

CONNECTICUT GREEN BANK
Board of Directors
Minutes
Friday, June 17, 2016

A regular meeting of the Board of Directors of the **Connecticut Green Bank (the “Green Bank”)** was held on June 17, 2016 at the office of the Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT, in the Colonel Albert Pope board room.

1. **Call to Order:** Rob Klee, Vice Chairperson of the Green Bank and Commissioner of the Department of Energy and Environmental Protection (“DEEP”), called the meeting to order at 9:06 a.m. Board members participating: Bettina Bronisz, State Treasurer’s Office, Norma Glover, Patricia Wrice, John Harrity, 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”).

Members Absent: Matthew Ranelli, Kevin Walsh, Catherine Smith, & Mun Choi

Staff Attending: Bert Hunter, , George Bellas, Brian Farnen, Nick Zuba, Matt Macunas, Mackey Dykes, Bryan Garcia, Kerry O’Neill (by phone), Dale Hedman (by phone), Rick Ross, Mariana Trief (by phone), Laura Fidaio, Joe Buonannata, Alex Kovtunenکو, Jeevan Ramoo, Regan Richmond, Geoff Willard, John D’Agostino, Craig Connolly, Bryant Ebright, Ryan Shelby, Francesco Biancardi, Kim Stevenson, and Mike Yu.

2. **Public Comments**

There were no public comments

3. **Consent Agenda**

- a. **Approval of Meeting Minutes for April 22, 2016**

Bryan Garcia explained there is a proposed edit on page 3 under item 6. Removal of Bettina Bronisz.

- Resolution #1**

Motion to approve the minutes of the Board of Directors Meeting for April 22, 2016.

- Under \$300,000 and No More in Aggregate than \$1,000,000**

Bryan Garcia explained the Sand Road Animal Hospital will be moved to the C-PACE transactions. It will be discussed later in the meeting.

Rob Klee had a question about Project 150 with a \$10 grant. Brain Farnen explained why that \$10 grant is within that project to meet a statutory requirement for Fuel Cell Energy to sell energy to the utility.

Resolution #2

WHEREAS, on January 18, 2013, the Connecticut Green Bank (the “Green Bank”) Board of Directors (the “Board”) authorized the Green Bank staff to evaluate and approve funding requests less than \$300,000 which are pursuant to an established formal approval process requiring the signature of a Green Bank officer, consistent with the Green Bank Comprehensive Plan, approved within Green Bank’s fiscal budget and in an aggregate amount not to exceed \$500,000 from the date of the last Deployment Committee meeting, on July 18, 2014 the Board increase the aggregate not to exceed limit to \$1,000,000 (“Staff Approval Policy for Projects Under \$300,000”); and

WHEREAS, Green Bank staff seeks Board review and approval of the funding requests listed in the Memo to the Board dated June 17, 2016 which were approved by Green Bank staff since the last Deployment Committee meeting and which are consistent with the Staff Approval Policy for Projects Under \$300,000;

NOW, therefore be it:

RESOLVED, that the Board approves the funding requests listed in the Memo to the Board dated June 17, 2016 which were approved by Green Bank staff since the last Deployment Committee meeting. The Board authorizes Green Bank staff to approve funding requests in accordance with the Staff Approval Policy for Projects Under \$300,000 in an aggregate amount to exceed \$1,000,000 from the date of this Board meeting until the next Deployment Committee meeting.

- c. Approval of Modification of Internal Control Procedure CGB 101* – Purchasing and Accounts Payable, and CGB 102 – Consulting and Advisory Services to reflect the hiring of Eric Shrago, Director of Operations, to replace Mackey Dykes, COO**

Resolution #3

WHEREAS, on May 25, 2016 the Connecticut Green Bank Audit, Compliance and Governance Committee recommended to the Board of Directors approval of the proposed revisions to Internal Control Procedures CGB101, CGB102 and CGB103.

NOW, therefor be it:

RESOLVED, that the Connecticut Green Bank Board of Directors (the “Board”) hereby approves the proposed revisions to Internal Control Procedures CGB101, CGB102 and CGB103 outlined in the Memo dated June 10, 2016 (along with attachments) which was submitted to the Board.

- d. Approval of CT SL2 LLC audited financial statements issued May 11, 2016**

Upon a motion requested by Rob Klee, so moved by John Harrity and seconded by Norma Glover the board unanimously approved the items in the Consent Agenda.

