

CONNECTICUT GREEN BANK
Board of Directors
Minutes –Regular Meeting
Friday, April 17, 2015

A special meeting of the Board of Directors of the **Connecticut Green Bank (the “Green Bank”)** was held on April 17, 2015 at the office of the Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT, in the Albert Pope Board Room.

- 1. Call to Order:** Robert Klee, Vice Chairman of the Connecticut Green Bank, called the meeting to order at 9:03 AM. Board members participating: Catherine H. Smith (by phone), Robert Klee, John Harrity, Norma Glover, Reed Hundt (by phone), Bettina Ferguson,-and Kevin Walsh (by phone).

Members Absent: Patricia Wrice, Matthew Ranelli, Mun Young Choi, and Tom Flynn.

Staff Attending: George Bellas, Andy Brydges, Mackey Dykes, Brian Farnen, Bryan Garcia, Ben Healey (by phone), Dale Hedman, Bert Hunter, Andrea Janecko, Kerry O’Neil, Cheryl Samuels, Michael Yu, Joe Buonannata, Kerry O’Neill, and Genevieve Sherman.

Others In Attendance: Denise Farrell (by phone), Rich McCarthy (by phone), Anthony Hannon, and Mike Trahan (by phone).

- 2. Public Comments:**

Mike Trahan spoke about the SHREC program and job openings for the program. He explained the past two years have been going fairly well, but solar permitting is still an issue. He explained that industry confidence is up significantly. Mike said he met with Solar City, CCM, the Connecticut Conference and Municipalities and COST, the Council of Small Towns, the state lawmaker to review a bill that’s making its way through the process designed to streamline permitting at the local level. The bill is falling short of his expectations. The planning and development committee must also act on this bill. He met with, OneRoof Energy, a good sized solar services provider based in California. They announced last week that they’re going to set up shop here in Connecticut. They work with installers at the local level, much the same way that Sungevity does.

- 3. Update from the President:**

Mr. Garcia provided an update on the statements of financial interest (SFI) and advised that Mr. Farnen would be the point of contact for any questions or concerns. He also advised that they are due by May 1st.

Mr. Garcia provided an update on the legislative session. He advised that the last meeting was January 23rd and that a lot has been happening at the legislature. He advised about the active involvement in a couple of forums. On January 29th there was a two-hour session with Connecticut Energy Efficiency Fund, before the Energy and Technology Committee. Both provided updates on how things were going, which was very well received.

On February 23rd the Green Bank partnered with DEEP and the E&T committee chairs on Utility 2.0, the next generation model. He explained that there were several panels. He stated that Richard Kauffman from New York State came in to speak about New York's next generation model initiative called "REV".

On the 17th of March there was a public forum with the Green Bank and REEBA at the state legislature on Connecticut's clean energy economy. The purpose of the forum was to celebrate several recent successes in Connecticut clean energy policy including achieving record levels of solar installation, the successful Energize Norwich campaign, and the nationally-recognized C-PACE program – all programs leveraging ratepayer funds to attract private capital investment.

Last week there was a session put together by the Connecticut Hydrogen Fuel Cell Council on hydrogen both, on site and transportation. He advised that one of things that needs to be thought about is that the "clean energy" definition for the Green Bank actually includes alternative fueled vehicles and infrastructure. This will probably be discussed around the June time frame, on how the Green Bank may get involved in better understanding and approaching the market.

Mr. Farnen explained that there are three bills that the Green Bank is involved in. Those bills are the SHREC first and foremost – Governor's Bill 6838, House Bill 6991, to remove any ambiguity in the C-PACE statute that the intention is to attract more private investments, and R-PACE. Mr. Farnen explained that R-PACE, House Hill 6993, would likely not move forward this legislative session but a working group is being established to be better positioned next session for adoption of R-PACE policy.

Mr. Garcia explains about R-PACE. Last year there was a requirement to do a study on R-PACE. The study was conducted. E & T Committee requested a piece of legislation be drafted based on the study. R-PACE currently is not moving forward, but the Co-Chairs of the E & T Committee and the Banks Committee want the Connecticut Bankers Association and the Connecticut Green Bank figure out what that Bill is going to look like. Legislative leaders and the Green Bank want to pass R-PACE next session.

Mr. Garcia explained there is currently a search going on for a director for C-PACE. There have been 25 – 30 resume submittals for the position. One candidate is moving through the staff interviews. There should be about 3 finalists as of next week in a group interview. The final director should be in place by mid-May.

