

DEPLOYMENT COMMITTEE OF THE CONNECTICUT GREEN BANK

Minutes – Regular Meeting

Thursday, May 14, 2015

3:00 - 4:00 p.m.

A regular meeting of the Deployment Committee of the Board of Directors of the **Connecticut Green Bank** was held on May 14, 2015 at the office of the Green Bank, 845 Brook Street, Rocky Hill, CT.

1. **Call to Order:** Mr. Hundt noting the presence of a quorum, called the Deployment Committee Meeting to order at 3:05 p.m. Deployment Committee members participating: Patricia Wrice, Matt Ranelli (by phone), Bettina Ferguson (by phone), Reed Hundt (by phone). Reed Hundt asked Bryan Garcia to preside over the meeting.

Staff Attending: Dale Hedman, Genevieve Sherman, Cheryl Samuels, Rick Ross, Bryan Garcia, Brian Farnen, Alysse Buzzelli.

2. **Public Comments:** There were no public comments.

3. **Approval of meeting minutes for March 3, 2015:**

The Deployment Committee members were asked to consider the minutes from the March 3, 2015 Meeting.

Upon a motion made by Matt Ranelli, seconded by Reed Hundt, with an abstention from Bettina Ferguson, Deployment Committee members voted in favor of adopting the minutes from the March 3, 2015 Meeting as presented.

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

C-PACE Transactions

- i. **Bridgeport – C-PACE Transaction**

Genevieve Sherman highlighted the Bridgeport C-PACE transaction, 200 Cogswell Road. She advised that this is their first project with GM Industries. She explained that financing will be for a 10 year term at a 5% rate.

Resolution #2

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

WHEREAS, 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 \$386,128 construction and (potentially) term loan under the C-PACE program to Cogswell-Bridgeport, LLC, the building owner of 200 Cogswell Street, 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 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 May 7, 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 Deployment Committee;

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. Glastonbury – C-PACE Transaction

Genevieve Sherman highlighted the Glastonbury C-PACE transaction, 259 Eastern Boulevard. She advised that this transaction is slightly over the LTV of 80%, but that they expect that this will be in line as they move forward. She advised that they will monitor the disbursements to keep this project within the guidelines of the 80% LTV. The financing will be over a 20-year term with a 6% rate.

Resolution #3

WHEREAS, pursuant to Section 157 of Public Act No. 12-2 of the June 12, 2012 Special Session of the Connecticut General Assembly and as amended (the “Act”), the 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 \$340,309 construction and (potentially) term loan under the C-PACE program to Eastern Ave Holdings, LLC, the building owner of 259 Eastern Boulevard, Glastonbury, 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 May 6, 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 Deployment Committee;

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. Westport C-PACE Transaction

Genevieve Sherman highlighted the Westport C-PACE transaction, 500 Post Road East. She explained that this project is both solar and energy efficiency upgrade including, lighting, HVAC, and windows. She advised that this project is very close to 1 for savings to investment ratio. The financing on this project is for a 20-year term at a rate of 6%.

Resolution #4

WHEREAS, Pursuant to Section 157 of Public Act No. 12-2 of the June 12, 2012 Special Session of the Connecticut General Assembly and as amended (the "Act"), the 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 \$985,060 construction and (potentially) term loan under the C-PACE program to French Post Road East LLC, the building owner of 500 Post Road East, Westport, 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 Deployment Committee 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 May 7, 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 Deployment Committee;

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.

Bryan Garcia asked if there were any questions or concerns regarding the C-PACE updates. Reed Hundt inquired as to whether or not there were any trends. Genevieve Sherman answered that there seems to be a trend toward C-PACE combos of energy efficiency and solar installations. She explained that with the 20 year financing this trend should continue. Reed Hundt asked how customers locate a solar installer. Genevieve Sherman explained that solar installers are very proactive in terms of marketing. She explained that they are doing a lot of cold calling and door-to-door to locate customers. She also advised that some of the customers locate installers through the Green Bank. Pat Wrice was interested in learning a bit about the coordination between solar and energy efficiency. Genevieve Sherman explained that the coordination is deliberate. She explained that the cash flow for solar is more front-loaded, and then combining the flat savings it makes sense for the coordination. It makes it easier to upsell showing the economics. Matt Ranelli asked how they are making sure that the properties are not environmentally impaired. Genevieve Sherman explained that in closing they require the property owner to disclose any issues. Brian Farnen advised that our agreements include all customary reps and

warranties, our in-depth technical review could potentially bring red flags to light and they could also be found through the title search. Genevieve Sherman advised that they must disclose any issues. Matt Ranelli explained that his concern was that many environmental issues could predate and could quickly erase any value on the property. He inquired as to whether or not an environmental insurance policy on the whole portfolio would be an option. Brian Farnen advised that insurance policies such as this are not typically economical because of the uniqueness of each deal and the fact that we sell off our portfolio of loans. He advised that he would look into this further. Bryan Garcia advised that they would add this to the tasks.

