

**BOARD OF DIRECTORS OF THE
CONNECTICUT GREEN BANK
Minutes – Regular Meeting
Friday, June 19, 2015**

A regular meeting of the Board of Directors of the **Connecticut Green Bank (the “Green Bank”)** was held on June 19, 2015, at the office of the Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT.

1. Call to order:

Bryan Garcia called the meeting to order at 8:47 a.m. Board members participating: Robert Klee, Norma Glover, John Harrity (by phone), Reed Hundt (by phone), Bettina Ferguson, Kevin Walsh (by phone), and Pat Wrice (by phone).

Members Absent: Catherine Smith, Matthew Ranelli, Tom Flynn, and Mun Young Choi.

Staff Attending: George Bellas, Mackey Dykes, Brian Farnen, Bryan Garcia, Dale Hedman, Rick Ross, Bert Hunter, Kerry O’Neill, Andy Brydges, Cheryl Samuels, Chris Magalhaes, Katy Mixer, Max Heering, Ben Healey (by phone), Mike Yu (by phone) and Genevieve Sherman (by phone).

Others In Attendance: Terry Hannon, , Andrew Babbidge (CGB Intern), Lauren Winstel (CGB Intern), Ben North (CGB Intern), Vignesh Kumar (OTT Intern), and Joe Barren(CGB Intern).

2. Public Comments:

There were no public comments.

3. Consent Agenda:

- a. Approval of Meeting Minutes for April 17, 2015*

Bryan Garcia stated that there was a request to strike a line on page 16 of the Meeting Minutes from April 17, 2015. The line to be stricken was a question by Bettina Ferguson regarding how much was in the Reserve Fund.

Bryan Garcia also stated that they were unable to get a memo out to the Board members regarding “Under \$300,000 and No More in Aggregate than \$1,000,000” therefore this would not be discussed today nor be approved through the consent agenda resolution.

Upon a motion made by Bryan Garcia, seconded by Norma Glover approving the two changes to the agenda was unanimously passed.

Resolution #1

Motion to approve the minutes of the Board of Directors Regular Meeting for April 17, 2015.

b. Revisions to Banking Signatories*

Resolution #2

RESOLVED, that the Connecticut Green Bank Board of Directors (the “Board”) approves the addition of the position of “Vice President and Chief Operating Officer” to the Connecticut Green Bank’s list of authorized bank signatories;

RESOLVED, that the Board amends the list of authorized bank signatories to reflect the position change in title from “Director Renewable Energy Deployment” to “Director of Statutory and Infrastructure Programs”; and

RESOLVED, that these changes shall be effective for the following entities: Connecticut Green Bank, CEFIA Holdings LLC, CT Solar Loan I LLC, CEFIA Services Inc., and CT Solar Lease 2 LLC. The proper Connecticut Green Bank officers are authorized and empowered to execute and deliver all other documents and instruments necessary to effectuate this resolution.

c. Revisions to Internal Accounting Control Procedures*

Resolution #3

WHEREAS, On April 22, 2015 the Connecticut Green Bank (the “Green Bank”) staff presented proposed revisions to existing internal accounting control policies and procedures with the Green Bank Audit, Compliance and Governance Committee (the “ACG Committee”). After review and discussion the ACG Committee recommended to the Green Bank Board of Directors (the “Board”) that the Board approve the proposed revisions attached to the Memo to the Board dated June 12, 2015;

NOW, therefore be it:

RESOLVED, that the Board approves the revisions to the following Green Bank, and its affiliates, existing internal accounting control policies: Policy 101, Policy 102, Policy 103, Policy 104, and Policy 104a, as such revisions are more fully described in the Memo to the Board dated June 12, 2015; and

RESOLVED, the proper Green Bank officers are authorized and empowered to execute and deliver all other documents and instruments necessary to effectuate this resolution.

d. Under \$300,000 and No More in Aggregate than \$1,000,000 (Update)

