

**DEPLOYMENT COMMITTEE OF THE
CONNECTICUT GREEN BANK
Minutes – Special Meeting
Tuesday, September 16, 2014**

A special meeting of the Deployment Committee (“Deployment Committee”) of the Board of Directors of the **Connecticut Green Bank (the “Green Bank”)** was held on Tuesday, September 16, 2014, at the office of the Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT in the Colonel Albert Pope Board Room.

1. **Call to Order:** Reed Hundt, Chairperson of the Deployment Committee, called the meeting to order at 10:32 a.m. Deployment Committee members participating: Bettina Ferguson, State Treasurer’s Office (by phone); Reed Hundt (by phone), and Matthew Ranelli (by phone).

Members Absent: Patricia Wrice.

Staff Attending: Jessica Bailey (by phone), George Bellas, Joe Buonannata, Mackey Dykes, Brian Farnen (by phone), Ben Healey (by phone), Bert Hunter (by phone), Alex Kovtunencko, Alexandra Lieberman (by phone), Cheryl Samuels, Genevieve Sherman (by phone), Fiona Stewart.

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

3. **Approval of Minutes:**

Mr. Hunter asked the Deployment Committee members to consider the minutes from the August 20, 2014 meeting.

**Upon a motion made Ms. Ferguson, seconded by Mr. Ranelli, the
Deployment Committee members voted unanimously in favor of
adopting the minutes from the August 20, 2014 meeting as written.**

4. **Commercial and Industrial Program Matters:**

a. C-PACE Transaction Recommendations

Prior to the presentation of the transactions, Mr. Hundt asked Green Bank staff for clarification on the calculation of proposed energy savings versus ratepayer funds at risk. Ms. Bailey explained that every one MMBtu of energy saved equals approximately \$50 and that because of the sell-down of transactions to Clean Fund, \$10 (or 20%) are Green Bank

dollars and the other \$40 (or 80%) are Clean Fund's. She added that many solar transactions include ZREC contracts, so, for 15 years, the borrower will have additional revenue that will pay for at least part of the debt service.

Mr. Hundt noted that Green Bank should focus on a public and private investment that produces a positive return in order to ultimately lead the private sector to do the investing. Ms. Bailey agreed, noting that the Connecticut PACE program is set apart from the rest of the country because of its emphasis on a positive cash flow, with a Savings-to-Investment Ratio ("SIR") greater than 1, and positive system performance. Mr. Ranelli added that this focus is not only Connecticut's philosophy, but its criteria.

Mr. Hundt suggested that in the future, the Green Bank should report on these transactions on a Return-on-Investment ("ROI") basis so that something like a ZREC is included. Mr. Hunter responded that ZREC savings are included, but that tax benefits associated with the photovoltaic ("PV") system are not included and therefore the savings are underestimated. He explained that tax benefits are not included because the actual savings are dependent on the tax position of the property owner, so the Green Bank can only estimate without the certainty of what those benefits are. Mr. Hundt replied that if the ROI is positive, it seems acceptable to estimate the tax benefits as long as the estimate is rational and ever present in the mind of the building owner. He added that with a change from SIR to ROI, the Green Bank will likely be able to contribute less of its capital and more private capital as the ROI shows what gaps need to be filled.

Ms. Bailey offered to send the Deployment Committee further explanation of the calculations done during the financial underwriting process for C-PACE transactions.

Ms. Bailey provided an overview of the six C-PACE transactions being presented to the Deployment Committee for approval, totally approximately \$3.3 million.

Katz Hardware – 2687 Main Street, Glastonbury

Ms. Bailey discussed the request for C-PACE financing to fund the \$295,291 installation of a 38 kilowatt ("kW") rooftop solar PV system as well as lighting, HVAC and envelope energy upgrades. She explained that the construction loan would be at 5% and the term loan would be set at a fixed 5.7% over the 17-year term. Ms. Bailey noted that this transaction is the first with lender consent from TD Bank and that the already secured consent is a testament to the property's strong financials.

