

845 Brook Street, Rocky Hill, CT 06067
T 860.563.0015
ctgreenbank.com



August 18, 2018

Dear Board of Directors:

Thank you for your willingness to hold this meeting in August.

We have a meeting scheduled for next week for Tuesday, August 21, 2018 from 1:00-1:30 p.m. in the Colonel Albert Pope Board Room of the Green Bank at 845 Brook Street, Rocky Hill, CT 06067.

On the agenda we have the following items:

- **Consent Agenda** – approval of the meeting minutes for July 27, 2018.
- **Investment Business** – the staff will recommend approval of two items, including (1) a bridge facility for our Green Bank Solar PPA, and (2) a revision to a formerly approved C-PACE solar PV project at Wade's Dairy in Bridgeport.

The bridge facility will provide financing for a pipeline of projects to give us time for Inclusive Prosperity Capital (IPC) to raise a fund to transition the Connecticut Green Bank from successful prior funds (i.e., tax equity vehicles in Solar Lease 2 and 3, and an origination and transfer partnership with Onyx) to a new structure administered by IPC.

The revised C-PACE solar PV project is intended to support Wade's Dairy develop a solar PV project by transitioning to a new contractor.

If you have any questions, comments or concerns, please feel free to contact me at any time.

We look forward to seeing you next week. Have a great weekend!

Sincerely,

A handwritten signature in blue ink, appearing to read "B. Garcia", with a long horizontal line extending to the right.

Bryan Garcia
President and CEO



AGENDA

Board of Directors of the
Connecticut Green Bank
845 Brook Street
Rocky Hill, CT 06067

Tuesday, August 21, 2018
1:00-1:30 p.m.

Staff Invited: George Bellas, Craig Connolly, Mackey Dykes, Brian Farnen, Bryan Garcia, Ben Healey, Dale Hedman, Bert Hunter, Kerry O'Neill, Eric Shrago, and Kim Stevenson

1. Call to order
2. Public Comments – 5 minutes
3. Consent Agenda – 5 minutes
4. Investment Business – Clean Energy Finance – 20 minutes
 - a. Green Bank Solar PPA
 - b. C-PACE Transaction – Bridgeport
5. Adjourn

Next Regular Meeting: Friday, October 26, 2018 from 9:00 -11:00 a.m.
Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT



RESOLUTIONS

Board of Directors of the
Connecticut Green Bank
845 Brook Street
Rocky Hill, CT 06067

Tuesday, August 21, 2018
1:00-1:30 p.m.

Staff Invited: George Bellas, Craig Connolly, Mackey Dykes, Brian Farnen, Bryan Garcia, Ben Healey, Dale Hedman, Bert Hunter, Kerry O'Neill, Eric Shrago, and Kim Stevenson

1. Call to order
2. Public Comments – 5 minutes
3. Consent Agenda – 5 minutes

Resolution #1

Motion to approve the meeting minutes of the Board of Directors for July 27, 2018.

4. Investment Business – Clean Energy Finance – 20 minutes
 - a. Green Bank Solar PPA

Resolution #2

WHEREAS, the Connecticut Green Bank (“Green Bank”) has enjoyed a long and successful history of commercial-scale solar project development and financing;

WHEREAS, CEFIA Holdings LLC (“Holdings”) is the Green Bank’s solar project development vehicle, and the Green Bank’s existing agreements for the sale and/or term financing of commercial-scale projects developed by Holdings are shortly to expire; and

WHEREAS, the Green Bank has entered into an agreement with Inclusive Prosperity Capital, Inc. (“IPC”) to continue to provide financing solutions for commercial-scale solar projects on behalf of the Green Bank, which solutions are currently under development.

NOW, therefore be it:

RESOLVED, that the Green Bank Board of Directors (“Board”) authorizes Holdings to continue to develop commercial-scale solar projects using a revolving capital facility not to exceed \$10 million at any given time; and

RESOLVED, that the proper Green Bank officers are authorized and empowered to do all other acts and negotiate and deliver all other documents and instruments as they shall deem necessary and desirable to effect the above-mentioned legal instruments.

b. C-PACE Transaction – Bridgeport

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 (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 a construction and (potentially) term loan under the C-PACE program in the revised amount of **\$783,763** to Wade Properties, LLC, the building owner of 1316 Barnum Avenue, Bridgeport, 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.

NOW, therefore be it:

RESOLVED, that the Board of Directors 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 dated August 17, 2018, 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 Board of Directors;

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.

5. Adjourn

Next Regular Meeting: Friday, October 26, 2018 from 9:00 -11:00 a.m.
Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT



CONNECTICUT
GREEN BANK SM

Board of Directors Meeting

August 21, 2018

Board of Directors

Agenda Item #1

Call to Order

Board of Directors
Agenda Item #2
Public Comments

Board of Directors
Agenda Item #3
Consent Agenda

Consent Agenda

Resolution 1



1. **Meeting Minutes** – approval of meeting minutes of July 27, 2018

Board of Directors
Agenda Item #4a
Investment Business
Green Bank Solar PPA

Green Bank Solar PPA Program Context



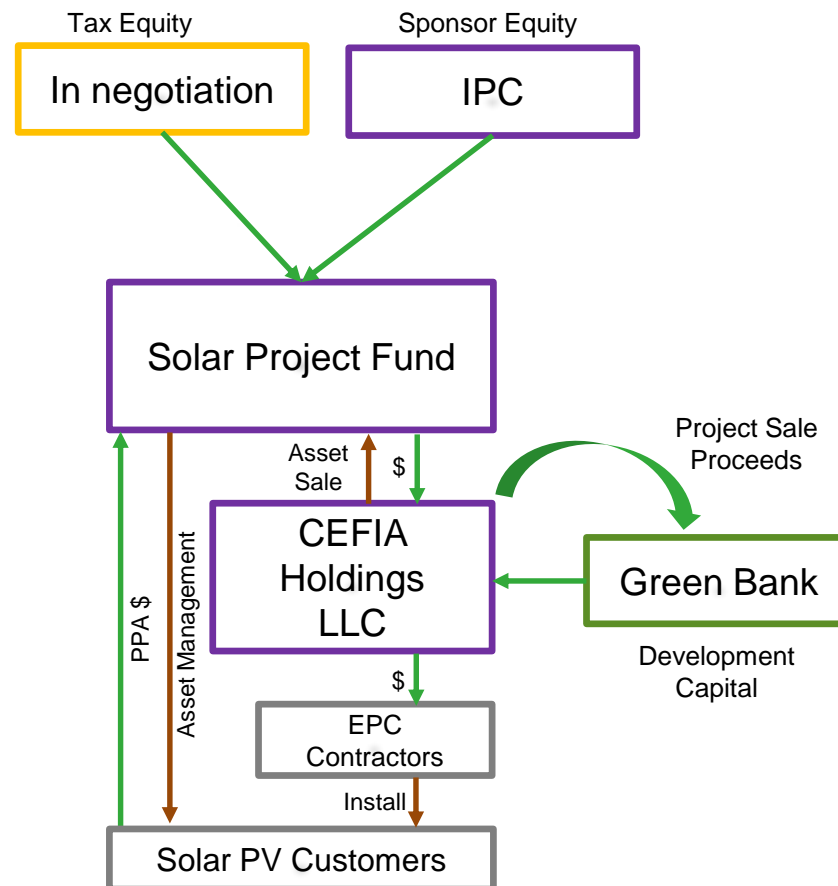
- **Background** – history of success of term PPA financing of commercial-scale projects via SL2, SL3, and Onyx