Resolution #4

WHEREAS, on May 25, 2016 the Connecticut Green Bank Audit, Compliance and Governance Committee recommended to the Board of Directors approval of the CT SL2 LLC audited financial statements issued on May 11, 2016.

NOW, therefor be it:

RESOLVED, that the Green Bank Board of Directors hereby approves the proposed CT SL2 LLC audited financial statements issued May 11, 2016.

4. President's Update

Bryan Garcia provided an update and discussed the hiring of Eric Shrago. Commissioner Klee stated that he is a great addition to the Green Bank team and requested that his resume be distributed to the Board. Bryan Garcia introduced the summer interns. The interns are Bryant Ebright, Ryan Shelby, Kristie Beahm, Reagan Richmond, Geoff Willard, Jeevan Ramoo, and Francesco Biancardi.

Bryan Garcia stated that the Green Bank has partnered with the Environmental Defense Fund on C-PACE. He stated that the EDF Climate Corps Fellow are trying to understand the efficiency and clean energy opportunities for businesses while trying to get companies to take those measures through C-PACE financing. He stated that this is a pilot for the Green Bank.

5. Board of Directors Strategic Discussions

a. Alternative Fuel Vehicles and Infrastructure

Bryan Garcia provided an overview on the "clean energy" definition and study of alternative fuel vehicles and infrastructure. Mike Yu provided a more in depth overview and introduced Nick from Atlas Public Policy. He advised that staff have been working with Nick for approximately 6 months on the study. Matt Macunas discussed the study and what Nick has brought to the study.

Nick provided an overview of the 50-page report from the study. He explained that there are two phases of the study. One being, which alternative fuels and vehicles are out there, and the other being, which ones might make the most sense for the Connecticut Green Bank to support strategically.

Nick stated that they started with comprehensive data collection to summarize what is happening in Connecticut. He explained that they had identified four criteria, near term feasibility,

performance, cost effectiveness, and local economic impact. He explained that transportation is the largest source of emissions, with 40% being light duty vehicles. He stated that 95% of the stock of vehicles in the state is light duty vehicles.

Reed Hundt questioned if 10% of the cars account for 30% of the miles driven. Nick stated that the data on how people travel is quite dated. He explained that the last survey done was in 2009. Nick stated that on a daily use basis, the majority of driver travel less than 50 miles per day.

Commissioner Klee stated that the study highlights the fact that there are certain cars that account for a disproportionate number of miles, and that perhaps these should be the focus for the Green Bank. Nick stated that if Connecticut is to have a chance of meeting its 2050 GHG reduction targets, it must look towards addressing the larger transportation sector in addition to targeting heavy use vehicle sectors. He stated that if Connecticut is going to get to scale on emissions reductions, they need to try to electrify the broad spectrum and bring costs down across the board. He advised that, looking toward the long-term, the entire light duty transportation needs to be close to zero emissions, and that this comprehensive and broad market transformation should be a focus for the State.

John Harrity questioned if zero emissions counted as going to the source of electricity. Nick stated that no, it's from the tailpipe. He stated that the advantage of electrifying transportation is decarbonizing the electric grid.

Nick stated that by electrifying transportation they are getting extra electricity and hydrogen available for the long term for light duty. He stated that for medium and heavy duty vehicles the best option is renewable natural gas. He provided an overview of the environmental performance of passenger vehicles. He stated that the only way to get emission reductions in the long term is with electricity and hydrogen.

Nick stated that for cost effectiveness for passenger vehicles, electricity came to the top. He stated that for delivery trucks and tractor trailers, electricity and biodiesel were the best options. Bryan Garcia stated that the current cost of energy is about \$0.20 per KWh. He stated that the levelized cost of energy (LCOE) for residential solar PV if you include the state and federal incentives the LCOE is approximately \$0.12 KWh per customer. He stated that they are trying to get to \$3.00 per watt, from \$3.40/W where the LCOE is \$0.16/kWh without any state or federal incentives. He stated that when you decarbonize the transportation sector with solar PV, you can get to a fuel price that's cheaper than both gasoline and electricity, hopefully without any state or federal incentives.

Nick discussed passenger vehicles and their lifetime cost and abatements. He stated that with incentives, some EV cars have a lower cost of ownership, as measured by the present value of costs over their lifetimes, than their equivalent but conventional fuel counterparts. In these cases, the higher purchase price of an EV relative to a conventional car is offset by lower lifetime fuel and maintenance costs. This present value calculation doesn't even factor in the benefit to society of reduced emissions, it's purely reflecting the dollars and cents to the driver. Pat Wrice stated that the purchase of some of those types of vehicles is very expensive. She asked if that was factored in. Nick stated that the cost of ownership is the cost of everything to own the car. He stated that over time, people save money because the cost of fuel and maintenance is much lower.

