

CONNECTICUT GREEN BANK
Board of Directors
Minutes
Friday, July 22, 2016

A regular meeting of the Board of Directors of the **Connecticut Green Bank (the “Green Bank”)** was held on July 22, 2016 at the office of the Green Bank, 845 Brook Street, Rocky Hill, CT, in the Colonel Albert Pope board room.

1. **Call to Order** Catherine Smith, Chairperson of the Green Bank, called the meeting to order at 9:00 a.m. Board members participating: Bettina Bronisz, State Treasurer’s Office (“Designee”), Norma Glover, John Harrity, Reed Hundt (by phone), Tom Flynn (by phone), Matt Ranelli and Tracey Babbidge (“Designee”) of the Department of Energy and Environmental Protection (“DEEP”).

Members Absent: Pat Wrice, Kevin Walsh, and Mun Choi

Staff Attending: Bert Hunter, George Bellas, Brian Farnen, Matt Macunas, Mackey Dykes, Bryan Garcia, Kerry O’Neill, Dale Hedman, Craig Connolly, Bryant Ebright, Ryan Shelby, George Bellas, Eric Shrago, Jane Murphy, Emily Basham, Anthony Clark, Isabelle Hazlewood, Alysse Buzzelli, Chris Magalhaes, Madeline Tiscarino and Cheryl Samuels.

Others attending: Austin Casagrande (Intern for the Office of the State Treasurer)

2. **Public Comments**

There were no public comments

3. **Consent Agenda**

Commissioner Smith requested a motion to approve Resolutions 1 through 3 on the Consent Agenda. Upon a motion made by Matt Ranelli and seconded by Bettina Bronisz Resolutions 1 through 3 passed unanimously.

- a. Approval of Meeting Minutes for June 17, 2016 and July 6, 2016

Resolution #1

Motion to approve the minutes of the Board of Directors Meeting for June 17, 2016 and July 6, 2016.

Upon a motion made by Matt Ranelli and seconded by Bettina Bronisz Resolution 1 passed unanimously.

- b. Under 300,000 and No More in Aggregate than \$1,000.00

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 July 22, 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. Board of Directors and Committee Reports for FY 2016

Resolution #3

WHEREAS, in July of 2011, the Connecticut General Assembly passed Public Act 11-80 (the Act), “AN ACT CONCERNING THE ESTABLISHMENT OF THE DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION AND PLANNING FOR CONNNECTICUT’S ENERGY FUTURE,” which created the Connecticut Green Bank (the “Green Bank”) and vests the power in a Board of Directors comprised of eleven voting and two non-voting members; and

WHEREAS, the structure of the Board of Directors is governed by the bylaws of the Connecticut Green Bank, including, but not limited to, its powers, meetings, committees, and other matters.

NOW, therefor be it:

RESOLVED, that Board has reviewed and approved the Overview of Compliance Reporting and the Board of Directors and Committees for FY 2016 memo dated July 22, 2016 prepared by staff, which provides a summary report of the FY 2016 governance of the Board of Directors and its Committees of the Connecticut Green Bank.

- d. Request for Approvals for PSA's Over \$75,000 in FY 2016
- e. Succession Plan (FY 2017)

4. Board of Directors Strategic Discussions

- a. SunShot Prize: Reducing "Soft Costs" for Residential Solar PV

Isabelle Hazelwood provided a thorough overview of the SunShot Initiative and the role of the Green Bank in competing for and winning federal funds – about \$1 million between grants and prizes – and implementing programs throughout the state to reduce "soft costs" for residential solar PV in Connecticut. Commissioner Smith commended Isabelle and the team for their excellent work on the program.

Anthony Clark provided a thorough overview of the Green Bank's efforts to visualize data through a partnership with Kevala. He discussed how data might be presented and solicited guidance from the Board of Directors on what other uses they might see with regards to data visualization. Tracy Babbidge requested that the Green Bank work with DEEP and the utilities on grid-side visualization. Tom Flynn suggested that the data being collected by the Green Bank had value and the staff should look into it.

- b. Information and Visualization

5. Important Documentation

- a. Comprehensive Plan (FY 2017 and FY 2018)

Bryan Garcia provided an overview of the Comprehensive Plan. He noted that at the June 17, 2016 Board of Directors meeting that the Board had approved of the FY 2017 budget and targets. He provided an overview of the contents of the Comprehensive plan including a focus on the work through the Joint Committee with the Energy Efficiency Board. Bert Hunter and Mackey Dykes discussed the progress the teams are making with the utilities on the Small Business Energy Advantage program as evidence of the second area of positive development alongside multifamily efforts.

