



# Revolving Credit Facility

Presentation

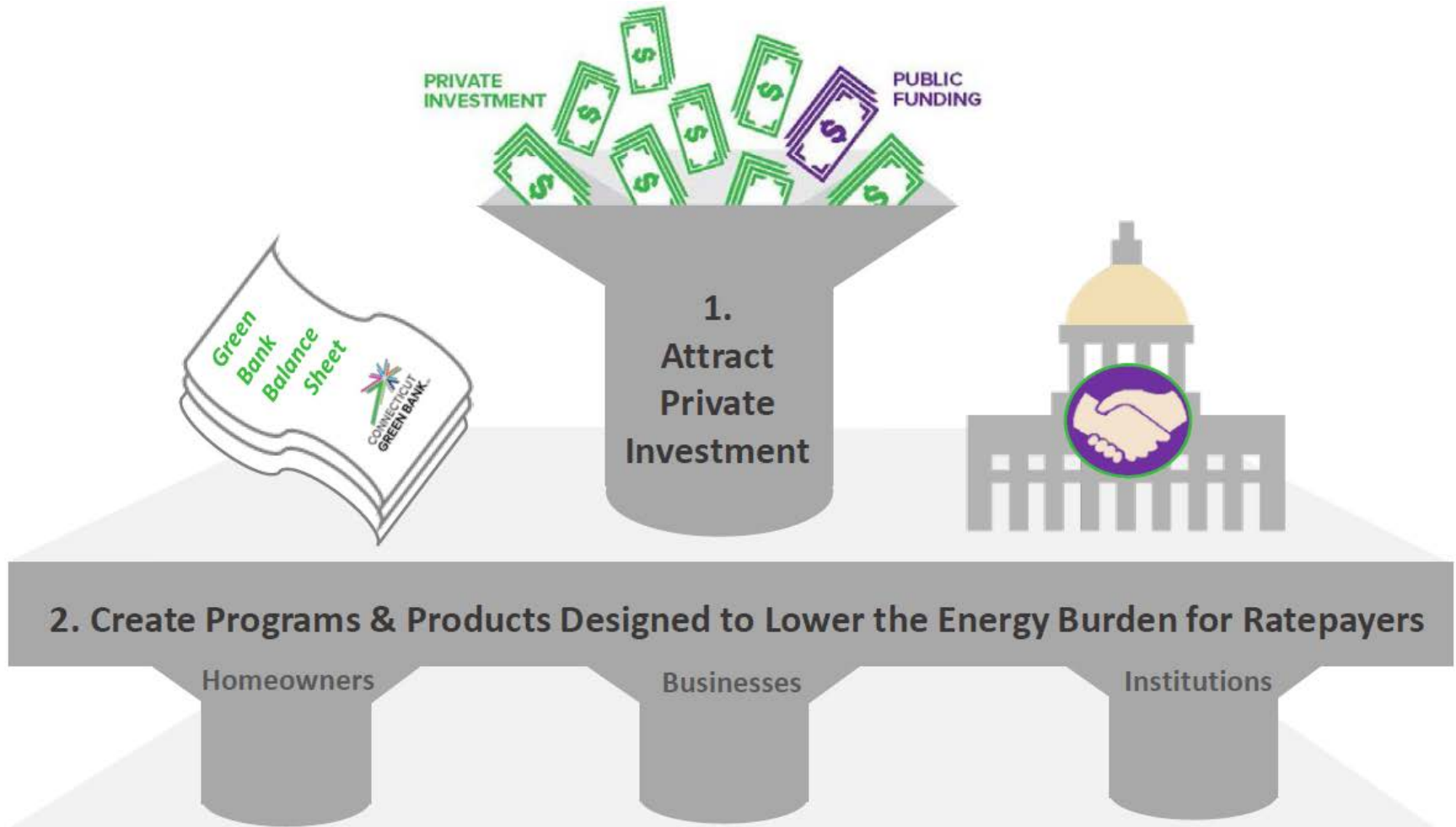
September 26, 2018



# What is a Green Bank?

# Inclusive Prosperity Engine

## What Does a Green Bank Do?



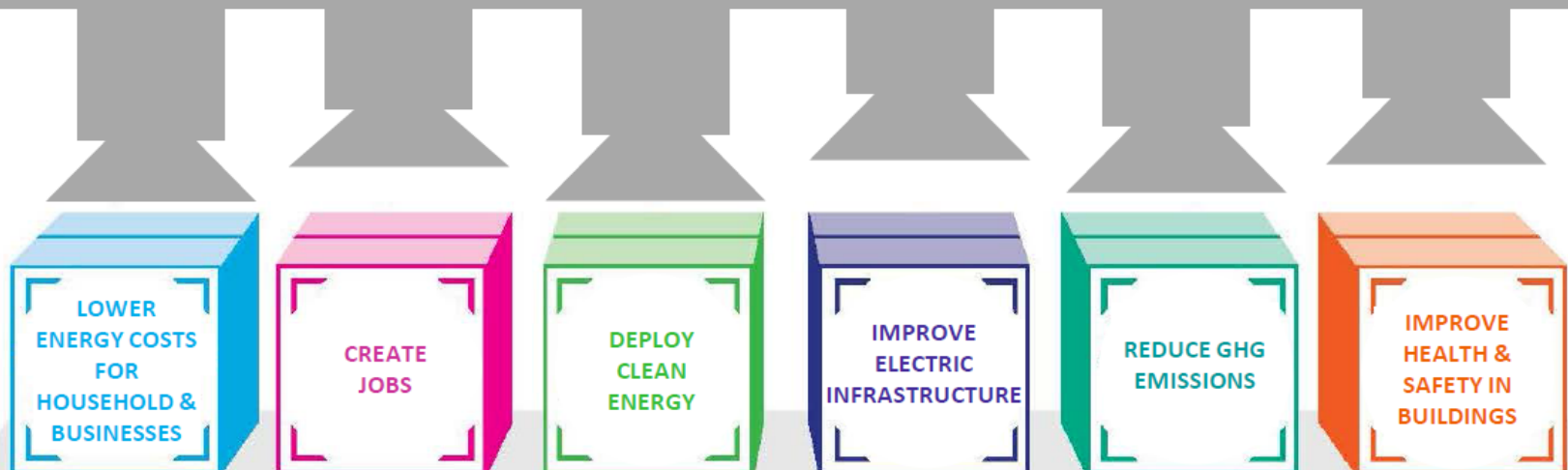
# Inclusive Prosperity Engine

## What Does a Green Bank Do? (cont'd)

### 3. Apply Innovative Financing Tools to Deploy Public and Private Capital



### 4. Educate and Activate Consumers with Ratepayer-focused Marketing Strategies



### 5. Accelerate the Growth of Clean