



Board of Directors of the
Connecticut Green Bank
Special Meeting Minutes

Friday, March 29, 2019
8:00 – 9:00 a.m.

A special meeting of the Board of Directors of the **Connecticut Green Bank (the “Green Bank”)** was held on Friday, March 29, 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 Board asking if anyone was opposed to him acting as Chair for today’s meeting—all gave their approval.

1. Call to order

Mr. Garcia called the meeting to order at 8:04 a.m.

Board members participating: Bettina Bronisz (by phone), Binu Chandy (by phone), Thomas M. Flynn (by phone), John Harrity (by phone), Mary Sotos (by phone), Matt Ranelli (by phone)

Members Absent: Eric Brown, Betsy Crum, Kevin Walsh

Staff Attending: Brian Farnen, Bryan Garcia, Bert Hunter, Jane Murphy, Cheryl Samuels, Eric Shrago, Louise Venables (by phone)

Others Attending: Bob Lamb (by phone)

2. Public Comments

None – Only Board Members and staff in attendance

3. Incentive Business Recommendation

a. SHREC Securitization Sale

Mr. Garcia stated this is a milestone moment for the Connecticut Green Bank (“Green Bank”) and its implementation of the Sustainability Plan as the team presents to the Board the SHREC securitization sale.

Mr. Bert Hunter began by acknowledging that this program came together with the approval of the Board and recognized the following staff for their hard work:

Mike Yu – Finance Team

Louise Venables – Finance Team (while Mike Yu on Paternity Leave)

Brian Farnen – Legal

Loyola French – Legal

Dale Hedman (retiree) – Infrastructure Programs

Selya Price – Infrastructure Programs

Eric Shrago – Operations

Lucy Charpentier – Operations

George Bellas (retiree) – Accounting

Jane Murphy – Accounting

Ms. Louise Venables began presentation with the transaction highlights; the Green Bank expects to issue its inaugural ABS transaction, backed by cash flows received from Solar Home Renewable Energy Credits (“SHREC’s”). A SHREC is created when a qualifying residential solar PV system participating in the Green Bank’s Residential Solar Incentive Program (“RSIP”) generates 1 MW hour of electricity. Under a Master Purchase Agreement, the Green Bank sells SHREC tranches to Connecticut’s two investment grade utilities at a predetermined price over a 15-year tranche lifetime. The SHREC 2019-1 is a verified green bond certified by Kestrel Verifiers. The Climate Action Reserve organization provides an impact statement and the transaction has a senior-subordinate structure rated by Kroll. Ms. Venables reviewed the capital structure displayed in the table on the slide. Credit enhancement will consist of subordination of the Class B note, overcollateralization and a liquidity reserve. During the marketing of the issuance, it was determined that both levels of Class A and Class B having an investment grade rating was preferred as advised by the Royal Bank of Canada Capital Markets team (“RBC”). This structure includes investor friendly features including a DSCR Early Amortization Event trigger to accelerate notes in the event of lower than expected production of SHRECs and cash flow and a DSCR Sequential Interest Amortization Event trigger providing additional protection for the Class A notes. Ms. Venables stated there is a strong historical performance of usage and production and SHREC’s have a fixed price for Tranche 1 and Tranche 2 over the next 15 years – there is strong evidence of growth.

Ms. Venables continued with a review of the transaction diagram identifying that the LLC created to take ownership of the SHRECs from its Green Bank parent providing security for the noteholders. She also reviewed the Priority of Payments slide regarding the securitization and payments with the priority of the SHREC payments. Mr. Hunter pointed out there are many cash flows uses along the cash flow waterfall (13-15 steps) that need to be addressed. Ms. Bronisz asked about distribution waterfall to which Ms. Venables pointed out the liquidity reserve in place at Level 4 of the priority of payments schedule.

Mr. Hunter added that deal is funded to \$1 million reserve up front and has confirmation of final investment grade rating from Kroll.

