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CONNECTICUT
GREEN BANK

January 19, 2018

Dear Connecticut Green Bank Board of Directors:

We hope that everyone had a relaxing and enjoyable holiday season – and Happy New Years!

We have a regular meeting of the Board of Directors scheduled for next week for Friday, January 26, 2018 from 9:00-11:00 a.m. in the Colonel Albert Pope Board Room of the Connecticut Green Bank at 845 Brook Street, Rocky Hill, CT 06067.

As we refocus our efforts to execute on our new sustainability strategy given the sweeps, we have adjusted the format of the agenda to focus on our lines of business.

On the agenda we have the following:

- **Consent Agenda** – approval of the meeting minutes for December 15, 2017 and financial statements through November of 2017.

- **Incentive Business** – given the importance of managing the Connecticut Green Bank's cash flow, in light of administering the statutory Residential Solar Investment Program (RSIP) and paying out incentives in the near-term, while receiving cost recovery over the long-term, we will provide you with an update on the status of the Solar Home Renewable Energy Credit (SHREC) securitization. As you might recall, it will be imperative that we successfully execute a securitization in the last quarter of the fiscal year to assist the organization in maintaining its cash flow.

- **Investment Business** – as we work to implement our sustainability strategy for the core business of clean energy financing, we will be bringing forth several C-PACE transactions (i.e., Middlefield and New London), draft C-PACE guidelines for new construction (which will open-up new markets for clean energy financing), , and revised terms for a previously approved fuel cell project. The materials for the C-PACE transaction in New London will be mailed on Wednesday.

- **Non-Profit Organization** – as we work to maintain the progress we have made in ensuring that clean energy is accessible and affordable to underserved market segments (e.g., low-to-moderate income households), we will discuss the role of a to-be-created non-profit organization. This non-profit organization will not only help the Connecticut Green Bank reduce its operating expenses, but it will also allow the Connecticut Green Bank to continue its positive impact in undeserved markets while providing opportunities for private investment. As we are working with outside counsel and our auditor, we will be sending along the memo by the close of business on Wednesday, January 24, 2018.

- **<u>Other Business</u>** – the Budget & Operations Committee will discuss proposed revisions to the targets for FY 2018, George Bellas will provide an overview of our monthly cash flows, and we will provide you an update on the Colebrook Wind project.

We are going to need to maintain our focus as we implement the sustainability plan that was approved last month.

If you have any questions, comments or concerns, please feel free to contact me at any time.

We look forward to seeing you next week.

Sincerely,

Bryan Garcia
President and CEO

AGENDA (REVISED)

Board of Directors of the
Connecticut Green Bank
845 Brook Street
Rocky Hill, CT 06067

Friday, January 26, 2018
9:00-11:00 a.m.

Staff Invited: George Bellas, Craig Connolly, Mackey Dykes, Brian Farnen, Bryan Garcia, Dale Hedman, Bert Hunter, Sue Kaswan, Kerry O'Neill, Eric Shrago, and Kim Stevenson

1. Call to order

2. Public Comments – 5 minutes

3. Consent Agenda – 5 minutes

4. Incentive Business – RSIP/SHREC – 10 minutes

    a. SHREC Update

5. Investment Business – Clean Energy Finance – 60 minutes

    a. C-PACE Transaction – Middlefield
    b. C-PACE Transaction – New London
    c. C-PACE – Proposed Guidelines for New Construction
    d. Fuel Cell Energy – Triangle Project – Danbury

6. Non-Profit Organization – Underserved Markets – 30 minutes

    a. Non-Profit Organization – Discussion

7. Other Business – 10 minutes

    a. Budget & Operations Committee
    b. Other Business

8. Adjourn

Next Regular Meeting: Friday, April 27, 2018 from 9:00-11:00 a.m.
Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT

RESOLUTIONS

Board of Directors of the
Connecticut Green Bank
845 Brook Street
Rocky Hill, CT 06067

Friday, January 26, 2018
9:00-11:00 a.m.

Staff Invited: George Bellas, Craig Connolly, Mackey Dykes, Brian Farnen, Bryan Garcia, Dale Hedman, Bert Hunter, Sue Kaswan, Kerry O'Neill, Eric Shrago, and Kim Stevenson

1. Call to order

2. Public Comments – 5 minutes

3. Consent Agenda – 5 minutes

Resolution #1

Motion to approve the minutes of the Board of Directors Meeting for December 15, 2017.

4. Incentive Business – RSIP/SHREC – 10 minutes

   a. SHREC Update

5. Investment Business – Clean Energy Finance – 60 minutes

   a. C-PACE Transaction – Middlefield

Resolution #2

WHEREAS, pursuant to Section 157 of Public Act No. 12-2 of the June 12, 2012 Special Session of the Connecticut General Assembly and as amended (the "Act"), the 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

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

WHEREAS, the Green Bank seeks to provide a **$2,006,822** construction and (potentially) term loan under the C-PACE program to Powder Ridge Mountain and Resort LLC, the building owner of 99 Powder Hill Road, Middlefield, 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 C-PACE authorizing statute, 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 other duly authorized officer of the Green Bank is authorized to execute and deliver the Loan and, if applicable, a Feasibility Study 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 January 19, 2018, 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 of Directors;

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.

b. C-PACE Transaction – New London

<u>Resolution #3</u>

WHEREAS, pursuant to Section 157 of Public Act No. 12-2 of the June 12, 2012 Special Session of the Connecticut General Assembly and as amended (the "Act"), the 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");

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 **$1,307,882** construction and (potentially) term loan under the C-PACE program to 6 Shaw's Cove, LLC., the building owner of 6 Shaw's Cove, New London, 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 C-PACE authorizing statute, 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 other duly authorized officer of the Green Bank is authorized to execute and deliver the Loan and, if applicable, a Feasibility Study 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 of Directors dated January 23, 2018, 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 of Directors;

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. C-PACE – Proposed Guidelines for New Construction

<u>Resolution #4</u>

WHEREAS, Conn. Gen. Stat. Section 16a-40g (the "Authorizing Statute") authorizes what has come to be known as the Commercial Property Assessed Clean Energy Program ("C-PACE"), the Authorizing Statute designates the Connecticut Green Bank ("CGB") as the state-wide administrator of the program; and

WHEREAS, the Authorizing Statute charges CGB to develop program guidelines governing the terms and conditions under which state and third-party financing may be made available to C-PACE.

NOW, therefore be it:

RESOLVED, the CGB Board of Directors (the "Board") approves the proposed New Construction Pilot, substantially in the form of attached to that certain memo to the Board dated January 19, 2018.

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 New Construction Pilot.

d. Fuel Cell Energy – Triangle Project – Danbury

Resolution #5

WHEREAS, FuelCell Energy, Inc., of Danbury, Connecticut ("FCE") has used previously committed funding (the "Bridgeport Loan") from Green Bank to successfully develop a 15 megawatt fuel cell facility in Bridgeport, Connecticut (the "Bridgeport Project"), and FCE has operated and maintained the Bridgeport Project without material incident, is current on payments under the Bridgeport Loan, and has requested financing support from the Green Bank to develop a 3.7 megawatt high efficiency fuel cell project in Danbury, Connecticut (the "Project");

WHEREAS, staff has considered the merits of the Project and the ability of FCE to construct, operate and maintain the facility, support the obligations under the Loan throughout its 20 year life, and as set forth in the due diligence memorandum dated March 10, 2017, has recommended this support be in the form of a term loan not to exceed $5,000,000, secured by all project assets, contracts and revenues as well as an unconditional performance and payment guarantee of FCE (the "Term Loan");

WHEREAS, the Green Bank Board of Directors ("Board") has approved the Term Loan, as recommended and requested in the due diligence memorandum dated March 10, 2017;

WHEREAS, staff has set forth in the project qualification memo dated January 26, 2018 requests for the Board to approve updates to the previously-approved Term Sheet, a new deadline for advance of May 1, 2018, and the ability to sell off all, or a portion, of the Term Loan to 3rd party investors and the ability to guaranty all (for a fee or additional consideration), or a portion, of the amount of the Term Loan sold subject to subsequent Board approval on the terms and conditions thereof.

NOW, therefore be it:

RESOLVED, that the Green Bank Board of Directors hereby approves the updated Term Sheet, the new deadline for advance of May 1, 2018, the ability to sell and guaranty portions of the Term Loan to 3rd party investors; and

RESOLVED, that the President of the Green Bank and any other duly authorized officer is authorized to take appropriate actions to make the Term Loan to FCE (or a special purpose entity wholly-owned by FCE) in an amount not to exceed $5,000,000 with terms and conditions consistent with the memorandum submitted to the Board dated January 26, 2017, and as he or she shall deem to be in the interests of the Green Bank and the ratepayers no later than 180 days from the date of authorization by the Board of Directors; 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 Term Loan.

6. Non-Profit Organization – Underserved Markets – 30 minutes

a. Non-Profit Organization – Discussion

Resolution #6

Resolved, that the Board of Directors of the Green Bank authorize the President of the Green Bank and any other duly authorized officer of the Green Bank, working with foundation and other partners, to establish or enable an independent mission-aligned non-profit entity to administer the Green Bank's current and future Underserved Market Segment programs commencing on July 1, 2018 and to achieve operating leverage and attract mission-oriented investors for a set of products serving underserved market segments.

Resolved, that the Board of Directors of the Green Bank direct the Green Bank staff to approach the State Ethics Commissions and seek its guidance and opinion on employment of former Connecticut Green Bank employees by the non-profit entity commencing on July 1, 2018.

7. Other Business – 10 minutes

   a. Budget & Operations Committee

Resolution #7

WHEREAS, the Connecticut Green Bank Staff has assessed program and product performance through the second quarter of the fiscal year 2018,

WHEREAS, the Connecticut Green Bank Board of Directors Budget and Operations Committee has discussed and reviewed these new targets,

RESOLVED, the Connecticut Green Bank Board of Directors approves the fiscal year 2018 target adjustments outlined above.

   b. Other Business

8. Adjourn

Next Regular Meeting: Friday, April 27, 2018 from 9:00-11:00 a.m.
Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT

CONNECTICUT GREEN BANK
Board of Directors
Draft Minutes
Friday, December 15, 2017

A regular meeting of the Board of Directors of the **Connecticut Green Bank (the "Green Bank")** was held on December 15, 2017 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 9:02 a.m. Board members participating: Rob Klee (by phone), John Harrity, Betsy Crum, Bettina Bronisz, Gina McCarthy, Matt Ranelli, Reed Hundt (by phone), Kevin Walsh (by phone), and Mary Sotos (Department of Energy and Environmental Protection).

Members Absent: Tom Flynn and Eric Brown

Others Attending: Mike Trahan, Henry Link, Guy West, and Mike Pilon

Staff Attending: George Bellas, Eric Shrago, Bert Hunter, Bryan Garcia, Mackey Dykes, Kerry O'Neill, Dale Hedman, Brian Farnen (by phone), Kim Stevenson, Craig Connolly, Matt Macunas, Cheryl Samuels, Rick Ross, Chris Magalhaes (by phone), Ben Healey (by phone), Andrea Janecko, and Barbara Waters

2. **Public Comments**

There were no public comments.

3. **Consent Agenda**

Upon a motion made by John Harrity and seconded by, Betsy Crum, the Consent Agenda was approved unanimously.

Resolution #1

Motion to approve the minutes of the Board of Directors Meeting for December 1, 2017.

Resolution #2

Motion to approve the Regular Meeting Schedule of the Board of Directors for 2018.

4. Infrastructure Sector Program

a. Farm Waste to Energy – AD Project Guarantee

Bert Hunter discussed the Infrastructure Sector matter before the board. He stated that the Board had previously approved the Farm Waste to Energy AD Project. He advised that due to the uncertainty in Washington they have a concern that the grants and funding that comes from Farm Credit East, the USDA and others may be impacted, so moving forward with "approval in principle" to signal to Farm Credit East Green Bank support for the project would be important and enable them to move forward with their approval for the project and keep financing on track. Also, due to the sweep of funds by the State budget, staff was doing everything possible to conserve liquidity and discussed with Farm Credit East credit enhancement from the Green Bank using a Green Bank guaranty instead of subordinated debt. Farm Credit East is amenable to the Green Bank guaranty which is part of the discussion for the Board to consider. "Approval in principle" – Mr. Hunter explained – is being requested because not all project variables have been firmed up. Once these project elements are confirmed, staff will return to the Board for final approval.

Chris Magalhaes provided an overview of the project. He stated that it is a 450kw system on a dairy farm. Mr. Magalhaes said that there would be approximately 390 cows utilized for waste as well as food-based waste. He stated that the capital cost is $3.5 million with a potential to add $750,000 if the "depackager" option is selected. He noted that the Green Bank's exposure would be capped at 20% of the project's capital cost. He stated that they would come back to the Board with the final specs. He noted that the Green Bank would be acting as a guarantor.

Upon a motion made by Betsy Crum and seconded by, Bettina Bronisz, the Board voted unanimously in favor.

Resolution #3

WHEREAS, in early 2013, Green Bank released a rolling Request for Proposals in the third round of solicitations for anaerobic digestion projects to participate in a statutorily mandated AD Pilot program, an initiative aimed at reducing landfill waste through the recycling of organics and helping to promote sustainable practices and economic prosperity of Connecticut farms and other businesses by using organic waste with on-site anaerobic digestion facilities to generate electricity and recoverable heat;

WHEREAS, Ag-Grid Energy, LLC submitted the Fort Hill Ag-Grid Anaerobic Digestion Facility proposal to develop in the City of Thompson a 450-kW anaerobic digestion project and, after a thorough review, was selected as a project that is consistent with the AD Pilot Program, Green Bank Comprehensive Plan and in the best interests of ratepayers;

NOW, therefore be it:

RESOLVED, that the President of Green Bank and any other duly authorized officer of Green Bank is authorized to execute and deliver definitive documentation materially based on the term sheet set forth in this due diligence package for financial support in the form of up to $850,000 of a loan guaranty, contingent on confirmation to the Board (or the Deployment Committee), at a subsequent meeting of the Board or Deployment Committee, and based on updated project details and financing contingencies, and as he or she shall deem to be in the interests of Green Bank and the ratepayers;

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 affect the above-mentioned legal instruments; and

RESOLVED, that the Board's approval is conditioned upon the completion of Green Bank staff's due diligence review, including Green Bank's review and reasonable satisfaction with all project documentation that Green Bank is not a party to.

5. Residential Sector Program

a. PosiGen – Bridge Loan Extension

Ben Healey discussed the bridge loan extension for PosiGen. He stated that they are requesting an extension due to the change in conditions for advancing investment from the tax equity investor, and PosiGen not having the free cash to pay back the loan. Mr. Healey said that they are recommending an extension of 12 months. He stated that based on the existing collateral and cash flow analysis, there is sufficient cash associated with the system to pay back at 3.5% over 20 years. Commissioner Smith questioned if there will be any impact to the Green Bank if they defer on the cash. Bert Hunter stated that there is not. Mr. Hunter said that they didn't factor in the payment from this facility in cash flow projections between now and the fiscal year-end. He stated that it is not included in the cash flow stream under the budget figures being submitted to the board today.

Kevin Walsh voiced his concern about the tax equity conditions catching PosiGen off guard. He stated that as they received tax equity, the Green Bank should be reducing the loan. He questioned if the Green Bank's total exposure was $8.5 million. Ben Healey stated yes. He said that they had used some of their tax equity to reduce the loan.

Kevin Walsh questioned what the nature of the collateral is. Ben Healey stated that they have 1300 systems in the cash flow analysis, with the net flow associated with them, as well as, UCC's on all of them.

Commissioner Smith questioned the repayment structure. Ben Healey stated that PosiGen had proposed the repayment schedule. He indicated that it offered a significant portion of the company's free cash through 2018.

Matt Ranelli questioned what the basis is for understanding the delay in getting the systems turned on as opposed to installation. Ben Healey stated that they have reviewed and know the collateral is there. Kerry O'Neill noted that they receive a monthly pipeline with status. She said that they have a lot of visibility into the pipeline. Dale Hedman stated that that inspection is one of the three steps to finish the Green Bank's process to give them the PBI incentive.

Kevin Walsh stated that they should have controls in place to ensure that the company is not taking out equity distributions. Ben Healey noted that the cash is being caught at the SPV level. He stated that the structure is lending to the managers of the entities with upstreaming only for approved purposes. He said that they are preventing all leakage.

Betsy Crum stated that there is a need for bridge funding around tax equity. She advised that this is a growing need. She said that it is not unreasonable to look for an additional interest rate for the additional term.

Commissioner Smith reminded staff of the suggestions by Director Walsh, and Mr. Hunter confirmed that staff would review the agreements to ensure that cash flow is protected at the SPV level.

The Board voted unanimously in favor or the request.

Resolution #4

WHEREAS, the Connecticut Green Bank ("Green Bank") has a mandate to deploy its resources to benefit all ratepayers, including low and moderate income ("LMI") residential households;

WHEREAS, the Green Bank has an existing and successful partnership with PosiGen, Inc. (together with its affiliates and subsidiaries, "PosiGen") to support PosiGen in delivering a solar lease and energy efficiency finance offering to LMI households in Connecticut, which includes a Green Bank debt capital facility (the "Loan") advanced as a bridge loan towards PosiGen closing on tax equity financing in 2017;

NOW, therefore be it:

RESOLVED, that the President of the Green Bank and any other duly authorized officer of the Green Bank, is authorized to amend the Loan with terms and conditions consistent with the memorandum submitted to the Board dated December 8, 2017, 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; 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.

6. Commercial, Industrial, and Institutional Sector Program

b. Board of Regents – Commercial Solar PV PPA

Ben Healey discussed the CREB's for CSCU Solar. He stated that they are structuring the Green Bank's first Green Bonds for State projects. Mr. Healey noted that this would be a quarter of a million dollars in savings annually for the CSCU colleges. He said that the Green Bank has experienced significant cuts, but nonetheless, they have been working with Bank of America to keep the projects moving. He stated that Bank of America is less comfortable with the structure due to the sweeps and budget reductions to the CSCU system. He said that Bank of America is now requiring the use of the SCRF. He stated that the second part is the authority to issue bonds in 2017 into escrow. Bert Hunter noted that they are talking to counsel regarding closing the escrow matter. Mr. Farnen said that they could figure this out in the near term, but we would still need authorization from the Board as a gating issue to move forward with this project in 2017. Bert Hunter stated that the IRS approved the $9.1 million allocation in Clean Renewable Energy Bonds.

Bryan Garcia stated that they pulled together all of the data to access about $12 million of Federal CREB's (the CSCU bonds and the bonds for the Meriden hydroelectric project). He said that they are trying to bring resources back from the Federal government to lower energy costs for Connecticut ratepayers.

Bettina Bronisz questioned if closing in escrow will require the SCRF. Bert Hunter stated that no, however, the wouldn't be able to release funds from escrow until the SCRF is in place. He said that again, they would discuss this matter with counsel.

Kevin Walsh stated that Bank of America has a group that does true project financing. Ben Healey noted that they've navigated these projects within the bank between the two groups. Bert Hunter indicated that they were making considerable progress on these bands being purchased on the merits of the power purchase agreement and ZREC cash flows until the sweep and the cuts to the CSCU system. Commissioner Smith questioned if it would help to Bank of America to show sustainability following approval by the Board. Bert Hunter stated that because they would need to close the bonds by year end, there simply wouldn't be adequate time for Bank of America to give the Green Bank's sustainability plan consideration. He also noted that changing the indenture after issuing the bonds could be deemed a reissuance because it would change the issue date – which could void the Federal benefits. Mr. Hunter said that they should continue talks with them if the bonds end up being issued after year end (i.e., if tax reform is stalled, fails or does not eliminate tax credit bonds). To a question from the Board, he stated that once the bonds are priced and issued that there will be a prepayment premium of 2% if any of the bonds had to be prepaid. Ben Healey noted that approval would include the ancillary documents in the memo that the Board members should have received, including a project support agreement to back the self-sufficiency finding for the SCRF as was done for the Meriden project.

Bettina Bronisz questioned if escrow bonds will have a debt service reserve as required by the SCRF. Bert Hunter stated yes. He said that unless they are comfortable with the risk, they would have the right to take back from the escrow, with a prepayment penalty of 2%.

John Harrity questioned if the project falls under the "lead by example" program. Commissioner Smith stated yes. Mr. Harrity noted that this is a big win for Connecticut and the Green Bank to demonstrate how energy costs for state buildings can be reduced as a result of these projects at CSCU.

Bryan Garcia stated that the team worked hard to develop a PPA for the CSCU system. He noted that the goal is while working with Commissioner Klee and DEEP, to lift the PPA structure over to state facilities to further support renewable energy projects. He stated that they are making steady progress in identifying other financing vehicles like energy savings agreements that could be standardized with CSCU with the potential to be brought forth to the wider state facilities.

Bert Hunter stated that the bonds would be eligible for the PURA buy down. He said that with the Federal Tax Credit benefit, it would bring the interest rate down to 1.41% for 20 years.