Energy Benefits to Connecticut\*

# CGB: Beginning a Movement

## Green Banks Across the US



2013



2015



2011



2014



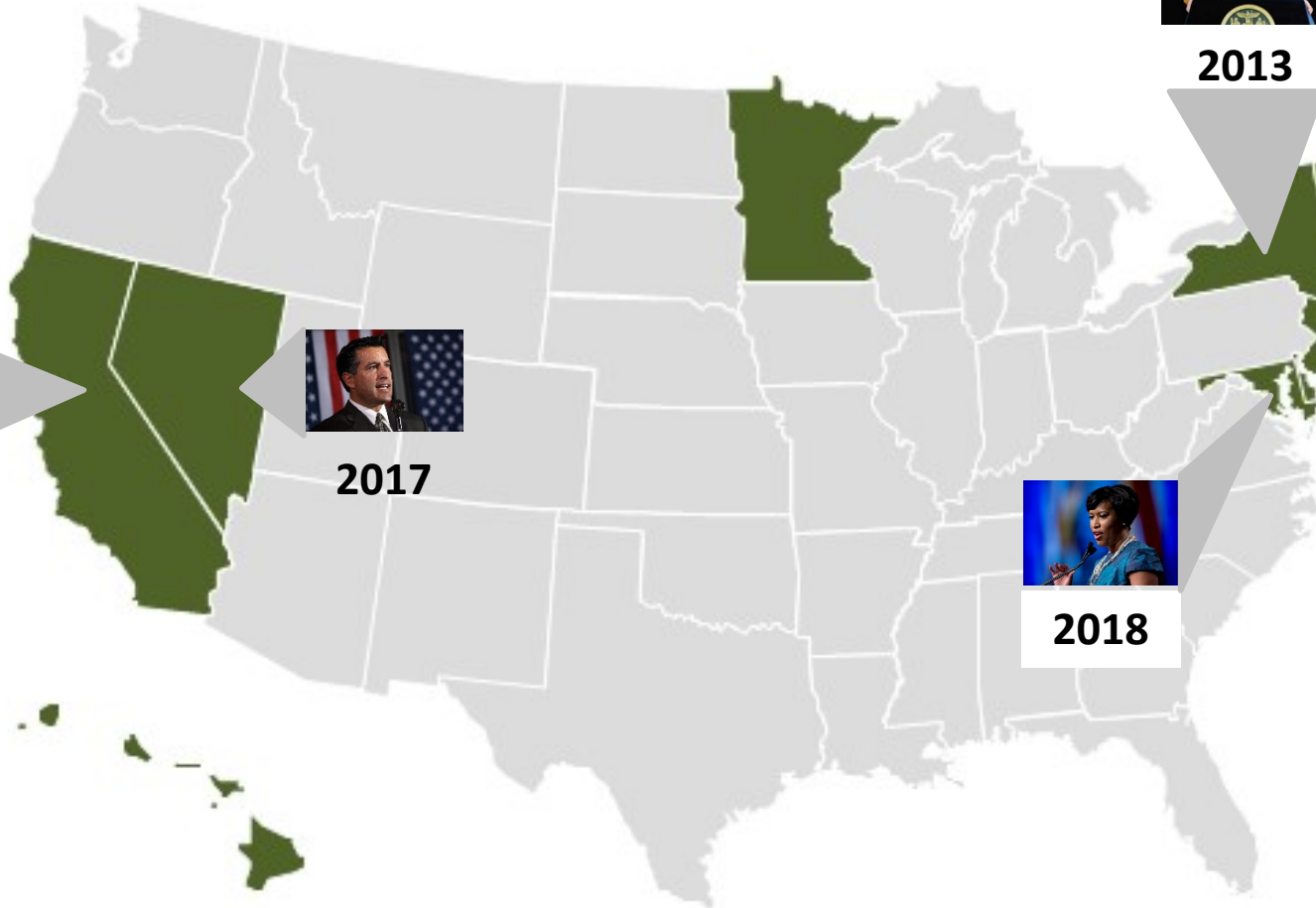
2018



2017



2014



### REFERENCES

Map provided by the Coalition for Green Capital



# Connecticut Green Bank

# Connecticut Green Bank

## Mission and Goals



Support the strategy to achieve **cheaper, cleaner, and more reliable** sources of energy while **creating jobs** and supporting **local economic development**

- **Attract and deploy private capital investment** to finance the **clean energy policy goals** for Connecticut
- **Leverage limited public funds to attract multiples of private capital investment** while **reinvesting public funds over time**
- Develop and implement strategies that **bring down the cost** of clean energy in order to make it more **accessible** and **affordable** to customers
- Support affordable and healthy homes and businesses in distressed communities **reduce energy burden** and **address health & safety**