	# of Projects	Total Capacity (MW)
SL2	53	9.70
SL3	31	5.75
Onyx	14	9.41
Currently in development	19	3.33

- **Current status** – SL2 closed; SL3 and Onyx partnership wrapping up at end of September, per contract
- **Future strategy** – Inclusive Prosperity Capital now live, beginning to source tax equity partners for future projects

Green Bank Solar PPA Project Development Vehicle

- **CEFIA Holdings** – long-established Green Bank development entity



Green Bank Solar PPA Recommended Approach

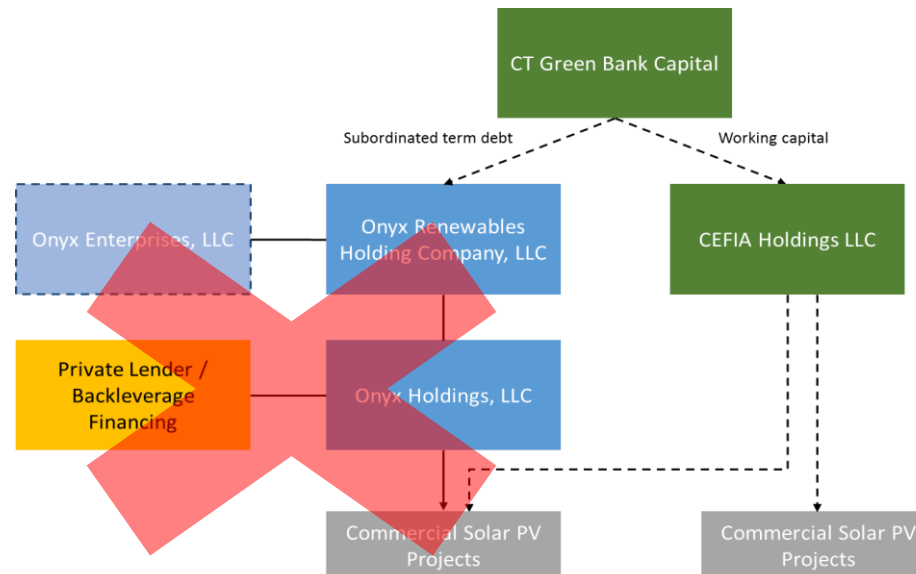


- **Bridge Financing Strategy** – Green Bank to continue to develop, together with IPC, commercial-scale solar projects through Holdings, with up to \$10 million in capital committed at a given time
- **Project Sales** – Subject to further Board approval, Holdings would later be authorized to sell such projects to IPC or a suitable third party
- **Green Bank Participation** – Term participation by the Green Bank will similarly be subject to further Board approval, if the Green Bank exercises its “right of first refusal” to invest in a PPA financing vehicle via IPC

Green Bank Solar PPA Recommended Approach



- **Staged Approvals** – staff only seeking authorization for continued development efforts at this time, will return to Board of Directors for approval of asset sale / term financing solutions



Board of Directors
Agenda Item #4a
Investment Business
C-PACE Transaction – Bridgeport

1316 Barnum Ave, Bridgeport Ratepayer Payback



- **\$783,763** for 97.5 kw ground mount & 91.3 kW roof mount solar PV systems
- Projected savings are **17,462 MMBtu** versus **\$783,763** of ratepayer funds at risk.
- Ratepayer funds will be paid back in one of the following ways
 - ❑ (a) through a take-out by a private capital provider at the end of construction (project completion);
 - ❑ (b) subsequently, when the loan is sold down to a private capital provider; or
 - ❑ (c) through receipt of funds from the City of Bridgeport as it collects the C-PACE benefit assessment from the property owner.

REDACTED

1316 Barnum Ave, Bridgeport

Terms and Conditions



- **\$783,763** construction loan at 5% and term loan set at a fixed 6.00% over the 20-year term
- **\$783,763** loan against the property
 - ❑ Property valued at **REDACTED**
 - ❑ Loan-to-value ratio equals **REDACTED**; Lien-to-value ratio equals **REDACTED**
- DSCR **REDACTED**

1316 Barnum Ave, Bridgeport

The Five W's



- **What?** Receive approval for a \$783,763 construction and (potentially) term loan under the C-PACE program to Wade Properties, LLC to finance the construction of specified energy upgrade
- **When?** Project to commence 2018
- **Why?** Allow Green Bank to finance this C-PACE transaction, continue to build momentum in the market, and potentially provide term financing for this project until Green Bank sells it along with its other loan positions in C-PACE transactions.
- **Who?** Wade Properties, LLC, the property owner of 1316 Barnum Ave, Bridgeport CT
- **Where?** 1316 Barnum Ave, Bridgeport CT

1316 Barnum Ave, Bridgeport Project Tear Sheet



REDACTED

1316 Barnum Ave, Bridgeport
Key Financial Metrics



REDACTED

Board of Directors

Agenda Item #9

Adjourn

CONNECTICUT GREEN BANK

Board of Directors
Draft Minutes
Friday, July 27, 2018

A regular meeting of the Board of Directors of the Connecticut Green Bank (the “Green Bank”) was held on July 27, 2018, at the office of the Green Bank, 845 Brook Street, Rocky Hill, CT, in the Colonel Albert Pope boardroom.

1. Call to Order

Rob Klee, Vice Chairperson of the Green Bank, called the meeting to order at 9:00 a.m. Board members participating: Matt Ranelli, Gina McCarthy, Bettina Bronisz, John Harrity, Betsy Crum (by phone), Kevin Walsh (by phone), and Tom Flynn (by phone)

Members Absent: Eric Brown and Catherine Smith

Others Attending: Guy West, Scott Murphy, Lawrence Wilson

Staff Attending: Bryan Garcia, Brian Farnen, Eric Shrago, Bert Hunter (by phone), Cheryl Samuels, Mackey Dykes, Kerry O’Neill, George Bellas, Jane Murphy, Dale Hedman, Chris Magalhaes (by phone), Mike Yu (by phone), John D’Agostino, Craig Conolly, Nick Zuba and Ben Healey.

2. Public Comments

There were no public comments.

3. Consent Agenda

Bryan Garcia provided a high-level overview of the Consent Agenda.

Upon a motion made by John Harrity, and seconded by Betsy Crum, the Board approved the Consent Agenda unanimously.

Resolution #1

Motion to approve the meeting minutes of the Board of Directors for June 28, 2018.

Resolution #2

WHEREAS, in July of 2011, the Connecticut General Assembly passed Public Act 11-80 (the Act), “AN ACT CONCERNING THE ESTABLISHMENT OF THE DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION AND PLANNING FOR CONNECTICUT’S ENERGY FUTURE,” which created the Connecticut Green Bank (the “Green Bank”) to develop programs to finance and otherwise

support clean energy investment per the definition of clean energy in Connecticut General Statutes Section 16-245n(a);

WHEREAS, the Act directs the Green Bank to develop a comprehensive plan to foster the growth, development and commercialization of clean energy sources, related enterprises and stimulate demand clean energy and deployment of clean energy sources that serve end use customers in this state;

WHEREAS, the Board of Directors of the Connecticut Green Bank approved a Comprehensive Plan for FY 2017 and FY 2018, including approving annual budgets and targets for FY 2017 and FY 2018.