Ms. Venables reviewed the final approval, rating and structure of sale; there is a single investor from Global Atlantic Financial Investor Group which has an S&P rating of A- (excellent/strong.) It is \$2.5 million to fund the transaction and the scheduled closing is Tuesday, April 2, 2019. The bond is structured in two 'Classes'; Senior Notes, Class A, valued at \$36.8 million and Subordinate Notes, Class B valued at \$1.8 million. The Kroll ratings are A- on the Class A and BBB- on the Class B denoting a fully investment grade transaction and no use of the Special Capital Reserve Fund (SCRF.) The pricing was agreed upon on March 26, 2019 with investor with 5.15% on the Class A and 7.15% on the Class B. The investor has placed its order for the full \$38.6 million Notes.

Mr. Hunter reviewed the gross proceeds of the transaction and reiterated that RBC is the structuring agent on this transaction. He further advised there were minor out of pocket transaction expenses (as detailed in page 2 slide of the Final Approval). He also walked the Board through the other cash reconciliation items on the allocation of proceeds slide. The accounting firm KPMG performed the agreed upon procedures engagement and performed the necessary due diligence. There is also an Indenture Trustee who ensures the funds are transferred where appropriate. Ms. Bronisz questioned if all the expenses should be \$800,000 and Mr. Hunter agreed – pointing out some slight confusion in the slide line items. He also observed that the expenses for the transaction are pretty “eye-popping”. However Mr. Hunter feels that—after going through this process for the first time—future expenses will be lower for these types of transactions. Mr. Farnen pointed out that there was a cap on fees if deal closed in 2018 but since transaction is closing in 2019 and due to the unique and first of its kind securitization, expenses were somewhat higher. Mr. Farnen stated future agreements will have applicable caps in place and be less expensive since the structure between the parties has been established.

Mr. Hunter stated that the team is quite pleased with the overall deal and outcome of 5¼% as the Finance team’s target was not to exceed 6%. Improvement in the bond market helped with the interest rate and team did not need to proceed with the SCRF.

Mr. Farnen stated that Ms. Cheryl Samuels has issued a slightly revised copy of the resolution and requests a motion to approve Resolution 1.

Both Ms. Bronisz and Mr. Flynn noted a “job well done” to staff/team. Ms. Mary Sotos asked how often for future Bond offering to which Mr. Farnen responded that team working on first and second Tranches now and for future Tranches the structure is already set up. Mr. Hunter added that team now knows how to market and the infrastructure for future issuances is there. It was pointed out that Tranche 3 is currently being reviewed by PURA for future sale which Mr. Hunter confirmed is accurate and hopeful for future transactions but it was also pointed out that the Green Bank may only be able to complete one sale transaction a year.

Mr. Garcia asked if there were any other questions and moved for a vote on the motion.

Resolution #1

WHEREAS, pursuant to Connecticut's Residential Solar Incentive Program ("**RSIP**"), the Green Bank provides incentives to homeowners and third-party system owners ("**TPOs**") to deploy residential photovoltaic ("**PV**") systems (each, a "**SHREC System**"); and

WHEREAS, pursuant to Public Act No. 16-212 and Public Act No. 15-194, the Green Bank acquires a specific type of Renewable Energy Credit ("**REC**") called a "solar home renewable energy credit" and the related environmental attributes (collectively, a "**SHREC**") from the homeowners and TPOs receiving RSIP incentives and producing PV energy, and then sells such SHRECs to each of The Connecticut Light and Power Company d/b/a Eversource Energy ("**Eversource**") and The United Illuminating Company ("**United Illuminating**") and together with Eversource, each, a "**Utility**" and together, the "**Utilities**") pursuant to two 15-year contracts dated as of February 7, 2017 and amended as of July 30, 2018 (each, a "**Master Purchase Agreement**" and together, the "**Master Purchase Agreements**"); and

WHEREAS, the SHRECs are divided into tranches based on the calendar year in which the related SHREC System was installed (each, a "**SHREC Tranche**"), and the revenue received from the Utilities under each Master Purchase Agreement for SHRECs actually produced at the price determined by Green Bank for each SHREC (the "**SHREC Receivables**") is established for each SHREC Tranche; and

WHEREAS, the SHRECs related to SHREC Systems for which a tranche was created in 2017 are referred to as "**SHREC Tranche 1**", and the SHRECs related to SHREC Systems for which a tranche was created in 2018 are referred to as "**SHREC Tranche 2**"; and