All Crate, Inc. – 200 Lamberton Road, Windsor

Ms. Bailey discussed the request for C-PACE financing to fund the \$333,250 installation of a 100 kW solar PV installation. She explained that the construction loan would be at 5% and the term loan would be set at a fixed 6% over the 20-year term.

MJ Sullivan Automotive – 452 Broad Street, New London

Ms. Bailey discussed the request for C-PACE financing to fund the \$926,995 installation of a solar PV system across two buildings, totaling 320 kW. She explained that the construction loan would be at 5% and the term loan would be set at a fixed 6% over the 20 year term.

Ms. Bailey noted that this deal is part of a currently ongoing group marketing campaign in which installers are encouraged to present packages of transactions within a sector. If the campaign reaches a critical dollar value of C-PACE deals, the rate of the term loan will be lower (i.e., 5.75% for \$5 million to 5% for \$20 million of total transactions).

Ms. Bailey added that both this and the following transaction (Carriage House Mercedes) are part of this campaign; the installer brought several deals from the car dealership sector. Ms. Ferguson said that the campaign is very clever and Mr. Ranelli agreed, stating that dealerships having been looking for a means to make these energy upgrades for several years and that this model should be attractive to other industries in which interests align but competition also exists. Ms. Bailey stated that this campaign helps address concerns of some building owners who ask to see examples of prior C-PACE transactions in similar types of buildings.

Carriage House Mercedes – 488 Colman Street, New London

Ms. Bailey discussed the request for C-PACE financing to fund the \$813,875 installation of a 250 kW solar PV system. She explained that the construction loan would be at 5% and the term loan would be set at a fixed 6% over the 20-year term, reminding the Deployment Committee that this transaction is part of the ongoing group marketing campaign so the rate of the term loan may decrease.

9 West Broad Street, Stamford

Ms. Bailey discussed the request for C-PACE financing to fund the \$473,893 installation of light, HVAC, and boiler upgrades, as well as a Building Management System. She explained that the construction loan would be at 5% and the term loan would be set at a fixed 5% over the 10-year term.

Ms. Bailey added that this is a debt-free building that was recently purchased by Forstone Capital, LLC, who also own one of the first properties to be approved for C-PACE financing – located in Bridgeport. She noted that the building is currently undergoing major renovations, that the Green Bank is working closely with the utilities on the transaction, and that this is one of the first properties to access C-PACE financing in Stamford.

Lutheran Home – 990 Main Street North, Southbury

Ms. Bailey discussed the request for C-PACE financing to fund the \$631,349 oil-to-gas conversion with efficiency upgrade. She explained that the construction loan would be at 5% and the term loan would be set at a fixed 5.8% over the 18-year term.

Ms. Bailey added that the building is debt-free and has a strong cash flow.

With no further discussion, Mr. Hunter asked the Deployment Committee for a motion to approve the transactions.

Upon a motion made by Mr. Hundt, seconded by Ms. Ferguson, the Deployment Committee members voted unanimously in favor of adopting the following resolutions regarding the C-PACE transactions for 1) 2687 Main Street, Glastonbury, 2) 200 Lamberton Road, Windsor, 3) 452 Broad Street, New London, 4) 488 Colman Street, New London, 5) 9 West Broad Street, Stamford, and 6) 990 Main Street North, Southbury.

Katz Hardware – 2687 Main Street, Glastonbury

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; and

WHEREAS, the Green Bank seeks to provide \$295,291 construction and (potentially) term loan under the C-PACE program to Richard A. Katz, the property owner of 2687 Main Street, Glastonbury 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 September 9, 2014, 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 September 16, 2014;

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.

All Crate, Inc. – 200 Lamberton Road, Windsor

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; and

WHEREAS, the Green Bank seeks to provide \$333,250 construction and (potentially) term loan under the C-PACE program to Lamberton Road Associates, LLC, the property owner of 200 Lamberton Road, Windsor, 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 of Board of Directors dated September 9, 2014, 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 September 16, 2014;

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.