**Upon a motion made by Matt Ranelli and seconded by Bettina Bronisz
Resolution 4 passed unanimously.**

Resolution #4

WHEREAS, in July of 2011, the Connecticut General Assembly passed Public Act 11-80 (the Act), “AN ACT CONCERNING THE ESTABLISHMENT OF THE DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION AND PLANNING FOR CONNECTICUT’S ENERGY FUTURE, “which created the Connecticut Green Bank (the “Green Bank”) to develop programs to finance and otherwise support clean energy investment per the definition of clean energy in Connecticut General Statutes Section 16-245n(a):

WHEREAS, the Act directs the Green Bank to develop a comprehensive plan to foster the growth, development and commercialization of clean energy sources, related enterprises and stimulate demand clean energy and deployment of clean energy sources that serve end use customers in this state.

WHEREAS, the Budget and Operations Committee reviewed the Comprehensive Plan for FY 2017 and FY 2018 at a meeting on June 7, 2016;

WHEREAS, the staff of the Connecticut Green Bank discussed the Comprehensive Plan for FY 2017 and FY 2018 on the Quarterly Market Insights webinar on June 16, 2016 and subsequently requested public comments through July 15, 2016;

WHEREAS, the Board of Directors reviewed and approved the key components of the Comprehensive Plan, including the FY 2017 budget and targets at a meeting on June 17, 2016;

WHEREAS, the Joint Committee of the Energy Efficiency Board and the Connecticut Green Bank reviewed and were provided an opportunity to comment on the Comprehensive Plan for FY 2017 and FY 2018 at a meeting on July 20, 2016;

WHEREAS, Article V of the Green Bank Operating Procedures requires the Green Bank Board of Directors (the “Board”) to adopt an Annual Plan for each forthcoming fiscal year;

NOW, therefor be it:

RESOLVED, that the Board approves the proposed revisions by the Officers of the Comprehensive Plan for Fiscal Years 2017 and 2018;

RESOLVED, that the Board will allow additional clarifications be made over the next two weeks based on final comments submitted to the officers through the Joint Committee on the Comprehensive Plan for FY 2017 and FY 2018;

RESOLVED, that the Board approves of the proposed Comprehensive Plan for FY 2017 and FY 2018 as presented to the Board on July 22, 2016, and subject to nonmaterial modifications made by the officers as described above.

As the Green Bank just passed its 5-year anniversary, Eric Shrago and Bryan Garcia provided an overview for a proposed strategic retreat to support the development of the next 5 years of the Green Bank. Commissioner Smith asked Board members to volunteer to lead a subcommittee to develop the retreat plans to which Norma Glover and Reed Hundt volunteered.

b. Evaluation Framework

Bryan Garcia provided an overview of the Evaluation Framework to the Board of Directors. The draft framework was presented to the Audit, Compliance and Governance Committee, Budget and Operations Committee, and the Joint Committee of the Energy Efficiency Board.

Upon a motion made by Matt Ranelli and seconded by Bettina Bronisz Resolution 5 passed unanimously.

Resolution #5

WHEREAS, the Audit, Compliance and Governance Committee at a meeting on May 25, 2016, and the Budget and Operations Committee at a meeting on June 7, 2016 reviewed and now recommend that the Board of Directors approve the proposed Evaluation Framework; and

WHEREAS, the Joint Committee of the Energy Efficiency Board and the Connecticut Green Bank reviewed and were provided an opportunity to comment on the Evaluation Framework at a meeting on April 20, 2016 and July 20, 2016;

NOW, therefor be it:

RESOLVED, that the Board will allow additional clarifications be made over the next two weeks based on final comments submitted to the officers through the Joint Committee on the Evaluation Framework;

RESOLVED, that the Board approves the proposed Evaluation Framework as presented to the Board on July 22, 2016, and subject to nonmaterial modifications made by the officers as described above.

