

Deployment Committee of the Connecticut Green Bank

**Minutes – Special Meeting
Tuesday, July 14, 2015
2:30-3:30 p.m.**

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

1. Call to order:

Bryan Garcia called the Deployment Committee of the Connecticut Green Bank meeting to order at 2:38 p.m. Deployment Committee members participating: Pat Wrice (by phone), Tracey Babbidge – designated by Commissioner Klee (by phone), and Bettina Ferguson (by phone).

Staff Attending: Brian Farnen, Bryan Garcia, Dale Hedman, Kerry O’Neill (by phone), Genevieve Sherman (by phone), Mike Yu (by phone), Chris Magalhaes (by phone), Cheryl Samuels, George Bellas and Alysse Buzzelli (by phone)

Members Absent: Reed Hundt

2. Public Comments:

There were no public comments.

3. Approval of Meeting Minutes for May 14, 2015:

The Deployment Committee members were asked to consider the minutes from the May 14, 2015 Meeting.

Upon a motion made by Bettina Ferguson, seconded by Tracy Babbidge the committee voted unanimously in favor to approve the meeting minutes.

Resolution #1

Motion to approve the minutes of the Deployment Committee for May 14, 2015 regular Meeting.

4. Commercial and Industrial Sector Program Updates and Recommendations

a. C-PACE Transactions

i. New London – C-PACE Transaction

Genevieve Sherman provided an update on 56 Howard Street. She advised that this transaction derived from a marketing partnership with the Town of New London. She explained that they are installing 145 KW solar and a cool roof at the marina. Genevieve Sherman advised that it is just over \$500,000 being financed at 6% over 20 years. She explained that it falls within the standard underwriting criteria. She also advised that this is the first project with 64 Solar.

Bettina Ferguson wanted to know if this could fall within the Groupon option such as what was done with the car dealerships. Genevieve Sherman advised that they have not looked into that as of yet, but will look into seeing if there is an association that might be interested.

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 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 has approved a \$40,000,000 CPACE construction and term loan program; and

WHEREAS, the Green Bank seeks to provide a \$501,206 construction and (potentially) term loan under the C-PACE program to Crocker's Realty, LLC, the property owner of Crocker's Boatyard, New London, CT (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;

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 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 Deployment Committee dated July 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 Deployment Committee authorization;

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 CPACE 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.

ii. Newtown – C-PACE Transaction

Genevieve Sherman went on to provide an update on 30 Pecks Lane. She advised that they are installing a 176.46 KW solar PV System. She advised that they will be financing just over \$470,000 for a 20 year term at 6%. She also advised that this does fall within the standard underwriting criteria.

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 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 has approved a \$40,000,000 CPACE construction and term loan program; and

WHEREAS, the Green Bank seeks to provide a \$470,710 construction and (potentially) term loan under the C-PACE program to Windmill Enterprises, LLC, the property owner of 30 Perks Lane, Newtown, CT (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;

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 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 Deployment Committee dated July 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 Deployment Committee authorization;

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 CPACE 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.

iii. Stamford – C-PACE Transaction

Genevieve Sherman also provide an update on 1101 Bedford Street. She explained that they are converting from oil to natural gas as well as doing some HVAC upgrades. She stated that this is the first project with Johnson Controls. She explained that financing will be up to about \$540,000 at 5.7% over 17 years. She advised that everything falls within the standard underwriting criteria except for the debt service coverage ratio. She advised that the balance sheet is strong enough to support it.

