December 9, 2016

Dear Connecticut Green Bank Board of Directors:

We have our last regular meeting of 2016 for the Board of Directors scheduled on Friday, December 16, 2016 from 9:00 to 11:00 a.m. in the Colonel Albert Pope Board Room of the Connecticut Green Bank at 845 Brook Street, Rocky Hill, CT 06067.

On the agenda we have the following items:

- **Consent Agenda** – approval of the meeting minutes for the October 21, 2016 meeting, approval of several position descriptions (i.e., VP of Residential Programs and Director of Clean Energy Finance), and financial statements through October of 2016.

- **President’s Update** – I will provide an update on our proposed strategic retreat.

- **Committee Recommendations** – the Audit, Compliance and Governance Committee will propose revisions to the bylaws and operating procedures.

- **Staff Transaction Recommendations** – we will have several transactions that we are recommending for your review and approval, including:
  
  a. **Infrastructure Sector** – a self-sufficiency finding for the use of our Special Capital Reserve Fund (SCRF) to support the Meriden run-of-the-river hydro project. We expect to provide final board materials early next week after the Office of the Treasurer completes their review of the self-sufficiency findings.

  b. **Commercial and Industrial Sector** – a request for approval for a C-PACE project in Shelton.

  c. **Residential Sector** – a request for approval of a multifamily gap financing program as well as an update on the multifamily pre-development loan program.

- **Executive Session** – we are going to go into executive session for personnel related matters.

- **Other Business** – if we have any time left, and there are other business issues that the staff or members of the Board of Directors wants to raise, we will have time for that.

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. And Happy Holidays!

Sincerely,

[Bryan Garcia signature]

Bryan Garcia
President and CEO
AGENDA

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

Friday, December 16, 2016
9:00-11:00 a.m.

Staff Invited: George Bellas, Craig Connolly, Mackey Dykes, Brian Farnen, Bryan Garcia, Ben Healey, Dale Hedman, Bert Hunter, Kerry O’Neill, and Eric Shrago

1. Call to order

2. Public Comments – 5 minutes

3. Consent Agenda* – 5 minutes
   a. Approval of Meeting Minutes for October 21, 2016*
   b. Position Descriptions*
   c. Financial Statements through October 2016

4. President’s Update – 5 minutes

5. Committee Recommendations and Updates – 15 minutes
   a. Audit, Compliance, and Governance Committee – 15 minutes
      i. Revision of Bylaws* – 10 minutes
      ii. Revision of Operating Procedures* – 5 minutes

6. Staff Transaction Recommendations and Updates – 45 minutes
   a. Infrastructure Sector Program Transaction Recommendation – 15 minutes
      i. New England Hydropower Special Capital Reserve Fund Self-Sufficiency Finding* – 15 minutes
   b. Commercial, Industrial, and Institutional Sector Program Transaction Recommendations – 10 minutes
      i. C-PACE Transaction (Shelton)* – 10 minutes
   c. Residential Sector Program Transaction Recommendations – 20 minutes
i. Multifamily Pre-Development and Gap/Health & Safety Financing Programs* – 20 minutes

7. Executive Session* – 15 minutes

8. Other Business – 5 minutes

9. Adjourn

*Denotes item requiring Board action

Join the meeting online at https://global.gotomeeting.com/join/880854925

Or call in using your telephone:
Dial (872) 240-3311
Access Code: 880-854-925

Next Regular Meeting: Friday, January 20, 2017 from 9:00-11:00 a.m.
Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT
RESOLUTIONS (REVISED)

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

Friday, December 16, 2016
9:00-11:00 a.m.

Staff Invited: George Bellas, Craig Connolly, Mackey Dykes, Brian Farnen, Bryan Garcia, Ben Healey, Dale Hedman, Bert Hunter, Kerry O’Neill, and Eric Shrago

1. Call to order

2. Public Comments – 5 minutes

3. Consent Agenda* – 5 minutes
   a. Approval of Meeting Minutes for October 21, 2016*

   Resolution #1
   Motion to approve the minutes of the Board of Directors Meeting for July 22, 2016

   b. Position Descriptions*

   Resolution #2
   Motion to approve the position descriptions for Vice President of Residential Programs and Director of Clean Energy Finance (Director II)

   c. Financial Statements through October 2016

4. President’s Update – 5 minutes

5. Committee Recommendations and Updates – 15 minutes
   a. Audit, Compliance, and Governance Committee – 15 minutes
      i. Revision of Bylaws* – 10 minutes

   Resolution #3
   RESOLVED, that the Board of Directors of the Connecticut Green Bank approves of the revisions to the Green Bank Bylaws.
ii. Revision of Operating Procedures* – 5 minutes

Resolution #4

RESOLVED, that the Board of Directors of the Connecticut Green Bank approves of the revisions to the Green Bank Operating Procedures.

6. Staff Transaction Recommendations and Updates – 45 minutes

a. Infrastructure Sector Program Transaction Recommendation – 15 minutes

i. New England Hydropower Special Capital Reserve Fund Self-Sufficiency Finding* – 15 minutes

Resolution #5

WHEREAS, Chapter 283 of the Connecticut General Statutes, as amended (the “Act”), among other things: (a) authorizes the Connecticut Green Bank (the “Green Bank”) to support financing or other expenditures that promote investment in clean energy sources, and to enter into contracts with private sources to raise capital for such purposes; (b) authorizes the Green Bank from time to time to issue negotiable bonds for any corporate purpose, as shall be authorized by resolution of the members of the Board of Directors; which resolution may contain provisions for the Green Bank to pledge all or any part of the revenues from a project or any revenue-producing contract or contracts to secure the payment of the bonds; and (c) provides that at the discretion of the Green Bank, any bonds may be secured by a trust agreement by and between the Green Bank and a corporate trustee, which trust agreement may secure said bonds by a pledge or assignment of any revenues to be received, any contract or proceeds of any contract, or any other property, revenues, moneys or funds available to the Green Bank for such purpose; and

WHEREAS, pursuant to the Act, the Green Bank Board of Directors (the “Board”), at its February 26, April 22, July 6 and July 22, 2016 meetings (the “Prior Meetings”) authorized the following elements of the development of a small hydroelectric facility at the Hanover Pond Dam on the Quinnipiac River in Meriden (“Project”):

i) a guaranty to a third-party lender for construction financing in an amount not to exceed $3.9 million,

ii) funding from the Green Bank’s balance sheet in an amount not to exceed $1,400,000,

iii) a working capital guaranty in an amount not to exceed $600,000 for the benefit of New England Hydropower Company (“NEHC”), the project developer, with a 24-month maturity under the Green Bank’s existing working capital facility partnership with Webster Bank;

iv) term financing based on:

a. proceeding with the prerequisites to the issuance of New Clean Renewable Energy Bonds (“CREBs”) in an amount not to exceed $3,100,000 within 270
days of the original date of authorization by the Board of Directors (that is, February 26, 2016); and,

b. securing the issuance utilizing the Special Capital Reserve Fund (“SCRF”) subject to further Board, Office of the Treasurer, and Office of Policy and Management approval;

v) a minimum debt service reserve fund required for the SCRF in an amount not to exceed $250,000;

vi) the creation of a Special Purpose Entity to be wholly owned by the Green Bank, to own, operate, and manage the Project, as required by CREBs regulations; and

vii) the official intent that payment of Project construction and financing costs may be paid from temporary advances of other available funds and that such advances shall be reimbursed from the proceeds of the CREBs financing.

WHEREAS, the structure of the CREBs financing is substantially complete, which financing provides, in part, that:

1. The Green Bank make a loan to CGB Meriden Hydro LLC (the “Borrower”), a wholly-owned subsidiary of the Green Bank, for its purchase of the Project, as referred to and pursuant to a Loan Agreement, by and between the Green Bank and the Borrower (the “Loan Agreement”);

2. The loan to the Borrower shall be secured by an assignment to the Green Bank of all of the Borrower’s interests in the Project and the revenues therefrom;

3. For the purpose of providing the funds needed to make the loan to the Borrower for its purchase of the Project, the Green Bank shall issue the CREBs, to be known as the “Connecticut Green Bank New Clean Renewable Energy Bond” (the “Bond”) in an amount not to exceed $3,100,000, secured by the Project revenues and the SCRF, as provided in an Indenture of Trust by and between the Green Bank and U.S. Bank National Association (the “Indenture of Trust”); and

4. The Bond shall be sold directly to Banc of America Leasing & Capital, LLC (the “Purchaser”) pursuant to a bond purchase contract (the “Purchase Contract”) by and between the Green Bank and the Purchaser.

NOW, THEREFORE, BE IT RESOLVED, that the actions taken by and resolutions adopted by the Board at the Prior Meetings are hereby ratified and confirmed in all respects, except as otherwise revised or amended by this Resolution, and

FURTHER RESOLVED, that the minimum debt service reserve fund required for the SCRF is hereby increased to an amount not to exceed $300,000; and

FURTHER RESOLVED, that the Self Sufficiency Findings presented to the Board at this meeting and as attached hereto are hereby approved and adopted, and the President of the Green Bank and any other duly authorized officer are authorized to take appropriate actions to
secure the SCRF for the CREBs issuance, 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, and (2) approval by the Office of the State Treasurer and other documentation required under the CGS; and

**FURTHER RESOLVED**, that, regarding the issuance of the Connecticut Green Bank New Clean Renewable Energy Bond:

Section 1. To accomplish the purposes of the Act and to provide for financing the cost of the Project, an appropriation of $3,010,000,000 is hereby ratified and confirmed, and to pay for said appropriation the issuance of the Bond by the Green Bank is hereby authorized subject to the provisions of this Resolution and the Indenture of Trust. The Bond shall be in an aggregate principal amount not to exceed $3,010,000,000 and the redemption provisions, if any, sinking fund installment payments, if any, interest rates, maturity dates and other terms of the Bond shall be determined and/or approved by the Authorized Representative (as hereinafter defined) within such limitations permitted herein and by the Act, and the execution of the Purchase Contract reflecting such terms by an Authorized Representative shall constitute conclusive evidence of such determination. The form of the Bond and all other provisions with respect thereto shall be substantially as set forth in the Indenture of Trust.

Section 2. The Bond shall be a special obligation of the Green Bank, payable solely by a pledge or assignment of any revenues to be received, any contract or proceeds of any contract, or any other property, revenues, moneys or funds available to the Green Bank for such purpose as described in the Indenture of Trust. Neither the State of Connecticut nor any political subdivision thereof shall be obligated to pay the principal of or the interest on the Bond except from revenues of the Project for which the Bond is issued. Neither the full faith and credit nor the taxing power of the State of Connecticut or any political subdivision thereof, including the Green Bank, is pledged to the payment of the principal of or interest on the Bond.

Section 3. The form of the Bond and the Indenture of Trust substantially in the forms presented to this meeting or as subsequently delivered by an Authorized Representative of the Green Bank, and made a part of this Resolution as though set forth in full herein, are hereby approved. The Authorized Representative of the Green Bank is hereby authorized to execute and deliver the Bond, the Indenture of Trust, the Loan Agreement, the Purchase Contact, and any other documents or instruments, with such changes, insertions and omissions as may be approved by the Authorized Representative, as he or she deems advisable for the purpose of issuing the Bond (collectively, the “Financing Documents”) and the execution and delivery of said Financing Documents shall be conclusive evidence of any approval required by this Section 3. The Bond shall be sold to the Purchaser in accordance with the Purchase Contract and executed in the manner provided in the Purchase Contract.

Section 4. All covenants, stipulations, obligations and agreements of the Green Bank contained in this Resolution and the Financing Documents shall be deemed to be the covenants, stipulations, obligations and agreements of the Green Bank to the full extent authorized or permitted by law, and such covenants, stipulations, obligations and agreements, shall be binding upon the Green Bank and its successors from time to time and upon any board or body to which any powers or duties, affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law.

Section 5. No covenant, stipulation, obligation or agreement contained in this Resolution or the Financing Documents shall be deemed to be a covenant, stipulation, obligation or agreement of any member, officer, agent or employee of the Green Bank in his or her individual
capacity and neither the members of the Board nor any person executing the Bond shall be liable personally on the Bond or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 6. The President and Chief Executive Officer of the Green Bank (the “Authorized Representative”) is hereby designated the authorized representative of the Green Bank to execute and deliver the Financing Documents and any and all papers, instruments, opinions, certificates, affidavits and other documents, and to do and cause to be done any and all acts and things necessary or proper for carrying out this Resolution and the issuance of the Bond, including changes or revisions in the forms of or supplements or amendments to such documents as he or she deems advisable.

Section 7. The law firm of Shipman & Goodwin LLP of Hartford, Connecticut is hereby appointed Bond Counsel to the Green Bank for the issuance of the Bond.

FURTHER RESOLVED, that the proper Green Bank officers, employees and representatives are authorized and empowered to do all other acts to complete the Project and issue the Bond as they shall deem necessary and desirable to carry out the intent of this Resolution.

b. Commercial, Industrial, and Institutional Sector Program Transaction Recommendations – 5 minutes

i. C-PACE Transaction (Shelton)* – 5 minutes

Resolution #6

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

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

WHEREAS, the Green Bank seeks to provide a $1,550,328 construction and (potentially) term loan under the C-PACE program to Canal Street Properties LLC, the building owner of 42 Canal Street, Shelton, 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

NOW, therefore be it:

RESOLVED, that the President of the Green Bank and any duly authorized officer of the Green Bank is authorized to execute and deliver the Loan in an amount not to be greater than one hundred ten percent of the Loan amount with terms and conditions consistent with the memorandum submitted to the Board of Directors dated December 9, 2016, 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 this authorization;

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. Residential Sector Program Transaction Recommendations and Updates – 20 minutes

i. Multifamily Pre-Development and Gap/Health & Safety Financing Programs* – 20 minutes

**Resolution #7**

**WHEREAS,** the Connecticut Green Bank (“Green Bank”) is actively seeking to deploy private capital to support clean energy upgrades in the state’s multifamily housing sector;

**WHEREAS,** the Green Bank Board of Directors (the “Board”) has previously approved a Program Related Investment (“PRI”) in the amount of $5,000,000 from the John D. and Catherine T. MacArthur Foundation (“MacArthur”) to support the Green Bank’s efforts to accelerate energy efficiency and clean energy upgrades in affordable multifamily properties across the state of Connecticut as outlined in the proposal presented by the Green Bank to MacArthur;

**WHEREAS,** MacArthur later selected the Housing Development Fund (“HDF”) to receive and administer the MacArthur PRI;

**WHEREAS,** the Green Bank Board of Directors has previously approved $1,000,000 for a pre-development loan fund with $500,000 of that coming from MacArthur funds to support affordable multifamily properties and $500,000 coming from Green Bank funds; and

**WHEREAS,** Green Bank staff is now requesting a reallocation of $2,000,000 from the Statutory and Infrastructure Sector ($1,000,000 from Anaerobic Digester Projects and $1,000,000 from MicroGrids) to support: i) pre-development energy improvement loans; and ii) term financing for energy and related health and safety improvements,

**NOW,** therefore be it:

**RESOLVED,** that the Board authorizes additional funding from the Green Bank’s balance sheet through a reallocation from the Statutory and Infrastructure Sector, in addition to the existing $500,000 authorization for pre-development energy loans for affordable multifamily properties, in an amount not to exceed $2,000,000, with $500,000 of that total allocated for pre-development loans and $1.5M for affordable gap and health & safety financing loans, with terms and conditions consistent with the memorandum dated December 9, 2016 and associated exhibits submitted to 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.

7. Executive Session* – 15 minutes
8. Other Business – 5 minutes

9. Adjourn

*Denotes item requiring Board action

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Or call in using your telephone:
Dial (872) 240-3311
Access Code: 880-854-925

Next Regular Meeting: Friday, January 20, 2017 from 9:00-11:00 a.m.
Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT
Board of Directors
Agenda Item #1
Call to Order
Board of Directors
Agenda Item #3
Consent Agenda
Consent Agenda
Resolutions 1 and 2

1. **Meeting Minutes** – approval of meeting minutes of October 21

2. **Position Descriptions** – approval of positions descriptions for Director-Level and above
   - **Financial Statements** – through October of 2016
Board of Directors
Agenda Item #4 – President’s Update
1. **Strategic Retreat** – special meeting set for January 5, 2017 at Yale F&ES from 11:30 a.m. (lunch provided) to 5:00 p.m. (dinner is optional – tour of Beinecke Library and dinner at Mory’s with special guest France Beinecke of NRDC)

- 5-Year Successes and Shortcomings
- Towards 80% Reductions of GHG Emissions by 2050
- Financial Position of the Connecticut Green Bank – Leveraging Resources for Public-Private Partnerships and Sustainability
- Financial Position of the Connecticut Green Bank – Protecting Resources from Transfer to the General Fund
- The Green Bank Movement in a Trump Administration
- Future Vision Exercise: Headlines
2. **5-Year Celebration** – celebrated our 5-year anniversary in the capitol in the Old Judiciary Room. Joined by the Governor, Senator Murphy, Commissioner Smith, Karl Kilduff, and numerous partners (i.e., capital providers and customers).

- Mobilized over $1 billion of investment into Connecticut’s clean energy economy
- Reduced the energy burden of over 20,000 households and businesses (i.e., lowered their energy costs)
- Deployed over 200 MW of clean renewable energy
- Created over 12,500 job-years in the community
- Reduced over 2.5 million tons of CO2 emissions over the life of the projects
President’s Update (cont’d)
5-Year Celebratory Video
Board of Directors
Agenda Item #5 – Committee Recommendations and Updates
ACG Committee
Proposed Revisions to Bylaws

- Conform Board and Committee schedules set to our fiscal year, not calendar year
- Board meetings must be 6 times a year, but don’t have to be regularly scheduled meetings
- Delete section related to being within Connecticut Innovations, Inc. (CI) for administrative purposes
ACG Committee
Operating Procedures

*Operating Procedures required 30 Day Public Notice in CT Law Journal*

- Revise CDFI enabling language to include both the Green Bank *and an affiliate* – (latter being the more likely option)

- Delete sections related to being within CI for administrative purposes

- Clarify and simplify state contracting requirement language

- Clarify borrower Chief Financial Officer certification requirement only needed during time period when funds are dispersed, not afterwards
Board of Directors
Agenda Item #6 – Staff Transaction
Recommendations and Updates
Board of Directors
Agenda Item #6ci – Residential Sector Program
Transaction Recommendation
Multifamily Pre-Development and Gap/Health & Safety Financing
Multifamily Program Update and Authorization –
Green Bank Pre-Development Loan;
Gap Financing and Health & Safety Loan

Background:
– June 2015: Board approved $1M Pre-Development Loan Program ($500k affordable, $500k market rate) for multifamily properties
– January & December 2015: Board approved $5M MacArthur Program-Related Investment (PRI), to be administered by Housing Development Fund (HDF) for affordable multifamily properties:
  – Pre-Development Loan Program
  – Remediation of health and safety issues that enable energy upgrades to proceed
  – Term financing to bridge funding gaps
– 4 projects for $2.13M approved to date through MacArthur Funds: 2 Pre-Development Loans and 2 Gap Financing
Multifamily Program Update and Authorization –
Green Bank Pre-Development Loan;
Gap Financing and Health & Safety Loan

Market Need:

- Funding for projects with highly technical energy and health and safety considerations (outside of HDF’s core multifamily housing-related financing expertise)

<table>
<thead>
<tr>
<th>Complexity of Energy Underwriting</th>
<th>Loan Program Type</th>
<th>Gap and Health &amp; Safety</th>
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<tbody>
<tr>
<td>Low</td>
<td>Pre-Development</td>
<td>Navigator, Sherpa</td>
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<tr>
<td>High</td>
<td></td>
<td>HDF / MacArthur PRI Gap Loan Program</td>
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<td>CGB Gap and Health &amp; Safety Loan Program</td>
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- Pipeline expected to consist of projects such as:
  - Properties with integrated energy and health and safety financing needs
  - Large, unwieldy cooperative and condominium complexes (many with crushing energy bills)
  - Projects seeking to achieve cutting edge standards including Passive House and Net Zero Energy
Multifamily Program Update and Authorization – Green Bank Pre-Development Loan; Gap Financing and Health & Safety Loan

Staff proposes, consistent with Comprehensive Plan and new 4th goal:

1. Expand use of Green Bank funds to include affordable as well as market rate properties for the Pre-Development Loan Program, consistent with guidelines approved in June 2015

2. Approval of a new Green Bank Multifamily Gap and Health & Safety Financing Loan Program
   – Any health and safety loans would be in support of energy improvements

3. Allocation of an additional $2M of Green Bank balance sheet* to address MFH properties with highly technical underwriting needs:
   – $500k for Pre-Development Loan Program
   – $1.5M for Gap and Health & Safety Financing Loan Program

*Redelegation of budget from the Infrastructure Sector Programs – Anaerobic Digester and Microgrid
RESOLVED, that the Board authorizes additional funding from the Green Bank’s balance sheet, through a reallocation from the Statutory and Infrastructure Sector, in addition to the existing $500,000 authorization for pre-development energy loans for affordable multifamily properties, in an amount not to exceed $2,000,000 with $500,000 of that total allocated for pre-development loans and $1.5M for affordable gap and health & safety financing loans with terms and conditions consistent with the memorandum dated December 9, 2016 and associated exhibits submitted to 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.
Board of Directors
Agenda Item #7 – Executive Session
Board of Directors
Agenda Item #8 – Other Business
1. **Kresge Foundation** – Social Investment Practice focused on Arts & Culture, Education, Health, Human Services, Environment and Detroit

- Received 130 proposals representing more than $280 million in capital
- Committed to investing $350 million in social investment by 2020
- Seeking to pair standardized loans with small operating grants – “…demonstrate to other investors an efficient approach to meeting the capital needs of low-income communities.”
- Announced the first six CDFI’s and DFA’s to receive $14 million Program Related Investment (PRI) – placemaking, housing, food, revitalization, and energy/environment.
- Kresge plans to award up to $30 million in financing for at least 15 organizations.
A regular meeting of the Board of Directors of the Connecticut Green Bank (the “Green Bank”) was held on October 21, 2016 at the office of the Green Bank, 845 Brook Street, Rocky Hill, CT, in the Colonel Albert Pop board room.

