Finance and Administration)

Date: January 6, 2023

Re: Proposed updates to FY2023 Targets and Budget

As the committee is well aware, we typically review our budget and targets mid-way through our fiscal year and look to bring those inline with what we are seeing in the market and what we think we will need to achieve those targets. This year, in light of the passage of the Inflation Reduction Act of 2022, and the expected boost that the incentives included in it will bring to the green economy, we have started to think about how we can scale our programs to support further demand. We do not expect the IRA to impact FY2023 targets and we will be presenting our budget requests in two parts: the standard revision and then a dream big scenario where we are gearing up with an expectation of increase demand.

I. Targets

After two quarters of assessing program performance and market conditions, the Green Bank staff has proposed the following adjustments to targets for this fiscal year:

- Changes to the Incentive Programs targets include:
    - We seek to clarify the way we count projects against our targets for Energy Storage Solutions. We are proposing that our target should be for projects approved/closed by the Green Bank as that is where our control over those projects ends. Previously we had proposed counting projects only when they are completed, that is, when batteries are energized and interconnected with the grid; however, due to delays in equipment and with interconnection approval processes, we expect considerable lag between the time a project is approved and the time the project is completed. We want to be more transparent and will report out both numbers in terms of what has been approved and what has been completed, however our targets will be based on approved projects.
    - With that change in mind, we are stating the new targets for FY23 for Energy Storage Solutions to be 380 projects worth $82.375 Million in capital deployed

with a name plate capacity of 49.7 MW. These new targets represent an overall decrease in the number of projects for the year (a result of slower than expected residential uptake), but an increase in the capital deployed and numbers of commercial and industrial projects.
    - Targets for Smart-E remain flat.
- Changes to the Financing Programs Targets include:
    - Overall targets for number of projects, capital deployed and capacity installed are the same.
    - We are clarifying CGB capital invested target which had previously been stated as $37.4 million. We are clarifying that this target should be $13.42 million.

The targets are summarized in the following tables:

Table 1. Proposed FY 2023 Targets for the Incentive Programs Business Unit

Segment	Program	Targets			
		Number of Projects	Total Capital Deployed		Capacity Installed/ Nameplate Capacity
Incentive Programs	*Residential Storage Incentives Total*	350	14,875,000		4.7
	C&I Storage Incentives Total	30	67,500,000		45.0
	Total Battery Storage	**380**	**$82,375,000**		**49.7**
	Total Smart-E	**960**	**$14,994,623**		**0.2**
	Incentive Programs Total	**1,340**	**$97,369,623**		**49.9**

Table 2. Proposed FY 2023 Targets for the Financing Programs Business Unit

Segment	Product	Targets			
		Number of Projects	Total Capital Deployed	CGB Capital Deployed	Capacity Installed
Financing Programs	CPACE	23	$31,000,000	$7,000,000	0.0
	PPA/RoofLeases	19	$13,710,000	$2,700,000	7.6
	SBEA	839	$18,600,000	$3,720,000	
	Multi-Family Pre-Dev	0	$0		0.0
	Multi-Family Term	6	$1,380,000	$0	0.6
	Multi-Family Health and Safety Total	1	$892,500		
	Transportation	0	0		0
	Strategic Investments	0	$0		0.0
	Financing Programs Total	882	$ 64,202,500	$ 13,420,000	7.6

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

The overall net proposed budget represents an increase in expenses of $880,831 and a decrease in revenue of $1,645,239. Staff proposes a decrease in non-operating expenses of

$5.6 million. The proposed updated budget differs from the original, approved budget in the following ways:

Financing Programs
The Green Bank is proposing adjusting the Financing Programs revenue downward by $1,645,239 based on Utility Customer Assessments income being $328,613 higher than expected (Adjustment A in the attachment) but this is offset by RGGI auction Proceeds being $1,973,852 lower than forecast (Adjustment B in the attachment). The RGGI proceeds is due to the organization reaching the statutorily mandated cap, the first time this has occurred.

Staff also proposes additional expenses of $821,561 the Financing Programs. $116,061 of this increase is driven by the reallocation of staff and the creation of a part-time position in the investment team. This offsets consulting expenses as the person filling this position was previously a consultant. (Adjustment C in the attachment which is offset by adjustment G). There are an addition of $205k of technology costs related to the further implementation of Salesforce across the organization (Adjustment D). There is an increase of $25K in EM&V to cover an ongoing project related to CPACE customer savings (part of adjustment E).

We are also proposing an increase in Research and Development expenses of $315K. This is driven primarily by the support for the statutorily mandated Hydrogen Task Force and work to support the deployment of electric school busses (Adjustment F).

Incentive Programs
Staff proposes $59,404 of additional expenses in the Incentive Programs for the impact study we are working on as part of statutorily mandated report to the legislature for RSIP. (Part of adjustment E). Staff propose increasing the Research and development budget related to Energy Storage Solutions by $179K driven by battery end of life and front of the meter deployment (Adjustment F).

Additionally, we are reducing the incentives we expect to pay this fiscal year by $5,626,314. $4,853,042 of this is driven by holdbacks from third parties who have not upgraded meters (adjustment H) and $772K is due to slower deployment of batteries under ESS (Adjustment I).

Environmental Infrastructure
Staff are proposing changes to the budget to increase the Research and development budget in support of the further rollout of the expanded mission of $26K (part of adjustment F).

III. Dream Big Strategy

In preparation for increased demand resulting from the incentives in the Inflation Reduction Act, staff have gone through a brainstorming process on how we can take advantage of this opportunity to further enable projects coming to fruition. We have worked in teams that are focused on what is needed from a policy, products, people, promotion, and place perspectives. We have looked at what gaps exist and what is needed to address those. While this is an ongoing process on which we will update the full Board of Directors at their January 20th meeting, there are some budgetary implications and we are proposing some additional budget requests associated with this effort. We ask you view these separately from those above as these are more focused on how we scale the organization and take it to the next level.