4. Update from the President:

Bryan Garcia provided updates on C-PACE, SHREC, R-PACE and Green Bonds. Bryan Garcia stated that in last year’s legislative session there was a recommendation for the addition of micro grids under C-PACE. As a result, the legislative change also resulted in the requirement by the Green Bank to perform a study on the viability of R-PACE

(residential PACE) in Connecticut. He explained that a study had been submitted and that the E & T committee chairs asked that legislation be drafted. Bryan Garcia explained that this has been done, but that there are some issues with respect to the legislation given the lack of support from the bank industry lobby. He explained that they are working to identify the issue and the options to work through the issues this summer and fall.

Bryan Garcia went on to provide an update on the Anaerobic Digesters. He explained that the pilot program had been extended by two years. He explained that it gives the Green Bank more time to close transactions with project sponsors, lenders and investors. He also explained that the legislature is looking to increase the provision for the Special Capital Reserve Fund for the Green Bank to support its proposed issuance of Green Bonds. Rob Klee asked if this was in the implementer special session or in the bond package. Bryan Garcia advised that it is in the implementer. He explained that this was a very successful legislative session.

Norma Glover asked if there was any progress with the permitting. Brian Farnen advised that they are working to get standardized permitting. He explained that there needs to be more consistent standards amongst the 169 municipalities. He explained that the Permitting Bill is a huge first step for legislation for solar permitting. He explained that they need to educate town inspectors. He explained that the Renewable Energy and Energy Efficiency Business Association's Board is happy with the bill. He also feels that most people in the industry are happy with it as they see it as a step in the right direction.

5. Commercial and Industrial Sector Program Updates and Recommendations

a. C-PACE Transactions

Genevieve Sherman provided an update on the C-PACE transactions. She advised that the Green Bank has closed on numerous deals and that we have now approved over 100 projects. C-PACE staff have also added a couple of new participating municipalities as well as banks that have provided consent for C-PACE benefit assessments on properties where the banks hold a mortgage.

i. Bridgeport – C-PACE Transaction

She updated the Board on 1316 Barnum Avenue in Bridgeport. She explained that they are installing high efficiency lighting and HVAC. She advised that they are asking for approval of \$629,800 provided the transaction would fall within the standard underwriting criteria (to be confirmed by an appraisal currently underway). She advised that the maximum that would be extended would be \$629,800.

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 Connecticut Green Bank ("Green Bank") is directed to, amongst other things, establish a commercial sustainable energy program for

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

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

WHEREAS, the Green Bank seeks to provide a \$629,800 construction and (potentially) term loan under the C-PACE program to Wade Properties, LLC, the building owner of 1316 Barnum Avenue, Bridgeport, 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 Board of Directors of the Connecticut 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 dated June 12, 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 of Directors;

RESOLVED, that before executing the Loan, the President of the Green Bank and any other duly authorized officer of the Green Bank shall receive confirmation that the C-PACE transaction meets the statutory obligations of the Act, including but not limited to the savings to investment ratio and lender consent requirements; and

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

ii. Stratford – C-PACE Transaction

She also provided an update on 80 Ferry Boulevard in Stratford. This is the installation of LED lighting and a Solar PV System. She advised that they are looking for approval for \$418,539 and that it falls within the standard underwriting criteria.

Resolution #6

WHEREAS, pursuant to Section 157 of Public Act No. 12-2 of the June 12, 2012 Special Session of the Connecticut General Assembly and as amended (the “Act”), the Connecticut Green Bank (“Green Bank”) is directed to, amongst other things, establish a commercial sustainable energy program for Connecticut, known as Commercial Property Assessed Clean Energy (“C-PACE”);

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

WHEREAS, the Green Bank seeks to provide a \$418,539 construction and (potentially) term loan under the C-PACE program to Marina View LLC, the building owner of 80 Ferry Boulevard, Stratford, 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 Board of Directors 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 dated June 12, 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 of Directors;

