



Board of Directors of the  
Connecticut Green Bank  
Special Meeting Minutes

Tuesday, September 18, 2018  
2:00 - 2:30 p.m.

A special meeting of the Board of Directors of the **Connecticut Green Bank (the “Green Bank”)** was held on September 18, 2018 at the office of the Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT, in the Colonel Albert Pope Board Room.

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

**Board Members Absent:** Thomas M. Flynn, Gina McCarthy

**Staff Attending:** Emily Basham, Mackey Dykes, Brian Farnen, Isabelle Hazlewood, Selya Price, Eric Shrago, Nick Zuba, and Bert Hunter.

**Others (from IPC):** Joe Buonannata, Ben Healey, and Chris Magalhaes

**1. Call to order**

Catherine Smith called the meeting to order at 2:10pm

**2. Public Comments**

None – only Board Members and staff in attendance

**3. Investment Business Previews and Recommendations**

a. Preview Investments

i. IPC commercial solar/REA/Sunwealth

- IPC will sponsor the next fund
- The “fund” will likely be on a “project-by-basis” basis with tax equity through REA
- CGB will continue funding development through CEFIA Holdings LLC
- Alternative funding still an option with Onyx

ii. Fuel Cell Energy – Construction Finance Facility for CMEEC/Sub-Base Project

In response to Director Walsh’s question as to the project seeming to be one which would not require Green Bank support, Mr. Hunter responded that there is still some reluctance to fund these facilities without Green Bank support, but that we are seeking to minimize our capital support role.

- Two projects presented; Canton (Hydro) and Groton Sub Base (Energy)
  - Bert Hunter explained that the Canton Hydro project is continuing along the development path
  - Staff confirmed that CGB financing will not be provided until all permits are approved
  
  - Bert Hunter explained the efforts by Green Bank to raise a construction finance facility in support of a fuel cell project being constructed by FuelCell Energy (“FCE” of Danbury) for CMEEC to supply electric energy to the Naval Sub Base at Groton. He explained that several lenders are interested in proposing a facility for FCE and that proposals are expected soon. He explained that CGB would propose to fund up to \$5 million in subordinated debt for the construction to facilitate about \$20 to \$25 million of funding from senior lenders to finance the project.
  - CGB will earn a fee for this work
  - A proposal will be presented at the next Board meeting in October
  
- Discussion regarding these projects continued with the following comments:
  - 
  - Per Kevin Walsh; Ensure equity not paid out before debt is repaid
  - Another director questioned if CGB is just acting like a bank and whether our available funds should be used for other projects that cannot receive private financing?
  - Hunter noted that CGB’s participation would enable potentially lower costs
  - Also bringing proposals to commercial banks for lending options
  - Kevin Walsh pointed out that commercial banks may be eager to look at providing funding – Hunter said the proposals that are received may not require Green Bank funding (to be determined)
  - Another director stated that a commercial bank may be able to take on more of the actual lending for this project
  - Hunter noted that bids are in the process of being formed and we will know more once the bids are received

Brian Farnen recapped the Investment Business Previews and Recommendations

### 3. Investment Business Recommendations

b. Recommended Investment

i. PosiGen PBI “Interim Financing Facility” with IPC

- Ben Healey address financing for PosiGen:
  - PosiGen collateral from CGB PBI payments to PosiGen
  - Currently \$9MM loaned by Green Bank to PosiGen

- Bettina Bronisz asked how long the CGB temporary funding will be required prior to IPC receiving its initial capital allocation; Ben Healey stated potentially through year-end
- Catherine Smith asked what is holding up IPC funding?
- Brian Farnen stated that the CT Attorney General's office is looking for more documentation regarding the non-profit
- CGB Legal is working with IPC on getting them all the documentation necessary so funding can go forward
- Rob thanked CGB for their assistance to seeing funding go through for IPC

## **Resolution #1**

**WHEREAS**, the Connecticut Green Bank ("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 Board of Directors ("Board) previously authorized the Green Bank's participation in a credit facility (the "BL Facility") encompassing all of PosiGen's solar PV system and energy efficiency leases in the United States as part of the company's strategic growth plan, in an amount not to exceed \$15 million;

**WHEREAS**, that prior authorization for the BL Facility excluded financing against Performance Based Incentive ("PBI") payments due to PosiGen under the Residential Solar Investment Program ("RSIP"), as such financing was expected to be provided by Inclusive Prosperity Capital, Inc. ("IPC"); and

**WHEREAS**, IPC is unable to provide such financing as needed by PosiGen upon the closing of the BL Facility, but is expected to be in a position to provide such financing as IPC secures its initial funding.

