

# **Board of Directors of the Connecticut Green Bank**

845 Brook Street  
Rocky Hill, CT 06067  
Friday, October 16, 2015  
9:00 - 11:00 a.m.

## **1. Call to order**

Bryan Garcia called the meeting to order at 9:03 am. Board members participating: John Harrity, Reed Hundt, Bettina Ferguson, Tom Flynn (by phone), Rob Klee, and Norma Glover.

Members Absent: Pat Wrice, Mun Young Choi, Catherine Smith, and Kevin Walsh.

Staff Attending: Kim Stevenson, Kerry O'Neill, Bert Hunter, Mackey Dykes, Cheryl Samuels, Matthew Yorzinski, Dale Hedman, Anthony Clark, Bryan Farnen (by phone), Ben Healey (by phone), Chris Magalhaes (by phone), Genevieve Sherman, Andy Brydges, and George Bellas.

Others attending: Henry Link, Jeffrey Orum

## **2. Public Comments**

John Harrity explained that he participates in the Round Table on Climate and Jobs. He explained that they have been working with the Labor Network for Sustainability. He stated that the lead person is Frank Ackerman out of MIT. He explained that they are trying to cut carbon emissions by 80% by 2050, creating 500,000 U.S. jobs. He explained that in the process making energy more affordable. Bryan Garcia noted that he will distribute the report to the Board of Directors.

Bryan Garcia noted that BNE Energy used IBEW labor for the Colebrook Wind project. He passed around the Hartford Courant with

a picture of the Colebrook Wind South wind turbine tower in Colebrook.

### **3. Consent Agenda**

Bryan Garcia provided an update on the consent agenda. Bryan Garcia requested a motion to approve Resolution number 1.

**Motion was made by John Harrity and seconded by Bettina Ferguson. Resolution 1 was approved by Bettina Ferguson, John Harrity, Reed Hundt and Rob Klee with an abstention from Norma Glover and Tom Flynn.**

Bryan Garcia then requested a motion to approve Resolutions 2 – 4.

**Motion was made by Bettina Ferguson and seconded by John Harrity.**

**Resolutions 2-4 were unanimously approved.**

#### **a. Approval of Special Meeting Minutes for September 23, 2015**

##### **Resolution #1**

Motion to approve the minutes of the Board of Directors Special Meeting for September 23, 2015

#### **b. Approval of Director of Clean Energy Finance Position Description\***

##### **Resolution #2**

**WHEREAS**, At the July 18, 2014, the Connecticut Green Bank (the “Green Bank”) Board of Directors (the “Board”) approved a new position structure for the CGB. One of the positions in the new structure was Director, a senior position in the organizational structure.

**NOW**, therefore be it:

**RESOLVED**, Pursuant to Section 3.6 of the Green Bank Bylaws and Section VII of the CGB Operating Procedures, the Board approves the following Green Bank staff position submitted to the Board dated January 16, 2015: Director of Clean Energy Finance

**c. Sector Updates and Progress to Targets for FY 2015 (Revisions)\***

**Resolution #3**

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

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

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

**NOW**, therefore be it:

**RESOLVED**, that Board has reviewed and approved the Revised Program Performance towards Targets for FY 2015 memos dated October 16, 2015, which provide an overview of the performance of the Statutory and Infrastructure, Residential, Commercial and Industrial, and Institutional sectors with respect to their FY 2015 targets.

**d. Connecticut Green Bank – Investment and Public Benefit Performance from Clean Energy Projects from FY 20 12 through FY 2015\***

**Resolution #4**

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

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

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

**NOW**, therefore be it:

**RESOLVED**, that Board has reviewed and approved the Investment and Public Benefit Performance from Clean Energy Projects from FY 2012 through FY 2015 memo dated October 16, 2015, which provides an overview of the economic development and environmental protection benefits resulting from the investments by the Green Bank.

**e. C - PACE Private Capital Warehouse (Revision)**

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

**a. C - PACE Transactions\***

Genevieve Sherman provided an update on C-PACE transactions. She stated that they are trying to put together a centralized place for information. She stated that slide 22 provided the information that is provided on the last two pages of the reports provided – which focuses on the Public Benefits (i.e. energy, economy, and environment) associated with the proposed project and portfolio of C-PACE projects approved to date.