John Harrity stated that Connecticut has a fair amount of people that are working on Green Energy. Nick stated that the local economic impact will happen if more people buy these types of cars in the state. He stated that electricity makes the most sense in passenger vehicles. He stated that Federal incentives also help the state. Commissioner Klee stated that for EVs, the fueling infrastructure is most likely at a person's home and that they don't have to build out a whole network.

Nick stated that the conclusion is combining stable fuel prices with the advances in technology, considering battery prices have declined by 70% that this all combines to be cost effective, while reducing emissions from the transportation sector. He stated that auto makers are investing billions into this technology. He stated that policy is already in place to support this at the state level.

Bryan Garcia discussed fuel prices. He stated that the future is decarbonizing the fuel source – the electric grid. Commissioner Klee questioned what the right way for the Connecticut Green Bank to participate in this space.

John Harrity questioned what the impact would be on greenhouse gases. Nick stated that, while electrification of transportation in and of itself wouldn't be enough for Connecticut to meet its GHG reduction targets, if you want to have a chance of meeting these targets on, electrification needs to be done (i.e., work on passenger and light duty vehicles), along with working on heavy duty. Bert Hunter stated that most of the heavy transport just passes through Connecticut. Nick stated that it will be hard for Connecticut to have a strong impact on heavy duty (since most of these vehicles pass through the state), but there is a lot of light duty.

Bettina Bronisz asked if the Let's Go CT transportation initiative plays into this at all. Commissioner Klee stated that that has more of a focus on transit. John Harrity questioned how frequently the passenger car stock turns over. Nick stated that it's the longest in history, something over 11 years. Bryan Garcia stated that the "clean energy" definition by which the Green Bank operates does not consider transit and questioned at some future point whether or not it should.

Nick stated that they are trying to mirror the success of the other programs of the Connecticut Green Bank. He stated that they are dividing the state up into regions and that the car dealers need to be engaged. He stated that they need to figure out a way to get them on board. Commissioner Klee stated that the state rebate program provides an incentive for dealers to move cars.

6. Committee Recommendations

a. Budget and Operations Committee – Approval of FY 2017 Budget and Targets

Commissioner Klee discussed the fact that the Budget and Operations Committee had been very busy honing in on goals and targets. He stated that they are presenting a package to the Board and recommending approval.

Bryan Garcia discussed the Comprehensive Plan and the fact that they are setting realistic goals as opposed to stretch goals and targets, which was the practice in the past. He explained that the Comprehensive Plan focuses on innovation. He stated that the Green Bank has strong revenues for the upcoming fiscal year, with more REC sales and interest income and the fact that expenses are flat from year to year. He advised that this is a very extensive and comprehensive document. He stated that staff have provided it to the Joint Committee. He stated that the Green Bank staff is working with the DEEP team and that they want to make sure that everything is aligned.

Bryan Garcia stated that they are proposing some modifications to the goals and an addition of one goal. He stated that they want to make it clear to the market that one of the goals is to deploy private capital. They want to leverage limited public funds in an effort to attract more private capital. They also want to develop and implement strategies to bring down the cost of clean energy. The fourth goal (the one being added) is to support affordable and healthy buildings in low to moderate income and distressed communities. Commissioner Klee agreed that the fourth goal is a good addition.

Bryan Garcia stated that there are number of models that use grants or incentives. He stated that when the market becomes reliant on subsidies, then during bad years when subsidies aren't available the markets start to crash. He stated that the modification of one of the goals is a less threatening and constructive way of presenting it. He stated that the approach to supporting the market is buying down the installed costs and trying to calibrate the level of incentive that's necessary. Tom Flynn questioned if they are going to address further ideas for distressed communities. Bryan Garcia stated that this is the guiding principle.

Bryan Garcia discussed the proposed targets for the upcoming fiscal year. He stated that they are looking to support no less than 7500 projects requiring the investment of no less than \$325 million. He stated that they are looking to deploy at least 70 MW's of clean energy. With respect to the statutory sector, Bryan Garcia noted that there is an expectation that one or more contractors will begin to transition away from the RSIP and towards using the Class I RPS as a mechanism to access incentives. And thus, the statutory sector has a range for its goals considering this uncertain, but welcomed future market scenario.