Reed Hundt stated that in light of not just the cash flow breakeven, but the income breakeven, this is crucial to the revenue streams. Bert Hunter noted that that is a good point and that they will get the project economics to the board once the projections are finalized. He stated that they review all of the projects' economics for economic viability before bringing to the Board.

Upon a motion made by John Harrity and seconded by, Gina McCarthy, the Board voted unanimously in favor.

Resolution #5

WHEREAS, at its September 28, 2017 meeting, the Connecticut Green Bank ("Green Bank") Board of Directors (the "Board") previously authorized the issuance of Clean Renewable Energy Bonds ("CREBs") to support the installation of various solar projects for the benefit of the Connecticut State College and University ("CSCU") system;

WHEREAS, Banc of America Public Capital Corp. ("BAPCC"), as the proposed purchaser of the CREBs, has requested that this issuance incorporate the support of the Special Capital Reserve Fund ("SCRF"); and

WHEREAS, uncertainty at the federal level makes it advantageous to issue the CREBs in calendar year 2017;

NOW, therefore be it:

RESOLVED, that the Board affirms the previous approvals granted at its September 28, 2017 meeting with respect to this proposed CREBs transaction;

RESOLVED, that the President of the Green Bank and any other duly authorized officer is authorized to take appropriate actions to secure the issuance of CREBs utilizing the SCRF, provided the Green Bank complies with all statutory requirements for the SCRF, which will require among other things (1) State of Connecticut Office of Policy and Management approval, (2) an opinion of sufficiency as set forth in the Connecticut General Statutes ("CGS"), and (3) approval by the Office of the State Treasurer and other documentation required under the CGS; 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 affect the above-mentioned legal instruments.

7. **Sustainability Plan to Address the State Budget Sweeps**

Commissioner Smith thanked the team for their hard work and many hours spent going through the different options addressing the sweeps that occurred in the State Budget. She stated that they would present a sustainable path forward. She said that she had asked them to think about how to get on a sustainability path and to that point of break even on the core business as soon as possible. She stated that they had gone through the RSIP and SHERC cash flows at a special meeting previously on December 1, 2017. She said that they would look at the core business of clean energy finance in detail today. She stated that they want to make sure that everyone understands clearly the two businesses the Green Bank administers – incentives (e.g., RSIP and SHREC) and investments (e.g., clean energy finance). She stated that they are looking for endorsement and direction. She said that there would be some additional changes before final approval. She noted that the team has tried to use just the cash on hand and look towards sustainability from profitable new investments without borrowing.

Bryan Garcia went into more detail on the Sustainability Plan. He stated that it had been a month and a half of hard work with the senior staff, Chair and Vice Chair, and other members of the Board of Directors. Bryan noted that the team has been working very hard to put a plan on the table. He stated that everyone knows the situation that the State is in. He said that they have looked at what they've been able to achieve over the last six years and that they have achieved exceptional results in private investment, job creation, reduction of energy burden through clean energy deployment, and greenhouse gas emission reductions – all resulting in the State of Connecticut and the Connecticut Green Bank winning the "Innovations in American Government Awards" from the Ash Center at the Harvard Kennedy School. He discussed the investment that the Green Bank has made into Clean Energy, as well as the deployment of Clean Energy for Connecticut. He also explained the jobs that were created and the lessening of the energy burden on households and businesses. He stated that an extra benefit is confronting global Climate Change, right in their community. John Harrity noted that the Green Bank has done so well, and that people don't understand the programs, and that they are the folks that are making the decisions to chop it.

Bryan Garcia stated that they recognize that they run and operate two businesses. For the Residential Solar Investment Program, the Green Bank pays incentives upfront or through performance over a six year period. They also have to cover administrative costs and pay financing costs. He stated that the challenge is that they pay all of those costs, for the most part upfront or over the near-term. He said that to keep things moving, they are taking away resources from the core business that could be invested in clean energy finance for projects or programs. He stated that on the Investment side that this is the core of what they do – clean energy finance. He said that they use resources in a way to finance projects in partnership with private capital at an appropriate risk-adjusted return. He stated that they have some programs that they are administering, with a mindset that we're going to invest in partners to generate a return. He said that they have some principles that they use through the process. He stated that there is no doubt, they are moving forward and maintaining their mission and statutory purpose. He said that there are going to be hard choices with respect to reducing operating expenses. He stated that in managing that process, they are going to need to be compassionate, thoughtful and methodical about reducing operating respects as it applies to personnel. He stated that they must significantly reduce operating expenses to put the organization back on solid financial ground and on a pathway to breakeven and eventually sustainability. He said that to be breakeven, they are going to have to restructure their core business. He noted that this plan assumes that public funds are not counted as revenues. He stated that they focused their first six years operating the Green Bank with a focus on leveraging limited public funds to attract and mobilize more private investment. He said that they are now going to think about sustainability to support their operations to get to a breakeven point with greater return expectations and less leverage.

Matt Ranelli stated that he is not against break even or profitability, but he is cautious because he doesn't feel that it's in their mission. He said that they are good principles but worries about them for all of the decisions. He stated that they do need to adjust to a new reality, but that new reality doesn't mean that there will not be public ratepayer dollars. He said that they need to continue to fight for the funds. Commissioner Smith stated that many Board members agree, however she has guided the team to think about not seeing an increase in support from where it stands currently. She said that they need to plan for a future that they can survive if it doesn't go back up again. She stated that they would be break even if they can get their core business to a place to cover operating expenses. She said that she feels that that is a positive place to be. She stated that these are important goals to reach. She stated that they are not giving up on the leverage side. She said that they want to pull back in a little bit to get to that breakeven point. She stated that the balancing act is prudent. She stated that they are not overly aggressive on the cutting side, but it strikes a balance to remain true to their underlying mission.

Gina McCarthy stated that when you look at what you cut as a company, you look at how you reflect the services that you provide and you project yourself. She stated that there is no worse time than today in the United States for states like Connecticut to abandon its public mission. She noted that this is not consistent with this state's mission. She questioned how the state is going to rebound if it doesn't reflect its values. Commissioner Smith stated that it's important that they raise these issues. Gina McCarthy noted that this is a very thoughtful approach to dealing with the situation, but she's not accepting it as a given. She stated that she is cautious. She said that with the abandonment of the Federal incentives, it's going to have a tremendous impact overall on the commitment to energy efficiency and renewable energy. She stated that they need to make the case.

John Harrity stated that he agreed with both Matt Ranelli and Gina McCarthy. He said that he doesn't want anyone in the Legislature to see that the Green Bank is doing fine with the money going away. Reed Hundt stated that he endorses both Bryan Garcia's and Commissioner Smith's views. He noted that the Green Bank needs to be self-sustaining for operating expenses. He said that it's a difficult job for a Green Bank to try to break even and also be a grant-making organization. He stated that it's not possible to run a business at the same time as making grants. He said that they need to convince the Government to provide subsidies and grants.

Bryan Garcia stated that their focus is on sustainability versus leveraging limited public funds to attract multiples of private capital. He noted that the weighted average return is assumed to be 5% over a 10-year term. He stated that programs which were grant programs were turned into low-interest lending programs. He stated that those are not going to generate the monies they need going forward to achieve breakeven or be consistent with a sustainability strategy. He said that they had extraordinary progress helping underserved communities to access Green Energy. He noted that the recent sweeps have put that development at risk. He stated that Commissioner Klee saw this as an important area of continued investment and decided to put DEEP resources in to keep that progress moving forward. Commissioner Smith said that with Commissioner Klee's support the Green Bank could find a way to support these programs in underserved communities, specifically for low-to-moderate income single and multifamily properties. She stated that there would be some programs that they cannot do anymore. Bryan Garcia said that they need to be mindful of how they use their resources going forward to generate increasing revenues to cover their operating expenses.

Bryan Garcia stated that by FY2019 and beyond their proposed annual investments per the current model will be $8 million. He said that they still want to innovate and open up new markets. He stated that they would be making other investment opportunities as long as the risk-adjusted return achieved of the investment portfolio delivered on the sustainability pathway. He stated that they are looking at a not-for-profit affiliate as a way of putting capital to work to attract more private investment in this flexible structure, continue to deliver impact for underserved market segments in Connecticut including low-to-moderate income communities, and helping to lower the Green Bank's operating expenses. They are proposing reducing personnel and non-personnel related operating expenses 27% from FY 2018 to FY 2019. He stated that the revised budget being proposed for FY 2018 puts them on a pathway to achieving this. He said that they took a look at realizing operational efficiencies by transferring some of the staff over to a non-profit affiliate. He stated that they got a couple of sources of external funding coming back, SL1working capital, Kresge Loan, and DEEP support of $5 million for the low income and multi-family. He stated that sustainability is the right choice to move forward to allow them to fight for the ratepayer public resources.

Bettina Bronisz questioned if the cash that they have on hand can be used for anything. George Bellas stated yes, this is unrestricted/unencumbered cash. Bettina Bronisz questioned if they can squeeze out any additional funds from other accounts. George Bellas stated that he would have to defer to legal counsel as to whether the Green Bank could use those funds since they are considered restricted and subject to contractual obligations.

Matt Ranelli questioned why the current graph is so different than the previous one and asked if it included operational costs. Commissioner Smith stated that yes, and that the RSIP is not included in the current model because it has been stripped out as its own self-contained business with the SHREC.

Bryan Garcia discussed the affiliate avenue which was addressed in the Strategic Retreat. The Board of Directors had requested in January that the staff look into the creation of a private entity (e.g., Community Development Financial Institution as is allowed by statute) to increase the organization's flexibility to access private capital, increase impact in Connecticut, and achieve greater operational efficiencies. Kerry O'Neill said that a market scan identified evident gaps. She stated that they are filling those gaps in Connecticut. Ms. O'Neill noted that in Connecticut they are operating at a significant scale with respect to underserved markets in comparison to other leading states. She said that to be sustainable, they need to be operating on a more substantial level. Ms. O'Neill stated that when they look at limited resources and limited investment available at the Green Bank, they need to attract a specific type of investor to leverage with the DEEP money. She said that they need to attract other investors to be able to scale up multi-family for example. She stated that they need to come up with a non-profit affiliate to help, since these investors are reluctant to invest in the Green Bank given the state budget challenges and recent sweeps. She said that the Green Bank would immediately start to reap operating savings on reduced overhead of staff now working at the Affiliate. She stated that they believe that this is how to keep these products in the market and growing for Connecticut.

Commissioner Smith stated that they are not asking for approval, they just want direction. She noted that this makes sense to keep moving forward with the programs and to look for different sources of funding. John Harrity questioned if this is safe regarding the Legislature. Commissioner Smith stated that they don't need their approval. Brian Farnen noted that it is not required but we would seek an ethics opinion in an abundance of caution. He said that this affiliate is to benefit the State of Connecticut.

Betsy Crum stated that she supports this approach, saying that it creates a level of protection. She stated that it would provide the ability for the Green Bank to do more mission work. She questioned if there is a way to set it up so that the State cannot take funds in the future.

Matt Ranelli stated that he too supports this approach. He noted that the work that's been done in the LMI area is one of the most powerful areas of accomplishment for the Green Bank. He stated that without that effort, it just would not happen. He said that there would be a gap year over year. He stated that he's worried about the Systems Benefit charge, stating that it comes from everyone, including low income ratepayers. He said that there are fundamental questions. He questioned if they must serve all of the sectors that it comes from. He also stated that if they put all of the underserved market programs into the affiliate, they'll need to remain committed to guiding policies that benefit the LMI market.

Commissioner Smith stated that in the Governance Model, they would need to make sure that the policy direction is clear.

Reed Hundt stated that his concern is that they are taking an existing business and creating three businesses. He noted that the most lucrative is the RSIP business. He said that some products could be self-sustaining, and other products can never be autonomous. He stated that it's important to recognize the inherent conflict among the three organizations. He said that in the case of the core business, they want that to be self-sustaining. The question he raised was, why is there a core business, why would they not move everything over to the affiliate and not spend money on the non-self-sustaining activities.

Commissioner Smith discussed the future structure and what the team envisions. She stated that the purpose of setting up the affiliate is not in conflict. She said that it's a way to raise additional funding and continue the Green Bank's mission of serving underserved market segments in Connecticut.

Gina McCarthy stated that her concern is that it looks like they're taking away one of the most important reasons that a Green Bank is created. She said that she feels it's strange to have Government entity shifting over to a non-profit. Ms. McCarthy stated that she's worried about the signal that this sends. She said that they need to be able to explain why. Betsy Crum noted that this protects and could enhance significantly the Green Bank's ability to serve low and moderate-income areas. She stated that the structure would be essential.

Commissioner Smith stated that they need to make sure that they're getting some funding back on the use of the Green Bank's capital. Gina McCarthy said that she supports this, but she feels that they need to articulate the strategy as being more beneficial than what they are looking at.

Kerry O'Neill suggested that they think about the LIME Loan. She stated that the Green Bank supports that product but Capital for Change administers this on behalf of the Green Bank. She noted that that is the model for the affiliate. They are still Green Bank programs, but the Green Bank is asking a non-profit to run the programs.

Commissioner Smith stated that the Resolution needs a slight modification.

Gina McCarthy thanked Commissioner Smith and Commissioner Klee for investing the time and effort in working with the senior staff to work through these difficult issues.

Upon a motion made by Bettina Bronisz and seconded by Commissioner Smith, the Board voted unanimously in favor.

Resolution #6

RESOLVED, that the Board of Directors of the Connecticut Green Bank (Green Bank) approve of the budget mitigation strategy consistent with the Sustainability Pathway Strategy as set forth in this memorandum dated December 15, 2017 and **Attachment A**.

RESOLVED, that the Board of Directors of the Green Bank direct the Green Bank staff to present a detailed business plan, budget and transition plan for certain employees to a non-profit affiliate for the review and consideration of the Board no later than the end of the First Quarter of 2018.

RESOLVED, that the Board of Directors of the Green Bank authorize the President of the Green Bank and any other duly authorized officer of the Green Bank to (i) permanently eliminate positions from the Green Bank workforce consistent with the Sustainability Pathway Strategy as set forth in this memorandum dated December 15, 2017 and **Attachment A** and (ii) offer a severance package consistent with the Green Bank's Severance Policy to employees that are not transitioning to the non-profit affiliate.

8. Communication Strategy

With limited time left for a full discussion on communication strategy, Craig Connelly provided a high-level overview of the Communication Strategy. He stated that they need to articulate their message to the Legislature, create a tactical calendar, and define the communication objectives for their crucial stakeholders. Mr. Connelly said that they would draft key messages and reference materials. He advised that the messages will be delivered in many ways, including Online PR, Social Media, as well as through the Press. Mr. Connelly stated that they are going at this in a very methodical way. He requested that if the media contact anyone that they make the communications staff aware of the request, to provide the most accurate up to date information.

Bryan Garcia stated that they need to continue to speak about the situation and educate people on what the Green Bank is.

Craig Connolly stated that they are going to try to get their funding back and to ward off any future sweeps. He said that they would continue to provide the necessary information to influence the Legislature to restore their funds. Mr. Connelly went on to discuss the communication with their stakeholders. He explained that they need to leverage their networks to assist in the coming months. Mr. Connelly addressed the sample talking points that reflect an accurate position of where the Green Bank is today and what their priorities are. He explained that the Green Bank's priorities are what they have always been. This has not changed.

Bettina Bronisz requested that they periodically update the Board on the outreach and its success. Brian Farnen stated that they would do that.

Gina McCarthy voiced her concern over the talking points stating that she feels that there needs to be more communication on how this has adversely affected the Green Bank. She stated that they need to let folks know about all the cuts that have to be made to keep them on a secure footing. Commissioner Klee agreed, stating that they need to recognize that they are a bank and that there are partners and that there have been some serious impacts. He stated that they need to have a clear indication of how severe the cuts were.

John Harrity stated that they need to communicate that they are addressing Climate Change and that in that process, they are creating jobs in the State. He said that they need to get the Legislators to understand that the Green Bank is a sacred institution and that they are addressing important things that benefit the State.

9. Adjourn

Upon a motion made by Bettina Bronisz and seconded by, Betsy Crum, the meeting was adjourned at 11:09 a.m.

Respectfully Submitted,

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Catherine Smith, Chairperson

Connecticut Green Bank

November 2017 Financial Package

Connecticut Green Bank

November 2017 Financial Package

Index

Connecticut Green Bank:

Page

Affiliates:

Consolidated Financial Statements:

Connecticut Green Bank

Executive Summary

November 2017

Overview

This financial package contains financial information for the Connecticut Green Bank (CGB) through November 2017 with comparisons to November 2016 and versus Budget for the Statement of Revenue and Expenditures. Schedules of unfunded commitments and loan guarantees are also presented.

Balance Sheet

- ✓ CGB's year over year asset allocation reflects a shift from current assets and cash ($16m decrease) to non-current assets ($17m increase) as funding movement from grant programs to financing programs for renewable energy equipment installations and energy efficiency upgrades begins to stabilize.
- ✓ The non-current asset increase of $17m is driven by increases in Project Loans of $7m (Multifamily C4C $3.3m, LMI Posigen $5.1m, AD/CHP $0.4, Mechatronic -$0.5m), CPACE loans of $5m and advances to affiliates of $7m, partially offset by a decreases in Acumentrics and Solar Lease I promissory notes of $1m each.
- ✓ We have booked a $28m Payable to State of CT liability with an offsetting $28m Deferred Outflow. As we make payments to Connecticut we will reverse a portion of the reserve and deferred outflow, and recognize the reduction to earnings in the Statement of Revenues and Expenditures.
- ✓ The reserve for RSIP payments is $46.4m, a fiscal year-to-date decrease of $0.4m (EPBB +$0.3m, PBI -$0.7m).

Statement of Revenues and Expenditures vs. Prior Year

Fiscal YTD Net Revenues Under Expenses of $0.3m are $2.5m below prior year. Revenues and Expenses are $2.3m and $4.8m above prior year, respectively.

- ✓ Utility Customer Assessments are $0.7m below prior year. August and September receipts were each $0.4m below prior year.
- ✓ RGGI proceeds are $0.1m below prior year. We retained auction 37 proceeds, but $2.3m will be swept to the general fund from the next 3 auctions.
- ✓ Grant Income is $1.5m above prior year due to a DEEP grant for the Health and Safety Revolving Loan funding.
- ✓ SHREC Rec Sales of $1.1m began in FY18.
- ✓ Compensation and Benefits are $0.3m above prior year. See page 8 for a detailed compensation analysis.
- ✓ Program Incentives and Grants are $4.3m above prior year due to higher RSIP incentive payments of $5.4m (includes Solar City buyout of $1.7m) and higher IRBs of $0.7m, partially offset by lower CEBS grants of $1.0m and a decrease in the RSIP reserve of $0.7m.
- ✓ Realized Losses are $0.4m above prior year due to the $0.5m write-off of Mechatronic. The Provision for Loan Losses is $0.5m lower than prior year.

Statement of Revenues and Expenditures vs. Budget

Fiscal YTD Net Revenues Under Expenses of $0.3m are $2.1m above budget. Revenues are $1.3m above budget and Expenses are $0.8m below budget.

- ✓ Utility Customer Assessments are $0.6m below budget due to August and September being seasonally lower than the prior year.
- ✓ Although RGGI proceeds are $0.4m above budget, we anticipate full year proceeds to be $1.1m under budget due to the sweep.
- ✓ REC Sales are $0.4m below budget due to the quarterly timing not being reflected appropriately in the budget, as well as lower SHREC prices.
- ✓ Compensation and Benefits are $0.1m below budget. See page 8 for a detailed compensation analysis.
- ✓ Program Development Costs are $0.7m below budget due to lower PowerClerk subscription charges of $0.3m and timing of spending for CPACE, LMI and Multifamily programs of $0.4m.
- ✓ Timing of program implementation is driving favorable spending variances in several budget line items: Marketing $0.5m, EM&V $0.1m, R&D $0.3m, and Consulting & Professional Fees $0.2m. For some budget line items, the expenses were evenly allocated over twelve months which will result in timing variances early in the fiscal year.
- ✓ Program Incentives and Grants are $1.4m above budget due to higher RSIP payments of $2.1m, partially offset by a decrease in the RSIP payment reserve of $0.7m. Incentives include $1.7m for the Solar City buyout payment and accruals for Q3 and Q4 PBI payouts of $3.0m and $1.2m, respectively.

Unfunded Commitments

CGB has a total of $80m in unfunded commitments, a decrease of $2m for the Fiscal Year.

- ✓ The major program commitments are: 1. Solar PV programs at $52m; 2. AD/CHP programs at $18m; and 3. Fuel Cell programs at $5m.
- ✓ The decrease from the prior Fiscal Year is due to decreases in Multifamily/LMI programs of $0.8m, Solar PV programs of $0.8m and AD/CHP programs of $0.5m, partially offset by an increase in CPACE of $0.5m.

