

**DEPLOYMENT COMMITTEE OF THE  
CONNECTICUT GREEN BANK  
Minutes – Special Meeting  
Friday, November 14, 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 Friday, November 14, 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:** Matthew Ranelli, (designated meeting chair of the Deployment Committee by Commissioner Catherine Smith), called the meeting to order at 3:43 p.m. Deployment Committee members participating: Bettina Ferguson, State Treasurer’s Office; Reed Hundt (by phone); Rob Klee, Vice Chairperson of the Green Bank and Commissioner of the Department of Energy and Environmental Protection (“DEEP”); Matthew Ranelli; Catherine Smith, Chairperson of the Green Bank and Commissioner of the Department of Economic and Community Development (“DECD”); Patricia Wrice (by phone).

Staff Attending: Jessica Bailey, George Bellas, Andy Brydges, Joe Buonannata, Craig Connolly, Mackey Dykes, Brian Farnen, Bryan Garcia, Ben Healey (by phone), Dale Hedman, Ed Kranich, Lynne Lewis, Alexandra Lieberman, Kerry O’Neill, Cheryl Samuels, and Bob Wall.

Others Attending: Diane Duva, DEEP; Harsh Luthra, BeFree Green Energy (“BeFree”); Kapil Luthra, BeFree; Brad Mondschein, Pullman & Comley; Mike Trahan Solar Connecticut; and Michael Markowicz, Murtha Cullina (by phone).

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

3. **Approval of Minutes:**

Mr. Ranelli asked the Deployment Committee members to consider the minutes from the September 16, 2014 meeting.

**Upon a motion made Ms. Ferguson, seconded by Mr. Hundt, the  
Deployment Committee members voted unanimously in favor of  
adopting the minutes from the September 16, 2014 meeting as written.**

4. **Update on Funding Requests Under \$300,000 and No More in Aggregate of \$1,000,000:**

Mr. Garcia presented to the Deployment Committee a list of eight transactions, each less than \$300,000 and, in aggregate, approximately \$700,000. He explained that three are feasibility loans for C-PACE projects, four are full C-PACE loans, and one – a \$33,750 grant – is an interest rate buy-down on a C-PACE transaction at the Brookfield YMCA. Mr. Garcia noted that these funding requests all received internal staff approval and that with this presentation to the Deployment Committee, the queue is cleared to approve additional transactions within these parameters by the next meeting.

## **5. Commercial and Industrial Program Updates and Recommendations:**

Ms. Bailey stated that she would first present seven transactions, all under \$300,000, for approval. She explained to the Deployment Committee that while these transactions are normally approved at the staff level, increased volume will likely cause the Green Bank to exceed the internal approval limit more quickly this month and Deployment Committee approval of these transactions would reset the pool for additional small deals. She noted that one above \$300,000 transaction would also be presented.

### **a. C-PACE Transaction Recommendations**

#### **Under \$300,000 Transactions**

##### *390 Birmingham Boulevard - Ansonia*

Ms. Bailey discussed the request for C-PACE financing to fund the \$206,000 installation of a 125 kilowatt (“kW”) solar photovoltaic (“PV”) 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.

##### *285 Lafayette Street – Bridgeport*

Ms. Bailey discussed the request for C-PACE financing to fund the \$215,948 installation of lighting, building management system controls and heat pumps. 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.

##### *305 Knowlton Street - Bridgeport*

Ms. Bailey discussed the request for C-PACE financing to fund the \$291,425 installation of a 50 kW solar PV system, LED lighting and rooftop HVAC units. 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 noted that 305 Knowlton Street is a multifamily housing property.

*2 Nutmeg Drive – Ellington*

Ms. Bailey discussed the request for C-PACE financing to fund the \$117,091 installation of a 32.5 kW solar PV 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.

*452 Broad Street, Autobody, Parcel ID 6652 – New London*

Ms. Bailey discussed the request for C-PACE financing to fund the \$205,114 installation of a 70 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; however, since this deal is part of a group marketing campaign, the term loan rate will be lower if the campaign reaches a critical dollar value of C-PACE deals (5.75% for \$5 million to 5% for \$20 million of total deals).

*488 Main Avenue – Norwalk*

Ms. Bailey discussed the request for C-PACE financing to fund the \$246,958 boiler replacement and fuel conversion. 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.