WHEREAS, as the Green Bank acquires the SHRECs from the homeowners and TPOs and before selling the SHRECs to the Utilities, the Green Bank desires to fund its cost recovery under the RSIP by selling notes secured by the SHREC Receivables under the Master Purchase Agreements and other assets of the Issuer; and

WHEREAS, the Board of Directors has determined that it is in the best interest of the Green Bank to form a special purpose Delaware limited liability company that is a wholly-owned subsidiary of the Green Bank to enter into a base indenture that will allow the Green Bank to issue one or more series of notes pursuant to one or more series indenture supplements thereto, with the obligations under each separate series of notes secured by SHREC Receivables from one or more of the SHREC Tranches and other assets of the issuer of the notes; and

WHEREAS, the Green Bank has formed SHREC ABS 1 LLC (the "**Issuer**") as a special purpose Delaware limited liability company that is a wholly-owned subsidiary of the Green Bank for the purpose of issuing the notes; and

WHEREAS, the Green Bank considers it necessary, appropriate and desirable to offer for sale, and to sell two classes (each, a "**Class**") of Series 2019-1 Notes as follows: (i) approximately \$36,800,000 of Class A Notes (the "**Series 2019-1 Class A Notes**") and (ii) approximately \$1,800,000 of Series 2019-1 of Class B Notes (the "**Series 2019-1 Class B Notes**", and together with the Series 2019-1 Class A Notes, the "**Series 2019-1 Notes**") in offerings intended to be exempt from registration under the Securities Act of 1933, as amended (the "**Securities Act**") or registered or qualified under any state securities laws, by virtue of the Series 2019-1 Notes not being offered or sold within the United States to U.S. persons except to "qualified institutional purchasers" as defined in Rule 144A under the Securities Act or offered or sold only to non-U.S. persons in transactions outside of the United States and in reliance on Regulation S (the "**Offering**"); and

WHEREAS, the Board of Directors of the Green Bank has determined that it is in the best interest of the Green Bank to enter into and approve the Offering;

NOW, therefore be it:

RESOLVED, that the form, terms and provisions of the Preliminary Offering Memorandum for the Offering dated as of or about March 11, 2019 and the Final Offering Memorandum for the Offering dated as of or about March 27, 2019 be, and they hereby are, approved; and further

RESOLVED, that in connection with the Offering, the President and any Officer the Green Bank (each, a **“Proper Officer”**) be, and each of them acting individually hereby is, authorized and directed in the name and on behalf of the Green Bank to prepare and deliver, or cause to be prepared and delivered, a Preliminary Offering Memorandum and a Final Offering Memorandum relating to the Offering, including any revisions thereof and amendments and supplements thereto containing such information and including any and all exhibits and other documents relating thereto, and to prepare and deliver, or cause to be prepared and delivered, any other certificates, instruments, papers and other documents, and to take any and all such further action, as may be deemed necessary, appropriate or desirable by any Proper Officer of the Green Bank in connection with the foregoing; and further

RESOLVED, that the Green Bank enter into a Limited Liability Company Agreement for the Issuer that provides for an independent manager and special member with the intention of creating a bankruptcy remote subsidiary to acquire, own, hold, administer, finance, manage, sell and pledge a pool of renewable energy credits generated under the Green Bank’s Solar Home Renewable Credit program and the issuance of one or more classes or series of notes to be paid solely from, and secured by, such assets pursuant to the terms of a base indenture and one or more supplements thereto between the Green Bank and The Bank of New York Mellon Trust Company, N.A., as Trustee; and further

RESOLVED, that the form, terms and provisions of the Limited Liability Company Agreement be, and they hereby are, approved; and further

RESOLVED, that the Green Bank enter into a Management Agreement with the Issuer, under which the Manager will act on behalf of the Issuer with respect to certain actions relating to the Collateral (as defined in the Base Indenture), including managing the Issuer’s rights and obligations under the Master Purchase Agreements, the purchase and sale of SHRECs on behalf of the Issuer and exercising certain other rights and perform certain other duties on behalf of the Issuer; and further

RESOLVED, that the form, terms and provisions of the Management Agreement be, and they hereby are, approved; and further