Kerry O'Neill discussed the shift from single family to low income. She stated that they no longer offer the Solar Lease product. She stated that they do have the SMART E Loan and Posigen. She stated that they allow them to impact more low to moderate income communities. She stated that all of the outreach is focused on the affordable space. Kerry O'Neill stated that they don't need to be credit enhancing those areas anymore. She stated that they can put their dollars elsewhere. Tom Flynn questioned what that does to the risk profile. Kerry O'Neill stated that there are no new programs, the numbers are all preexisting programs.

John Harrity stated that they need to be doing community solar. Pat Wrice stated that Operation Fuel is statewide, but that they need to figure out how to get those technologies

into the more rural towns. Bryan Garcia stated that the Green Bank is open to working with developers on shared solar and that there is an RFP open that DEEP administers.

Mackey Dykes discussed Commercial Industrial and Institutional sector. He stated that on the CPACE side they are hovering around where they have been in terms of goals. He stated that they should be able to generate enough projects to hit the goals set. He stated that the goals are a little bit higher than in the past. John Harrity questioned if the category included Lead by Example. Mackey Dykes stated that it has in the past, but he doesn't know how long it's going to take.

George Bellas discussed the investment side. He stated that the schedule will indicate the actual dollar amount of loans for various programs. He stated that in Connecticut Green Bank program loans staff expects to disperse \$17.9 million. He stated that staff needs to make provisions for loan losses to set up a reserve in the event of losses. He stated that to date, there have been no losses or defaults. He stated that the new Solar Lease 3 Program will focus on the Commercial Lease Program. He stated that staff is projecting having to fund about \$3.6 million. Bert Hunter stated that Finance has an RFP out for the Commercial Lease Program / Solar Lease 3 and that the numbers George Bellas was referring to should be perceived as a high water mark (maximum use of Green Bank capital) at this time. George Bellas stated that staff is looking to support some C-PACE programs. He stated that incentives include funds that will be covered through the SHREC Program.

Bryan Garcia discussed the incentive to get municipalities to use clean energy – the Clean Energy Communities Program. He stated that they are going to be closing this program out by the end of the year. He stated that they are going to transition to what the state is doing. He stated that Clean Energy Business Solutions is also being closed out and going to support economic development projects. He stated that they are trying to push all of those old transactions off of the books, going forward.

George Bellas discussed revenues. He stated that they have budgeted \$39.9 million for FY17, which is an increase of about \$3 million. He stated that there will be no SHREC sales in 2016. He stated that they are projecting a slight decrease in utility customer's assessment revenues. He stated that expenses are flat for 2017. He stated that the largest variance is a reduction in Program Development and Administration. Kerry O'Neill stated that there were one-time events that have been completed. George Bellas stated that there is an increase of about 57% for Consulting and Advisory, which is, in part, related to work concerning privacy concerns and data warehousing.

Norma Glover discussed CPACE and how they are going to handle the competition. Commissioner Klee stated that there are new entrants into the market. He stated that they're building up a new set of contractors. He stated that it's a good investment because it keeps increasing the scale. He stated that they can invest in creating the next set of contractors. He stated that this is a key effort to focus on this year. Bryan Garcia discussed Research and Development. He stated that they will scale up investments. George Bellas stated that there will be no increases in staff. Bryan Garcia discussed the

merit increase of up to 3% - versus 6% in the past – and the recent outreach from OPM to quasi-publics on COLA, merit, benefits, and budgets.

Upon a motion made by Norma Glover, and seconded by John Harry, Resolution 5 passed unanimously.

Resolution #5

WHEREAS, on June 7th, 2016 the Connecticut Green Bank Budget and Operations Committee recommended that the Green Bank Board of Directors approve the Fiscal Year 2017 Budget and Targets; and

WHEREAS, on June 7th, 2016 the Connecticut Green Bank Budget and Operations Committee recommended that the Connecticut Green Bank Board of Directors authorize Connecticut Green Bank staff to extend the professional services agreements (PSAs) currently in place or adopt new PSAs with:

- I. Archaeological & Historical Services, Inc.
- II. The Cadmus Group, Inc.
- III. Clean Power Research LLC
- IV. Cortland Capital Markets Services, LLC
- V. EnergySage, Inc.
- VI. Lamont Financial Services Corporation
- VII. Locus Energy, LLC
- VIII. METIS Financial Network, Inc.
- IX. New Ecology Inc.
- X. Opinion Dynamics Corporation
- XI. SmartPower, Inc.
- XII. Sustainable Real Estate Solutions, Inc.
- XIII. WegoWise, Inc.
- XIV. Yale University

For fiscal year 2017 with the amounts of each PSA not to exceed the applicable approved budget line item.