*1 Positive Place - Shelton*

Ms. Bailey discussed the request for C-PACE financing to fund the \$250,987 installation of lighting, building management system controls and HVAC upgrades. 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 noted that 1 Positive Place is the home of The Boys and Girls Club of the Lower Naugatuck Valley. She explained that about one year ago, Green Bank staff engaged in a marketing effort to target energy upgrades at Boys and Girls Clubs and YMCA's in Connecticut using C-PACE at the request of Connecticut State Representative Betty Boukus. This is the first C-PACE transaction in the Town of Shelton.

Above \$300,000 Transactions

*452 Broad Street, Dealership, Parcel ID 6651 – New London*

Ms. Bailey discussed the request for C-PACE financing to fund the \$725,500 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, noting that term loan may decrease because of this deal's involvement in the group marketing campaign.

Mr. Ranelli asked for clarification that the two projects presented at 452 Broad Street are on separate parcels. Ms. Bailey confirmed that the parcels are separate, with the smaller PV system going on the autobody building and the larger system on the main dealership.

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With no further discussion, Mr. Ranelli asked the Deployment Committee for a motion to approve the seven under \$300,000 transactions.

**Upon a motion made by Ms. Ferguson, seconded by Mr. Hundt, the Deployment Committee members voted unanimously in favor of adopting the following group resolution regarding the C-PACE transactions for 1) 390 Birmingham Boulevard, Ansonia, 2) 285 Lafayette Street, Bridgeport, 3) 305 Knowlton Street, Bridgeport, 4) 2 Nutmeg Drive, Ellington, 5) 452 Broad Street, Autobody, Parcel ID 6652, New London, 6) 488 Main Avenue, Norwalk and 7) 1 Positive Place, Shelton.**

**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; and

**WHEREAS**, the Green Bank seeks to provide \$1,533,523 in construction and (potentially) term loans under the C-PACE program in the amounts and to the borrowers set forth below (collectively, the "Loans") 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:

- (i) Fountain Lake Site 7 LLC, the property owner of 390 Birmingham Blvd, Ansonia, Connecticut: \$206,000;
- (ii) Bridgeport International Academy Inc., the property owner of 285 Lafayette Street, Bridgeport, Connecticut: \$215,948;
- (iii) MP Development Associates, LLC, the property owner of 305 Knowlton Street, Bridgeport, Connecticut: \$291,425;
- (iv) Little House Properties, LLC, the property owner of 2 Nutmeg Drive, Ellington, Connecticut: \$117,091;
- (v) William M Sullivan Realty, LLC, the property owner of 452 Broad Street (Parcel ID 6652), New London, Connecticut:\$205,114;

- (vi) ECP Main Ave LLC, the property owner of 488 Main Avenue, Norwalk, Connecticut: \$246,958;
- (vii) The Boys And Girls Club Of The Lower Naugatuck Valley, Inc., the property owner of 1 Positive Place, Shelton, Connecticut: \$250,987.

**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 Loans in an amount not to be greater than one hundred ten percent of each Loan amount with terms and conditions consistent with the memorandums submitted to the Deployment Committee dated November 7, 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 November 14, 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.

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With no further discussion, Mr. Ranelli asked the Deployment Committee for a motion to approve the one above \$300,000 transaction.

**Upon a motion made by Ms. Ferguson, seconded by Mr. Hundt, the Deployment Committee members voted unanimously in favor of adopting the following resolution regarding the C-PACE transactions for 452 Broad Street, Dealership, Parcel ID 6051, New London.**

**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 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 \$725,500 construction and (potentially) term loan under the C-PACE program to William M

Sullivan Realty, LLC the property owner of 452 Broad Street, New London, CT (Parcel ID 6651) (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 November 14, 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.

b. C-PACE Transaction Time Extension Request

Ms. Bailey requested the Committee's approval to extend the deadlines by which the Green Bank must execute the Financing Agreements for five C-PACE transactions by 120 days from the meeting date in order to work through the closing processes.

**Upon a motion made by Ms. Ferguson, seconded by Ms. Wrice, the Deployment Committee members voted unanimously in favor of adopting the following resolution regarding extending the deadline to execute five C-PACE Financing Agreements, as written.**

**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**, 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 Green Bank to execute financing agreements for the following six projects and properties: Meriden YMCA (approved on 12/20/2013), 2209 Main Street, Bridgeport (approved on 6/20/2014), 360 Bloomfield Ave., Windsor (approved on 7/18/2014), 800 Connecticut Blvd., East Hartford (on 7/18/20), 819-835 North Mountain Road, Newington (approved on 8/26/2014) (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 or 120 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 Green Bank Bylaws.