NOW, therefore be it:

RESOLVED, that Board has reviewed and approved the Program Performance towards Targets for FY 2018 memos dated July 27, 2018, which provide an overview of the performance of the Infrastructure, Residential, Commercial, Industrial, and Institutional sectors with respect to their FY 2018 targets.

Resolution #3

WHEREAS, in July of 2011, the Connecticut General Assembly passed Public Act 11-80 (the Act), “AN ACT CONCERNING THE ESTABLISHMENT OF THE DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION AND PLANNING FOR CONNECTICUT’S ENERGY FUTURE,” which created the Connecticut Green Bank (the “Green Bank”) to develop programs to finance and otherwise support clean energy investment per the definition of clean energy in Connecticut General Statutes Section 16-245n(a);

WHEREAS, the Act directs the Green Bank to develop a comprehensive plan to foster the growth, development and commercialization of clean energy sources, related enterprises and stimulate demand clean energy and deployment of clean energy sources that serve end use customers in this state;

WHEREAS, the Budget and Operations Committee reviewed the Comprehensive Plan for FY 2017 and FY 2018 at a meeting on June 7, 2016 and recommended the approval to the Board of Directors; and the Board of Directors subsequently reviewed and approved on July 22, 2016;

WHEREAS, Article V of the Green Bank Operating Procedures requires the Green Bank Board of Directors (the “Board”) to adopt an Annual Plan for each forthcoming fiscal year;

WHEREAS, the Board of Directors reviewed and approved the FY 2018 targets and budget on June 23, 2017, which together with the Comprehensive Plan, are effectively the Annual Plan;

WHEREAS, the Board of Directors reviewed and approved the FY 2019 targets and budget on June 28, 2018, which together with the Comprehensive Plan, are effectively the Annual Plan; and

WHEREAS, the staff of the Connecticut Green Bank have revised in a redline draft version the Comprehensive Plan for FY 2017 through FY 2019 to include recently approved budget and targets for FY 2019 for the review and approval by the Board of Directors.

NOW, therefore be it:

RESOLVED, that the Board approves of the revised Comprehensive Plan for FY 2017 through FY 2019 as presented to the Board on July 27, 2018, and subject to nonmaterial modifications made by the officers as described above.

Resolution #4

WHEREAS, in July of 2011, the Connecticut General Assembly passed Public Act 11-80 (the Act), “AN ACT CONCERNING THE ESTABLISHMENT OF THE DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION AND PLANNING FOR CONNECTICUT’S ENERGY FUTURE,” which created the Connecticut Green Bank (the “Green Bank”) and vests the power in a Board of Directors comprised of eleven voting and two non-voting members; and

WHEREAS, the structure of the Board of Directors is governed by the bylaws of the Connecticut Green Bank, including, but not limited to, its powers, meetings, committees, and other matters.

NOW, therefore be it:

RESOLVED, that Board has reviewed and approved the Overview of Compliance Reporting and the Board of Directors and Committees for FY 2018 memo dated July 27, 2018 prepared by staff, which provides a summary report of the FY 2018 governance of the Board of Directors and its Committees of the Connecticut Green Bank.

Resolution #5

Motion to approve the position descriptions for Vice President of Finance and Managing Director of Operations

4. Committee Recommendations and Updates

a. Audit, Compliance, and Governance Committee

ii. Internal Account Procedures

George Bellas discussed the Annual Accounting and Internal Controls. He stated that there had been no significant changes, just minor word changes. He stated that the controls over the cash disbursement, contracts, and PSA's are reviewed by both State and Independent CPA Auditors. He advised that he was told by both sets of auditors that there were no weaknesses in the procedures.

iii. Employee Handbook Revisions

Eric Shrago discussed the small changes to the Employee Handbook. He stated that they had made a change to the vacation payouts by putting a limit on the vacation time that one can receive as a payout. He also discussed the modification of the Telecommuting Language, to be more in line with the State. He also discussed the slight change to Tuition Assistance, stating that those less than full-time employees can take advantage of that as well. He stated that they also made some minor changes to the IT Policy.

Upon a motion made by Tom Flynn, and seconded by John Harrity, both Resolution 5 and 6 passed unanimously.

Resolution #5

WHEREAS, the Audit, Compliance and Governance Committee recommended to the Board of Directors for approval the proposed revisions to Internal Accounting Control Procedures on June 8, 2018.

NOW, therefore be it:

RESOLVED, that the Connecticut Green Bank Board of Directors approve the proposed revisions to Internal Accounting Control Procedures as presented.

Resolution #6

RESOLVED, that the Board of Directors approves the recommendation by the Audit, Compliance, and Governance Committee of the revisions to the Connecticut Green Bank Employee Handbook presented to it on June 8, 2018.

b. Budget and Operations Committee

Bryan Garcia thanked the Board for their work on the longer than usual budget process for FY2019 as well as, John Harrity, the new Chair of the Budget & Operations Committee. He stated that the Board had approved the budget previously on June 27, 2018, but that they had deferred on recommending approving of the agreements between the Green Bank and the non-profit, because of the need to answer several outstanding questions. He thanked Bert

Hunter, George Bellas and the team, for their work in preparing responses to the outstanding questions.

Bryan Garcia stated that they had an independent consultant, Lamont Financial, look at the questions that were being posed on the Special Capital Reserve Fund obligations, how it would be paid out over the next 20 years, and if there would be an adverse effect on the SCRF by creating the non-profit. He stated that the independent consultant determined that there would be no adverse effect. He stated that the line of questions raised by the Office of the Treasurer were important to ask, and then answer, because the SCRF has never been violated in all of its years and that the OTT needed to make certain that it would remain in a good place with regards to the Green Bank and its efforts to support the nonprofit.

John Harrity thanked the staff and stated that this represents a sustainability model that they can work with.

Bettina Bronisz thanked the team as well and stated that they need to continue to monitor to make certain the SCRF is not impacted on projects.

5. Non-Profit Organization – Underserved Markets

a. Shared Services Agreement

Bryan Garcia discussed the pathway to today with regards to the non-profit stating that he is recommending approval of the agreements between the Green Bank and the non-profit. He discussed the Strategic Retreat in January 5, 2017 whereby the board expressed support in staff investigating the creation of a private entity (e.g., CDFI) to support the mission of the Green Bank. Kerry O’Neill stated that they had gotten a \$50,000 grant from the Hampshire Foundation to support a study on the private entity. She stated that this supported some of the project, especially looking at the entity addressing outside of Connecticut opportunities.

Bryan Garcia discussed the award they had received from the Harvard Kennedy School on July 12, 2017. He stated that they are only the second entity in Connecticut to receive the innovation award. He noted that the Green Bank focused its final remarks in a 5-part competitive process on the term “inclusive prosperity,” which was inspired by Washington, DC Mayor Muriel Bowser.

Bryan Garcia discussed the sweeps that took place in October 31, 2017 of \$14.0 million from the Clean Energy Fund and \$2.3 million from the RGGI allowance proceeds a year for each FY 2018 and FY 2019. He was stating that the Green Bank was forced to reevaluate a sustainability plan in December 15, 2017. He stated that they run two businesses, one being an incentive business with cost recovery through the SHREC securitization and the other being an investment

business. He stated that they focused the investment business on a break even in a 4 – 7-year period. He stated that in order to continue serving the mission of the Green Bank to attract private investment using limited amounts of public funds to help underserved markets reduce the burden of energy costs, that they needed to create a non-profit, which helps to reduce their operating expenses while maintaining their commitment to the underserved market, and continuing to attract private investment, and using limited public resources. He stated that DEEP is a partner alongside the Green Bank having committed \$5 million to the low and moderate-income space for single family and multifamily households, as well as, \$1.5 million towards health and safety to get the non-profit launched and to attract more investment in Connecticut. He stated that the Kresge Foundation committed a \$10 million guarantee to the non-profit to assist it in attracting more private funds to the non-profit like a loan facility from Calvert. He stated that there are some other investment partners like the Hewlett Foundation supporting the non-profit.