RESOLVED, that before executing the Loan, the President of the Green Bank and any other duly authorized officer of the Green Bank shall receive confirmation that the C-PACE transaction meets the statutory obligations of the Act, including but not limited to the savings to investment ratio and lender consent requirements; and

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

iii. Bristol – C-PACE Transaction #1

She provided an update on 1461 Farmington Avenue in Bristol. She advised that they are requesting an increase in the financing above what had been previously approved. She explained that there is a roofing update that is needed on this project, which is approximately an additional \$170,000. She explained that the full transaction would

be just over \$1 million, but falls within the standard underwriting criteria. Bettina Ferguson questioned the interest rate buy down, asking if it was more than 25 basis points. She advised that the Connecticut Auto Retailers Association got the first 25 basis points under the promotion agreed as they submitted projects in aggregate of \$5,000,000, but would have had to reach \$10,000,000 to qualify for the additional 25 points.

Resolution #7

WHEREAS, pursuant to Section 157 of Public Act No. 12-2 of the June 12, 2012 Special Session of the Connecticut General Assembly and as amended (the “Act”), the Connecticut Green Bank (“Green Bank”) is directed to, amongst other things, establish a commercial sustainable energy program for Connecticut, known as Commercial Property Assessed Clean Energy (“C-PACE”);

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

WHEREAS, the Green Bank seeks to provide a \$1,085,559 construction and (potentially) term loan under the C-PACE program to Bristol Farms Associates, LLC, the building owner of 1461 Farmington Avenue, 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 June 12, 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 June 19, 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 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.

iv. Bristol – C-PACE Transaction #2

She went on to provide an update on 223 Broad Street in Bristol. She explained that this has already been approved, but that there are additional funds needed for roof repairs. She explained that the increase in financing moved this project over the standard lien to value, but that it does meet three or more of the criteria to allow them to exceed the lien to value ratio. She explained as such, the transaction still falls within the standard underwriting criteria.

Resolution #8

WHEREAS, Pursuant to Section 157 of Public Act No. 12-2 of the June 12, 2012 Special Session of the Connecticut General Assembly and as amended (the “Act”), the Connecticut Green Bank (“Green Bank”) is directed to, amongst other things, establish a commercial sustainable energy program for Connecticut, known as Commercial Property Assessed Clean Energy (“C-PACE”);

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

WHEREAS, the Green Bank seeks to provide a \$686,231 construction and (potentially) term loan under the C-PACE program to 223 Broad Street, LLC, the building owner of 223 Broad Street, 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 an amount not to be greater than one hundred ten percent of the Loan amount with terms and conditions consistent with the memorandum submitted to the Board dated June 12, 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 June 19, 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 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.

v. Stamford – C-PACE Transaction

She provided an update on 1200 High Ridge Road in Stamford. She advised that this project had been approved a year ago, but the project did not close, because of roof repairs. She explained that they are looking for approval of \$454,525 to finance the solar array and a portion of the roof replacement. She advised that this project does fall within the standard underwriting criteria.

Resolution #9

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 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 has approved a \$40,000,000 CPACE construction and term loan program; **WHEREAS**, the Green Bank seeks to provide a \$454,525 construction and (potentially) term loan under the C-PACE program to 1200 High Ridge Company, LLC, the property owner of 1200 High Ridge Road, Stamford, CT (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 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 June 12, 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 June 19, 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 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 instrument.

vi. Windsor Locks – C-PACE Transaction

She also provided an update on 27 Lawnacre Road in Windsor Locks. She explained that they are doing solar only and that they're looking to finance \$455,775. She advised that this project falls within the standard underwriting criteria.

Upon a motion made by Norma Glover and seconded by Bettina Ferguson, the Board voted unanimously to approve the resolutions.

