

# DEPLOYMENT COMMITTEE OF THE CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY

Minutes – Regular Meeting

Tuesday, July 2, 2013

A regular meeting of the Deployment Committee of the Board of Directors of the **Clean Energy Finance and Investment Authority (“CEFIA”)** was held on July 2, 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 2:05 p.m. Deployment Committee members participating: Daniel Esty, Vice Chairperson of CEFIA and Commissioner of the Department of Energy and Environmental Protection (by phone); Sharon Dixon-Peay representing Denise Nappier, State Treasurer; and Patricia Wrice (by phone).

Absent: Reed Hundt and Matthew Ranelli.

Staff Attending: Jessica Bailey, Andy Brydges, Joe Buonannata, Mackey Dykes, Brian Farnen, Bryan Garcia, Bert Hunter, Alexander Lieberman,

Others attending: Eric Brown, Connecticut Business and Industry Association; and Denise Ferrell, Environmental Capital (by phone).

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 April 30, 2013 meeting.

**Upon a motion made by Ms. Wrice, seconded by Ms. Dixon-Peay, the Deployment Committee members voted unanimously in favor of adopting the minutes from the April 30, 2013 meeting as presented.**

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

Ms. Bailey provided an update on the C-PACE program noting that 46 towns have signed on, which represents approximately 57 percent of the Connecticut market eligible. She stated that there are 174 deals in the pipeline, and it is anticipated that transactions aggregating approximately \$55,000,000 will be presented to the Board and/or Deployment Committee within the next few months. Ms. Bailey indicated that to

date, three transactions have closed and the Deployment Committee has approved five other transactions. Danbury YMCA will be the first YMCA transaction. A suggestion was made to communicate to the other YMCAs and Boys' and Girls' Clubs about the Danbury YMCA project. Ms. Bailey mentioned that there is a lot of energy efficiency projects in the pipeline for which Regional Greenhouse Gas Initiative funds can be utilized. In response to a question, Ms. Bailey indicated that there are some oil to gas conversion projects. However, there are no solar thermal projects yet. Staff was asked to reach out to Solar Connecticut and others about the eligibility of solar thermal for C-PACE and other CEFIA programs.

*a. 290 Pratt Street, Meriden*

Ms. Bailey discussed the request for C-PACE construction and potential term loan financing to fund the energy efficiency project at 290 Pratt Street, Meriden. She talked about the owner of the project. In response to a question, Ms. Bailey indicated that the building is partially occupied, and the finance team performs a thorough due diligence process to ensure the transactions are appropriate. Ms. Bailey explained that the Deployment Committee is being asked to consider a loan of up to \$1,990,000 against a property that is valued at \$3,000,000. The loan to value ratio is 66 percent. Mr. Hunter clarified that the value is before taking into consideration the improvements that will be made. He noted that the value should be higher and the loan-to-value ratio lower following the energy efficiency improvements. Ms. Bailey reviewed the key financial metrics. It is anticipated that the project will commence this summer.

**Upon a motion made by Ms. Dixon-Peay, seconded by Ms. Wrice, the Deployment Committee members voted unanimously in favor of adopting the following resolution regarding a C-PACE construction and potential term loan for 290 Pratt Street, Meriden:**

**WHEREAS**, Section 157 of Pubic Act 12-2 of the June 12, 2012 Special Session of the Connecticut General Assembly and as amended (the "Act"), CEFIA is directed to, amongst other things, establish a commercial sustainable energy program for 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 \$1,990,000 construction and (potentially) term loan under the C-PACE program to Flatiron Real Estate Advisors, the property owner of 290 Pratt Street, Meriden, CT, (the "Loan") to finance the construction of specified clean energy efficiency measures in line with the State's Comprehensive Energy Strategy and CEFIA's Strategic Plan.

**NOW**, therefore, be it:

**RESOLVED**, that the President of CEFIA and any other duly authorized officer of CEFIA is authorized to execute and deliver the Loan in an amount not to be greater

than one hundred and ten percent of the Loan amount with the terms and conditions consistent with the memorandum submitted to the Deployment Committee dated July 2, 2013 and as he or she shall deem to be in the interests of CEFIA and the ratepayers no later than 90 days from October 2, 2013.

**RESOLVED**, that before executing the Loan, the President of CEFIA and any other duly authorized Officer of CEFIA 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.

**RESOLVED**, 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.

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*b. 86 Hopmeadow Street, Simsbury*

Ms. Bailey reviewed the request for C-PACE construction and term loan financing to fund the energy efficiency project at 86 Hopmeadow Street, Simsbury, a three-story office building. She discussed the energy efficiency measures contemplated. Mr. Hunter spoke about the owner of the property, Mark Greenberg, who is very supportive of the C-PACE program. A discussion ensued on how the program has helped the owner to move forward with energy efficiency improvements. The owner is requesting a loan of up to \$693,227. Ms. Bailey reviewed the key financial metrics. Mr. Hunter noted that the appraisal for the property is an “as built” appraisal. Commissioner Esty raised the fact that Mr. Greenberg was a congressional campaign opponent of his wife. Commissioner Esty stated that this issue would have no bearing on his vote and the financials of the deal spoke for themselves. After a brief discussion, there was a general consensus that the Commissioner should vote on the projects. It was noted that the property valuation is anticipated to increase and the loan-to-value ratio decrease following the energy efficiency improvements.