Connecticut Green Bank

Balance Sheet

As of November 30, 2017

	As of 11/30/2017	As of 11/30/2016	YOY $ Change	As of 10/31/2017	MTD $ Change
Assets					
Current Assets					
Cash and Cash Equivalents					
Cash - Unrestricted	1,761,652	1,963,974	(202,322)	2,581,754	(820,102)
Total Cash and Cash Equivalents	1,761,652	1,963,974	(202,322)	2,581,754	(820,102)
Other Current Assets					
Accounts Receivable	2,541,390	2,419,481	121,909	3,176,603	(635,214)
HOPBI Contractor Working Capital Loans	0	2,208,592	(2,208,592)	0	0
Other Receivables	1,143,285	487,288	655,997	1,048,826	94,460
Prepaid Assets	135,721	167,796	(32,075)	137,056	(1,335)
Total Other Current Assets	3,820,396	5,283,157	(1,462,761)	4,362,485	(542,089)
Total Current Assets	5,582,048	7,247,131	(1,665,083)	6,944,239	(1,362,191)
Fixed Assets					
Furniture & Equipment, net	20,519	52,223	(31,704)	23,127	(2,607)
Computer Hardware & Software, net	54,437	49,509	4,928	57,195	(2,759)
Leasehold Improvements, net	79,506	108,850	(29,344)	82,753	(3,247)
L/H Improvements-Construction in Progress	0	4,501	(4,501)	0	0
Total Fixed Assets	154,462	215,083	(60,621)	163,075	(8,613)
Investment in/Advances to Affiliates	49,155,020	41,840,036	7,314,984	49,122,443	32,577
Other Assets					
CPACE & Other Loans, net of reserves	40,273,964	28,270,850	12,003,114	40,303,389	(29,424)
CPACE Selldown Bonds and Notes	5,098,335	5,146,015	(47,680)	5,098,335	0
Solar Lease I Promissory Notes, net of reserves	7,834,750	8,697,976	(863,226)	7,902,874	(68,125)
Other Assets	654,768	1,812,771	(1,158,003)	654,768	0
Total Other Assets	53,861,817	43,927,612	9,934,205	53,959,366	(97,549)
Restricted Assets					
Cash - Restricted - Energy Programs	23,815,575	37,745,677	(13,930,101)	23,951,819	(136,244)
Cash - Restricted - Escrow and Custodial Liabilities	750,284	825,000	(74,716)	750,284	0
Total Restricted Assets	24,565,859	38,570,677	(14,004,817)	24,702,103	(136,244)
Total Assets	**$ 133,319,206**	**$ 131,800,539**	**$ 1,518,668**	**$ 134,891,226**	**$ (1,572,020)**

Connecticut Green Bank

Balance Sheet

As of November 30, 2017

	As of 11/30/2017	As of 11/30/2016	YOY $ Change	As of 10/31/2017	MTD $ Change
Deferred Outflows of Resources					
Deferred Amount for Pensions	9,978,107	2,575,368	7,402,739	9,978,107	0
Deferred Payments to State of Connecticut	28,000,000	0	28,000,000	28,000,000	0
Total Deferred Outflows of Resources	**$ 37,978,107**	**$ 2,575,368**	**$ 35,402,739**	**$ 37,978,107**	**$ 0**
Liabilities					
Current Liabilities					
Accounts Payable	339,115	114,824	224,291	500,860	(161,744)
Accrued Expenses	4,817,938	1,185,828	3,632,109	6,228,309	(1,410,372)
Accrued Interest - CREBs	56,122	0	56,123	56,122	0
Custodial Liability	750,284	825,000	(74,716)	750,284	0
Other Current Liabilities	9,416	17,500	(8,085)	15,734	(6,318)
Total Current Liabilities	5,972,875	2,143,152	3,829,722	7,551,309	(1,578,434)
Other Liabilities					
Due to Affiliates					
Due to CT Solar Lease 2	473,000	0	473,000	733,405	(260,405)
Total Due to Affiliates	473,000	0	473,000	733,405	(260,405)
Bonds Payable-CREBs	2,904,554	0	2,904,554	2,957,971	(53,418)
Reserve for RSIP Payments	46,441,270	0	46,441,270	46,897,059	(455,789)
Pension Liability	25,245,439	16,096,113	9,149,326	25,245,439	0
Payable to State of Connecticut	28,000,000	0	28,000,000	28,000,000	0
Total Other Liabilities	103,064,263	16,096,113	86,968,150	103,833,874	(769,612)
Total Liabilities	**$ 109,037,138**	**$ 18,239,265**	**$ 90,797,872**	**$ 111,385,183**	**$ (2,348,046)**
Net Position					
Investment in Capital Assets	154,462	215,083	(60,621)	163,075	(8,613)
Restricted-Energy Programs	24,565,860	38,570,677	(14,004,817)	24,702,103	(136,243)
Unrestricted Net Position	37,539,855	77,350,881	(39,811,027)	36,618,971	920,883
Total Net Position	**$ 62,260,176**	**$ 116,136,641**	**$ (53,876,466)**	**$ 61,484,150**	**$ 776,026**

Connecticut Green Bank

Statement of Revenues and Expenditures

For the Fiscal Year to Date ended November 30, 2017

	11/30/2017 Current Month	07/01/2017 Through 11/30/2017 FY to Date	07/01/2016 Through 11/30/2016 Prior FY to Date	$ Change Year over Year
Revenue				
Operating Income				
Utility Customer Assessments	1,993,809	11,012,846	11,684,634	(671,788)
RGGI Auction Proceeds-Renewables	965,534	965,534	1,042,614	(77,080)
CPACE Closing Fees	0	45,615	39,055	6,560
REC Sales	0	1,146,550	0	1,146,550
Grant Income-Federal Programs	14,588	29,444	18,762	10,683
Grant Income-DEEP	0	1,500,000	0	1,500,000
Total Operating Income	2,973,931	14,699,989	12,785,065	1,914,925
Interest Income	175,893	928,431	810,597	117,833
Interest Income, Capitalized	31,352	163,056	162,506	550
Other Income	318,147	364,009	134,806	229,203
Total Revenue	**$ 3,499,323**	**$ 16,155,485**	**$ 13,892,974**	**$ 2,262,511**
Operating Expenses				
Compensation and Benefits				
Employee Compensation	392,172	2,177,509	2,107,843	69,667
Employee Benefits	306,300	1,714,507	1,508,324	206,182
Total Compensation and Benefits	698,472	3,892,016	3,616,167	275,849
Program Development and Administration	178,302	1,437,339	1,432,204	5,135
Marketing Expense	409,823	791,604	535,839	255,765
E M & V	2,600	173,951	101,150	72,801
Consulting and Professional Fees				
Consulting/Advisory Fees	8,132	30,361	88,199	(57,838)
Accounting and Auditing Fees	0	23,136	20,900	2,236
Legal Fees & Related Expenses	6,419	66,260	69,269	(3,009)
Total Consulting and Professional Fees	14,551	119,757	178,368	(58,611)
Research and Development	35,773	64,697	50,589	14,109
Rent and Location Related Expenses				
Rent/Utilities/Maintenance	29,092	145,460	137,953	7,506
Telephone/Communication	12,552	45,908	38,964	6,944
Depreciation & Amortization	9,264	50,211	56,559	(6,348)
Total-Rent and Location Related Expenses	50,908	241,579	233,476	8,102

Connecticut Green Bank

Statement of Revenues and Expenditures

For the Fiscal Year to Date ended November 30, 2017

	11/30/2017 Current Month	07/01/2017 Through 11/30/2017 FY to Date	07/01/2016 Through 11/30/2016 Prior FY to Date	$ Change Year over Year
Office, Computer & Other Expenses				
Office Expense	8,187	44,480	46,487	(2,006)
Insurance	6,424	32,118	33,162	(1,044)
Subscriptions	190	23,108	24,495	(1,388)
Training & Education	1,078	28,708	31,940	(3,232)
IT Operations	29,280	125,721	101,631	24,090
Travel, Meeting & Related Expenses	11,748	40,421	46,595	(6,174)
Total-Office, Computer & Other Expenses	56,907	294,556	284,310	10,246
Total Operating Expenses	**$ 1,447,336**	**$ 7,015,499**	**$ 6,432,103**	**$ 583,396**
Program Incentives and Grants				
Financial Incentives-CGB Grants	0	0	1,184,767	(1,184,767)
Program Expenditures-Federal Grants	14,588	20,094	17,357	2,736
EPBB/PBI/HOPBI Incentives	1,387,528	8,403,231	2,984,380	5,418,852
Incr/(Decr) in Reserve for RSIP Payments	(455,789)	(722,019)	0	(722,019)
Interest Rate Buydowns	0	789,442	45,300	744,142
Total Program Incentives and Grants	**$ 946,327**	**$ 8,490,748**	**$ 4,231,804**	**$ 4,258,944**
Operating Income/(Loss)	**$ 1,105,660**	**$ 649,239**	**$ 3,229,067**	**$ (2,579,828)**
Non-Operating Expenses				
Interest Expense	10,548	15,548	5,000	10,548
Realized (Gain) Loss	0	501,420	67,969	433,451
Provision for Loan Loss	319,086	394,827	888,962	(494,135)
Total Non-Operating Expenses	**$ 329,634**	**$ 911,795**	**$ 961,931**	**$ (50,136)**
Net Revenues Over (Under) Expenses	**$ 776,026**	**$ (262,556)**	**$ 2,267,137**	**$ (2,529,693)**

Connecticut Green Bank

Budget to Actual Financial Analysis

For the Fiscal Year to Date ended November 30, 2017

	07/01/2017 Through 11/30/2017		$ Variance	% Variance	Fiscal Year Ending 06/30/2018
	Actual	Budget			Budget
Revenue					
Operating Income					
Utility Customer Assessments	11,012,846	11,591,700	(578,854)	(5.0) %	26,311,000
RGGI Auction Proceeds-Renewables	965,534	530,400	435,134	82.0 %	2,043,200
CPACE Closing Fees	45,615	41,667	3,948	9.5 %	100,000
REC Sales	1,146,550	1,496,579	(350,029)	(23.4) %	5,780,311
Grant Income-Federal Programs	29,444	0	29,444	0.0 %	49,326
Grant Income-DEEP	1,500,000	0	1,500,000	0.0 %	0
Total Operating Income	14,699,989	13,660,346	1,039,643	7.6 %	34,283,837
Interest Income	928,431	911,384	17,047	1.9 %	2,347,644
Interest Income, Capitalized	163,056	164,950	(1,894)	(1.1) %	416,570
Other Income	364,009	89,400	274,609	307.2 %	272,346
Total Revenue	**$ 16,155,485**	**$ 14,826,080**	**$ 1,329,405**	**9.0 %**	**$ 37,320,397**
Operating Expenses					
Compensation and Benefits					
Employee Compensation	2,177,509	2,293,831	(116,322)	(5.1) %	5,411,570
Employee Benefits	1,714,507	1,735,216	(20,709)	(1.2) %	4,138,468
Total Compensation and Benefits	3,892,016	4,029,047	(137,031)	(3.4) %	9,550,038
Program Development and Administration	1,437,339	2,178,210	(740,871)	(34.0) %	3,942,726
Marketing Expense	791,604	1,294,292	(502,688)	(38.8) %	3,106,296
E M & V	173,951	301,166	(127,216)	(42.2) %	726,000
Consulting and Professional Fees					
Consulting/Advisory Fees	30,361	149,374	(119,012)	(79.7) %	370,500
Accounting and Auditing Fees	23,136	28,750	(5,614)	(19.5) %	111,950
Legal Fees & Related Expenses	66,260	152,500	(86,240)	(56.6) %	366,000
Total Consulting and Professional Fees	119,757	330,624	(210,866)	(63.8) %	848,450
Research and Development	64,697	337,500	(272,803)	(80.8) %	810,000
Rent and Location Related Expenses					
Rent/Utilities/Maintenance	145,460	170,834	(25,374)	(14.9) %	410,000
Telephone/Communication	45,908	48,569	(2,661)	(5.5) %	116,567
Depreciation & Amortization	50,211	47,526	2,685	5.6 %	114,062
Total-Rent and Location Related Expenses	241,579	266,929	(25,350)	(9.5) %	640,629

Connecticut Green Bank

Budget to Actual Financial Analysis

For the Fiscal Year to Date ended November 30, 2017

	07/01/2017 Through 11/30/2017 Actual	07/01/2017 Through 11/30/2017 Budget	$ Variance	% Variance	Fiscal Year Ending 06/30/2018 Budget
Office, Computer & Other Expenses					
Office Expense	44,480	55,417	(10,936)	(19.7) %	133,000
Insurance	32,118	36,250	(4,132)	(11.4) %	87,000
Subscriptions	23,108	26,500	(3,392)	(12.8) %	72,500
Training & Education	28,708	36,815	(8,108)	(22.0) %	94,399
IT Operations	125,721	174,894	(49,173)	(28.1) %	419,746
Travel, Meeting & Related Expenses	40,421	68,853	(28,432)	(41.3) %	165,250
Total-Office, Computer & Other Expenses	294,556	398,729	(104,173)	(26.1) %	971,895
Total Operating Expenses	**$ 7,015,499**	**$ 9,136,497**	**$ (2,120,998)**	**(23.2) %**	**$ 20,596,034**
Program Incentives and Grants					
Financial Incentives-CGB Grants	0	0	0	0.0 %	100,000
Program Expenditures-Federal Grants	20,094	0	20,094	0.0 %	0
EPBB/PBI/HOPBI Incentives	8,403,231	6,321,392	2,081,839	32.9 %	11,669,079
Incr/(Decr) in Reserve for RSIP Payments	(722,019)	0	(722,019)	0.0 %	0
Interest Rate Buydowns	789,442	778,066	11,376	1.5 %	1,670,800
Total Program Incentives and Grants	**$ 8,490,748**	**$ 7,099,458**	**$ 1,391,290**	**19.6 %**	**$ 13,439,879**
Operating Income/(Loss)	**$ 649,239**	**$ (1,409,875)**	**$ 2,059,114**	**(146.0) %**	**$ 3,284,484**
Non-Operating Expenses					
Interest Expense	15,548	33,333	(17,785)	(53.4) %	114,226
Realized (Gain) Loss	501,420	0	501,420	0.0 %	0
Provision for Loan Loss	394,827	896,246	(501,419)	(55.9) %	2,489,760
Total Non-Operating Expenses	**$ 911,795**	**$ 929,579**	**$ (17,784)**	**(1.9) %**	**$ 2,603,986**
Net Revenues Over (Under) Expenses	**$ (262,556)**	**$ (2,339,454)**	**$ 2,076,898**	**(88.8) %**	**$ 680,498**

Connecticut Green Bank
Analysis of Compensation and Benefits
For the Fiscal Year to Date November 30, 2017

FY 2018 Budgeted % of Salary		FY 2018 YTD Actual	FY 2018 YTD Budget	Budget Variance	FY 2017 YTD Actual	Prior Year Variance
	Compensation:					
	Full Time Employees	$ 2,053,411	$ 2,216,431	$ (163,020)	$ 1,980,270	$ 73,141
	Interns	106,144	64,000	42,144	105,771	373
	Temporary Employees	17,955	13,400	4,555	21,802	(3,847)
	Total Compensation	**$ 2,177,509**	**$ 2,293,831**	**$ (116,322)**	**$ 2,107,843**	**$ 69,667**
	Employee Benefits:					
54.0%	State Retirement Plan Contributions	$ 1,262,381	$ 1,219,037	$ 43,344	$ 1,055,715	$ 206,666
14.7%	Medical Dental Rx Premiums	295,089	332,465	(37,376)	298,538	(3,450)
6.9%	Life & Disability& WC Premiums	143,039	157,117	(14,078)	134,019	9,021
1.2%	Payroll and Unemployment Taxes	13,997	26,597	(12,600)	20,052	(6,055)
76.8%	**Total Employee Benefits**	**$ 1,714,507**	**$ 1,735,216**	**$ (20,709)**	**$ 1,508,325**	**$ 206,182**
	Total Compensation and Benefits	**$ 3,892,016**	**$ 4,029,047**	**$ (137,031)**	**$ 3,616,167**	**$ 275,849**

Actual vs. Budget

Employee compensation costs are $116,322 less than budget. Actuals for full time employees are $163,020 less than budget, while actuals for interns are $42,144 greater than budget for a net amount of $120,877 lower than budget. Actual benefits are 79.4% of full time/intern compensation compared to a budgeted percentage of 76.1%. Actual retirement benefit costs are running 6.5% more than budget due to budgeted retirement benefits not including an additional 3.0% employer matching contribution to the retiree health fund. Insurance premiums and payroll taxes are $64,054 under budget.

Actual vs. Prior Year

Compensation and benefit costs increased $69,667 and $206,182 respectively over the comparable prior period. Compensation costs for full time employees and interns rose $73,141 and $373 respectively. The increase in full time employee costs reflects the effect of FY2017 merit and promotion salary increases as well as higher FTEs of 2.0. Actual benefit percentages increased over the prior period from 76.4% to 83.5% of full time employee compensation. Actual contributions to the State employee retirement plan increased from 53.6% to 61.5% of full time employee compensation.

Connecticut Green Bank

Budget to Actual - Compensation & Benefits by Department

For the Fiscal Year to Date ended November 30, 2017

	Employee Compensation 11/30/2017			Employee Benefits 11/30/2017			Compensation & Benefits 11/30/2017			
	Actual	Budget	Budget Diff	Actual	Budget	Budget Diff	Actual	Budget	Budget Diff	% Var
Program Expenses										
Statutory & Infrastructure										
51100-Res Solar PV Invest Prgm	395,249	403,578	(8,329)	304,111	301,348	2,763	699,360	704,926	(5,567)	(0.8) %
51200-Anaerobic Digester Pilot	88,086	61,173	26,913	69,349	47,715	21,634	157,435	108,888	48,548	44.6 %
51300-MicroGrid and CHP Pilot Prgs	46,272	32,182	14,090	36,425	25,102	11,323	82,698	57,284	25,413	44.4 %
51350-Other S&I Initiatives	31,378	59,223	(27,845)	24,701	46,194	(21,493)	56,078	105,417	(49,338)	(46.8) %
52600-SunShot	15,574	10,445	5,129	8,068	8,147	(79)	23,642	18,592	5,050	27.2 %
Total	**$ 576,559**	**$ 566,601**	**$ 9,958**	**$ 442,654**	**$ 428,506**	**$ 14,148**	**$ 1,019,213**	**$ 995,107**	**$ 24,106**	**2.4 %**
Commercial, Industrial & Institutional										
51800-C&I CPACE	267,458	284,221	(16,763)	210,670	217,341	(6,671)	478,128	501,562	(23,434)	(4.7) %
51810-C&I New Product Develop.	85,689	133,284	(47,595)	67,520	103,961	(36,441)	153,209	237,245	(84,036)	(35.4) %
51820-SL2/SL3 Commercial	48,200	44,854	3,346	37,952	34,986	2,966	86,152	79,840	6,312	7.9 %
51930-Institutional ESA	28,226	33,887	(5,661)	22,225	26,432	(4,207)	50,451	60,319	(9,868)	(16.4) %
53002-SBEA	45,985	53,818	(7,833)	36,197	41,978	(5,781)	82,182	95,796	(13,614)	(14.2) %
51830-Kresge	15,086	25,221	(10,135)	11,879	19,673	(7,794)	26,964	44,894	(17,929)	(39.9) %
Total	**$ 490,644**	**$ 575,285**	**$ (84,641)**	**$ 386,443**	**$ 444,371**	**$ (57,928)**	**$ 877,086**	**$ 1,019,656**	**$ (142,569)**	**(14.0) %**
Residential										
52100-Solar Loan I Pgm-Residential	8,025	8,340	(315)	6,318	6,505	(186)	14,344	14,845	(502)	(3.4) %
52101-Solar Lease II Pgm-Residential	33,561	30,344	3,217	26,424	23,668	2,755	59,986	54,012	5,974	11.1 %
52210 Smart-E Loans	146,102	143,982	2,120	107,933	103,216	4,717	254,034	247,198	6,836	2.8 %
52220-LMI Programs	111,873	110,104	1,769	88,042	85,881	2,161	199,915	195,985	3,930	2.0 %
52215-Resi New Products	5,544	5,713	(169)	4,365	4,456	(91)	9,908	10,169	(260)	(2.6) %
Total	**$ 305,105**	**$ 298,483**	**$ 6,622**	**$ 233,082**	**$ 223,726**	**$ 9,356**	**$ 538,187**	**$ 522,209**	**$ 15,978**	**3.1 %**
Multifamily										
52230-CHIF Multifamily PEL	28,542	30,536	(1,994)	22,469	23,818	(1,349)	51,013	54,354	(3,342)	(6.1) %
52250-Multifamily Programs	159,218	188,255	(29,037)	125,286	145,864	(20,578)	284,503	334,119	(49,615)	(14.8) %
Total	**$ 187,760**	**$ 218,791**	**$ (31,031)**	**$ 147,755**	**$ 169,682**	**$ (21,927)**	**$ 335,516**	**$ 388,473**	**$ (52,957)**	**(13.6) %**
Clean Energy Finance										
52200-Clean Energy Financing Pr	61,111	59,015	2,096	48,224	32,976	15,249	109,336	91,991	17,344	18.9 %
52303-Solar Lease 3	82,254	93,071	(10,817)	64,757	68,243	(3,487)	147,010	161,314	(14,304)	(8.9) %
52400-Lead by Example-State	25,015	14,179	10,836	19,696	11,060	8,637	44,711	25,239	19,472	77.2 %
52304-Onyx	27,369	43,467	(16,098)	21,550	33,904	(12,354)	48,919	77,371	(28,452)	(36.8) %
52305-CGB Meriden Hydro	19,654	20,214	(560)	15,476	15,767	(292)	35,130	35,981	(850)	(2.4) %
Total	**$ 215,403**	**$ 229,946**	**$ (14,543)**	**$ 169,703**	**$ 161,950**	**$ 7,753**	**$ 385,106**	**$ 391,896**	**$ (6,790)**	**(1.7) %**
Total Program Expenses	**$ 1,775,471**	**$ 1,889,106**	**$ (113,635)**	**$ 1,379,637**	**$ 1,428,235**	**$ (48,598)**	**$ 3,155,108**	**$ 3,317,341**	**$ (162,232)**	**(4.9) %**
Administrative Expenses	**$ 402,038**	**$ 404,725**	**$ (2,687)**	**$ 334,870**	**$ 306,981**	**$ 27,889**	**$ 736,908**	**$ 711,706**	**$ 25,201**	**3.5 %**
Total Program & Admin Expenses	**$ 2,177,509**	**$ 2,293,831**	**$ (116,322)**	**$ 1,714,507**	**$ 1,735,216**	**$ (20,709)**	**$ 3,892,016**	**$ 4,029,047**	**$ (137,031)**	**(3.4) %**

