



Board of Directors of the
Connecticut Green Bank
Meeting Minutes

Friday, June 28, 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, June 28, 2019 at the office of the Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT, in the Colonel Albert Pope Board Room.

Note – In the absence of a new Chairperson yet to be assigned by Governor Lamont, Mr. Garcia, President & CEO, acted as Chair for today’s meeting.

1. Call to order

Mr. Garcia called the meeting to order at 9:14 a.m.

Board members participating: Eric Brown (by phone), Binu Chandy (by phone), Betsy Crum (by phone), Thomas M. Flynn (by phone), Lauren Savidge (by phone), Matt Ranelli (by phone), Kevin Walsh (by phone)

Members Absent: Bettina Bronisz, John Harranty

Staff Attending: Anthony Clark, Mackey Dykes, Brian Farnen, Bryan Garcia, Bert Hunter, Nupur Kashikar, Alysse Lembo-Buzzelli, Matt Macunas, Jane Murphy, Selya Price, Cheryl Samuels, Eric Shrago (by phone), Kim Stevenson

Others Attending: Henry Link from University of Hartford

2. Public Comments

None

3. Consent Agenda

- a. Meeting Minutes from April 26, 2019 – Mr. Garcia requested one update; 2nd for meeting adjournment should be John Harranty.

- b. C-PACE – Prior Approval Extensions – approval of extension to prior approved resolution for various C-PACE projects

Resolution #1

Motion to approve the meeting minutes of the Board of Directors for April 26, 2019 with the proposed revision on meeting adjournment second motion.

Resolution #2

WHEREAS, pursuant to Conn. Gen. Stat. 16a-14g (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, pursuant to 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 Board on June 28, 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 Board extends authorization of the Finance Agreements to no later than 120 days from June 28, 2019 and consistent in every other manner with the original Board authorization for the Finance Agreement.

Upon a motion made by Betsy Crum and seconded by Tom Walsh, the Board voted to approve Resolution 1 and Resolution 2. Motion approved unanimously

- c. Approval of Loan Losses – Mr. Garcia reported that there were no loan losses in the third quarter of 2019

There were no further questions or comments

4. Committee Recommendations and Updates

a. Budget & Operations Committee

- i. Proposed Adjustment to FY 2019 Budget

A review of adjustments to the FY 2019 budget include reflecting the actual Grant Revenue received by the Green Bank, reducing the Grant Income from private foundations by \$100,000 and increasing the Grant Income received from DEEP by

\$6.5 million. Also adjusts Incentives by reflecting the Grant from DEEP that flowed through CGB to IPC and increasing the financial Incentives; CGB Grants by \$6,480,000. These adjustments result in a net \$20,000 change to the budget.

Resolution #3

WHEREAS, the Connecticut Green Bank (“Green Bank”) staff has assessed financial performance, as well as use of resources year to date,

WHEREAS, the net impact of the proposed adjustments to the budget are minimal and reflect a clearer picture of the activities over FY 2019.

NOW, therefore be it:

RESOLVED, the Green Bank Board of Directors (“Board”) approves the adjustments to the Fiscal Year 2019 budget as outlined in the memorandum to the Board dated June 28, 2019.

Upon a motion made by Binu Chandy and seconded by Matt Ranelli, the Board voted to approve Resolution 3. No further questions—Motion approved unanimously

ii. Approval of FY 2020 Budget and Targets – Presented by Eric Shrago

The 2020 Budget begins Monday, July 1, 2019. Mr. Shrago reviewed the sustainability plan with the board and highlighted the securitization of \$38.2M of SHREC revenues, successfully reducing Operational expenses in FY18 and FY19, and successfully achieving return (6.7%) and maturity (8 years) targets with financing programs (greater than the original 5% 10 year target) and; successfully assisting in the launch of the non-profit Inclusive Prosperity Capital (IPC) with former members of the Green Bank staff which has been achieving goals set for its development. The FY18 and FY19 Sustainability Plan approved by the Board in 2017 has all been moving in a positive direction. The Green Bank is fortunate and thankful to Governor Lamont, for protecting the CEF and RGGI funds. The budget process included a May 2019 meeting to review targets, a June 12, Mr. Shrago presented the targets to the board and walked through the items individually in the Financing Programs.