RESOLVED, that the Green Bank enter into the Sale and Contribution Agreement between the Green Bank and the Issuer under which the Green Bank will sell and transfer to the Issuer all of the Green Bank’s right, title and interest in and to the SHREC Receivables in respect of SHRECs in SHREC Tranche 1 and SHREC Tranche 2 under the Master Purchase Agreements, all related assets, all payments made or to be made by any Person on or after the related Series 2019-1 cut-off date in respect of such SHRECs, and the **“SHREC Assets”** (consisting of any additional SHRECs and the SHREC Receivables in respect of the Series 2019-1 SHRECs, and all rights and obligations of the Green Bank relating to the Series 2019-1 SHRECs and SHREC Tranche 1 and SHREC Tranche 2 under the Master Purchase Agreements and all related assets), and all proceeds of any of the and all of the related assets generated under the

Master Purchase Agreements (the “**Series 2019-1 Collateral**”) and such additional SHRECs and related rights as may be transferred by the Green Bank to the Issuer at a later transfer date; and further

RESOLVED, that the form, terms and provisions of the Sale and Contribution Agreement be, and they hereby are, approved; and further

RESOLVED, that the Green Bank, as Manager of the Issuer, enter into a Base Indenture and a series indenture supplement thereto (the “**Series 2019-1 Indenture Supplement**”), between the Issuer and The Bank of New York Mellon Trust Company, N.A., as Trustee (the “**Indenture**”), pursuant to which the Issuer will assign to the Trustee for the benefit of the holders of the Series 2019-1 Notes all of the Series 2019-1 Collateral; and further

RESOLVED, that the form, terms and provisions of the Base Indenture and the Series 2019-1 Indenture Supplement be, and they hereby are, approved; and further

RESOLVED, that the Series 2019-1 Notes be sold to the RBC Capital Markets, LLC, as the initial purchaser (the “**Initial Purchaser**”), under the terms and conditions of a Note Purchase Agreement entered into by the Issuer in connection with the issuance of the Series 2019-1 Notes; and further

RESOLVED, that the form, terms and provisions of the Series 2019-1 Notes be, and they hereby are, approved; and further

RESOLVED, that certain of the Series 2019-1 Collateral shall be pledged pursuant to the Collateral Account Control Agreements with The Bank of New York Mellon Trust Company, N.A., as securities intermediary, pledgee or trustee (the “**Account Control Agreements**”); and further

RESOLVED, that the form, terms and provisions of the Account Control Agreements be, and they hereby are, approved; and further

RESOLVED, that the Proper Officers be, and each of them individually hereby is, authorized and empowered, in the name and on behalf of the Green Bank, to execute and deliver each of the Limited Liability Company Agreement, the Management Agreement, the Sale and Contribution Agreement, the Base Indenture, the Series 2019-1 Indenture Supplement, the Note Purchase Agreement, the Account Control Agreements and the Series 2019-1 Notes, with such modifications, amendments or changes therein as the Proper Officer executing the same may approve, such approval and the approval thereof by such Proper Officer, to be conclusively established by such execution and delivery; and to execute and deliver any and all instruments, certificates, receipts, undertakings, commitments, consents, representations, financing statements, control agreements and other ancillary documents contemplated by any of the foregoing agreements; and to take any and all actions that any of such Proper Officers may deem necessary or advisable in order to obtain a permit, register or qualify the Series 2019-1 Notes issuable in the Offering for issuance and sale or to make any and all required filings with respect to, or request an exemption from registration of, the Series 2019-1 Notes issuable in the Offering or to register or obtain a license for the Green Bank as a dealer or broker under the securities laws of such of the states of the United States of America as the Proper Officers may deem advisable, and in connection with such permits, registrations, qualifications, notice filings, exemptions and licenses; and to execute, acknowledge, verify, deliver, file and publish all such applications, reports, notices, issuer’s covenants, resolutions, irrevocable consents to service of process, powers of attorney and other papers and instruments and pay all such fees and expenses as may be required under such laws, and to take any and all further action which they

may deem necessary or advisable in order to maintain any such registration in effect for as long as they deem to be in the best interests of the Green Bank; and further