1. **Call to Order**

   Catherine Smith, Chairperson of the Green Bank, called the meeting to order at 9:07 a.m. Board members participating: Bettina Bronisz, State Treasurer’s Office (“Designee”), Norma Glover, John Harrity, Reed Hundt (by phone), Tom Flynn (by phone), Matt Ranelli, Patricia Wrice, Rob Klee and Kevin Walsh (by phone)

   Members Absent: Mun Choi

   Others Attending: Shawn Shaw

   Staff Attending: Isabelle Hazlewood, Mariana Trief, Jane Murphy, Dale Hedman, Bryan Garcia, Eric Shrago, Mackey Dykes, Brian Farnen, Cheryl Samuels, Bert Hunter, Kerry O’Neill (by phone), Mike Yu (by phone), Ben Healey, Anthony Clark, and Selya Price

2. **Public Comments**

   There were no public comments.

3. **Consent Agenda**

   a. **Approval of Meeting Minutes for July 22, 2016**

      **Resolution #1**

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

   b. **Regular Board of Directors and Committee Meeting Schedules for 2017**

      **Resolution #2**

      Motion to approve the Regular Board of Directors and Committee Meeting Schedules for 2017

   c. **Navigant Jobs Study and Economic Development Metrics with DECD**
Resolution #3

WHEREAS, the Connecticut Green Bank and the Department of Economic and Community Development working with Navigant Consulting updated a prior study estimating clean energy jobs in Connecticut created from clean energy deployment.

WHEREAS, the Department of Economic and Community Development has demonstrated support for the job creation estimation methodology; and

WHEREAS, the Audit, Compliance, and Governance Committee at a meeting on October 21, 2016, reviewed and now recommend that the Board of Directors approve the proposed Connecticut Green Bank and Connecticut Department of Economic and Community Development Evaluation Framework – Societal Perspective – Economic Development documentation;

NOW, therefore be it:

RESOLVED, that the Board approves the proposed Connecticut Green Bank and Connecticut Department of Economic and Community Development Evaluation Framework – Societal Perspective – Economic Development documentation to be used for reporting, communication, and other purposes as deemed necessary.

d. Sector Updates and Progress to Targets for FY 2016 (Restatements)

Resolution #4

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

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

WHEREAS, on June 20, 2014, the Board of Directors of the Green Bank (the “Board”) approved a Comprehensive Plan for FY 2015 and FY 2016, including an annual budget and targets for FY 2016. NOW, therefore be it:
**RESOLVED**, that Board has reviewed and approved the Revised Program Performance towards Targets for FY 2016 memos dated October 21, 2016, which provide an overview of the performance of the Statutory and Infrastructure, Residential, and Commercial and Industrial with respect to their FY 2016 targets.

**e. Connecticut Green Bank – Investment and Public Benefit Performance from Clean Energy Projects from FY 2012 through FY 2016**

**Resolution #5**

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

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

**WHEREAS**, on June 20, 2014, the Board of Directors of the Green Bank (the “Board”) approved a Comprehensive Plan for FY 2015 and FY 2016, including an annual budget and targets for FY 2016. NOW, therefore be it:

**RESOLVED**, that Board has reviewed and approved the Investment and Public Benefit Performance from Clean Energy Projects from FY 2012 through FY 2016 memo dated October 21, 2016, which provides an overview of the economic development and environmental protection benefits resulting from the investments by the Green Bank.

**f. Sector Progress to Targets for Q1 of FY 2017**

Upon a motion made by John Harrity and, seconded by Bettina Bronisz the Consent Agenda was approved.

4. **Board of Directors Strategic Discussions**

a. **Cost-Effectiveness Assessment of the Residential Solar Investment Program**

Selya Price provided an update on the Cost Effectiveness Assessment of the Residential Solar Investment Program. She explained that this was the second evaluation done by Shawn Shaw (The Cadmus Group).
Shawn provided an overview of the company. He discussed the various cost-effectiveness tests, including the societal cost test. He highlighted the utilities, focusing on the TRC and the PACT tests. Reed Hundt questioned how society is receiving a benefit from the Federal Investment Tax Credit. Shawn stated that it’s an outside benefit coming in to make that benefit. He stated that the money that is paid by the tax payers is being returned to the same pool.

Shawn discussed the RSIP results. Norma Glover commented on the SCT and how suggestive that test is. Shawn agreed stating due to monetary costs on things that may not have them. He stated that they did not get into analyzing the cost of net metering. Commissioner Smith questioned if there is a way to take the PACT test apart to see the details. Shawn stated that it is discussed in the report. Bryan Garcia stated that in terms of the interpretation of the PACT, that the Green Bank wants to minimize their investment while maximizing the benefit.

Selya Price added that the PACT test in terms of benefits, that CT incentives are much lower than other states, but CT is installing Solar PV for nearly the same amount than MA is.

Shawn stated that they looked at combining things to still be cost effective while supporting additional products. He stated that they looked at the net benefit. He discussed the options that VT is offering to their customers including battery storage and renewable thermal technology.

Reed Hundt questioned what the LCOE is in CT. Bryan Garcia stated that with the Federal and State incentives, it’s approximately $0.10, without them it’s approximately $0.20.

Bryan Garcia stated that they want to see maximum deployment while at the same time having a PCT as close to one as possible. Matt Ranelli stated that they want to find the right amount of incentive to get people into the market. Dale Hedman stated that the PPA/Lease Model is a big driver. Shawn stated that the PCT result is not much different than what the utilities show. He stated that cost to entry is high. He stated that the Green Bank plays a role in lowering that entry cost. Bryan Garcia stated that easy access to the capital is the goal as well as, delivering all cost effective distributed energy resources. He stated that they can work with the utilities to lower the costs. He stated that this strategy allows them to work jointly with the utilities, benefiting the contractor community and the utilities.

Bryan Garcia stated that the RSIP incentives that are provided are brought back over time, while making progress in the low income area and proposing a new pilot partnership with the utilities. He discussed the two major areas of greenhouse gas emissions, those being how we heat our homes and businesses, and transportation. He stated that Renewable Thermal Technology is among the highest job creating
clean energy technologies in the market. Matt Ranelli stated that they need to focus on low to moderate income areas.

Kerry O’Neill discussed the issue with health and safety remediation and HES. She stated that they are trying to get the data to see how prevalent this is in the utility-run programs. She stated that some homes are turned away in the PosiGen program but it’s not the majority. She stated that they are working on solutions with DEEP and the utilities. Bryan Garcia stated that 66% of low income houses in the PosiGen program that install solar and do HES also do deeper energy efficiency. Kerry O’Neill stated that uptake on taking the deeper efficiency is significantly higher than the HES program where only about ¼ to 1/3 of customers go further. She stated that it’s something about pairing the solar with the deeper efficiency at the time of sale. Pat Wrice stated that there used to be a program called the Healthy Home Program. Kerry O’Neill stated that there are some limited HUD grants. She stated that in CT the city is required to apply for it. Commissioner Klee stated that they need to make sure the low income end gets in on the proposed pilot. Commissioner Smith stated that the way it is described that it doesn’t sound like it’s a package. She stated that they need to find a way to package it. Bryan Garcia discussed the Solarwise Program in RI. Commissioner Smith stated that they need to determine the appropriate incentive level. Norma Glover stated that it they are serious about climate change; they need to figure out how to get the utilities to work with them.

5. Board of Director Committee Recommendations and Updates

a. Audit, Compliance, and Governance Committee Recommendations


George Bellas provided an update on the proposed draft Comprehensive Annual Financial Report for FY 2016. He stated that the firm auditing the financial statements, Blum Shapiro, will be issuing an unqualified opinion. He also stated that there were no instances of noncompliance with financial reporting standards. He stated that Blum Shapiro will be issuing some minor recommendations to improve accounting department process procedures. These recommendations will be put into a letter which will be issued to the Audit Committee and the Board. He stated that they have a very strong balance sheet when it comes to assets. He explained the deferred inflows and outflows presented on the balance sheet which pertain to the Green Bank’s allocation of the State employee pension plan liability and expense as of June 30th.

Tom Flynn questioned why there was an increase year over year. Mr. Bellas explained that it is due to the future contributions into the pension plan. He explained that the Green Bank is contributing approximately $2 Million a year into the State plan for retirement benefits. He explained that it’s an increase in the rate and not an increase in employees. He stated
that the rates are provided to the Green Bank by the Comptroller’s office. He stated that year over year it has gone up approximately $500,000. Commissioner Smith requested that George Bellas send out a memo to the Board to explain it in detail. George Bellas advised that he will send out a detailed package.

Commissioner Smith questioned the Administrative costs and whether 8% is actually Administrative costs. George Bellas stated that about $12 million is the incentive program. Commissioner Smith requested a breakdown on the total Administrative costs versus what is being spend on grants and programs.

Reed Hundt questioned what the salary line item would be. George Bellas stated that it is about $4 million in salaries and about 78% for benefits. He stated that he will prepare a detailed analysis for the Board.

George Bellas discussed the CAFR, stating that there have not been any material changes to net financials. He explained that there are three footnotes to be finished up but, the structure is consistent with the prior year. He stated that they will be using the same model.

Upon a motion made by Matt Ranelli and, seconded by Commissioner Klee the Resolution was approved.

Resolution #6

WHEREAS, Article V, Section 5.3.1(ii) of the Connecticut Green Bank (“Green Bank”) Operating Procedures requires the Audit, Compliance, and the Governance Committee (the “Committee”) to meet with the auditors to review the annual audit and formulation of an appropriate report and recommendations to the Board of Directors of the Green Bank (the “Board”) with respect to the approval of the audit report;

WHEREAS, the Committee recommended to the Board for approval the 2016 Comprehensive Annual Financial Report which includes the Financial Statements of the Connecticut Green Bank for the Fiscal Year Ending June 30, 2016.

NOW, therefore be it:

RESOLVED, that the Board approves the 2016 Comprehensive Annual Financial Report which includes the Financial Statements of the Connecticut Green Bank for the Fiscal Year Ending June 30, 2016 contingent upon no further adjustments to the financial statements or additional required disclosures which would materially change the financial position of the Green Bank as presented.

ii. Proposed Updated Banking Resolutions
Matt Ranelli discussed the proposed updated Banking Resolutions. He explained that the resolution is to approve that the CEO can review and approve how bank accounts are opened. He advised that the change is in an effort to avoid having a meeting each time a new bank account is opened. He explained that all the same financial controls would apply to any account that is opened.

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

RESOLVED: that if any FDIC insured bank requires a particular form of resolution of the Connecticut Green Bank (“Green Bank”) Board of Directors for opening a bank account or for other bank account matters, the President and CEO of the Green Bank is hereby authorized to approve the form of such resolutions after review and approval by the General Counsel of the Green Bank,

RESOLVED, that upon such approval, each resolution is hereby adopted and the Secretary or Assistant Secretary as applicable is hereby authorized to certify the adoption of all such resolutions.

RESOLVED, that the Board of Directors authorizes the President and CEO to open such bank accounts as are necessary or desirable in the ordinary course of business for the Green Bank and any affiliates it controls that are in existence as of the date of this resolution or to be created by the Board of Directors including but not limited to:

- CEFIA Holdings LLC
- CT Solar Loan I LLC
- CEFIA Services Inc.
- CT Solar Lease 2 LLC
- CGB Meriden Hydro LLC
RESOLVED, that the Board of Directors authorizes the following Green Bank employee positions to draw checks and initiate and release wire or ACH transfers from such accounts in accordance with the Green Bank’s Bylaws, Operating Procedures, and its established signatory authority as stated in the Green Bank internal control procedures manual:

- President and CEO
- Vice President Finance and Administration
- Executive Vice President and Chief Investment Officer
- Vice President, Commercial and Industrial Programs
- Managing Director, Statutory and Infrastructure Programs
- Director of Operations

RESOLVED, that the Board of Directors affirms that as of the date of this resolution these positions are occupied by the following individuals:

- President and CEO - Bryan Garcia
- Vice President Finance and Administration - George Bellas
- Executive Vice President and Chief Investment Officer – Roberto Hunter
- Vice President, Commercial and Industrial Programs – Michael Dykes
- Managing Director, Statutory and Infrastructure Programs – Dale Hedman
- Director of Operations – Eric Shrago
- Secretary – Matthew Ranelli

b. Joint Committee of the Connecticut Green Bank and the Energy Conservation and Load Management Fund

Mackey Dykes provided an overview on the Joint Committee and the Energy Conservation and Load Management Fund. He discussed the Small Business Energy Advantage financing program, which is run by the utilities. He stated that capital for the loan product is supplied by the utilities. He stated that the Green Bank was asked to bring in cheaper capital. Mackey stated that the capital will be private and will not be limited. He stated that the volume is fairly high. There were around 1600 loans in 2016. He stated that the Green Bank involvement will help to fulfill the mission of bringing in private capital for green energy in the state. Commissioner Smith questioned if they can track and see if it’s really beneficial and if borrowers will save enough money to be able to repay the principal. Mackey Dykes stated that they don’t have the actual performance data on the projects.

Bert Hunter stated that during conversations with the utilities, it’s designed to be cash flow neutral or better. Commissioner Klee stated that they are monitoring the effectiveness. Mackey Dykes stated that they will need to fully transfer existing credit enhancements to the private capital providers to attract low-cost capital. He stated that that will take some work. He stated that they are currently working with the utilities on that. He stated that they will provide an update to the Board in
December. Bert Hunter stated that there is a non-appropriation clause. He stated that the Energy Efficiency Fund is standing by to pay defaults.

Bert Hunter discussed the structure. He stated that the Green Bank will have to set up a special purpose entity to be the loan provider to all borrowers. He stated that they are working with banks on the structure. Pat Wrice questioned if there was a default assurance. Bert Hunter stated that they are still working on that. He stated that they have to have a wind down provision if the program is discontinued. He stated that the cost of that would be recovered by the utilities through a cost recovery mechanism. Mackey Dykes stated that ratepayers are now providing a guarantee through the Efficiency Fund. Bert Hunter stated that any loan losses will be socialized by obtaining recovery for all loan losses from the Connecticut Energy Efficiency Fund through the utilities (Eversource and United Illuminating/Avangrid).

i. Partnership on the Small Business Energy Advantage Program

6. Staff Transaction Recommendations

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

i. C-PACE Transaction (Bloomfield)

Mike Yu discussed the Bloomfield C-PACE transaction. He advised that they will do a PPA and secure it with C-PACE. He stated that the transaction is large and unique in structure. He stated that it’s going to be a deal that the Green Bank holds on its balance sheet. He stated that it’s a 25 year PPA. He stated that there will be a true up in the last five years to act as a buffer for any underperformance in years 1-20. He stated that this project falls within the standard underwriting guidelines. He stated that they are asking for a $1.4 million loan. He stated that it will not commence until 2017. Bettina Bronisz requested clarification on the true up. Mike Yu stated that it will be paid up in the last five years. Ben Healey stated that if the system produces less than we expect, the equity provider will take the risk in the back end. He stated that it protects the debt. Matt Ranelli questioned if the Green Bank was protected during the construction phase. Ben Healey stated that the Green Bank will have standard construction monitoring protocols in place and that the tax recapture risk will not affect the Green Bank no matter what.

Upon a motion made by Norma Glover and, seconded by John Harrity Resolution 7 passed.

Resolution #7
WHEREAS, pursuant to Section 16a-40g of the Connecticut General Statutes, as amended, (the “Act”), the Connecticut Green Bank (the “Green Bank”) is directed to, amongst other things, establish a commercial sustainable energy program for Connecticut, known as Commercial Property Assessed Clean Energy (“C-PACE”);

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

WHEREAS, the Green Bank seeks to provide a $1,440,300 construction and (potentially) term loan under the C-PACE program to a special purpose entity substantially controlled by the MSL Group, Inc. that will install, own, and operate a solar PV system, as well as install other energy efficiency measures, for the First Baptist Church of Hartford, the building owner of 900 Asylum Ave, Bloomfield, 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

NOW, therefore be it:

RESOLVED, that the President of the Green Bank and any duly authorized officer of the Green Bank is authorized to execute and deliver the Loan in an amount not to be greater than one hundred ten percent of the Loan amount with terms and conditions consistent with the memorandum submitted to the Board of Directors dated October 14, 2016, 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 this authorization;

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 abovementioned legal instruments.

ii. Commercial Solar PPA Partnership

Ben Healey provided an update on the PPA Fund. He stated that the demand for the commercial side of SL2 is very strong. He discussed some of the projects and stated that there have been some federal issues with respect to the extension of the investment tax credit that affected them with regards to using up / raising new capacity of the existing SL2. He discussed SL3 and sourcing a new tax equity partner. Bert Hunter stated that in terms of underwriting for C-PACE-secured credits we have gone through an extended negotiation process with the selected partner.
Ben Healey discussed the new PPA model. He explained that the Green Bank will not own the SL3. He stated that the Green Bank will continue to be the face of the program and will provide capital at the back end as needed. He discussed the structure of the SL2 versus the SL3. He explained that the existing structure (SL2) does require significant exposure and monies from the Green Bank. Bert Hunter explained that there was a need to find a solution on how to transition the projects from SL2 to SL3, and that is why the Green Bank might provide limited capital into the new fund structure as needed. Commissioner Smith questioned if the new SL3 partner operates outside of CT. Ben Healey explained that they operate nationally.

Pat Wrice questioned who makes the initial contact with the customer. Ben Healey stated that it is the contractors.

Commissioner Klee questioned where capital is being freed up. Ben Healey explained that the Green Bank provides 25% of the term capital in SL2 as sponsor equity and so the new structure frees up significant capital for use elsewhere.

Ben Healey discussed the funding options. He stated that the request for capital continues to support the Commercial Solar PV program. Commissioner Smith questioned if these are ongoing projects. Ben Healey advised that this would fund existing / ongoing projects and then be an open-ended commitment by the new partner subject to renewal. Matt Ranelli questioned if this is a bridge structure to a private type of structure. Ben Healey stated that he expects so, that Connecticut incentives are much lower than neighboring states but that Green Bank financing can make up for that. He stated further that the ZREC are critical and if they went away then the Green Bank would have to take much more risk. He stated that yes, over time, the Green Bank hopes to bring the commercial sector to something similar to the residential sector in terms of limited Green Bank participation.

Upon a motion made by Commissioner Klee and, seconded by John Harrity the Resolution passed.