**NOW**, therefore be it:

**RESOLVED**, that the Green Bank Board authorizes the extension of credit under a separate PBI-only facility to PosiGen in addition to the BL Facility, provided that Green Bank capital outstanding between such PBI-only facility and the BL Facility does not exceed the previously authorized \$15 million total;

**RESOLVED**, that once IPC has secured its initial funding and is able to extend credit itself, the Green Bank will sell down its position in the PBI-only facility to IPC on the same terms as will exist between Green Bank and PosiGen, but the Green Bank shall be permitted to co-lend with IPC to PosiGen under the PBI-only facility until IPC can satisfy 100% of the capital required under the PBI-only facility, provided that Green Bank capital outstanding between such PBI-only facility and the BL Facility does not exceed the previously authorized \$15 million total; 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.

**Motion to Approve PosiGen PBI “Interim Financing Facility” with IPC  
made by Betsy Crum  
2<sup>nd</sup> by John Harrity  
Unanimously Approved**

ii. C-PACE Initial Investment from Hannon Armstrong

- C-PACE Program Funding:
  - CGB stated some C-PACE projects owned by Hannon Armstrong (Hannon) would be paid off to Hannon by CGB taking transactions back for limited credit risk with this move
  - Hannon requested CGB to begin purchase in October 2018 with a smaller combined tranche of a \$3.7Mil purchase with the balance being purchased after the completion of the securitization
  - Kevin voiced concern about capital constraints and why would CGB take this on instead of a bank or other financing?
  - Hunter responded that the repurchase is part of the Green Bank sustainability plan approved by the Board in December 2017 to invest in earning assets that could provide income for the Green Bank
  - Eric Shrago noted this is in line with the Green Bank's Sustainability plan
  - Hunter confirmed with Bellas that CGB has adequate cash-on-hand to address these transactions and not take from new or ongoing projects
  - Kevin Walsh asked if portfolio of these project loans could be placed in the market if they are good investments?
  - Additional comment that it felt good to take in interest income [from these investments]
  - Matt Ranelli asked if CGB is over-securitizing its incentives? Plan was to get more income to pay down other bills ... that maybe we might not have to borrow so much
  - Hunter explained that the securitization is returning capital that the investment side of the Green Bank loaned to the incentive side ... and was now able to recover that loan (via the securitization) and invest some of the proceeds in earning assets according to the sustainability plan approved by the Board in December 2017
  - According to Hunter, he and Bryan Garcia spoke with George Bellas about the ability of the Green Bank to manage the initial purchase of the Hannon assets (\$3.7 million) and Mr. Bellas noted that CGB is in a good place with capital/cash for the transaction.
  - Board members discussed ensuring a balance here and not having too much capital – whereupon a member stated “You can never have too much capital.”

**Resolution #2**

**WHEREAS**, the Connecticut Green Bank (“Green Bank”) has an existing partnership with Hannon Armstrong (“Hannon”) pursuant to the C-PACE Program, Master Assignment and Servicing Agreement, dated December 17, 2015 (the “Program Agreement”) approved by the Green Bank Board of Directors (the “Board”) at a meeting held on October 16, 2015;

**WHEREAS**, the Green Bank and Hannon have elected not to extend the Program Agreement beyond its December 17, 2018 termination date;

**WHEREAS**, Green Bank and Hannon have agreed to terms pursuant to which Green Bank would repurchase and acquire 100% ownership in the Benefit Assessment Liens originated pursuant to the Program Agreement as set forth in a memorandum to the Board dated September 11, 2018;

**NOW**, therefore be it:

**RESOLVED**, that the Board authorizes Green Bank to repurchase and acquire 100% ownership in the Benefit Assessment Liens originated pursuant to the Program Agreement, materially consistent with the terms set forth in the Board Memo;

**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.

**Motion to Approve C-PACE Initial Investment from Hannon Armstrong  
made by Betsy Crum  
2<sup>nd</sup> by John Harrity  
Unanimously Approved**

#### **4. Adjourn**

Catherine and Brian thanked all for their participation in today's meeting

Upon a motion made by Rob Klee and seconded by Catherine Smith, the meeting was adjourned at 2:40pm.

Respectfully submitted,

-----  
Catherine Smith, Chairperson