RESOLVED, that if any such jurisdiction in which any applications, statements or other documents are filed requires a prescribed form of resolution or resolutions, such resolution(s) shall be deemed to have been, and each of them hereby is, expressly adopted and made a part of these resolutions as if such resolutions were expressly set forth herein, and that the Secretary or any Assistant Secretary of the Green Bank be, and each of them individually hereby is, authorized, empowered and directed, in the name and on behalf of the Green Bank, to certify the adoption of any and all such resolutions as though such resolutions were expressly set forth herein and adopted hereby; and further

RESOLVED, that Bryan Garcia, as President of the Green Bank hereby is, authorized, empowered and directed for and on behalf of the Green Bank, in its own capacity and as member and manager of SHREC ABS 1 LLC, to take or cause to be taken all such action and to execute and deliver or cause to be executed and delivered, and, if appropriate, file or record, or cause to be filed and recorded, all such applications, agreements, contracts, undertakings, commitments, consents, certificates, reports, affidavits, statements, and other documents, instruments or papers as such officer deems necessary, and to make such payments desirable or appropriate to carry out and consummate the intent and purposes of the foregoing resolutions and/or all of the transactions contemplated therein or thereby, the authorization therefor to be conclusively evidenced by the taking of such action or the execution and delivery of such agreements, amendments to agreements, certificates, instruments, agreements or documents; and further

RESOLVED, that to the extent that any act, action, filing, undertaking, execution or delivery authorized or contemplated by these resolutions has been previously accomplished, all of the same is hereby ratified, confirmed, accepted, approved and adopted by the Board of Directors as if such actions had been presented to the Board of Directors for its approval before any such action's being taken, agreement being executed and delivered, or filing being effected.

Upon a motion made by John Harrity and seconded by Thomas M. Flynn, the Board unanimously voted to approve Resolution 1.

4. Investment Business Updates and Recommendations

a. Proposed Reallocation of Exposure to FuelCell Energy Credit Exposure

Mr. Hunter began this presentation with a review of the New London Subbase 7.4MW fuel cell project. There has been \$10 million in funding to begin the project from an agreed upon \$23 million loan commitment from Fifth Third Bank. Another \$18 million term loan "take out" commitment from Liberty Bank and Amalgamated Bank and finally, a \$5 million subordinated term loan commitment from Green Bank. The Fifth Third facility has already closed and the Liberty, Amalgamated and Green Bank facilities will close in the next few weeks.

Mr. Hunter continued with an update of the Bridgeport project which includes the acquisition financing for FCE to acquire the Bridgeport Fuel Cell Project ("BFCP") from Dominion Energy ("Dominion".) There is a \$25 million term loan commitment from senior co-lenders Liberty Bank and Fifth Third Bank and a \$6 million subordinated term loan (reallocated from existing loan BFCP) commitment from Green Bank. Final terms of

amortization profile are being negotiated and might involve some “sculpting” of the Green Bank’s amortization but with ultimate maturity dates in line with prior Board approval. The closing for these loans is scheduled for April 12, 2019.

Dominion realized all tax benefits to this sale and now wishes to proceed to sell the project to FCE. The existing transaction requires the Project SPV to place “performance assurance” with Eversource as required under the Energy Purchase Agreement (“EPA”). Dominion currently satisfies the performance assurance with a corporate guaranty but FCE’s SPV will need to source a letter of credit—to be cash collateralized at \$1.8 million—to satisfy this requirement.

Similar to the existing loan to FCE (the \$6 million being reallocated from cash collateral for O&M), proposal is to fund the cash collateral needed to backstop the letter of credit for Eversource by reallocating exposure from the Triangle project. Reducing Triangle project exposure from \$5 million to \$3.2 million, for a reduction of \$1.8 million. Mr. Hunter reviewed the Proforma cash flows detailing the Green Bank’s exposure by moving funds from the ‘Triangle’ project.