Resolution #10

WHEREAS, pursuant to Section 157 of Public Act No. 12-2 of the June 12, 2012 Special Session of the Connecticut General Assembly and as amended (the "Act"), the Connecticut Green Bank ("Green Bank") is directed to, amongst other things, establish a commercial sustainable energy program for Connecticut, known as Commercial Property Assessed Clean Energy ("C-PACE");

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

WHEREAS, the Green Bank seeks to provide a \$455,775 construction and (potentially) term loan under the C-PACE program to Roberts Realty Inc., the building owner of 27 Longacre Road, Windsor Locks, Connecticut (the "Loan"), to finance the construction of specified clean energy measures in line with the State's Comprehensive Energy Strategy and the Green Bank's Strategic Plan; and

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

NOW, therefore be it:

RESOLVED, that the President of the Green Bank and any other duly authorized officer of the Green Bank is authorized to execute and deliver the Loan and, if applicable, a Feasibility Study Loan in an amount not to be greater than one hundred ten percent of the Loan amount with terms and conditions consistent with the memorandum submitted to the Board dated June 12, 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 of Directors;

RESOLVED, that before executing the Loan, the President of the Green Bank and any other duly authorized officer of the Green Bank shall receive confirmation that the C-PACE transaction meets the statutory obligations of the Act, including but not limited to the savings to investment ratio and lender consent requirements; and

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

b. C-PACE Sell Down to Clean Fund “Tranche 2”

Bert Hunter advised the Board of the second sale by the Green Bank of C-PACE benefit assessment liens to the Public Finance Authority and Clean Fund. He advised that the first sale was completed in May of last year. He explained that the Green Bank is selling \$10.6 million of benefit assessment liens for net proceeds to the Green Bank of \$8.5 million with closing expected in July.

c. C-PACE Selection of Private Capital Warehouse Provider

This agenda item is to be discussed in Executive Session.

6. Statutory and Infrastructure Sector Program Updates and Recommendations

a. Milford – Anaerobic Digestion Transaction

Rick Ross provided an update on the AD policy and program status. He explained that the 3 year pilot program expired February 27, 2015. He explained that there has been a new House Bill to extend the program for two years. He advised that the program has already approved four projects. He explained that Green Bank’s investment would be \$18.5 million in loans. He went on to explain the overall project, as well as the anaerobic digestion technology to be used, which is being provided by a division of General Electric. Bert Hunter advised that there are at least 50 of these systems currently in operation, almost exclusively outside the United States. Rick Ross explained that those that are currently in operation are in Europe and that this would be the second system in the US. Rob Klee asked if the ones in Europe are mostly farm based and if there is a difference between farm and food waste. Rick Ross explained that food waste yields a better biogas. Rick Ross explained that the risk is really mitigated, because the projects have proven to be successful in Europe as well as from the turn-key arrangement with

GE. He explained that the capital cost will be \$23 million. The facility will process 63 tons of food scraps annually, producing 24,500 MW of electricity annually and 11,000 tons of biogas annually.

Rick Ross also explained that GE is the technology partner and that they are putting in \$3 million equity. The requested loan for this project is \$4,565,000 at 2% for a 15 year term. The balance would be \$14.5 million from the senior lender. GE is responsible for making the system meet the requirements. He explained that the majority of the revenue comes from tipping fees. Bettina Ferguson asked if they enter into long-term contracts with the haulers for the tip fees. Rick Ross advised that that is part of the project sponsor's business plan. He recommends approval for this project.

Upon a motion made by Norma Glover seconded by Bettina Ferguson and Kevin Walsh abstaining the Board voted to approve the project.