NOW, therefor be it:

RESOLVED, that the Connecticut Green Bank Board of Directors hereby approves: (1) the FY 2017 Budget and Targets and, (2) the fourteen PSAs listed above, as both items were recommended by the Connecticut Green Bank Budget and Operations Committee.

b. Audit, Compliance and Governance Committee – Approval of Audit RFP Process and Firm Selection

George Bellas discussed the RFP for Professional Services. He stated that they are recommending Blum Shapiro through 2018. He stated that the Audit, Compliance, and Governance Committee was in agreement.

Upon a motion made by Norma Glover, and seconded by Bettina Bronisz, Resolution 6 passed unanimously.

Resolution #6

WHEREAS, on May 25, 2016 the Audit, Compliance and Governance Committee recommended to the Board of Directors approval of Blum Shapiro to perform professional audit services for the Connecticut Green Bank (Green Bank) for the fiscal years 2016, 2017 and 2018 and further instructed that staff seek additional clarification and pricing concessions from Blum Shapiro.

NOW, therefor be it:

RESOLVED, that the Green Bank Board of Directors hereby approves Blum Shapiro to perform professional audit services for the Green Bank for the fiscal years 2016, 2017 and 2018.

7. Staff Transaction Recommendations

a. Residential Sector Programs Transaction Recommendations

i. CHIF LIME Loan

John D'Agostino discussed the Loan Program Reauthorization. He stated that to date they have closed 16 projects for \$4.4 million. He stated that \$1.4 million in projects has been submitted. He stated that they are adjusting the program terms to meet the market. He stated that they've seen a number of contractors in the market. They are trying to align the requirements that are currently in place with the demand. He stated that the expectation is to take the number of projects completed and double them.

Upon a motion made by Norma Glover, and seconded by Bettina Bronisz, Resolution 7 passed unanimously.

Resolution #7

WHEREAS, the Connecticut Green Bank (Green Bank) selected the Capital for Change (C4C) under Green Bank's competitive solicitation process for the Clean Energy Financial Innovation Program and subsequently entered into negotiations with Green Bank that led to the development of the C4C Low Income Multifamily Energy (LIME) Loan Program ("the Program");

WHEREAS, on March 7th, 2014, Green Bank's Deployment Committee approved funding for the LIME Loan program in an amount of not-to-exceed \$1,000,000 in capital

financing, and \$300,000 for a Loan Loss Reserve (Credit Enhancements) through the use of repurposed ARRA-SEP program funds, or ratepayer funds, if necessary; and

WHEREAS, at a regular meeting of the Board of Directors (“Board”) held on April 25, 2014, the Board approved the Program;

WHEREAS, C4C has developed a pipeline of potential projects for financing under the Program;

NOW, therefore be it:

RESOLVED, that the Board approves the extension of the not-to-exceed

\$1,000,000 funding to capitalize and support the Program;

RESOLVED, that the \$1,000,000 in funds advanced under the Program shall be supported by the previously approved \$300,000 worth of Credit Enhancements, plus an additional \$325,000 of Credit Enhancements from unused CT Solar Lease II ARRA- SEP funds for a total of \$625,000 of Credit Enhancements;

RESOLVED, that the President of Green Bank; and any other duly authorized officer of Green Bank, is authorized to execute and deliver, any contract or other legal instrument necessary to effect the Program on such terms and conditions as are materially consistent with the memorandum submitted to the Green Bank Board on February 28th, 2014 and as modified by the June 10, 2016 memorandum to align the loan terms with market project demand for financing; and

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

b. Commercial and Industrial Sector Program Transaction Recommendations

i. Clean Energy Business Solutions Transaction – Conair

Mackey Dykes discussed Conair and that this project has been in the works for over two years. He stated that they are requesting a \$1 million Clean Energy Solutions Energy Grant. He stated that the Connecticut Green Bank’s funding will be used to pay for a new chiller and new boilers, which will save over \$4.5 million over the life of the measures. He stated that the work had already been done but that Conair had completed the overall renovation with the hopes of receiving this and other assistance from DECD. The CEBS funding is a grant, not a forgivable loan.