5. Statutory and Infrastructure Sector Program Updates and Recommendations:

i. Milford – Anaerobic Digestion

Rick Ross provided updates on the Anaerobic Digestion project in Milford. Rick Ross explained that the cost estimate is \$23 million. He advised that GE will be providing \$3 million, \$1 million provided by others, and the Green Bank will be loaning approximately \$4.5 million. Rick Ross explained that the facility will process 60,000 tons of food and other organic scraps annually. The system will produce approximately 24,500 MWh of electricity annually. The digester will produce 11,000 tons of biogas annually. The system will separate 95% of the organics from any contaminants. He explained that the pilot program allows for up to 5 projects to be built. He advised that at this point there have been 4 projects approved. He advised that they are planning to bring this project to the Board for approval at the June 19, 2015 meeting.

ii. New Britain – Combined Heat and Power

Rick Ross provided updates on the Combined Heat and Power project in New Britain. Rick Ross explained that the system would produce 14,500 MWh of electricity and 23,000 MMBtu's of heat annually. He also touched on the fact that there will be a 400-ton absorption chiller that will enable existing electric chillers to be used as backup. He explained that this would save 1,000,000 kWh of electric usage. Rick Ross explained that the project cost estimate is \$5 million, of which \$1 million will come from the Green Bank and an additional \$1 million from the owners and partners. Rick Ross advised that the 3-year pilot program administered by the Green Bank has expired. Rick Ross also advised that the Board has approved 6 projects to date. He explained that they are planning to bring this project to the Board for approval at the June 19, 2015 meeting.

Bettina Ferguson asks what happens to the contaminants. Rick Ross advised that any contaminants would be hauled off. Pat Wrice questioned if the information will be ready for the June 19, 2015 meeting. Rick Ross confirmed that it would be ready for the meeting. Bryan Garcia advised that a special meeting could be organized if needed, prior to the June 19, 2015 meeting. Bryan Garcia also stated that they could have a call two weeks prior to the meeting to make sure everything is ready for the meeting and for any questions. He advised that they could go to the Board from there with any additional questions or concerns. Bryan and Rick will send out draft materials and set up an optional call for Deployment Committee members two weeks in advance of the Board of Directors meeting in case they have questions on these two transactions.

6. Other Business:

Bryan Garcia updated the Board on 6 projects for approval below \$300,000. He advised that they could leave the policy as is, up to \$1 million in aggregate or increase the aggregate to \$1.5 million. He advised that there are typically 6 Deployment meetings annually. He explained that they are looking to do \$50 million in C-PACE projects and that they may run into limitations if it is kept at \$1 million. Bryan Garcia also explained the other options. If there are no material deviations from the standard underwriting and technical review they can just do a general report at the next Deployment Committee meeting. The last option was to do a report to the Board and the Deployment Committee Chairs at specific intervals. Matt Ranelli advised that if the meetings were spaced out regularly that he has no objections to raising the aggregate to \$1.5 million. Bettina Ferguson advised that she too would like to bump the aggregate to \$1.5 million. Bryan Garcia stated that this would allow for 3 – 5 more deals to be approved between meetings. Reed Hundt explained that this would allow for greater flexibility between meetings. He advised that they could put a cap to a specific amount, and that if there are any issues they can reduce the levels. Pat Wrice asked how often do they hit the \$1 million threshold and does \$1.5 million provide enough space. Bryan Garcia stated that in the winter the projects slow down. He stated that it's more of a seasonal issue and \$1.5 million will allow them to move along. Pat Wrice suggested approval of the \$1.5 million and suggested that they revisit this in a couple of months. Upon a motion made by Pat Wrice and seconded by Bettina Ferguson the Committee Members voted unanimously in favor.

Resolution #5

WHEREAS, pursuant to Section 5.3.3 of the Green Bank Bylaws, the Green Bank Deployment Committee has been granted the authority to evaluate and approve funding requests between \$300,000 and \$2,500,000;

WHEREAS, on June 24, 2014, the Board of Directors authorized Green Bank staff to evaluate and approve funding requests less than \$300,000 which are pursuant to an established formal approval process requiring the signature of a CEFIA officer, consistent with the Green Bank Comprehensive Plan, approved within Green Bank's fiscal budget and in an aggregate amount not to exceed \$1,000,000 from the date of the last Deployment Committee meeting ("Staff Approval Policy for Projects Under \$300,000").

NOW, therefore be it:

RESOLVED, that the Green Bank Deployment Committee hereby recommends that the Board of Directors adopt a resolution amending the Staff Approval Policy for Projects Under \$300,000 to increase the aggregate amount for staff authorization from \$1,000,000 to \$1,500,000.

7. Adjournment:

Upon a motion made by Reed Hundt, seconded by Bettina Ferguson the Deployment Committee Members voted unanimously in favor of adjourning the meeting at 3:46 p.m.

Respectfully submitted,

Reed Hundt, Chairperson of the
Deployment Committee