# Connecticut Green Bank

## About Us



- **Quasi-public organization** – Created in 2011 and successor to the Connecticut Clean Energy Fund.
- **Focus** – Finance clean energy (i.e. renewable energy, energy efficiency, energy storage, alternative fuel vehicles and infrastructure, etc.).
- **Balance Sheet** – Approximately \$190 million in assets and \$130 million net position – leverage ratio from 3:1 to 12:1
- **Public Support** – Supported by a \$0.001/kWh surcharge on electric ratepayer bills (about \$7-\$10 per household per year) that provides approximately \$27 MM a year for investments, Regional Greenhouse Gas Initiative about \$3 MM a year for renewable energy, federal competitive solicitations (i.e. SunShot Initiative) and non-competitive resources (i.e. ARRA-SEP), private capital, and private foundations



# Overview of Credit Facility for CGB



- In order to provide additional liquidity for seasonal and short term purposes, CGB is seeking to arrange a credit facility that ideally would be a revolving credit facility, but a facility that is a combination of a revolving credit facility and a term credit facility will be considered
- Repayment of the facility would come from the following:
  - Monthly receipts of system benefit charge (SBC) payments received from Eversource and United Illuminating
  - A bridge facility that has been arranged in connection with a term financing facility for the Solar Home Renewable Energy Credit (SHREC) program (a program that will result in nominal cash flows of approximately \$150 million over the 2018 – 2037 time frame)
  - Cash flows from various CGB activities (approximately \$5 million annually excluding the SBC)
- The facility would be secured by ~\$7 million of notes receivable backed by lease contracts with residential solar PV customers in CT making monthly lease payments under the CT Solar Lease program

# System Benefit Charge Receivables



- As provided in statute, each month, CGB receives payments from Eversource and United Illuminating representing a 1 mil charge for each kilowatt hour of electricity consumed by all customers of these two utilities.
- The annual receipt is ~\$26.5 million annually (actual monthly receipt varies based on energy use)
- For the current and subsequent fiscal years (ending 6/30/2018 & 2019), the CT legislature and Governor passed a budget directing \$14 million of the SBC in each of these two fiscal years be transferred to the General Fund (the funds come to CGB first and then are transferred from CGB to the General Fund)
- CGB expects to make these payments to the General Fund as follows:
  - \$14 million in June 2018 [payment made]
  - One-Twelfth of \$14 million monthly July 2018 – June 2019