Upon a motion made by Norma Glover, and seconded by Bettina Bronisz, Resolution 8 passed unanimously.

Resolution #8

RESOLVED, that the President of the Green Bank and any other duly authorized officer of the Green Bank is authorized to execute and deliver a Clean Energy Business Solutions financial assistance award of \$1,000,000, to Conair Corporation; 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 instrument not later than three months from the date of this resolution.

ii. C-PACE Transaction – Canaan

Mackey Dykes discussed the Canaan CPACE project. He stated that there are great financials and plenty of debt coverage,. He stated that it's an ideal CPACE project, a comprehensive project incorporating solar PV with energy efficiency measures, done by a trusted contractor partner.

Upon a motion made by Pat Wrice, and seconded by Norma Glover, Resolution 9 passed unanimously.

Resolution #9

WHEREAS, pursuant to Section 16a-40g of the Connecticut General Statutes, as amended, (the "Act"), the Connecticut Green Bank (the "Green Bank") is directed to, amongst other things, establish a commercial sustainable energy program for Connecticut, known as Commercial Property Assessed Clean Energy ("C-PACE");

WHEREAS, the Green Bank Board of Directors (the "Board") has approved a \$40,000,000 C-PACE construction and term loan program;

WHEREAS, the Green Bank seeks to provide a **\$425,527** construction and (potentially) term loan under the C-PACE program to David G. Sandefer & Cynthia L. Sandefer, the building owners of 136 Sand Rd., Canaan, Connecticut (the "Loan"), to finance the construction of specified clean energy measures in line with the State's Comprehensive Energy Strategy and the Green Bank's Strategic Plan; and

WHEREAS, the Green Bank may also provide a short-term unsecured loan (the "Feasibility Study Loan") from a portion of the Loan amount, to finance the feasibility study or energy audit required by the Act, and such Feasibility Study Loan would become part of the Loan and be repaid to the Green Bank upon the execution of the Loan documents.

NOW, therefore be it:

RESOLVED, that the President of the Green Bank and any duly authorized officer of the Green Bank is authorized to execute and deliver the Loan in an amount not to be greater than one hundred ten percent of the Loan amount with terms and conditions consistent with the memorandum submitted to the Board dated June 15, 2015, and as he or she shall deem to be in the interests of the Green Bank and the ratepayers no later than 120 days from the date of authorization by the Board;

RESOLVED, that before executing the Loan, the President of the Green Bank and any other duly authorized officer of the Green Bank shall receive confirmation that the C-PACE transaction meets the statutory obligations of the Act, including but not limited to the savings to investment ratio and lender consent requirements; and

RESOLVED, that the proper the 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.

c. Statutory and Infrastructure Transaction Recommendations

i. District Heating Project* – Bridgeport

Bert Hunter discussed the District Heating Project. He explained that the Board had already approved \$89,000 in a feasibility loan (which was also contributed to by several other initial stakeholders) that is fully drawn and \$338,000 in a pre-development loan and about \$64,000 is outstanding presently. He noted that this loan is matched with \$2 in investment by the developers for every \$1 in loan from Green Bank. He noted that the project has made considerable progress during the past year and one half. He stated that the UI Fuel Cell will supply heat to the University of Bridgeport located nearby. He stated that much of the equipment is Denmark sourced material which allows the project to be eligible for support by the Danish export credit bank. Bettina Bronisz asked if waste energy will come back in at a later point. Bert Hunter stated that it will at a later stage but that with the fuel cell coming on line, it was a better match to get the University of Bridgeport portion of the loop going. He stated that it results in about 80% reduction in greenhouse gases, with no incremental fuel use since the idea is to recover waste heat, allowing users on the thermal loop to cease their use of fossil fuel (mostly natural gas) for heat energy. He stated that they're looking at an initial Private Activity Bond of about \$9 million. He stated that the project will end up with about a \$40 million Private Activity Bond once all phases are completed. He stated that this project should qualify for tax exempt issuance, meaning that the interest received by the investor would be tax exempt. He stated that if they do not pass the Reimbursement Resolution, there would be no

date to set for when costs could be reimbursed through the bonds. Brian Farnen stated that there is limited liability to the Connecticut Green Bank pursuant to the resolution and we will be acting as a conduit issuer. Bert Hunter stated that repayment is strictly from the revenue from contracts associated with the loop. He stated that staff will be working with legal counsel to ensure that the Connecticut Green Bank will be fully protected. He stated that the risk of the project is assumed by the bond holders.