In the incentive programs, the CT Legislature increased the RSIP MW limit during interim period from the transition from net metering to a tariff structure to 350 MWs. Mr. Shrago also highlighted that Green Bank staff continue to work on battery program which is awaiting PURA approval.

Mr. Ranelli asked if prior targets were more-or-less aggressive? Per Mr. Shrago, the overall numbers were in line with what was planned for 2019. Mr. Garcia stated an update of figures on FY19 to FY20 will be provided [to Board]. Mr. Ranelli asked another question related to projects target .to actual completion? Per Mr. Shrago, the PPA project is an increase but CPACE is on target.

Revenues – Mr. Shrago reviewed the draft of revenues. He highlighted the full restoration of the CEF and RGGI. Grant income will be nominal for 2020

Mr. Walsh stated, he feels the increase in revenues against expenses would show a flat increase are out of line. Mr. Walsh asked about bonding income which Mr. Shrago stated is not included at this time. Mr. Walsh asked if it will be included

when is approved? Mr. Walsh further asked about hiring someone for bonding issue without approval and then not going forward with bond income plan?

Expenses – Mr. Shrago walked through the proposed expenses.

Mr. Garcia asked that Mr. Shrago clarify the Operational expense variance brought up by Mr. Walsh. Mr. Shrago stated that the pre-bond issuance Mr. Shrago walked through the additional depreciation, the increased incentives, the plans for additional SHREC securitization and their expenses among other budget items. He then spoke about the \$1.8M in interest rate buy-downs proposed.

Mr. Garcia explained the \$1.8M is to smooth the market while contractors transition in terms of program platforms and operating models as well as to stimulate the market for renewable heating and cooling (ground source heat pumps) Mr. Flynn asked why we (Green Bank) want to do that as to cost-viability. Mr. Garcia stated that the program is viable but expensive and that the Green Bank is attempting to grow a track record with a system to offer SMART-E loans. Mr. Walsh stated if too expensive then maybe program not viable and asked if costs will come down and what is holding program back from being viable. Per Mr. Garcia said that ground source heat program—heat pumps. This is 30-year technology with longer-term financing--just as with solar which was (10 years ago) much more expensive. Mr. Flynn asked if there is a path for these products to become viable. Mr. Garcia suggested utilizing loss reserves—due to limited losses—to fund financing for these new projects. Funds will be targeted for residential projects only. Mr. Ranelli asked questions about the ground source heat pumps for these projects. Mr. Garcia stated there is a contractor buydown. Mr. Ranelli stated we should think about program to compare to other state program(s).

Mr. Walsh asked about bond issuance costs? Mr. Hunter stated the planned bonds issued will cover related expense. The related 1) incentive and 2) investment breakout (within business lines) was mailed to the Board in the budget details. Mr. Walsh was concerned about expenses in CT—struggling with the increases in expenses; accounting fees, consulting fees. Mr. Shrago stated consulting fees were due to RSIP and transactions of program; aiding in the transition of program among other initiatives. Mr. Walsh concerned about “excessive” expenses; marketing, bond expenses and asked to remove those items from the budget as they only include the expense and not related income and then add them later as an amendment to the budget. Mr. Ranelli felt it would be better to have balance sheet showing higher expenses than balanced revenues as the next legislative session [the Green Bank] may not be considered as strong. Mr. Garcia agreed it is a double-edged sword as expenses will be paid by available income; growing the balance sheet, the Legislature may consider taking funds rather than leaving budget as is. Mr. Garcia asked if there were any other comments. Mr. Farnen suggested removing certain expense line items until we come back with more detail in order to have a budget. Mr. Flynn wants to submit a budget but leave certain budget items to CCB team. Mr. Walsh wait until next Board meeting on July 18 to finalize budget. Mr. Farnen suggests approving expenses no higher than FY19 and then come back in few weeks with more detail to which Mr. Walsh, Mr. Flynn and Ms. Crum agree. Mr. Farnen will detail a new resolution regarding the expenditures to present revision at the next Board meeting. All approve. Mr. Garcia stated discussion appreciated.

