



**DEPLOYMENT COMMITTEE
OF THE CONNECTICUT GREEN BANK**

Minutes – Special Meeting
845 Brook Street
Rocky Hill, CT 06067

Tuesday, January 29, 2019
12:00 – 1:00 p.m.

A special meeting of the Deployment Committee of the Connecticut Green Bank (the “Green Bank”) was held on January 29, 2019, at the office of the Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT, in the Colonel Albert Pope Board Room.

Deployment Committee members participating: Bettina Bronisz (by phone), Betsy Crum (by phone), Matt Ranelli (by phone), Mary Sotos (by phone)

Members Absent: None

Staff Attending: Mackey Dykes, Brian Farnen, Bryan Garcia, Bert Hunter, Jane Murphy, Eric Shrago and Cheryl Samuels.

Others: None

Note - Since Governor Lamont was sworn in to office this month, there is a new representative assigned to the Deployment Committee of the CT Green Bank (i.e., Mary Sotos – Deputy Commissioner of DEEP). A new Chairperson for the Board of Directors has yet to be appointed by Governor Lamont and a Vice Chairperson of the Board or Chair of the Deployment Committee has yet to be elected by the Board. As such, Mr. Garcia deferred to the Committee in asking if anyone was opposed to him acting as Chair for today’s meeting—all gave their approval.

1. Call to order

Bryan Garcia called the meeting to order at 12:04pm

2. Public Comments

There were no public comments.

3. Consent Agenda

- a. Approve Meeting Minutes for November 13, 2018

Resolution #1

Motion to approve the meeting minutes of the Deployment Committee for November 13, 2018.

- b. C-PACE Transaction – Approval Extensions – New London & Middlefield

Resolution #2

WHEREAS, pursuant to Connecticut General Statute Section 16a-40g (the “Statute”), 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”) had previously approved and authorized the President of the Green Bank to execute financing agreements for the C-PACE projects described in the Memo submitted to the Green Bank Deployment Committee (the “Deployment Committee”) on January 29, 2019 (the “Finance Agreements”):

WHEREAS, the Finance Agreements were authorized to be consistent with the terms, conditions, and memorandums submitted to the Board and executed no later than 120 days from the date of Board approval; and

WHEREAS, due to delays in fulfilling pre-closing requirements the Green Bank will need more time to execute the Finance Agreements.

NOW, therefore be it:

RESOLVED, that the Deployment Committee extends authorization of the Finance Agreements to no later than 120 days from January 29, 2019 and consistent in every other manner with the original Board authorization for the Finance Agreement.

Upon a motion made by Matt Ranelli and seconded by Bettina Bronisz the Committee unanimously voted to approve the Consent Agenda; Meeting Minutes from the November 13, 2018 meeting and to extend authorization of the Finance Agreements for the New London and Middlefield projects to no later than 120 days from January 29, 2019.

4. Investment Business – Transaction Recommendations

- a. C-PACE Transaction – Newtown

Mr. Dykes presented the new project details stating the financials are good and there is no mortgage on the property. As prior deals have been done with borrower and the transactions are more efficient as well as to incentivize the borrower to do more projects,

the Green Bank has offered a lower interest rate on this project. Ms. Bronisz asked what does this company do? Mr. Dykes explained the agreement is with the professional building owner and the property itself is an industrial, commercial building. Mr. Ranelli asked how owner is metering to their tenants? While specifics not immediately available, Mr. Dykes did state there is no plan to sub-meter to building tenants but that owner may be bearing all energy costs and then passing those costs and savings on to tenants. Mr. Hunter subsequently clarified that the property is centrally metered (not sub-metered).

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;

WHEREAS, the Green Bank seeks to provide a \$758,654 construction and (potentially) term loan under the C-PACE program to Simm Lane, LLC., the building owner of 3 Simm Lane, Newtown, 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; and,

WHEREAS, the Green Bank may also provide a short-term unsecured loan (the "Feasibility Study Loan") from a portion of the Loan amount, to finance the feasibility study or energy audit required by the C-PACE authorizing statute, and such Feasibility Study Loan would become part of the Loan and be repaid to the Green Bank upon the execution of the Loan documents.

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 Loan and, if applicable, a Feasibility Study 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 Committee dated January 22, 2019, 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 Deployment Committee;

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 instruments.

Upon a motion made by Betsy Crum and seconded by Bettina Bronisz the Committee unanimously voted to approve the new C-PACE Transaction – Simm Lane, LLC, 3 Simm Lane, Newtown, CT.

b. C-PACE Transaction – Restructuring – Ellington

Mr. Dykes related that the business (the “borrower”) related to this project has encountered a slower than anticipated financial period and requested a restructuring of their loan so their payments would be lower and more manageable. The borrower has paid the last 3 years of a 10-year loan. The borrower is requesting to extend the loan 7 more years so there would be 17 years remaining.

Mr. Ranelli felt the Green Bank has seen a few of these (restructuring) requests and asked if this is a trend? What is our response to these requests and is there a downside for the Green Bank? And, will this encourage projects/customers to come back to ask for loan restructuring? Mr. Hunter did not feel there were many customers with this situation and requesting restructuring. Ms. Crum conveyed that she leaned toward approving this restructure request as the company implemented cash saving actions themselves—lowering inventory and costs—before requesting any changes to their Green Bank loan. They made efforts to improve their situation on their own which shows responsibility and commitment. Matt asked if there was a potential shorter repayment date considered to which Mr. Hunter clarified that the restructured loan will be payable 20 years from the original closing date which the Green Bank would have been prepared to do for this property owner had they requested such term from the start.