Resolution #11

WHEREAS, in early 2013, Connecticut Green Bank ("Green Bank") released a rolling Request for Proposals ("RFP") for anaerobic digestion projects to participate in a statutorily mandated AD Pilot program pursuant to Section 103 of Public Act 11-80;

WHEREAS, the RFP is aimed at reducing landfill waste through the recycling of organics, helping to promote sustainable practices and economic prosperity of Connecticut farms and other businesses by using organic waste with on-site anaerobic digestion facilities to generate electricity and heat;

WHEREAS, AgCycle Organics, LLC submitted the New Meadow Power and Earth AD Facility proposal in response to develop, in the City of Milford, a 3.0MW anaerobic digestion and cogeneration project and, after a thorough review, was selected as a project that is consistent with the Green Bank's Comprehensive Plan and in the best interests of ratepayer;

NOW, therefore be it:

RESOLVED, that the Green Bank Board of Directors approves and authorizes the Green Bank staff to execute definitive loan documentation materially based on the term sheet set forth in this due diligence package dated June 19, 2015 for financial support in the form of a \$4,565,000 subordinated loan financing;

RESOLVED, that this Board action is consistent with Section 103 of Public Act 11-80; 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 these Resolutions.

7. Residential Sector Program Updates and Recommendations

a. Low to Moderate Income Single Family Lease Product

Kerry O'Neill provided an update on the proposed Low to Moderate Income ("LMI") Single Family Lease Program. To put the proposal in context, she explained that the Green Bank had received 2200 applications under the CT Solar Lease Program and analyzed the income of the applicants. She explained that the existing lease program had been falling short in reaching low to moderate income families – both in terms of applications received and in terms of applications approved and funded. She explained that CT Solar Lease requires a credit check (FICO score, debt to income ratios and other criteria) and explained that this target population needs an alternative underwriting approach.

She explained that PosiGen will address this hard to reach market. She explained that the company started in Louisiana, have been very successful there in the number of systems installed for LMI customers and that they are unique in the way that they combine community based marketing with an alternative underwriting approach. She explained that they look at employment history, utility payments, and bank databases. At the same time, she also advised that while financing this harder to reach demographic, they are not engaging in predatory lending techniques associated with subprime lending. She explained that they have done 6,000 installs in three years in Louisiana. She advised that they have opened an office in Bridgeport and the proposed transaction will support 1100 installations. Green Bank staff are proposing \$5 million in debt together with sponsor equity from Posigen and tax equity from a tax equity provider, with an option for another \$5 million if they can raise \$10 million in capital with the assistance of the Green Bank.

Bert Hunter explained that one of the key reasons for the Green Bank coming in as the sole debt provider is the need to move quickly in this market. He explained that the investment tax credit will step down considerably at the end of December 2016. He advised that it takes about 6 ½ to 8 months to get panels on and energized so unless Congress extends the credit at the higher rate, the window to sign up customers at the higher tax credit rate will start to close in mid-to-late spring. He advised that this should provide enough time to make a significant impact in the community. He also explained that the emphasis is in leveraging capital. He explained that our loan is priced at 550 basis points over the ten year swap rate. Bettina Ferguson questioned (and Mr. Hunter addressed) the 10 year swap rate. Kerry O'Neill explained that the transaction assumes a tiered PBI for the low-to-moderate income population, to be proposed in July, and that the value proposition will look very affordable for the target consumer.

Rob Klee wanted to know if they were hiring local people to work in the communities. Kerry O'Neill advised that yes, they are doing that now.

Kevin Walsh asked if the capital is such that the equity coming from the developer will be beneath the Green Bank in the capital structure. Bert Hunter advised that yes, they are coming in at \$4.5 million, which is close to a 1:1 ratio.

Kevin Walsh asked what the savings percentage is for the customer. Kerry O'Neill explained that it will vary. She explained that all sales propositions are

structured to save money from day one, but that it will vary based on the household. Bert Hunter explained that the Posigen lease works out to about 15 cents per KWh, or about a 20% to 25% savings right now, plus what they would save on energy efficiency.

Kevin Walsh asked in absence of a FICO what method do they use to rate. Kerry O'Neill advised that they pull other factors beyond a traditional FICO. She explained that their repayment performance is quite good.