6. Staff Transaction Recommendations

a. Commercial, Industrial, and Institutional Sector Program Transaction Recommendations

i. Energy on the Line

Mackey Dykes explains that energy costs are high in Connecticut and 10% of consumption is in the manufacturing sector. CPACE is a great tool for manufacturer to reduce their costs. We partnered with DECD and the Manufacturing Innovation Fund to make CPACE projects produce even more savings for manufacturers by providing up to \$50,000 in grant funding, \$40,000 from DECD/MIF and \$10,000 from CGB, for manufacturers who do a CPACE project. CGB is also providing technical expertise to help manufacturers identify opportunities, select contractors, and navigate the utility and financing process. Funding per project is equal to the value of a 1% interest rate reduction, up to a total value of \$50,000. Catherine Smith questioned why you need to add \$10,000 of CGB funding? Mackey Dykes explained that the original CGB request didn't include a cap but the MIF wanted to limit the per project funding so it could be spread out to more participants. That would "top out" below the CPACE average project size so, in order to drive bigger and more comprehensive projects, CGB included up to \$10,000 more. John Harrity questions, how complicated is the process? Mackey Dykes explains that the application is no different than the regular CPACE application. Mackey Dykes explains that we do have our first approved project. We are continuing to promote the program through press releases, website, emails, and through manufacturing associations in the state.

Upon a motion made by Matt Ranelli and seconded by Bettina Bronisz Resolution 6 passed unanimously.

Resolution #6

WHEREAS, Pursuant to Section 157 of Public Act No. 12-2 of the June 12, 2012 Special Session of the Connecticut General Assembly (the "Act"), Connecticut Green Bank ("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"), and Green Bank established the C-PACE program;

WHEREAS, In February of 2016, Green Bank partnered with the Department of Economic and Community Development ("DECD") through it's the Manufacturing Innovation Fund ("MIF") to create and administer the Energy on

the Line campaign for the purpose of incentivizing manufacturers to undertake energy-saving improvements to their buildings (the “EotL Program”); and

WHEREAS, through the EotL Program, eligible manufacturers who finance an energy savings project using C-PACE may receive a grant to buy-down the cost of such project and improve their cash-flow over the life of the C-PACE assessment.

WHEREAS, such grants will be equivalent to a one percent (1%) interest rate buy-down of the C-PACE financing, up to \$50,000.

WHEREAS, DECD provided \$800,000 in funding to Green bank for such grants, to be used for the first \$40,000 of any individual grant

NOW, therefore be it:

RESOLVED, that the Green Bank Board of Directors (the “Board”) authorizes grants to be made to eligible Connecticut manufacturers pursuant to the EotL Program as described in that certain memo to the Board dated July 15, 2016; 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.

ii. C-PACE Disbursement Cap

For background, Bert Hunter reminded the Board that staff issued an RFP in December 2014 for additional private capital for the C-PACE program. Originally, the Green Bank used \$20 million of its balance sheet (which was subsequently increased to \$40 million) for construction financing. After the projects were completed, the Green Bank sold off about \$20 million of these benefit assessment liens to Clean Fund. To enable the program to scale, the Green Bank need larger facility – which was the purpose of the RFP he noted earlier, and which was closed in December of 2015. Associated with the new facility with Hannon, he noted, is an internal working capital facility that is used to finance the construction part of disbursements. Chris Magalhaes on the finance team explained the operation of the working capital facility and that while the Green Bank and Hannon both fund the disbursement, there can be excess funds left in the disbursement account due to forecasting errors (generally by the contractors). This leads, he explained, to an interest expense drag since interest that the Green Bank has to pay to Hannon starts accruing as soon as their funds go into the account. George Bellas noted that the agreements only require Hannon to prefund once a month. He added that the C-PACE program has difficulty forecasting due to the ordinary course of construction activities. This is what leads

to the funds sitting idly in the account. After a bit more discussion, the Board was satisfied that staff's request warranted approval.

Upon a motion made by Matt Ranelli and seconded by Norma Glover Resolution 7 passed unanimously.

Resolution #7

WHEREAS, Pursuant to Section 157 of Public Act No. 12-2 of the June 12, 2012 Special Session of the Connecticut General Assembly (the "Act"), Connecticut Green Bank ("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"), and Green Bank established the C-PACE program;

WHEREAS, on December 17, 2015 Green Bank closed on a financing facility with HASI OBS OP A LLC, a Maryland limited liability company ("HA"), and HA C-PACE LLC, a Delaware limited liability company ("HA C-PACE") in support of the C-PACE program and in order to fund C-PACE transactions (the HA Facility")

WHEREAS, at its January 15, 2015 meeting, the Green Bank Board of Directors ("Board") authorized a \$750,000 working capital facility associated with the Green Bank's C-PACE partnership with HA;

WHEREAS, under the HA Facility, the Green Bank is permitted to advance more than its pro rata share of funds to C-PACE borrowers during construction in order to avoid disruption in construction activities; and

WHEREAS, Green Bank staff has attempted various ways to operationalize the construction financing partnership for C-PACE borrowers under the HA Facility within existing constraints and found such alternatives inefficient or costly.