Genevieve Sherman summarized the C-PACE projects that have been approved or closed. Bryan Garcia stated that John Harranty had asked that jobs information be included as part of the technical underwriting reports. Bryan Garcia stated that they now show the jobs and the CO2 benefits. Genevieve Sherman stated that the first year and the lifetime objective functions by project are now on those reports. She stated that they will report private capital on individual projects.

Bryan Garcia stated that the organization has built data platforms so that they can show visual infographics. He stated that they are a good communication vehicles to demonstrate the value that the organization is contributing. Reed Hundt suggested public versus private capital should be shown. He stated that it should show a line graph so that people are able to see the trends. He explained that this should be provided to the Board every quarter. Genevieve Sherman stated that PACE Setters is the name of the report, which will be released to stakeholders within a couple of weeks. Bryan Garcia stated that he will share the PACE Setters quarterly report with the Board of Directors.

**i. Bristol – C - PACE Transaction\***

Genevieve Sherman provided an update on 611 North Main Street, Bristol. She stated that it is approximately a \$300,000 project that meets all of our standard underwriting criteria.

**Resolution #5**

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

**WHEREAS**, the Green Bank Board of Directors (the “Board”) has approved a \$40,000,000 C-PACE construction and term loan program; **WHEREAS**, the Green Bank seeks to provide a \$309,000 construction and (potentially) term loan under the C-PACE program to G. Laviero Realty, LLC, the building owner of 611 North Main 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 Act, 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 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 dated October 9, 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 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.

**ii. New Haven – C - PACE Transaction\***

Genevieve Sherman provided an update on 300 East Street, New Haven. She stated that this project fits within the manufacturing section of PACE Setters. She stated that this is an \$836,000 project. She stated that this project did not meet the lien to value ratio. She stated that projects that exceed that ratio need to meet three out of eight of the other standard underwriting criterion. She stated that it does fall within the full underwriting bucket and that the company is in good financial health.

Bryan Garcia stated that DECD has a program called the Manufacturing Innovation Fund. He stated that they are trying to establish a PACE Setter like campaign. He stated that the target for the campaign is 30% savings for energy. Commissioner Klee stated that they are one of only 24 regions across the U.S. doing this. He stated that this is an area for Federal Grants and other sorts of things.

**Upon a motion made by Bettina Ferguson and seconded by Norma Glover Resolutions 5 and 6 passed unanimously.**

**Resolution #6**

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

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

**WHEREAS**, the Green Bank seeks to provide a \$836,128 construction and (potentially) term loan under the C-PACE program to Space-Craft Mfg., Inc., the building owner of 300 East St, New Haven, 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 Act, 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 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 dated October 9, 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 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.

### iii. Key Public Benefit Metrics

#### e. C - PACE Transaction Approval Process

#### 5. Residential Sector Program Update and Recommendations\*

Kerry O'Neill provided an update on the Residential Sector.

##### a. CHFA Solar PV Program Partnership\*

Kerry O'Neill stated that they need to bring forward a request for program approval for a change in structure of these transactions. She stated that there is a list of about 15 Housing Authorities that are ready to move forward. She stated that CHFA is not able to give consent for C-PACE transactions due to existing bondholder restrictions. She stated that they are requesting that the Member Manager of the SL2 program, CEFIA Solar Services Inc., be allowed to receive a loan from CHFA instead of from SL2's standard lenders to avoid the C-PACE requirement.

Bettina Ferguson questioned the preferred return. Bert Hunter explained that it is 2% on their investment, paid quarterly.

Commissioner Klee questioned if this is roughly the same with the CHFA Bonds. Bert Hunter stated that they are better off because they can use the CHFA funds for 65% of the capital stack. The Green Bank does not have to put in as much. It allows for the Green Bank to accomplish the same goals with a lower cost, which will be factored into PPA pricing for each of the affordable multifamily properties who will be customers through this initiative.

Bettina Ferguson questioned if it was a limited dollar amount. Bert Hunter explained that yes, about \$3 million is left in unallocated QECB monies and that CHFA has devoted the remaining QECB funds to this project. Kerry O'Neill explained that this was a key factor for this portfolio.

Bert Hunter stated that Clean Renewable Energy Bonds are available and this structure could use these for state properties. They are looking into this as a possibility. He stated that there is the issue of how the state can enter into power purchase agreements that has to be worked through.