On the SHREC, the Solar Home Removal Energy Credit, Mr. Garcia noted this is the Governor’s Bill concerning local economic development and access to residential renewable energy. This Bill was announced at Goodwin Tech High School. Work still needs to be completed on it. DEEP and Governor’s office are currently working together along with the Green Bank to improve the Bill. Mr. Farnen explained that he feels that the odds are good that the Bill will pass and since it’s the Governor’s Bill, that it is a great positive.

Mr. Garcia explained that he feels optimistic that no budget cuts should be coming. He explained that the Green Bank seems to be in a good position given that the Green Bank’s financial commitments are fully balanced against its financial resources, and that George Bellas has been communicating frequently with the Office of Fiscal Analysis on our commitments to financial position.

4. Consent Agenda:

Mr. Klee requested a motion on the consent agenda, which included meeting minutes approval from January 23, 2015 and an extension request.

Upon a motion made by Ms. Glover, seconded by Mr. Harrity, the Board members voted in favor of adopting the consent agenda as written.

- a. Approval of Meeting Minutes for January 23, 2015

Resolution #1

Motion to approve the minutes of the Board of Directors Regular Meeting for January 23, 2015.

- b. Extension Request of Prior Approved C-PACE Transactions

Resolution #2

WHEREAS, pursuant to Section 157 of Public Act No. 12-2 of the June 12, 2012 Special Session of the Connecticut General Assembly and as amended (the “Act”), the Connecticut Green Bank (“Green Bank”) is directed to, amongst other things, establish a commercial sustainable

energy program for Connecticut, known as Commercial Property Assessed Clean Energy (“C-PACE”);

WHEREAS, pursuant to the C-PACE program the Green Bank Board of Directors (the “Board”) or the Connecticut Green Bank Deployment Committee (the “Deployment Committee”) has approved and authorized the President of the Green Bank to execute financing agreements for the eleven (11) C-PACE projects described in the Memo submitted to the Board on April 10, 2015 (collectively, the “Finance Agreements”);

WHEREAS, the Finance Agreements were authorized to be consistent with the terms, conditions, and memorandums submitted to the Board or the Deployment Committee and shall be executed no later than 120 days from the date of Board or Deployment Committee approval; and

WHEREAS, due to delays in fulfilling pre-closing requirements for the C-PACE transactions listed above the Green Bank will need more time to execute the Finance Agreements.

NOW, therefore be it:

RESOLVED, that the Board extends authorization of the Finance Agreements to no later than 120 days from April 17, 2015 and consistent in every other manner with the original Board or Deployment Committee authorization for each Finance Agreement.

5. Commercial and Industrial Programs:

A. C-PACE Update

Ms. Sherman provided updates on closed and approved projects. She explained that with the approval of today’s transactions that the 100th C-PACE deal will be approved. It will go from being a \$65 million program to a \$70 million program.

Two additional banks from the Northeast part of the state have consented. This is great since there are a lot of projects in that area.

1461 Farmington Ave, Bristol

Ms. Sherman discussed the projects that had been sent to the members last week. The first is a property owner that was successful in getting approved for a second installation on the property by winning through the small ZREC lottery. Owner is requesting an increase in the amount of financing for the

installation. Members had been given a red line to see the differences. It's gone from about a \$600,000 project to a \$900,000 project, but still falls within all of the standard underwriting procedures.

Mr. Harrity asked where the employees are from since the contractor is out of Longmeadow, Massachusetts. Genevieve advised that she will need to ask.

Mr. Garcia explained that the Green Bank is working with SRS that does the backend technical underwriting. There will be a Public Benefit Report included in future reports that will discuss the greenhouse gas emission, energy savings, and jobs benefits for every C-PACE project. It takes into consideration the percent of the employees involved in a C-PACE project that are Connecticut based. That should start to be seen in June.

Mr. Walsh (phone) questioned what this transaction would look like if the Green Bank were not involved and they just relied on third party financing to get it done.

Mr. Hunter explained the length of transaction would not be able to be achieved with bank financing unless a mortgage is involved. He explained that this is being done on a 20 year term. He noted that this is really being financed with private capital, because all of the transactions are being moved out to private investors after they are funded by the Green Bank.

Mr. Walsh (phone) requests that the team be watchful of what the market will do without the support from the Green Bank, which has been discussed at prior meetings.