Connecticut Green Bank

Statement of Cash Flows

For the Fiscal Year to Date ended November 30, 2017

	11/30/2017 Current Month	07/01/2017 Through 11/30/2017 FY to Date	07/01/2016 Through 11/30/2016 Prior FY to Date
Cash Flows from Operating Activities:			
Net Income (Loss)	$ 776,026	$ (262,556)	$ 2,267,137
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation	8,614	46,961	48,433
Changes in Operating Assets and Liabilities:			
Changes in Net Accounts Receivable	640,901	(72,662)	1,677,505
Changes in Prepaid Expenses	1,335	(64,053)	(65,952)
Changes in Other Assets	(29,106)	(22,095)	71,745
Changes to Accounts Payable	(161,745)	(4,245,237)	(1,044,035)
Changes to Accrued Liabilities	(1,410,371)	1,563,922	(272,408)
Changes to Other Liabilities	(462,108)	(740,312)	(484,843)
Net cash provided by operating Activities	(636,454)	(3,796,032)	2,197,582
Cash Flows from Investing Activities:			
Capital Expenditures	0	(2,937)	(14,765)
Net sales (purchases) of ST investements	0	2,582,383	0
Purchase of long term investments and other assets	26,509	(5,415,764)	(335,237)
Net cash provided by investing activities	26,509	(2,836,318)	(350,002)
Cash Flows from Financing Activities:			
Changes to Intercompany			
Changes to Intercompany Receivable	(32,578)	(3,977,286)	(775,757)
Changes to Intercompany Payable	(260,404)	(34,865)	0
Changes in Debt Proceeds	(53,418)	(53,418)	0
Net cash provided by financing activities	(346,400)	(4,065,569)	(775,757)
Net increase (decrease) in cash	**(956,345)**	**(10,697,919)**	**1,071,823**
Cash - Beginning of Period	**27,283,857**	**37,025,431**	**39,462,829**
Cash - End of Period	**$ 26,327,512**	**$ 26,327,512**	**$ 40,534,651**
Cash			
Cash - Unrestricted	1,761,652	1,761,652	1,963,974
Cash - Restricted	24,565,860	24,565,860	38,570,677
Total Cash	**$ 26,327,512**	**$ 26,327,512**	**$ 40,534,651**

Connecticut Green Bank

Summary of Unfunded Commitments

As of November 30, 2017

(in thousands)

	EPBB Balance 11/30/2017	PBI Balance 11/30/2017	PBI-Solar Lease 2 Balance 11/30/2017	HOPBI Program Balance 11/30/2017	CPACE Loans Balance 11/30/2017	Non CPACE Loans Balance 11/30/2017	All Projects Balance 11/30/2017	Balance 06/30/2017	Increase / (Decrease)
Solar - SHREC Eligible	3,034	28,471	2,094	487	0	0	34,085	33,208	877
Solar - Not SHREC Eligible	114	14,894	2,154	352	0	0	17,516	19,196	(1,679)
AD/CHP Programs	0	0	0	0	0	17,972	17,972	18,464	(493)
Multifamily/LMI Solar PV & EE	0	0	0	0	0	2,371	2,371	3,180	(809)
Fuel Cells	0	0	0	0	0	5,000	5,000	5,000	0
CPACE	0	0	0	0	2,594	0	2,594	2,089	505
Other Technologies	0	0	0	0	0	271	272	272	0
Education and Outreach	0	0	0	0	0	0	0	59	(59)
Total Unfunded Commitments	$ 3,148	$ 43,365	$ 4,248	$ 839	$ 2,594	$ 25,614	$ 79,810	$ 81,468	$ (1,658)

Connecticut Green Bank

Schedule of Loan Guarantees

As of November 30, 2017

Guarantor	Issuer	Beneficiary of Guaranty	Relationship of guarantor to Issuer	Type of obligation guaranteed	Maximum amount of guaranty	Obligations guaranteed as of 06/30/2017	Obligations guaranteed as of 11/30/2017	Funds Deposited in Pledge Account
CGB	Owners of multifamily dwellings in Connecticut	Housing Finance Developemnt Fund	Issuers participate in program administered by CGB and the Housing Development Fund to install energy upgrades in multifamily dwellings	Commercial and consumer loan products with various terms	$ 5,000,000	$ 1,323,325	$ 2,372,351	$ -
CGB	Developers of clean energy projects in Connecticut	Webster Bank	Issuers participate in programs administered by CGB to install energy equipment at residential and commercial sites.	Commercial loans with various terms	5,000,000	-	-	-
CGB	CT Solar Loan I LLC	The Reinvestment Fund Inc.	Blended unit of primary government	Non revolving term note	2,510,837	1,969,173	1,883,184	-
CGB	CT Energy Efficiency Finance Company	Webster Bank	Issuer provides loans for the installation of energy efficiency measures in single family homes to credit challenged households to meet the goals outlined in CGB's Comprehensive Plan.	Guarantee limited to $600,000 on revolving credit note of $6,000,000	600,000	600,000	600,000	601,901
CGB	New England Hydropower Company	Webster Bank	Issuer is the developer of hydropower project in Connecticut approved by the CGB Board of Directors.	Line of Credit	300,000	300,000	300,000	601,853
CEFIA Holdings LLC	CEFIA Solar Services Inc.	CT Housing Finance Authority (CHFA)	Holdings is the sole shareholder of Services and an affiiliate of CGB	Promissory Note for funds received from CHFA upon their issuance of Qualified Energy Conservation Bonds (QECBs) for State Sponsored Housing Projects (SSHP)	1,895,807	1,840,513	1,801,016	-
					$15,306,644	**$ 6,033,011**	**$ 6,956,551**	**$ 1,203,754**

Connecticut Green Bank

Executive Summary - Affiliates

November 2017

Overview

This financial package contains financial information for the Connecticut Green Bank's affiliate companies through Nov 2017. These entities operate on a calendar year basis, with the exception of CGB Meriden Hydro which operates on CGB's fiscal year.

- The Nov 2017 Balance Sheets are compared to the balance sheet for the same period in the prior year.
- The Nov 2017 Profit and Loss Statements compare the current year operations to the same period in the prior year.

CEFIA Holdings LLC

Balance Sheet: Total assets of $21.4m decreased by $4.6m from the prior year due decreases in advances to affiliates of $10.7m and commercial PPA projects of $0.2m, partially offset by an increase in cash of $6.3m.

Profit and Loss: Net Income of $0.1m is $1.4m below the prior year due to lower project volume. This reflects the completion both the SL2 Residential and Commercial Lease programs, partially offset by the SL3 Commercial Program which began in August. Sales of Residential systems are $0.1m below the prior year. Sales of Commercial systems worth $13.7m (SL3 $8.2m, Onyx $3.3m and SL2 $2.1m) are $0.8m below the prior year. Gross Margin of 2.3% for commercial systems is 9.3pts below the prior year due to true-ups, as well as 0.7 pts driven by Onyx projects which are sold at cost.

CT Solar Loan I LLC

Balance Sheet: Total assets of $6.6m decreased by $0.5m from the prior year due to a decrease in Residential Solar Loans.

Profit and Loss: Net Income of $31k is $207k above the prior year due to higher prior year grant expenses.

CEFIA Solar Services, Inc.

Balance Sheet: Total assets of $35.5m increased by $3.1m over the prior year due to increases in receivables from CT Solar Lease 2 of $6.9m, the investment in CT Solar Lease 2 of $0.2m and the investment in CT Solar Lease 3 of $0.4m, partially offset by a decreases in cash of $4.0m and other receivables of $0.4m.

Profit and Loss: Net Income of $128k is consistent with the prior year.

CT Solar Lease 2 LLC

Balance Sheet: Total assets of $83.3m decreased by $0.4m from the prior year. Energy equipment decreased by $1.2m; Commercial projects decreased by $0.2m and Residential PV systems decreased by $1.5m. Cash and Due from Affiliates are $0.4m and $0.5m above prior year, respectively.

Profit and Loss: The Net Loss of $1.4m is $0.6m above the prior year. Total revenue is $0.6m above prior year due to higher rental income of $0.2m and higher PPA income of $0.3m. Total operating expenses are $0.2m above prior year due to higher warranty expenses. Depreciation, Interest and Taxes are $0.6m above prior year driven by the increased lease volume. The Unrealized gain on Interest Rate SWAP is $0.8m above prior year.

CT Solar Lease 3 LLC

Balance Sheet: Total assets are $10.8m. Commercial energy equipment is $8.4m and cash is $2.3m. To date, two tranches of commercial projects have been sold to SL3.

Profit and Loss: The Net Loss is $0.4m. Total PPA revenue is $38k. Total operating expenses are $0.3m and include legal and structuring costs incurred at closing on 8/3. Depreciation, Interest and Taxes are $76k.

CGB Meriden Hydro LLC

Balance Sheet: Total Assets of $3.9m represent the transfer of the Meriden Hanover Pond Hydroelectric facility to the LLC on 8/31.

Profit and Loss: The Net loss of $82k represents depreciation of $43k, O&M expenses of $34k and legal fees of $5k. Lease payments are expected to commence within the next few months.

CEFIA Holdings LLC

Balance Sheet

As of November 30, 2017

	As of 11/30/2017	As of 11/30/2016	YOY $ Change	As of 10/31/2017	MTD $ Change
Assets					
Current Assets					
Cash and Cash Equivalents-Unrestricted	5,123,491	(915,475)	6,038,966	5,531,983	(408,492)
Other Current Assets	79,468	25,116	54,352	46,521	32,948
Total Current Assets	5,202,959	(890,359)	6,093,318	5,578,504	(375,544)
Energy Equipment					
Commercial PPA Projects - Costs in Excess of Billings	1,190,889	1,408,040	(217,151)	838,742	352,146
Total Energy Equipment	1,190,889	1,408,040	(217,151)	838,742	352,146
Other Assets					
Investment in/Advances to Affiliates	13,782,040	24,496,807	(10,714,767)	13,782,039	0
Performance Assurance Deposits	904	0	904	905	0
Solar Thermal Equipment	100,166	133,555	(33,389)	100,166	0
Restricted Assets					
Cash - Restricted - Escrow and Custodial Liabilities	1,164,633	932,600	232,033	1,162,606	2,027
Total Restricted Assets	1,164,633	932,601	232,032	1,162,606	2,027
Total Other Assets	15,047,743	25,562,963	(10,515,220)	15,045,716	2,027
Total Assets	**$ 21,441,591**	**$ 26,080,644**	**$ (4,639,053)**	**$ 21,462,962**	**$ (21,371)**
Liabilities					
Current Liabilities					
Accounts Payable	315,972	30,129	285,843	0	315,972
Accrued Expenses	0	4,800	(4,800)	4,750	(4,750)
Deferred Revenue	251,443	2,555,225	(2,303,781)	554,860	(303,417)
Custodial Liability	0	1,668	(1,669)	0	0
Total Current Liabilities	567,415	2,591,822	(2,024,407)	559,610	7,805
Other Liabilities					
Due to Affiliates	10,365,345	13,565,345	(3,200,000)	10,365,345	0
Contractor Holdbacks	1,164,632	932,600	232,032	1,162,605	2,027
Total Other Liabilities	11,529,977	14,497,945	(2,967,968)	11,527,950	2,027
Total Liabilities	**$ 12,097,392**	**$ 17,089,767**	**$ (4,992,375)**	**$ 12,087,560**	**$ 9,832**
Equity					
Member Contributions					
CGB Capital Contributions	99,000	99,000	0	99,000	0
CI Capital Contributions	1,000	1,000	0	1,000	0
Total Member Contributions	100,000	100,000	0	100,000	0
Members Equity - Prior Year	9,135,071	7,376,770	1,758,301	9,135,071	0
Net Income (Loss)	109,128	1,514,107	(1,404,979)	140,330	(31,203)
Total Members Equity	**$ 9,344,199**	**$ 8,990,877**	**$ 353,322**	**$ 9,375,401**	**$ (31,203)**
Liabilities and Equity	**$ 21,441,591**	**$ 26,080,644**	**$ (4,639,053)**	**$ 21,462,962**	**$ (21,371)**

CEFIA Holdings LLC

Profit & Loss Statement

Year to Date ended November 30, 2017

(Calendar Year Entity)

	11/30/2017 Current Month	01/01/2017 Through 11/30/2017 Current Year to Date	01/01/2016 Through 11/30/2016 Prior Year to Date	$ Change Year over Year
Sales				
Sales-Residential PV System Leases	0	0	119,183	(119,183)
Sales-Commercial PPA Projects	303,417	13,691,605	14,471,568	(779,963)
Total-Sales	**$ 303,417**	**$ 13,691,605**	**$ 14,590,751**	**$ (899,146)**
Cost of Sales				
Cost of Sales - Residential PV Systems	0	0	113,049	(113,049)
Cost of Sales - Commercial PV Systems	315,774	13,372,955	12,784,688	588,268
Total Cost of Sales	**$ 315,774**	**$ 13,372,955**	**$ 12,897,737**	**$ 475,219**
Gross Profit	**$ (12,357)**	**$ 318,649**	**$ 1,693,014**	**$ (1,374,365)**
Expenses				
Operating Expenses				
Program Development and Administration				
Project Inspections	0	13,895	28,526	(14,631)
Total Program Development and Admin	0	13,895	28,526	(14,631)
Lease Origination Services				
Lease Origination Fees	0	300	119,400	(119,100)
Monthly Bank/Servicing Fees	262	4,462	5,421	(959)
Total Lease Origination Services	262	4,762	124,821	(120,059)
Consulting and Professional Fees				
Consulting/Advisory Fees	20,000	175,090	0	175,090
Accounting and Auditing Fees	(400)	(400)	0	(400)
Legal Fees & Related Expenses	0	1,134	531	603
Total Consulting and Professional Fees	19,600	175,824	531	175,293
Structuring Fees	0	25,000	0	25,000
Other Expenses	0	(31,925)	31,945	(63,870)
Total Operating Expenses	19,862	187,556	185,823	1,733
Other (Income) Expense	(1,016)	21,965	(6,915)	28,881
Total Expenses	**$ 18,846**	**$ 209,521**	**$ 178,908**	**$ 30,614**
Net Income (Loss)	**$ (31,203)**	**$ 109,128**	**$ 1,514,107**	**$ (1,404,979)**

CT Solar Loan I LLC

Balance Sheet

As of November 30, 2017

	As of 11/30/2017	As of 11/30/2016	YOY $ Change	As of 10/31/2017	MTD $ Change
Assets					
Current Assets					
Cash and Cash Equivalents-Unrestricted	3,179,469	3,044,533	134,936	3,156,575	22,894
Other Current Assets					
Other Receivables	17,868	20,764	(2,896)	19,050	(1,182)
Total Other Current Assets	17,868	20,764	(2,896)	19,050	(1,182)
Total Current Assets	3,197,337	3,065,297	132,040	3,175,625	21,712
Other Assets					
Residential Solar Loans-Complete	3,089,799	3,770,305	(680,506)	3,123,943	(34,143)
Restricted Assets					
Cash - Restricted - Loan Loss Reserve	300,000	300,000	0	300,000	0
Total Restricted Assets	300,000	300,000	0	300,000	0
Total Other Assets	3,389,799	4,070,305	(680,506)	3,423,943	(34,143)
Total Assets	**$ 6,587,136**	**$ 7,135,602**	**$ (548,466)**	**$ 6,599,568**	**$ (12,431)**
Liabilities					
Current Liabilities					
Accounts Payable	0	0	0	2,426	(2,426)
Accrued Expenses and Other Current Liabilities	1,773	2,251	(478)	2,051	(278)
Total Current Liabilities	1,773	2,251	(478)	4,477	(2,704)
Other Liabilities					
Due to Affiliates					
Due to CGB	4,072,500	4,072,500	0	4,072,500	0
Total Due to Affiliates	4,072,500	4,072,500	0	4,072,500	0
Notes Payable					
Note Payable-Solar Mosaic	443,667	627,784	(184,117)	447,810	(4,143)
Note Payable-Reinvestment Fund	1,883,184	2,281,843	(398,659)	1,890,708	(7,524)
Total Notes Payable	2,326,851	2,909,627	(582,776)	2,338,518	(11,667)
Total Other Liabilities	6,399,351	6,982,127	(582,776)	6,411,018	(11,667)
Total Liabilities	**$ 6,401,124**	**$ 6,984,378**	**$ (583,254)**	**$ 6,415,495**	**$ (14,371)**
Equity					
Members Equity - Prior Year	155,085	327,722	(172,637)	155,085	0
Net Income (Loss)	30,927	(176,497)	207,425	28,988	1,939
Total Equity	**$ 186,012**	**$ 151,225**	**$ 34,788**	**$ 184,073**	**$ 1,939**
Liabilities and Equity	**$ 6,587,136**	**$ 7,135,602**	**$ (548,466)**	**$ 6,599,568**	**$ (12,431)**

CT Solar Loan I LLC

Profit & Loss Statement

Year to Date ended November 30, 2017

(Calendar Year Entity)

	11/30/2017	01/01/2017 Through 11/30/2017	01/01/2016 Through 11/30/2016	$ Change
	Current Month	Current Year to Date	Prior Year to Date	Year over Year
Revenue				
Interest Income	15,824	201,511	260,160	(58,649)
Other Income	46	440	481	(41)
Total Revenue	**$ 15,870**	**$ 201,951**	**$ 260,641**	**$ (58,690)**
Expenses				
Loan Origination Services				
Loan Origination Fees	546	6,534	45,724	(39,190)
Monthly Bank/Servicing Fees	1,661	23,833	22,063	1,770
Total Loan Origination Services	2,207	30,367	67,787	(37,420)
Operating Expenses				
Consulting and Professional Fees				
Legal Fees & Related Expenses	0	0	11,384	(11,384)
Total Consulting and Professional Fees	0	0	11,384	(11,384)
Other Expenses	0	28	26,282	(26,254)
Total Operating Expenses	0	28	37,666	(37,638)
Depreciation, Amortization, Interest & Taxes				
Interest Expense	11,724	140,628	114,186	26,442
Total Depreciation, Amortization, Interest & Taxes	11,724	140,628	114,186	26,442
Total Expenses	**$ 13,931**	**$ 171,023**	**$ 219,639**	**$ (48,616)**
Operating Income/(Loss)	**$ 1,939**	**$ 30,928**	**$ 41,002**	**$ (10,075)**
Program Incentives and Grants				
Program Expenditures-Federal Grants	0	0	217,500	(217,500)
Total Program Incentives and Grants	**$ 0**	**$ 0**	**$ 217,500**	**$ (217,500)**
Net Income (Loss)	**$ 1,939**	**$ 30,928**	**$ (176,498)**	**$ 207,425**

CEFIA Solar Services Inc.

