



**DEPLOYMENT COMMITTEE OF THE  
CONNECTICUT GREEN BANK**  
Special Meeting Minutes

Thursday, February 27, 2020  
2:30 – 3:15 p.m.

A special meeting of the Deployment Committee of the **Connecticut Green Bank (the “Green Bank”)** was held on February 27, 2020 at the office of the Connecticut Green Bank, 845 Brook Street, Rocky Hill, CT, in the Colonel Albert Pope Board Room.

Committee Members Present: Bettina Bronisz (on the phone), Binu Chandry (on the phone), Lonnie Reed, Matt Ranelli (on the phone)

Committee Members Absent: Michael Li (on behalf of Mary Sotos)

Staff Attending: Louise Della Pesca (on the phone), Mackey Dykes (on the phone), Bryan Garcia, Bert Hunter, Brian Farnen (on the phone) Alex Kovtuneko, Alysse Lembo-Buzzelli, Desiree Miller (phone), Cheryl Samuels, Ariel Schneider, Eric Shrago

Others present: none.

Bryan Garcia asked the Deployment Committee if they would be comfortable with him sitting in as acting Chairperson while Mary Sotos is unavailable. The Committee approved.

**1. Call to Order**

- Bryan Garcia called the meeting to order at 2:33 p.m.

**2. Public Comments**

- No public comments.

**3. Consent Agenda**

- a. Meeting Minutes from September 25, 2019

**Resolution #1**

Motion to approve the meeting minutes of the Deployment Committee for September 25, 2019.

**Upon a motion made by Bettina Bronisz and seconded by Matt Ranelli, the Deployment Committee voted to approve Resolution 1. None opposed or abstained. Motion approved unanimously.**

#### 4. Financing Programs

##### a. Skyview Ventures – part 1

- Louise Della Pesca summarized the proposed transaction with Skyview Ventures, their history, and the Green Bank's existing relationship with them.
  - Bettina Bronisz asked for more information about the 6 projects that Skyview Ventures sold which represent 1.5 MW. Ms. Della Pesca clarified the projects were sold by CGB to Skyview Ventures in 2019 and were commercial PPA solar projects but are similar to other projects developed in the last 5-6 years.
  - Bettina Bronisz asked if the projects were sold to get more cash up-front. Ms. Della Pesca answered that the current intent of developing the projects was to funnel commercial solar projects into IPC, but at this point IPC has yet to establish its platform to take them over. Bettina asked when IPC would be ready. Ms. Della Pesca stated that IPC is very close to doing so, are in negotiations to finalize it now, and are hoping for completion in April or May of 2020.
- Ms. Della Pesca continued to explain that the use of proceeds from this transaction will be for Skyview Venture's continued development and the financing of CT clean energy projects. This is being presented to the Deployment Committee because the Green Bank did not develop the projects however, Skyview Ventures did.
- Ms. Della Pesca summarized the transaction structure and details of the 20 commercial solar PPA project included in this transaction. She continued to describe the operational risks and mitigants, stating the biggest risk is possibility of project underperformance. Diligence was done and the Green Bank is comfortable with the projects' expected performance, however. Tests were done comparing their underperformance against the cashflows and there is a sizable buffer.
  - Bettina Bronisz asked if the Green Bank was comfortable at the lower production rates. Ms. Della Pesca answered yes, and the Green Bank has a portfolio that proves it will be very unlikely to happen. Bert Hunter asked if each PPA has a production assurance requirement. Ms. Della Pesca stated there are no production guarantees for these projects. Not including them will favor the Green Bank if it were to take the projects over in the case of default, as the Green Bank would not be required to make the projects produce at a certain level.
- Bert Hunter stated that there is a requirement under the EPC that states if there is a failure in production, it must be addressed. Skyview Ventures would have to make sure the projects are back in service. There is compelling economic reason to ensure their success. Ms. Della Pesca clarified while the projects don't have production guarantees from the installer, there is a 2-year Workmanship Warranty from the start of the PPA project and in the debt documentation is the requirement to have a maintenance plan. She stated the 5-year performance reports from projects clearly show that Skyview Ventures has been a good asset manager and that they keep their projects up and running.
- Ms. Della Pesca also stated that if in a worst-case scenario, the projects do default, the type of project is one that the Green Bank understands and is well within its capabilities to manage.
- Matt Ranelli stated the monetary amount is not an issue, it's the collections. Bert Hunter explained that the Board approved a facility to put debt against projects. However, those are projects that CEFIA Holdings that the Green Bank develops, but in this particular case the development was done by an outside party. This is why this transaction is

being put forth for strategic selection. He continued that next on the agenda, staff is putting forth the motion to recommend an addendum to a previous Board approval to allow the Green Bank to approve commercial solar PV projects developed by 3<sup>rd</sup> party developers for debt financing.