The budget recommendations from the working groups on the different dream big pillars are:

- Onboard 5 additional staff members focused on project acquisition by the end of this fiscal year. 4 of these team members would be in the financing programs segment with 3 on the financing programs team and 1 on the operations team with a data analytics/GIS/marketing focus. The remaining position would be to support our residential efforts (ESS and Smart-E), which roll up to the incentive programs. The cost of these positions would be $252,115 for this fiscal year.
- An additional $50,000 to help create marketing assets that facilitate a greater reach to the public specifically on the residential side.
- An additional $50,000 added to the rent budget to support efforts by the Green Bank to connect in communities to the populations we are trying to reach.

IV. Strategic Partners

As you recall, the board instructed staff to contract with 16 strategic partners in June 2022 with specific not-to-exceed thresholds. However, we seek to clarify the resolution from June from the Board and request a renewed recommendation from the committee at this time.

<u>Resolution 2:</u>

WHEREAS, Section 5.2.2 of the Bylaws of the Connecticut Green Bank's requires the recommendation of the Budget, Operations, and Compensation Committee of the annual budget to the Connecticut Green Bank Board of Directors;

NOW, therefore be it:

RESOLVED, that the Budget Operations, and Compensation Committee Green Bank Board hereby recommends approval to the Board of Directors the: (1) the revised FY2023 Targets and Budget, (2) the addition of the Dream Bigger Strategy and budget, and (3) extend the professional services agreements (PSAs) with Inclusive Prosperity Capital for fiscal year 2023 with the amounts of each PSA not to exceed the applicable approved budget line item.

Connecticut Green Bank

Fiscal Year Budget - Recast vs. Original

	Fiscal Year Jun 30 2023			Incentive Programs Fiscal Year Jun 30 2023			Financing Programs Fiscal Year Jun 30 2023			Environmental Infrastructure Fiscal Year Jun 30 2023		
	Recast Budget	FY23 Original Budget	Variance	Recast Budget	FY23 Original Budget	Variance	Recast Budget	FY23 Original Budget	Variance	Recast Budget	FY23 Original Budget	Variance
Revenue												
Operating Income												
Utility Customer Assessments	24,737,413	24,408,800	328,613 {A}	0	0	0	24,737,413	24,408,800	328,613	0	0	0
RGGI Auction Proceeds-Renewables	8,910,288	10,884,140	(1,973,852) {B}	0	0	0	8,910,288	10,884,140	(1,973,852)	0	0	0
CPACE Closing Fees	123,000	123,000	0	0	0	0	123,000	123,000	0	0	0	0
REC Sales	13,917,136	13,917,136	0	12,450,636	12,450,636	0	1,466,500	1,466,500	0	0	0	0
Grant Income-Federal Programs	40,000	40,000	0	0	0	0	40,000	40,000	0	0	0	0
PPA Income	465,000	465,000	0	0	0	0	465,000	465,000	0	0	0	0
LREC/ZREC Income	325,000	325,000	0	0	0	0	325,000	325,000	0	0	0	0
Total Operating Income	48,517,837	50,163,076	(1,645,239)	12,450,636	12,450,636	0	36,067,201	37,712,440	(1,645,239)	0	0	0
Interest Income	6,158,000	6,158,000	0	53,400	53,400	0	6,104,600	6,104,600	0	0	0	0
Interest Income, Capitalized	48,000	48,000	0	0	0	0	48,000	48,000	0	0	0	0
Other Income	404,535	404,535	0	0	0	0	404,535	404,535	0	0	0	0
Total Revenue	**$ 55,128,372**	**$ 56,773,611**	**(1,645,239)**	**$ 12,504,036**	**$ 12,504,036**	**0**	**$ 42,624,336**	**$ 44,269,575**	**(1,645,239)**	**$ 0**	**$ 0**	**0**
Operating Expenses												
Compensation and Benefits												
Employee Compensation	6,345,292	6,279,476	65,816 {C}	1,773,334	1,773,648	(314)	4,247,357	4,181,157	66,200	324,600	324,671	(71)
Employee Benefits	5,618,380	5,568,865	49,515 {C}	1,555,419	1,555,702	(282)	3,770,821	3,720,960	49,861	292,140	292,203	(63)
Total Compensation and Benefits	11,963,672	11,848,341	115,331 {C}	3,328,753	3,329,350	(596)	8,018,178	7,902,117	116,061	616,740	616,874	(134)
Program Development & Administration	4,828,766	4,623,266	205,500 {D}	3,492,000	3,492,000	0	936,766	731,266	205,500	400,000	400,000	0
Program Administration-IPC Fee	1,366,220	1,366,220	0	317,022	317,022	0	1,049,198	1,049,198	0	0	0	0
Lease Origination Services	4,000	4,000	0	0	0	0	4,000	4,000	0	0	0	0
Marketing Expense	1,750,165	1,750,165	0	528,066	528,066	0	1,222,099	1,222,099	0	0	0	0
E M & V	1,048,000	963,000	85,000 {E}	843,000	783,000	60,000	205,000	180,000	25,000	0	0	0
Research and Development	720,000	200,000	520,000 {F}	179,000	0	179,000	415,000	100,000	315,000	126,000	100,000	26,000
Consulting and Professional Fees												
Consulting/Advisory Fees	975,700	1,020,700	(45,000) {G}	520,100	520,100	0	455,600	500,600	(45,000)	0	0	0
Accounting and Auditing Fees	318,350	318,350	0	0	0	0	318,350	318,350	0	0	0	0
Legal Fees & Related Expenses	242,000	242,000	0	60,000	60,000	0	182,000	182,000	0	0	0	0
Total Consulting and Professional Fees	1,536,050	1,581,050	(45,000)	580,100	580,100	0	955,950	1,000,950	(45,000)	0	0	0
Rent and Location Related Expenses												
Rent/Utilities/Maintenance	308,716	308,716	0	87,198	87,198	0	205,557	205,557	0	15,962	15,962	0
Telephone/Communication	56,400	56,400	0	15,931	15,930	0	37,553	37,553	0	2,916	2,916	0
Depreciation & Amortization	673,314	673,314	0	48,767	48,767	0	615,621	615,621	0	8,926	8,926	0
Total-Rent and Location Related Expenses	1,038,430	1,038,430	0	151,894	151,895	0	858,731	858,731	0	27,804	27,804	0
Office, Computer & Other Expenses	1,780,265	1,780,265	0	513,204	513,204	0	1,227,301	1,227,301	0	39,760	39,760	0
Total Operating Expenses	**26,035,567**	**25,154,737**	**880,831**	**9,933,040**	**9,694,637**	**238,404**	**14,892,223**	**14,275,662**	**616,561**	**1,210,304**	**1,184,438**	**25,866**
Program Incentives and Grants												
Financial Incentives-CGB Grants	5,185,000	5,185,000	0	60,000	60,000	0	5,125,000	5,125,000	0	0	0	0
Program Expenditures-Federal Grants	40,000	40,000	0	0	0	0	40,000	40,000	0	0	0	0
EPBB/PBI/HOPBI Incentives	9,396,958	14,250,000	(4,853,042) {H}	9,396,958	14,250,000	(4,853,042)	0	0	0	0	0	0
Battery Storage Incentives	1,657,012	2,430,284	(773,272) {I}	1,657,012	2,430,284	(773,272)	0	0	0	0	0	0
Total Program Incentives and Grants	**$ 16,278,970**	**$ 21,905,284**	**(5,626,314)**	**$ 11,113,970**	**$ 16,740,284**	**(5,626,314)**	**$ 5,165,000**	**$ 5,165,000**	**0**	**$ 0**	**$ 0**	**0**
Operating Income/(Loss)	**$ 12,813,835**	**$ 9,713,590**	**3,100,244**	**$ (8,542,974)**	**$ (13,930,885)**	**5,387,910**	**$ 22,567,113**	**$ 24,828,913**	**(2,261,800)**	**$ (1,210,304)**	**$ (1,184,438)**	**(25,866)**
Non-Operating Expenses												
Interest Expense	2,554,641	2,554,641	0	2,384,909	2,384,909	0	169,732	169,732	0	0	0	0
Provision for Loan Loss	2,333,000	2,333,000	0	0	0	0	2,333,000	2,333,000	0	0	0	0
Interest Rate Buydowns-ARRA	600,000	600,000	0	600,000	600,000	0	0	0	0	0	0	0
Total Non-Operating Expenses	**$ 5,487,641**	**$ 5,487,641**	**0**	**$ 2,984,909**	**$ 2,984,909**	**0**	**$ 2,502,732**	**$ 2,502,732**	**0**	**$ 0**	**$ 0**	**0**
Net Revenues Over (Under) Expenses	**7,326,194**	**4,225,950**	**3,100,244**	**(11,527,883)**	**(16,915,793)**	**5,387,910**	**20,064,381**	**22,326,181**	**(2,261,800)**	**(1,210,304)**	**(1,184,438)**	**(25,866)**