**NOW**, therefore be it:

**RESOLVED**, that the Deployment Committee extends authorization of the Finance Agreements to no later than 120 days from the date of the November 14, 2014 Deployment Committee meeting and consistent in every other manner with the original Board or Deployment Committee authorization for each Finance Agreement.

## **6. Institutional Program Updates and Recommendations**

### a. Working Capital Loan for Lead By Example

Mr. Brydges explained that the Green Bank is requesting a working capital loan fund, relatively small dollar-wise, that has the potential to unlock hundreds of millions of dollars in energy saving measures at State facilities. He added that the working capital loan fund will assist State agencies with the preparatory costs associated with energy savings performance contracts (“ESPC”) and, pending Committee approval, will begin when the Green Bank agrees to a Memorandum of Agreement with DEEP.

Mr. Brydges noted that the working capital loan fund will catalyze projects in the Lead By Example program, also creating many construction jobs in building the measures and doing the retrofits. He explained that there are approximately 3,500 State-owned buildings, equaling around 60 million square feet in space and spending over \$200 million in annual utility costs. He noted that many agencies could realize 40-50% in energy savings, though not every building is appropriate for an ESPC.

Mr. Brydges provided the Committee with an overview of the first three projects expected to utilize Lead By Example funding. He explained that DEEP was able to fund the preparatory costs for these projects using now exhausted funding sources, so the proposed working capital loan fund would be necessary for projects moving forward – some of which have been identified and others which have expressed interest.

Mr. Brydges explained that common preparatory costs mount to just a small percentage of the overall project costs. He identified some common costs as the Investment Grade Energy Audit (the “IGEA”) by the ESPC contractor, technical consulting and metering services – all of which can be recovered when the project is financed.

Mr. Brydges noted that the working capital loan fund was not in the fiscal year 2015 budget because, at the time, DEEP was pursuing bond funding, which ultimately did not get approved. He explained that \$1.8 million is available from a Winn-LISC-HUD multifamily partnership, which could seed the loan fund, and that \$5 million is expected to be the amount that will support \$100 million in projects.

Mr. Farnen requests that the Committee add to the proposal resolution that this initial investment of \$1.8 million be repurposed from the discontinued Winn-LISC-HUD partnership.

Mr. Ranelli asked for clarification that the Green Bank’s maximum exposure would initially be \$500,000 followed by another \$500,000 for a second project. Mr. Brydges stated that his recommendation is that the Green Bank not release more than \$1.8 million until the State solidifies a process to finance these projects. He added that the DEEP would likely authorize the Green Bank to disburse the funds.

Ms. Ferguson asked for clarification on how much funding would be needed for one agency over another. Mr. Brydges responded that between \$400,000 and \$500,000 would likely be needed to cover each agency’s preparatory costs, though they are expected to range. Ms. Ferguson asked Mr. Brydges to further explain the administrative fee that the Green Bank is charging, to which he replied that there is no solid figure, though presumably it will be a small percentage of the project cost. He added that the Green Bank would charge a more significant administrative fee if it decides to issue “green bonds” in the future.

Mr. Ranelli asked for clarification on what would occur if the agency decided not to move forward with the project. Mr. Brydges explained that the agency would be responsible for paying the cost of the IGEA to their energy service company (“ESCO”) the cost. He added that the ESCO would not send a bill for the IGEA until the project is financed, while the other costs (e.g., metering, technical consulting) would be upfront.

Mr. Dykes noted that State agencies cannot reserve funds for these preparatory costs in their budgets as they need to be able to point to where the funds are coming from. Mr. Ranelli asked about stranding of funds, to which Mr. Brydges replied that the Green Bank would recover funds from other projects and therefore the exposure would be what one agency borrowed from the fund.



Ms. Wrice asked Mr. Brydges to clarify that even if the Green Bank limited its initial exposure to \$500,000 that there would be avenues to collect those funds should the project not move forward. Mr. Brydges responded that in the event that a project is not financed, DEEP agreed to authorize the use of other funds to repay the working capital loan fund, including: utility incentives and rebates from other projects, RGGI funds, and previously allocated agency funds. He added that the risk to the Green Bank should be very little and will go down significantly once the first three projects are financed. Ms. Ferguson also noted that the purpose of the Lead By Example program is to bridge the gap necessary to jump start agencies to make energy upgrades.