Bettina Ferguson asked if we normally see an operating profit of at least one times. Mike Yu explained that the church has plenty of income to cover any cash flow needs, and this would cover the C-PACE assessment. He also explained that this is a non-profit organization. Bettina Ferguson questioned since it's under one times coverage are they making an equity contribution. Genevieve Sherman explained that the cost savings on the project will pay for the financing. They are drawing in significant income and have a large current asset base. Bettina Ferguson asked if the Green Bank has an exposure since the debt service ratio is less than one. Mike Yu explained that they have plenty of cash on hand to make the payments. Pat Wrice explained that there is a similar situation at another church. She explained that this is a different kind of measuring since it is a church and that it's not for profit. Bettina Ferguson questioned if the church had committed that they will make up the difference with the cash on hand. Genevieve Sherman explained that this is the same commitment as any other type of business would make per the lien, which is secured by the property.

Upon a motion to move to resolutions made by Pat Wrice, seconded by Bettina Ferguson the committee voted unanimously to approve.

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 \$540,710 construction and (potentially) term loan under the C-PACE program to First Presbyterian Church of Stamford, the building owner of 1101 Bedford Street, Stamford, 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 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 Deployment Committee dated July 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 CPACE 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.

5. Statutory and Infrastructure Sector Program Updates and Recommendations

a. Residential Solar Investment Program (Steps 8 through 10) SHREC

Dale Hedman provided a progress update and recommendations for the RSIP program incentives. He advised that demand for the program has been very high. He explained that install costs have continued to be reduced, and that incentives are down about 70% from 2011.

Kerry O'Neill provided an update residential solar penetration by income distribution of census tracts. She explained that census tracts were grouped by different levels of area median income and the penetration of solar in each of these grouping was analyzed. She explained that they're still not making enough progress in the lower to moderate income sector.

Dale Hedman advised that the Legislature passed the SHREC and will include Class 1 RECs from the RSIP. He explained that the policy reestablishes the target from 30 MW to 300 MW by the end of 2022. He advised that they are currently at 60MWs. He explained that SHREC is a 15 year contract for each project.

Brian Farnen advised that they have drafted an agreement that is being sent to a securitization attorney which will be discussed with the utility partners for feedback.

Dale Hedman explained that there are some limitations on what can be received from the utilities via ratepayers through SHREC. He also explained that included in the legislation is a feature to look at improving the permitting process with municipal permitting in an effort to lower soft costs.

Dale Hedman explained the three new steps to approve Race to the Rooftop. He advised that the Board had approved a 90 MW RSIP target for the FY16 Budget and that they're looking to establish targets to 30 MW each, for steps eight through ten. He advised that the launch for step eight would begin on August 7, 2015. Steps nine and ten changes would immediately follow upon meeting the capacity for the previous targets.

Dale Hedman advised that they are looking to lower PBI by about 15% from step seven and sequentially through steps nine and ten. LMI steps are looking to start out at an amount just below PBI step five and hold through step nine. He advised that they are not anticipating that LMI projects would be over 6 KW. He explained that they are not able to accurately determine the demand until they get through step nine. He explained that at that point a determination would be made for an incentive on sSep 10.

Kerry O'Neill provided an update on LMI. She explained that a tiered incentive would look at the household income. She explained that in the economics of 80% of area median income that homes heating with oil in a 3 person household, with an income of \$59,250 they estimate that the cost of energy is about \$3000. She advised that this is a burden of about 5% of their income just for energy. She explained that that burden could be reduced to approximately 3.4% by adding Solar PV as well as Energy Efficiency. She explained that they are working with PosiGen to target those customers.

Kerry O'Neill went on to provide an update on the different partnerships and initiatives that they have to support the low income sector. She explained that through the CHIF partnership the Green Bank has helped to recapitalize a loan product for credit challenged customers, and that the CHFA partnership now has 20 solar projects in 12 housing authorities. She explained that the MacArthur Foundation partnership will be focused on predevelopment loan programs. She explained that they need additional policies to move into the rental population. Bryan Garcia explained that they're looking at 4.5 MW, about 5% of capacity target for the fiscal year, for the LMI incentive.

Bettina Ferguson questioned how large the LMI segment is in CT? Kerry O'Neill explained that if they look at below 100% of AMI it's about 1/3, about 365,000 owner occupied homes in the state.