Balance Sheet

As of November 30, 2017

	As of 11/30/2017	As of 11/30/2016	YOY $ Change	As of 10/31/2017	MTD $ Change
Assets					
Current Assets					
Cash and Cash Equivalents-Unrestricted	1,509,479	5,558,448	(4,048,969)	1,524,914	(15,435)
Other Current Assets	0	422,920	(422,920)	0	0
Total Current Assets	1,509,479	5,981,368	(4,471,889)	1,524,914	(15,435)
Other Assets					
Investment in/Advances to Affiliates					
Due From CT SL2 - SSHP Sub Debt	1,897,633	1,463,198	434,435	1,893,821	3,812
Due From CT SL2 - WC Advance	8,450,000	2,575,000	5,875,000	8,450,000	0
Due From CT SL2 - Admin Fee	553,493	0	553,492	542,454	11,038
Investment in CT Solar Lease 2 LLC	19,182,459	18,938,943	243,518	19,182,460	0
Investment in CT SL2 LLC - ARRA Funds	0	3,500,000	(3,500,000)	0	0
Investment in CT SL2 LLC - Non-ARRA Funds	3,500,000	0	3,500,000	3,500,000	0
Investment in CT Solar Lease 3 LLC	417,917	0	417,917	417,917	0
Total Investment in/Advances to Affiliates	34,001,502	26,477,141	7,524,362	33,986,652	14,850
Total Other Assets	34,001,502	26,477,141	7,524,362	33,986,652	14,850
Total Assets	**$ 35,510,981**	**$ 32,458,509**	**$ 3,052,473**	**$ 35,511,566**	**$ (585)**
Liabilities					
Current Liabilities					
Accrued Expenses	3,752	4,500	(748)	8,519	(4,766)
Total Current Liabilities	3,752	4,500	(748)	8,519	(4,766)
Other Liabilities					
Due to Affiliates					
Due to CGB	30,166,325	23,666,325	6,500,000	30,166,325	0
Due to CEFIA Holdings	2,994,126	6,494,126	(3,500,000)	2,994,125	0
Total Due to Affiliates	33,160,451	30,160,451	3,000,000	33,160,450	0
Notes Payable	1,801,016	1,887,908	(86,891)	1,808,916	(7,900)
Total Other Liabilities	34,961,467	32,048,359	2,913,109	34,969,366	(7,900)
Total Liabilities	**$ 34,965,219**	**$ 32,052,859**	**$ 2,912,361**	**$ 34,977,885**	**$ (12,666)**
Equity					
Common Stock	1	1	0	1	0
Additional Paid In Capital	99	99	0	99	0
Retained Earnings	417,442	283,308	134,134	417,442	0
Net Income (Loss)	128,220	122,242	5,978	116,139	12,081
Total Equity	**$ 545,762**	**$ 405,650**	**$ 140,112**	**$ 533,681**	**$ 12,081**
Liabilities and Equity	**$ 35,510,981**	**$ 32,458,509**	**$ 3,052,473**	**$ 35,511,566**	**$ (585)**

CEFIA Solar Services Inc.
Profit & Loss Statement
Year to Date ended November 30, 2017
(Calendar Year Entity)

	11/30/2017 Current Month	01/01/2017 Through 11/30/2017 Current Year to Date	01/01/2016 Through 11/30/2016 Prior Year to Date	$ Change Year over Year
Revenue				
Administrative Services Fee	11,038	119,804	116,882	2,922
Interest Income	4,395	50,294	10,349	39,945
Total Revenue	**$ 15,433**	**$ 170,098**	**$ 127,231**	**$ 42,867**
Expenses				
Operating Expenses				
Consulting and Professional Fees				
Accounting and Auditing Fees	(400)	(400)	0	(400)
Total Consulting and Professional Fees	(400)	(400)	0	(400)
Other Expenses	0	150	0	150
Total Operating Expenses	(400)	(250)	0	(250)
Depreciation, Amortization, Interest & Taxes				
Interest Expense-CHFA Note	3,752	42,178	4,740	37,439
State Tax Filing Fees	0	(50)	250	(300)
Total Depreciation, Amortization, Interest & Taxes	3,752	42,128	4,990	37,139
Total Expenses	**$ 3,352**	**$ 41,878**	**$ 4,990**	**$ 36,889**
Net Income (Loss)	**$ 12,081**	**$ 128,220**	**$ 122,242**	**$ 5,978**

CT Solar Lease 2 LLC
Balance Sheet
As of November 30, 2017

	As of 11/30/2017	As of 11/30/2016	YOY $ Change	As of 10/31/2017	MTD $ Change
Assets					
Current Assets					
Cash and Cash Equivalents-Unrestricted	4,818,330	4,390,937	427,393	4,155,339	662,991
Other Current Assets					
Accounts Receivable	182,513	56,931	125,582	164,166	18,347
Other Receivables	377,830	735,354	(357,524)	428,559	(50,728)
Prepaid Assets	810,460	698,568	111,892	842,818	(32,359)
Total Other Current Assets	1,370,803	1,490,853	(120,050)	1,435,543	(64,740)
Total Current Assets	6,189,133	5,881,790	307,343	5,590,882	598,251
Energy Equipment					
Residential PV Systems - In Service, net	40,117,128	41,573,861	(1,456,733)	40,238,522	(121,395)
Commercial Systems (PPA & PV) - In Service, net	29,042,281	21,577,973	7,464,308	29,127,417	(85,135)
Commercial Systems (PPA & PV) - In Construction	0	7,240,623	(7,240,624)	0	0
Total Energy Equipment	69,159,409	70,392,457	(1,233,049)	69,365,939	(206,530)
Other Assets					
Investment in/Advances to Affiliates					
Due From CGB - PBI	473,000	0	473,000	733,405	(260,405)
Total Investment in/Advances to Affiliates	473,000	0	473,000	733,405	(260,405)
Deferred Financing Fees, net	360,892	389,573	(28,680)	363,283	(2,390)
Performance Assurance Deposits	39,328	36,608	2,719	40,319	(992)
Asset Retirement Obligation, net	2,535,104	2,437,789	97,316	2,535,104	0
Restricted Assets					
Cash - Restricted - O&M Reserve	1,000,000	1,000,000	0	1,000,000	0
Cash - Restricted - Loan Loss Reserve	3,500,000	3,500,000	0	3,500,000	0
Total Restricted Assets	4,500,000	4,500,000	0	4,500,000	0
Total Other Assets	7,908,324	7,363,970	544,355	8,172,111	(263,787)
Total Assets	**$ 83,256,866**	**$ 83,638,217**	**$ (381,351)**	**$ 83,128,932**	**$ 127,934**
Liabilities					
Current Liabilities					
Accounts Payable	9,960	11,250	(1,290)	0	9,960
Accrued Expenses	823,515	799,625	23,890	765,255	58,260
Deferred Revenue	851,258	900,350	(49,092)	855,350	(4,091)
Accrued Interest - CCB Note	263,897	201,802	62,095	258,721	5,175
Other Current Liabilities	4,525	0	4,525	61,278	(56,753)
Total Current Liabilities	1,953,155	1,913,027	40,128	1,940,604	12,551

CT Solar Lease 2 LLC
Balance Sheet
As of November 30, 2017

	As of 11/30/2017	As of 11/30/2016	YOY $ Change	As of 10/31/2017	MTD $ Change
Other Liabilities					
Due to Affiliates					
Due to CGB	235,065	235,065	0	235,064	0
Due to CEFIA Holdings	0	15,702,581	(15,702,581)	0	0
Due to CEFIA Solar Services	553,492	0	553,492	542,455	11,039
Due to Managing Member - WC Advances	8,450,000	2,575,000	5,875,000	8,450,000	0
Due to Managing Member - SSHP Sub Debt	1,897,633	1,463,198	434,435	1,893,820	3,812
Total Due to Affiliates	11,136,190	19,975,844	(8,839,654)	11,121,339	14,851
Notes Payable					
Note Payable-CGB	2,300,000	2,300,000	0	2,300,000	0
Note Payable-First Niagara	23,940,957	16,387,375	7,553,582	23,940,957	0
Total Notes Payable	26,240,957	18,687,375	7,553,582	26,240,957	0
Asset Retirement Obligation	3,020,406	2,757,858	262,548	3,020,406	0
Total Other Liabilities	40,397,553	41,421,077	(1,023,524)	40,382,702	14,851
Total Liabilities	**$ 42,350,708**	**$ 43,334,104**	**$ (983,396)**	**$ 42,323,306**	**$ 27,402**
Deferred Inflows of Resources					
Fair Value - Interest Rate Swap	540,877	1,627,864	(1,086,987)	540,877	0
Total Deferred Inflows of Resources	**$ 540,877**	**$ 1,627,864**	**$ (1,086,987)**	**$ 540,877**	**$ 0**
Equity					
Member Contributions & Distributions					
Capital Contributions - Firstar Development	26,137,446	23,479,079	2,658,367	26,022,691	114,755
Capital Contributions - CEFIA Solar Services	19,182,459	18,938,943	243,517	19,182,459	0
Capital Contributions - CEFIA Solar Services-ARRA	0	3,500,000	(3,500,000)	0	0
Capital Contributions - CEFIA Solar Services-Non-ARRA	3,500,000	0	3,500,000	3,500,000	0
Priority Return-Firstar Development	(906,690)	(438,167)	(468,524)	(906,690)	0
Prepaid Priority Return-Firstar Development	(74,479)	(74,479)	0	(74,479)	0
Deferred Syndication Costs	(853,480)	(853,479)	0	(853,480)	0
Total Member Contributions, Net	46,985,256	44,551,897	2,433,360	46,870,501	114,755
Members Equity - Prior Year	(5,236,430)	(3,855,854)	(1,380,577)	(5,236,430)	0
Net Income (Loss)	(1,383,545)	(2,019,793)	636,248	(1,369,321)	(14,223)
Total Members Equity	**$ 40,365,281**	**$ 38,676,250**	**$ 1,689,031**	**$ 40,264,750**	**$ 100,532**

CT Solar Lease 2 LLC

Profit & Loss Statement

Year to Date ended November 30, 2017

(Calendar Year Entity)

	11/30/2017 Current Month	01/01/2017 Through 11/30/2017 Current Year to Date	01/01/2016 Through 11/30/2016 Prior Year to Date	$ Change Year over Year
Revenue				
Rental Income	119,476	1,309,962	1,139,760	170,202
PBI Income	62,500	980,865	999,723	(18,858)
PPA Income	84,516	844,494	511,914	332,580
LREC/ZREC Income	76,023	440,914	316,875	124,040
Interest Income	2,328	25,415	23,582	1,832
Other Income	0	0	17,250	(17,250)
Total Revenue	**$ 344,843**	**$ 3,601,650**	**$ 3,009,104**	**$ 592,546**
Expenses				
Operating Expenses				
Implementation Fees	0	1,383	685	698
Lease Origination Services	7,478	152,653	138,536	14,116
Consulting and Professional Fees	(11,559)	56,969	105,138	(48,168)
Lender Fees	0	0	75,000	(75,000)
Insurance	23,811	240,454	214,053	26,401
Commitment Fees	0	8,505	45,162	(36,657)
Adminstrative Services Fee	11,039	119,804	120,882	(1,078)
Warranty Management	89,710	1,038,282	776,521	261,761
O&M Expense	0	0	15,000	(15,000)
Other Expenses	0	18,632	741	17,891
Total Operating Expenses	120,479	1,636,682	1,491,718	144,964
Depreciation, Amortization, Interest & Taxes				
Depreciation-Energy Equipment	206,530	2,311,194	1,852,817	458,377
Accretion Expense-Energy Equipment	0	40,408	53,229	(12,821)
Amortization-Financing Fees	2,390	26,290	26,290	0
Interest Expense	29,602	974,871	808,975	165,895
Use Tax	65	28,321	55,614	(27,293)
Total Depreciation, Amortization, Interest & Taxes	238,587	3,381,084	2,796,925	584,158
Unrealized Losses				
Unrealized (Gain)/Loss on Interest Rate SWAP	0	(32,572)	740,254	(772,825)
Total Unrealized Losses	0	(32,572)	740,254	(772,825)
Total Expenses	**$ 359,066**	**$ 4,985,194**	**$ 5,028,897**	**$ (43,703)**
Net Income (Loss)	**$ (14,223)**	**$ (1,383,544)**	**$ (2,019,793)**	**$ 636,249**

CT Solar Lease 3 LLC
Balance Sheet
As of November 30, 2017

	As of 11/30/2017	As of 11/30/2016	YOY $ Change	As of 10/31/2017	MTD $ Change
Assets					
Current Assets					
Cash and Cash Equivalents-Unrestricted	2,251,175	0	2,251,175	690,004	1,561,171
Other Current Assets					
Accounts Receivable	99,707	0	99,707	27,865	71,843
Total Other Current Assets	99,707	0	99,707	27,865	71,843
Total Current Assets	2,350,882	0	2,350,882	717,869	1,633,014
Energy Equipment					
Commercial Systems (PPA & PV) - In Service, net	8,411,704	0	8,411,704	7,171,765	1,239,938
Commercial Systems (PPA & PV) - In Construction	(363)	0	(363)	1,263,157	(1,263,520)
Total Energy Equipment	8,411,341	0	8,411,341	8,434,922	(23,582)
Other Assets					
Performance Assurance Deposits	1,881	0	1,881	0	1,881
Total Other Assets	1,881	0	1,881	0	1,881
Total Assets	**$ 10,764,104**	**$ 0**	**$ 10,764,104**	**$ 9,152,791**	**$ 1,611,313**
Liabilities					
Current Liabilities					
Deferred Revenue	77,017	0	77,017	0	77,017
Total Current Liabilities	77,017	0	77,017	0	77,017
Other Liabilities					
Due to Affiliates					
Due to CGB	1,000	0	1,000	1,000	0
Due to CEFIA Holdings	8,487,814	0	8,487,814	8,487,814	0
Total Due to Affiliates	8,488,814	0	8,488,814	8,488,814	0
Total Other Liabilities	8,488,814	0	8,488,814	8,488,814	0
Total Liabilities	**$ 8,565,831**	**$ 0**	**$ 8,565,831**	**$ 8,488,814**	**$ 77,017**
Equity					
Member Contributions & Distributions					
Capital Contributions - Firstar Development	2,159,525	0	2,159,525	611,846	1,547,679
Capital Contributions - CEFIA Solar Services	417,917	0	417,917	417,917	0
Total Member Contributions, Net	2,577,442	0	2,577,442	1,029,763	1,547,679
Net Income (Loss)	(379,169)	0	(379,169)	(365,786)	(13,383)
Total Members Equity	**$ 2,198,273**	**$ 0**	**$ 2,198,273**	**$ 663,977**	**$ 1,534,296**

CT Solar Lease 3 LLC

Profit & Loss Statement

Year to Date ended November 30, 2017

(Calendar Year Entity)

	11/30/2017 Current Month	01/01/2017 Through 11/30/2017 Current Year to Date	01/01/2016 Through 11/30/2016 Prior Year to Date	$ Change Year over Year
Revenue				
PPA Income	10,208	38,073	0	38,073
Interest Income	0	0	0	0
Total Revenue	**$ 10,208**	**$ 38,073**	**$ 0**	**$ 38,073**
Expenses				
Operating Expenses				
Lease Origination Services				
Monthly Bank/Servicing Fees	10	611	0	611
Total Lease Origination Services	10	611	0	611
Consulting and Professional Fees				
Consulting/Advisory Fees	0	17,280	0	17,280
Legal Fees & Related Expenses	0	235,000	0	235,000
Total Consulting and Professional Fees	0	252,280	0	252,280
Insurance	0	9,265	0	9,265
Structuring Fees	0	78,613	0	78,613
Total Operating Expenses	10	340,769	0	340,769
Depreciation, Amortization, Interest & Taxes				
Depreciation-Energy Equipment	23,581	76,474	0	76,474
Total Depreciation, Amortization, Interest & Taxes	23,581	76,474	0	76,474
Total Expenses	**$ 23,591**	**$ 417,243**	**$ 0**	**$ 417,243**
Net Income (Loss)	**$ (13,383)**	**$ (379,170)**	**$ 0**	**$ (379,170)**

CGB Meriden Hydro LLC

Balance Sheet

As of November 30, 2017

	As of 11/30/2017	As of 11/30/2016	YOY $ Change	As of 10/31/2017	MTD $ Change
Assets					
Current Assets					
Cash and Cash Equivalents					
Cash - Unrestricted	643	0	643	643	0
Total Cash and Cash Equivalents	643	0	643	643	0
Total Current Assets	643	0	643	643	0
Fixed Assets					
Furniture & Equipment, net	3,868,242	0	3,868,242	3,879,108	(10,866)
Total Fixed Assets	3,868,242	0	3,868,242	3,879,108	(10,866)
Total Assets	**$ 3,868,885**	**$ 0**	**$ 3,868,885**	**$ 3,879,751**	**$ (10,866)**
Liabilities					
Other Liabilities					
Due to Affiliates					
Due to CGB	3,951,789	0	3,951,789	3,924,388	27,401
Total Due to Affiliates	3,951,789	0	3,951,789	3,924,388	27,401
Total Other Liabilities	3,951,789	0	3,951,789	3,924,388	27,401
Total Liabilities	**$ 3,951,789**	**$ 0**	**$ 3,951,789**	**$ 3,924,388**	**$ 27,401**
Net Position					
Investment in Capital Assets	3,868,242	0	3,868,242	3,879,108	(10,866)
Unrestricted Net Position	(3,951,146)	0	(3,951,146)	(3,923,745)	(27,401)
Total Net Position	**$ (82,904)**	**$ 0**	**$ (82,904)**	**$ (44,637)**	**$ (38,267)**

CGB Meriden Hydro LLC

Profit & Loss Statement

For the Fiscal Year to Date ended November 30, 2017

	11/30/2017 Current Month	07/01/2017 Through 11/30/2017 FY to Date	07/01/2016 Through 11/30/2016 Prior FY to Date	$ Change Year over Year
Revenue				
Other Income	0	0	0	0
Total Revenue	**$ 0**	**$ 0**	**$ 0**	**$ 0**
Operating Expenses				
Consulting and Professional Fees				
Legal Fees & Related Expenses	0	5,180	0	5,180
Total Consulting and Professional Fees	0	5,180	0	5,180
Rent and Location Related Expenses				
Depreciation & Amortization	10,866	43,463	0	43,463
Total-Rent and Location Related Expenses	10,866	43,463	0	43,463
Office, Computer & Other Expenses				
Office Expense	0	168	0	168
Total-Office, Computer & Other Expenses	0	168	0	168
O&M Expense	27,401	34,004	0	34,004
Operating Expenses	**$ 38,267**	**$ 82,815**	**$ 0**	**$ 82,815**
Net Income (Loss)	**$ (38,267)**	**$ (82,815)**	**$ 0**	**$ (82,815)**