Bryan Garcia noted that in April 3, 2018 meeting the Green Bank board discussed the governance of the non-profit, including the need to balance its independence with oversight. He stated that Betsy Crum will be the Chair of the non-profit representing the interests of the Connecticut Green Bank and thanked her for her willingness to serve. He noted the need for participation of private sector board members of the Nonprofit to ensure its independence and support to the pursuit of the Green Bank purposes of operating efficiency and scaling up impact than would be possible within the Green Bank given the sweeps. He noted that the board gave the staff the approval to help create the nonprofit.

Bryan Garcia noted that at the April 27, 2018 meeting that the board was presented with a staff transition plan, including guidance from the Office of State Ethics, which had issued an opinion on the matter. He highlighted the point relayed by the board at this meeting that staff transitioning from the Green Bank to the non-profit were to be treated with compassion and respect.

Bryan Garcia discussed the June 13, 2018 meeting whereby Brian Farnen and Eric Shrago presented various agreements between the Green Bank and the non-profit. He noted that the Capital Grant Agreement between the Green Bank and the non-profit was a key piece of the agreement because it embodied the partnership between the Green Bank and DEEP in support of co-funding the non-profit as a way to attract private investment into this underserved market.

Bryan Garcia stated that after the June 28, 2018 and July 27, 2018 meeting, that all of the board questions have been answered and that he is recommending that the Board approve the various agreements between the Green Bank and the non-profit.

Brian Farnen provided a high-level overview of the contractual agreements. He stated that they used the Standard PSA's and License Agreements.

b. Capital Grant Agreement – CT Green Bank and Nonprofit

Brian Farnen discussed the proposed Capital Grant Agreement, \$5 million for low to moderate income and \$1.5 million for health and safety between the Green Bank and the non-profit, which included the Green Bank's partnership with DEEP.

c. Professional Services Agreements

d. Licensing Agreement

e. Fee Review Process

Brian Farnen provided a high-level overview of the Fee Review Process.

Commissioner Klee thanked Bryan Garcia for going through the timeline and noted that DEEP had been a partner since the inception of the Green Bank. He stated that this is an expression of the partnership between the Green Bank and DEEP to set up the non-profit in order to attract private investment in these underserved markets. He stated that the funds that have been provided from DEEP are funds that are set aside to advance the State's Energy Policy.

John Harrity stated that the Budget & Operations Committee recommends the approval.

Matt Ranelli stated that he supports this and thanked the staff and team for their excellent work.

Kevin Walsh commended the staff and the Board Members on their efforts to find a solution following the sweeps. He stated that he too supports the Resolution.

Tom Flynn congratulated the staff on a job well done and thanked the Board Members. He too, stated that he supports the Resolution.

Betsy Crum thanked the staff and commented on the progress made in attracting private foundation support to date.

Bettina Bronisz read a statement from Treasurer Denise L. Nappier.

Stated on Resolution #8 (to approve final agreements to form a non-profit entity) by Bettina Bronisz, representing State Treasurer Denise L. Nappier, at the July 27, 2018 meeting of the Board of Directors of the Connecticut Green Bank.

“To be clear, the goals of the Green Bank’s proposed new entity, such as lowering the energy burden for low to moderate income communities, are commendable and worthy of the Board’s support.

Unfortunately, our office’s general counsel and outside bond counsel are not persuaded that the proposal is crafted to meet Green Bank’s statutory authority to form either a subsidiary or participate in a joint venture. Green Bank would lack the control over the new private entity, as required by statute for a subsidiary, and the proposal lacks a third party participating in the operation, as required for a joint venture.

We also have concerns that funds now earmarked by the state for the Green Bank will be used to partially support the new entity during a transition period without state oversight.

Therefore, regrettably, on behalf of Treasurer Nappier, I must oppose this resolution regarding the establishment of this new entity and use the of public resources to support it in the absence of legislative authorization.”

Commissioner Klee stated that the Green Bank had obtained advice from external legal counsel on the non-profit matter and has a different legal interpretation and that he feels that based on that advice the Green Bank does have the authority to help create a non-profit.

Gina McCarthy stated that the Green Bank allows everybody to benefit from clean energy. She recalled upon the Clean Power Plan of President Obama, stressing the importance of ensuring that the clean energy economy is for everyone. She stated that the non-profit could help to continue this with the low and moderate-income space. She asked for support of the motion.

Commissioner Klee read a statement on behalf of Commissioner Smith, which read:

Bryan – I am so sorry I cannot be with you tomorrow for all the important votes associated with the creation and launch of the not-for-profit. I also appreciate very much all the hard work you and the team have done to make sure all the details were fully worked out, compliant with our statutes and fair to all parties, including existing stakeholders.

As you know, I have applauded this approach from the start, though I did have some concerns about those details, particularly as it related to the Green Bank’s ongoing financial support of the non-profit. I am now quite comfortable given the language changes you put in the PSA and MOU, as I believe we now have a fair and equitable way to support the non-profit without supporting new initiatives in other states that might be undertaken in the future.

While it is a bittersweet vote (would have been wonderful to keep all the Green Bank team together indefinitely) and also know we are putting in motion a new entity that can carry out our mission while it helps spread the green bank model into new territories.

If I were in the room I would be a strong yes vote – so again, sorry not to be there to provide my support and congratulations on a job well done!

After he read the note from Catherine Smith, he called a motion to approve of the agreements between the Green Bank and the nonprofit.

Upon a motion made by Gina McCarthy, and seconded by John Harrity, with opposition from Bettina Bronisz, the motion passed.

Resolution #7

WHEREAS, on January 5, 2017 the Board of Directors of the Connecticut Green Bank had a strategic retreat at Yale University which identified a need to create a private entity for things that the Green Bank was unable to achieve through the current programs;

WHEREAS, on July 12, 2017 the Harvard Kennedy School Ash Center names the Connecticut Green Bank as the winner of the “Innovations in American Government Awards” in 2017 for its nomination of “Sparking the Green Bank Movement” in which the staff presented a vision of “inclusive prosperity”;

WHEREAS, on October 31, 2017, a budget for the State of Connecticut was signed into law sweeping \$32.6 million of funding from the Green Bank – \$14.0 million from the Clean Energy Fund and \$2.3 million from the Regional Greenhouse Gas Initiative – each year for FY 2018 and FY 2019;

WHEREAS, on December 15, 2017, in response to the sweeps, the Board of Directors of the Green Bank approved of a budget mitigation strategy consistent with the Sustainability Pathway Strategy, including the need for staff to present a detailed business plan, budget, and transition plan for certain employees to a Nonprofit;

WHEREAS, on April 3, 2018, the Board of Directors of the Green Bank was presented by staff a detailed business plan to which the Board of Directors then authorized the President and any other duly authorized officers of the Green Bank to participate in the formation of an independent nonprofit non-stock corporation to further the purposes of the Green Bank, including achieving operating leverage and attracting mission-oriented investors for a set of products serving underserved market segments;