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

### **Resolution #7**

**WHEREAS**, the Connecticut Green Bank (“Green Bank”) has a mandate to deploy its resources to benefit all ratepayers, including affordable multifamily properties;

**WHEREAS**, households within affordable multifamily properties often bear a disproportionate burden of the state’s high energy costs as a percentage of their income;

**WHEREAS**, municipal housing authorities and nonprofit owners of affordable multifamily properties do not benefit from existing federal incentives for clean energy adoption, given that such incentives require tax liabilities to be of value;

**WHEREAS**, the Green Bank already offers the CT Solar Lease 2 (“SL2”) program, under which property owners can install a solar

system via a lease or Power Purchase Agreement, and has established CEFIA Solar Services Inc. (“CSS”) to serve as the member manager of the tax equity fund through which such projects are financed;

**WHEREAS**, the Green Bank has partnered with the Connecticut Housing Finance Authority (“CHFA”) to support properties in the State Sponsored Housing Portfolio (“SSHP”), and other properties of similar use and purpose, in going solar; and

**WHEREAS**, the CHFA Board of Directors has authorized the issuance of Qualified Energy Conservation Bonds (“QECBs”) for the purpose of funding a loan to CSS, the proceeds of which will help finance the installation of solar projects on affordable multifamily properties under the SL2 program;

**NOW**, therefore be it:

**RESOLVED**, that the President of the Green Bank and any other duly authorized officer of the Green Bank, is authorized, on behalf of CSS and any other relevant Green Bank affiliate, to execute a loan agreement (the “Note”) and ancillary documentation with CHFA with terms and conditions materially consistent with those presented in the memorandum to the Board dated October 9, 2015.

**RESOLVED**, that the President of the Green Bank and any other duly authorized officer of the Green Bank, is authorized, on behalf of CSS and any other relevant Green Bank affiliate, to execute amendments with all existing SL2 debt and equity investors to allow CSS to accept such a Note from CHFA.

**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. Smart - E Program\***

Kerry O'Neill provided an overview of the Smart-E Program. She stated that they are at almost \$10 million approved and closed projects, with about 550 loans. She stated that it is a high credit profile portfolio. She stated that there have only been two delinquencies with no defaults. She stated that it has a high decline rate and is supported by \$4.2 million in credit enhancements. She stated this allows them to attract \$30 million in private local capital.

She stated that they are bringing forward a credit challenged version of this that will allow as low as a 580 FICO score. Reed Hundt questioned why the Green Bank cannot go down to a 580 FICO score. Kerry O'Neill explained that the Green Bank is not utilizing its own capital, therefore CHIF is the only option to go to a 580 score. Kerry stated that CHIF is already in this space and it's a benefit for the Green Bank to work with them. She stated that there is an ongoing relationship with CHIF and it fits with the model of working with the incumbents already in this space. She stated that it should help the contractors to meet the needs of new customers.

Commissioner Klee questioned if they send the lower income people to CHIF first or to local lenders first. Kerry O'Neill stated that they will determine that as they move forward. She stated that the contractor can send them to CHIF.

Reed Hundt questioned how many lenders there are. Kerry O'Neill stated that there are currently nine lenders. Reed Hundt questioned how many contractors. Kerry O'Neill stated that it is an open market and there are approximately 26,000 home improvement contractors in the state. She stated that they are looking for lenders that are active in the consumer lending area. She stated that it is a competitive market place and that they are competing with loan programs backed by ratepayer's capital. She stated that they do offer interest rate buy downs. She stated that the solar installers are happy with the product. She stated that the 0% heating loan will go to 2.99% in November. She stated that it's still competitive, but not as bad. She stated that they need to support the credit challenged consumers.

Kerry O'Neill stated that they need a centralized platform. She explained that on-bill repayment is a struggle for the lenders. She explained that the SMART-E Program is an umbrella product. Consumers can utilize their own contractor and a local lender or go to a centralized platform. She explained that it's very flexible in loan terms up to 15 – 20 year terms. She stated that they would like to see CHIF on the platform to capture more of the declines. She explained that roughly half of the declines can be picked up by CHIF.

Commissioner Klee questioned where PosiGen comes in. Kerry O'Neill explained that PosiGen is for solar sale, a solar offer with an efficiency add on. She stated that it's a lease not a loan. She explained that it's a different offering.

Bert Hunter explained that there are a number of solar installs and for the Green Bank to be competitive they need to go out for a longer period of time. He explained that CT Solar loan has moved to 20 years. He explained that they're working on transferability upon the sale of the home.