Resolution #8

WHEREAS, in response to continued demand for commercial-scale solar PV project financing in Connecticut and capital constraints limiting new projects under the CT Solar Lease 2 (“SL2”) program, Green Bank proposed a new private capital partnership (“SL3”) to provide project financing and the structural mechanism for repayment of
capital providers via cash payments from commercial-scale property owners in exchange for the benefits derived from SL3-owned solar PV assets;

WHEREAS, Green Bank issued a competitive Request for Proposals ("RFP") to source private capital to fund SL3;

WHEREAS, Onyx Renewables Partners, L.P. ("Onyx") responded to the RFP with a proposal to undertake commercial-scale solar PV projects in Connecticut using a capitalized fund structure that was down-selected through the Green Bank’s RFP selection and award process;

WHEREAS, Onyx’s proposed fund structure for capitalizing SL3 will likely require Green Bank subordinated debt to meet Onyx’s portfolio return criteria; and

WHEREAS, Onyx’s proposed fund structure has constraints on the types of projects it may accept, and such constraints may require Green Bank to find alternative means of developing and financing certain commercial-scale solar PV projects that fall outside of the anticipated SL3 structure.

NOW, therefore be it:

RESOLVED, that the Board of Directors approves funding for the continued development of commercial-scale solar PV projects in an amount not to exceed $15.0 million, to be utilized for the following purposes: a.) Working capital during project construction; b.) Term financing, including the ability to subordinate Green Bank’s position; and c.) Credit enhancements as required on a case-by-case basis.

RESOLVED, that the President of Green Bank; and any other duly authorized officer of Green Bank, is authorized to execute and deliver, any contract or other legal instrument necessary to effect the SL3 program on such terms and conditions as are materially consistent with the memorandum submitted to the Green Bank Board on October 14, 2016; and

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

iii. New England Hydropower Project (Meriden)

Mariana Trief provided an update on the Hydropower Project in Meriden. She provided updates on financing on the bond side as well as the use of CREBs for the funding. She stated that they have until April 4, 2017 to issue the bonds. She stated that they executed a term sheet with Bank of America for purchase of the CREBs. She stated that they are requesting a 135-day extension from the original approval for the issuance of the bonds.
Upon a motion made by Commissioner Klee and, seconded by John Harrity the request was approved.

Resolution #9

WHEREAS, pursuant to the development of a small hydroelectric facility at the Hanover Pond Dam on the Quinnipiac River in Meriden (“Project”), at its February 26, April 22, July 6 and July 22, 2016 meetings, the Green Bank Board of Directors (the “Board”) previously authorized: i) a guaranty to a third party lender for construction financing in an amount not to exceed $3.9 million, ii) funding from the Green Bank’s balance sheet in an amount not to exceed $1,400,000, iii) a working capital guaranty in an amount not to exceed $600,000 for the benefit of New England Hydropower Company (“NEHC”), the project developer, with a 24-month repayment schedule under the Green Bank’s existing working capital facility partnership with Webster Bank; iv) term financing based on the following prerequisites: a. issuing New Clean Renewable Energy Bonds (“CREBs”) in an amount not to exceed $3,100,000 within 270 days from the date of authorization by the Board of Directors on February 26, 2016; and, b. securing the issuance utilizing the Special Capital Reserve Fund (“SCRF”) subject to further Board, Office of the Treasurer, and Office of Policy and Management approval; and c. the creation of a Special Purpose Entity that will be wholly owned by the Green Bank, to own, operate and manage the Project, as required by CREBs regulations.

WHEREAS, Green Bank staff recommends that the Board authorize a 135-day extension from the original date of authorization by the Board of Directors for the issuance of the CREBs,

NOW, therefore be it:

RESOLVED, that the President of the Green Bank and any other duly authorized officer is authorized to proceed with the prerequisites for the issuance of CREBs no later than 405 days from the authorization by the Board of Directors on February 26, 2016, provided that staff will submit for Board approval all relevant documentation (including but not limited to an indenture of trust) required for the actual issuance of bonds;

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.

d. Kresge Foundation PRI and Storage

Anthony Clark provided an update on the Kresge Foundation. He discussed the program for $3 million in funding to support resilient renewable energy in the state. He stated that they are looking at New Haven, Bridgeport, and Hartford as the key areas in the state. He stated that in December they plan to bring to the Board a proposal to create a special purpose entity in order to receive the monies.
7. **Executive Session**

There was no executive session.

8. **Other Business**

9. **Adjourn**

   Upon a motion made by Norma Glover and, seconded by Bettina Bronisz the meeting was adjourned at 11:21 a.m.

   Respectfully Submitted,

   [Signature]

   Catherine Smith, Chairperson
The Vice President, Residential Programs oversees the development and implementation of all Connecticut Green Bank (CGB) programs focused on the residential sector. The vice president will lead CGB’s single-family and multifamily financing programs. The vice president will coordinate with the state and other stakeholders to implement clean energy policy recommendations from the Comprehensive Energy Strategy including R-PACE (if passed) and other financing programs in statute.

Similar to the managing director level, the Vice President is distinguished from lower level directors by either its oversight of multiple areas in large operational departments, or the management of program services with agency-wide internal and/or significant external impact. The Vice President is the most highly experienced and specialized within the Director career series. While the core duties may overlap significantly with lower level Directors, the Vice President is an expert in their field and has full managerial and decision making responsibility on issues of significance and consequence: 1. Issues involving the use of personnel (recruitment, progressive discipline, termination, etc.); 2. Issues pertaining to the formulation, interpretation, or administration of policy and/or legislation affecting their program area; 3. Issues involving exceptions or deviations from policy or past practice; 4. Significant input into issues involving the allocation of financial resources; 5. Strategic direction of residential sector programming. In addition, a vice president has complete programmatic responsibility and is responsible for coordinating department wide resources (staff, consultants, budget, etc.) and external resources as part of overall responsibility for an entire program with significant internal and external impact.

The Green Bank, a quasi-public authority, is the nation’s first state “Green Bank,” leveraging public and private funds to drive investment and scale up clean energy deployment in Connecticut. Working at the Green Bank means being part of a dynamic team of talented people who are passionate about implementing the new green bank model, stimulating the growth of clean energy in Connecticut, strengthening our economy, and protecting our environment.

**EXAMPLES OF DUTIES:**

- Initiates and manages the design of CGB’s residential programs for single-family and multifamily;
Works with the Chief Investment Officer to design residential clean energy financial products to attract private capital;

Works with the Director of Marketing to develop strategies to increase participation in CGB residential programs and uptake in financial products;

Works with the President, Chief Legal Officer and General Counsel, and Chief Investment Officer to develop R-PACE (and C-PACE for multifamily), on-bill repayment, CDFI, and other policies and procedures for residential clean energy financing;

Works closely with financiers, property owners, municipalities and other key stakeholders to create programs that attract their interest and secures their participation;

Works with state agencies, utilities, the Connecticut Energy Efficiency Fund, as well as other key stakeholders, to align programs where possible and assure Connecticut’s energy finance program takes advantage of shared resources and programmatic synergies;

Ensures all operational (i.e. staff and policies) and organizational (i.e. contracting and reporting) requirements are being implemented and carried out;

Manages the selection of consultants, where necessary, to support the program in areas where CGB does not have specific in-house expertise;

Works in collaboration with the President, Chief Legal Officer and General Counsel, and Director of Marketing to integrate comprehensive strategies to advance clean energy;

Contributes to the development and implementation of CGB’s comprehensive plan with a particular emphasis on strategy related to the residential sector;

Works with the Board of Directors and the President to lead the development of clean energy programs and initiatives;

Regularly updates the Board of Directors, with support from the President and Executive Vice President and CIO on the development and progress of residential programs;

Represent CGB on appropriate task forces, committees, and boards relevant to clean energy finance;

Represents CGB to the public in speaking engagements; and

Supervises CGB staff including managers, associates, and assistants.

MINIMUM QUALIFICATIONS REQUIRED

KNOWLEDGE, SKILL AND ABILITY:

- Strong knowledge and experience in clean energy finance and/or policy;
- Familiarity with the finance and energy industries;
- Considerable experience in program/project management;
- Ability to work in a team environment as a lead contributor, manager, and facilitator;
- Strong knowledge of business operations and general management including supervisory experience;
- Considerable ability to develop programs, manage stakeholder processes toward results, and interpret energy policy;
- Understanding of the interaction in clean energy markets between finance and demand;
- Demonstrated ability to understand various scientific and energy-related technological principles and applications, and integrate those concepts into the overall project, program, or CGB;
- Expertise in scalable models for financing building upgrades through a variety of financial products (i.e. loans, leases, ESAs, PPAs) and the appropriate application of each to various market segments;
- Ability to work with external stakeholders including strong facilitation, negotiation, and coordination skills;
- Considerable interpersonal skills, as well as oral and written communications skills;
- Ability to market the benefits of residential clean energy financing products to potential customers;
- Knowledge of State and Federal energy policies and regulations that support clean energy finance; and
- Familiarity with energy efficiency issues and energy efficiency service contracts.

**EXPERIENCE AND TRAINING:**

**General Experience:**
A Bachelor’s Degree (but a Master’s degree is preferred) in environmental science, engineering, economics, political science, business administration, or related field. Ten (10) years of experience in energy policy and clean energy finance. Experience supervising staff and working across departments is preferred. Experience working with and facilitating collaborative outcomes with various stakeholder groups in energy policy design and project development.

**Special Experience:**
Two (2) years of the general experience must have been at the director level (or comparable position) with full responsibility for a programmatic division.

**Substitutions Allowed:**
1. A Master’s Degree in environmental science, engineering, economics, business administration or other related field may be substituted for one additional year of the general experience
2. A professional certification in a relevant field may substitute for one additional year of experience

**CAREER SERIES**
The career series for this classification is:

- Administrative Assistant
- Program Assistant
- Senior Assistant
- Associate
- Senior Associate
- Assistant Manager
- Associate Manager
- Manager
- Senior Manager
- Assistant Director
- Associate Director
- Director I
- Director II
- Managing Director
- Vice President
CONNECTICUT GREEN BANK

DIRECTOR, CLEAN ENERGY FINANCE

Class Title: Director II
Direct Reports: Managers, Associates, Assistants
Salary Range: $132,632 to $174,080
Career Series: Director II

Reports to: EVP & CIO
Wage Hour Class: Exempt
Hours Worked: 40

SUMMARY:

This position is responsible for directing and managing the daily operations within the Clean Energy Finance division of the Connecticut Green Bank (hereafter “Green Bank”) and leading several complex financial products to meet the requirements of the Green Bank’s sector directors. Additionally, the Director, Clean Energy Finance supports the Directors II and Directors I within the Connecticut Green Bank by providing expertise and assistance on the development of clean energy finance products to meet emerging program needs. This position requires a bachelor’s degree (preferably combined with a Master of Business Administration) and six (6) years of experience managing and developing programs and/or projects, ideally in a field related to clean energy finance. This position reports to the EVP & CIO.

The Green Bank, a quasi-public authority, is the nation’s first state “Green Bank,” leveraging public and private funds to drive investment and scale up clean energy deployment in Connecticut. Working at the Green Bank means being part of a dynamic team of talented people who are passionate about implementing the new green bank model, stimulating the growth of clean energy in Connecticut, strengthening our economy, and protecting our environment.

EXAMPLES OF DUTIES:

- Under the guidance and direction of the EVP & CIO, supervises and directs Clean Energy Finance staff on a daily basis;
- As directed by the CIO or the President and CEO, as the deputy to the EVP & CIO or in the absence of the EVP & CIO, manage in his or her stead the Clean Energy Finance division in fulfillment of budgetary requirements and in compliance with Green Bank’s comprehensive plan and operating procedures;
- Works with the CIO to lead the development of new and innovative financing programs to scale-up the state’s clean energy investments in commercially viable technologies;
- Together with the EVP & CIO:
  - Develop and assign to the Finance Team annual goals that complement the Comprehensive Plan of the Green Bank.
  - Assess performance vs. goal for Finance Team and guide and mentor staff to enhance their development and performance.
  - Develop and manage a range of financial approaches to increase the state’s investment in clean energy;
  - Contribute to the development of Green Bank’s comprehensive plan;
  - Develop investment standards that govern the administration of Green Bank;
Lead outreach efforts to local, regional, national and international financial institutions and institutional investors to increase their interest in clean energy financing;

- Attract greater private capital investment in clean energy projects in the state from federal sources, charitable gifts, grants, contributions, etc.;
- Raise capital from non-ratepayer sources (i.e. pension funds, endowments, bond funding, private investors, etc.)
- Maintain relationships with Green Bank’s financial institution and institutional investor communities;
- Works with senior management to develop state and federal policies that support an increase in capital investment in clean energy deployment in Connecticut;
- Integrate federal clean energy deployment and financing schemes for the Green Bank;
- Work with the General Counsel to draft and negotiate a wide range of legal documents with a focus on the standardization of contracts;
- Structure and negotiate financing terms of Green Bank’s debt, equity, and equity-like financing;
- Provide comprehensive evaluation and risk analysis of investment opportunities;
- Supports the development of technology performance metrics to ensure that energy production and consumption are achieving their expected outcomes.

- Independently manages existing projects and/or programs in the area of clean energy finance.
  - Performs comprehensive economic and financial analysis of energy efficiency and renewable energy programs.
  - Independently manages RFP and/or RFQ processes with respect to the Green Bank’s clean energy financing mandate.
  - Independently monitors achievement of milestones and budgets of existing projects.
  - Independently oversees the Green Bank’s interest in new and existing projects.
  - Independently manages the evaluation and redesign of existing programs.
  - Provides senior relationship management to program applicants and project participants, including Green Bank partners, developers, government entities and regulatory agencies.
  - Independently manages the design and implementation of new programs, and drives policy innovation in the arena of clean energy finance.
  - Leads finance team staff in providing research and financial analysis support to Directors.
  - Independently develops programmatic structures and establishes project criteria for capital deployment.
  - Leads and/or participates in due diligence activities by providing financial modeling expertise and economic analysis with respect to potential partners’ strategies and plans.
  - Independently manages the monitoring and evaluation of project and program contract deliverables.
  - Analyzes the residential, C&I and institutional sectors to determine significant deployment opportunities for the Green Bank’s new clean energy finance products.
  - Translates the Green Bank’s high-level strategic goals into channel-specific strategies.
  - Assists the residential, C&I and institutional directors in executing against those strategies via targeted outreach and business development.
  - Conducts ongoing data analysis to evaluate the success of Green Bank capital deployment strategies, refine them and drive the future allocation of Green Bank resources.
Conducts clean energy market analysis to source new opportunities for the deployment of Green Bank capital.
Leads financial product development.
Originates and develops new strategic partnerships.
Regularly represents the Green Bank at national external events to help accelerate the adoption of Green Bank principles more broadly.
Performs related duties as required.

MINIMUM QUALIFICATIONS REQUIRED
KNOWLEDGE, SKILL AND ABILITY:
The following minimum qualifications in knowledge, skill and ability are required:
- Knowledge and direct experience with project and/or program management and development, with particular emphasis on clean energy companies and projects.
- Knowledge of business operations, project and/or program management and development.
- Ability to analyze and interpret complex financial information, business plans and other complex financial and legal concepts and documents.
- Ability to oversee contractors, project developers and others.
- Ability to do financial modeling and conduct due diligence as related to clean energy projects.
- Ability to supervise staff and motivate staff to achieve maximum job performance.
- Proficiency in the Microsoft Office Suite including Word, Excel, PowerPoint, Outlook and other software programs as necessary.
- Strong negotiating and interpersonal skills involving the ability to work with management and a variety of other parties, at all levels, internally and externally.
- Strong writing skills and the ability to communicate effectively, tactfully, and courteously through oral and written communications.
- Experience working in a team environment.

EXPERIENCE AND TRAINING:
General Experience:
A Bachelor’s degree in environmental science, economics, business administration or other related field (preferably combined with a Masters of Business Administration) plus seven (7) years of direct experience managing and developing programs and/or projects, ideally in a field related to clean energy finance.

Special Experience:
Two (2) years of the general experience must have been in a managerial capacity with responsibility for managing people, projects and/or budgets, and may include supervisory or professional experience with management-level responsibilities.

Three (3) years of the general experience must have been conducting financing program design and/or implementation.

Substitutions Allowed:
- A Master’s degree in Business Administration or other related field may be substituted for one (1) additional year of the general experience.
- A professional certification in a relevant field may substitute for one (1) additional year of the general experience.

**CAREER SERIES**
The career series for this classification is:
- Assistant
- Associate
- Manager
- Senior Manager
- Assistant Director
- Associate Director
- Director I
- Director II
Memo

To: Connecticut Green Bank Board of Directors
From: Brian Farnen, General Counsel and Chief Legal Officer
CC: Bryan Garcia, Suzanne Kaswan and Eric Shrago
Date: December 9, 2016
Re: Proposed Draft Revisions to Green Bank Bylaws and Operating Procedures

The Bylaws and the Operating Procedures of the Connecticut Green Bank have been revised and such revisions have been reviewed and approved by the Audit, Compliance & Governance (ACG) Committee at their October 21, 2106 meeting. The proposed revisions are as follows:

Proposed revisions to Bylaws:

- Conform Board and Committee schedules set to our fiscal year, not calendar year
- Board meetings must be 6 times a year, but don’t have to be regularly scheduled meetings
- Delete section related to being within Connecticut Innovations, Inc. (CI) for administrative purposes

Proposed Revisions to the Operating Procedures:

- Revise CDFI enabling language to include both the Green Bank and an affiliate – (the latter being the more likely option)
- Delete sections related to being within CI for administrative purposes
- Clarify and simplify state contracting requirement language
- Clarify borrower Chief Financial Officer certification requirement only needed during time period when funds are dispersed, not afterwards

Please note that both documents require approval by a 2/3rds majority of the Board of Directors. Also, the Operating Procedures went out for public notice for thirty days in the Connecticut Law Journal pursuant to CT Gen Stat § 1-121, and we received no comments pursuant to this public notice.

Resolution

RESOLVED, that the Board of Directors of the Connecticut Green Bank approves of the revisions to the Green Bank Bylaws.

RESOLVED, that the Board of Directors of the Connecticut Green Bank approves of the revisions to the Green Bank Operating Procedures.
CONNECTICUT GREEN BANK

BYLAWS

PURSUANT TO

Section 16-245n of the
Connecticut General Statutes

Adopted: June-October 17, 2015
Revised: October 17, 2014
ARTICLE I
NAME, PLACE OF BUSINESS

1.1. Name of the Green Bank. The name of the Green Bank shall be, in accordance with the Statute, the "Connecticut Green Bank".

1.2. Office of the Green Bank. The office of the Green Bank shall be maintained at such place or places within the State of Connecticut as the Board may designate.

ARTICLE II
BOARD OF DIRECTORS

2.1. Powers. The powers of the Green Bank are vested in and exercised by a Board of Directors which may exercise all such authority and powers of the Green Bank and do all such lawful acts and things as are necessary to carry out the Comprehensive Plan and the purposes of the Green Bank as provided in the Resolution of Purposes, or as are otherwise authorized or permitted by the Statute or other provisions of the General Statutes, including the authorization of expenditures and use of funds from the Clean Energy Fund created by Section 16-245n(c) of the General Statutes, formerly known as the Renewable Energy Investment Fund, and the Green Connecticut Loan Guaranty Fund created by Section 16a-40f(b) of the General Statutes.

2.2. Chairperson. The Chairperson of the Board shall be appointed by the Governor. The Chairperson shall perform the duties imposed by the Statute, these Bylaws, and by resolution of the Board, and shall preside at all meetings of the Board which he or she attends. At each meeting the Chairperson shall submit such recommendations and information as the Chairperson may consider appropriate concerning the business, affairs, and policies of the Green Bank. The Chairperson shall serve at the pleasure of the
Governor but no longer than the term of office of the Governor or until the Chairperson’s successor is appointed and qualified, whichever is longer.

2.3. **Vice Chairperson.** The Board shall elect from its members a Vice Chairperson. The Vice Chairperson shall perform the duties imposed by the Statute, these Bylaws, and by resolution of the Board. In the absence or incapacity of the Chairperson, the Vice Chairperson shall perform all the duties and responsibilities of the Chairperson. In the absence or incapacity of the Vice Chairperson, or in case of his or her resignation or death, the Board shall elect its members an acting Vice Chairperson during the time of such absence or incapacity or until such time as the Board shall elect a new Vice Chairperson. The Vice Chairperson shall serve until a successor is elected by the Board.