WHEREAS, on April 27, 2018, the Board of Directors of the Green Bank was presented a staff transition plan for those individual staff members of the Green Bank transitioning to the Nonprofit and authorized the President of the Green Bank and any other duly authorized officer of the Green Bank to (1) ensure the orderly transition of individuals transitioning from the Green Bank to the Nonprofit, taking into consideration, but not limited to, the Advisory Opinion No. 2018-2 by the Office of State Ethics, (2) provide assistance to the Nonprofit to identify, analyze, and recommend benefit options for the staff transitioning to the Nonprofit, and (3) notifying the individuals that will be transitioning to the Green Bank to the Nonprofit of their last day with the Green Bank tentatively planned for June 30, 2018;

WHEREAS, on June 13, 2018, the staff of the Green Bank presented a series of agreements between the Green Bank and the Nonprofit, including Shared Services Agreement, Capital Grant Agreement, Professional Services Agreements, Licensing Agreement, and Working Capital Agreement, for review and approval by the Board of Directors of the Green Bank;

WHEREAS, on June 28, 2018, the Board of Directors of the Green Bank reviewed and approved the recommendation of the staff and Budget & Operations Committee for FY 2019 targets and budget, including allocation of expenses to cover the services being provided by the Nonprofit. The staff of the Green Bank also presented answers to a series of questions raised by the Board of Directors regarding the Green Bank and the Nonprofit prior to presenting a resolution to approve of the series of agreements between the Green Bank and the Nonprofit.

WHEREAS, on July 27, 2018, the staff presented answers to the final remaining questions raised by the Board of Directors with regards to the Green Bank and the Nonprofit, specifically preparing 5-year proforma statements for the Green Bank (with and without the Nonprofit) and for the Nonprofit for review of reasonableness and determination of non- impairment by an independent consultant.

NOW, therefore be it:

RESOLVED, that the Board of Directors approves of the series of agreements set forth in the attached materials and authorizes the President of the Green Bank and any other duly authorized officer of the Green Bank to execute on such agreements.

RESOLVED, that the Board of Directors approves of the amount of administrative expenses for the Nonprofit as presented in the FY 2019 targets and budget approved on June 28, 2018 to be included in the Professional Services Agreements and the Shared Services Agreement.

6. Incentive Business

a. SHREC Update

Bert Hunter discussed the SHREC and the financial warehouse with Webster and Liberty Bank. He stated that it is a \$16 million facility. He stated that it is important for Connecticut Banks to be part of this. He thanked the Board for their support of the program.

Mike Yu provided an update discussing the independent engineer analysis, which is still underway. He stated that it indicates that the Green Bank data is in good shape, stating that the projects are reasonable. He stated that they are working with RBC, which highly recommends that they use Kroll, a credit rating agency. He stated that they are relatively inexpensive. He stated that the pricing reflects the rating of a new asset class.

Mike stated that they had started the Green Bond Certification Process. He stated that they have had some meetings to lay out the process and are making very good progress.

Bettina Bronisz questioned the reasoning behind using Kroll. Mike stated that they were very competitive in their pricing. He explained the pricing and that it was in two phases. Bettina Bronisz questioned why they would not go with somebody more mainline. Mike Yu stated that RBC felt that Kroll would be better able to understand the uniqueness of what was being presented. Ben Healy stated that in all rating reports, Kroll is almost always the rater.

Bettina Bronisz questioned if RBC planned to market the Green Bond overseas. Mike Yu stated that it had not been specifically discussed, but the assumption was that it would be primarily U.S. based. He stated that they could ask about that. Bryan Garcia stated that as they look overseas, he's been pushing them to look here at home in smaller denominations so that Connecticut citizens can invest in the Green Bank. John Harranty stated that is a good idea. Matt Ranelli stated that making it available under the 529 Plans would a good plan as well.

Commissioner Klee questioned if this is replicable elsewhere. Ben Healey stated that there is shorter term recs that trade in the market now, moving to a capital market display is something that while it is Policy dependent, it does open up an investor realm. He stated that it does have potential. Dale Hedman stated that from a rec perspective, he is not aware of any other jurisdiction that has a program like the RSIP, nor does he know of any trying to do what the Green Bank is trying to do. Ben Healey stated that it speaks to a different way of thinking about engaging the residential sector.

b. Residential Solar Investment Program – Steps 14 and Beyond

Dale Hedman discussed the progress of the RSIP. He discussed the previous downturn in demand for RSIP projects and that it had been due to Solar City's

turn from the Connecticut market in 2016 and 2017. He stated that they have recovered nicely with the other players in the PPA market and that they seem to be back on track.

Bryan Garcia stated that the installer's primary message is the Chinese tariff and steel and aluminum tariffs, which are increasing the installed costs.

Dale Hedman stated that different installers had filled the gap, stating they are at 216 MWs toward the 300 MW target. Rob Klee asked Dale him to show the comparison chart of Connecticut, Massachusetts, New Jersey and New York stating that Connecticut is producing as many watts per capita in comparison to other states in the region with the least amount of state incentive capital. He stated that they are recommending keeping the incentive levels the same throughout the remainder of the 300 MW period. He stated that they want to make sure that the industry is stable throughout the upcoming tariff structures. He stated that the Board had approved the Grid Mod/Climate Change Structure and that they are hoping to implement that by the Fall. Bryan Garcia stated that Connecticut has a policy to have efficiency and clean energy working together. He stated that it's important that they continue to work with the utilities on efficiency.

Upon a motion made by Matt Ranelli, and seconded by John Harrity, Resolution 8 was passed.

Resolution #8

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 30, 2018, the Program has thus far resulted in over two hundred and fifteen megawatts of new residential PV installation application approvals and completions in Connecticut;

WHEREAS, pursuant to Conn. Gen Stat. 16-245a, a renewable portfolio standard (RPS) 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, and an update to this RPS was provided in PA 18-50 that increased the Class I RPS from 20% by 2020 to 40% by 2030, reduces the Alternative Compliance Payment (ACP) to \$40 from \$55, adds

power generation from waste heat and expands the definition of run of river hydropower as Class I resources.

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, fosters the sustained orderly development of a state-based solar industry, and sets program requirements for participants, including standards for deployment of energy efficient equipment as a condition for receiving incentive funding;

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

WHEREAS, pursuant to the Act, to address sustained orderly development of a state- based solar industry, the proposed grid modernization and climate change pilot will provide incentives for solar PV to offset the additional energy load from clean energy sources and storage needs.

WHEREAS, pursuant to Section 16-245(d)(2) of the Connecticut General Statutes, a Joint Committee of the Energy Conservation Management Board and the Connecticut Green Bank was established to “examine opportunities to coordinate the programs and activities” contained in their respective plans (i.e., Conservation and Load Management Plan and Comprehensive Plan);

WHEREAS, the Global Warming Solutions Act of 2008 requires Connecticut to reduce its greenhouse gas emissions by 80 percent from 2001 levels by 2050, all the while transportation and the thermal heating and cooling of buildings representing the largest emitting sectors;

WHEREAS, residential solar PV can provide cleaner, cheaper, and more reliable sources of energy for electric vehicles and renewable thermal technologies while creating jobs and supporting local economic development;

NOW, therefore be it:

RESOLVED, that the Board, including the Commissioner of the Department of Energy and Environmental Protection, approves of the Schedule of Incentives as set forth in Tables 4, 5, and 6 of the memo dated July 27, 2018, including setting the Step 14 incentive levels the same as Step 13 incentive levels for the EPBB, PBI, and LMI PBI incentive types through the end of RSIP's 300 MW target.