Kerry O'Neill stated that the banking community has been very supportive of the Green Bank. Bert Hunter stated that the market has to be there and that they are trying to show the demand and the need for the funding. He stated that that will make it a more attractive sale to the banks.

Kerry O'Neill stated that they are focusing on contractors that are currently active in energy. Bryan Garcia explained that a large portion of the contractors who use the Smart-E Loan are solar contractors. Given that the Green Bank manages the incentive, which it has reduced over time, it has worked hard to transition the contractor reliance on subsidies towards a focus on financing. He explained that there are other incentive programs out there not managed by the Green Bank with a lot of contractors. Those markets are harder to pivot towards financing because they are reliant on subsidies. He stated that they are making steady progress.

Kerry O'Neill went on to advise of a new partnership with Home Depot for the SMART-E Program.

Kerry O'Neill stated that they are asking for approval on a centralized platform, additional capital, and eligible lenders alternative underwriting.

**Upon a motion made by Norma Glover and seconded by John Harrity Resolution 8 passed unanimously.**

### **Resolution #8**

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

**WHEREAS**, in February of 2013, the DEEP released the Comprehensive Energy Strategy ("CES") for Connecticut that includes developing financing programs that leverage private capital to make clean energy investments more affordable, including the pilot Smart-E Loan residential financing program and the development of an on bill repayment ("OBR") program for residential customers with a utility shutoff provision for failure to make loan repayments;

**WHEREAS**, in May of 2013, Green Bank launched the Smart-E Loan program, statewide as of November 2013, with 9 credit unions and community banks providing low cost and long-term financing for measures that are consistent with the state energy policy and the implementation of the CES. The Smart-E Loan uses \$4.17 million of repurposed ARRA-SEP and Green Bank funds to attract nearly \$30 million of private investment from local financial institutions; and

**WHEREAS**, Green Bank intends to develop and implement the Smart-E Loan program, as amended, to leverage private capital and enter the market quickly with options for direct and centralized lending platforms, underwritten via standard, OBR, and alternative underwriting methods.

**NOW**, therefore be it:

**RESOLVED**, that the Green Bank Board of Directors (the “Board”) approves of the centralized lending platform, and the ability to perform standard, OBR, or alternative underwriting methods across both direct and centralized lending platforms consistent with the memorandum submitted to the Board dated October 9, 2015;

**RESOLVED**, that the Board approves of increases in loan duration of up to 20 years across all Smart-E loan offerings; and

**RESOLVED**, that the Board approves of the reallocation of \$466,982 in unused ARRA funds from the now closed Cozy Home Loan program to Smart-E to support additional interest rate buy-downs for the Smart-E Bundle offer.

### **c. Low Income Program Updates**

Kerry O’Neill stated that there are three homes in a row in Bridgeport that have used PosiGen for their solar projects. She stated that they are working with a lot of state and federal agencies including utilities and innovative partners on financing aimed at low income residents.

She stated that on the capital side there is PosiGen, CHIF, HDF, C-PACE, and the MacArthur Foundation. She stated that they have a variety of multi and single family options. She stated that they are trying to support the different low income markets. She stated that the bulk of the resources, especially staff time, is spent on market transformation, alignment, and training.

## **6. Joint Committee Update and Recommendations\***

Bryan Garcia provided an update on the Joint Committee and its recommendations.

**a. Coordination on Goals and Priorities\***

Bryan Garcia explained that it is a team effort to support the Joint Committee, which is a committee required by our enabling statute. He advised that there are five voting members on the Joint Committee. He explained that there are five areas that they are trying to tackle. The five areas are government, small business, medium to large business, and single and multi-family. He explained that the staff is working hard to coordinate programs with our utility partners administering the Connecticut Energy Efficiency Fund. He explained that the members had come up with goals and priorities. He explained that they are working to include the Joint Committees' recommendations in the comprehensive plan. He explained that it will help to continue to make progress towards better coordination. Commissioner Klee stated that it's a useful way to make sure that everyone's in synchronicity.

**Upon a motion made by Reed Hundt and seconded by Bettina Ferguson Resolution 9 passed unanimously.**

**Resolution #9**

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

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



**WHEREAS**, the Board of Directors of the Green Bank (the “Board”) approved the Comprehensive Plan for FY 2015 and FY 2016 at a meeting on June 20, 2014 and then again on July 17, 2015; and

**WHEREAS**, the Board directed the members of the Green Bank serving on the Joint Committee of the Energy Efficiency Board and the Green Bank (the “Joint Committee”) to bring forth recommendations for joint goals and objectives that can be included in the FY 2015 and FY 2016 Comprehensive Plan.