NOW, therefore be it:

RESOLVED, that the Board authorizes a working capital facility associated with the HA Facility in an amount not to exceed \$3,300,000 in aggregate for the purpose of allowing the Green Bank to make advances to HA C-PACE for construction disbursements to C-PACE borrowers in excess of the Green Bank's pro rata share of such financing, which exceedance amount will then be recovered under the terms of the HA Facility;

RESOLVED, that this authorization expressly includes the ability for the proper Green Bank officers to commit capital in excess of existing authorization levels solely for the purpose of providing short-term construction financing advances to C-PACE borrowers under the terms of the HA Facility, and with the expectation of monthly repayment via the HA Facility, and for no other purpose whatsoever; 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.

7. Sector Updates and Progress to Targets for FY 2016

George Bellas, Bryan Garcia, and Eric Shrago provided an update on the progress to targets for FY 2016 with respect to the budget and financial position of the organization as well as the progress to targets.

Upon a motion made by Matt Ranelli and seconded by Bettina Bronisz, Resolution 8 passed unanimously.

Resolution #8

WHEREAS, in July of 2011, the Connecticut General Assembly passed Public Act 11-80 (“the Act”) “AN ACT CONCERNING THE ESTABLISHMENT OF THE DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION AND PLANNING FOR CONNECTICUT’S ENERGY FUTURE,” which created the Connecticut Green Bank (the “Green Bank”) to develop programs to finance and otherwise support clean energy investment per the definition of clean energy in Connecticut General Statutes Section 16-245n(a);

WHEREAS, the Act directs the Green bank to develop a comprehensive plan to foster the growth, development and commercialization of clean energy sources, related enterprises and stimulate demand clean energy and development of clean energy sources that serve end use customers in this state;

WHEREAS, on July 17, 2015, the Board of Directors of the Connecticut Green Bank approved a revised Comprehensive Plan for FY 2015 and FY 2016, including an annual budget and targets for FY 2016.

Now, therefore be it:

RESOLVED, that Board has reviewed and approved the Program Performance towards targets for FY 2016 memos dated July 22, 2016, which provide an overview of the performance of the Statutory and Infrastructure, Residential, Commercial and Industrial, and Institutional sectors with respect to their FY 2016 targets.

8. Other Business

Bert Hunter reminded the Board that the transaction being reported on was approved by the Board previously. He explained that First Niagara Bank agreed to lend to the microgrid project a net \$3.8m after the proceeds of the DEEP grant (paid following the end of construction) is taken into account. Also, he explained, the city council of Bridgeport did meet and approved the energy agreement with the developer. Also, he noted, the DEEP grant was extended into 2017, a point confirmed by Ms. Babbage. In discussions with First Niagara, he continued, they requested some flexibility to lend more to the project in case there are cost overruns. In this case, there would be additional funding that would be senior to the Green Bank. The Green Bank is not changing the loan amount being advanced to the project, so staff is not revising the standing approval. But, this involves a further 10% potentially being loaned by First Niagara, and staff wanted to make the Board aware of that. The transaction is scheduled to close today – and if the Board is still comfortable, staff will go ahead. Tracey Babbage explains that DEEP grant is a reimbursement (i.e., paid following the completion of construction). Bert Hunter explains that the net amount of the loan does, in fact, mean after the DEEP payment. Catherine Smith, noting concurrence by the Board, agreed that staff should move ahead with the transaction.

Kerry O'Neill provided an update on recent developments with respect to R-PACE at the federal level with the White House. These developments were modelled a lot after the R-PACE policy in Connecticut. The leadership of Governor Malloy was acknowledged by the team.

Bryan Garcia and Reed Hundt provided an overview on recent developments with respect to the Green Bank Act of 2016 at the federal level with Congressman Chris Van Hollen (MD) and Senator Chris Murphy (CT) proposing legislation modelled after the Connecticut Green Bank.

9. Adjourn

Upon a motion made by Catherine Smith and moved by Norma Glover, and seconded by John Harranty, the meeting was adjourned at 11:04 a.m.

Respectfully Submitted,

Catherine Smith, Chairperson