2.4. **Secretary.** A Secretary may be elected by the Board. The Secretary shall perform the duties imposed by the Statute, these Bylaws, and by resolution of the Board. In the absence or incapacity of the Secretary, or in case of a resignation or death, the Board shall elect from their number an acting Secretary who shall perform the duties of the Secretary during the time of such absence or incapacity or until such time as the Board shall elect a new Secretary. The Secretary shall serve until a successor is elected by the Board.

2.5. **Delegation of Powers.** The Board may, by resolution, delegate to the President or other officers of the Green Bank such powers of the Green Bank as they believe are necessary, advisable, or desirable to permit the timely performance of the functions of the Green Bank and to carry out the plans, policies, procedures, and decisions of the Board, except that such delegation shall not include any duties or responsibilities required by the Statute.
or these Bylaws to be performed by the Chairperson or the Board or otherwise in conflict with law.

2.6. **Directors.** The Directors shall be appointed and serve as provided in the Statute.

### ARTICLE III

#### OFFICERS AND EMPLOYEES

3.1. **Officers.** The Board shall have the power to create positions for such officers as it may deem to be in the interests of the Green Bank, and shall define the powers and duties of all such officers. All such officers shall be subject to the orders of the Board and serve at its pleasure. Such officers shall include a President and may include a Director of Finance and Chief Investment Officer, a General Counsel and such other officers as the Board may determine to be appropriate. The Board shall be responsible for determining or approving compensation for each officer.

3.2. **President.** The Board shall hire a President. The President shall be the chief executive officer of the Green Bank and shall have such duties and responsibilities as may be determined by the Board, except that the duties and responsibilities of the office of President shall not include those required by the Statute or these Bylaws to be performed by the Chairperson or the Board or otherwise in conflict with law. The President shall be a non-voting, *ex officio* member of the Board pursuant to the Statute. The Board may delegate to such other person or persons all or part of the duties of the President. The President may, with the approval of the Board, assign or delegate to the officers and employees of the Green Bank any of the powers that, in the opinion of the President, may be necessary, desirable, or appropriate for the prompt and orderly transaction of the business of the Green Bank.
3.3. **Acting President.** The Board may, by resolution adopted by a majority vote, appoint some other person to serve as Acting President and perform the duties of the President in the event of the death, inability, absence, or refusal to act of the President. The Acting President shall be subject to all of the same restrictions placed upon the President.

3.4. **Chief Investment Officer.** The Board may appoint a Chief Investment Officer (CIO). The CIO shall have such duties and responsibilities as may be determined by the Board, except that the duties and responsibilities of the office of CIO shall not include those required by the Statute or these Bylaws to be performed by the Chairperson or the Board or otherwise in conflict with law. The CIO shall not be a Director.

3.5. **General Counsel.** The Board may appoint a General Counsel. The General Counsel shall be the chief legal officer of the Green Bank and shall have such duties and responsibilities as may be determined by the Board, except that the duties and responsibilities of the office of General Counsel shall not include those required by the Statute or these Bylaws to be performed by the Chairperson or the Board or otherwise in conflict with law. The General Counsel shall not be a Director.

3.6. **Additional Officers and Other Personnel.** The Green Bank may from time to time employ such other personnel as it deems necessary to exercise its powers, duties, and functions pursuant to the Statute and any and all other laws of the State of Connecticut applicable thereto. The President shall develop a staffing plan which shall include without limitation a chart of positions and position descriptions for the Green Bank, personnel policies and procedures, and related compensation levels. Such staffing plan may provide for officers of the Green Bank in addition to those specifically provided for in these Bylaws, and the appointment of such officers shall be in the discretion of the
President, except as the Board may otherwise determine. The President shall deliver the staffing plan to the Budget and Operations Committee for its review and approval pursuant to Article V, Section 5.3.2 hereof.

3.7. **Signature Authority; Additional Duties.** The President and officers of the Green Bank shall have such signature authority as is provided in the Green Bank’s Operating Procedures, and as may from time to time be provided by resolution of the Board. The officers of the Green Bank shall perform such other duties and functions as may from time to time be required.

### ARTICLE IV

**BOARD MEETINGS**

4.1. **Regular Meetings.** Regular meetings of the Board or any Committee for the transaction of any lawful business of the Green Bank shall be held in accordance with a schedule of meetings established by the Board or such Committee, provided that the Board shall meet at least six (6) times per calendar-fiscal year through either a regularly scheduled or special meeting.

4.2. **Special Meetings.** The Chairperson may, when the Chairperson deems it expedient, call a special meeting of the Board for the purpose of transacting any business designated in the notice of such meeting. The Committee Chair of any Committee may, when the Committee Chair deems it expedient, call a special meeting of such Committee for the purpose of transacting any business designated in the notice of such meeting.

4.3. **Legal Requirements.** All meetings of the Board or any Committee shall be noticed and conducted in accordance with the applicable requirements of the Statute and the Connecticut Freedom of Information Act, including without limitation applicable
requirements relating to the filing with the Secretary of the State of any schedule of regular meetings and notices of special meetings, meeting notices to Directors and Committee members, public meeting requirements, the filing and public availability of meeting agenda, the recording of votes and the posting or filing of minutes, the addition of agenda items at any regular meeting, and the holding of any executive session.

4.4. **Order of Business.** The order of business of any meeting of the Board or any Committee shall be as set forth in the agenda for such meeting, provided that the Board or Committee may vary the order of business in its discretion.

4.5. **Organization.**

4.5.1. At each meeting of the Board, the Chairperson, or in the absence of the Chairperson, the Vice Chairperson, or in the absence of both, a Director chosen by a majority of the Directors then present, shall act as Presiding Officer. The Secretary, or a staff member designated by the President, shall prepare or direct the preparation of a record of all business transacted at such meeting. Such record when adopted by the Directors at the next meeting and signed by the Chairperson or the Secretary shall be the official minutes of the meeting.

4.5.2. At each meeting of a Committee, the Committee Chair, or in the absence of the Committee Chair any other Committee member designated by the majority of the Committee members then present, shall act as Presiding Officer. The President, a staff member designated by the President, or any Committee member chosen by the Presiding Officer, shall prepare or direct the preparation of a record of the business transacted at such meeting. Such record when adopted by a majority of the Committee members in attendance at the next
meeting and signed by the Committee Chair shall be the official minutes of the Committee meeting.

4.6. **Attendance.** A Director or a member of a Committee may participate in a meeting of the Board or of such Committee by means of teleconference, videoconference, or similar communications equipment enabling all Directors and Committee members participating in the meeting to hear one another, and participation in a meeting pursuant to this Section shall constitute presence in person at such a meeting. Directors or their designees who miss more than three (3) consecutive meetings shall be asked to become more active on the Board. In the event of further absence, the Board may decide by majority vote to recommend to the appointing authority that the appointment be reconsidered.

4.7. **Quorum.**

4.7.1. A majority of the Directors then in office shall constitute a quorum for the transaction of any business or the exercise of any power of the Green Bank.

4.7.2. A majority of the Director-members of a Committee shall constitute a quorum, provided that, except in the case of an advisory committee, such quorum shall consist of a minimum of three (3) Directors, at least one (1) of which shall not be a State employee.

4.8. **Enactment.** When a quorum is present, an affirmative vote of a majority of Directors in attendance at Board or Committee meetings shall be sufficient for action, including the passage of any resolution, except as may otherwise be required by these Bylaws or applicable law. Non-Director members of any Committee may participate in the Committee’s discussions and deliberations and may join in the Committee’s recommendations to the Board, but shall not have a vote on any matters as to which the
Committee is exercising the powers of the Board, including without limitation, any funding decisions.

4.9. **Designation of Substitutes for Directors.** If authorized by the Statute, then a Director may appoint a designee to serve as the Director’s representative on the Board with full power to act and to vote on that Director’s behalf. For the purposes of maintaining consistency and efficiency in Board matters, alternating attendance between the Director and his or her designee is strongly discouraged. If not authorized by statute, then a Director may not name or act through a designee. An authorized appointment of a designee shall be made by filing with the Board a short bio of the designee, the designee’s CV, and a certificate substantially similar to the following:

"Certificate of Designation

I, _____________________________, a member of the Board of Directors of the Connecticut Green Bank, do hereby designate __________________ [Name & Title] to represent me at the meetings of the Board or committees thereof with full powers to act and vote on my behalf. This designation shall be effective until expressly revoked in writing.

________________________________________

[Name]"

**ARTICLE V**

**COMMITTEES**

5.1. **Delegation Generally.** The Board may delegate any and all things necessary or convenient to carry out the purposes of the Green Bank to three (3) or more Directors, provided that at least one (1) of which shall not be a State employee, and, to the extent of
powers, duties, or functions not by law reserved to the Board, to any officer or employee of the Green Bank as the Board in its discretion shall deem appropriate.

5.2. **Appointments; Quorum; Transaction of Business; Recordkeeping.**

5.2.1. **Appointments.** The Chairperson shall appoint all Committee Chairs. The Committee Chair need not be a Director on the Deployment Committee any *ad hoc* committee, or an advisory committee.

5.2.2. **Quorum.** If necessary to achieve a quorum at any meeting of a Committee other than an advisory committee, then the Chairperson or the Vice Chairperson may sit, participate, and vote as an alternate member of such committee at such meeting.

5.2.3. **Report of Committee Actions.** Each Committee shall report to the Board on such Committee’s actions and activities at the *regular* Board meeting next following each Committee meeting.

5.2.4. **Recordkeeping.** Committee recordkeeping shall be in accordance with Article IV, Section 4.5.2 hereof.

5.3. **Standing Committees.** The Green Bank shall have four (4) Standing Committees of the Board consisting of an Audit, Compliance, and Governance Committee, a Budget and Operations Committee, a Deployment Committee, and a Joint Committee of the Energy Conservation Management Board and the Connecticut Green Bank. Each Standing Committee may form subcommittees in its discretion, but no such subcommittee shall exercise powers of the Board unless authorized by the Board to do so.

5.3.1. **Audit, Compliance, and Governance Committee.** The Audit, Compliance, and Governance Committee shall consist of no less than three (3) Directors
appointed by the Chairperson on a biennial basis, at least one (1) of which shall not be a State employee. The principal functions, responsibilities, and areas of cognizance of the Audit, Compliance, and Governance Committee shall be as follows: (i) recommendation to the Board as to the selection of auditors; (ii) meetings with the auditors to review the annual audit and formulation of an appropriate report and recommendations to the Board with respect to the approval of the audit report; (iii) review of the audit and compliance findings of the Auditors of Public Accounts, and meetings with the staff auditors there as appropriate; (iv) review with the auditors, President, and senior finance staff of the adequacy of internal accounting policies, procedures and controls; (v) review of the sufficiency of financial and compliance reports required by statute; (vi) recommendation to the Board as to the selection of the Green Bank’s ethics liaison and ethics compliance officer(s); (vii) review of the adequacy of employee education and training on ethics and related legal requirements; (viii) review and approval of, and in its discretion recommendations to the Board regarding, all governance and administrative matters affecting the Green Bank, including but not limited to matters of corporate governance, corporate governance policies, committee structure and membership, management qualifications and evaluation, and Board and Standing Committee self-evaluation; (ix) oversight of the Green Bank’s legal compliance programs, including but not limited to compliance with state contracting and ethics requirements; (x) management succession planning; (xi) oversight of any Director conflict of interest matters; (xii) as-needed review of
any staff recommendations to the Board regarding the Green Bank’s regulatory or policy initiatives including but not limited to the Comprehensive Plan and other clean energy regulatory or policy evidentiary matters before the Public Utilities Regulatory Authority and other state and federal commissions and tribunals that may affect clean energy development and/or the Green Bank’s statutory mandate; (xiii) acting as a resource to the appointing authorities with respect to the identification and recruitment of qualified and interested private sector Director candidates; and (xvi) the exercise of such authority as may from time to time be delegated by the Board to the Audit, Compliance, and Governance Committee within its areas of cognizance.

5.3.2. **Budget and Operations Committee**. The Budget and Operations Committee shall consist of no less than three (3) Directors appointed by the Chairperson on a biennial basis, at least one (1) of which shall not be a State employee. Additionally, the Chairperson or the Vice Chairperson shall be a non-voting *ex officio* member of the committee, subject to the provisions of Article V, Section 5.2.2 hereof. The principal functions, responsibilities, and areas of cognizance of the Budget and Operations Committee shall be as follows: (i) to recommend and monitor compliance with prudent fiscal policies, procedures, and practices to assure that the Green Bank has the financial resources and financial strategy necessary to carry out its statutory responsibilities and mission, including oversight of the Green Bank’s budget process, asset and liability management, asset risk management, insurance and loss prevention, and performance measurement; (ii) recommendation to the Board as to approval of the annual
operating budget and plan of operation; (iii) oversight of space planning and office leases, systems, and equipment, and procedures and practices with respect to purchasing; (iv) to recommend and monitor compliance with policies, programs, procedures, and practices to assure optimal organizational development, establishment of policies, programs, procedures and practices to assure optimal organizational development, the recruitment and retention of qualified personnel and the just and fair treatment of all employees of the Green Bank, including employment policies and practices, employee training, development, evaluation and advancement, employee compensation and benefits, and matters of employee separation and severance; (v) review and approval of the Green Bank staffing plan as developed by the President; (vi) with respect to reallocation of amounts between approved budget line items in excess of ten thousand dollars ($10,000) but not exceeding seventy-five thousand dollars ($75,000) in total, approval of such reallocation; (vii) with respect to increases to the operating budget or unbudgeted disbursements in amounts in excess of ten thousand ($10,000) but not exceeding seventy-five thousand ($75,000), approval of such increases; and (viii) the exercise of such authority as may from time to time be delegated by the Board to the Budget and Operations Committee within its areas of cognizance.

5.3.3. Deployment Committee. The Deployment Committee shall consist of no more than six (6) members total, consisting of no less than three (3) Directors and up to three (3) non-Directors, all appointed by the Chairperson on a biennial basis, and at least one (1) of the Director-members shall not be a State employee.
Additionally, the State Treasurer, or her or his designee, shall be a voting *ex officio* member of the committee. Additionally, the Chairperson or the Vice Chairperson shall be a non-voting *ex officio* member of the committee, subject to the provisions of Article V, Section 5.2.2 hereof. The non-Director members of the Deployment Committee shall each have expertise in such areas as: project finance, levelized cost of clean energy, investment banking, commercial lending, tax-exempt or tax-advantaged financing or municipal banking, or clean energy policy. The principal functions, responsibilities, and areas of cognizance of the Deployment Committee shall be as follows: (i) to recommend and monitor compliance with program, project, and investment guidelines, criteria, policies, and practices supporting the Green Bank’s statutory mission and management of such by the Green Bank’s professional staff; (ii) with respect to loans, loan guarantees, loan loss reserves, credit enhancements, debt support programs, debt, debt-like, grants, equity, near-equity, and related measurement and verification studies and evaluation audit funding requests, including but not limited to the On-Site Renewable Distributed Generation Program, the Residential Solar program, the Combined Heat and Power pilot program, the Anaerobic Digestion pilot program, and the Condominium Renewable Energy grant program, between three hundred thousand dollars ($300,000) and two million five hundred thousand dollars ($2,500,000), evaluation and approval of such requests on behalf of the Board so long as such approval is within the Green Bank’s approved Operations and Program Budget; (iii) with respect to loans, loan guarantees, loan loss reserves, credit enhancements, debt support
programs, debt, debt-like, grants, equity and near-equity funding requests which exceed two million five hundred thousand dollars ($2,500,000), evaluation of such requests and recommendation to the Board regarding such requests; (iv) oversight of policies and practices relating to the evaluation and recommendation of initial investments, follow-on investments, investment modifications and restructurings, and the sale or other disposition of investments by the Green Bank’s professional investment staff; (v) oversight of policies and practices relating to investment management by the Green Bank’s professional investment staff, including implementation of investment exit strategies; (vi) except to the extent of any investment powers expressly reserved to the Board itself in any resolution of the Board, to approve on behalf of the Board investments, follow-on investments, investment modifications and restructurings, and the sale or other disposition of investments; (vii) to review and recommend to the Board the issuance of bonds, notes or other obligations of the Green Bank, and upon such approval, to sell, issue and deliver such bonds, notes or obligations on behalf of the Green Bank; and (viii) the exercise of such other authority as may from time to time be delegated by the Board to the Deployment Committee within its areas of cognizance.

5.3.4. **Joint Committee of the Energy Conservation Management Board and the Connecticut Green Bank.** The Standing Committee Related to the Joint Committee of the Energy Conservation Management Board and the Board of Directors of the Green Bank shall consist of no more than (2) voting Directors and (2) nonvoting members who shall be appointed by the Chairperson on a biennial
basis to serve on both this Standing Committee and the Joint Committee. Said Directors of this Standing Committee shall be charged with joining with four (4) members, no more than (2) voting Directors and (2) nonvoting members, from the Energy Conservation Management Board to form the Joint Committee as required pursuant to 16-245m(d)(2) of the General Statutes.

5.3.4.1. The principal functions, responsibilities and areas of cognizance of this Standing Committee shall be as follows: (i) to work with the Joint Committee to examine opportunities to coordinate the programs and activities contained in the plan developed under section 16-245n (c) of the General Statutes with the programs and activities contained in the plan developed under section 16-245m(d)(1) of the General Statutes; and (ii) to work with the Joint Committee to provide financing to increase the benefits of programs funded by the plan developed under section 16-245m(d)(1) of the General Statutes so as to reduce the long-term cost, environmental impacts and security risks of energy in the state.

5.3.4.2. This Standing Committee, in consultation with and upon approval of the Joint Committee, is authorized to vote and allocate funding in an amount not to exceed three hundred thousand dollars ($300,000.00) per program or project so long as such program or project is within the Green Bank’s approved Operations and Program Budget, consistent with the Green Bank’s Comprehensive Plan, within an approved program of the Board or Deployment Committee and consistent with
the credit and investment guidelines, criteria, policies, and practices approved by the Board. No resolution of the Joint Committee to approve an expenditure of funds may be approved without an affirmative vote of at least two (2) voting Directors of the Connecticut Green Bank.

5.3.4.3. Notwithstanding anything contained in these Bylaws to the contrary, the Joint Committee may adopt its own bylaws which shall govern the conduct and operations of the Joint Committee. If there are conflicting provisions between these Bylaws and any bylaws adopted by the Joint Committee, these Bylaws shall be controlling.

5.3.5. Additional Standing Committees or *ad hoc* committees of the Board may be formed by the Board at its discretion by resolution setting forth the purposes and responsibilities of such additional Standing Committee or *ad hoc* committee. Each additional Standing Committee or *ad hoc* committee shall have at least three (3) members who are Directors, at least one (1) of which shall not be a State employee.

5.4. **Advisory Committees.**

5.4.1. The Board may form such advisory committees as the Board in its discretion may determine to be appropriate to advise and assist the Board, any Standing Committee of the Board, or management of the Green Bank in the performance of its statutory responsibilities. Such advisory committees may include as members such individuals as may be knowledgeable in the subject matter whether or not Directors or employees of the Green Bank.
5.4.2. Members of an advisory committee who are not Directors or employees of the Green Bank shall be considered "members of an advisory board" for purposes of the Connecticut Code of Ethics for Public Officials.

5.4.3. Public confidence in the recommendations and other actions of an advisory committee requires that advisory committee members avoid both actual conflicts of interest and situations that might give the appearance of a conflict of interest. It is to be expected, however, that many advisory committee members will have outside business or professional interests relating to the Green Bank’s statutory mission. It is not intended that such outside business or professional interests be considered a conflict of interest, provided that an advisory committee member shall not participate in any deliberation or vote, and shall not take any other affirmative action as an advisory committee member, with respect to a matter in which such member has an interest which is in substantial conflict with the proper discharge of the duties and responsibilities of membership on the advisory committee. For this purpose, the determination of whether an advisory committee member has an interest which is in substantial conflict with the duties and responsibilities of membership on the advisory committee shall be made in the same manner as provided in Section 1-85 of the Connecticut General Statutes for conflicting interests of public officials. In addition to disclosures required by law, the existence and nature of any such substantial conflict shall be promptly disclosed to the Committee Chair.
ARTICLE VI
FISCAL YEAR

6.1. Fiscal Year. The fiscal year of the Green Bank shall extend from July 1 through the following June 30 except as the same may be otherwise determined by resolution of the Board.