Mr. Ranelli stated that while the high energy performance of State buildings is an important goal of the State, it is unclear why the agencies would fund this way, adding that there seemed to be the potential for agencies having to be responsible for subsidizing costs of other agencies in the future. Mr. Brydges responded that, ultimately, the individual agencies would not be committing to borrowing; rather, the Green Bank views this as one ESPC for the State with 13 vendors (i.e., the ESCOs).

Ms. Duva added that this current approach is the only way to prepare the state buildings for performance contracting as the agencies do not have the ability to identify these upgrades in their budgets. She explained that the agencies all have to take direction from the Department of Administrative Services and that the plan is for the State to manage the universe of buildings as a whole. She added that the preparatory costs are essentially capital expenses that agencies would have to go to the Bond Commission for, which is normally reserved for larger scale projects. Because these costs are in a gray area between maintenance and new construction, it would likely be very difficult to get bond funding approved.

With no further discussion, Mr. Ranelli asked for a motion. Ms. Wrice moved, Ms. Ferguson seconded, and the Committee voted unanimously in favor of approval of the resolution. However, a second motion was requested in order to restate the resolution. Ms. Ferguson moved, Mr. Hundt seconded, and the Committed voted unanimously in favor of restating the resolution to include that the initial investment of \$1.8 million is to be repurposed from the discontinued Winn-LISC-HUD partnership.

**Upon a motion made by Ms. Ferguson, seconded by Ms. Wrice, the Deployment Committee members voted unanimously in favor of adopting the following resolution, with one additional resolve, regarding the establishment of a working capital loan fund for the Lead By Example program.**

#### **Resolution #5**

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

**WHEREAS**, the Green Bank has actively partnered with the Connecticut Department of Energy and Environmental Protection (DEEP) to develop and administer a standardized Energy Savings Performance Contracting program for the benefit of state agencies;

**WHEREAS**, a significant portion of the Green Bank energy savings and investment goals outlined in the Comprehensive Plan are to come from energy savings in the government sector, including the Lead by Example Energy Savings Performance Contracting program;

**WHEREAS**, the Green Bank seeks to provide a Working Capital Loan Fund to benefit state agencies by providing necessary capital for ESPC project preparatory costs;

**NOW**, therefore be it:

**RESOLVED**, that the Deployment Committee hereby approves the establishment of a Working Capital Loan Fund program to be funded by \$1,800,000 in Green Bank funds;

**RESOLVED**, that this initial investment of \$1.8 million is to be repurposed from the discontinued Winn-LISC-HUD partnership;

**RESOLVED**, that the President of the Green Bank and any other duly authorized officer of the Green Bank, is authorized to execute Memorandums of Agreement between the Green Bank, DEEP, and state agencies pursuing energy savings performance contracts that establish a formal approval process for expenditures from the Working Capital Loan Fund with terms and conditions consistent with the Working Capital Loan Fund Due Diligence Memorandum dated November 7, 2014; and

**RESOLVED**, that the proper 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.

**7. RSIP Sanction Appeal by BeFree Green Energy:**

Attorney Farnen stated that the purpose of this appeal hearing is to act on a sanction against BeFree regarding their alleged conduct on a Solarize project. He added that the goal is to give both BeFree and Green Bank staff an opportunity to present prior to the Deployment Committee making a final decision on this appeal.

Attorney Farnen asked BeFree if they would like to request an audio recording of the hearing. Attorney Mondschein, BeFree's attorney, replied that they would not.

Attorney Farnen provided an overview of how the appeal hearing would proceed as the following. As the party bringing the appeal, BeFree will have the opportunity to present its

position. In accordance with the notice of this appeal, BeFree may submit whatever information and evidence it deems appropriate and relevant in support of its appeal. During and following BeFree's presentation of its position on appeal, the Committee may ask any questions of BeFree and/or its witnesses or representatives. Following BeFree's presentation, any members of the public in favor of the appeal shall be invited to speak. Subsequently, staff members of the Connecticut Green Bank will provide the Committee with any additional information or evidence. Following the Connecticut Green Bank's presentation, any members of the public against the appeal shall be invited to speak.

Finally, after all parties have been heard, BeFree shall be given the opportunity to make a closing statement for the sole purpose of clarifying or rebutting any information or evidence provided after its presentation. After all parties have been heard and BeFree has made its closing statement, the Committee shall make a determination concerning the appeal and be able to ask any additional questions at this time. The Committee's determination may grant the appeal, thereby vacating the findings and sanctions at issue; it may deny the appeal, thereby upholding the findings and sanctions; or it may grant the appeal in part and deny it in part, thereby modifying the findings and/or sanctions in a particular way. Attorney Farnen noted that in order to maintain neutrality, Attorney Markowicz would remain on the telephone line in case any legal clarifications were needed.

