

**Board of Directors of the  
Connecticut Green Bank**  
845 Brook Street  
Rocky Hill, CT 06067  
Wednesday, September 23, 2015  
3:00-4:00 p.m.

**1. Call to order**

Catherine Smith (by phone) called the meeting to order at 3:03 pm. Board members participating: John Harrity, Reed Hundt (by phone), Pat Wrice (by phone), and Bettina Ferguson (by phone), Tom Flynn (by phone) and Katie Dykes (by phone for Rob Klee).

Members Absent: Mun Young Choi, Kevin Walsh and Norma Glover.

Staff Attending: Bert Hunter, Cheryl Samuels, Mackey Dykes, Bryan Garcia, Brian Farnen and Mike Yu (by phone).

**2. Public Comments**

There were no public comments.

**3. Consent Agenda**

**a. Approval of Meeting Minutes for July 17, 2015**

**Upon a motion made by John Harrity, seconded by Bettina Ferguson, with an abstention from Tom Flynn, the Board voted to approve the minutes.**

**Resolution #1**

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

**4. Commercial and Industrial Sector Program Updates and Recommendations**

Bert Hunter provided an update on the private warehouse RFP for the C-PACE program within the Commercial and Industrial sector. He stated that they are embarking on a great facility for the program. He reminded the Board that staff have been working on this project since December, 2014 when the RFP was issued and that there had been a three month process prior to that talking with capital providers that resulted in proposals from eight different capital providers. Bert Hunter explained that as previously presented to the Board in June staff had narrowed the providers down to three prospects. He explained that staff had analyzed the differences between the two strongest proposals and settled on one, presented by Hannon Armstrong, which proved to be the overall best value. He stated that it is a very flexible proposal for the provision of capital, including a provision for an expedited underwriting process. He explained that with this expedited process, the C-PACE program should be able to do more transactions annually.

Bert Hunter also explained that on some of the more challenging transactions the program encounters, the Hannon proposal made a provision for an exception bucket. He explained that the key factors of the Hannon proposal, which were presented at the June Board meeting, have not changed. He explained that the proposal gives the C-PACE program incredible flexibility, and that the Board will notice changes as staff puts these program capabilities into the marketplace.

Bert Hunter explained that the Green Bank will provide financing along with the chosen provider, Hannon Armstrong. He explained that Hannon Armstrong will provide about 90% of the capital and the Green Bank will provide 10%, except in some cases where the Green Bank would provide up to 20% and Hannon Armstrong closer to 80%. Commissioner Smith questioned why the difference. Bert Hunter explained that if a transaction qualifies under the "exception bucket" there is less leverage permitted, which would raise the financing required from the Green Bank from 10% of the transaction to 20%. He explained that when staff back-tested the overall portfolio to date to judge the actual impact, staff determined that there will generally be a small amount of the transactions in the exception bucket.

Bert Hunter went on to discuss that staff are now in the process of agreeing documentation with Hannon Armstrong. He stated that the Green Bank and Hannon are in the final stages and should be completed within the next 2 – 3 weeks. He stated that they need approval from the Board for the Green Bank to enter into these arrangements (the actual documentation having been identified to the Board in a separate memorandum). He stated that staff has also simultaneously established a data room for Hannon Armstrong to review the transactions that previously have been closed, funded and completed by the Green Bank as well as additional transactions which had been closed by the Green Bank but are in various stages of construction. He also stated once the two groups of transactions are moved into the new facility, this will bring in approximately \$20 million from Hannon Armstrong to the Green Bank.

Bert Hunter provided an overview of the agreement stating that the Green Bank can withdraw from the agreement if Hannon Armstrong does not approve a certain percentage of projects in the first year. He stated that this is mutually beneficial as things move forward. He stated that the team is convinced that they have made the right selection on the capital provider for the C-PACE program.

Brian Farnen stated that in approving transactions that will utilize the new facility, staff will be using the same Board or Deployment Committee approvals based on the amount of Green Bank capital that is at risk. He stated that it is likely less deals will go to the Board or Deployment Committee as well as an increase in staff authorizations, because of the smaller amount of Green Bank capital at risk.

Bert Hunter explained that there is a portion of the memo that went out to the Board that will be recast after the meeting in order to state what Brian Farnen had just explained. Commissioner Smith requested a conversation about how the Board will track the capital at risk in these transactions and noted that the Board could have concerns about the overall size of the transactions, even though the Green Bank's actual risk is quite limited. As discussion continued on the topic, Reed Hundt requested that at every Board meeting that the Board receive an update on how this project is going. He explained that he wanted to know how well Hannon Armstrong was doing with the new facility. Bert Hunter agreed that that is the intention. He explained that the Board will have regular updates at each meeting indicating how the facility is being used. Pat Wrice was in agreement with Reed Hundt regarding regular updates.

John Harrity questioned where Hannon Armstrong is located. Bert Hunter stated that they are located in Annapolis, Maryland.

Bettina Ferguson questioned what the term of the agreement is. Bert Hunter explained that the term is three years. Bettina Ferguson questioned if the Green Bank will have to put out another RFP in three years. Brian Farnen explained that they are not required to, but he feels it would be smart to redo it again in three years.

Commissioner Smith asked if there were any exit strategies for Hannon Armstrong. Brian Farnen stated that the only exit strategy they would have is if the Green Bank was in default, then they would have termination ability.

**Upon a motion made by Pat Wrice, seconded by Tom Flynn the Board voted unanimously to approve.**

**a. C-PACE Private Warehouse**

**Resolution #2**

**WHEREAS**, per 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 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 Board of Directors previously passed resolutions authorizing the establishment of a \$40 million construction and term revolving loan facility in support of the C-PACE program to fund C-PACE transactions approved at the requisite authorization level by staff, the Deployment Committee or the Board of Directors (the "CPACE Warehouse Facility");

**WHEREAS**, the Connecticut Green Bank ("Green Bank") established the CPACE Warehouse Facility and has closed over \$45 million in C-PACE projects;

**WHEREAS**, the Green Bank opened a Request for Proposals ("RFP") on December 24, 2014 to attract additional capital to support the growing needs of the CPACE program;

**WHEREAS**, the Green Bank seeks to enter into a partnership with the winner of the RFP: Hannon Armstrong Sustainable Infrastructure Capital, Inc. or an affiliated entity ("HASI") to form a Special Purpose Entity ("HA C-PACE LLC" (name subject to change)) to fund C-PACE investments, leverage private capital, streamline the underwriting and disbursement process, realize opportunities for growth, and various other substantive tasks to assist with the successful deployment of the program;

**NOW**, therefore be it:

**RESOLVED**, that the President of the Green Bank and any other duly authorized officer of the Connecticut Green Bank, is authorized to execute a Master Assignment and Servicing Agreement and ancillary documentation with HASI and HA C-PACE LLC with

terms and conditions materially consistent with those presented in the memorandum dated September 16, 2015.

**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 instrument.

**RESOLVED**, that the Board of Directors grants automatic approval to C-PACE transactions that have been approved by HASI for incorporation into HA C-PACE LLC.

## 5. Adjourn

**Upon a motion made by John Harrity, seconded by Bettina Ferguson the Board voted unanimously to adjourn the meeting at 3:24 pm.**

Respectfully submitted,

---

Catherine Smith, Chair