**NOW**, therefore be it:

**RESOLVED**, that the Board approves the recommendations of coordination on goals and priorities dated September 8, 2015 submitted by the members of the Joint Committee; and

**RESOLVED**, that the Board revises the Comprehensive Plan of the Green Bank to include the goals and priorities of the Joint Committee.

## **7. Bond Authorization Approvals – Green Connecticut Loan Guaranty Fund and the Renewable Energy and Energy Efficiency Finance Account\***

Bryan Garcia provided an update on bond authorization approvals. He explained that they had attempted to protect the bond authorizations during the summer special session, but had lost much of the bond authorizations in that process. He explained that between REEEFA and GLGF they have protected \$13 million of \$36 million from those two bond authorizations. He recommended that they plan on how to deploy those funds and demonstrate performance before going back to request additional authorization.

Bryan Garcia stated that they will work through the political process to get on the Bond Commission agenda in early 2016. He explained that REEEFA supports renewable energy. He explained that they would design a program to advance objectives set forth in the Comprehensive Plan.

Bryan Garcia explained that GLGF is in support of non-profit organizations, but that definition is broad and includes single family,

small business, and non-profit organizations, and that they support energy conservation projects. He explained that they can use the funds to support conservation projects, which are consistent with the Comprehensive Plan and the Comprehensive Energy Strategy.

Brian Farnen explained that GLGF was capped at \$18 million per year, but was reduced to \$10 million in the summer legislative session. He explained that \$2.5 million has already been used through the Energy Conservation Loan Fund (ECLG) administered by the Connecticut Housing Investment Fund (CHIF) on behalf of the Department of Housing, leaving \$2.5 million for ECLF and \$5.0 million for the Green Bank. He explained that the big issue is to figure out the next steps and to strategize. He explained that moving forward we need to look to use this bond funds in 2016. He stated that the current prediction is no additional funds coming in due to the tight state budgetary environment.

Bryan Garcia stated that the Green Bank has \$13 million in statutorily authorized bond proceeds. He proposed that those funds be allocated into four programs. He explained that it would attract \$78.5 million in investment. Bert Hunter stated that \$3 million REEEFA will be used in solar lease. He stated that they are going to go to partners and ask to expand the facility to accommodate more of the small and midsize commercial scale projects. He explained that \$3.5 million of the bond funds will be utilized for solar lease on the residential side. He is proposing switching out funds to use \$3.5 million ARRA funds to support the SMART-E Program. Norma Glover stated that there needs to be more creativity to make up for the funds that have been removed.

Bert Hunter explained that PosiGen has \$5 million that is capitalizing the low to middle income solar lease product. He explained that they would need them to work jointly to attract a senior lender. He explained that they would use the REEEFA funds in that way for the PosiGen product. He explained that the \$1.5 million funds from GLGF they would swap out the funds that are currently supporting the SMART-E. He explained that they would leverage a lot of private investment in the programmatic areas. He explained that they will be in a stronger position to ask for more. He explained that they propose using the proceeds in this way. Bettina Ferguson stated that

the resolution needed to be revised to reflect the proposal for REEEFA as it was incorrectly written.

**Upon a motion made by John Harrity and seconded by Bettina Ferguson Resolution 10 passed unanimously.**

**Resolution #10**

**WHEREAS**, the State Bond Commission exists under the provisions of the State General Obligation Bond Procedure Act through Section 3-20 of the Connecticut General Statutes to approve project and program funding requests deemed to be in the state's best interest;

**WHEREAS**, Connecticut General Statutes direct the Connecticut Green Bank (Green Bank) to establish a Green Connecticut Loan Guaranty Fund and Renewable Energy and Efficient Energy Finance Account, whose operations and purposes are prescribed by C.G.S. Sections 16a-40f and 16-245aa respectively; and

**WHEREAS**, the Green Bank has a demonstrated record of effective stewardship of ratepayer funds, leveraging such funds to attract many multiples of private investment into furthering Connecticut's clean energy goals.