Reed Hundt asked in the case of the Low to Moderate income segment in Connecticut are the significant percentage of households using fuel oil. Kerry O'Neill advised that yes, but she doesn't know the percentage for that segment. Reed Hundt questioned if there had been any thoughts on ways to reduce the dependency on fuel oil. Kerry O'Neill advised that yes, it would be an option to get some of these homeowners to convert to a ductless mini split. She explained that they could work with PosiGen through one of the other programs. She advised that they will be developing a product to address heating oil for the low to moderate income segment later this year.

Bryan Garcia advised that the memo stated strategic selection process but he advised that this was not the case. It was actually from a competitive RFP and that the resolution is correct.

Bettina Ferguson question what part of the analysis focused on the condition of the home. Kerry O'Neill advised that PosiGen does that as their initial assessment.

Upon a motion made by Bettina Ferguson seconded by Norma Glover, Resolution 12 passes unanimously.

Resolution #12

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

WHEREAS, LMI households bear a disproportionate burden of the state's high energy costs as a percentage of their income;

WHEREAS, LMI households generally do not benefit from existing federal incentives for clean energy adoption, given that such incentives require sufficient tax liabilities to be of value;

WHEREAS, traditional financing for residential solar PV and energy efficiency upgrades rely on credit tests that screen out many LMI households and, specifically, exclude them from the growing third-party ownership model for residential solar PV;

WHEREAS, the Green Bank released a Request for Proposals for Residential Solar Financing Partners (the "RFP") on December 31, 2014;

WHEREAS, PosiGen, Inc. (collectively with all affiliates and subsidiaries, “PosiGen”) responded to said RFP with a comprehensive proposal to deliver a solar lease and energy efficiency finance offering to LMI households in Connecticut;

WHEREAS, Green Bank staff has reviewed PosiGen’s RFP response and now recommends that the Green Bank make a commitment of \$5,000,000 in debt capital (the “Loan”) and a contingent commitment of another \$5,000,000 in debt capital (the “Contingent Loan”) to support PosiGen in delivering its offering to Connecticut’s LMI households; and

WHEREAS, Green Bank staff expects to bring a proposal before the Board of Directors (the “Board”) at its July 2015 meeting to request an elevated Performance Based Incentive (“PBI”) under the Residential Solar Investment Program to support financing for LMI households, which elevated PBI will be critical to opening up this market segment and the success of PosiGen’s efforts to accelerate deployment therein.

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 with terms and conditions consistent with the memorandum submitted to the Board dated June 12, 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 President of the Green Bank and any other duly authorized officer of the Green Bank, is authorized to execute and deliver the Contingent Loan with terms and conditions consistent with the memorandum submitted to the Board dated June 12, 2015, and as he or she shall deem to be in the interests of the Green Bank and the ratepayers no later than 18 months 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.

b. Predevelopment Loan Program for Low Income Multifamily

Kerry O’Neill went on to provide an update on Low Income Multifamily. She advised that they will use \$1 million of Green Bank capital for the Predevelopment Loan Program. She advised that owners don’t know where to start. She explained that this will allow an owner to get engineering and audits done. She explained that New Ecology is a partner that came into the market with foundation funding about a year ago and that they will be a provider in this program. She explained that repayment comes after the owners secure permanent

financing. She explained that there is a payment risk if they are unable to secure permanent financing. She explained that if there is a high demand for the affordable market segment, that they will look towards the MacArthur Foundation funds to expand the program.

Rob Klee wanted to know how else they were getting the word out to consumers besides the partnership with New Ecology. Kerry O'Neill stated that they have been out meeting with owners and landlords. She explained that they really have a strong pipeline, but they need to meet with local lenders. Norma Glover wanted to know if they would be able to get bankers to give out materials as they do loans. Kerry O'Neill said yes, they can be a sales force for this. Norma Glover wanted to know how much the Green Bank was getting from the MacArthur Foundation. Kerry O'Neill advised, \$5 million.