7. Investment Business – Clean Energy Finance

a. Non-Impairment Provision

Brian Farnen discussed the Non-Impairment Provision, stating that it provides that the State will not impair the Green Bank's ability to contract with and fulfill its obligations to 3rd Parties. He stated that it would be included in future investment transactions. Commissioner Klee questioned if this will apply to all transactions. Brian Farnen stated, yes. Bettina Bronisz questioned how this came about. Brian Farnen stated that there was a fair amount of regret from the sweeps by members of the legislature as well as confusion on what was considered liquid assets or cash on the balance sheet from what was swept.

Upon a motion made by John Harrity, and seconded by Commissioner Klee, Resolution 9 passed.

Resolution #9

Whereas, Public Act 18-50, AN ACT CONCERNING CONNECTICUT'S ENERGY FUTURE (the Act), amended subsection (h) of the Connecticut Green Bank's (Green Bank) enabling statute C.G.S. § 16-245n; and

Whereas, the Act revised the Green Bank's nonimpairment provision to read as the following:

“h(1) The state of Connecticut does hereby pledge to and agree with any person with whom the Connecticut Green Bank may enter into contracts pursuant to the provisions of this section that the state will not limit or alter the rights hereby vested in said bank until such contracts and the obligations thereunder are fully met and performed on the part of said bank, provided nothing herein contained shall preclude such limitation or alteration if adequate provision shall be made by law for the protection of such persons entering into contracts with said bank. The pledge provided by this subsection shall be interpreted and applied broadly to effectuate and maintain the bank's financial capacity to perform its essential public and governmental function.”

(2) The contracts and obligations thereunder of said bank shall be obligatory upon the bank, and the bank may appropriate in each year during the term of such contracts an amount of money that, together with other funds of the bank available for such purposes, shall be sufficient to pay such contracts and obligations or meet any contractual covenants or warranties.”

Whereas, this statutory revision was offered to and received by legislators with the understanding that it constituted a response to the funding diversions enacted in the October 2017 state budget passed by the General Assembly and enacted into law; and

Whereas, this statutory revision provides the strongest State nonimpairment pledge to date on the Green Bank’s capacity to maintain successful public-private partnerships, ensuring a broad interpretation and application of the pledge in order to maintain the Green Bank’s financial capacity to perform its essential public and governmental function.

Now, therefore be it:

Resolved, that future investment transactions of the Green Bank shall include reference to this statutory provision as further inducement for third parties entering into contracts with the Green Bank.

b. CSCU – SCRF Self Sufficiency

Brian Farnen discussed CSCU and SCRF. He stated that there had been two previous Board approvals. He stated that they have worked to move this forward with the partner, Bank of America.

Ben Healey discussed the projects and the savings for the schools. He stated that this is being mostly funded through the CREBs. He stated that there would be some Green Bank equity. He stated that the previous approvals were for \$1.2 million, but they are asking for another \$300,000. He stated that this transaction had paved the way for other state agencies. He stated that they are working with DEEP to provide these to other state buildings. John Harrity stated that this is a lead by example. He stated that taxpayers would be excited about. He stated that it saves money at a time when it’s a big priority. Matt Ranelli questioned what if the revenues aren’t sufficient enough. Ben Healey stated that it would come from the Green Bank’s balance sheet. He stated that they are building a Debt Service, Reserve Fund. He stated that they have built-in provisions, but there are still risks.

Upon a motion made by Matt Ranelli, and seconded by Commissioner Klee, with an abstention from Bettina Bronisz, Resolution 10 passed.

Resolution #10

WHEREAS, at its September 28 and December 15, 2017 meetings (“Prior Meetings”), the Connecticut Green Bank (“Green Bank”) Board of Directors (the “Board”) authorized (i) a \$9,350,000 issuance of Clean Renewable Energy Bonds (“CREBs”), (ii) the use of ratepayer capital in an amount not to exceed \$1,200,000, and (iii) the President of the Green Bank to secure the use of the Special Capital Reserve Fund (“SCRF”) to support the installation of various

solar projects for the benefit of the Connecticut State College and University (“CSCU”) system (the “Project”);

WHEREAS, on December 29, 2017, Green Bank issued the CREBs in a principal amount of \$9,101,729.15 to Banc of America Leasing & Capital, LLC (“BALC”) through an Equipment Lease/Purchase Agreement.

NOW, THEREFORE, BE IT RESOLVED, that the actions taken by and resolutions adopted by the Board at the Prior Meetings are hereby ratified and confirmed in all respects, except as otherwise revised or amended by this Resolution; and

FURTHER RESOLVED, that the establishment, funding and maintenance of a debt service reserve fund in an amount not to exceed \$965,000, as required for the SCRF, is hereby ratified and confirmed; and

FURTHER RESOLVED, that the Self Sufficiency Findings presented to the Board at this meeting and as attached hereto are hereby approved and adopted, and the President of the Green Bank and any other duly authorized officer are authorized to take appropriate actions to secure the SCRF for the CREBs issuance, provided the Green Bank complies with all statutory requirements for the SCRF, which will require among other things (1) State of Connecticut Office of Policy and Management approval, and (2) approval by the Office of the State Treasurer and other documentation required under the Connecticut General Statutes; and

FURTHER RESOLVED, that the Green Bank may provide additional ratepayer capital, in the form of equity to finance the Project as required for the successful structuring of the CREBs issuance, in the amount of \$300,000, so that the total amount of ratepayer capital authorized shall not exceed \$1,500,000; and,

FURTHER RESOLVED, that the Equipment Lease/Purchase Agreement, the Escrow and Account Control Agreement, the Deposit Account Control Agreements and all other documents executed and delivered by the President of the Green Bank and other proper Green Bank officers, employees and representatives in connection with the closing of the CREBs financing on December 29, 2017 are hereby ratified and confirmed, and the President of the Green Bank and said officers, employees and representatives are authorized to execute and deliver the First Amendment to the Equipment Lease/Purchase Agreement and the Project Support Agreement, substantially in the form as presented at this meeting of the Board with such revisions as may be determined

by the President of the Green Bank, and any additional documents in connection with the CREBs financing as they shall deem necessary and desirable to carry out the intent of this Resolution.

c. PosiGen Investment

Ben Healey discussed the PosiGen Investment. He stated that they are asking to increase the limit from \$8.5 million to \$10 million and increase the interest rate on any additional advance, from 5% - 7.5%. He stated that PosiGen is closing a national facility, and the Green Bank will participate with new lenders. He stated that they are asking to participate in the new debt facility. He discussed the risk criteria for the two facilities.

Commissioner Klee questioned how they've been evolving, asking if they are growing and changing internally. Kerry O'Neill stated yes. She stated that they are working closely with them and that they've seen a lot of evolution and provided them with a lot of feedback.