Mr. Hunter agreed and explained that in another transaction, an auto dealer did approach their bank for financing their project and that the bank advised that they would be better off using C-PACE, because the bank could not offer that long of a term (20 years).

Ms. Sherman advised that it's not the capital that's not available, but the structure in general. She advised that that structure will change to allow the Green Bank to step away from being the lender of record and originating the transactions.

The Connecticut Auto Retailer's Association teamed up with a solar contractor and will deliver about \$7 million in C-PACE transactions.

Mr. Hundt explained what is being focused on is trying to reduce demand for energy. He questioned what the fastest, yet economically prudent development that produces energy efficiency. He advised that the total market penetration is very low. He advised that the obstacles to the market penetration lie within the origination function. Also, that lending at 5% or

6% does not produce a savings to investment ratio that's greater than 1. He would like to have a more open discussion about the Green Bank's purpose and how to accelerate the retrofitting.

Mr. Walsh explained that he's not looking to hold up the project. He wanted to make the statement that the financing markets are developing very quickly.

Ms. Glover advised that Green Bank will still be the conduit even as the changes take place.

Mr. Garcia advised that there are requirements per the legislation that Green Bank always has to follow. The goal is to have the private markets step in and do the rest. He advised that they need to be willing to come in and originate the transactions.

Mr. Klee requested further discussion on the topic at a future meeting.

Mr. Garcia agreed that the staff and Board need to do that. He also advised that staff is in budget process for the next fiscal year, as well. He stated that he will sit down with Genevieve, Mackey, and Bert to get some time to have additional conversation.

Mr. Hundt stated that things change and that they need to keep track of the changes.

Mr. Klee wanted to make sure that they're keeping up as things change.

Ms. Smith suggested that if there is not time in a normal meeting that they add an hour on somewhere, because it's a very important conversation to have.

Ms. Sherman advised that this is a question that is at the forefront each day with the C-PACE Program. She advised that they are in a budgeting cycle and that they're looking at how the C-PACE Program will be run next year and how they will work with private capital providers and originators that have an intention to do business in the State of Connecticut.

2361 Whitney Ave #B, Hamden

Ms. Sherman moved forward to another transaction that the Deployment Committee has already seen last month. This transaction was recommended for approval by the full board. It's over \$2.5 million.

This project pushed the underwriting criteria just above the 80% threshold. Green Bank went back to the owner and suggested that they structure the

finance agreement such that the total loan to value (LTV) on the building never exceeded 80% as draws from the Green Bank go toward the construction of the project. The project will take several months. This will be accomplished as they pay down their outstanding mortgage debt.

There was a cash flow deficit identified in the out years of the project. The useful life the equipment going into this project exceeds 20 years. For that reason the project qualifies for a 20 year C-PACE assessment. Burt suggested that Green Bank go back to the owner with a sculpted amortization that would front load the payments. That was done with the owner and their representatives and came to an agreement. The owner will be making payments closer to \$300 thousand in the first 15 years, \$200 thousand in years 16 – 20, versus about \$300 thousand fixed over the full 20 year period. That brings the deficit down below 5 figures a year in those five years.

Ms. Ferguson questioned about front loading the debt.

Ms. Sherman explained that yes, the debt service coverage is still within the underwriting criteria.

Mr. Klee questioned whether or not this type of solution can be used on other projects.

Ms. Sherman advised that this is a tool that can be used. But she advised that this is moving away from the program guidelines that apply to all projects and should not be used in all cases. It is certainly a way of mitigating a potential risk in the outer years.

Mr. Hunter added that they do intend to make it an option to building owners. He explained that the Green Bank's risk and the capital providers risk is reduced. He explained that it saves a considerable amount of interest payments. By offering that to a property owner it gives them options. He explained that they feel that a number of property owners will take advantage of it.

300 Great Hill Road, Naugatuck

Ms. Sherman provided information on a new transaction. This is the Green Bank's first transaction in Naugatuck. It is a comprehensive efficiency upgrade and a roof replacement. The only unusual financial issue is that the property was purchased out of a bankruptcy. Additional due diligence was done to confirm that this transaction met all of the underwriting criteria in terms of the property's eligibility.

The transaction will be just under \$550,000 with a 5 ½% interest rate over 15 years. This is also a new contractor.

Mr. Harrity questioned if this is primarily for lighting.

Ms. Sherman answered that it's lighting and HVAC and that they're replacing the roof.

Mr. Klee asked if there were any other questions prior to him asking for a motion.

