

CONNECTICUT GREEN BANK

Board of Directors

Regular Minutes

Tuesday, August 21, 2018

1. Call to Order

Bryan Garcia called the meeting to order at 1:07 p.m.

Board members participating: Matt Ranelli (by phone), Bettina Bronisz (by phone), John Harrity (by phone), Betsy Crum (by phone), Catherine Smith (by phone), Eric Brown (by phone), and Rob Klee (by phone)

Members Absent: Gina McCarthy, Kevin Walsh, and Tom Flynn

Staff and Public Attending: Bryan Garcia, Brian Farnen (by phone), Cheryl Samuels, George Bellas, Eric Shrago (by phone), Mike Yu (by phone), Bert Hunter (by phone), Nick Zuba (by phone), and Ben Healey of Inclusive Prosperity Capital (by phone)

2. Public Comments

There were no public comments.

3. Consent Agenda

Upon a motion made by Matt Ranelli and seconded by Rob Klee the Consent Agenda was approved.

Resolution #1

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

4. Investment Business – Clean Energy Finance

a. **Green Bank Solar PPA**

Bert Hunter discussed the Green Bank Solar PPA. He stated that they are requesting approval from the Board for continued development capital up to \$10 million for transactions in Connecticut while they continue to outsource services to the non-profit. He stated that the Board had previously approved CEFIA Holdings taking the development role for Solar Lease 2 and 3. He reported that Solar Lease 2 is fully closed. He stated that both Solar Lease 2 and 3 are Green Bank-managed funds. He noted that those arrangements, plus the Green Bank's

partnership with Onyx Renewable Partners, have resulted in the commercial solar business being developed in Connecticut, with a total of about 117 projects. He stated that it is among the most successful such programs in the nation. He stated that it is one of the few programs in the country that uses Commercial PACE for non-investment grade property. He stated that the Green Bank has pioneered this. He said that they'd done approximately 6 MW using C-PACE as a security mechanism. He noted that the funds from CEFIA Holdings get replenished by advances from Tax Equity and/or debt and is in turn returned to the Green Bank – or used for additional system development and that the cycle repeats. He stated that there would be a future fund that is being put together by IPC that will be the buyer / long-term manager of the projects. He said that when it comes time to sell the projects, the Green Bank will come back to the Board for approval, which could include an ability to participate in a newly formed fund. He stated that the bridge financing strategy is not long term. He said that they are looking for approval of continued bridge financing. He noted that the Board has already approved this type of development capital for the current SL3 Fund and the Onyx Fund. He stated that those are wrapping up and that they need a provision so that there is no stall in the development of commercial scale projects in the Connecticut marketplace.

Matt Ranelli questioned why this was not seen in advance and why they need to bridge a gap in funding as opposed to having already had partners set up. Bert Hunter stated that transitioning to IPC has made it difficult to plan, while the entity is being formed. He said that IPC has yet to form its new commercial solar fund. He stated that they have been talking to some capital providers. Ben Healey noted that the plan has been to develop term financing solutions. He reported that CEFIA Holdings is not changing, that it is indeed continuing the role they have played, with no deviation from the current business. Catherine Smith questioned if this will impact other financings in the works or borrowings. Bert Hunter stated that it will not, that as of May 31, CEFIA Holdings had already used about \$7 million of the \$10 million in capacity being brought forward for approval and that it is well within the budget capacity. Catherine Smith questioned if the \$10 million is where they see it for the time being. Bert Hunter stated, yes, and moving over to IPC once they can develop facilities to manage the projects, the Green Bank capital requirement may be less. Bettina Bronisz questioned if the money is going from the Green Bank to CEFIA and then ultimately finding its way back to IPC. Bert Hunter stated no, as those projects are completed and sold to either SL3 or Onyx or a future fund, the money comes back to Holdings and is then repaid to the Green Bank. He stated that there is no financing going to IPC as a result of this activity. Bettina Bronisz questioned if Green Bank monies will touch IPC. Bert Hunter said, no. Eric Brown questioned if Onyx was exclusively for commercial-scale projects. Bert Hunter stated, yes.

Upon a motion made by Matt Ranelli, and seconded by John Harranty, with an abstention from Bettina Bronisz, the Resolution passed.

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

Nick Zuba discussed the Bridgeport C-PACE transaction. He stated that they are coming back to the Board because the original contractor on this project only met half of the obligation. He stated that the request is to complete the project through ECO Solar, taking on \$783,000 loan. He stated that the Loan to Value is elevated due to DECD grant that is also be encumbered against property because of a job creation requirement. He stated that as long as their DECD job creation obligation is met, that part of the mortgage obligation over time will be forgiven. He noted that SIR remains above 1. Matt Ranelli questioned if the extra \$150,000 was due to changing contractors. Nick Zuba stated that the project has been downgraded, but that there will now be a truck port system as opposed to a carport system. He stated that the extra monies are attributed to the system redesign and new materials that would be needed for that project portion.

Matt Ranelli voiced his concerns about not wanting to pay for any damages from the previous contractor. Nick Zuba stated that they are not paying for any damage. He said that there are lost savings resulting from the contractors’ failure to perform. Matt Ranelli questioned if there has been any effort to recover some

of the costs from the contractor. Nick Zuba stated that he is not aware of the Green Bank's exit strategy in this case. Rob Klee questioned if they had considered what their legal course of action was against the contractor. Bert Hunter stated that they are thinking of what remedies they may have against the contractor. He noted that the contractor is no longer eligible for any programs under the Green Bank.

Upon a motion made by Rob Klee and seconded by Eric Brown the Resolution passed.

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 \$783,763 construction and (potentially) term loan under the C-PACE program 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**

Upon a motion made by Rob Klee, and seconded by Catherine Smith, the meeting was adjourned at 1:40 p.m.

Respectfully Submitted,

Catherine Smith, Chairperson