Connecticut Green Bank and Component Units

Consolidated Balance Sheet

As of November 30, 2017

	Connecticut Green Bank	CGB Meriden Hydro LLC	Eliminations	Total CGB + Single Member LLCs	CT Solar Loan I LLC	CEFIA Holdings LLC	Eliminations	Total CGB-Primary Government	Discrete-Component Units: CT Solar Lease 2 LLC	Discrete-Component Units: CT Solar Lease 3 LLC	Discrete-Component Units: CEFIA Solar Services Inc.	Eliminations	CGB Consolidated 11/30/2017	CGB Consolidated 11/30/2016
Assets														
Current Assets														
Cash and Cash Equivalents	1,761,652	643	-	1,762,295	3,179,469	5,123,491	-	10,065,255	4,818,330	2,251,175	1,509,479	-	18,644,238	14,042,417
Accounts Receivable	196,332	-	-	196,332	-	46,521	-	242,853	182,514	99,708	-	-	525,074	152,862
Utility Remittance Receivable	2,345,057	-	-	2,345,057	-	-	-	2,345,057	-	-	-	-	2,345,057	2,348,667
Other Receivables	676,501	-	-	676,501	1,104	32,947	-	710,552	377,830	-	-	-	1,088,383	908,406
Due From Component Units	49,055,920	-	(3,951,789)	45,104,131	-	13,781,940	(14,437,844)	44,448,226	473,000	-	10,901,126	(55,822,352)	-	-
Prepaid Expenses and Other Assets	602,506	-	-	602,506	16,763	1,291,959	-	1,911,229	1,210,679	1,881	-	-	3,123,788	3,169,138
Contractor Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	2,208,592
Total Current Assets	54,637,968	643	(3,951,789)	50,686,822	3,197,337	20,276,858	(14,437,844)	59,723,173	7,062,352	2,352,763	12,410,605	(55,822,352)	25,726,541	22,830,083
Noncurrent Assets														
Portfolio Investments	1	-	-	1	-	-	-	1	-	-	-	-	1	999,999
Bonds Receivable	3,328,530	-	-	3,328,530	-	-	-	3,328,530	-	-	-	-	3,328,530	3,492,283
Solar Lease I Promissory Notes, net of reserves	7,834,750	-	-	7,834,750	-	-	-	7,834,750	-	-	-	-	7,834,750	8,697,976
Program Loans, net of reserves	42,043,770	-	-	42,043,770	3,089,800	-	-	45,133,569	-	-	-	-	45,133,569	33,694,887
Renewable Energy Certificates	654,767	-	-	654,767	-	-	-	654,767	-	-	-	-	654,767	812,772
Investment in Component Units	99,100	-	(100)	99,000	-	100	(99,000)	100	-	-	23,100,377	(23,100,477)	-	-
Capital Assets, net	154,462	3,868,242	-	4,022,704	-	-	-	4,022,704	69,159,409	8,411,341	-	(9,089,620)	72,503,834	61,787,246
Asset Retirement Obligation, net	-	-	-	-	-	-	-	-	2,535,105	-	-	-	2,535,105	2,437,789
Restricted Assets														
Cash and Cash Equivalents	24,565,860	-	-	24,565,860	300,000	1,164,633	-	26,030,492	4,500,000	-	-	-	30,530,492	44,303,278
Total Noncurrent Assets	78,681,239	3,868,242	(100)	82,549,381	3,389,800	1,164,733	(99,000)	87,004,913	76,194,514	8,411,341	23,100,377	(32,190,097)	162,521,048	156,226,231
Total Assets	**133,319,206**	**3,868,885**	**(3,951,889)**	**133,236,202**	**6,587,136**	**21,441,591**	**(14,536,844)**	**146,728,085**	**83,256,866**	**10,764,104**	**35,510,981**	**(88,012,448)**	**188,247,589**	**179,056,313**
Deferred Outflows of Resources														
Deferred Amount for Pensions	9,978,107	-	-	9,978,107	-	-	-	9,978,107	-	-	-	-	9,978,107	2,575,368
Deferred Payments to State of Connecticut	28,000,000	-	-	28,000,000	-	-	-	28,000,000	-	-	-	-	28,000,000	-
Total Deferred Outflows of Resources	**37,978,107**	**-**	**-**	**37,978,107**	**-**	**-**	**-**	**37,978,107**	**-**	**-**	**-**	**-**	**37,978,107**	**2,575,368**
Liabilities														
Current Liabilities														
Accounts Payable & Accrued Expenses	5,222,591	-	-	5,222,591	1,773	315,972	-	5,540,336	1,101,897	-	3,752	(263,897)	6,382,088	1,747,787
Due to Component Units	473,000	3,951,789	(3,951,789)	473,000	4,072,500	10,365,344	(14,437,844)	473,000	13,436,190	8,488,814	33,160,451	(55,558,455)	-	-
Custodial Liability	750,284	-	-	750,284	-	1,164,633	-	1,914,917	-	-	-	-	1,914,917	1,759,269
Deferred Revenue	-	-	-	-	-	251,444	-	251,444	851,259	77,017	-	-	1,179,720	3,455,576
Total Current Liabilities	6,445,875	3,951,789	(3,951,789)	6,445,875	4,074,273	12,097,392	(14,437,844)	8,179,696	15,389,345	8,565,831	33,164,203	(55,822,352)	9,476,724	6,962,632
Other Liabilities														
Asset Retirement Obligation	-	-	-	-	-	-	-	-	3,020,406	-	-	-	3,020,406	2,757,857
Notes Payable	-	-	-	-	2,326,851	-	-	2,326,851	23,940,957	-	1,801,016	-	28,068,824	21,184,910
Bonds Payable-CREBs	2,904,554	-	-	2,904,554	-	-	-	2,904,554	-	-	-	-	2,904,554	-
Fair Value - Interest Rate Swap	-	-	-	-	-	-	-	-	540,877	-	-	-	540,877	1,627,864
Pension Liability	25,245,439	-	-	25,245,439	-	-	-	25,245,439	-	-	-	-	25,245,439	16,096,113
Payable to State of Connecticut	28,000,000	-	-	28,000,000	-	-	-	28,000,000	-	-	-	-	28,000,000	-
Reserve for RSIP Payments	46,441,270	-	-	46,441,270	-	-	-	46,441,270	-	-	-	-	46,441,270	-
Total Other Liabilities	102,591,263	-	-	102,591,263	2,326,851	-	-	104,918,114	27,502,239	-	1,801,016	-	134,221,370	41,666,744
Total Liabilities	**109,037,138**	**3,951,789**	**(3,951,789)**	**109,037,138**	**6,401,124**	**12,097,392**	**(14,437,844)**	**113,097,810**	**42,891,585**	**8,565,831**	**34,965,219**	**(55,822,352)**	**143,698,094**	**48,629,375**
Net Position														
Investment in Capital Assets	154,462	3,868,242	-	4,022,704	-	-	-	4,022,704	69,159,409	8,411,341	-	(9,089,620)	72,503,834	61,787,246
Restricted-Energy Programs	24,565,860	-	-	24,565,860	300,000	1,164,633	-	26,030,492	4,500,000	-	-	-	30,530,492	44,303,278
Unrestricted Net Position	37,539,855	(3,951,146)	(100)	33,588,608	(113,988)	8,179,566	(99,000)	41,555,187	(33,294,128)	(6,213,068)	545,762	(23,100,477)	(20,506,724)	26,911,782
Total Net Position	**62,260,176**	**(82,904)**	**(100)**	**62,177,172**	**186,012**	**9,344,199**	**(99,000)**	**71,608,383**	**40,365,281**	**2,198,273**	**545,762**	**(32,190,097)**	**82,527,602**	**133,002,306**

Connecticut Green Bank and Component Units

Consolidated Statement of Revenues and Expenditures

For the Fiscal Year to Date November 30, 2017

(All Entities are presented using CGB's Fiscal Year)

									Discrete-Component Units					
	Connecticut Green Bank	**CGB Meriden Hydro LLC**	**Eliminations**	**Total CGB + Single Member LLCs**	**CT Solar Loan I LLC**	**CEFIA Holdings LLC**	**Eliminations**	**Total CGB-Primary Government**	**CT Solar Lease 2 LLC**	**CT Solar Lease 3 LLC**	**CEFIA Solar Services Inc.**	**Eliminations**	**CGB Consolidated FYTD 11/30/2017**	**CGB Consolidated FYTD 11/30/2016**
Operating Income (Loss)														
Operating Revenues														
Utility Remittances	11,012,846	-	-	11,012,846	-	-	-	11,012,846	-	-	-	-	11,012,846	11,684,634
Grant Revenue	1,529,444	-	-	1,529,444	-	-	-	1,529,444	-	-	-	-	1,529,444	18,761
RGGI Auction Proceeds	965,534	-	-	965,534	-	-	-	965,534	-	-	-	-	965,534	1,042,614
Energy System Sales	-	-	-	-	-	11,018,777	-	11,018,777	-	-	-	(8,236,370)	2,782,406	-
REC Sales	1,146,550	-	-	1,146,550	-	-	-	1,146,550	232,945	-	-	-	1,379,495	165,190
Other Income	409,625	-	-	409,625	204	-	-	409,829	1,491,940	38,073	55,191	(528,191)	1,466,841	1,104,785
Total Operating Revenues	15,063,998	-	-	15,063,998	204	11,018,777	-	26,082,979	1,724,885	38,073	55,191	(8,764,561)	19,136,566	14,015,984
Operating Expenses														
Cost of Goods Sold-Energy Systems	-	-	-	-	-	10,677,850	-	10,677,850	-	-	-	(7,895,444)	2,782,406	-
Grants and Incentive Payments	8,490,748	-	-	8,490,748	-	-	-	8,490,748	-	-	-	(473,000)	8,017,748	3,806,536
Program Administration Expenses	5,581,242	77,467	-	5,658,709	7,666	112,994	-	5,779,369	1,751,085	181,631	-	(131,648)	7,580,437	6,754,223
General and Administrative Expenses	1,439,257	5,348	-	1,444,605	2,699	1,485	-	1,448,788	66,544	235,611	(400)	(55,191)	1,695,353	1,349,784
Total Operating Expenses	15,511,247	82,815	-	15,594,061	10,365	10,792,328	-	26,396,754	1,817,629	417,243	(400)	(8,555,282)	20,075,944	11,910,543
Operating Income (Loss)	(447,248)	(82,815)	-	(530,063)	(10,161)	226,448	-	(313,776)	(92,745)	(379,170)	55,591	(209,279)	(939,378)	2,105,441
Nonoperating Revenue (Expenses)														
Interest Income-Promissory Notes	954,445	-	-	954,445	88,522	-	-	1,042,967	30	-	-	-	1,042,998	990,501
Interest Income-Short Term Cash Deposits	110,645	-	-	110,645	35	5,648	-	116,328	12,658	0	3,088	-	132,075	79,235
Interest Expense-LT Debt	(10,548)	-	-	(10,548)	(59,929)	-	-	(70,476)	(368,810)	-	(18,925)	-	(458,211)	(384,250)
Interest Income-Component Units	26,397	-	-	26,397	-	-	-	26,397	-	-	19,444	(45,841)	-	-
Interest Expense-Component Units	-	-	-	-	-	-	-	-	(45,841)	-	-	45,841	-	-
Distributions to Member	-	-	-	-	-	-	-	-	(128,005)	-	-	-	(128,005)	(95,933)
Realized Loss on Investments	(501,421)	-	-	(501,421)	-	-	-	(501,421)	-	-	-	-	(501,421)	(68,236)
Unrealized Gain (Loss) on Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unrealized Gain (Loss) on Interest Rate Swap	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision for Loan Losses	(394,826)	-	-	(394,826)	-	-	-	(394,826)	-	-	-	-	(394,826)	(888,961)
Total Nonoperating Revenue (Expenses)	184,692	-	-	184,692	28,628	5,648	-	218,969	(529,968)	0	3,607	-	(307,392)	(367,645)
Net Revenues Over (Under) Expenditures	**(262,556)**	**(82,815)**	**-**	**(345,371)**	**18,468**	**232,097**	**-**	**(94,807)**	**(622,713)**	**(379,170)**	**59,198**	**(209,279)**	**(1,246,770)**	**1,737,797**

99 Powder Hill Road: A C-PACE Project in Middlefield, CT

Address	99 Powder Hill Rd, Middlefield CT 06455			
Owner	Powder Ridge Mountain Park & Resort LLC			
Proposed Assessment	$2,006,822			
Term (*years*)	20			
Term Remaining (*months*)	Pending construction completion			
Annual Interest Rate[1]	6.25%			
Annual C-PACE Assessment	$178,398			
Savings-to-Investment Ratio	1.46			
Average DSCR	[redacted]			
Lien-to-Value	[redacted]			
Loan-to-Value	[redacted]			
Projected Energy Savings (mmBTU)		EE	RE	Total
	Per year	0	4,029	4,029
	Over term	0	80,581	80,581
Estimated Cost Savings (incl. ZRECs and tax benefits)	Per year	$0.00	$254,006	$254,006
	Over term	$0.00	$5,080,136	$5,080,136
Objective Function	40.15 kBTU / ratepayer dollar at risk			
Location	Middlefield			
Type of Building	Special Purpose (winter sports)			
Year of Build	1963			
Building Size (*sf*)	9,801,000			
Year Acquired by Owner	2012			
As-Complete Appraised Value[2]	[redacted]			
Mortgage Lender Consent	[redacted]			
Proposed Project Description	950 kW ground mount solar array system			
Est. Date of Construction Completion	Pending closing			
Current Status	Awaiting Board of Directors Approval			
Energy Contractor	[redacted]			
Notes				

[1] Nominal rate unadjusted for actual/360 calculation

[redacted]

6 Shaw's Cove: A C-PACE Project in New London, CT

<table>
<tr><td>Address</td><td colspan="4">6 Shaw's Cove, New London CT 06320</td></tr>
<tr><td>Owner</td><td colspan="4">6 Shaw's Cove, LLC</td></tr>
<tr><td>Proposed Assessment</td><td colspan="4">$1,307,882</td></tr>
<tr><td>Term (years)</td><td colspan="4">15</td></tr>
<tr><td>Term Remaining (months)</td><td colspan="4">Pending construction completion</td></tr>
<tr><td>Annual Interest Rate[1]</td><td colspan="4">5.75%</td></tr>
<tr><td>Annual C-PACE Assessment</td><td colspan="4">$131,991</td></tr>
<tr><td>Savings-to-Investment Ratio</td><td colspan="4">1.13</td></tr>
<tr><td>Average DSCR</td><td colspan="4">[redacted]</td></tr>
<tr><td>Lien-to-Value[2]</td><td colspan="4">[redacted]</td></tr>
<tr><td>Loan-to-Value[2]</td><td colspan="4">[redacted]</td></tr>
<tr><td rowspan="3">Projected Energy Savings (mmBTU)</td><td></td><td>EE</td><td>RE</td><td>Total</td></tr>
<tr><td>Per year</td><td>1,467</td><td>542</td><td>2,009</td></tr>
<tr><td>Over term</td><td>22,005</td><td>8,132</td><td>30,138</td></tr>
<tr><td rowspan="2">Estimated Cost Savings (incl. ZRECs and tax benefits)</td><td>Per year</td><td>$89,787</td><td>$53,360</td><td>$143,147</td></tr>
<tr><td>Over term</td><td>$1,346,8060</td><td>$800,409</td><td>$2,147,215</td></tr>
<tr><td>Objective Function</td><td colspan="4">24.46 kBTU / ratepayer dollar at risk</td></tr>
<tr><td>Location</td><td colspan="4">New London</td></tr>
<tr><td>Type of Building</td><td colspan="4">Office</td></tr>
<tr><td>Year of Build</td><td colspan="4">1988</td></tr>
<tr><td>Building Size (sf)</td><td colspan="4">116,506</td></tr>
<tr><td>Year Acquired by Owner</td><td colspan="4">2015</td></tr>
<tr><td>As-Is Appraised Value[3]</td><td colspan="4">[redacted]</td></tr>
<tr><td>Mortgage Outstanding</td><td colspan="4">[redacted]</td></tr>
<tr><td>Mortgage Lender Consent</td><td colspan="4">[redacted]</td></tr>
<tr><td>Proposed Project Description</td><td colspan="4">130 kW PV, HVAC, Lighting</td></tr>
<tr><td>Est. Date of Construction Completion</td><td colspan="4">Pending closing</td></tr>
<tr><td>Current Status</td><td colspan="4">Awaiting Board of Directors Approval</td></tr>
<tr><td>Energy Contractor</td><td colspan="4">[redacted]</td></tr>
<tr><td>Notes</td><td colspan="4"></td></tr>
</table>

[1] Nominal rate unadjusted for actual/360 calculation

[redacted]

845 Brook Street, Rocky Hill, CT 06067
T 860.563.0015
ctgreenbank.com

Memo

To: Connecticut Green Bank Board of Directors

From: Mackey Dykes, Vice President, Commercial, Industrial, and Institutional Programs and Anthony Clark, Senior Manager, Commercial, Industrial, and Institutional Programs

CC: Bryan Garcia, President and CEO; Bert Hunter, EVP and CIO; Brian Farnen, General Counsel and CLO

Date: January 19, 2018

Re: C-PACE Program Guidelines Update

Overview

Conn. Gen. Stat. Section 16a-40g authorizes what has come to be known as the Commercial Property Assessed Clean Energy Program ("C-PACE"). The statue designates the Connecticut Green Bank ("CGB") as the state-wide administrator of the program and charges CGB to "develop program guidelines governing the terms and conditions under which state and third-party financing may be made available to the commercial sustainable energy program." Since 2013, CGB has develop and maintained the "Program Guidelines" for the C-PACE program in accordance with this language.

Staff is seeking approval to create a New Construction Pilot program during which we will allow C-PACE financing to support development and construction of new, high-performance buildings in Connecticut.

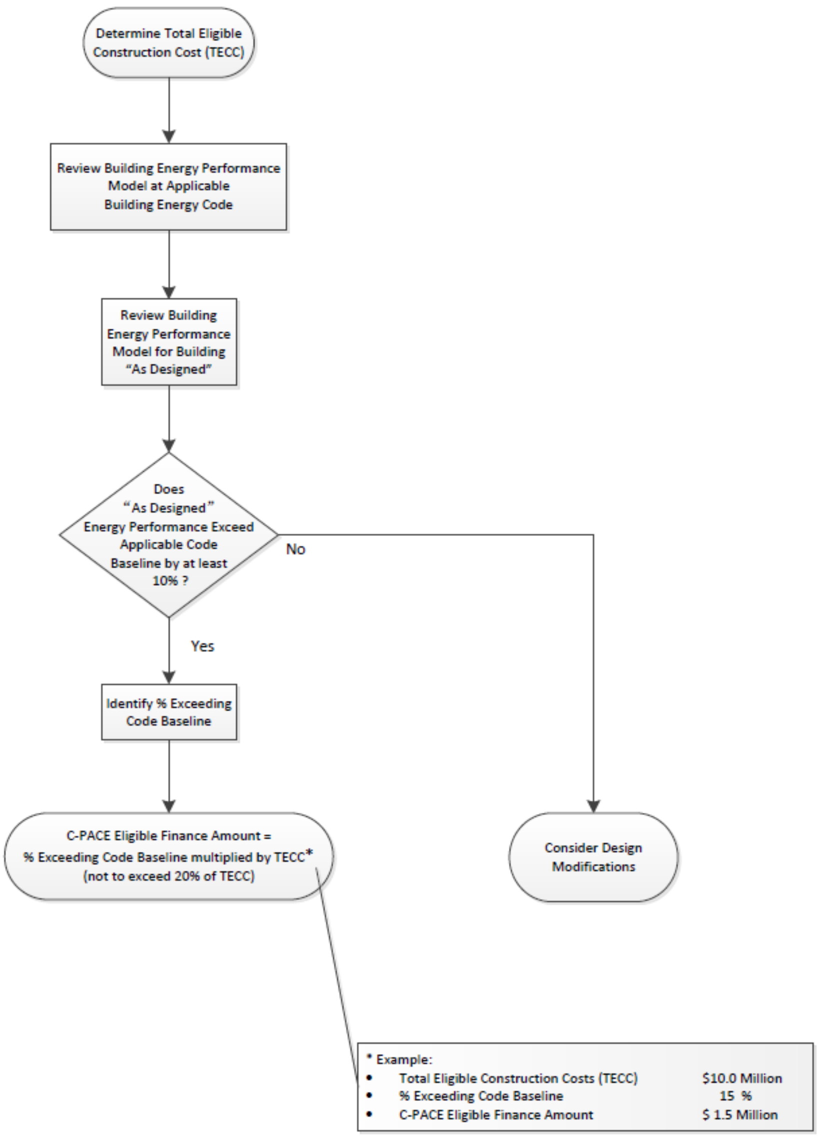
New Construction Opportunity & Pilot

Improving the energy performance of Connecticut's building stock is an essential component of meeting our overall state energy goals. Given the average age of commercial buildings in the Northeast is more than 40 years old, it is critical that new construction in Connecticut be designed and built to achieve the highest levels of energy performance for the many decades it will serve our businesses and residents. C-PACE programs in Colorado, Missouri, Rhode Island, and Wisconsin have enabled C-PACE for new construction. Leveraging the experience of those states to make C-PACE financing available in Connecticut will provide property developers and owners a unique source of capital enabling them to reach higher levels of energy performance in new buildings while potentially lowering the overall cost of capital for their projects. To support innovation in financing for high-performance buildings and meet existing demand for C-PACE for new construction in Connecticut, we are proposing a two-year New Construction Pilot.

Project Review Methodology

Given the lack of a pre-improvement energy baseline against which to measure energy savings and the difficulty of isolating and assigning portions of new construction costs to particular energy savings, we propose a more suitable methodology for determining the amount of allowable C-PACE financing during the Pilot. To qualify for C-PACE financing, the applicant must demonstrate using whole-building energy modeling that the new building will exceed the energy performance required simply to meet current energy codes by at least 10%. The C-PACE Eligible Finance Amount for a building that demonstrates a 10% improvement over the baseline will be 10% of the Total Eligible Construction Cost (TECC). The TECC will be sum of construction costs directly related to a building's design and construction as determined by the Green Bank and Technical Administrator. For each 1% improvement in performance over baseline, an additional 1% of Total Eligible Construction Cost will be eligible for financing up to a maximum of 20% of TECC. The flowchart below illustrates the process and criteria to be applied when evaluating a project under the pilot.

C-PACE for New Construction Project Eligibility Flowchart



Recommendation

Staff recommends that the Green Bank Board (the “Board”) recommend approval of the New Construction Pilot in the form attached to this memo. The New Construction Pilot would then go through a thirty-day public comment period. If, after public comments are received, CGB staff considers that significant changes are needed to the New Construction Pilot as currently drafted, then staff will come back to the Board for an updated approval. If no significant changes result from the public comment process, then the final form of the New Construction Pilot shall be deemed approved by the Board and CGB staff with proceed with implementation of such New Construction Pilot.

Resolutions

WHEREAS, Conn. Gen. Stat. Section 16a-40g (the “Authorizing Statute”) authorizes what has come to be known as the Commercial Property Assessed Clean Energy Program (“C-PACE”), the Authorizing Statute designates the Connecticut Green Bank (“CGB”) as the state-wide administrator of the program; and

WHEREAS, the Authorizing Statute charges CGB to develop program guidelines governing the terms and conditions under which state and third-party financing may be made available to C-PACE.

NOW, therefore be it:

RESOLVED, the CGB Board of Directors (the “Board”) approves the proposed New Construction Pilot, substantially in the form of attached to that certain memo to the Board dated January 19, 2018.

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 New Construction Pilot.