Mr. Farnen gave clarification on the second resolve that there are no leases on the three properties discussed and this language was removed from the resolution.

Upon a motion made by Ms. Glover, seconded by Mr. Harrity, the Board members voted in favor of adopting the following resolutions regarding the C-PACE transactions for Resolution #3, 1461 Farmington Ave, Bristol. Resolution #4, 2361 Whitney Ave #B, Hamden. Resolution #5, 300 Great Hill Road, Naugatuck.

1461 Farmington Ave, Bristol

Resolution #3

WHEREAS, pursuant to Section 157 of Public Act No. 12-2 of the June 12, 2012 Special Session of the Connecticut General Assembly and as amended (the "Act"), the 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 \$912,350 construction loan and term loan under the C-PACE program to Bristol Farms Associates, LLC, the building owner of 1461 Farmington Ave, Bristol, Connecticut (the "Loan"), to finance the construction of specified clean energy measures in line with the State's Comprehensive Energy Strategy and the Green Bank's Strategic Plan; and

WHEREAS, the Green Bank may also provide a short-term unsecured loan (the "Feasibility Study Loan") from a portion of the Loan amount, to finance the feasibility study or energy audit required by the C-PACE authorizing statute, and such Feasibility Study Loan

would become part of the Loan and be repaid to the Green Bank upon the execution of the Loan documents.

NOW, therefore be it:

RESOLVED, that the President of the Green Bank and any other duly authorized officer of the Green Bank, is authorized to execute and deliver the Loan and, if applicable, a Feasibility Study Loan in a total amount not to be greater than one hundred ten percent of the Loan amount with terms and conditions consistent with the memorandum submitted to the Board dated April 10, 2015 and as he or she shall deem o be in the interests of the Green Bank and the ratepayers no later than 120 days from April 17, 2015;

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 ration and lender consent requirements; 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.

2361 Whitney Ave #B, Hamden

Resolution #4

WHEREAS, pursuant to Section 157 of Public Act No. 12-2 of the June 12, 2012 Special Session of the Connecticut General Assembly and as amended (the “Act”), the 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 \$3,473,197 construction loan and term loan under the C-PACE program to 2319 Hamden Center I, LLC, the property owner of 2361 Whitney Ave #B, Hamden, Connecticut (the “Loan”), to finance the construction of specified clean energy measures in line with the State’s Comprehensive Energy Strategy and the Green Bank’s Strategic Plan; and

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

NOW, therefore be it:

RESOLVED, that the President of the Green Bank and any other duly authorized officer of the Green Bank, is authorized to execute and deliver the Loan and, if applicable, a Feasibility Study Loan in a total amount not to be greater than one hundred ten percent of the Loan amount with terms and conditions consistent with the memorandum submitted to the Board dated April 10, 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 April 17, 2015;

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 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.

300 Great Hill Road, Naugatuck

Resolution #5

WHEREAS, pursuant to Section 157 of Public Act No. 12-2 of the June 12, 2012 Special Session of the Connecticut General Assembly and as amended (the “Act”), the 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 \$541,582 construction loan and term loan under the C-PACE program to

Albert's Hill Inc., the property owner of 300 Great Hill Road, Naugatuck, Connecticut (the "Loan"), to finance the construction of specified clean energy measures in line with the State's Comprehensive Energy Strategy and the Green Bank's Strategic Plan; and

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

NOW, therefore be it:

RESOLVED, that the President of the Green Bank and any other duly authorized officer of the Green Bank, is authorized to execute and deliver the Loan and, if applicable, a Feasibility Study Loan in a total amount not to be greater than one hundred ten percent of the Loan amount with terms and conditions consistent with the memorandum submitted to the Board dated April 10, 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 April 17, 2015;

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 ration and lender consent requirements; 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.

B. Commercial and Industrial Programs

Mr. Hunter summarized private capital and the C-PACE Program. Green Bank Board of Directors approved a funding warehouse off the balance sheet of the Green Bank for \$40 million. That was in the context of selling off the first \$30 million to Clean Fund. He explained that the Green Bank is about to sell its second set of transactions to Clean Fund. He further noted that as Ms. Sherman indicated, we have approved approximately \$70 million in transactions, so even with selling \$30 million, eventually the Green Bank would run out of capacity its own balance sheet. He explained that this funding situation is being well monitored by Mr. Bellas and Mr. Hunter and

with the RFP for capital providers drawing to a close, the Green Bank expects to be able to fully fund all approved and closed C-PACE transactions. At the same time, as part of the RFP, he explained the need to get an external lender of record. There have been state contracting issues with all of the transactions, and he mentioned that this can be a barrier for many property owners seeking to use C-PACE. The conclusion is that we have to have an outside lender of record to be able to get around those issues.