- Lonnie Reed asked if this will help the Green Bank expand its reach, since these types of projects are happening more often. Mr. Hunter answered yes. He explained that since the federal tax credits and ZRECs are in decline, there is a push for developers to get projects in under existing policy, but these are relatively small and so banks aren't geared up to do the diligence to support the developers' financing requests for them. But the Green Bank has something unique through experience that allows it to service those developers at a smaller scale and keep the market going.
- Matt Ranelli asked for clarification about the memo on Board Effect with notes about the due diligence and if they are outdated. Ms. Della Pesca stated they are not outdated, but the Green Bank's technical due diligence is nearly complete and should be fully complete by the time the transaction is presented to the Board at their meeting in March.
- Matt Ranelli asked if there were any choice of law provision that will keep the money within CT and not another state, since Skyview Ventures is an out-of-state LLC. Ms. Della Pesca stated the intent would be to have all documentation written within CT law. Brian Farnen stated that yes, the documentation will clearly state that the money is to be used within Connecticut only.
- Matt Ranelli asked in terms of strategic selection if there was a way to articulate how this advances the Green Bank's statutory mission. He expressed concern for the risk of crowding out banks that want to get into these projects, despite their small size, but wants to make sure the money is being used well. Ms. Della Pesca stated that before getting to this point, the Green Bank had Skyview Ventures explain why they couldn't do this transaction with a commercial lender. They stated there was no desire for the banks to diligence the projects as this is a small transaction and the transaction cost was high. Because the Green Bank developed that relationship with Skyview in the previous transaction to sell projects to Skyview with financing, it set these precedents that would make for a smooth and cost effective transaction, so that was part of Skyview Venture's choice.
- Matt Ranelli stated he would have to recuse himself from voting because they are projects he worked on and wants to avoid any possible conflict of interest.

## **Resolution #2**

**WHEREAS**, the Connecticut Green Bank ("Green Bank") has significant experience in the development and financing of commercial solar PPA projects in Connecticut;

**WHEREAS**, the Green Bank continually seeks new ways to work with private sector partners to meet the demonstrated need for flexible capital to continue expanding access to financing for commercial-scale customers looking to access solar and savings via a PPA;

**WHEREAS**, the Green Bank has established a working relationship with a private sector Connecticut solar developer, Skyview Ventures, and through that relationship the Green Bank has an opportunity to deploy capital for the development of clean energy in Connecticut; and

**WHEREAS**, the green bank is implementing a Sustainability Plan that invests in various clean energy projects and products to generate a return to support its sustainability in the coming years.

**NOW**, therefore be it:

**RESOLVED**, that the Deployment Committee recommends for the approval by the Board of Directors the strategic selection of Skyview Ventures as a counterparty to a transaction, described further in the following resolution, with CEFIA Holdings, LLC; and

**RESOLVED**, that the Deployment Committee recommends for the approval by the Board of Directors a transaction in which CEFIA Holdings LLC will provide a special purpose vehicle, wholly owned by Skyview Ventures, with a senior secured lending facility in an amount not to exceed \$2,300,000 on terms and conditions substantially consistent with those described in a memorandum to the Deployment Committee dated February 20, 2020.

**Upon a motion made by Binu Chandry and seconded by Matt Ranelli, the Deployment Committee voted to approve Resolution 3. None opposed or abstained. Motion approved unanimously.**

Bryan Garcia asked the members of the Deployment Committee if the meeting could be extended by 15 minutes to work through the entire agenda. The members of the Deployment Committee supported this request.

a. Skyview Ventures – part 2

- Ms. Della Pesca stated that Bert Hunter covered much of the information in this part of the agenda earlier, but now the Green Bank is asking for an expansion for the Commercial Solar PPA Investment Program. She summarized current project ownership of commercial solar assets and stated the Green Bank has an opportunity to play a role in the market to makes loans that are secured by assets that are or were developed by 3<sup>rd</sup> parties. She explained it feels like the next step to build the Green Bank’s commercial solar asset portfolio further. The urgency is that there is demand from the market from the Green Bank, especially given the timeline of the ZREC program ending.
- Matt Ranelli asked if this Resolution is to recommend the expansion to the fund. Bryan Garcia answered yes. Bert Hunter explained that the Deployment Committee would just be recommending the expansion of the fund. Matt Ranelli asked if the expansion covers the type of project just approved. Bert Hunter answered yes.
- Bert Hunter stated in regard to Matt Ranelli’s issue on private capital, once the Green Bank funds the transactions and puts its debt against them, the projects can be securitized. So once the Green Bank has enough of these transactions together, it will have a suitable solar portfolio, against which Green Liberty Bonds can then be issued, or it could be used to go to one of Green Bank’s relationship banks to lend against while the Green Bank remains secured. He clarified it’s not crowding out banks but bringing in private capital when the conditions are right for private capital to underwrite at scale.