The Green Bank has successfully repositioned the Bridgeport and Groton/New London projects from higher cost—“private equity” and “specialty lender” capital—to “mainstream” local and regional bank lenders (Liberty Bank, Fifth Third Bank and Amalgamated Bank.) The reallocation of funds regarding the credit exposure and working with local banks for funding keeps interest rate a moderate single-digits for FCE. Also, the use of Green Bank capital subordinated to senior lenders has resulted in \$66 million sourced using \$11 million of Green Bank capital (6:1). The Bridgeport project repays in 6 years to the senior lenders and 7 years to Green Bank. The proposal is to lend at the parent level approximately \$1.8 million to cash collateralize the letter of credit for Eversource; security is FCE parent resources, additional security at the Project SPV level (subordinated to senior lenders) and the cash flow sweep (after Green Bank subordinated loan.) With anticipated cash flow and 50% sweep, the Green Bank performance assurance financing facility is expected to repay 9 months before \$6 million subordinated loan (6¼ years.) Both facilities will be repaid with an additional \$40 million of free cash flow (last 3-4 years of Eversource contract) after full repayment to all lenders including Green Bank.

Mr. Harrity asked to know how projects are working. Mr. Hunter related that while there had been some early operational issues related to ancillary equipment rather than the fuel cells themselves, technical advisors have reviewed the fuel cell equipment to ensure that the issues that had arisen early in the project are now resolved. He advised that more recent performance was in the 90% of maximum expected output, in line with FCE’s expectations.

Mr. Garcia asked if there were any other questions from the Board? There were none and so he moved for a motion to approve Resolution 2.

Resolution #2

WHEREAS, in early 2008, the Connecticut Clean Energy Fund (“CCEF”) released a Request for Proposals in the third round of solicitations for renewable energy projects to participate in statutorily mandated Project 150, an initiative aimed at increasing clean energy supply in Connecticut by at least 150MW of installed capacity and the program is designed to

encourage financing of renewable energy projects through the stability of long-term energy purchase agreements for grid-tied projects;

WHEREAS, FuelCell Energy, Inc. (“FCE”) submitted proposal for the 14.9 MW fuel cell project located in Bridgeport, CT (the “Project”) in response which, after thorough review, was ultimately selected and ranked by CCEF as the number one project out of the nine projects submitted in the third round;

WHEREAS, CCEF, by Board resolution dated October 27, 2008, approved grant funding for the Project in an amount of \$1,550,000 subject to conditions set forth in the Project 150 Program;

WHEREAS, the Connecticut Green Bank (“Green Bank”), by Board resolution dated November 30, 2012, approved loan financing for the Project in an amount not to exceed \$5.8 million for the purposes of funding Project development costs and an operational and performance reserve account;

WHEREAS, the Green Bank has maintained its commitment to the growth, development, and commercialization of renewable energy sources and related enterprises, and to stimulate demand for renewable energy and the deployment of renewable energy sources that serve end use customers in Connecticut, including projects that utilize fuel cell technology;

WHEREAS, the in December 2018, the Green Bank Board of Directors (the “Board”) approved a repurposing of the original \$5.8 million loan approved for the Project (the “Original Use Loan”), which has since increased in principal to \$6,026,165 due to capitalized interest, as a subordinate loan secured by all Project assets and cash flows for the purpose of participation in a financing facility that facilitates FCE’s acquisition of the Project from its current owner (the “Refinanced Loan”); and

WHEREAS, staff requests that the Green Bank Deployment Committee (the “Deployment Committee”) recommend to the Board the approval of a Performance Assurance Finance Facility (the “PAFF”) in the amount not to exceed \$1.8 million to FuelCell Energy, Inc. on a full recourse basis and secured by all Project assets and cash flows, subordinated to the Senior Lenders and pari passu with the Refinanced Loan for the purpose of participation in a financing facility that facilitates FCE’s acquisition of the Project from its current owner.

NOW, therefore be it:

RESOLVED, that the Deployment Committee hereby recommends that the Board approve the PAFF substantively in the form described in the Project Qualification Memo submitted by the staff to the Deployment Committee and dated March 21, 2019 (the “Memorandum”) as a Strategic Selection and Award pursuant to the Green Bank Operating Procedures Section XII given the special capabilities, uniqueness, strategic importance, urgency and timeliness, and multi-phase characteristics of the Bridgeport Fuel Cell Project.

Upon a motion made by Bettina Bronisz and seconded by Thomas M. Flynn, the Board unanimously voted to approve Resolution 2.

5. Adjourn

Upon a motion made by John Harrity, and seconded by Bettina Bronisz, the meeting was adjourned at 8:50am.

Respectfully submitted,

Matt Ranelli, Secretary