A special meeting of the Deployment Committee of the Board of Directors of the Clean Energy Finance and Investment Authority ("CEFIA") was held on April 30, 2013, at the office of CEFIA, 845 Brook Street, Rocky Hill, CT.

1. **Call to Order:** There being a quorum present, the Deployment Committee meeting was called to order at 2:20 p.m. Deployment Committee members participating: Sharon Dixon-Peay representing Denise Nappier, State Treasurer; Norma Glover and Matthew Ranelli.

   Absent: Reed Hundt and Patricia Wrice. Bryan Garcia was asked by Reed Hundt to chair the meeting in his absence.

   Staff Attending: Jessica Bailey, Mackey Dykes, Brian Farnen, Bryan Garcia, Ben Healey (by phone), Dale Hedman, Bert Hunter, Alexandra Lieberman, Shelly Mondo, Kerry O’Neill (by phone), and Rick Ross.

   It was noted that in the absence of the Chairperson of the CEFIA Board being available to make an appointment to the Deployment Committee, the Vice Chairperson of the CEFIA Board appointed Norma Glover as a member of the Deployment Committee.

2. **Public Comments:**

   There were no public comments.

3. **Approval of Meeting Minutes:**

   The Deployment Committee members were asked to consider the minutes from the February 15, 2013 meeting.

   
   Upon a motion made by Mr. Ranelli, seconded by Ms. Dixon-Peay, the Deployment Committee members voted in favor of adopting the minutes from the February 15, 2013 meeting as presented (Ms. Glover abstained from the vote).

   There being no objection, the order of the agenda was changed.
5. **Residential Programs:**

a. **Smart-E Loan—Credit Enhancement Limited Time Offer:**

Ms. O’Neill reviewed the request to move $190,000 of the $2,500,000 loan loss reserve approved by the Board for the Smart-E Loan program to run limited time offer promotions to lending partner customers participating early in the program. Ms. O’Neill and Mr. Hunter explained that fewer funds than originally anticipated are needed to cover homeowners with FICO scores of 640 to 679, and the $190,000 can be used as a marketing tool.

Upon a motion made by Mr. Ranelli, seconded by Ms. Glover, the Deployment Committee members voted unanimously in favor of adopting the following resolution approving a reallocation of funds for the Smart-E Interest Rate Promotion:

WHEREAS, the Clean Energy Finance and Investment Authority (“CEFIA”) has entered into a Memorandum of Agreement (“MOA”) with the Department of Energy and Environmental Protection (“DEEP”) to repurpose American Recovery and Reinvestment Act State Energy program (“ARRA-SEP”) funds for the undertaking of a project of mutual interest; and

WHEREAS, the project of mutual interest set forth in the MOA is to provide funding for credit enhancements (i.e., loan loss reserves, interest rate buy-downs, third party loan insurance) for two financing programs administered by CEFIA. The two programs supported by this funding are the Residential Clean Energy Financing Program and the Clean Energy Financial Innovation Program; and

WHEREAS, the Clean Energy Financial Innovation Program shall be used to leverage additional public and private sector sources of capital through a competitive solicitation process designed and administered through CEFIA; and

WHEREAS, CEFIA has offered administrative and marketing support to lending partners in addition to credit enhancements and time-limited, valuable marketing offers have proven effective in increasing customer uptake of a product.

NOW, therefore, be it:

RESOLVED:

(1) that a carve-out for a time-limited interest rate buydown (“IRB”) will be placed in the Loan Loss Reserve funds set aside for program loans in an amount not-to-exceed $190,000.

(2) that all other Program terms and conditions remain unchanged.
(3) that the President of CEFIA and any other duly authorized officer of CEFIA is authorized to execute and deliver, any contract or other legal instrument necessary to effect the IRB credit enhancement with terms and conditions consistent with the Program.

4. **Commercial and Industrial Programs (C-PACE Transactions):**

a. **542 Westport Avenue, Norwalk, CT**

Ms. Bailey provided an update on the C-PACE Program, noting that 21 towns are now on board, and approximately 40 percent of the commercial and industrial buildings in the market have access to the program. Ms. Bailey indicated that 170 contractors have been trained. She noted that there are approximately 100 deals in the pipeline representing approximately $32,000,000 of transactions are various stages of approval. There are currently 9 capital providers interested in participating. Ms. Bailey reviewed the due diligence questions and issues considered when reviewing each transaction.