ARTICLE VII
CONFLICTS OF INTEREST

7.1. Public confidence in the recommendations and other actions of the Board and Committees requires that Directors avoid both actual conflicts of interest and situations that might give the appearance of a conflict of interest. Given the statutory qualifications for membership on the Board, it is to be expected, however, that some Directors will have outside business or professional interests relating to the Green Bank’s statutory mission. It is not intended that such outside business or professional interests be considered a conflict of interest, provided that a Director shall not participate in any deliberation or vote, and shall not take any other affirmative action as a Director or Committee member, with respect to a matter in which such Director has an interest which is in substantial conflict with the proper discharge of the duties and responsibilities of membership on the Board or such Committee. For this purpose, the determination of whether a Director has an interest which is in substantial conflict with the duties and responsibilities of membership on the Board or a Committee shall be made in the manner provided in Section 1-85 of the Connecticut General Statutes for conflicting interests of public officials. The existence and nature of any potential conflict of interest shall be promptly disclosed to the Chairperson (or, in the case of the Chairperson, to the Vice Chairperson) and otherwise as may be required by Section 1-86 of the Connecticut General Statutes.
7.2. With respect to potential conflicts of interest, as defined in Section 1-86(a) of the Connecticut General Statutes and pursuant thereto and pursuant to Section 1-81-30(c) of the Regulations of Connecticut State Agencies, the Member shall either (1) excuse himself or herself from participating in any deliberation or vote on the matter and may not otherwise take any affirmative action on the matter or (2) shall prepare a written statement prepared under penalty of false statement describing the matter requiring action and the nature of the potential conflict and explaining why, despite the potential conflict, such Member is able to vote and otherwise participate fairly, objectively, and in the public interest, and shall deliver a copy of such statement to the Office of State Ethics and shall enter a copy of the statement in the minutes of the Board or committee, as applicable.

7.3. In addition to the steps described in Section 7.1 and 7.2, above, a conflicted or potentially conflicted Director:

7.3.1. is strongly encouraged to leave the room during discussion and vote on the matter at hand; and

7.3.2. shall not participate in such discussion and vote; and

7.3.3. shall not have access to non-public confidential information regarding the matter at hand.

ARTICLE VIII
COMPENSATION

8.1. No Director or Committee member shall at any time receive or be entitled to receive any compensation for the performance of his or her duties as a Director, but may be
reimbursed by the Green Bank for reasonable and necessary expenses incurred in the performance of such duties.

**ARTICLE IX**
**PARLIAMENTARY AUTHORITY**

9.1. Robert’s Rules of Order, current revised edition, shall govern the proceedings of the Board when not in conflict with these Bylaws.

**ARTICLE X**
**ROLE OF CONNECTICUT INNOVATIONS, INC.**

10.1. For Administrative Purposes Only. Pursuant to the Statute, the Green Bank is within Connecticut, Innovations, Incorporated, for administrative purposes only. The relationship between the Green Bank and Connecticut Innovations, Inc., will be governed by the Statute, Conn. Gen. Stat. § 4-38f as if applicable to the relationship between the Green Bank and Connecticut Innovations, Incorporated, and other applicable law, and shall be memorialized in a contract for services.

**ARTICLE XI**
**AMENDMENT**

1.1.10.1. Amendment or Repeal. These Bylaws may be amended or repealed or new Bylaws may be adopted by the affirmative vote of a Super Majority of the Directors then in office. The Green Bank may adopt rules for the conduct of its business, and the adoption of such rules shall not constitute an amendment of these Bylaws.
ARTICLE XII
DEFINITIONS

Definitions. Unless the context shall otherwise require, the following words and terms shall have the following meanings:

1.1.1 "Green Bank" means the Connecticut Green Bank, as created and existing pursuant to the Statute.

1.1.2 "Board" means the board of directors of the Green Bank appointed and serving pursuant to the Statute.

1.1.3 "Chairperson" means the Chairperson of the Board appointed pursuant to the Statute.

1.1.4 "Committee" means any committee of or formed by the Board, including any Standing Committee, ad hoc committee, or advisory committee.

1.1.5 "Committee Chair" means the Chairperson of a Committee.

1.1.6 "Comprehensive Plan" means the plan developed by the Green Bank pursuant to section 16-245n(c) of the General Statutes.


1.1.8 "Director" means a voting member of the Board appointed pursuant to the Statute.

1.1.9 "General Statutes" means the Connecticut General Statutes, as amended.

1.1.10 "Majority", whether capitalized or lowercase, means one more than half.
1.1.11. "President" means the President of the Green Bank hired by and serving at the pleasure of the Board of Directors of the Green Bank.

1.1.12. "Presiding Officer" has the meaning attributed to that term in Article IV, Section 4.5 of these Bylaws.

1.1.13. "Resolution of Purposes" means a resolution of the Board adopted pursuant to the penultimate sentence of Section 16-245n(d) of the General Statutes.

1.1.14. "Secretary" means the Secretary of the Board elected pursuant to the Statute and these Bylaws.

1.1.15. "Standing Committee" means a Standing Committee established by these Bylaws or another standing committee appointed by the Board for a specified period of time for the purpose of carrying out one or more functions of the Green Bank.


1.1.17. "Super Majority" means two thirds rounded up to the next whole integer.

1.1.18. "Vice Chairperson" means the Vice Chairperson of the Board elected pursuant to these Bylaws.

### ARTICLE XIII

**AUTHORITY**

13.1. These Bylaws are adopted pursuant to the Statute and effective as of May 18, 2012.
CONNECTICUT GREEN BANK

OPERATING PROCEDURES

PURSUANT TO

Section 16-245n of the
Connecticut General Statutes

Adopted December 16, 2011
Revised July 18, 2014[_____]
I. DEFINITIONS

Definitions of terms used in these Operating Procedures are as stated in the Green Bank’s Bylaws or in Section 16-245n of the General Statutes.

Clean Energy Project: An activity that (i) promotes investment in clean energy; (ii) fosters the growth, development, and commercialization of clean energy sources and related enterprises; (iii) stimulates demand for clean energy and deployment of clean energy sources that serve end use customers in this state; or (iv) supports the development of advanced technologies that reduce energy use from traditional sources. For purposes of this definition, “clean energy” has the meaning as provided in Connecticut General Statutes § 16-245n(a), as may be amended from time to time.

II. GENERAL PURPOSES

The general purposes of the Connecticut Green Bank shall be as prescribed in Section 16-245n of the General Statutes, and in a resolution of purposes adopted by the Board pursuant to Section 16-245n(d)(1) of the Connecticut General Statutes, including implementation of the Comprehensive Plan (all together referred to in these Operating Procedures as “the purposes of the Green Bank”).

III. GOVERNANCE

The Green Bank, a quasi-public authority of the State of Connecticut, shall be governed by a Board of Directors comprised of a number and appointed in a manner as prescribed in Section
16-245n(e) of the General Statutes. The affairs of the Board shall be conducted in accordance with applicable law, the Green Bank’s Bylaws, and such policies with respect to corporate governance as may be adopted by the Board.

IV. ADMINISTRATION

The affairs of the Green Bank shall be administered in accordance with applicable law, the Bylaws, these Operating Procedures and other administrative policies as may be adopted by the President in consultation with the Board. The Board shall appoint a President and such other officers as provided in the Bylaws. Under the direction of the Board, such officers shall conduct the business of the Green Bank and shall have such authority as is conferred by applicable law, the Bylaws, these Operating Procedures, and the Board. References in these Operating Procedures to approval by the Board shall mean and include approval by the Board or by any duly constituted committee thereof authorized to act on behalf of the Board pursuant to the Bylaws of the Green Bank.

V. ADOPTION OF ANNUAL OPERATING BUDGET AND PLAN OF OPERATION

Sixty (60) days prior to the close of each fiscal year, the President shall cause to be prepared a suggested Annual Operating Budget for the forthcoming fiscal year, which shall also comprise the Annual Plan of Operation. The suggested Annual Operating Budget for the forthcoming fiscal year shall be considered by the Board prior the close of the then current fiscal year, modified if deemed necessary, and adopted to be effective beginning the first day of the forthcoming fiscal year.
Any expenditure that exceeds the amount annually budgeted for a specific line item in the Annual Operating Budget by an amount greater than ten thousand dollars ($10,000) shall require the approval of the Board.

The Annual Operating Budget shall incorporate the Green Bank’s Annual Plan of Operation by specifying operating, programmatic, investment, and other expenses for the forthcoming fiscal year.

VI. **COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION**

The Green Bank or an affiliate may seek to qualify as a Community Development Financial Institution under Section 4702 of the United States Code. If approved as a Community Development Financial Institution, then the Green Bank would be treated as a qualified community development entity for purposes of Section 45D and Section 1400N(m) of the Internal Revenue Code.

VII. **PERSONNEL POLICIES**

All employees shall be exempt from the classified service and shall have all rights and benefits provided by applicable law. Grade classifications for each job title shall be established by the President, subject to Board approval.

**Hiring & Promotions:** The President shall, in accordance with the Green Bank’s Bylaws, establish a schedule of positions and total staffing levels for the Green Bank. The schedule of positions shall describe the signature authority, if any, of each position. The President, acting on
behalf of the Board, may from time to time fill any position on such schedule of positions and within such total staffing levels, except as may otherwise be provided in the Bylaws or any applicable resolution of the Board. The creation of any new Director-level position shall require the separate approval of the Board. For these purposes, “Director-level” means a Green Bank staff position one level under the officers in the Green Bank’s staff organizational chart.

Whenever possible, the Green Bank shall maintain an identifiable career path for each class of positions on the schedule of positions approved by the Board. If the President determines it to be appropriate, then a current employee’s position may be reclassified to another position within said career path. New positions approved by the Board and existing positions that become available as a result of a current employee vacating such position shall be posted internally and, if the President determines it to be appropriate, then publicly advertised in a manner reasonably designed to reach a range of possible applicants. A current employee shall be eligible for reclassification or promotion to an existing or new position only if such employee has at least six (6) months of service with the Green Bank and meets the minimum qualifications for such position.

Notwithstanding any other provision of this section or any employee handbook or other personnel policies of the Green Bank, the position of the President, the manner of the conduct of any search for qualified applicants for such position, and the terms and conditions of employment in such position, including matters of compensation, dismissal, and severance, shall be in the discretion and subject to the approval of the Board. Hiring and promotion shall in all cases be in accordance with the Green Bank’s Affirmative Action Plan and applicable statutes.
Compensation and Benefits: The Board shall establish and may from time to time modify reasonable compensation plans and employee benefits programs and policies as the Board determines to be necessary or appropriate to attract and retain qualified employees and carry out the Green Bank’s statutory mission, including:

(a) A compensation plan, which shall consist of sufficient salary grades to provide such compensation rates as may be determined to be necessary or desirable for all job classifications within the Green Bank, and which may include an incentive compensation program for all jobs classifications;

(b) An employee benefits program, which may include, but is not limited to, vacation days, holidays, sick days, group health, life, and disability insurance, tuition reimbursement, length of service awards and other benefits, including eligibility criteria and benefit levels;

(c) A performance evaluation system, which may be used to determine merit increases in salary and incentive compensation levels;

(d) Policies with respect to compensatory time, flex-time, and telecommuting;

(e) Policies with respect to severance pay and benefits;

(f) Policies with respect to business and travel reimbursement; and

(g) Other reasonable compensation and employee benefits programs and policies as the Board determines to be necessary and appropriate to attract and retain qualified employees.
The President shall be empowered to administer the Green Bank’s compensation plan and employee benefit programs and policies as approved by the Board, and shall have the authority to approve performance evaluations, determine merit increases and incentive compensation payments, and carry out such other duties and responsibilities as appropriate within the overall salary and employee benefits administration plan, except that performance evaluations and determination of merit or other salary increases and bonus payments for the position of President shall be reserved to the Board or the committee of the Board with responsibility for matters of compensation. The President has the authority to establish and modify certain employee policies involving workplace flexibility that do not in the aggregate have an adverse financial impact on the Green Bank. The Board shall review the Green Bank’s compensation plan and employee benefit programs a part of its annual review of the Green Bank’s Operating Budget and Plan of Operation.

**Dismissal:** Employment with the Green Bank is at-will, which means that either the employee or the Green Bank may terminate the relationship at any time and for any reason, with or without cause. The President may impose any level of disciplinary action, including termination, based upon the severity of the offense requiring discipline and the employee’s past work record. This in no way alters the at-will employment policy.

**Coordination with and Administration by Connecticut Innovations, Incorporated:** To the extent permitted by any contract for administrative support and services between the Green Bank and Connecticut Innovations, Incorporated, personnel policies, compensation plans, and benefit
programs and polices of the Green Bank may be coordinated and/or combined with, and administered by, Connecticut Innovations, Incorporated, subject to appropriate cost sharing.

VIII. **PURCHASE, LEASE, ACQUISITION POLICY FOR REAL AND PERSONAL PROPERTY**

The Green Bank, acting through the President or another duly authorized officer, shall have the authority to invest in, acquire, lease, purchase, own, manage, hold, and dispose of real and personal property, and to lease, convey, or deal in or enter into agreements with respect to such real and personal property, on any terms necessary or incidental to the carrying out of the purposes of the Green Bank.

**Procurement Procedures:** The Green Bank may purchase, lease, or acquire real and personal property on a bid, negotiated, or open-market basis, including through a sole-source procurement or in such other manner as the President determines to be appropriate and in the best interests of the Green Bank in the circumstances, provided that in the case of any contract or agreement for the purchase, lease, or acquisition of real or personal property requiring an expenditure by the Green Bank in excess of seventy-five thousand dollars ($75,000), wherever possible bids or proposals shall be solicited from at least three (3) qualified parties. The requirements of this subsection shall not be applicable to transactions entered into by the Green Bank primarily for the purpose of providing financial assistance pursuant to Articles XII, XIII and XIV of these Operating Procedures. To the extent permitted by any contract for administrative support and services between the Green Bank and Connecticut Innovations, Incorporated, space, systems, supplies and other property, goods or services necessary for the business operations of the Green
Bank may be provided by Connecticut Innovations, Incorporated, subject to appropriate cost sharing, and in such cases the procurement procedures of Connecticut Innovations, Incorporated shall apply thereto.

IX. CONTRACTING FOR PROFESSIONAL SERVICES

The Green Bank, acting through the President or another duly authorized officer, shall have the authority to engage accountants, attorneys, appraisers, financial advisers, investment advisors, underwriters, investment managers, investment bankers, brokers, architects, construction managers, engineers, and other consultants and professionals on any terms necessary or incidental to the carrying out of the purposes of the Green Bank. In the absence of a conflict of interest, such consultants and professionals may be those also providing services to Connecticut Innovations, Incorporated.

Procurement Procedures: Contracts for professional services shall be awarded by the Green Bank in such manner, including on the basis of a sole-source procurement, as the Board determines to be appropriate and in the best interests of the Green Bank in the circumstances, provided that (i) for such contracts requiring an expenditure by the Green Bank up to and including seventy-five thousand dollars ($75,000) over a period of one (1) fiscal year, the President has sole approval authority; (ii) for such contracts requiring an expenditure by the Green Bank over seventy-five thousand dollars ($75,000) and up to and including one hundred fifty thousand dollars ($150,000) over a period of one (1) fiscal year, the President and the Chairperson must both approve the expenditure; and (iii) for such contracts requiring an expenditure by the Green Bank of over one hundred fifty thousand dollars ($150,000), such contract shall, whenever possible, be
awarded on the basis of a process of competitive negotiation where proposals are solicited from at least three (3) qualified parties. To the extent permitted by any contract for administrative support and services between the Green Bank and Connecticut Innovations, Incorporated, professional services may also be provided by consultants and professionals selected by and under contract to Connecticut Innovations, Incorporated, subject to appropriate cost sharing. The provisions of Section 1-127 of the General Statutes shall apply to the engagement of auditors by the Green Bank.

X. STATE CONTRACTING REQUIREMENTS

Any solicitation of bids or proposals by the Green Bank, and any award of a contract by the Green Bank, shall be subject to all state procurement and contracting requirements applicable to quasi-public agencies of the state, including without limitation the following to the extent applicable in the circumstances:

Section 9-612 of the General Statutes, as amended, relating to campaign contributions by state contractors and their principals and related notices to state contractors and prospective state contractors;

Section 4-252 of the General Statutes relating to affidavits as to gifts from contractors under certain large state contracts;

Section 4a-81 of the General Statutes relating to affidavits with respect to consulting fees;

Section 3-13l of the General Statutes relating to the prohibition of finder’s fees in connection with investment transactions;

Section 3-13j of the General Statutes relating to the disclosure of third party fees attributable to investment services contracts;
Section 4a-60 and 4a-60a of the General Statutes relating to non-discrimination in state contracting and documentation of contractor adoption of a corporate policy supporting the non-discrimination agreements and warranties required by Sections 4a-60 and 40a-60a.

XI. FUNDING SOURCES AND PROCEDURES OF GENERAL APPLICABILITY TO FINANCIAL ASSISTANCE

Funding Sources: Funding sources specifically authorized by the Statute include, but are not limited to:

(a) Funds repurposed from existing programs providing financing support for clean energy projects, provided any transfer of funds from such existing programs shall be subject to approval by the General Assembly and shall be used for expenses of financing, grants, and loans;

(b) Any federal funds that can be used for the purposes specified in Section 16-245n(c) of the General Statutes;

(c) Charitable gifts, grants, and contributions, as well as loans from individuals, corporations, university endowments, and philanthropic foundations;

(d) Earnings and interest derived from financing support activities for clean energy projects backed by the Green Bank;

(e) If and to the extent that the Green Bank or an affiliate qualifies as a Community Development Financing Institution under Section 4702 of the United States Code, then funding from the Community Development Financing Institution Fund administered by
the United States Department of Treasury, as well as loans from and investments by
depository institutions seeking to comply with their obligations under the United States
Community Reinvestment Act of 1977; and

(f) The Green Bank may enter into contracts with private sources to raise capital. The
average rate of return on such debt or equity shall be set by the Board.

Procedures of General Applicability to Financial Assistance:

(a) For clean energy projects, the amount to be financed by the Green Bank and other
nonequity financing sources cannot exceed eighty per cent (80%) of the cost of
developing and deploying such projects.

(b) For energy efficiency projects the amount to be financed by the Green Bank and other
nonequity financing sources cannot exceed one hundred per cent (100%) of the cost of
financing such projects.

(c) The Green Bank may assess reasonable fees on its financing activities to cover its
reasonable costs and expenses, as determined by the Board.

(d) The Green Bank shall make information regarding the rates, terms, and conditions for all
of its financing support transactions available to the public for inspection, including
formal annual reviews by both a private auditor conducted pursuant to Section 16-
245n(f)(2) of the General Statutes and the Comptroller, and providing details to the
public on the Green Bank’s Web site; provided that public disclosure shall be restricted
for patentable ideas, trade secrets, proprietary or confidential commercial or financial
information, disclosure of which may cause commercial harm to a nongovernmental
recipient of such financing support and for other information exempt from public records
disclosure pursuant to Section 1-210 of the General Statutes.

(e) Any entity that receives financing for a clean energy project from the Clean Energy Fund
(Fund) shall provide the board an annual statement during the time period that funds are
dispersed, certified as correct by the chief financial officer of the recipient of such
financing, setting forth all sources and uses of funds for such project in such detail as
may be required by the Green Bank. The Green Bank shall maintain any such audits for
not less than five (5) years. Residential projects for buildings with one to four dwelling
units are exempt from this and any other annual auditing requirements, except that
residential projects may be required to grant their utility companies’ permission to release
their usage data to the Green Bank.

XII. FINANCIAL ASSISTANCE—GRANTS, LOANS OR LOAN GUARANTEES,
DEBT AND EQUITY INVESTMENTS

The procedures in this section are generally applicable to the award of grants, loans or loan
guarantees, and debt and equity investments for clean energy projects when the Board
determines that one of the following methods be used in the selection and award process: (i)
competitive selection and award; (ii) programmatic selection and award; or (iii) strategic
selection and award. The factors to be considered in choosing the appropriate selection and
award method, and the general procedures to be followed in each such case are set forth below.
Competitive Selection and Award

Applicability: Competitive selection and award shall be the preferred method when the Board determines that it is appropriate in the circumstances to invite and consider proposals for a particular clean energy project or projects in a competitive process under an established schedule and pursuant to formal qualification and selection criteria so that proposers and proposals may be evaluated fairly and thoroughly on a comparative basis.