Brian Farnen explained that one issue with this loan is that the MacArthur Foundation has had issues with the state contracting requirements. He explained that they are trying to work to get them comfortable with the requirements. They have issue with the non-discrimination forms and the CHRO regulatory requirements. The issue is where the CHRO requirements talk about postings and hiring, MacArthur does not want to have to follow and stay consistent with CT requirements, especially when they have no employees in Connecticut. The other issue is the state election disclosure form. They don't want to inhibit any MacArthur employee from providing a donation. He advised that if they are not able to enter into a contract they will find another non-profit to work with MacArthur to get the money into the low income market.

Norma Glover questioned whether that will affect them getting the funds. Brian Farnen advised that yes, but he feels confident that they can find an alternative solution. Bryan Garcia advised that there are some challenges, but that there is a second pathway. He advised that they'll try to find a way to bring the funds to Connecticut.

Upon a motion made by Norma Glover seconded by Bettina Ferguson the Board voted unanimously to pass Resolution 13.

Resolution #13

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.

8. Budget and Operations Committee Updates and Recommendations

a. FY 2016 Comprehensive Plan Targets

Mackey Dykes provided an update on the FY2016 targets. He explained that there has been amazing growth in RSIP and that they will recover 100% of the costs through SHREC. Bryan Garcia explained that the use of the funds varies.

Mackey Dykes explained that the Residential sector nearly doubled the goals this year. He explained that Smart E is just over 1000 projects.

He explained that Connecticut Solar Lease is closing out this year and fully transitioning to a private product. Low income loans and leases are about 500 projects and multifamily is just over 2000 projects.

He explained that on the Commercial and Industrial side there are 63 projects around \$50 million in capital deployed. He advised that they feel they will deploy \$53 million in FY 2016 that will represent 90 projects. He explained that,

due to the time lag between project approval and deployment of capital, the FY 2016 targets actually reflect big increase in the projects that they expect to originate in FY 2016, many of which will not close until the following fiscal year.

Mackey Dykes explained that they weren't able to reach the goal for Institutional in FY2015. He explained that they have a pathway to meeting the FY2016 goal. He explained that they have started the bonding process to fund the projects for FY2016.

He explained that Municipal target item is not the Green Bank's capital. He explained that it's really just the Green Bank assisting smaller towns and walking them through the processes.

He explained that Commercial and Institutional utilize CT Solar Lease, which is the same solar lease fund for residential, with a portion set aside. Bryan Garcia explained that this is a good opportunity to attract investments. Mackey Dykes explained that they are looking at about 20 projects, for a total investment of \$122 million.

Norma Glover asked if UCONN moves to Hartford will the Green Bank play a role in ensuring the building is green. Andy Brydges explained that they have not yet spoken with them regarding that, but that they are in active discussions with them and they will discuss it.

Kevin Walsh asked to see how much of the state's capital is deployed as well. Mackey Dykes said that they will work on that. He explained that overall 13,000 projects just over \$670 million in capital deployed.

b. FY 2016 Budget

George Bellas provided an update on the Profit and Loss Statement. He explained that they are budgeting \$5.4 million less this fiscal year for RGGI proceeds to be utilized for Energy Efficiency since these funds will not be allocated to CGB by DEEP in the upcoming fiscal year.

George Bellas explained that REC sales will increase significantly. He explained that the FY2016 projection is about \$2.1 million in sales with the majority being non-SHREC sales. He explained that this is a positive sign and will become a significant revenue component. He also discussed the projected budget of about \$2.1 million in other revenues.

Under the operating xpense category, employee compensation is projected to increase by about 12%. Benefits and payroll taxes will increase by about 10%. Program development is an increase by about 39.3%. Mackey Dykes explained that this is due to the increased volume in residential projects. These projects will generate increased SHREC revenue in the future.