C-PACE for New Construction Pilot

Supporting Investment in Higher Performance New Buildings

Improving the energy performance of Connecticut's building stock is an essential component of meeting our overall state energy goals. Given the average age of commercial buildings in the Northeast is more than 40 years old, it is critical that new construction in Connecticut be designed and built to achieve the highest levels of energy performance for the many decades it will serve our businesses and residents. Making C-PACE financing available for new construction in Connecticut provides property developers and owners a unique source of capital that enables them to reach those higher levels of energy performance in their new buildings while potentially lowering the overall cost of capital for their project.

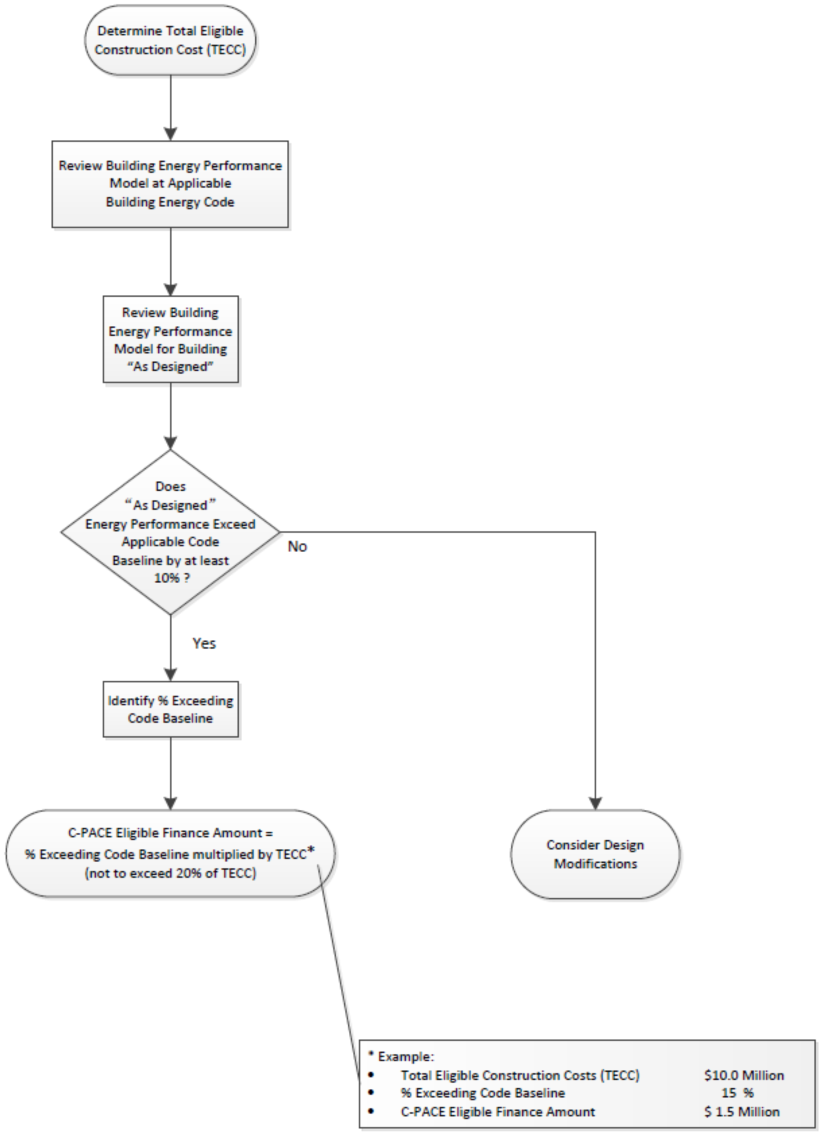
Upon issuance of these guidelines, new commercial, industrial and institutional buildings designed and built with energy performance that exceeds what is required by Connecticut building and energy codes will be eligible to receive C-PACE financing for a portion of the Total Eligible Construction Cost (TECC). The initial duration of the pilot will be two years from pilot launch date.

New Construction Project Eligibility and C-PACE Eligible Finance Amount

Applicants under the New Construction Pilot must provide the total project construction cost by trade component to allow the Green Bank and the Technical Administrator to evaluate the Total Eligible Construction Cost (TECC). Given the lack of a pre-improvement energy baseline against which to measure energy savings and the difficulty of isolating and assigning portions of new construction costs to particular energy savings, the traditional SIR methodology for comparing savings against that baseline is not applicable. An alternate methodology will apply for determining the amount of allowable C-PACE financing based upon the level of performance beyond code requirements the building is designed to reach.

When applying for C-PACE financing in the New Construction Pilot the applicant must demonstrate using whole-building energy modeling that the As Designed Modeled Energy Performance will exceed the Modeled Energy Baseline. For purposes of this pilot, the Modeled Energy Baseline is the energy performance of the building that would be achieved if designed and built to meet Connecticut building and energy code requirements applicable at the time of submission of the application for C-PACE financing. A minimum As Designed performance improvement of 10% over the Modeled Energy Baseline is required to be eligible for C-PACE financing. The C-PACE Eligible Finance Amount for a building that demonstrates a 10% improvement over the baseline will be 10% of the Total Eligible Construction Cost. For each 1% improvement in performance over baseline, an additional 1% of Total Eligible Construction Cost will be eligible for financing up to a maximum of 20% of TECC.

C-PACE for New Construction Project Eligibility Flowchart



For the purposes of the New Construction Pilot, Total Eligible Construction Cost can include costs directly related to the building's design and construction. The following is an illustrative but not exhaustive list of eligible costs:

- engineering and design expenses
- energy modeling expenses
- building core and shell
- energy consuming equipment and energy saving measures (HVAC, lighting, elevators, controls, windows, green or cool roofs, meters, etc.)

The Green Bank and Technical Administrator will ultimately determine the maximum TECC.

Treatment of Clean Energy Generation Measures

Projects seeking C-PACE financing for clean energy generation measures only (e.g. solar photovoltaic or fuel cells) as part of a new construction project will not be evaluated using the new construction methodology and will be reviewed against the standard C-PACE upgrade requirements and SIR methodology.

Projects submitted through the New Construction Pilot can include clean energy generation as one element of the energy performance improving measures included in the project. The impact of the generation on the associated building's energy performance will not be included in the assessment of energy savings against the Modeled Energy Baseline. The costs and savings associated with the clean energy generation measure will be evaluated separately. If approved, the total eligible cost associated with the clean energy generation measure will be added to the total eligible C-PACE financing amount allowable under the New Construction Pilot. For example, if a project has a TECC of $10 million and its As Designed energy performance exceeds the applicable energy code by 20%, it will be eligible for a maximum C-PACE financing of 20% of the TECC ($2 million in this case). If that same project also includes a clean energy generation measure with a separately evaluated eligible cost $500,000, the total amount of allowable C-PACE financing for the project will be $2.5 million.

New Construction Pilot Project Submission and Evaluation

Applicants seeking funding through the New Construction Pilot should discuss and review their projects with the Green Bank before submitting a financing application. This engagement ahead of application submission will help ensure that projects meet the requirements of the New Construction Pilot. The Green Bank reserves the right to modify the application process and approval criteria as needed during the term of the Pilot.

<u>New Terms for C-PACE Program Defined</u>

As Designed Modeled Energy Performance – modeled energy performance achieved if proposed building is designed and built to exceed the Modeled Energy Baseline.
C-PACE Eligible Finance Amount – total amount of C-PACE financing allowable. For New Construction Pilot, maximum will be 20% of TECC plus the cost of any approved clean energy generation measure.
Modeled Energy Baseline – modeled energy performance achieved if proposed building is designed and built to meet current Connecticut building energy code requirements. This is the baseline against which As Designed Modeled Energy Performance will be compared.
New Construction Pilot – Two-year pilot enabling C-PACE financing for new construction projects in Connecticut that exceed current building energy codes by at least 10%.
Total Eligible Construction Cost (TECC) – sum of construction costs directly related to a building's design and construction as determined by the Green Bank and Technical Administrator

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Danbury Fuel Cell Project

A Fuel Cell Debt Credit Facility

Credit Facility Updates and Approval Revisions

January 26, 2018

Document Purpose: This document contains background information and due diligence on a proposed credit facility for the FuelCell Energy, Inc. (NASDAQ: FCEL) fuel cell project located at 64 Triangle Street, Danbury, CT 06810. The information herein is provided to the Connecticut Green Bank Board of Directors for the purposes of reviewing and approving recommendations made by the staff of the Connecticut Green Bank.

In some cases, this package may contain, among other things, trade secrets and commercial or financial information given to the Connecticut Green Bank in confidence and should be excluded under C.G.S. §1-210(b) and §16-245n(D) from any public disclosure under the Connecticut Freedom of Information Act. If such information is included in this package, it will be noted as confidential.

Program Qualification Memo

To: Connecticut Green Bank Board of Directors

From: Chris Magalhaes, Associate Director, Clean Energy Finance; Ben Healey, Director, Clean Energy Finance; Bert Hunter, EVP & CIO

Cc: Bryan Garcia, President & CEO; Brian Farnen, General Counsel & CLO; Dale Hedman, Managing Director, Statutory & Infrastructure Programs

Date: January 26, 2018

Re: Danbury Fuel Cell Project – Credit Facility Updates and Approval Revisions

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Purpose

Since the initial approval of the $5,000,000 Senior Secured Credit Facility (the "Credit Facility") for the proposed 3.7 megawatt FuelCell Energy, Inc. ("FCE") fuel cell project located at 64 Triangle Street, Danbury, CT 06810 (the "Project") by the Connecticut Green Bank ("Green Bank") Board of Directors (the "Board") on March 10, 2017, there have been several updates to the envisioned Credit Facility for which Green Bank staff requests approval.

Updates to the envisioned Credit Facility include feedback from the Board during the initial approval meeting on March 10, 2017, along with scheduling updates and contingency planning for optimizing for the Green Bank's options surrounding the Credit Facility. Specifically, staff requests approval of/for:

1.) An updated Term Sheet, included below, which has been executed by FCE staff as of April 27, 2017, and which includes key changes such as using swept cash to pay down principal outstanding immediately in the period in which it is received instead of being held in escrow for future use[1].

2.) A revision to timing restrictions on the Advance Date (as defined in the Term Sheet) of the Credit Facility, specifically to the text which previously read "No advance shall occur after December 31, 2017, regardless of Project development status or timeline.". Green Bank staff requests the deadline for the Advance Date be extended to May 1, 2018[2].

3.) The ability to syndicate (i.e. sell off) all, or a portion, of the Credit Facility to 3rd party investors, and to have the option for the Green Bank to provide a full, or partial, guaranty on that syndicated/sold portion of the Credit Facility under terms that would be brought back to the Board for approval if/when necessary.

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[1] For ease of review, the Term Sheet included herein will highlight and make clear changes between what was previously approved and what is being submitted now for review.

[2] The updated Term Sheet does not include the requested new deadline for the Advance Date.

Project Status Update

Back on March 10, 2017, the initial approval request memo submitted to the Board projected that the Project would have the equipment installed by June 30, 2017, and then would achieve Substantial Completion (as generally/commercially understood) by July 11, 2017 and Final Acceptance (as generally/commercially understood) by August 21, 2017. It was envisioned that the Green Bank would then advance the Credit Facility in full at some point between Final Acceptance and December 31, 2017, after all of the required Conditions Precedent to Lending (as defined the Term Sheet) were met, and after the final, definitive documentation was executed between the Green Bank and FCE.

In terms of actual progress, the Project achieved Substantial Completion in November 2017 and is expected to be at full power by the end of February 2018 (though the Project has been producing operational data since December 2017, and is in the process of ramping up to full power). All utility requirements and agreements are complete, and FCE has permission to operate the system as intended.

Despite progress described above, and because of timing considerations detailed in the section below that relate to both FCE and the Green Bank (e.g. Conditions Precedent to Lending such as advancing after Commercial Operation and systematic testing approval), the Green Bank has not yet executed definitive documentation with FCE to finance the Project. As such, the Green Bank has not yet advanced any portion of the Credit Facility, underscoring the approval request herein to extend the ability to advance beyond December 31, 2017.

Timing Considerations for Credit Facility Advance

Because the Project is a strategically important asset to FCE[3], undertaken despite the expiration of the federal Business Investment Tax Credit ("ITC") on December 31, 2016 and without being selected for a State-procured long-term Power Purchase Agreement ("PPA"), FCE was comfortable financing the construction of the Project through the use of its own capital and inventory despite the liquidity and cost of capital implications of doing so. This means that there has not been an immediate timing issue, or financing contingency requirement, associated with the advance of the Green Bank Credit Facility as would typically occur in a traditional project development/financing cycle. Furthermore, because there was legislative dialogue at the federal level as the tax reform bill made its way through Congress in December 2017 that the ITC for fuel cells could be reinstated, it was to FCE's strategic advantage to wait and see if the Project could receive an ITC before moving forward with the Credit Facility's requirements and advance[4].

The Green Bank Credit Facility is still strategically important to FCE however, regardless of the timing flexibility discussed above or whether an ITC is ever reinstated for fuel cells[5], because it provides a liquidity injection that eases the burden of FCE's capital outlay on the Project and at lower cost of capital than the equity current capitalizing the Project's completion. Furthermore, the Green Bank Credit Facility is also still strategically important to the deployment of fuel cells in Connecticut as it represents a deliberate stride

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[3] It is the inaugural launch, at scale, of the latest configuration of FCE's Direct FuelCell ("DFC") fuel cell technology.

[4] The advance of the Green Bank Credit Facility is structured to occur after the Project achieves Commercial Operation, but the Project becomes ineligible for the ITC once it achieves Commercial Operation.

[5] The ITC has not, to date, been reinstated for fuel cells.

towards the creation of a viable market that can transition from subsidy-based to financing-based models of development.

Thus, from a market perspective, both to FCE specifically and to the fuel cell industry generally, the Credit Facility still serves a purpose even if it is advanced beyond the originally-intended deadline of December 31, 2017. From the Green Bank's perspective, waiting until after the original deadline of December 31, 2017 to advance has been beneficial. Within the scope of the Credit Facility, the Conditions Precedent to Lending protect the Green Bank from risk by ensuring that important milestones are achieved before any Green Bank capital is at risk, and one such condition is the requirement that the Project undergo systematic testing and the results of which are agreeable to the Green Bank. Pushing the Credit Facility advance beyond December 31, 2017 allows for more performance data available to the Green Bank staff before any advance is made, resulting in better-informed decisions and subsequently less risk. FCE currently has operational data starting in December 2017, and it will continue to collect operation up to and through the full powering up of the Project (expected to occur by the end of February 2018). Furthermore, once full power is achieved, FCE will conduct additional testing, including stress tests such as tuning the unit in operationally distressed conditions such as grid disturbances, transitioning to island mode, and rapid load recovery. Green Bank staff will take all of this information into consideration before advancing any portion of the Credit Facility.

Looking beyond the scope of the Credit Facility, waiting until after December 31, 2017 to advance has also been beneficial to the Green Bank because it has allowed staff the time to manage, and account for, external shocks to the Green Bank's capitalization that has since resulted in the evaluation of liquidity needs, program commitments, and organizational structure. In October 2017 the Connecticut General Assembly ("CGA") approved a budget that reallocates $33 million, over the next two years, of Green Bank funds to the General Fund. Not having to negotiate and execute definitive documents for the Credit Facility, and not being required to advance $5 million, at a time when approved and expected project commitments faced an unexpected reduction in available funds allowed staff the flexibility and adequate time to assess the situation and troubleshoot as needed.

The Credit Facility as an Asset

The Credit Facility, once advanced, will be an asset which bears a [redacted]% interest rate (per annum) and is secured by project operating cash flows, a ~[redacted]% equity cushion, a corporate parent guaranty, and cash collateral that is expected to be available in 2025 and is expected to fully defease principal outstanding at that point in time. As such, the Credit Facility will provide an attractive return on capital, on a risk-adjusted basis, and can produce value for the Green Bank in the form of either (i.) a long-term stream of cash flows, received over time, that the Green Bank holds on to in full, or (ii.) a security that the Green Bank can sell, in full or in part, to 3rd party investors.

The flexibility to sell all or a portion of the Credit Facility to interested 3rd party investors allows the Green Bank to optimize for liquidity and return constraints and opportunities as they occur over time. Such actions would occur under conditions that are suitable to the Green Bank and after negotiations lead to a set of terms that are subsequently approved by the Board. Because it is difficult to forecast what such conditions will be ahead of time, and because the optimal set of terms for such a sale are unknowable in advance, Green Bank staff is also requesting the ability – in principle – to guaranty all (for a fee or for additional consideration to the Green Bank) or a portion of the Credit Facility that is sold. As with the nature of any sale that would occur, the details of any such guaranty would also be approved by the Board.

Updated Term Sheet

[REDACTED]

Resolutions

WHEREAS, FuelCell Energy, Inc., of Danbury, Connecticut ("FCE") has used previously committed funding (the "Bridgeport Loan") from Green Bank to successfully develop a 15 megawatt fuel cell facility in Bridgeport, Connecticut (the "Bridgeport Project"), and FCE has operated and maintained the Bridgeport Project without material incident, is current on payments under the Bridgeport Loan, and has requested financing support from the Green Bank to develop a 3.7 megawatt high efficiency fuel cell project in Danbury, Connecticut (the "Project");

WHEREAS, staff has considered the merits of the Project and the ability of FCE to construct, operate and maintain the facility, support the obligations under the Loan throughout its 20 year life, and as set forth in the due diligence memorandum dated March 10, 2017, has recommended this support be in the form of a term loan not to exceed $5,000,000, secured by all project assets, contracts and revenues as well as an unconditional performance and payment guarantee of FCE (the "Term Loan");

WHEREAS, the Green Bank Board of Directors ("Board") has approved the Term Loan, as recommended and requested in the due diligence memorandum dated March 10, 2017;

WHEREAS, staff has set forth in the project qualification memo dated January 26, 2018 requests for the Board to approve updates to the previously-approved Term Sheet, a new deadline for advance of May 1, 2018, and the ability to sell off all, or a portion, of the Term Loan to 3rd party investors and the ability to guaranty all (for a fee or additional consideration), or a portion, of the amount of the Term Loan sold subject to subsequent Board approval on the terms and conditions thereof.

NOW, therefore be it:

RESOLVED, that the Green Bank Board of Directors hereby approves the updated Term Sheet, the new deadline for advance of May 1, 2018, the ability to sell and guaranty portions of the Term Loan to 3rd party investors; and

RESOLVED, that the President of the Green Bank and any other duly authorized officer is authorized to take appropriate actions to make the Term Loan to FCE (or a special purpose entity wholly-owned by FCE) in an amount not to exceed $5,000,000 with terms and conditions consistent with the memorandum submitted to the Board dated January 26, 2017, and as he or she shall deem to be in the interests of the Green Bank and the ratepayers no later than 180 days from the date of authorization by the Board of Directors; 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 Term Loan.

Submitted by: Bryan Garcia, President and CEO; Bert Hunter, EVP and CIO; Ben Healey and Chris Magalhaes, Clean Energy Finance.

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Memo

To: Connecticut Green Bank Board of Directors

From: Kerry O'Neill (Vice President, Residential Programs)

CC: Bryan Garcia (President and CEO), George Bellas (VP of Finance and Administration), Brian Farnen (General Counsel and CLO), Bert Hunter (EVP and CIO), and Eric Shrago (Director of Operations)

Date: January 19, 2018

Re: Mission-Aligned Non-Profit as Part of Sustainability Plan

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Governor Malloy signed a bipartisan $41.3 billion biennial budget for FY 2018 and FY 2019 brought forth by the Connecticut General Assembly on October 31, 2017 addressing more than $3.5 billion in deficits. This budget sweeps $14.0 million a year of ratepayer funds through the Clean Energy Fund (CEF) and $2.3 million a year of Regional Greenhouse Gas Initiative (RGGI) allowance proceeds for a total of $32.6 million over FY 2018 and FY 2019 – more than 55% of the current level of support from public sources for the Connecticut Green Bank (Green Bank).

The Green Bank is faced with the unfortunate reality that it now needs to adjust its strategy and implement a plan to manage within more limited resources to make investments, while modestly maintaining its statutory mission and purpose. It must also consider a pivot away from a strategy since inception geared towards maximizing leverage of limited public funds with private capital towards one focused on earning a return on its investments to become sustainable. At the December 15, 2017 Board meeting, staff presented a plan approved by the Board that includes strategically lowering its operating expenses and focusing the organization on three lines of business:

1. **Incentives** – providing incentives administered through the Residential Solar Investment Program (RSIP) that are statutorily recovered through the sale of Solar Home Renewable Energy Credits (SHRECs); and

2. **Investments** – providing clean energy finance through its core business of credit enhancements, co-investments, investments, warehouses and securitizations with an aim to earn a portfolio-wide return (on average) of not less than 5% across an average 10-year term and be self-sustaining in 4 to 7 years.

3. **Underserved Markets** – providing products and programs that address the needs of Low-to-Moderate (LMI) communities and unconventional credits through a multi-year contract with an independent and mission-aligned non-profit entity to administer these programs. The independent non-profit would be able to attract mission-oriented capital for larger scale opportunities in this market from sources other than the Green Bank.