Upon a motion made by Norma Glover, and seconded by Bettina Bronisz, Resolution 10 passed unanimously.

Resolution #10

WHEREAS, NuPower Thermal Bridgeport LLC, a Connecticut limited liability company (the “Company”), has requested that the Connecticut Green Bank (the “Issuer”), provide assistance in funding the costs of installing and constructing a district thermal loop in downtown Bridgeport, Connecticut, including all piping and other needed equipment, that will serve academic, municipal and commercial buildings through the delivery of hot and chilled water to these buildings (the “Project”) through the issuance of tax-exempt debt in an amount up to \$40,000,000 (the “Bonds”); and

WHEREAS, the Internal Revenue Service has promulgated regulations (the “Regulations”) under the Internal Revenue Code of 1986, as amended (the “Code”) that govern the allocation of the proceeds of tax-exempt debt issued to reimburse expenditures made for governmental purposes paid by a borrower of tax-exempt debt, prior to the issuance of such debt; and

WHEREAS, such Regulations set forth the circumstances under which allocations of proceeds to reimburse such expenditures shall be treated as an expenditure of proceeds of the Bonds on the date of such allocations; and

WHEREAS, generally, in order to satisfy the Regulations and be able to reimburse expenditures (except for certain de minimis expenditures and preliminary costs as defined in the Regulations) with the proceeds of tax-exempt debt, the Company and the Issuer must, among other things, declare not later than sixty (60) days after the date of any such expenditure, a reasonable official intent to so reimburse such expenditures with the proceeds of tax-exempt debt; and

WHEREAS, the Company has approved a resolution declaring its official intent to reimburse such expenditures with the proceeds of tax-exempt debt; and

WHEREAS, the purpose of this official intent resolution is to provide objective evidence that on the date of this declaration, the Issuer intends to reimburse prior expenditures paid by the Company for the Project, solely from the proceeds of such tax-exempt debt and otherwise without recourse to the Issuer.

NOW THEREFORE, be it resolved that:

1. The Issuer reasonably expects to reimburse expenditures made for governmental purposes in connection with the Project and paid by the Company (the “Expenditures”).
2. The Issuer reasonably expects to make such reimbursements of Expenditures, solely from the proceeds of the Bonds and otherwise without recourse to the Issuer, within eighteen (18) months after the date of any such Expenditures or the date the Project is placed in service or abandoned, whichever is later, but in no event more than three (3) years after the Expenditures are paid. The maximum principal amount of the Bonds is not expected to exceed \$40,000,000.
3. This resolution is the Issuer’s declaration of official intent made pursuant to Section 1.150-2 of the Regulations.

ii. Microgrid Project (Revision)* – Bridgeport

Rick Ross discussed the Microgrid Project in Bridgeport. He stated that the Connecticut Green Bank had approved the loan for about \$503,000 at 2% for twenty years. He stated that the developer is receiving a \$3 million DEEP grant. He stated that staff is asking the Board to approve the borrower to draw on the loan prior to the commercial operation date (“COD”) vs one draw following COD. The purpose would be to fund construction payments together with the developer receiving construction financing from the senior lender. The funds will be used for construction loan payables and funding of the \$300,000 escrow account. After the grant by DEEP the loan from the senior lender would be \$3.8 million.

Bert Hunter explained that as between Green Bank and senior lender, everything will be kept proportional to the amounts of the respective loan facilities. The advances are never going to get out of step with the senior lender in terms of proportionality. The maturity originally was to have been keyed off of the first advance, but it will now be keyed off of the final advance, with the same level payments structure as before.

Commissioner Klee stated that this is a development that has a key element with the City of Bridgeport. He questioned if they have confidence and assurances, because they want to be certain that the Green Bank dollars are going toward project, each step of the way.

John Harrity questioned why they are interested in this project if it doesn’t have an impact on energy use. Bert Hunter stated that they are interested in it for the resiliency benefits and that it is part of the DEEP Program. Bryan Garcia stated that this project came through their CHP Pilot Program, which was a grant program required through legislation.

Upon a motion made by Bettina B, and seconded by Pat Wrice, with an abstention by John Harrity, Resolution 11 passed.