See budget memo for details of adjustments (A) through (I).

Connecticut Green Bank

Fiscal Year Budget - Recast vs. Original & Dream Big vs Recast

	Fiscal Year Jun 30 2023				
	Recast Budget	FY23 Original Budget	Variance	Dream Big Recast Budget	Variance to Recast Budget
Revenue					
Operating Income					
Utility Customer Assessments	24,737,413	24,408,800	328,613 {A}	24,737,413	0
RGGI Auction Proceeds-Renewables	8,910,288	10,884,140	(1,973,852) {B}	8,910,288	0
CPACE Closing Fees	123,000	123,000	0	123,000	0
REC Sales	13,917,136	13,917,136	0	13,917,136	0
Grant Income-Federal Programs	40,000	40,000	0	40,000	0
PPA Income	465,000	465,000	0	465,000	0
LREC/ZREC Income	325,000	325,000	0	325,000	0
Total Operating Income	48,517,837	50,163,076	(1,645,239)	48,517,837	0
Interest Income	6,158,000	6,158,000	0	6,158,000	0
Interest Income, Capitalized	48,000	48,000	0	48,000	0
Other Income	404,535	404,535	0	404,535	0
Total Revenue	**$ 55,128,372**	**$ 56,773,611**	**(1,645,239)**	**$ 55,128,372**	**$ 0**
Operating Expenses					
Compensation and Benefits					
Employee Compensation	6,345,292	6,279,476	65,816 {C}	6,477,984	(132,692) {C1}
Employee Benefits	5,618,380	5,568,865	49,515 {C}	5,737,803	(119,423) {C1}
Total Compensation and Benefits	11,963,672	11,848,341	115,331 {C}	12,215,787	(252,115) {C1}
Program Development & Administration	4,828,766	4,623,266	205,500 {D}	4,828,766	0
Program Administration-IPC Fee	1,366,220	1,366,220	0	1,366,220	0
Lease Origination Services	4,000	4,000	0	4,000	0
Marketing Expense	1,750,165	1,750,165	0	1,800,165	(50,000) {J}
E M & V	1,048,000	963,000	85,000 {E}	1,048,000	0
Research and Development	720,000	200,000	520,000 {F}	720,000	0
Consulting and Professional Fees					
Consulting/Advisory Fees	975,700	1,020,700	(45,000) {G}	975,700	0
Accounting and Auditing Fees	318,350	318,350	0	318,350	0
Legal Fees & Related Expenses	242,000	242,000	0	242,000	0
Total Consulting and Professional Fees	1,536,050	1,581,050	(45,000)	1,536,050	0
Rent and Location Related Expenses					
Rent/Utilities/Maintenance	308,716	308,716	0	358,716	(50,000) {K}
Telephone/Communication	56,400	56,400	0	56,400	0
Depreciation & Amortization	673,314	673,314	0	673,314	0
Total-Rent and Location Related Expenses	1,038,430	1,038,430	0	1,088,430	(50,000)
Office, Computer & Other Expenses	1,780,265	1,780,265	0	1,780,265	0
Total Operating Expenses	**26,035,567**	**25,154,737**	**880,831**	**26,387,683**	**(352,116)**
Program Incentives and Grants					
Financial Incentives-CGB Grants	5,185,000	5,185,000	0	5,185,000	0
Program Expenditures-Federal Grants	40,000	40,000	0	40,000	0
EPBB/PBI/HOPBI Incentives	9,396,958	14,250,000	(4,853,042) {H}	9,396,958	0
Battery Storage Incentives	1,657,012	2,430,284	(773,272) {I}	1,657,012	0
Total Program Incentives and Grants	**$ 16,278,970**	**$ 21,905,284**	**(5,626,314)**	**$ 16,278,970**	**$ 0**
Operating Income/(Loss)	**$ 12,813,835**	**$ 9,713,590**	**3,100,244**	**$ 12,461,719**	**$ 352,116**
Non-Operating Expenses					
Interest Expense	2,554,641	2,554,641	0	2,554,641	0
Provision for Loan Loss	2,333,000	2,333,000	0	2,333,000	0
Interest Rate Buydowns-ARRA	600,000	600,000	0	600,000	0
Total Non-Operating Expenses	**$ 5,487,641**	**$ 5,487,641**	**0**	**$ 5,487,641**	**$ 0**
Net Revenues Over (Under) Expenses	**7,326,194**	**4,225,950**	**3,100,244**	**6,974,078**	**352,116**