Investments – Investments to support incentives. Mr. Shrago reviewed different investments, percentages of investment, capital deployed, terms and interest income. No questions asked at this time.

Core Partners Review – Strategic partners support the CT Green Bank's operations and programs and were competitively selected. A new contractor has been added and requires Board approval. Mr. Dykes shares that this is an existing contractor and contract which does not expire on July 1 so approval can wait until next Board meeting. Mr. Farnen asks that if this contractor approval is not affecting the budget, let us ask Board to approve now and not wait until the next meeting. Per Mr. Shrago there are fairly low increases to budget on contractors. Mr. Dykes states that CSW Inc. is a technology partner to bring projects to fruition.

Resolution #4

WHEREAS, on June 12, 2019 the Connecticut Green Bank (Green Bank) Budget and Operations (B&O) Committee recommended that the Green Bank Board of Directors (Board) approve the Fiscal Year 2020 Targets and Budget; and

WHEREAS, the members of the B&O Committee recommend that the Board authorizes Green Bank staff to enter into or extend the professional services agreements (PSA's) currently in place with the following, contingent upon a competitive bid process having occurred in the last three years (except Cortland Capital Services and Inclusive Prosperity Capital);

- I. Adnet Technologies, LLC
- II. Clean Power Research, LLC
- III. Cortland Capital Services
- IV. CSW, LLC
- V. Inclusive Prosperity Capital
- VI. Locus Energy LLC
- VII. ReCurve Analytics, Inc.
- VIII. Sustainable Real Estate Solutions, Inc.

For fiscal year 2020 with the amounts of each PSA not to exceed the applicable approved budget line item.

NOW, therefore be it:

RESOLVED, that the Green Bank Board hereby approves (1) the FY 2020 Budget as a continuing resolution and (2) the PSA's with the 8 strategic partners listed above at levels no greater than fiscal year 2019 and directs staff to present additional revisions to the FY 2020 Budget at the next Board meeting for final review and adoption.

Upon a motion made by Betsy Crum and seconded by Binu Chandy the Board voted to approve Resolution 4. No further questions—Motion approved unanimously

Mr. Garcia stated team will prepare more clarity for Board in next month's meeting.

5. Financing Programs Updates and Recommendations

- a. C-PACE Transaction - Ivoryton

Mr. Dykes presented a new project with the L.C. Doane Company at 110 Pond Meadow Road, Ivoryton, CT which includes renovation to current solar system. The proposal includes that the existing system be removed and a new roof be added (\$1M for new roof) and then the existing solar system will be added back with new improvements and additional solar panels.

Company already obtained remediation reports and Green Bank also hired a company to provide an estimate for the necessary remediation work which is all within the underwriting criteria for the project. Mr. Dykes related that there is no mortgage on the property which is owned by the L.C. Doane Company. Mr. Ranelli asked if the property was considered an "establishment"? under the Property Act Program? Mr. Dykes stated he would look into and advise.

Regarding the identified remediation, the Green Bank has requested a timeline for the work to be done. Estimated remediation costs were integrated into the company cash flows used for the underwriting. Mr. Walsh asked about the credit quality (of L.C. Doane Company) to repay the loan. Michael Yu Stated L.C. Doane has been around since the 1970's, among their customers are the U.S. Government for security purposes and the military. He went on to state that the company has good margins and cash flow of about \$2Mil with no long-term liabilities so the short-term and long-term profile is good for this loan. Mr. Walsh asked that the information provided on the credibility of credit worthiness could be included with these requests; Mr. Garcia stated that the report did in fact include the financial information of the company but will check if other information should be added to the presentation for future purposes. Mr. Hunter also stated that the Finance Team's underwriting memo which speaks to a potential customer's credit worthiness is available to the Board.