Ms. Bronisz asked 1) if the building has a current mortgage or other loans? (per Mr. Dykes a mortgage with Webster Bank with 5 years remaining at time of original loan close and not aware of any other loans) and 2) can the loan be restructured so Green Bank gets more payment towards principal up front? Per Mr. Hunter unless there are specific revenue sources associated with the improvement (such as receipt of an investment tax credit or tax savings through accelerated depreciation) sculpting the principal repayments would not be how repayments are usually structured. At time of original close date, the job had not warranted a large down payment up front and the goal of this re-structure is a level debt service and lower payments for the borrower. The recommended restructure of loan will have a lower interest rate with an additional 10 years added to payment period.

Mr. Ranelli asked if the borrower will be provided a new disclosure agreement? Mr. Dykes confirmed they will receive a new Finance Agreement (which has been changed since original loan closed in 2015). If the borrower has a significant negative cash flow Green Bank will provide another amortized payment schedule and present that to the buyer as well.

Resolution #4

WHEREAS, pursuant to Section 16a-40g of the Connecticut General Statutes (as amended, the “Act”), the Connecticut Green Bank (“Green Bank”) established a commercial sustainable energy program for Connecticut, known as Commercial Property Assessed Clean Energy (“C-PACE”);

WHEREAS, pursuant to the Act and its Bylaws, Green Bank entered into that certain Financing Agreement dated December 17, 2014 (as amended, the “Loan”) with Think Snowmobiles, Inc. and Harold G. Levesque, Jr., the building owners of 398 Somers Road, Ellington, CT, to finance the construction of certain clean energy measures through C-PACE;

WHEREAS, on June 13, 2018, the Green Bank Board of Directors (“Board”) approved the Loan Loss Decision Framework and Process, set forth in that certain memo to the Board dated June 13, 2018 (the “Loss Process”), which established the process of dealing with provisional loss reserves, restructurings, and write-offs for assets on Green Bank’s balance sheet; and

WHEREAS, in accordance with the Loss Process, Green Bank staff seeks the Green Bank Deployment Committee’s (“Deployment Committee”) approval to restructure the Loan by extending the duration and increasing the interest rate (collectively the “Restructured Loan”), as more particularly described in the memorandum submitted to the Deployment Committee dated January 22, 2019 (the “Memo”).

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 Restructured Loan, with terms and conditions consistent with the Memo, 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 this Deployment Committee meeting; 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 affect the above-mentioned legal instruments.

Upon a motion made by Matt Ranelli and seconded by Bettina Bronisz the Committee unanimously voted to approve the restructuring the C-PACE Transaction – Snowmobiles Inc., 398 Somers Road, Ellington, CT.

c. C-PACE Transaction – Restructuring - Brookfield

Mr. Ranelli asked if approval for this loan restructuring should be made by the Deployment Committee to which Mr. Garcia stated the remaining outstanding principal balance of the loan is greater than \$250,000 and less than \$1,000,000 so yes, approval falls within the Deployment Committee’s authority per the recently approved Loan Loss Decision Framework.

Mr. Dykes presented to the Committee the proposed settlement of the outstanding Green Bank loan to YMCA Brookfield. Committee members reviewed the proposal, asked questions of staff, made recommendations and then presented the motion.

Resolution #5

WHEREAS, pursuant to Section 16a-40g of the Connecticut General Statutes (as amended, the "Act"), the Connecticut Green Bank ("Green Bank") established a commercial sustainable energy program for Connecticut, known as Commercial Property Assessed Clean Energy ("C-PACE");

WHEREAS, pursuant to Connecticut General Statute 16a-40g, Green Bank entered into that certain Financing Agreement dated September 30, 2014 (as amended, the "Loan") with the Regional YMCA of Western Connecticut and Eastern Putnam County, Inc. the building owner of the Brookfield YMCA at 2 Huckleberry Hill Road, Brookfield, CT 06804, to finance the construction of certain clean energy measures through C-PACE;

WHEREAS, in accordance with the Green Bank's process for loan losses which was approved by the Green Bank Board of Directors on June 13, 2018, Green Bank staff seeks the Deployment committee's approval to restructure the Loan as detailed in Exhibit B (the "Restructured Loan") of the memorandum dated January 22, 2019 and submitted to the Deployment Committee (the "Memo").

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 Restructured Loan with terms and conditions consistent with the Memo no later than 120 days from the date of the Deployment Committee approval; 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 affect the above-mentioned legal instruments.

Upon a motion made by Betsy Crum and seconded by Bettina Bronisz the Committee unanimously voted to approve the restructuring the C-PACE Transaction – Brookfield YMCA, 2 Huckleberry Hill Road, Brookfield, CT.

5. Adjourn

Upon a motion made by Matt Ranelli and seconded by Bettina Bronisz the Committee unanimously agreed to adjourn meeting at 12:55 p.m.

Respectfully submitted,

Matt Ranelli, Secretary