**NOW**, therefore be it:

**RESOLVED**, that the Board instructs staff to request of the State Bond Commission an amount of \$5 million from the Green Connecticut Loan Guaranty Fund, from which the proceeds of \$1.5 million will be used to attract multiples of private investment toward residential clean energy, health, and safety measures through the Smart-E Loan program, and from which the proceeds of \$3.5 million will be used to attract multiples of private investment into solar photovoltaic projects through an innovative lease structure; and

**RESOLVED**, that the Board instructs staff to request of the State Bond Commission an amount of \$8 million from the Renewable Energy and Efficient Energy Finance Account, from which the proceeds of \$5.0 million will be used to attract multiples of private investment into solar photovoltaic projects and energy efficiency measures targeted to the low-to-moderate income residential market,

and from which the proceeds of \$3.0 million will be used to finance the expansion of the CT Solar Lease commercial projects.

## **8. Institutional Sector Program Update**

Andy Brydges provided an overview on the Institutional Sector. He explained that the best path forward is to use the previously allocated G.O. Bonds. He explained that there had been some discussion on a financial strategy for the Green Bank. He stated that they discussed an opportunity to create pooled financing options as well as proposing interest rates that would not differ much from the general rate. He stated that there were 20 respondents in total. He stated that 10 were selected to interview for Senior Manager Roles. He explained that the evaluation panel included the CT Green Bank finance, legal, and accounting teams along with the Office of the Treasurer and various consultants.

Andy Brydges stated that they would like to immediately use the proposal from Bank of America that offered a direct placement bond model. He explained that they still need to determine if this would be the lowest cost of capital. He explained that they have access to a \$150 million interest rate buy down product. He stated that they could access this and it would benefit the state projects by further improvement in the rate. He stated that they recommend structuring these bonds as public offerings.

Andy Brydges stated that they will investigate the potential use of the Clean Water Fund Program. Bryan Garcia explained that more recently the EPA has started to look at SCRF to see if there is a nexus between clean water and clean power. Commission Klee stated that Connecticut is unique. He stated that there is a queue for the use of the Connecticut funds.

Andy Brydges stated that for the other 19 firms they recommend qualifying all of the respondents in three categories. The three categories would be Senior Managers, Co-Managers, and a Selling Group. Reed Hundt questioned the amount of money. Andy Brydges explained that it's for \$40 - \$45 million, over time. Reed Hundt questioned why there were so many firms. Bettina Ferguson stated

that it's much better to have more firms. She stated that this is an Inaugural issue. She stated that they will be fighting and arguing to be Senior Managers per issue. She stated that there will be one Senior Manager per issue. She stated that they will all have participation in selling the bonds. She explained that the Selling Group members don't have their name on the cover, but will have access to sell the bonds.

Andy Brydges stated that they need to determine and finalize how to access the direct placement program by Bank of America. He stated that they are working on development of the master bond indenture with finalization in Q1 of 2016.

## **9. Audit Update**

George Bellas provided an audit update. He stated that last fiscal year 14 was the first year with expanded disclosures. He stated that they received a certificate of achievement for their validation efforts to supply full disclosure. He stated that they will continue to work in this area for the fiscal year 15 audit. He stated that there have been no weaknesses and no material errors or adjustments identified.

He stated that this is the first year that the state is implementing GASB 68. He stated that they are working through this currently. He stated that they plan to present the final draft to the Audit Committee in November. He stated that when they look at the first quarter of 16 they are accomplishing their goals to move away from a grant based entity. He stated that total assets of \$127 million versus \$120 million for the previous fiscal year.

Reed Hundt stated that the budget sheet should be a topic for future discussion and that it would appear that the current financial position is exactly where the Green Bank wanted it to be as it transitioned from a subsidy model to a financing model.

## **10. Sector Updates and Progress to Targets**

Bryan Garcia provided an update on the targets for the fiscal year - \$670 million of clean energy investment. He started by providing a comparison of this stretch goal with that of the utilities which have

about a \$310 million capital improvement budget for the year. He stated that the Green Bank is fundamentally changing the model on how energy improvements are made on the customer side of the meter. He stated that the changes will be seen in the numbers as the team pushes forward. He stated that these are big targets and that the organization is making steady progress, which says a lot about customers wanting change in how they're managing their energy costs and budgets.

## **11. Other Business**

There was no other business.

## **12. Adjourn**

Commissioner Klee requested adjournment of the meeting at 11:09 am.

**Upon a motion made by Norma Glover and seconded by John Harrity the meeting was adjourned at 11:09 am.**

**Respectfully submitted,**

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**Robert Klee, Vice Chair**