Ms. Bailey discussed the request for C-PACE construction and term loan financing for the solar PV installation at 542 Westport Avenue, Norwalk. She noted that this would be the second C-PACE transaction for the property. Ms. Bailey mentioned that the ratepayer funds will be paid back through a take-out by a private capital provider at the end of construction, when the loan is sold down to a private capital provider or through receipt of funds from the City of Norwalk as it collects the C-PACE benefit assessment from the property owner. She reviewed the cash flows, the cost analysis, estimated savings and consumption analysis. Ms. Bailey talked about the key financial metrics. Ms. Bailey mentioned that the project has a Zero Emission Renewable Energy Credit. She reviewed the terms and conditions of the transaction and noted that CEFIA does not anticipate any concerns with the consent from the mortgage lender. In response to a question, Ms. Bailey and Mr. Hunter explained several options for CEFIA to consider with respect to the assessments from the transactions, including bundling several transactions to sell to capital providers and/or retain a portion of the transactions for some time to get a higher price at a later time. The Committee members acknowledged that these first transactions in the program are a learning process and expressed a strong desire to eventually have the best program in the country.

Upon a motion made by Ms. Dixon-Peay, seconded by Ms. Glover, the Deployment Committee members voted unanimously in favor of adopting the following resolution regarding a C-PACE construction and potential term loan for 542 Westport Avenue, Norwalk, CT:

**WHEREAS,** Section 99 of Public Act 11-80 “An Act Concerning the Establishment of the Department of Energy and the Department of Energy and Environmental Protection and Planning of Connecticut’s Energy Future” (the “Act”), CEFIA is directed to, amongst other things, develop separate programs to finance and otherwise support clean energy investment in residential, municipal, small business and
larger commercial projects and such others as the authority may determine; and

WHEREAS, Section 157 of Public Act 12-2 of the June 12, 2012 Special Session of the Connecticut General Assembly (the “Act”), CEFIA is directed to, amongst other things, establish a commercial sustainable energy program in Connecticut, known as Commercial Property Assessed Clean Energy (“C-PACE”); and

WHEREAS, the CEFIA Board of Directors has approved a $20,000,000 C-PACE loan line item for a construction and term loan program; and

WHEREAS, CEFIA seeks to provide a $387,950 construction and (potentially) term loan under the C-PACE program to Elite Development Group, the property owner of 542 Westport Avenue, Norwalk, CT to finance the construction of specific clean energy measures in line with the State’s Comprehensive Energy Strategy and CEFIA’s Strategic Plan.

NOW, therefore, be it:

RESOLVED:

(1) that the President of CEFIA and any other duly authorized officer of CEFIA is authorized to execute and deliver, a C-PACE construction and term loan in the amount of $387,950 to Elite Development Group, LLC for the construction of specific clean energy measures at 542 Westport Avenue, Norwalk, CT, with the terms and conditions consistent with the memorandum submitted to the Deployment Committee dated April 23, 2013 and as he or she shall deem to be in the interests of CEFIA and the ratepayers no later than July 30, 2013.

(2) that the proper CEFIA 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.

b. Bridgeport International Academy, Bridgeport, CT

Ms. Bailey reviewed the proposed C-PACE financing for a broad energy efficiency project at the Bridgeport International Academy, a college preparatory high school. She discussed the cash flow and internal rate of return. Ms. Bailey reviewed the cost analysis, the projected annual savings, the consumption analysis and key financial metrics. She reviewed the proposed terms and conditions and noted the need for a lender’s consent. The Deployment Committee members noted the benefits of the program to other schools. In response to a question, Mr. Hunter indicated that many of the programs in other states use bond funds for their C-PACE programs.

Upon a motion made by Ms. Glover, seconded by Ms. Dixon-Peay, the Deployment Committee members voted unanimously in favor of
adopting the following resolution regarding a C-PACE construction and potential term loan for Bridgeport International Academy, the property owner of 285 Lafayette Street, Bridgeport, CT:

WHEREAS, Section 99 of Public Act 11-80 “An Act Concerning the Establishment of the Department of Energy and the Department of Energy and Environmental Protection and Planning of Connecticut’s Energy Future” (the “Act”), CEFIA is directed to, amongst other things, develop separate programs to finance and otherwise support clean energy investment in residential, municipal, small business and larger commercial projects and such others as the authority may determine; and

WHEREAS, Section 157 of Public Act 12-2 of the June 12, 2012 Special Session of the Connecticut General Assembly (the “Act”), CEFIA is directed to, amongst other things, establish a commercial sustainable energy program in Connecticut, known as Commercial Property Assessed Clean Energy (“C-PACE”); and

WHEREAS, the CEFIA Board of Directors has approved a $20,000,000 C-PACE loan line item for a construction and term loan program; and

WHEREAS, CEFIA seeks to provide a $492,933 construction and (potentially) term loan under the C-PACE program to Bridgeport International Academy, Inc., the property owner of 285 Lafayette Street, Bridgeport, CT to finance the construction of specified clean energy measures in line with the State’s Comprehensive Energy Strategy and CEFIA’s Strategic Plan.