Issuance of RFP: A request for proposals (RFP) shall be published or distributed in a manner that the Green Bank determines will promote broad participation in the competitive process. Deadlines for particular stages in the competitive selection process will be set forth in the RFP. Notice of the RFP shall be posted on the Web site of the Green Bank, may be published in one or more major daily newspapers published in the State, and may also be posted on the Web site of the Connecticut Department of Administrative Services. The RFP itself shall also be posted on the Web site of the Green Bank and shall be mailed to or otherwise made available to interested parties in a reasonable manner.

Eligibility: Each RFP shall be issued pursuant to guidelines established by the Green Bank consistent with the Green Bank’s Comprehensive Plan and Annual Operating Budget. Such guidelines shall at a minimum set forth: (i) proposer qualification requirements; (ii) project eligibility criteria; (iii) the nature and amount of financial assistance available from the Green Bank under the program; (iv) the principal selection criteria; (v) any mandatory terms and conditions under which such funding is available; (vi) applicable application, processing, or other program fees; and (vii) the process by
which proposals will be considered and acted upon. Such guidelines may be modified, in whole or in part, from time to time and at any time by the Green Bank, consistent with the authorizing resolution of the Board.

**Selection Criteria:** Selection criteria shall include, as applicable, (i) the eligibility of the proposer; (ii) the proposer’s qualifications and experience; (iii) the financial feasibility of the project, including the availability and firmness of required financing; (iv) the cost-effectiveness of the project; (v) the technological characteristics of the project, including the potential for technological improvements and advancements; the project’s operational feasibility and commercial applicability; (vi) the jobs created by the project; (vii) the environmental benefits stemming from the project; and (viii) the contributions to be made by the project toward the statutory purposes of the Green Bank and the furtherance of the Comprehensive Plan. Other selection criteria may be established for any RFP, and any weighting of selection criteria shall be in the discretion of the Green Bank as provided in such RFP. If appropriate in the circumstances, then an RFP may be first issued as a request for qualifications, following which those respondents found to be qualified are invited to respond to a final RFP.

**Selection Process:** The selection process shall be designed to provide for a fair and thorough evaluation of each eligible and qualified proposal, and shall be described in the RFP. The selection process may include the use of a review or scoring team, which may include members of any advisory committee, members of the staff of the Green Bank, and independent members with relevant industry, academic, or governmental experience. No member of any such review or scoring team shall have any financial or other personal interest in any proposed project. Any such review or scoring team shall act in an advisory
capacity only and shall not constitute a committee or subcommittee of the Board, and the members of any such review or scoring team shall not be deemed to be public officials as a result of their service thereon. If the Green Bank determines that the responses to the RFP have been insufficient in number or quality to achieve the objectives of a competitive selection and award process or otherwise determines it to be in the best interest of the Green Bank, then the RFP may be extended, withdrawn and reissued, or cancelled at any time.

Selection Decision: One or more proposers may be selected for the purpose of entering into negotiations, if applicable, with respect to a project. Such selection shall be made by the Green Bank after taking into account the established selection criteria, any report or recommendation by staff of the Green Bank, the report of any review or scoring team, and the results of any review and recommendation by any advisory committee to the Board, applied on an equitable basis. If more than one proposal is selected, then they may be ranked in order of preference, which ranking may be based on the recommendation of staff of the Green Bank, such advisory committee, or the review or scoring team.

Notification to Proposers; Effect of Selection: All proposers shall be promptly notified of the results of the selection process. Such results may also be posted on the Web site of the Green Bank. Any such selection and notification is solely for the purpose of qualification for possible negotiation and does not constitute a financing commitment or the award of a contract.

Negotiation: The Green Bank may enter into good faith negotiations with one or more of the selected proposers at such time and in such order as the Green Bank may determine in
its discretion consistent with the terms of the RFP. The commencement of such negotiations does not signify a commitment to provide financial assistance or to enter into a contract with a proposer. Either the proposer or the Green Bank may terminate such negotiations at any time for any reason. The Green Bank reserves the right to enter into negotiations with any other proposer at any time. Such negotiations shall not be limited to the scope or terms of the proposal but may include such other matters or different terms as the Green Bank may determine to be in the best interests of the Green Bank.

**Award:** Upon mutual agreement regarding the terms and conditions of the financial assistance, the Green Bank and the selected proposer may enter into a contract which memorializes the agreed-upon terms and conditions subject to all necessary Green Bank approvals, including the Board or a duly authorized committee of the Board.

**Fees and Expenses:** The Green Bank may impose reasonable application, processing, or similar fees in connection with the submission and processing of proposals, and may require, as a condition of negotiation with any selected proposer, that such proposer agree to pay costs incurred by the Green Bank, including fees and disbursements of the Green Bank’s counsel, consultants, and other professional advisors. Any pre-established application, processing, or other program fees shall be set forth in the RFP.

**State Contracting Requirements:** Any RFP shall be subject to, and any definitive financing or contracting documents shall include, such provisions as may be required by applicable laws or executive orders, including with respect to non-discrimination and affirmative action.
Other Terms and Conditions: Any RFP may be subject to and include such other terms and conditions, not inconsistent with the requirements of these procedures, as the Green Bank may determine in its discretion to be appropriate and in the best interests of the Green Bank.

Programmatic Selection and Award

Applicability: Programmatic selection and award shall be the preferred method when the Board determines that it is appropriate in the circumstances to invite applications on a continuing or periodic basis for clean energy projects with identified characteristics and to consider such applications under pre-established program-based qualification, eligibility, and selection criteria, but that it is not necessary or appropriate to evaluate such applications on a comparative basis as part of a competitive RFP process. Any such program may be discontinued, suspended, extended, or expanded at any time by the Board based on its determination of what is appropriate and in the best interests of the Green Bank.

Program Guidelines: Each such program shall be authorized by resolution of the Board and operated and administered by the Green Bank pursuant to program guidelines established by the Green Bank consistent with such Board authorization, which shall at a minimum set forth: (i) applicant qualification requirements; (ii) project eligibility criteria; (iii) the nature and amount of financial assistance available from the Green Bank under the program; (iv) the principal selection criteria; (v) any mandatory terms and conditions under which such funding is available; (vi) the application process, including a standard application form; (vii) applicable application, processing, or other program fees; and
(viii) the process by which applications will be considered and acted upon. Such program guidelines may be modified, in whole or in part, from time to time and at any time by the Green Bank, consistent with the authorizing resolution of the Board. A general description of each such program, including the applicable program guidelines, and all such modifications, if any, shall be posted on the Web site of the Green Bank.

Approval; Terms and Conditions of Award: Applications shall be subject to the approval of the Board, or of the President or other officer of the Green Bank if and to the extent so authorized in the authorizing resolution of the Board, after taking into account any report or recommendations of the staff of the Green Bank or an advisory committee, if applicable. Financial support for a project under any such program shall be in such amount, and shall be subject to such project-specific terms, conditions, and requirements, as may be determined by the Green Bank within the limits established by the authorizing resolution of the Board and consistent with the program guidelines.

Fees and Expenses: The Green Bank may impose reasonable application, processing, or similar fees in connection with the submission and processing of proposals, and may require, as a condition of negotiation with any selected proposer, that such proposer agree to pay costs incurred by the Green Bank, including fees and disbursements of the Green Bank’s counsel, consultants, and other professional advisors. Any pre-established application, processing, or other program fees shall be set forth in the applicable program guidelines.
Strategic Selection and Award

**Applicability:** While the utilization of an open and public process, either competitive or programmatic, for awards from the Green Bank is anticipated most often to be in the best interest of the Green Bank and is to be strongly preferred, there are nevertheless recognized to be certain circumstances in which, based on special capabilities, uniqueness of the opportunity, urgency of need, cost, and similar factors, the public interest and the strategic mission of the Green Bank is best served by direct participation by the Green Bank in, and funding of, a particular clean energy project outside of an existing program and absent a competitive process of selection and award. Such strategic selection and award method may be utilized upon an affirmative resolution, adopted by a two-thirds majority of the members of the Board present at a meeting of the Board, determining that the advantages of strategic selection and award clearly outweigh the general public interest in an open and public process based on a finding that at least three (3) of the following characteristics are present and are of predominant importance to the Green Bank:

(a) **Special Capabilities:** The opportunity is presented by a party with exceptional experience, expertise, or availability, or holding patent or other proprietary rights of special value to the Green Bank.

(b) **Uniqueness:** The opportunity is one-of-a-kind by virtue of location, high visibility, and leverage with other already committed public or private funding or similar unique attributes.

(c) **Strategic Importance:** The opportunity has exceptionally strong compatibility with the mission of the Green Bank, including the jobs
created by the project or the environmental benefits stemming from the project, or offers the Green Bank an organizational role, participation in governance, a formative or other key role in the industry, high funding leverage potential, broad market reach, exceptional educational or public relations value, or similar special strategic advantages important to the Green Bank.

(d) **Urgency and Timeliness**: There is an urgent need to act on the opportunity as a result of public exigency or emergency, or a strategically important opportunity would become unavailable as a result of delay, or it would take an unacceptable length of time for a similar opportunity to reach the same level of readiness.

(e) **Multiphase Project; Follow-on Investment**: The opportunity relates to the next phase of a multiphase proposal or the expenditure is necessary to support or protect an existing the Green Bank investment or initiative.

**Other Requirements**: Awards made by strategic selection and award shall to the extent applicable be otherwise subject to the same procedures set forth with respect to competitive selection and award under the headings “Negotiation”, “Award”, “Fees and Expenses”, “State Contracting Requirements”, and “Other Terms and Conditions”.
XIII. ISSUING AND RETIRING BONDS, BOND ANTICIPATION NOTES, AND OTHER OBLIGATIONS OF THE GREEN BANK

The Board shall approve the issuance and retirement of all bonds, bond anticipation notes, and other obligations of the Green Bank. Such approval may include, but not be limited to, their form, denominations, maturities, rates, prices, public or private sales, and other provisions important or necessary for their issuance or retirement, including the payment of all expenses, premiums, and commissions in connection therewith.

XIV. SURPLUS FUNDS

Surplus funds generated through the sale of bonds, bond anticipation notes, or other obligations of the Green Bank, to the extent not needed for the payment of interest and principal due on any payment of said bonds, bond anticipation notes, or other obligations, if any accrued by the Green Bank, shall be withdrawn and transferred to the Green Bank’s Operating Account at such times as is permitted under applicable resolutions for the bonds, bond anticipation notes, or other obligations to be used for any lawful purposes of the Green Bank.

XV. PERIODIC REVIEW; AMENDMENT OF PROCEDURES

At least annually, the Audit, Compliance, and Governance Committee of the Board shall meet to review and discuss the matters addressed by these Procedures and, if deemed necessary, to make recommendations for amendment of these Procedures to Board. Amendments to these Procedures shall be effective only upon adoption of such amendments by a two-thirds vote of the Board.

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Memo

To: Connecticut Green Bank Board of Directors

From: John D’Agostino, Senior Manager, Multifamily Programs; Kim Stevenson, Associate Director, Multifamily Programs

Cc: Bryan Garcia, President and CEO; Bert Hunter, EVP and CIO; Brian Farnen, General Counsel and CLO; Eric Shrago, Director of Operations; George Bellas, VP Finance and Administration; Kerry O’Neill, Managing Director of Residential Programs

Date: December 9, 2016

Re: $2,000,000 Green Bank Multifamily Pre-Development Loan and Gap and Health & Safety Term Loan Financing Programs

Background
On January 23, 2015, the Connecticut Green Bank Board of Directors (the “Board”) approved a Program Related Investment (“PRI”)¹ in the amount of $5,000,000 from the John D. and Catherine T. MacArthur Foundation (“MacArthur”) to support the Green Bank’s efforts to accelerate energy efficiency and clean energy upgrades in affordable multifamily properties across the state of Connecticut as outlined in the proposal presented by the Green Bank to MacArthur (see Exhibit A). On June 19, 2015 the Board approved $1,000,000 for Pre-Development Energy Loan programs, supporting affordable multifamily properties using $500,000 of MacArthur funding and market rate properties using $500,000 of Green Bank funding (see Exhibit B). Due to state contracting compliance challenges with MacArthur, on December 18th, 2015, the Board approved the Housing Development Fund (“HDF”) as a third-party receiver and administrator of the MacArthur funds due to the organization’s shared programmatic goals and experience in the state’s affordable multifamily housing sector (see Exhibit C).

Proposal
The Green Bank and HDF have jointly approved 4 projects to date (2 pre-development loans and 2 gap financing loans totaling approximately $2.13M). To better serve market needs, Green Bank staff is now seeking expanded Board authorization for affordable Pre-development and Gap and Health & Safety Financing loan programs to be funded and administered directly by the Green Bank, to provide the flexibility necessary to address the financing challenges of highly technical energy and health and safety affordable housing projects that are beyond the scope of HDF’s energy-related

¹ Program Related Investments (PRIs) are investments made by foundations to support social welfare activities that involve the return of capital within an established timeframe. PRIs include financing methods commonly associated with banks or other private investors, such as loans, loan guarantees, linked deposits, and even equity investments in charitable organizations or in commercial ventures, with concessionary rates and terms
financing expertise. For both programs, the proposed use of funds is consistent with the MacArthur Proposal and is aligned with the Green Bank’s Board-directed mandate to accelerate energy efficiency and clean energy upgrades in affordable multifamily properties. Below summarizes staff’s request of the Board:

- The ability to use Green Bank funds for affordable as well as market rate properties for the Pre-Development Loan Program, consistent with the guidelines approved in June of last year. Currently only market rate properties are approved to be funded directly by Green Bank funds.

- Approval of a new Gap and Health & Safety Financing Loan Program materially consistent with underwriting guidelines as set forth in Attachment A attached hereto, as may be amended from time to time consistent with prudent staff diligence and standard Green Bank lending practices.

- Allocation of an additional $2M of Green Bank balance sheet to address this market need ($500k for pre-development loans and $1.5M for gap and health & safety financing loans).

This additional programmatic flexibility will provide the Green Bank with the resources to address a specific market need in the affordable multifamily housing sector involving properties with more complex and inter-related energy, health and safety, and capital improvement needs. Note, per the Green Bank’s enabling statute, the Green Bank can only finance or invest in clean energy projects. Financing of health and safety measures will only be permitted if they are necessary for implementing clean energy measures of an overall clean energy project.

Resolutions

WHEREAS, the Connecticut Green Bank (“Green Bank”) is actively seeking to deploy private capital to support clean energy upgrades in the state’s multifamily housing sector;

WHEREAS, the Green Bank Board of Directors (the “Board”) has previously approved a Program Related Investment (“PRI”) in the amount of $5,000,000 from the John D. and Catherine T. MacArthur Foundation (“MacArthur”) to support the Green Bank’s efforts to accelerate energy efficiency and clean energy upgrades in affordable multifamily properties across the state of Connecticut as outlined in the proposal presented by the Green Bank to MacArthur;

WHEREAS, MacArthur later selected the Housing Development Fund (“HDF”) to receive and administer the MacArthur PRI;

WHEREAS, the Green Bank Board of Directors has previously approved $1,000,000 for a pre-development loan fund with $500,000 of that coming from MacArthur funds to support affordable multifamily properties and $500,000 coming from Green Bank funds; and

WHEREAS, Green Bank staff is now requesting a reallocation of $2,000,000 from the Statutory and Infrastructure Sector ($1,000,000 from Anaerobic Digester Projects and
$1,000,000 from MicroGrids) to support: i) pre-development energy improvement loans; and ii) term financing for energy and related health and safety improvements,

NOW, therefore be it:

RESOLVED, that the Board authorizes additional funding from the Green Bank’s balance sheet through a reallocation from the Statutory and Infrastructure Sector, in addition to the existing $500,000 authorization for pre-development energy loans for affordable multifamily properties, in an amount not to exceed $2,000,000, with $500,000 of that total allocated for pre-development loans and $1.5M for affordable gap and health & safety financing loans, with terms and conditions consistent with the memorandum dated December 9, 2016 and associated exhibits submitted to 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.

Submitted by: Bryan Garcia, President and CEO; Bert Hunter, EVP and CIO; Kim Stevenson, Associate Director, Multifamily Programs; and John D’Agostino, Senior Manager, Multifamily Programs.
## Attachment A

### Green Bank Multifamily Gap and Health & Safety Financing Loan

#### PROGRAM REQUIREMENTS & TERMS

<table>
<thead>
<tr>
<th>Loan Product Details</th>
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</thead>
<tbody>
<tr>
<td><strong>Loan Type</strong></td>
</tr>
<tr>
<td>Term loan that provides gap financing enabling qualifying energy improvements to be implemented, as well as health and safety measures as needed. Subordinate, secured debt; unsecured debt may also be considered based on requirements of existing debt and property/project financials.</td>
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</tbody>
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<thead>
<tr>
<th><strong>Eligible Energy Improvements</strong></th>
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<tbody>
<tr>
<td>Owners must complete an energy opportunity assessment and/or audit appropriate to the project and satisfactory to the Green Bank in order to identify the full set of energy upgrades that will deliver a positive return on investment, thereby increasing the value of the property. Gap and Health &amp; Safety funds are intended to support investments in comprehensive, deeper energy improvements as well as remediation of health and safety issues that enable these improvements.</td>
</tr>
<tr>
<td>1) Electric/gas utilities’ criteria for rebates as specified in a Letter of Agreement (LOA)</td>
</tr>
<tr>
<td>2) Eligible measures under Green Bank C-PACE or Smart-E Programs</td>
</tr>
<tr>
<td>3) Fuel conversions and associated improvements</td>
</tr>
<tr>
<td>4) Energy storage</td>
</tr>
<tr>
<td>5) Electric vehicle charging stations</td>
</tr>
<tr>
<td>6) Other energy upgrades with a commercial track record of realized savings, as approved</td>
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<tr>
<td>7) Project commissioning</td>
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<tr>
<td>8) Energy performance monitoring</td>
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</tbody>
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<tr>
<th><strong>Eligible Health &amp; Safety Improvements</strong></th>
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<tbody>
<tr>
<td>Up to 100% of the loan amount may be used for health and safety issues (examples include mold remediation; removal of, asbestos, lead paint, or other; and/or amelioration of leaking roofs, carbon monoxide, radon gas, knob and tube wiring, etc.)</td>
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<thead>
<tr>
<th><strong>Loan amounts</strong></th>
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<tbody>
<tr>
<td>Up to $300,000 (higher amounts subject to approval based on funding availability and project feasibility – see required “Coverage Ratio”).</td>
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<thead>
<tr>
<th><strong>Loan Term</strong></th>
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<tr>
<td>Up to 20 years.</td>
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<tr>
<th><strong>Loan Rate</strong></th>
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<tbody>
<tr>
<td>Subject to underwriting – anticipated in 0% to 6% range.</td>
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<table>
<thead>
<tr>
<th><strong>Prepayment</strong></th>
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<tr>
<td>Allowed with no penalty.</td>
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<tr>
<th><strong>Loan Fee</strong></th>
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</thead>
<tbody>
<tr>
<td>.50% upfront; may be rolled into loan. Fee may be waived at the discretion of Green Bank staff.</td>
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<tr>
<td>Eligible Properties</td>
</tr>
<tr>
<td>---------------------</td>
</tr>
<tr>
<td>Energy Monitoring</td>
</tr>
<tr>
<td><strong>Underwriting</strong></td>
</tr>
</tbody>
</table>
|                     | **Borrower/Sponsor Financials** | • Existing DSCR > 1.0 OR evidence of projected DSCR after energy improvements are implemented > 1.0  
• Current assets / current liabilities > 1.0  
• Total Liabilities / Tangible Net Worth not in excess of 3.00:1.00  
• Mortgage payments and taxes are current, or subject to a reasonable plan to make current |
| **Miscellaneous**   | **Advances** | Loan funds will be advanced in accordance with a disbursement schedule approved by the Green Bank. This includes written confirmation and approval, as applicable, of all required:  
- Municipal inspections by the appropriate municipal officials  
- Utility inspections by the appropriate local electric or gas utility company  
- For projects that include energy conservation measures beyond those approved for incentives under an LOA, final inspection and written approval by a qualified third party approved by the Green Bank |
Memo

To: Connecticut Green Bank Board of Directors

From: Ben Healey, Assistant Director

Cc: Bryan Garcia, President and CEO; Bert Hunter, EVP and CIO; Brian Farnen, General Counsel and CLO; Mackey Dykes, COO; George Bellas, VP Finance and Administration; Kerry O’Neill, Director of Residential Programs; Kim Stevenson, Associate Director of Multifamily Programs

Date: January 16, 2015

Re: $5,000,000 Program Related Investment from the MacArthur Foundation

Background

On June 30, 2014, the Connecticut Green Bank ("Green Bank") sent a proposal to the John D. and Catherine T. MacArthur Foundation ("MacArthur") for a Program Related Investment ("PRI")\(^1\) in the amount of $5,000,000 to support our efforts to drive clean energy deployment in affordable multifamily properties across the state. This sector is a priority for the Green Bank, as the affordable portion of the state’s housing stock, defined as units housing families who earn 80% of area median income or below, represents about 507,000 units, or 34% of CT’s total housing units. Properties with low-income residents run the gamut from single-family owner-occupied homes to small and large investor-owned buildings. However, across the board, affordable housing in CT suffers from years of deferred maintenance, as well as a lack of public investment under prior administrations, now changing under Governor Malloy. Many owners in the affordable multifamily market (whether naturally occurring or subsidized) are less sophisticated and much more stretched than is true of owners in the traditional commercial and industrial market. Consequently, developing energy upgrade projects to a point where they are ready for financing is a huge challenge and requires significant technical support to owners.