Mr. Hundt asked Attorney Farnen for clarification on when and how the Committee would deliberate. Attorney Farnen responded that the deliberation could occur at the end of the presentations or the Committee could either table deliberation and a decision until the next regular Committee meeting or request a special meeting. He clarified that all deliberations must occur in an open forum.

Mr. Ranelli requested that the Committee members introduce themselves so that BeFree would be aware of who is present. He asked Attorney Mondschein if he had questions prior to the proceedings beginning, to which Mr. Mondschein responded that he did not.

Attorney Mondschein stated that BeFree was present to appeal the Green Bank staff's sanction and allow the Committee to give an unbiased review and reach a conclusion. He stated that this issue was one misstep by BeFree, done without malicious intent and under misguidance. He explained that as soon as BeFree's principals heard of this issue, they reversed the action and that no Green Bank funds were affected. He introduced Mr. Trahan, Executive Director of Solar Connecticut, to give the Committee an overall sense of BeFree.

Attorney Mondschein deferred to Mr. Trahan for comments, as Mr. Trahan had a time deadline.

Attorney Trahan stated that his participation in the hearing had nothing to do with the allegations against BeFree; rather, his comments were related to BeFree as a member of Solar Connecticut. He explained that BeFree has been a good contributing member of Solar Connecticut for five years and that although there are larger companies, none have done

the number of projects done by BeFree. He added that BeFree has set records twice in the Solarize program and has done as many as 500 projects in Connecticut since they opened their business in the state. He stated that BeFree's projects have done a lot to spread the word about solar PV in the state and that he knows that BeFree has brought many comments to the Green Bank regarding processes that have been adopted and that benefit the solar community. He also stated that BeFree was the first to hire a graduate of a technical high school and vouched that they are solid company.

Ms. Ferguson asked Mr. Trahan how many members make up Solar Connecticut, to which he responded that there are 75 paid members.

Attorney Mondschein began his presentation by stating that the customer of the project in question signed up for a solar PV system with BeFree under a Solarize program and also requested that a heat pump be installed as part of the project. He stated the Green Bank encouraged installers to sell solar as part of the Solarize round, but also heat pumps. Because this was fairly new for BeFree, they conducted a Request for Proposals to get the lowest price for their customers on a bulk installation of heat pumps. The customer in question wanted a different type of heat pump than the one that BeFree was offering, so it took time to get a low price from a trustworthy contractor to do that installation. While searching for that system and a contractor, the Green Bank's solar rebate process was put on hold because the rebate is contingent upon a complete application being provided to the Green Bank, including a complete heat pump contract. He noted that the Green Bank's PowerClerk system recognizes that projects are oversized based on past usage, but allows oversized projects to move forward if they include a heat pump. Without a heat pump contract, the Green Bank would not approve the rebate.

Attorney Mondschein continued explaining that during this process, the customer repeatedly called BeFree staff to inquire about scheduling the solar installation and why the rebate was delayed, being insistent on having the solar installed. He explained that the father of the principals of BeFree passed away in August 2014, during which they were not in the office and unavailable to office staff. He stated that while they were away, one of BeFree's very young employees took calls from the customer in question and decided to take the customer's signature saved on file from the solar contract and put it on the heat pump contract. He explained that this action was done in order to satisfy the Green Bank's requirement that the heat pump contract is submitted in order to approve the rebate, and that the employee thought that the heat pump contract could be corrected later. He stated that the employee did not think that the action was misguided or wrong, and that she believed the action was for the benefit of the customer, with no malicious intent.

Attorney Mondschein explained that the principals of BeFree found out about their employee's action when the customer called to cancel the contract and was rightly upset. He stated that in response, BeFree cancelled the contract, refunded the customer's solar deposit and tried to make the situation as correct as they could. He added that no Green Bank funds were ever deployed or used for this project.

Attorney Mondschein concluded that this was a mistake of a young employee seeking to satisfy customer demand. He stated that this action does not merit the extreme sanction proposed by the Green Bank staff to ban BeFree from the next round of Solarize, as that would punish the entire company, not just the one employee, and would have an adverse impact on BeFree's ability to retain their employees.