Another objective of the RFP is to use less Green Bank capital than in the first transaction. The Green Bank is supporting that transaction with 20% of the capital required. The Green Bank would also like to offset some the origination costs of the program by recapturing some of the economics of the transactions. Finally, he noted, to the extent possible some functions will be outsourced to the private sector and pointed out that the Green Bank has already moved the collection and servicing activities to an external servicer. The Green Bank will continue along that model.

One of the key points is the value recapture. Mr. Hunter thanked Mr. Hundt and Jeff Schub (Coalition for Green Capital) for discussing the criteria and helping to shape the RFP that was issued to the market.

The Green Bank has received several proposals that will fulfill the needs and objectives identified. There is a considerable interest from around the globe from international banking and investment banking firms. He explained how this asset class is really attracting interest in the private market.

The structures vary all the way from a whole loan purchase to a combination of a warehouse and securitization option. He noted that a warehouse approach with some risk share offers the opportunity to enhance the economic yield back to the Green Bank. All of the proposals offer the opportunity to scale up. Looking ahead in the RFP schedule, he said staff expected to shorten the number of proposals down to two and to have a final selection by the first week of May. Staff wants to have a facility in place by the middle of the summer.

Ms. Ferguson questions the procedure regarding the whole loan.

Mr. Hunter explains that in a whole loan purchase the entire transaction is handed over and that the Green Bank is paid out at a percentage on the dollar.

Ms. Ferguson states that it would be better to do the warehouse approach.

Mr. Hunter states that yes that would be the case. The Green Bank would stay as a subordinated participant within the transaction. He explained that there is a credit enhancement aspect to a securitization from excess spread

between the yield on the C-PACE transactions with the property owners and the cost of funds achieved in the securitization, yielding a built in cushion. In residential PACE it's about 3% and grows over time since the interest rate is so high on a residential PACE loans, which results in a considerable amount of excess spread. That excess spread builds up over time. In commercial PACE the excess spread is considerably less. He explained that many financial professional staff that we have discussed this with, feel that rating agencies are going to be looking for some other credit enhancement up front. The Green Bank is prepared to offer that and get a yield benefit from it.

Ms. Sherman explains another benefit of a credit enhancement is it captures a greater number of credits in the market that otherwise might not qualify for the same advance rate that would be seen on a whole loan purchase. The warehouse model allows for the aggregation to occur.

Mr. Hunter asked for any questions.

Mr. Hundt asked if there was any remaining decision by the Board concerning the RFP.

Mr. Farnen stated that when staff gets to the term sheet phase that they would agree the term sheet in principle subject to Board approval and that would be brought to the Board at the June 19th meeting.

Mr. Hundt questions if it does require a Board vote.

Mr. Garcia stated that it does.

Mr. Hundt questions if Mr. Hunter would prefer to have the Board give him the ability to negotiate within certain parameters.

Mr. Walsh stated that he thinks this is an important discussion to have for the Board. He stated that these are some important tradeoffs that the Board should understand.

Mr. Hundt agreed that they should be informed.

Mr. Klee stated that there would have to be a special meeting within the next week or two.

Mr. Hundt advised that the other members might benefit from having some time to discuss the details more thoroughly.

Mr. Walsh agreed that it would be very helpful.

Mr. Garcia advised that they should plan a special meeting.

Mr. Hundt stated that he doesn't feel that there needs to be a Board Meeting, just to decide how they should inform the other members.

Mr. Walsh agreed that they could do it offline.

Mr. Klee agreed that it should be fine to do it offline. He asked if there was anything further before moving onto residential sector updates.

6. Residential Sector Program Updates & Recommendations:

Ms. O'Neill advised that Green Bank is at \$43.5 million approved and/or closed transactions. She advised that they are very pleased with the momentum. There are over 220 eligible contracting partners. 55% of them have submitted at least one project in.

She explained that they are ahead of the targets if CT Solar loan is taken out of the picture. They were budgeted for 12 months. They graduated off the balance sheet after 4 months.

Lease is significantly ahead of budget. That speaks to strong demand in the market.