See budget memo for details of adjustments (A) through (K).

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CONNECTICUT GREEN BANK

Memo

To: Budget and Operations Committee

From: Eric Shrago, Vice President of Operations

CC: Bryan Garcia, President and CEO

Date: January 6, 2023

Re: Revised Salary Ranges

The Connecticut Green Bank's (CGB's) success can be attributed largely to its ability to attract and retain a high-caliber staff. This ability is due to several factors, including an exciting mission, a national identity as a leader in the clean energy sector, and the progressive energy policy of Connecticut. CGB has also relied on a flexible and competitive salary structure to help us recruit top quality talent. While CGB cannot expect to compete with private sector financial institutions, it is useful to understand the market and benchmark against both private and similar public sector institutions. CGB is presenting its second compensation benchmark assessment in **Attachment A** for discussion with the Budget and Operations Committee.

Background:

CGB partnered with Connecticut Innovations in 2012 to conduct a comprehensive benchmark compensation study and the results of that study were implemented in 2014. At that time, CGB received guidance from its Board of Directors to undertake a comprehensive benchmark assessment every 3 to 5 years. We also built this initiative into our Succession Planning document. CGB undertook its first compensation study in 2016 in partnership with KardasLarson (selected through a competitive Request for Proposals process) and presented its findings to the Budget and Operations Committee on August 15, 2017. At the time, CGB proposed a more organized compensation structure with new salary ranges for Board approval. There was no cost impact as no actual salaries immediately changed as a result of the recommendation, but the action put in place a structure that continued to enable CGB to attract and retain top talent by adjusting their compensation levels without having to adjust their titles.

2021 - 2022 Study – Results and Recommendations

CGB released a new RFP for compensation consulting services in June 2021 and ultimately re-selected KardasLarson. KardasLarson was tasked with a scope of services that included 1) reviewing job descriptions and determining appropriate private and public sector benchmark comparisons, 2) preparing a recommended compensation plan and salary schedule to correspond to the existing classification plan, 3) preparing an analysis of the financial impact for the implementation of the new compensation plan, 4) reviewing existing staff compensation by gender, race, and educational attainment to ensure equitable pay in each of those areas – and determining if there are compression or inequity problems, then making recommendations for improvements, 5) helping CGB define what our compensation philosophy is so that it can guide this and future assessments, 6) providing recommendations on what should be done to maintain the recommended compensation structure on a regular basis, and 7) making recommendations regarding the adoption and structure of an incentive compensation plan.

The results of the assessment are documented in **Attachment A**. CGB will implement the results of the study in the form of new salary bands and anticipates presenting them to the Budget and Operations Committee at a future meeting.

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Compensation Project Report
Task 3 – Salary Grade Structure and Position Slotting for Connecticut Green Bank

2nd Revision May 2022

1. Overview

KardasLarson, LLC (KL) is providing compensation analysis support to Connecticut Green Bank (CGB) in a multi-task project. KL previously completed a compensation analysis study of 43 unique executive and staff positions in the organization in Task 2 of the project to assess the market competitiveness of the compensation levels for the positions of interest. Task 3 of the project involves updating and revising a robust, sustainable, and easily implementable new salary grade structure for the organization in its office locations in Hartford and Stamford. There are 39 positions/incumbents in Hartford and 9 positions/incumbents in Stamford.

This report presents an analysis and assessment of the development of an updated sustainable salary grade structure for CGB, the slotting of incumbents and vacant positions in the suggested salary grade structure, and suggestions for compensation-related corrective actions for employees.

2. Proposed Salary/Grade Structure

From an analysis of the market-pricing compensation data included in the compensation benchmarking report in Task 2 and the current compensation levels for the affected employees, a suggested structure for job grades and salary ranges has been developed.