Despite the challenges in addressing this sector, the fact is that low-income residents bear a brutal utility cost burden, and so it is critical that Green Bank-supported programs target affordable properties in order to lower total energy/operating costs and tenant utility costs for those for whom these expenses are hardest to bear. Furthermore, in order to maximize the benefits of our programs, the Green Bank seeks to offer comprehensive financing solutions that address deferred

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\(^1\) Program Related Investments (PRIs) are investments made by foundations to support social welfare activities that involve the return of capital within an established timeframe. PRIs include financing methods commonly associated with banks or other private investors, such as loans, loan guarantees, linked deposits, and even equity investments in charitable organizations or in commercial ventures, with concessionary rates and terms.
maintenance, health and safety, and energy improvements, including both efficiency and clean energy generation, all at the same time.

MacArthur, as one of the nation’s largest independent foundations, has a suite of U.S. programs focused on issues that align well with the Green Bank, including both community and economic development writ broadly, as well as housing, with a focus on the preservation of affordable rental housing. Since 1978, MacArthur has paid out $5.5 billion through nearly 22,000 grants and PRIs to more than 7,900 organizations and individuals in the United States and around the world, with $228.4 million paid out in 2013 alone.

With respect to its “impact investing” strategy, MacArthur has allocated $300 million at the foundation level to making investments that advance core programmatic priorities, with a goal of unlocking new, more, and more useful or suitable forms of capital for targeted populations, regions, sectors or markets. Similar to the Green Bank, MacArthur sees a PRI into the affordable multifamily clean energy market as an opportunity to provide a meaningful test-bed for innovation and development – giving new projects and, indeed, an entire sector, the opportunity to demonstrate creditworthiness and value by successfully repaying loans and generating positive financial returns.

Proposal
The Green Bank’s June 30, 2014 proposal to MacArthur is attached to this memo as Exhibit A, but a high-level overview of the Green Bank’s proposed uses of MacArthur funds follows below:

[The Green Bank will create] at least three new, integrated products, to fill gaps that the Green Bank has identified as critical obstacles to advancing energy saving, emissions reducing projects in the multifamily sector:

(1) A high risk, revolving predevelopment loan fund to cover the costs of energy opportunity assessments, audits, and project scope definition – the Energy Opportunity Assessment Loan Fund;

(2) A loan pool to finance remediation of unfunded health and safety measures (i.e. asbestos, mold, leaking roofs, etc.) that must be addressed before energy improvements can be installed – the Healthy Homes Loan Fund; and

(3) Term financing to bridge gaps and provide a lower weighted average cost of capital for viable projects where projected energy savings don’t quite cover financing costs, and which would not otherwise close without additional, subordinate and/or less costly financing – the Finish Line Loan Fund.

MacArthur has since accepted this proposal, indicated the foundation’s eagerness to support the Green Bank’s initiatives in this effort, and given us a draft term sheet for this PRI (see Exhibit B), with a goal of closing in February 2015. Although this term sheet is not yet finalized, the most important terms to the Green Bank are as follows:

- Principal of $5,000,000, to be drawn in (at least) two separate disbursements
- Interest rate of 1%, to be paid quarterly, with a back-ended amortization in the last four years of the loan
- Tenor of 15 years
- The PRI will be unsecured, but with full recourse to the Green Bank
Given the attractive nature of this financing, and the Green Bank’s ability to leverage it alongside the work we already undertake with HDF, we believe that the approach outlined in the section above is both practicable and will lead to programmatic success to support energy upgrade investments in Connecticut’s affordable multifamily housing sector.

Resolutions

**WHEREAS**, the Connecticut Green Bank (“Green Bank”) is actively seeking to deploy private capital to support clean energy upgrades in the state’s affordable multifamily housing sector;

**WHEREAS**, the John D. and Catherine T. MacArthur Foundation (“MacArthur”) offers concessionary financing in the form of Program Related Investments (“PRIs”) to support core social welfare goals;

**WHEREAS**, Pursuant to Section 16-245n of the Connecticut General Statutes, the Green Bank is authorized to accept both charitable gifts and loans from philanthropic foundations; and

**WHEREAS**, the Green Bank drafted a proposal to MacArthur dated June 30, 2014, which the latter has accepted, for a $5,000,000 PRI to support three or more new multifamily clean energy financing programs in Connecticut;

**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 accept the MacArthur PRI, and in so doing obligate the Green Bank in a total amount not to exceed $5,000,000 with terms and conditions consistent with the memorandum and associated exhibits submitted to the Board of Directors dated January 16, 2015, and as he or she shall deem to be in the interests of the Green Bank and the ratepayers no later than 120 days from January 23, 2015; 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.

Submitted by: Bryan Garcia, President and CEO; Bert Hunter, EVP and CIO; Ben Healey, Assistant Director
Multifamily Pre-Development Energy Loan Funds

Due Diligence Package

June 12, 2015

Document Purpose: This document contains background information and due diligence on the Multifamily Pre-Development Energy Loan funds and the organizations involved, including at present, but not limited to, New Ecology, Inc. A major catalyst identified for facilitating the development and execution of energy upgrade projects within the multifamily sector is the availability of predevelopment funds for consulting services and energy audits of buildings for deep energy savings measures. The cost and lack of access to qualified vendors often prevent owners from seeking to include a full range of energy measures when evaluating building upgrades, often leading them to settle for single measures identified by individual contractors in specific trades, or worse, no energy upgrade measures at all. The result is a significant missed opportunity for realizing energy savings by the owners and tenants of both affordable and market rate facilities.

This information 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 discourse 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: Kim Stevenson, Associate Director, Multifamily Programs; Kerry O’Neill, Managing Director, Residential Programs; Ben Healey, Assistant Director, Clean Energy Finance; Chris Magalhaes, Manager, Clean Energy Finance

Cc: Bryan Garcia, President & CEO; Bert Hunter, EVP & CIO; Brian Farnen, General Counsel & CLO; Mackey Dykes, VP & COO

Date: June 12, 2015

Re: Multifamily Pre-Development Energy Loan Funds

Summary

The Connecticut Green Bank (“Green Bank”) Multifamily Housing Team is developing a set of pre-development energy loan programs to appropriately serve low-income / affordable multifamily properties as well as market rate multifamily properties. The programs will provide loans to fund work necessary to assess, scope, and secure permanent financing for energy improvement projects. Program requirements will ensure that vetted / qualified service providers are used and ensure that owners receive high quality technical assistance and high impact project outcomes. Pre-development loans will be funded out of the $1MM budget requested for FY16 for multifamily pre-development loan programs, with the expectation that reasonable expenses for third-party administration as determined under standard Green Bank operating procedures will also likely be incurred. The Multifamily Team seeks Board of Directors (“BOD”) approval to:

(1) Develop and deploy these pre-development loan programs consistent with the broad terms outlined in this memorandum; and

(2) Establish and deploy a pilot program using the pre-development loan funds described herein, in partnership with New Ecology Inc. “NEI”, per NEI’s May 2015 proposal to the Green Bank’s Multifamily Housing Clean Energy Financing Programs Request for Proposals (originally issued on 4/7/2014).

Adequate and appropriate pre-development work is currently the most significant barrier to developing the multifamily pipeline. Many owners are unwilling or unable to pay these high risk costs upfront, so projects often never get off the ground. Furthermore, most owners don’t know where or how to start the energy improvement process, nor where to turn for trusted technical assistance. They are stressed with other property management priorities, particularly owners serving low-income households, further exacerbating the hurdles to getting started.

The Green Bank Multifamily Team is building the proposed programs to solve these challenges – a critical first step in achieving our broader multifamily goals of (1) dramatically reducing building energy costs for tenants and owners, (2) getting quality, comprehensive, cost effective energy upgrades to multifamily housing mainstreamed, and (3) closing the energy affordability gap.¹

Staff also believes our proposed approach to lending and risk could be an industry game-changer, particularly for affordable / low-income housing, where grants are the norm for energy project assessment and development. Under the proposed program, the Green Bank is developing a process that progressively screens and funds only viable projects, enabled by high quality service providers.

**Program Description & Objectives**

**Use of Funds: Eligible Borrowers**
Loan applicants will be approved subject to appropriate staff due diligence of proposed projects and properties, including whether owners are sufficiently capable of completing their proposed development projects, and whether or not owners have a reasonable expectation that they will be able to secure term financing for their projects, either with a Green Bank term lending product or other capital sources.

**Use of Funds: Eligible Expenses**
Programs will provide loans to fund work necessary to assess, scope and secure permanent financing in order to successfully implement energy improvement projects. Pre-development loans will be repaid at the next phase of financing (i.e. construction or term loans) when projects move forward, essentially establishing a revolving loan fund approach.

Examples of eligible expenses include, but are not limited to:

- Energy performance benchmarking
- Energy opportunity assessments/ building walkthroughs
- Energy audits, green physical needs assessments and engineering studies
- Property appraisals and surveys
- Environmental testing and identification of (energy related) health and safety measures needing remediation prior to weatherization or other energy improvements
- Energy related design and development technical assistance, including scoping and bidding work to meet requirements of funders
- Completion of funding proposals for construction and permanent financing

**Key Program Requirements**
Program requirements will ensure that vetted / qualified service providers are available to and used by owners, ensuring owners receive high quality technical assistance and high impact project outcomes. Green Bank staff expects to vet service providers through a request for qualifications process.

**Total Amount Allocated**
Program loans will be funded out of the $1MM budget requested for FY16 for multifamily pre-development loan programs, with an initial expectation of $500,000 for low-income/ affordable multifamily properties and $500,000 for market rate properties (but reserving the right to shift between
the two categories based on actual demand). Low-income/affordable projects will draw on MacArthur Program Related Investment ("PRI") dollars for funding.2

**Loan Amounts and Terms**
Staff expects an average loan size of $15,000 to $20,000, with some significantly larger loans (up to $100,000) for large, complex projects. The projected tenors of the pre-development loans offered under this program should be no longer than 24 months (that is, with maturities beyond two years offered only on an exception basis), and the projected annual interest rates should fall between 0.0% - 5.0%, depending on market sector served (i.e. affordable vs. market rate), loan size, projected term, and project risk profile. Loans will be repaid when projects move forward to implementation, typically taken out by permanent financing, thus creating a revolving financing structure. From a downside perspective, however, the Green Bank will be sharing in the risk if a project does not move forward.

**Programs to be Developed**
- **Program Scenario 1: Contractor funded jointly by owner and Green Bank, loan accrues to owner, Green Bank manages contractor disbursements**
  This is the model proposed under the initial NEI Pilot (as further described below), designed to enable a simple, seamless owner/customer experience through the use of the pre-development loan funds. Green Bank staff will pilot the program with NEI – by building and refining processes – and then expand to an open market program that will include interested contractors who will be vetted and approved through a request for qualifications process. When the program expands to an open market approach, terms and requirements will be appropriately developed for owners with low-income/affordable properties vs. market rate properties.
- **Program Scenario 2: Direct loans to owner**
  Under this model, loans will be made directly to owners, who will be responsible for managing and paying qualified contractors. Terms and requirements will be appropriately developed for owners with low-income/affordable properties vs. market rate properties.

**Need/Justification**
Adequate/appropriate pre-development work is currently the most significant barrier to developing the multifamily pipeline. Owners are unwilling/unable to fund these high risk upfront costs. They don’t know where or how to start and need trusted technical assistance to work through the energy improvement process.

The Multifamily pipeline is presently robust for FY16, consisting of over 75 projects, representing 2,250 affordable and 513 market rate units under review and development. Almost all of these projects, with the exception of the solar only projects, are not advancing because of the pre-development work that needs to be funded and completed.

For publicly supported (i.e. Department of Housing (“DOH”) and Connecticut Housing Finance Agency (“CHFA”)) projects undergoing moderate and substantial capital improvements, all cost-effective energy

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2 The Green Bank Board of Directors approved the MacArthur PRI at its January 23, 2015 meeting.
efficiency measures are often not being included in project scopes for a variety of reasons, resulting in significant lost opportunities to reduce energy and maintenance costs. The solution requires appropriate energy assessments and design engineering early on in the process as well as resources to fund this work. The Green Bank is collaborating with CHFA and DOH to streamline the energy upgrade processes and identify resource needs, including Green Bank pre-development funds, where appropriate.³ Green Bank pre-development funds will be available to and coordinated with DOH and CHFA where needed. However, as DOH/CHFA offer their own pre-development funds, staff anticipates that Green Bank funds will be predominantly used for non-subsidized properties or for subsidized / rent-restricted properties that are in mid-cycle (meaning energy improvements are needed, but the property is not up for refinancing or a major capital improvement event).

**NEI Pilot Program Description**

The NEI Pilot program is designed to be an owner friendly process that will allow selected multifamily building owners to utilize the pre-development loan funds in order to determine the energy efficiency savings they can achieve at a minimal cost and effort on their part. Approximately 20 owners already in the Green Bank and NEI’s pipeline will be selected and offered an opportunity to participate.

After completing an application, owners will receive an Opportunity Assessment and Benchmarking Evaluation from NEI, one of the country’s top experts in multifamily clean energy upgrades and an established Green Bank partner. Owners will then get a written report on their potential savings and financing opportunities, and how their building compares to similar buildings. If, after discussing this report with NEI and the Green Bank, the owner chooses to proceed, the next step will be a comprehensive computerized energy audit by NEI that will detail the cost of the recommended retrofit work and the savings they will receive. If, when the audit is completed, it shows that it makes economic sense to proceed, NEI will help prepare the energy related technical documents needed for construction/ permanent loan closing.

There will likely be a *de minimis* fee required with the application, paid by the owner to NEI. Owners who proceed to an audit will pay a minority, to-be-determined percentage of the audit cost to NEI. All other costs, for the benchmarking, site inspection and audit, as well as preparing specifications and closing documents, will be paid to NEI by the Green Bank. These payments to NEI will accrue in the form of a loan to the owner.

If an owner proceeds to do the energy savings work, the pre-development loan will be taken out in the permanent financing and spread out over the term of any such loan. Or the owner could proceed without Green Bank financing and repay the Green Bank at that time. If at any point the owner decides not to proceed, the loan will be forgiven, and the owner will not have to pay anything more than they have already invested. The goal is to get at least ten multifamily owners to close loans with Green Bank assistance.

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³ As an outcome of the recent LEAN process, we are looking to execute an interagency MOA between DOH, CHFA, DPH, CGB and the Utility Companies that commits to solving this and other important challenges that will ultimately result in simpler, streamlined and more effective programs for our customers.)
The pilot is a pre-cursor to the open market, one-stop solution approach we are designing that will simplify things even further for owners. The pilot will provide an opportunity to test out many aspects of the future programs; particularly how to get multifamily owners with limited resources interested in pursuing reduced energy use in their buildings.

**Strategic Plan**

*Is the proposed project consistent with the Board approved Comprehensive Plan and Budget for the fiscal year?*

The Green Bank’s Board of Directors has directed staff to develop financing programs focused on the challenge of achieving energy upgrades in multifamily housing, especially properties that serve low-income tenants. The proposed use of funds is consistent with the FY16 budget submitted for Multifamily Housing and consistent with the Comprehensive Plan for Multifamily Housing. It helps solve the most critical roadblock impeding development and deployment of clean energy into the multifamily market.

**Ratepayer Payback**

*How much clean energy is being produced (i.e. kWh over the projects lifetime) from the project versus the dollars of ratepayer funds at risk?*

Data and statistics are sorely lacking in the multifamily space to estimate payback. Staff expects that investments made and projects implemented as a result of pre-development work funded under this program will deliver results comparable to the energy saved / clean energy produced per dollar under the C-PACE program. Based on C-PACE results thus far, savings and generation data for $1,000,000 in loans suggests lifetime savings for this program of about 21,000 MMBtu from energy efficiency projects and just under 2,000 MWh of clean energy generation. This will be a matter of ongoing measurement and tracking, which will be a requirement for all Green Bank funded multifamily housing projects.

Bottom line, however, is that without these pre-dev programs, there will not be Multifamily Program to deliver ratepayer payback, as projects won’t advance to implementation.

**Terms and Conditions**

*What are the terms and conditions of ratepayer payback, if any?*

The pre-development energy fund loan programs are intended to bridge a financing gap in the market for clean energy and energy efficiency installations on multifamily properties, and as such, face a relatively elevated risk profile. Recipients of program loans are expected to repay their obligations, potentially with a rate of return, if and when projects reach the stage of construction / term financing. Loans supporting projects that do not reach this stage will most likely not return capital to the Green Bank. The pre-development loan programs will provide a necessary cushion for owners to overcome market-driven obstacles surrounding energy saving investments in multifamily properties, and over time, Green Bank staff will create further protocols to ensure that only those projects most likely to reach term financing with receive pre-development financing.
**Capital Expended**

*How much of the ratepayer and other capital that Green Bank manages is being expended on the project?*

On a programmatic basis, $1,000,000 will be expended across the pre-development energy fund loan programs, split between an estimated $500,000 for low-income/affordable multifamily properties and an estimated $500,000 for market rate multifamily properties. Low-income/affordable projects will draw on the MacArthur PRI for funding, if and when received. On a per project basis, it is estimated that individual loans may reach up to, and in some cases above, $15,000 to $20,000 in total principal advanced.

**Risk**

*What is the maximum risk exposure of ratepayer funds for the project?*

Because program loans will bridge a gap in the market, and because of the potential burden of risk placed on loan principal, the program will be structured to manage those risks as best as possible given the constraints placed on multifamily property owners. The Green Bank will provide funding for the various and necessary stages of the pre-development programs, and will only receive repayment if and when projects close with permanent financing (which will take out the pre-development loan) or an owner decides to self-finance the project and is obligated to repay the pre-development loan. The following outline, a representative example of a potential project, articulates the process surrounding ownership participation, Green Bank financing, and program servicing:

1. **Customer Application**
   a. *A de minimis* application fee required, paid by the owner to the program servicer

2. **Benchmarking Analysis**
   a. Provided by program servicer, paid in full by CGB
   b. Up to 5% of total pre-development costs (estimated)
   c. Eligible projects move forward to next stage

3. **Opportunity Assessment** (only occurs if benchmarking suggests appropriate energy savings opportunities may exist)
   a. Provided by program servicer, paid in full by CGB
   b. Up to 5% - 10% of total pre-development costs (estimated)
   c. After assessment, owner decision to proceed

4. **Audit** (only occurs if opportunity assessments suggests high likelihood of potential energy savings)
   a. Provided by program servicer, minority % paid by owner and rest paid by CGB
   b. Up to 50% of total pre-development costs (estimated)
   c. After audit, owner decision to proceed

5. **Design Technical Assistance** (only occurs if audit identifies concrete energy savings potential)
   a. Assistance provided by program servicer, paid in full by CGB
   b. Up to 50% of total pre-development costs (estimated)
   c. Owner decision to proceed to construction
Financial Statements

How is the project investment accounted for on the balance sheet and profit and loss statements?

