

**Deployment Committee of the  
Connecticut Green Bank**  
845 Brook Street  
Rocky Hill, CT 06067  
Monday, February 27, 2017  
2:00 – 2:30 p.m.

A regular scheduled meeting of the Deployment Committee of the Board of Directors of the Connecticut Green Bank was held on February 27, 2017 at the office of the Green Bank, 845 Brook Street, Rocky Hill, CT.

**1. Call to order**

Bryan Garcia called the meeting to order at 2:05 p.m. Deployment Committee members participating: Matt Ranelli and Reed Hundt (by phone).

Staff Attending: Bryan Garcia, , Kerry O’Neill (by phone), Ben Healey (by phone), Kim Stevenson, Dale Hedman, George Bellas, Eric Shrago, Brian Farnen, Jane Murphy, Cheryl Samuels, Bert Hunter (by phone), and John D’Agostino (by phone).

**2. Public Comments**

There were no public comments.

**3. Consent Agenda\***

**a. Approval of Regular Meeting Minutes for September 29, 2016\***

**Resolution #1**

Motion to approve the minutes of the September 29, 2016 Meeting of the Deployment Committee of the Connecticut Green Bank.

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

**Upon a motion made by Matt Ranelli, and seconded by, Reed Hundt the Consent Agenda was unanimously approved.**

**4. Residential Sector Program Updates and Recommendations\***

**a. Smart-E Loan and ARRA-SEP Fund Reallocation\***

Kerry O’Neill discussed the Smart E Loan and ARRA – SEP Funds. She stated that they are looking to move money from loan loss reserves into Smart-E interest rate buydowns (“IRB”s), and to backfill with Green Bank funds. She also discussed the two defaults in Smart-E and one in CT Solar Lease.

Kerry O’Neill stated that they are asking to take \$1.1 million in Smart-E Loan Loss Reserves and to shift the ARRA dollars to Smart-E, as well as \$3.5 million under CT Solar Lease and to shift those to Smart-E. She stated that \$4.9 million of Green Bank funds would be

allocated to loss reserves. She stated that this request obligates more Green Bank Funds. She explained that ARRA will be at \$600,000 in loss reserves and \$7 million in IRB's, leaving about \$6 million free to support Smart E IRB's going forward.

**Upon a motion made by Matt Ranelli, and seconded by, Reed Hundt, the Committee approved unanimously.**

**Resolution #2**

**WHEREAS**, in July of 2011, the Connecticut General Assembly passed Public Act 11-80, "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 in residential projects per the definition of clean energy in CGS Section 16-245n(a);

**WHEREAS**, in February of 2013, the DEEP released the Comprehensive Energy Strategy ("CES") for Connecticut that includes developing financing programs that leverage private capital to make clean energy investments more affordable, including the pilot Smart-E Loan residential financing program;

**WHEREAS**, the Governor's Council on Climate Change has identified the need to support renewable heating and cooling and electric vehicles to support the implementation of the Global Warming Solutions Act goal of reducing 80 percent of greenhouse gas emissions from a baseline year of 2001 by the year 2050;

**WHEREAS**, in May of 2013, Green Bank launched the Smart-E Loan program, currently operating statewide, with 10 credit unions and community banks and one community development financial institution providing low cost and long-term financing for measures that are consistent with the state energy policy and the implementation of the CES. The Smart-E Loan currently includes \$4.3 million of credit enhancement, including both repurposed ARRA-SEP and Green Bank funds, to attract nearly \$30 million of private investment from local financial institutions.

**NOW**, therefore be it:

**RESOLVED**, that the Green Bank Deployment Committee (the "Committee") recommends funding for loan loss reserves and interest rate buydowns ("Credit Enhancements") through the use of repurposed American Recovery and Reinvestment Act State Energy Program ("ARRA-SEP") program funds be approved for Green Bank's Cozy Home Loans, Smart-E Loans, CT Solar Loan, and LIME Loan programs (the "Programs") in amounts materially consistent with the Memorandum presented to the Committee dated February 21, 2017.