Attorney Mondschein added that BeFree has been looking for an experienced person to oversee their office operations for quite a while, but that it has not been an easy task. He stated that BeFree would like to assist with training programs offered by the Green Bank so that employees like the one in question would better understand the consequences of such actions. He noted that BeFree is not claiming that this misstep did not occur; rather, that it was a mistake of an employee who only had the customer in mind. Therefore, the ban would be too extreme for the actual facts being presented.

Mr. Hundt asked BeFree to quantify the estimated economic impact of the proposed sanction on the company. Mr. Hundt added that he would want to know if the impact would be BeFree going out of business. Attorney Mondschein replied that in the last round of Solarize (located in Haddam-Killingworth), BeFree did approximately \$8 million in business with over 200 projects in the pipeline. He stated that not participating in the next round of Solarize would result in BeFree laying off its current employees and stopping business beyond the current projects from Solarize Haddam-Killingworth. He added that this sanction would essentially stop their business until they could potentially get another round.

Mr. Wall stated that the current round of Solarize – phase 5 – has already started to launch and will likely run through April 2015. He added that the Green Bank has not made a decision on a potential next round.

In response to Mr. Wall, Attorney Mondschein noted that the sanction would likely result in BeFree shutting down their business until spring or summer 2015. Attorney Farnen stated that the vast majority of the solar installers in Connecticut do not participate in Solarize, so this sanction should not shut the company down; rather, it locks them out of a marketing opportunity that they have proven to be very good at. Attorney Mondschein replied that the impact would be at least six months.

Mr. Hundt asked BeFree what the number of people laid off during the six month time period would be, to which Attorney Mondschein replied that up to 10 people could potentially be laid off. Mr. Hundt then asked about potential lost profits by BeFree, to which Attorney Mondschein initially declined to comment on due to confidentiality concerns. Mr. Hundt asked for a range and Attorney Mondschein replied that about 10-20% of the \$8 million in profits made during the last Solarize round, so between \$500,000 to \$1.5 million.

Ms. Smith asked BeFree how many employees they have and to explain what they do to train their employees on basic business skills, knowing that the Green Bank offers training on the installation work. Mr. Kapil Luthra replied that they have some employees who do

office work and others who perform the installations. He explained that when BeFree finished participating in Solarize Durham, they felt obligated to participate in Solarize Haddam-Killingworth because Killingworth is their hometown. He stated that he had presentation material from the Green Bank on how to fill out PowerClerk and told his employees that they had people to communicate with at the Green Bank, including Mr. Kranich. He explained that when Solarize Haddam-Killingworth kicked off, BeFree was conducting approximately 8-10 site visits per day and that he and Mr. Harsh Luthra went to approximately 600 homes. He stated that the office staff had to learn in weeks the clerical process that took the Principals of BeFree five years to learn. He recommended that the Green Bank offer an in person training, as everyone can benefit from ongoing training.

Ms. Smith asked BeFree if any action had been taken against the employee in question from a performance perspective. Mr. Kapil Luthra stated that he asked the employee how this could have happened and that she explained that she was under tremendous pressure from the customer. He explained that the original solar contract said the installation would occur by the end of September, but every time the application was submitted to PowerClerk it was rejected because of the missing heat pump contract. He stated that he understands that the employee did something wrong, but that she did it to help and not hurt anyone. He added that even after their father passed away, Mr. Harsh Luthra continued to attempt to assist the customer. He stated that it is difficult for BeFree to fire someone when they did not intend to do something wrong and that they have forgiven her, and hope that the Committee can forgive BeFree. He stated that the employee learned her lesson and that BeFree is currently looking for more staff, though it was a very complicated process and difficult to train someone.

Mr. Ranelli stated that looking at the chronology of events from June to August, it appeared that the rebate was denied because the system was oversized, and asked BeFree if the system was oversized in anticipation of the heat pump. Mr. Harsh Luthra stated that the system was originally oversized 500 kWh per year, with the agreement of the customer who planned to get more panels. Mr. Ranelli asked BeFree why the system size was not reduced after the first application rejection and if it was openly discussed that the system was oversized. Mr. Harsh Luthra replied that the customer originally requested a ductless heat pump, which is what they were selling to other customers; however, after two days, the customer then decided on a whole house heat pump, which took between 1.5 to 2 months for BeFree to find.

Mr. Hundt asked BeFree if the employee in question was trained in some way, particularly if there was a memo on her desk with instructions that she just did not follow or if BeFree regrets maybe not giving her enough training. Mr. Kapil Luthra replied that you can give as much training as you want, but the Principals of BeFree were not looking at everything she did. He stated that they never thought someone would put a customer's signature on a document and submit it to the Green Bank. Mr. Hundt asked if BeFree discussed the issue with their staff and instructed them to not do it again, to which they replied in the affirmative.

