

DEPLOYMENT COMMITTEE OF THE CLEAN ENERGY FINANCE AND INVESTMENT AUTHORITY

Minutes – Regular Meeting
Tuesday, October 29, 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 October 29, 2013, at the office of CEFIA, 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 2:07 p.m. Deployment Committee members participating: Bettina Ferguson representing Denise Nappier, State Treasurer (by phone); Reed Hundt (by phone); and Matthew Ranelli (by phone).

Absent: Patricia Wrice (by phone).

Staff Attending: Brian Farnen, Bryan Garcia, Bert Hunter, Alexandra Lieberman, Shelly Mondo, and Genevieve Sherman.

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 September 3, 2013 meeting.

Upon a motion made by Mr. Ranelli, seconded by Mr. Hundt, the Deployment Committee members voted in favor of adopting the minutes from the September 3, 2013 meeting as presented (Ms. Ferguson abstained from the vote).

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

a. *Update on C-PACE Program:*

Ms. Sherman provided an update on the C-PACE program noting that 66 towns have signed on, including New Haven, which represents almost 75 percent of the Connecticut market eligible. She mentioned that a contractor training session was recently held with about 80 contractors. Ms. Sherman mentioned that several new capital providers were added, including Bank of America. She stated that progress has been made on closing transactions. Ms. Sherman indicated that two of the projects that were approved by the

Board are no longer proceeding under the program due primarily to the projects not being able to secure a contract under the Zero Emission Renewable Energy Credit (ZREC) Program. Approximately \$9,000,000 of projects will be presented at the November and December Board meetings.

Mr. Hunter reported on the sell down of benefit assessment liens previously approved by the Board or the Deployment Committee and subject to a commitment from CEFIA under a financing agreement. He mentioned that staff is pleased with the responses to the offering notice issued by CEFIA in July, and further discussions were held with three of the bidders. A formal announcement of the winner has not yet been made. More information will be provided at the Board meeting to be held on November 15. In response to a question, Mr. Hunter stated that the difference between the face amount of the benefit assessment liens and the price staff believes will be achieved is less than 5% or less than \$350,000 on \$7,000,000 of transactions. In addition, Mr Hunter noted that the structure of the sell down would result in CEFIA retaining approximately 20 percent of the face amount of the benefit assessment liens in a subordinated position. He explained how that amount is anticipated to be reduced in order for approximately \$1 of CEFIA investment to support \$9 of private capital.

Noting that other states are very interested in CEFIA's program, Mr. Hundt asked staff at a future meeting to talk about the merits of the C-PACE program and the sell down efforts. He asked staff to consider ways the program can be expanded and standardized. Mr. Hunter noted that one of the benefits of the bid selected is that the structure being pursued could enable a path to the private placement markets very quickly with the ultimate objective being a public market offering of bonds backed by the benefit assessment liens. Mr. Hundt questioned whether statutory language being drafted for a national green bank should include any aspects of the C-PACE program. Mr. Garcia noted that staff would review the draft legislation and make comments in this regard.

b. 384-388 Hopmeadow Street, Simsbury, CT

Ms. Sherman discussed the request for C-PACE construction and potential term loan financing to fund the energy efficiency project at Mitchell's Automotive located at 384-388 Hopmeadow Street, Simsbury, CT. She explained that there are three properties on the parcel and two will have solar. Ms. Sherman reviewed the loan to value ratio, the total savings and key financial metrics. She discussed the terms of the loan. In response to a question, Ms. Sherman stated that the term of the loan is standard for the a solar PV project financed by the program. She indicated that the deadline for the existing interest rate structure is for projects submitted before November 1 with rates being increased slightly after that date. Mr Hunter commented that one of the benefits of the sell down was "price discovery," meaning obtaining from the capital markets a sense of how CEFIA's transactions are priced. He suggested that initial indications are that CEFIA's pricing that will come into effect November 1 will be close to market expectations, suggesting further that any discount offered in the sell down process in the period immediately ahead should be reasonably contained.

Staff was asked by the end of the year to report on an appropriate interest rate for 2014 and an appropriate reference point or parameter to measure the interest rate (i.e. Treasury rates).

Upon a motion made by Ms. Ferguson, seconded by Mr. Ranelli, the Deployment Committee members voted unanimously in favor of adopting the following resolution regarding a C-PACE construction and potential term loan for 384-388 Hopmeadow Street, Simsbury, CT:

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 \$40,000,000 C-PACE construction and term loan program; and

WHEREAS, CEFIA seeks to provide a \$478,000 construction and (potentially) term loan under the C-PACE program to Mitchell Auto Group, Inc., the property owner of 384-388 Hopmeadow Street, Simsbury, CT, (the "Loan") to finance the installation and upgrades of a 120kW solar PV system 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 October 29, 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 29, 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.

5. Adjournment: Upon a motion made by Mr. Ranelli, seconded by, Ms. Ferguson the Deployment Committee members voted unanimously in favor of adjourning the meeting at 2:31 p.m.

Respectfully submitted,

Reed Hundt, Chairperson of the
Deployment Committee