MJ Sullivan Automotive – 452 Broad Street, New London

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 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 Connecticut Green Bank Board of Directors has approved a \$40,000,000 C-PACE construction and term loan program.

WHEREAS, The Connecticut Green Bank seeks to provide \$926,995 construction and (potentially) term loan under the C-PACE program to William M Sullivan Realty, LLC the property owner of 542 Broad Street, 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 Connecticut Green Bank's Strategic Plan;

NOW, therefore be it:

RESOLVED, that the President of the Connecticut Green Bank and any other duly authorized officer 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 of Directors dated September 10, 2014, and as he or she shall deem to be in the interests of the Connecticut Green Bank and the ratepayers no later than 120 days from September 16, 2014; and

RESOLVED, that before executing the Loan, the President of the Connecticut Green Bank and any other duly authorized officer of the Connecticut 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.

RESOLVED, that the proper the Connecticut 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.

Carriage House Mercedes – 488 Colman Street, New London

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 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 Connecticut Green Bank Board of Directors has approved a \$40,000,000 C-PACE construction and term loan program.

WHEREAS, The Connecticut Green Bank seeks to provide \$813,875 construction and (potentially) term loan under the C-PACE program to GGCJ, LLC the property owner of 488 Colman Street, 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 Connecticut Green Bank's Strategic Plan;

NOW, therefore be it:

RESOLVED, that the President of the Connecticut Green Bank and any other duly authorized officer 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 Deployment Committee dated September 9, 2014, and as he or she shall deem to be in the interests of the Connecticut Green Bank and the ratepayers no later than 120 days from September 16, 2014; and

RESOLVED, that before executing the Loan, the President of the Connecticut Green Bank and any other duly authorized officer of the Connecticut 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.

RESOLVED, that the proper the Connecticut 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.

9 West Broad Street, Stamford

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; and

WHEREAS, the Green Bank seeks to provide \$473,893 construction and (potentially) term loan under the C-PACE program to Nine West Broad Property, LLC, the property owner of 9 West Broad Street, Stamford (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 September 9, 2014, 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 September 16, 2014;

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.

Lutheran Home – 990 Main Street North, Southbury

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 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 Connecticut Green Bank Board of Directors has approved a \$40,000,000 C-PACE construction and term loan program; and

WHEREAS, the Connecticut Green Bank seeks to provide a \$631,349 construction and (potentially) term loan under the C-PACE program to Lutheran Home of Southbury, Inc., the property owner of 990 Main Street North, Southbury, CT (the "Loan"), to finance the construction of specified clean energy measures in line with the State's Comprehensive Energy Strategy and the Connecticut Green Bank's Strategic Plan.

NOW, therefore be it:

RESOLVED, that the President of the Connecticut Green Bank and any other duly authorized officer 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 of Directors dated September 9, 2014, and as he or she shall deem to be in the interests of the Connecticut Green Bank and the ratepayers no later than 120 days from September 16, 2014;

RESOLVED, that before executing the Loan, the President of the Connecticut Green Bank and any other duly authorized officer of the Connecticut 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 Connecticut 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.

b. Funding Requests Under \$300,000 and No More in Aggregate of \$1,000,000

Ms. Bailey provided the Deployment Committee with an update on C-PACE transactions valued at less than \$300,000 that were approved internally by Green Bank staff since the last Deployment Committee meeting. The first four transactions are all small transactions:

- 19 East Main Street, Torrington – \$126,194
- 125 Granfield Avenue, Bridgeport - \$30,358
- 11 Depot Road, Willington - \$53,622
- 106 Truman Street, New London - \$124,998