### **Resolution #3**

**WHEREAS**, when the Green Bank Board of Directors (the “Board of Directors”) passed resolutions at its July 18, 2019 meeting approving funding, in a total not-to-exceed the amount of \$15 million in new money, subject to budget constraints, for the continued development of commercial-scale solar PV PPA projects, for development capital; construction financing; financing one or more 3<sup>rd</sup>-party ownership platforms, in the form of sponsor equity and/or debt;

and selling solar PPA projects developed by CEFIA Holdings LLC (“Holdings”) to third parties, the resolutions restricted projects to those developed by Holdings;

**WHEREAS**, the Connecticut Green Bank (“Green Bank”) is uniquely positioned to continue developing a commercial solar PPA pipeline through local contractors in response to continued demand from commercial-scale off-takers;

**WHEREAS**, the market for commercial solar PPA financing continues to evolve, as various financing providers are entering the small commercial solar financing space with the ability to provide long-term financing for projects originated by the Green Bank;

**WHEREAS**, there is still demonstrated need for flexible capital to continue expanding access to financing for commercial-scale customers looking to access solar via a PPA, while both bolstering project returns for investors and enhancing project savings profiles for customers; and

**WHEREAS**, the Green Bank is implementing a Sustainability Plan that invests in various clean energy projects and products to generate a return to support its sustainability in the coming years.

**NOW**, therefore be it:

**RESOLVED**, that the Deployment Committee recommends that the Board of Directors approves funding, in a total not-to-exceed amount of \$30 million in new money (representing an increase of the previously approved not-to-exceed amount of \$15 million), subject to budget constraints, for the continued development by the Green Bank, and financing of development by 3<sup>rd</sup> parties, of commercial-scale solar PV PPA projects, to be utilized for the following purposes pursuant to market conditions and opportunities:

1. Development capital;
2. Construction financing;
3. Financing one or more 3<sup>rd</sup>-party ownership platforms, in the form of sponsor equity and/or debt; and
4. Sell solar PPA projects developed by Holdings to third parties.

**Upon a motion made by Lonnie Reed and seconded by Bettina Bronisz, the Deployment Committee voted to approve Resolution 2. Matthew Ranelli abstained, none opposed. Motion approved.**

b. C-PACE Transaction (Multiple Sites)

- Alysse Lembo-Buzzelli summarized the Goodwill project plan. Goodwill of Western and Northern Connecticut is nonprofit, and though nonprofits normally opt for PPAs, they were pitched a PPA contractor and opted for the straight financing option instead.
  - Matt Ranelli asked if they going to harvest the tax credits or just not use them. Alysse stated they plan to just not use the credits. The Green Bank also talked to them about an arrangement with Bank of America where the prepayment penalties under C-PACE financing from the Green Bank would be waived, so that is an option for them. Bert Hunter stated he also believes the financing with Bank

of America would result in a lower cost of capital for this transaction. The Green Bank is bringing in private capital because it was presented to Bank of America to test their ability to lend to nonprofits with tax-exempt financing. It turns out this transaction is a bit too small to be economic on a tax-exempt basis, but even on a taxable basis, Bank of America will be able to bring the cost of capital down compared to the cost of our program. To move the financing along, Green Bank is fronting the financing for the project first.

- Alysse continued to explain that Goodwill's biggest hold backs are because their ZRECs are coming up in July, and they didn't want to delay anything further since Bank of America's timeline was unclear. So now they have the C-PACE financing to get the projects underway.
- Alysse summarized the key metrics of each of the 6 projects per property location including System Size, Year 1 Production, Costs, Property Appraisals, and Energy Savings. As well as the metrics for the underwriting.
- Bert Hunter explained their net assets of the enterprise are somewhere between \$40 million and \$50 million with cash between approximately \$12 million and \$13 million. So, a substantial part of their assets are in cash. Bert Hunter further explained more about Goodwill's operating methods, expenses, and how they maintain such a successful not for profit business.
- Alysse summarized the underwriting and 20-year total cashflows. She clarified that in this case, because Goodwill is taking shorter terms, extended warranties were not included in the SIR Review process, so that's how the underwriting was done (based on 10-12 years).

#### **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 six construction and term loans as more particularly described in the memorandum submitted to the Board of Directors dated June 25, 2019 (the "Memo") totaling \$2,274,197 (each being a "Loan" and collectively, the "Loans") under the C-PACE program to Goodwill of Western and Northern Connecticut, Inc., the building owner of the six Goodwill properties located in New Milford, Brookfield, Bridgeport, Monroe, Oxford, and Hartford, CT, 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 (each being a "Feasibility Study Loan") from a portion of each 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 such Loan and be repaid to the Green Bank upon the execution of such 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 Loans and, if applicable, any Feasibility Study Loans in a combined amount not to be greater than one hundred ten percent of the combined Loans amount with terms and conditions consistent with the Memo, 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 Bettina Bronisz and seconded by Matt Ranelli, Deployment Committee voted to approve Resolution 4. None opposed or abstained. Motion approved unanimously.**

## **5. Adjourn**

**Upon a motion made by Lonnie Reed, the Deployment Committee Meeting adjourned at 3:12 pm.**

Respectfully submitted,

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Bryan Garcia, acting Chairperson