Resolution #11

WHEREAS, this proposed microgrid power generation system project (Project) meets the requirements of the statutorily mandated Combined Heat and Power (CHP) Pilot program set forth under Public Act 11-80, Section 103, which is administered by the Connecticut Green Bank (Green Bank);

WHEREAS, the Project was selected by Green Bank staff pursuant to a request for proposals under the statutorily mandated CHP Pilot program and approved by the Deployment Committee on March 3, 2016 (the "Original Approval"); and

WHEREAS, subsequent to the Original Approval, certain material changes were negotiated between the Project, the senior lender providing additional capital to the Project and Green Bank, namely:

1. Green Bank is able to make multiple advances during the construction period, i.e., prior to Commercial Operation Date, provided that the Project shall have received advances from the senior lender such that the ratio of the aggregate amount of such senior loan advances to the maximum principal amount permitted to be drawn from the senior lender equals or exceeds the ratio of the aggregate amount of Green Bank advances (including any advance then being requested) to the maximum principal amount of the Green Bank loan and provided further that no advance shall be made later than July 1, 2017.

2. The maturity date of the Green Bank loan will be 20 years from the earlier of: (a) the date that is twenty (20) years from the date on which the final advance of the Green Bank loan is made; (b) acceleration of maturity upon an event of default or other mandatory prepayments as set forth in the Subordinated Loan

agreement; or (c) the date of the consummation and closing of any sale of the Project to a non-affiliated third party. Repayment commences the first month following the final advance with each of the 240 monthly payments being in the form of fully amortizing level payments of principal and interest (mortgage-style basis).

NOW, therefore be it:

RESOLVED, that the Board of Directors authorizes the President of the Green Bank and any other duly authorized officer of the Green Bank to execute and deliver a sub-debt loan in the amount of \$502,860, to be funded from the CHP Pilot program budget, and with terms and conditions consistent with the memorandum and term sheet submitted to the Deployment Committee dated February 23, 2015 and as revised by the memorandum to the Board of Directors dated June 17, 2016; and

RESOLVED, that the proper the 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.

iii. NEHC Hydro Facility (Revision)* - Meriden

Marianna Trief discussed New England Hydropower. She stated that they are asking the Board for authorization to create a special purpose entity (SPE), fully controlled by the Connecticut Green Bank. Norma Glover questioned if they are making this because of the recent Legislation changes. Brian Farnen stated that this change in structure is pursuant to the recently enacted legislation and it is a lot cleaner than how we handled this in the past with Connecticut Innovations as a 1% owner of the (SPE). He stated that it's really a housekeeping matter to keep in line with the language of the Statute. Bettina Bronisz questioned how this special entity will guarantee backstopping of the SCRF. Bert Hunter stated that the Connecticut Green Bank will establish the reserve required by the SCRF. John Harrity questioned how many homes this project will power. Bert Hunter stated approximately 50 homes.

Upon a motion made by Bettina B, and seconded by Pat Wrice, Resolution 12 passed.

Resolution #12

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"), on February 26, 2016 the Green Bank Board of Directors (the "Board") authorized:

- i) construction financing in an amount not to exceed \$3.1 million,
- ii) a working capital guaranty in an amount not to exceed \$300,000

to New England Hydropower Company ("NEHC"), the project developer, under the Green Bank's existing working capital facility partnership with Webster Bank; and,

iii) term financing based on the following

a. the issuance of New Clean Renewable Energy Bonds (“CREBs”) in an amount not to exceed \$3,100,000, and

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

WHEREAS, Green Bank staff recommends that the Board authorize the creation of a Special Purpose Entity that will be wholly owned by the Green Bank;

WHEREAS, Green Bank staff now recommends that the Board authorize an increase in the working capital guaranty afforded to NEHC in connection to the Project under the Green Bank’s existing working capital facility partnership with Webster Bank; and

WHEREAS, Green Bank staff now recommends the Green Bank to issue a guaranty to a third party lender for construction finance for the Project instead of a loan by the Green Bank as originally contemplated by staff and authorized by the Board on February 26, 2016.

NOW, therefore be it:

RESOLVED, that the Green Bank may increase the amount of its working capital guaranty under the Green Bank’s existing working capital facility partnership with Webster Bank, for draws made by NEHC solely in connection with this Project and in an amount not to exceed \$600,000 and may issue a guaranty to a third party lender for construction finance for the Project as more completely described in a memorandum to the Board of Directors dated April 15, 2016 and as revised on April 20, 2016;

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.

8. Other Business

9. Adjourn

Upon a motion made by Norma Glover, and seconded by Bettina Bronisz, the meeting was adjourned at 11:06 a.m.

Respectfully Submitted,

Rob Klee, Vice Chairperson