# Proposed Security – Solar Lease



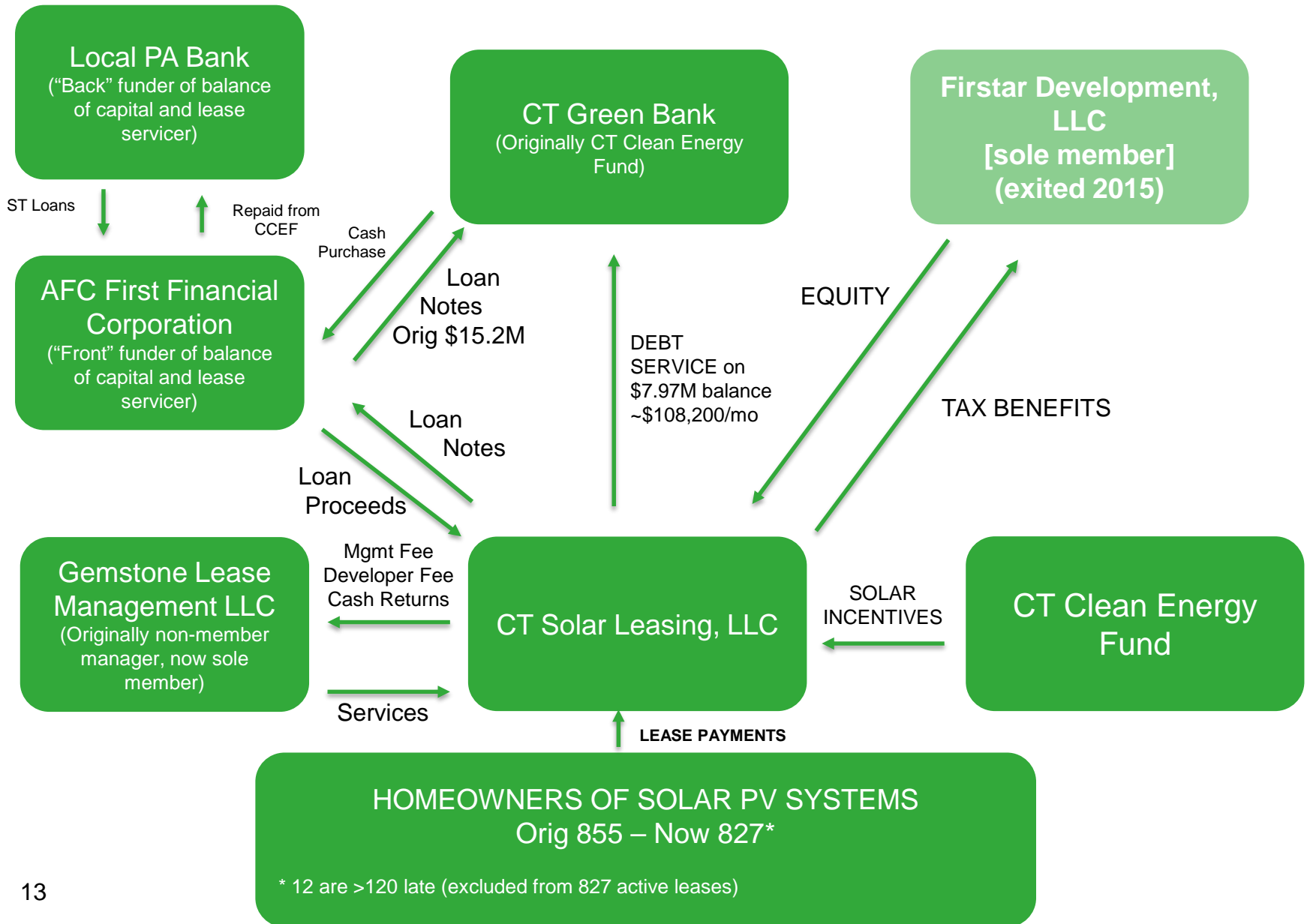
- CT Solar Lease 1 notes receivables (program ran from 2008 – 2012)
- Single Investor Partnership Structure – CT Solar Leasing, LLC (“SL1”)
- US Bank Tax Equity Investor – in 2015, US Bank transferred its interest in the partnership to Gemstone Lease Management, LLC (“GLM”) – the original “non-member manager”
- Renew Financial (originally AFC First Financial Corporation or “AFC”) is the servicer of the underlying lease receivables
- Predecessor of CT Green Bank (CT Clean Energy Fund or “CCEF”) loaned SL1 the balance of capital for the residential solar PV systems that was not provided by: Tax Equity & CT Solar Incentives
- Cash flow for the period that is not used for payment to CCEF is distributable to GLM (no holdback, no reserve)

# Proposed Security – Solar Lease (2)



- **Outstanding value of the Notes: \$7.97 M**
- Notes were done in “batches” or “tranches” with 46 notes all backed by 827 residential solar PV leases (15 year agreements with 15 year renewal options effectively priced as level payment loans using a 15-year, 5.75% schedule)
- Excellent payment history
  - Originally 855 leases
  - 16 written off (1.9%) at various stages of repayment
  - **822 current or 98.0% of remaining portfolio (ACH collection for most)**
  - **5 <30 days late (0.6%)**
  - 12 >120 days late (1.4%)
  - **\$108,200 collected monthly (\$1.3 M annually)**
  - Roughly 7-1/2 years of payments remaining

# Proposed Security – Solar Lease (3)



\* 12 are >120 late (excluded from 827 active leases)