In designing an updated grade structure, it was desired to maintain as much consistency with the existing grade structure as possible. This involved a consideration of current grade assignments for positions, using a similar philosophy and approach regarding structure parameters, assuring an optimum number of positions with similar levels of complexity and responsibility are assigned to similar grade levels, and minimizing implementation issues. It was also desired to assign similar title level positions to the same grade, such as Associates, Senior Managers, and Associate Directors.

To construct the ranges, multiple scenarios were created and assessed to determine the appropriate percent range spread to incorporate a minimum, midpoint, and maximum point for each of the job grades and the percent difference between midpoints of increasing grades. Ranges were built from the bottom up, utilizing the lowest midpoint from the market-pricing as a starting reference. Then the most reasonable combination of ranges and midpoint differences were utilized to produce the best salary ranges to slot each of the positions. In doing so, it is highly desirable to have a smooth progression of the ranges and midpoint differences.

Data from the Bureau of Labor Statistics in the Department of Labor indicate that there is a significant difference of about 12% generally in the “cost of labor” between the Hartford and Stamford markets. This prompted establishing two related structures, one for Hartford and one for Stamford, to allow for differences in local markets and salaries to be properly accommodated.

The created salary grades and ranges involve a progressive formulation to provide overlap between the salary grades and to reflect the differences between the groups of employees, considering the similarities and differences in overall duties and responsibilities and position requirements for each of the positions in the CGB organization. After considering a number of combinations of midpoint difference percents and range percents for each of the grades, a 16% difference in midpoint values and a 50% range in all grades appeared to be the best. Table 1 shows the mix of range percents and the midpoint percent differences between grades that were used in constructing the updated suggested salary grade structure.

Table 1 – Combinations of Range Percents and Midpoint Percent Differences

Grade	Midpoint Difference	Range Percent	Compa-Ratio "Limits"
12	Midpoint set by market	50%	80% to 120%
13	8% above Grade 12	60%	76.9% to 123.1%
14	16% above Grade 13	60%	76.9% to 123.1%
15	16% above Grade 14	60%	76.9% to 123.1%
16	16% above Grade 15	60%	76.9% to 123.1%
17	16% above Grade 16	60%	76.9% to 123.1%
18	16% above Grade 17	60%	76.9% to 123.1%
19	16% above Grade 18	60%	76.9% to 123.1%
20	16% above Grade 19	60%	76.9% to 123.1%
21	22% above Grade 20	50%	80% to 120%

Similar to the existing salary grade structure, the updated structure has ten (10) grade levels, shown as Grades 12 to 21 *(CGB may utilize any numbers/letters they wish for these grades other than what has been suggested. These grade numbers were chosen only for illustration purposes.*). Grade 12 was selected as the initial grade since many of the positions that were included in the original Grade 11 have been significantly changed or eliminated. This serves to minimize potential changes in grade assignments for positions in the updated grade structure.

The initial midpoint for Grade 12 in Hartford is $62,500. This is considerably above the initial midpoint of $45,000 for the structure developed in 2017, and it is the result of the elimination of some lower-level positions and changes in the organizational structure of CGB. This initial midpoint represents the approximate value of the market averages for the positions that are lowest ranked by benchmarked market average. The initial midpoint for Grade 12 in Stamford is $70,000, which is 12% above the initial midpoint in Hartford, as suggested by the BLS data.

Acceptable compa-ratios within each grade for this salary structure are also shown in Table 1. The compa-ratio, which is the ratio of an incumbent’s base salary to the grade midpoint, is a measure of the incumbent’s penetration in the salary range in the assigned grade for the incumbent’s position.

The suggested updated salary grade structures are shown in Table 2H for the Hartford office and Table 2S for the Stamford office. To distinguish the two locations, grades for the Hartford office are designated with an “H” prefix, and grades for the Stamford office are designated with an “S” prefix. These grades and salary ranges were created so they can be introduced in 2022 and may be applicable into 2023 and 2024, before any adjustments may be needed, depending on market trends.

Table 2H – Suggested Grade Structure for Hartford Office Positions

Hartford Salary Grades/Ranges			
Grade	**Min**	**Mid**	**Max**
H12	50,000	62,500	75,000
H13	51,923	67,500	83,077
H14	60,231	78,300	96,369
H15	69,868	90,828	111,788
H16	81,047	105,360	129,674
H17	94,014	122,218	150,422
H18	109,056	141,773	174,490
H19	126,505	164,457	202,408
H20	146,746	190,770	234,794
H21	186,191	232,739	279,287

Table 2S – Suggested Grade Structure for Stamford Office Positions

Stamford Salary Grades/Ranges			
Grade	**Min**	**Mid**	**Max**
S12	56,000	70,000	84,000
S13	58,154	75,600	93,046
S14	67,458	87,696	107,934
S15	78,252	101,727	125,203
S16	90,772	118,004	145,235
S17	105,296	136,884	168,473
S18	122,143	158,786	195,429
S19	141,686	184,192	226,697
S20	164,356	213,662	262,969
S21	208,534	260,668	312,801

Graphs of the suggested grade structures, as shown in Figure 1H and Figure 1S, reveal that there is very desirable salary band overlap and a smooth progression in the salary ranges for both structures in both locations.

