

CONNECTICUT GREEN BANK

Board of Directors

Minutes

Wednesday, July 6, 2016

A special meeting of the Board of Directors of the **Connecticut Green Bank (the “Green Bank”)** was held on July 6, 2016 at the office of the Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT, in the Colonel Albert Pope board room.

Staff Attending: Bert Hunter (by phone), Brian Farnen, Ben Healey (by phone), Bryan Garcia, and Mariana Trief (by phone).

Board Members: Rob Klee, Reed Hundt, Tom Flynn, Matthew Ranelli, Catherine Smith, Mun Choi and Bettina Bronisz

Others Attending: Michael Kerr

1. **Call to Order:** Commissioner Smith called the meeting to order at 4:33 p.m. Board members participating: Bettina Bronisz, State Treasurer’s Office, Reed Hundt (by phone), Tom Flynn (by phone), and Rob Klee, Vice Chairperson of the Green Bank and Commissioner of the Department of Energy and Environmental Protection (“DEEP”), and Mun Choi. She turned the meeting to Bryan Garcia to lead the agenda.

Members Absent: John Harrity, Patricia Wrice, Norma Glover, and Kevin Walsh

2. **Public Comments**

There were no public comments

3. **Staff Transaction Revision Recommendation**

- a. **New England Hydropower (Hannover Pond Project)**

Ben Healey discussed the 200KW facility in Meriden, CT. He gave an overview of the Hanover Pond Project and discussed the items brought to the board at the previous meeting. Ben explained that they have pushed closing with the lender (First Niagara Bank) to next week to get new approvals from the Board.

Ben explained that they are coming to the board for new approvals due to an increase in cost. The reason for the increase is because the circuits on the originally planned interconnection for the project were being stressed, and that the interconnection needed to be moved a substantial distance to the west. Also the prevailing wage requirements associated with the federally subsidized bond financing were not accounted for in the original discussion. As a result of these and other miscellaneous factors, the total cost of the project was driven up by about a million dollars.

Reed Hundt asked about the wage requirements.

Ben Healey explained that the bonds – as a result of the Federal Government subsidy being received – have so-called “prevailing wage” requirements and that all electricians must get paid x and all laborers must get paid y per hour.

Ben Healey explained that they are coming to the board prior to construction and are asking the Board for an increase in the guaranty offered to First Niagara of \$800,000. Additionally, staff is requesting up to \$1.4 million in funding from the Green Bank balance sheet as a term commitment in year 21 the Green Bank balance sheet will begin to be repaid, thanks to an extension of the “base period” of the PPA with the City of Meriden (through year 30) in addition to an existing option to extend the PPA through year 40. This base period of the project has sufficient revenue to pay back the Green Bank.

Bettina Bronisz explained that she reviewed the cash flows and saw negative earnings in the first couple of years, but suggested that with a restructuring of the principal repayment profile, this would be an easy fix. Bert Hunter agreed and noted that staff is in the process of refining the principal repayment profile with Bank of America, the proposed buyer of the bonds.

Ben Healey discussed the risks to the Green Bank, which included the upfront costs, and the revenue risks. The risks are considered by staff to be well within reason. Ben Healey also discussed the benefits of hydro power to the board.

Upon a motion called by, Commissioner Smith, seconded by Matthew Ranelli the board voted unanimously to pass resolution 1.

Resolution #1

WHEREAS, in accordance with (1) the statutory mandate of the Connecticut Green Bank (“Green Bank”) to foster the growth, development, and deployment of clean energy sources that serve end-use customers in the State of Connecticut, (2) the State’s Comprehensive Energy Strategy and (3) Green Bank’s Comprehensive Plan for Fiscal Years 2015 and 2016 (the “Comprehensive Plan”), Green Bank continuously aims to drive private capital investment into clean energy projects;

WHEREAS, pursuant to the development of a small hydroelectric facility at the Hanover Pond Dam on the Quinnipiac River in Meriden (“Project”), at its February 26 and April 22, 2016 meetings the Green Bank Board of Directors (the “Board”) previously authorized:

1. i) a guaranty to a third party lender for construction financing in an amount not to exceed \$3.1 million,
2. ii) a working capital guaranty in an amount not to exceed \$600,000 to New England Hydropower Company (“NEHC”), the project developer, under the Green Bank’s existing working capital facility partnership with Webster Bank; and,
3. iii) term financing based on the following prerequisites:
 - a. issuing CREBs in an amount not to exceed \$3,100,000; and,

b. securing the issuance utilizing the Special Capital Reserve Fund (“SCRF”) subject to further Board approval; and

iv) the creation of a Special Purpose Entity that will be wholly owned by the Green Bank, to own, operate and manage the Project, as required by CREBs.

WHEREAS, Green Bank staff now recommends that the Board authorize (1) an increase to the Green Bank’s construction finance guaranty in an amount not to exceed \$3,900,000; (2) funding from the Green Bank’s balance sheet in an amount not to exceed \$1,400,000 in addition to the already approved term financing through the issuance of CREBs; and, (3) an extension of up to 24 months to the repayment schedule of NEHC’s working capital guaranty under the Green Bank’s existing working capital facility partnership with Webster Bank.

NOW, therefore be it:

RESOLVED, that the Green Bank is authorized to (1) increase the Green Bank’s construction finance guaranty in an amount not to exceed \$3,900,000; (2) provide funding from the Green Bank’s balance sheet in an amount not to exceed \$1,400,000 in addition to the already approved term financing through the issuance of CREBs; and, (3) issue an extension up to 24 months to the repayment schedule of NEHC’s working capital guaranty under the Green Bank’s existing working capital facility partnership with Webster Bank;

RESOLVED, that staff is directed to submit to the Board for approval all relevant requests in respect of the issuance of the CREBs, including any revisions to expected costs to complete the Project and matters related to securing the bonds with the SCRF; and

RESOLVED, that the proper Green Bank officers are authorized and empowered to do all other acts and execute and deliver all other documents and instruments as they shall deem necessary and desirable to effect the above-mentioned legal instruments.

4. Adjourn

Commissioner Smith adjourned the meeting at 4:55PM.

Upon a motion made by Matthew Ranelli and seconded by Bettina Bronisz the board unanimously voted to adjourn the meeting.

Respectfully Submitted,

Catherine Smith, Chairperson