**Upon a motion made by Ms. Dixon-Peay, seconded by Ms. Wrice, the Deployment Committee members voted unanimously in favor of adopting the following resolution regarding a C-PACE construction and potential term loan for 86 Hopmeadow Street, Simsbury:**

**WHEREAS**, Section 157 of Public Act 12-2 of the June 12, 2012 Special Session of the Connecticut General Assembly and as amended (the “Act”), CEFIA is directed to, amongst other things, establish a commercial sustainable energy program for 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 \$693,227 construction and term loan

under the C-PACE program to MK Simsbury Group, LLC and Tower Business Park 86 Infinity, LLC, the property owner of 86 Hopmeadow Street, Simsbury, CT, (the "Loan") to finance the construction of specified clean energy efficiency measures in line with the State's Comprehensive Energy Strategy and CEFIA's Strategic Plan.

**NOW**, therefore, be it:

**RESOLVED**, that the President of CEFIA and any other duly authorized officer of CEFIA is authorized to execute and deliver the Loan in an amount not to be greater than one hundred and ten percent of the Loan amount with the terms and conditions consistent with the memorandum submitted to the Deployment Committee dated July 2, 2013 and as he or she shall deem to be in the interests of CEFIA and the ratepayers no later than 90 days from July 2, 2013.

**RESOLVED**, that before executing the Loan, the President of CEFIA and any other duly authorized Officer of CEFIA 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.

**RESOLVED**, 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.

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*c. 1841 Broad Street, Hartford*

Ms. Bailey discussed the request for C-PACE construction and term loan financing for the solar PV installation at 1841 Broad Street, Hartford. She explained that 1841 Broad Street consists of two connected buildings owned by a family business that does mechanical services. Ms. Bailey discussed the key financial metrics. She mentioned that the estimated savings is between \$46,000 and \$47,000 a year. Ms. Bailey stated that the project has a Zero Emission Renewable Energy Credit. She reviewed the terms and conditions of the transaction.

**Upon a motion made by Ms. Dixon-Peay, seconded by Ms. Wrice, the Deployment Committee members voted unanimously in favor of adopting the following resolution regarding a C-PACE construction and potential term loan for 1841 Broad Street, Hartford:**

**WHEREAS**, Section 157 of Pubic Act 12-2 of the June 12, 2012 Special Session of the Connecticut General Assembly and as amended (the "Act"), CEFIA is directed to, amongst other things, establish a commercial sustainable energy program for 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 \$325,000 construction and term loan under the C-PACE program to ICH, LLC, the property owner of 1841 Broad Street, Hartford, CT, (the "Loan") to finance the construction of specified clean energy efficiency measures in line with the State's Comprehensive Energy Strategy and CEFIA's Strategic Plan.

**NOW**, therefore, be it:

**RESOLVED**, that the President of CEFIA and any other duly authorized officer of CEFIA is authorized to execute and deliver the Loan in an amount not to be greater than one hundred and ten percent of the Loan amount with the terms and conditions consistent with the memorandum submitted to the Deployment Committee dated June 25, 2013 and as he or she shall deem to be in the interests of CEFIA and the ratepayers no later than 90 days from July 2, 2013.

**RESOLVED**, that before executing the Loan, the President of CEFIA and any other duly authorized Officer of CEFIA 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.

**RESOLVED**, 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.

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*d. 100 Roscommon Street, Middletown*

Ms. Bailey reviewed the request for C-PACE construction and term loan financing for the solar PV installation at 100 Roscommon Street, Middletown. The office building is owned by Mr. Greenberg. Since the proposed loan exceeds, \$2,500,000, Ms. Bailey indicated that the Deployment Committee is being asked to consider recommending the project to the Board for approval. Ms. Bailey mentioned that the mortgage on the property is held by Rockville Bank, and Rockville Bank has already consented to the transaction. If the CEFIA Board approves the transaction, Ms. Bailey indicated that construction is anticipated to commence in the fall of 2013. Ms. Bailey reviewed the terms and conditions of the transaction.

**Upon a motion made by Ms. Dixon-Peay, seconded by Ms. Wrice, the Deployment Committee members voted unanimously in favor of adopting the following resolution recommending a C-PACE construction and term loan for 100 Roscommon Street, Middletown:**

**WHEREAS**, Section 157 of Pubic Act 12-2 of the June 12, 2012 Special Session of the Connecticut General Assembly and as amended (the "Act"), CEFIA is directed to, amongst other things, establish a commercial sustainable energy program for

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 \$2,535,766 construction and term loan under the C-PACE program to Roscommon Infinity, LLC, the property owner of 100 Roscommon Drive, Middletown, CT, (the “Loan) to finance the construction of specified clean energy efficiency measures in line with the State’s Comprehensive Energy Strategy and CEFIA’s Strategic Plan.