Resolution #5

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 \$1,135,301 construction and (potentially) term loan under the C-PACE program to The L.C. Doane Company, the building owner of 110 Pond Meadow Rd, Ivoryton, Connecticut (the "Loan"), to finance the construction of specified clean energy measures in line with the States 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 Board of Directors dated June 25, 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 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 Kevin Walsh and seconded by Binu Chandy, the Board voted to approve the L.C. Doane Company project in Ivoryton, CT. No further questions—Motion approved unanimously

6. Other Business

a. Comprehensive Plan – FY 2020 and Beyond

Mr. Garcia began with the feedback from Board members. The feedback covered a lot of ground and three major points are financial sustainability, climate change and Green Bonds with community engagement. Mr. Garcia commented that Mr. Harrity's sense of urgency would be regarding climate change. The recent Bond offering through the Clean Water Fund shows that the community wants Green Bond options. Mr. Garcia asked if Board members had anything to share at this time but there were no comments.

Mr. Garcia viewed the Mission Statement and goals for “building the engine” to provide capital for additional financing. The goals are to 1) leverage public resources, 2) strengthen CT communities and 3) pursue investment strategies (with a lot of help from the NY Green Bank.) The Vision Statement – ‘... a world empowered by the renewable energy of community’ leads the Green Bank movement. Mr. Garcia also mentioned obtaining an article from a Vermont resident about looking to CT's Green Bank for inspiration. Mr. Garcia states the focus is for the Green Bank to continue to attract [good projects and funding] and move forward going beyond environmental and help communities “realizing the heart of what we do”. Mr. Ranelli feels the Mission Statement is missing something of what Mr. Garcia stated during this discussion—that it is missing some sense of urgency to green initiatives and Mr. Garcia agrees. Mr. Ranelli and Mr. Garcia agreed to rework the mission statement. There were no further comments.

Mr. Garcia went on to discuss measuring results with a robust data system for communicating (evaluation framework), impact methodologies (jobs, environment, public health and tax revenues), comprehensive annual Financial Report, Annual Report and Fact Sheet, which includes building Green Bonds and a sustainable CT and “be on the ground in community to deploy clean energy opportunities”. Mr. Garcia

continues to frame how the Green Bank engages with the community of CT and is excited to see. On July 11 there will be a presentation review of the 25-page Comprehensive Plan for presentation to the Board on July 18. Comprehensive Plan is available to any employee to pull to know the company's goals or provide feedback.

b. 2019 Legislative Session Update

Mr. Farnen defers to Mr. Macunas for the CT Legislative update. Mr. Macunas began with the CT State budget; there were no sweeps but no fund put-backs either. Governor Lamont rejuvenates the 'Lead by Example' standard for state buildings and the motor pool. Some highlights of the green economy and environmental protection; net metering has been extended through Dec 2021 and tariffs will begin in Jan 2022, the RSIP target cap has been increased from 300Mw to 350Mw, Virtual Net Metering (VNM) annual credits increased and electric distribution companies are permitted their own energy storage. There were some proposals that affect the Green Bank which were NOT passed; SB 960 (technical fixes to BOD language affirming intent to access USDA capital—funds which can be accessed under current statute, SB 927 (broadening investment to include environmental infrastructure) rushed session and not passed, SB 70 (proposed new infrastructure quasi with administrative ties to the Green Bank) was passed by CT Senate but not House and HB 7206 (regarding tax exemption). When asked, there were no questions.

c. Other Business

Staff Transitions/Resignations – Mr. Anthony Clark of the C&I Team has resigned from the Green Bank and is moving with his family to Atlanta, GA. Mr. Garcia thanked him for his hard work with the Green Bank team and wished him well. As part of the Sustainability Plan, Ms. Kim Stevenson (who works with Multi-Family homeowners) will be transitioning to IPC. Mr. Ranelli expressed gratitude to both individuals for their hard work and contributions to the Green Bank.

There was a question if the Lamont Financial Services company (hired for bond issuance work) is any relation to Governor Lamont. Per Mr. Garcia there is no relationship between the financial services company and Governor Lamont and this will be so noted.

7. Adjourn

Upon a motion made by Kevin Walsh, and seconded by Matt Ranelli the meeting was adjourned at 11:00a.m.

Respectfully submitted,

Mary Sotos, Chairperson

