



Board of Directors of the
Connecticut Green Bank
Special Meeting Minutes

Friday, February 22, 2019
9:00 – 11:00 a.m.

A meeting of the Board of Directors of the **Connecticut Green Bank (the “Green Bank”)** was held on Friday, February 22, 2019 at the office of the Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT, in the Colonel Albert Pope Board Room.

Note - Since Governor Lamont was sworn in to office in January, there are new representatives assigned to the Board of Directors of the CT Green Bank and a new Chairperson has yet to be voted on or assigned. As such, Mr. Garcia deferred to the Committee asking if anyone was opposed to him acting as non-voting Chair for today’s meeting—all gave their approval.

1. Call to order

Mr. Garcia called the meeting to order at 9:06 a.m.

Board members participating: Bettina Bronisz (by phone), Binu Chandy (representing DECD), , John Harrity (by phone), Mary Sotos (representing DEEP), Betsy Crum (by phone), Thomas Flynn (by phone), and Matt Ranelli (by phone)

Members Absent: Eric Brown, Kevin Walsh, Betsy Crum

Staff Attending: Emily Basham, George Bellas (by phone), Mackey Dykes, Brian Farnen, Bryan Garcia, Isabelle M. Hazlewood, Dale Hedman, Bert Hunter, Alex Kovtunenکو, Jane Murphy, Selya Price, Cheryl Samuels, Eric Shrago and Barbara Waters

2. Public Comments

None – Only Board Members and staff in attendance

3. Consent Agenda

Mr. Garcia reviewed items in Consent Agenda including the retirement of Dale Hedman and George Bellas and the employees newly promoted: Selya Price and Jane Murphy respectively. Mr. Garcia asked if there was any discussion of items in the Consent Agenda whereupon Mr. Ranelli asked if there was any dissent on approving the revised position description would {the respected and esteemed} Dale and George stay on (no offense to Ms. Price and Ms. Murphy, of course.)

Resolution #1

Motion to approve meeting minutes of the Board of Directors for December 14, 2018.

Resolution #2

Motion to approve the position descriptions for Director of Infrastructure Programs.

Upon a motion made by John Harrity and seconded by Matt Ranelli the Consent Agenda was approved unanimously.

4. Cash Flow Update of the Connecticut Green Bank – presented by Bert Hunter

Mr. Hunter began stating there was no material change since the December report to the Board. He reviewed the actuals thru January 2019 prepared by Jane Murphy and George Bellas and although the projected cash balance for June 2019 indicates a slight downward revision to the prior estimate, the forecast that the Board will review at its next meeting may see this year end balance increase somewhat due to additional sources of income the Green Bank may realize. Mr. Hunter went on to say that there has been some adjustment to the monthly cash movements, indicating that a major cash use would have been for the New London subbase fuel cell project, but FCE made other financing available for that project and Green Bank funds were not necessary. Mr. Hunter noted that Finance and Legal are moving ahead to complete and submit the documentation to secure the \$5 million working capital facility from Amalgamated Bank. The timing for the SHREC securitization closing is expected to be toward the end of March with some of the funds being utilized to retire the Webster-Liberty SHREC warehouse funding facility and for a C-PACE portfolio re-acquisition. If the closing of the securitization should slip, both the repayment to Webster and Liberty as well as the portfolio re-acquisition are tied to the securitization closing, so any delay will have a nil effect on cash. The working capital funds will be available in April 2019 (and the closing for the Amalgamated facility will be following the closing of the securitization and the repayment of the Webster-Liberty loan).