Figure 1H – Graph of Suggested Grade Structure for Hartford Office Positions

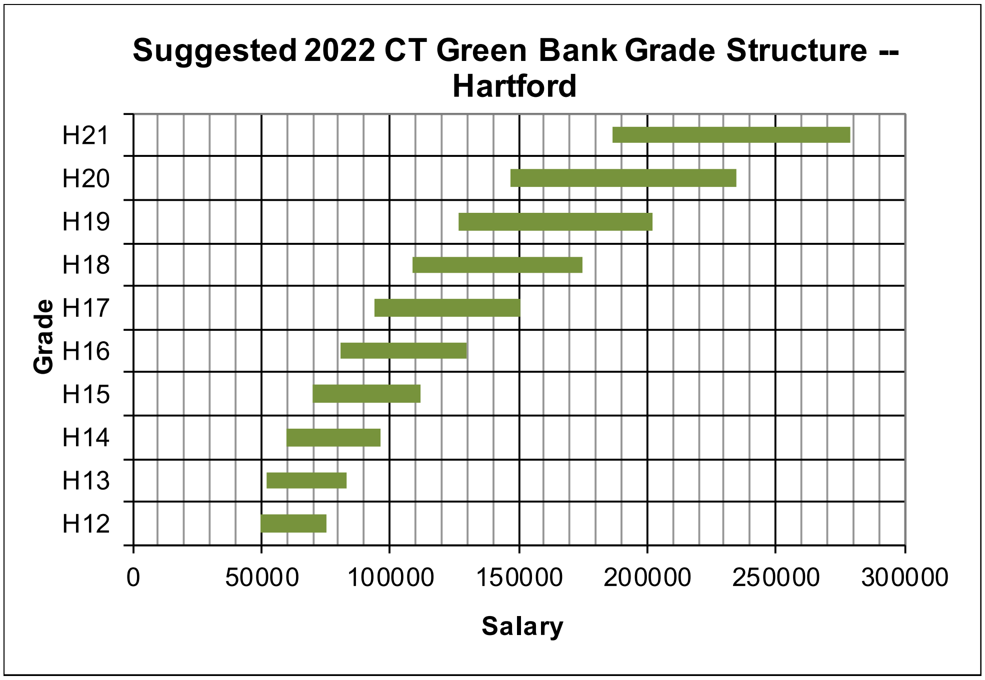
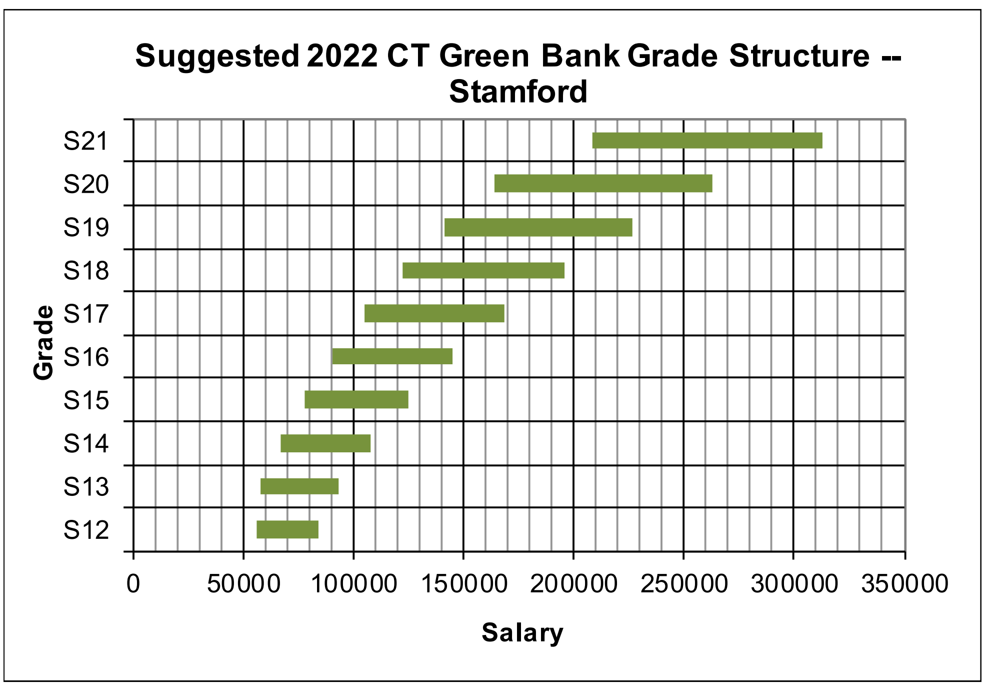


Figure 1S – Graph of Suggested Grade Structure for Stamford Office Positions



Due to the design of the suggested grade structures, the percent ranges for each grade varies at 50% or 60%, and the progression of midpoint percent differences also varies at 8% to 16% to 22%, as shown in Table 1. Such a progression is common in salary grade structures if there is a desire to demonstrate differentiation among positions in lower grades and that have a significant difference in compensation at higher grades. Also, there is no difference between the stated and calculated midpoints for each grade, since the structure is based on mathematical formulas.

Over time, the midpoints of each grade can be adjusted according to a customary factor (such as a cost-of-labor index), if needed, by changing the midpoint of the lowest grade, and the entire table will be easily recalculated so that the structure remains sustainable over time. It should be noted that most organizations revisit the market analysis periodically (e.g., every 3 years or more frequently for difficult to fill positions, such as some technical roles) for market-priced compensation rates to incorporate economic structural adjustments and organizational changes into the salary grade structure.

3. Slotting Positions into the Suggested Grade Structure

Once the grades and ranges were updated, the incumbents in each of the positions of interest in each office location were slotted into the suggested grade structure. The process used involves a consideration of an incumbent's salary, the market-priced average salary and percentile distribution for the position, general duties and responsibilities for a group of positions, and reporting relationships, as well as the grade assigned in the existing structure, in order to give the best match against the midpoint of a salary-grade range as closely as possible. The FLSA[1] status of the positions was not considered in slotting the positions into the structure. Hence, there may be a mix of Exempt and Non-Exempt positions in some grades. The results are shown in Table 3.