NOW, therefore, be it:

RESOLVED:

(1) that the President of CEFIA and any other duly authorized officer of CEFIA is authorized to execute and deliver, a C-PACE construction and term loan in the amount of $492,933 to Bridgeport International Academy, Inc. for the construction of specific clean energy measures at 285 Lafayette Street, Bridgeport, CT, with the terms and conditions consistent with the memorandum submitted to the Deployment Committee dated April 23, 2013 and as he or she shall deem to be in the interests of CEFIA and the ratepayers no later than July 30, 2013.

(2) that the proper CEFIA 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.

c. Bushnell Theater, Hartford, CT
Ms. Bailey discussed the proposed C-PACE financing for an energy efficiency project at the Bushnell Theater, Hartford. The financial package combines Clean Energy Business Solution grant funding with a C-PACE financing to enable the Bushnell Theater to realize a significant cash flow savings, primarily involving a boiler replacement. Ms. Bailey reviewed the cash flow, cost analysis, projected annual savings, consumption analysis and key financial metrics. Ms. Bailey discussed the terms and conditions of the proposed loan, noting that the loan-to-value ratio for CEFIA’s exposure is negligible. She mentioned that the City of Hartford has agreed to assign the entire property a tax identification number and administer the assessment.

**Upon a motion made by Ms. Glover, seconded by Ms. Dixon-Peay, the Deployment Committee members voted unanimously in favor of adopting the following resolution regarding a C-PACE construction and potential term loan for the Bushnell Theater, Hartford, CT:**

**WHEREAS,** Section 99 of Public Act 11-80 “An Act Concerning the Establishment of the Department of Energy and the Department of Energy and Environmental Protection and Planning of Connecticut’s Energy Future” (the “Act”), CEFIA is directed to, amongst other things, develop separate programs to finance and otherwise support clean energy investment in residential, municipal, small business and larger commercial projects and such others as the authority may determine; and

**WHEREAS,** Section 157 of Public Act 12-2 of the June 12, 2012 Special Session of the Connecticut General Assembly (the “Act”), CEFIA is directed to, amongst other things, establish a commercial sustainable energy program in Connecticut, known as Commercial Property Assessed Clean Energy (“C-PACE”); and

**WHEREAS,** the CEFIA Board of Directors has approved a $20,000,000 C-PACE loan line item for a construction and term loan program; and

**WHEREAS,** CEFIA seeks to provide a $384,016 construction and (potentially) term loan under the C-PACE program to Horace Bushnell Memorial Corporation, the property owner of 166 Capitol Avenue, Hartford to finance the construction of specified clean energy measures in line with the State’s Comprehensive Energy Strategy and CEFIA’s Strategic Plan; and

**WHEREAS,** Clean Energy Business Solutions (“CEBS”) was established by CEFIA to assist the Department of Economic and Community Development (“DECD”) in supporting companies across the state that are strategically important for job creation and economic development reasons, by providing targeted investment to help these companies access cleaner, cheaper and more reliable sources of energy; and

**WHEREAS,** DECD has requested $250,000 in CEBS grant funding from CEFIA to support the construction of specified energy efficiency measures in line with the State’s Comprehensive Energy Strategy and CEFIA’s Strategic Plan.
NOW, therefore, be it:

RESOLVED:

(1) that the President of CEFIA and any other duly authorized officer of CEFIA is authorized to execute and deliver, a PACE construction and term loan in the amount of $384,016 and a CEBS grant of $250,000 to Horace Bushnell Memorial Corporation for the construction of specific clean energy measures at 166 Capitol Avenue, Hartford, CT, with the terms and conditions consistent with the memorandum submitted to the Deployment Committee dated April 30, 2013 and as he or she shall deem to be in the interests of CEFIA and the ratepayers no later than July 30, 2013.

(2) that the proper CEFIA 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 not later than three months from the date of this resolution.

d. Cargill Farms, Putnam

Ms. Bailey talked about a potential hydro project at the Historic Cargill Falls Mill in Putnam. She mentioned that Cargill Falls Mill is the oldest existing mill site in America. The developers plan to retrofit and re-energize an existing hydroelectric dam as part of a mixed use redevelopment project. A majority of the energy generated is expected to be used on site once residential and commercial redevelopment is completed, and the excess power is proposed to be sold back to the grid. Ms. Bailey explained some of the remaining due diligence issues to be worked out. In response to a question, staff indicated that CEFIA would not move forward with recommending funding until certain issues are worked out, and that there may be different options to provide PACE financing based on different scenarios.