SMART-E is also ahead in both units and number of loans closed. The average loan size budgeted was \$13,000. She advised that they're seeing \$18,000.

COZY continues to be a challenge. They're going to continue to watch and evaluate that.

They ran a promotion to incentivize customers to get to close faster for CT Solar Lease. That was successful. She advised that the solarize campaigns are always a big help with the solar lease product. She explained that they have about \$8 million left to secure before the fund allocation is depleted. Sometime over the summer applications will stop being taken. Lender engagement for SMART E has been a big driver in terms of really pushing the volume. The top three lenders are 70% of the volume. The bundle offer is also very strong.

Energize Connecticut product coordination, SMART E is a product with a lot of competition. The Efficiency Fund runs loan programs that use subsidized capital with Connecticut Housing Investment Fund. We are going to bring forward a request to move the Connecticut Housing Investment Fund to a SMART E lender for the credit challenged market. They'll also offer a payment plan loan under \$3000 at 0%.

Ms. O'Neill noted that where we have not achieved coordination is that the gas companies by statute have the ability to offer a loan program for single measure heating upgrades. They're in the market at 0%. They're going to request to extend that through the end of the legislative end date of the program.

Mr. Hunter stated that under statute the gas companies can just drive that decision.

Ms. O'Neill agreed.

Mr. Hunter pointed out that this is a clear case where private capital is available for loans to be made to home owners, but the gas companies insist on this 0% loan.

Mr. Farnen added that from a legislative perspective, there is a 10% down payment statutory requirement that utilities may be interested in trying to remove. Mr. Farnen explained that it makes it harder for private capital and the Green Bank to compete on an even level with subsidized ratepayer dollars at a zero percent interest rate with no money down.

Mr. Hunter clarified that it's a Green Bank program (Smart-E), but its private capital (from the Smart-E lenders – banks and credit unions) that the Heating Loan is competing with.

Ms. O'Neill stated that the utilities expect to do about \$17 million in origination this year in that product. The Smart-E is at \$6 million approved, closed.

Mr. Klee advised that DEEP is also trying to push back on this.

Ms. O'Neill thanked Ms. Wrice for helping to organize regional fuel banks to learn about the COZY Home Loan as part of the outreach effort. Also, we worked with the Department of Housing on their standards for Resi 1 – 4 rehabs to incorporate energy and health and safety.

She advised members that more information is available in the packet for SMART E.

We are finally seeing a pipeline on multi-family. Kim's team has now doubled. She introduced Demetrius Pantriachios, who had just joined Kim's team. She touched on a CHFA partnership. She stated that there are 20 projects for Solarize. She stated that they are going to address the access issues for owners and developers to access resources.

A. CHIF Guaranty and Bridge Loan

Mr. Healey advised about the partnership that is being built with CHIF. He stated that there is an existing relationship with them. He stated that they are looking to support CHIF in raising new capital. The focus of the new lending will be on credit challenged customers. The Green Bank, in connection with this recapitalization would support the financing in the million dollar range with a 10% guarantee. He advised the Board of the memo that they had received that the guarantee would only be deployed after an existing 10% debt service reserve fund was fully exhausted and that the senior loan would only be about 80% of the CHIF loan portfolio's value. He concluded that it's a fairly low risk for the Green Bank.

The second part of the request is to provide a short-term bridge loan since CHIF's ratepayer funds are running out. The loan would be for no more than \$900,000 at an interest rate of 2% over the next several months after which it will then bump up to 4%. Again, this would bridge CHIF to the point where the Green Bank raises the private capital. Staff expects to be able to secure capital within the next month or so. He noted that this is a fairly simple agreement.

Mr. Hunter discussed the fact that there will be a security interest in the residential loans that CHIF has currently. So, it will be a secured bridge.

Mr. Klee asks if any Board Members have any questions on resolution number 6.

Ms. Ferguson questioned the \$1.5 million reserve fund.

Mr. Healey explained that the reserve fund would be coming out of proceeds of the financing. He advised that this is non-recourse facility. Its entire loan pool will be the security for the new lender.

Mr. Healey explained that that would depend on the advanced rate. It's a pool of underlying residential loans that's growing. It will probably be to an advanced rate of \$10 million.

Mr. Klee asked if there were any additional questions and requested a motion.

Mr. Walsh asked what the rate would have been if the Green Bank did not provide ongoing credit support.