5. Governance

a. Welcome to New Members

Mr. Garcia welcomed new Board members. Mr. Shawn Wooden was elected as Connecticut's new Treasurer and he has appointed Bettina Bronisz to continue to represent the Treasurer's office and serve on the Green Bank Board of Directors. Mrs. Katie Dykes was appointed by Governor Lamont to head the Department of Energy and Environmental Protection ("DEEP"). Mrs. Dykes has designated Mary Sotos, Deputy Commissioner of Energy, to serve as her representative on the Green Bank Board of Directors. Mr. Garcia stated that having worked in other capacities with Ms. Sotos he looks forward to her contributions to the Green Bank. Ms. Sotos shared that she looks forward to the integration of teams and programs, reviewing

the policy landscape for moving forward new initiatives and looks forward to getting up to speed. Mr. David Kooris, Acting Commissioner of DECD has designated Binu Chandy to serve as the Department of Economic & Community Development (DECD) representative on the Green Bank Board of Directors. Ms. Chandy has served in the brownfields department at DECD within the Office of Engineering and has a public administration background. She was appointed less than 24 hours before the Board meeting to represent DECD Commissioner Lehman and looks forward to getting up to speed and is excited about working with the Green Bank team.

b. Election of Vice-Chair

Mr. Farnen and Mr. Garcia presented nomination of the Vice-Chair position of the Green Bank Board to Ms. Sotos. In the past the DEEP representative serving on the Board has been the Vice-Chair and Mr. Farnen recommended employing that practice in the future.

Resolution #3

Motion to elect a Director to serve as the Vice-Chair of the Board of Directors pursuant to the Connecticut Green Bank bylaws.

Upon a motion made by John Harrity and seconded by Matt Ranelli, Resolution 3 was approved unanimously.

6. Incentive Business Updates and Recommendations

a. SHREC Update

Mr. Hunter related to Board that the Royal Bank of Canada (RBC) has provided structure options that maximize the value of the issuance meaning they are able to maximize the funds the Green Bank will receive at a reasonable, market appropriate interest rate. Mr. Hunter and Ms. Louise Venables (not in meeting) had a conference meeting with RBC and have arranged for the Green Bank Finance team members to meet with investors at the end of February 2019 to discuss the proposed bond issuance.

The rating agency (Kroll) is currently reviewing the structure options. Mr. Hunter expects feedback from Kroll on the rating (for the transaction) in the first week of March 2019.

Mr. Hunter explained that the SHREC program includes the revenues from renewable energy credits generated by solar PV systems on homes of Connecticut households participating in the RSIP. These SHRECs are sold to the utility over 15 years. The SHREC's are being securitized as 'ABS Notes' (asset backed securities). He further explained that the issuer of the notes will be a new LLC that will be established under the Green Bank.

Mr. Hunter presented marketing information to the Board that is similar to the information to be discussed with investors. He thanked all who contributed including Selya and the Deployment Team, as well as Eric and Lucy for putting the information together to be able to market the note to investors appropriately. Mr. Hunter further thanked Brian Farnen, Loyola French and outside counsel for their contributions to ensuring the legal documents are in order.

Mr. Hunter also presented a SHREC transaction diagram for further edification of the plan and timeframes for funding. The "A/B" structure would secure a \$36 million (expected) "A-" rated Senior Note and an (expected) "BB-" rated \$4Mil Junior Note. Mr. Hunter pointed out that if rate for the Junior Note is raised (to "BBB-"), the bond buyers may provide less (e.g., \$3.0 to \$3.5 million) in funding.

Mr. Garcia asked if there were any questions from the Board. Ms. Bronisz had a question about bonds. Mr. Hunter related that bond maturity is 15 years with a weighted average life just inside 8 years. Mr. Garcia pointed out that these funds will enable the Green Bank to pay back the Webster-Liberty warehouse.

- b. RSIP Update – Program and Policy Program - Ms. Hazlewood presented a February 2019 analysis of RSIP performance in reaching minority households. Ms. Hazlewood explained that Green Bank programs focused on reaching low-to-moderate income (LMI) households, such as the *Solar for All* program with PosiGen, had resulted in a 187% increase in solar adoption in LMI communities since 2015. However, Green Bank had not yet analyzed whether this progress also resulted in increased solar penetration in minority communities, which according to a 2019 study from Tufts University was low nationally. The team looked at the distribution of minority populations in CT by census tract to determine the distribution of owner-occupied 1-4 unit homes in predominantly minority census tracts and compared these figures to RSIP performance. Ms. Hazlewood explained that RSIP distribution is on par or in some cases exceeds the distribution of 1-4 unit Owner Occupied Homes (OOH) in minority census tracts—inclusive of income. Ms. Hazlewood also showed that PosiGen installations in particular show strong representation in LMI and minority communities. Therefore, the study finds that the RSIP has achieved success in reaching both low-income and minority communities but that there are additional opportunities in LMI and minority communities for solar projects and green initiatives.