Table 3 – Suggested Position Slotting

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Suggested Grade Structure Slotting Analysis

2nd Revision May 2022

Sequenced by Market Averge and Annualized Salary

Position Title	Office Location	Suggested Grade	Market Average	Grade Salary Range Min	Grade Salary Range Mid	Grade Salary Range Max	Annualized Base Salary	Compa-Ratio
Staff Accountant	Hartford	H12	61,528	50,000	62,500	75,000	63,000	100.8%
Senior Assistant, Statutory & Infrastructure Programs	Stamford	S12	71,826	56,000	70,000	84,000	Reference	N/A
Associate, Residential Programs	Hartford	H13	61,879	51,923	67,500	83,077	57,200	84.7%
Associate, Residential Programs	Hartford	H13	61,879	51,923	67,500	83,077	57,200	84.7%
Executive Assistant	Hartford	H13	62,258	51,923	67,500	83,077	65,570	97.1%
Office Manager	Hartford	H13	63,949	51,923	67,500	83,077	70,869	105.0%
Senior Associate, Residential Programs	Hartford	H13	64,201	51,923	67,500	83,077	73,548	109.0%
Associate, Asset Management & Compliance	Hartford	H13	66,083	51,923	67,500	83,077	63,882	94.6%
Associate, Incentive Programs	Hartford	H13	71,223	51,923	67,500	83,077	61,950	91.8%
Associate, Incentive Programs	Hartford	H13	71,223	51,923	67,500	83,077	70,000	103.7%
Associate, Incentive Programs	Hartford	H13	71,223	51,923	67,500	83,077	71,674	106.2%
Accounting Specialist	Hartford	H13	79,062	51,923	67,500	83,077	74,500	110.4%
Associate, Commercial & Industrial Programs	Stamford	S13	74,648	58,154	75,600	93,046	70,980	93.9%

[1] FLSA (Fair Labor Standards Act) provides guidance on which positions are exempt vs. non-exempt from overtime.

Table 3 – Suggested Position Slotting (continued)

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Suggested Grade Structure Slotting Analysis

2nd Revision May 2022

Sequenced by Market Averge and Annualized Salary

Position Title	Office Location	Suggested Grade	Market Average	Grade Salary Range			Annualized Base Salary	Compa-Ratio
				Min	Mid	Max		
Senior Associate, Incentive Programs	Hartford	H14	79,224	60,231	78,300	96,369	83,200	106.3%
Manager, Marketing	Hartford	H14	79,274	60,231	78,300	96,369	73,629	94.0%
Senior Accountant	Hartford	H14	79,644	60,231	78,300	96,369	72,000	92.0%
Associate Manager, Clean Energy Finance	Stamford	S14	90,459	67,458	87,696	107,934	Reference	N/A
Corporate Paralegal	Hartford	H15	80,335	69,868	90,828	111,788	85,000	93.6%
Senior Contracts Administrator	Hartford	H15	81,254	69,868	90,828	111,788	Reference	N/A
Manager, Investment Division	Hartford	H15	100,192	69,868	90,828	111,788	86,800	95.6%
Senior Manager, Battery Storage	Hartford	H16	101,666	81,047	105,360	129,674	97,125	92.2%
Senior Manager, Outreach & Marketing	Hartford	H16	101,850	81,047	105,360	129,674	88,617	84.1%
Senior Manager, Partnership Development	Hartford	H16	102,057	81,047	105,360	129,674	97,230	92.3%
Senior Manager, Statutory and Infrastructure Programs	Hartford	H16	102,486	81,047	105,360	129,674	106,852	101.4%
Senior Manager, Asset Creation & Oversight	Hartford	H16	107,038	81,047	105,360	129,674	98,952	93.9%
Senior Manager, Commercial, Industrial, & Institutional Programs	Hartford	H16	112,460	81,047	105,360	129,674	Reference	N/A
Senior Manager, Investment Division	Hartford	H16	116,018	81,047	105,360	129,674	102,051	96.9%
Senior Manager, Resources, Impact and Assessment	Hartford	H16	116,895	81,047	105,360	129,674	110,644	105.0%
Senior Manager of Market Engagement, Financing Programs	Hartford	H16	121,675	81,047	105,360	129,674	119,600	113.5%
Senior Manager, Investment Division	Stamford	S16	121,552	90,772	118,004	145,235	96,270	81.6%
Associate Director, Financing Programs	Hartford	H17	104,079	94,014	122,218	150,422	102,051	83.5%
Associate Director, Financing Programs	Hartford	H17	104,079	94,014	122,218	150,422	102,051	83.5%
Associate Director of Strategic Projects	Hartford	H17	116,478	94,014	122,218	150,422	122,738	100.4%
Associate Director, Communications and Marketing Strategy	Hartford	H17	117,178	94,014	122,218	150,422	108,785	89.0%
Associate Director, Controller	Hartford	H17	118,404	94,014	122,218	150,422	115,000	94.1%
Associate Director of Legislative & Regulatory Policy	Hartford	H17	120,375	94,014	122,218	150,422	112,879	92.4%
Associate Director, Associate General Counsel	Hartford	H17	126,806	94,014	122,218	150,422	129,935	106.3%
Associate Director of Finance & Administration	Hartford	H17	130,141	94,014	122,218	150,422	138,320	113.2%
Associate Director of Innovation & Strategic Advisor to the CEO	Hartford	H17	131,977	94,014	122,218	150,422	135,000	110.5%
Associate Director, Investment Division	Stamford	S17	123,227	105,296	136,884	168,473	Reference	N/A
Director, Investment Division	Stamford	S18	154,455	122,143	158,786	195,429	155,804	98.1%
Director of Incentive Programs	Hartford	H19	173,820	126,505	164,457	202,408	168,000	102.2%
Vice President for Operations	Stamford	S19	174,451	141,686	184,192	226,697	179,395	97.4%

Table 3 – Suggested Position Slotting (continued)

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Suggested Grade Structure Slotting Analysis
2nd Revision May 2022
Sequenced by Market Averge and Annualized Salary