Craig Connolly discussed the different marketing projects including the new brand for the Green Bank. Norma Glover asked if marketing would be less in the

budget next years since they won't have the rebranding. Craig Connolly said yes, it should be depending on what the marketing efforts are next year.

George Bellas went onto discuss the professional and consulting fees. He explained that office, rent and location increase by about 22.1%. He explained that some of this increase pertains to the budgeted expansion of office space in the building to accommodate new staff. Mackey Dykes explained that there is a projected increase in IT spending during the next fiscal year as CGB moves to outsource IT operations. This outsourcing effort will result in lower IT operating costs in future fiscal years.

George Bellas went onto discuss the overall impact of budgeted revenues, operating expenses and financial incentives on CGB's net operating income. Mackey Dykes advised that they have reduced expenses by over \$1 million.

Mackey Dykes discussed the various categories of project loans that are projected to be funded, totaling just over \$64 million, during fiscal year 2016. George Bellas discussed the CPACE loan program. CGB will be investing approximately \$50 million into the C-PACE program, and anticipates selling approximately \$47 million to private investors during the upcoming fiscal year.

Mackey Dykes explained that CGB projects adding four new staff positions during the upcoming fiscal year. Two of the four positions will be to administer the SHREC program and will be recovered from the proceeds from future SHREC sales.

Bryan Garcia explained that the Budget and Operations Committee is recommending that the organization first, maintain the authorization of the Green Loan Guaranty Program and the Renewable Energy and Efficient Energy Finance Program. We will then, second, request the approval by the Board of Directors to allocate funds. He explained that if they can then get third, the approval by the Bond Commission of the authorized allocation, then the budget will see additional revenues coming in. Mackey Dykes requested that when the Board approves the budget to also approve the ability to extend the contracts with their current vendors.

Upon a motion made by Norma Glover and seconded by Bettina Ferguson, Resolution 14 passed unanimously.

Resolution #14

RESOLVED, that the Connecticut Green Bank Board of Directors (the "Board") approves the Fiscal Year 2016 Targets and Budget;

RESOLVED, that the Board approves the reallocation of American Recovery and Reinvestment Act State Energy Program funds outlined in the "Schedule of Credit Enhancements" in the Fiscal Year 2016 budget.

RESOLVED, that the Board directs staff to maintain the authorization for the Green Connecticut Loan Guaranty Program and the Renewable Energy and Efficient Energy Finance Program;

RESOLVED, that the Board directs staff to bring back a program proposal for review and approval at the July 17, 2015 meeting for the use of proceeds of the Green Connecticut Loan Guaranty Program and the Renewable Energy and Efficient Energy Finance Program;

RESOLVED, that the Board directs staff to bring back a revised budget if the funds from the Green Loan Guaranty Fund and the Renewable Energy and Efficient Energy Finance Program are allocated by the state bond commission;

RESOLVED, that the Board authorizes Green Bank staff to extend the professional services agreements (PSAs) currently in place with:

- i. METIS, Financial Network, Inc.;
- ii. Concord Servicing Corporation;
- iii. EnergySage Inc.;
- iv. Archaeological and Historical Services, Inc.;
- v. True South Renewables, Inc.;
- vi. Clean Power Research, L.L.C.;
- vii. Locus Energy, LLC;
- viii. SmartPower, Inc.; and
- ix. Sustainable Real Estate Solutions, Inc.

for the remainder of fiscal year 2016 with the amounts of each PSA not to exceed the applicable approved budget line item; 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 execute these extensions.

9. Executive Session

Upon a motion made by Bettina Ferguson seconded by Norma Glover the Board voted unanimously to go into Executive Session at 10:46 a.m. to protect commercial and financial information given in confidence, not required by statute and such information relates to responses to a request for proposal before such contract was awarded.

10. Adjourn

Upon a motion made by Bettina Ferguson seconded by Norma Glover the Board voted unanimously to adjourn the meeting at 11:11 a.m.

Respectfully Submitted,

Rob Klee, Vice Chair