Mr. Ranelli commented that this information is a huge accomplishment and effort that all are bringing forth. He recommends reaching out to the Fair Housing Authority with these results so they may assist with future challenges. Mr. Hunter and Mr. Garcia have attended events with the Black and Puerto Rican Caucus to market and network within those communities. Mr. Hunter stated that this is great work by staff to bring the results of solar PV not penetrating to minority communities to light – and the success of the Green Bank’s program in changing this in Connecticut. Mr. Hunter further stated that these results should possibly be brought to CBEY at Yale as they have more reach in order to publicize this research. Ms. Sotos asked what ingredients have been met to meet the goals of marketing to these LMI and minority communities? Ms. Basham addressed her question by relating the strong marketing style of PosiGen; they work within the communities with strong outreach to community organizations, religious leaders/organizations which has fostered an obvious confidence by the community. Mr. Hunter further related that PosiGen hires locally and has plans for a call-in center that could be established in an LMI community (this is in discussions with officials of DECD).

Mr. Garcia thanked everyone for the hard work and asked all to keep it up! Ms. Price thanked Ms. Hazlewood and Ms. Basham for their work and contributions to today’s meeting. Ms. Price also thanked Mr. Hedman (retiree) for setting up a solid basis on which to move forward; thanked him for staying on to assist as well. Ms. Price stated the Green Bank is getting close to the RSIP goal of 300 megawatts (MW). Currently about 5-6 MW per month is being approved and the program could reach the statutory RSIP target of 300 MW by September-October 2019. As RSIP phases out, the focus will be on the policy objective to support and foster the sustained orderly development of the local solar industry as provided for in the RSIP governing statute. As the RSIP may end by September-October 2019, the

legislature and stakeholders are considering what to do. Since the utilities do not have all the needed metering and billing systems in place to fully implement the tariff; UI is about 6-9 months out and Eversource is likely about 2 years out, an interim policy is needed. Possible options are maintaining net metering but without ongoing RSIP incentives (once RSIP reaches 300 MW) or buying more time by increasing the RSIP target by 50-100 MW. Mr. Ranelli asked why we don't have a position on the best option for this transition. Ms. Price stated that there are multiple options that may achieve the objective of sustained orderly development. She also added that the Green Bank team had provided a lot of input to PURA on the interim tariff policy. New tariffs could be in place by 2021-2022 and the ITC would phase out by 2022; the tariff structure provided for in PA 18-50 allows for the tariff rate to account for an increased cost to the customer as the ITC phases out. Mr. Ranelli stated he understood the tariff issue and asked how the legislature is going to make a decision on the transition policy? Ms. Price stated Mr. (Matt) Macunas (not in meeting) and Mr. Farnen are engaging legislators and offering possible transition options. Mr. Ranelli stated he wants to understand more about this transition and asked that a presentation be made at the next Deployment Committee meeting. Mr. Garcia stated that staff will present the legislative and policy information and current position for the review of the Deployment Committee. Ms. Sotos asked if we feel ready to step down from incentives for solar installation for LMI customers. Mr. Hunter provided a 'punch bowl' analogy – suggesting that just when LMI customers are discovering and acquiring the benefits of solar PV, state policymakers are, in effect, saying “the party is over – sorry you didn't get here sooner”. Mr. Ranelli agreed - stating we should over-incentivize the LMI programs to close the gap on those projects and area. Mr. Garcia stated they would look proportionally at those figures (i.e., the added PBI incentive to LMI participants). Ms. Price shared that the Green Bank has only had significant deployment in LMI communities in recent years and she does not want to lose that. She thanked Mr. Ranelli for giving us a pause to look further at the transition plan.

7. Investment Business Updates and Recommendations

a. C-PACE Transaction – Fairfield

Mr. Dykes presented that this project is for property owned by]a owner with a large portfolio in the Fairfield/CT area.