Bryan Garcia advised that if the market is moving for more LMI projects they would come back to the BOD to increase that. Tracy Babbidge questioned what the timeframe would be. Kerry O'Neill explained that with the investment with PosiGen that it could use up the whole block.

Brian Farnen explained that they cannot change a block after it's been approved except under limited circumstances related to changes in market conditions. Bryan Garcia proposed that they come back to the committee in step eight if they feel that they need to increase in steps nine and ten. Based on Bryan Garcia's proposal, the Deployment Committee agreed to revise the proposed steps nine and ten for LMI projects as to be determined.

Upon a motion made by Bryan Garcia, seconded by Bettina Ferguson the committee unanimously agreed on the proposal.

Resolution #5

WHEREAS, Public Act 15-194 "An Act Concerning the Encouragement of Local Economic Development and Access to Residential Renewable Energy" (the "Act") requires the Connecticut Green Bank ("Green Bank") to design and implement a Residential Solar

Photovoltaic (“PV”) Investment Program (“Program”) that results in no more than three-hundred (300) megawatts of new residential PV installation in Connecticut before December 31, 2022 and creates a Solar Home Renewable Energy Credit (“SHREC”) requiring the electric distribution companies to purchase through 15- year contracts the Renewable Energy Credits (“RECs”);

WHEREAS, as of June 26, 2015, the Program has thus far resulted in approximately eighty-two megawatts of new residential PV installation application approvals in Connecticut – about 52 MW prior to January 1, 2015 and 26 MW after January 1, 2015 – and when complete and commissioned will achieve about twenty-five percent of the target of three-hundred megawatts established per Public Act 15-194;

WHEREAS, on July 2, 2015, Governor Malloy officially signed Public Act 15-194 thereby passing the law;

WHEREAS, pursuant to Conn. Gen Stat. 16-245a, a renewable portfolio standard was established that requires that Connecticut Electric Suppliers and Electric Distribution Company Wholesale Suppliers obtain a minimum percentage of their retail load by using renewable energy;

WHEREAS, real-time revenue quality meters are included as part of solar PV systems being installed through the Program that determine the amount of clean energy production from such systems as well as the associated RECs which, in accordance with Public Act 15-194 will be sold to the Electric Distribution Companies through a master purchase agreement entered into between the Green Bank, Eversource Energy, and United Illuminating, and approved by the Public Utility Regulatory Authority;

WHEREAS, pursuant to the Act, the Green Bank has prepared a declining incentive block schedule (“Schedule”) that offers direct financial incentives, in the form of the expected performance based buy down (“EPBB”) and performance-based incentives (“PBI”), for the purchase or lease of qualifying residential solar photovoltaic systems, respectively; and

WHEREAS, pursuant to the Act, to address willingness to pay discrepancies between communities, the Green Bank will provide additional incentive dollars to improve the deployment of residential solar PV in low to moderate income communities.

NOW, therefore be it:

RESOLVED, that Deployment Committee recommends to the Board approval of the Schedule of Incentives as set forth in Tables 3 and 4 of the memo dated July 10, 2015 (and as amended at the meeting) to achieve 90.0 MW of solar PV deployment over FY 2016 – 30.0 MW from Step 8, 30.0 MW from Step 9, and 30.0 from Step 10;

RESOLVED, that per Public Act 15-194, the Deployment Committee recommends that the Board limits the staff approval of direct financial incentives to no more than one hundred megawatts of new qualifying residential solar photovoltaic systems, in the aggregate, between the date of passage of Public Act 15-194 and April 1, 2016.

6. August Special Meeting:

Bryan Garcia advised that there will likely be an August special meeting held to approve C-Pace transactions.

7. Adjourn

Upon a motion made by Pat Wrice, seconded by Bettina Ferguson the committee voted unanimously to adjourn the meeting at 3:35 p.m.

Respectfully submitted,

Reed Hundt, Chairperson