**RESOLVED**, that the Committee recommends that ARRA-SEP funds are approved for the Programs in the not-to-exceed set forth below and that the President of the Green Bank; and any other duly authorized officer of the Green Bank, is authorized to use their best discretion to utilize the most effective use of the entirety of the ARRA-SEP Credit Enhancements in amounts not to exceed:

- a. \$28,793 for Cozy Home Loans;
- b. \$7,564,227 for Smart-E Loans;
- c. \$468,600 for CT Solar Loan; and
- d. \$300,000 for LIME Loan.

**RESOLVED**, that the Committee recommends that Green Bank funds are approved for Loan Loss Reserves for the Smart-E Loan Program in the not-to-exceed amount of \$1,869,884 including \$1,110,608 of additional funds and \$759,276 of already approved FY17 budgeted funds;

**RESOLVED**, that the Committee recommend to the Board of Directors that the Green Bank funds be approved for Loan Loss Reserves for the CT Solar Lease Program in the not-to-exceed amount of \$3,500,000; and

**RESOLVED**, that the Committee recommends that Green Bank funds are approved for Loan Loss Reserves for the LIME Loan Program in the not-to-exceed amount of \$325,000.

**b. C4C LIME Loan and ARRA-SEP Fund Reallocation\***

Kim Stevenson discussed the LIME Loan and ARRA-SEP Fund Reallocation. She stated that they are seeking approval of \$2.5 million capitalization of the LIME Loan Fund, using Green Bank balance sheet funds. She stated that the LIME Loan Fund is run by Capital for Change. She explained that to date they have done 18 projects for a total of \$6.1 million in financing. She explained that there are some additional projects in the pipeline. She explained that they are looking for an additional \$2.5 million to help fund the current pipeline in place. She explained that the fund would be loaned to Capital for Change at 3%. She explained that the terms for the property owners that receive the funds are the same that have already been approved for the program.

Bryan Garcia discussed the fact that they are being opportunistic with their own funds. Kerry O'Neill discussed that the Green Bank is more discretionary with their funds than other capital providers.

Matt Ranelli questioned since they are unsecured loans, if there is a loss, who has the first loss. Ben Healey stated that the Green Bank has a loan loss reserve commitment. He explained that they have the first loss. He explained that Capital for Change is on the hook as the lender, but that they have set aside a certain amount in equity as their standard set aside for losses. He explained that the Green Bank is taking a security interest in each of the underlying loans.

Matt Ranelli questioned the \$1.7 million that is in the pipeline. Kim Stevenson stated that they are approved projects, but that there are additional projects that are in the pipeline.

**Upon a motion made by Matt Ranelli, and seconded by, Reed Hundt, the Committee approved unanimously.**

**Resolution #3**

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

**WHEREAS**, on March 7th, 2014, the Green Bank’s Deployment Committee approved funding for the LIME Loan program in an amount not-to-exceed \$1,000,000 in capital financing, and \$300,000 for a loan loss reserve (“Credit Enhancements”) using repurposed ARRA-SEP program funds, or ratepayer funds, if necessary;

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

**WHEREAS**, at a regular meeting of the Board held on June 17th, 2016, the Board reauthorized the Program under updated lending guidelines including an additional \$325,000 of Loan Loss Reserve through repurposed ARRA-SEP program funds, or ratepayer funds, if necessary;

**WHEREAS**, C4C has developed a pipeline of potential projects that require additional capital for financing under the Program;

**NOW**, therefore be it:

**RESOLVED**, that the Deployment Committee approves the deployment of additional capital from the Green Bank balance sheet in an amount not-to-exceed \$2,500,000 to support the Program;

**RESOLVED**, that the \$2,500,000 in funds advanced under the Program, together with all other conforming loans made under the Program, shall be supported by the previously approved \$625,000 in Credit Enhancements;

**RESOLVED**, that the President of the Green Bank; and any other duly authorized officer of the 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 Deployment Committee on February 21st, 2017; 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.

**5. Other Business**

**6. Adjourn**

Upon a motion made by Matt Ranelli the Committee adjourned the meeting at 2:21 p.m.

Respectfully Submitted,

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Reed Hundt, Chairperson