Ms. Bailey spoke about the measurement and verification data management platform. The data management platform facilitates key project data and analytics management throughout the entire project life cycle and can be financed through the PACE transaction. She explained how the information will measure performance and energy savings for CEFIA and capital providers.

5. Residential Programs:

b. Update on Financing Programs:

Mr. Hunter and Ms. Lieberman provided an update on the Smart-E loan program. To date three lenders are officially on board, and several more are expected to be signed within the next several weeks. Ms. Lieberman talked about the contractor trainings being held throughout the state. Mr. Garcia mentioned that staff is working to make this
and other programs available throughout the different electric and gas service territories, with broad access to all programs.

Mr. Hunter talked about the Cozy Home Loan Program approved by the Deployment Committee in November 2012 that will be administered by the Housing Development Fund (“HDF”). Loans for energy upgrades will be provided to qualified homebuyers and potential homebuyers with incomes at or below 80 percent of the area median income. The program will allow CEFIA to leverage a $410,000 credit enhancement mechanism to support a $2,500,000 fund of third-party capital (6 to 1 leverage). Mr. Hunter explained that under the program, unsecured loans will be provided at a low interest rate to low- and moderate-income homebuyers and potential homebuyers to finance comprehensive energy audit and upgrades. It was noted that the loans are for current owner-occupied borrowers and prospective homebuyers. The goals of the program were discussed, and it was noted that HDF has the capacity and ability to market to this segment for “quality” energy upgrades. Staff indicated that the program is consistent with CEFIA’s Comprehensive Plan because it creates a replicable pilot program that encourages private investment into energy upgrades in the low- to moderate-income space. Mr. Hunter mentioned that HDF is finalizing the contract with AFC First to manage the contractor network and service the loans. Ms. Lieberman described the marketing efforts and workshops scheduled throughout the state in the next several months.

Mr. Hunter talked about the Solar PV Loan program approved by the Deployment Committee in November 2012. The program was launched in mid-March through Sungage which allows qualified Connecticut homeowners to own a solar PV system and take advantage of the Investment Tax Credit. Since the program was launched, there are about 90 entries in the system with a capital value of approximately $1,700,000. Mr. Garcia mentioned that if demand exceeds the funds allocated, staff may recommend additional resources to continue to make these loans.

With respect to the Solar Lease Program, Mr. Hunter indicated that banks have committed $28,000,000 for the program and $24,000,000 in tax equity. Staff is working with the banks and the tax equity provider to finalize documentation so the program can launch around June 1. Staff is also planning, in advance of the June 1 launch, two contractor training sessions to instruct the installers on the Solar Lease 2 program.

6. **Statutorily Program - Discussion of the Anaerobic Digester RFP**

In response to Request for Proposals (“RFP”) issued pursuant to Section 103 of Public Act 11-80, Mr. Hedman discussed a potential anaerobic digester project at a water treatment plant in Ansonia. He explained that the developer has a Power Purchase Agreement with the City of Ansonia to sell a portion of the electricity. Mr. Hedman stated that the applicant is in the process of obtaining permits through the Department of Energy and Environmental Protection and is having discussions with debt and equity investors about financing. He briefly discussed the proposed capital structure and noted that the applicant had requested a $900,000 grant; however, after reviewing the
proforma, staff is discussing a subordinated loan not to exceed $4,500,000 with the applicant. Mr. Hedman reviewed some of the terms and conditions of the loan being negotiated with the applicant. He noted that there are some outstanding issues to be resolved, and CEFIA may issue a nonbinding letter of interest regarding the subordinated loan. In response to a question, Mr. Hedman indicated that the program is statutorily required.

7. **Updates:**

In accordance with the resolution approved by the CEFIA Board in January 2013, Mr. Garcia reported on the approvals made by staff for requests for funding below $300,000. In total, staff approved approximately $480,000 of funding requests as follows:

- $288,300 grant funding for Cesar A. Batella School under the OSDG transition program
- $4,500 grant funding for Brown’s Family Farm under the CHP RFP program
- $2,000 grant for Wilton for the Community Innovations Grant program
- $2,000 grant for Windham for the Community Innovations Grants program
- $24,234 for the West Haven City Hall for the Clean Energy Communities program
- $155,200 grant for Common Ground High School under the OSDG transition program

8. **Adjournment:** Upon a motion made by Ms. Dixon-Peay, seconded by Ms. Glover, the Deployment Committee members voted unanimously in favor of adjourning the meeting at 4:00 p.m.

Respectfully submitted,

Bryan Garcia, President and CEO,