Mr. Kapil Luthra added that his staff understands the issue and that the only thing he can think of moving forward is that all new staff be required to attend Green Bank training. He stated that the clerical staff was hired only a week before the launch of Solarize Haddam-Killingworth, so they learned on the job very quickly.

Mr. Ranelli asked if PowerClerk allowed for an installer to print out the documents they are filing prior to submitting, to which Mr. Hedman responded in the affirmative.

With no further comments from BeFree, Mr. Ranelli instructed Green Bank staff to present their materials.

Mr. Hedman stated that the requirement for homeowners to meet a consumption requirement was also in effect during steps 1-4 of the RSIP program. He explained that the consumption requirement was in place so that homeowners would not be able to oversize their system and receive an oversized rebate. He added that a utility bill is included in the application showing consumption over 11 months so that the Green Bank can determine if the system was oversized or not. If it was oversized, the Green Bank would ask the installer and homeowner to reduce the size to meet the requirement; however, he explained that the Green Bank does make exceptions for homeowners installing air or ground source heat pumps or electric vehicle charging stations. Mr. Hedman explained that a heat pump is a heat exchanger device that allows for heating in certain spaces and can replace or reduce usage of fuel burning units. Because a heat pump is an electrical device, the Green Bank allows for a consumption rate higher than what is seen on the utility bill to cover the additional electricity used by the heat pump. He noted that the Green Bank requires proof of purchase of the system (e.g., invoice or work order).

Mr. Hundt asked Mr. Hedman if he agreed the sanction equals approximately \$1 million in lost profits for this company, to which Mr. Hedman replied that he had not attempted to determine that figure. Mr. Hundt also asked Mr. Hedman what he thought the act is that deserves the punishment in this case. Mr. Hedman replied that BeFree's application was initially rejected not because of the system was oversized, but because the initial sales agreement submitted for the heat pump did not have sufficient customer information on it to prove that it was a legitimate contract. He added that the basis of the punishment came when the Green Bank later received a more detailed sales agreement that did appear to include a direct signature from the customer.

Mr. Hundt asked for Green Bank staff for clarification of they believe that the action that deserves a sanction is that the BeFree employee signed the customer's name, to which Mr. Farnen replied in the affirmative.

Mr. Hundt restated that the Green Bank issued a sanction based on one act, which BeFree claimed was done because the employee felt she was under pressure from the customer and did so because she wanted to help. Attorney Mondschein affirmed this, adding that the

principals of BeFree were not readily available because of the sickness and later passing of their father.

Mr. Ranelli referred to screenshots of both the earlier, less detailed heat pump sales agreement and the subsequent, more detailed version submitted to the Green Bank by BeFree. Mr. Hedman stated that the Green Bank believes that the customer's signature was copied onto both of the documents.

Mr. Kapil Luthra stated that when BeFree began offering heat pumps, if the customers said they wanted one, they would submit a contract without the customer's signature. Because the Green Bank would reject contracts without signatures, they had to begin requesting signatures.

Attorney Mondschein stated that his understanding is that BeFree was using an electronic signature device to sign solar contracts. He added that in this case, the employee in question copied the customer's signature onto both versions of the heat pump sales agreement. Mr. Hedman stated that the electronic signature device "SignNow" keeps a record of customer signatures, but when Green Bank staff asked BeFree if they had a record of the customer's signature, they said did not have it.

Ms. Smith stated that it seemed that not only did the customer not sign the heat pump sales agreement, she did not authorize that her signature be used. Mr. Hundt asked if the customer authorized her signature to be used by BeFree on a heat pump sales agreement, to which Attorney Farnen replied "no," based on her statements to Green Bank staff.

Mr. Ranelli asked BeFree if the customer in question signed a hardcopy or electronic version of the solar sales agreement, to which Mr. Kapil Luthra replied that the customer signed a hardcopy of the solar sales agreement.

Mr. Klee asked for confirmation from BeFree that there were two instances of unauthorized signatures by BeFree on behalf of the customer, since the customer only signed a solar sales agreement. Mr. Kapil Luthra stated that the customer was in weekly contact with BeFree from the time of their first meeting. He explained that the BeFree salesman gave the customer a price on a ductless heat pump during their initial meeting, but then needed time to find a price for the whole house heat pump. He stated that BeFree and the customer were on friendly terms until September, which Attorney Farnen added was the time the forgery was uncovered.