Mr. Healey explained that this is a strong portfolio. It is not a high interest rate pool. It's at 0%, 2.99% loans in it. If we didn't give a decent rate we wouldn't be able to get much out of the recap. The second part is the

economic consideration. He explained that Green Bank will be supporting CHIF.

Mr. Walsh stated that the Green Bank is retaining some risk.

Mr. Healey stated that ongoing discussion with the lenders the term sheet is still under negotiation.

Mr. Klee requested a motion on this resolution 6.

Upon a motion made by Ms. Glover, seconded by Ms. Ferguson, the board members voted in favor of adopting Resolution #6.

Resolution #6

WHEREAS, the Connecticut Green Bank (“Green Bank”) has an existing partnership with the Connecticut Housing Investment Fund (“CHIF”) focused on financing qualifying energy upgrades for affordable multifamily properties;

WHEREAS, the Green Bank and CHIF now desire to expand that partnership to provide long-term, low-cost financing to credit-challenged single-family homeowners for qualified energy upgrades;

WHEREAS, the Green Bank proposes extending a guaranty (the “Guaranty”), in an amount not to exceed \$1,500,000, to CHIF’s wholly-owned subsidiary the Connecticut Energy Efficiency Financing Company (“CEEFCo”) for the purpose of securing private capital to be used for financing energy upgrades for such credit challenged customers; and **WHEREAS**, the Green Bank further proposes extending a bridge loan (the “Bridge Loan”) to CEEFCo, in an amount not to exceed \$900,000, to be used for financing energy upgrades for credit-challenged customers until such private capital is sourced.

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 execute and deliver the Guaranty and Bridge Loan with terms and conditions consistent with the memorandum submitted to the Board dated April 10, 2015, and as he or she shall deem to be in the interests of the Green Bank and the ratepayers no later than 120 days from the date of authorization by the Board.

RESOLVED, that the Board authorizes Green Bank staff to fund interest rate buy-downs (“IRBs”) associated with CEEFCo financing of credit-challenged single-family homeowners using existing budget allocated to IRBs for the Green Bank’s Smart-E loan program, as well as any such future budgetary authorization.

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.

B. Update and Request for Extension of the CT Solar Lease

Mr. Hunter requested an extension on CT Solar Lease. He advised that the transaction had been approved back in 2013. Green Bank is supporting the transaction with a \$9.5 million investment. The exact numbers are \$23 million in tax equity and roughly \$27 million of debt capital. The investor has approved 3.7 megawatts of residential systems. We expect to be north of 900 systems by the end of the fund. On the commercial side we have approved 1.8 megawatts across 6 projects.

Mr. Healey explained that the local contractor base has really jumped. The C-PACE lien is seen as a security and collections mechanism for the PPA. The solar energy that is produced will be collected by the Town of Woodbridge. The Town of Ashford will have 3 town projects totaling 117 kW’s and generating 150,000 kWh annually. It’s the first Green Bank solar PPA serving the multi-family sector.

Mr. Hunter continued on his update of request for extension for the CT Solar Lease. The final residential applications are expected mid-summer. We expect final commercial contracts early fall. And while there are no RFP’s issued for the commercial side of the program, he explained that staff has spoken to a number of players in the market. We will wrap the final parts of the program in June or July 2016, which brings staff to the reason for the need for an extension of the date to July 31, 2016.

Mr. Klee asks if there are any other questions on resolution 7. He requests a motion.

Upon a motion made by Mr. Harrity, seconded by Ms. Glover, the Board members voted in favor of approving Resolution #7.

Resolution #7

WHEREAS, at a special meeting of the Board of Directors of the Connecticut Green Bank (“Green Bank”) held on June 26, 2013, the

Green Bank Board of Directors (the “Board”) approved resolutions for the CT Solar Lease 2 program (“Solar Lease 2”);

WHEREAS, the Green Bank intends to extend the duration of the tax equity and credit facilities supporting Solar Lease 2 and to implement certain changes in the mix of systems to be installed as set forth in the memorandum submitted to the Board dated April 10, 2015;

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 execute and deliver amendments and other related documentation to extend the duration of the tax equity and credit facilities supporting Solar Lease 2 and to implement certain changes in the mix of systems installed consistent with the memorandum submitted to the Board dated April 10, 2015, and as he or she shall deem to be in the interests of the Green Bank and the ratepayers no later than 120 days from the date of authorization by the Board;

RESOLVED, that 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.