**NOW**, therefore, be it:

**RESOLVED**, that the Deployment Committee recommends that the Board of Directors authorizes the President of CEFIA and any other duly authorized officer of CEFIA to execute and deliver the Loan in an amount not to be greater than one hundred and ten percent of \$2,535,766 with the terms and conditions consistent with the memorandum submitted to the Deployment Committee dated July 2, 2013 and as he or she shall deem to be in the interests of CEFIA and the ratepayers no later than 90 days from the date of authorization by the Board of Directors.

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*e. 80 Lamberton Road, Windsor*

Ms. Sherman discussed the request for C-PACE construction and term loan financing for the energy efficiency upgrades at 80 Lamberton Road, Windsor. Since the proposed loan exceeds, \$2,500,000, the Deployment Committee is being asked to consider recommending the project to the Board for approval. Ms. Sherman mentioned that project developers bid into the ZREC auctions very competitively with the anticipation that they would be approved for C-PACE. She stated that Rockville Bank holds the mortgage and has already provided consent. Ms. Sherman indicated that the appraised value is lower than anticipated, and this may be an example of when an “as built” appraisal is utilized. She reviewed the terms and conditions of the transaction.

**Upon a motion made by Ms. Dixon-Peay, seconded by Ms. Wrice, the Deployment Committee members voted unanimously in favor of adopting the following resolution recommending a C-PACE construction and term loan for 80 Lamberton Road, Windsor:**

**WHEREAS**, Section 157 of Pubic Act 12-2 of the June 12, 2012 Special Session of the Connecticut General Assembly and as amended (the “Act”), CEFIA is directed to, amongst other things, establish a commercial sustainable energy program for 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 \$3,090,444 construction and term loan under the C-PACE program to Lamberton LLC, the property owner of 80 Lamberton Road, Windsor, CT, (the “Loan) to finance the construction of specified clean energy efficiency measures in line with the State’s Comprehensive Energy Strategy and CEFIA’s Strategic Plan.

**NOW**, therefore, be it:

**RESOLVED**, that the Deployment Committee recommends that the Board of Directors authorizes the President of CEFIA and any other duly authorized officer of CEFIA to execute and deliver the Loan in an amount not to be greater than one hundred and ten percent of \$3,090,444 with the terms and conditions consistent with the memorandum submitted to the Deployment Committee dated July 2, 2013 and as he or she shall deem to be in the interests of CEFIA and the ratepayers no later than 90 days from the date of authorization by the Board of Directors.

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**5. Bridgeport International Academy, Bridgeport—Increased C-PACE Loan Amount:**

Ms. Bailey explained that at the April 30, 2013 meeting the Deployment Committee approved a C-PACE loan in the amount of \$492,933 for the Bridgeport International Academy (“BIA”), Bridgeport, and the BIA is requesting an increase to include a maintenance contract in the amount of \$87,890. She noted that the project still meets the CEFIA underwriting criteria, including the loan-to-value ratio.

**Upon a motion made by Ms. Dixon-Peay, seconded by Ms. Wrice, the Deployment Committee members voted unanimously in favor of adopting the following resolution increasing the C-PACE loan for Bridgeport International Academy, Bridgeport:**

**WHEREAS**, on April 30, 2013, the Deployment Committee approved a \$492,933 construction and term loan under the C-PACE program to Bridgeport International Academy, Inc., (“BIA”), the property owners 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; and

**WHEREAS**, BIA seeks to add a 5 year maintenance contract in the amount of \$87,890 to conduct preventative maintenance, measurement and verification (“M&V”) under the C-PACE project.

**NOW**, therefore, be it:

**RESOLVED**, that the President of CEFIA and any other duly authorized officer of CEFIA is authorized to execute and deliver the Loan in an amount not to be greater

than one hundred and ten percent of \$548,784 with terms and conditions consistent with the memorandum submitted to the Deployment Committee dated July 2, 2013 and as he or she shall deem to be in the interests of CEFIA and the ratepayers no later than 90 days from July 2, 2013.

**RESOLVED**, that before executing the Loan, the President of CEFIA and any other duly authorized Officer of CEFIA 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.

**RESOLVED**, 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.

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**6. Updates:**

Mr. Garcia stated that CEFIA has an internal process to review and approve transactions with funding requests below \$300,000 in between Deployment Committee meetings. Since the last meeting, Mr. Garcia stated that staff has approved three C-PACE transactions and two Clean Energy Communities projects aggregating \$408,494, approximately \$365,000 of which are loans:

- \$107,566 C-PACE loan for ID Products;
- \$170,000 C-PACE loan for 41 Walnut Street;
- \$87,938 C-PACE loan for the YMCA of Western Connecticut;
- \$25,000 grant for Reed Intermediate School for the Clean Energy Communities Program; and
- \$18,000 grant for Southington High School for the Clean Energy Communities Program.

Ms. Bailey mentioned that the same robust review process that is done for larger deals that go through the Deployment Committee and Board approval is done with the smaller deals.

**7. 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 2:43 p.m.

Respectfully submitted,

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Reed Hundt, Chairperson of the  
Deployment Committee