Bettina Bronisz questioned the 7.5% interest rate, stating that it's odd that PosiGen is a company that's focused on low to moderate income and the Green Bank is going to charge such a large rate. Ben Healey stated that the new back leverage facility would be an interest only facility, with a 3-year interest only period. Matt Ranelli questioned that after the new facility comes into place, will PosiGen be at a disadvantage regarding their price of capital. Ben Healey stated that the other money that PosiGen is getting is low double digits. Chris Magalhaes stated that there are some capital providers interested in this. He stated that PosiGen selected them based on flexibility and cost of capital. He stated that the Green Bank coming in below that rate is quite concessionary to where the market is. He stated that they are going to protect against the downside. Bettina Bronisz stated that she feels this is too steep of an increase in the interest rate. Bert Hunter stated that this is a balanced view. He stated that they do have to be attentive to the sustainability of the Green Bank. Chris Magalhaes stated that under the term loan facility the interest rate was between 8% - 8.2%. He stated that they've charged a higher interest rate in other facilities. Bettina voiced her concerns about the interest rate, because of the folks that PosiGen serves. Commissioner Klee stated that this is part of their new reality. He stated that it gets them what they need and that the Green Bank is taking on more risk to facilitate that.

Upon a motion made by John Harrity, and seconded by Matt Ranelli, Resolution 11 passed.

Resolution #11

WHEREAS, the Connecticut Green Bank (“Green Bank”) has a mandate to deploy its resources to benefit all ratepayers, including low and moderate income (“LMI”) residential households;

WHEREAS, LMI households bear a disproportionate burden of the state’s high energy costs as a percentage of their income, generally do not benefit from existing federal incentives for clean energy adoption given that such incentives require sufficient tax liabilities to be of value, and traditional financing for residential solar PV and energy efficiency upgrades rely on credit tests that screen out many LMI households and exclude them from third-party ownership models for residential solar PV;

WHEREAS, the Green Bank has an existing and successful partnership with PosiGen, Inc. (together with its affiliates and subsidiaries, “PosiGen”) to support PosiGen in delivering a solar lease and energy efficiency financing offering to LMI households in Connecticut;

WHEREAS, the Green Bank has provided an initial debt capital commitment of \$5,000,000 (the “Term Loan A Facility”) to PosiGen that is currently in repayment with no outstanding payments or amounts due at this time;

WHEREAS, the Term Loan A Facility was amended on June 13, 2018 to include an increased debt capital commitment of an additional \$3,500,000 to PosiGen that has since been advanced in full;

WHEREAS, PosiGen has successfully deployed approximately 1,699 residential solar PV systems in Connecticut since the formation of its existing and successful partnership with Green Bank;

WHEREAS, PosiGen endeavors to merge the current overall PosiGen credit facility in Connecticut (the “CT Debt Facility”), of which the Term Loan A Facility is part, with a larger credit facility encompassing all of PosiGen’s solar PV system and energy efficiency leases in the United States (both “Back-Levered” or “BL” credit facilities and as combined, the “Expanded BL Facility”) as part of its strategic growth 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 changes to the Term Loan A Facility agreements and execute and deliver agreements to consummate arrangements pursuant to which the Green Bank will participate in the Expanded BL Facility with the with terms and conditions consistent with the memorandum submitted to the Board dated July 27, 2018, 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 Board; 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 instruments.

8. Other Business

Bryan Garcia directed the Board to the memos regarding the below topics. Gina McCarthy thanked the leadership and the staff for the work they have done. Commissioner Klee echoed her thank you and thanked the Board as well. John Harrity wished the folks transitioning to the non-profit best of luck and thanked them for their work at the Green Bank.

- a. 2018 Legislative Update**
- b. Sector Updates and Progress to Targets for FY 2018**
- c. CESA SLICE Award for 2018**
- d. Small Business Energy Advantage**
- e. Other Business**

9. Adjourn

Upon a motion made by John Harrity, and seconded by Bettina Bronisz, the meeting was adjourned at 11:06 a.m.

Connecticut Green Bank, Draft Minutes, 7/27/2018
Subject to changes and deletions

Respectfully Submitted,

Rob Klee, Vice Chairperson



Memo

To: Connecticut Green Bank Board of Directors
From: Bert Hunter, EVP and CIO
CC: Bryan Garcia, President and CEO; Brian Farnen, General Counsel and CLO; Mackey Dykes, VP of CI&I Programs
Date: August 17, 2018
Re: Authorization for Continued C&I Solar PPA Project Development

Background

Over the last four years, the Connecticut Green Bank (“Green Bank”) has developed a deep expertise in the development and financing of commercial-scale solar projects, primarily using a Power Purchase Agreement (“PPA”) mechanism with customers. Utilizing C-PACE as a credit enhancement mechanism where appropriate and available, the Green Bank team has developed and either retained (through two captive tax equity vehicles, first CT Solar Lease 2 LLC and subsequently CT Solar Lease 3 LLC, “SL2” and “SL3”, respectively) or originated and transferred (through our partnership with Onyx Renewable Partners, “Onyx”) a significant portfolio of projects:

	# of Projects	Total Capacity (MW)
SL2	53	9.70
SL3	31	5.75
Onyx	14	9.41
Currently in development	19	3.33

As demonstrated in the table above, by working with over a dozen local and regional solar developer partners, the Green Bank’s commercial-scale solar PPA program has met with significant success serving municipal, nonprofit, affordable multifamily housing, and commercial customers across the state.

However, as of September 30, 2018, both SL3 and Onyx will no longer be viable term financing solutions for these projects (due to contractual expiration dates). As such, Green Bank staff is now returning to the Board of Directors (the “Board”) to approve a “bridging approach” – using our existing development subsidiary, CEFIA Holdings LLC (“Holdings”), to continue moving projects through the development process – as we build out a new strategy using the newly formed spin-out entity Inclusive Prosperity Capital, Inc. (“IPC”) to provide a long-term path to financing for

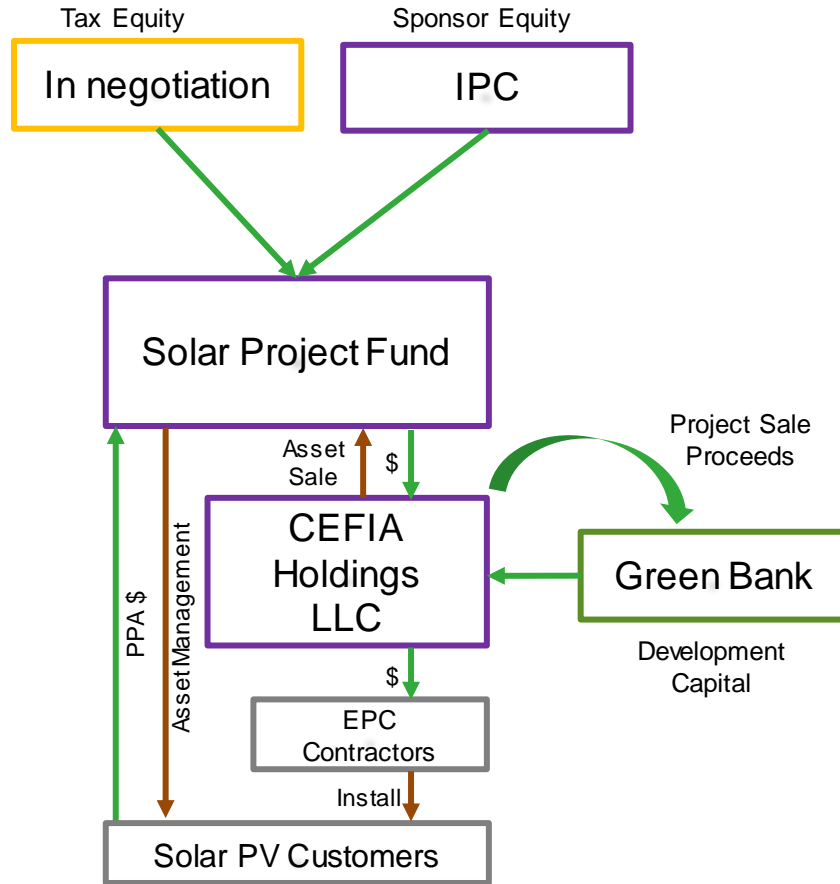
these commercial-scale PPA projects. To be clear, staff will return to the Board for approval of the IPC-related strategy, as that approach will likely require (or at least offer the opportunity for) a commitment of long-term Green Bank capital, as opposed to this bridge financing, which simply provides working capital that will get recycled and repaid as projects reach their completion milestones.