The fifth transaction was a \$236,711.16 loan from the C-PACE Sell-Down's Timeliness Reserve. Ms. Bailey explained that among the tranche of projects sold to Clean Fund, the borrowers of two of projects did not pay their assessment to the servicer on time due to

human error. The Green Bank's Finance team anticipated the possibility of such errors and therefore implemented a Timeliness Reserve of \$300,000 when writing the sell-down documentation. Ms. Bailey noted that, moving forward, the Green Bank will request screenshots or copies of the bills to verify that the payments are being sent by the borrower. Mr. Hunter added that some of the shortfall resulted from checks in the process of being cleared and that Finance and Accounting decided to advance funds to cover this timing shortfall as well so that the CleanFund bondholders would be paid in a timely manner, ensuring that a default situation would be avoided. He explained that a liquidity or timeliness reserve is a provision of just about every securitization in order to have cash on hand to take care of such situations. Ms. Ferguson commended the Green Bank for having a fix in place.

The sixth transaction was an \$89,000 loan to the Terrace Heights Condominium complex in West Haven under the Green Bank's Multifamily RFP. Ms. Bailey explained to the Deployment Committee that condominiums are ineligible for C-PACE financing because of individual ownership, so the Green Bank worked with Bankwell who already has a condo lending product in place. Ms. Bailey stated that Green Bank has decided to engage the condo market as a partner of banks who already do condo lending and not as a leader on the financing. By participating in this particular transaction, she explained, the Green Bank was able to extend the maturity to 10 years, and provide credit enhancement for Bankwell, and enabling the debt service to be paid substantially from projected savings.

b. Revision to C-PACE Resolutions

Ms. Bailey explained that, as a carryover from the last Board of Directors meeting, the Green Bank is requesting the retroactive extension of the closing deadline for certain transactions approved at the end of 2013 and early 2014. Though each of the six C-PACE projects is expected to close, their closing dates will be after the deadline which was 90 days from the date of the original approval. She added that the Green Bank is asking for an extension of no more than 360 days from the original approval and that, moving forward, the Green Bank will always default to a deadline for closings of 120 days from approval.

Upon a motion made by Ms. Ferguson, seconded by Mr. Ranelli, the Deployment Committee members voted unanimously in favor of adopting the following resolution extending authorization of the Financing Agreements to no later than 360 days from the date of the original approval and consistent in every other manner with the original Board or Deployment Committee authorization for each Finance Agreement.

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, pursuant to the C-PACE program the Green Bank Board of Directors (the “Board”) or Deployment Committee has approved and authorized the President of the Connecticut Green Bank to execute financing agreements for the following six projects: Meriden YMCA (approved on 12/20/2013), Quality Inn, Vernon (approved on 12/20/2013), 255 Bank Street, Waterbury (approved 12/20/2013), 1095 Dayhill Road, Windsor (approved 12/20/2013), Brookfield YMCA (approved 4/25/2014), and 1200 High Ridge Road, Stamford (approved 5/15/2014) (collectively, the “Finance Agreements”);

WHEREAS, the Finance Agreements were authorized to be consistent with the terms, conditions, and memorandums submitted to the Board or Deployment Committee and *shall be executed no later than 90 days from the date of Board or Deployment Committee approval*;

WHEREAS, due to delays in fulfilling pre-closing requirements for the C-PACE transactions listed above the Green Bank will need more time to execute the Finance Agreements; and

WHEREAS, the Deployment Committee has authority to approve and modify C-PACE project financings under \$2.5 million pursuant to Section 5.3.3 of the Connecticut Green Bank Bylaws.

NOW, therefore be it:

RESOLVED, that the Deployment Committee extends authorization of the Finance Agreements to no later than 360 days from the date of the original approval and consistent in every other manner with the original Board or Deployment Committee authorization for each Finance Agreement.

5. Adjourn: Upon a motion made by Ms. Ferguson, seconded by Mr. Hundt, the Deployment Committee voted unanimously in favor of adjourning the September 16, 2014 meeting at 11:09 a.m.

Respectfully submitted,

Reed Hundt, Chairperson of
Deployment Committee