Ms. Smith asked if the Green Bank and BeFree were worried that this issue could have occurred for other customers. Mr. Kapil Luthra replied that the Green Bank asked BeFree to review all contracts submitted through both Solarize Durham and Solarize Haddam-Killingworth. Mr. Harsh Luthra noted that starting in mid-October, BeFree contacted their customers and asked them to confirm if they planned to get a heat pump or not. Attorney Mondschein added that other than three or four customers that they could not get in touch with, BeFree confirmed the contracts of all other customers.



Attorney Farnen stated that from the Green Bank perspective, it is unclear if this was a systematic issue or if there are other issues.

Mr. Ranelli instructed the Committee to focus on the evidence in front of them. He asked the principals of BeFree if either of them were the salesperson who initially met with this customer, to which they said no. Mr. Ranelli stated that this conduct is troubling, but that he appreciated BeFree being frank and upfront. He asked BeFree to confirm that the customer authorized them at the initial meeting to pursue a rebate for a system including a heat pump, to which BeFree replied in the affirmative. Mr. Ranelli asked BeFree to confirm that it was clear that the customer did not sign the heat pump sales agreement, to which Mr. Harsh Luthra said "yes," but that they did not realize this until September.

Mr. Hundt stated that this is a serious issue from the perspectives of both the Green Bank and BeFree. He asked for clarification on use of the term "forgery" as related to this case, because his understanding of forgery is a non-genuine document created with the intention to defraud. He asked if BeFree felt there was intent to defraud or not. Attorney Mondschein stated that from the legal perspective, the view is that employee acted without malicious intent, thinking that she was doing something to help the customer. Attorney Farnen responded that the criminal definition of forgery does not have to be met to break the RSIP rules and that oversizing the system did result in a larger rebate than appropriate. Mr. Hundt noted that he believed the intent to defraud versus no intent to defraud is very relevant and each requires a different separate set of supporting facts.

Ms. Smith recommended that the Committee take more time to consider both the Green Bank's and BeFree's position. She stated that what the Committee has heard is that there is misconduct of a variety, but the question is what does the Green Bank do now? What sanction is due? How serious of a problem is it? She noted that because this issue has never come up before, it is important that the Committee put a lot of thought into a decision and set the right precedent that will be clear to the market how serious these issues are taken.

Attorney Farnen stated that the Green Bank staff wants to provide its rationale for punishment and the issue of the timing of the Committee's decision. He noted that the launch of a Solarize campaign is dependent on the Committee's decision so a decision cannot be delayed beyond the end of the following week or the result could be a negative impact on the next round of Solarize and federal funds, which need to be utilized by March 31, 2015. He explained that the Green Bank's rationale that BeFree not being allowed to participate in the upcoming Solarize round is an adequate punishment as the vast majority of their sales have come through Solarize. He added that the customers were very upset with BeFree because of this issue.

Mr. Ranelli stated for the record that the customers in question were not present at the meeting. Attorney Farnen noted that the customers were not invited to participate in this meeting.

Mr. Ranelli recommended that the meeting be left open until the Committee can reconvene the following week.

Mr. Hundt stated that because private deliberations are not allowed, he wanted to publicly state the questions he wanted addressed prior to the next meeting: (1) as to the particular employee, was she or was she not authorized in her mind by the customer to replicate the customer's signature? (2) Did the employee intend to defraud / get money from the Connecticut Green Bank? (3) Does the Connecticut Green Bank agree that the proposed sanction would result in approximately \$500,000 to \$1.5 million in lost profit, or is that significantly wrong? (4) Does the Connecticut Green Bank believe that BeFree could still do business even with the proposed sanction? (5) Does the Connecticut Green Bank feel that the BeFree has engaged in remedial efforts?

Mr. Klee added the question: when the Connecticut Green Bank requested that BeFree review past contracts to confirm that they were signed by the homeowners, did they actually do so?

Mr. Ranelli stated that the Green Bank and BeFree would be allowed to respond to these questions in detail when the Committee reconvened and that the Green Bank staff would be allowed to finish their presentation.

The Committee decided to reconvene on Friday, November 21, 2014 from 8:00 a.m. to 9:00 a.m.

**8. Adjourn:** Upon a motion made by Ms. Smith, seconded by Mr. Klee, the Deployment Committee voted unanimously in favor of adjourning the November 14, 2014 meeting at 5:37 p.m.

Respectfully submitted,

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Reed Hundt, Chairperson of  
Deployment Committee