Bridge Financing Strategy

At its most recent meeting, the Board approved a series of contracts between the Green Bank and IPC. These agreements include the expectation that IPC will provide new term financing solutions for the Green Bank's commercial solar PPA product.

As IPC stands up the organizational infrastructure to provide such term financing over the next few months (which will be in partnership with one or more tax equity providers), and to prevent the commercial-scale solar PV market from stalling and to promote additional deployment, the Green Bank should nonetheless continue to develop quality commercial-scale PPA projects through Holdings while IPC puts in place appropriate funding facilities to take over this development role as contemplated under the MOU and PSA (commercial solar) between Green Bank and IPC. This development work through Holdings has been the practice at the Green Bank for years, but – for projects currently in the pipeline – existing Board authorizations limit the Green Bank's ability to proceed with project development in the absence of SL3 or Onyx as a term financing solution. Thus, staff recommends that the Board now authorize the continued development of commercial solar PPA projects through Holdings, with up to \$10 million in revolving capital, so that viable projects can proceed through the development process and then get sold (again, pending further Board approvals) either into an IPC-structured fund, or – if IPC and Green Bank staff mutually determine that a third-party sale is more advantageous – to one or more other suitable long-term owners.

For the sake of clarity, the following diagram represents how Holdings currently participates in the development process, and where staff is requesting Board authorization to continue to deploy capital so as to keep projects that are currently in the pipeline from stalling out due to an inability to sign contracts:



That is, in the same manner that the Green Bank currently uses Holdings to develop commercial-scale projects and then sell those projects either into our own SL3 fund or to Onyx, this bridge approach will allow us to continue to play that project development role together with local solar developer partners. And regardless of the term financing solution, any such sale from Holdings would be at fair market value, with Holdings earning a development fee for its role in the process (which may be split with IPC on the basis of joint project development efforts at the time of project sale).

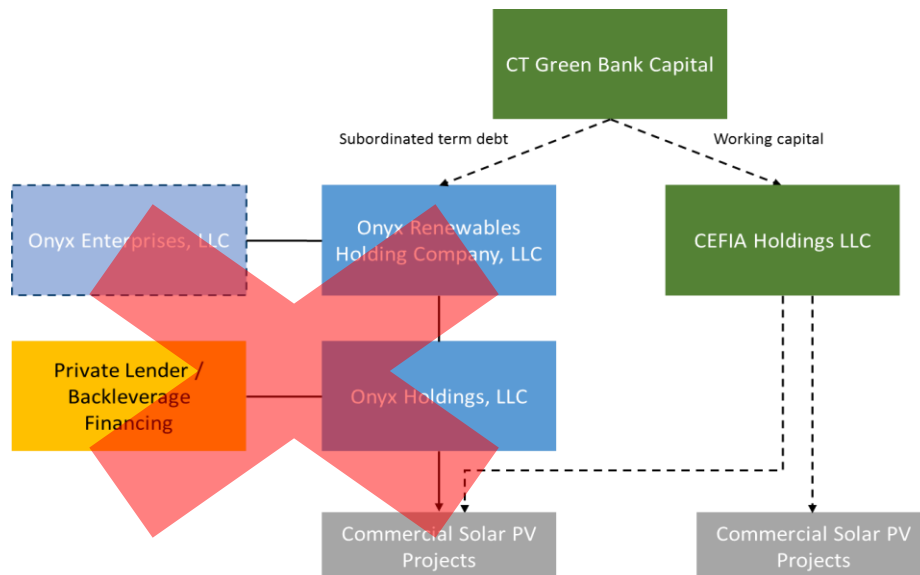
From a term financing perspective, IPC staff are already engaged in sourcing new tax equity solutions and shortly expect to begin the process of setting up the IPC-managed project companies that will own these assets over the life of their PPAs. With respect to Green Bank participation in the term financing of these projects, staff expects to return to the Board for further authorizations that will include both the approval to sell projects developed by Holdings into the IPC fund(s) – and potentially to other third-parties, as well – and to provide for the possibility of a Green Bank investment into IPC so that the Green Bank can maintain a long-term position in these projects if so desired.

Summary Recommendations

To summarize, then:

- If so authorized (pursuant to this memo), the Green Bank will continue to develop, together with IPC, commercial-scale solar projects through Holdings, with up to \$10 million in capital committed at a given time
- Subject to further Board approval, Holdings would later be authorized to sell such projects to IPC or an IPC-structured fund at fair market value, sharing development fees with IPC as appropriate
 - o In the event that Green Bank and IPC staff determine a third-party sale is more advantageous due to reasons including but not limited to structuring, liquidity, or term capital constraints, then Holdings would be authorized (again, subject to further Board approval) to execute such a third-party sale for a particular project that it has developed with IPC
- Term participation by the Green Bank in these commercial-scale solar projects will similarly require further Board approval, with the expectation that the Green Bank will have the ability to exercise its “right of first refusal” under the contracts that govern the Green Bank / IPC relationship, to invest in the appropriate IPC vehicle that is financing these PPAs over the long term

As a final note of clarification with respect to the current (vs. future) request for Board authorization presented herein, the diagram below represents the previous Board approvals for the Green Bank partnership with Onyx. In this instance, as opposed to when staff presented the Onyx partnership, the current request is only for the Holdings capital commitment, so as to continue the Green Bank’s ongoing development efforts. The upcoming requests previewed in this memo are provided solely in order to assure the Board that term financing structures are in the works, which will provide a “take out” to our development capital, and that staff has confidence that such take-outs will occur through IPC (or, if preferable, an appropriate third-party solar partner / owner).



Resolutions

WHEREAS, the Connecticut Green Bank (“Green Bank”) has enjoyed a long and successful history of commercial-scale solar project development and financing;

WHEREAS, CEFIA Holdings LLC (“Holdings”) is the Green Bank’s solar project development vehicle, and the Green Bank’s existing agreements for the sale and/or term financing of commercial-scale projects developed by Holdings are shortly to expire; and

WHEREAS, the Green Bank has entered into an agreement with Inclusive Prosperity Capital, Inc. (“IPC”) to continue to provide financing solutions for commercial-scale solar projects on behalf of the Green Bank, which solutions are currently under development.

NOW, therefore be it:

RESOLVED, that the Green Bank Board of Directors (“Board”) authorizes Holdings to continue to develop commercial-scale solar projects using a revolving capital facility not to exceed \$10 million at any given time; and

RESOLVED, that the proper Green Bank officers are authorized and empowered to do all other acts and negotiate and deliver all other documents and instruments as they shall deem necessary and desirable to effect the above-mentioned legal instruments.

Submitted by: Bryan Garcia, President and CEO; Bert Hunter, EVP and CIO