C. Update on Residential Solar Financing Strategy

Ms. O’Neil provided an update on solar financing strategy. She explained that they’re not going to be involved with mainstream prime customers. They’re transitioning to the private sector for that. They’re going to focus Green Bank dollars on underserved markets.

Ms. O’Neill spoke about how Go Solar CT will not to be about financing, but as a trusted source for going solar in Connecticut. This is a shift in where our web resources will be going. We’ll report back as we move through our RFP process. We will endorse a prime customer lease, so our independent installers have a trusted source there.

Mr. Klee moves onto sector updates and progress to targets.

7. Sector Updates and Progress to Targets

Mr. Garcia advised that good progress is being made toward the year end targets. He asks Andy Brydges, Bettina Ferguson and Commissioner Klee to weigh in on the progress for institutional programs.

Mr. Brydges says that it's not showing in the numbers as of yet, but doing very well. Substantial progress has been made. He informed the Board that they had met on Wednesday with the Office of Policy and Management to present on the study of difference financing alternatives for the state performance contracts and projects. We decided that bonds are the most effective way to finance these projects. There was support from OPM. There was support from Secretary Barnes to use \$40 million of existing bonds. That would finance two of our first three projects. The remaining project has interest in using the Green Bank to use bonds backed by the states Special Capital Reserve Fund (SCRF). We'll need a capital lease through the state. There's obviously tremendous need.

Ms. Glover stated that this is a good place to go.

Mr. Brydges thanked Commissioner Klee for pushing it to the Governor. There's really no need to do a proof of concept. The model is several decades old. We're finding 40 – 60% savings at our facilities and the federal government just released a solicitation for \$55 billion of energy performance contracts for its facilities.

Mr. Klee commended the team.

Ms. Ferguson stated that they're glad to be assisting with the launch of the bonds.

Mr. Garcia asked when they can expect a draft.

Mr. Hunter stated late summer it should be available.

Mr. Garcia thanks everyone for their hard work. He stated that they're ahead of targets on the statutory and infrastructure sector programs.

Mr. Bellas offers a financial position update through February 2015. Currently our mix is 49% current 51% non-current assets as opposed to 71% current in the previous year versus 30% non-current. Total assets were \$119.2 million of which Cash balances stand at \$49 million , of which \$4 million is restricted federal funds being used as credit enhancements for our various financing programs.

Mr. Garcia asked if there are any unfunded program commitments.

Mr. Bellas noted that the current balance of unfunded commitments is \$102.6 million. About 65% of this amount is for the C-PACE loan program and various incentive residential solar incentive programs. Current revenues were approximately 5% below budget projections primarily due to a

decrease in proceeds received from RGGI auctions. Operating expenses to date continue to remain under budget.

Mr. Garcia advises they're going into Executive Session at 10:45 AM.

Upon a motion made by Mr. Klee, seconded by Mr. Harrity, the Board members voted in favor to enter Executive Session at 10:45 AM for personnel matters.

8. Executive Session

Upon a motion made by Ms. Glover, seconded by Mr. Harrity, the Board members voted in favor of the resolution.

Resolution #8

WHEREAS, the Board of Directors of the Connecticut Green Bank (the "Green Bank") requested that the President and CEO develop a succession plan ("the Succession Plan") to ensure that the Green Bank has the senior leadership (i.e. Director level and above) and key talent with the skills and depth of experience required to meet the short, medium, and long-term operational and strategic plans of the organization;

WHEREAS, that the Succession Plan acknowledges the importance of developing future leaders and recognizing employee service;

WHEREAS, the Audit, Compliance and Governance, per Section 5.3.1(X) of the Bylaws of the Green Bank is responsible for the management of succession planning;

WHEREAS, the Succession Plan is a document drafted by the President and CEO for review by the Board of Directors; and

WHEREAS, the Succession Plan will serve as a roadmap for the Green Bank.

NOW, therefore be it:

RESOLVED, that the members of the Board of Directors will review and provide comments on the Succession Plan presented to the Board of Directors on April 17, 2015 to the Audit, Compliance and Governance Committee; and

RESOLVED, that the Audit, Compliance and Governance Committee is directed to take feedback from the Board of Directors and recommend final

presentation of the Succession Plan to the Board of Directors at the regularly scheduled meeting on June 19, 2015.

9. Adjournment

Upon a motion made by Mr. Klee, seconded by Ms. Ferguson, the Board members voted unanimously in favor of adjourning the April 17, 2015 meeting at 11:20 AM

Respectfully Submitted,

Rob Klee, Vice Chair