Position Title	Office Location	Suggested Grade	Market Average	Grade Salary Range			Annualized Base Salary	Compa-Ratio
				Min	Mid	Max		
Vice President, Commercial, Industrial & Institutional Programs (Officer)	Hartford	H20	175,844	146,746	190,770	234,794	185,859	97.4%
EVP of Finance & Administration	Hartford	H20	181,123	146,746	190,770	234,794	172,586	90.5%
Vice President, General Counsel and Chief Legal Officer (Officer)	Stamford	S20	232,402	164,356	213,662	262,969	211,999	99.2%
EVP & Chief Investment Officer (Officer)	Stamford	S20	240,770	164,356	213,662	262,969	243,106	113.8%
President & CEO	Hartford	H21	234,563	186,191	232,739	279,287	232,930	100.1%

4. Observations, Comments, and Suggestions for Compensation Actions

An analysis of the market percentile distributions from the compensation benchmarking work for each position, compared to the salary range for the assigned grades, indicates that all of the market percentile distributions can be accommodated within the grade range for the assigned grade for each position. This was essential in the construction of the suggested salary grade structure and in the assignment of positions into the grades.

Consistent with the Task 2 compensation benchmarking report, there are 48 entries in Table 3, including 43 incumbents and 5 vacant positions shown for reference. There are 4 positions with multiple incumbents, including one position (Senior Manager, Investment Division) with an incumbent in both Hartford and Stamford. The 5 positions that were benchmarked but have no incumbents have also been slotted into the updated grade structure, and these are indicated as "Reference" in the Salary column. However, the analysis can only include the 43 entries with reported salaries.

All staff and executive positions are included in the suggested grade structure. Because of the significant upward change in the initial midpoint of the structure and the changes in the staffing and organizational structure since 2017, it is recommended that 6 positions should be assigned to a grade that is different from what is shown on the job descriptions that were based on the 2017 structure.

With the recommended grade changes in the new structures, the overall average compa-ratio for the entries in Table 3 is 97.6%. This indicates that the suggested grade structure accommodates the market benchmarks and the actual salaries of CGB employees well, and it provides opportunities to accommodate potential wage growth for the next several years. Additionally, the standard deviation is 8.7%, which compares well to the standard deviation of 7.0% that was seen in the benchmarking effort in Task 2. A standard deviation under 10% is generally considered good.

For the Hartford positions, the overall average compa-ratio is 97.6% and the standard deviation is 8.6%. This compares to an overall average market index of 97.9%% and a standard deviation of 6.7% against the market benchmarking results for the incumbents in Hartford.

For the Stamford positions, the overall average compa-ratio is 97.3%% and the standard deviation is 10.3%. This compares to an overall average market index of 95.0% and a standard deviation of 8.9% against the market benchmarking results for the incumbents in Stamford. The overall average compa-ratios in Hartford and Stamford are very comparable, indicating that the new structure accommodates both office locations well. The Stamford location was not considered in 2017.

In Table 3, there are no incumbents with a current salary and/or compa-ratio that is below the acceptable range for the assigned grade. The salaries and compa-ratios for any such employees would normally have been highlighted in light green. However, it should be noted that the compa-ratio for the Senior Manager, Investment Division in Stamford, is relatively low compared to other Senior Managers. This incumbent was compensated below the 25th percentile for the benchmarked market range for the position. As noted in the Task 2 report, the circumstances around this individual should be examined and understood, along with the employee's performance in the role, to determine if an upward adjustment in compensation should be considered.

There are no incumbents with a salary and compa-ratio that are above the acceptable range in the assigned grade. The salaries and compa-ratios for any such employees would normally have been highlighted in light red. Typically, salary control actions could be triggered when an employee's base salary is above the maximum in the assigned grade for the position.

As noted above, six (6) positions are slotted in a different grade in the updated salary grade structure than is listed in the job descriptions. All of these positions have been impacted by the change in the initial midpoint of the grade structure, as well as changes in the market over the past four years and/or as a result of changes in the complexity of the roles in revised job descriptions for the position.

The Associate, Commercial & Industrial Programs in Stamford moves from Grade 12 to Grade S13, and the Director of Incentive Programs in Hartford moves from Grade 18 to Grade H19.

Four (4) positions have been moved to a lower grade in the updated structure, again primarily due to the changes in the initial midpoint of the structure, changes in the market, and changes in the complexity of the roles. These include the following: Manager, Marketing; Senior Contracts Administrator; Senior Manager, Investment Division in Hartford; and Senior Manager, Investment Division in Stamford.

It is suggested that CGB review the recommended changes in the grade assignments of the noted positions to assure that the slottings conform to the management and operating philosophy of the organization.

An examination of Table 3 also indicates that the base compensation of 34 of the 43 listed employees, or 79% of the examined employee population, is within 10% of the midpoint of their assigned grades in the suggested structure. This indicates that the large majority of examined employees are in the middle portion of the ranges for their assigned grades.

Based on the observations and analysis noted in the above paragraphs, the suggested salary grade structure provides a very reasonable approach to managing and controlling the salaries of employees in the positions of interest. It also provides some margin for potential and future salary increases and promotions without requiring modifications to the structure over the next several years.

No other adjustments are suggested at this time, based on the results of the position slotting in the suggested salary grade structure. However, the suggestions and recommendations from the Task 2 compensation benchmarking report remain valid.

5. Conclusion

An updated salary grade structure has been developed for CGB, and position slottings have been completed for 43 staff and executive positions. The suggested salary grade structures, one for Hartford and one for Stamford, provide a very reasonable approach to managing and controlling the salaries of employees at CGB for the next several years.

A possible adjustment to the compensation level for one employee whose salary is relatively low compared to other Senior Managers should be evaluated. The financial impact of such adjustments will be examined in Task 4.

The grade slotting for 6 positions that are recommended to change from previous grade assignments should also be reviewed by CGB, and updates to the job descriptions for the appropriate grade assignment should be implemented.

These results should be discussed with human resources and management staff at CGB to assure that they are aligned with the overall human resource strategies in place at CGB.

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