Progress to Date in LMI Communities

The Green Bank has made significant progress since FY 2012 in its deployment of capital and clean energy in low to moderate income census tracts as Table 1 shows[1].

Table 1. Comparison of FY 2012 vs. FY 2017 levels of investment in residential projects by census tract.

MSA AMI Band	Projects		Investment ($)		Deployment (MW)	
	2012	2017	2012	2017	2012	2017
<60%	10	1,268	$279,743	$29,930,106	0.1	4.8
60-80%	10	1,132	$242,605	$23,069,670	0.1	5.6
80-100%	48	1,154	$1,644,387	$27,521,142	0.3	7.5
100-120%	118	1,258	$4,194,070	$29,568,212	0.8	8.0
120%+	231	1,743	$8,629,764	$49,516,185	1.6	13.5
Total	**417**	**6,555**	**$14,989,569**	**$159,605,315**	**2.9**	**39.5**

The Green Bank has accomplished this through focus, perseverance and attracting foundation, CDFIs and conventional lenders, innovating a range of products and programs including the Residential Solar Incentive Program's LMI tiered incentive, the Solar for All partnership with PosiGen, the Multifamily suite of products, Smart-E for credit-challenged borrowers, and the Commercial Solar PPA for housing authorities and other nonprofits. An independent non-profit entity will allow this progress to continue by keeping the financing programs that serve these market segments in the CT market and allowing them to reach the next level of scale.

Non-Profit Entity as Component of Sustainability Plan

As discussed in the December 15, 2017 Memo "Sustainability Pathway – FY 2018, FY 2019, and Beyond," the Non-Profit Entity is a key component of the Sustainability Plan. The Green Bank would enter into a multi-year contract with the newly formed Non-Profit Entity for administrative services for the following Green Bank products and programs:

- **Multifamily** – outsourced program management for the suite of products (Navigator and Sherpa Pre-Development Loans, LIME Loan, Catalyst Fund, MacArthur/HDF programs, EnergizeCT Health & Safety Revolving Loan Fund).
- **PosiGen's "Solar for All" partnership** – outsourced program management of partnership investments.
- **Smart-E Loan Program** – outsourced program management and administration.

[1] FY 2017 Comprehensive Annual Financial Report of the Connecticut Green Bank (100-101), Residential owner-occupied properties with 1-4 units and multifamily greater than 4 units

- **<u>Commercial Solar PPA</u>** – outsourced underwriting, asset management and customer support for SL3/Onyx funds, then outsourced program management for new SL4 fund later in FY19.

- **<u>Other LMI Programs</u>** – outsourced program support for CT Green and Healthy Homes Initiative and DOE SunShot LMI solar research.

The Green Bank's multi-year administrative contract with the non-profit entity will require that the non-profit continue to offer these products in the market to customers, contractors, participating lenders, and other program partners in the same manner that the Green Bank currently does. These products will maintain the same branding and marketing materials, the same presence on the Green Bank's website and other media assets and the same program administrative processes.

In order to achieve continuity in the administration of these programs, the non-profit entity plans to employ former Green Bank employees beginning FY2019 who have experience in administering these programs.

As discussed in the December Sustainability Pathway memo, the Green Bank will obtain immediate operating savings by utilizing the services of the non-profit, due to the significantly lower costs the non-profit will be able the achieve in administering these programs with its own staff. The Green Bank will continue its current investments in the above programs, and may, at its discretion and based on available investment budget, choose to make further investments in these programs through the Non-Profit Entity.

The Non-Profit Entity would be seeded by a Connecticut-dedicated loan fund that would likely include a grant from the Department of Energy and Environmental Protection leveraged with a mix of mission-oriented investors, private capital providers, and, as available, other state and municipal funds. Any Connecticut Green Bank or state funds transferred to the Non-Profit will be required to be used by the non-profit for Connecticut based activities only, not for any potential out of state activities that may be supported by foundations or other private investors.

Conclusion

If left at the Green Bank, the products addressing the needs of underserved market segments would be a drag on the timeline to sustainability and would be starved for resources – both investment resources and operating support – at the very juncture when they need the next level of investment. In a Non-Profit Entity, these products can garner the needed additional investment and scale to be able to achieve sustainability.

Staff recommends the execution of a multi-year administrative services contract commencing on July 1, 2018 with a mission-aligned independent non-profit entity to allow for the efficient delivery of capital to underserved segments of the clean energy market in Connecticut and beyond.

Staff further recommends approaching the State Ethics Commission to seek their review on the approach being developed.

Staff will present a business plan to the Board by the end of the first calendar quarter of 2018, as directed by the Board in December, for their review and consideration.

Resolution

Resolved, that the Board of Directors of the Green Bank authorize the President of the Green Bank and any other duly authorized officer of the Green Bank, working with foundation and other partners, to establish or enable an independent mission-aligned non-profit entity to administer the Green Bank's current and future Underserved Market Segment programs commencing on July 1, 2018 and to achieve operating leverage and attract mission-oriented investors for a set of products serving underserved market segments.

Resolved, that the Board of Directors of the Green Bank direct the Green Bank staff to approach the State Ethics Commissions and seek its guidance and opinion on employment of former Connecticut Green Bank employees by the non-profit entity commencing on July 1, 2018.

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CONNECTICUT GREEN BANK

Memo

To: Connecticut Green Bank Board of Directors

From: Eric Shrago, Director of Operations

CC: Bryan Garcia, President and CEO

Date: January 19, 2018

Re: Q2 Progress to Targets and Targets Adjustment

The following memo outlines Connecticut Green Bank (CGB) progress to combined Q1 and Q2 targets for Fiscal Year (FY) 2018 as of December 31, 2017, the end of the second quarter.

Statutory and Infrastructure Sector

The Statutory and Infrastructure sector is above its target for the first part of the year due to faster growth than anticipated in the Residential Solar Investment Program (RSIP). At this point in the year, we are 64% of the way to the Projects Target, 58% of the way to the Capital Target, and 62% of the way to the Capacity Target. Installed costs continue to decline to $3.47/watt for the first half of the year, down from $3.68/watt forecast.

The Anaerobic Digester and Combined Heat and Power programs have four (4) approved projects that staff is working with the developers to close. In response to the recent reallocation of revenues to the General Fund and, in response, the approval of the Board of Directors of the revised FY 2018 budget in support of the Sustainability Strategy, the Green Bank Staff has notified the remaining approved Anaerobic Digesters that due to these cuts and the elapsed time since the initial approvals, we have canceled these commitments. We will review projects individually as strategic investments if brought to the Green Bank in the future. Any consideration of such investments will have to meet the investment requirements set in the Sustainability Strategy approved by the Board of Directors.

Table 1. Statutory and Infrastructure Sector Q2 Progress to Targets

	Projects			Capital Deployed			Capacity		
Product/Program	**Closed**	**Target**	**% to Target**	**Closed**	**Target**	**% to Target**	**Closed**	**Target**	**% to Target**
Anaerobic Digesters Pilot	0	1	0%	$0	$20,000,000	0%	0.0	1.6	0%
RSIP	2,833	4,431	64%	$79,557,682	$136,300,000	58%	22.9	37.0	62%
Infrastructure Total	**2,833**	**4,432**	**64%**	**$79,557,682**	**$156,300,000**	**51%**	**22.9**	**38.6**	**59%**

Residential Sector

Smart-E targets performance to date has substantially exceeded targets. Half-way through the fiscal year, the program has achieved 278% of its Projects Target, 287% of its Capital Target, and 196% of its Capacity Target. The fourth quarter alone saw over 780 loans closed for over $16 million. This is due to the success the team has had building a more robust network of HVAC and home performance contractors and due to the uptake of the special 0.99% special offers that were offered through December utilizing ARRA-SEP funds. Special offers are no longer available, but staff expects continued uptake at the standard interest rates for the rest of the fiscal year, bolstered by outreach to contractors to shift to selling to a monthly payment (vs. a promotional rate) and explore appetite for funding interest rate buydowns through their own marketing budgets at participating lenders.

The Low-to-Moderate-Income (LMI) lease program offered through PosiGen is presently running behind its targets. In the first 6 months of the fiscal year, PosiGen achieved 44% of its Projects Target, 42% of its Capital Target, and 44% of its Capacity Target and 63% of PosiGen sales were to LMI customers. We continue to see a high percentage uptake by PosiGen customers of the Energy Savings Agreement (ESA) offering representing further energy savings. Progress to targets has been slow due to key outreach positions at PosiGen not being filled until recently and decreased outreach support from the Green Bank due to budget cuts.

As was the case last year, the Multifamily Term lending programs expect to finance fewer projects that are larger in size than originally planned. So far, they have achieved 25% of their Projects Target, 91% of their Capital Target, and 13% of their (solar) Capacity Target. The lower (solar) Capacity result is due to more energy efficiency projects than originally projected. There are 4 additional projects for $9 million that are expected to close by year end.

Similarly, the Multifamily Pre-Development lending programs expect to finance a smaller number of projects that are much larger in size than we had been originally forecast. So far, the team has achieved 44% of our Projects Target and 141% of our Capital Target. There is a robust pipeline of early stage projects that have not yet materialized into pre-development or term loans.
The Multifamily Pre-development and Term lending projects closed year to date impact 465 housing units, all of which were affordable.

Table 2. Residential Sector Q2 Progress to Targets

	Projects			Capital Deployed			Capacity		
Product/Program	**Closed**	**Target**	**% to Target**	**Closed**	**Target**	**% to Target**	**Closed**	**Target**	**% to Target**
Smart-E	1,225	440	278%	$23,408,477	$8,153,050	287%	2.6	1.3	196%
Low Income Loans/Leases	316	720	44%	$8,414,829	$20,087,746	42%	2.0	4.5	44%
Multi-Family Term	4	16	25%	$6,849,934	$7,550,000	91%	0.1	0.6	13%
Multi-Family Pre-Develop	4	9	44%	$265,476	$188,400	141%	0.0	0.0	0%
Resi Total	**1,549**	**1,185**	**131%**	**$38,938,716**	**$35,979,196**	**108%**	**4.6**	**6.4**	**72%**

Table 3. Smart-E Channel Breakout

Table 3. Smart-E Loan Channel	**Closed**	**% of Loans**
Home Performance Channel	119	10%
HVAC Channel	715	58%
Solar Channel	273	22%
Blank Channel	117	10%
Total	1,225	100%

Commercial, Industrial, & Institutional Sector

The Commercial, Industrial, & Institutional Sector continues to see growth while the Green Bank staff continues to build a pipeline of projects. In the first half of FY 2018, C-PACE achieved 72% of its Project Target, 59% of its Capital Target, and 57% of its Capacity Target. Staff has built a strong pipeline that is expected to close in the second half of this fiscal year and third-party lenders are also having a strong year.

The Commercial Lease products, CT Solar Lease III and Onyx, are ahead of their joint Projects Target but behind their Capital and Capacity Targets. Thus far they achieved 56% of their Projects Target, 42% of their Capital Target, and 34% of their Capacity Target. Staff expects the pipeline will allow the products to achieve their targets for the year.

The Green Bank staff has continued to work with Capital Partners and the Energy Efficiency Board to finalize the recapitalization of the Small Business Energy Advantage Program. Progress has been made and staff expects the recapitalization to close in the 3rd Quarter.

Table 4. Commercial and Industrial Q2 Progress to Targets

	Projects			Capital Deployed			Capacity		
Product/Program	**Closed**	**Target**	**% to Target**	**Closed**	**Target**	**% to Target**	**Closed**	**Target**	**% to Target**
CPACE	36	51	71%	$14,333,741	$24,400,000	59%	3.7	6.4	57%
Commercial Lease	14	25	56%	$6,371,255	$15,000,000	42%	2.2	6.3	34%
SBEA	0	1,600	0%	$0	$28,000,000	0%	0.0	0.0	0%
CI&I Total with SBEA	**45**	**1,667**	**3%**	**$19,067,906**	**$62,000,000**	**31%**	**5.3**	**10.4**	**51%**
CI&I Total without SBEA	**45**	**67**	**67%**	**$19,067,906**	**$34,000,000**	**56%**	**5.3**	**10.4**	**51%**

Strategic Investments
The Green Bank staff continues to work on a strategic fuel cell project expected to close this quarter on target with forecasts.

CGB Total

Table 5. CGB Q2 Progress to Targets

	Projects			Capital Deployed			Capacity		
Sector	**Closed**	**Target**	**% to Target**	**Closed**	**Target**	**% to Target**	**Closed**	**Target**	**% to Target**
Infrastructure Sector	2,833	4,432	64%	$79,557,682	$156,300,000	51%	22.9	38.6	59%
Residential Sector	1,549	1,185	131%	$38,938,716	$35,979,196	108%	4.6	6.4	72%
Commercial, Industrial and Institutional Sector	45	1,667	3%	$19,067,906	$62,000,000	31%	5.3	10.4	51%
Other Strategic Investments	0	1	0%	$0	$15,000,000	0%	0.0	3.7	0%
Total with SBEA	**3,748**	**6,420**	**58%**	**$118,461,785**	**$247,478,090**	**48%**	**27.4**	**53.3**	**51%**
Total without SBEA	**3,748**	**4,820**	**78%**	**$118,461,785**	**$219,478,090**	**54%**	**27.4**	**53.3**	**51%**

** excludes duplicates for RSIP records using residential financing product, residential low income (Posigen) records from RSIP and commercial solar lease records using CPACE*

Adjustment of Targets
As we are halfway through FY 2018, we have better insight into how each program, product and sector are shaping up for the year. With this experience and insight, we wish to make the following adjustments to our targets for FY 2018.

Statutory and Infrastructure Sector

Based on the current observations of the solar market, we affirm our previous target of 4,431 projects for $136.3 million deployed and 37 MW installed for the RSIP.

As mentioned above, as part of our budget cuts, the Green Bank has cancelled the commitments to the previously approved Anaerobic Digester projects. Staff recommends removing this from the targets.

Residential Sector

Being that Smart-E loan has surpassed its original target of 440 projects, $8.1 million deployed, and 1.3 MW of generation installed, staff recommends increasing the targets for this program to 1352 projects, $24.7 million deployed, and 2.6 MW of generation capacity installed. The recent budget adjustment and the end of the special offer lead us to believe that while uptake of the program will continue this fiscal year, we expect it to do so at a significantly slower rate.

Staff also recommends a decrease in the targets for PosiGen to reflect the slower growth they are experiencing and the decreased outreach support provided by the Green Bank as a result of our budget cuts. The new targets are 556 projects, $14.8 million deployed, and 3.19 MW installed.

To reflect that Multifamily Term projects in the pipeline have been larger in dollar size (and unit number) but are fewer in number than expected, staff recommends reducing the target to 12 projects from 16 for 0.4 MW installed capacity from 0.6 MW and leaving the capital deployed target the same at $7.5 million.

Similarly, to reflect in the smaller number of larger predevelopment projects the team is shepherding, staff recommends reducing the number of projects target from 9 to 6 and to increase the capital deployed target to $446,000 to reflect the already exceeded target and current pipeline.

Overall, staff recommends adjusting the sector's projects target up to 1,926 projects closed, $47 million deployed, and 6.2 MW deployed.

Commercial, Industrial and Institutional Sector

As we are seeing projects proceed as expected and we are not seeking to make any changes to targets for C-PACE and Commercial Lease.

The delay in Green Bank's proposed recapitalization of the Energy Efficiency Board's Small Business Energy Advantage program leads staff to recommend adjusting the targets associated with this program down by 75% from 1600 projects and $28 million deployed to 400 projects and $7 million deployed.

The overall sector targets will be the tightened range of between 67 and 467 projects, between $34 and $41 million deployed, and 10.4 MW in installed capacity.

Overall

Overall, we are decreasing our organization wide project target from 6,451 to 5,966 (a decrease of 8%), our capital deployed target from $246.9 million to $218 million (12% decrease), and our installed capacity from 52.5 MW to 48.6 MW (7% decrease).

Table 6. CGB Proposed Target Revisions

	Original			Revised		
	# of Projects	Capital Deployed	MW Deployed	# of Projects	Capital Deployed	MW Deployed
RSIP	4,431	$ 136,300,000	37	4,431	$ 136,300,000	37.0
AD/CHP	1	$ 20,000,000	1.6	0	$ -	-
Strategic Investments	1	$ 15,000,000	3.7	1	$ 15,000,000	3.7
Infrastructure Total:	**4,433**	**$ 171,300,000**	**42.3**	**4,432**	**$ 151,300,000**	**40.7**
Smart-E	440	$ 8,153,050	1.3	1352	$ 24,765,556	2.6
Posigen	720	$ 20,087,746	4.5	556	$ 14,805,838	3.2
Multifamily Term	16	$ 7,550,000	0.6	12	$ 7,550,000	0.4
Multifamily Predevelopment	9	$ 188,400	N/A	6	$ 446,000	N/A
Residential Total	**1,185**	**$ 35,979,196**	**6.4**	**1,926**	**$ 47,567,394**	**6.2**
CPACE	51	$ 24,400,000	6.4	51	$ 24,400,000	6.4
CT Solar Lease	25	$ 15,000,000	6.3	25	$ 15,000,000	6.3
SBEA	1,600	$ 28,000,000	0	400	$ 7,000,000	-
C&I Total	**1,667**	**$ 62,000,000**	**10.4**	**467**	**$ 41,000,000**	**10.4**
CGB Total (w/SBEA)	**6,451**	**$ 246,996,946**	**52.5**	**5,966**	**$ 218,296,752**	**48.6**
CGB Total (w/o SBEA)	**4,845**	**$ 217,629,445**	**52.5**	**5,566**	**$ 211,296,752**	**48.6**

Resolution

WHEREAS, the Connecticut Green Bank Staff has assessed program and product performance through the second quarter of the fiscal year 2018,

WHEREAS, the Connecticut Green Bank Board of Directors Budget and Operations Committee has discussed and reviewed these new targets,

RESOLVED, the Connecticut Green Bank Board of Directors approves the fiscal year 2018 target adjustments outlined above.

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CONNECTICUT GREEN BANK

Memo

To: Connecticut Green Bank Board of Directors

From: Ben Healey, Director, Clean Energy Finance

CC: Bryan Garcia, President and CEO; Bert Hunter, EVP and CIO; Brian Farnen, General Counsel and CLO

Date: January 26, 2017

Re: Amendment of Wind Colebrook South Loan (no action needed)

Background

On December 23, 2014, the Connecticut Green Bank ("Green Bank") extended both a subordinated term loan and a working capital facility to Wind Colebrook South LLC ("WCS") in connection with the construction of WCS's 5 MW wind project in Colebrook, Connecticut (the "Project"). The Project successfully received permission to operate in late 2015 and has now been online for over two years, representing the state's only "utility scale" wind project to date.

With respect to the Project's capital stack, Webster Bank ("Webster") served as the senior lender for the Project and required as a financial covenant that the Project achieve a Fixed Charge Coverage Ratio[1] of 1.20:1.00 in every quarter. The Green Bank required the same at a 1.05:1.00 level. For the fiscal quarters ending December 31, 2016, March 31, 2017, and June 30, 2017, WCS failed to achieve these ratios and has thus been in technical default under its loan agreements.

For the most part, this failure is the result of grid-related issues and not due to Project operations, although unexpectedly high property tax liabilities and insurance costs have to a lesser extent also affected the Project's available cash flow. With respect to grid challenges, though – as a condition of its Interconnection Agreement with Eversource Energy (the "IA"), the utility company installed a device called a "transfer trip" that would knock the Project offline in the event that local grid conditions required it, for reliability or safety considerations. However, there have been numerous false trips since the Project came online, associated with transfer trip technology that the utility is still working to understand. These false trips have caused significant Project downtime and revenue shortfalls, which are currently the subject of a petition that WCS has brought to the Public Utilities Regulatory Authority ("PURA") for relief.

[1] As originally defined, "**Fixed Charge Coverage Ratio**" means the ratio of: (i) EBITDA *less* Taxes *less* maintenance capital expenditures *to* (ii) current maturities of long term debt *plus* current interest, except as otherwise provided herein, each as defined or having the meaning given with respect to GAAP.

Green Bank staff is actively monitoring this petition and has engaged with WCS and various relevant parties (including staff from the Connecticut Department of Energy and Environmental Protection ("DEEP"), the Office of Consumer Counsel ("OCC"), and Eversource Energy) to provide insight into the technology challenges associated with the IA and work towards a satisfactory resolution of all outstanding issues, with the hope of avoiding contentious PURA proceedings.

Staff Recommendation

Regardless of how things progress before PURA, Webster is planning to waive WCS' defaults while requiring that the Project build up its equipment reserves to deal with larger capital expenditures as necessary over time. The Green Bank is similarly planning to waive WCS' defaults and adjust the Fixed Charge Coverage Ratio in our documentation to account for the reserves that WCS will be setting aside to satisfy Webster.

In addition, Green Bank staff will continue to work with WCS, DEEP, OCC, and Eversource Energy to resolve the fundamental grid-related issues that are the source of the Project's operating challenges.