Advances of pre-development loan funds are accounted for by a reduction in the Green Bank Cash and Cash Equivalents Account (Current Assets on the Balance Sheet) and a corresponding increase in Multifamily Pre-Development Loans (Non-Current Asset on the Balance Sheet).

Capital Flow Diagram

Representative Program Structure: the diagram below represents the potential steps to completion for an individual project moving through a loan program with a servicing partner. The given stages and service/fee structures are based on discussions with market participants, but are subject to change across actual program implementations. The diagram describes the potential relationship between property owners, program servicers, and the Green Bank. For further elaboration on a potential draw schedule across the stages of a loan program, please refer back to the bullet points in the “Risk” section above.

Target Market

Who are the end-users of the project?

The target market is both low-income / affordable multifamily property owners as well as market rate owners. “Affordable” multifamily housing falls into two general categories: subsidized, rent-restricted properties and non-subsidized, privately owned properties that serve low- and moderate-income tenants (also referred to as naturally occurring affordable housing.) We expect program funds will be predominantly used by non-subsidized, privately owned properties (both naturally occurring affordable and market rate) and for subsidized / rent-restricted properties that are in mid-cycle (meaning energy
improvements are needed, but the property is not up for refinancing or a major capital improvement event).

Many of the state’s subsidized housing properties are funded under various CHFA and DOH programs, with their own pre-development loan funds. For these properties, Green Bank pre-development funds will be available to and coordinated with DOH and CHFA if and where needed.

**Green Bank Role, Financial Assistance & Selection/Award Process**

**Green Bank Role**
The Green Bank will develop and administer programs for at least the first year, and until we are able to identify a qualified third party to run them on our behalf. Administration includes processing applications, underwriting, and closing and funding loans.

**Selection / Award Process**
Qualified property owners / borrowers will be qualified and approved for loans on a first-come, first-served basis for as long as funds are available, subject to suitable underwriting standards. Eligible contractors and service providers will be vetted and qualified through a request for qualifications process that outlines and screens for appropriate qualifications and experience.

For the NEI Pilot and its use of pre-development loan funds, NEI is already working as a program partner with the Green Bank. They are national leaders in clean energy improvements to multifamily housing, and highly qualified for the work proposed under the Pilot.

**Program Partners**
Program partners will include contractors and other service providers screened and vetted through a request for qualifications process.

**Risk and Mitigation Strategies / Term Sheet**
The NEI Pilot, as the initial use of funds under this program, will be funded on a project-by-project basis as specified in this memo. For an outline of NEI’s proposed scope of work (which is representative of a potential project’s evaluation and steps to completion), please refer to Exhibit A for more detail.
Resolved

WHEREAS, the Connecticut Green Bank ("Green Bank") has a mandate to deploy private capital to support clean energy upgrades across the state’s built environment;

WHEREAS, the multifamily sector is an area of active focus for the Green Bank, given the unique challenges of financing clean energy upgrades on multifamily properties, and especially on affordable multifamily properties;

WHEREAS, Green Bank staff has determined that a key reason for the lack of progress in financing clean energy upgrades for multifamily properties is a surfeit of upfront support and a lack of the capital needed to navigate the complicated energy upgrade process for these buildings, including but not limited to the steps of benchmarking, assessing, and auditing properties, as well as determining appropriate design and financing solutions; and

WHEREAS, given the acuteness of these challenges for affordable multifamily building owners, as well as the high energy burden borne by tenants living in these properties, the Green Bank Board of Directors ("Board of Directors") authorized staff to accept a Program Related Investment from the MacArthur Foundation on January 23, 2015, in the amount of $5,000,000, to support financing for these properties;

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 deploy up to $1,000,000 to create a multifamily pre-development loan fund (the “Loan Fund”), with an initial expectation of $500,000 of that total to be used for affordable multifamily properties, with terms and conditions consistent with the memorandum and associated exhibits submitted to the Board of Directors dated June 12, 2015, and as he or she shall deem to be in the interests of the Green Bank and the ratepayers, with a fund launch date no later than 120 days from June 19, 2015;

RESOLVED, that a portion of the proceeds of the Loan Fund, not to exceed $280,000, may be used to support a pilot initiative run by New Ecology, Inc. ("NEI"), to drive volume and uptake of the Loan Fund, per NEI’s response to the Green Bank’s Multifamily Housing Clean Energy Financing Program Request for Proposals originally released on April 7, 2014; 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.

Submitted by: Bryan Garcia, President and CEO; Bert Hunter, EVP and CIO; Kerry O’Neill, Managing Director, Residential Programs; Kim Stevenson, Associate Director, Multifamily Programs; Ben Healey, Assistant Director, and Chris Magalhaes, Manager, Clean Energy Finance
Exhibit A
Representative New Ecology, Inc. Scope of Work Outline

Purpose
The purpose of the Connecticut Green Bank’s (“CGB”) Pre-Retrofit Financing for Energy Improvements Pilot Program (“Program”) is to provide and fund pre-construction stage technical assistance to building owners and developers to drive clean energy in existing multifamily housing. The goal is to close financing on and initiate construction of ten retrofit projects, and to define parameters for designing an on-going program. New Ecology, Inc., is a community-based sustainable developer that works with building owners to implement programs and projects that protect environmental quality and provide direct, meaningful economic opportunities for communities. New Ecology will be paid for services rendered on a project by project basis through Multifamily Pre-development Loan Program funds.

PROGRAM SERVICES –

The following Tasks will be performed by NEI in delivering direct services offered to owners under the Program. Fees will be jointly paid by project owners and the Green Bank to NEI, in accordance with the schedule for each Task. All fees paid by the Green Bank on an owner’s behalf, will accrue as a loan obligation to the owner, per the Participation Agreement, and will be repaid to CGB if, and when, permanent project financing is secured and the project moves forward to implementation and completion.

Task 1 - Benchmarking

Scope of Work
Provide benchmarking services for multifamily housing using the Wegowise energy and water-tracking tool. Benchmarking will include the following activities:

- Assist owners in creating a Wegowise account;
- Assist owners in loading building data and utility account information into the Wegowise system necessary for a complete Wegowise Pro account.
- Provide a development-level, historical energy and water analysis to identify usage patterns, consumption trends, anomalies, and comparisons to other comparable buildings within the Wegowise database.

Deliverables:
NEI will complete the following deliverables:

- An Energy and Water Analysis report that documents the benchmarking results; and
- A Wegowise account for each building that includes utility data for at least one utility (water, electricity, gas, or oil). Accounts can be either common area accounts or tenant-based accounts. Accounts will be shared with the Connecticut Green Bank (CGB) Wegowise aggregator account as follows:
  - Username: CEFIAProperties
  - Password: CEFIAProp

- Host a conference call with the project owner to discuss benchmarking results if, after conferring with the CGB, there is a decision not to proceed.

**Task 2 – Opportunity Assessments**

**Scope of Work**
The purpose of this task is to provide a low cost, quick turn-around assessment of potential clean energy opportunities for a single building or development with many units/buildings. This task is intended to screen projects, and help owners make informed decisions about investing in audits and other predevelopment costs in pursuit of a retrofit project. During the building walk-through the following building systems will be evaluated by an experienced energy analyst who will also discuss the buildings operations with the building superintendent:

- building envelope;
- major HVAC systems;
- energy management system appropriateness;
- lighting and appliances;
- elevator and other whole building electric loads as applicable;
- plumbing fixtures including water, hot and cold, conservation opportunities;
- visible health and safety improvement needs;
- kitchen and bathroom vents;
- common area laundry equipment;
- ventilation upgrades; and
- renewable and alternative energy production.

**Deliverables:**
NEI will prepare an opportunity assessment report, which will summarize the findings of the building walk-through as well as the benchmarking results. NEI will host a conference call with the CGB to discuss findings and next steps with the project owner.

**Task 3 – Clean Energy Audits**

**Scope of Work**
The purpose of this task is to provide comprehensive building assessments for clean energy opportunities within a residential development. The audit will focus on identification of the existing conditions and upgrade opportunities, and will project potential energy savings and implementation costs. The intent is
to provide sufficient detail to allow owners and the Green Bank to formulate a project scope, and to make decisions about whether or not to move forward with the design phase of a project. The audit methodology to be used for the audit will first be approved by the CGB via a work order, and will meet the requirements of potential funding and financing sources. The base-level audit shall be an ASHRAE Level II audit (“Base-Level Audit”) as currently defined under the CPACE program. It will include the following:

- Conduct a computerized analysis of the energy saving potential of the:
  - building envelope;
  - major HVAC systems;
  - energy management systems
  - lighting and appliances;
  - kitchen and bathroom venting
  - elevator other whole building electric loads as applicable;
  - water and plumbing fixtures;
  - common area laundry equipment;
  - ventilation upgrades; and
  - renewable energy opportunities.

- Recommend clean energy measures to upgrade the building to improve overall performance including lowering energy and water consumption, lowering operating expenses, improving indoor air quality, making the building more durable, and improving the overall value of the asset.

- Project energy and water savings opportunities within the development based the clean energy recommendations.

- Project implementation costs of the upgrades based on the scope of the clean energy recommendations.

- Project Return on Investment for the proposed clean energy recommendations

- Work with appropriate utility and any government agency to achieve integration of all available rebates and incentive grants into the project financing analysis and owners Return on Investment.

**Deliverables:**

NEI will prepare an audit report, which will detail the findings of the on-site audit assessment and the potential opportunities for clean energy retrofits within the development. The report will include the following:

- Summary of historical energy consumption analysis;
- Record of audit findings and existing conditions;
- Identification of clean energy and water retrofit opportunities within the development;
- Estimates of energy and water savings opportunities;
- Cost estimates of retrofit work;
- Return on Investment; and,
• Recommendations for installation, quality control, systems commissioning, measurement and verification, and post construction training.
• Analysis of likely rebates and incentive grants and gap requiring owner financing.

NEI will host a conference call with the CGB and owner to discuss findings and next steps. The CGB will provide the owner with an analysis of any available private and public financing for the project. NEI will make any changes to audit that are needed after conference call; and provide a final audit report satisfactory to CGB and owner.

**Task 4 – Design Technical Assistance**

**Scope of Work**
The purpose of this task is to provide owners with the technical assistance necessary to design and fund a clean energy retrofit. Services will be tailored to the needs of the owner and the project. Services provided to owners between completion of Task 3 and the closing of a retrofit loan (or the start of construction for a self-financed project) will be included in this task. The exact scope of work for this task will be proposed by NEI and approved by CGB on a case-by-case basis. Typical activities in this task include, but may not be limited to, the following:

• Preparation of bid documents;
• Design and specifications for HVAC systems;
• Design and specifications for elevator upgrades; and
• Design and specifications for renewable energy projects.
• Advanced diagnostics and testing;
• Design services (Design reviews, preparation of plans and specs);
• Assistance with processing all government and utility rebates and incentives; CGB to provide assistance needed to prepare for any public or private loan closing.

**Deliverables:**
Task 4 deliverables will be defined in a work order prepared by NEI and approved by CGB prior to starting the work in this task. NEI will also assist CGB in its work with other Connecticut agencies to establish a common set of standard specifications for energy retrofits in multiple dwellings.

• Audits: in accordance with the schedule on the approved work order;
• Design Technical Assistance: in accordance with the schedule on the approved work order.
• Work orders will be provided within two weeks of NEI and owner decision to proceed.
Memo

To: Connecticut Green Bank Board of Directors

From: Mariana Trief, Manager, Clean Energy Finance

Cc: Bryan Garcia, President and CEO; Bert Hunter, EVP and CIO; Brian Farnen, General Counsel and CLO; Mackey Dykes, COO; George Bellas, VP Finance and Administration; Kerry O’Neill, Managing Director of Residential Programs; Kim Stevenson, Associate Director of Multifamily Programs; Ben Healey, Director, Clean Energy Finance

Date: December 11, 2015

Re: Green Bank Guaranty and Program Agreement for the Housing Development Fund

Background

On June 30, 2014, the Connecticut Green Bank ("Green Bank") submitted a proposal to the John D. and Catherine T. MacArthur Foundation ("MacArthur") for a Program Related Investment ("PRI") in the amount of $5,000,000 to support the Green Bank’s efforts to accelerate energy efficiency and clean energy upgrades in affordable multifamily properties across the state of Connecticut (see Exhibit A). On January 16, 2015, the Green Bank’s Board of Directors authorized the Green Bank to execute and accept the $5,000,000 MacArthur PRI (see Exhibit B).

Upon the Board of Director’s approval, MacArthur and the Green Bank proceeded to finalize documentation and diligence. The two parties, however, were unable to close on a final funding agreement, due to the fact that state contracting rules associated with the Green Bank’s quasi-public status include a number of terms that presented compliance challenges for MacArthur as an out-of-state charitable foundation. Nevertheless, both MacArthur and the Green Bank have remained committed to finding a solution to this state contracting challenge, so that the PRI can proceed and MacArthur can support affordable multifamily clean energy efforts throughout Connecticut, both for their own sake and as a model that – through state-based networks and the growing green bank movement – may spread across the country.

HDF Participation and Green Bank Guaranty

As a solution to the standstill with MacArthur with respect to documentation, the Green Bank and MacArthur sought out a third party to receive and administer the MacArthur Funds, with the goal of sourcing an organization that shares the Green Bank’s programmatic goals, has experience in the state’s affordable multifamily sector, and maintains a robust and proven lending platform. The Housing Development Fund ("HDF") meets all three criteria, and is
already a trusted partner of the Green Bank, having administered the Cozy Home Loan program on the Green Bank’s behalf. Additionally, HDF is active in national affordable housing networks.

At this point, the Green Bank and HDF have held multiple discussions, and HDF’s Board of Directors has provided preliminary consent to proceed with documentation. The following summarizes the main aspects of the proposed structure:

HDF’s responsibilities with respect to the MacArthur PRI would include:

- Receive the $5 million PRI from MacArthur ("MacArthur Funds") and undertake the obligation to repay MacArthur (i.e. both principal and interest) according to a mutually agreed upon amortization schedule;
- Using MacArthur Funds, provide financing to qualifying owners of eligible multifamily properties ("Program Loans"), according to criteria and terms as determined collaboratively between the Green Bank and HDF and consistent with the original Green Bank proposal to MacArthur; and,
- Approve, administer and service all Program Loans made using MacArthur Funds. This includes underwriting and approving loans consistent with mutually agreeable programmatic guidelines and as sourced by the Green Bank and other channel partners, closing loans, disbursing funds, and managing the servicing of all Program Loans financed using MacArthur Funds.

The Green Bank’s main responsibilities would include:

- Provide a guaranty to HDF, in an amount not to exceed $5,000,000, for all Program Loans made using the MacArthur Funds, and hold HDF harmless for any losses associated with Program Loans;
- Formulate programmatic and underwriting guidelines for the various financing programs to be capitalized using MacArthur Funds, in collaboration with HDF;
- Support HDF in drafting policies and procedures for each program;
- Conduct marketing and serve as a source of origination for each program, both directly and through various channel partners;
- Directly underwrite applications for financing and advise HDF as to each applicant’s suitability for financing using MacArthur Funds, in collaboration with HDF and in instances where HDF is not managing the underwriting process; and,
- Support HDF in managing and servicing Program Loans, as necessary and as mutually agreed by HDF and Green Bank.

For its services, the Green Bank would also agree to pay HDF an amount not-to-exceed $125,000 annually, with the following breakdown of fees: an annual fixed administrative fee set at $40,000 per annum, a direct pass-through loan servicing fee, carrying costs associated with the interest payments on the PRI due to MacArthur, and HDF’s related legal fees (including preparation of all loan documents for loans made using MacArthur funds). To be clear, the Green Bank would have to directly bear the majority of these expenses (i.e. the carrying costs associated with the MacArthur Funds, Program Loan servicing fees, and legal fees) if we were not to partner with HDF anyway, so the only “additional expense” proposed herein is for HDF
administration. From staff’s perspective, this $40,000 per annum is a good use of funds, given limited internal capacity at the Green Bank to run this program directly.

The Green Bank presented the proposed strategy with HDF to MacArthur on September 30, 2015 (see Exhibit C) and has received preliminary approval from MacArthur’s Investment Committee. The proposed strategy with HDF is set to be formally approved by MacArthur’s Board of Directors in December, 2015.

**Strategic Selection**

Due to the nature of this engagement with HDF, Green Bank staff believes that the proposed agreement with HDF fits well within the requirements for a Strategic Selection from the Connecticut Green Bank Operating Procedures Section XII:

- **Special Capabilities**: HDF shares the Green Bank’s programmatic goals at an organizational level, has deep experience in the state’s affordable multifamily sector, and maintains a robust and proven lending platform. Most importantly, HDF is a trusted partner from the MacArthur perspective and has met MacArthur’s diligence criteria to receive these funds.

- **Uniqueness**: MacArthur has uniquely underwritten HDF to play this role. If we do not proceed with this partner, these funds will not flow into Connecticut.

- **Strategic Importance**: Mobilizing this low-cost capital from MacArthur is critical to achieving the Green Bank’s goals in the multifamily sector. Staff expects to partner with HDF to deploy MacArthur funds in advancing our predevelopment loan initiatives, in deepening our focus on financing health and safety improvements that are preventing energy upgrades from occurring in affordable multifamily properties, and in lending initiatives with partners where more “patient capital” is required, among other priorities.

- **Urgency and Timelines**: MacArthur is ready to close and fund this PRI. After the incredibly long lead time associated with this engagement, now is the time to act.

- **Multiphase Project**: This partnership with HDF will serve as the springboard for not only a significant amount of direct lending, but also for broader initiatives, as this deployment of MacArthur funds will allow the Green Bank to further develop our various programmatic approaches to the challenge of financing energy upgrades in affordable multifamily properties.

**Conclusion**

Given the attractive nature of the MacArthur PRI, and the Green Bank’s ability to leverage it alongside the work we already undertake with HDF, we believe the approach outlined in this memo is both practicable and will lead to programmatic success as the Green Bank works to further support energy efficiency and clean energy upgrades in Connecticut’s affordable multifamily housing sector. From a capital at risk and programmatic objective perspective, the approach is consistent with the proposal submitted to the Board in January 2015, excepting the strategic collaboration with HDF and the associated, limited administrative expense. Accordingly, staff recommends approval by the Board per the resolutions attached.
Resolutions

WHEREAS, the Connecticut Green Bank (“Green Bank”) is actively seeking to deploy private capital to support clean energy upgrades in the state’s affordable multifamily housing sector;

WHEREAS, the John D. and Catherine T. MacArthur Foundation (“MacArthur”) offers concessionary financing in the form of Program Related Investments (“PRIs”) to support core social welfare goals;

WHEREAS, MacArthur agreed to make a PRI in the amount of $5,000,000 (the “MacArthur Funds”) to support the Green Bank’s efforts to accelerate energy efficiency and clean energy upgrades in affordable multifamily properties across the state of Connecticut;

WHEREAS, MacArthur selected the Housing Development Fund (“HDF”) to receive and administer the MacArthur Funds;

WHEREAS, the Green Bank proposes to pay HDF an annual amount not-to-exceed $125,000 on a contracted, renewable basis, which amount shall include an annual fixed administrative fee initially set at $40,000 per annum, a direct pass-through loan servicing fee, carrying costs associated with interest payments on the PRI due to MacArthur, and related legal fees;

WHEREAS, the Green Bank proposes extending a guaranty (the “Guaranty”), in an amount not to exceed $5,000,000, to HDF for the purpose of securing loans for energy upgrades and clean energy to affordable multifamily owners made with MacArthur Funds; and

WHEREAS, the proposed Guaranty qualifies as a strategic selection and award pursuant to Green Bank Operating Procedures Section XII due to HDF’s proven experience in the state’s affordable multifamily sector, the organization’s robust and proven lending platform, and MacArthur’s independent selection of HDF as an appropriate recipient of its PRI funds.

NOW, therefore be it:

RESOLVED, that the Green Bank Board of Directors (“Board”) authorizes the President of the Green Bank and any other duly authorized officer of the Green Bank, to pay HDF for its services and execute and deliver the Guaranty materially consistent with the memorandum submitted to the Board dated December 11, 2015, and as he or she shall deem to be in the interests of the Green Bank and the ratepayers no later than 120 days from the date of authorization by the Board; 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.

Submitted by: Bryan Garcia, President and CEO; Bert Hunter, EVP and CIO; Ben Healey, Director, and Mariana Trief, Manager, Clean Energy Finance