Ms. Hazlewood related that this project will be the first in the ConnectSun program, a “Pilot Program” for testing avoiding grid infrastructure cost by using distributed energy resources.

Mr. Dykes reviewed the terms and conditions and key financial metrics with the Board .

Resolution #4

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 **\$645,286** construction and (potentially) term loan under the C-PACE program to 1305 Post Road, LLC., the building owner of 1305 Post Road, Fairfield, 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 February 20, 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 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 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 Mary Sotos, Resolution 4 was approved unanimously.

b. FuelCell Energy Project Financings (Updates)

Mr. Hunter explained that great progress has been made since last board meeting for the New London Subbase project. There is \$23 million in construction financing that has been arranged from 5th 3rd Bank as well as \$18 million in term loans from two community banks. Staff expects the closing on the construction loan to happen in a matter of days.

For the Bridgeport FuelCell Park Acquisition; FuelCell Energy is re-acquiring a fuel cell project they built in Bridgeport and sold to Dominion in 2012. The Green Bank is assisting and providing financing for the re-acquisition. A facility totaling \$31 million (including \$6 million from the Green Bank) has been committed. The closing is set for March 2019.

For both transactions, final terms of the subordinated loan amortization profiles are being negotiated but will have ultimate maturity dates in line with prior Green Bank Board approval.

Ms. Sotos asked about the FuelCell program attaching to micro-grid which Mr. Hunter stated is scheduled for construction to commence after the fuel cell is completed – which would suggest the microgrid would be completed in late 2020 or early 2021.

8. Other Business

a. Strategic Retreat (Update)

Mr. Garcia presented an update of the retreat and the FY2018 – FY2019 Plan. The goals were to re-envision the types of investments to make in the future in the \$250-\$300Mil per year clean energy economy that the Green Bank is involved in and how to scale up by 10-fold. Facilitated by Jonathan Rabb there were 28 participants at the retreat of which half were stakeholders and other half employee or board members. They had a “Green”-storming agenda which included; the lifecycle of projects, when to exit a market, inclusive capitalism—with which speaker inspired team, current and potential funding, headline exercise. Mr. Garcia is drafting a memo summarizing the retreat to be issued to the Board next week.

The CT wedges include how we can reduce greenhouse gas emissions. We should believe in CT’s role and punch above our ‘weight’. Having an impact not just in CT but across the country.

Within IPC; consider Green Bank’s continued leadership focus, Commissioner Smith joined retreat to share how Green Bank can be financially sustainable—needing to keep our ‘piece of the pie’ but also grow the ‘pie’. Also look at bonding by starting small; some internal employees and Board members to build on and build a team to determine how bonding moves forward. On a positive note, Governor Lamont expressed in his budget speech that he will not propose a budget that sweeps funds from the Energy Efficiency Fund and the Green Bank. The Green Bank should be reviewing criteria to build out green initiatives. Take the powerful words of Mary Tucker to make a vision. Engaging the community more to build demand for green energy and residents who would support Green Bank initiatives.

Mr. Garcia related that in the past the Green Bank has made more achievements than expected and he feels that can continue. Mr. Harrity related he feels good about his grandson’s future. There were good sessions at the retreat which only built his esteem in the Green Bank and he feels we can do more and enjoys participating in the Green Bank initiatives. Ms. Sotos shared that the retreat included a great program, beautiful location and great progress.

Mr. Garcia related the next steps are to; 1) prepare summary memo, 2) make individual meeting with Board members for feedback, 3) “in pursuit of inclusive prosperity” case study done by Yale – what should be next for the Green Bank, 4) Budget Plan process and 5) Budget, Operations and Board.

b. Legislative Update

Mr. Farnen provided a legislative update and solicited feedback.

Mr. Garcia added one more note that Mr. (Eric) Brown (not in meeting) is utilizing the new marketing tool of a joint fact sheet between the Green Bank and the Energy Efficiency Fund to disseminate information on joint initiatives to legislators and others at legislative meetings.

9. Adjourn

Upon a motion made by John Harrity, and seconded by Matt Ranelli, the meeting was adjourned at 10:47am.

Respectfully submitted,

Matthew Ranelli, Secretary